

## ACKNOWLEDGEMENTS

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### Budget Cover Pictures:

Town Picnic	Town Hall	
Pavement Project		
Los Altos Hills Entrance Sign		
CERT Training	City Council Members	Council Chamber & Town Logo

# City Council Adopted Budget

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2016-17 Operating and Capital  
and  
2016-2021 Five-Year Capital Improvement Plan

Town of Los Altos Hills  
26379 Fremont Road  
Los Altos Hills, CA 94022

**RESOLUTION 33-16**

**A RESOLUTION OF THE CITY COUNCIL OF THE TOWN  
OF LOS ALTOS HILLS ADOPTING THE FISCAL YEAR  
2016-17 APPROPRIATION LIMIT, AND  
2016-17 APPROPRIATIONS AND INTER-FUND TRANSFERS**

**WHEREAS**, the City Council of the Town of Los Altos Hills has received and completed its review of the proposed 2016-17 Operating and Capital Budget; and

**WHEREAS**, the City Council of the Town of Los Altos Hills now desires to adopt the Appropriations Limit, Appropriations and Inter-fund Transfers for fiscal year 2016-17.

**NOW THEREFORE**, the City Council of the Town of Los Altos Hills does hereby resolve as follows:

1. The City Council does hereby approve and adopt an appropriations limit, pursuant to California Constitution Article XIII B, for fiscal year 2016-17 of \$6,488,680 as set forth in Exhibit 1A: GANN Appropriation Limit Calculation.
2. The City Council does hereby approve and adopt the Town's budget of \$17,065,976 for fiscal year 2016-17 consisting of appropriations and inter-fund transfers as set forth in Exhibit 1B of the Fiscal Year 2016-17 Operating and Capital Budget.
3. The amount of the 2016-17 fiscal year budget for each account area of the budget may be drawn upon in the form of warrants issued for payment of demands and certified in accordance with the provisions of California Government Code Section 37208 and 37209.
4. The City Manager is hereby authorized to prepare an administrative budget which further specifies the accounts for the expenditure of appropriations approved by the City Council and set forth in GANN Appropriation Limit Calculation section. The City Manager shall provide the Council with copies of this budget.
5. The City Manager shall periodically report to the City Council the amount and classification of revenues received and expenditures made.
6. A copy of the adopted budget, signed by the Mayor and attended to by the City Clerk, shall be kept on file with the City Clerk of the Town of Los Altos Hills, as the official budget of the Town of Los Altos Hills for the 2016-17 fiscal year.

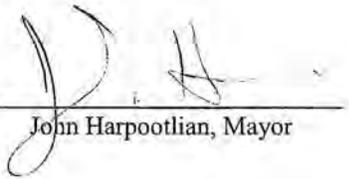
The above and foregoing Resolution was passed and adopted by the City Council of the Town of Los Altos Hills as a regular meeting held on 16<sup>th</sup> of June, 2016 by the following vote:

AYES: Harpootlian, Waldeck, Corrigan, Radford, Spreen

NOES: None

ABSENT: None

ABSTAIN: None

By:   
John Harpootlian, Mayor

ATTEST:

  
Deborah L. Padovan, City Clerk

## **2016-17 GANN Annual Appropriation Limit**

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Appropriations Limitation, imposed by Propositions 4 and 111, establishes a formula to restrict the amount of revenues that can be appropriated in any fiscal year. The Limit is based on actual appropriations for base fiscal year 1978-79 and is increased annually using the growth in population and a price adjustment index within the Town during the year.

Revenues that are restricted to the limitation are those which are referred to as “proceeds of taxes,” such as property tax and business license tax.

The Town must adopt an appropriation limit for each fiscal year. Beginning with the fiscal year 1990-1991, the law provides the local agency an option to calculate the adjustment factors by the following:

**Price Factor:**                 Either the percentage change in the California Per Capita Income or the percentage change in the local assessment roll from the preceding year due to the addition of local non-residential construction.

**Population Factor:**       Either the Town’s own population growth or the population growth of the entire County.

In 1980, the State Legislature added Division 9 to Title I of the Government Code to implement Article XIII B. This legislation required the governing body of each local jurisdiction in California to establish a tax appropriations limit on or before June 30 of each year for the following fiscal year, pursuant to which the Town of Los Altos Hills has been establishing this limit.

Annual changes in the price factor adjustment or population factor do not affect the Town’s compliance with the Gann Tax Appropriations Limit in prior years.

**TOWN OF LOS ALTOS HILLS  
GANN APPROPRIATIONS LIMIT CALCULATIONS  
FISCAL YEAR 2016-2017  
June 16, 2016**

**A. Calculation of 2016-17 Appropriations Limit**

<b>Prior Year Appropriation Limit</b>		<b>\$ 6,081,370</b>
Annual Change Factors		
Cost of living adjustment factors		
California per capita personal income (CPCPI)	1.0537	
Population adjustment factors		
Town of Los Altos Hills (LAH)	1.0073	
County of Santa Clara (SCC)	1.0126	
Authorized Adjustment Factor		
CPCPI X LAH Population change	1.0670	
<b>2016-17 Appropriation Limit as adjusted</b>		
Prior year limit x Authorized Adjustment Factor		<b>\$ 6,488,680</b>

**B. 2016-17 Estimated Tax Proceeds Subject to Appropriations Limit**

<u>Property taxes</u>		
Current secured and unsecured	\$ 3,957,760	
In-lieu of vehicle license fees & triple flip	968,200	
Supplemental taxes	81,600	
Homeowner's property tax exemption	19,900	
Subtotal all property taxes	<b>\$ 5,027,460</b>	
<u>Other Taxes</u>		
General sales tax	\$ 65,000	
Property transfer taxes	200,000	
Business tax	211,000	
Public safety sales tax	54,000	
Subtotal all other taxes	<b>\$ 530,000</b>	
<b>Total estimated tax proceeds subject to appropriations limit</b>		<b>\$ 5,557,460</b>

**C. 2016-17 Appropriations Subject to Limit**

Appropriations supported by tax proceeds (net of user fees and reimbursements)		
Administration	\$ 1,835,400	
Committees and Grants	247,160	
Public Safety	1,702,700	
Planning, Building, Engineering	1,795,070	
Parks & Recreation	<u>672,152</u>	
<b>Total appropriations subject to limit</b>		<b>\$ 6,252,482</b>

**D. Over (Under) Appropriations Limit**

Appropriations limit as adjusted	\$ 6,488,680	
Total appropriations subject to limit	<u>6,252,482</u>	
<b>Appropriations Over (Under) Appropriations Limit</b>		<b>\$ (236,198)</b>
		<b>-4%</b>

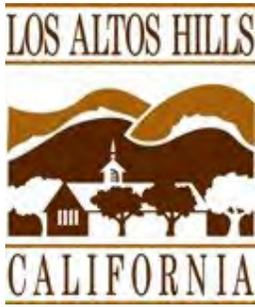
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# Introduction

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# City Manager's Message

June 16, 2016

To the Residents of the Town of Los Altos Hills, Honorable Mayor and Members of the City Council:

I am pleased to submit to you the 2016-17 Operating and Capital Budget for the Town of Los Altos Hills. The budget is the Town's financial and operating plans for the fiscal year and is developed to adhere to the City Council's policies. It reflects the Town's continued commitment to enhancing the quality of life for all Town residents.

## Governmental Funds

There are two unique differences between the 2016-17 Budget and that of prior years. This is the first year that the Town prepared a five-year capital improvement plan. The five-year capital improvement plan documents the Town's priorities for July 1, 2016 through June 30, 2021. Priorities are set based on information from Pavement Management Plan, Sewer Technical Memo, and community inputs through Committees and Department liaison. The capital budget will continue to be reviewed and adopted annually.

Second, the 2016-17 Budget addresses improvement opportunities identified in the survey. In October 2015, the Town contracted with Godbe Consulting to develop the survey questions. Questions included overall satisfaction with quality of life in Los Altos Hills and relative satisfaction with regards to Town services. Based on the survey results, 87.7% of Town's residents indicated satisfied or very satisfied with Town services.

The survey identified potential areas for service level enhancements to meet Residents' priorities and needs. These areas include traffic enforcement, crime prevention, and patrol services; better building permit processing, additional recreation programs and community events, and enhanced maintenance of public infrastructure. The elements in the 2016-17 Operating Budget that addresses these concerns include upgrading the building permit system, contracting for additional sheriff services, and adding two new staff positions: Recreation Specialist and Maintenance Worker I.

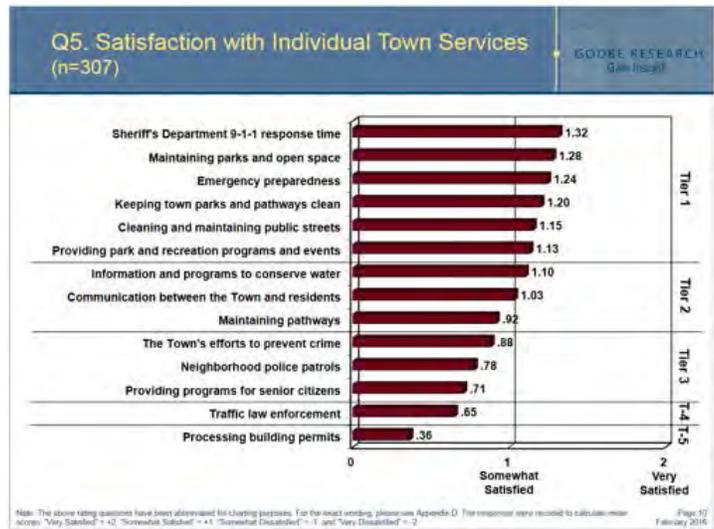


Figure 1. Town Service Satisfaction

## 4 | Introduction

With a steady economy and a booming housing development market, the Town is projecting to collect \$11.5 million in taxes, fees, charges, and grants. This will result in a \$600,000 operating surplus in the Town’s governmental funds and increase the projected reserve balance at June 30, 2017 to \$11.9 million. Of the \$11.9 million reserve balance, \$3.7 million is restricted or designated for specific purposes. The remaining \$8.2 million is undesignated at this time. In the coming year, one of the goals of the organization is to develop a comprehensive reserve policy and to identify non-recurring spending initiatives.

### Sewer Fund

The sewer fund is different from governmental funds. Sewer fund is the Town’s only business-type fund and is designed to be self-sustaining. The fees collected must be sufficient to cover ongoing maintenance, operation, and capital improvements. The current sewer assessment fee structure was approved by the City Council on March 30, 2015. The accompanying fee study anticipated drawing down on sewer fund reserves to \$1.7 million. To mitigate risk of sanitary overflow, the Public Works Department has presented a larger sewer rehabilitation program in 2016-17 than anticipated in the rate study, by \$340,000. Additionally, the 2015 Sewer Technical Memo, recommended the completion of a Sanitary Sewer Master Plan (\$190,000) and an addition of one full-time Associate/Senior Engineer (\$150,000) to solely manage the sewer system. Because the 2015 Sewer Technical Memo and changes in sewer treatment plant cost charged by the City of Palo Alto and City of Los Altos (\$163,000), the 2016-17 sewer program is dipping into sewer reserve fund by \$890,000, which is \$930,000 faster than anticipated in the sewer rate study. As shown in Figure 2, below, the sewer fund balance (red line) falls below the 150 days minimum reserve balance (gray line) beginning 2016-17 and should begin to restore above the 150 day minimum reserve balance (gray line) recommendation by 2020-21.

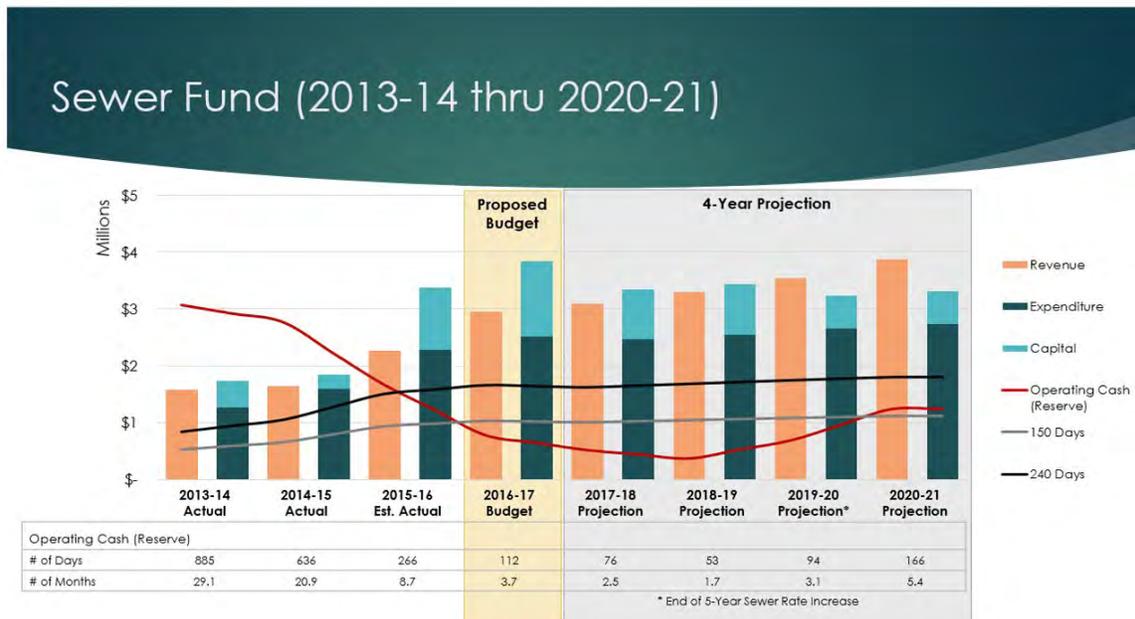


Figure 2. Sewer Fund Forecast (Updated with new allocations)

### **Budget Award**

In closing, I am pleased to announce the Government Finance officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Town of Los Altos Hills, California for its annual budget for the fiscal year beginning July 1, 2015. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operating guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform with program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

### **Special Acknowledgement**

I would like to express my appreciation to all staff for their timely cooperation and thoughtful assistance in the development of this Budget. I want to especially thank the Administrative Services Director Pak Lin for developing an interactive budgeting model this year. Finance Manager Karen Huang and Administrative Clerk/Technician Frances Reed were invaluable to the team effort as they sifted through volumes of financial data and helped prepare the budget narrative and format. I also want to acknowledge the City Council for providing clear and consistent policy direction to the staff and the Finance and Investment Committee for their advisory input and review of the Budget document.

Respectfully Submitted,



/s/ Carl Cahill  
City Manager



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Town of Los Altos Hills  
California**

For the Fiscal Year Beginning

**July 1, 2015**

Executive Director

# Budget Overview

The 2016-17 budget process began in February with the development of the base budget. The base budget consists of minimum funding requirement to maintain operating status quo. Capital improvement projects and additional operating services were collected and presented separately during the May 31, 2016 Joint City Council and Finance & Investment Committee budget study session. Inputs from various committees were also considered during the study session. The budget was adopted on June 16, 2016 with a combined operating and capital budget of \$14.7 million for 2016-17. This includes \$3.8 million in sewer operating and capital fund, \$1.9 million in governmental capital fund, and \$9.0 million in governmental operating funds. The Town projects the total governmental fund balance at June 30, 2017 will be \$11.9 million and \$0.8 million in the sewer fund.

## Organizational Goals

The Town of Los Altos Hills is located in Santa Clara County, about 18.6 miles northwest of San Jose and 38.5 miles southeast of San Francisco. It is one of the few communities in Santa Clara County that is primarily residential. It has over 100 acres of pathways and open space and 11 non-residential businesses and organizations, which include Fremont Country Club, Purissima Hills Water District, County Fire District, Town Hall, Foothill College, two churches, and four primary schools.

The Town was incorporated in 1956. The mission of the Town is to provide a safe and community-oriented environment for all residents. This was confirmed by the 2015 Community Survey. The 2015 Community Survey revealed that 88 percent of Town residents are satisfied with Town services. Of those surveyed, 87 percent felt that the sense of community is important. Satisfaction over specific search areas, residents identified the following service enhancement areas for: improvements including processing building permit, public safety services, pathways and streets maintenance, and expand Town events to promote community unity. Staffing and expenses addressing these improvements are included in the 2016-17 budget.

Additionally, the Town completed its first five-year capital improvement plan. The details of the forecast is available in the financial section of the budget, starting on [page 119](#). The capital program can be found on [page 91](#).



Figure 3. Town Boundary - Courtesy of Google Map

## Economic Overview and Budget Assumptions

### Los Altos Hills Financial Characteristics

The Town's main revenue sources for governmental activities (excluding sewer) are property tax, at 35 percent, and Planning and Building Revenues, at 17 percent. Planning and Building revenues include pathway construction fees, drainage in-lieu fees, parks & recreation in-lieu fees, street encroachment fees, and typical planning and building plan permitting fees and charges. Together, property tax and planning and building revenues support 82 percent of governmental expenditure budget.

Within operations, personnel cost and unfunded liabilities are key budgeting risk areas for municipalities. During an economic downturn, an agency can defer capital investments and limit services. However, an agency is less flexible with personnel cost and unfunded liabilities from employee benefits. As a contract city, personnel risk is low for the Town, taking up 22 percent of the 2016-17 budget. Additionally, as of June 30, 2014, the Town's unfunded pension liability is \$2 million and unfunded other post-employment benefit liability is \$800,000 - roughly 22 percent of the Town's unrestricted fund balance.

The Town has one business-type fund, the Sewer fund. Sewer fees and charges, of \$3.0 million, supports sewer system maintenance, operations, and capital improvements.

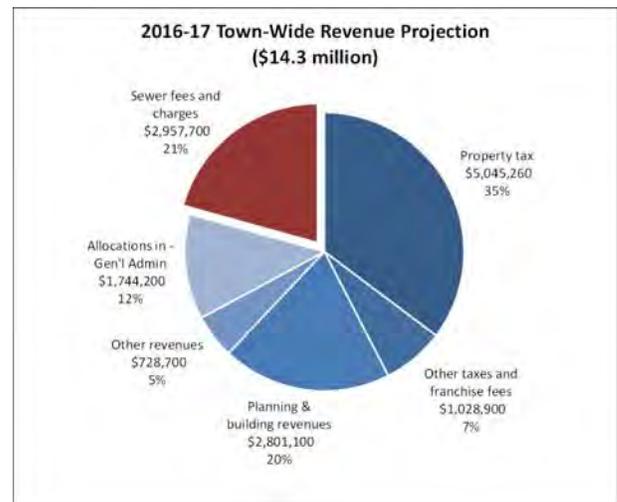


Figure 4. 2016-17 Revenue Projections

### Economic Condition and Its Influence on Major Revenues

When reviewing the revenue forecast many economic factors are taken into consideration, including revenue projections provided by County, State and Federal agencies, condition of the local economy, market trend analysis, third party consultant reviews, and pending State budget forecasts and strategies.

#### PROPERTY TAX

California property tax is limited by Proposition 13 tax reform, where "property tax value was rolled back and frozen at the 1976 assessed value level. Property tax increases on any given property were limited to no more than 2 percent per year as long as the property was not sold. Once sold, the property was reassessed at 1 percent of the sale price, and the two percent yearly cap became applicable to future years (<http://www.californiataxdata.com/pdf/Prop13.pdf>).” Further, with the passage of Proposition 8 Decline in Value, property owners are offered a “temporary reduction in assessed value when real property suffers a decline in value (<http://www.boe.ca.gov/proptaxes/faqs/prop8.htm>).” This reduction in property valuation is temporary and restores (or "recapture") to the pre-recession value when the market value of the property reaches or exceeds the pre-recession value. This Prop 8 valuation adjustment is one of the leading causes of property tax increase in recent years. Since the housing crisis in 2008, the County

of Santa Clara has recaptured 98 percent of the homes in Los Altos Hills, leaving roughly \$60 million potential recovery and roughly \$42,000 per year of potential property tax. The Town anticipates the remaining two percent of homes will be recaptured in 2016-17 resulting in a one percent budgetary increase in property tax. At its peak of the recapture process, the Town was recovering close to \$150,000 per year of property tax.

In addition to freezing base year property valuation and limiting annual valuation increases, Proposition 13 also limited the maximum annual property tax rate at one percent. This one percent of annual valuation (property tax revenues) is shared between the cities and counties, with the Town receiving 0.05 percent - the lowest in the County. This inequality was remedied with the passing of Assembly Bill 117 by Governor Brown in September 2015. AB 117 shifts property tax from Santa Clara County to Los Altos Hills, Cupertino, Monte Sereno, and Saratoga by the ERAF reimbursement amount - estimated \$319,000 increase in annual tax revenues for the Town. The property tax revenue shift will gradually increased over the next five years.



Figure 5. Los Altos Hills Housing Market Trend

According to data collected from Derk Brill’s website, the average Los Altos Hills housing price for 2015-16 has steadied at \$4.12 million. The number of houses sold in 2015-16 is relatively constant, hovering around 100 homes per year. With a steady housing market within Town and a strong overall housing market in the greater Bay Area, the Town anticipates property valuation in 2016-17 will be at the two percent Prop 13 valuation maximum increase.

Additionally, reviewing the valuation of all homes within Los Altos Hills, currently, there are a little over 1,000 homes with a property valuation below \$1.0 million. The combination of the Tax Equity Allocation adjustments, steady housing market, and a large number of single-family houses below market value, the 2016-17 budget projects property tax will increase by six percent when compared to 2015-16 Estimated Actual.

**PLANNING & BUILDING REVENUES**

Permit activities are less stable than property tax. A severe economic downturn similar to the 2008-09 housing crisis, has a delay impact on property tax revenues. Property values and property tax may be reduced but there is usually a lag between the event and impact on tax revenue. Permit activities can be felt immediately.



Figure 6. Property Tax and Permit Revenues Trend

During the recession, when average property valuation dropped from \$4.3 million to \$2.3 million (Figure 6), property tax revenues increased while planning and building permits revenues started to decline. The recovery began in 2011-12 and continues to today, increasing permitting activities. Additionally, the City Council approved an increase in permitting fees and charges as part of the 2014 User Fee Study. The increased fees were applied to the entire year of 2014-15 and thereafter. The combination of increased permitting activities and the increase in fees resulted in a 40 percent increase in building and planning revenues in 2014-15. Permitting activities stabilized in 2015-16 and is expected to continue in 2016-17.

It is currently unclear as to when the next downturn will occur. But, we know the housing market is cyclical - average 10 year cycle, and we are currently closing in on year seven of the current economic boom.

### SEWER FUNDS

Sewer Fund revenue is projected at 21 percent or \$3.0 million of the total Town-wide revenue. In 2014-15, the Town completed a sewer technical memo on aging of the sewer system that recommended more investment in preventive maintenance and system improvement, including root foaming and high frequency cleaning. To address the need for the increased sewer maintenance and capital improvements, the Town completed a Sewer Rate Study in 2014-15. The study recommended a two year rate increase of 39 percent each year followed by three years of three percent inflationary adjustment. The 2016-17 sewer assessment charge revenue of \$2.7 million is the second 39 percent sewer charge increase.

**Sewer connection fee** revenue is charged based on a fixed fee per connection below 60 fixture units. Connections with more than 60 fixture units, the sewer connection fee increase is prorated. The 2016-17 sewer connection fee budget of \$238,500 assumes that there will be the equivalent of 30 new connection in 2016-17.

**Economic Condition and Its Influence on Major Expenditures**

The 2016-17 Town-wide operating and capital expenditure budget is \$14.7. This consists of \$10.9 million in Governmental Funds (blue) and \$3.8 million in Sewer Fund (burgundy).

**PERSONNEL (GOVERNMENTAL: \$3.0 MILLION;  
SEWER: \$300,000)**

At 22 percent of total Town-Wide budget, personnel is the largest expenditure within the Governmental Funds. The 2016-17 budget assumes all 22.5 positions are filled from July 1, 2016 through June 30, 2017. The 22.5 positions account for the two new positions added in response to the 2015 Community Survey. The two positions are Recreation Specialist and Maintenance Worker. The goal of adding these two positions is to promote more community event sand programs and to increase pathway, drainage, and street maintenance.

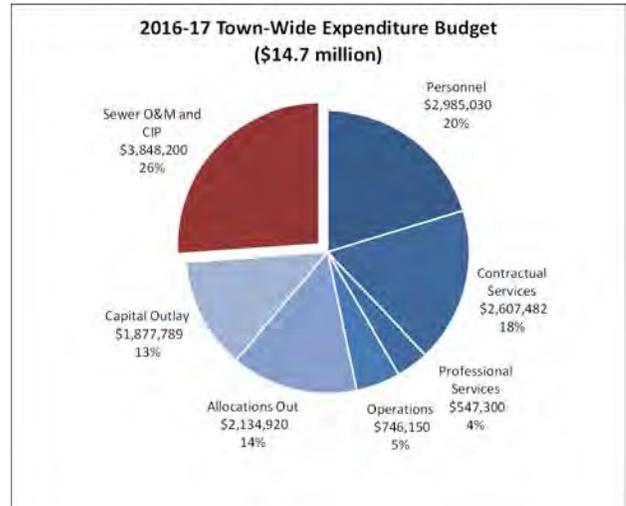


Figure 7. 2016-17 Town-Wide Expenditure Budget

As of June 30, 2016, the Town has two vacancies — Senior Engineer and Building Officials. Both positions have been filled by consultants while the Town is monitoring the job market. There is a shortage of qualified candidates in both positions in recent years. The Town may not open either recruitment in 2016-17, but intends to fill these positions at some point.

Other factors impacting personnel cost are employee pension cost totaling \$268,436. This includes the unfunded liability payment amount of \$106,653 for Tier 1 employees at the “2% at 55” formula. To build the budget, the \$106,653 unfunded liability was converted to percent of salary and added to all employees belonging to Tier 1. This unfunded liability equates to 10% of Tier 1 employee salaries. The pension formula for all tiers are as followed.

Tier	Formula	2015-16 Rates	2016-17 Rates	No. of Employees
Tier 1	2% @ 55	8.84% + \$87,899	9.055% + \$106,653	8
Tier 2	2% @ 60	7.51%	7.809%	7
Tier 3	2% @ 62	6.73%	6.93% + \$4	5

Fiscal year 2016-17 is the third year of the multi-year plan to eliminate the employee pension share cost currently paid by the Town for Tier 1 employees by reducing the Town's contribution from four percent to three percent of salary this year resulting in a savings of \$10,100 and a total savings of \$44,900 over the last four years.

Health & Welfare costs and Other Post-Employment Benefits (OPEB) is another major personnel cost for the Town. The Personnel Budget assumes that Town will continue with the previously implemented cost-sharing model where employees share 10 percent of the cost for dependent coverage based on average cost of existing CalPERS health plans. The budget estimates a five

percent increase in PERS Medical rates and a five percent increase in other insurance benefits. The Budget assumes that the Town will continue to fully fund the OPEB trust at the OPEB Annual Required Contribution which is \$136,000 plus pay as you go payments to retirees totaling \$128,700. The increase in retiree medical payments is from two retiree medical eligible employees retiring in 2015.

### **CONTRACTUAL SERVICES (GOVERNMENTAL: \$2.6 MILLION, 18%)**

Contractual services is the next largest expenditure within the Governmental Fund. This includes a \$1.4 million law enforcement agreement with the County Sheriff's Office, \$250,000 for building permit plan check services and \$150,000 for planning permit review. In response to the 2015 Community Survey, the Town requested additional additional police services from Santa Clara County Sheriff's Department.

### **CAPITAL OUTLAY (GOVERNMENTAL: \$1.9 MILLION, 13%)**

The 2016-17 Capital Improvement Program includes 21 proposed projects for 2016-17 through 2020-21. The purpose of presenting a five-year capital program is to show the full scope of the program. Often, projects span over multiple years where the design and feasibility study are completed in one year and the construction begins the following year. In other cases, projects are performed in phases either due to funding limitations, grant timelines, or workload. Having a five-year capital program allows the reader to see future impact of any one project.

In developing the five-year capital improvement plan (5-Yr CIP), the Town met with the Pathway Committee, the Open Space Committee, and the Parks & Recreation Committee. Inputs from the committee members were considered in the review and three of the projects in the 5-Yr CIP came from those meetings, including Magdalena/Bob Stutz Connector, Summerhill Pathway Project, and Open Space Vegetation Management. The Cable Service Expansion Program and Page Mill/Moon Lane Pedestrian Bridge were community requests. Additionally, the Building Permit System Upgrade project was also first suggested by a resident of the Town and then confirmed by the 2015 Community Survey on the need for a better building permit review system.

Since 2016-17 is the first year the Town prepared a five-year capital plan, future year impacts are not as well developed as the first two years. In order to prepare a more robust five-year capital plan, need assessments and infrastructure master plan is needed. For 2016-17, the focus will be on Sewer. For 2017-18, the Town's focus will be on updating the Pavement Management Plan. Along with the review of the Town's reserve policy, equipment and vehicle replacement will be assessed. The fiscal impact of such assessments and studies will be incorporated in the 2017-22 Capital Improvement Plan.

### **SEWER MAINTENANCE & OPERATIONS AND CAPITAL IMPROVEMENT (TOTAL SEWER: \$3.8 MILLION, 26%)**

The Town contracts with Palo Alto and Los Altos for Sewer conveyance and treatment are budgeted at \$966,000. In recent years, the City of Palo Alto has indicated that there will be major rehabilitation and improvements required of its sewer treatment plant, however design cost and schedule has not been finalized. Other sewer contract services include ongoing sewer maintenance and asset management system updates by WestBay Sanitary Sewer, in the amount of \$572,600, and miscellaneous sewer services support of \$21,400.

Sewer capital program for 2016-17 (2017 Sewer Rehab Project) has a budget of of \$1.35 million. This is \$350,000 more than the capital investment projected in the 2014 sewer rate study. With new data from WestBay video inspection, the condition of more of the Town's pipe is known. The Public Works Department plans to address most of the known risk pipes as part of the 2017 Sewer Rehab project. The repair and replacement of these pipes is scheduled for Summer of 2017. The design work and construction bid will be completed in 2016-17.

### Economic Condition and Its Influence on Fund Balance

As experienced in the last decade how quickly the economy can quickly change. The Town has committed a portion of the General Fund balance to address specific uncertainties and equip the Town with tools to weather some of the unknowns in the coming years. These uncertainties include revenue shortfall, emergency response & recovery, unfunded pension and OPEB liabilities, and major technology replacements. Fund balances (or reserves) fall into the following categories: Restricted, Committed, Assigned or Unassigned. In accordance with GASB Statement No. 54 requirements and Town policy, the Council established the following designations or General Fund Committed Fund Balances.

- Similar to many municipalities, the Town is concerned with the impact of the unfunded pension liability on the Town's financial health. To address this concern, a **Pension Liability Reserve** has been established and \$570,000 of the General Fund has been designated as **Pension Liability Reserve**. Being part of a cost sharing pool in CalPERS, the Town cannot at this time prepay its unfunded liability. This may change in the future for the Tier 1 employee pool. Further research will be required.
- In accordance with best practices, the Town also set aside \$350,000 for **Operating Contingency** in the event of economic downturn which may impact revenue and require the Town to use this reserve.
- Natural disasters are hard to predict and the damage can vary depending on response time and availability of funds to take timely action. A \$1,250,000 has been designated as **Disaster Contingency** reserves.
- As technology advances and requirements change, it is critical for the Town to have funds available to replace obsolete technology. For 2016-17, the Town established a \$20,000 **Equipment Replacement (IT) Reserve**.
- Some of the Town's roads are privately owned and managed by property owners. However, there are also streets that are privately owned where owners wish to transfer ownership of those roads to the Town. These matters require research and potentially major repairs prior to acceptance into Town right-of-way. The City Council approved to commit \$200,000 into a **Private/Public Road reserve**.
- Each year, the Town budgets \$80,000 for claim settlement in workers' compensation, general liability, and unemployment. Since budgetary items are reset to zero at the beginning of each year, the City Council approved to commit \$80,000 as **Risk Management Reserve**.

**Major Changes in this Budget**

**Five-Year Capital Improvement Plan**

The 2016-17 Budget includes the Town's first 2016-2021 Capital Improvement Plan. Previously, the Town's five-year capital spending is projected at the fund level, with no identified project. It presented the likely spending request for each fiscal year. The 2016-2021 Capital Improvement Plan contains only identified projects and its future project cost. It also provides total prior year spending to show total Town investment on each capital projects.

**Fund Consolidation**

The Town began consolidating funds in 2013-14. Fund consolidation reduces the number of funds while maintaining revenue restriction requirements. The 2016-17 fund consolidation is to complete this simplification.

In prior years, at the end of each fiscal year, a portion of general funds were transferred to Special Revenue Funds to support maintenance and operation cost. In the case of Storm Drain (012) and Pathway (013) funds, revenues collected in these funds are designated for capital use and thus were transferred to the corresponding capital funds (042: Pathway Capital and 045: Drainage Capital). Street Fund (017) grant revenues received can be used for both street capital improvements and street operations. However, grant revenues received have been insufficient to fully fund either operation or capital. As such, general fund transfers were made to both street operation and capital funds. To eliminate these transfers, Storm Drain (012), Pathway (013) and Street (017) funds will be merged in the following ways:

- Revenues historically recorded in these funds will be in the corresponding capital funds. This will eliminate pathways construction fee and drainage in-lieu fee transfers.
- Operating expenditures historically supported by the General Fund (via transfers in) will be merged into the General Fund. This will eliminate general fund transfers for pathway, street, and drainage operations. Sub-accounts in the General Fund will be setup to capture the operational expenses and provide historical continuity.

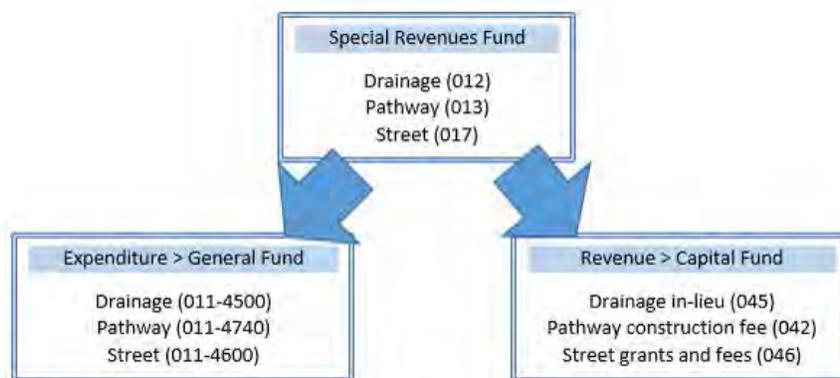


Figure 8. Fund Consolidation

### **Improved Budgeting Model and Process**

For the 2016-17 Budget review, a new budgeting model was created to allow more discussion and interaction during the joint budget study session. The budget model allowed Councilmembers and FIC members to see real-time impact of each approved service enhancement initiative on Town-wide ending fund balances. The Budget Team also sought public input via the Town's committees. Pathways Committee, Open Space Committee and Parks & Recreation Committee met with Town staff to discuss the specifics of the budget process. This is the first step for more public involvement and Town staff is committed to continue this process and to expand public outreach.

### **Long Range Forecast Budgeting**

Previously, long-range forecasts were done by forecasting five percent budget increase across the board for contract services and professional services. This year, forecasts were done on a line item basis utilizing several factors: 5-year average spending, 3-year moving average spending, 5-year average increase, 3-year moving average increase, and average spending to budget. Expenditures were further classified by ongoing obligations and discretionary operating cost. Examples of ongoing obligations include personnel cost, law enforcement contract, legal services, insurance, and active ground and facility maintenance contracts. The inflationary adjustments for these were based on contract agreements and historical behaviors.

Discretionary operating cost includes office supplies and on-call professional and contractual services. Budget to average spending plus 3-year moving average increases were used. In general, the expenditure budget in this category did not change from prior forecasts.

Revenue, with the exception of property tax and sewer assessment, were forecasted using the same method used for expenditures. In projecting property tax revenues, number of below market value houses are considered, along with number of homes sold in the last ten years and the property tax revenue trend in the last ten years. Based on these factors a four percent escalation was used to account for a potential slow down from the current rate over the next five years. Sewer assessment is adjusted based on approved sewer rates, which sets future increases at three percent through 2019-20.

The long-range forecasting explanation is also available in the financial summary section of this budget.

### **Basis of Budgeting**

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The Budget is prepared using Generally Accepted Accounting Principles. The budget for government funds has been prepared on a modified accrual basis. The modified accrual method recognizes expenditures when the related liability is incurred. Revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The annual budget contains the revenues, appropriations and other financial information pertaining to all Town operating and capital budgets. This is consistent with the Town's basis of accounting reported in its Comprehensive Annual Financial Report (CAFR).

**Governmental Fund Types** include General, Special Revenues, Debt Service, and Capital Project Funds. Government Funds are reported using current financial resources measurement focus and the modified accrual basis of accounting. As of June 30, 2016, the Town does not own any debt services.

**Proprietary Fund Types** include the Enterprise and Internal Service Funds and are used to account for the Town's business-type activities. Proprietary funds are reported using the economic resources measurement focus and full accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

**Fiduciary Funds** account for assets held by the Town in trust or as an agent of various assessment and community districts. The City budget process does not include fiduciary funds.

**Agency Funds** are custodial in nature and do not involve measurement of results of operations. The Town budget process does not include agency funds.

#### **KEY DIFFERENCE BETWEEN BASIS OF BUDGETING AND BASIS OF ACCOUNTING**

There are two main differences between the basis of budgeting and basis of accounting

1. Often budget reflects the Town's goals and plans while accounting reflects actual events. For example, the Town may intend to fill a vacant position in a future fiscal year and contract with a consultant in the current fiscal year. Under such circumstances, the Town would budget for the vacant position as if it will be filled in the current fiscal year but record consultant cost as contractual or professional services when the bill comes.
2. Within the same fund, allocations in and allocations out must be offset in accounting reports. For budgets, they are presented separately. Budgeting best practice allows the agency to show both as long as the methodology is consistent and the budget document indicates area of duplication.

#### **Budget Development Process**

Development of the operating and capital budget is a year-round process. The compilation and analysis requires three months. A summary of the 2016-17 budget timeline is shown below. The process begins with the Mid-Year Financial Update and Budget Adjustment and the information is carried forward to the budgeting process. In February 2015, The City Manager and the Budget Team provide guidance to the departments prior to preparation of department budgets related to economic outlook and parameters for budgeting. The annual budget cycle begins with the development of budget instructions, including policy directives and a budget calendar. Budget projections are submitted by department heads to the Administrative Services Department. The budget projections are reviewed and the overall budget is reviewed to ensure ongoing revenues can support ongoing expenditures proposed by all departments (a balanced budget). A balanced proposed budget is presented to the City Manager for review. The City Manager reviews the budget for consistency with City Council directions and initiatives. The City Manager presents the City Council and Finance and Investment Committee with a proposed budget. The City Council holds public joint study sessions with the Finance and Investment Committee and adopts the Town operating and capital budget no later than June 30<sup>th</sup> of each year.

During the year, the Administrative Services Department monitors economic changes that may affect the Town's revenue stream, coordinate with departments in identifying changing needs and demands, and present budget adjustments to the City Council as part of the mid-year review, as necessary. Public inputs are filtered through the 16 standing committees and to staff liaisons. These inputs are considered in the development of the budget and presented to the City Council for consideration as part of the budget review and throughout the year as separate Council action items.

### Recommended Service Level Changes

As mentioned in the City Manager's Message, the 2016-17 Budget included the addition of a Recreation Specialist (\$69,300) and a Maintenance Worker (\$67,300) positions, additional law enforcement services (\$250,000). Additionally, the 2016-17 Budget included funding for the following service enhancements:

- Meritorious review incentive (\$75,000) - limited by City Council approved salary ranges
- 2016 General Municipal Election (\$30,000)
- Internal Service Allocation and Cost Allocation Plan review and update (\$25,000)
- Create promotion series for Admin Clerk/Tech to Management Analyst (\$7,900)
- Update of Subdivision Ordinance (\$80,000) - Project was deferred to address other updates in 2015-16
- Update Los Altos Hills building code to comply with State codes (\$10,000)
- Replace six computers (\$8,400)
- Replace 10-year old plan plotter (\$20,000)
- Aircraft noise consulting support (\$25,000) - This is a set aside fund to show commitment of the City Council to address aircraft noise when the opportunity arises in partnership with neighboring jurisdictions.

### Five-Year Capital Improvement Plan

The Town defines capital expenditures as the acquisition and/or construction of fixed assets in excess of \$10,000. Departments were encouraged to assess and determine necessary improvements of existing assets. The capital programs are categorized into six different capital funds and are driven by different factors and City Council approved policies and plans:

- **General Capital (041)** is used to account for general capital projects including parks and open space improvements, technology purchases, and other infrastructure needs. The main source of revenue comes from the General Fund and special grants, if available. Currently, the five-year capital program is based on known needs as of May 2016.
- **Pathway Capital (042)** is used to account for pathway system investments. The main sources of revenues are pathway construction fees assessed on site developments and grants. With City Council authorization, General Fund may subsidize any funding gaps. In May 2016, the City Council directed the Pathways Committee, in coordination with Staff, to identify and address gaps in the existing pathway system. The 2016-2021 began bridging some of these gaps.

- **Westwind Barn Capital (043)** is used to account for facility improvements at Westwind Community Barn. The main source of revenue is Verizon Cell Tower site rental fees. As part of the Westwind Barn Concessionaire agreement, the contracted Barn Manage, VDE, prepared a preliminary five-year improvement plan. The preliminary plan, along with proposed project cost, is under review.
- **Drainage Capital (045)** is used to account for drainage improvements on Town's right-of-ways and easements. The main sources of revenues are pathway construction fees assessed on site developments and grants. With City Council authorization, General Fund may subsidize any funding gaps. Annual maintenance program is completed in conjunction with the Annual Pavement Rehabilitation program.
- **Street Capital (046)** is used to account for street paving and rehabilitation related capital expenditures. The main sources of revenues are State of California gas tax revenues, encroachment fees, grants and General Fund. The Street Capital Program is driven by the 2015 Pavement Management System Update report. The goal of the program is to maintain the Town's pavement condition at 77 PCI.
- **Sewer Capital (048)** is part of the Sewer Fund and accounts for sewer system replacements and improvements. The program is fully supported by sewer fees and charges and the annual investment level is guided by the City Council approved 2015 Sanitary Sewer Management Plan and 2015 Sewer Technical Memo.
- Equipment and vehicle purchases and facility improvements in excess of \$10,000 are accounted for in **Internal Service Fund (061)** and presented as part of the Town's Capital Improvement Plan. The funding source for these items will be developed as part of the Town's reserve policy in 2016-17.

Refinement of the Town's capital program is an ongoing process. The 2016-2021 capital program is an introduction to a long-range capital plan. Each year, thereafter, the program will focus on one specific areas for further development. The focus of 2016-17 will be to develop a more robust equipment and vehicle replacement schedule that coincides with the Town's reserve policy.

### Budget Schedule Timeline

Date	Department	Action
Feb 22	ASD	Budget Instructions, forms and 2014-15 Base Budget sent to departments
Feb 23-Feb 26	All Departments	Budget kickoff meeting
Mar 1-Mar 7	ASD/Committees	Meet with committees' chair, co-chair and vice chair to discuss budget
Month of March, April and May	ASD/Committees	Attended committee meetings to discuss budget process for the new year
Mar 25	All Departments	Budget Increase Forms are due to Finance
Mar 28-Apr 8	All Departments	Budget meeting with Department and City Manager

Date	Department	Action
Apr 1	All Department	Five-Year CIP Program
Apr 8	All Department	Operating Budget narrative
Apr 11-15	ASD/City Manager	Budget Review and set priorities
Apr 27-May 3	All Department	Finalize budget request and discuss budget narrative with all departments
May 25	ASD/City Clerk	Published budget model for FIC and City Council to review
May 31	FIC/City Council	Joint Budget Study Session
Jun 16	City Council	Present Budget to City Council for adoption

### Budget Organization

This budget document is arranged to provide an overview to understand the Town history and current goals (*Introduction* and *Town-Wide Overview*), the 2016-17 work plans (*Department Budget* and *Capital Program*), and the Town's long-range forecast (*Financial Summaries*). The Town's financial policy and glossary are in the *Supplemental* section.

### Budgetary Control

The City Council appropriates the funds necessary to meet operating and capital activities. Budgetary control is maintained at the department level. The City Manager may approve transfers of appropriation from one program, activity or line-item within or across departments. However, total appropriations within a fund may only be increased with Council approval. Departments monitor and control budgets using the Town-wide financial system, and through quarterly reports of revenue and expenditure accounts.

Additional appropriations needed after the adoption of the budget may be requested and approved by Council through resolution during the year and are summarized during the mid-year financial update and budget amendment.

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## Town-wide Overview

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# Town Profile

## TOWN HISTORY



The Town of Los Altos Hills encompasses nine square miles, making it one of the smallest incorporated towns in Santa Clara County. There is an additional 5.2 square miles of unincorporated land adjacent to the Town’s boundaries that are designated within the Town’s “sphere of influence” and may be subject to the Town’s guidelines or annexation.

Incorporated on January 27, 1956, Los Altos Hills had an original population of 2,500; today, a little over 8,300 residents call Los Altos Hills home. Many are drawn to this Town not only because of its proximity to Silicon Valley but also because of the beauty of the area—rolling hills, picturesque valleys, and mild climate, much of the same reasons which drew the first inhabitants. One of the most distinctive features of the Town is the singular dedication to the preservation of a “residential-agricultural” lifestyle, which is manifested in gracious homes, vast open lands rolling hills, spectacular views of the South and East Bay communities, and a uniquely rural atmosphere—a rarity in the one of most densely populated counties in California. Another significant feature of the Town is the absence of commercial activity which the founding fathers foresaw, and present residents have long upheld as necessary to preserve the kind of lifestyle they desire by choosing to live within the Town limits. However, there are permitted uses such as schools, religious, and recreational clubs. Combined with the natural beauty, physical assets and the determination of the residents to maintain their rural lifestyles, the Town remains one of the most beautiful, unspoiled, and desirable residential communities in Northern California.

One of the most unique features of the Town of Los Altos Hills, and of which the town is justifiably proud, is its Pathway System. This system of pathways, which comprise about 85 miles of beautiful trails and off-road paths meanders around and connects most of the community - the Town’s sidewalk. With the cooperation of the residents, through easements and donations, this unique system is designed to allow users to appreciate the natural beauty of the Town at their own leisure, whether by walking, running,



bicycling or even on horseback, and in the process get acquainted with other residents. Once a year, the immensely popular Pathways Run is held by the Parks and Recreation Department, and residents of all ages participate.



The first Town Hall was built at no cost to its residents. The land was donated by the Town’s first Mayor, Arthur E. Fowle, construction funds were donated by Mr. and Mrs. Dawson, and William Simrell, Jr. provided the architectural services. While it was envisioned to be sufficient space for a very small staff and City Council meetings, the space in Town Hall was quickly outgrown. In 1975, the first major remodelling was carried out, with the addition of a dedicated Council Chambers building on the west side.

In June 2005, the Town Hall had another renovation when it moved into a state-of-the-art building which encompassed the latest in solar technology, energy and eco-efficiency, yet retaining the rural characteristic that so defines this Town, largely due to the active inputs of the Town’s residents. A solar monitor indicates at any time, the amount of energy generated by the solar panels. The Town is proud to be on the forefront of energy self-sufficiency and its design and technology is an example that other city halls and public buildings aspire to emulate. Town Hall also hosts periodic exhibits of works by local artists, and many of these works of art adorn the walls of Town Hall and City Council Chambers. The community donor wall at the entrance of the building showplaces the residents’ and neighbors’ creative tile designs, and is especially popular with the younger residents.

While embracing the latest in technology, similar efforts are also made to preserve the Town’s heritage and historical links, including the design of the present Town Hall to showcase the heritage oak tree. Another defining characteristic of the Town’s history, the fruit trees, is not forgotten. Twenty five apricots and plum trees are planted in the area behind the solar panels attest to that, along with historical farm equipment on display.

Adjacent to the Town Hall is the Heritage House, a unique building reminiscent of an old school house. Formerly the Eschenbruecher House in Los Altos, it was donated to the Town in 1984. Today it functions as the Emergency Operations Center and a substation for the Santa Clara County Sheriff Office, as well as office space for staff.

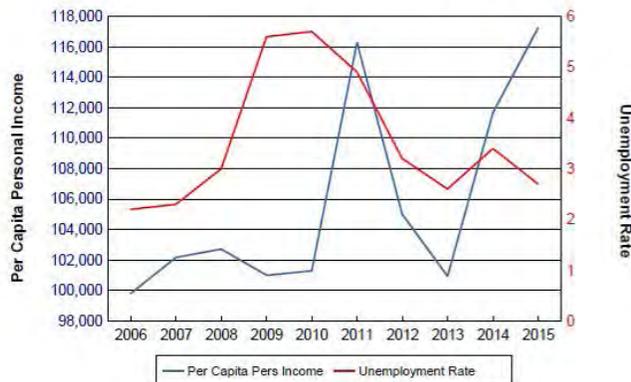
In March 2015, the original Town Hall cupola was restored and installed in front of the Council Chamber. It sat on the first Town Hall for 47.5 years before Town Hall was demolished. In November 2014, the Town’s History Committee presented to the City Council and suggested that the cupola be restored and installed in a prominent location as a reminder of the Town’s past.



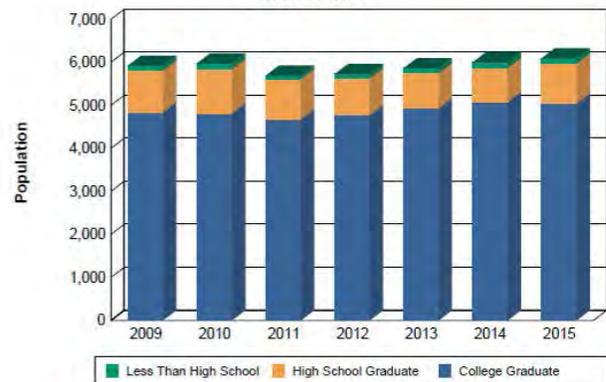
## TOWN DEMOGRAPHICS

Calendar Year	Population	Personal Income (in Thousands)	Per Capita Personal Income	Unemployment Rate	Median Age	% of Pop 25+ with High School Degree	% of Pop 25+ with Bachelor's Degree
2006	8,475	\$845,942	\$99,816	2.2%			
2007	8,556	\$874,247	\$102,179	2.3%			
2008	8,799	\$903,883	\$102,726	3.0%			
2009	8,890	\$898,010	\$101,014	5.6%	48.6	98.1%	81.7%
2010	9,042	\$915,964	\$101,301	5.7%	48.3	97.9%	80.7%
2011	8,027	\$933,355	\$116,277	4.9%	48.8	98.6%	82.2%
2012	8,264	\$867,894	\$105,021	3.2%	48.5	98.3%	83.3%
2013	8,354	\$843,253	\$100,940	2.6%	48.9	98.1%	84.2%
2014	8,330	\$930,261	\$111,676	3.4%	49.3	97.9%	84.7%
2015	8,658	\$1,015,063	\$117,239	2.7%	50.3	98.1%	82.8%

Personal Income and Unemployment



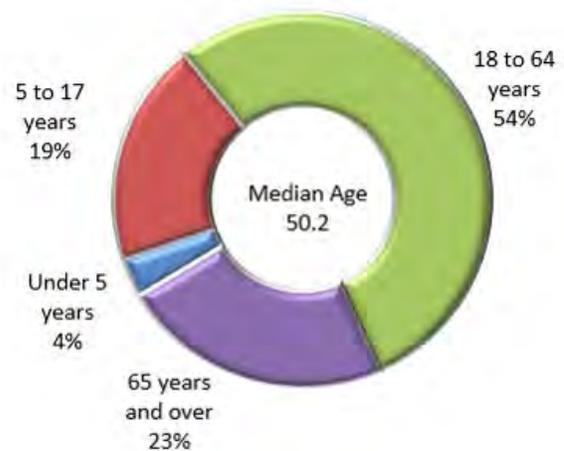
Education Level Attained for Population 25 and Over



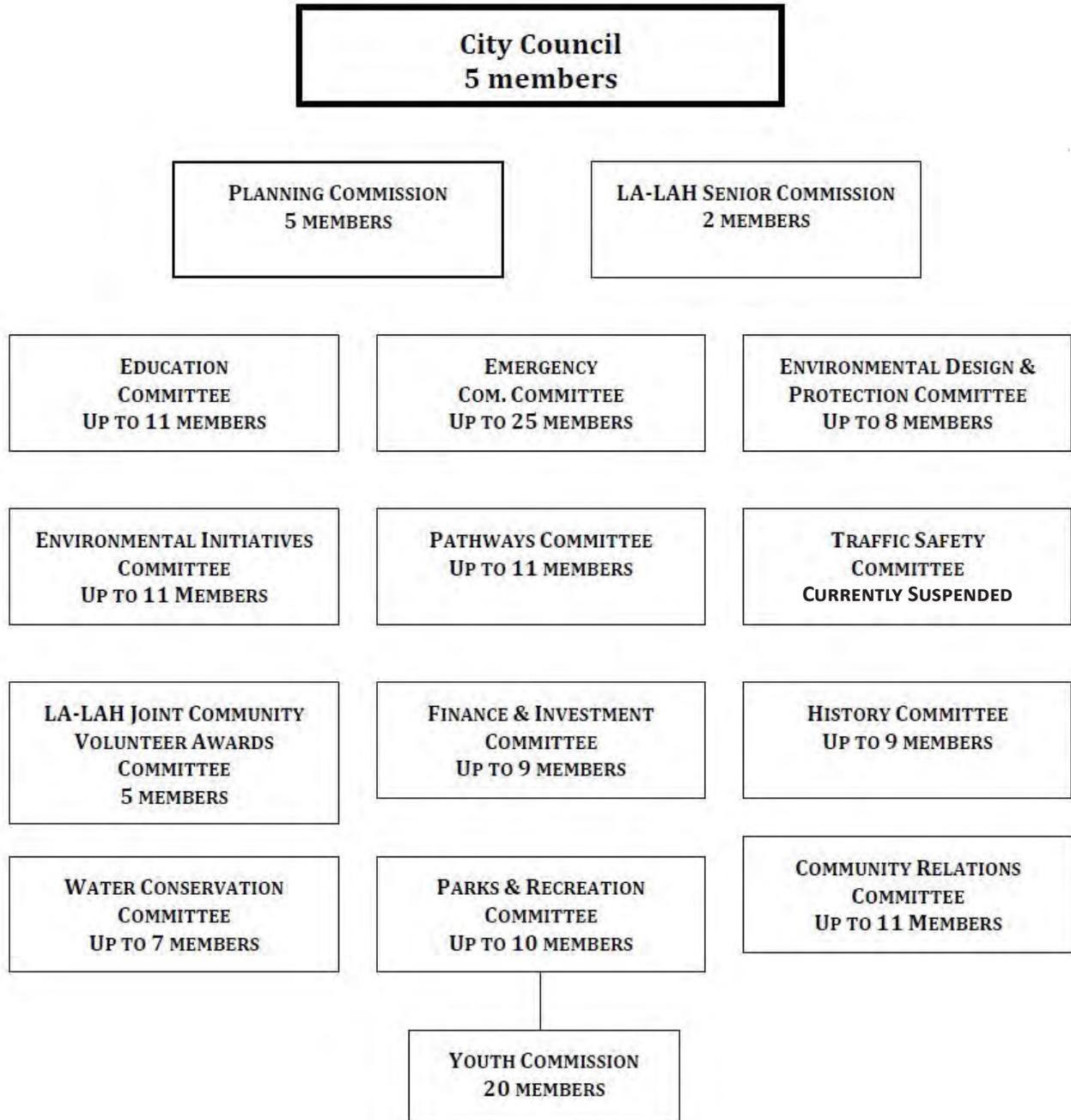
Population

Calendar Year	Los Altos Hills	Santa Clara County	California
2005	8,452	1,758,000	36,459,000
2006	8,482	1,772,000	36,796,000
2007	8,607	1,807,000	37,333,000
2008	8,837	1,835,000	37,713,000
2009	8,889	1,856,000	37,970,000
2010	9,042	1,879,000	38,347,000
2011	7,980	1,796,000	37,201,000
2012	8,027	1,815,000	37,379,000
2013	8,264	1,871,000	37,684,000
2014	8,354	1,867,000	38,054,000
2015	8,341	1,888,000	38,441,000
2016	8,595	1,902,000	39,071,000

Age Group

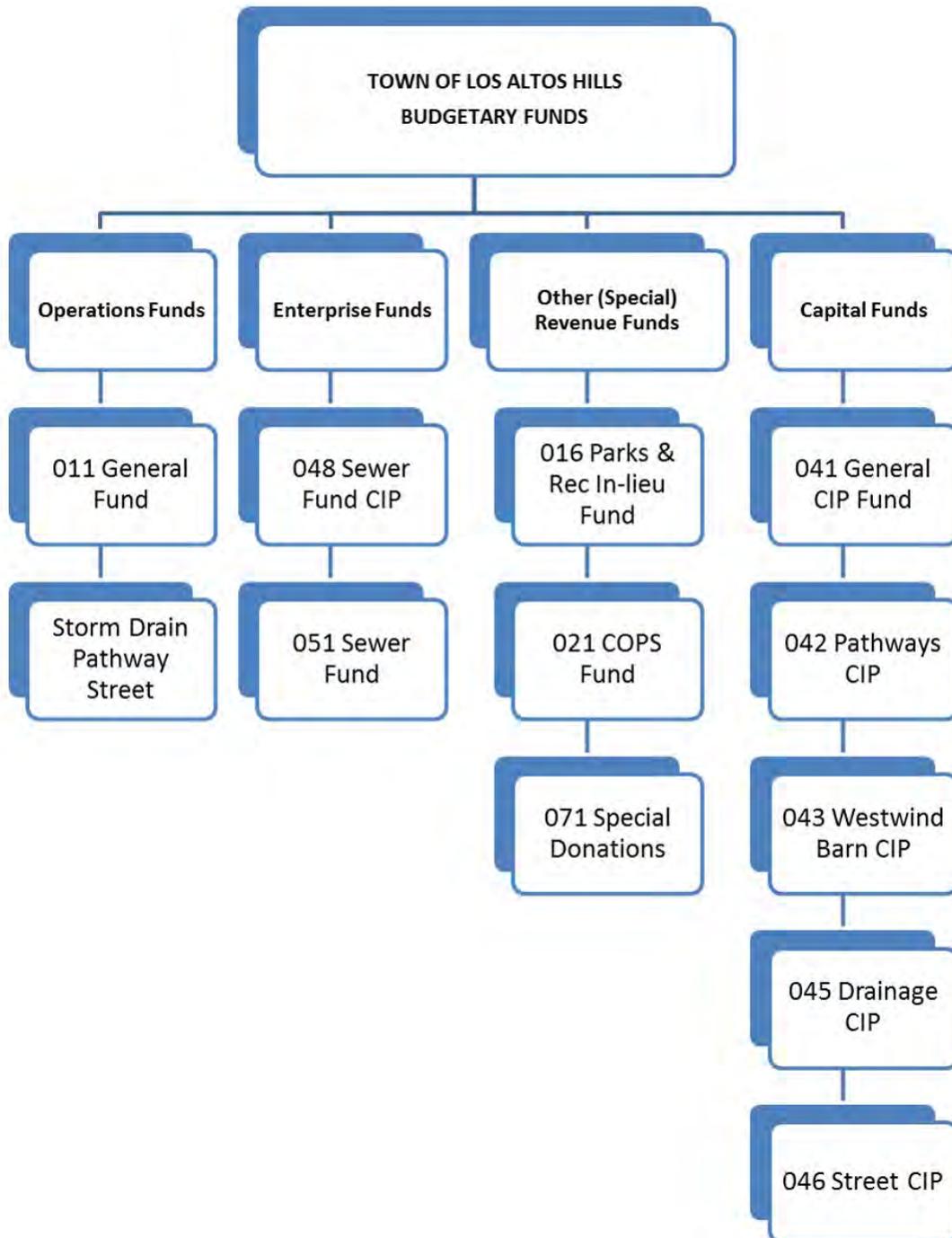


## COMMITTEES AND COMMISSIONS



# Financial Summary

## FUND STRUCTURE



## FUND DESCRIPTION

Fund	Fund Description
<b>011</b>	<b>General Fund</b> is the primary operating fund of the Town and is used to account for most day-to-day activities. Revenue sources include (but are not limited to) property tax, current fees for services, and business registration.
<b>012</b> <b>045</b>	<b>Storm Drain Fund</b> are used to account for revenues from drainage fees, which are designated for storm drain maintenance, improvement, and construction. <b>The Storm Drain maintenance (Fund 012) is consolidated into General Fund 011 in the 2016-17 Budget.</b>
<b>013</b> <b>042</b>	<b>Pathway Funds</b> are used to account for revenues from pathway in-lieu fees, which are designated for pathway maintenance, improvement, and construction. <b>The Pathway maintenance (Fund 013) is consolidated into General Fund 011 in the 2016-17 Budget.</b>
<b>016</b>	<b>Parks &amp; Recreation in-lieu Fund</b> is used to account for development revenues from parks and recreation in-lieu fees which are designated for park maintenance, improvement, construction, and acquisition.
<b>017</b> <b>046</b>	<b>Street Funds</b> are used to account for revenue received and expended under the State of California, Street and Highways Code Sections 2106, 2107 and 2107.5 (commonly referred to as Gas Tax). These revenues must be expended for maintenance or construction of streets. <b>The Street maintenance (Fund 017) is consolidated into General Fund 011 in the 2016-17 Budget.</b>
<b>021</b>	<b>Police Grants</b> are used to account for grant activities and services paid for and reimbursed by grant funding. This fund includes grants from the following funding source: Supplemental Law Enforcement Services Account (SLESA) – Under the SLESA program (commonly referred to as the Citizens Option for Public Safety, or COPS grant), cities and counties receive state funds to augment public safety expenditures.
<b>041</b>	<b>General CIP Fund</b> is used to account for general capital projects including building construction, technology purchases and other infrastructure needs The main source of revenue comes from the General Fund.
<b>043</b>	<b>Westwind Barn CIP Fund</b> is used to account for capital projects at Westwind Community Barn financed by Verizon Cell Tower revenue.
<b>048</b> <b>051</b>	<b>Sewer (Wastewater) Funds</b> are used to account for town operations that are financed and operated like private business enterprises. The Sewer Fund is used to account for sewage treatment, transmission, major replacements and improvements to the City's sewer system.

## TOWN-WIDE FUND SUMMARY

Fund No	Fund Title	Projected Fund Balance @ 7/1/2016	2016-17 Budget			Projected Fund Balance @ 6/30/2017
			Revenue	Expenditure	Transfers In/(Out)	
011	General Fund					
	Operating Contingency	\$ 350,000	\$ 0	\$ 0	\$ 0	\$ 350,000
	Disaster Contingency	1,250,000				1,250,000
	Pension Reserve	500,000			70,000	570,000
	Technology (IT) Reserve	15,000			5,000	20,000
	Private/Public Road	0			200,000	200,000
	Risk Management Reserve	0			80,000	80,000
	Unassigned Fund Balance	6,661,979	10,716,460	(8,872,382)	(237,212)	8,268,845
	Subtotal	\$ 8,776,979	\$ 10,716,460	\$ (8,872,382)	\$ 117,788	\$ 10,738,845
<b>Special Revenue Funds</b>						
012	Storm Drain Operation	\$ 426,315	\$ 0	\$ 0	(426,316)	\$ (1)
013	Pathways Operation	640,882			(640,882)	0
016	Parks & Recreation in-Lieu	209,529	42,000		(40,939)	210,590
017	Street Fund	259,758			(259,758)	0
021	COPS Fund	157,163	100,400	(148,600)		108,963
071	Special Donation	21,132				21,132
	Subtotal	\$ 1,714,779	\$ 142,400	\$ (148,600)	\$ (1,367,895)	\$ 340,684
<b>Debt Service Funds</b>						
033	CA Energy Commission Loan	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
034	CA Energy Loan 003-09-ECD					0
	Subtotal	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Capital Funds</b>						
041	General Capital	\$ 51,397	\$ 0	(325,789)	\$ 325,789	\$ 51,397
042	Pathway Capital	220,037	182,200	(242,000)		160,237
043	Westwind Barn Capital	87,656	46,000	(50,000)		83,656
045	Drainage Capital	415,210	150,000	(160,000)		405,210
046	Street Capital	65,682	267,800	(1,100,000)	924,318	157,800
	Subtotal	\$ 839,982	\$ 646,000	\$ (1,877,789)	\$ 1,250,107	\$ 858,300
<b>Sewer Funds</b>						
048	Sewer Capital	\$ 1,127,189	\$ 3,500	(1,330,000)	\$ 199,311	\$ 0
051	Sewer Operation	526,950	2,954,200	(2,518,200)	(199,311)	763,639
	Subtotal	\$ 1,654,139	\$ 2,957,700	\$ (3,848,200)	\$ 0	\$ 763,639
	<b>Total Town-Wide</b>	<b>\$ 12,985,879</b>	<b>\$ 14,462,560</b>	<b>\$ (14,746,971)</b>	<b>\$ 0</b>	<b>\$ 12,701,468</b>

## TOWN-WIDE FINANCIAL SUMMARY

Financial Summary	General Fund	Special Revenue Funds	Capital Funds	Sewer Fund	Total 2016-17 Budget
<b>Revenues by Category</b>					
Property Tax	\$ 5,045,260	\$ 0	\$ 0	\$ 0	\$ 5,045,260
Taxes Other Than Property	530,000				530,000
Franchise Fees	498,900				498,900
License And Permits	1,521,200				1,521,200
Use Of Money And Property	211,300	400	48,200	3,500	263,400
Intergovernmental	45,500	100,000	236,700		382,200
Charges For Services	1,090,700	42,000	360,000	2,948,300	4,441,000
Miscellaneous	29,400		1,100	5,900	36,400
Allocations In	1,744,200				1,744,200
<b>Total Revenues</b>	<b>\$ 10,716,460</b>	<b>\$ 142,400</b>	<b>\$ 646,000</b>	<b>\$ 2,957,700</b>	<b>\$ 14,462,560</b>
<b>Expenditures by Category</b>					
Personnel	\$ (2,960,630)	\$ (24,400)	\$ 0	\$ (321,630)	\$ (3,306,660)
Contractual Services	(2,541,482)	(66,000)		(1,581,000)	(4,188,482)
Professional Services	(547,300)			(69,500)	(616,800)
Operations	(727,350)	(18,800)		(228,500)	(974,650)
Allocations Out	(2,095,620)	(39,400)		(317,570)	(2,452,590)
Capital Outlay			(1,877,789)	(1,545,000)	(3,422,789)
Depreciation				215,000	215,000
<b>Total Expenditures</b>	<b>\$ (8,872,382)</b>	<b>\$ (148,600)</b>	<b>\$ (1,877,789)</b>	<b>\$ (3,848,200)</b>	<b>\$ (14,746,971)</b>
<b>Transfers In/(Out)</b>					
Transfers In	\$ 1,067,198	\$ 0	\$ 1,250,107		\$ 2,317,305
Transfers Out	(949,410)	(1,367,895)			(2,317,305)
<b>Total Transfers</b>	<b>\$ 117,788</b>	<b>\$ (1,367,895)</b>	<b>\$ 1,250,107</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Change in Fund Balance</b>	<b>1,961,966</b>	<b>(1,374,095)</b>	<b>18,318</b>	<b>(890,500)</b>	<b>(284,411)</b>
Fund Balance, Beginning	8,776,979	1,714,779	839,982	1,654,139	12,985,879
<b>Fund Balance, Ending</b>	<b>\$ 10,738,845</b>	<b>\$ 340,684</b>	<b>\$ 858,300</b>	<b>\$ 763,639</b>	<b>\$ 12,701,468</b>

**TOWN-WIDE FINANCIAL SUMMARY - FOUR-YEAR COMPARISON**

Financial Summary	2013-14 Actual	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated Actual	2016-17 Budget
<b>Revenues by Category</b>					
Property Tax	\$ 4,153,331	\$ 4,606,184	\$ 4,672,500	\$ 4,781,000	\$ 5,045,260
Taxes Other Than Property	524,762	645,836	541,200	514,425	530,000
Franchise Fees	463,599	513,997	484,300	484,810	498,900
License And Permits	1,006,906	1,485,394	1,097,050	1,507,200	1,521,200
Use Of Money And Property	284,457	298,989	251,700	259,334	263,400
Intergovernmental	610,851	397,470	441,275	673,618	382,200
Charges For Services	2,965,572	3,456,582	3,633,500	3,836,805	4,441,000
Miscellaneous	520,483	172,517	50,100	54,770	36,400
Allocations In	990,856	1,156,792	1,627,405	1,529,633	1,744,200
<b>Total Revenues</b>	<b>\$ 11,520,818</b>	<b>\$ 12,733,761</b>	<b>\$ 12,799,030</b>	<b>\$ 13,641,595</b>	<b>\$ 14,462,560</b>
<b>Expenditures by Category</b>					
Personnel	\$ (2,388,365)	\$ (2,549,033)	\$ (3,027,742)	\$ (2,704,587)	\$ (3,306,660)
Contractual Services	(2,683,801)	(3,131,833)	(3,583,010)	(3,595,425)	(4,188,482)
Professional Services	(342,922)	(409,165)	(724,700)	(644,766)	(616,800)
Operations	(1,083,712)	(701,881)	(1,001,694)	(982,090)	(974,650)
Allocations Out	(1,733,774)	(1,831,404)	(2,501,345)	(2,179,425)	(2,452,590)
Capital Outlay	(651,550)	(1,765,807)	(3,779,978)	(3,553,378)	(3,422,789)
Depreciation	0	175,257	170,200	195,000	215,000
<b>Total Expenditures</b>	<b>\$ (8,884,125)</b>	<b>\$ (10,213,866)</b>	<b>\$ (14,448,269)</b>	<b>\$ (13,464,671)</b>	<b>\$ (14,746,971)</b>
<b>Transfers In/(Out)</b>					
Transfers In	\$ 1,490,020	\$ 2,790,954	\$ 3,111,479	\$ 2,815,343	\$ 2,317,305
Transfers Out	(1,490,020)	(2,787,955)	(3,111,479)	(2,815,343)	(2,317,305)
<b>Total Transfers</b>	<b>\$ 0</b>	<b>\$ 2,999</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Change in Fund Balance</b>	<b>2,636,692</b>	<b>2,522,894</b>	<b>(1,649,239)</b>	<b>176,924</b>	<b>(284,411)</b>
Fund Balance, Beginning			12,808,955	12,808,955	12,985,879
<b>Fund Balance, Ending</b>			<b>\$ 11,159,716</b>	<b>\$ 12,985,879</b>	<b>\$ 12,701,468</b>

## DEPARTMENT/FUND RELATIONSHIP

Fund \ Department	General Government	Public Safety	Community Development	Parks & Recreation	Public Works
General Fund	City Council City Manager City Attorney City Clerk Committees & Commissions Community Services Grant General Liability Finance & Admin Services	Police Administration Animal Control	Planning Admin Planning Commission Building Admin Permit Review & Inspection	Parks & Rec Admin Programs & Operations Special Events Playing Fields Westwind Barn & Riding Programs	Engineering Storm Drain Streets Pathway
Sewer Fund					Sewer & CIP
Special Revenue Funds	Special Donation Park & Rec in-Lieu	COPS Grant Fund			
Internal Service Funds	Town Center				Corp Yard Vehicles
Capital Funds				Westwind Barn CIP	Storm Drain CIP Streets CIP Pathway CIP General CIP

## DEPARTMENT SPENDING - FOUR-YEAR COMPARISON

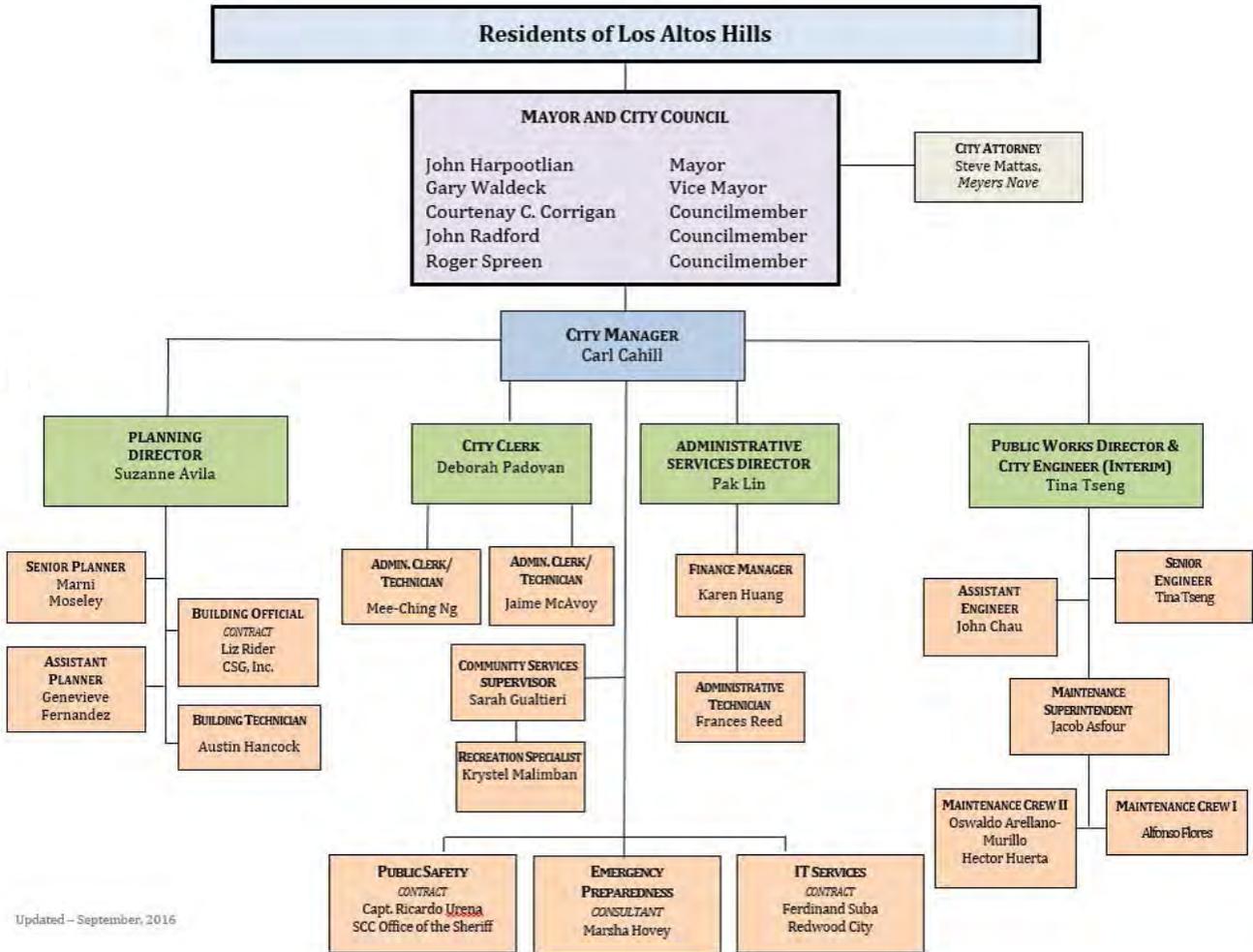
Town-wide Expenditure by Department	2013-14 Actual	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated Actual	2016-17 Budget
General Administration	\$ 1,181,351	\$ 1,577,361	\$ 2,076,188	\$ 1,955,753	\$ 2,120,960
Public Safety	1,209,030	1,205,913	1,468,772	1,375,539	1,835,700
Community Development	2,264,573	2,249,916	2,665,965	2,386,853	2,625,730
Parks and Recreation	762,183	615,851	659,996	663,382	783,078
Public Works	2,682,577	2,799,018	3,797,370	3,527,400	3,958,714
Capital Outlay - Sewer	0	422,372	1,198,312	1,292,084	1,545,000
Capital Outlay - Government	783,991	1,765,807	2,581,666	2,261,294	1,877,789
Non-Department	420	0	0	2,366	0
<b>Total Expenditures</b>	<b>\$ 8,884,125</b>	<b>\$ 10,636,238</b>	<b>\$ 14,448,269</b>	<b>\$ 13,464,671</b>	<b>\$ 14,746,971</b>
<b>Internal Service Fund</b>					
Town Center	\$ 628,293	\$ 477,934	\$ 561,249	\$ 488,061	\$ 544,030
Corporation Yard	126,939	98,101	132,551	126,583	137,030
Vehicle Maintenance	78,124	89,082	105,427	99,144	182,730
<b>Total Internal Service Allocated</b>	<b>\$ 833,356</b>	<b>\$ 665,117</b>	<b>\$ 799,227</b>	<b>\$ 713,788</b>	<b>\$ 863,790</b>

## TOWN-WIDE EXPENDITURE SUMMARY

Fund-Dept	Fund Title	2016/17 Budget	Personnel	Contract & Professional Service	Operations & Allocations Out	Capital Outlay
<b>Administration</b>						
011-1100	City Council	\$ 158,400	\$ 56,100	\$ 36,000	\$ 66,300	\$ 0
011-1200	City Manager	477,800	407,700		70,100	
011-1500	City Attorney	221,400		221,400		
011-1300	City Clerk	222,000	168,900	10,500	42,600	
011-1700	Committees and Commissions	217,160	151,960	7,500	57,700	
011-1600	Community Services Grant	30,000			30,000	
011-1510	General Liability	144,200			144,200	
011-1400	Finance & Admin Services	650,000	455,100	147,200	47,700	
	Subtotal	\$ 2,120,960	\$ 1,239,760	\$ 422,600	\$ 458,600	\$ 0
<b>Public Safety</b>						
011-2100	Police Administration	\$ 1,623,700	\$ 0	\$ 1,411,700	\$ 212,000	\$ 0
011-2150	Animal Control	63,400		55,100	8,300	
021-6100	COPS	148,600	24,400	66,000	58,200	
	Subtotal	\$ 1,835,700	\$ 24,400	\$ 1,532,800	\$ 278,500	\$ 0
<b>Community Development</b>						
011-3100	Planning Administration	\$ 1,408,680	\$ 558,600	\$ 348,200	\$ 501,880	\$ 0
011-3110	Planning Commission	14,100	6,500	1,000	6,600	
011-3200, 011-3210	Building Operation	1,367,800	392,400	296,400	514,150	164,850
	Subtotal	\$ 2,790,580	\$ 957,500	\$ 645,600	\$ 1,022,630	\$ 164,850
<b>Parks and Recreation</b>						
011-1000	Parks & Recreation Admin	\$ 255,266	\$ 155,666	\$ 2,500	\$ 97,100	\$ 0
011-4110	Programs & Operation	139,782		108,782	31,000	
011-4120	Special Events	104,500			104,500	
011-5100	Playing Fields	134,400		81,800	52,600	
011-5300, 043	Riding Program, and Westwind Barn Ops & Capital	199,130	12,930	70,500	65,700	50,000
	Subtotal	\$ 833,078	\$ 168,596	\$ 263,582	\$ 350,900	\$ 50,000
<b>Public Works</b>						
011-3300, 041	Engineering Admin and General CIP	\$ 512,089	\$ 146,000	\$ 89,100	\$ 116,050	\$ 160,939
011-4500, 045	Drainage Ops & Capital	464,140	100,030	33,000	171,110	160,000
011-4600, 046	Street Ops & Capital	1,594,862	146,222	110,300	238,340	1,100,000
011-4740, 042	Pathway Ops & Capital	747,362	202,522	57,800	245,040	242,000
051, 048	Sewer Ops & Capital	3,848,200	321,630	1,650,500	331,070	1,545,000
	Subtotal	\$ 7,166,653	\$ 916,404	\$ 1,940,700	\$ 1,101,610	\$ 3,207,939
	<b>Total Expenditures</b>	<b>\$ 14,746,971</b>	<b>\$ 3,306,660</b>	<b>\$ 4,805,282</b>	<b>\$ 3,212,240</b>	<b>\$ 3,422,789</b>

# Personnel Summary

## TOWN-WIDE ORGANIZATIONAL CHART



Updated – September, 2016

## 2016-17 COMPENSATION PLAN

Adopted July 20, 2016

	Annual Range		Hourly Range	
	Bottom	Top	Bottom	Top
<b>City Manager's Office</b>				
City Manager	\$ 202,550	\$ 202,550	<i>salary</i>	
City Clerk	\$ 67,656	\$ 121,380	<i>salary</i>	
Admin Clerk/Technician (0.6 FTE)	\$ 42,516	\$ 70,505	\$ 20.4404	\$ 33.8966
Community Services Supervisor	\$ 55,656	\$ 94,822	\$ 26.7577	\$ 45.5875
Recreation Specialist	\$ 42,036	\$ 55,079	\$ 20.2096	\$ 26.4803
<b>Administrative Services</b>				
Director - Administrative Services	\$ 120,528	\$ 175,794	<i>salary</i>	
Finance Manager	\$ 78,012	\$ 130,712	<i>salary</i>	
Management Analyst I	\$ 62,292	\$ 90,252	\$ 29.9481	\$ 43.3904
Admin Clerk/Technician	\$ 42,516	\$ 70,505	\$ 20.4404	\$ 33.8966
<b>Community Development (Planning &amp; Building)</b>				
Director - Planning	\$ 120,528	\$ 175,794	<i>salary</i>	
Senior Planner	\$ 89,172	\$ 121,380	<i>salary</i>	
Associate Planner	\$ 69,612	\$ 104,665	\$ 33.4673	\$ 50.3197
Assistant Planner	\$ 62,292	\$ 90,252	\$ 29.9481	\$ 43.3904
Building Official	\$ 74,292	\$ 94,822	\$ 35.7173	\$ 45.5875
Planning/Building Technician	\$ 51,816	\$ 74,074	\$ 24.9115	\$ 35.6125
Admin Clerk/Technician	\$ 42,516	\$ 70,505	\$ 20.4404	\$ 33.8966
<b>Public Works</b>				
Director - Public Works & City Engineering	\$ 120,528	\$ 175,794	<i>salary</i>	
Senior Civil Engineer	\$ 89,172	\$ 121,380	<i>salary</i>	
Associate Engineer	\$ 69,612	\$ 104,665	\$ 33.4673	\$ 50.3197
Assistant Engineer	\$ 62,292	\$ 90,252	\$ 29.9481	\$ 43.3904
Maintenance Superintendent	\$ 72,336	\$ 121,380	<i>salary</i>	
Maintenance Worker III	\$ 52,236	\$ 74,074	\$ 25.1135	\$ 35.6125
Maintenance Worker II	\$ 47,484	\$ 63,875	\$ 22.8288	\$ 30.7091
Maintenance Worker I	\$ 42,036	\$ 55,079	\$ 20.2096	\$ 26.4803

## POSITION HISTORY

Positions	2013-14 Actual	2014-15 Actual	2015-16 Budget	2015-16 Actual	2016-17 Budget
City Council	5.00	5.00	5.00	4.88	5.00
Planning Commission	5.00	5.00	5.00	5.00	5.00
<b>City Manager's Office</b>					
City Manager	1.00	1.00	1.00	1.00	1.00
City Clerk	1.00	1.00	1.00	1.00	1.00
Administrative Clerk/Technician	0.60	0.55	0.60	0.59	0.60
Community Services Supervisor	1.05	1.06	1.00	1.08	1.00
Recreation Specialist	0.00	0.00	0.00	0.00	1.00
Parks & Recreation Intern	0.04	0.09	0.27	0.49	0.00
<b>Subtotal</b>	<b>3.69</b>	<b>3.69</b>	<b>3.87</b>	<b>4.16</b>	<b>4.60</b>
<b>Administrative Services Department</b>					
Administrative Services Director	1.00	1.00	1.00	1.00	1.00
Finance Manager	0.58	0.99	1.00	0.48	1.00
Management Analyst I	1.00	1.00	1.00	1.01	1.00
Administrative Clerk/Technician	0.00	0.03	0.00	0.20	0.00
Part-time Accountant	2.58	3.03	3.00	2.69	3.00
<b>Subtotal</b>	<b>2.58</b>	<b>3.03</b>	<b>3.00</b>	<b>2.69</b>	<b>3.00</b>
<b>Community Development</b>					
Planning Director	1.00	1.02	1.00	1.00	1.00
Senior Planner	0.04	0.00	0.00	0.00	1.00
Associate/Assistant Planner	1.48	2.18	2.00	1.74	1.00
Administrative Clerk/Technician	1.00	0.88	1.00	0.78	1.00
Building Official	1.00	1.00	1.00	0.55	1.00
Building Technician	1.03	1.03	1.00	1.03	1.00
Planning Technician (Part-Time)	0.15	0.19	0.20	0.30	0.20
Planning Intern	0.05	0.38	0.27	0.04	0.27
<b>Subtotal</b>	<b>5.74</b>	<b>6.68</b>	<b>6.47</b>	<b>5.44</b>	<b>6.47</b>
<b>Public Works</b>					
Public Works Director/City Engineer	1.00	1.00	1.00	1.00	1.00
Senior/Associate Engineer	1.00	1.00	1.00	1.00	1.00
Assistant Engineer	0.38	0.96	2.00	0.94	2.00
Maintenance Superintendent	1.00	1.00	1.00	1.00	1.00
Maintenance Worker I/II	2.06	2.09	2.00	2.09	3.00
Temporary Maintenance Worker (Part-Time)	0.50	0.45	0.40	0.69	0.40
Engineering Intern	0.49	0.27	0.54	0.51	0.54
<b>Subtotal</b>	<b>6.43</b>	<b>6.77</b>	<b>7.94</b>	<b>7.23</b>	<b>8.94</b>
Total Full-Time Equivalent (includes interns & overtime)	28.45	30.17	31.28	29.40	33.01

## PERSONNEL ALLOCATION HISTORY

Fund-Dept	Fund Title	2013-14 Actual	2014-15 Actual	2015-16 Budget	2015-16 Actual	2016-17 Budget
<b>Administration</b>						
011-1100	City Council	5.00	5.00	5.00	4.88	5.00
011-1200	City Manager	0.90	1.00	1.08	1.08	1.08
011-1300	City Clerk	0.75	0.98	1.05	1.04	1.05
011-1400	Finance & Admin Services	1.28	3.03	3.00	2.69	3.00
011-1700	Committees and Commissions	0.44	0.44	0.99	0.82	1.19
061-1480	Town Center	1.43	0.87	0.22	0.34	0.22
	Subtotal	9.80	11.32	11.34	10.85	11.54
<b>Public Safety</b>						
021-6100	COPS/Code Enforcement	0.00	0.09	0.15	0.00	0.15
	Subtotal	0.00	0.09	0.15	0.00	0.15
<b>Community Development</b>						
011-3100	Planning Admin (plus interns)	3.94	4.09	4.05	3.68	4.05
011-3110	Planning Commission	5.00	5.00	5.00	5.00	5.00
011-3200	Building Operation	3.70	3.36	3.05	2.52	3.05
	Subtotal	12.64	12.45	12.10	11.20	12.10
<b>Parks and Recreation</b>						
011-1000	Parks & Recreation Admin (plus interns)	0.72	0.73	0.77	1.19	1.55
011-5300	Riding Program, and Westwind Barn Ops	0.05	0.01	0.10	0.05	0.10
	Subtotal	0.77	0.74	0.87	1.24	1.65
<b>Public Works</b>						
011-3300	Engineering Admin (plus interns)	1.07	0.81	1.17	1.13	1.17
011-4500	Drainage Operation	1.32	0.83	0.79	0.91	0.94
011-4600	Street Operation	0.81	0.93	0.91	0.98	1.21
011-4740	Pathway Operation	1.39	1.44	1.39	1.52	1.69
051-4800	Sewer Operation	0.32	0.92	1.93	0.92	1.93
061-4300	Corporation Yard	0.19	0.38	0.38	0.39	0.38
061-4400	Vehicle Maintenance	0.14	0.26	0.25	0.26	0.25
	Subtotal	5.24	5.57	6.82	6.11	7.57
	<b>Total Full-Time Equivalent (includes interns and overtime)</b>	<b>28.45</b>	<b>30.17</b>	<b>31.28</b>	<b>29.40</b>	<b>33.01</b>

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# Work Programs & Departmental Budget

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# Department Overview

The Los Altos Hills Departmental Budget is separated by five major categories - General Administration, Public Safety, Community Development, Parks & Recreation, and Public Works. Internal Service spendings are incorporated in the operating budget of its service departments. To avoid double counting, Internal Service expenditures are not included in the adopted expenditure of \$14,746,871 and transfers of \$2,317,305.

Department/Division	Page	Operating Budget	Capital Budget (page 91)	Internal Service Fund
General Administration City Council (011-1100); City Manager (011-1200); City Attorney (011-1500); City Clerk (011-1300); Committees & Commissions (011-1700); Community Services Grant (011-1600); General Liability (011-1510); Finance & Admin Services (011-1400); Town Center (061-1480); Special Donation (071-xxxx)	44	\$ 2,120,960	\$ 0	\$ 544,030
Public Safety Police Administration (011-2100); Animal Control (011-2150)	62	1,835,700		
Community Development Planning Administration (011-3100); Planning Commission (011-3110); Building Administration (011-3200); Permit Review & Inspection (011- 3210); General CIP (041);	66	2,625,730	164,850	
Parks & Recreation Parks & Rec Administration (011-1000); Programs & Operations (011-4110); Special Events (011- 4120); Fields Rental (011-5100); Westwind Barn & Riding Programs (011-5300); Westwind Barn CIP (043);	71	783,078	50,000	
Public Works Engineering Administration (011-3300); Storm Drain Ops (011-4500); Streets Ops (011-4600); Pathway Ops (011-4740); Sewer Ops (051-xxxx); Corp Yard (061-4300); Vehicles (061-4400); Pathway CIP (042); Drainage CIP (045); Street CIP (046); Sewer CIP (048)	77	3,958,714	3,207,939	319,760
<b>Total</b>		<b>\$ 11,539,182</b>	<b>\$ 3,422,789</b>	<b>\$ 863,790</b>

# City and Department Goals Matrix

	<b>General Administration</b>	<b>Public Safety</b>	<b>Planning &amp; Building</b>	<b>Parks &amp; Recreation</b>	<b>Public Works</b>
<b>Preservation of Current Quality of Life</b>	<ul style="list-style-type: none"> <li>• City Council approve policies to maintain the semi-rural nature of Los Altos Hills</li> <li>• City Manager ensure compliance with City Council directions and adopted policies</li> <li>• Monthly committee meetings to review various quality of life issues</li> </ul>	<ul style="list-style-type: none"> <li>• County Sheriff aims to meet or be faster than target response time</li> </ul>	<ul style="list-style-type: none"> <li>• Department updates Town's General Plan, building codes, and ordinances to maintain the semi-rural characteristic of Los Altos Hills while complying with State and Federal regulations</li> <li>• Planning Commissioners review plans with variance to ensure the Town's characteristic is preserved in each approved plans</li> </ul>	<ul style="list-style-type: none"> <li>• Oversee Westwind Barn operations and improvements</li> <li>• Open space management, education, and</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain the Town's pathway, drainage, roadway, and sewer system</li> <li>• Maintain roadway pavement condition at 77 PCI</li> <li>• Repair, replace monitor, and clean sewer pipes to minimize potential sanitary sewer overflow</li> </ul>
<b>Emergency Preparedness</b>	<ul style="list-style-type: none"> <li>• Designated Emergency Communication Committee and the Disaster Counsel to meet regularly to review emergency policies and prepare</li> </ul>	<ul style="list-style-type: none"> <li>• Contract with County Fire District for fire services and emergency preparedness trainings</li> <li>• Contract with Emergency Coordinator to review and update Town on potential threats and to oversee EOC exercises</li> </ul>			
<b>Promote Sense of Community</b>	<ul style="list-style-type: none"> <li>• City Clerk ensures public outreach, including using different mediums and updating Town website</li> </ul>			<ul style="list-style-type: none"> <li>• Host Town events, such as</li> </ul>	<ul style="list-style-type: none"> <li>• Assist in setup and cleanup of Town events</li> </ul>

	<b>General Administration</b>	<b>Public Safety</b>	<b>Planning &amp; Building</b>	<b>Parks &amp; Recreation</b>	<b>Public Works</b>
<b>Transparency</b>	<ul style="list-style-type: none"> <li>• Finance publishes CAFR and Budget online</li> <li>• City Council reviews and approves annual budget for operation and capital investments</li> <li>• City Clerk manages and archives all Town records and responses to Public Requests</li> </ul>	<ul style="list-style-type: none"> <li>• Provides monthly call log reports</li> </ul>			<ul style="list-style-type: none"> <li>• Provides weekly project updates</li> </ul>
<b>Risk Mitigation</b>	<ul style="list-style-type: none"> <li>• City Attorney reviews contracts and advises the City Council on legal matters</li> <li>• City Clerk records all legal claims</li> <li>• Finance assesses financial risk with information provided by legal counsel or ABAG</li> </ul>		<ul style="list-style-type: none"> <li>• Building Department enforces building codes to ensure safety in private homes</li> </ul>		<ul style="list-style-type: none"> <li>• Prioritizes projects based on risk factor</li> </ul>

# General Administration

## CITY COUNCIL (011-1100)

### MISSION:

The mission of the Town of Los Altos Hills is to provide high quality public services and facilities in a fiscally sustainable, responsive, and friendly manner and to foster a safe and healthy community in a semi-rural residential setting.

### ORGANIZATION & DESCRIPTION:

The Council is composed of five members who are elected at-large on a non-partisan basis for 4-year staggered terms. The Mayor is appointed annually from among the elected Council members. The City Council is the governing board of the Town. It provides community leadership, enacts laws, adopts resolutions, ordinances and establishes policies for the Town government. The City Council also adopts an annual budget.

The Council meets the third Thursday of each month in formal, public session and occasionally in additional special meetings and study sessions. All City Council meetings are open to the public and are streamed live on the Town's website at <http://www.losaltoshills.ca.gov>. City Council agendas, reports, packets, minutes and video archives of the meetings are posted on the Town's website. The Mayor and City Council represent the Town on various local, regional, and State policy committees and commissions. The Council also reviews proposed State of California legislation and provides formal input into the legislative process.

### PROGRAM SUMMARY & MAJOR SERVICES:

- Legislation
- Policy
- Budget

### 2015-2016 ACCOMPLISHMENTS:

1. Appointed the fifth Councilmember to fill a vacant seat
2. Appointed Councilmembers to committees and liaison appointments
3. Reviewed and approved employment contract with City Manager and legal service contract with the City Attorney
4. Completed the 2015 Community Survey and provided direction for the 2016-17 budget
5. Adopted a balanced operating budget (excluding Sewer) and a five-year capital improvement plan
6. Approved participation into the Silicon Valley Clean Energy Authority
7. Provided direction on master pathway update to the Pathway Committee
8. Improvements to the crosswalk on Fremont Road at Gardner Bullis School
9. Adopted a Code of Conduct for Committee Members
10. Hosted various community events including the Town Picnic, Volunteer Dinner, Los Altos Hills 60th Gala, and Town's first Vines & Wines event
11. Collaboration and Councilmember participation on the Los Altos Hills County Fire District
12. Awarded a contract for pavement rehabilitation in Town
13. Maintained emergency preparedness programs
14. Town website update completed

### 2016-2017 OBJECTIVES:

1. Provide effective and sustainable public safety
2. Ensure adequate funding for critical infrastructure, sewers and streets
3. Budget and plan for long-term fiscal sustainability
4. Maintain emergency preparedness programs
5. Enhance communications and outreach with Town residents
6. Approve policy on cable expansion program and private/public road program
7. Provide direction on annexation of neighborhoods in Town's Sphere of Influence and substandard lot ordinance.

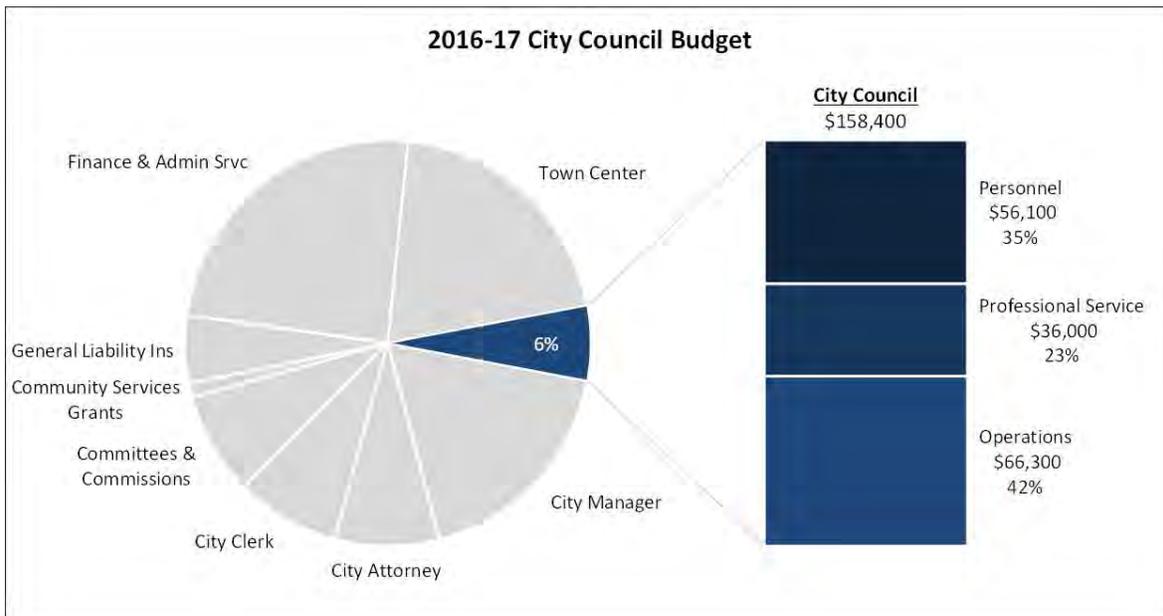
**CITY COUNCIL (011-1100)**

**(CONT)**

**BUDGET SUMMARY:**

The City Council is a General Administration department and budgeted expenditures represent one percent of governmental funds, one percent of total town-wide, six percent of general administration budget. The Department budget decreased by 19 percent, or \$37,534, comparing to 2015-16 Estimated Actual. This decrease is linked to the one-time appropriation of \$30,000 to conduct a town-wide community survey and \$30,000 to update Town website, which were completed in March, 2016. The 2016-17 operations budget includes a set aside of \$25,000 contribution to address aircraft noise issue. As for changes in 2015-16 personnel cost, a City Council member resigned in September 2015 and was filled in November 2015. The benefit package selected by the council members differed resulting in an increase of \$13,210 in personnel cost in 2015-16.

As one of the General Administration departments, City Council operations are distributed to service departments based on City Council approved 2014 Cost Allocation Plan.



Four-Year Comparison	2015-16 Revised	2015-16 Est. Actual	2016-17 Budget	Budget to Est. Actual \$ Change	% Change
<b>Funding Source</b>					
Allocations In	\$ 185,406	\$ 195,934	\$ 158,400	\$ (37,534)	-19%
<b>Total Funding Sources</b>	<b>\$ 185,406</b>	<b>\$ 195,934</b>	<b>\$ 158,400</b>	<b>\$ (37,534)</b>	<b>-19%</b>
<b>Department Expenditures</b>					
Personnel	\$ 41,806	\$ 55,016	\$ 56,100	\$ 1,084	2%
Professional Services	41,000	37,618	36,000	(1,618)	-4%
Operations	102,600	103,300	66,300	(37,000)	-36%
<b>Total Expenditures</b>	<b>\$ 185,406</b>	<b>\$ 195,934</b>	<b>\$ 158,400</b>	<b>\$ (37,534)</b>	<b>-19%</b>

## CITY MANAGER (011-1200)

### MISSION:

Provide overall management of the Town, execute Council policy, and insure that residents of Los Altos Hills receive excellent customer service and fair value for their tax dollars.

### ORGANIZATION AND DESCRIPTION:

The City Manager Office consists of one budget unit. City Manager provides an oversight of all Town Departments and manages contracts for Law Enforcement services with the County of Santa Clara Sheriff's Office, Animal Services with the City of Palo Alto, Sanitary Sewer maintenance with West Bay Sanitary District and IT Services with the City of Redwood City. The City Manager is responsible for carrying out the policies and directives of the City Council and for the overall management of the Town operations. The City Manager is responsible for preparing and submitting the proposed annual Budget and salary plan to the Council. The City Manager hires and supervises the Executive Management Team that includes the Department Heads of each Town department.

### PROGRAM SUMMARY & MAJOR SERVICES:

- Direct and organize Town services and departments
- Supervise all public property and assets under jurisdiction of the Council
- Recommend the adoption of policies and ordinances as necessary
- Purchase materials and supplies necessary for the conduct of the public's business
- Enforce contracts, agreements and permits authorized by the Council
- Oversee public information, customer service and community engagement

### 2015-2016 ACCOMPLISHMENTS:

1. Recruited a Senior Planner and Finance Manager
2. Developed a five-year capital improvement plan
3. Presented a balanced 2016-17 Operating and Capital budget
4. Worked with other jurisdictions and State representatives to place on the 2015 Assembly Bill to distribute Tax Equity Allocation in the amount of ERAF back to the Town
5. Began research on airplane noise reduction project
6. Participated in the Silicon Valley Clean Energy Authority meetings

### 2016-2017 OBJECTIVES:

1. Complete annual Street Rehabilitation Program maintaining a pavement condition index (PCI) of 77
2. Complete annual Sanitary Sewer Capital Program and implement the recommendations of consultant's state of the sewer report
3. Update Town Subdivision Ordinance and Pathways Map
4. Complete permitting and award contract for Page Mill Rd/Matadero Creek Erosion Control Project Phase 2
5. Complete and present policies on cable internet service expansion and private/public road acceptance
6. Recruit for Public Works Director/City Engineer
7. Select and begin data conversion to a new building permit system
8. Complete and implement a cable expansion cost sharing policy

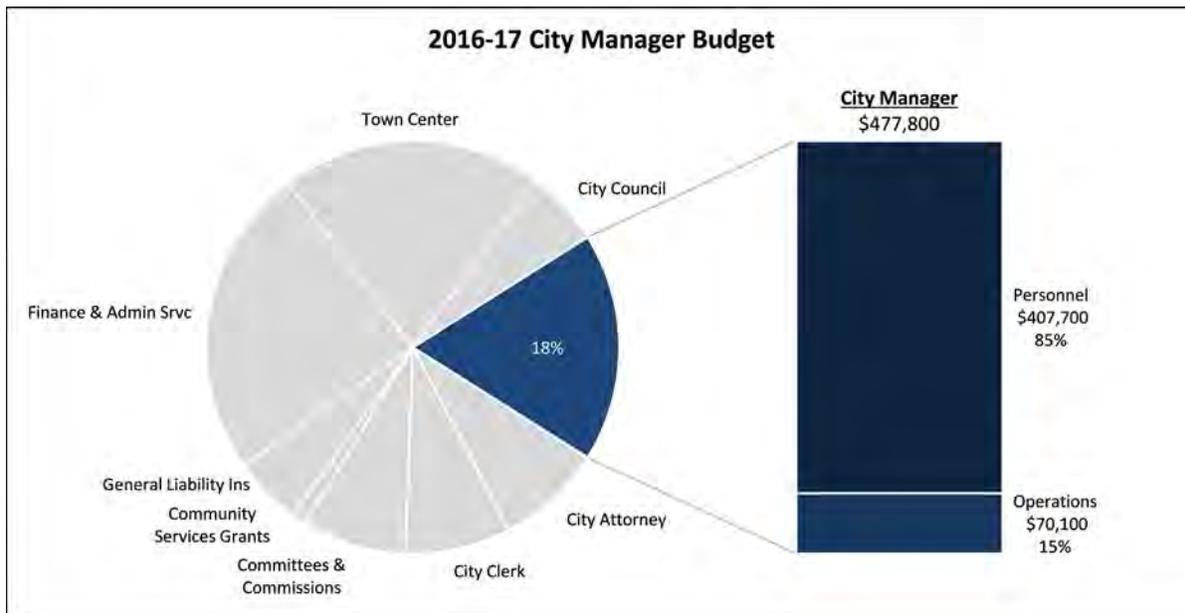
**CITY MANAGER (011-1200)**

**(CONT)**

**BUDGET SUMMARY:**

The City Manager is a General Administration department and expenditure budget represents four percent of total governmental funds, three percent of total town-wide, and 18 percent of general administration budget. The Department budget increased by five percent, or \$22,900, comparing to 2015-16 Estimated Actual. The \$21,591 increase in 2016-17 personnel budget is attributed to increase in City Council approved merit increase by \$11,000, pension cost by \$5,500, and other benefit cost by \$5,000.

City Manager operational costs, excluding City Manager Contingency, are distributed to service departments based on City Council approved 2014 Cost Allocation Plan.



	2015-16 Revised	2015-16 Est. Actual	2016-17 Budget	Budget to Est. Actual \$ Change	% Change
<b>Four-Year Comparison</b>					
<b>Funding Source</b>					
Allocations In	\$ 387,409	\$ 394,898	\$ 416,600	\$ 21,702	5%
Other Sources/(Uses):					
General Fund Support	61,200	60,002	61,200	1,198	2%
<b>Total Funding Sources</b>	<b>\$ 448,609</b>	<b>\$ 454,900</b>	<b>\$ 477,800</b>	<b>\$ 22,900</b>	<b>5%</b>
<b>Department Expenditures</b>					
Personnel	\$ 378,669	\$ 386,109	\$ 407,700	\$ 21,591	6%
Operations	69,940	68,791	70,100	1,309	2%
<b>Total Expenditures</b>	<b>\$ 448,609</b>	<b>\$ 454,900</b>	<b>\$ 477,800</b>	<b>\$ 22,900</b>	<b>5%</b>

## CITY ATTORNEY (011-1500)

### MISSION:

The mission of the City Attorney is to provide the residents of the Town, City Council and staff with high quality, legal advice and counsel.

### ORGANIZATION AND DESCRIPTION:

The Department is comprised of the City Attorney under contract of the law firm of Meyers|Nave and includes all office costs including paralegal, secretarial, clerical, etc. The City Attorney reports directly to the City Council and is charged with the task of serving as the legal counsel to the City Council, Planning Commission, City Manager and staff on all legal aspects of municipal operations.

### PROGRAM SUMMARY & MAJOR SERVICES:

Legal services include legal advice and analysis, preparation of legislation including ordinances and resolutions, drafting or review of contracts and agreements, conducting research and supporting the Town in litigation, civil and criminal actions, and code enforcement. The City Attorney attends all regular and special City Council meetings. Other services include meetings with the City Manager and other city officials on an on-call basis and keeping the City Council, City Manager and staff advised of current laws affecting decisions and programs of the Town.

### 2015-2016 ACCOMPLISHMENTS:

1. Attend City Council meetings.
2. Provided prompt legal advice to the City Council, City Manager and staff.
3. Defended the Town in several specific legal matters.

### 2016-2017 OBJECTIVES:

1. Continue to provide competent legal advice.
2. Continue to monitor legal developments that affect the Town and report to staff and City Council.
3. Update the municipal code as required in the area of public contracts and zoning.

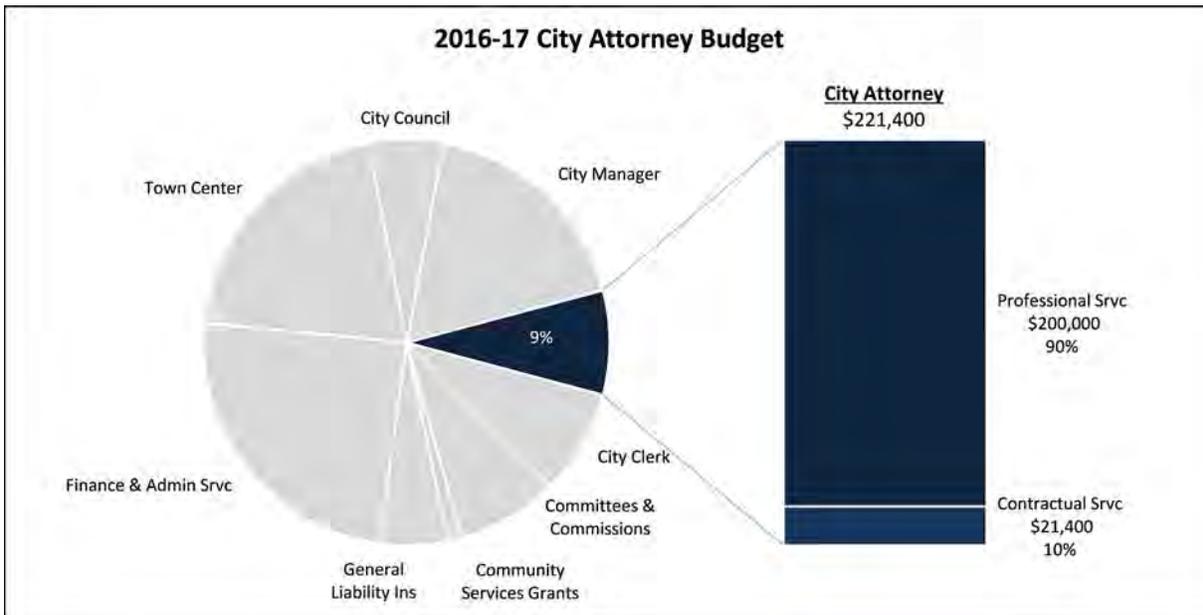
**CITY ATTORNEY (011-1500)**

**(CONT)**

**BUDGET SUMMARY:**

The City Attorney is a General Administration department and expenditure budget represents two percent of total governmental funds, two percent of total town-wide, and nine percent of general administration budget. The Department budget increased by 19 percent, or \$35,998, comparing to 2015-16 Estimated Actual. The City Attorney's general support budget remained at \$200,000. This is to cover annual retainer cost of \$120,000 per contract agreement and special legal services beyond the basic legal services. Permit reviews are billed to the related permits and general legal services are part of the agreed upon attorney retainer fee.

As one of the General Administration departments, all non-billable City Attorney operations are fully distributed to service departments based on City Council approved 2014 Cost Allocation Plan.



<b>Four-Year Comparison</b>	<b>2015-16 Revised</b>	<b>2015-16 Est. Actual</b>	<b>2016-17 Budget</b>	<b>Budget to Est. Actual \$ Change</b>	<b>% Change</b>
<b>Funding Source</b>					
Department Revenue					
Permit Support - Attorney's Fee	\$ 22,100	\$ 10,402	\$ 21,400	\$ 10,998	106%
Allocations In	199,300	175,000	200,000	25,000	14%
<b>Total Funding Sources</b>	<b>\$ 221,400</b>	<b>\$ 185,402</b>	<b>\$ 221,400</b>	<b>\$ 35,998</b>	<b>19%</b>
<b>Department Expenditures</b>					
Professional Services	\$ 200,000	\$ 175,000	\$ 200,000	\$ 25,000	14%
Contractual Services	21,400	10,402	21,400	10,998	106%
<b>Total Expenditures</b>	<b>\$ 221,400</b>	<b>\$ 185,402</b>	<b>\$ 221,400</b>	<b>\$ 35,998</b>	<b>19%</b>



**CITY CLERK (011-1300)**

**(CONT)**

GOALS/OBJECTIVES	Measurement Method	2013/14	2014/15	2015/16
d. Form 700 oversight of all relevant stakeholders		100%	100%	100%
e. Monitored and updated the Town’s website as appropriate, including making Resolutions, Ordinances and City Council Minutes available from		2000	1998	1956
<b>5. Public Information Officer</b>				
a. Communication medium used:	<ul style="list-style-type: none"> <li>• Facebook</li> <li>• Twitter</li> <li>Nextdoor</li> <li>• Rapid Notify</li> <li>• Traditional mail</li> </ul>	<ul style="list-style-type: none"> <li>• Facebook</li> <li>• Twitter</li> <li>Nextdoor</li> <li>• Rapid Notify</li> <li>• Traditional mail</li> </ul>	<ul style="list-style-type: none"> <li>• Facebook</li> <li>• Twitter</li> <li>Nextdoor</li> <li>• Rapid Notify</li> <li>• Traditional mail</li> </ul>	
b. Participated in Emergency Preparedness drills and initiated Rapid Notify alerts to CERT members and Town residents as needed		Yes	Yes	Yes

**2015-2016 ACCOMPLISHMENTS:**

1. Solicited bids, unveiled a new Town website in March 2016 allowing staff to disseminate information to residents efficiently
2. Hired a Camera Operator for City Council Chamber meetings
3. Volunteered to serve as Chair for the Northern California City Clerks Association
4. Assisted in internal office management requests, including administrative office management
5. Served as an Ex-Officio Board Member of the Los Altos Chamber of Commerce
6. Completed Town-wide website update.

**2016-2017 OBJECTIVES:**

1. Continue administrative support of City Council meetings
2. Continue production of accurate legislative history of the Town
3. Continue administrative support of the Town’s Standing Committees
4. Coordinate the 2016 volunteer dinner
5. Continue administering electronically scanning Town documents utilizing Laserfiche
6. Research and explore revamping the Town’s website
7. Continue support of the City Council, Town Staff and Committee Members
8. In September 2016, be sworn in as a Region Director for the California City Clerks Association

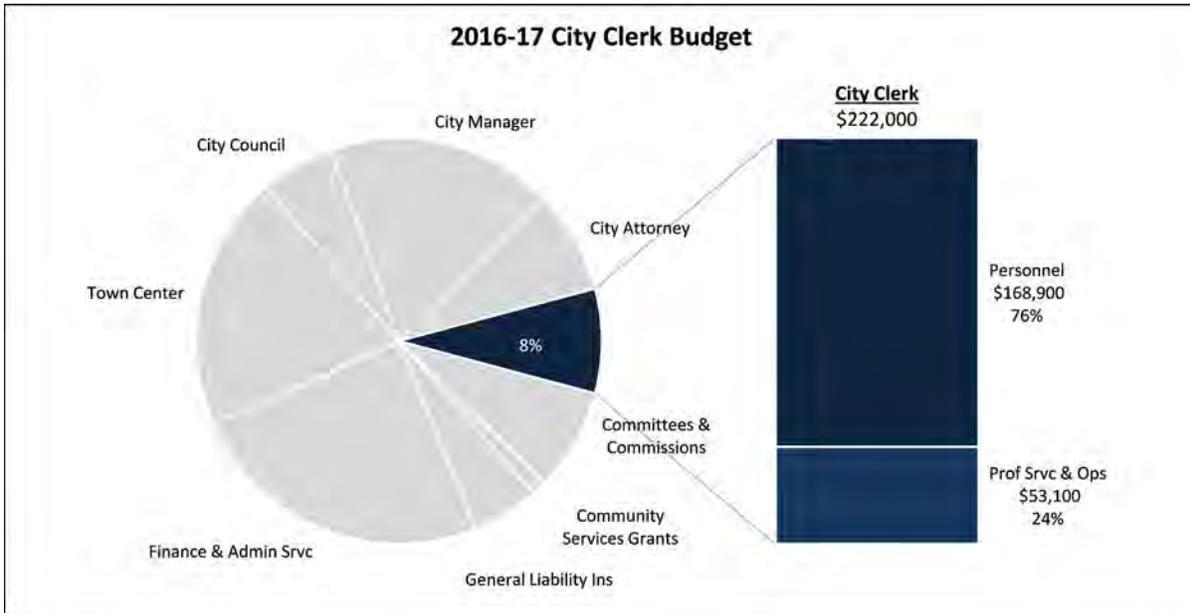
**CITY CLERK (011-1300)**

**(CONT)**

**BUDGET SUMMARY:**

The City Clerk is a General Administration department and expenditures represent two percent of total governmental funds, two percent of total town-wide, and eight percent of general administration budget. The Department budget increased by 26 percent, or \$45,369, comparing to 2015-16 Estimated Actual. The main contributor of the increase is related to the inclusion of a \$30,000 budget for the 2016 election cost.

As one of the General Administration departments, City Clerk operations are fully distributed to service departments based on City Council approved 2014 Cost Allocation Plan.



Four-Year Comparison	2015-16 Revised	2015-16 Est. Actual	2016-17 Budget	Budget to Est. Actual \$ Change	% Change
<b>Funding Source</b>					
Allocations In	\$ 174,821	\$ 176,631	\$ 222,000	\$ 45,369	26%
<b>Total Funding Sources</b>	<b>\$ 174,821</b>	<b>\$ 176,631</b>	<b>\$ 222,000</b>	<b>\$ 45,369</b>	<b>26%</b>
<b>Department Expenditures</b>					
Personnel	\$ 151,734	\$ 164,505	\$ 168,900	\$ 4,395	3%
Professional Services	10,500	4,600	10,500	5,900	128%
Contractual Services	0	2,100	0	(2,100)	-100%
Operations	12,587	5,426	42,600	37,174	685%
<b>Total Expenditures</b>	<b>\$ 174,821</b>	<b>\$ 176,631</b>	<b>\$ 222,000</b>	<b>\$ 45,369</b>	<b>26%</b>

## COMMITTEES & COMMISSIONS (011-1700)

### MISSION:

Building community consensus for proposals or projects, reviewing written material, facilitating study of issues, guiding implementation of new or regulating established programs, assessing the alternatives regarding issues of community concern and ultimately forwarding recommendations to the City Council for consideration.

### ORGANIZATION AND DESCRIPTION:

The City Council has established 15 committees/commissions to review Town programs, projects and community issues. The Town of Los Altos Hills standing committees have been established by resolution with the exception of the Planning Commission and Senior Commission, which were established by ordinance. All standing committees consist of Town residents who are willing to share their expertise and enthusiasm to contribute to the Town's direction and vision to make it a better place to live in.

### PROGRAM SUMMARY & MAJOR SERVICES:

The Town has the following standing committees/commissions:

- Planning Commission
- Community Relations
- Education
- Emergency Communications
- Environmental Design and Protection
- Environmental Initiatives
- Finance and Investment
- History
- Senior Commission
- Open Space
- Parks & Recreation
- Pathways
- Traffic Safety
- Joint Community Volunteer Service Awards
- Youth Commission

### 2015-2016 ACCOMPLISHMENTS:

1. Organization and execution of the 2016 Town Picnic
2. Provided seminars and information on Sudden Oak Death
3. Assisted in the installation of a time capsule in the Town Cupola
4. Completion of events: Hoedown, Hoppin' Hounds and Pathways Run
5. Growing of the Parks & Recreation riding programs by increasing classes and participants
6. Expanded Activity Guide programming to include preschool, Elementary school, Teen, Adult and Senior programming.
7. Strengthened cooperation and support with LAH CERT group
8. Completed year-long Open Space Stewardship/Restoration project with Acterra, with large community volunteer involvement
9. Assisted in 2014-15 CAFR preparation and Midyear 2015-16 Budget update and review
10. Attended 24 fast track/site development meetings and participated in 17 field trips

### 2016-2017 OBJECTIVES:

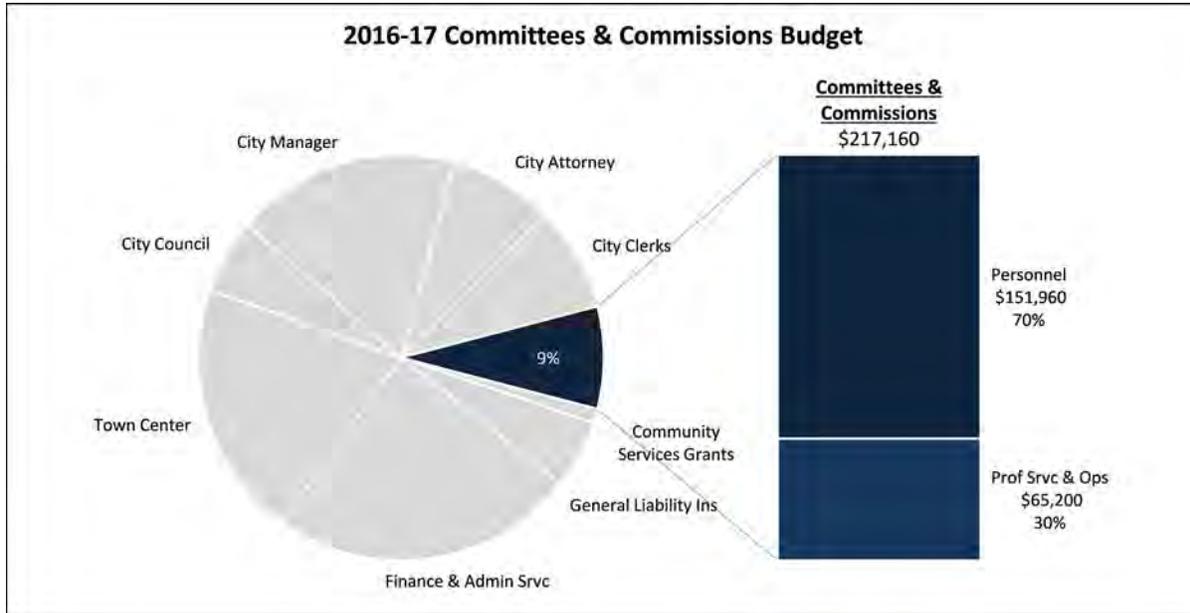
All standing committees will continue to work as outlined in their individual charters to make recommendations to the City Council for the betterment of the Town.

**COMMITTEES & COMMISSIONS (011-1700)**

**(CONT)**

**BUDGET SUMMARY:**

The Committees & Commissions is a General Administration department and expenditures represent two percent of total governmental funds, one percent of total town-wide, and nine percent of general administration budget. The Department budget increased by 19 percent, or \$34,297, comparing to 2015-16 Estimated Actual. A portion of the newly created Recreation Specialist supports Committees & Commissions, resulting in an increase in personnel budget by 21 percent. Although Committees & Commissions are part of the General Administrative and provides support to the City Council, the City Council approved by resolution to classify Committees & Commissions operating cost to be ineligible for overhead allocation.



Four-Year Comparison	2015-16 Revised	2015-16 Est. Actual	2016-17 Budget	Budget to Est. Actual \$ Change	% Change
<b>Funding Source</b>					
Other Sources/(Uses):					
General Fund Support	\$ 175,359	\$ 182,863	\$ 217,160	\$ 34,297	19%
<b>Total Funding Sources</b>	<b>\$ 175,359</b>	<b>\$ 182,863</b>	<b>\$ 217,160</b>	<b>\$ 34,297</b>	<b>19%</b>
<b>Department Expenditures</b>					
Personnel	\$ 122,959	\$ 125,254	\$ 151,960	26,706	21%
Professional Services	5,200	9,393	7,500	(1,893)	-20%
Operations	47,200	48,216	57,700	9,484	20%
<b>Total Expenditures</b>	<b>\$ 175,359</b>	<b>\$ 182,863</b>	<b>\$ 217,160</b>	<b>\$ 34,297</b>	<b>19%</b>

## COMMUNITY SERVICES GRANTS (011-1600)

### MISSION:

To provide financial incentive to certain community service non-profit organizations

### DESCRIPTION:

Annual budgetary appropriation of grant funding to be awarded to qualified community non-profit organizations.

### PROGRAM SUMMARY & MAJOR SERVICES:

Every year, the City Council receives requests from community service agencies for grant monies to support programs that directly benefit the residents. In October 2015, the City Council identified four non-profit organizations that provides services and programs to all residents. These organizations include Community Health Awareness Council (CHAC), Friends of Deer Hollow Farm, Hidden Villa, and Los Altos Chamber of Commerce.

### 2015-2016 ACCOMPLISHMENTS:

Identified non-profit agencies for ongoing grant support.

### 2016-2017 OBJECTIVES:

Continue financial support to CHAC, Friends of Deer Hollow Farm, Hidden Villa, and Los Altos Chamber of Commerce.

### BUDGET SUMMARY:

The Community Services Grant has an approved appropriation of \$30,000. The distribution is based on City Council direction in October 2015.

Four-Year Comparison	2015-16 Revised	2015-16 Est. Actual	2016-17 Budget	Budget to Est. Actual	
				\$ Change	% Change
<b>Funding Source</b>					
Other Sources/(Uses):					
General Fund Support	\$ 30,000	\$ 30,000	\$ 30,000	\$ 0	0%
<b>Total Funding Sources</b>	<b>\$ 30,000</b>	<b>\$ 30,000</b>	<b>\$ 30,000</b>	<b>\$ 0</b>	<b>0%</b>
<b>Department Expenditures</b>					
Community Health Awareness Council	\$ 10,000	\$ 10,000	\$ 10,000	\$ 0	0%
Friends of Deer Hollow Farm	5,000	5,000	5,000	0	0%
Hidden Villa	10,000	10,000	10,000	0	0%
Los Altos Chamber of Commerce	5,000	5,000	5,000	0	0%
Other Grants	0	0	0	0	0%
<b>Total Expenditures</b>	<b>\$ 30,000</b>	<b>\$ 30,000</b>	<b>\$ 30,000</b>	<b>\$ 0</b>	<b>0%</b>

## GENERAL LIABILITY INSURANCE (011-1510)

### MISSION:

To develop Town risk management and safety programs, policies, and procedures and insure the Town's assets in order to minimize risk and costs.

### ORGANIZATION AND DESCRIPTION:

The Administrative Services Director is the Town's official Risk Manager, a member of the ABAG PLAN's Board of Directors and is assisted by the City Clerk in the daily operation of the programs and claims administration. The Town of Los Altos Hills is a member of ABAG PLAN (Pooled Liability Annuity Network), a public agency insurance pool sponsored by ABAG (Association of Bay Area Governments) which is comprised of 30 greater bay area municipalities, including the Town's benchmark agencies Woodside, Portola Valley, Atherton, and Hillsborough. As a member, the Town purchases General Liability coverage of \$5 million with an excess coverage of \$10 million and Self Insured Retention or deductible of \$25,000 on liability claims. Claims, and incidents that might develop into claims, are referred to ABAG PLAN for review and disposition. The Town also participates in PLAN's property insurance program to provide property insurance of \$25 million with a \$25,000 deductible per occurrence for all Town owned facilities and capital equipment (vehicle, etc). In addition, the Town carries a Public Officials Bond through the PLAN for key Town officials who are entrusted with Town funds.

### PROGRAM SUMMARY & MAJOR SERVICES:

The program includes managing liability, property and auto claims, insurance programs, as well as developing risk reduction policies and procedures. The budget provides for the premiums as well as any settlements resulting from claims against the Town.

### ONGOING PROGRAM SUMMARY:

GOALS/OBJECTIVES	Measurement Method	2013/14	2014/15	2015/16
1. Claims filed				
a. General liability (G/L)	Open Cases	3	3	5
b. Workers Comp (W/C)	Open Cases	0	0	0
c. OSHA's Form 300A Filing	# of injuries	0	0	0
d. Loss Recovery		\$3,559	n/a	\$ 9,511
2. Risk Management & Mitigation				
a. Wellness Grant (W/C)				
• Grant Program		\$7,415	\$10,284	\$10,540
• Participants		95%	95%	100%
b. Risk mitigation (G/L)		\$4,752	\$3,152	\$3,000
c. Risk Management Framework and Operational Best Practices program			Sewer	Vehicle Policy
d. Mandatory Training				
• OSHA Training		Yes	Yes	Yes
• Harassment Training (biennial)		Yes	n/a	Yes
e. Ethics Training (All Employees, Council, Planning Commission)		Yes	Yes	Yes

### 2015-2016 ACCOMPLISHMENTS:

1. Expanded 2015/16 Wellness Program to include Pathway Challenge.
2. Work claimant and received \$9,511 in reimbursement for fence damage at Elena Rd and Robleda Rd.

**GENERAL LIABILITY INSURANCE (011-1510)**

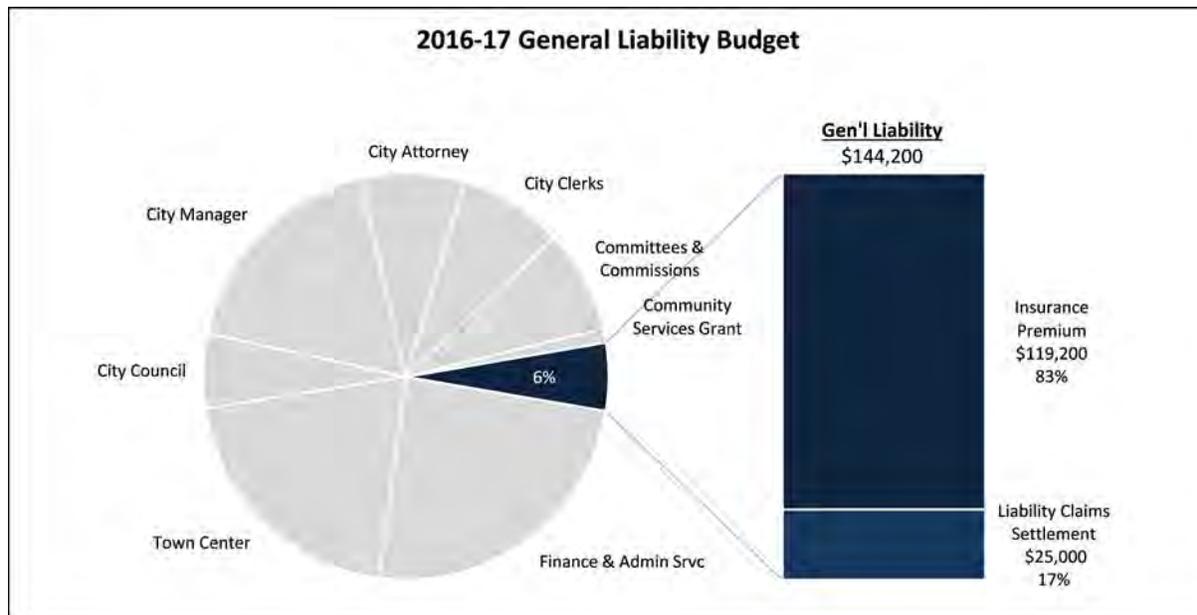
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**2016-2017 OBJECTIVES:**

1. Continue to identify and reduce risks to the Town
2. Process and handle liability claims in a timely manner, so claim expenses and legal costs can be minimized
3. Continue to seek recovery of costs third party cause damages to Town property (“subrogation” cases)
4. Implement new Risk Management and Safety policies and procedures
5. Work closely with ABAG PLAN on updating Risk Management Framework and Operational Best Practices

**BUDGET SUMMARY:**

The General Liability Insurance is a General Administration department and the expenditures represent one percent of total governmental funds, one percent of total town-wide, and six percent of general administration budget. The change in General Liability budget is minimal, four percent or \$5,643 increase compared to 2015-16 Estimated Actual. General Liability operating cost, net of insurance proceeds and recovers, is fully distributed to service departments based on City Council approved 2014 Cost Allocation Plan.



Four-Year Comparison	2015-16	2015-16	2016-17	Budget to Est. Actual	
	Revised	Est. Actual	Budget	\$ Change	% Change
<b>Funding Source</b>					
Department Revenue					
Insurance Recoveries and Proceeds	\$ 10,000	\$ 15,000	\$ 5,000	\$ (10,000)	-67%
Allocations In	115,500	123,557	139,200	15,643	13%
<b>Total Funding Sources</b>	<b>\$ 125,500</b>	<b>\$ 138,557</b>	<b>\$ 144,200</b>	<b>\$ 5,643</b>	<b>4%</b>
<b>Department Expenditures</b>					
Insurance Premium	\$ 100,500	\$ 113,557	\$ 119,200	\$ 5,643	5%
Liability Claims Settlement	25,000	25,000	25,000	0	0%
<b>Total Expenditures</b>	<b>\$ 125,500</b>	<b>\$ 138,557</b>	<b>\$ 144,200</b>	<b>\$ 5,643</b>	<b>4%</b>

## FINANCE & ADMINISTRATIVE SERVICES (011-1400)

### MISSION:

Provide overall management of the Town's Administrative Services, execution of the Town's administrative policies, and ensure the Town organization; including officials, management and staff receive high quality effective and efficient administrative support services.

### ORGANIZATION:

The department is comprised of Administration, Finance, Debt Service, Human Resources, Community Services Grants Administration, and Risk Management (Worker's Compensation & General Liability) functions.

### DESCRIPTION:

The Administrative Services Department consists of three full-time employees including Administrative Services Director, Finance Manager, and Administrative Clerk/Technician.

The Administrative Services Department goals are to provide oversight and support of the Town's organization including: timely and accurate financial transaction processing and reporting, provide services that effectively protect and maximize the use of Town resources for the good of the community; support workforce best practices and policies consistent with Federal, State and local mandates and regulations; and ensure implementation of safety policies and risk management best practices & procedures to mitigate the Town's risk exposure.

### PROGRAM SUMMARY & MAJOR SERVICES:

The Town has the following standing committees/commissions:

- Project Management
- Contract Management
- Special Services
- Financial Planning/ Budgeting
- Accountability and Annual Financial Reporting
- Disbursements
- Debt Service Administration
- Banking/cashiering/revenue/investment mgt
- Benefit Administration
- Employee Relations
- On-line services & Resources
- Risk Management
- Business Registration
- Recruitment
- Payroll
- Annual External Audit Coordination

### ONGOING PROGRAM SUMMARY:

GOALS/OBJECTIVES	Measurement Method	2013/14	2014/15	2015/16
1. Maintain/Improve Operating Efficiency				
a. Timely month-end close	Average number of days	155	72	32
b. Timely year-end close	Prior fiscal year	October	September	September
c. Clean audit opinion	Prior fiscal year	Yes	Yes	Yes
d. GFOA Financial Reporting Award		Not Submitted	Yes	Yes
2. Transparency				
a. Budget adoption by June 30	Following fiscal year	Yes	Yes	Yes
b. GFOA Budget Award		Yes	Yes	Yes
c. Annual Cash & Investment Report <sup>1</sup>		--	--	Yes
d. Mid-Year Financial Update		Yes	Yes	Yes

**FINANCE & ADMINISTRATIVE SERVICES (011-1400)**

**(CONT)**

GOALS/OBJECTIVES	Measurement Method	2013/14	2014/15	2015/16
3. Workload				
a. Number of full-time equivalent employees and contractors	Actual / Budget	2.6 / 3.0	3.0 / 3.0	2.7 / 3.0
b. Number of deposits		66	46	74
c. Number of invoices processed		1,838	1,708	2,010
d. Number of payroll check issued		602	652	733
e. Number of journal entries		155	188	142
4. Recruitment	Hire / Vacancy	3 / 3	4 / 6	4 / 5
5. Risk Management (See General Liability)		--	--	--

<sup>1</sup> The 2014/15 Cash & Investment Report published for the first time on the Town's website in 2015/16. Previously, updates were provided as part of the City Council Staff Report.

**2015-2016 ACCOMPLISHMENTS:**

- Maintained quality of finance operations while implementing the following improvements to shorten month-end close: (a) process payroll entries as part of the biweekly payroll; (b) enter electronic fund transfer in(s) through the cashiering process; (c) Increase deposit frequency from monthly to weekly; and (d) reviewing actuals to budget more frequently
- Completed banking service migration from Bank of America to Wells Fargo Bank
- Entered into a new audit service contract for Fiscal Years Ending June 30, 2016, 2017, and 2018
- Migrated business license operations to HdL Consulting to allow for online renewal and application and 24/7 customer service
- Implemented Government Accounting Standards Board Statement Number 68 related to pension accounting and reporting in the June 30, 2015 financial audit
- Developed the Five-Year Capital Improvement Program Budget
- Developed Town's reserve policies and present them to the FIC and City Council for review and approval
- Updated Town's employee handbook to comply with State Laws on sick leave, kin's care and harassment training
- Changed Town's flexible spending administrator
- Completed biennial Other Post-Employment Benefit (OPEB) actuarial and submitted certification as required

**2016-2017 OBJECTIVES:**

- Continue to maintain service quality while seeking improvement opportunities, such as completing month-end close 15 days after end of month, reducing the number of recurring journal entries, review Town's employee benefit plans and seek for better service providers, and expand on Town's training program
- Expand Town's reserve policy to include equipment reserve, facility improvement reserve, and technology upgrade reserve
- Update cost allocation plan for internal service programs and improve recurring overhead allocation
- Tighten internal control through partnership with Town's new banking service provider
- Begin research on succession planning and implementation of GFOA's Resilient Government 2.0

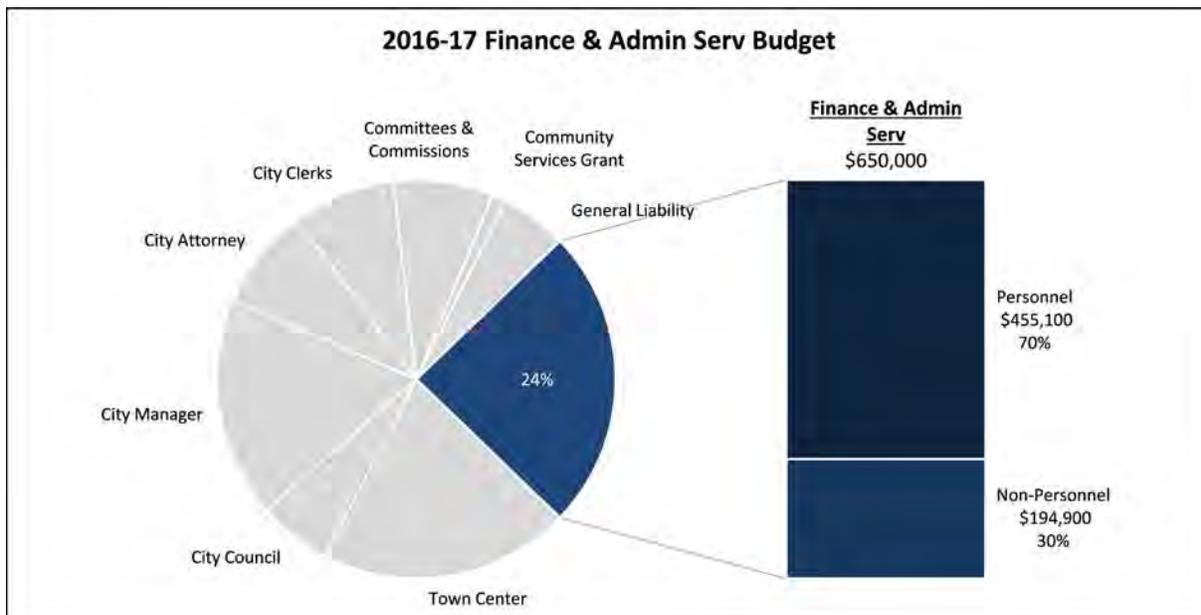
**FINANCE & ADMINISTRATIVE SERVICES (011-1400)**

**(CONT)**

**BUDGET SUMMARY:**

The expenditure budget for Finance and Administrative Services Department represents six percent of total governmental budget, four percent of total town-wide budget, and 24 percent of departmental budget. The Department budget increased by 28 percent, or \$141,387, comparing to 2015-16 Estimated Actual. The Department is fully staffed in 2016-17 but had a vacancy for the first half of the year, resulting in an increase of \$77,510 in personnel budget. The 2016-17 Finance budget includes \$25,000 for allocation review and \$15,000 for Pension Funding Option study, which are the main contributor to the increase in Contractual Services.

Finance & Administrative Services operational costs, excluding bank fees and net of department revenues, are distributed to service departments based on City Council approved 2014 Cost Allocation Plan (CAP). Bank fees are excluded per the CAP study.



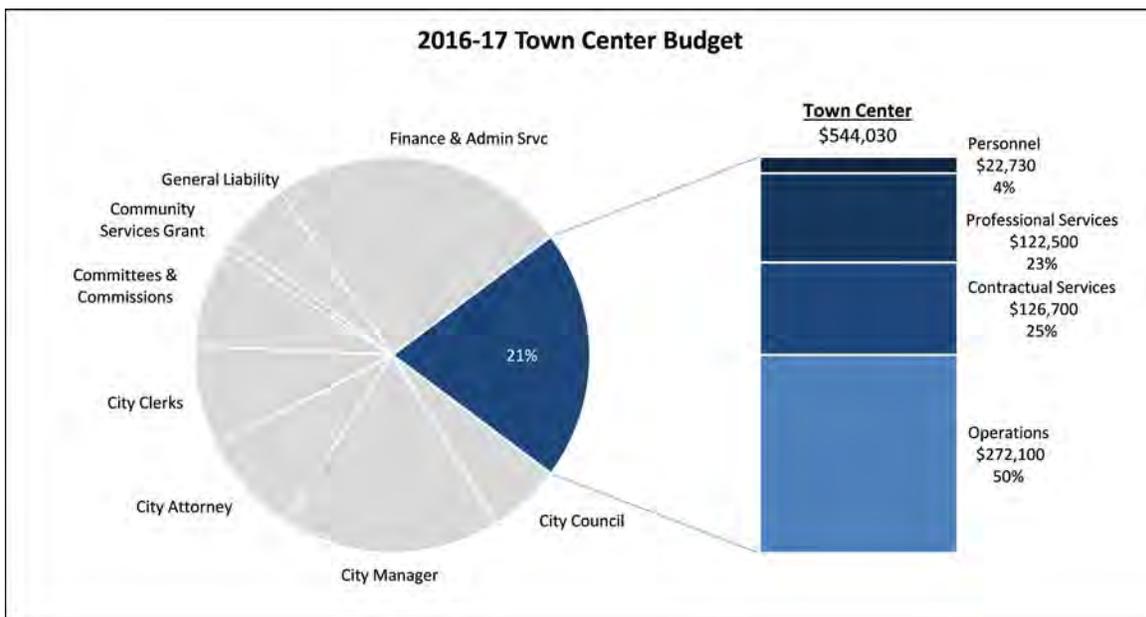
Four-Year Comparison	2015-16 Revised	2015-16 Est. Actual	2016-17 Budget	Budget to Est. Actual \$ Change	% Change
<b>Funding Source</b>					
Miscellaneous Department Revenue	\$ 14,000	\$ 15,000	\$ 12,000	\$ (3,000)	-20%
Allocations In	564,969	463,613	608,000	144,387	31%
Other Sources/(Uses)					
General Fund Support	42,000	30,000	30,000	0	0%
<b>Total Funding Sources</b>	<b>\$ 630,969</b>	<b>\$ 508,613</b>	<b>\$ 650,000</b>	<b>\$ 141,387</b>	<b>28%</b>
<b>Department Expenditures</b>					
Personnel	\$ 441,009	\$ 377,590	\$ 455,100	\$ 77,510	21%
Professional Services	55,200	59,140	55,200	(3,940)	-7%
Contractual Services	75,700	30,163	92,000	61,837	205%
Operations	59,060	41,720	47,700	5,980	14%
<b>Total Expenditures</b>	<b>\$ 630,969</b>	<b>\$ 508,613</b>	<b>\$ 650,000</b>	<b>\$ 141,387</b>	<b>28%</b>

## TOWN CENTER (061-1480)

### BUDGET SUMMARY:

Town center operation is an internal service fund division and expenditure budget represents 21 percent of departmental budget. The Division budget increased by 11 percent, or \$55,969, comparing to 2015-16 Estimated Actual. Operation budget increased by \$46,650 is attributed to \$10,000 additional appropriation for chamber carpet replacement, \$20,000 for replacement of large plan plotter, and \$8,400 for Town computers replacement and upgrades.

As an internal service division, Town Center operations are fully distributed to service departments based on City Council approved distribution. The distribution remains the same since 2004. It is part of the Finance & Administrative Services Department goal to begin the process of evaluating internal service allocation basis in 2016-17.



Four-Year Comparison	2015-16 Revised	2015-16 Est. Actual	2016-17 Budget	Budget to Est. Actual \$ Change	% Change
<b>Funding Source</b>					
Allocations In	\$ 430,349	\$ 357,161	\$ 413,130	\$ 55,969	11%
Other Sources/(Uses)					
Investment in Capital	130,900	130,900	130,900	0	0%
<b>Total Funding Sources</b>	<b>\$ 561,249</b>	<b>\$ 488,061</b>	<b>\$ 544,030</b>	<b>\$ 55,969</b>	<b>11%</b>
<b>Department Expenditures</b>					
Personnel	\$ 26,079	\$ 23,051	\$ 22,730	\$ (321)	-1%
Professional Services	123,930	111,960	122,500	10,540	9%
Contractual Services	146,200	127,600	126,700	(900)	-1%
Operations	265,040	225,450	272,100	46,650	21%
<b>Total Expenditures</b>	<b>\$ 561,249</b>	<b>\$ 488,061</b>	<b>\$ 544,030</b>	<b>\$ 55,969</b>	<b>11%</b>

# Public Safety

## MISSION:

To work in partnership with Town departments and the community to protect life and property and improve the quality of life of all residents.

## ORGANIZATION:

The Town contracts with the County of Santa Clara Sheriff's Office for law enforcement services including regular patrols, responses to emergency and 911 calls, investigative services and specialized law enforcement services as needed. Animal control services are contracted through the City of Palo Alto.

## PROGRAM SUMMARY & MAJOR SERVICES:

The Santa Clara County Sheriff's Office and Palo Alto Animal Services are dedicated to the preservation of public safety by providing innovative and progressive service in partnership with the Los Altos Hills community, and to protect animals and promote their humane treatment.

## ONGOING PROGRAM SUMMARY::

GOALS/OBJECTIVES	Measurement Method	2013/14	2014/15	2015/16
1. Santa Clara County Sheriff				
a. Average response time				
• Priority 1 calls	Actual / Target	10.96 / 9	8.00 / 9	6.62 / 9
• Priority 2 calls	Actual / Target	11.61 / 14	12.35 / 14	12.32 / 14
• Priority 3 calls	Actual / Target	17.27 / 25	16.31 / 25	17.26 / 25
b. Crime related activities				
• Number of calls		98	85	89
• Category with most calls		Residential Burglary	Residential Burglary	Identity Theft, Forgery, Fraud
c. Traffic related activities				
• Number of calls		1,050	808	744
• Category with most calls		Other Citation	Moving Citation	Comment
d. Community Outreach/Education		Yes	Yes	Yes
2. Palo Alto Animal Services		695	566	700
3. Emergency Preparedness meeting - To update emergency policy, case studies, etc		12	12	10

## 2015-2016 ACCOMPLISHMENTS:

1. Provided education and outreach to bicyclists with regard to applicable traffic regulations
2. Conducted a Crime Prevention Forum tailored to the unique Los Altos Hills environment
3. Maintained low crime rate (defined as "violent crimes" and "property crime") of the surveyed agencies

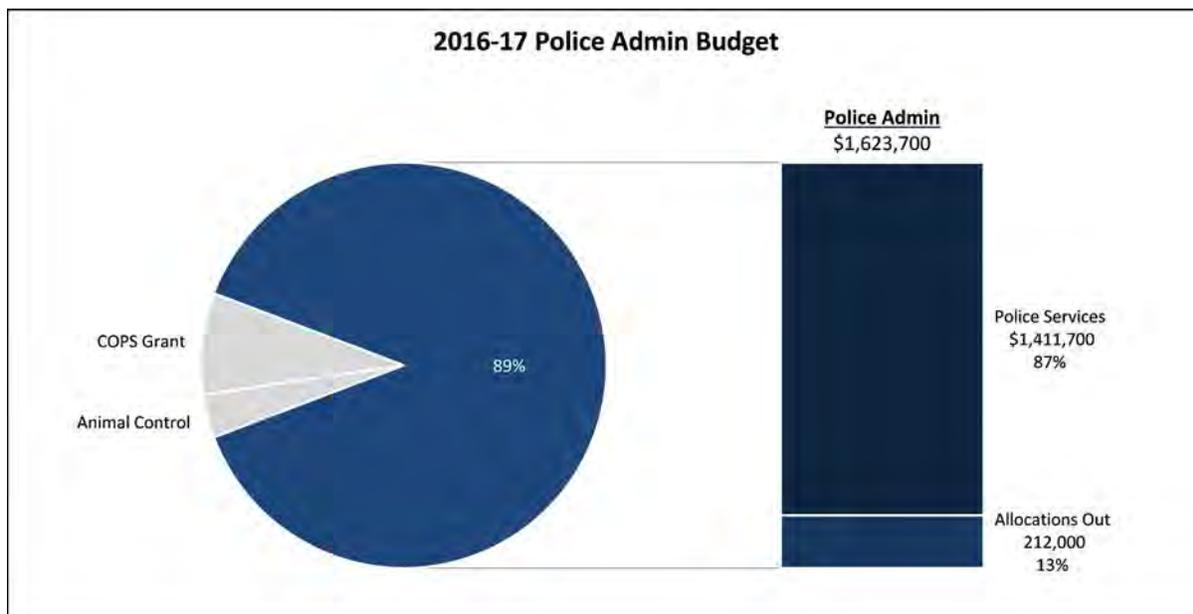
## 2016-2017 OBJECTIVES:

1. Maintain or increase current law enforcement service levels
2. Continue to educate the cycling community with regard to safe cycling practices
3. Conduct a crime prevention seminar in 2015
4. Continue to utilize COPS funding to provide supplemental law enforcement services

## POLICE ADMINISTRATION (011-2100)

### BUDGET SUMMARY:

Police Administration represents 15 percent of total governmental budget, 11 percent of total town-wide budget, and 89 percent of departmental budget. The Division budget increased by 33 percent, or \$402,476, comparing to 2015-16 Estimated Actual. The 2016-17 Police Budget included the addition of law enforcement services, \$250,000 and an \$84,638 increase in base law enforcement contract cost. Santa Clara County Sherriff services are distributed to participating agencies based on estimated usage. The additional \$250,000 law enforcement services resulted in an increase in admin and other overhead cost. The Town is billed monthly based on the budgeted amount and an year-end adjustment is made to reflect actual services used. The Town recieved refund checks the last two fiscal years.

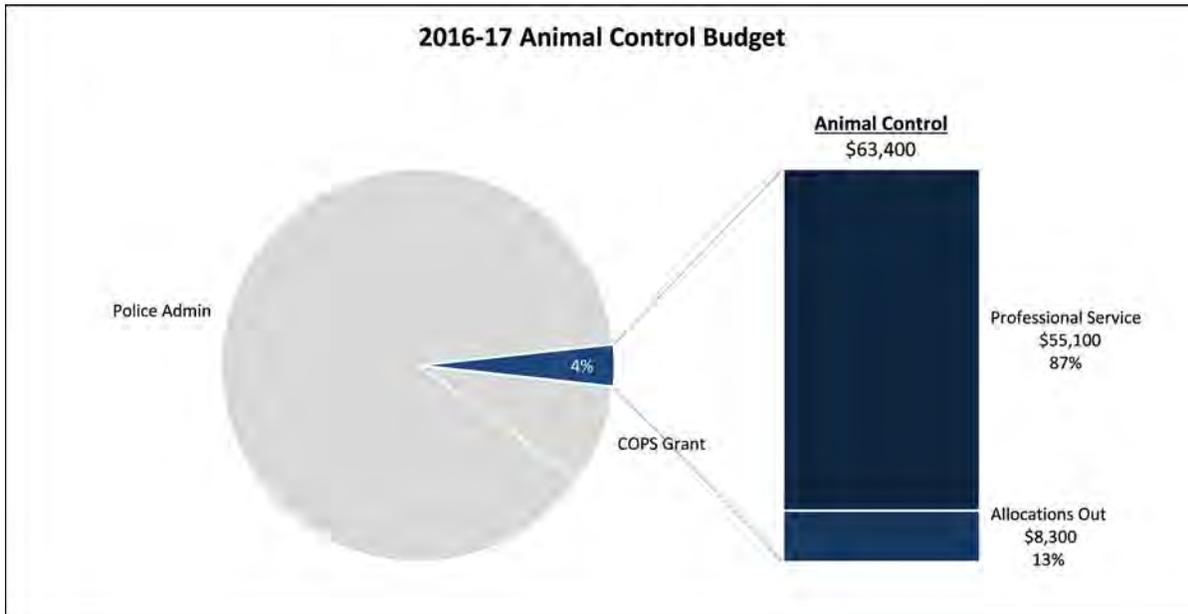


Four-Year Comparison	2015-16 Revised	2015-16 Est. Actual	2016-17 Budget	Budget to Est. Actual \$ Change	% Change
<b>Funding Source</b>					
Department Revenue: (None)	\$ 0	\$ 0	\$ 0	\$ 0	0%
Other Sources/(Uses):					
General Fund Support	1,275,761	1,221,224	1,623,700	402,476	33%
<b>Total Funding Sources</b>	<b>\$ 1,275,761</b>	<b>\$ 1,221,224</b>	<b>\$ 1,623,700</b>	<b>\$ 402,476</b>	<b>33%</b>
<b>Department Expenditures</b>					
Personnel	\$ 0	\$ 0	\$ 0	\$ 0	0%
Police Services	1,108,032	1,077,062	1,411,700	334,638	31%
Allocations Out	167,729	144,162	212,000	67,838	47%
<b>Total Expenditures</b>	<b>\$ 1,275,761</b>	<b>\$ 1,221,224</b>	<b>\$ 1,623,700</b>	<b>\$ 402,476</b>	<b>33%</b>

## ANIMAL CONTROL (011-2150)

### BUDGET SUMMARY:

Animal Control represents one percent of total governmental budget, 0.4 percent of town-wide budget and four percent of departmental budget. The Division budget increased by nine percent, or \$5,064, comparing to 2015-16 Estimated Actual. There is minimal change in this budget.

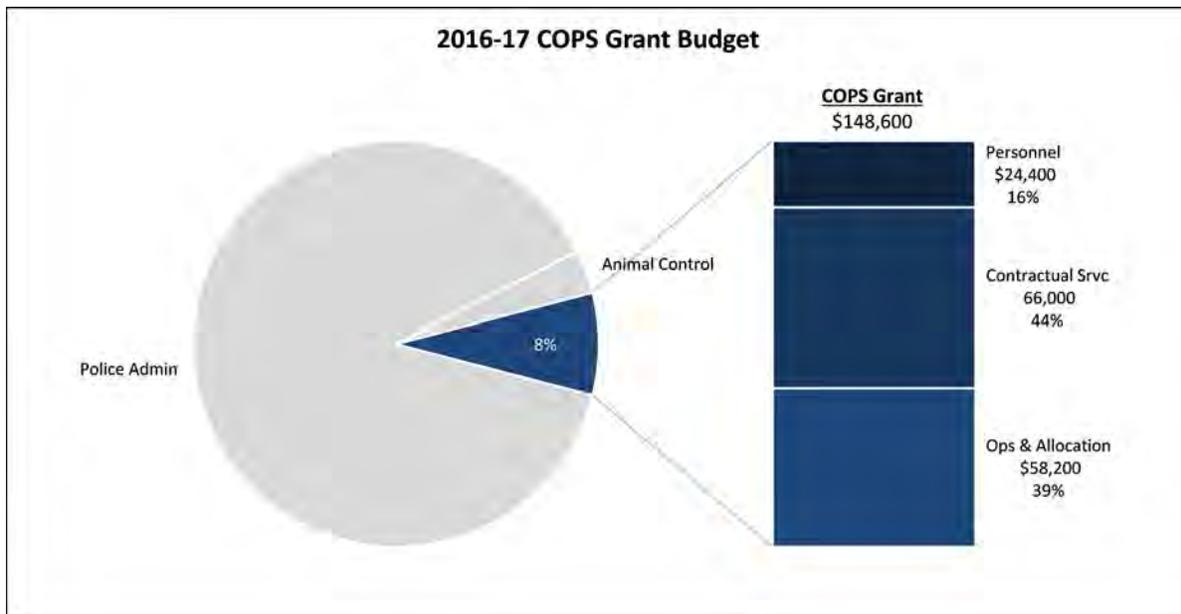


Four-Year Comparison	2015-16	2015-16	2016-17	Budget to Est. Actual		
	Revised	Est. Actual	Budget	\$ Change	% Change	
<b>Funding Source</b>						
Department Revenue: None	\$ 0	\$ 0	\$ 0	\$ 0	0%	
Other Sources/(Uses):						
General Fund Support	59,946	57,736	63,400	5,664	10%	
<b>Total Funding Sources</b>	<b>\$ 59,946</b>	<b>\$ 57,736</b>	<b>\$ 63,400</b>	<b>\$ 5,664</b>	<b>10%</b>	
<b>Department Expenditures</b>						
Personnel	\$ 0	\$ 0	\$ 0	\$ 0	0%	
Contractual Services	53,130	51,874	55,100	3,226	6%	
Allocations Out	6,816	5,862	8,300	2,438	42%	
<b>Total Expenditures</b>	<b>\$ 59,946</b>	<b>\$ 57,736</b>	<b>\$ 63,400</b>	<b>\$ 5,664</b>	<b>10%</b>	

## CITIZENS OPTIONS FOR PUBLIC SAFETY PROGRAM & CODE ENFORCEMENT (021-6100)

### BUDGET SUMMARY:

Citizens Options for Public Safety Program & Code Enforcement (COPS) operation represents one percent of governmental budget, one percent of town-wide budget, and eight percent of departmental budget. The Division budget increased by 53 percent, or \$51,521, comparing to 2015-16 Estimated Actual. The increase in Contractual Services is earmarked for additional public safety services or other consultant services required during an emergency



Four-Year Comparison	2015-16	2015-16	2016-17	Budget to Est. Actual	
	Revised	Est. Actual	Budget	\$ Change	% Change
<b>Funding Source</b>					
Department Revenues					
COPS Grant	\$ 100,000	\$ 100,000	\$ 100,000	\$ 0	0%
Miscellaneous	100	355	400	45	13%
<b>Total Funding Sources</b>	<b>\$ 100,100</b>	<b>\$ 100,355</b>	<b>\$ 100,400</b>	<b>\$ 45</b>	<b>0%</b>
<b>Department Expenditures</b>					
Personnel	\$ 26,949	\$ 24,084	\$ 24,400	\$ 316	1%
Professional Services	0	0	0	0	0%
Contractual Services	66,000	35,000	66,000	31,000	89%
Operations	15,100	16,000	18,800	2,800	18%
Allocations Out	25,016	21,495	39,400	17,905	83%
<b>Total Expenditures</b>	<b>\$ 133,065</b>	<b>\$ 96,579</b>	<b>\$ 148,600</b>	<b>\$ 52,021</b>	<b>54%</b>

# Planning and Building

## MISSION:

The mission of the Community Development Department is to provide professional, courteous, and efficient services to the public, ensure that new development complies with local, state, and federal land use and environmental regulations, and guide the physical development of the Town in a manner that is consistent with the goals and values of the community.

## ORGANIZATION AND DESCRIPTION:

The Department is comprised of Planning, Building and Code Enforcement Divisions. Under the Direction of the Planning Director, the Department consists of six full-time regular employees.

### Planning & Code Enforcement Division

Planning Director (1 FTE)  
Senior Planner (1 FTE)  
Assistant Planner (1 FTE)  
Administrative Clerk/Tech (1 FTE - shared with City Clerk)

### Building Division

Building Official (1 FTE)  
Building/Planning Technician (1 FTE)

## PROGRAM SUMMARY & MAJOR SERVICES:

The Planning Division is responsible for long range planning regarding growth and development of the Town. Long range planning involves the preparation, maintenance and implementation of the Town's General Plan and Municipal Code. The Department is also responsible for the administration of the Town's Zoning and Site Development Codes which involves the review and processing of all site development and zoning applications, use permits, CEQA studies, Environmental Impact Reviews, and code enforcement. The Building Division has the responsibility of providing life-safety, plan checking, inspection and permitting, as well as quality control on building activity within the Town.

### Major Services:

- Site development permit review
- Building permit review and inspections
- Municipal Code updates
- General Plan updates
- Code enforcement
- Town Hall public information/permit counter
- Records retention and file management
- Planning Commission and City Council support on development and land use matters
- Intergovernmental relations: ABAG, LAFCO, SCVWD, BAAQMD, SCCAPO
- Grant applications
- Emergency planning-EOC planning function
- Committee liaison: Environmental Design and Protection, Environmental Initiatives, History, Open Space, Pathways, Traffic Safety, and Water Conservation

## ONGOING PROGRAM SUMMARY::

GOALS/OBJECTIVES		Measurement Method	2013/14	2014/15	2015/16
1.	Planning Permit Processed	April thru March	152	184	170
2.	Building Permit	April thru March			
a.	Permit Issued		630	640	646
b.	Total Valuation		\$51,084,000	\$43,619,000	\$57,817,000
c.	Inspection Completed		2,062	1,319	2,315
3.	Code Enforcement (Outstanding Violations)		78	51	69

GOALS/OBJECTIVES	Measurement Method	2013/14	2014/15	2015/16
4. Ordinance / Code Update				
a. Completed		<ul style="list-style-type: none"> <li>Traffic Calming Guide</li> </ul>	<ul style="list-style-type: none"> <li>Housing Element</li> <li>Building/Fire Code</li> <li>Construction Time Limit</li> </ul>	<ul style="list-style-type: none"> <li>WELO</li> <li>Solar Permit</li> </ul>
b. In Progress		--	--	<ul style="list-style-type: none"> <li>Marijuana Ordinance</li> <li>Building Code Update</li> <li>Antenna Ordinance</li> <li>Development Regulations for Substandard Lots</li> </ul>

**2015-2016 ACCOMPLISHMENTS:**

1. Completion of the General Plan Circulation Element update
2. Updated the Water Efficient Landscape Ordinance
3. Adopted provisions for expediting building permits for solar panels
4. Processed a high volume of planning and building permits

**2016-2017 OBJECTIVES:**

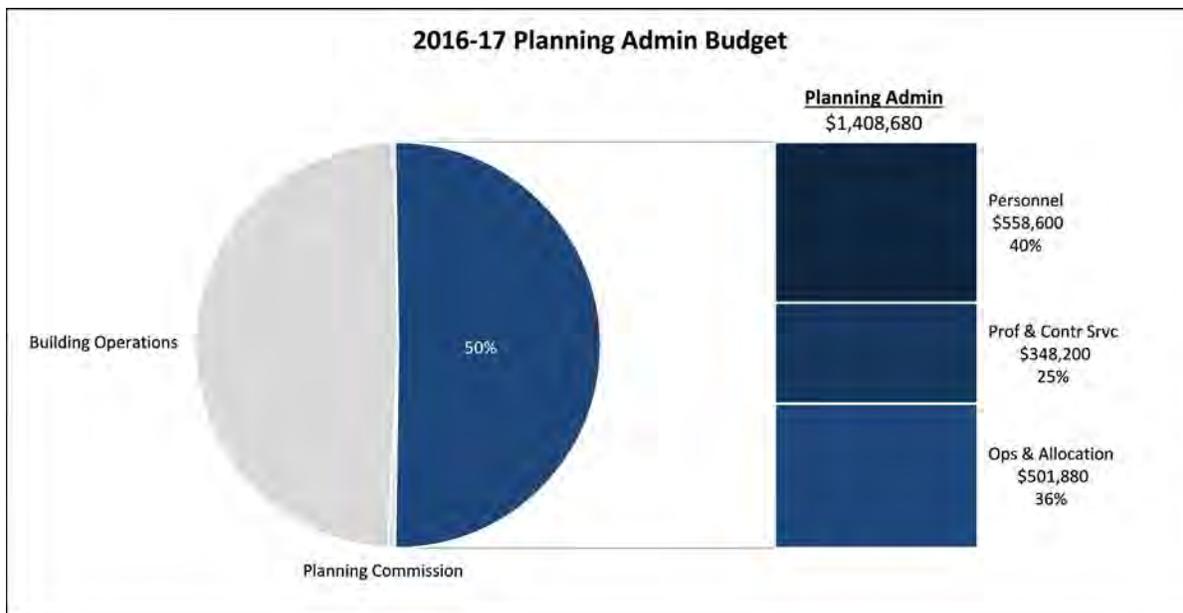
1. Implement a new permit tracking system for Planning and Building (will also be used by Engineering)
2. Complete the Wildland Urban Interface Map update
3. Comprehensive update of the Subdivision Ordinance
4. Amend the Zoning Ordinance to include provisions for amateur radio antenna ordinance
5. Amend the Zoning Ordinance to modify development regulations for substandard lots
6. Amend the Municipal Code to adopt new building codes
7. Develop and implement State mandated laws and programs, such as preparation/adoption of ordinances to comply with changes in State law, review of CIP projects for CEQA compliance, and review of land development projects

## PLANNING ADMINISTRATION(011-3100)

### BUDGET SUMMARY:

Planning Administration Division represents 13 percent of total governmental budget, 10 percent of total town-wide budget, and 50 percent of departmental budget. The Division budget increased by 10 percent, or \$129,804, comparing to 2015-16 Estimated Actual. Fifty-nine percent of the budget increase is in personnel budget. This is attributed to reclassification of the vacant Associate Planner position to the Senior Planner position (\$25,808) and 2015-16 estimated actual included temporary salary savings. In 2015-16, the Associate Planner position was vacant for two months and on reduced pay for four months while the employee was on temporary leave of absence.

The next significant change in the budget is in professional services, with an increase of \$35,060. The change is primarily due to not appropriating \$50,000 for staff augmentation. Staff augmentation was budgeted in 2015-16 in anticipation of the Associate Planner going on temporary leave of absence. Because each agency has unique general plans, the Department could not find qualified planners during staffing shortage and the budget was not utilized. The \$80,000 Subdivision Ordinance Update was re-appropriated in 2016-17 because the project was deferred to address more pressing planning code updates.

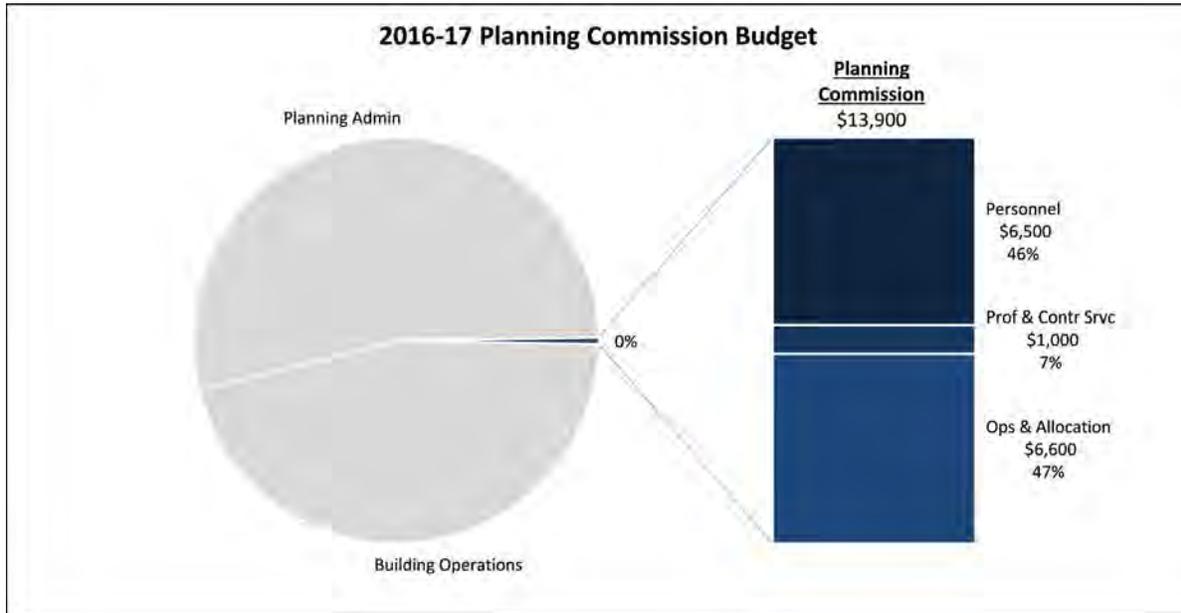


Four-Year Comparison	2015-16 Revised	2015-16 Est. Actual	2016-17 Budget	Budget to Est. Actual \$ Change	% Change
<b>Funding Source</b>					
Department Revenue:					
Charges for services	\$ 876,800	\$ 864,100	\$ 864,100	\$ 0	0%
Other Sources/(Uses):					
General Fund Support	608,996	414,776	554,580	129,804	31%
<b>Total Funding Sources</b>	<b>\$ 1,485,796</b>	<b>\$ 1,278,876</b>	<b>\$ 1,408,680</b>	<b>\$ 129,804</b>	<b>10%</b>
<b>Department Expenditures</b>					
Personnel	\$ 532,782	\$ 482,607	\$ 558,600	\$ 75,993	16%
Professional Services	173,150	83,140	118,200	35,060	42%
Contractual Services	198,330	217,000	230,000	13,000	6%
Operations	19,518	9,468	19,500	10,032	106%
Allocations Out	562,016	486,661	482,380	(4,281)	-1%
<b>Total Expenditures</b>	<b>\$ 1,485,796</b>	<b>\$ 1,278,876</b>	<b>\$ 1,408,680</b>	<b>\$ 129,804</b>	<b>10%</b>

## PLANNING COMMISSION (011-3110)

### BUDGET SUMMARY:

Planning Commission is a five member board who review and approve or reject development plans with variance. The annual compensation for planning commissioners is \$1,200 per person. The commission meets once a month. The Planning Commission budget remains consistent from year to year.



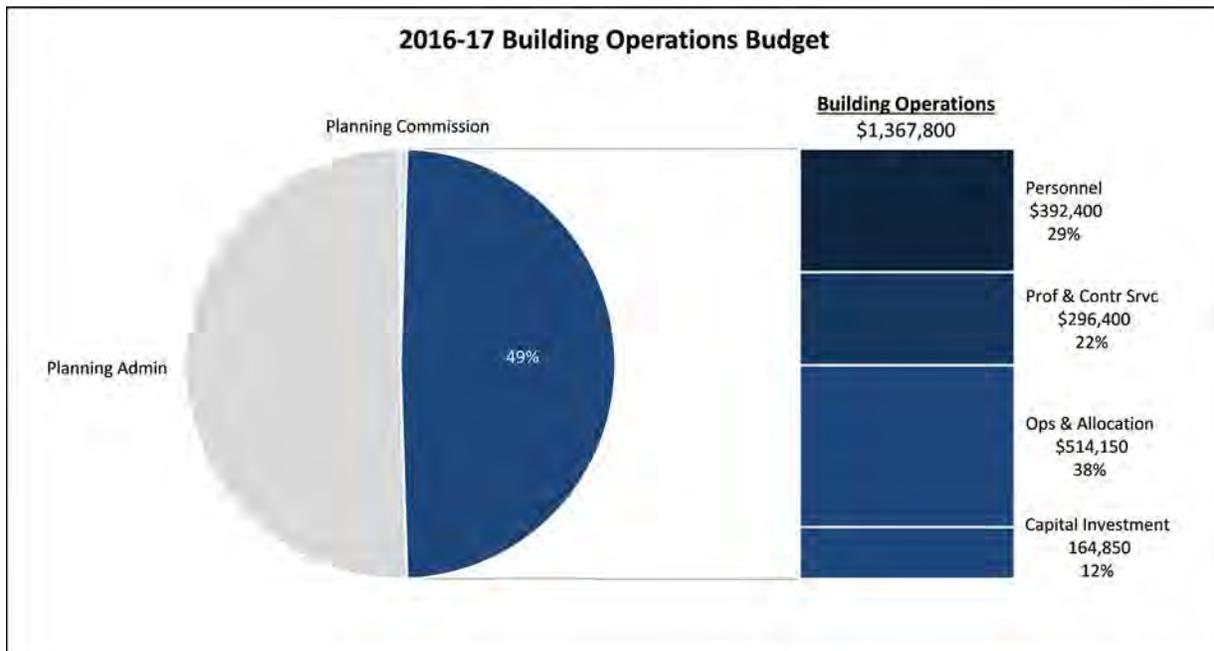
Four-Year Comparison	2015-16 Revised	2015-16 Est. Actual	2016-17 Budget	Budget to Est. Actual \$ Change	% Change
<b>Funding Source</b>					
Department Revenue: None	\$ 0	\$ 0	\$ 0	\$ 0	0%
Other Sources/(Uses):					
General Fund Support	13,329	12,077	14,100	2,023	17%
<b>Total Funding Sources</b>	<b>\$ 13,329</b>	<b>\$ 12,077</b>	<b>\$ 14,100</b>	<b>\$ 2,023</b>	<b>17%</b>
<b>Department Expenditures</b>					
Personnel	\$ 6,087	\$ 6,534	\$ 6,500	\$ (34)	-1%
Professional Services	1,000	1,100	1,000	(100)	-9%
Operations	3,400	2,000	3,400	1,400	70%
Allocations Out	2,842	2,443	3,200	757	31%
<b>Total Expenditures</b>	<b>\$ 13,329</b>	<b>\$ 12,077</b>	<b>\$ 14,100</b>	<b>\$ 2,023</b>	<b>17%</b>

## BUILDING OPERATIONS (011-3200; 011-3210)

### BUDGET SUMMARY:

Building Operations Division represents 13 percent of total governmental budget, nine percent of total town-wide budget, and 49 percent of departmental budget. The Division budget increased by 25 percent, or \$271,900, comparing to 2015-16 Estimated Actual. The Building Division has a vacancy for half the year in 2015-16. The 2016-17 personnel budget assumes this vacancy will be filled, resulting in the increase of \$69,456. While vacant, the Town contracted with CSG Consultants for building inspection and building official tasks.

With the increase in building permit activities, building permit fees collected exceeded building operation cost. The Department suspects that this is a timing issue as many building development lasts multiple years but the building fees are collected in advance. Finance will be conducting a study to confirm that matter and will present to the City Council with options.



Four-Year Comparison	2015-16 Revised	2015-16 Est. Actual	2016-17 Budget	Budget to Est. Actual \$ Change	% Change
<b>Funding Source</b>					
Department Revenue:					
License & Permits	\$ 1,002,950	\$ 1,427,200	\$ 1,427,200	\$ 0	0%
Other Sources/(Uses):					
General Fund Support	163,890	(331,300)	(59,400)	271,900	-82%
<b>Total Funding Sources</b>	<b>\$ 1,166,840</b>	<b>\$ 1,095,900</b>	<b>\$ 1,367,800</b>	<b>\$ 271,900</b>	<b>25%</b>
<b>Department Expenditures</b>					
Personnel	\$ 424,214	\$ 322,944	\$ 392,400	\$ 69,456	22%
Professional Services	12,000	11,000	13,000	2,000	18%
Contractual Services	161,400	270,450	283,400	12,950	5%
Operations	8,320	6,100	8,300	2,200	36%
Allocations Out	560,906	485,406	505,850	20,444	4%
Capital Investment (page 101)	0	0	164,850	(164,850)	0%
<b>Total Expenditures</b>	<b>\$ 1,166,840</b>	<b>\$ 1,095,900</b>	<b>\$ 1,367,800</b>	<b>\$ 271,900</b>	<b>25%</b>

# Parks & Recreation

## MISSION:

The department develops, implements and evaluates recreational programs, activities and events for youth, adults and seniors. Coordinates and supervises recreational uses of Purissima Park, Town Riding Arena and Westwind Community Barn.

## DESCRIPTION:

Under the direction of the City Manager, the department is comprised of one full-time employee, Community Services Supervisor, who oversees one/two interns throughout the year, community events, recreation programs, Purissima Park maintenance, janitorial services for Town facilities and works closely with Westwind Barn Concessionaire.

## PROGRAM SUMMARY & MAJOR SERVICES:

The Community Services Supervisor performs a variety of assignments including the development, promotion, and management of Town community events, facilities and recreation programs.

Major services include:

- Town community and recreation events
- Bi-Annual Activity Guides
- Manages vendor contracts for parks and recreation services
- Social media, website and email marketing
- Purissima Park maintenance, schedule and reservations
- Liaison to Community Relations, Parks & Recreation Committees, Youth and Senior Commissions
- Emergency logistics, EOC function

## ONGOING PROGRAM SUMMARY::

GOALS/OBJECTIVES		Measurement Method	2013/14	2014/15	2015/16
1.	Recreation program	April thru March			
a.	Classes/Camps		50	100	100
b.	Number of Participants		410	468	453
2.	Special events		13	12	14
a.	60th Gala - New event	# Attendees	n/a	n/a	255
b.	Vines & Wines - New event	# Attendees	n/a	n/a	227
3.	Field Rental		5	7	10
4.	Westwind Barn Operations				
a.	Summer Camp Registrations		43	92	96
b.	Summer Camp Town's Revenue		\$ 2,661	\$ 10,292	\$ 10,375

## 2015-2016 ACCOMPLISHMENTS:

1. New contract with maintenance contractor for Purissima Park with an increase scope of service to manage irrigation.
2. Survey results reflect that residents are very satisfied with park and recreation programs and events
3. Survey also indicated those who have participated in recreation classes and programs are satisfied

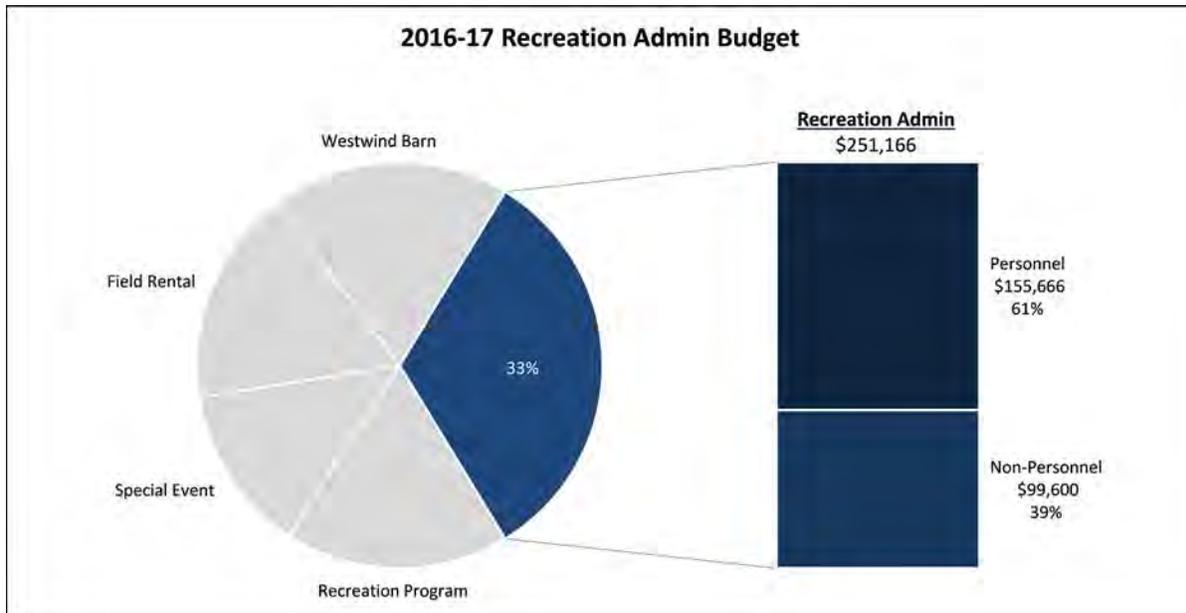
## 2016-2017 OBJECTIVES:

1. Continue to provide safe, clean, and attractive parks facilities throughout the community
2. Continue to work with Parks & Rec. and Community Relations committees on Town events and Activity Guide
3. Provide operational support to Westwind Barn
4. Implement and update recreation software for Parks & Rec classes and events
5. Expand events to promote community

## RECREATION ADMINISTRATION (011-1000)

### BUDGET SUMMARY:

The Recreation Administration Division represents two percent of total governmental budget, two percent of total town-wide budget, and 33 percent of departmental budget. The Division budget increased by 43 percent, or \$77,307, comparing to 2015-16 Estimated Actual. In response to the result from the 2015 Community Survey, the Department personnel budget includes the addition of a Recreation Specialist, increasing the personnel budget to \$155,666.

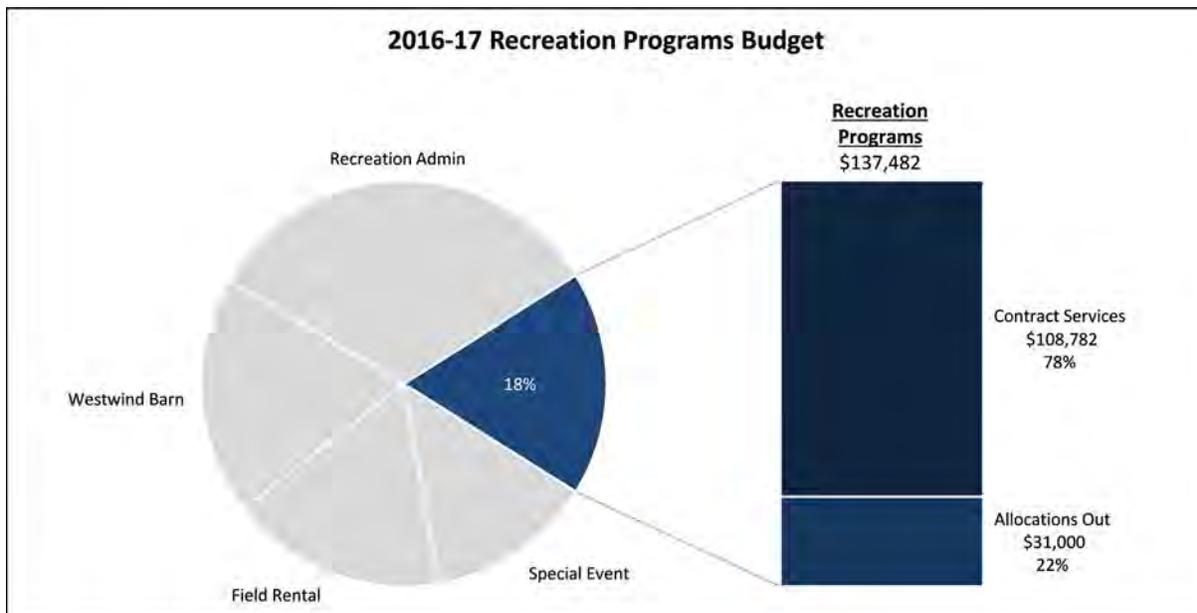


Four-Year Comparison	2015-16 Revised	2015-16 Est. Actual	2016-17 Budget	Budget to Est. Actual	
				\$ Change	% Change
<b>Funding Source</b>					
Other Sources /(Uses)					
General Fund Support	\$ 178,490	\$ 177,959	\$ 255,266	\$ 77,307	43%
<b>Total Funding Sources</b>	<b>\$ 178,490</b>	<b>\$ 177,959</b>	<b>\$ 255,266</b>	<b>\$ 77,307</b>	<b>43%</b>
<b>Department Expenditures</b>					
Personnel	\$ 75,629	\$ 86,154	\$ 155,666	\$ 69,512	81%
Professional Services	2,500	2,500	2,500	-	0%
Operations	23,700	22,080	23,750	1,670	8%
Allocations Out	76,661	67,225	73,350	6,125	9%
<b>Total Expenditures</b>	<b>\$ 178,490</b>	<b>\$ 177,959</b>	<b>\$ 255,266</b>	<b>\$ 77,307</b>	<b>43%</b>

## RECREATION PROGRAMS (011-4110)

### BUDGET SUMMARY:

Recreation Programs budget represents one percent of total governmental budget, one percent of total town-wide budget, and 18 percent of departmental budget. The Division budget increased by 24 percent, or \$26,724, comparing to 2015-16 Estimated Actual. The increase of \$18,782 in Contractual Services is related to the Open Space Vegetation Management (page 108) and four percent inflationary adjustment to standard service contracts.

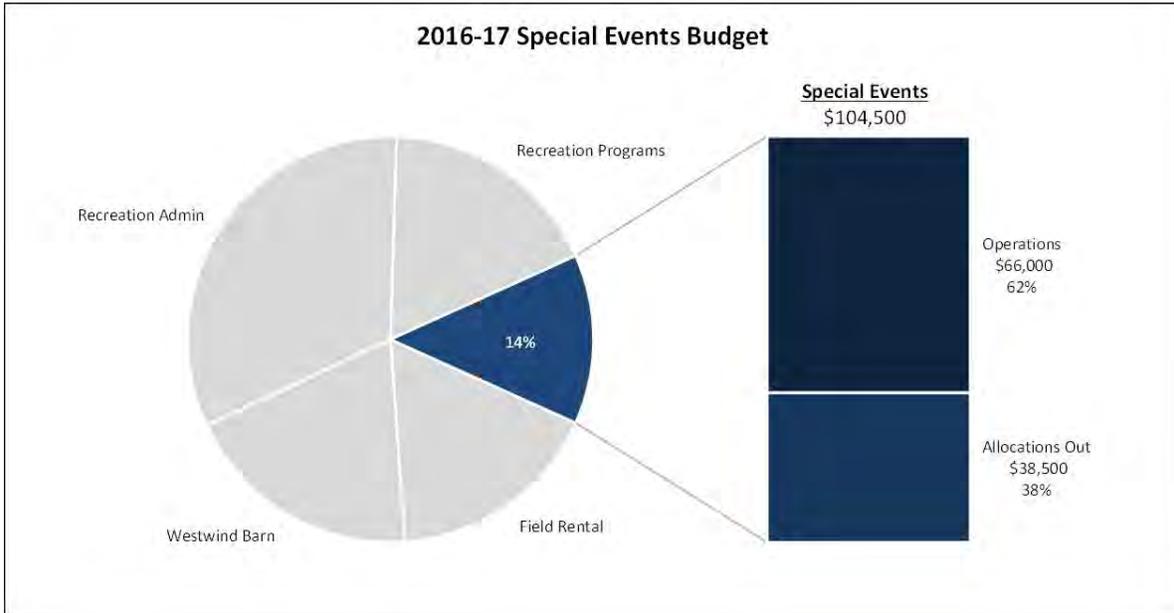


Four-Year Comparison	2015-16 Revised	2015-16 Est. Actual	2016-17 Budget	Budget to Est. Actual \$ Change	% Change
<b>Funding Source</b>					
Department Revenue					
Recreation Program Revenue	\$ 60,000	\$ 80,000	\$ 70,000	\$ (10,000)	-13%
Other Sources /(Uses)					
General Fund Support	57,613	33,058	69,782	36,724	111%
<b>Total Funding Sources</b>	<b>\$ 117,613</b>	<b>\$ 113,058</b>	<b>\$ 139,782</b>	<b>\$ 26,724</b>	<b>24%</b>
<b>Department Expenditures</b>					
Personnel	\$ 0	\$ 0	\$ 0	\$ 0	0%
Contractual Services	90,000	90,000	108,782	18,782	21%
Allocations Out	27,613	23,058	31,000	7,942	34%
<b>Total Expenditures</b>	<b>\$ 117,613</b>	<b>\$ 113,058</b>	<b>\$ 139,782</b>	<b>\$ 26,724</b>	<b>24%</b>

## SPECIAL EVENTS (011-4120)

### BUDGET SUMMARY:

Special Events budget represents one percent of total governmental budget, one percent of total town-wide budget, and 14 percent of departmental budget. Overall, there is minimal change in the department.

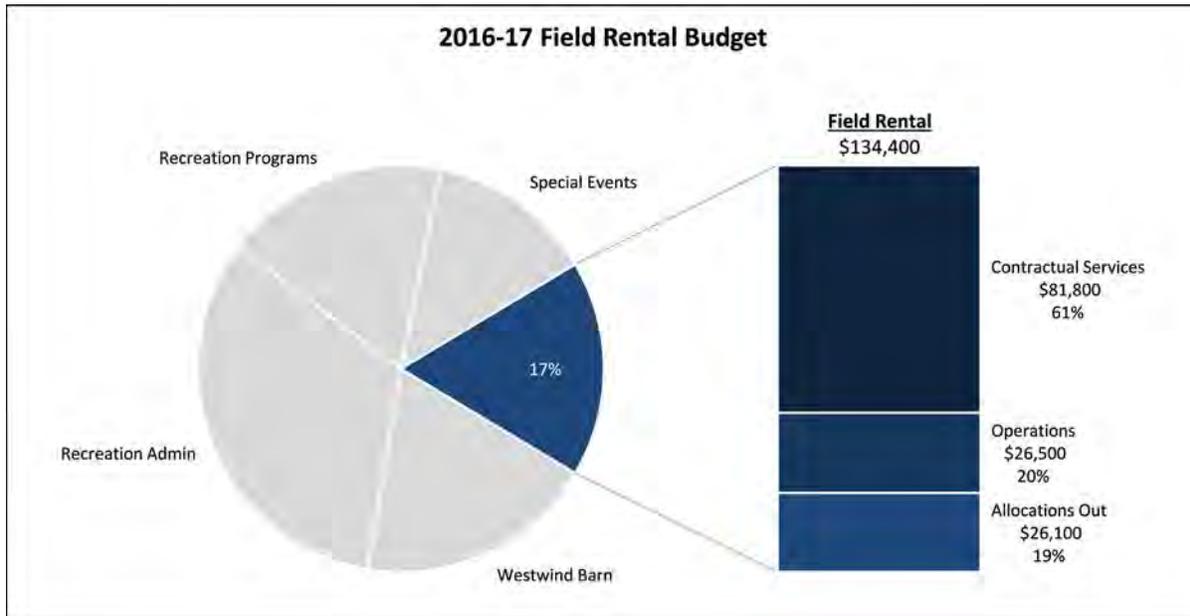


Four-Year Comparison	2015-16 Revised	2015-16 Est. Actual	2016-17 Budget	Budget to Est. Actual \$ Change	Actual % Change
<b>Funding Source</b>					
Department Revenue					
Event Revenues	\$ 13,000	\$ 66,875	\$ 13,000	\$ (53,875)	-81%
Other Sources /(Uses)					
General Fund Support	66,606	38,390	91,500	53,110	138%
<b>Total Funding Sources</b>	<b>\$ 79,606</b>	<b>\$ 105,265</b>	<b>\$ 104,500</b>	<b>\$ (765)</b>	<b>-1%</b>
<b>Department Expenditures</b>					
Operations	\$ 63,000	\$ 91,000	\$ 66,000	\$ (25,000)	-27%
Allocations Out	16,606	14,265	38,500	24,235	169%
<b>Total Expenditures</b>	<b>\$ 79,606</b>	<b>\$ 105,265</b>	<b>\$ 104,500</b>	<b>(765)</b>	<b>-1%</b>

## FIELD RENTAL (011-5100)

### BUDGET SUMMARY:

Field Rental budget represents one percent of total governmental budget, one percent of total town-wide budget, and 17 percent of departmental budget. The Division budget increased by 13 percent, or \$15,801, comparing to 2015-16 Estimated Actual. There's a minimal budgetary changes in the contractual services and operations categories.

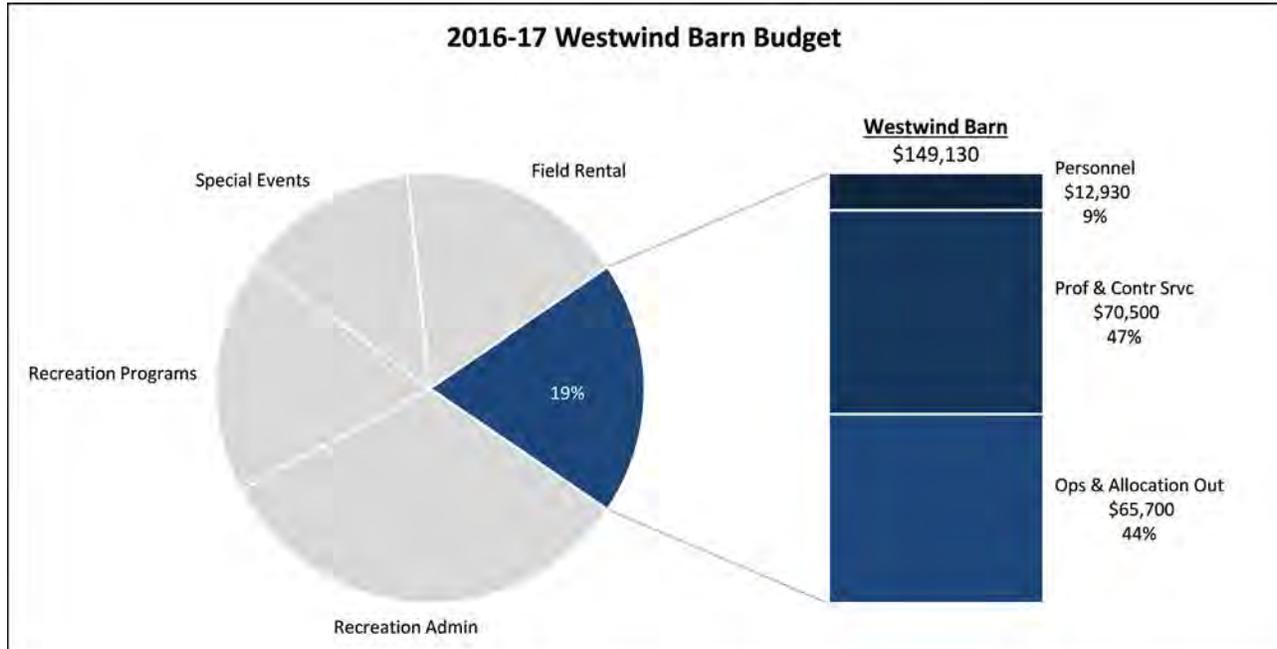


Four-Year Comparison	2015-16 Revised	2015-16 Est. Actual	2016-17 Budget	Budget to Est. Actual	
				\$ Change	% Change
<b>Funding Source</b>					
Department Revenue:					
Field Rental Revenues	\$ 25,500	\$ 50,000	\$ 53,000	\$ 3,000	6%
Other Sources/(Uses):					
General Fund Support	82,895	68,599	81,400	12,801	19%
<b>Total Funding Sources</b>	<b>\$ 108,395</b>	<b>\$ 118,599</b>	<b>\$ 134,400</b>	<b>\$ 15,801</b>	<b>13%</b>
<b>Department Expenditures</b>					
Contractual Services	\$ 68,250	\$ 84,193	\$ 81,800	\$ (2,393)	-3%
Operations	24,000	20,532	26,500	5,968	29%
Allocations Out	16,145	13,874	26,100	12,226	88%
<b>Total Expenditures</b>	<b>\$ 108,395</b>	<b>\$ 118,599</b>	<b>\$ 134,400</b>	<b>\$ 15,801</b>	<b>13%</b>

## WESTWIND BARN(011-5300)

### BUDGET SUMMARY:

Westwind Barn budget represents one percent of total governmental budget, one percent of total town-wide budget, and 19 percent of departmental budget. There's a minimal change in the budget.



Four-Year Comparison	2015-16 Revised	2015-16 Est. Actual	2016-17 Budget	Budget to Est. Actual \$ Change	Actual % Change
<b>Funding Source</b>					
Department Revenue					
Charges For Services	\$ 80,000	\$ 100,500	\$ 100,000	\$ (500)	0%
Other Sources /(Uses)					
General Fund Support	95,892	48,001	49,130	1,129	2%
<b>Total Funding Sources</b>	<b>\$ 175,892</b>	<b>\$ 148,501</b>	<b>\$ 149,130</b>	<b>\$ 629</b>	<b>0%</b>
<b>Department Expenditure</b>					
Personnel	\$ 11,267	\$ 11,964	\$ 12,930	\$ 966	8%
Professional Services	5,000	400	5,000	4,600	1150%
Contractual Services	57,500	65,030	65,500	470	1%
Operations	26,600	5,500	25,100	19,600	356%
Allocations Out	75,525	65,607	40,600	(25,007)	-38%
<b>Total Expenditures</b>	<b>\$ 175,892</b>	<b>\$ 148,501</b>	<b>\$ 149,130</b>	<b>\$ 629</b>	<b>0%</b>

# Public Works

## MISSION:

To effectively manage the Town's public infrastructure for the benefit of all users and to provide support to other Town departments.

## ORGANIZATION:

The Public Works Department is comprised of Engineering and Public Works staff providing support to other departments and overseeing the Town's public roads, storm drain system, and sewer system.

## DESCRIPTION:

The Public Works Department is responsible for major capital projects as well as maintaining, inspecting, and reviewing construction and repairs associated with the Town of Los Altos Hills' municipal infrastructure. The department is headed by the Public Works Director/City Engineer.

## PROGRAM SUMMARY & MAJOR SERVICES:

The department provides support for private development projects, code enforcement issues, Town events, investigate resident's issues, manages the Town's capital improvement projects and oversees the Town's infrastructure maintenance.

## ONGOING PROGRAM SUMMARY::

GOALS/OBJECTIVES	Measurement Method	2013/14	2014/15	2015/16
1. Capital project management				
a. In progress				
• Design phase		2	1	2
• Construction phase		3	1	4
b. Completed		2	4	1
2. Public right-of-way maintenance				
a. Pathways	Linear miles (lm)	64	64	64
b. Annual tree survey	# of trees inspected	x	470	500
• Sudden Oak Death spraying in Bryne Preserve	# of trees	x	100	103
c. Streets	lm / PCI	60/77	60/77	60/77
d. Sewer	lm	x	x	23
3. Permit review	Total #	x	x	243

x - statistical information is not readily available. The Department will be monitoring program output moving forward.

**2015-2016 ACCOMPLISHMENTS:**

1. Completed the construction of the El Monte Road Preservation Project and successfully completed the reimbursement process for \$186,000 in grant funds
2. Started the construction of the Miranda Road Pathway Project
3. Executed amendments to the sewer agreement with the City of Los Altos
4. Designed and completed the construction of the 2015 Road Rehabilitation Project
5. Completed design of the 2016 Sanitary Sewer Rehabilitation project
6. Completed design for drainage improvements on Newbridge Drive
7. Completed design for Magdalena connector path
8. Worked with County to get Page Mill/I-280 improvements listed as a Tier 1 project
9. Collected wet weather flow data for Sanitary Sewer Master Plan
10. Submitted design of Page Mill/Matadero Creek for permitting
11. Completed year two of Acterra Stewardship services
12. Started sanitary sewer root foaming for 2016

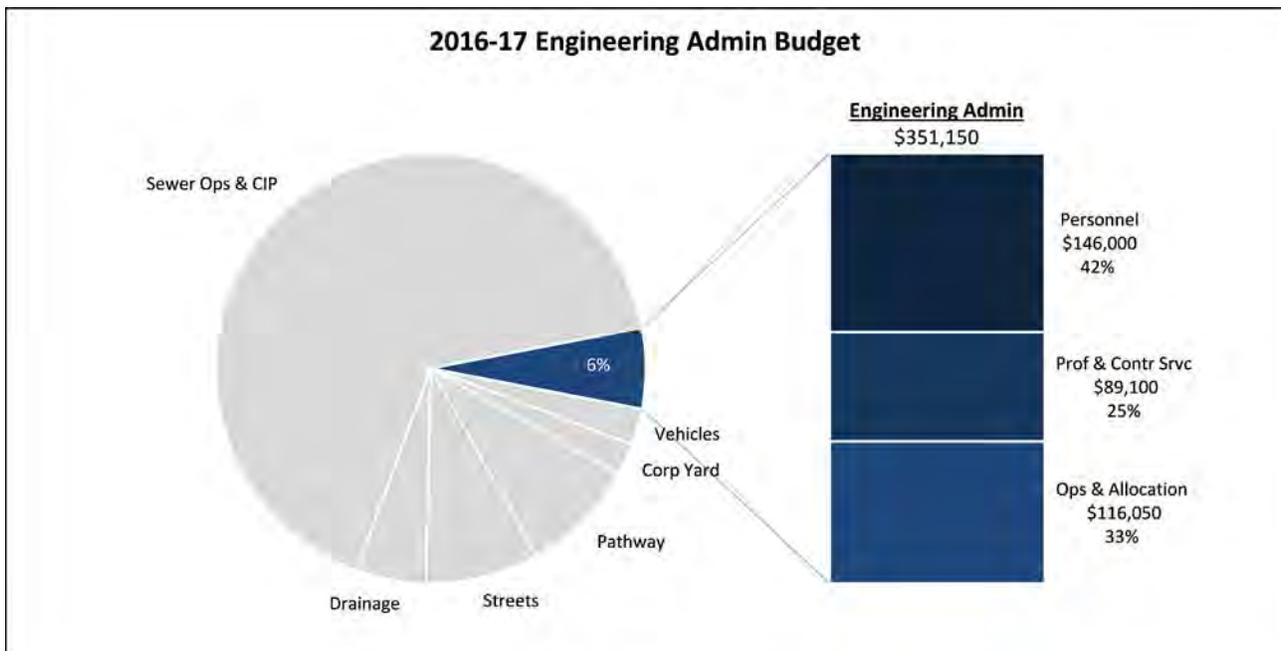
**2016-2017 OBJECTIVES:**

1. Complete the update of the Sanitary Sewer Management Plan
2. Secure consultant for Sanitary Sewer Master Plan
3. Complete design and construction for 2016 Road Rehabilitation project
4. Complete construction for the 2016 Sanitary Sewer Rehabilitation project
5. Secure permits for Page Mill/Matadero Creek erosion repair
6. Continue to work with Acterra and Open Space Committee on Town open space stewardship
7. Complete Town-wide tree inspection on highly used roadways and pathways
8. Continue to work with County and other stakeholders to construct the interim bicycle improvement plan for Page Mill Road near I-280
9. Continue to work with Caltrans to repave I-280 within Los Altos Hills limits
10. Complete construction of the Miranda Road pathway
11. Complete construction of the Newbridge Drive drainage improvements

## ENGINEERING ADMINISTRATION(011-3300)

### BUDGET SUMMARY:

The Public Works Engineering Division represents five percent of total governmental budget, three percent of total town-wide budget, and six percent of departmental budget. The Division budget increased by nine percent, or \$27,692 comparing to 2015-16 Estimated Actual. The Division is also staffed with 3 full-time engineers with 0.63 FTE allocated to engineering administration.



Four-Year Comparison	2015-16 Revised	2015-16 Est. Actual	2016-17 Budget	Budget to Est. Actual \$ Change	% Change
<b>Funding Source</b>					
Department Revenue:					
Licenses & Permits	\$ 400	\$ 400	\$ 400	\$ 0	0%
Charges for Current Services	43,400	38,493	43,400	4,907	13%
Other Sources/(Uses):					
General Fund Support	320,974	284,565	307,350	22,785	8%
<b>Total Funding Sources</b>	<b>\$ 364,774</b>	<b>\$ 323,458</b>	<b>\$ 351,150</b>	<b>\$ 27,692</b>	<b>9%</b>
<b>Department Expenditures</b>					
Personnel	\$ 135,024	\$ 132,698	\$ 146,000	\$ 13,302	10%
Professional Services	10,300	5,741	10,300	4,559	79%
Contractual Services	78,800	62,019	78,800	16,781	27%
Operations	9,700	9,120	9,700	580	6%
Allocations Out	130,950	113,880	106,350	(7,530)	-7%
<b>Total Expenditures</b>	<b>\$ 364,774</b>	<b>\$ 323,458</b>	<b>\$ 351,150</b>	<b>\$ 27,692</b>	<b>9%</b>

## SEWER (048: CAPITAL, 051: OPERATIONS)

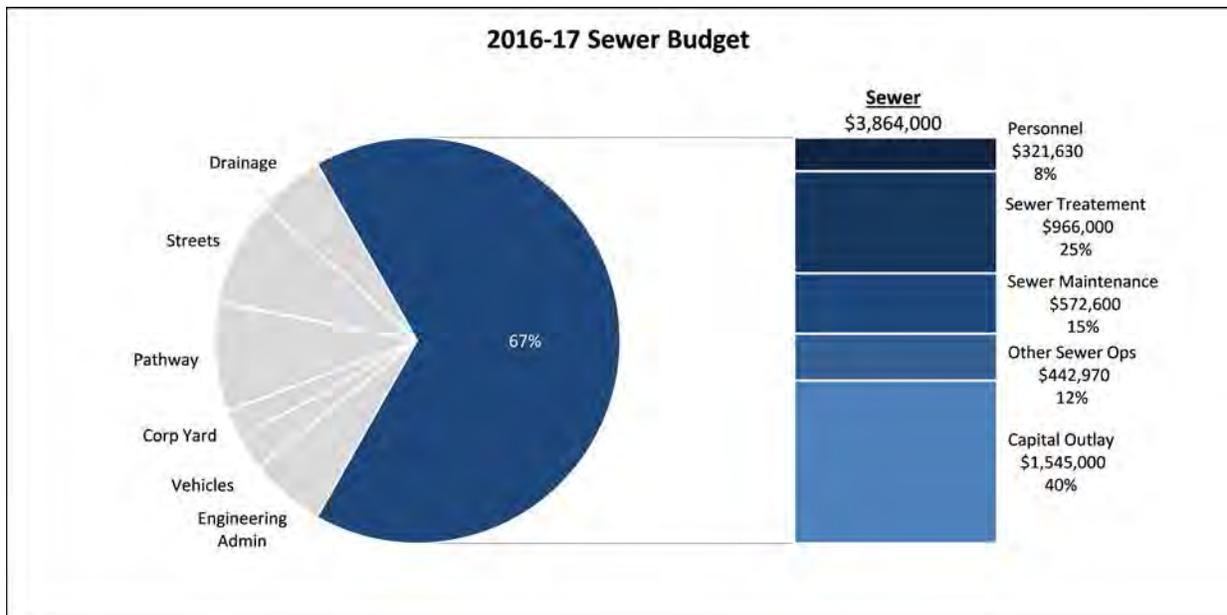
### BUDGET SUMMARY:

The Sewer Fund is the Town's only enterprise fund and represents 26 percent of total town-wide budget and 67 percent of departmental budget. The Division budget increased by 14 percent, or \$485,359, comparing to 2015-16 Estimated Actual.

The Sewer Fund is fully supported by revenues collected for providing sewer services to residential and non-residential customers and for sewer connection fees assessed on new connections to the system. As part of the 2015 Sewer Rate Study, the City Council approved a five-year sewer service charge increase to meet ongoing sewer maintenance and operations and to meet increased investment into the Town's sewer infrastructure. The rate study sets the 2016-17 sewer assessment charge per unit of service at \$1,420 for a total assessment charge of \$2,709,800.

Sewer Fund expense budget increased by 14 percent, or \$485,359, comparing to 2015-16 Estimated Actual. Majority of the changes are in personnel, professional services, and capital improvements. The increase of \$177,230 in personnel cost, when compared to 2015-16 Estimated Actual is attributed to the vacant Senior/Associate Engineer. The 2015 Sewer Technical Memo recommended the addition of one full-time sewer engineer to develop a proactive approach to sewer system management. This includes coordinating with maintenance contractors, developing the sewer report, and assessing and developing the annual sewer rehabilitation. In 2015-16, the Department kept the position vacant and contracted with V.W. Housen for the sewer system management. The available budget arising from the vacant position offset the cost to contract with V.W. Housen.

Additionally, the Department plans to increase its sewer rehabilitation program in 2016-17 by \$264,453. Details on the Sewer Rehabilitation Program is available on [page 96](#).



## SEWER (048: CAPITAL, 051: OPERATIONS)

(CONT)

Four-Year Comparison	2015-16	2015-16	2016-17	Budget to Est. Actual	
	Revised	Est. Actual	Budget	\$ Change	% Change
<b>Funding Source</b>					
Department Revenue:					
Sewer Assessment Charges	\$ 1,961,600	\$ 1,956,702	\$ 2,709,800	\$ 753,098	38%
Sewer Connection Fees	160,300	297,000	238,500	(58,500)	-20%
Miscellaneous	5,100	9,143	9,400	257	3%
Other Sources/(Uses):					
Sewer Fund Reserve	1,256,858	1,108,459	890,500	(217,959)	-20%
Investment in Capital (Depreciation)	215,000	215,000	215,000	0	0%
<b>Total Funding Sources</b>	<b>\$ 3,554,058</b>	<b>\$ 3,577,841</b>	<b>\$ 4,063,200</b>	<b>\$ 485,359</b>	<b>14%</b>
<b>Department Expenditures</b>					
Personnel	\$ 306,260	\$ 144,400	\$ 321,630	\$ 177,230	123%
Professional Services	124,500	191,434	69,500	(121,934)	-64%
Sewer Treatment	898,610	920,000	966,000	46,000	5%
Sewer Maintenance - Contract	516,000	545,377	572,600	27,223	5%
Other Contractual Services	74,450	59,755	42,400	(17,355)	-29%
Other Operating Cost (Incl Allocation)	435,926	424,791	546,070	121,279	28%
Capital Outlay (Before Capitalization)	1,198,312	1,292,084	1,545,000	252,916	20%
<b>Total Expenditures</b>	<b>\$ 3,554,058</b>	<b>\$ 3,577,841</b>	<b>\$ 4,063,200</b>	<b>\$ 485,359</b>	<b>14%</b>

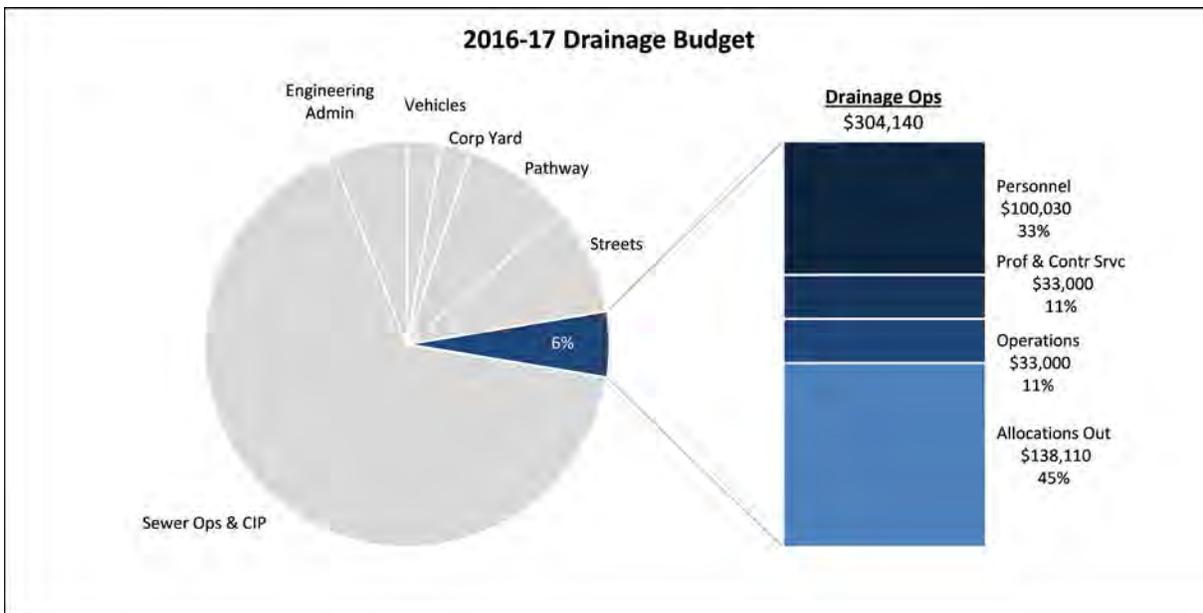
## STORM DRAIN OPERATIONS (011-4500, PREVIOUSLY FUND 012)

### BUDGET SUMMARY:

The storm drain operation represents three percent of total governmental budget, two percent of total town-wide budget, and six percent of departmental budget. The Division budget increased by 12 percent, or \$33,481, comparing to 2015-16 Estimated Actual. There are two major changes in storm drain operations in 2016-17: (1) addition of one full-time maintenance worker and (2) fund consolidation.

As mentioned in the City Manager's Message (page 3) and the Budget Overview (page 7), a new full-time maintenance worker position was added in 2016-17 to assist with pathway, street, and drainage maintenance. This increased the personnel budget by \$10,000 and added 312 hours per year for maintenance and operating activities.

To simplify the Town's fund structure and minimize interfund transfers, drainage operation and maintenance cost has been merged into General Fund (011-4500) and drainage in-lieu fee revenues will be recorded in Drainage Capital Fund (045).



Four-Year Comparison	2015-16 Revised	2015-16 Est. Actual	2016-17 Budget	Budget to Est. Actual \$ Change	% Change
<b>Funding Source</b>					
Department Revenue:					
Drainage in-Lieu (Transfers to Capital)	\$ 175,500	\$ 150,000	\$ 0	\$ (150,000)	-100%
Other Sources/(Uses):					
Drainage Capital Transfer	(175,500)	(150,000)	0	150,000	-100%
General Fund Support/Transfer	316,825	270,659	304,140	33,481	12%
<b>Total Funding Sources</b>	<b>\$ 316,825</b>	<b>\$ 270,659</b>	<b>\$ 304,140</b>	<b>\$ 33,481</b>	<b>12%</b>
<b>Department Expenditures</b>					
Personnel	\$ 84,416	\$ 88,663	\$ 100,030	\$ 11,367	13%
Professional Services	25,000	0	25,000	25,000	0%
Contractual Services	8,000	8,000	8,000	0	0%
Operations	33,000	26,000	33,000	7,000	27%
Allocations Out	166,409	147,996	138,110	(9,886)	-7%
<b>Total Expenditures</b>	<b>\$ 316,825</b>	<b>\$ 270,659</b>	<b>\$ 304,140</b>	<b>\$ 33,481</b>	<b>12%</b>

## STREET OPERATIONS (011-4600, PREVIOUSLY FUND 017)

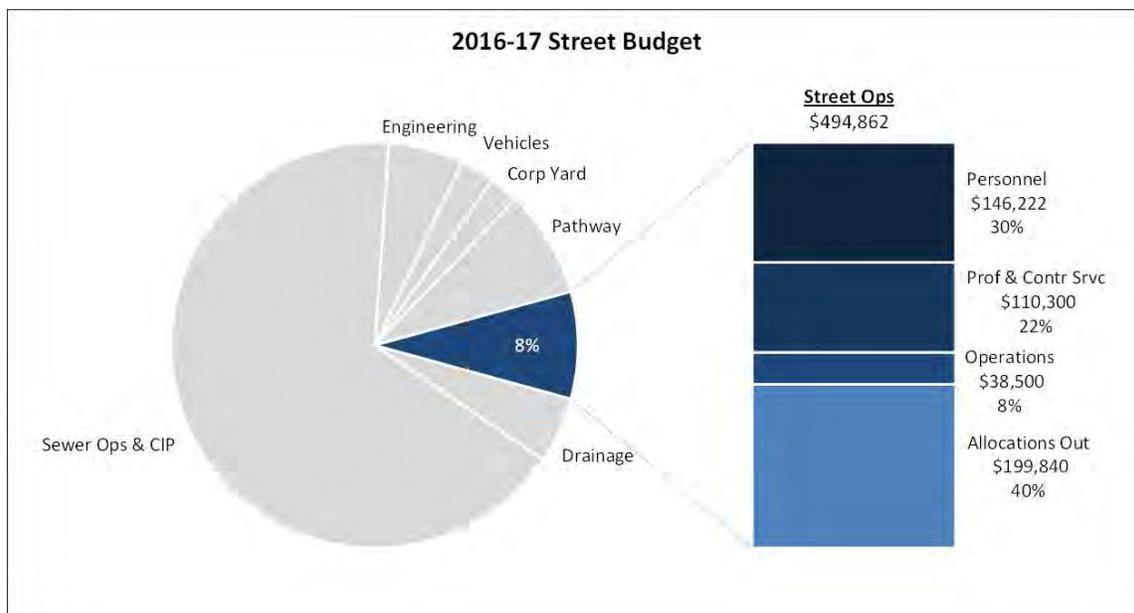
### BUDGET SUMMARY:

The street operation represents five percent of total governmental budget, three percent of total town-wide budget, and eight percent of departmental budget. The Division budget increased by 24 percent, or \$94,607, comparing to 2015-16 Estimated Actual. There are two major changes in storm drain operations in 2016-17: (1) addition of one full-time maintenance worker and (2) fund consolidation.

As mentioned in the City Manager's Message ([page 3](#)) and the Budget Overview ([page 7](#)), a new full-time maintenance worker position was added in 2016-17 to assist with pathway, street, and drainage maintenance. This increased the personnel budget by \$20,000 and added 624 hours per year for maintenance and operating activities.

Funding source for Street Operation Fund (017) included Gas Tax and General Fund, through interfund transfers. Annually, the Town receives roughly \$250,000 of Gas Tax for street maintenance, operations, and roadway improvements. Annual Road Rehabilitation Program ([page 98](#)) is \$700,000 to \$1.1 million. Average street operation cost is \$414,000 per year. General Fund is used to bridge the gap. To minimize interfund transfer, the City Council approved resolution to designate Gas Tax for road rehabilitation and to merge street maintenance and operations into General Fund (011-4600).

Contractual Services increased by \$37,300. The 2016-17 contractual services budget is set at the same level as 2015-16 budget, even though the 2015-16 estimated actual cost is a third of the budget. It is unknown, at this point, if ongoing street maintenance contract will remain at the reduced level at this point.



## STREET OPERATIONS (011-4600, PREVIOUSLY FUND 017)

(CONT)

Four-Year Comparison	2015-16	2015-16	2016-17	Budget to Est. Actual	
	Revised	Est. Actual	Budget	\$ Change	% Change
<b>Funding Source</b>					
Department Revenue:					
Gax Tax	\$ 156,075	\$ 152,054	\$ 0	\$ (152,054)	-100%
Miscellaneous	1,000	1,000	1,000	0	0%
Other Sources/(Uses):					
Street Capital Transfer	(80,000)	(80,000)	(259,758)	(179,758)	225%
Street Fund Reserve	80,000	78,899	259,758	180,759	229%
General Fund Support/Transfer	311,752	246,402	493,862	247,460	100%
<b>Total Funding Sources</b>	<b>\$ 468,827</b>	<b>\$ 398,455</b>	<b>\$ 494,862</b>	<b>\$ 96,407</b>	<b>24%</b>
<b>Department Expenditures</b>					
Personnel	\$ 118,512	\$ 120,704	\$ 146,222	\$ 25,518	21%
Professional Services	46,250	44,000	46,300	2,300	5%
Contractual Services	64,000	26,700	64,000	37,300	140%
Operations	44,100	33,500	38,500	5,000	15%
Allocations Out	195,965	173,551	199,840	26,289	15%
<b>Total Expenditures</b>	<b>\$ 468,827</b>	<b>\$ 398,455</b>	<b>\$ 494,862</b>	<b>\$ 96,407</b>	<b>24%</b>

## PATHWAY OPERATIONS (011-4740, PREVIOUSLY FUND 013)

**BUDGET SUMMARY:**

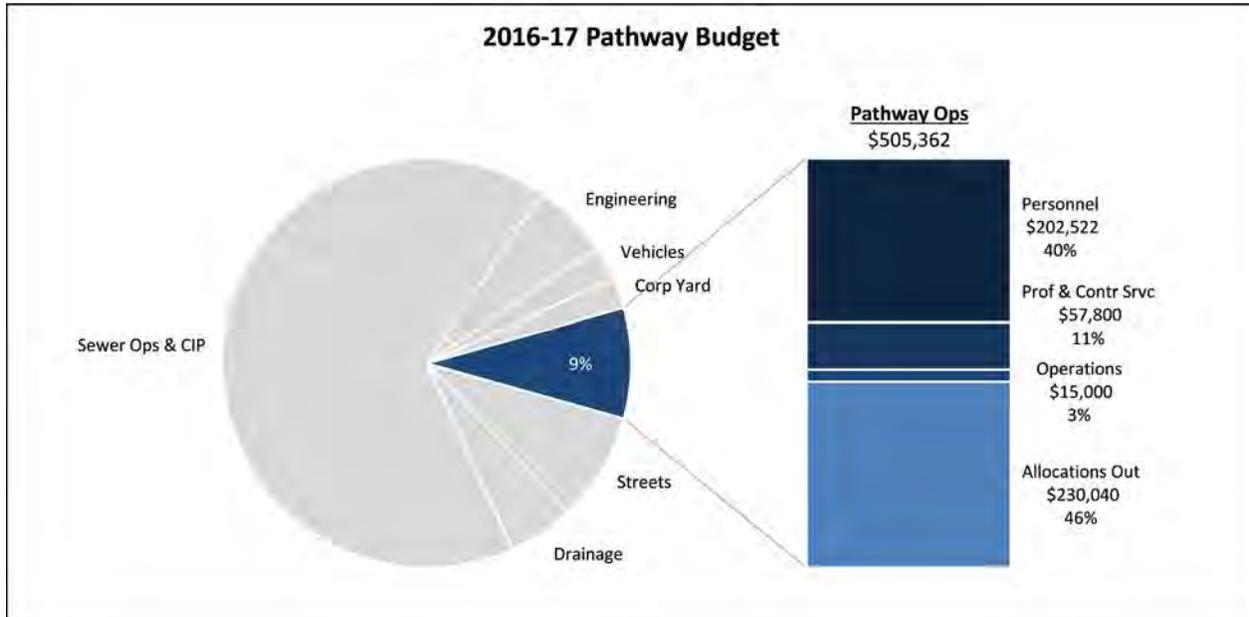
The pathway operation represents five percent of total governmental budget, three percent of total town-wide budget, and nine percent of departmental budget. The Division budget increased by 14 percent, or \$61,291, comparing to 2015-16 Estimated Actual. There are two major changes in pathway operations in 2016-17: (1) addition of one full-time maintenance worker and (2) fund consolidation.

As mentioned in the City Manager's Message ([page 3](#)) and the Budget Overview ([page 7](#)), a new full-time maintenance worker position was added in 2016-17 to assist with pathway, street, and drainage maintenance. This increased the personnel budget by \$27,200 and added 624 hours per year for maintenance and operating activities.

To simplify the Town's fund structure and minimize interfund transfers, pathway operation and maintenance cost has been merged into General Fund (011-4740) and pathway construction fee revenues will be recorded in Pathway Capital Fund (042).

**PATHWAY OPERATIONS (011-4740, PREVIOUSLY FUND 013)**

**(CONT)**



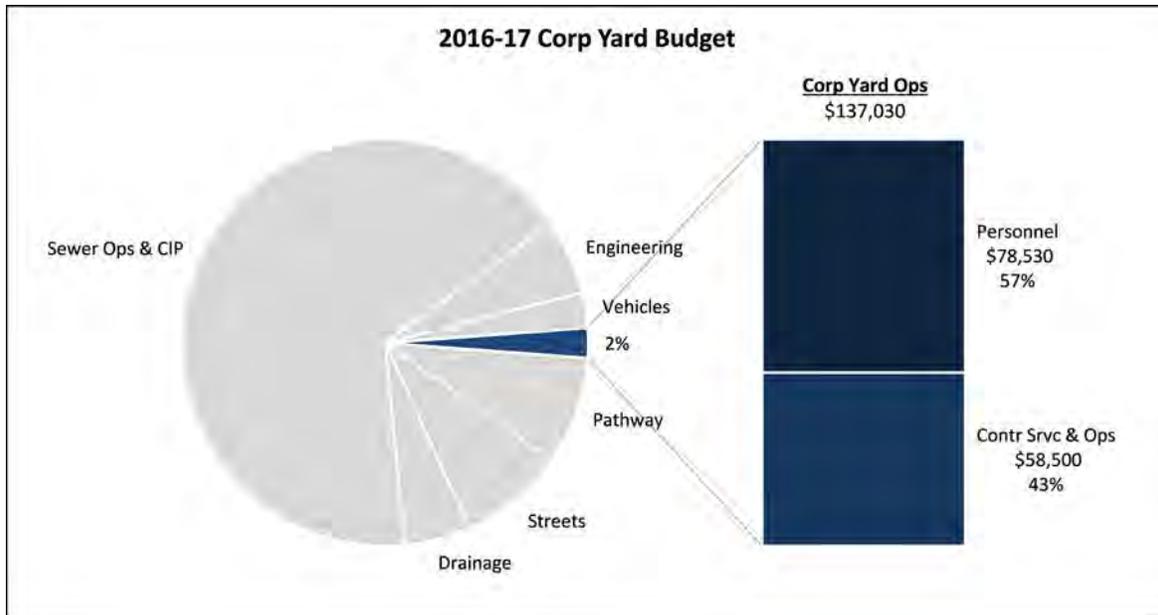
Four-Year Comparison	2015-16 Revised	2015-16 Est. Actual	2016-17 Budget	Budget to Est. Actual \$ Change	% Change
<b>Funding Source</b>					
Department Revenue:					
Pathway Construction Fees (Transfer to Pathway Capital)	\$ 170,000	\$ 150,000	\$ 0	\$ (150,000)	-100%
Miscellaneous	1,000	2,060	0	(2,060)	0%
Other Sources/(Uses):					
Pathway Capital Transfer	(170,000)	(150,000)	(640,882)	(490,882)	327%
Pathway Ops Reserve	0	(2,059)	640,882	642,941	-31226%
General Fund Support/Transfer	462,398	444,070	505,362	61,292	14%
<b>Total Funding Sources</b>	<b>\$ 463,398</b>	<b>\$ 444,071</b>	<b>\$ 505,362</b>	<b>\$ 61,291</b>	<b>14%</b>
<b>Department Expenditures</b>					
Personnel	\$ 170,425	\$ 175,361	\$ 202,522	\$ 27,161	15%
Professional Services	13,100	19,700	16,800	(2,900)	-15%
Contractual Services	43,408	40,300	41,000	700	2%
Operations	14,900	12,800	15,000	2,200	17%
Allocations Out	221,565	195,910	230,040	34,130	17%
<b>Total Expenditures</b>	<b>\$ 463,398</b>	<b>\$ 444,071</b>	<b>\$ 505,362</b>	<b>\$ 61,291</b>	<b>14%</b>

## CORP YARD OPERATIONS (061-4300)

### BUDGET SUMMARY:

The corp yard operation is an internal service fund division and represents two percent of departmental budget. The Division budget increased by eight percent, or \$10,447, comparing to 2015-16 Estimated Actual. The change in personnel and operations budget is minimal.

As an internal service division, corp yard operations are fully distributed to service departments based on City Council approved distribution. The distribution remains the same since 2004. It is part of the Finance & Administrative Services Department goal to reevaluate internal service allocation basis in 2016-17.



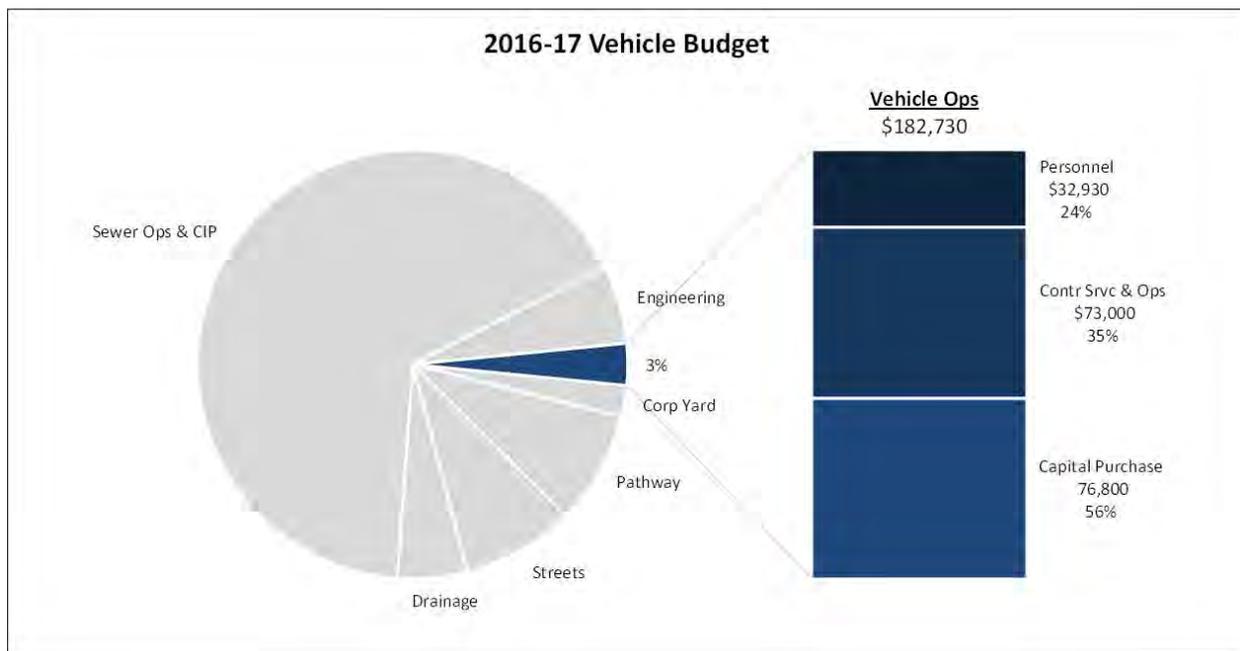
Four-Year Comparison	2015-16 Revised	2015-16 Est. Actual	2016-17 Budget	Budget to Est. Actual	
				\$ Change	% Change
<b>Funding Source</b>					
Allocations In	\$ 132,551	\$ 126,583	\$ 137,030	\$ 10,447	8%
<b>Total Funding Sources</b>	<b>\$ 132,551</b>	<b>\$ 126,583</b>	<b>\$ 137,030</b>	<b>\$ 10,447</b>	<b>8%</b>
<b>Department Expenditures</b>					
Personnel	\$ 74,191	\$ 74,778	\$ 78,530	\$ 3,752	5%
Contractual Services	2,000	2,700	2,000	(700)	-26%
Operations	56,360	49,105	56,500	7,395	15%
Allocations Out	0	0	0	0	0%
<b>Total Expenditures</b>	<b>\$ 132,551</b>	<b>\$ 126,583</b>	<b>\$ 137,030</b>	<b>\$ 10,447</b>	<b>8%</b>

## VEHICLE OPERATIONS (061-4400)

### BUDGET SUMMARY:

The vehicle operation is an internal service fund division and represents three percent of departmental budget. The Division budget increased by 84 percent, or \$83,586, comparing to 2015-16 Estimated Actual. The main contributor of this increase is the plan to replace the Town's existing dump truck, with a budget of \$75,000, resulting in an increase of \$69,300 in Capital Purchase budget.

As an internal service division, corp yard operations are fully distributed to service departments based on City Council approved distribution. The distribution remains the same since 2004. It is part of the Finance & Administrative Services Department goal to reevaluate internal service allocation basis in 2016-17.



Four-Year Comparison	2015-16 Revised	2015-16 Est. Actual	2016-17 Budget	Budget to Est. Actual \$ Change	% Change
<b>Funding Source</b>					
Allocations In	\$ 80,927	\$ 74,644	\$ 158,230	\$ 83,586	112%
Other Sources/(Uses)					
Investment in Capital (Depreciation)	24,500	24,500	24,500	0	0%
<b>Total Funding Sources</b>	<b>\$ 105,427</b>	<b>\$ 99,144</b>	<b>\$ 182,730</b>	<b>\$ 83,586</b>	<b>84%</b>
<b>Department Expenditures</b>					
Personnel	\$ 30,647	\$ 31,644	\$ 32,930	\$ 1,286	4%
Contractual Services	5,600	3,000	5,600	2,600	86%
Operations	42,880	32,500	42,900	10,400	32%
Capital Purchase	1,800	7,500	76,800	69,300	924%
<b>Total Expenditures</b>	<b>\$ 105,427</b>	<b>\$ 99,144</b>	<b>\$ 182,730</b>	<b>\$ 83,586</b>	<b>84%</b>

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# Capital Program

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# Capital Improvement Summary

The Capital Improvement Plan (CIP) is a five year plan for funding projects to improve on municipal services, strengthen infrastructures, and enhance culture and recreation. It is a one-year budget request plus four-year project plan. As mentioned in Budget Overview ([page 7](#)), the Town's ongoing capital programs are developed based on completed asset management reports, such as the Pavement Management Plan, Westwind Barn Master Plan, and the Sewer Technical Memo. Currently, the non-recurring projects are developed based on known needs identified by Town Staff and Committee members. Each project objective is discussed in the Project Description section ([page 96](#)) of this budget.

Project Name	Page No.	Fund	Department	2016-17 Budget
<b>Ongoing Program</b>				
Annual Road Rehabilitation	96	Street Capital	Public Works	\$ 1,100,000
Annual Sewer Rehabilitation	98	Sewer Capital	Public Works	1,350,000
Annual Storm Drain Improvement	99	Drainage Capital	Public Works	40,000
Westwind Barn Improvement	116	Westwind Barn Capital	Parks & Recreation	50,000
<b>Non-Recurring Projects</b>				
Barron Creek Restoration	100	Drainage Capital	Public Works	20,000
Building Permit System Upgrade	101	General Capital	Planning & Building	164,850
Cable Service Expansion Program	102	General Capital	City Manager	100,000
Council Chamber Carpet Replacement	103	Internal Service Fund	City Clerk	10,000
Dump Truck Replacement	104	Internal Service Fund	Public Works	75,000
Magdalena/Bob Stutz Connector	105	Pathway Capital	Public Works	142,000
Matadero Creek Erosion	106	Drainage Capital	Public Works	50,000
Newbridge Drainage Improvement	107	Drainage Capital	Public Works	50,000
Open Space Vegetation Management	108	General Capital	Public Works	56,721
Page Mill/I-280 Safety Bicycle Improvement	109	General Capital	Public Works	20,000
Page Mill/Moon Lane Pedestrian Bridge Crossing	110	Pathway Capital	Public Works	20,000
Pathway GIS System	111	Pathway Capital	Public Works	50,000
Sanitary Sewer Master Plan	114	Sewer Capital	Public Works	195,000
Summerhill Pathway Projectq	115	Pathway Capital	Public Works	30,000
			<b>Total</b>	<b>\$ 3,523,571</b>

# Five-Year Spending Summary

The 2016-2021 Five-Year Capital Program spending requests are listed below. The Prior Appropriation represents total spending to date and estimated 2015-16 budget carryover. Project cost includes paid design services, permitting fees, construction cost, and inspection. In-house design cost are not included. The projects are grouped by capital fund categories.

Project Name	Page No.	Prior Appropriation	2016-17 Budget	2017-18 Planned
<b>General Capital (041)</b>				
Building Permit System Upgrade	101	\$ 0	\$ 164,850	\$ 0
Cable Service Expansion Program	102		100,000	
Open Space Vegetation Management	108		56,721	42,167
Page Mill/I-280 Safety Bicycle Improvement	109		20,000	
Purissima Creek Restoration @ O'Keefe	112	146,044	2,548	24,700
Purissima Park Playground	113			
<b>Pathway Capital (042)</b>				
Magdalena/Bob Stutz Connector	105		142,000	
Pathway GIS System	111		50,000	
Page Mill/Moon Lane Pedestrian Bridge Crossing	110		20,000	90,000
Summerhill Pathway Project	115		30,000	
<b>Westwind Barn Capital (043)</b>				
Westwind Barn Improvement	116		50,000	50,000
<b>Drainage Capital (045)</b>				
Barron Creek Restoration	100	250,000	20,000	
Matadero Creek Erosion	106	1,034,290	50,000	
Newbridge Drainage Improvement	107	12,200	50,000	
Annual Storm Drain Improvement	99		40,000	40,000
<b>Street Capital (046)</b>				
Annual Road Rehabilitation	98		1,100,000	1,100,000
Dawnridge Road Rehabilitation	98			
<b>Sewer Capital (048)</b>				
Annual Sewer Rehabilitation	96	750,075	1,350,000	1,100,000
Sanitary Sewer Master Plan	114		195,000	
<b>Equipment &amp; Facility Replacement (061)</b>				
Council Chamber Carpet Replacement	103	10,000	10,000	
Dump Truck Replacement	104		75,000	
<b>Total</b>		<b>\$ 2,202,609</b>	<b>\$ 3,523,571</b>	<b>\$ 2,446,867</b>

Majority of the capital projects are to replace or improve on existing assets or infrastructures. Impact on operation is minimal to none, as a result. Only additional maintenance cost are identified under "Impact on Operation".

2018-19 Planned	2019-20 Planned	2020-21 Planned	Unidentified	Total	Impact on Operation
\$ 0	\$ 0	\$ 0	\$ 100,300	\$ 275,150	\$ 14,300
				100,000	
43,432				142,320	Unknown
				20,000	
24,700				195,444	
	50,000			50,000	
				142,000	
				50,000	
				110,000	
				30,000	
50,000	50,000	50,000		250,000	
				270,000	
				1,084,290	
				62,200	
40,000	40,000	40,000		200,000	
700,000	1,100,000	1,100,000		5,100,000	
400,000				400,000	
1,100,000	800,000	800,000		5,900,075	
				195,000	
				20,000	
				75,000	
<b>\$ 2,408,132</b>	<b>\$ 1,990,000</b>	<b>\$ 1,990,000</b>	<b>\$ 100,300</b>	<b>\$ 14,674,027</b>	

# Five-Year Funding Summary

The 2016-2021 Five-Year Capital Program funding requests are listed below. The Prior Appropriation represents total spending to date and estimated 2015-16 budget carryover. As mentioned in Budget Overview ([page 7](#)), capital programs are funded based on the following hierarchy:

- State and Federal Grants
- Special Funds - restricted (such as in-lieu fees and private donations)
- Capital Reserves
- General Fund

In the event that the Town's funding sources are limited in any given year, the City Council may adopt through resolution to defer or remove a capital project.

<b>Fund Name</b>	<b>Prior Appropriation</b>	<b>2016-17 Budget</b>	<b>2017-18 Planned</b>
General Fund (011)	\$ 325,846	\$ 815,622	\$ 865,400
General CIP Reserve (041)	36,280	0	24,700
Street Capital Reserve & Gas Tax (046)	0	487,558	234,600
Santa Clara Valley Water District Grant (041)	98,418	0	0
Westwind Barn Capital (043)	0	50,000	50,000
Drainage in-Lieu & Capital Reserve (045)	981,990	160,000	40,000
Park & Recreation in-Lieu (016)	0	40,939	42,167
Pathway in-Lieu & Capital Reserve (042)	0	242,000	90,000
Sewer Fund (051 & 048)	750,075	1,545,000	1,100,000
Internal Service (061)	10,000	85,000	0
<b>Total</b>	<b>\$ 2,202,609</b>	<b>\$ 3,426,119</b>	<b>\$ 2,446,867</b>

2018-19 Planned	2019-20 Planned	2020-21 Planned	Unidentified	Total	Impact on Operation
\$ 858,400	\$ 851,200	\$ 843,700	\$ 100,300	\$ 4,670,468	\$ 14,300
24,700	0	0	0	85,680	0
241,600	248,800	256,300	0	1,468,858	0
0	0	0	0	98,418	0
50,000	50,000	50,000	0	250,000	0
40,000	40,000	40,000	0	1,301,990	0
93,432	0	0	0	176,538	0
0	0	0	0	302,000	0
1,100,000	800,000	800,000	0	6,095,075	0
0	0	0	0	95,000	0
<b>\$ 2,408,132</b>	<b>\$ 1,990,000</b>	<b>\$ 1,990,000</b>	<b>\$ 100,300</b>	<b>\$ 14,574,027</b>	

# Project Description

## ANNUAL ROAD REHABILITATION PROJECT



Street paving at Christopher Lane

**PROJECT NUMBER:**  
TO BE ASSIGNED

**INITIAL FUNDING YEAR:**  
N/A. Ongoing program

**PLANNED START DATE:**  
N/A. Ongoing program

**ESTIMATED COMPLETION DATE:**  
N/A. Ongoing program

### PROJECT DESCRIPTION:

The annual street resurfacing program is designed to maintain safe and functional Town streets. The project may include 6" AC deep life patching, 4" full grind and paving, 2" asphalt concrete overlay, removal and reconstruction of concrete valley gutters/curbs, micro-surfacing, and all associated works. The street selections are based on recommendations from Metropolitan Transportation Commission's Pavement Management Program, field inspections, and staff judgement. Upon completion of the design phase and receipt of bids, the list of streets and type of work required are presented to the City Council for construction award. The goal of the project is to increase the Town's pavement condition index from 77 to 80 and above. The 2014 Pavement Management Program recommends an annual investment of \$800,000 to \$1 million maintain the pavement condition index at 77 and above.

Dawnridge Rd Pavement Rehab is schedule for replacement in 2018-19.

### PROJECT STATUS:

Ongoing program. Below is a list of projects for the last three years. The cost varies based on the scope of work, market conditions during bidding, complexity of the project, and cost of material.

Fiscal Year	Project Name	Start Date	Completion Date	Construction Cost
2013/14	2013 Pavement Rehab	Aug 2013	Nov 2013	\$ 463,429
2014/15	2014 Pavement Rehab (Phase 1)	Jul 2014	Feb 2015	\$ 865,775
	El Monte Road Rehab	Mar 2015	Nov 2015	\$ 484,970
	2014 Pavement Rehab (Phase 2)	Mar 2015	Jun 2015	\$ 200,598
2015/16	2015 Pavement Rehab	Aug 2015	Dec 2015	\$ 847,679

For 2016-17, the Town has identified the following streets for the 2016 Pavement Rehabilitation Project.

Street	From	To	Street Length (Feet)	Type of Work
Adobe Lane	Tepa Way	"End of 3rd Parcel (NE)"	690	Remove and Replace 4" A.C. and Install 3' wide A.C. swale
Alejandro Drive	St. Francis Road	End (South)	393	Microsurfacing

## ANNUAL ROAD REHABILITATION PROJECT

(CONT)

Street	From	To	Street Length (Feet)	Type of Work
Almaden Court	Altamont Road	"End of 4th Parcel (Southern Side)"	722	Remove and Replace 4" A.C.
Altamont Road	Page Mill Road	Black Mountain Road	2,592	Microsurfacing
Alta Tierra Road	Robleda Road	La Paloma Road	1,610	Microsurfacing
Ascencion Drive	Anacapa Drive	St. Francis Dr	1,601	Microsurfacing
Barton Court	Fremont Road	End	135	Microsurfacing
Barley Hill Road	Hilltop Drive	End	1,745	Microsurfacing
Bledsoe Court	Moody Road	End	105	Microsurfacing
Catherine Court	Donelson Place	End	480	2" Overlay
Carillo Lane	LA Cresta Drive	End	450	Microsurfacing
Dawn Lane	Elena Road	End	400	2" Overlay with Digouts
Duval way	Robleda Road	End	1,200	Microsurfacing
Elena Road	Robleda Road	Moody Road	3,980	Microsurfacing
Esperanza Drive	Concepcion Road	End	2,674	Microsurfacing with Digouts
Fremont Road	Miranda Road	Burke Road	3,705	Microsurfacing
Liddicoat circle	Liddicoat Drive	Liddicoat Drive	2,320	Microsurfacing
Moody Road	Elena Road	570 W/O Murieta Lane	7,130	Microsurfacing
Orchard Hill Lane	Robleda Road	End	890	2" Overlay with Digouts and Replace 4' wide concrete valley gutter
Robleda Road	Fremont Road	Elena Road	7,685	Microsurfacing and Digout
Snell Lane	Fremont Road	End	840	2" Overlay with Leveling Course
Stonebrook Drive	El Monte Road	Teresa Way	3,740	Microsurfacing
TOTAL			45,087	

### PROJECT FUNDING/SPENDING ESTIMATE:

Project Summary	Prior Appropriation	2016-17 Budget	2017-18 Planned	2018-19 Planned	2019-20 Planned	2020-21 Planned	Total Project
<b>Funding Source</b>							
Gas Tax	\$ 0	\$ 227,800	\$ 234,600	\$ 241,600	\$ 248,800	\$ 256,300	\$ 1,209,100
Street Capital Fund		259,758					259,758
General Fund		612,442	865,400	858,400	851,200	843,700	4,031,142
<b>Total Funding</b>	<b>\$ 0</b>	<b>\$ 1,100,000</b>	<b>\$ 5,500,000</b>				
<b>Project Spending</b>							
Annual Road Rehab	\$ 0	\$ 1,100,000	\$ 1,100,000	\$ 700,000	\$ 1,100,000	\$ 1,100,000	\$ 5,500,000
Dawnridge Drive				400,000			400,000
<b>Total Spending</b>	<b>\$ 0</b>	<b>\$ 1,100,000</b>	<b>\$ 5,500,000</b>				

### RECURRING ANNUAL MAINTENANCE AND OPERATING COSTS, IF APPLICABLE:

This is part of the pavement management program to keep ongoing maintenance cost at the annually budgeted amount.

## ANNUAL SEWER REHABILITATION PROJECT



Sewer Trenching

**PROJECT NUMBER:**  
TO BE ASSIGNED

**INITIAL FUNDING YEAR:**  
N/A. Ongoing program

**PLANNED START DATE:**  
N/A. Ongoing program

**ESTIMATED COMPLETION DATE:**  
N/A. Ongoing program

### PROJECT DESCRIPTION:

The 2015 Sewer System Assessment Memo (Sewer Technical Memo) recommends an annual system investment of \$1 million to prevent sanitary sewer overflow. Segments are identified and reviewed annually as part of the design phase. The design phase begins in Fall of each fiscal year, construction contract award in late Spring, construction begins in Summer, and complete with final inspection approval in late Winter. Final inspection includes CCTV to ensure adequate repair and rehabilitation. Construction contracts can span over fiscal years and unspent funds are carried over to the following fiscal year.

### PROJECT STATUS:

Ongoing program. Below is a list of projects for the last three years.

Fiscal Year	Project Name	Construction Award Date	Completion Date	Construction Cost
2013/14	2013/14 Sanitary Sewer Repair & Rehab	Aug 2013	Sept 2014	\$424,045
2014/15	2015 Sanitary Sewer Repair & Rehab	Mar 2015	Jan 2016	\$541,300
2015/16	2016 Sanitary Sewer Repair & Rehab	May 2016	--	--

The 2016 Sanitary Sewer Repair and Replacement Project scope is available at [http://losaltoshills.granicus.com/MetaViewer.php?view\\_id=2&clip\\_id=327&meta\\_id=47658](http://losaltoshills.granicus.com/MetaViewer.php?view_id=2&clip_id=327&meta_id=47658)

### PROJECT FUNDING/SPENDING ESTIMATE:

Project Summary	Prior Appropriation	2016-17 Budget	2017-18 Planned	2018-19 Planned	2019-20 Planned	2020-21 Planned	Total Project
<b>Funding Source</b>							
Sewer Fund	\$ 750,075	\$ 1,350,000	\$ 1,100,000	\$ 1,100,000	\$ 800,000	\$ 800,000	\$ 5,900,075
<b>Total Funding</b>	<b>\$ 750,075</b>	<b>\$ 1,350,000</b>	<b>\$ 1,100,000</b>	<b>\$ 1,100,000</b>	<b>\$ 800,000</b>	<b>\$ 800,000</b>	<b>\$ 5,900,075</b>
<b>Project Spending</b>							
Annual Sewer Rehabilitation	\$ 750,075	\$ 1,350,000	\$ 1,100,000	\$ 1,100,000	\$ 800,000	\$ 800,000	\$ 5,900,075
<b>Total Spending</b>	<b>\$ 750,075</b>	<b>\$ 1,350,000</b>	<b>\$ 1,100,000</b>	<b>\$ 1,100,000</b>	<b>\$ 800,000</b>	<b>\$ 800,000</b>	<b>\$ 5,900,075</b>

### RECURRING ANNUAL MAINTENANCE AND OPERATING COSTS, IF APPLICABLE:

No additional maintenance and operating cost. This program focuses on addressing system deficiencies to maintain operating cost at the current level.

## ANNUAL STORM DRAIN IMPROVEMENTS



New Concrete Valley Gutter

**PROJECT NUMBER:**  
TO BE ASSIGNED

**INITIAL FUNDING YEAR:**  
N/A. Ongoing program

**PLANNED START DATE:**  
N/A. Ongoing program

**ESTIMATED COMPLETION DATE:**  
N/A. Ongoing program

**PROJECT DESCRIPTION:**

Designed to protect, preserve, and enhance storm drain facilities to minimize threat of flooding or extended periods of standing water during and after storm/rain events. The storm drain improvements are completed along with the annual road/pavement rehabilitation program. This approach is efficient for repairing drainage discharge outlets and roadside diversion conduits.

**PROJECT STATUS:**

Primarily done with annual Road Rehabilitation project.

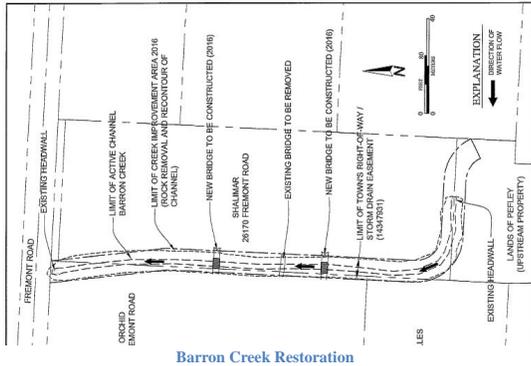
**PROJECT FUNDING/SPENDING ESTIMATE:**

Project Summary	Prior Appropriation	2016-17 Budget	2017-18 Planned	2018-19 Planned	2019-20 Planned	2020-21 Planned	Total Project
<b>Funding Source</b>							
Drainage in-Lieu	\$ 0	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 200,000
<b>Total Funding</b>	<b>\$ 0</b>	<b>\$ 40,000</b>	<b>\$ 200,000</b>				
<b>Project Spending</b>							
Annual Drainage Improvement	\$ 0	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 200,000
<b>Total Spending</b>	<b>\$ 0</b>	<b>\$ 40,000</b>	<b>\$ 200,000</b>				

**RECURRING ANNUAL MAINTENANCE AND OPERATING COSTS, IF APPLICABLE:**

No additional maintenance and operating cost. This is part of the routine maintenance program.

## BARRON CREEK RESTORATION PROJECT



**PROJECT NUMBER:**  
410208

**INITIAL FUNDING YEAR:**  
July 2015

**PLANNED START DATE:**  
July 2016

**ESTIMATED COMPLETION DATE:**  
June 2017

### PROJECT DESCRIPTION:

Barron Creek drainage channel is located on private property, where the Town has an easement right. Sediments have deposited in the channel raising the original flow line. Dredging is required to restore to the original flow line elevation. The property owner has requested for the restoration to include aesthetic improvements be included and has agreed to improve this channel based on Town’s drainage requirements while complying with planning and building code in the aesthetic improvements. The Town will reimburse the property owner up to \$250,000 or 50% of channel improvement, excluding all aesthetic improvement cost. In 2015/16, \$250,000 was appropriated for this purpose. The draft contract agreement is under review by both parties. Additional request of \$20,000 for incidental costs, such as legal fees.

### PROJECT STATUS:

The draft contract agreement is under review by both parties.

### PROJECT FUNDING/SPENDING ESTIMATE:

Project Summary	Prior Appropriation	2016-17 Budget	2017-18 Planned	2018-19 Planned	2019-20 Planned	2020-21 Planned	Total Project
<b>Funding Source</b>							
Drainage in-lieu	\$ 250,000	\$ 20,000	\$ 0	\$ 0	\$ 0	\$ 0	270,000
<b>Total Funding</b>	<b>\$ 250,000</b>	<b>\$ 20,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>270,000</b>
<b>Project Spending</b>							
	\$ 250,000	\$ 20,000	\$ 0	\$ 0	\$ 0	\$ 0	270,000
<b>Total Spending</b>	<b>\$ 250,000</b>	<b>\$ 20,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>270,000</b>

### RECURRING ANNUAL MAINTENANCE AND OPERATING COSTS, IF APPLICABLE:

The current operating budget includes maintenance cost for all existing drainage system. There is no additional maintenance cost.

## BUILDING PERMIT SYSTEM UPGRADE



3D Permit Module

**PROJECT NUMBER:**  
TO BE ASSIGNED

**INITIAL FUNDING YEAR:**  
July 2016

**PLANNED START DATE:**  
September 2016

**ESTIMATED COMPLETION DATE:**  
June 2017

### PROJECT DESCRIPTION:

The Town's permit tracking system is in need for an upgrade. The current system, Filemaker Pro, is insufficient in report generation and possesses a lack of field security allowing for data entry error. The new system will allow for greater communication between departments which will provide greater efficiency, accuracy, and time savings to both staff and residents. Proposals were requested in 2015/16 to understand the permit tracking system market and to receive preliminary quotes. Based on the Town's need at this time, the most responsive quote was \$164,850, which will include training and data conversion. Optional modules to be added in the future includes (pricing based on current estimates and are subject to change);

Modules	Installation (one-time)	Annual Maintenance
1. Live connection with Town's Financial System		\$ 5,000
2. Digital plan review capability	\$ 26,580	\$ 5,249
3. GIS Capability	\$ 16,020	\$ 2,500
4. Mobile Inspection Module	\$ 40,640	\$ 6,000
5. Citizen Mobile Request App	\$ 22,060	
Total Additional Cost - Not included in budget	\$ 105,280	\$ 18,749

### PROJECT STATUS:

New project. Quotes were received from three vendors. Site visit completed in January 2016.

### PROJECT FUNDING/SPENDING ESTIMATE:

Project Summary	Prior Appropriation	2016-17 Budget	2017-18 Planned	2018-19 Planned	2019-20 Planned	2020-21 Planned	Total Project
<b>Funding Source</b>							
General Fund	\$ 0	\$ 164,850	\$ 0	\$ 0	\$ 0	\$ 0	164,850
<b>Total Funding</b>	<b>\$ 0</b>	<b>\$ 164,850</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>164,850</b>
<b>Project Spending</b>							
Purchase & License	\$ 0	\$ 58,000	\$ 0	\$ 0	\$ 0	\$ 0	58,000
SQL Server	0	10,000					10,000
Data Conversion	0	85,600					85,600
Training	0	11,250					11,250
<b>Total Spending</b>	<b>\$ 0</b>	<b>\$ 164,850</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>164,850</b>

### RECURRING ANNUAL MAINTENANCE AND OPERATING COSTS, IF APPLICABLE:

Annual maintenance cost for licensing is \$14,300, plus 3% CPI.

## CABLE SERVICE EXPANSION PROGRAM



Cable Services

**PROJECT NUMBER:**  
TO BE ASSIGNED

**INITIAL FUNDING YEAR:**  
July 2016

**PLANNED START DATE:**  
July 2016

**ESTIMATED COMPLETION DATE:**  
N/A. Ongoing Program

### PROJECT DESCRIPTION:

The City Council believes that it is in the public's interest to have adequate cable services available to all residents for better access to public safety information, more opportunity for civic engagement, and enhancing education and digital literacy. The purpose of this cost sharing program is to establish a means by which the Town can provide limited financial support for the construction of Comcast cable system equipment within public ways as defined in Section 1.12 of the Franchise Agreement.

### PROJECT STATUS:

New project. The cost sharing policy under development.

### PROJECT FUNDING/SPENDING ESTIMATE:

Project Summary	Prior Appropriation	2016-17 Budget	2017-18 Planned	2018-19 Planned	2019-20 Planned	2020-21 Planned	Total Project
<b>Funding Source</b>							
General Fund	\$ 0	\$ 100,000	\$ 0	\$ 0	\$ 0	\$ 0	100,000
<b>Total Funding</b>	<b>\$ 0</b>	<b>\$ 100,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>100,000</b>
<b>Project Spending</b>							
Cost Sharing Program	\$ 0	\$ 100,000	\$ 0	\$ 0	\$ 0	\$ 0	100,000
<b>Total Spending</b>	<b>\$ 0</b>	<b>\$ 100,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>100,000</b>

### RECURRING ANNUAL MAINTENANCE AND OPERATING COSTS, IF APPLICABLE:

This program has no impact on Town operating and maintenance budget.

## COUNCIL CHAMBER CARPET REPLACEMENT



Council Chamber

**PROJECT NUMBER:**  
NOT APPLICABLE

**INITIAL FUNDING YEAR:**  
July 2015

**PLANNED START DATE:**  
October 2016

**ESTIMATED COMPLETION DATE:**  
June 2017

**PROJECT DESCRIPTION:**

The Los Altos Hills Council Chamber is used for City Council meetings, Committees and Commission meetings, and as recreational facility for local residents. The carpet in the chamber is 10 years old and the threads have begun to unravel. The original budget for this project was \$10,000. Due to increasing demand from events, classes, and meetings, a commercial grade carpet must be installed resulting in an increase in replacement cost.

**PROJECT STATUS:**

Received quotes. All above \$10,000.

**PROJECT FUNDING/SPENDING ESTIMATE:**

Project Summary	Prior Appropriation	2016-17 Budget	2017-18 Planned	2018-19 Planned	2019-20 Planned	2020-21 Planned	Total Project
<b>Funding Source</b>							
Internal Service	\$ 10,000	\$ 10,000	\$ 0	\$ 0	\$ 0	\$ 0	20,000
<b>Total Funding</b>	<b>\$ 10,000</b>	<b>\$ 10,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>20,000</b>
<b>Project Spending</b>							
Carpet Replacemet	\$ 10,000	\$ 10,000	\$ 0	\$ 0	\$ 0	\$ 0	20,000
<b>Total Spending</b>	<b>\$ 10,000</b>	<b>\$ 10,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>20,000</b>

**RECURRING ANNUAL MAINTENANCE AND OPERATING COSTS, IF APPLICABLE:**

No additional maintenance cost.

## DUMP TRUCK REPLACEMENT



Dump Truck

**PROJECT NUMBER:**

NOT APPLICABLE

**INITIAL FUNDING YEAR:**

July 2016

**PLANNED START DATE:**

October 2016

**ESTIMATED COMPLETION DATE:**

June 2017

**PROJECT DESCRIPTION:**

Replace the current 1997 Ford F350 dump truck at estimated cost of \$75,000. The dump truck is currently out of service and does not meet current diesel emission standards, lacks current safety equipment, and requires multiple mechanical repairs.

**PROJECT STATUS:**

Dump truck specification are being reviewed. Department will begin researching price and whether the Town can piggy-back off of another agency's pricing as a cost saving measure.

**PROJECT FUNDING/SPENDING ESTIMATE:**

Project Summary	Prior Appropriation	2016-17 Budget	2017-18 Planned	2018-19 Planned	2019-20 Planned	2020-21 Planned	Total Project
<b>Funding Source</b>							
General Fund	\$ 0	\$ 75,000	\$ 0	\$ 0	\$ 0	\$ 0	75,000
<b>Total Funding</b>	<b>\$ 0</b>	<b>\$ 75,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>75,000</b>
<b>Project Spending</b>							
Carpet Replacemet	\$ 0	\$ 75,000	\$ 0	\$ 0	\$ 0	\$ 0	75,000
<b>Total Spending</b>	<b>\$ 0</b>	<b>\$ 75,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>75,000</b>

**RECURRING ANNUAL MAINTENANCE AND OPERATING COSTS, IF APPLICABLE:**

This is a replacement of an existing truck. There is no additional maintenance cost. Disposal income will be minimal as the current dump truck is non-operational.

## MAGDALENA/BOB STUTZ CONNECTOR



Magdalena/Bob Stutz Connector

**PROJECT NUMBER:**  
TDB

**INITIAL FUNDING YEAR:**  
July 2015

**PLANNED START DATE:**  
September 2016

**ESTIMATED COMPLETION DATE:**  
December 2018

### PROJECT DESCRIPTION:

Complete final segment of Bob Stutz Path connecting Magdalena Road to El Monte Road. This pathway connector is estimated to be 600 feet. Bob Stutz Path was completed in August 2014. The path ends near Interstate-280 forcing pedestrians and horses to walk onto I-280 off ramp in order to connect to Magdalena Road. In order to connect the path directly to Magdalena, Public Works Department has been coordinating with Caltran to obtain an encroachment permit, including filing an environmental document with County Recorder's office.

### PROJECT STATUS:

The design is completed. The project is in review phase by Caltran.

### PROJECT FUNDING/SPENDING ESTIMATE:

Project Summary	Prior Appropriation	2016-17 Budget	2017-18 Planned	2018-19 Planned	2019-20 Planned	2020-21 Planned	Total Project
<b>Funding Source</b>							
Pathway in-lieu	\$ 0	\$ 142,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 142,000
<b>Total Funding</b>	<b>\$ 0</b>	<b>\$ 142,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 142,000</b>
<b>Project Spending</b>							
Construction	\$ 0	\$ 142,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 142,000
<b>Total Spending</b>	<b>\$ 0</b>	<b>\$ 142,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 142,000</b>

### RECURRING ANNUAL MAINTENANCE AND OPERATING COSTS, IF APPLICABLE:

No additional maintenance cost determined at this time. The Public Works Department has an additional maintenance worker in the 2016-17 Budget, which will allow the maintenance crew to maintain all existing and new pathways.

## MATADERO CREEK EROSION



Matadero Creek scouring pool

**PROJECT NUMBER:**

467209

**INITIAL FUNDING YEAR:**

July 2012

**PLANNED START DATE:**

July 2012

**ESTIMATED COMPLETION DATE:**

June 2018

**PROJECT DESCRIPTION:**

Repair erosion along the edge of Page Mill Road between Baleri Ranch Road and Berry Hill Court at Matadero Creek. This section of Page Mill Road is within CalTrans right-of-way. Due to the large overall expense of the erosion repair project, the lengthy permitting process and the risk of the travel lane being washed out, the project was divided into two phases. Phase One stabilized the roadway. Project includes geotechnical investigation, topographic survey, design, construction and inspection work. Phase Two will repair the creek erosion, which includes environmental study, hydraulic study, permitting process with state and Federal agencies, design, construction and inspection work.

**PROJECT STATUS:**

Phase One was completed on December 12, 2012. Phase Two design has been submitted to regulatory agencies for review and permitting. Construction is scheduled to begin in FY 16/17.

**PROJECT FUNDING/SPENDING ESTIMATE:**

Project Summary	Prior Appropriation	2016-17 Budget	2017-18 Planned	2018-19 Planned	2019-20 Planned	2020-21 Planned	Total Project
<b>Funding Source</b>							
Drainage in-Lieu	\$ 719,790	\$ 50,000	\$ 0	\$ 0	\$ 0	\$ 0	769,790
General Fund	314,500						314,500
<b>Total Funding</b>	<b>\$ 1,034,290</b>	<b>\$ 50,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>1,084,290</b>
<b>Project Spending</b>							
Phase 1	\$ 338,490	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	338,490
Phase 2 - Design	195,800						195,800
Phase 2 - Constr.	500,000	50,000					550,000
<b>Total Spending</b>	<b>\$ 1,034,290</b>	<b>\$ 50,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>1,084,290</b>

**RECURRING ANNUAL MAINTENANCE AND OPERATING COSTS, IF APPLICABLE:**

Upon completion, maintenance of the creek will be included as part of the ongoing drainage maintenance budget. There is no additional cost.

## NEWBRIDGE DRAINAGE IMPROVEMENT



Newbridge Drainage

**PROJECT NUMBER:**

467219

**INITIAL FUNDING YEAR:**

July 2015

**PLANNED START DATE:**

August 2016

**ESTIMATED COMPLETION DATE:**

June 2017

**PROJECT DESCRIPTION:**

Newbridge Drive has ponding water at several areas. In September 2015, Wilsey Ham was contracted for survey and design work, which were completed in March 2016. Project will include new grades for the asphalt and new drainage improvements to create positive drainage flow.

**PROJECT STATUS:**

Area survey and design has been completed.

**PROJECT FUNDING/SPENDING ESTIMATE:**

Project Summary	Prior Appropriation	2016-17 Budget	2017-18 Planned	2018-19 Planned	2019-20 Planned	2020-21 Planned	Total Project
<b>Funding Source</b>							
Drainage in-Lieu	\$ 12,200	\$ 50,000	\$ 0	\$ 0	\$ 0	\$ 0	62,000
<b>Total Funding</b>	<b>\$ 12,200</b>	<b>\$ 50,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>62,000</b>
<b>Project Spending</b>							
Design	\$ 12,200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	12,200
Carpet Replacemet	0	50,000					50,000
<b>Total Spending</b>	<b>\$ 12,200</b>	<b>\$ 50,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>62,000</b>

**RECURRING ANNUAL MAINTENANCE AND OPERATING COSTS, IF APPLICABLE:**

No additional maintenance cost.

## OPEN SPACE VEGETATION MANAGEMENT



Open Space Maintenance Volunteer

**PROJECT NUMBER:**  
To Be Assigned

**INITIAL FUNDING YEAR:**  
April 2014

**PLANNED START DATE:**  
April 2014

**ESTIMATED COMPLETION DATE:**  
Unknown

### PROJECT DESCRIPTION:

In 2014, a stewardship program was created to reduce invasive plants in Byrne, Juan Prado Mesa, and O’Keefe Preserves. The program also provided community education and outreach to increase public awareness and appreciation of open space within Los Altos Hills. The pilot stewardship program, managed by Acterra Stewardship, was an annual assessment program. Based on the initial assessments made during the pilot program, Acterra was awarded a three-year grant, by Santa Clara Valley Water District (SCVWD) to restore Byrne Preserves by removing invasive plants, replant native vegetation, monitor, and replanting as necessary. The total project cost is \$338,788 - \$135,000 from SCVWD grant, \$77,250 from in-kind volunteer contribution and \$126,538 as Town’s match. Additionally, Acterra will continue to provide an annual open space maintenance and community education and outreach.

### PROJECT STATUS:

Acterra Stewardship was awarded a \$135,000 grant from SCVWD with a Town’s matching of \$126,538 and volunteer in-kind contribution of \$77,250. Acterra’s proposal includes a 2016-17 budget request for education and open space maintenance at \$15,782.

### PROJECT FUNDING/SPENDING ESTIMATE:

Project Summary	Prior Appropriation	2016-17 Budget	2017-18 Planned	2018-19 Planned	2019-20 Planned	2020-21 Planned	Total Project
<b>Funding Source</b>							
Park & Rec in-Lieu	\$ 0	\$ 40,939	\$ 42,167	\$ 43,432	\$ 0	\$ 0	126,538
General Fund	0	15,782					15,782
<b>Total Funding</b>	<b>\$ 0</b>	<b>\$ 56,721</b>	<b>\$ 42,167</b>	<b>\$ 43,432</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>142,320</b>
<b>Project Spending</b>							
Bryne Preserve	\$ 0	\$ 40,939	\$ 42,167	\$ 43,432	\$ 0	\$ 0	126,538
Annual Education & Maintenance	0	15,782					15,782
<b>Total Spending</b>	<b>\$ 0</b>	<b>\$ 56,721</b>	<b>\$ 42,167</b>	<b>\$ 43,432</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>142,320</b>

### RECURRING ANNUAL MAINTENANCE AND OPERATING COSTS, IF APPLICABLE:

The Town has an contract with Acterra to maintain open space and to promote public awareness of invasive non-native vegetations. These contracts are renewed annually at \$15,782 per year.

## PAGE MILL/I-280 SAFETY BICYCLE IMPROVEMENT



Page Mill/I-280 (courtesy of google map)

**PROJECT NUMBER:**  
TO BE ASSIGNED

**INITIAL FUNDING YEAR:**  
July 2016

**PLANNED START DATE:**  
Design in progress

**ESTIMATED COMPLETION DATE:**  
June 2017

### PROJECT DESCRIPTION:

The Page Mill/I-280 interchange has been a challenge to bicyclists since the designated bike lane requires bicyclists to cross lanes on Page Mill Road. The County is planning safety improvements and has secured a majority of project funding from the Valley Transportation Authority to help fund the safety improvements. The project is estimated to cost \$400,000 and will be managed by the County Roads and Airport department. The County requested a contribution from the Town.

### PROJECT STATUS:

Area survey and design has been completed.

### PROJECT FUNDING/SPENDING ESTIMATE:

Project Summary	Prior Appropriation	2016-17 Budget	2017-18 Planned	2018-19 Planned	2019-20 Planned	2020-21 Planned	Total Project
<b>Funding Source</b>							
General Fund	\$ 0	\$ 20,000	\$ 0	\$ 0	\$ 0	\$ 0	20,000
<b>Total Funding</b>	<b>\$ 0</b>	<b>\$ 20,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>20,000</b>
<b>Project Spending</b>							
Town's portion	\$ 0	\$ 20,000	\$ 0	\$ 0	\$ 0	\$ 0	20,000
<b>Total Spending</b>	<b>\$ 0</b>	<b>\$ 20,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>20,000</b>

### RECURRING ANNUAL MAINTENANCE AND OPERATING COSTS, IF APPLICABLE:

This portion of the road is part of the County's right of way. Maintenance cost is the County's responsibility.

## PAGE MILL/MOON LANE PEDESTRIAN BRIDGE CROSSING



Page Mill/Moon Lane (courtesy of Google Map)

**PROJECT NUMBER:**  
TO BE ASSIGNED

**INITIAL FUNDING YEAR:**  
July 2016

**PLANNED START DATE:**  
October 2016

**ESTIMATED COMPLETION DATE:**  
June 2018

### PROJECT DESCRIPTION:

Begin design of pedestrian bridge to cross the creek at Page Mill Road and Moon Lane. This high traffic area is dangerous for both motorists and pedestrians. The bridge will connect the on-road path on Moon Lane to Northeast side of Page Mill Road. Construction is planned for 2017-18. Preliminary construction estimate is \$90,000 and will be finalized upon completion of the design phase.

### PROJECT STATUS:

New project.

### PROJECT FUNDING/SPENDING ESTIMATE:

Project Summary	Prior Appropriation	2016-17 Budget	2017-18 Planned	2018-19 Planned	2019-20 Planned	2020-21 Planned	Total Project
<b>Funding Source</b>							
Pathway in-Lieu	\$ 0	\$ 20,000	\$ 90,000	\$ 0	\$ 0	\$ 0	\$ 110,000
<b>Total Funding</b>	<b>\$ 0</b>	<b>\$ 20,000</b>	<b>\$ 90,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 110,000</b>
<b>Project Spending</b>							
Design	\$ 0	\$ 20,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,000
Construction			90,000				90,000
<b>Total Spending</b>	<b>\$ 0</b>	<b>\$ 20,000</b>	<b>\$ 90,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 110,000</b>

### RECURRING ANNUAL MAINTENANCE AND OPERATING COSTS, IF APPLICABLE:

Ongoing maintenance of the bridge will have minimal impact on existing operation.

## PATHWAY GEOGRAPHICAL INFORMATION SYSTEM (GIS)



GIS Mapping Layers

**PROJECT NUMBER:**

To Be Assigned

**INITIAL FUNDING YEAR:**

July 2016

**PLANNED START DATE:**

July 2016

**ESTIMATED COMPLETION DATE:**

To Be Determined

**PROJECT DESCRIPTION:**

The Town’s current pathway system includes segments that are not connected resulting in gaps and accessibility issues. On May 19, 2016, City Council expressed interest in setting pathway improvement priority on completing these connectors. This project involves completing a thorough GIS mapping of the Town’s current pathway system, designing the pathway connection, and construction. The goal for 2016-17 is to determine the resources needed to complete the thorough GIS mapping. The design and construction phase depends on the result of the GIS mapping.

**PROJECT STATUS:**

New project.

**PROJECT FUNDING/SPENDING ESTIMATE:**

Project Summary	Prior Appropriation	2016-17 Budget	2017-18 Planned	2018-19 Planned	2019-20 Planned	2020-21 Planned	Total Project
<b>Funding Source</b>							
Pathway in-Lieu	\$ 0	\$ 50,000	\$ 0	\$ 0	\$ 0	\$ 0	50,000
<b>Total Funding</b>	<b>\$ 0</b>	<b>\$ 50,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>50,000</b>
<b>Project Spending</b>							
GIS Mapping	\$ 0	\$ 50,000	\$ 0	\$ 0	\$ 0	\$ 0	50,000
<b>Total Spending</b>	<b>\$ 0</b>	<b>\$ 50,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>50,000</b>

**RECURRING ANNUAL MAINTENANCE AND OPERATING COSTS, IF APPLICABLE:**

Annual maintenance cost is unknown at this time. It will depend on the terms of GIS mapping service contract.

## PURISSIMA CREEK RESTORATION @ O'KEEFE PRESERVES



O'Keefe Preserve Ribbon Cutting

**PROJECT NUMBER:**  
410206

**INITIAL FUNDING YEAR:**  
July 2013

**PLANNED START DATE:**  
August 2013

**ESTIMATED COMPLETION DATE:**  
June 2017 + additional 2 years MMP

### PROJECT DESCRIPTION:

Covering approximately two acres of land along Purissima Creek, within O'Keefe Preserve, this restoration project rehabilitated the area to its native habitat by removing non-native invasive plants, replanting native vegetation, and monitoring the site for four years. This project qualified for Comprehensive Stewardship Grant Program offered by Santa Clara Valley Water District (SCVWD) in the amount of \$98,425. The Town's share of the cost includes staff support of \$18,848 and capital improvement program fund of \$34,200. The project completion deadline is June 2016 and requires an additional two-year implementation of Maintenance and Monitoring Plan (MMP) post-completion.

### PROJECT STATUS:

The project was completed in 2014/15 and the ribbon cutting ceremony was held on March 17, 2015. On December 23, 2015, the Town requested to use the unspent \$18,000 budget for Removal of Eucalyptus to install additional native vegetation. This was approved by SCVWD on January 13, 2016. The planting of additional native vegetation was completed in February 2016 and the project is in the second year of the four-year MMP implementation.

### PROJECT FUNDING/SPENDING ESTIMATE:

Project Summary	Prior Appropriation	2016-17 Budget	2017-18 Planned	2018-19 Planned	2019-20 Planned	2020-21 Planned	Total Project
<b>Funding Source</b>							
SCVWD Grant	\$ 98,418	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	98,418
General CIP Reserve	36,280		24,700	24,700			85,680
General Fund (in-kind support)	11,346	2,548					13,894
<b>Total Funding</b>	<b>\$ 146,044</b>	<b>\$ 2,548</b>	<b>\$ 24,700</b>	<b>\$ 24,700</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>197,992</b>
<b>Project Spending</b>							
Site Improv.	\$ 85,298	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	85,298
MMP	49,400		24,700	24,700			98,800
General Fund (in-kind support)	11,346	2,548					13,894
<b>Total Spending</b>	<b>\$ 146,044</b>	<b>\$ 2,548</b>	<b>\$ 24,700</b>	<b>\$ 24,700</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>197,992</b>

### RECURRING ANNUAL MAINTENANCE AND OPERATING COSTS, IF APPLICABLE:

The Town is responsible for the last two years of MMP implementation at \$24,700 annually. Maintenance cost, thereafter, will be up to \$25,000 annually. The cost will be determined at the end of the MMP implementation phase

## PURISSIMA PARK PLAYGROUND



Purissima Park Playground

**PROJECT NUMBER:**  
TO BE ASSIGNED

**INITIAL FUNDING YEAR:**  
July 2019

**PLANNED START DATE:**  
October 2019

**ESTIMATED COMPLETION DATE:**  
June 2020

### PROJECT DESCRIPTION:

The Purissima Park Playground is the only playground in Town and was installed in 2008. The space is heavily used during little league season and a new playground will provide more play structure for kids. Estimated project cost at \$50,000. Project scope will be finalized and is currently scheduled for 2019-20.

### PROJECT STATUS:

Requested one quote. No additional has been done.

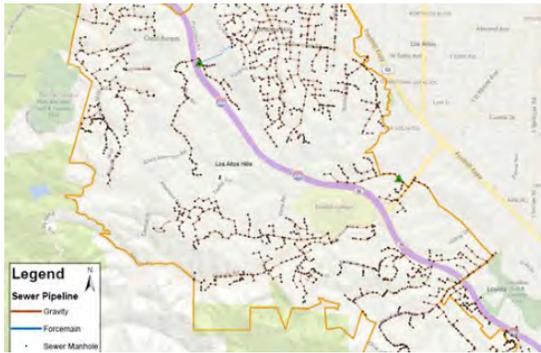
### PROJECT FUNDING/SPENDING ESTIMATE:

Project Summary	Prior Appropriation	2016-17 Budget	2017-18 Planned	2018-19 Planned	2019-20 Planned	2020-21 Planned	Total Project
<b>Funding Source</b>							
Park & Rec in-Lieu	\$ 0	\$ 0	\$ 0	\$ 50,000	\$ 0	\$ 0	50,000
<b>Total Funding</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 50,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>50,000</b>
<b>Project Spending</b>							
Play Structure	\$ 0	\$ 0	\$ 0	\$ 50,000	\$ 0	\$ 0	50,000
<b>Total Spending</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 50,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>50,000</b>

### RECURRING ANNUAL MAINTENANCE AND OPERATING COSTS, IF APPLICABLE:

The new play structure will replace the existing structure at no additional maintenance cost.

## SANITARY SEWER MASTER PLAN



LAH Sewer Pipeline

**PROJECT NUMBER:**  
To Be Assigned

**INITIAL FUNDING YEAR:**  
July 2015

**PLANNED START DATE:**  
July 2016

**ESTIMATED COMPLETION DATE:**  
August 2017

### PROJECT DESCRIPTION:

The objective of a Sanitary Sewer Master Plan is to identify system capital needs by providing a comprehensive assessment of the Town’s sanitary sewer collection system. The Master Plan will also meet the requirements of the Statewide General Waste Discharge Requirements for Sanitary System, which requires that every collection system agency in the state prepare a Sewer System Management Plan that includes a plan for rehabilitation/replacement of sewers based on their condition.

The Town completed a Sanitary Sewer Master Plan including a capacity assessment in 2004. The 2004 Master Plan was based on hydraulic modeling of the Town’s collection system under then-current and future design flows. However, the changes in development and flow that were described in the Master Plan were not realized, and the recommendations from the Master Plan are now obsolete.

In preparation of the proposed Master Plan, the Town had completed a wet weather flow monitoring program to capture data to develop an updated hydraulic model. In addition to new wet weather flow data, Town also has started collection of accurate manhole elevation data thru Town’s current maintenance contractor (West Bay Sanitary District).

During the preparation of the Master Plan update, dry weather flow data may be needed to complete the hydraulic model. Once a new hydraulic model has been developed, the Town’s Sanitary Sewer Master Plan will be updated and a new list of capacity improvement projects will be identified. The updated Master Plan will provide the basis for strategic planning for upgrading, improving, and expanding the Town’s sanitary sewer infrastructure.

### PROJECT STATUS:

Wet weather flow monitoring program has been completed. The flow data is the process of being formatted for submittal. Manhole elevation data collection is currently in progress.

Fiscal Year	Project Name	Contract Award Date	Completion Date	Estimated Final Cost
2013/14	Wet Weather Flow Monitoring Program	Jan 2015	In Progress	\$ 40,000
2015/16	Manhole Elevation Data Collection (thru West Bay Sanitary District’s contract)	N/A	In Progress	\$ 20,000

**SANITARY SEWER MASTER PLAN (CONT)**

**PROJECT FUNDING/SPENDING ESTIMATE:**

Project Summary	Prior Appropriation	2016-17 Budget	2017-18 Planned	2018-19 Planned	2019-20 Planned	2020-21 Planned	Total Project
<b>Funding Source</b>							
Sewer Fund	\$ 0	\$ 195,000	\$ 0	\$ 0	\$ 0	\$ 0	195,000
<b>Total Funding</b>	<b>\$ 0</b>	<b>\$ 195,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>195,000</b>
<b>Project Spending</b>							
Master Plan Development	\$ 0	\$ 195,000	\$ 0	\$ 0	\$ 0	\$ 0	195,000
<b>Total Spending</b>	<b>\$ 0</b>	<b>\$ 195,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>195,000</b>

**RECURRING ANNUAL MAINTENANCE AND OPERATING COSTS, IF APPLICABLE:**

None. The updated Master Plan will provide the basis for strategic planning for upgrading, improving, and expanding the Town’s sanitary sewer infrastructure.

**SUMMERHILL PATHWAY PROJECT**



Summerhill Ave (courtesy of google map)

**PROJECT NUMBER:**  
TO BE ASSIGNED

**INITIAL FUNDING YEAR:**  
July 2016

**PLANNED START DATE:**  
July 2016

**ESTIMATED COMPLETION DATE:**  
July 2017

**PROJECT DESCRIPTION:**

Pathway along Summerhill Avenue is made up of road side paths on public right-of-way and private easements. Private easement are granted as part of the permitting process, resulting in missing segments along the road. Additionally, some segments have designated pathways that toggles from one side of the street to the other, forcing pedestrians to cross a busy street.

On June 16, 2016, the Pathway Committee requested for the City Council to designate \$30,000 for consulting services to review and prepare a pathway design concept. The full scope of the project will be determined as part of the design phase, including confirming jurisdiction along this road.

**PROJECT STATUS:**

Pathway Committee performed site visit of Summerhill Avenue to determine the need for pathway improvement.

**SUMMERHILL PATHWAY PROJECT**

**(CONT)**

**PROJECT FUNDING/SPENDING ESTIMATE:**

Project Summary	Prior Appropriation	2016-17 Budget	2017-18 Planned	2018-19 Planned	2019-20 Planned	2020-21 Planned	Total Project
<b>Funding Source</b>							
Pathway in-lieu	\$ 0	\$ 30,000	\$ 0	\$ 0	\$ 0	\$ 0	30,000
<b>Total Funding</b>	<b>\$ 0</b>	<b>\$ 30,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>30,000</b>
<b>Project Spending</b>							
Design	\$ 0	\$ 30,000	\$ 0	\$ 0	\$ 0	\$ 0	30,000
<b>Total Spending</b>	<b>\$ 0</b>	<b>\$ 30,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>30,000</b>

**RECURRING ANNUAL MAINTENANCE AND OPERATING COSTS, IF APPLICABLE:**

Will be determined as part of the design phase.

**WESTWIND BARN IMPROVEMENTS**



Westwind Barn

**PROJECT NUMBER:**

To Be Assigned

**INITIAL FUNDING YEAR:**

July 2016

**PLANNED START DATE:**

July 2016

**ESTIMATED COMPLETION DATE:**

Ongoing Program

**PROJECT DESCRIPTION:**

Westwind Barn improvements are proposed by the Town’s contracted concessionaire, Victoria Dye Equestrian (VDE), to improve facility deficiencies and to meet the needs of barn users. VDE identified and prioritized potential improvements. For 2016-17, VDE identified the need to repair three paddocks adjacent, or near the Upper Arena. The footing of these paddocks was damaged by flooding. It will cost an estimate of \$3,000 to replace the footing. In order to address the flooding issue, a drainage improvement will be required. The cost estimate for the drainage improvement is under development. Potential total cost can be \$30,000.

Future projects will be under development. Consultant may be acquired to assist in the five-year plan development.

**PROJECT STATUS:**

Preliminary quotes received for the renovation of the three paddocks.

**WESTWIND BARN IMPROVEMENTS**

**(CONT)**

**PROJECT FUNDING/SPENDING ESTIMATE:**

Project Summary	Prior Appropriation	2016-17 Budget	2017-18 Planned	2018-19 Planned	2019-20 Planned	2020-21 Planned	Total Project
<b>Funding Source</b>							
Cell Tower Rental	\$ 0	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	250,000
<b>Total Funding</b>	<b>\$ 0</b>	<b>\$ 50,000</b>	<b>250,000</b>				
<b>Project Spending</b>							
Paddock Footing/ Drainage Impr.	\$ 0	\$ 50,000	\$ 0	\$ 0	\$ 0	\$ 0	50,000
Other Impr.			50,000	50,000	50,000	50,000	200,000
<b>Total Spending</b>	<b>\$ 0</b>	<b>\$ 50,000</b>	<b>250,000</b>				

**RECURRING ANNUAL MAINTENANCE AND OPERATING COSTS, IF APPLICABLE:**

This project is part of an ongoing maintenance program. Minor maintenance are the responsibility of VDE. Repairs above \$500 are Town’s responsibility.

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# Financial Summary

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# Fund Summary

The Town's fund balances for the next five years are listed below. The General Fund reserve policy is in the Supplemental Section. A more comprehensive reserve policy is under development. Revenue and expenditure projections follow with brief description of assumptions. Additionally, Storm Drain Operation (Fund 012), Pathway Operation (Fund 013) and Street Operation (Fund 017) have been merged with General Fund. As a result the financial summaries for these funds are not included.

<b>Fund Balance Summary</b>	<b>June 30, 2017</b>	<b>June 30, 2018</b>	<b>June 30, 2019</b>	<b>June 30, 2020</b>	<b>June 30, 2021</b>
<b>General Fund (011)</b>					
Operating Contingency	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000
Disaster Contingency	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000
Pension Reserve	\$ 570,000	\$ 640,000	\$ 710,000	\$ 780,000	\$ 850,000
IT Reserve	\$ 20,000	\$ 25,000	\$ 30,000	\$ 35,000	\$ 40,000
Private/Public Road	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Risk Management Reserve	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000
Unassigned General Fund	\$ 8,268,845	\$ 9,483,090	\$ 10,734,097	\$ 12,067,450	\$ 13,482,380
<b>Total General Fund</b>	<b>\$ 10,738,845</b>	<b>\$ 12,028,090</b>	<b>\$ 13,354,097</b>	<b>\$ 14,762,450</b>	<b>\$ 16,252,380</b>
<b>Special Revenue Funds</b>					
Parks & Recreation in-Lieu (016)	\$ 210,590	\$ 252,590	\$ 244,590	\$ 286,590	\$ 286,590
COPS Fund (021)	\$ 108,963	\$ 53,287	\$ 0	\$ 0	\$ 0
Special Donation (071)	\$ 21,132	\$ 21,132	\$ 21,132	\$ 21,132	\$ 21,132
<b>Debt Service Funds</b>					
None					
<b>Capital Funds</b>					
General Capital (041)	\$ 51,397	\$ 51,397	\$ 51,397	\$ 51,397	\$ 51,397
Pathway Capital (042)	\$ 160,237	\$ 252,437	\$ 434,637	\$ 616,837	\$ 799,037
Westwind Barn Capital (043)	\$ 83,656	\$ 83,656	\$ 83,656	\$ 83,656	\$ 83,656
Drainage Capital (045)	\$ 405,210	\$ 515,210	\$ 625,210	\$ 735,210	\$ 845,210
Street Capital (046)	\$ 157,800	\$ 314,500	\$ 314,500	\$ 314,500	\$ 314,500
Sewer Fund (051 & 048)	\$ 763,639	\$ 514,461	\$ 367,308	\$ 684,992	\$ 1,240,073
Internal Services Fund (061)	\$ 1,301,898	\$ 1,301,898	\$ 1,301,898	\$ 1,301,898	\$ 1,301,898

# General Fund Projection

Financial Summary	2013-14 Actual	2014-15 Actual	2015-16 Revised	2015-16 Est. Actual	2016-17 Budget
<b>Revenues by Category</b>					
Property Tax	\$ 4,153,331	\$ 4,606,184	\$ 4,672,500	\$ 4,781,000	\$ 5,045,260
Taxes Other Than Property	524,762	645,836	541,200	514,425	530,000
Franchise Fees	463,599	513,997	484,300	484,810	498,900
License And Permits	980,306	1,407,564	1,032,950	1,457,200	1,521,200
Use Of Money And Property	194,300	203,679	176,700	207,419	158,300
Intergovernmental	56,129	41,513	31,200	54,101	45,500
Charges For Services	1,106,378	1,323,535	1,109,600	1,139,870	1,143,700
Miscellaneous	462,157	55,974	46,900	42,627	29,400
Allocations In	990,856	1,156,792	1,707,126	1,529,633	1,744,200
<b>Total Revenues</b>	<b>\$ 8,931,818</b>	<b>\$ 9,955,074</b>	<b>\$ 9,802,476</b>	<b>\$ 10,211,085</b>	<b>\$ 10,716,460</b>
<b>Expenditures by Category</b>					
Personnel	\$ (1,907,713)	\$ (2,028,183)	\$ (2,321,180)	\$ (2,151,375)	\$ (2,960,630)
Contractual Services	(1,750,005)	(1,913,512)	(1,912,542)	(1,960,293)	(2,541,482)
Professional Services	(270,402)	(288,867)	(515,850)	(389,632)	(547,300)
Operations	(620,607)	(420,955)	(625,125)	(604,176)	(727,350)
Allocations Out	(1,091,197)	(1,218,166)	(1,643,809)	(1,422,443)	(2,095,620)
<b>Total Expenditures</b>	<b>\$ (5,639,924)</b>	<b>\$ (5,869,683)</b>	<b>\$ (7,018,506)</b>	<b>\$ (6,527,919)</b>	<b>\$ (8,872,382)</b>
<b>Other Funding Sources/(Uses)</b>					
Transfers Out	\$ (1,031,947)	\$ (2,384,589)	\$ (2,685,979)	\$ (2,375,247)	\$ (949,410)
Transfers In	168,784	3,000	435	60,096	1,067,198
<b>Total Transfers</b>	<b>\$ (863,163)</b>	<b>\$ (2,381,589)</b>	<b>\$ (2,685,544)</b>	<b>\$ (2,315,151)</b>	<b>\$ 117,788</b>
<b>Change in Fund Balance</b>	<b>2,428,731</b>	<b>1,703,802</b>	<b>98,426</b>	<b>1,368,015</b>	<b>1,961,866</b>
Fund Balance, Beginning	3,276,431	5,705,162	7,408,964	7,408,964	8,776,979
<b>Fund Balance, Ending</b>	<b>\$ 5,705,162</b>	<b>\$ 7,408,964</b>	<b>\$ 7,507,390</b>	<b>\$ 8,776,979</b>	<b>\$ 10,738,845</b>

## EXPENDITURE FORECAST

**Personnel** average annual increase is 4 percent. Major drivers include increase in regular salary (3%), medical and dental coverage (5%), pension cost (15%), and all other personnel costs staying the same.

**Contractual services** average increase is 4 percent. Significant changes are in ongoing contract services, such as law enforcement (5%). All other ongoing contractual services has a 4 percent escalation and non-recurring contractual services remains at 2016-17 budget level.

**Professional services** average increase is 2 percent, after the

removal of \$90,000 of one-time service contract which was budgeted and should be completed in 2016-17. Ongoing audit and engineering services have a 3 percent escalation. Non-recurring professional services budget remained the same as 2016-17.

**Operations** average increase is 3 percent. The 3 percent escalation is applied to utilities, construction materials, office supplies, and data service subscriptions. Insurance premium is adjusted by 5 percent. The impact of MTC and ABAG Plan merge is still unknown to Plan members. The 5 percent escalation may be inadequate and will be adjusted

2017-18 Projection	2018-19 Projection	2019-20 Projection	2020-21 Projection
\$ 5,320,762	\$ 5,611,705	\$ 5,918,972	\$ 6,243,499
532,110	534,241	536,394	538,567
513,867	529,283	545,162	561,516
1,521,200	1,521,200	1,521,200	1,521,200
215,389	219,601	223,939	228,407
51,000	51,000	51,000	51,000
1,094,570	1,095,694	1,096,873	1,098,112
27,400	27,400	27,400	27,400
1,794,445	1,879,725	1,937,916	1,992,446
<b>\$ 11,070,743</b>	<b>\$ 11,469,848</b>	<b>\$ 11,858,856</b>	<b>\$ 12,262,147</b>
\$ (3,031,567)	\$ (3,154,988)	\$ (3,292,016)	\$ (3,416,484)
(2,626,267)	(2,731,577)	(2,842,030)	(2,957,880)
(458,749)	(471,662)	(485,200)	(499,391)
(753,978)	(794,941)	(806,418)	(818,432)
(2,057,104)	(2,139,966)	(2,202,024)	(2,260,469)
<b>\$ (8,927,665)</b>	<b>\$ (9,293,135)</b>	<b>\$ (9,627,687)</b>	<b>\$ (9,952,655)</b>
\$ (853,833)	\$ (850,705)	\$ (822,815)	\$ (819,562)
0	0	0	0
<b>\$ (853,833)</b>	<b>\$ (850,705)</b>	<b>\$ (822,815)</b>	<b>\$ (819,562)</b>
<b>1,289,245</b>	<b>1,326,008</b>	<b>1,408,353</b>	<b>1,489,930</b>
10,738,845	12,028,090	13,354,097	14,762,450
<b>\$ 12,028,090</b>	<b>\$ 13,354,097</b>	<b>\$ 14,762,450</b>	<b>\$ 16,252,380</b>

### EXPENDITURE FORECAST (CONT)

as more information is available.

**Allocations out** has an average 2 percent escalation as it is related to the allocation of General Administration, Corp Yard, Town Center, and Vehicle spending. The distribution rate is based on 2016-17 allocation. This distribution rate will be under review in 2016-17.

### REVENUE FORECAST

**Property tax** is projected to increase by four percent per annum, accounting for 2 percent maximum valuation increase per Prop 13 and valuation increase as a result of property transfer. The current median price of homes in Los Altos Hills is \$3 million. As of June 30, 2016, 75 percent of homes are below the median home price.

**Taxes other than property** includes business license, real property transfers, sales & use tax, and public safety sales tax. The Town's sales & use tax, public safety sales tax and real property transfer revenues have been relatively constant in the last five years. Business license is projected to increase by 1 percent per year, roughly 11 additional license per year.

**Franchise fees** are projected to increase by 3 percent per annum. Franchise fee is based on gross receipts of Cal Water, GreenWaste, Pacific Gas & Electric, Comcast Cable, and AT&T telephone.

**License and permits** are projected to stay at the same activity level as 2016-17, at this time. Further analysis is required and will be performed in 2016-17 for the 2017-18 budget.

**Charges for services** are projected to stay at the same activity level as 2016-17, with a 5 percent inflationary adjustment for billable attorney's fee. Further analysis is required and will be performed in 2016-17 for the 2017-18 budget.

**Allocations In** is revenue transferred from recipient departments for General Administration support. On average, General Administration budget increased by 4 percent. General Administration spendings are distributed based on actual activities.

# Sewer Fund Projection

Financial Summary	2013-14 Actual	2014-15 Actual	2015-16 Revised	2015-16 Est. Actual	2016-17 Budget
<b>Revenues by Category</b>					
Sewer Assessment Charges	\$ 1,382,472	\$ 1,392,029	\$ 1,961,600	\$ 1,956,702	\$ 2,709,800
Sewer Connection Fee	175,497	234,339	160,300	297,000	238,500
Other Revenues	24,719	19,533	5,100	9,143	9,400
<b>Total Revenues</b>	<b>\$ 1,582,688</b>	<b>\$ 1,645,901</b>	<b>\$ 2,127,000</b>	<b>\$ 2,262,845</b>	<b>\$ 2,957,700</b>
<b>Expense by Category</b>					
Personnel	\$ (72,783)	\$ (143,547)	\$ (306,260)	\$ (144,400)	\$ (321,630)
Professional Services	(43,494)	(65,220)	(124,500)	(191,434)	(69,500)
Sewer Treatment Cost	(568,033)	(797,927)	(898,610)	(920,000)	(966,000)
Contract Maintenance Srvc	(210,551)	(308,429)	(516,000)	(545,377)	(572,600)
Other Contractual Services	(1,688)	(300)	(74,450)	(59,755)	(42,400)
Operations	(183,915)	(188,604)	(187,345)	(206,761)	(228,500)
Allocations Out	(187,447)	(87,716)	(248,581)	(218,030)	(317,570)
<b>Total Expense</b>	<b>\$ (1,267,911)</b>	<b>\$ (1,591,743)</b>	<b>\$ (2,355,746)</b>	<b>\$ (2,285,757)</b>	<b>\$ (2,518,200)</b>
<b>Capital Investment</b>					
Annual Sewer Rehab	\$ (487,153)	\$ (268,300)	\$ (998,312)	\$ (1,120,547)	\$ (1,350,000)
Other Projects	(139,052)	(154,071)	(200,000)	(160,000)	(195,000)
Depreciation	159,696	175,257	170,200	195,000	215,000
<b>Total Capital Investment</b>	<b>\$ (466,509)</b>	<b>\$ (247,114)</b>	<b>\$ (1,028,112)</b>	<b>\$ (1,085,547)</b>	<b>\$ (1,330,000)</b>
<b>Change in Fund Balance</b>	<b>(151,732)</b>	<b>(192,956)</b>	<b>(1,256,858)</b>	<b>(1,108,459)</b>	<b>(890,500)</b>
Net Position, Beginning (restated)	3,227,161	2,967,091	2,774,135	2,774,135	1,665,676
<b>Net Position, Ending</b>	<b>\$ 3,075,429</b>	<b>\$ 2,774,135</b>	<b>\$ 1,517,277</b>	<b>\$ 1,665,676</b>	<b>\$ 775,176</b>
<b>Months of operating cash</b>	<b>29.1</b>	<b>20.9</b>	<b>7.7</b>	<b>8.7</b>	<b>3.7</b>

## EXPENDITURE FORECAST

**Personnel** average annual increase is 1 percent. The 2017-18 budget accounts for a new Public Works Director, reducing the salary in 2017-18 compared to 2016-17. The Public Works Director resigned from his position in August of 2016, after the 2016-17 budget was approved and adopted. As such, the 2016-17 budget has not be adjusted for this significant change. Other drivers of the change in personnel include increase in regular salary (3%), medical and dental coverage (5%), pension cost (15%), and all other personnel costs staying the same.

**Sewer treatment cost** is projected to increase by 5 percent per year. This is for sewer conveyance cost paid to Los Altos

and Palo Alto. Additionally, Palo Alto manage the Water Quality Control Plant for Los Altos Hills, Los Altos, Palo Alto, and other neighboring cities. The City of Palo Alto plans to make significant improvements to the sewer plant and the funding method is yet to be determined. The impact of the funding method will impact the Town's portion of the improvement.

The Town contracts with WestBay Sanitary District for **contract maintenance services**. The 2017-18 projection includes a \$100,000 reduction after the completion of one-time projects in 2016-17.

2017-18 Projection	2018-19 Projection	2019-20 Projection	2020-21 Projection
\$ 2,874,314	\$ 3,084,143	\$ 3,342,673	\$ 3,654,473
202,725	196,365	199,545	208,290
9,695	10,005	10,330	10,671
<b>\$ 3,086,734</b>	<b>\$ 3,290,513</b>	<b>\$ 3,552,548</b>	<b>\$ 3,873,434</b>
\$ (316,420)	\$ (323,150)	\$ (331,045)	\$ (338,029)
(72,450)	(75,548)	(78,800)	(82,215)
(1,014,300)	(1,065,015)	(1,118,266)	(1,174,179)
(472,600)	(486,778)	(501,381)	(516,423)
(42,400)	(42,400)	(42,400)	(42,400)
(228,720)	(230,447)	(230,726)	(231,013)
(315,559)	(329,329)	(347,246)	(349,094)
<b>\$ (2,462,449)</b>	<b>\$ (2,552,666)</b>	<b>\$ (2,649,864)</b>	<b>\$ (2,733,353)</b>
\$ (1,100,000)	\$ (1,100,000)	\$ (800,000)	\$ (800,000)
215,000	215,000	215,000	215,000
<b>\$ (885,000)</b>	<b>\$ (885,000)</b>	<b>\$ (585,000)</b>	<b>\$ (585,000)</b>
<b>(260,715)</b>	<b>(147,153)</b>	<b>317,684</b>	<b>555,081</b>
775,176	514,462	367,309	684,993
<b>\$ 514,462</b>	<b>\$ 367,309</b>	<b>\$ 684,993</b>	<b>\$ 1,240,074</b>
<b>2.5</b>	<b>1.7</b>	<b>3.1</b>	<b>5.4</b>

**REVENUE FORECAST**

**Sewer assessment charge** is projected to increase by eight percent per annum - 3 percent per 2015 Sewer rate study and the rest as a result of increased number of connections (estimated 25 per year).

**Sewer connection fee revenue** is calculated based on connection fee of \$7,950 and estimated 25 new connections per year.

**Fund Reserve Level.** The 2015 Sewer Rate Study recommended a reserve of 5 months to 8 months of operating spending. With the increase in capital spending in 2016-17, the sewer fund reserve will reduce to below 4 months of operating spending. Capital spending can be deferred at any year and this will increase the available reserve by 3-4 months.

**EXPENDITURE FORECAST (CONT)**

**Professional services** average increase is 4 percent, **operations** spending remains stable and **allocations out** will increase 2 percent per year on average. Overall, the changes in these three categories are insignificant.

**Annual sewer rehabilitation** program is expected to step down in investment level in 2017-18 and 2019-20. The program is developed based on risk model completed by V.W.Housen. The risk model assigns risk for each sewer pipe. The Town plans to address most of the high risk sewer pipes in the 2016 and 2017 Sewer Rehab program. This allows the department to reduce sewer rehabilitation in 2017-18. Based on the current sewer overflow prevention methodology,

the Department anticipates another reduction in necessary sewer rehabilitation work in 2019-20.

**Net Position, Beginning (restated).** Typically, beginning net positions equals to the ending net position of the prior fiscal year. In 2014-15, the beginning net position was adjusted as a result of recording pension liability on the Town's balance sheet (or Statement of net position). The adjustment was reviewed by the Town auditor for compliance with GASB 68.

# Special Revenue Funds Projection

## PARKS AND RECREATION IN-LIEU FUND (016)

<b>Financial Summary</b>	<b>2013-14 Actual</b>	<b>2014-15 Actual</b>	<b>2015-16 Revised</b>	<b>2015-16 Est. Actual</b>	<b>2016-17 Budget</b>
<b>Revenues by Category</b>					
Parks & Recreation In-Lieu	\$ 0	\$ 109,964	\$ 42,000	\$ 100,000	\$ 42,000
<b>Total Revenues</b>	<b>\$ 0</b>	<b>\$ 109,964</b>	<b>\$ 42,000</b>	<b>\$ 100,000</b>	<b>\$ 42,000</b>
<b>Expenditure by Category</b>					
None	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Total Expenditure</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Transfers In/(Out)</b>					
General Capital (041)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (40,939)
Westwind Barn Capital (043)	(132,441)				
<b>Total Transfers</b>	<b>\$ (132,441)</b>	<b>\$ 35,756</b>	<b>\$ 141,325</b>	<b>\$ 120,658</b>	<b>\$ (40,939)</b>
<b>Change in Fund Balance</b>	<b>(132,441)</b>	<b>109,964</b>	<b>42,000</b>	<b>100,000</b>	<b>1,061</b>
Net Position, Beginning	132,006	(435)	109,529	109,529	209,529
<b>Net Position, Ending</b>	<b>\$ (435)</b>	<b>\$ 109,529</b>	<b>\$ 151,529</b>	<b>\$ 209,529</b>	<b>\$ 210,590</b>

2017-18 Projection	2018-19 Projection	2019-20 Projection	2020-21 Projection
\$ 42,000	\$ 42,000	\$ 42,000	\$ 0
\$ 42,000	\$ 42,000	\$ 42,000	\$ 0
\$ 0	\$ 0	\$ 0	\$ 0
\$ 0	\$ 0	\$ 0	\$ 0
\$ 0	\$ (50,000)	\$ 0	\$ 0
\$ 0	\$ (50,000)	\$ 0	\$ 0
<b>42,000</b>	<b>(8,000)</b>	<b>42,000</b>	<b>0</b>
210,590	252,590	244,590	286,590
<b>\$ 252,590</b>	<b>\$ 244,590</b>	<b>\$ 286,590</b>	<b>\$ 286,590</b>

**PARKS & REC IN-LIEU FEES (016)**

Parks and Recreation in-Lieu Fees collected on approved subdivisions are restricted for recreation and green space. Subdivision requests are unpredictable and may take a few years to be reviewed and approved. The \$42,000 in-lieu projection is only a place holder.

### CITIZEN'S OPTION FOR PUBLIC SAFETY (COPS) GRANT (021)

Financial Summary	2013-14 Actual	2014-15 Actual	2015-16 Revised	2015-16 Est. Actual	2016-17 Budget
<b>Revenues by Category</b>					
COPS Grant	\$ 100,000	\$ 98,729	\$ 100,000	\$ 100,000	\$ 100,000
Other Revenues	400	1,886	100	355	400
<b>Total Revenues</b>	<b>\$ 100,400</b>	<b>\$ 100,615</b>	<b>\$ 100,100</b>	<b>\$ 100,355</b>	<b>\$ 100,400</b>
<b>Expenditure by Category</b>					
Personnel	\$ (2,202)	\$ (16,358)	\$ (26,949)	\$ (24,084)	\$ (24,400)
Other Contractual Services	(41,991)	(24,138)	(66,000)	(35,000)	(66,000)
Professional Services	(129)	0	0	0	0
Operations	(18,735)	(11,573)	(15,100)	(16,000)	(18,800)
Allocations Out	(11,444)	(15,333)	(25,016)	(21,495)	(39,400)
<b>Total Expenditure</b>	<b>\$ (74,501)</b>	<b>\$ (67,402)</b>	<b>\$ (133,065)</b>	<b>\$ (96,579)</b>	<b>\$ (148,600)</b>
<b>Other Funding Sources/(Uses)</b>					
Transfers In - General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers Out - None					
<b>Total Transfers</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Change in Fund Balance</b>	<b>25,899</b>	<b>33,213</b>	<b>(32,965)</b>	<b>3,776</b>	<b>(48,200)</b>
Net Position, Beginning	94,275	120,174	153,387	153,387	157,163
<b>Net Position, Ending</b>	<b>\$ 120,174</b>	<b>\$ 153,387</b>	<b>\$ 120,422</b>	<b>\$ 157,163</b>	<b>\$ 108,963</b>

### SPECIAL DONATION (071)

Financial Summary	2013-14 Actual	2014-15 Actual	2015-16 Revised	2015-16 Est. Actual	2016-17 Budget
<b>Revenues by Category</b>					
Art Donation	\$ 0	\$ 1,000	\$ 0	\$ 0	\$ 0
History Donation		21,874			
Other Revenues		4,600		5,500	
<b>Total Revenues</b>	<b>\$ 0</b>	<b>\$ 27,474</b>	<b>\$ 0</b>	<b>\$ 5,500</b>	<b>\$ 0</b>
<b>Transfers In/ (Out)</b>					
Cupola	\$ 0	\$ 0	\$ 0	\$ (3,342)	\$ 0
Legal Research		(3,000)			
60th Gala & Anthology				(5,500)	
<b>Total Transfers</b>	<b>\$ 0</b>	<b>\$ (3,000)</b>	<b>\$ 0</b>	<b>\$ (8,842)</b>	<b>\$ 0</b>
<b>Change in Fund Balance</b>	<b>0</b>	<b>24,474</b>	<b>0</b>	<b>(3,342)</b>	<b>0</b>
Net Position, Beginning	0	0	24,474	24,474	21,132
<b>Net Position, Ending</b>	<b>\$ 0</b>	<b>\$ 24,474</b>	<b>\$ 24,474</b>	<b>\$ 21,132</b>	<b>\$ 21,132</b>

2017-18 Projection	2018-19 Projection	2019-20 Projection	2020-21 Projection
\$ 100,000 400	\$ 100,000 400	\$ 100,000 400	\$ 100,000 400
<b>\$ 100,400</b>	<b>\$ 100,400</b>	<b>\$ 100,400</b>	<b>\$ 100,400</b>
\$ (29,350) (67,300)	\$ (31,033) (68,665)	\$ (32,961) (70,098)	\$ (34,703) (71,603)
(18,920) (40,506)	(19,044) (42,405)	(19,171) (43,703)	(19,302) (44,919)
<b>\$ (156,076)</b>	<b>\$ (161,146)</b>	<b>\$ (165,933)</b>	<b>\$ (170,528)</b>
\$ 0	\$ 7,459	\$ 65,533	\$ 0
<b>\$ 0</b>	<b>\$ 7,489</b>	<b>\$ 65,533</b>	<b>\$ 0</b>
(55,676)	(53,287)	0	0
108,963	53,287	0	0
<b>\$ 53,287</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

**COPS GRANT (021)**

The COPS Fund is used to account for revenues from Citizens' Option for Public Safety program to augment public safety expenditures.

The Public Safety Grant Funds, a \$100,000 grant from the State of California titled COPS, is a special funding source used for emergency communications supplies and equipment and code enforcement. The Funds will be used for the supplemental law enforcement, approved by City Council in 2016-17.

2017-18 Projection	2018-19 Projection	2019-20 Projection	2020-21 Projection
\$ 0	\$ 0	\$ 0	\$ 0
<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
\$ 0	\$ 0	\$ 0	\$ 0
<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
0	0	0	0
21,132	21,132	21,132	21,132
<b>\$ 21,132</b>	<b>\$ 21,132</b>	<b>\$ 21,132</b>	<b>\$ 21,132</b>

**SPECIAL DONATION (071)**

In 2014-15, the City Council adopted a Donation Policy that allows interested parties to offer charitable gifts to offset specific projects that align with Town's goal and objectives. The acceptance of funds and appropriation of these funds are subject to City Council approval. There is no designation for the use of these donations in 2016-17 and thereafter.

The Town does not solicit donations. Use of donation must comply with donor's agreement and Town policy.

# Internal Services Projection

<b>Financial Summary</b>	<b>2013-14 Actual</b>	<b>2014-15 Actual</b>	<b>2015-16 Revised</b>	<b>2015-16 Est. Actual</b>	<b>2016-17 Budget</b>
<b>Revenues by Category</b>					
General Fund (011, 013, 012, 017)	\$ 766,570	\$ 624,564	\$ 724,286	\$ 649,118	\$ 637,920
COPS Fund (021)	2,133	(228)	946	830	700
Sewer Fund (051)	82,615	40,858	68,992	63,842	69,770
<b>Total Revenues</b>	<b>\$ 851,318</b>	<b>\$ 665,194</b>	<b>\$ 794,224</b>	<b>\$ 713,790</b>	<b>\$ 708,390</b>
<b>Expense by Category</b>					
Personnel	\$ (138,213)	\$ (41,281)	\$ (122,606)	\$ (129,474)	\$ (124,190)
Contractual Services	(116,838)	(100,526)	(153,800)	(133,300)	(134,300)
Professional Services	(113,205)	(136,742)	(123,930)	(111,960)	(122,500)
Operations	(374,662)	(333,565)	(390,580)	(339,055)	(482,800)
Allocations Out	(108,400)	9,414	0	0	0
<b>Total Expense</b>	<b>\$ (851,318)</b>	<b>\$ (602,700)</b>	<b>\$ (790,916)</b>	<b>\$ (713,789)</b>	<b>\$ (863,790)</b>
<b>Capital Investment</b>					
Dump Truck Replacement	\$ 0	\$ 0	\$ 0	\$ 0	\$ (75,000)
Chamber Carpet			(10,000)	(10,000)	(10,000)
Depreciation	176,295	176,295	155,400	155,400	155,400
<b>Total Capital Investment</b>	<b>\$ 176,295</b>	<b>\$ 176,295</b>	<b>\$ 145,400</b>	<b>\$ 145,400</b>	<b>\$ 70,400</b>
<b>Change in Fund Balance</b>	<b>176,295</b>	<b>238,789</b>	<b>148,708</b>	<b>145,401</b>	<b>(85,000)</b>
Net Position, Beginning	1,179,003	1,002,708	1,241,497	1,241,497	1,386,898
<b>Net Position, Ending</b>	<b>\$ 1,002,708</b>	<b>\$ 1,241,497</b>	<b>\$ 1,390,205</b>	<b>\$ 1,386,898</b>	<b>\$ 1,301,898</b>

2017-18 Projection	2018-19 Projection	2019-20 Projection	2020-21 Projection
\$ 557,307	\$ 568,892	\$ 582,314	\$ 595,183
669	675	681	687
60,747	62,408	72,062	66,167
<b>\$ 618,723</b>	<b>\$ 631,975</b>	<b>\$ 647,357</b>	<b>\$ 662,037</b>
\$ (127,665)	\$ (136,540)	\$ (147,390)	\$ (157,379)
(129,929)	(129,929)	(129,929)	(129,929)
(122,630)	(122,763)	(122,898)	(123,036)
(393,899)	(398,144)	(402,540)	(407,093)
0	0	0	0
<b>\$ (774,123)</b>	<b>\$ (787,375)</b>	<b>\$ (802,757)</b>	<b>\$ (817,437)</b>
\$ 0	\$ 0	\$ 0	\$ 0
155,400	155,400	155,400	155,400
<b>\$ 155,400</b>	<b>\$ 155,400</b>	<b>\$ 155,400</b>	<b>\$ 155,400</b>
0	0	7,700	0
1,301,898	1,301,898	1,301,898	1,309,598
<b>\$ 1,301,898</b>	<b>\$ 1,301,898</b>	<b>\$ 1,309,598</b>	<b>\$ 1,309,598</b>

### INTERNAL SERVICES ALLOCATION

Internal Services Fund includes three divisions, Corporation Yard, Town Center, and Vehicle Maintenance. The distribution is based on established rates in 2004. Internal Services Allocations will be reviewed in 2016-17 and the reserve balance will be reviewed as part of the comprehensive reserve policy.

**Vehicle maintenance cost** records the ongoing maintenance of Town fleet and pool cars. Costs are allocated to departments that use the Town vehicles and pool car.

**Corporation yard cost** records public infrastructure maintenance and support by the maintenance crew. Public infrastructure includes pathways, streets, drainage and sewer infrastructure maintenance.

**Town center cost** records office supplies, technology support and other functions that benefit all Departments.

### EXPENDITURE FORECAST

**Personnel** average annual increase is 6 percent. The main drivers of the change in personnel include increase in regular salary (3%), medical and dental coverage (5%), pension cost (15%), and all other personnel costs staying the same.

**Non-Personnel** cost is projected to remain the same for the next four years. The reduction in 2017-18 projection is a result of removing one-time budget initiatives in 2016-17 budget.

## COST ALLOCATION WORKSHEET

Fund	Org	Description	Overhead Allocation	Internal Service Allocation	Total Allocation In
<b>Donor Departments/Divisions</b>					
011	1100	City Council	\$ 158,400	\$ 0	\$ 158,400
011	1200	City Manager	416,600		416,600
011	1300	City Clerk	222,000		222,000
011	1400	Administrative Services	608,000		608,000
011	1500	City Attorney	200,000		200,000
011	1510	Insurance	139,200		139,200
061	1480	Town Center Operations		413,130	413,130
061	4300	Corporation Yard Allocations		136,730	136,730
061	4400	Vehicles and Equipment Maintenance		158,230	158,230
<b>Total Allocations In</b>			<b>\$ 1,744,200</b>	<b>\$ 708,390</b>	<b>\$ 2,452,590</b>
<b>Recipients Departments/Divisions</b>					
011	2100	Public Safety	\$ 205,700	\$ 6,300	\$ 212,000
011	2150	Animal Control	7,900	400	8,300
011	3100	Planning Administration	339,300	143,080	482,380
011	3110	Planning Commission	3,100	100	3,200
011	3200	Building Administration	338,200	130,750	468,950
011	3210	Permit Review and Inspection	36,300	600	36,900
011	3300	Engineering Administration	70,100	36,250	106,350
011	4500	Storm Drain Operations	47,900	90,210	138,110
011	4740	Pathway Operations	127,800	102,240	230,040
011	1000	P&R Administration	38,000	35,350	73,350
011	4110	P&R Fee Programs	30,200	800	31,000
011	4120	P&R Special Events	38,100	400	38,500
011	5100	Playing Fields	25,600	500	26,100
011	5300	Westwind Barn Facility	36,800	3,800	40,600
011	4600	Street Operations	112,600	87,240	199,840
021	6100	COPS Programs	38,700	700	39,400
051	4800	Sewer Operations	247,900	69,670	317,570
<b>Total Allocations Out</b>			<b>\$ 1,744,200</b>	<b>\$ 708,390</b>	<b>\$ 2,452,590</b>

## Supplemental Information

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# Investment Policy

(Adopted 06/xx/2016)

## 1.0 Philosophy

It is the policy of the Town of Los Altos Hills to invest public funds in a manner that will provide a reasonable rate of investment return while minimizing exposure to loss of capital and thereby maintaining a consistent source of revenues for the Town. Although a passive investment strategy is required due to staffing limitations, effective cash flow management and cash investment practices can provide adequate fiscal management and control. This policy establishes the parameters for the Town's investment strategies given varying economic and political conditions.

## 2.0 Delegation of Authority

Authority to manage the Town of Los Altos Hills' investment program is derived from the California Government Code Section 53600 et seq. The City Council shall approve all modifications to the investment strategy and the selection or dismissal of an investment advisor. Administration of the Council-approved investment strategy is hereby delegated to the City Manager, who shall be responsible for supervising all treasury activities of the Town's Finance Director and who shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include reference to: safekeeping, delivery vs. payment, investment accounting, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegations of authority to persons responsible for investment transactions. No person may engage in any investment transactions except as provided under the terms of this policy and the procedures established by the City Manager or her/his designee. The City Manager or her/his designee shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

## 3.0 Scope

This investment policy applies to all financial assets of the Town of Los Altos Hills. These funds are accounted for in the Town of Los Altos Hills' Comprehensive Annual Financial Report and include:

### 3.1 Funds

General Fund	Enterprise Funds
Special Revenue Funds	Debt Service Funds
Capital Projects Funds Trust and Agency Funds	

Any new fund, unless specifically exempted

### 3.2 *The following financial assets are excluded:*

Deferred Compensation Plans – Investments are directed by the individual plan participants.

Debt Service Funds Held by Trustees – Investments are placed in accordance with bond indenture provisions.

Notes and Loans – Investments are authorized by separate agreements approved by City Council.

Except as noted, the Town of Los Altos Hills will consolidate cash balances from all funds to maximize investment earning. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

#### **4.0 Prudence**

Investments shall be made with judgment and care – under circumstances then prevailing – which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investments, considering the probable safety of their capital as well as the probable income to be derived.

- 4.1 Standard of prudence:** The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

#### **5.0 Objective**

The primary objective, in priority order, of the Town of Los Altos Hills’ investment activities shall be:

- 5.1 Safety:** Safety of principal is the foremost objective of the investment program. Investments of the Town of Los Altos Hills shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective is to minimize (1) credit risk, through diversifying the portfolio among the authorized investment types with pre-qualifying financial institutions and broker dealers, and (2) interest rate risk, by structuring portfolio maturities to match cash requirements and investing operating funds in shorter-term securities.
- 5.2 Liquidity:** The Town of Los Altos Hills’ investment portfolio will remain sufficiently liquid to enable the Town of Los Altos Hills to meet all operating requirements which might be reasonably anticipated. In addition to structuring the portfolio so that securities mature concurrent with cash needs, suitable investments (Section 6.0) consist largely of securities with active secondary or resale markets.
- 5.3 Return on Investments:** The Town of Los Altos Hills’ investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the Town of Los Altos Hills’ investment risk constraints and the cash flow characteristics of the portfolio.

#### **6.0 Authorized and Suitable Investments**

The Town of Los Altos Hills is empowered by Government Code Section 53601, and further limited by this investment policy, to invest in the following types of securities:

1. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
2. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
3. Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled or operated by the state or any local agency or by a department, Commission, agency or authority of the state or any local agency; provided that the obligations are rated in one of the two highest categories by a nationally recognized statistical rating organization (NRSRO). Purchases of municipal obligations may not exceed 30 percent of the Town's investment portfolio.
4. FDIC insured or fully collateralized time certificates of deposit in financial institutions located in California, including U.S. branches of foreign banks licensed to do business in California. All time deposits must be collateralized in accordance with California Government Code section 53561, either at 150% by promissory notes secured by first mortgages and first trust deeds upon improved residential property in California eligible under section (m) or at 110% by eligible marketable securities listed in subsections (a) through (l) and (n) and (o). The Town, at its discretion and by majority vote of the City Council, on a quarterly basis, may waive the collateralization requirements for any portion of the deposit that is covered by federal insurance. Purchase of FDIC insured or fully collateralized time certificates of deposit may not exceed 50 percent of the Town's investment portfolio.
5. State of California's Local Agency Investment Fund: Investment in LAIF may not exceed \$40 million and should be reviewed periodically.
6. Insured savings account or bank money market account. In accordance with California Government Code Section 53635.2 to be eligible to receive local agency deposits a financial institution must have received a minimum overall satisfactory rating for meeting the credit needs of California Communities in its most recent evaluation.
7. Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). To be eligible for investment pursuant to this subdivision these companies shall either: (1) attain the highest ranking letter or numerical rating provided by not less than two of the three largest nationally recognized rating services or (2) have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience managing money market mutual funds and with assets under management in excess of \$500,000,000. The purchase price of shares shall not exceed 15 percent of the investment portfolio of the Town.

8. Any Federal Agency issued mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-back certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond of a maximum of five years maturity. Eligible securities must be rated, by a nationally recognized rating service, as "AAA" or higher, and the issuer of the security must have an "AAA" or higher rating for its debt as provided by a nationally recognized rating service. No more than 20 percent of the agency's surplus funds may be invested in this type of security.
9. California Asset Management Program.
10. Comerica Securities' Certificate of Deposit Placement Program.
11. Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated "AA" or better by a nationally recognized rating service. Purchases of medium-term notes shall not include other instruments authorized by this section and may not exceed 20 percent of the agency's money that may be invested pursuant to this section.

#### **7.0 Authorized Financial Dealers and Institutions**

To provide for the optimum yield in the Town's portfolio, the Town's procedures shall be designed to encourage competitive bidding on transactions from an approved list of broker/dealers.

The City Manager, or the Town's investment advisor, shall maintain a list of authorized broker/dealers and financial institutions that are approved for investment purposes. This list will be developed after a comprehensive credit and capitalization analysis indicates the firm is adequately financed to conduct business with public entities. It shall be the policy of the Town to purchase securities only from those authorized institutions or firms.

#### **8.0 Safekeeping and Custody**

All security transactions entered into by the Town of Los Altos Hills shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian, in the Town of Los Altos Hills' name and control, designated by the City Manager or her/his designee and evidenced by safekeeping receipts. Securities purchased through the Certificate of Deposit Placement Program shall be custodied with Comerica Institutional Trust.

#### **9.0 Collateralization**

Collateralization will be required on certificates of deposit as specified under Government Code Section 63630 et seq in order to anticipate market changes and provide a level of security for all funds.

The Town of Los Altos Hills chooses to limit collateral to the following:

Collateral will always be held by an independent third party with whom the entity has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the Town of Los Altos Hills and retained.

The right of collateral substitution is granted.

## 10.0 Internal Control

The Town of Los Altos Hills is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft or misuses. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by the City Manager and staff.

Accordingly, the Town shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures. The

- internal controls shall address the following points:
- Control of collusion
- Separation of transaction authority from accounting a recordkeeping
- Custodial safekeeping
- Avoidance of physical delivery securities
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers

Development of a wire transfer agreement with the lead bank and third-party custodian

## 11.0 Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. These officers and employees involved in the investment process shall disclose to the City Manager any material financial interest in financial institutions that conduct business with this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the Town of Los Altos Hills, particularly with regard to the time of purchases and sales. Employees and investment officials shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Town of Los Altos Hills.

## 12.0 Diversification

The Town of Los Altos Hills will diversify its investments by security type and institution. Limits are provided for in Section 6.0. With the exception of U.S. Treasury and Federal Agency securities and authorized pools such as LAIF, no more than 30% of the Town of Los Altos Hills' total investment portfolio will be invested in a single security type (per Section 6.0) or with a single financial institution.

## 13.0 Maximum Maturities

To the extent possible, the Town of Los Altos Hills will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Town of Los Altos Hills will not directly invest in securities maturing more than five (5) years from the date of purchase.

Debt reserve funds may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.

The Town of Los Altos Hills will retain operating reserves as adopted by the City Council. The amount of active deposits and inactive investments with a maturity of one year or less shall always be equal to greater than any draw on these reserves required by the annual operating budget.

Securities may be sold prior to maturity to accommodate the Town's cash flow requirements or to take advantage of market opportunities to increase the Town's rate of return.

#### 14.0 Performance Standards

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

**14.1 Market Yield (Benchmark):** Suitability should be the standard for evaluating the success of the Town's investment portfolio. Given this strategy and the passive investment management utilized by the Town, the basis used to determine whether market yields are adequate shall be a market index.

#### 15.0 Reporting

The City Manager is charged with the responsibility of including a market report on investment activity and returns in the Town of Los Altos Hills' Cash and Investment Report. The Report will be in compliance with California Government Code Section 53646.

#### 16.0 Investment Policy Adoption

The Town of Los Altos Hill's investment policy shall be adopted by the City Council. The policy shall be reviewed annually by the Finance and Investment Committee and any modifications made thereto must be approved by the City Council.

#### 17.0 Investment Terms

**Benchmark:** A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk the average duration of the portfolio's investments.

**Broker:** Someone who brings buyers and sellers together and is compensated for her/his service.  
**Certificates of Deposit:** Commonly called time deposits certificates or time deposit open accounts. These are non-negotiable.

**Certificates of Deposit:** Commonly called time deposits certificates or time deposit open accounts. These are non-negotiable.

**Collateral:** Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

**Collateralization:** Process by which a borrower pledges securities, property or other deposits for the purpose of securing the repayment of a loan and/or security. Also refers to securities pledged by a bank to secure deposits of public moneys.

**Dealer:** Someone who acts as a principal in all transactions, including buying and selling from her/his own account.

**Delivery v. payment:** The preferred method of delivering securities, with an exchange of money for the securities.

**Demand deposits:** A deposit of monies which are payable by the bank upon demand of the depositor.

**Derivative:** Securities that are based on, or derived from, some underlying asset, reference date, or index.

**Diversification:** Dividing investment funds among a variety of securities offering independent returns.

**Federal Depository Insurance Corporation (FDIC):** A federal agency that insures bank deposits, currently up to \$100,000 per deposit.

**Federal Home Loan Bank (FHLB):** A federal agency that provides credit and liquidity in the housing market. FHLB issues discount notes and semi-annual pay coupon securities.

**Federal Home Loan Mortgage Corporation (FHLMC):** A federal agency that provides credit and liquidity in the housing market. FHLMC, also called "Freddie Mac," issues discount notes, semi-annual pay coupon securities and mortgage-backed securities.

**Federal National Mortgage Association (FNMA):** A federal agency that provides credit and liquidity in the housing market. FHLMC, also called "Fannie Mae," issues discount notes, semi-annual pay coupon securities and mortgage-backed securities.

**Federal Savings and Loans Insurance Corporation (FSLIC):** A federal agency that insures bank deposits, currently up to \$100,000 per deposit.

**Liquidity:** An asset that can easily and rapidly be converted into cash without significant loss of value.

**Local Agency Investment Fund (LAIF):** The LAIF was established by the State of California to enable treasurers to place funds in a pool for investments. There is a limitation of \$40 million per agency subject to a maximum of fifteen total transactions per month. The Town uses this fund when market interest rates are declining as well as for short-term investments and liquidity.

**Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.

**Portfolio:** Combined holding of more than one stock, bond, commodity, cash equivalent or other asset. The purpose of a portfolio is to reduce risk by diversification.

**Safekeeping:** Offers storage and protection of assets provided by an institution serving as an agent.

**U.S. Treasury Bills:** Commonly referred to as T-Bills, these are short-term marketable securities sold as obligations of the U.S. Government. They are offered in three-month, six-month and one year maturities. T-Bills do not accrue interest but are sold at a discount to pay face value at maturity.

**U.S. Treasury Notes:** These are marketable, medium-term interest-bearing securities sold as obligations of the U.S. Government with original maturities of one to ten years. Interest is paid semi-annually.

**U.S. Government Agency Issues:** Issues which are unconditionally backed by the full faith and credit of the United States.

**Yield:** The rate of annual income return on an investment, expressed as a percentage. **Income yield** is obtained by dividing the current dollar income by the current market price for the security. **Net yield** or **yield to maturity** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

## Expense and Use of Public Resources

(adopted xx/xx/xxxx)

### Policy Statement

The Town of Los Altos Hills takes its stewardship over the use of its limited public resources seriously. Public resources should only be used when there is a substantial benefit to the Town, such as:

- The opportunity to discuss the community's concerns with state and federal officials
- Participating in regional, state and national organizations whose activities affect the Town
- Attending educational seminars designed to improve officials' skill and information levels
- Promoting public service and morale by recognizing such service

This policy provides guidance to elected and appointed officials on the use and expenditure of Town resources, as well as the standards against which those expenditures will be measured. This policy supplements the definition of actual and necessary expenses for purposes of state laws relating to permissible uses of public resources and also supplements the definition of necessary and reasonable expenses for purposes of federal and state income tax laws. This policy also applies to any charges made to a Town credit card or cash advances.

### Authorized Expenses

Town funds, equipment, supplies (including letterhead), titles, and staff time must only be used for authorized Town business. The following types of expenses generally constitute authorized expenses, as long as the other requirements of this policy are met:

- Communicating with representatives of regional, state and national government on Town-adopted policy positions.
- Attending educational seminars designed to improve officials' skill and information levels.
- Participating in regional, state and national organizations whose activities affect the Town's interests.
- Recognizing services to the Town, for example thanking a volunteer, retiring elected official or long-time employee with a gift or celebration of nominal value and cost.
- Refreshments served at a working lunch authorized by a member of the City Council or the City Manager.
- Attending Town events.

All other expenses require approval by the City Council.

Examples of personal expenses that the Town will not reimburse include, but are not limited to:

- The personal portion of any trip.
- Political or charitable contributions or events.
- Family (partner, children, pets) expenses when accompanying official on Town-related business.
- Entertainment expenses, including theater, movies (either in-room or at a theater), sporting events (including gym, massage and/or golf-related events).
- Non-mileage personal automobile expenses, including repairs, traffic citations, insurance or gasoline.
- Alcoholic beverages except as specifically authorized in advance by a member of the City Council for Town sponsored public events at public facilities.
- Personal losses incurred while on Town business.

Any questions regarding the propriety of a particular type of expense should be resolved by the City Manager before the expense is incurred.

### **Stipends**

The stipend for City Councilmembers will be \$250 per month. The stipend for Planning Commissioners will be \$100 per month. Such stipends will be in addition to any reimbursement for meals, lodging, travel and expenses consistent with this policy.

### **Cost Control**

To conserve Town resources and keep expenses within community standards for public officials, expenditures should adhere to the following guidelines while travelling on official Town business.

#### **Transportation**

The most economical mode and class of transportation reasonably consistent with scheduling needs and cargo space requirements must be used, using the most direct and time-efficient route. In the event that a more expensive form or route is used, the cost borne by the Town will be limited to the cost of the most economical, direct, efficient and reasonable transportation form.

Automobile mileage is reimbursable at the Internal Revenue Service rates presently in effect. These rates are designed to compensate the driver for gasoline, insurance, maintenance and other expenses associated with operating the vehicle. The amount does not include bridge and road tolls, which are also reimbursable.

Lodging costs will be reimbursed or paid for when travel on official Town business reasonably requires an overnight stay. If such lodging is in connection with a conference, lodging costs should not exceed the group rate published by the conference sponsor for the meeting in question. For overnight stays in other contexts, lodging costs will be reimbursements or payments will be limited to the per diem rate for lodging published by the Internal Revenue Service.

**Meals**

Meal expenses and associated gratuities should be moderate, taking into account community standards and the prevailing restaurant costs of the area.

**Telephone/Fax/Cellular Phones**

Officials will be reimbursed for actual telephone and fax expenses incurred on Town business.

**Airport Parking**

Long-term parking should be used for travel exceeding 24 hours.

**Cash Advance Policy**

From time to time, it may be necessary for an official to request a cash advance to cover anticipated expenses while traveling or doing business on the Town's behalf. Such request for an advance should be submitted to the Administrative Services Director seven days prior to the need for the advance and should include a description of the purpose, anticipated amount and date of the expenditure. Any unused advance must be returned to the Accountant/Office Manager within two business days of the official's return, along with an expense report and receipts documenting how the advance was used in compliance with this expense policy.

**Credit Card Use Policy**

The ability to pay for the purchase of some goods or services such as conference registrations or lodging with a credit card provides an efficient means of payment. The City Council has approved the application for and use of a corporate credit card, to be administered by the City Manager with a total credit line not to exceed the City Manager's expense authority. Purchases by credit card are subject to the same advance and subsequent approval processes as purchases made by check. The Town's credit card may not be used for personal expenses, even if the official subsequently reimburses the Town.

**Expense Report Content And Submission Deadline**

Expense reports must document that the expense in question met the requirements of this policy. Officials must submit their expense reports within thirty days of an expense being incurred, accompanied by receipts documenting each expense. Restaurant receipts, in addition to any credit card receipts, are also part of the necessary documentation. Receipts for gratuities and tolls under \$5.00 are not required. Inability to provide such documentation in a timely fashion may result in the expense being borne by the official.

**Audits Of Expense Reports**

All expenses are subject to verification of compliance with this policy.

**Compliance With Laws**

Town officials should keep in mind that some expenditures may be subject to reporting under the Political Reform Act and other laws. All agency expenditures are public records subject to disclosure under the Public Records Act.

# Fund Balance and Reserve Policy

(Adopted May 19, 2016)

## 1.0 Philosophy

The Town of Los Altos Hills' primary financial objective is to maintain the fiscal stability of the organization. Unrestricted fund balance is an important indicator of economic stability. It is essential that the Town maintain sufficient fund balances to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, or natural disaster. Maintaining adequate financial resources will enable the Town to achieve this objective and its mission of serving the citizens of Los Altos Hills.

## 2.0 Delegation of Authority

Responsibility for compliance with the fund balance policy belongs to the Administrative Services Director for the Town of Los Altos Hills, who shall report to the City Manager, City Council and the Finance and Investment Committee an annual plan on the reserve balances. The Administrative Services Director is responsible for ensuring that the reserve policy is implemented in the Town's general ledger, audited financial reports, and budget document.

## 3.0 Scope

This fund balance and reserve policy focuses on the allocation and financial reporting of fund balance classified as Committed, Assigned and Unassigned per the Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Definitions. Nonspendable and Restricted Fund Balance, as defined in GASB 54 are excluded from this policy due to the nature of their restrictions. This policy applies to all fund types of the Town of Los Altos Hills. These funds are accounted for in the Town's Comprehensive Annual Financial Report and include:

### 3.1 Fund Types by Categories

#### Governmental funds

General fund

Special revenue funds

Capital projects funds

Debt service funds

Permanent funds

#### Proprietary funds

Enterprise fund (Sewer)

Internal service funds

Any new fund, unless specifically exempted

## 4.0 Purpose

The purpose of this policy is to establish a target maintenance levels for Town's fund balance or net assets. The allocation of fund balance and net assets are set by the City Council through resolution or ordinance and can only be removed or modified with the same level of authorization. This policy and the procedures prescribed by it supersede all previous policies and regulations regarding the Town's fund balance and reserves.

## 5.0 Definition

### 5.1 Fund Balance Classification in Governmental Funds

Fund Balance is defined as the excess of total assets as compared to total liability in a governmental fund. GASB 54 outlines the requirement to report the fund balance for governmental funds in specific classifications which create a hierarchy primarily based on the extent to which the Town is bound to the constraints on the specific purposes for which funds can be spent. The Fund Balance consists of the following five categories:

**5.1.1 Nonspendable fund balance** (inherently nonspendable) – Assets that cannot be converted to cash (i.e., prepaid items and inventories of supplies), assets that are legally or contractually required to be maintained intact (i.e., trust funds and fiduciary funds), and assets that will not be converted to cash soon enough to affect the current period.

**5.1.2 Restricted fund balance** (externally enforceable limitations on use) – includes amounts that can be spent only for specific purposes stipulated by external resource providers either constitutionally or through enabling legislation. Examples include grants, gas tax and in-lieu fees.

**5.1.3 Committed fund balance** (self-imposed limitations on use set in place prior to the end of the fiscal year) – includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally. Examples include pension reserves and IT equipment replacement reserve.

**5.1.4 Assigned fund balance** (limitation resulting from intended use) – Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This category was reported as “designated unreserved fund balance” prior to GASB 54 implementation. Examples include carryover encumbrances, legal settlement contingency, and capital reserves identified in Capital Improvement Program for future improvements.

**5.1.5 Unassigned fund balance** (residual net resources) – Unassigned amounts are technically available for any purpose. The general fund is the only fund that may report a positive unassigned balance. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

### 5.2 Stabilization Arrangements

Per GASB 54, governments have the option to formally set aside unrestricted fund balance amounts to use for budget or revenue stabilization, working capital needs, and contingencies or emergencies. The authority to set aside such amounts can be established by statute, ordinance, resolution, or charter. These amounts are subject to controls that dictate the circumstances under which they can be spent. The formal action that imposes the parameters for spending should identify and describe the specific circumstances under which

a need for stabilization arises. Those circumstances should be such that they would not be expected to occur routinely. Stabilization amounts should be reported in the general fund as restricted or committed if they meet the criteria or restricted or committed fund balance.

A stabilization arrangement would satisfy the criteria to be reported as a separate special revenue fund only if the resources derive from a specific restricted or committed revenue source. The notes to the financial statements disclose the authority for establishing the arrangement, the requirement for additions to the amount, the conditions under which amounts may be spent, and the balance.

## **6.0 Committed fund balance**

The City Council, as the Town's highest level of decision-making authority, shall commit fund balance for specific purposes by formal action, such as by ordinance or resolution, or approval through adoption of this policy with the budget. These committed amounts may not be used for any other purpose unless the City Council removes or changes the specified use through the same level of formal action. City Council action to commit fund balance shall occur within the fiscal reporting period; however the amount can be determined subsequently.

### **6.1 Pension Reserve**

Due to the absence of a Pension Stabilization Trust Fund, the City Council adopted through resolution to commit a portion of General Fund unassigned balance as pension reserves. Additional fund allocation shall be part of the annual budget process and shall not exceed the unfunded pension liability stated on the newest Pension Valuation Report published by California Public Employees' Retirement System (CalPERS). Committed funds may be used to pay the Town's annual pension contribution or prepay the Town's Unfunded Accrued Liability per the CalPERS Valuation Report. City Council approval is required for fund drawdown.

### **6.2 Technology Equipment Replacement Reserves**

Funds committed for equipment replacement reserves for purposes specified below. Funding use and replenishment shall require City Council approval and may be part of the budget process.

### **6.3 Disaster Contingency Reserve**

Disaster contingency reserve is committed for use during emergencies resulting from man-made or natural disaster. The fund is designed to allow the Town to meet obligations during the first few weeks of a disaster, prior to the availability of State and Federal aids.

## **7.0 Assigned fund balance**

### **7.1 Carryover Encumbrance**

Carryover encumbrance is for non-recurring contract agreements for special projects and capital improvements that cross over fiscal years. Special projects include consultant services for surveys, studies, and planning and building plan/ordinance update. Carryover encumbrance will be approved by City Council at the beginning of the new fiscal year for prior year initiated but incomplete projects with unspent contract budget.

## **7.2 Operating Contingency**

Operating contingency reserves are part of the stabilization policy allowing the utilization of such funds during economic downturn, special projects that benefit the community as a whole, and when disaster contingency is depleted during the course of a major disaster. Funding level shall be not exceed 20% of operating expenditure budget.

## **8.0 Unassigned fund balance**

These are residual positive net resources of the General Fund in excess of what can properly be classified in one of the four fund balance categories: unspendable, restricted, committed, and assigned. The General Fund is the only fund that may report a positive unassigned balance. Conversely, any governmental funds in a negative (deficit) position could report a negative amount of unassigned fund balance.

## **9.0 Implementation**

The Administrative Services Department will review the reserve level, establish a replenishment plan and present a performance update to the City Manager, Finance and Investment Committee and the City Council as part of the annual budgeting process. It would be Council's expectation that every effort would be made to replenish the reserve as soon as it is financially feasible and practical to do so. In addition, a reserve review will be required when a major change in economic conditions threatens the reserve levels established by this guideline.

## **10.0 Reporting**

The City Manager is charged with the responsibility of providing an annual reserve balance report and a reserve plan for the new fiscal year. The Finance and Investment Committee shall review the annual report and the City Council shall adopted the plan as part of the annual budget.

## **11.0 Fund Balance and Reserve Policy Adoption**

The Town of Los Altos Hills' fund balance and reserve policy shall be adopted by the City Council. The Finance and Investment Committee shall review this policy annually and the City Council must approve any modifications made thereto.

# Glossary of Terms

**Accounting System:** The methods and records established to identify, assemble, analyze, classify, record and report a government's transactions and to maintain accountability for the related assets and liabilities.

**Adopted Budget:** The official budget as approved by the City Council at the start of each fiscal year.

**Agency Fund:** A fund normally used to account for assets held by a government as an agent for individuals, private organizations or other governments and/or other funds.

**Amended Budget:** The official budget as adopted and as amended by the City Council through the course of a fiscal year.

**Annual Budget:** A budget applicable to a single fiscal year.

**Annual Financial Report:** A financial report applicable to a single fiscal year.

**Appropriated Budget:** The expenditure authority created by the appropriation bills or ordinances, which are signed into law, and the related estimated revenues. The appropriated budget would include all reserves, transfers, allocations, supplemental appropriations and other legally authorized legislative and executive changes.

**Appropriation:** A legal authorization granted by a legislative body for a given period to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and time it may be expended.

**ASD:** abbreviation. Administrative Services Department

**Assessed Valuation:** The estimated value placed upon real and personal property by the County Assessor as the basis for levying property taxes.

**Audit:** Prepared by an independent Certified Public Accountant , the primary objective of an audit is to determine if the City's financial statements present fairly the City's financial position and results of operations in conformity with generally accepted accounting principles.

**Authority:** A government or public agency created to perform a single function or restricted group of related activities.

**Balanced Budget:** A balanced budget exists when total revenues are equal to, or greater than, total expenses.

**Bond Covenant:** A legally enforceable promise made by an issuer of bonds to the bondholders, normally contained in the bond resolution or indenture.

**Budget:** A plan of financial operation embodying an estimate of the proposed expenditures for a given period and the proposed means of financing them.

**CAFR:** abbreviation. Comprehensive Annual Financial Report. This is the Town's financial statement, which includes auditor's opinion and other financial information pertinent in evaluating the Town's financial health.

**Capital Budget:** A plan or proposed capital outlays and the means of financing them.

**Capital Improvement Program:** A plan for capital improvements to be implemented each year over a fixed period of years to meet capital needs arising from the assessment of long-term needs. It sets forth each project in which the government is to have a part and specifies the full resources estimated to be available to finance the projected expenditures.

**Capitalized Expenditures:** Expenditures resulting in the acquisition and/or construction of fixed assets.

**Contracted Services:** Services rendered in support of City operations and activities by external parties. These may be based upon either formal contracts or ad hoc charges.

**Contingency:** A budgetary reserve set-aside for emergencies or unforeseen expenditures not otherwise budgeted.

**Cost Accounting:** The method of accounting that provides for assembling and recording of all the elements of cost incurred to accomplish a purpose, to carry on an activity or operation, or to complete a unit of work or a specific job.

**Cost Allocation Plan:** A comprehensive analysis of the appropriate distribution of overhead costs from the Town's General Government Departments to the various service departments – Public Works, Community Development and Parks & Recreation.

**Cost of Services:** Payments made by customers for publicly provided services that benefit specific individuals and exhibit “public good” characteristics. They include such fees as recreational fees, building permit fees, etc.

**Debt Service Fund:** A fund established for the payment of interest and principal on all debt other than payable exclusively from special assessments.

**Department:** A major organizational group of the City with overall management responsibility for an operation or a group of related operations within a functional area.

**Depreciation:** (1) Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence. (2) That portion of the cost of a capital asset which is charged as an expense during a particular period.

**Division:** An organizational subgroup of a department.

**Employee Services:** Salaries plus fringe benefits earned by employees of the organization for work performed.

**Encumbrance:** The commitment of appropriated funds to purchase goods that have not yet been received, or services that have yet to be rendered.

**Enterprise Fund:** A fund established to account for operations financed and operated in a manner similar to private business enterprises. In this case, the governing body intends that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**Entitlement:** The amount of payment to which a state or local government is entitled pursuant to an allocation formula contained in applicable statutes.

**EOC:** abbreviation. Emergency Operation Center. This is only activated during an emergency situation by authorized Town personnel.

**ERAF:** abbreviation. **Educational Revenue Augmentation Fund.** A shift of property tax revenues from cities, counties and other local agencies to the State in support of schools.

**Expenditure:** Decreases in net financial resources. Expenditures include current operating expenses, which require the current or future use of net current assets, debt service, and capital outlays.

**FIC:** abbreviation. Finance and Investment Committee.

**Fiscal Year:** A 12-month period (usually July 1st through June 30th) to which the annual operating budget

applies and at the end of which a government determines its financial position and the results of its operations.

**Fixed Assets:** Equipment costing \$5,000 or more, including tax, and not qualifying as a capital improvement project.

**Full-Time Equivalent (FTE):** The conversion of full-time and part-time employee hours to an equivalent of a fulltime position. For example: one person working half-time would count as 0.5 FTE.

**Fund:** A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions, or limitations.

**Fund Balance:** The difference between fund assets and fund liabilities of governmental and similar trust funds.

**GASB 34:** The Government Accounting Standards Board (GASB), which defines the criteria that auditors use to judge the adequacy of local and state government financial statements, has changed long-standing practices by requiring that government entities include reporting of their capital assets in their annual balance sheet and income statement. GASB Statement No. 34, adopted in June, 1999, for the first time highlights the costs of acquiring, owning, operating, and maintaining public works infrastructure for government-bond holders and the public at large.

**GASB 45:** GASB Statement No. 45, new accounting standards for Other Post Employment Benefits (OPEB) addresses how state and local governments account for and report post-employment healthcare and other non-pension benefits. The statement generally requires that the state and local governments account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions.

**GASB 68:** GASB Statement No. 68, amends GASB 27 on the accounting and financial reporting of pension liability. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pension by requiring recognition of unfunded liability on the Town-wide Financial Statement. There is no budgetary impact, as this is a balance sheet reporting adjustment.

**General Fund:** The fund used to account for all financial resources, except those required to be accounted for in another fund.

**Generally Accepted Accounting Principles (GAAP):** Uniform minimum standards of/and guidelines for financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompasses the conventions, rules and procedures necessary to define accepted accounting practices at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provides a standard by which to measure financial presentations.

**Governmental Funds:** Funds general used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

**Grants:** Contributions of cash or other assets from another governmental agency (usually) to be expended or used for a specified purpose, activity or facility.

**Infrastructure:** All City owned facilities supporting the operation of the governmental unit. It includes: streets, roads, bridges, curbs and gutters, parks, water and sewer lines, storm drains, water pump stations and reservoirs, water wells, sewer lift stations, all government buildings and related facilities.

**Internal Service Fund:** A fund used to account for the financing of goods or services provided by one department to other departments on a cost-reimbursement basis.

**Investment:** Securities and real estate purchased and held for the production of income in the form of interest, dividends, rentals or base payments.

**Long Term Debt:** Debt with a maturity of more than one year after the date of the issues.

**Materials & Services:** Expenses which are charged directly as a part of the cost of a service.

**Modified Accrual Basis:** The accrual basis of accounting where revenues are recognized when they become both “measurable” and “available” to finance expenditures of the current period. All governmental funds and agency funds are accounted for using the modified accrual basis of accounting.

**Net Income (Loss):** Proprietary fund excess (deficit) of operating revenues and operating transfers- in over operating expenses, non-operating expenses and operating transfers-out.

**Non-Operating Expenses:** Proprietary fund expenses not directly related to the fund’s primary activities (e.g. interest).

**Non-Operating Revenues:** Proprietary fund revenues incidental to, or by-products of, the fund’s primary activities.

**Operating Expenses:** Proprietary fund expenses related directly to the fund’s primary activities.

**Operating Income:** The excess of proprietary fund operating revenues over operating expenses.

**Operating Revenues:** Proprietary funds revenues directly related to the fund’s primary activities. They consist primarily of user charges for goods and services.

**Operating Transfers:** Legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended, such as transfers from the General Fund to a Special Revenue or Capital Projects Fund.

**Ordinance:** A formal legislative enactment by the City Council. If it is not in conflict with any higher form of law, it has the full force and effect of law within the boundaries of the City.

**PCI:** abbreviation. Pavement Condition Index.

**Preliminary Budget:** A budget in its preliminary preparation stage prior to review and formulation by the City Council. In the preliminary stage, a budget forecasts current costs into the future and new or modified spending proposals for the future.

**Program:** Group activities, operations, or organization units directed to attaining specific purposes or objectives.

**Program Purpose:** A general statement explaining the reason a particular program or division exists.

**Proprietary Fund:** The classification used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector (i.e., enterprise and internal service funds). All assets, liabilities, equities, revenues, expenses and transfers relating to the government's business and quasi-business activities are accounted for through proprietary funds.

**Reserved Fund Balance:** Those portions of fund balance that have not been appropriated for expenditure or that are legally segregated for a specific future use.

**Resolution:** A special or temporary order of the City Council requiring less formality than an ordinance.

**Retained Earnings:** An equity account reflecting the accumulated earning of an enterprise or internal service fund.

**Revenues:** (1) Increases in net current assets of a governmental fund type from other than expenditure refunds and residual equity transfer. (2) Increases in the net total assets of a proprietary fund type from other than expense refunds, capital contributions and residual equity transfers.

**Risk Management:** All the ways and means used to avoid accidental loss or to reduce its consequences if it does occur.

**Self-Insurance:** A term often used to describe the retention by an entity of a risk of loss arising out of the ownership of property or from some other cause, instead of transferring that risk to an independent third party through the purchase of an insurance policy. It is sometimes accompanied by the setting aside of assets to fund any related losses. Because no insurance is involved, the term self-insurance is a misnomer.

**Service Reimbursements:** Transactions that constitute reimbursements to a department/division for expenditures or expenses initially made from it but that properly apply to another department/division.

**Service Level Measure:** A statement describing an activity conducted or performed by the program/division. A program will usually have many Service Level Measures. Service Level Measures provide quantifiable and qualifiable information as to the level of service to be provided in relation to the level of fund indicated in the budget.

**Special Revenue Fund:** A fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Specific Program Objectives:** An "action" statement indicating the new or special activities proposed for a program.

**Taxes:** Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments. Neither does the term include charges for services rendered only to those paying such charges as, for example, user charges.

**Transfers:** Payments from one fund to another ideally for work or services provided, or to cover operating expense shortfalls.

**Triple Flip:** Backfill of the confiscated local sales tax reimbursed through a series of revenue swapping procedures to guarantee repayment for the California Economic Recovery Bond.

**Trust Fund:** Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments and/or funds.

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**End of Adopted Budget**