LOS ALTOS HILLS
CALIFORNIA

2015-2016 Operating and Capital Budget

Los Altos Hills, Ca

ACKNOWLEDGEMENTS

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Budget Cover Pictures: (top left to bottom right):

Pathways Run/Walk, May 2015
Star Gazer at Town Hall, November 2014
Dog Park Ribbon Cutting Ceremony, November 2014
Town Picnic, June 2015
O'Keefe Preserve Ribbon Cutting Ceremony, March 17, 2015.
Tree Removal on Edgerton by Town Crew, 2015

City Council Adopted 2015-2016 Budget

Operations and Capital

TOWN OF LOS ALTOS HILLS
26379 FREMONT ROAD
LOS ALTOS HILLS, CA 94022

MAYOR
COURTENAY CORRIGAN

MEMBERS OF THE CITY COUNCIL

JOHN HARPOOTLIAN, MAYOR PRO TEM

RICH LARSEN

JOHN RADFORD

GARY WALDECK

TOWN STAFF

CARL CAHILL
City Manager

PAK LIN
Interim Administrative Services Director

SUZANNE AVILA
Community Development Director

RICHARD CHIU
Public Works Director & Town Engineer

DEBORAH PADOVAN
City Clerk

STEVEN MATTAS
City Attorney

CAPTAIN
RICK SUNG
Sheriff Captain

TONY SANDHU
Interim Finance Manager

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Introduction

June 18, 2015

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

I am pleased to submit to you the 2015-16 Operating and Capital Budget for the Town of Los Altos Hills. The budget is meant to serve the following four major purposes:

- To define **policy**, as established by the City Council.
- To serve as an **operating guide** for management staff through its allocation of financial resources to the various services the City provides, while complying with State requirements for General Law cities. The Budgets for all funds are prepared according to generally accepted accounting principles for governmental funds.
- To present the Town's **Financial Plan** for the fiscal year, by estimating the financial resources that are available for Fiscal Year and allocating them to the various public services the Town provides and legally limiting where those resources are spent.
- To serve as a **Communication Document** for the citizens of Los Altos Hills who wish to understand how the Town operates and the methods used to finance those operations.

The budget was developed with the primary focus on continuing delivery of quality core services, ensuring the safety of Town's citizens, maintenance of its infrastructure assets, and preserving the Town's unique semi-rural quality of life. It is comprised of $13.8 million in Town-wide expenditures, $12.9 million in revenues and $3.1 million in inter-fund transfers. It also incorporates the recommendations provided by each department and directions provided by the City Council during the May 20, 2015 Joint City Council and Finance and Investment Committee Budget Study Session.

Realizing the importance of a balanced budget, Staff reviewed all expenditures and identified cost savings wherever possible. The 2015-16 General Fund Budget is a balanced budget, where current revenues of $9.8 million exceeds current expenditures of $9.7 million, including inter-fund transfers to support special fund operations and capital improvement needs.

The Special Revenues Funds and Debt Service Funds budget totals $1.5 million in expenditure, $0.7 million in revenues and $0.7 million in net transfers in. The budget does include a one-time transfer of $80,000 from Streets Operating Fund (017) to Streets Capital Improvements (046) to address capital needs, and a $33,000 drawdown of prior years' COPS grant allocations.

The Sewer Fund incorporated a number of the recommendations made by V.W. Housen and Associates' 2015 Sewer Collection System Assessment Technical Memo bringing the total 2015-16 expenditures budget, including capital investments, to $3.1 million. The expenditure budget includes the development and implementation a proactive sewer system maintenance program. Unlike other governmental funds, the Sewer Fund behaves like a business and its revenues and reserves must meet or exceed its operating and capital expenses. To meet the increasing financial demands of planned sewer system improvements, the Town completed a five-year sewer rate study in 2014-15, with the assistance of Municipal Financial

Services. The study presented several rate structure options. These options were presented to the Finance and Investment Committee and to the City Council. A sewer service charge increase of 39% in 2015-16 and again in 2016-17 followed by CPI adjustment of 3% in the following years was found to be the most palatable of the three options provided. Following the provisions set by Proposition 218 on noticing requirements and majority-protest process, the recommended rate increase notification was mailed to property owners. After the consideration of all public comments during the public hearing on May 21, 2015 and all mailed-in protest ballots, the City Council approved the five-year sewer service charge increase. The 2015-16 revenue budget of $2.1 million includes the sewer service charge increase. The Sewer Budget also includes a Sewer reserves drawdown of $995,000.

The Town ends the year with a healthy fund balance of over $8.4 million in the general fund and other governmental funds combined. With the budget as a guide, management is charged with daily operations including the execution of contracts, purchases, and employee compensation within the City Council approved benefit plan and salary ranges. Any information that arises over the course of the fiscal year which would modify the parameters outlined in this document will be presented to the City Council as part of the mid-year budget review. The Town's management team takes great pride in delivering high quality services to the community while remaining respectful of fiscal constraints inherent to local government finance.

In closing, I am pleased to announce the Town's 2014-15 Budget received national recognition by earning the Government Finance Officers Association (GFOA) "Distinguished Budget Presentation Award." The award represents a significant achievement by the entity. It reflects the commitment of the governing body and staff to meeting the highest principles of governmental budgeting. In order to receive the Distinguished Budget Presentation Award, the Town must publish a budget document that serves as a policy document, a financial plan, a communications device and an operations guide. We believe the 2015-16 budget document conforms to GFOA program requirements.

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 Interim Administrative Services Director Pak Lin for so ably taking over as Budget project manager after the departure of the previous Administrative Services Director in March 2015. Interim Finance Manager Tony Sandhu and Office Specialist 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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Los Altos Hills

California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

The Adopted 2015-16 Budget is a balanced and sustainable budget. Total ongoing revenues support ongoing operating expenditures, including debt service obligations. In selected cases, fund balances are used to support expenditures that are one-time in nature. The use of fund balance must comply with Town ordinances, Federal and State Regulations and City Council directions. For example, previous years' unspent Gas Tax revenues are required by law to remain in a separate fund, Street Operation Fund, and be used for eligible street maintenance and improvements. As such, a portion of Street Operation's Fund Balance was transferred to Street Capital Fund to support 2015-16 Street Improvements.

The budget process identifies necessary and desirable service enhancements and cost savings options. Potential impacts to the overall Town operation and services provided to the community and employee morale are considered. From the months of March through May, the City Manager and Interim Administrative Services Director met with each department individually, and as a group, to discuss and finalize the 2015-16 budget recommendations which were presented to the City Council at the May 20, 2015 Joint Council and Finance & Investment Committee Budget Study Session. During this meeting, Council reviewed $2,433,340 of program enhancements in the governmental funds and $1,275,000 in the sewer fund, which are included in the 2015-16 Budget, bringing the total Town-wide expenditure budget to $13,841,713 and revenue budget to $12,878,751 – the deficit of $962,962 is primarily in the Sewer Fund and Capital Improvement Funds which are further discussed within the Financial Summaries section of the budget. Additionally, the details of the enhancements are available at the Service Enhancements Summary found in the Town-wide Overview section of the budget.

Organizational Goal and Budgeting Strategies

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. Maintaining this uniquely semi-rural environment is one of the primary goals of the Town. Other goals include providing a safe community for residents and visitors and promoting community unity, through events.

The Town's short-term budgeting strategy is to develop the base budget to capture existing programs and services. Enhancements are proposed by departments, prioritized by the City Manager, and added to the base budget for City Council consideration. Many of the proposed enhancements are collaborations between Town Staff and the Town's Commissions and Committees, such as the Town's website update. The budget, which consists of the base budget and the enhancements, are presented to the City Council for further directions and consideration.

With the changing economic climate in the Silicon Valley, the aging infrastructure around Town, and the aforementioned Town goals, Los Altos Hills finished updating its 2015 General Plan and will be updating the Sub-Division plan in the coming year. The Sewer System was reviewed by a third party consultant and a technical memo was produced, which resulted in increased investment in the Town's sewer infrastructure in 2015-16. This technical memo will be the basis for Public Works to develop a long-range Sewer Master Plan. Master plans for other infrastructures will be developed in the coming years. The results of these documents will be incorporated

in the Town's five-year capital improvement program. Additionally, the Town continues to reserve a portion of the General Fund fund balance for future uncertainties including disaster contingency, operating contingency, pension liability reserves, and major technology infrastructure replacements.

Economic Overview and Budget Assumptions

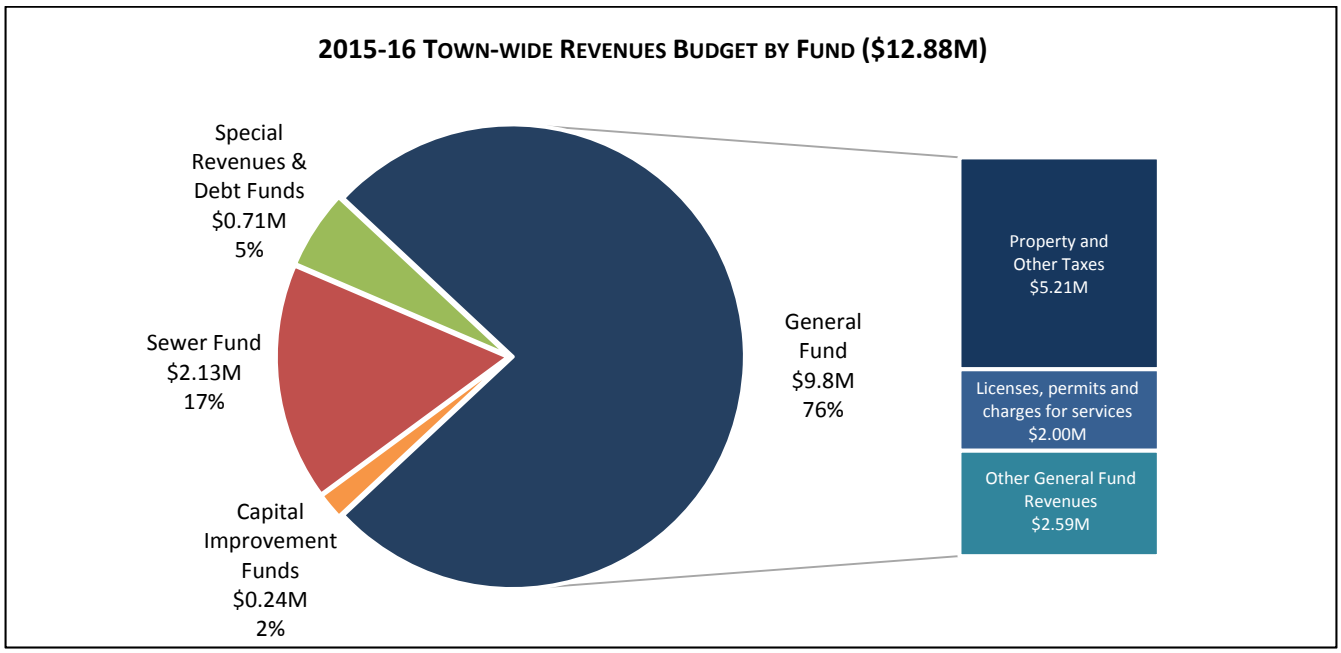
The 2014-15 financial condition continues to improve with $10,858,845 as the June 30, 2015 projected Town-wide ending fund balance. In 2014-15, Zillow.com reported Los Altos Hills median home price grew by 16.4% to $4.02 million. In June 2015, the Santa Clara Assessor's Office reported a countywide net assessment growth of 6.80%, with 6.21% growth for the Town. Joint Venture Silicon Valley's 2015 Annual Index reported that Silicon Valley added 58,000 jobs in 2014 compared to 44,000 jobs in 2013. A strong real estate market supported by a robust community development activity enabled the Town to increase its 2014-15 projected revenues by $197,693 or 2% over the Adopted Budget. For 2015-16 Adopted Budget, we project General Fund revenues to increase another $379,173 or 4% over the projected 2014-15 revenues based on the continuing favorable economic conditions.

TOWN-WIDE BUDGET COMPARISON

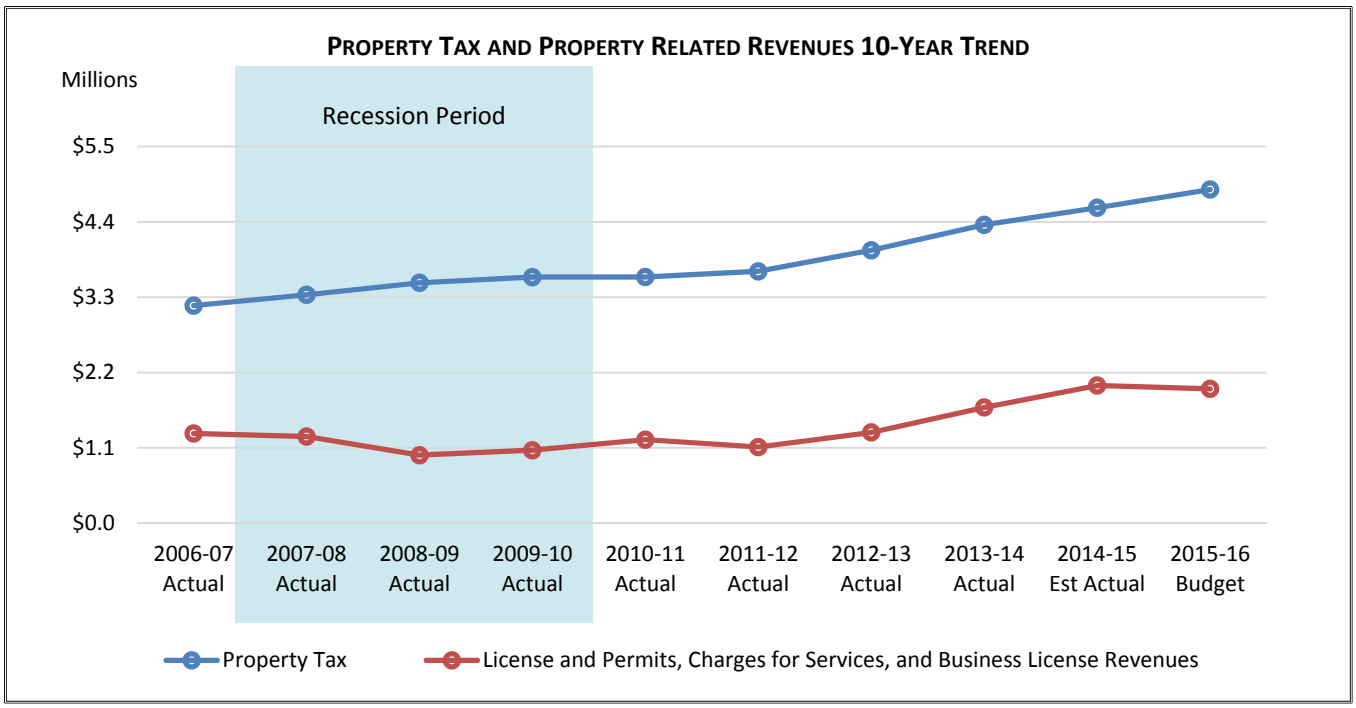
TOWN-WIDE REVENUES SUMMARY	2014-15 ADOPTED BUDGET	2014-15 REVISED BUDGET	2015-16 ADOPTED BUDGET	$ CHANGE	% CHANGE
PROPERTY TAX	$ 4,332,700	$ 4,384,400	$ 4,672,500	$ 288,100	6.6%
TAXES OTHER THAN PROPERTY	489,200	522,700	541,200	18,500	3.5%
LICENSES AND PERMITS	939,150	1,101,950	1,032,950	(69,000)	-6.3%
CHARGES FOR SERVICES	821,000	1,031,000	971,100	(59,900)	-5.8%
FRANCHISE FEES	453,400	465,300	484,300	19,000	4.1%
USE OF MONEY AND PROPERTY	199,100	199,100	202,200	3,100	1.6%
INTERGOVERNMENTAL	33,100	33,100	31,200	(1,900)	-5.7%
MISCELLANEOUS	90,000	102,700	159,900	57,200	55.7%
INTERNAL ALLOCATIONS	1,867,960	1,583,053	1,707,126	124,073	7.8%
				-	
GENERAL FUND	**$ 9,225,610**	**$ 9,423,303**	**$ 9,802,476**	**$ 379,173**	**4.0%**
SPECIAL REVENUES	642,700	781,900	710,775	(71,125)	-9.1%
DEBT SERVICE	-	-	-	-	0.0%
CAPITAL IMPROVEMENTS	367,425	418,725	238,500	(180,225)	-43.0%
SEWER FUND	1,533,900	1,551,100	2,127,000	575,900	37.1%
				-	
TOWN-WIDE REVENUES TOTAL	**$ 11,769,635**	**$ 12,175,028**	**$ 12,878,751**	**$ 703,723**	**5.8%**

The 2015-16 base budget was developed with known projections and economic conditions through May 2015. Revenue assumptions are based on a combination of State and County published information as well as reports form 3rd party experts. Historical trend is used in determining the base expenditure budget and professional services are re-evaluated based on contracts renewed or entered in 2014-15.

Economic Conditions and Its Influence on Major Revenues



General Fund revenues represent 76% or $9,802,476 of the Town's total 2015-16 budgeted revenues. It supports planning, building, engineering, recreation, public safety, and general government operations. Of the $9,802,476, $6,887,550 of the budget, or 70%, is sensitive to the national and regional housing market conditions. This includes $4,672,500 in Property Tax, $211,000 in Business License, $1,032,950 in License and Permits, and $971,100 in Charges for Services. As shown in the 10-Year Trend, below, Property Tax revenue plateaued during the Great Recession of 2008 while revenues from permitting and business license revenues declined significantly.



During the recession, the County Assessor's Office temporarily reduced property assessment value as part of the California voter approved Proposition 8 valuation adjustment. As the housing market restores to pre-recession values, assessed property values are also restored to its original valuation. This meant reduced property tax for many agencies in the region during the recession and increased tax revenues during the restoration phase. For Los Altos Hills, the Property Tax revenue trend is slightly different. During the recession, while many property assessment values were decreasing, the number of sold residential properties raised the assessed property value to market value, offset the reduction in Prop 8 adjustment, and created the plateau effect from 2009-10 to 2011-12. As assessment values were restored in the recent years, Property Tax revenue began to climb resulting in a $288,100 or 6.6% projected budget increase in 2015-16 Property Tax.

Unlike Property Tax, Business License Revenues, License and Permits, and Charges for Services are more sensitive to the housing market's fluctuations. From 2006-07 to 2009-10, permitting and business license revenues decreased by 18% from $1,494,968 in 2006-07 to $1,219,767 in 2009-10. The recovery began in 2011-12 with total property development revenues of $1,111,842 and continued through 2014-15 with an estimate of $2,257,399. Additionally, the 2014-15 estimated Planning and Building revenues of $1,110,335 and $936,064, respectively, includes the increased fees and charges adopted by Council as part of the 2014 User Fee Study.

PROPERTY DEVELOPMENT REVENUES 5-YEAR SUMMARY

PROPERTY DEVELOPMENT REVENUES	2011-12 ACTUAL	2012-13 ACTUAL	2013-14 ACTUAL	2014-15 ESTIMATED ACTUAL	2015-16 ADOPTED BUDGET
BUSINESS LICENSE REVENUES	**$ 186,527**	**$ 230,623**	**$ 211,137**	**$ 211,000**	**$ 211,000**
NO OF ISSUANCE					
RESIDENTIAL DEVELOPMENT	1,120	2,148	1,059	1,220	
OTHER ISSUANCE	132	243	155	147	
LICENSES AND PERMITS (Planning)	**593,509**	**614,778**	**785,758**	**1,110,335**	**1,032,950**
NO OF ISSUANCE (Thru May)	133	119	142	166	
CHARGES FOR SERVICES (Building)	**331,806**	**480,996**	**693,020**	**936,064**	**971,100**
NO OF ISSUANCE (Thru May)	457	474	570	593	
TOTAL PROPERTY IMPROVEMENT VALUATION (Thru May)	30,225,561	31,222,764	48,014,598	46,789,991	
AVERAGE VALUATION	66,139	65,871	84,236	78,904	
TOTAL PROPERTY DEVELOPMENT REVENUES	**$ 1,111,842**	**$ 1,326,397**	**$ 1,689,915**	**$ 2,257,399**	**$ 2,215,050**
Percent Increase/(Decrease)	**--%**	**19%**	**27%**	**34%**	**-2%**

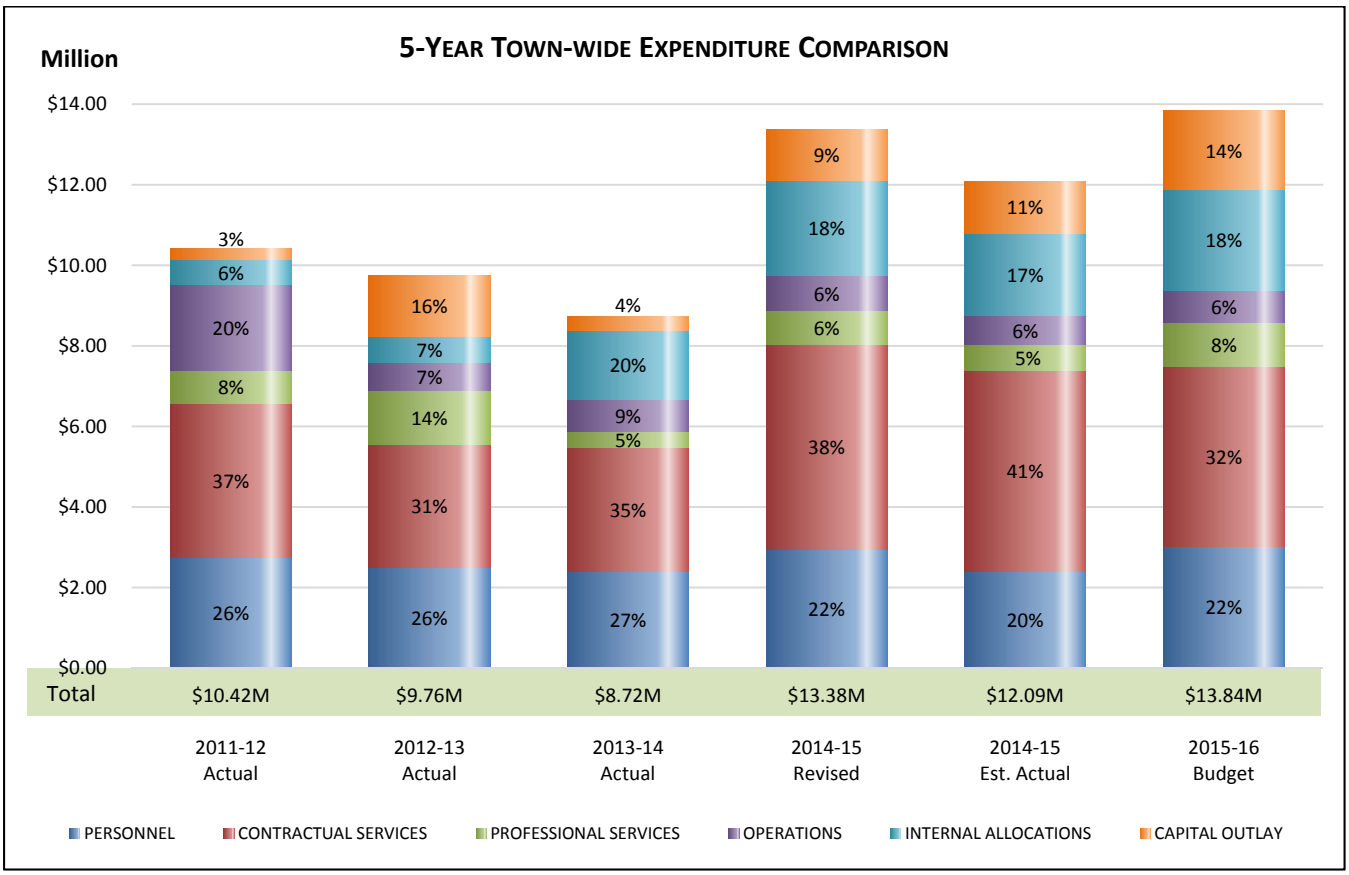
From January through April of 2015, the Planning Director noticed a decrease in large plan reviews. Although the number of permits submitted for review increased slightly, the valuation on each submissions have decreased. She suspected this will continue in 2015-16 resulting in a 7.0% reduction in Licenses and Permits revenue from $1,110,335 in 2014-15 to $1,032,950 in 2015-16. On the other hand, a number of plans have been approved in the Planning Department in 2014-15 and the homeowners have begun construction. This as a result increased Building Charges for Services by 3.7% from $936,064 to $971,100.

Sewer Fund Revenues is projected at 17% or $2,127,000 of the total Town-wide budget. As mentioned briefly in the Organizational Goals and Budgeting Strategies section, the Town completed a sewer technical memo of the

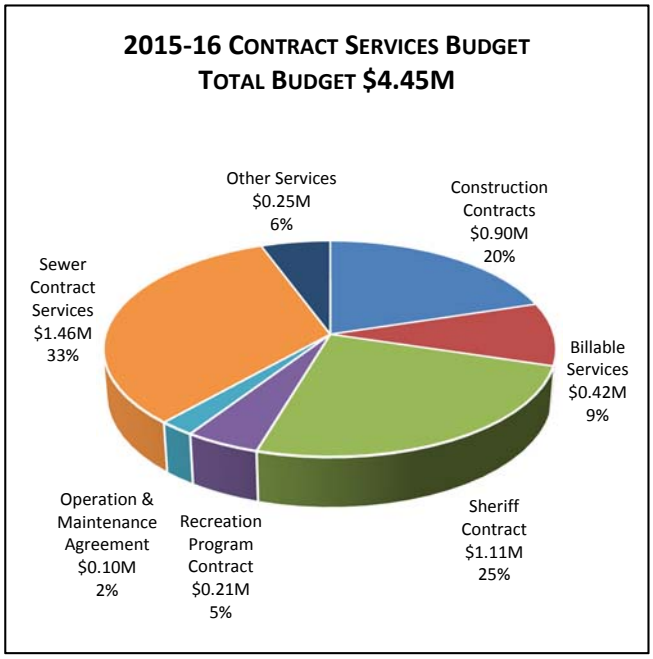
aging sewer system that recommended more investment in preventive maintenance and system improvement, including root foaming and high frequency cleaning. The last sewer service charge increase was in 2007. To address the need for the increased sewer maintenance and capital improvements, the Town completed a Sewer Rate Study in 2014-15. The study recommended a two year rate increase of 39% each year followed by three years of 3% inflationary adjustment. The 2015-16 Sewer Fund Revenues will increase by $575,700 or 37.1% due to the sewer rate increase, approved by the City Council on May 21, 2015. Additional discussion on the Sewer Fund and other Town funds can be found in the Financial Section of this budget document organized by fund type.

Economic Conditions and Its Influence on Major Expenditures

The 2015-16 Town-wide operating and capital expenditure budget is $13,841,713 and consists of a based budget of $10,163,373 and service enhancements of $3,678,340. The base budget was developed based on the assumptions that the Town's operations in 2015-16 are consistent with 2014-15 and major operating changes, such as contract agreements, are known.



The largest expenditure for the Town is contractual services representing 32% or $4,449,490. This includes a $1,107,832 law enforcement agreement with the County Sheriff's Office. This annual contract is limited to 2% plus CPI maximum adjustment (2.54% for 2015-16) plus an increase in pension cost to the County. In 2014-15, the County completed its labor negotiations for all units and increased the Town's cost by 2.7% in 2014-15 and 5.4% in 2015-16. The amount of the increase is generally provided to Town staff during the budget development.



The Town also contracts with Palo Alto and Los Altos for Sewer conveyance and treatment, budgeted at $898,610. These costs are embedded in the $1,455,060 Sewer contract services budget. In recent years, the City of Palo Alto has indicated that there will be major rehabilitation and improvements required of its sewer treatment plant and that cost has not been finalized. Other sewer contract services includes ongoing sewer maintenance and asset management update by West Bay, in the amount of $531,000, and miscellaneous sewer services support of $25,450.

The other categories of Contractual Services were developed by comparing spending trends, a3-year historical average, and applying a 5% inflation increase. This method is also used for Professional Services and Operations.

The personnel budget of $3,033,482 is the second largest expenditure in the Town-wide Budget, at 22%, and supports 20.2 full-time equivalent positions. The budget was adjusted for temporary salary savings from staff turnover, known pension cost increase, estimated other benefit cost increases of 5%, the City Council approved addition of one Associate/Senior Engineer to manage the increased workload in the Sewer Fund, and $64,000 for discretionary meritorious performance compensation increases. More information about the addition of one engineering position is available in the Sewer Fund Financial Summary.

During 2014-15, a total of five positions had been staffed by contractors as a result of vacancies. These positions included Senior Engineer, Finance Manager, Community Development Director, Administrative Services Director and Building Technician. These vacancies created temporary savings in the personnel budget category. Additionally, the 2014-15 Personnel Budget of $2,949,045 included a one-time cost of $30,000 for the 2015 Compensation Study. The study was completed and accepted by the City Council on May 21, 2015 and the Compensation Plan was adopted along with the 2015-16 Budget on June 18, 2015.

Other factors impacting personnel cost includes pension cost for all employees totaling $291,415, an $11,115 or 4% increase. This includes the unfunded liability payment amount of $87,899 for Tier 1 employees at the "2% at 55" formula. To build the budget, the $87,899 unfunded liability was converted to percent of salary and added to all employees belonging to Tier 1, which equates to 7% of eligible salary. Below are the pension rates.

Tier	Formula	2014-15 Rates	2015-16 Rates
Tier 1	2% @ 55	11.84%	8.84% + $87,899
Tier 2	2% @ 60	8.72%	7.51%
Tier 3	2% @ 62	6.70%	6.73%

2015-16 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 Town contribution from 5% to 4% of salary this year resulting in a savings of $11,300 and a total savings of $34,800 over the last three years ago.

Health & Welfare costs and Other Post-Employment Benefits (OPEB) is another major personnel cost for the Town. The Base Budget assumes that Town will continue with the previously implemented cost-sharing model where employees share 10% of the cost for dependent coverage based on average cost of existing CalPERS health plans. Budget estimates 8% increase in PERS Medical rates and 5% increase in other insurance benefits. The Budget assumes that the Town will continue to pay 100% of OPEB Annual Required Contribution which is $111,000 plus pay as you go payments to retirees totaling $105,000, the same level as in 2014-15.

Economic Conditions and Its Influence on Fund Balance

As experienced in the last decade how quickly the economy can change, the Town has committed General Fund balance designation 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. The Town's Fund Balance Policy, states 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. In preparation of future liability, a **Pension Liability Reserve** has been established and $500,000 of 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 be changed in the future with Tier 1 employee pool and further research will be required.
- In accordance with best practices, the Town also set aside $350,000 for **Operating Contingency** in the event of an economic downtown which may 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 and resources. As such $1,250,000 has been designated as **Disaster Contingency** reserves.
- As modern technology advances and requirements change, it is critical for the Town to have funds available to replace obsolete technological equipment. For 2015-16, the Town established a $15,000 for **Equipment Replacement (IT) Reserve**.

Basis of Budgeting

The Budget is prepared in accordance with 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 fund liability is incurred. Revenues are recognized when they become both measureable 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 as 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.

Proprietary Fund Types include the Enterprise and Internal Service Funds, 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 accounts 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.

Budget Development Process

Development of the operating and capital budget is a year-round process with actual compilation and analysis over three months. A summary of the 2015-16 budget timeline is stated below. The process begins with the review for the Mid-Year Financial Update and Budget Adjustment and the information is carried forward to the budgeting process. In April 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 Administrative Services Department submits the draft proposed Town budget to the City Manager for review. 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 30th 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.

Budget Schedule Timeline

Date	Department	Action
Apr 1	ASD	Budget Instructions, forms and 2014-15 Base Budget sent to departments
Apr 17	All Departments	Budget forms are due to Finance
Apr 20 - Apr 24	ASD	ASD meets with each Dept. to go over projections and review budget requests
May 1	All Departments	Department narratives due
May 4 - May 8	ASD	Compile all information to provide City Manager with Town-wide Budget Summary and list of department recommended service enhancements

Date	Department	Action
May 11	City Manager	City Manager ranks budget requests & sets priorities and meet with Department as needed
May 11 - May 13	ASD	Prepare budget based on City Manager's direction
May 14	ASD	Distribution of 2015-16 budget summaries to Public
May 20	FIC/City Council	Joint Budget Study Session
June 18	City Council	Present Budget to City Council for adoption

Budget Organization

This budget document is arranged to present a Town-wide summary, followed by department/program budget to provide organizational goals, objectives, activities, and budgetary changes and information useful in understanding the Town's daily functions. Further details are provided within the Financial Summaries which are organized by fund type to highlight specific financial information on each fund. Town-wide charts are inserted in the Town-wide Overview, beginning with Work Programs & Departmental Budget and Financial Summaries sections to provide a pictorial roadmap of the organization.

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.

GANN ANNUAL APPROPRIATION LIMIT

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 XIIIB. 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.

GANN ANNUAL APPROPRIATION LIMIT

FISCAL YEAR 2015-2016
June 18, 2015

A. Calculation of 2015-16 Appropriations Limit

Prior Year Appropriation Limit		**$**	**5,782,438**
Annual Change Factors			
Cost of living adjustment factors			
California per capita personal income (CPCPI)	1.0382		
Population adjustment factors			
Town of Los Altos Hills (LAH)	1.0130		
County of Santa Clara (SCC)	1.1300		
Authorized Adjustment Factor			
CPCPI X LAH Population change	1.0517		
2015-16 Appropriation Limit as adjusted			
Prior year limit x Authorized Adjustment Factor		**$**	**6,081,370**

B. 2015-16 Estimated Tax Proceeds Subject to Appropriations Limit

Property taxes			
Current secured and unsecured	$ 3,634,500		
In-lieu of vehicle license fees & triple flip	908,300		
Supplemental taxes	88,000		
Homeowner's property tax exemption	20,300		
Subtotal all property taxes	**$ 4,651,100**		
Other Taxes			
General sales tax	$ 75,200		
Property transfer taxes	200,000		
Business tax	211,000		
Public safety sales tax	55,000		
Subtotal all other taxes	**$ 541,200**		
Total estimated tax proceeds subject to appropriations limit		**$**	**5,192,300**

C. 2015-16 Appropriations Subject to Limit

Appropriations supported by tax proceeds (net of user fees and reimbursements)			
Administration	$ 1,695,125		
Committees and Grants	205,359		
Public Safety	1,335,707		
Planning, Building, Engineering	1,107,189		
Parks & Recreation	527,917		
Total appropriations subject to limit		**$**	**4,871,298**

D. Over (Under) Appropriations Limit

Appropriations limit as adjusted	$ 6,081,370		
Total appropriations subject to limit	4,871,298		
Appropriations Over (Under) Appropriations Limit		**$**	**(1,210,073)**
			-20%

RESOLUTION 38-15

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF LOS ALTOS HILLS ADOPTING THE FISCAL YEAR 2015-16 APPROPRIATION LIMIT, APPROPRIATIONS AND INTER-FUND TRANSFERS, AND EMPLOYEE COMPENSATION PLAN

WHEREAS, the City Council of the Town of Los Altos Hills has received and completed its review of the proposed 2015-16 Operating and Capital Improvement Program Budget and Employee Compensation Plan for fiscal year 2014-15; and

WHEREAS, the City Council of the Town of Los Altos Hills now desires to adopt the Appropriations Limit, Appropriations and Inter-fund Transfers, and Employee Compensation Plan for fiscal year 2015-16.

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 2015-16 of $6,081,370 as set forth in Exhibit A: GANN Appropriation Limit Calculation.

2. The City Council does hereby approve and adopt the Town's budget of $13,841,713 for fiscal year 2015-16 consisting of appropriations and inter-fund transfers as set forth in Exhibit B of the Fiscal Year 2015-16 Budget and the Employee Compensation Plan as set forth in the 2015-16 Compensation Plan.

3. The amount of the 2015-16 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 office budget of the Town of Los Altos Hills for the 2015-16 fiscal year.

The above and foregoing Resolution was passed and adopted by the City Council of the Town of Los Altos Hills at a regular meeting held on the 18th day of June, 2015 by the following vote:

AYES: Corrigan, Harpootlian, Larsen, Radford, Waldeck

NOES: None

ABSTAIN: None

ABSENT: None

BY: Courtenay C. Corrigan, Mayor

ATTEST:

Deborah Padovan, City Clerk

Town-wide Overview

TOWN OF LOS ALTOS HILLS PROFILE

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 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 comprises 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.

TOWN OF LOS ALTOS HILLS PROFILE

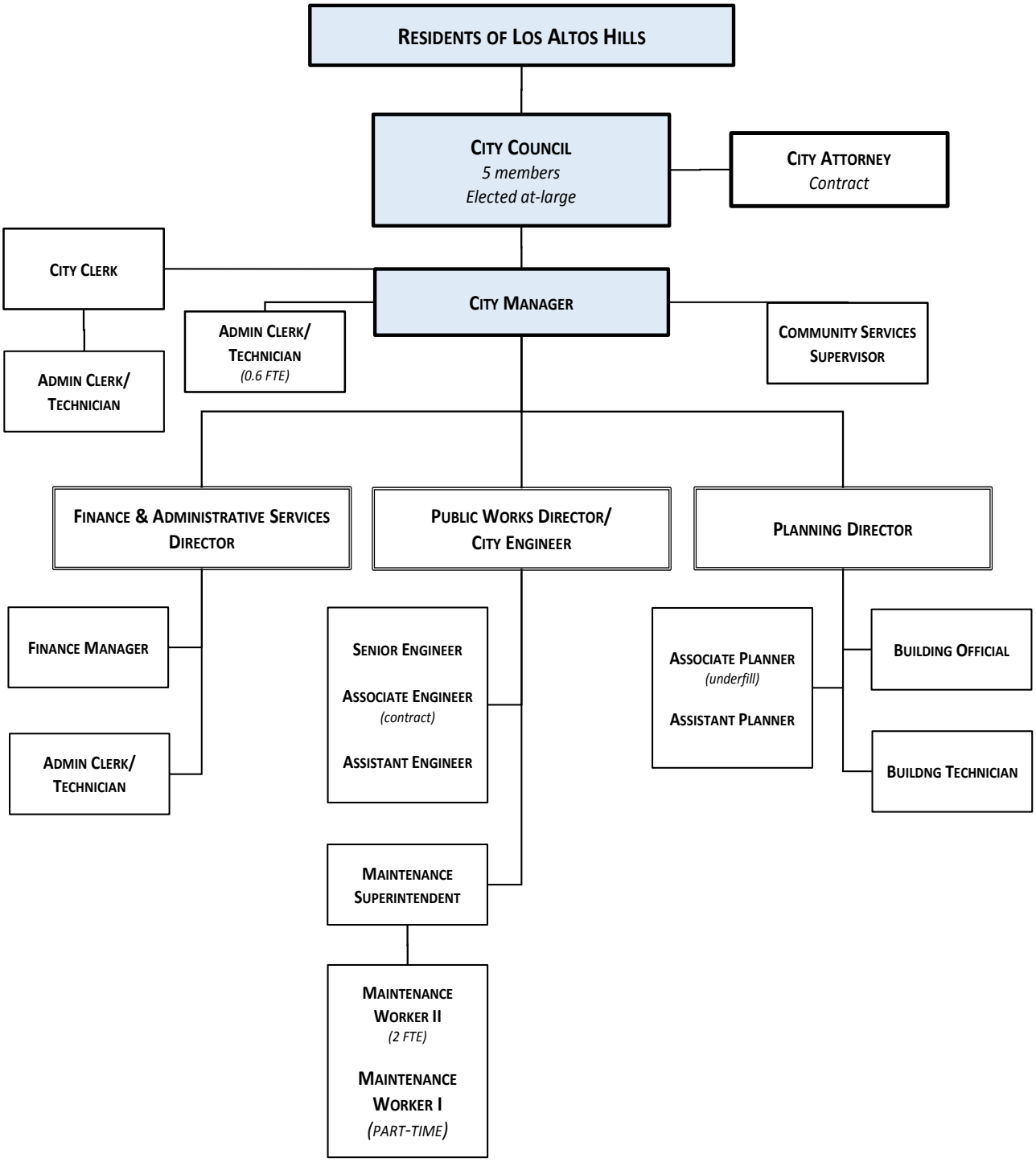
In June 2005, the Town Hall had another renovation when it moved into a state-of-the-art building which encompassed the latest in solar technology, energy and eco-efficiency, yet retaining the rural characteristic that so defines this Town, largely due to the active inputs of the Town's residents. A 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.

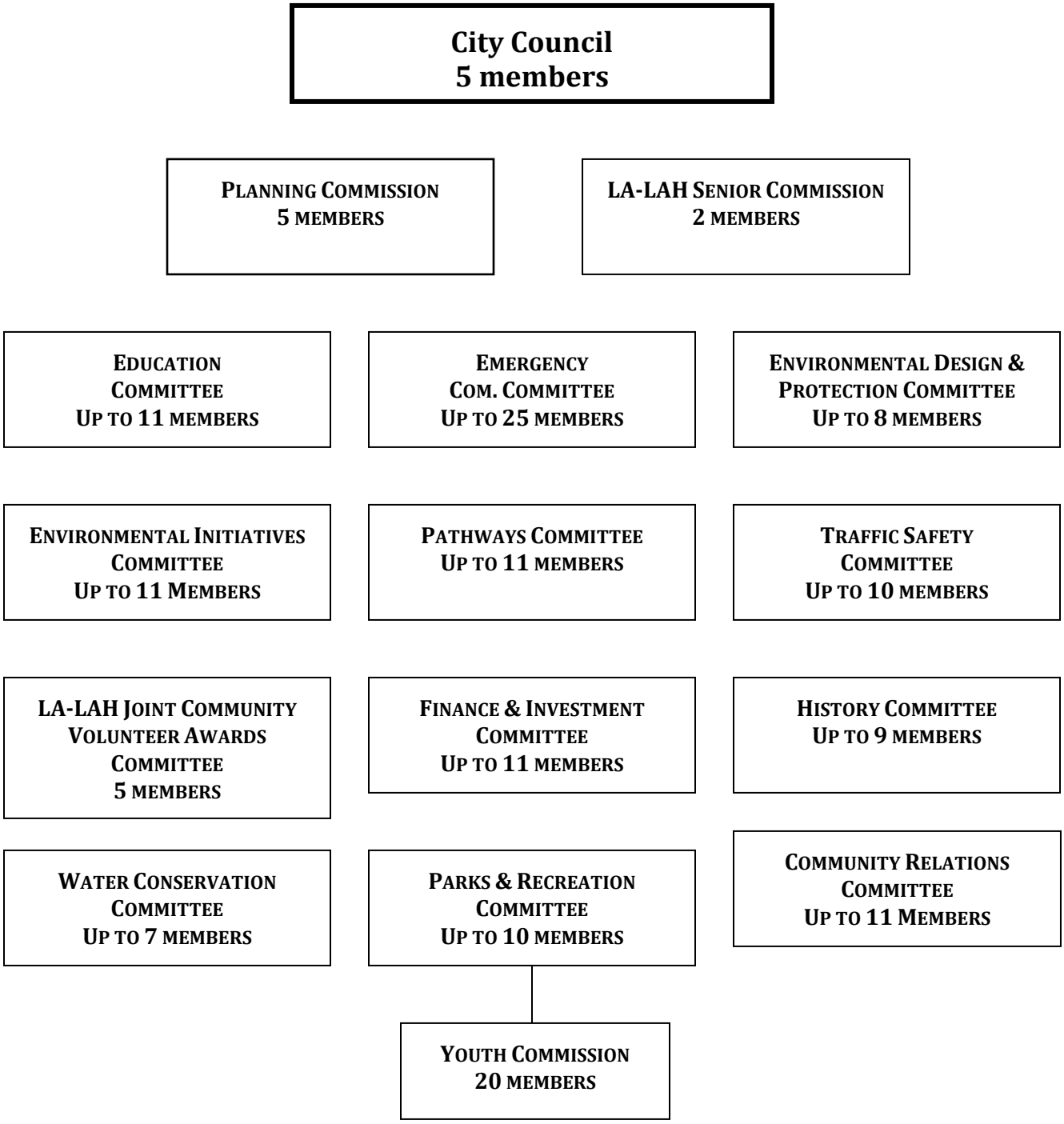
Adjacent to the Town Hall is the Heritage House, a unique building reminiscent of an old school house. Formerly the Eschenbruecher House in Los Altos, it was donated to the Town in 1984. Today it functions as the Emergency Operations Center and a substation for the Santa Clara County Sheriff Office,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



COMMISSIONS & COMMITTEES



4-Year Comparison

Full-Time Equivalent	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est Actual	2015-16 Budget
City Manager	1.0	1.0	1.0	1.0	1.0
City Clerk	1.0	1.0	1.0	1.0	1.0
Public Safety Officer	1.0	0.0	0.0	0.0	0.0
Administative Services Director	1.0	1.0	1.0	1.0	1.0
Finance Manager	1.0	1.0	1.0	1.0	1.0
Administative Clerk/Technician	1.0	1.6	1.6	1.6	2.6
Public Works Director/City Engineer	1.0	1.0	1.0	1.0	1.0
Senior/Associate Engineer	1.0	1.0	1.0	1.0	2.0
Assistant Engineer	1.0	1.0	1.0	1.0	1.0
Engineering Technician	0.0	0.0	0.0	0.0	0.0
Maintenance Superintendent	1.0	1.0	1.0	1.0	1.0
Maintenance Worker II	1.0	2.0	2.0	2.0	2.0
Maintenance Worker I	1.0	0.0	0.0	0.0	0.0
Planning Director	1.0	0.0	0.0	0.0	1.0
Community Development Director	0.0	1.0	1.0	1.0	0.0
Associate Planner	1.0	0.0	0.0	0.0	1.0
Senior Planner	0.0	1.0	1.0	1.0	0.0
Assistant Planner	1.0	1.0	1.0	1.0	1.0
Community Development Specialist	1.0	1.0	1.0	1.0	0.0
Building Official	1.0	1.0	1.0	1.0	1.0
Building Technician	1.0	1.0	1.0	1.0	1.0
Community Services Coordinator	1.0	0.0	0.0	0.0	0.0
Community Services Supervisor	0.0	1.0	1.0	1.0	1.0
Barn Manager	1.0	0.0	0.0	0.0	0.0
Parks & Rec Facility Aide	1.0	0.0	0.0	0.0	0.0
Parks & Rec Supervisor	1.0	0.0	0.0	0.0	0.0
Planning Technician	0.0	0.2	0.2	0.2	0.2
Temporary Maintenance Worker	0.0	0.4	0.4	0.4	0.4
Total Regular Fulltime Employee	**22.0**	**19.2**	**19.2**	**19.2**	**20.2**

2015-16 PERSONNEL ALLOCATION

Position Allocation	City Manager	City Clerk	Admin Services	Committees	Planning	Building	Engineer/ Admin	Storm Drain	P & R Admin	Barn Facility	Code Enforce	Streets	Pathways	Sewer	Town Center	Corp Yard	Fleet	TOTAL
City Manager	1.00																	**1.00**
City Clerk		0.75		0.25														**1.00**
Administrative Clerk/Technician (PT)	0.08	0.30		0.14			0.08											**0.60**
Community Services Supervisor				0.40					0.50	0.10								**1.00**
Admin Services Director			1.00															**1.00**
Finance Manager			1.00															**1.00**
Administrative Clerk/Technician			1.00															**1.00**
PW Dir/City Engineer					0.15	0.10	0.20	0.05				0.10	0.10	0.20		0.10		**1.00**
Senior/Associate Engineer					0.05	0.05	0.10	0.05				0.10	0.10	1.50		0.05		**2.00**
Assistant Engineer					0.70	0.05	0.25											**1.00**
Maintenance Superintendent					0.01			0.10				0.22	0.35	0.10	0.02	0.10	0.10	**1.00**
Maintenance Worker II (2.0)					0.02			0.45				0.41	0.70	0.12	0.04	0.12	0.14	**2.00**
PT Temp Maintenance Worker								0.14				0.08	0.14	0.01	0.01	0.01	0.01	**0.40**
Planning Director					0.60	0.30					0.10							**1.00**
Associate Planner (underfill)					0.80	0.15					0.05							**1.00**
Assistant Planner					0.85	0.15												**1.00**
Building Official						1.00												**1.00**
Building Technician						1.00												**1.00**
Administrative Clerk/Technician				0.20	0.50	0.15									0.15			**1.00**
PT Planning Technician					0.10	0.10												**0.20**
TOTAL FTE	**1.08**	**1.05**	**3.00**	**0.99**	**3.78**	**3.05**	**0.63**	**0.79**	**0.50**	**0.10**	**0.15**	**0.91**	**1.39**	**1.93**	**0.22**	**0.38**	**0.25**	**20.20**

2.8

2015-16 COMPENSATION PLAN

Adopted June 18, 2015

	Annual Range		Hourly Range	
	Bottom	Top	Bottom	Top
City Manager' s Office				
City Manager	Set by contract		*salary*	
City Clerk	$ 67,656	$ 118,304	*salary*	
Admin Clerk/Technician (0.6 FTE)	$ 42,516	$ 68,718	$ 20.4404	$ 33.0375
Community Services Supervisor	$ 55,656	$ 92,419	$ 26.7577	$ 44.4322
Administrative Services				
Director - Administrative Services	$ 120,528	$ 171,339	*salary*	
Finance Manager	$ 78,012	$ 127,400	*salary*	
Admin Clerk/Technician	$ 42,516	$ 68,718	$ 20.4404	$ 33.0375
Community Development (Planning & Building)				
Director - Planning	$ 120,528	$ 171,339	*salary*	
Senior Planner	$ 89,172	$ 118,304	*salary*	
Associate Planner	$ 69,612	$ 102,013	$ 33.4673	$ 49.0447
Assistant Planner	$ 62,292	$ 87,965	$ 29.9481	$ 42.2909
Building Official	$ 74,292	$ 92,419	$ 35.7173	$ 44.4322
Planning/Building Technician	$ 51,816	$ 72,197	$ 24.9115	$ 34.7101
Admin Clerk/Technician	$ 42,516	$ 68,718	$ 20.4404	$ 33.0375
Public Works				
Director - Public Works & City Engineering	$ 120,528	$ 171,339	*salary*	
Senior Civil Engineer	$ 89,172	$ 118,304	*salary*	
Associate Engineer	$ 69,612	$ 102,013	$ 33.4673	$ 49.0447
Assistant Engineer	$ 62,292	$ 87,965	$ 29.9481	$ 42.2909
Maintenance Superintendent	$ 72,336	$ 118,304	*salary*	
Maintenance Worker III	$ 52,236	$ 72,197	$ 25.1135	$ 34.7101
Maintenance Worker II	$ 47,484	$ 62,256	$ 22.8288	$ 29.9308
Maintenance Worker I	$ 42,036	$ 53,683	$ 20.2096	$ 25.8091

2015-16 TOWN-WIDE FUND SUMMARY

Figures in (000's)

	Governmental Funds												Proprietary Funds			Total
	General Fund		Storm Drain		Pathways		Streets		Debt Svc	Special	COPS		Sewer			All
Fund Name	Ops	CIP	Ops	CIP	Ops	CIP	Ops	CIP	Ops	Contr.	Ops	Subtotal	Ops	CIP	Subtotal	Funds
Revenues	$ 9,802	$ 87	$ 176	$ -	$ 171	$ 10	$ 222	$ 184	$ -	$ -	$ 100	$ 10,752	$ 2,124	$ 3	$ 2,127	$ 12,879
Expenditures	6,989	119	317	800	463	270	469	1,075	84	-	133	10,719	2,152	970	3,122	13,841
Net Operations	2,813	(32)	(141)	(800)	(292)	(260)	(247)	(891)	(84)	-	(33)	33	(28)	(967)	(995)	(962)
Transfers In / (Out)	(2,685)	50	141	790	292	270	167	891	84	-	-	-	-	-	-	-
Net Change	128	18	-	(10)	-	10	(80)	-	-	-	(33)	33	(28)	(967)	(995)	(962)
Projected Unrestricted Net Position @ 7/1/15	6,295	167	426	186	636	170	338	66	-	17	106	8,407	898	1,554	2,452	10,859
Net Position @ 6/30/16	**$ 6,423**	**$ 185**	**$ 426**	**$ 176**	**$ 636**	**$ 180**	**$ 258**	**$ 66**	**$ -**	**$ 17**	**$ 73**	**$ 8,440**	**$ 870**	**$ 587**	**$ 1,457**	**$ 9,897**

2.10

2015-16 SERVICE ENHANCEMENTS SUMMARY

As part of the 2015-16 Budget development, Departments reviewed and recommended the following budget increases to enhancement the services Town provides to Los Altos Hills residents. The tables below include a brief project description/goals, types of services, budgeted ongoing or one-time cost, expenditure offset, and impact on the General Fund. Expenditure offset includes new revenues, expenditure savings, or the use of Special Funds as appropriate. These enhancements included City Council directed changes and are incorporated in the 2015-16 Adopted Budget.

Budget Increase Request	Ongoing Cost	One-Time Cost	Cost Offset	General Fund Operation
CITY COUNCIL (011-1100)				
The Town's website was last updated 10 years ago. Recently a subcommittee of the City Council on communications met and identified that redesigning the website would allow staff to disseminate information to residents on an enhanced platform. Once an agreement is in place, staff anticipates the new website will take three to four months to implement. Additionally, staff will be able to update content information in-house, thereby saving on some maintenance costs.				
Service Type:				
Website Upgrade (6210)		30,000		30,000

Budget Increase Request	Ongoing Cost	One-Time Cost	Cost Offset	General Fund Operation
CITY MANAGER (011-1200)				
Pending City Council acceptance of the 2015 Compensation Study Report and Management recommendation, add 5% salary increase to the City Manager's budget for meritorious performance in 2015-16. This is a tool for management to encourage Town Staff to continue to maintain and seek improvements to Town operations. A total of $64,000 includes related benefit associated with the salary increase and will be an ongoing expenditure for the Town.				
Service Type:				
Regular Salary (6005)	54,000			54,000
Benefits (6005)	10,000			10,000
Total	64,000			64,000

Budget Increase Request	Ongoing Cost	One-Time Cost	Offsetting Revenue	General Fund Operation
ADMINISTRATIVE SERVICES DEPARTMENT (011-1400)				
Outsource business license processing to a third party which will provide online filing and paying services, annual renewal, and collection process. There is a one-time setup fee of $12,000 and a $10 per license charge. To provide this convenience to local businesses, the Town can pass along the convenience fee to businesses.				
Service Type:				
Setup (6199)		12,000		12,000
Processing Fee (6331)	12,000		(12,000)	0
Total	12,000	12,000	(12,000)	12,000

2015-16 SERVICE ENHANCEMENTS SUMMARY

Budget Increase Request	Ongoing Cost	One-Time Cost	Other Funds Allocation	General Fund Allocation
TOWN CENTER DEPARTMENT (061-1480)				
The Parks and Recreation building was scheduled for termite services back in 2011. It was delayed due to turnover in staffing. The proposed budget of $10,000 will address termite treatment for the three Civic Center buildings: Heritage House, Parks and Recreation, and Town Hall.				
Service Type: Pest Control (6130)		10,000	(4,000)	6,000
The Heritage House is in need of a new coat of paint. The estimated budget is $8,000.				
Service Type: Facilities Maintenance (6118)		8,000	(3,200)	4,800
The Town's technology needs routine updating in order to meet current system demands and advancements. For 2015-16, the following items needs to be replaced/updated: 1. Replace the two Uninterruptible Power Supply (UPS) in server room, which provides temporary power backup in the event of a power outage, ($2,800) 2. Replace 10 of 26 personal computers – nine of which are more than five years old and one laptop with limited capacity to meet daily operational needs. Estimated cost: $1,400 per unit, ($14,000) 3. New memory and operating system upgrade for one of the servers, ($1,000).				
Service Type: Equipment Replacement (6503)		17,800	(7,120)	10,680
The Council Chamber carpet is 10 years old and poses as tripping hazard. The estimated replacement cost is $10,000.				
Service Type: Carpet replacement (6623)		10,000	(4,000)	6,000

Budget Increase Request	Ongoing Cost	One-Time Cost	Other Funds Cost	General Fund Transfer
DEBT SERVICE (033, 034)				
Per City Council direction to pay off the two California Energy Commission solar infrastructure loans, resulting in an additional payment of $64,540. The base budget already included scheduled debt payment of $19,584 including interest.				
Service Type: Principal – 024-03-ECB (2005) Principal – 003-09-ECD (2011)		 36,203 28,337		 36,203 28,337
Total (6381)		64,540		64,540

2015-16 SERVICE ENHANCEMENTS SUMMARY

Budget Increase Request	Ongoing Cost	One-Time Cost	Cost Offset	General Fund Operation
COMMUNITY DEVELOPMENT DEPARTMENT (011-3100)				
In accordance with Municipal Code Title 9, the Town's Subdivision Ordinance needs to be reviewed for consistency with the State Subdivision Map Act and the Town's current development review process. Minor amendments that occurred in 2000 and 2003, the Subdivision Ordinance has not been updated since the 1970's. Recent applications for development of substandard lots have heightened the need to complete a thorough review of the Town's Subdivision Ordinance which includes provisions for lot line adjustments and parcel mergers in addition to parameters for subdivision of a parcel into two or more lots.				
Service Type: Professional Services (6202)		80,000		80,000
The Planning Division will have a temporary vacancy as a result of a planned leave of absence in Fall of 2015. Professional Planning staff will be required to maintain work flow and address demands.				
Service Type: Professional Services (6202)		55,000		55,000

Budget Increase Request	Ongoing Cost	One-Time Cost	Cost Offset	General Fund Operation
PARKS & RECREATION DEPARTMENT (011-1000)				
The Parks and Recreation Department plans to recruit a temporary part-time summer intern. The intern will perform research, assist Town events, and general Parks and Recreation Department duties. The proposed salary is $15-$20 per hour, minimum 16 hours per week for 16 weeks. The intern will be supervised by the Community Services Supervisor and/or designee and his/her workstation will be located in the Parks and Recreation Building.				
Service Type: Part-Time Intern (6003)		12,000		12,000
This project is to mail Parks and Recreation community needs assessment survey. The last mailed survey was completed in 2006. The findings will help to focus future goals of the department and respond to the needs of the community. City Council directed to expand this survey to Town-wide.				
Service Type: Needs Assessment Surveys (6398)		5,000		5,000

Budget Increase Request	Ongoing Cost	One-Time Cost	Westwind Barn Capital	General Fund Transfer
WESTWIND BARN (043-6900)				
The upper arena needs new sand blends. This improvement will attract additional boarders, enhance ride-ability after a storm and improve drainage. The existing footing will be repurposed and used in paddocks and the project will be funded by rental income collected from Verizon for cell tower rental at the barn.				
Service Type: Site Improvements (6622)		29,000	(29,000)	0

2015-16 SERVICE ENHANCEMENTS SUMMARY

Budget Increase Request	Ongoing Cost	One-Time Cost	Cost Offset	General Fund Operation
ENGINEERING DEPARTMENT (011-3300)				
The Public Works Department plans to recruit a temporary part-time summer intern. The intern will work primarily on roads, pathways and sewer as well as other miscellaneous tasks as needed. The proposed salary is $15-$20 per hour, minimum 16 hours per week for 6 months. The intern will be supervised by the Public Works Director and/or designee and his/her workstation will be located in the Town Hall.				
Service Type:				
Part-Time Intern (6003)	24,000			24,000

Budget Increase Request	Ongoing Cost	One-Time Cost	Street Operation	General Fund Transfer
PUBLIC WORKS STREETS OPERATIONS (017-4600)				
Traffic safety requests and inquiries from residents and Traffic Safety Committee members are currently reviewed by the City Engineer. To expedite the process, an on-call traffic engineering consulting services will help meet the needs of the community by researching and managing these requests.				
Service Type:				
Consulting Services (6206)	20,000		(20,000)	0

Budget Increase Request	Ongoing Cost	One-Time Cost	Street Capital & Operation Transfer	General Fund Transfer
PUBLIC WORKS STREETS IMPROVEMENT (046-6900)				
Consistent with the Town's Pavement Management Program, approximately $700,000 to $800,000 per year is needed to maintain the current Pavement Condition Index of 77. Additional funds will be needed for some of the newly recognized public roads to prevent accelerated deterioration. Staff will present Council with a detailed project scope for review, approval, and award of contract.				
Service Type:				
Construction (6151)		880,000	(79,000)	811,000
Design, Inspection & Testing (6206)		120,000	(120,000)	0
Total		1,000,000	(199,000)	811,000

2015-16 SERVICE ENHANCEMENTS SUMMARY

Budget Increase Request	Ongoing Cost	One-Time Cost	Pathway Capital & Operation Transfer	General Fund Transfer
PUBLIC WORKS PATHWAY IMPROVEMENT (042-6900)				
Under the City Council direction, $200,000 will be appropriated as undesignated Pathway project budget. Bob Stutz Connector at Magdalena Road and Miranda Road Pathway improvements projects will require additional consideration by the City Council as separate City Council action items and appropriation will be determined and approved at that time.				
Service Type:				
Construction (6622)		180,000	(99,520)	80,480
Design, Inspection & Testing (6206)		20,000		20,000
Total		200,000	(99,520)	100,480

Budget Increase Request	Ongoing Cost	One-Time Cost	Drainage Capital & Operation Transfer	General Fund Transfer
PUBLIC WORKS STORM DRAIN IMPROVEMENT (045-6900)				
In July of 2010, staff became aware of an erosion issue along the edge of Page Mill Road between Baleri Ranch Road and Berry Hill Court at Matadero Creek. 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 was to stabilize the roadway and Phase Two was to repair the creek erosion. Phase One was completed on December 12, 2012 and the design for Phase Two is underway. The construction cost for Phase Two to restore and stabilize the bank is $500,000 and is anticipated to start Summer of 2016.				
Service Type:				
Construction (6622)		500,000		500,000
Barron creek drainage channel is located on private property, where the Town has an easement. Over the years, sediments have been deposited in the channel raising the original flow line. Dredging of the channel is required to restore the original flow line elevation. The adjacent property owner is interested in installing a bridge over the channel and improving the aesthetic with landscaping. The property owner is in the process of beginning the design and restoration of this channel and will enter into an agreement with the Town for cost sharing in the project. Tentative discussion between property owner and Town indicates that the Town will reimburse the property owner up to $250,000. The expected completion date of this project is Summer of 2016. Further discussion will be brought to the City Council for consideration prior to the signing of the agreement.				
Service Type:				
Construction (6622)		250,000	(135,500)	114,500

2015-16 SERVICE ENHANCEMENTS SUMMARY

Budget Increase Request	Ongoing Cost	One-Time Cost	Sewer Fund	General Fund Transfer
PUBLIC WORKS SEWER OPERATIONS (051-4800) Replacement of pump station components are necessary to maintain proper operations of the two Sanitary Sewer Pump Stations owned by the Town. For 2015-16, the pump guide rails at the O'Keefe Pump Station and electrical controls and sensors at both pump stations need to be replaced.				
Service Type: Consultant (6140)	15,000		(15,000)	0

Budget Increase Request	Ongoing Cost	One-Time Cost	Sewer Fund	General Fund Transfer
PUBLIC WORKS SEWER OPERATIONS (051-4800) – Per Technical Memo In July of 2014, the Town executed an agreement with V.W. Housen & Associates to perform an assessment of the Town's sewer collection system. Scope included reviewing the Town's sewer documents, budget, operations and maintenance contract, staff resources and make recommendations. From the Technical Memo, the following were recommended for implementation for 2015-16. 1. Sanitary Sewer Management Plan review by Third Party (Item 2)				
Service Type: Consultant (6206)		15,000	(15,000)	0
2. Develop a plan to address sewer system map inconsistencies (Item 7)				
Service Type: Consultant (6206)	5,000		(5,000)	0
3. Review sewer CMMS and operating & maintenance activities (Item 8)				
Service Type: Consultant Services (6206)	20,000		(20,000)	0
4. Develop plans for collecting and correcting Geographic Information System (GIS) and Computerized Maintenance Management System (CMMS) data for sewer system (Item 9)				
Service Type: Consultant Services (6206)	5,000		(5,000)	0
5. Collect manhole elevation data and pipe information (Item 10)				
Service Type: Sewer Maintenance – West Bay (6140)		15,000	(15,000)	0
6. Development Closed Circuit Television (CCTV) and high frequency cleaning programs for the sewer system (Item 12 & 14)				
Service Type: Consultant Services (6206) – for CCTV Consultant Services (6206) – for high frequency cleaning	5,000 5,000		(5,000) (5,000)	0 0
Total	10,000		(10,000)	0

2015-16 SERVICE ENHANCEMENTS SUMMARY

Budget Increase Request	Ongoing Cost	One-Time Cost	Sewer Fund	General Fund Transfer
PUBLIC WORKS SEWER OPERATIONS (051-4800) – Per Technical Memo (Continued)				
7. Implementation of the CCTV and high frequency cleaning programs (Item 11)				
Service Type: Sewer Maintenance – West Bay (6140)	70,000		(70,000)	0
8. Associate/Senior Staff dedicated to Sewer program management. While the position is vacant, consultants will be contracted to perform the tasks (Item 17)				
Service Type: Associate/Senior Engineer (6001)	150,000		(150,000)	0

Budget Increase Request	Ongoing Cost	One-Time Cost	Sewer Fund	General Fund Transfer
PUBLIC WORKS SEWER IMPROVEMENT (048-6900) – Per Technical Memo From the Technical Memo, the following were capital improvement recommendations for 2015-16. 9. Develop a hydraulic model for Sanitary Sewer Master Plan by obtaining dry weather flow data (Item 5)				
Service Type: Other Contract Services (6199)		100,000	(100,000)	0
10. Develop and implement annual root foaming program (Item 13)				
Service Type: Consultant (6206) Construction (6622) Total		 10,000 90,000 100,000	 (10,000) (90,000) (100,000)	 0 0 0
11. Develop an annual CIP list of sewer segments for repair and rehabilitation (Item 15)				
Service Type: Consultant Services (6206)		20,000	(20,000)	0
12. Increase annual sewer rehabilitation program budget (Item 18)				
Service Type: Inspection (6209) Construction (6622) Total		 90,000 660,000 750,000	 (90,000) (660,000) (750,000)	 0 0 0

2015-16 SERVICE ENHANCEMENTS SUMMARY

Budget Increase Request Summary	Ongoing	One Time	Total Other Funds	Total General Fund
General Fund (011)	100,000	194,000	(12,000)	282,000
Debt Service (033, 034)	0	64,540	0	64,540
Streets Fund (017 & 046)	20,000	1,000,000	(209,000)	811,000
Pathways Improvements (042)	0	200,000	(99,520)	100,480
Westwind Barn Improvements (043)	0	29,000	(29,000)	0
Storm Drain Improvements (045)	0	750,000	(135,500)	614,500
Sewer (051 & 048)	275,000	1,000,000	(1,275,000)	0
Town Center (061-1480)	0	45,800	(18,320)	27,480
Total	395,000	3,283,340	(1,766,340)	1,900,000

Work Programs & Departmental Budgets

DEPARTMENTAL/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
Sewer Fund					Sewer & CIP
Special Revenue Funds	Special Donation	COPS Grant Fund		Park & Rec in-Lieu	Storm Drain Streets Pathway
Internal Service Funds	Town Center				Corp Yard Vehicles
Capital Funds				Westwind Barn CIP	Storm Drain CIP Streets CIP Pathway CIP General CIP

3.3

Work Program

General Government

GENERAL GOVERNMENT

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:

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.

DESCRIPTION:

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

2014-2015 ACCOMPLISHMENTS:

1. The adoption of a balanced Town Budget (excluding Sewer)
2. Completion and dedication of the Bob Stutz Path
3. Improvements to the crosswalk on Fremont Road at Gardner Bullis School
4. Completion of the Purissima Dog Park
5. Adopted the 2015-2023 Housing Element
6. Adopted a Code of Conduct for Committee Members
7. Adopted a Construction Time Limits Ordinance
8. Adopted the updated California Building Standards Code
9. Approved a policy to receive public donations and gifts to the town
10. Hosted various community events including the Town Picnic, Volunteer Dinner and ribbon cuttings
11. Prioritized the I-280 Page Mill Road Signalization Project and collaborated with Santa Clara County on design
12. Review and removal of non-essential street signs
13. Collaboration and Councilmember participation on the Los Altos Hills County Fire District
14. Appointed Councilmembers to committees and liaison appointments in January 2015
15. Awarded a contract for pavement rehabilitation in Town
16. Policy support for the environmentally responsible operation of Lehigh Quarry
17. Maintained emergency preparedness programs

GENERAL GOVERNMENT

CITY COUNCIL (011-1100)

2015-2016 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

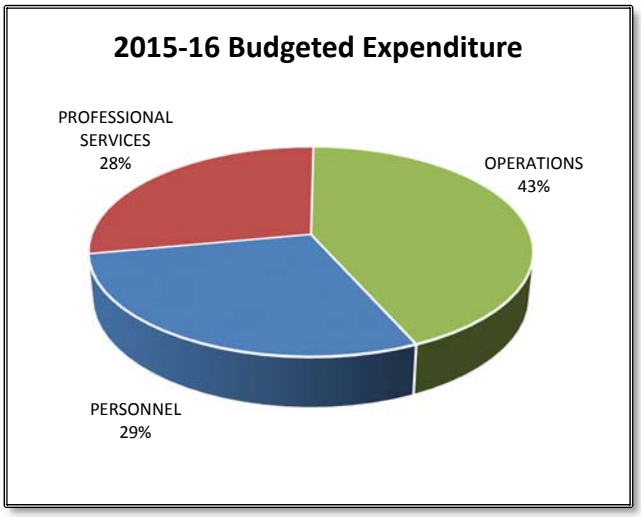
2015-2016 SIGNIFICANT CHANGES FROM 2014-2015 BUDGET:

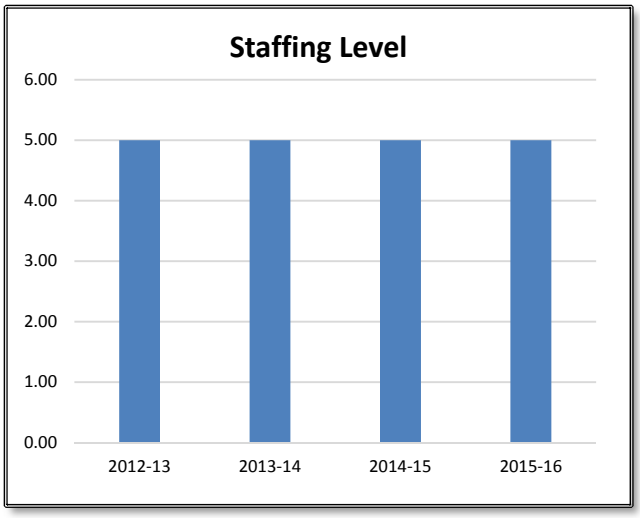
The City Council budget increased by $22,200 as a result of a one-time appropriation of $30,000 for website upgrade. More information can be found in the 2015-16 Services Enhancement Summary.

BUDGET SUMMARY:

EXPENDITURES SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PERSONNEL	38,641	37,919	39,350	38,197	41,806
PROFESSIONAL SERVICES	12,993	7,744	14,500	11,200	41,000
OPERATIONS	37,637	44,257	69,600	62,700	62,800
TOTAL EXPENDITURES	**89,271**	**89,919**	**123,450**	**112,097**	**145,606**

FUNDING SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GENERAL FUND	89,271	63,339	89,686	78,334	103,817
OVERHEAD RECOVERY FROM					
STORM DRAIN FUND (012)	-	4,874	6,972	6,972	5,970
PATHWAYS (013)	-	5,926	9,741	9,741	9,843
STREETS FUND (017)	-	5,422	6,681	6,681	9,261
COPS FUND (021)	-	845	1,356	1,356	2,155
SEWER FUND (051)	-	9,513	9,013	9,013	14,561
TOTAL FUNDING SOURCE	**89,271**	**89,919**	**123,450**	**112,097**	**145,606**





GENERAL GOVERNMENT

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:

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.

DESCRIPTION:

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

2014-2015 ACCOMPLISHMENTS:

1. Reduced operating deficit for Westwind Barn by $36,000 per year
2. Completed construction of a new public Dog Park
3. Completed construction and opened a new off road trail officially dedicated as the Bob Stutz Path
4. Hired new landscape contractor for Purissima Park with goals of improved maintenance and water conservation
5. Completed the Purissima Creek restoration project in O'Keefe Preserve
6. Recruited a Community Development Director, Senior Planner, Finance Manager, Senior Engineer and Assistant Planner
7. Completed comprehensive Staff Compensation Study
8. Completed the 2014-2021 Housing Element update
9. Assumed management oversight for Town Parks and Recreation services
10. Completed a new ten-year agreement with the County Sheriff for law enforcement services
11. Contracted for $1.7 million in street paving improvements and a $1.1 million sewer line repair project
12. Instituted a more effective public outreach and communications plan with weekly City Manager Reports posted on the Town website

2015-2016 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

GENERAL GOVERNMENT
CITY MANAGER (011-1200)

2015-2016 OBJECTIVES: (continued)

3. Improve public safety by completing design work and constructing the Miranda Road path
4. Develop a five-year capital improvement plan
5. Update Town Subdivision Ordinance and Pathways Map
6. Complete permitting and award contract for Page Mill Rd/Matadero Creek Erosion Control Project Phase 2
7. Revise policies for privately maintained roads in order to increase the acceptance rate into the public street system
8. Overhaul Town website with the goal of enhanced communications and outreach to Town residents

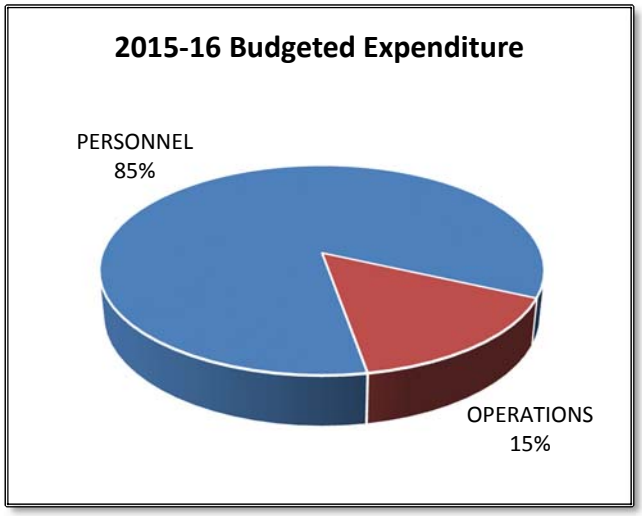
2015-2016 SIGNIFICANT CHANGES FROM 2014-2015 BUDGET:

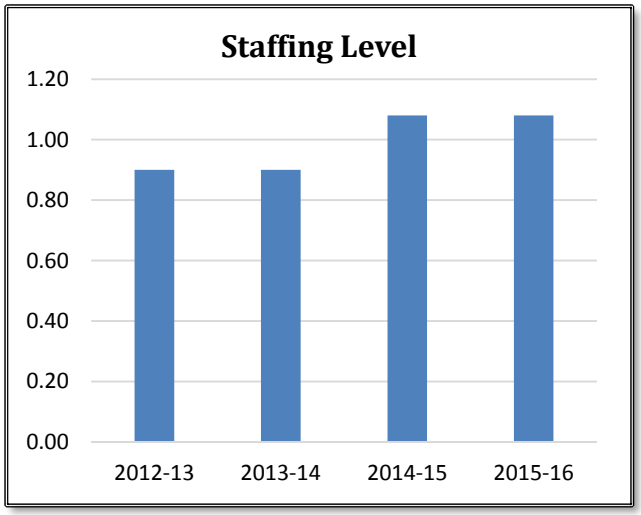
The City Manager budget contains a $64,000 placeholder for meritorious performance, which was previously distributed in each Departments rather than at one location. The consolidation of merit increase budget is consistent with current practice where the City Manager's approval is needed for all Town's merit increase.

BUDGET SUMMARY:

EXPENDITURES SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PERSONNEL	270,954	179,034	318,600	280,412	382,989
OPERATIONS	8,550	23,709	68,900	69,828	69,940
TOTAL EXPENDITURES	**279,504**	**202,742**	**387,500**	**350,240**	**452,929**

FUNDING SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GENERAL FUND	279,504	176,162	353,736	316,476	411,140
OVERHEAD RECOVERY FROM					
STORM DRAIN FUND (012)	-	4,874	6,972	6,972	5,970
PATHWAYS (013)	-	5,926	9,741	9,741	9,843
STREETS FUND (017)	-	5,422	6,681	6,681	9,261
COPS FUND (021)	-	845	1,356	1,356	2,155
SEWER FUND (051)	-	9,513	9,013	9,013	14,561
TOTAL FUNDING SOURCE	**279,504**	**202,742**	**387,500**	**350,240**	**452,929**





GENERAL GOVERNMENT

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:

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.

DESCRIPTION:

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.

2014-2015 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

2014-2015 COST SAVINGS AND REVENUE GENERATING PROJECTS:

1. Cost recovery of attorney's fees in code enforcement applications
2. Reduce litigation expenses through early and appropriate intervention and/or dispute resolution
3. Implementation of the monthly retainer for basic legal services

2015-2016 OBJECTIVES:

1. Continue to provide competent legal advice at fair and reasonable rates to the Town
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, appointments and zoning

GENERAL GOVERNMENT

CITY ATTORNEY (011-1500)

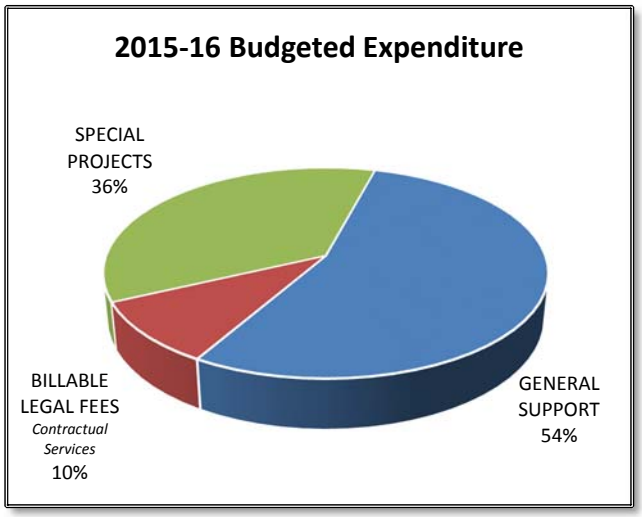
2015-2016 SIGNIFICANT CHANGES FROM 2014-2015 BUDGET:

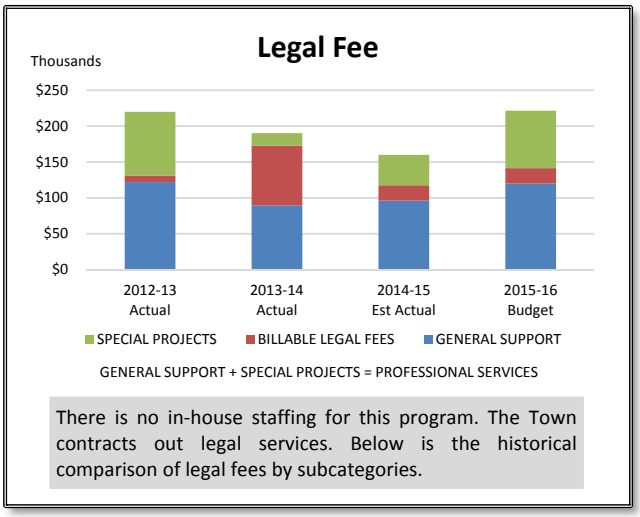
There are no significant changes in the City Attorney budget.

BUDGET SUMMARY:

EXPENDITURES SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
CONTRACTUAL SERVICES - BILLABLE	9,293	83,437	21,420	30,000	21,400
PROFESSIONAL SERVICES	210,677	106,799	210,000	130,000	200,000
TOTAL EXPENDITURES	**219,970**	**190,236**	**231,420**	**160,000**	**221,400**

FUNDING SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GENERAL FUND	210,807	80,219	176,236	104,816	158,211
BILLABLE ATTORNEY'S FEE	9,164	83,437	21,420	21,420	21,400
OVERHEAD RECOVERY FROM					
STORM DRAIN FUND (012)	-	4,874	6,972	6,972	5,970
PATHWAYS (013)	-	5,926	9,741	9,741	9,843
STREETS FUND (017)	-	5,422	6,681	6,681	9,261
COPS FUND (021)	-	845	1,356	1,356	2,155
SEWER FUND (051)	-	9,513	9,013	9,013	14,561
TOTAL FUNDING SOURCE	**219,970**	**190,236**	**231,420**	**160,000**	**221,400**





There is no in-house staffing for this program. The Town contracts out legal services. Below is the historical comparison of legal fees by subcategories.

GENERAL GOVERNMENT
CITY CLERK (011-1300)

MISSION:

The mission of the City Clerk program is to provide the residents of the Town, City Council and Staff with access to public records and to ensure all facets of agenda preparation, public meetings and municipal elections are conducted according to state law. The City Clerk is the liaison and public information officer between the public and the City Council. The Clerk also provides logistical support to Town committees. The City Clerk's most important function is to promote openness in government by serving the people's needs promptly and efficiently.

ORGANIZATION:

The Town of Los Altos Hills City Clerk program consists of one budget unit, staffed by a City Clerk and a part-time Administrative Technician.

DESCRIPTION:

The basic function of the City Clerk office is to provide administrative support for City Council meetings by preparing agendas, minutes, resolutions and ordinances, coordinate municipal elections, oversee and manage the vital records program, receive Fair Political Practices Commission filings, oversee updating and codification of the Municipal Code and assist the public, maintaining the permanent, non-permanent and historical records and respond to requests for public information in accordance with the Town's records retention schedule and State Law. Additional duties include completing assignments designated by the City Manager and maintenance Committee minutes and memberships.

PROGRAM SUMMARY & MAJOR SERVICES:

- **Council and City Manager Support** – Facilitate the Council agenda process for the City Manager and Council in compliance with legal requirements
- **Elections Management** – Oversee election contract with County in accordance with State law
- **Permanent Records Management** – Coordinate and monitor Town permanent and non-permanent records and respond to requests for public information in accordance with state law
- **Public Information Officer** – In coordination with the City Manager, issue press releases and utilize Rapid Notify to disseminate information to residents, along with responding to public records requests

2014-2015 ACCOMPLISHMENTS:

1. Attended 14 City Council Regular and Special meetings and created legislative record and ancillary documents
2. Produced 14 electronic City Council packets, recorded and streamed meetings; updated web content
3. Purged 182 boxes of vital records and identified boxes for destruction based on the approved records retention schedule
4. Responded to approximately 35 requests for public records, including producing documents related to subpoenas
5. Facilitated requests for quarterly articles for the Town's newsletter and provided follow-up assistance as required by the editor
6. Administrative support to the Town's 14 Standing Committees including agenda posting, reminders, attendance records, attended several meetings throughout the year, and assisted in coordinating events by various committees
7. Monitored and updated the Town's website as appropriate, including making Resolutions, Ordinances and City Council Minutes available from 1998 to present

GENERAL GOVERNMENT
CITY CLERK (011-1300)

2014-2015 ACCOMPLISHMENTS: (continued)

8. Communicated with the public via Facebook, Twitter, Nextdoor, and Rapid Notify, along with various postcards to residents to disseminate information
9. Coordinated a Protection Against Property Crimes Forum
10. Coordinated a Comcast Neighborhood Meeting
11. Assisted the Mayor in preparing presentations for the State of Cities luncheon and the volunteer dinner
12. Hired a Camera Operator for City Council Chamber meetings
13. Volunteered to serve as Vice Chair for the Northern California City Clerks Association
14. Coordinated the 2014 volunteer dinner as well as two ribbon cuttings for the Purissima Dog Park and O'Keefe Preserve Creek Restoration
15. Participated in Emergency Preparedness drills and initiated Rapid Notify alerts to CERT members and Town residents as needed
16. Assisted in internal office management requests, including administrative office management
17. Served as an Ex-Officio Board Member of the Los Altos Chamber of Commerce

2014-2015 COST SAVINGS AND REVENUE GENERATING PROJECTS:

None

2015-2016 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 2015 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 2015, be sworn in as the Chair of the Northern Division of the California City Clerks Association

GENERAL GOVERNMENT
CITY CLERK (011-1300)

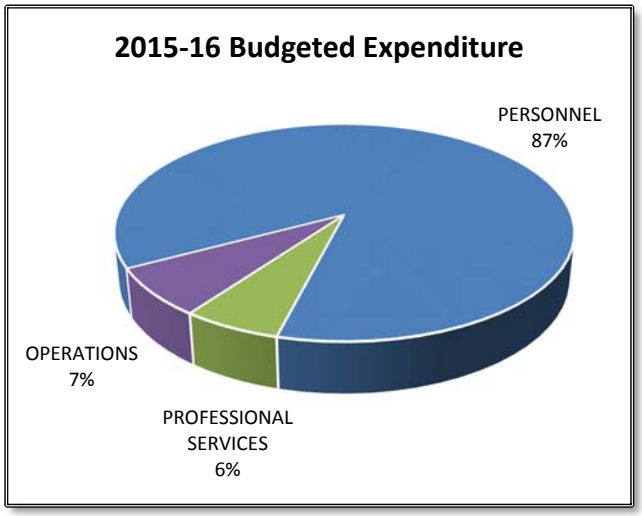
2015-2016 SIGNIFICANT CHANGES FROM 2014-2015 BUDGET:

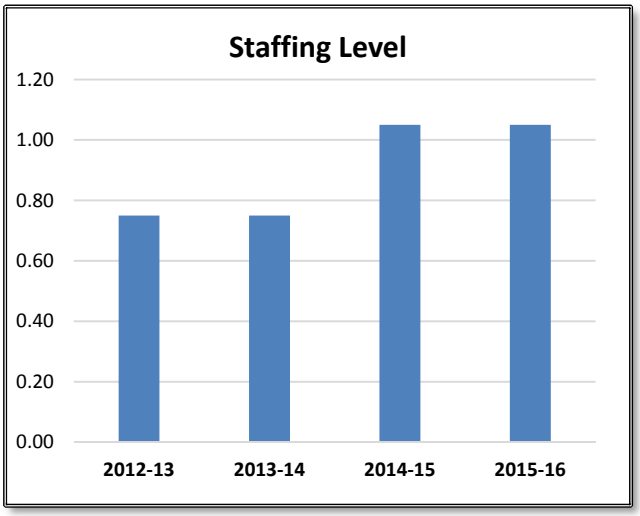
The decrease in City Clerk budget by $14,679 is resulted primarily from the removal of biennial election expenditure, which will be added in 2016-17.

BUDGET SUMMARY:

EXPENDITURES SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PERSONNEL	104,553	74,219	142,500	151,004	151,734
CONTRACTUAL SERVICES	3,286	-	-	-	-
PROFESSIONAL SERVICES	7,344	1,162	10,500	11,700	10,500
OPERATIONS	2,937	6,633	36,500	21,691	12,587
TOTAL EXPENDITURES	**118,119**	**82,013**	**189,500**	**184,395**	**174,821**

FUNDING SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GENERAL FUND	118,119	55,433	155,736	150,632	133,032
OVERHEAD RECOVERY FROM					
STORM DRAIN FUND (012)	-	4,874	6,972	6,972	5,970
PATHWAYS (013)	-	5,926	9,741	9,741	9,843
STREETS FUND (017)	-	5,422	6,681	6,681	9,261
COPS FUND (021)	-	845	1,356	1,356	2,155
SEWER FUND (051)	-	9,513	9,013	9,013	14,561
TOTAL FUNDING SOURCE	**118,119**	**82,013**	**189,500**	**184,395**	**174,821**





GENERAL GOVERNMENT

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:

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.

DESCRIPTION:

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

2014-2015 ACCOMPLISHMENTS:

1. Organization and execution of the 2015 Town Picnic
2. Provided seminars and information on Sudden Oak Death
3. Spearheaded restoration and relocation of Town Hall's original cupola to front of Council Chambers as a reminder of the Town's history
4. Seventy Town newsletters, dating from 1976 (when the first newsletters appeared) to 2003, were converted and indexed suitable for online access
5. Completion of events: Hoedown, Hoppin' Hounds and Pathways Run
6. Growing of the Parks & Recreation riding programs by increasing classes and participants
7. Expanded Activity Guide programming to include preschool, Elementary school, Teen, Adult and Senior programming.
8. Strengthened cooperation and support with LAH CERT group
9. Supported updating of the LAH-LAGEG Memorandum Of Understanding providing greater opportunities for enhancing LAHECC and LAH CERT capabilities

GENERAL GOVERNMENT

COMMITTEES & COMMISSIONS (011-1700)

2014-2015 ACCOMPLISHMENTS: (continued)

10. Completed year-long Open Space Stewardship/Restoration project with Acterra, with large community volunteer involvement
11. Addressed Byrne Preserve management issues (cyclists on trails, dogs off leash, tree management policy, etc.)
12. Installation of Public Art at Town Hall
13. Assisted in establishing a Gifts and Donation policy
14. Opened the Bob Stutz Path and coordinated a ribbon cutting for the opening
15. Began work with the Education Committee and Miranda Road residents to improve a major “Safe Route to School” along Miranda Road
16. Monitored and analyzed Westwind Community Barn and Concessionaire's first year's financial performance
17. Assisted in FY'14 CAFR preparation and Midyear FY'15 Budget update and review
18. Completed all "Routes to School" goals
19. Published public school enrollment article in Our Town with supporting blog
20. Moved the crosswalk and improving signage at Bullis Gardiner School
21. Installed Horse Crossing Signage and crosswalk for the Town riding ring on Purrissima
22. Attended 24 fast track/site development meetings and participated in 17 field trips

2014-2015 COST SAVINGS AND REVENUE GENERATING PROJECTS:

Monitored Barn’s operation with the goal to maximize efficiencies and cut costs.

2015-2016 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.

GENERAL GOVERNMENT
COMMITTEES & COMMISSIONS (011-1700)

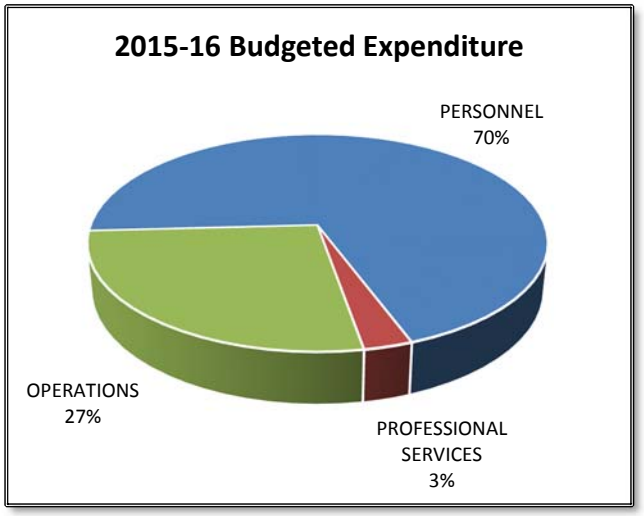
2015-2016 SIGNIFICANT CHANGES FROM 2014-2015 BUDGET:

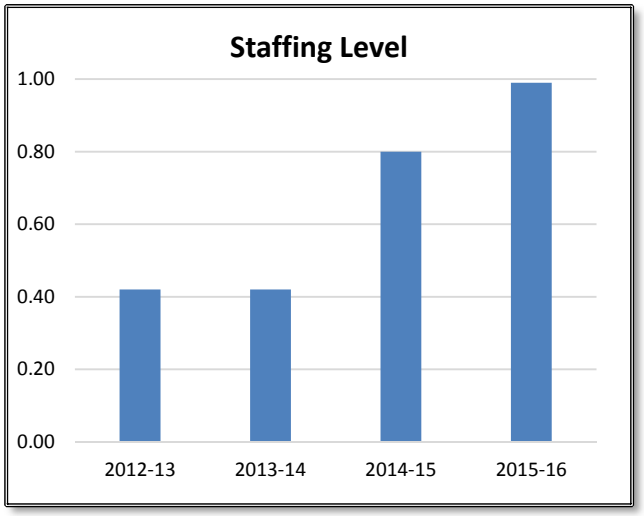
The Committees and Commissions budget remained relatively the same as prior year. The Personnel cost increased by $23,600 as a result of a change in labor distribution from 0.79 to 0.99. This change reflects current level of staffing support. This is offset by the consolidation of volunteer recognition budget in the City Council budget, resulting in a reduction in Operations by $25,000.

BUDGET SUMMARY:

EXPENDITURES SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PERSONNEL	47,313	33,254	99,400	87,833	122,959
PROFESSIONAL SERVICES	7,072	6,045	5,160	5,180	5,200
OPERATIONS	52,656	65,145	75,250	51,050	47,200
TOTAL EXPENDITURES	**107,040**	**104,444**	**179,810**	**144,063**	**175,359**

FUNDING SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GENERAL FUND	107,040	104,444	179,810	144,063	175,359
TOTAL FUNDING SOURCE	**107,040**	**104,444**	**179,810**	**144,063**	**175,359**





GENERAL GOVERNMENT

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. Both the number of applicants and the total funding requested has more than doubled over the past five years.

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 of the Town based on these major categories:

- **Non-Profit Partners** are those agencies that provide services to Town residents that would otherwise be cost prohibitive for the Town to organize and manage on its own.
- **Non-Profit Associations** are those agencies that provide services that are outside the scope of a traditional full-service municipality. This category also includes fundraising campaigns such as the Town Crier Holiday Fund which in turn provides grants to other non-profit associations.

2014-2015 ACCOMPLISHMENTS:

The following agencies received the Community Services Grants from the Town:

- Community Health Awareness Council (CHAC)
- Community Services Agency
- Day Worker Center of Mountain View
- Friends of Deer Hollow Farm
- Hidden Villa
- Los Altos Senior Center
- Joint Venture Silicon Valley
- Los Altos Chamber of Commerce
- Los Altos Dispute Resolution Services (Previously Los Altos Mediation Program)
- Next Door Solutions to Domestic Violence
- Peninsula Humane Society & SPCA
- Rotary Club of Los Altos Art Show

2014-2015 COST SAVINGS AND REVENUE GENERATING PROJECTS:

None

2015-2016 OBJECTIVES:

Review and revise program funding options and eligibility criteria per Council directions.

GENERAL GOVERNMENT

COMMUNITY SERVICES GRANTS (011-1600)

2015-2016 SIGNIFICANT CHANGES FROM 2014-2015 BUDGET:

No significant changes.

BUDGET SUMMARY:

EXPENDITURES SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
COMMUNITY HEALTH AWARENESS COUNCIL	9,500	6,400		5,400	-
FRIENDS OF DEER HOLLOW FARM	9,000	10,000		9,500	-
HIDDEN VILLA	10,000	9,000		9,500	-
OTHER GRANTS	37,100	26,100		5,600	-
TOTAL EXPENDITURES	**65,600**	**51,500**	**30,000**	**30,000**	**30,000**

FUNDING SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GENERAL FUND	65,600	51,500	30,000	30,000	30,000
TOTAL FUNDING SOURCE	**65,600**	**51,500**	**30,000**	**30,000**	**30,000**

2015-16 Budgeted Expenditure

The 2015-16 Budget for this program is entirely designated for grant allocation to local community service agencies. The granting process begins in late summer of 2015 and awarded prior to January 1. This program is managed by the Administrative Services Department and approved by City Council for award and distribution. Community Health Awareness Council (CHAC), Friends of Deer Hollow Farm, and Hidden Villa received the most grant in the last three years.

Staffing Level

There is no in-house staffing for this program. The Administrative Services Department facilitates the grant process and the City Council approves the distribution.

GENERAL GOVERNMENT

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:

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 program and claims administration.

DESCRIPTION:

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 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.

2014-2015 ACCOMPLISHMENTS:

1. Filed three claims in 2014-15
2. Completed and implemented Risk Management Framework and Operational Best Practices program
3. In partnership with ABAG PLAN, the Town received $14,000 in risk management grants last year
4. All Town's managers and supervisors received training on the Town's workers compensation and risk management procedures
5. Town is in compliance with the State-mandated and other safety trainings

2014-2015 COST SAVINGS AND REVENUE GENERATING PROJECTS:

1. Implemented Risk Management Program policies and procedures
2. Served on the ABAG PLAN Board of Directors to ensure that the Town continues to receive the most cost effective General Liability, Property and other liability insurance assessments
3. Recovered Town expenses through activities in the damaged property, subrogation and liability recovery programs
4. Conduct Risk Management training for employees to help reduce claims and minimize negative impact on the public

GENERAL GOVERNMENT

GENERAL LIABILITY INSURANCE (011-1510)

2015-2016 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

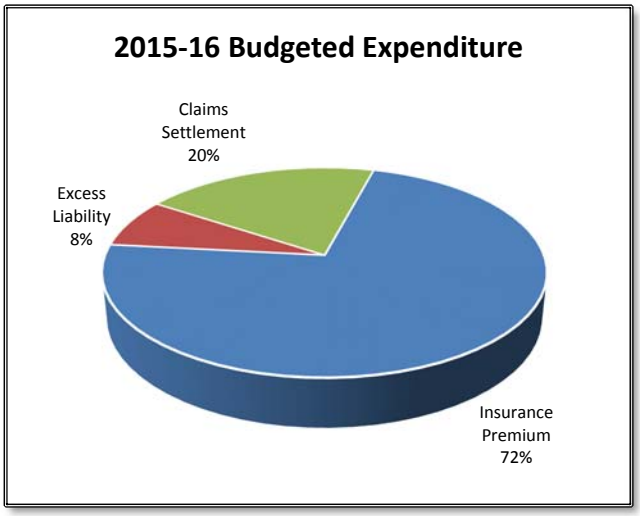
2015-2016 SIGNIFICANT CHANGES FROM 2014-2015 BUDGET:

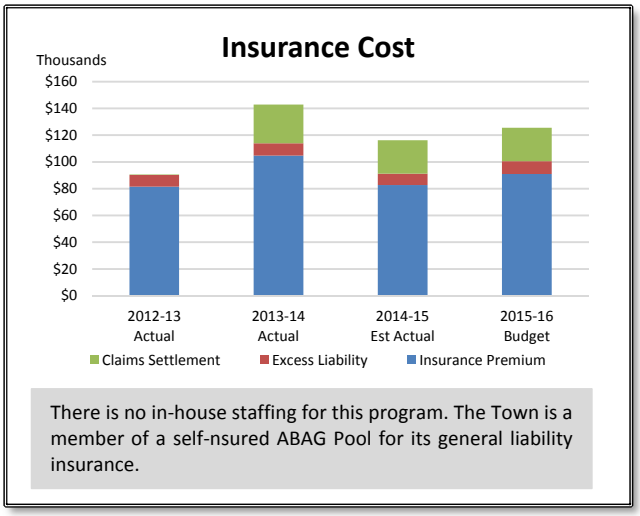
The Town participates in a Bay Area general liability pool and the annual premium is shared by multiple agencies based on claims experience and projected payroll cost. For 2015-16, the general liability premium has reduced by $35,000 or 22% and is a result of favorable adjustments in experience modification from the prior losses.

BUDGET SUMMARY:

EXPENDITURES SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
OPERATIONS	90,636	152,010	160,520	107,043	125,500
TOTAL EXPENDITURES	**90,636**	**152,010**	**160,520**	**107,043**	**125,500**

FUNDING SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GENERAL FUND	90,636	105,867	104,056	47,064	73,711
INSURANCE PROCEEDS	-	-	12,700	12,656	-
OTHER INSURANCE RECOVERIES	-	19,563	10,000	13,559	10,000
OVERHEAD RECOVERY FROM					
STORM DRAIN FUND (012)	-	4,874	6,972	6,972	5,970
PATHWAYS (013)	-	5,926	9,741	9,741	9,843
STREETS FUND (017)	-	5,422	6,681	6,681	9,261
COPS FUND (021)	-	845	1,356	1,356	2,155
SEWER FUND (051)	-	9,513	9,013	9,013	14,561
TOTAL FUNDING SOURCE	**90,636**	**152,010**	**160,520**	**107,043**	**125,500**





There is no in-house staffing for this program. The Town is a member of a self-nsured ABAG Pool for its general liability insurance.

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:

- 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

2014-2015 ACCOMPLISHMENTS:

1. Processed 37 journal entries; 1825 vendor checks; 642 payroll checks; 3520 invoices, 3678 receipts; and 1281 business license applications
2. Prepared and delivered the Town's FY 2014-2015 Operating and Capital Budget to the Council/Finance and Investment Committee (FIC) joint study session. Both operating and capital budgets were approved by City Council prior to the start of new fiscal year
3. Received Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) of United States and Canada for the Town's FY 2014-2015 Operating and Capital Budget document
4. Completed the process of issuing Roadway Impact Fee refunds from prior fiscal years

FINANCE & ADMINISTRATIVE SERVICES (011-1400)

2014-2015 ACCOMPLISHMENTS: (continued)

5. Prepared the Town's Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ending June 30, 2014 within a six month period from the end of the fiscal year with a clean or unqualified audit opinion
6. Revised Town's Overhead Cost Allocation Plan to address concerns raised by Council's Sewer Ad-Hoc Committee
7. Completed and presented the Town's FY 2014-2015 Mid-year Budget analysis
8. Finished implementation of the Time & Attendance software module with ADP Payroll Services to efficiently manage workforce time and attendance; improve wage and hour compliance; and enable to streamline the payroll process
9. Completed transition from semi-monthly to bi-weekly payroll calendar to be in line with the best practices in the industry
10. Served 19.2 fulltime staff and various part-time interns/employees
11. Completed a comprehensive analysis of all Town job classifications and specifications including minimum qualifications, benefit and compensation. The study results were presented Town's Compensation Review Committee and the City Council
12. Processed recruitment and hiring for Community Development Director, Sr. Engineer, Sr. Planner, Town Interns, and Finance Manager positions
13. Implemented new worker's compensation and risk management policies and procedures to ensure the Town's compliance with Risk Management Best Practices Framework and eligibility for Risk Management grants
14. Updated the Town's Investment Policy to ensure compliance with Investment Best Practices and more closely align the policy to that of the State of California

2014-2015 COST SAVINGS AND REVENUE GENERATING PROJECTS:

1. Ensured compliance with ABAG PLAN's Risk Management Best Practices Framework Program and received $10,000 in Risk Management grant funds
2. Received $3,700 in subrogation recovery for damage to the Town property
3. Received $8,000 Wellness Grant from ABAG to fund various health wellness programs

2015-2016 OBJECTIVES:

1. Continue to provide a high level of internal and external customer service
2. Implement new Risk Management and Safety Policies and procedures and ensure the Town's compliance with Risk Management Best Practices Framework and eligibility for Risk Management grants
3. Develop Town's reserve policies and present them to the FIC and City Council for review and approval
4. Develop the Five Year Capital Improvement Program Budget
5. Implement outsourcing of Town's business license application and renewal process.
6. Conduct recruitment of Administrative Services Director and other Town positions which may become vacant during the year.
7. Implement Government Accounting Standards Board Statement Number 68 related to pension accounting and reporting.
8. Complete Town's 2014-15 year-end process and preparation of CAFR within 60 days after the end of fiscal year
9. Submit 2015-16 Operating and Capital Budget and 2014-15 CAFR to GFOA for award consideration

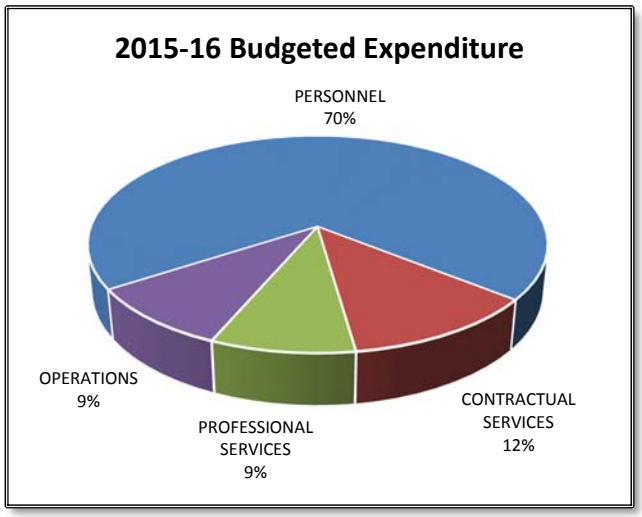
2015-2016 SIGNIFICANT CHANGES FROM 2014-2015 BUDGET:

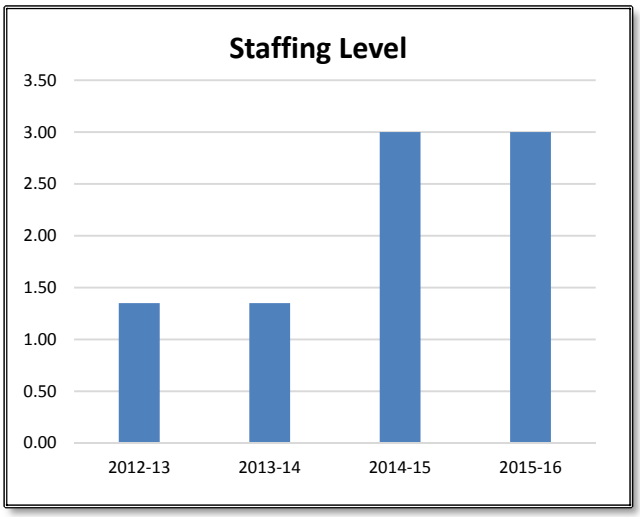
The reduction of $59,000 in the Administrative Services budget is attributable to salary savings as a result of staffing turnover. The budget also includes $24,000 to outsource business licenses to provide online 24/7 customer service to residents and potential businesses. More information regarding the business licenses is available in the 2015-16 Service Enhancement Summary.

BUDGET SUMMARY:

EXPENDITURES SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PERSONNEL	167,455	154,907	532,550	417,791	441,009
CONTRACTUAL SERVICES	42,675	40,223	61,850	61,850	75,700
PROFESSIONAL SERVICES	33,950	53,645	52,500	52,700	55,200
OPERATIONS	34,693	40,127	43,450	45,686	59,060
TOTAL EXPENDITURES	**278,773**	**288,901**	**690,350**	**578,026**	**630,969**

FUNDING SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GENERAL FUND	278,773	246,065	656,586	532,263	565,180
GRANTS AND MISC REVENUES	-	16,256	-	12,000	24,000
OVERHEAD RECOVERY FROM					
STORM DRAIN FUND (012)	-	4,874	6,972	6,972	5,970
PATHWAYS (013)	-	5,926	9,741	9,741	9,843
STREETS FUND (017)	-	5,422	6,681	6,681	9,261
COPS FUND (021)	-	845	1,356	1,356	2,155
SEWER FUND (051)	-	9,513	9,013	9,013	14,561
TOTAL FUNDING SOURCE	**278,773**	**288,901**	**690,350**	**578,026**	**630,969**





GENERAL GOVERNMENT
TOWN CENTER (061-1480)

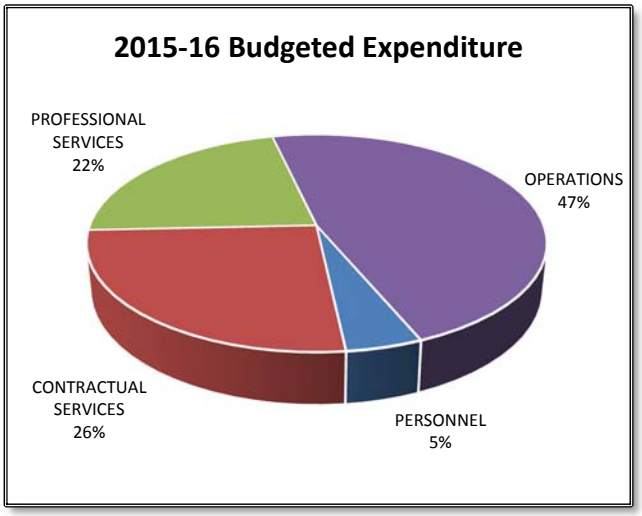
2015-2016 SIGNIFICANT CHANGES FROM 2014-2015 BUDGET:

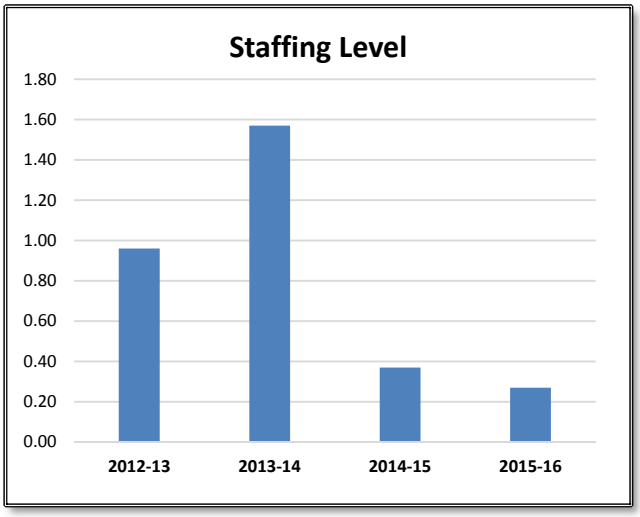
The Town Center budget increased by $42,249 is primarily the result of $33,000 for facility upkeep presented as Service Enhancements to replace Council Chamber carpet, treat termites for all Civic Center buildings and paint the Heritage House building exterior.

BUDGET SUMMARY:

EXPENDITURES SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PERSONNEL	141,956	111,288	35,400	22,114	26,079
CONTRACTUAL SERVICES	90,108	99,319	113,675	113,675	146,200
PROFESSIONAL SERVICES	112,855	113,205	123,930	123,930	123,930
OPERATIONS	247,262	251,470	252,495	261,746	265,040
ALLOCATIONS OUT	-	53,011	(6,500)	(6,500)	-
TOTAL EXPENDITURES	**592,181**	**628,293**	**519,000**	**514,965**	**561,249**

FUNDING SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GENERAL FUND (011) ALLOCATIONS	269,311	466,919	366,734	340,745	388,146
STORM DRAIN FUND (012) ALLOCATIONS	30,785	44,527	48,724	62,768	51,565
PATHWAYS (013) ALLOCATIONS	33,462	52,153	52,678	63,938	55,792
STREETS FUND (017) ALLOCATIONS	20,631	38,323	33,655	35,869	35,656
COPS FUND (021) ALLOCATIONS	16,062	2,133	893	(165)	946
SEWER FUND (051) ALLOCATIONS	10,985	42,200	22,817	8,033	24,144
TOTAL FUNDING SOURCE	**381,235**	**646,255**	**525,501**	**511,188**	**556,249**





Work Program

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:

- Santa Clara County Sheriff's Office (Law Enforcement Contract)
- City of Palo Alto (Animal Control Contract)

DESCRIPTION:

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.

2014-2015 ACCOMPLISHMENTS:

1. Responded to emergency situations and priority 1 calls in less than 10 minutes
2. Provided education and outreach to bicyclists with regard to applicable traffic regulations
3. Conducted a Crime Prevention Forum tailored to the unique Los Altos Hills environment
4. Maintained low crime rate (defined as "violent crimes" and "property crime") of the surveyed agencies
5. Executed a ten-year extension to the Law Enforcement Services agreement with the Santa Clara County Sheriff's Office
6. Executed a five-year extension to the Animal Control and Sheltering Services contract with the City of Palo Alto

2014-2015 COST SAVINGS AND REVENUE GENERATING PROJECTS:

The Town has one of the lowest law enforcement apportioned share of General Fund appropriations among comparable municipalities, and maintains the lowest per capita costs of law enforcement services of $133.

2015-2016 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

PUBLIC SAFETY

ANIMAL CONTROL (011-2150)

2015-2016 SIGNIFICANT CHANGES FROM 2014-2015 BUDGET:

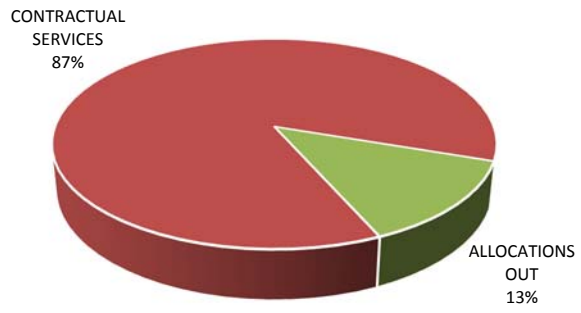
The Public Safety Police Administration budget for Sheriff Contract shows $84,712 increase for the new Sherriff contract.

BUDGET SUMMARY:

EXPENDITURES SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PERSONNEL	-	19,274	-	-	-
CONTRACTUAL SERVICES	988,405	959,512	1,023,320	1,051,244	1,108,032
ALLOCATIONS OUT	-	100,125	156,002	123,879	167,729
TOTAL EXPENDITURES	**988,405**	**1,078,911**	**1,179,322**	**1,175,123**	**1,275,761**

FUNDING SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GENERAL FUND	988,405	1,078,911	1,179,322	1,175,123	1,275,761
TOTAL FUNDING SOURCE	**988,405**	**1,078,911**	**1,179,322**	**1,175,123**	**1,275,761**

2015-16 Budgeted Expenditure



Police Services

July 2014 thru June 2015	Average Response Time	Total Calls
Priority 1 Calls	7.52	15
Priority 2 Calls	12.14	1,194
Priority 3 Calls	16.43	837

There is no in-house staffing for this program. The Town contracts with the Santa Clara County Sheriff for law enforcement services.

PUBLIC SAFETY

ANIMAL CONTROL (011-2150)

2015-2016 SIGNIFICANT CHANGES FROM 2014-2015 BUDGET:

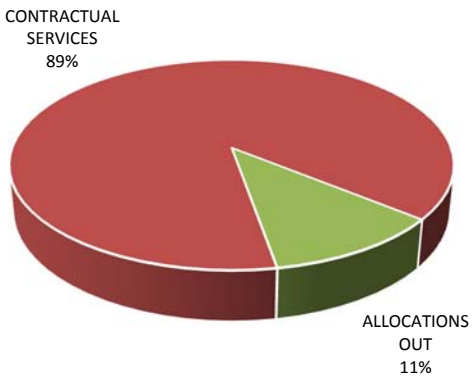
The Public Safety Animal Services budget contract cost may go up by $10,000 if City of Palo Alto Council passes a one-time $250,000 transition cost increase for public-private animal service delivery model. If it passes, staff will bring it to Council approval as part of the Mid-Year Budget process.

BUDGET SUMMARY:

EXPENDITURES SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PERSONNEL	-	1,138	-	-	-
CONTRACTUAL SERVICES	59,096	48,525	50,600	50,600	53,130
ALLOCATIONS OUT	-	5,954	6,685	5,217	6,816
TOTAL EXPENDITURES	**59,096**	**55,617**	**57,285**	**55,817**	**59,946**

FUNDING SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GENERAL FUND	59,096	55,617	57,285	55,817	59,946
TOTAL FUNDING SOURCE	**59,096**	**55,617**	**57,285**	**55,817**	**59,946**

2015-16 Budgeted Expenditure



Animal Control Services

Service Provided	Volume
Non-Wildlife Calls	151
Wildlife Calls	80
Dog License Issued	450

There is no in-house staffing for this program. The Town contracts with the City of Palo Alto to provide animal control services around Town.

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

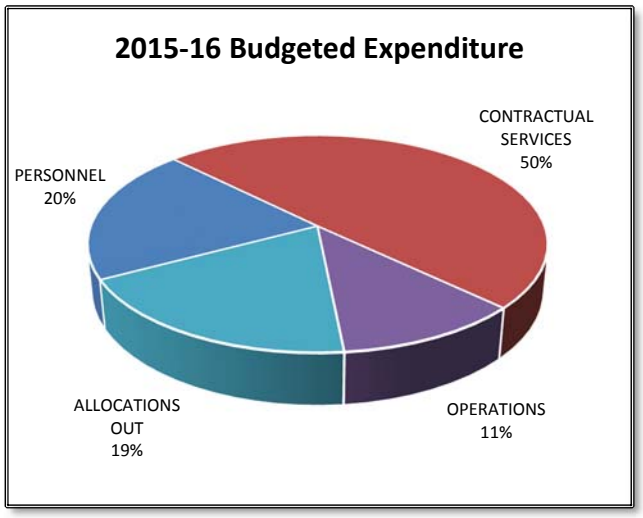
2015-2016 SIGNIFICANT CHANGES FROM 2014-2015 BUDGET:

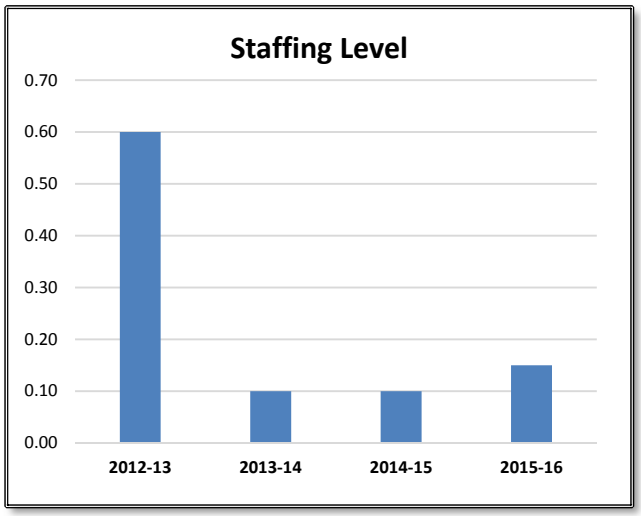
There are not significant changes in the COPS budget.

BUDGET SUMMARY:

EXPENDITURES SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PERSONNEL	-	2,202	20,400	19,912	26,949
CONTRACTUAL SERVICES	44,456	41,991	85,000	65,500	66,000
PROFESSIONAL SERVICES	1,170	129	11,000	-	-
OPERATIONS	22,583	18,733	11,194	11,850	15,100
ALLOCATIONS OUT	16,062	11,447	21,566	17,345	25,016
TOTAL EXPENDITURES	**84,271**	**74,502**	**149,160**	**114,607**	**133,065**

FUNDING SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
UNDESIGNATED FUND BALANCE (021)	(15,689)	(25,898)	49,060	14,507	32,965
COPS GRANT	100,000	100,000	100,000	100,000	100,000
USE OF MONEY & PROPERTY	(40)	400	100	100	100
TOTAL FUNDING SOURCE	**84,271**	**74,502**	**149,160**	**114,607**	**133,065**





Work Program

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:

The Department is comprised of Planning, Building and Code Enforcement Divisions.

DESCRIPTION:

Under the Direction of the Planning Director, the Department consists of 5 full-time regular employees.

Planning & Code Enforcement Division
Planning Director (1 FTE)
Associate Planner – under fill (1 FTE)
Assistant Planner (1 FTE)

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

2014-2015 ACCOMPLISHMENTS:

1. Completion of major work for the Purissima Creek at O'Keefe Preserve restoration project (Ribbon Cutting Ceremony held on March 17, 2015)
2. Completion of the Housing Element update; the Element has been certified by the State Office of Housing and Community Development
3. Completion of the 2013 Building Code update
4. Adoption of a Construction Time Limit Ordinance and Policy
5. **Planning Permit Processing** - Through April 2015 (FY 2014-15), the Planning Division processed 152 permits including 25 new residences, 23 landscape plans, 26 additions, 29 fences, and 10 pools
6. **Building Permit Processing** - Through April 2015 (FY 2014-15), the Building Division issued 534 permits, conducted 1,319 inspections and finalized 385 permits
7. **Code Enforcement** - During fiscal year 2014-15, 51 code enforcement cases have been handled including building and grading without permits, excessive noise, dead trees and dogs off leash

2014-2015 COST SAVINGS AND REVENUE GENERATING PROJECTS:

Fiscal year 2014-15 was the first full year of New User Fee Schedule for planning and building permit fee. As a result, department revenues are significantly higher compared to prior fiscal year.

2015-2016 OBJECTIVES:

1. Complete the General Plan Circulation Element update
2. Develop a Code Enforcement Procedure Manual to more efficiently address complaints of public nuisance
3. 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
4. Comprehensive update of the Subdivision Ordinance
5. Update the Wildland Urban Interface Map
6. Amend the Antenna Ordinance to include provisions for emergency communication antennas
7. Update the Water Efficient Landscape Ordinance

PLANNING AND BUILDING

PLANNING ADMINISTRATION (011-3100)

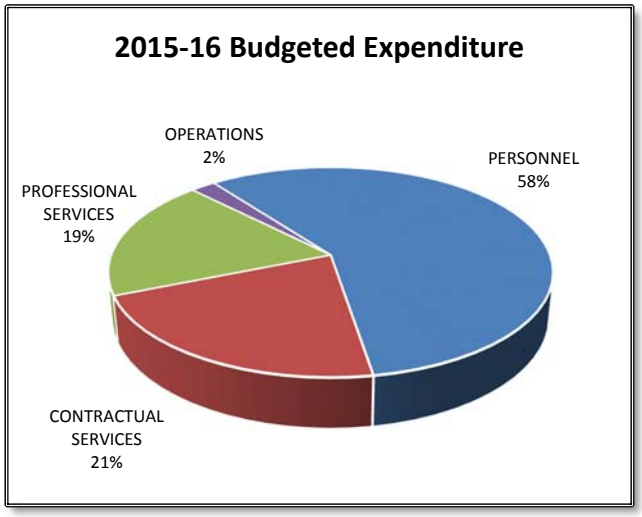
2015-2016 SIGNIFICANT CHANGES FROM 2014-2015 BUDGET:

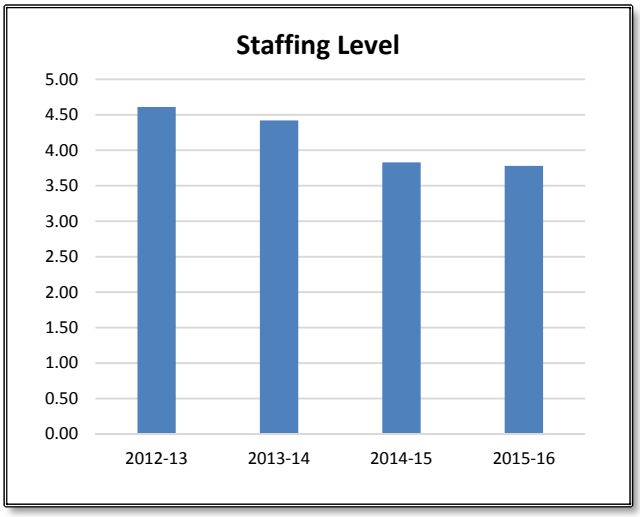
The Planning Administration budget increased by $107,600 mainly for staff augmentation and professional planner services to update the subdivision ordinance. Personnel costs decreased by $56,700 due to reclassifications of Senior Planner to Associate Planner and staffing turnover.

BUDGET SUMMARY:

EXPENDITURES SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PERSONNEL	579,736	585,097	581,700	410,501	532,782
CONTRACTUAL SERVICES	110,225	128,897	162,215	203,565	198,330
PROFESSIONAL SERVICES	90,135	67,519	101,850	92,800	173,150
OPERATIONS	17,856	13,239	52,395	16,387	19,518
ALLOCATIONS OUT	129,725	372,462	478,037	427,556	562,016
TOTAL EXPENDITURES	**927,677**	**1,167,214**	**1,376,197**	**1,150,809**	**1,485,796**

FUNDING SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GENERAL FUND	466,092	507,995	443,637	313,185	608,996
DEPARTMENTAL REVENUES					
CHARGES FOR CURRENT SERVICES	461,585	659,219	932,560	837,624	876,800
TOTAL FUNDING SOURCE	**927,677**	**1,167,214**	**1,376,197**	**1,150,809**	**1,485,796**





PLANNING AND BUILDING

PLANNING COMMISSION (011-3110)

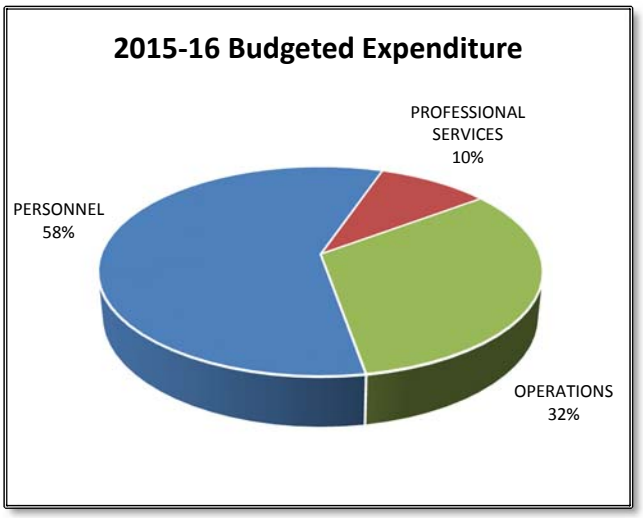
2015-2016 SIGNIFICANT CHANGES FROM 2014-2015 BUDGET:

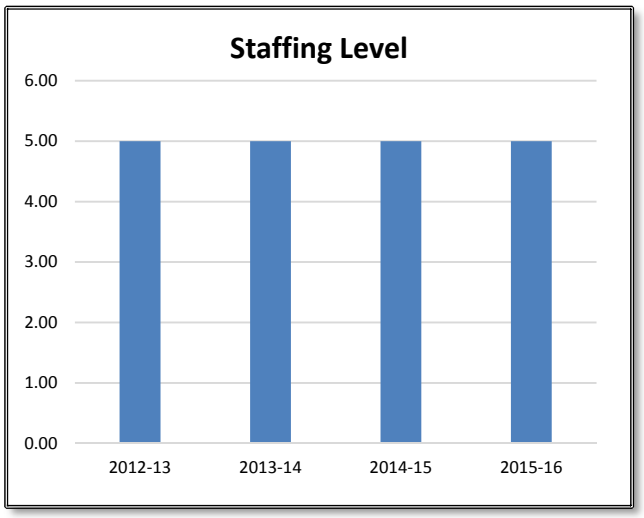
There are no significant changes in the Planning Commission budget.

BUDGET SUMMARY:

EXPENDITURES SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PERSONNEL	6,326	7,001	6,000	7,574	6,087
PROFESSIONAL SERVICES	913	689	802	802	1,000
OPERATIONS	2,275	1,318	3,605	1,545	3,400
ALLOCATIONS OUT	-	1,637	2,200	1,352	2,842
TOTAL EXPENDITURES	**9,515**	**10,645**	**12,607**	**11,273**	**13,329**

FUNDING SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GENERAL FUND	9,515	10,645	12,607	11,273	13,329
TOTAL FUNDING SOURCE	**9,515**	**10,645**	**12,607**	**11,273**	**13,329**





PLANNING AND BUILDING

BUILDING ADMINISTRATION (011-3200)

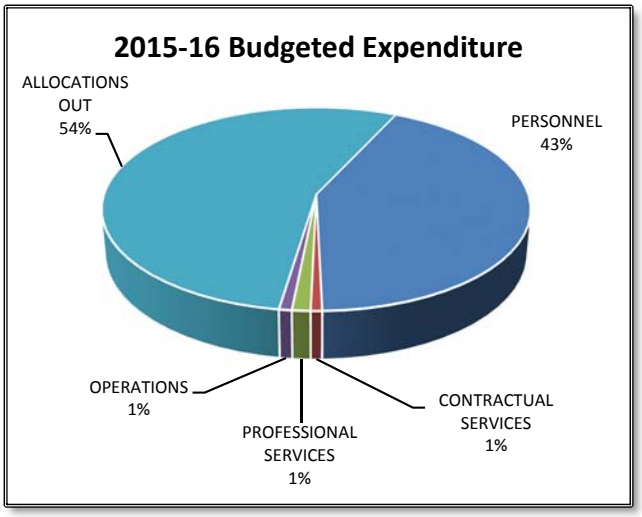
2015-2016 SIGNIFICANT CHANGES FROM 2014-2015 BUDGET:

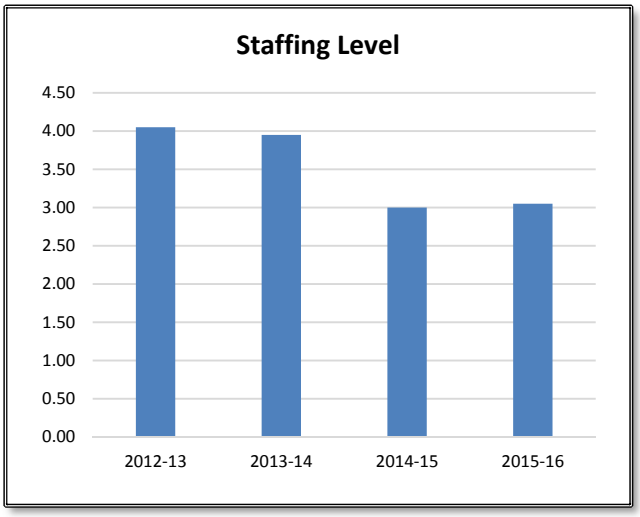
Contractual service costs were reduced by $14,400 with transition to laser fiche scanning. 2014-15 budget included the maintenance for laser fiche and BMI as well as one-time data conversion cost.

BUDGET SUMMARY:

EXPENDITURES SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PERSONNEL	524,846	537,298	432,050	342,741	424,214
CONTRACTUAL SERVICES	6,704	8,400	21,754	40,975	7,400
PROFESSIONAL SERVICES	8,336	9,936	12,040	12,040	12,000
OPERATIONS	3,881	6,129	6,805	7,289	8,320
ALLOCATIONS OUT	114,725	362,341	569,612	482,590	542,031
TOTAL EXPENDITURES	**658,492**	**924,104**	**1,042,261**	**885,635**	**993,965**

FUNDING SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GENERAL FUND	43,714	138,346	175,885	(28,090)	163,890
DEPARTMENTAL REVENUES					
LICENSES & PERMITS	614,778	785,758	866,376	913,725	830,075
TOTAL FUNDING SOURCE	**658,492**	**924,104**	**1,042,261**	**885,635**	**993,965**





PLANNING AND BUILDING
PERMIT REVIEW & INSPECTION (011-3210)

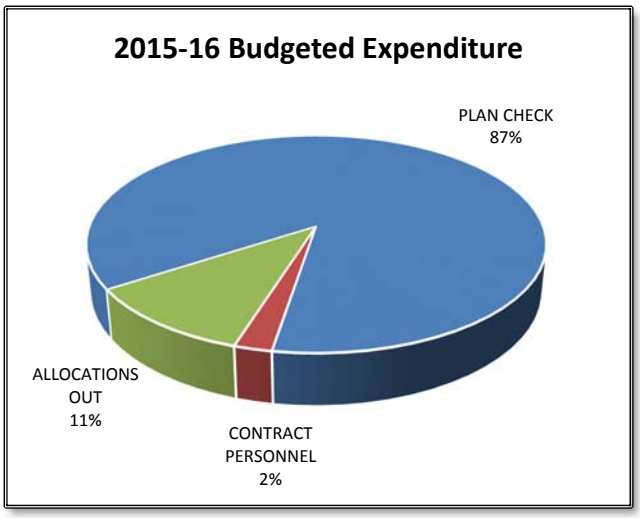
2015-2016 SIGNIFICANT CHANGES FROM 2014-2015 BUDGET:

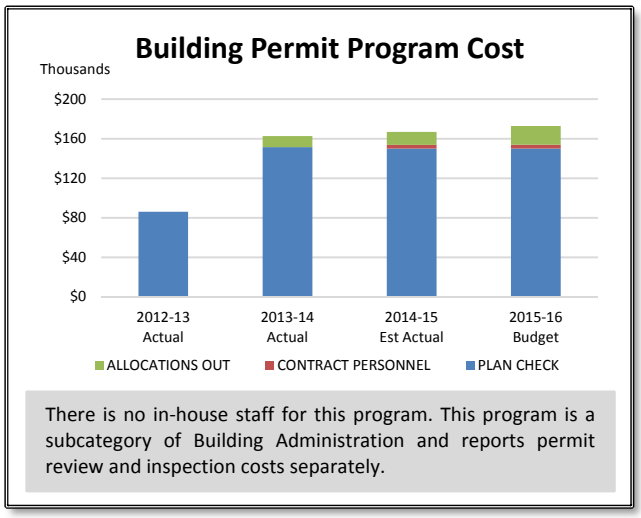
The Permit Review and Inspection budget reflects a $42,883 reduction in contract plan check services which was temporarily increased at midyear to address an increase in planning workload.

BUDGET SUMMARY:

EXPENDITURES SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
CONTRACTUAL SERVICES	86,014	151,434	196,883	153,820	154,000
ALLOCATIONS OUT	-	11,176	16,291	13,090	18,875
TOTAL EXPENDITURES	**86,014**	**162,610**	**213,174**	**166,910**	**172,875**

FUNDING SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GENERAL FUND	-	-	-	-	-
DEPARTMENTAL REVENUES					
LICENSES & PERMITS	86,014	162,610	213,174	166,910	172,875
TOTAL FUNDING SOURCE	**86,014**	**162,610**	**213,174**	**166,910**	**172,875**





There is no in-house staff for this program. This program is a subcategory of Building Administration and reports permit review and inspection costs separately.

Work Program

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.

ORGANIZATION:

The department is under the direction of the City Manager.

DESCRIPTION:

Under the direction of the City Manager, the department is comprised of one full-time employee, Community Services Supervisor, who oversees all community events, recreation programs, 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
- Activity guide
- Manages vendor contracts
- Social media and email blast marketing
- Purissima Park maintenance, schedule and reservations
- Liaison to community relations, parks & recreation committees, youth and senior commissions
- Emergency planning-EOC function

2014-2015 ACCOMPLISHMENTS:

1. Organized 12 community events including Town Picnic, Pathways Run, Hoedown, July 4th Parade, Easter Egg Hunt, Movie Night, Leadership Conference, Earth Day
2. Took over the Los Altos Hills Family (LAHF) events due to the dissolution of LAHF
3. Served over 550 youth, adults, and seniors with over 1,800 registrations, approximately 100 classes/camps.
4. Opened for operations the Los Altos Hills Dog Park.
5. Managed contract with Westwind Community Barn Concessionaire
6. Completed preliminary analysis in program registration system and found minimal cost saving opportunities with new recreation software innovations, staff will continue to explore

2014-2015 COST SAVINGS AND REVENUE GENERATING PROJECTS:

1. Reduced Town subsidy to Barn Concessionaire by $36,000
2. Reinstated the Annual Riding Program resulting in an increase in program revenues
3. Hired a new recreation contractor providing 24 additional classes, net revenue generated $5,000

PARKS & RECREATION
ADMINISTRATION (011-1000)

2015-2016 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. Establish field rental baseline and update field rental fees at Purissima Park accordingly
4. Survey residents for a needs assessment (included in Service Enhancement Summary Section)

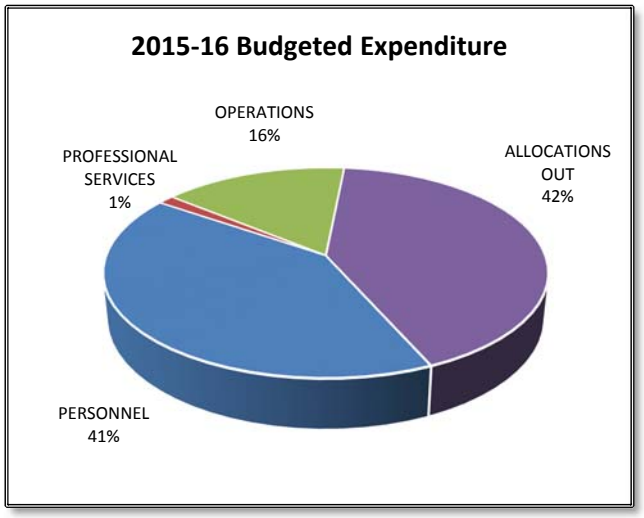
2015-2016 SIGNIFICANT CHANGES FROM 2014-2015 BUDGET:

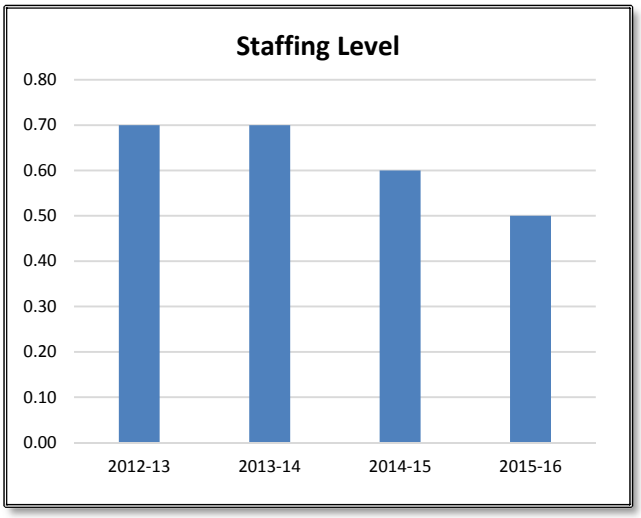
The Parks and Recreation budget includes an increase of $12,000 for a 3 month intern program. The personnel cost budget reduction of $12,840 is attributable to FTE reallocation from 0.60 to 0.50.

BUDGET SUMMARY:

EXPENDITURES SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PERSONNEL	88,135	91,122	98,860	58,279	75,629
PROFESSIONAL SERVICES	2,430	2,980	2,500	2,500	2,500
OPERATIONS	18,809	20,348	21,500	26,700	28,700
ALLOCATIONS OUT	25,047	56,647	73,470	68,201	76,661
TOTAL EXPENDITURES	**134,422**	**171,097**	**196,330**	**155,679**	**183,490**

FUNDING SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GENERAL FUND	134,422	171,097	196,330	155,679	183,490
TOTAL FUNDING SOURCE	**134,422**	**171,097**	**196,330**	**155,679**	**183,490**





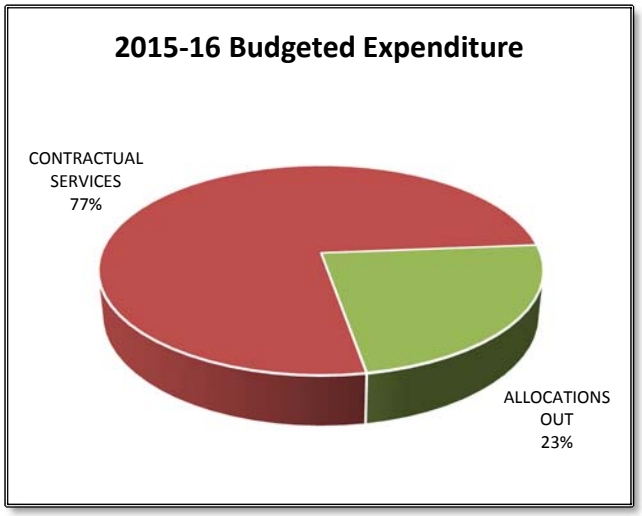
PARKS & RECREATION
PROGRAMS AND OPERATIONS (011-4110)

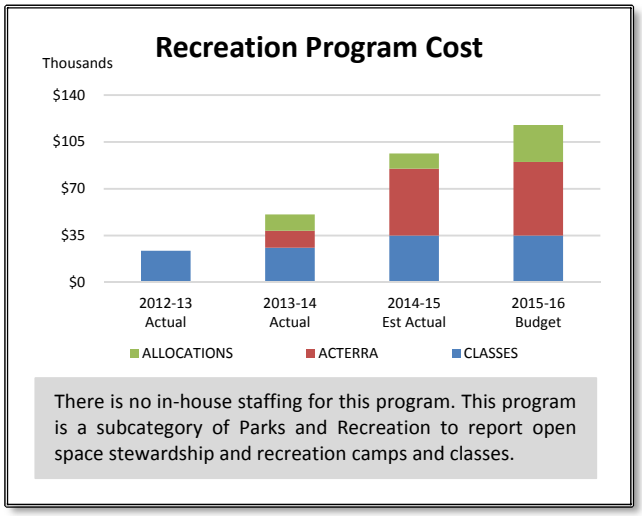
2015-2016 SIGNIFICANT CHANGES FROM 2014-2015 BUDGET:

The Park and Recreation Programs and Operations budget reflects a $22,500 increase in contractual services for additional instructors and added programs. This is offset by increase in program revenues.

EXPENDITURES SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PERSONNEL	-	4,078	-	-	-
CONTRACTUAL SERVICES	109,259	56,012	67,500	85,000	90,000
ALLOCATIONS OUT	-	21,282	16,006	11,399	27,613
TOTAL EXPENDITURES	**109,259**	**81,373**	**83,506**	**96,399**	**117,613**

FUNDING SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GENERAL FUND	(2,316)	(22,465)	58,506	26,899	57,613
DEPARTMENTAL REVENUES					
PARKS & REC PROGRAM REVENUES	111,576	103,838	25,000	69,500	60,000
TOTAL FUNDING SOURCE	**109,259**	**81,373**	**83,506**	**96,399**	**117,613**





There is no in-house staffing for this program. This program is a subcategory of Parks and Recreation to report open space stewardship and recreation camps and classes.

PARKS & RECREATION

SPECIAL EVENTS (011-4120; 011-4130)

2015-2016 SIGNIFICANT CHANGES FROM 2014-2015 BUDGET:

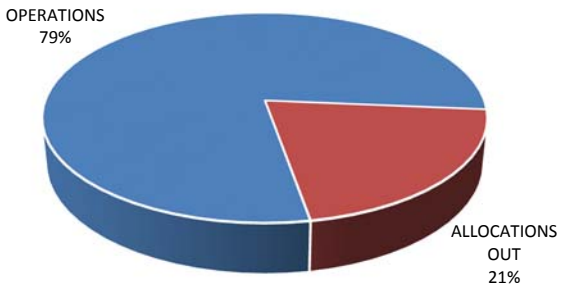
There are no significant changes in the Special Events budget.

BUDGET SUMMARY:

EXPENDITURES SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
OPERATIONS	59,301	64,228	60,000	60,000	63,000
ALLOCATIONS OUT	-	5,373	16,342	13,477	16,606
TOTAL EXPENDITURES	**59,301**	**69,601**	**76,342**	**73,477**	**79,606**

FUNDING SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GENERAL FUND	44,088	68,997	64,342	60,689	66,606
DEPARTMENTAL REVENUES					
PARKS & REC PROGRAM REVENUES	15,214	604	12,000	12,788	13,000
TOTAL FUNDING SOURCE	**59,301**	**69,601**	**76,342**	**73,477**	**79,606**

2015-16 Budgeted Expenditure



Staffing Level

There is no in-house staffing for this program. This program is a subcategory of Parks and Recreation to report the cost of holding special events through the year. Special Events includes the following:

PATHWAYS RUN	LEADERSHIP CONFERENCE
HOPPIN' HOUNDS	HOEDOWN
TOWN PICNIC	FAMILY MOVIE NIGHT
BARN LIGHTING	FESTIVAL OF LIGHTS
CAROLING IN THE HILLS	FOURTH OF JULY
DODGEBALL	EASTER EGGHUNT

PARKS & RECREATION
PLAYING FIELDS (011-5100)

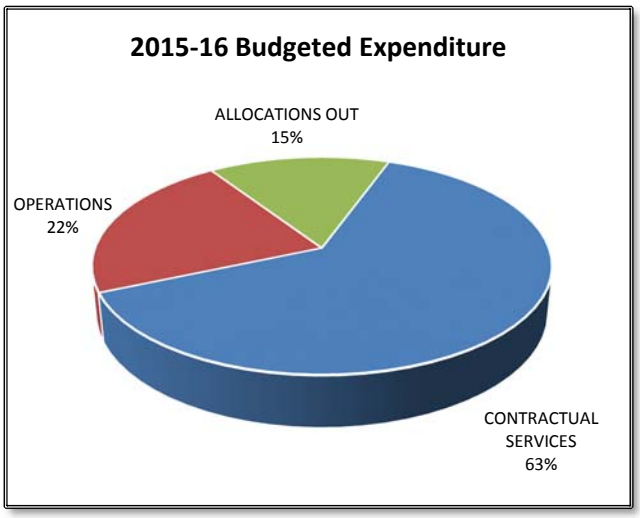
2015-2016 SIGNIFICANT CHANGES FROM 2014-2015 BUDGET:

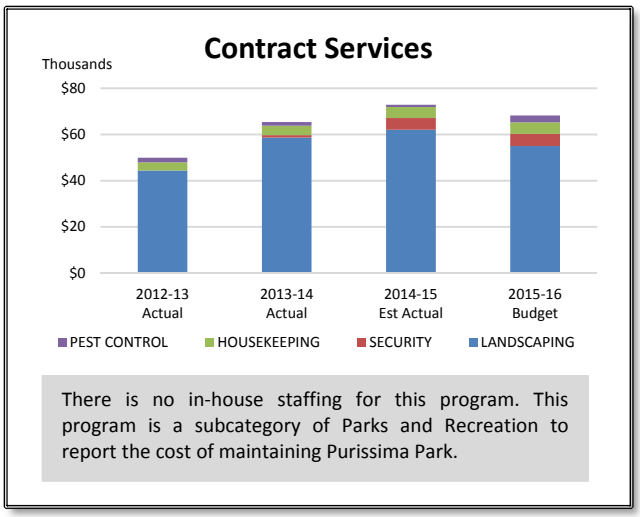
The budget for Playing Fields reflects an increase of $10,000 for field maintenance and renovations.

BUDGET SUMMARY:

EXPENDITURES SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
CONTRACTUAL SERVICES	49,930	65,404	58,200	72,895	68,250
OPERATIONS	24,368	39,063	23,500	22,377	24,000
ALLOCATIONS OUT	-	8,599	15,476	12,555	16,145
TOTAL EXPENDITURES	**74,298**	**113,067**	**97,176**	**107,827**	**108,395**

FUNDING SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GENERAL FUND	50,349	76,497	71,676	82,327	82,895
DEPARTMENTAL REVENUES					
PARKS & REC RENTAL REVENUES	23,949	36,569	25,500	25,500	25,500
TOTAL FUNDING SOURCE	**74,298**	**113,067**	**97,176**	**107,827**	**108,395**





There is no in-house staffing for this program. This program is a subcategory of Parks and Recreation to report the cost of maintaining Purissima Park.

PARKS & RECREATION

WESTWIND BARN & RIDING PROGRAMS (011-5300)

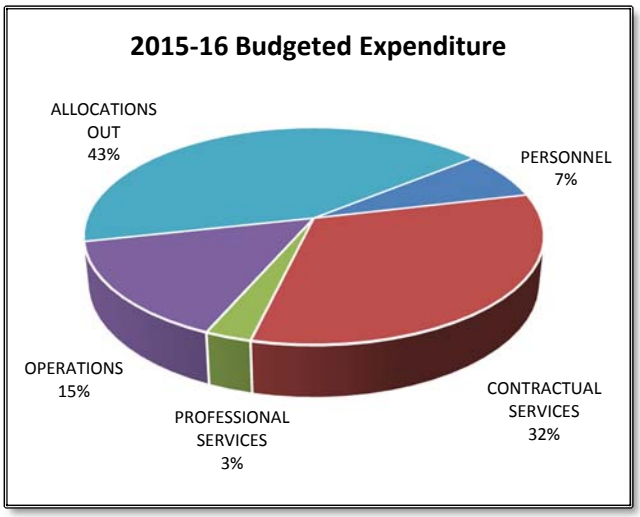
2015-2016 SIGNIFICANT CHANGES FROM 2014-2015 BUDGET:

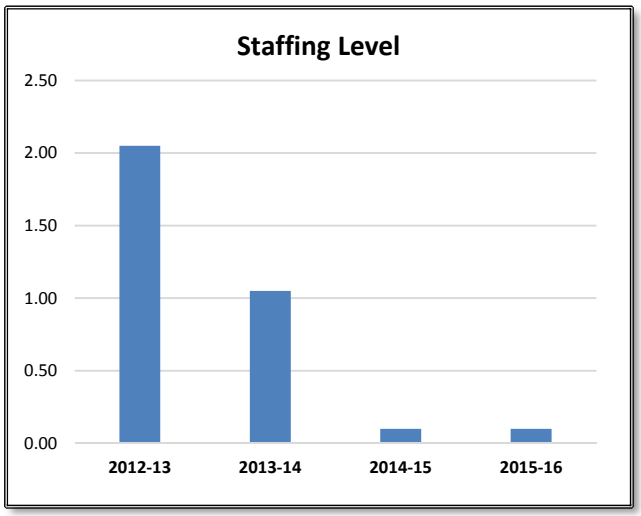
Westwind Barn and riding program budget was reduced by $64,854 as a result of lower subsidy of $36,000, decreased operating supplies by $11,500 based on historical trends, and reduced allocation cost due to lower operating budget.

BUDGET SUMMARY:

EXPENDITURES SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PERSONNEL	122,249	22,577	11,600	11,118	12,687
CONTRACTUAL SERVICES	150,308	162,141	77,500	42,500	57,500
PROFESSIONAL SERVICES	719	1,153	5,000	5,000	5,000
OPERATIONS	111,441	86,430	38,100	20,511	26,600
ALLOCATIONS OUT	-	54,744	109,966	90,913	75,525
TOTAL EXPENDITURES	**384,717**	**327,045**	**242,166**	**170,042**	**177,312**

FUNDING SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GENERAL FUND	158,565	168,453	212,066	131,458	137,312
DEPARTMENTAL REVENUES					
PARKS & REC PROGRAM REVENUES	226,152	158,592	30,100	38,584	40,000
TOTAL FUNDING SOURCE	**384,717**	**327,045**	**242,166**	**170,042**	**177,312**





Work Program

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.

2014-2015 ACCOMPLISHMENTS:

1. Worked with residents, Council, County, Palo Alto and Caltrans to look at other options than a traffic light at Page Mill/I-280 southbound off-ramp
2. Obtained Caltrans approval to begin construction of the El Monte Road Preservation Project
3. Worked with neighbors to obtain Council approval to begin design of the Miranda Road Pathway Project
4. Identified over 70 potential liability issues and performed corrective actions
5. Completed Phase 1 of the 2014 Road Rehabilitation Project
6. Executed agreement with Acterra for Town Open Space Stewardship services
7. Executed a new sewer Operations and Maintenance contract with West Bay Sanitary District
8. Executed a new Purissima Park Maintenance contract with Jensen Landscape Services
9. Completed Sudden Oak Death spraying of over 130 trees in Byrne Preserve
10. Completed the 2014 Sanitary Sewer Root Foaming Project
11. Completed construction of the 2013 Sanitary Sewer Rehabilitation Project
12. Completed construction of the 2014 Road Rehabilitation – Phase 2 project
13. Completed Town-wide tree inspection of over 400 trees to reduce risk of falling trees
14. Completed a new Engineering and Traffic Survey to facilitate radar enforcement on certain streets
15. Completed a sewer rate study and the prop. 218 process for sewer service charge increases
16. Completed year one of Open Space stewardship services
17. Completed restoration of the Town Cupola
18. Completed the update to the Town's Pavement Management Program with grant funds
19. Completed design of the 2015 Sanitary Sewer Rehabilitation project
20. Completed design of the 2014 phase 2 Road Rehabilitation project
21. Completed construction of the native Bob Stutz path
22. Successfully recruited a Senior Engineer
23. Successfully submitted and obtained approval of approximately $15,000 in TDA Article 3 grant funds

2014-2015 COST SAVINGS AND REVENUE GENERATING PROJECTS:
Obtained $186,000 grant approval for El Monte Road preservation Project.
2015-2016 OBJECTIVES:
1. Implement the updated Sanitary Sewer Management Plan 2. Begin data collection for Sanitary Sewer Master Plan 3. Develop sewer root foaming program 4. Complete design for 2015 Road Rehabilitation project 5. Complete construction for 2014 phase 2 Road Rehabilitation project 6. Complete construction for the 2015 Sanitary Sewer Rehabilitation project 7. Continue to work on permitting and design for Page Mill/Matadero Creek erosion repair 8. Continue to work with Anacapa and La Cresta neighbors on utility undergrounding project 9. Continue to work with Acterra and Open Space Committee on Town open space stewardship 10. Complete Town-wide tree inspection on highly used roadways and pathways 11. Continue to work with SVBC to improve behavior of bicycles and drivers to share the road

PUBLIC WORKS
ENGINEERING (011-3300)

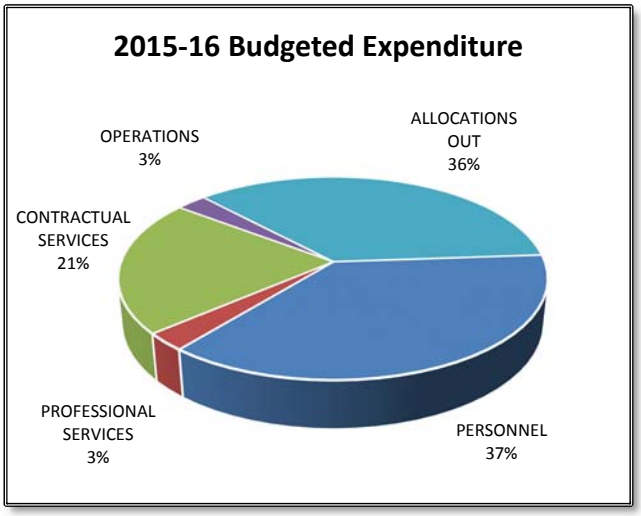
2015-2016 SIGNIFICANT CHANGES FROM 2014-2015 BUDGET:

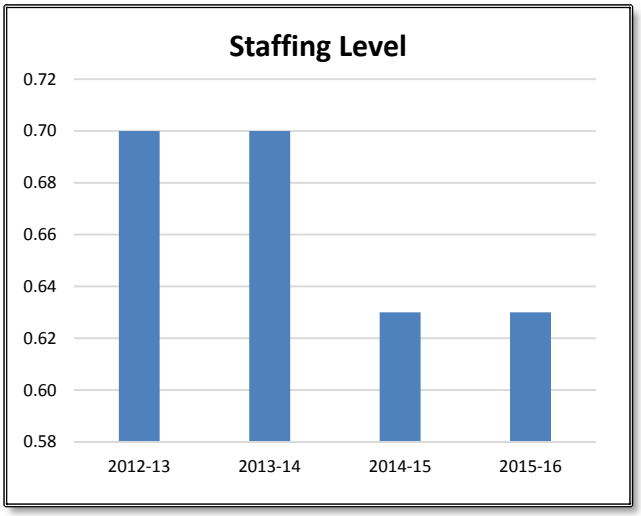
The Public Works Engineering budget includes an increase of $24,000 for extending the summer internship program from 3 months to 6 months.

BUDGET SUMMARY:

EXPENDITURES SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PERSONNEL	139,691	156,731	120,759	105,819	135,024
PROFESSIONAL SERVICES	26,035	12,732	21,309	6,309	10,300
CONTRACTUAL SERVICES	36,798	46,019	66,435	71,601	78,800
OPERATIONS	9,140	6,050	13,961	8,405	9,700
ALLOCATIONS OUT	25,047	94,921	134,175	107,085	130,950
TOTAL EXPENDITURES	**236,711**	**316,453**	**356,639**	**299,219**	**364,774**

FUNDING SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GENERAL FUND	216,999	282,652	308,039	250,619	320,974
DEPARTMENTAL REVENUES					
LICENSES & PERMITS	300	-	400	400	400
CHARGES FOR CURRENT SERVICES	19,412	33,801	48,200	48,200	43,400
TOTAL FUNDING SOURCE	**236,711**	**316,453**	**356,639**	**299,219**	**364,774**





PUBLIC WORKS

SEWER (048: CAPITAL, 051: OPERATIONS)

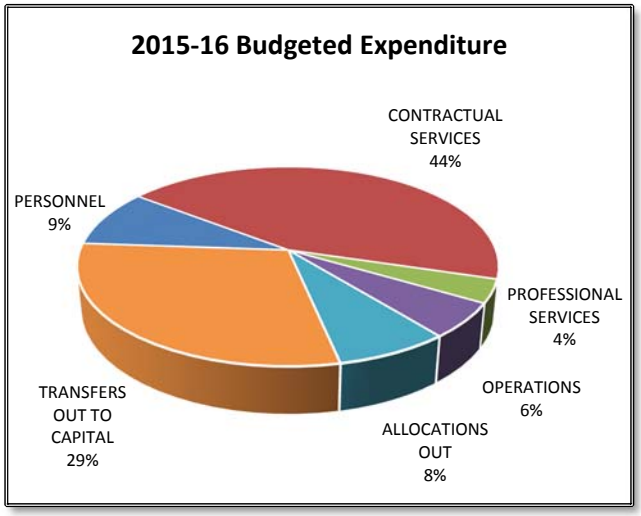
2015-2016 SIGNIFICANT CHANGES FROM CURRENT BUDGET:

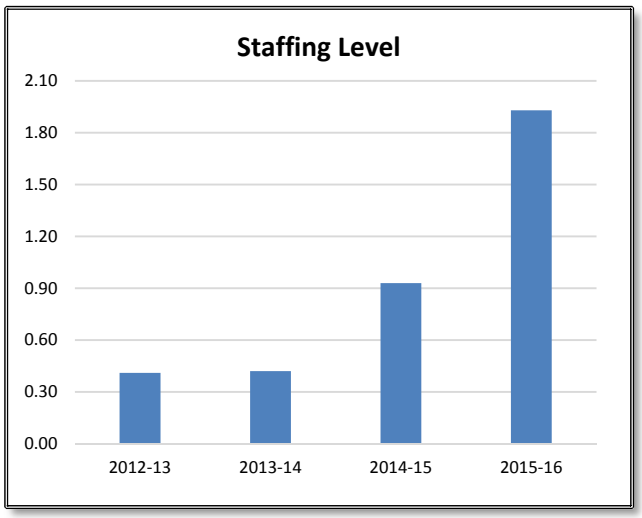
The Sewer budget increase of $760,600 reflects changes recommended by V.W. Housen in the 2015 Sewer Technical Memo. This memo included the addition of one Associate/Senior Engineer position, ($150,000), increase consultant and contract services to manage, update, and collect sewer data for the sewer asset management system, ($140,000) and increased sewer infrastructure improvements, ($300,900). Half of the increase in allocation ($102,292) is from a one-time 2013-14 Overhead Allocation credit approved by the City Council and applied to the 2014-15 Revised budget. The other part of the overhead allocation is directly related to the increase in Sewer operations, excluding the Sewer Treatment Cost. The 2015-16 Sewer Assessment Charge of $1,961,600 includes the first of two years of sewer service charge increase.

BUDGET SUMMARY:

EXPENDITURES SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PERSONNEL	52,970	72,782	165,391	133,914	306,260
CONTRACTUAL SERVICES	825,726	780,271	1,248,150	1,173,696	1,455,060
PROFESSIONAL SERVICES	129,408	47,234	100,500	82,000	124,500
OPERATIONS	187,256	183,915	201,670	201,651	187,345
ALLOCATIONS OUT	47,525	187,447	146,290	110,327	248,582
CAPITAL INVESTMENT	-	-	669,100	669,100	970,000
TOTAL EXPENDITURES	**1,242,885**	**1,271,649**	**2,531,101**	**2,370,689**	**3,291,747**

FUNDING SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
SEWER NET POSITION	(238,716)	(308,166)	982,901	797,118	1,167,647
DEPARTMENTAL REVENUES					
SEWER ASSESSMENT CHARGES	1,359,338	1,382,472	1,385,800	1,411,195	1,961,600
SEWER CONNECTION FEES	125,183	175,496	160,400	160,375	160,300
MISCELLANEOUS	(2,920)	21,847	2,000	2,000	2,200
TOTAL FUNDING SOURCE	**1,242,885**	**1,271,649**	**2,531,101**	**2,370,689**	**3,291,747**





PUBLIC WORKS

STORM DRAIN OPERATIONS (012)

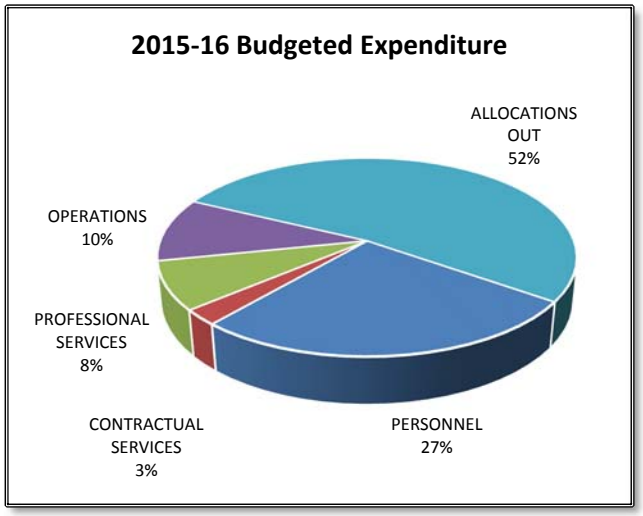
2015-2016 SIGNIFICANT CHANGES FROM CURRENT BUDGET:

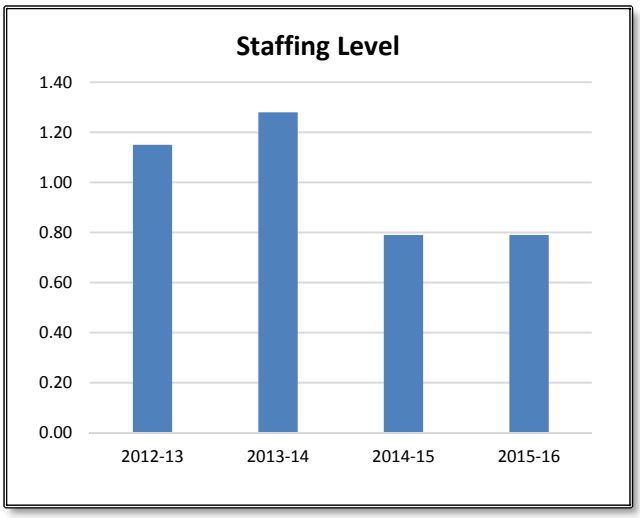
The reduction in the Storm Drain operation budget of $63,800 includes the completion of Matadero Creek Erosion design, a one-time budget of $50,000 and an overhead allocation reduction of $35,362.

BUDGET SUMMARY:

EXPENDITURES SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PERSONNEL	128,758	144,219	86,985	76,248	84,416
CONTRACTUAL SERVICES	21,640	15,050	5,150	7,326	8,000
PROFESSIONAL SERVICES	15,123	-	67,100	-	25,000
OPERATIONS	9,072	18,337	30,972	39,715	33,000
ALLOCATIONS OUT	67,325	138,646	190,464	187,835	166,409
TOTAL EXPENDITURES	**241,917**	**316,252**	**380,671**	**311,123**	**316,825**

FUNDING SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GENERAL FUND (TRANSFERS IN)	242,917	316,252	380,671	311,123	316,825
TOTAL FUNDING SOURCE	**242,917**	**316,252**	**380,671**	**311,123**	**316,825**





PUBLIC WORKS
STREET OPERATIONS (017)

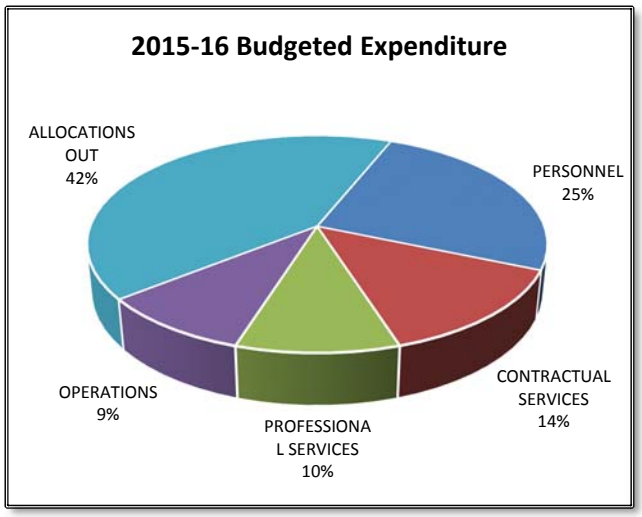
2015-2016 SIGNIFICANT CHANGES FROM CURRENT BUDGET:

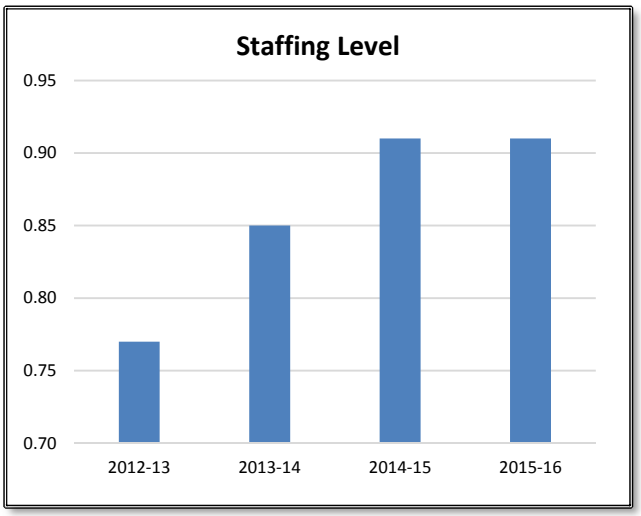
The Streets Operation budget includes a $20,000 addition of ongoing consulting services to address traffic safety requests and inquiries.

BUDGET SUMMARY:

EXPENDITURES SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PERSONNEL	88,329	103,465	120,900	105,128	118,512
CONTRACTUAL SERVICES	56,242	51,787	58,880	72,721	64,000
PROFESSIONAL SERVICES	15,295	3,300	26,250	26,250	46,250
OPERATIONS	30,494	60,563	45,102	38,431	44,100
ALLOCATIONS OUT	60,612	142,830	176,462	162,416	195,965
TOTAL EXPENDITURES	**250,972**	**361,945**	**427,594**	**404,946**	**468,827**

FUNDING SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
UNDESGINATED FUND BALANCE (017)	84,962	55,696	-	-	-
GENERAL FUND (TRANSFERS IN)	-	113,023	198,394	168,020	247,652
DEPARTMENTAL REVENUES					
LICENSES & PERMITS	25,353	26,600	61,800	67,300	64,100
INTERGOVERNMENTAL	140,272	163,859	166,400	168,627	156,075
USE OF MONEY & PROPERTY	385	2,766	1,000	1,000	1,000
TOTAL FUNDING SOURCE	**250,972**	**361,945**	**427,594**	**404,946**	**468,827**





PUBLIC WORKS

PATHWAY OPERATIONS (017)

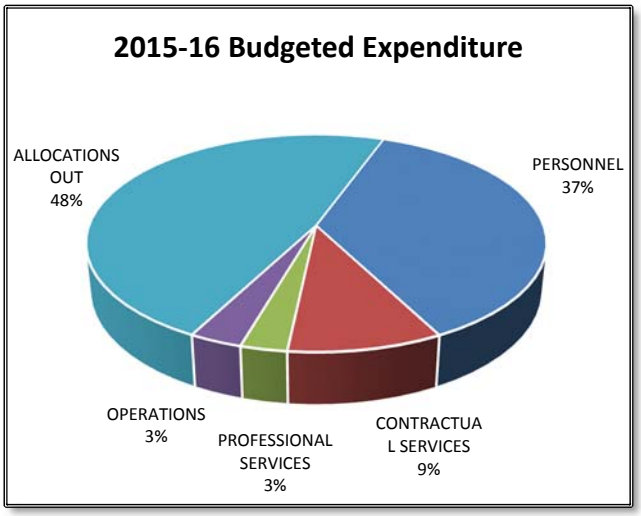
2015-2016 SIGNIFICANT CHANGES FROM CURRENT BUDGET:

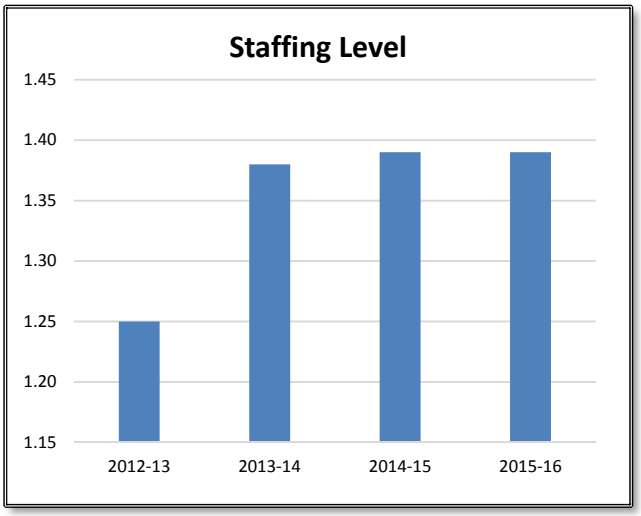
There are no significant changes in Pathway Operations budget.

BUDGET SUMMARY:

EXPENDITURES SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PERSONNEL	145,138	157,983	172,000	150,268	170,425
CONTRACTUAL SERVICES	23,833	44,697	37,350	45,250	43,408
PROFESSIONAL SERVICES	12,300	21,858	13,100	12,400	13,100
OPERATIONS	16,029	29,532	20,053	10,300	14,900
ALLOCATIONS OUT	73,443	162,208	240,297	227,993	221,565
TOTAL EXPENDITURES	**270,743**	**416,278**	**482,800**	**446,210**	**463,398**

FUNDING SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
UNDESGINATED FUND BALANCE (013)		79,236	-	-	-
GENERAL FUND (TRANSFERS IN)	270,743	334,276	481,800	445,211	462,398
DEPARTMENTAL REVENUES					
USE OF MONEY & PROPERTY	385	2,766	1,000	1,000	1,000
TOTAL FUNDING SOURCE	**271,128**	**416,278**	**482,800**	**446,210**	**463,398**





PUBLIC WORKS

CORPORATION YARD (061-4300)

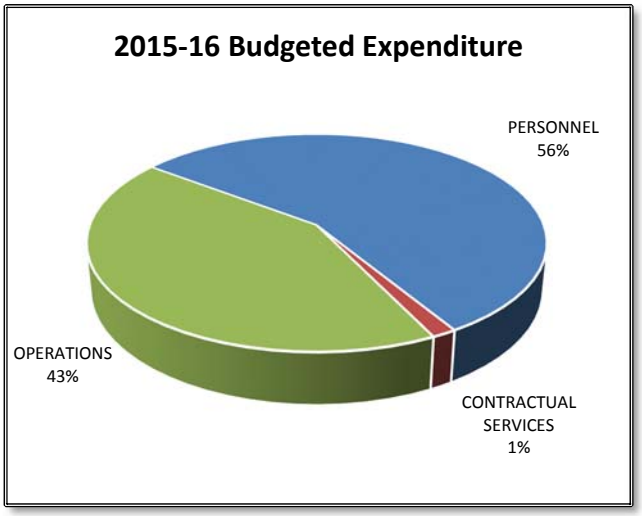
2015-2016 SIGNIFICANT CHANGES FROM CURRENT BUDGET:

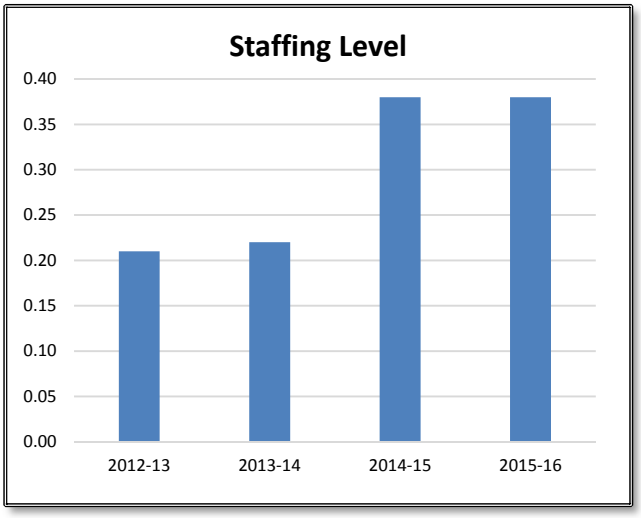
There are no significant changes to the Corporation Yard Budget in 2015-16. The negative allocation out value of $(909) in 2014-15 is related to the City Council approved to credit that applies to 2013-14 overhead allocation in 2014-15.

BUDGET SUMMARY:

EXPENDITURES SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PERSONNEL	50,568	49,405	62,040	68,148	74,191
CONTRACTUAL SERVICES	37,000	17,304	1,515	1,850	2,000
OPERATIONS	33,361	46,853	58,445	55,887	56,360
ALLOCATIONS OUT	-	13,377	(909)	(909)	-
TOTAL EXPENDITURES	**120,928**	**126,939**	**121,091**	**124,976**	**132,551**

FUNDING SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
STORM DRAIN FUND (012) ALLOCATIONS	30,232	31,735	30,500	34,140	33,138
PATHWAYS (013) ALLOCATIONS	30,232	31,735	30,500	34,140	33,138
STREETS FUND (017) ALLOCATIONS	30,232	31,735	30,500	34,140	33,138
SEWER FUND (051) ALLOCATIONS	30,232	31,735	30,500	34,139	33,137
TOTAL FUNDING SOURCE	**120,928**	**126,939**	**122,000**	**136,560**	**132,551**





PUBLIC WORKS
VEHICLE (061-4400)

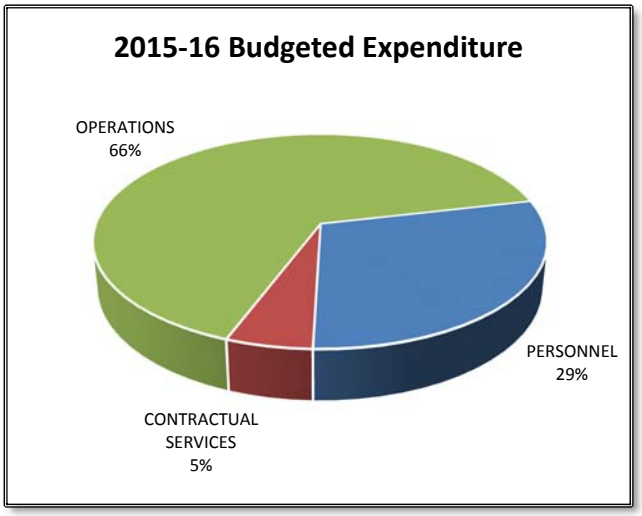
2015-2016 SIGNIFICANT CHANGES FROM CURRENT BUDGET:

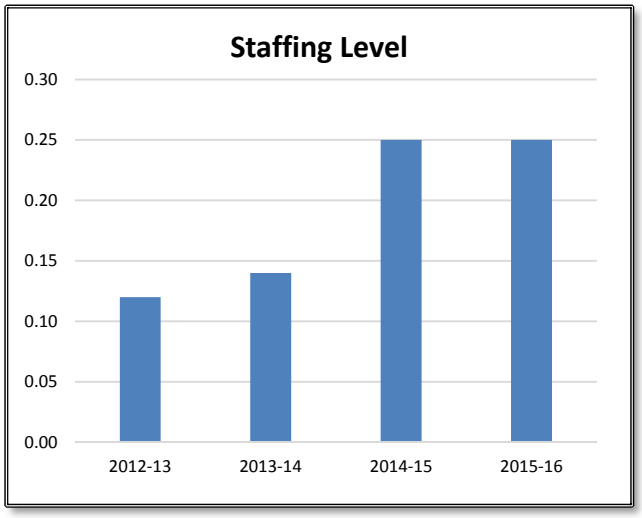
There are no significant changes to the Vehicles Budget in 2015-16. The negative allocation out value of $(542) in 2014-15 is related to the City Council approved a credit for 2013-14 overhead allocation in 2014-15.

BUDGET SUMMARY:

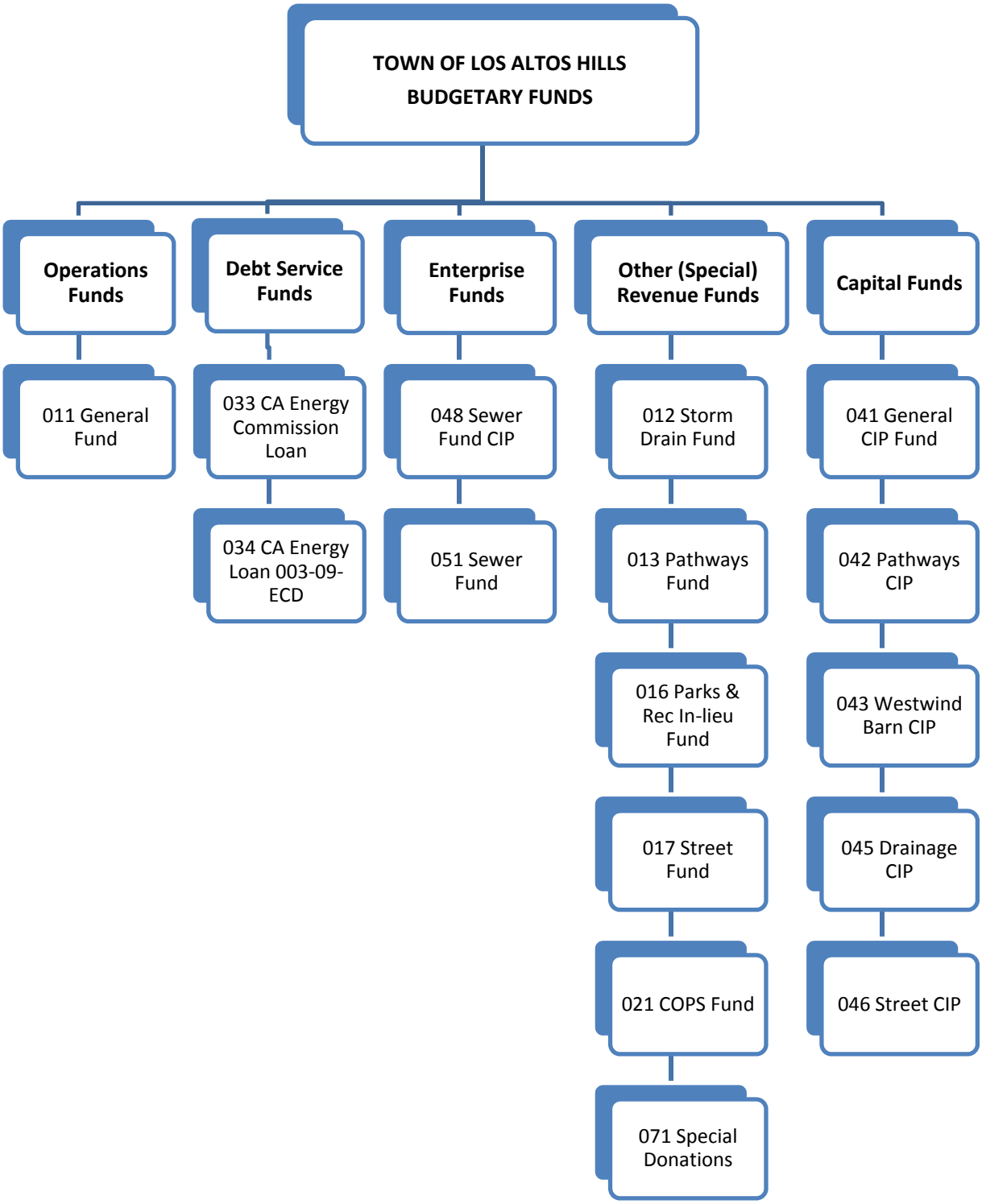
EXPENDITURES SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PERSONNEL	13,291	11,705	29,600	26,550	30,647
CONTRACTUAL SERVICES	6,655	214	8,550	5,600	5,600
OPERATIONS	61,880	58,377	69,050	69,050	69,180
ALLOCATIONS OUT	-	7,828	(542)	(542)	-
TOTAL EXPENDITURES	**81,826**	**78,124**	**106,658**	**100,658**	**105,427**

FUNDING SUMMARY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GENERAL FUND (011) ALLOCATIONS	25,233	34,718	47,600	47,818	46,851
STORM DRAIN FUND (012) ALLOCATIONS	6,308	8,680	11,900	11,954	11,713
PATHWAYS (013) ALLOCATIONS	9,749	13,023	17,900	17,937	17,575
STREETS FUND (017) ALLOCATIONS	9,749	13,023	17,900	17,937	17,575
SEWER FUND (051) ALLOCATIONS	6,308	8,680	11,900	11,954	11,713
TOTAL FUNDING SOURCE	**57,349**	**78,124**	**107,200**	**107,600**	**105,427**





Financial Summaries


TOWN OF LOS ALTOS HILLS
BUDGETARY FUNDS
Operations Funds
Debt Service Funds
Enterprise Funds
Other (Special) Revenue Funds
Capital Funds
011 General Fund
033 CA Energy Commission Loan
034 CA Energy Loan 003-09-ECD
048 Sewer Fund CIP
051 Sewer Fund
012 Storm Drain Fund
013 Pathways Fund
016 Parks & Rec In-lieu Fund
017 Street Fund
021 COPS Fund
071 Special Donations
041 General CIP Fund
042 Pathways CIP
043 Westwind Barn CIP
045 Drainage CIP
046 Street CIP

2015-16 TOWN-WIDE FUND SUMMARY BY FUND TYPE

REVENUES BY CATEGORY	GENERAL FUND	SPECIAL REVENUES & DEBT	CAPITAL PROJECTS	SEWER FUND	TOTAL
PROPERTY TAX	$ 4,672,500	$ -	$ -	$ -	$ 4,672,500
TAXES OTHER THAN PROPERTY	541,200	-	-	-	541,200
FRANCHISE FEES	484,300	-	-	-	484,300
LICENSES AND PERMITS	1,032,950	64,100	-	-	1,097,050
USE OF MONEY AND PROPERTY	202,200	2,100	44,500	5,100	253,900
INTERGOVERNMENTAL	31,200	256,075	154,000	-	441,275
CHARGES FOR SERVICES	971,100	387,500	40,000	2,121,900	3,520,500
MISCELLANEOUS	159,900	1,000	-	-	160,900
INTERNAL ALLOCATIONS	1,707,126	-	-	-	1,707,126
REVENUES TOTAL	**9,802,476**	**710,775**	**238,500**	**2,127,000**	**12,878,751**

TOWN-WIDE EXPENDITURES BY CATEGORY	GENERAL FUND	SPECIAL REVENUES & DEBT	CAPITAL PROJECTS	SEWER FUND	TOTAL
PERSONNEL	2,326,920	400,302	-	306,260	3,033,482
CONTRACTUAL SERVICES	1,912,542	181,408	900,480	1,455,060	4,449,490
PROFESSIONAL SERVICES	515,850	84,350	370,000	124,500	1,094,700
OPERATIONS	590,325	191,224	-	187,345	968,894
INTERNAL ALLOCATIONS	1,643,811	608,954	-	248,582	2,501,347
CAPITAL OUTLAY	-	-	994,000	970,000	1,964,000
DEPRECIATION	-	-	-	(170,200)	(170,200)
EXPENDITURES TOTAL	**6,989,448**	**1,466,239**	**2,264,480**	**3,121,547**	**13,841,713**
OPERATING SURPLUS / (DEFICIT)	**2,813,028**	**(755,464)**	**(2,025,980)**	**(994,547)**	**(962,962)**

OTHER FINANCING SOURCES / (USES)	GENERAL FUND	SPECIAL REVENUES & DEBT	CAPITAL PROJECTS	SEWER FUND	TOTAL
CA ENERGY DEBT TRANSFERS	(84,124)	84,124			-
STORMDRAIN OPERATIONS TRANSFERS	(316,825)	316,825			-
PARK & REC IN-LIEU OPERATIONS TRFRS	435	(435)			-
PATHWAYS OPERATIONS TRANSFERS	(462,398)	462,398			-
STREETS OPERATIONS TRANSFERS	(246,652)	246,652			-
GENERAL CAPITAL TRANSFERS	(50,000)	-	50,000		-
WESTWIND BARN CAPITAL TRANSFERS	-	-	-		-
PATHWAYS CAPITAL TRANSFERS	(100,480)	(170,000)	270,480		-
DRAINAGE CAPITAL TRANSFERS	(614,500)	(175,500)	790,000		-
STREETS CAPITAL TRANSFERS	(811,000)	(80,000)	891,000		-
TRANSFERS TOTAL	**(2,685,544)**	**684,064**	**2,001,480**	**-**	**-**

FUND BALANCE	GENERAL FUND	SPECIAL REVENUES & DEBT	CAPITAL PROJECTS	SEWER FUND	TOTAL
CHANGE IN FUND BALANCE	127,485	(71,400)	(24,500)	(994,547)	(962,962)
FUND BALANCE, BEGINNING	6,295,039	1,522,934	589,460	2,451,412	10,858,845
FUND BALANCE, ENDING	**6,422,524**	**1,451,534**	**564,960**	**1,456,865**	**9,895,883**

2015-16 TOWN-WIDE FUND SUMMARY BY FUND TYPE

REVENUES BY DEPARTMENT	GENERAL FUND	SPECIAL REVENUES & DEBT	CAPITAL PROJECTS	SEWER FUND	TOTAL
GENERAL GOVERNMENT	56,100	-	-	-	56,100
COMMUNITY DEVELOPMENT	1,879,750	-	-	-	1,879,750
PUBLIC WORKS	43,800	-	-	-	43,800
PARKS AND RECREATION	138,500	-	-	-	138,500
NON-DEPARTMENTAL	5,977,200	710,775	238,500	2,127,000	9,053,475
OVERHEAD ALLOCATIONS	1,707,126	-	-	-	1,707,126
REVENUES TOTAL	**9,802,476**	**710,775**	**238,500**	**2,127,000**	**12,878,751**

EXPENDITURES BY DEPARTMENT	GENERAL FUND	SPECIAL REVENUES & DEBT	CAPITAL PROJECTS	SEWER FUND	TOTAL
ADMINISTRATION	1,956,584	-	-	-	1,956,584
PUBLIC SAFETY	1,335,707	133,065	-	-	1,468,772
COMMUNITY DEVELOPMENT	2,665,965	-	-	-	2,665,965
PUBLIC WORKS	364,774	1,249,049	-	2,321,747	3,935,570
PARKS AND RECREATION	666,417	-	-	-	666,417
NON-DEPARTMENTAL	-	84,124	-	-	84,124
CAPITAL OUTLAY	-	-	2,264,480	799,800	3,064,280
EXPENDITURES TOTAL	**6,989,448**	**1,466,239**	**2,264,480**	**3,121,547**	**13,841,713**

Financial Summaries

General Fund

GENERAL FUND OVERVIEW

The General Fund is the primary operating fund of the Town and is used to account for most day-to-day activities. It receives unrestricted revenues and provides Town general administrative services, law enforcement, animal control services, and land development-related activities such as planning, building, and engineering. Revenue sources include, but are not limited to property tax, current fees for services, and business registration.

General Fund Revenues

The majority of the Town's General Fund revenue is produced from a small number of sources, e.g., property tax, taxes other than property, franchise fees, licenses and permits, use of money and property, business registration, charges for services, and other miscellaneous revenue. For 2015-16, total general fund revenues is budgeted with a slight increase of approximately $379,200 or 4% over total 2014-15 Revised Budget.

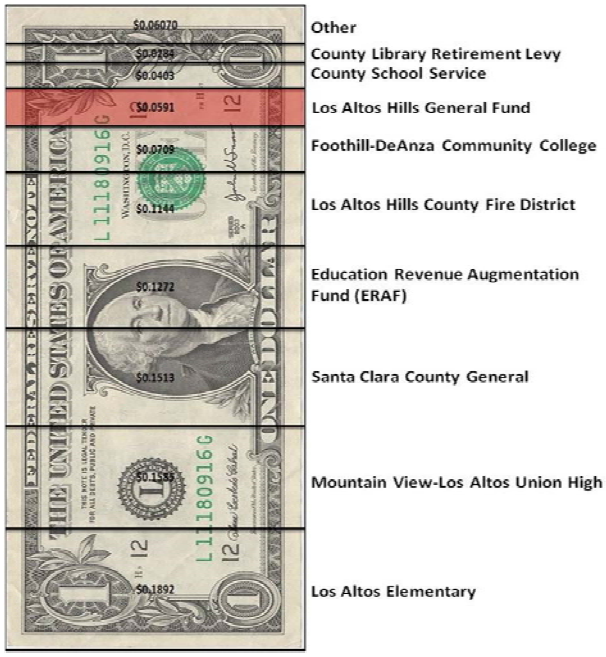
REVENUES BY CATEGORY	2013-14 Revised	2014-15 Revised	2015-16 Budget	$ Change	% Change
PROPERTY TAX	$ 4,384,400	$ 4,384,400	$ 4,672,500	$ 288,100	6.6%
TAXES OTHER THAN PROPERTY	522,700	522,700	541,200	18,500	3.5%
FRANCHISE FEES	465,300	465,300	484,300	19,000	4.1%
LICENSES AND PERMITS	1,101,950	1,101,950	1,032,950	(69,000)	-6.3%
USE OF MONEY AND PROPERTY	199,100	199,100	202,200	3,100	1.6%
INTERGOVERNMENTAL	33,100	33,100	31,200	(1,900)	-5.7%
CHARGES FOR SERVICES	1,031,000	1,031,000	971,100	(59,900)	-5.8%
OVERHEAD ALLOCATION IN	1,803,247	1,583,053	1,707,126	124,073	7.8%
MISCELLANEOUS REVENUES	102,700	102,700	159,900	57,200	55.7%
REVENUES TOTAL	**9,643,497**	**9,423,303**	**9,802,476**	**379,173**	**4.0%**

The largest component of this increase is in property tax, where the overall projected increase is $288,100, or 6.6%, based largely on increase in general assessment rolls and recommendations from the Town's property tax consultant (HdL Companies). While positive news in property taxes are lifting the 2015-16 budget, the Town continues to experience lower interest earnings due to a prevailing low investment rate environment per Federal Reserve monetary policy.

Property Taxes

Property tax revenue is collected and distributed by the County of Santa Clara based on applying the constitutionally limited tax rate of 1% to the assessed value of certain secured and unsecured properties as determined by the County Assessor. The Town's share of this property tax revenue is approximately 0.59% or about 6 cents per dollar of tax collected. This represents 48% of the Town's total general fund revenues and provides funding for the Town services where cost recovery from user fees is not applicable. These services include law enforcement, Town administration, streets and pathways maintenance, storm drain operations and capital improvements. Over the past decade the Town's property tax revenues have grown significantly allowing for expansion of Town services to include Parks and Recreation programs and facilities.

Where Do Property Taxes Go?



Based on the Town's largest Tax Rate Area (TRA 14-001)

In forecasting property tax revenues, the Town considers the historical rate of changes and economic conditions along with information provided by the County Assessor's Office and the Town's third party consultant (HdL). For 2015-16, secured property tax is budgeted to increase by seven percent (7%) over the 2014-15 Revised Budget. The projection includes the reinstatement of assessed property values in compliance with Prop 8, where property values were reduced as a result of the 2008 housing market crash. The projection also includes an allowance for properties changing hands which, in many cases, results in a net increase in Prop 13 assessed valuations. This projection is consistent with the County Assessor's Office projection of 5.6%.

Taxes Other than Property

Taxes other than property generate 6% of the Town's total general fund revenues and include taxes that are imposed primarily as the result of a business transaction. These transactions include business license tax, property transfer tax, sales tax and public safety sales tax within the Town's boundaries. For 2015-16, taxes other than property are estimated to increase by $18,500 or 3.5% over the Town's 2014-15 Revised Budget. The budget assumes continued strength in Town's real estate market and subsequently, steady property transfer taxes in 2015-16. Additionally, the Town's business license tax revenues projected to remain steady based on the current economic conditions.

Franchise Fees

The Town collects regulatory fees on franchisees for "rental" or "toll" for the use of city streets and rights-of-way utility companies for the privilege of doing business in the Town of Los Altos Hills, i.e., water, waste collection, gas & electric, cellular services and cable television services. Franchise fee are levied on gross receipts collected by the service providers within Town. The 2015-16 budget of $484,300 includes a 3% or 5% inflationary adjustment, in accordance with the franchise agreements.

Licenses and Permits

Almost the entire licenses and permitting revenues are from housing development, such as planning, building and encroachment/septic tank permit fees. Permitting fees assessments are based on the valuation of the renovation or new development. The revenues collected from permit issuance offset the Town's cost of providing these services. In 2014-15, the Community Development Department experienced a drop in larger development projects resulting in a decrease in total permit valuation. The 2015-16 Budget assumes that the decline in permit valuation will result in $69,000 or 6.3% decrease in total permitting revenues.

Use of Money and Property

Majority of the budgeted $202,200 in the Use of Money and Property category is related to rental income which includes land lease for cell towers, recreational use at Purissima Park and rental of baseball field to Little League. While the field rentals are pre-approved rates, land leases are based on contract agreements with various cellular service providers. Most of the cellular service providers have negotiated new lease agreements in recent years which include CPI based annual rent escalations.

The other component of use of money and property is investment income. The Town's Investment income is governed by California Government Code and the Town Council adopted Investment Policy, which limits allowable investments to low risk securities as weighted toward U.S. Government bonds. Over the past several years the Town experienced dramatic decrease in the yield earned on investments. This is mainly due to action taken by Federal Reserve to keep short-term interest at historically low levels to boost economic and job growth. The Town's current investment strategy emphasizes security of principal which results in primarily purchasing short-term US treasuries. With this strategy, the Town's investment advisor forecasts portfolio yields of approximately 0.45% in 2015-16.

Intergovernmental Revenues

General Fund intergovernmental revenues include fines and fees from vehicle code violations, vehicle license fees and abandoned vehicle recovery revenues. Intergovernmental revenues represent less than 1% of total general revenues and the 2015-16 Budget of $31,200 is a reduction of $1,900 or 5.7%, compared to 2014-15 activities.

Charges for Services

Charges for current services represent 10% or $971,100 of total 2015-16 General Fund revenues budget. This category reports revenue received from fees charged for direct and indirect services provided by the Town. Cost of services fees are revised when necessary based on a comprehensive review of actual costs. For 2015-16, charges for services are expected to decrease by $59,900 or 5.8% related to the expected decrease in planning and building permit valuations.

Overhead Allocation In

In 2013-14, Town implemented a consultant-compiled Cost Allocation Plan (CAP) designed to allocate cost of administrative-type departments (donor departments) to operating departments (recipient departments). In 2014-15, the City Council approved minor modification to the CAP study and adopted the modifications to be retroactively applied to 2013-14. These modifications were approved in March 2015 and the 2013-14 retroactive adjustment was treated as a credit in 2014-15. The total increase in overhead allocation in, of $124,073 or 7.8%, includes the effect of the one-time credit of $84,673 in 2014-15.

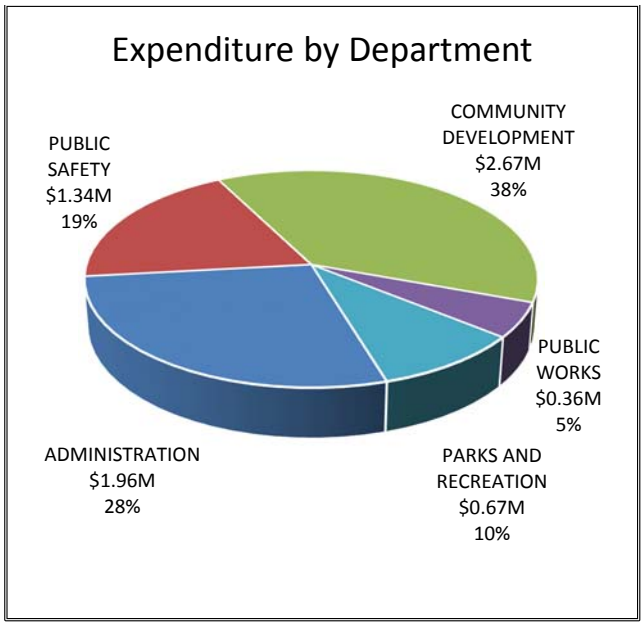
Miscellaneous Revenues

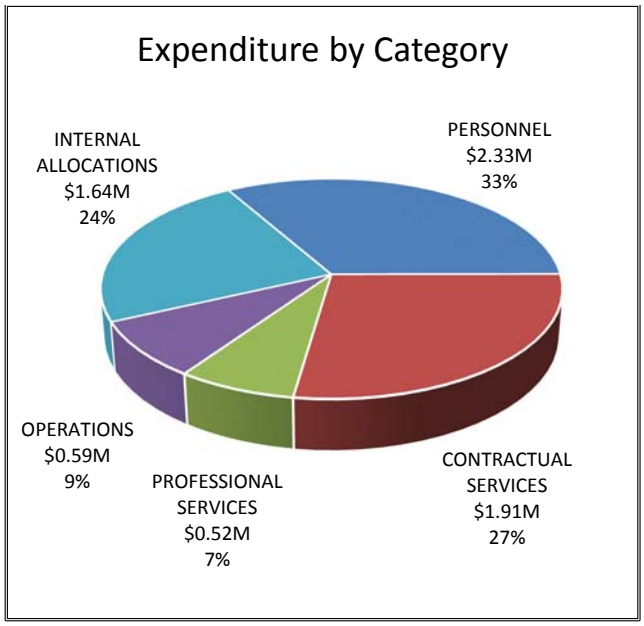
The Town receives miscellaneous revenues from administrative grants, such as the wellness grant and risk management grants, and miscellaneous reimbursements for public copies and reproductions. With the consolidation of Parks & Recreation Funds (014 and 015) into the General Fund, recreational program revenues are now included in the miscellaneous revenues category. For 2015-16, total miscellaneous revenues budget is $159,900 and $113,000 is related to Parks & Recreation programs. The increase in miscellaneous revenues of $57,200 or 55.7% is attributable to more recreation classes being offered as well as expansion of the annual riding program at Westwind Barn.

General Fund Expenditures

The revenues collected in General Fund support daily Town operations and capital improvements when there are no specially designed funds. These includes; general administration, public safety functions, planning and building development support, public infrastructure maintenance and capital improvements, and parks and recreation programs.

EXPENDITURES BY CATEGORY	2013-14 Revised	2014-15 Revised	2015-16 Budget	$ Change	% Change
PERSONNEL	2,096,547	2,383,369	2,326,920	(56,449)	-2.4%
CONTRACTUAL SERVICES	1,663,618	1,807,677	1,912,542	104,865	5.8%
PROFESSIONAL SERVICES	386,900	436,161	515,850	79,689	18.3%
OPERATIONS	744,300	704,086	590,325	(113,761)	-16.2%
INTERNAL ALLOCATIONS	1,256,864	1,594,262	1,643,811	49,549	3.1%
EXPENDITURES TOTAL	**6,148,229**	**6,925,555**	**6,989,448**	**63,893**	**0.9%**





The 2015-16 General Fund expenditure budget remains relatively the same as 2014-15 with a minimal increase of $63,893 or 0.9%. Department roles, functions, accomplishments, goals, and significant budget changes are described in each Departmental Work Program. Primary changes by major categories that affected all departments are as follows:

- ***Personnel*** budget is reduced by $56,449 or 2.4% as a result of staff turnover and reclassification of the Senior Planner position to Associate Planner position in 2015-16 Budget. The total budget of $2,326,920 includes a rate increase in the Town's portion of PERS retirement and unfunded liability costs published by CalPERS of $87,899 for Tier 1 employees, and an 8% increase in medical and welfare cost. As recommended by the Town's Employee Compensation Ad Hoc Committee, the Town continues to reduce its contribution for the employee portion of pension cost by additional 1% in 2015-16. It will continue similar future adjustment until employees are responsible for contributing the full 8% of the employee portion of their gross salary.
- ***Contractual services*** increased by $104,865 or 5.8% includes an increase in Sheriff's cost of $84,832, in accordance with the contract agreements between the Town and County of Santa Clara. This increase also includes a one-time cost to outsource business license processing in the amount of $12,000.
- The 2015-16 ***professional services*** budget includes a one-time $30,000 website upgrade and a $78,750 increase in planning services for staff augmentation and for the Subdivision Ordinance update. More information is available in the 2015-16 Service Enhancement Summary.
- The Town's ***operation*** category includes printing cost, legal noticing, postage, professional development, insurance premium and settlement cost. The 2015-16 Operations budget is $113,761 or 16.2% less than the prior year as a result of removal on biennial election cost, reduction in insurance premium as a result of favorable liability experience in the recent years, and various line item adjustments based on historical trends.
- The methodology used to budget for ***internal allocations*** is consistent with City Council adopted Cost Allocation Plan (CAP) for administrative overhead, corporation yard, vehicle, and town center supports.

Transfers and Change in Fund Balance

The 2015-16 General Fund net operating surplus of $2,813,028 is used to support operating costs for Pathways, Streets, and Storm Drains; debt payments for the Town's energy debts; and capital improvements in General Capital (041), Pathways (042), Drainage (045) and Streets (046) funds as shown below.

OTHER FINANCING SOURCES / (USES)	2013-14 Revised	2014-15 Revised	2015-16 Budget	$ Change	% Change
DEBT SERVICE	(19,585)	(19,600)	(84,124)	(64,524)	329.2%
STORM DRAIN OPERATION (012)	(433,297)	(387,651)	(316,825)	70,826	-18.3%
PATHWAY (013)	(334,276)	(446,781)	(462,398)	(15,617)	3.5%
PARK IN-LIEU (016)	-	-	435	435	0.0%
STREET OPERATION (017)	(113,023)	(256,824)	(246,652)	10,172	-4.0%
GENERAL CIP (041)	(89,300)	(244,075)	(50,000)	194,075	-79.5%
PATHWAYS CIP (042)	-	-	(100,480)	(100,480)	0.0%
DRAINAGE CIP (045)	-	-	(614,500)	(614,500)	0.0%
STREET CIP (046)	(369,200)	(1,649,700)	(811,000)	838,700	-50.8%
FORFEITED REVENUES RIF (018)	168,785			-	0.0%
SPECIAL CONTRIBUTION - FOR CUPOLA		5,000		(5,000)	-100.0%
TRANSFERS TOTAL	**(1,189,896)**	**(2,999,631)**	**(2,685,544)**	**314,087**	**-10.5%**

The total change in the Fund Balance, after transfers, is $127,485 which indicates that total ongoing General Revenues meet ongoing Expenditures within General Fund as well as activities that the General Fund historically supports. As such, the 2015-16 Budget for General Fund is a balanced budget, in accordance with Governmental Accounting guidelines.

Fund Balance

Fund Balances, in accordance with GASB Statement No. 54 requirements, are categorized as Nonspendable, Restricted, Committed, Assigned or Unassigned. The definition of the fund balance categories are as follows:

- Nonspendable fund balance—amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund)
- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation
- Committed fund balance—amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint
- Assigned fund balance—amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority
- Unassigned fund balance—amounts that are available for any purpose; these amounts are reported only in the general fund

Additionally, the City Council established Designated or General Fund Committed Fund Balances to minimize unanticipated future uncertainties. These uncertainties includes economic downturn, unfunded pension liabilities, major technology replacement/upgrades, and emergencies from natural disasters. These designations are listed below with an increased contribution to Pension Liabilities in preparation for the implementation of the new GASB 68 requirements.

UNDESIGNATED FUND BALANCE	2013-14 Revised	2014-15 Revised	2015-16 Budget	$ Change	% Change
OPERATING CONTINGENCY	(350,000)	(350,000)	(350,000)	-	0.0%
DISASTER CONTINGENCY	(1,250,000)	(1,250,000)	(1,250,000)	-	0.0%
PENSION LIABILITY RESERVE	(280,000)	(350,000)	(500,000)	(150,000)	42.9%
EQUIPMENT REPLACEMENT (IT) RESERVE	(5,000)	(10,000)	(15,000)	(5,000)	50.0%
ROAD MAINTENANCE	(100,000)	-	-	-	
DESIGNATION TOTAL	**(1,985,000)**	**(1,960,000)**	**(2,115,000)**	**(155,000)**	**92.9%**
ENDING FUND BALANCE	4,072,628	5,203,281	6,422,524	1,219,243	23.4%
UNDESIGNATED FUND BALANCE	**2,087,628**	**3,243,281**	**4,307,524**	**1,064,243**	**32.8%**
TOTAL OPERATING EXPENSES	6,148,229	6,925,555	6,989,448	63,893	0.9%
UNDESIGNATED FUND BALANCE AS % OF EXPENSES	**34%**	**47%**	**62%**		

The increase in designated reserves of $155,000 is partially funded by projected 2015-16 surplus and partially funded by estimated the 2014-15 surplus.

GENERAL FUND OVERVIEW

Financial Summary (011)

REVENUES BY CATEGORY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PROPERTY TAX	$ 3,785,652	$ 4,153,331	$ 4,384,400	$ 4,455,127	$ 4,672,500
TAXES OTHER THAN PROPERTY	545,227	524,762	522,700	528,196	541,200
FRANCHISE FEES	421,634	463,599	465,300	469,316	484,300
LICENSES AND PERMITS	729,106	980,306	1,101,950	1,110,335	1,032,950
USE OF MONEY AND PROPERTY	166,735	230,869	199,100	197,148	202,200
INTERGOVERNMENTAL	66,355	56,129	33,100	31,033	31,200
CHARGES FOR SERVICES	753,608	806,774	1,031,000	936,064	971,100
MISCELLANEOUS	423,310	725,191	102,700	170,486	159,900
OVERHEAD ALLOCATION IN	71,000	990,856	1,583,053	1,321,759	1,707,126
REVENUES TOTAL	**6,962,628**	**8,931,818**	**9,423,303**	**9,219,464**	**9,802,476**

EXPENDITURES BY DEPARTMENT	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
ADMINISTRATION	1,339,290	1,161,766	1,992,550	1,665,865	1,956,584
PUBLIC SAFETY	1,047,501	1,134,528	1,236,607	1,230,940	1,335,707
COMMUNITY DEVELOPMENT	1,681,697	2,264,573	2,644,239	2,214,627	2,665,965
PUBLIC WORKS	237,211	316,453	356,639	299,219	364,774
PARKS AND RECREATION	761,996	762,183	695,520	603,425	666,417
NON-DEPARTMENTAL	23,850	420	-	-	-
EXPENDITURES TOTAL	**5,091,545**	**5,639,924**	**6,925,555**	**6,014,075**	**6,989,448**
OPERATING SURPLUS / (DEFICIT)	**1,871,082**	**3,291,894**	**2,497,749**	**3,205,389**	**2,813,028**

OTHER FINANCING SOURCES / (USES)	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
DEBT SERVICE	(21,702)	(19,584)	(19,600)	(19,600)	(84,124)
STORM DRAIN OPERATION (012)	(241,917)	(316,252)	(387,651)	(311,123)	(316,825)
PATHWAY (013)	(270,743)	(334,276)	(446,781)	(445,211)	(462,398)
PARK IN-LIEU (016)	-	-	-	-	435
STREET OPERATION (017)	-	(113,023)	(256,824)	(167,020)	(246,652)
GENERAL CIP (041)	-	(47,686)	(244,075)	(181,544)	(50,000)
PATHWAYS CIP (042)	(425,000)	-	-	-	(100,480)
DRAINAGE CIP (045)	-	-	-	-	(614,500)
STREET CIP (046)	(755,000)	(201,126)	(1,649,700)	(1,496,015)	(811,000)
FORFEITED REVENUES RIF (018)		168,785			
SPECIAL CONTRIBUTION - FOR CUPOLA			5,000	5,000	
TRANSFERS TOTAL	**(1,643,362)**	**(863,163)**	**(2,999,631)**	**(2,615,513)**	**(2,685,544)**

FUND BALANCE	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
CHANGE IN FUND BALANCE	227,720	2,428,730	(501,883)	589,876	127,485
FUND BALANCE, BEGINNING	3,048,713	3,276,433	5,705,163	5,705,163	6,295,039
FUND BALANCE, ENDING	**3,276,433**	**5,705,163**	**5,203,281**	**6,295,039**	**6,422,524**

Financial Summary (011) (continued)

DEPARTMENTAL REVENUES	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GENERAL GOVERNMENT	20,403	119,410	44,120	59,635	56,100
COMMUNITY DEVELOPMENT	1,162,376	1,607,587	2,012,110	1,918,259	1,879,750
PUBLIC WORKS	19,712	33,801	48,600	48,600	43,800
PARKS AND RECREATION	376,890	299,603	92,600	146,372	138,500
OVERHEAD ALLOCATIONS	71,000	990,856	1,583,053	1,321,759	1,707,126
NON-DEPARTMENTAL	5,312,246	5,880,560	5,642,820	5,724,840	5,977,200
DEPARTMENTAL REVENUES TOTAL	**6,962,628**	**8,931,818**	**9,423,303**	**9,219,464**	**9,802,476**

EXPENDITURES BY CATEGORY	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PERSONNEL	2,089,899	1,907,713	2,383,369	1,911,269	2,326,920
CONTRACTUAL SERVICES	1,651,994	1,750,005	1,807,677	1,864,050	1,912,542
PROFESSIONAL SERVICES	401,103	270,402	436,161	330,231	515,850
OPERATIONS	563,631	620,607	704,086	551,210	590,325
INTERNAL ALLOCATIONS	384,919	1,091,197	1,594,262	1,357,314	1,643,811
EXPENDITURES TOTAL	**5,091,545**	**5,639,924**	**6,925,555**	**6,014,075**	**6,989,448**

UNDESIGNATED FUND BALANCE	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
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 LIABILITY RESERVE	(210,000)	(280,000)	(350,000)	(350,000)	(500,000)
SEWER CONNECT INCENTIVE	(76,150)				
EQUIPMENT REPLACEMENT (IT) RESERVE		(5,000)	(10,000)	(10,000)	(15,000)
ROAD MAINTENANCE		(100,000)			
DESIGNATION TOTAL	**(1,886,150)**	**(1,985,000)**	**(1,960,000)**	**(1,960,000)**	**(2,115,000)**
ENDING FUND BALANCE	3,276,433	5,705,163	5,203,281	6,295,039	6,422,524
UNDESIGNATED FUND BALANCE	**1,390,283**	**3,720,163**	**3,243,281**	**4,335,039**	**4,307,524**
TOTAL OPERATING EXPENSES	5,091,545	5,639,924	6,925,555	6,014,075	6,989,448
UNDESIGNATED FUND BALANCE AS % OF EXPENSES	**27%**	**66%**	**47%**	**72%**	**62%**

Planning and Building Cost Recovery

The Planning and Building Department is responsible for preparing and implementing zoning and subdivision ordinances, site plan reviews, and building safety plan and inspection services. The department also provides code enforcement and various land use permits.

In addition to planning application fee, the charges for services amount includes billable services charged directly to deposits held by the Town for land development projects. The deposits are an estimate of service required to take the project through the Town's planning process and are posted by project applicants.

Municipal best practices states that staff should review the costs of providing fee-related services in conjunction with development of annual operating budget. A user fee and cost allocation model should be used as a basis to ensure that the Town of Los Altos Hills is utilizing comprehensive overhead rates and accurately accounting for the true cost of providing various program and services within Town operations. In FY 2013-14 Budget, Town implemented a consultant-developed Cost Allocation Model (CAP) which served as a backbone for the overall cost of service analysis. The new Cost of Service schedule for Planning and Building services was approved by City Council on May 15, 2014 and went into effect on June 16, 2014. FY 2014-15 Budget assumed the first full year effect of implementation of the new Cost of Services Schedule to allow the Town to move closer to a 80 to 90 percent cost recovery. As the chart below shows, FY 2015-16 Budget assumes a cost recovery ratio of 81%.

Cost Recovery Analysis

REVENUES	Actual 2013-14	Adopted 2014-15	Revised 2014-15	Budget 2015-16	% Change over Adopted
Fees	1,056,181	1,106,810	1,333,728	1,236,050	12%
In-house charge backs	231,830	344,600	359,300	410,600	19%
Pass through billing	156,966	187,900	187,900	233,100	24%
Total Revenues	1,444,977	1,639,310	1,880,928	1,879,750	15%

EXPENDITURES	Actual 2013-14	Adopted 2014-15	Revised 2014-15	Budget 2015-16	% Change over Adopted
Personnel	1,122,395	1,017,025	1,013,750	956,996	-6%
Contractual services	288,731	178,352	380,852	359,730	102%
Professional services	77,455	154,692	113,890	185,150	20%
Operations	19,368	62,805	59,200	27,838	-56%
Transfers/Allocations Out	745,979	1,131,554	1,063,940	1,122,922	-1%
Less: Est. Cost not Eligible for Recovery	(319,020)	(316,149)	(334,256)	(340,766)	8%
Total Expenditures	1,934,907	2,228,279	2,297,377	2,311,870	4%
Surplus / (Deficit)	(489,930)	(588,969)	(416,449)	(432,120)	-27%
Cost Recovery Ratio	75%	74%	82%	81%	11%

Note: The cost recovery ratio above is inclusive of the Overhead Allocation per Comprehensive Cost and Alloction Plan (CAP) and Fee and Rate Study completed and implemented in FY2013-14.

Financial Summaries

Sewer Fund

SEWER FUND OVERVIEW

The Wastewater or Sewer Fund is the Town's only enterprise fund and is used to account for sewage treatment, transmission, major replacements and improvements to the Town's sewer system. Revenues recorded in the Sewer Fund can only be used to fund sewer-related projects and reimburse Town related costs.

The Town contracts with the City of Palo Alto Regional Water Quality Control Plant (RQCP) and the City of Los Altos for sewer conveyance and treatment. The bulk of routine maintenance and capital improvements are provided through contract agreements. Sewer operations are funded by an annual sewer service charge of $1,020 assessed to properties that are connected to the system. FY 2015-16 Budget reflects a 39% increase in sewer rates. The annual charge had not increased since 2007.

The Town's sewer operations provide sanitary sewer service to approximately half of the parcels in the Town's boundaries. When a property connects to the Town's sewer main, a connection fee is charged to pay for estimated amortized cost of existing system infrastructure. All new connections also result in an increase to sewer assessment revenues.

Below are the highlights of the assumptions used in developing the 2015-16 Budget:

- Revenues are budgeted $575,900 or 37% higher than the FY 2014-15 Revised and assume a 39% Proposition 218 sewer rate increase approved by the City Council. The revenue budget also assumes that 15 new connections would be added to the Town's sewer infrastructure.
- Sewer Treatment Plant operations are budgeted to $898,610, which is $80,910 or 10% higher than FY 2014-15 Revised based on City of Palo Alto's estimated expenditures.
- Salaries and Benefits are budgeted $306,260 or $140,869 higher than the FY 2014-15 Revised with the proposed addition of a Senior/Associate Engineer position as recommended by the Sanitary Sewer Technical Memo (Memo) presented to Council in March 2015.
- Other operating expenditures are budgeted at $1,116,877, $237,967 higher than the FY 2013-14 Revised due to service enhancements recommended in the Memo.
- Capital projects are budgeted at $970,000, $300,900 higher than FY 2013-14 Revised. Most of the capital expenditures are recommended by consultants engaged to assess Town's sanitary system.
- FY 2015-16 Ending Net Position is estimated at $1.5 million.

SEWER FUND OVERVIEW

Financial Summary

REVENUES	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
SEWER ASSESSMENT CHARGES	$ 1,359,338	$ 1,382,472	$ 1,385,800	$ 1,411,195	$ 1,961,600
SEWER CONNECTION FEE	125,183	175,496	160,400	160,375	160,300
USE OF MONEY AND PROPERTY	720	24,719	4,900	4,900	5,100
TOTAL REVENUES	**1,485,241**	**1,582,687**	**1,551,100**	**1,576,470**	**2,127,000**

EXPENSES	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PERSONNEL	52,970	72,782	165,391	133,914	306,260
CITY OF LOS ALTOS SEWER FLOW & MAINT.	234,360	186,737	401,700	327,246	421,785
CITY OF PALO ALTO SEWER FLOW & MAINT.	381,130	381,296	416,000	416,000	476,825
CONTRACTUAL SEWER MAINTENANCE	202,976	210,551	425,000	425,000	531,000
OTHER CONTRACTUAL SERVICES	7,260	1,688	5,450	5,450	25,450
PROFESSIONAL SERVICES	129,408	47,234	100,500	82,000	124,500
OPERATIONS	187,256	183,915	201,670	201,651	187,345
INTERNAL ALLOCATIONS	118,525	187,447	146,290	110,327	248,582
TOTAL EXPENSES	**1,313,885**	**1,271,649**	**1,862,001**	**1,701,589**	**2,321,747**
NET INCREASE/(DECREASE)	**171,356**	**311,038**	**(310,901)**	**(125,118)**	**(194,747)**

INVESTMENT IN CAPITAL ASSETS	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
2013-14 ROOT FOAMING PROJECT	-	(138,332)	(154,100)	(154,100)	
ANNUAL SEWER REHAB PROJECT	(19,160)	(484,133)	(515,000)	(515,000)	(750,000)
ANNUAL ROOT FOAMING PROJECT					(100,000)
DRY WEATHER FLOW DATA COLLECTION FOR SANITARY SEWER MASTER PLAN	-				(100,000)
SEWER CAPITAL REPAIR & REHAB PROGRAM DEVELOPMENT					(20,000)
DEPRECIATION	159,217	159,696	170,200	170,200	170,200
TOTAL INVESTMENT IN CAPITAL	**140,057**	**(462,769)**	**(498,900)**	**(498,900)**	**(799,800)**

NET POSITION	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
CHANGE IN UNRESTRICTED NET POSITION	311,413	(151,731)	(809,801)	(624,018)	(994,547)
UNRESTRICTED NET POSITION, BEGINNING	2,915,748	3,227,161	3,075,430	3,075,430	2,451,412
UNRESTRICTED NET POSITION, ENDING	**3,227,161**	**3,075,430**	**2,265,629**	**2,451,412**	**1,456,865**

Financial Summaries

Special Revenues Funds

SPECIAL REVENUES FUNDS OVERVIEW

Town's Special Revenues Funds are used to account for revenue sources earmarked or restricted by law or administrative action for particular purposes, which includes Storm Drain, Pathway, Park & Recreation in-Lieu, Streets Grants, COPS Grants, and Special Donations.

Storm Drain Operations Fund (012)

Storm Drain Operations Fund is used to account for in-lieu revenues collected through the permitting process and operating expenditures in maintaining the Town's storm drain infrastructure, including culverts and open run-offs. The revenues collected are for storm drain improvements.

Drainage fees, in accordance with Municipal Code Section 3-3.403, may be used solely for the construction, or reimbursement of construction, of local drainage facilities within the Town, or to reimburse the Town for the cost of engineering and administrative services related to the Master Plan for Storm Water Drainage and the design and construction of the facilities. Drainage fees are calculated at $0.69 per square foot of development within the public right–of-way or easements and, for the development area added, $0.96 per square foot for impermeable structures and $0.69 per square foot for semi-permeable structures.

As the in-lieu fee collected is designated for capital improvements, maintenance activities of the storm drain system are supported by the General Fund. For FY 2015-16, total transfers from the General Fund to Storm Drain fund are estimated at $316,825.

FINANCIAL SUMMARY

REVENUES	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
STORM DRAIN IN-LIEU FEES	$ 136,086	$ 156,945	$ 194,100	$ 194,100	$ 175,500
REVENUES TOTAL	**136,086**	**156,945**	**194,100**	**194,100**	**175,500**

EXPENDITURES	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PERSONNEL	128,758	144,219	86,985	76,248	84,416
CONTRACTUAL SERVICES	21,640	15,050	5,150	7,326	8,000
PROFESSIONAL SERVICES	15,123	-	67,100	-	25,000
OPERATIONS	9,072	18,337	30,972	39,715	33,000
INTERNAL ALLOCATIONS	67,325	138,646	190,464	187,835	166,409
EXPENDITURES TOTAL	**241,917**	**316,252**	**380,671**	**311,123**	**316,825**
OPERATING SURPLUS / (DEFICIT)	**(105,831)**	**-**	**62,280**	**-**	**-**

TRANSFERS IN/(OUT)	2012-13 Actual	2012-13 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GENERAL FUND	241,917	316,252	387,651	311,123	316,825
STORM DRAIN CAPITAL IMPROVEMENT	-	(156,945)	(138,800)	(194,100)	(175,500)
TRANSFERS TOTAL	**241,917**	**159,307**	**248,851**	**117,023**	**141,325**

FUND BALANCE	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
CHANGE IN FUND BALANCE	136,086	-	62,280	-	-
FUND BALANCE, BEGINNING	290,230	426,316	426,316	426,316	426,316
FUND BALANCE, ENDING	**426,316**	**426,316**	**488,596**	**426,316**	**426,316**

Pathway Operations Fund (013)

The Pathway Fund is used to account for in-lieu revenues collected through the development permitting process and operating expenditures in maintaining the Town's pathways system. The Town's pathway system was designed to provide safe and convenient non-vehicular travel throughout the community, which unites neighborhoods through a series of connecting paths. The Pathways and Open Space budget is used to account for routine maintenance of the Town's pathway system.

Pathway revenue originates primarily from the Pathways In-Lieu Fee, which, in accordance with Municipal Code Section 10-2.608, assesses a fee for a site development permit on a lot where no path is needed. Funds received from this fee may be used exclusively for the maintenance, repair, construction and acquisition of property for the Town's pathway system. The pathway in-lieu fee is calculated at $47 per lineal foot of the average width of the property or $5,220, whichever is greater, for each lot without a pathway.

As the in-lieu fee collected is earmarked for capital improvements, maintenance activities of the pathways system are supported by the General Fund. For FY 2015-16, total transfers from the General Fund to Pathway Fund are estimated at $462,398.

Financial Summary

REVENUES	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PATHWAY IN-LIEU FEES	$ 202,763	$ 132,341	$ 187,000	$ 187,000	$ 170,000
OTHER REVENUES	(200)	10,293	1,000	1,000	1,000
REVENUES TOTAL	**202,563**	**142,634**	**188,000**	**188,000**	**171,000**

EXPENDITURES	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PERSONNEL	145,138	157,983	172,000	150,268	170,425
CONTRACTUAL SERVICES	23,833	44,697	37,350	45,250	43,408
PROFESSIONAL SERVICES	12,300	21,858	13,100	12,400	13,100
OPERATIONS	15,236	14,657	20,053	10,300	14,900
INTERNAL ALLOCATIONS	73,443	162,208	240,297	227,993	221,565
OTHER PATHWAY IMPROVEMENTS	793	14,875	-	-	-
EXPENDITURES TOTAL	**270,743**	**416,278**	**482,800**	**446,210**	**463,398**
OPERATING SURPLUS / (DEFICIT)	**(68,180)**	**(273,644)**	**(294,800)**	**(258,211)**	**(292,398)**

TRANSFERS IN/(OUT)	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GENERAL FUND	270,743	334,276	446,781	445,211	462,398
PATHWAY CAPITAL IMPROVEMENT	-	(132,341)	(146,700)	(187,000)	(170,000)
TRANSFERS TOTAL	**270,743**	**201,935**	**300,081**	**258,211**	**292,398**

FUND BALANCE	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
CHANGE IN FUND BALANCE	202,563	(71,709)	5,281	-	-
FUND BALANCE, BEGINNING	505,467	708,030	636,321	636,321	636,321
FUND BALANCE, ENDING	**708,030**	**636,321**	**641,602**	**636,321**	**636,321**

Parks and Recreation in-Lieu Fund (016)

The Park and Recreation in-Lieu Fund is used to account for development revenues from parks and recreation in-lieu fees, which are designated for park improvement, construction and acquisition. In January 2014, City Council authorized re-appropriation of the Parks and Recreation Facilities fund balance to fund a contract for Lower Base and Footing Renovation Project at Westwind Barn in the amount of $132,400. The estimated a 2015-16 ending fund balance is $41,565.

Financial Summary

REVENUES	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PARK & RECREATION IN-LIEU FEES	$ 56,894	$ -	$ 42,000	$ -	$ 42,000
REVENUES TOTAL	**56,894**	**-**	**42,000**	**-**	**42,000**

EXPENDITURES	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
WESTWIND BARN LOWER ARENA	-	132,441	-	-	-
EXPENDITURES TOTAL	**-**	**132,441**	**-**	**-**	**-**
OPERATING SURPLUS / (DEFICIT)	**56,894**	**(132,441)**	**42,000**	**-**	**42,000**

TRANSFERS IN/(OUT)	2012-13 Actual	2012-13 Actual	2012-13 Actual	2012-13 Actual	2012-13 Actual
GENERAL FUND	-	-	-	435	(435)
TRANSFERS TOTAL	**-**	**-**	**-**	**435**	**(435)**

FUND BALANCE	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
CHANGE IN FUND BALANCE	56,894	(132,441)	42,000	435	41,565
FUND BALANCE, BEGINNING	75,112	132,006	(435)	(435)	-
FUND BALANCE, ENDING	**132,006**	**(435)**	**41,565**	**-**	**41,565**

Street Operations Fund (017)

The Street Fund is used to account for State of California Gas Tax revenues and developer fees for street excavation, which are designated for street maintenance, improvement, and construction. Gas tax revenues are budgeted per projection from State Agencies.

The Street Division activities include maintenance and repair of Town streets and right-of-ways, and the installation, repair and maintenance of street signs and markings. The Town maintains approximately 57 miles of paved roadway. The FY 2015-16 Budget includes appropriation of $80,000 as transfers to Street Capital Fund to support street rehabilitation projects.

As gas tax and other Street Fund revenues are not sufficient to pay for the street maintenance activities, the deficit balance is supported by the General Fund. For FY 2015-16, total transfers from the General Fund to Street Fund are estimated at $246,652.

Financial Summary

REVENUES	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
LICENSES AND PERMITS	$ 25,353	$ 26,600	$ 61,800	$ 67,300	$ 64,100
GAS TAX	140,272	163,859	166,400	168,627	156,075
OTHER REVENUES	7,885	5,852	2,000	2,000	2,000
REVENUES TOTAL	**173,510**	**196,312**	**230,200**	**237,927**	**222,175**

EXPENDITURES	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PERSONNEL	88,329	103,465	120,900	105,128	118,512
CONTRACTUAL SERVICES	56,242	51,787	58,880	72,721	64,000
PROFESSIONAL SERVICES	15,295	3,300	26,250	26,250	46,250
OPERATIONS	30,494	60,563	45,102	38,431	44,100
INTERNAL ALLOCATIONS	60,612	142,830	176,462	162,416	195,965
EXPENDITURES TOTAL	**250,972**	**361,945**	**427,594**	**404,946**	**468,827**
OPERATING SURPLUS / (DEFICIT)	**(77,462)**	**(165,633)**	**(197,394)**	**(167,020)**	**(246,652)**

TRANSFERS IN/(OUT)	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GENERAL FUND	-	113,023	256,824	167,020	246,652
STREETS CAPITAL IMPROVEMENT	-	-	-	-	(80,000)
TRANSFERS TOTAL	**-**	**113,023**	**256,824**	**167,020**	**166,652**

FUND BALANCE	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
CHANGE IN FUND BALANCE	(77,462)	(52,610)	59,430	-	(80,000)
FUND BALANCE, BEGINNING	467,803	390,341	337,731	337,731	337,731
FUND BALANCE, ENDING	**390,341**	**337,731**	**397,161**	**337,731**	**257,731**

Citizens' Option for Public Safety (COPS) Grant Fund (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 Budget includes appropriation of $40,000 for code enforcement and continues funding the Town's Emergency Preparedness and supplemental traffic enforcement contracts of $25,000 and $40,000 respectively. 2015-16 assumes $32,965 drawdown from the fund balance with a projected ending balance of $72,701 at June 30, 2016.

Financial Summary

REVENUES	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
COPS GRANT	100,000	100,000	100,000	100,000	100,000
OTHER REVENUES	3,160	400	100	100	100
REVENUES TOTAL	**103,160**	**100,400**	**100,100**	**100,100**	**100,100**

EXPENDITURES	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PERSONNEL	-	2,202	20,400	19,912	26,949
CONTRACTUAL SERVICES	44,456	41,991	85,000	65,500	66,000
PROFESSIONAL SERVICES	1,170	129	11,000	-	-
OPERATIONS	22,583	18,733	11,194	11,850	15,100
INTERNAL ALLOCATIONS	16,062	11,447	21,566	17,345	25,016
EXPENDITURES TOTAL	**84,271**	**74,502**	**149,160**	**114,607**	**133,065**
OPERATING SURPLUS / (DEFICIT)	**18,889**	**25,898**	**(49,060)**	**(14,507)**	**(32,965)**

FUND BALANCE	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
CHANGE IN FUND BALANCE	18,889	25,898	(49,060)	(14,507)	(32,965)
FUND BALANCE, BEGINNING	75,386	94,275	120,173	120,173	105,666
FUND BALANCE, ENDING	**94,275**	**120,173**	**71,113**	**105,666**	**72,701**

SPECIAL REVENUES FUNDS OVERVIEW

SPECIAL DONATIONS (071)

In 2014-15, the City Council adopted a Donation Policy that allow 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 2015-16.

Financial Summary

REVENUES	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
ART DONATION	-	-	1,000	1,000	-
HISTORY DONATION			21,900	21,874	
OTHER REVENUES	-	-	4,600	4,600	-
REVENUES TOTAL	**-**	**-**	**27,500**	**27,474**	**-**

TRANSFERS OUT TOWARDS	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
CUPOLA	-	-	5,000	5,000	-
LEGAL RESEARCH	-	-	3,000	3,000	-
TRANSERS OUT TOTAL	**-**	**-**	**8,000**	**8,000**	**-**

OPERATING SURPLUS / (DEFICIT)	**-**	**-**	**19,500**	**19,474**	**-**

FUND BALANCE	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
CHANGE IN FUND BALANCE	-	-	19,500	19,474	-
FUND BALANCE, BEGINNING	-	-	-	-	19,474
FUND BALANCE, ENDING	**-**	**-**	**19,500**	**19,474**	**19,474**

Financial Summaries

Debt Service Funds

Legal Debt Margin

The Government Code of the State of California limits the amount of general bonded indebtedness for public improvements to 15 percent of assessed valuation of all real and personal property within the Town.

Assessed value (net) – June 30, 2014	$ 5,840,155,830
Debt Limit: 15 percent of assessed value	876,023,375
Less total bonded debt, general obligation	0
Legal debt margin	$ 876,023,375

Debt Obligations Outstanding

The Town Debt Service Funds are used to accounts for the accumulation of annual tax levies earmarked for payment of principal and interest on the loans from the California Energy Commission that were used to finance the energy efficiency and conservation improvements at the Town buildings.

Debt Service Funds have no revenue sources of their own and rely on fund transfers from the General fund. Total appropriations for 2015-16 are $84,124 which represents the regular annual principal and interest payment of $19,584. At the 2015-16 Study Session, City Council recommended an appropriation of an $64,540 to pay-off the remaining principal amount.

Financial Summary (033, 034)

REVENUES	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GENERAL FUND (TRANSFERS IN)	$ 21,702	$ 19,584	$ 19,600	$ 19,600	$ 84,124
REVENUES TOTAL	**21,702**	**19,584**	**19,600**	**19,600**	**84,124**

EXPENDITURES	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
PRINCIPAL PAYMENT	15,048	15,619	15,048	15,048	81,360
INTEREST PAYMENT	4,536	3,965	4,552	4,552	2,764
EXPENDITURES TOTAL	**19,584**	**19,584**	**19,600**	**19,600**	**84,124**
OPERATING SURPLUS / (DEFICIT)	**2,118**	**-**	**-**	**-**	**-**

FUND BALANCE	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
CHANGE IN FUND BALANCE	2,118	-	-	-	-
FUND BALANCE, BEGINNING	(2,118)	-	-	-	-
FUND BALANCE, ENDING	**-**	**-**	**-**	**-**	**-**

Financial Summaries

Internal Service Fund

INTERNAL SERVICE FUND OVERVIEW

The Internal Service Fund (061) is used to account for goods or services provided by one department to other departments on a cost-reimbursement basis. The following three town-wide activities are accounted in this fund.

Town Center Operations

This fund accounts for Town buildings and facilities maintenance; operations, maintenance and replacement of office and information technology equipment used by the Town's department; costs incurred for printing/reproduction services and mailing services for all of the Town's departments.

Total appropriations for FY 2015-16 are $556,248, an increase of $30,700 or 6% over FY 2014-15 Revised. The additional one-time appropriations are for termite treatment of Town Hall buildings ($10,000), Heritage House painting ($8,000), and IT equipment replacements ($17,800), and carpet replacement in the Council Chamber ($10,000). Lower appropriations are in salary and benefits ($9,300), training and safety ($3,600), and computer equipment purchases ($2,200).

Town Corp Yard Operations

This fund accounts for the operations of the Town's Corporation Yard. Total appropriations for FY 2015-16 are $132,550, an increase of $10,550 or 9% over FY 2014-15 Revised. This is mostly in personnel costs due to position re-allocations.

Vehicle and Equipment Operations

This fund is used to account for the maintenance and replacement of Town vehicles and equipment. Total appropriations for FY 2015-16 are $105,426 almost the same as FY 2014-15 Revised.

Financial Summary

REVENUES / TRANSFERS IN	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
TOWN CENTER ALLOCATION (061-1480)	461,743	646,255	525,500	509,996	556,248
CORP YARD ALLOCATION (061-4300)	120,928	126,939	122,000	124,976	132,550
VEHICLE ALLOCATION (061-4400)	57,349	78,124	107,200	100,658	105,426
	640,021	**851,318**	**754,700**	**735,631**	**794,224**

EXPENDITURES BY FUNCTION	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
Town Center Allocation (061-1480)	592,181	628,293	519,000	514,965	561,249
Corp Yard Allocation (061-4300)	120,928	126,939	121,091	124,976	132,551
Vehicle Allocation (061-4400)	81,826	78,124	106,658	100,658	105,427
Total Expenditures	**794,936**	**833,356**	**746,749**	**740,599**	**799,227**
Net Increase (Decrease)	**(154,915)**	**17,962**	**7,951**	**(4,969)**	**(5,003)**

INVESTMENT IN CAPITAL ASSETS	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
VEHICLES & EQUIPMENT		(17,960)	(24,463)	(24,463)	(15,920)
BUILDING IMPROVEMENTS					
DEPRECIATION	173,077	176,295	155,400	155,400	155,400
TRANSFERS TOTAL	**173,077**	**158,335**	**130,937**	**130,937**	**139,480**

NET POSITION	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
CHANGE IN FUND BALANCE	18,162	176,297	138,888	125,969	134,477
UNRESTRICTED NET POSITION, BEGINNING	808,249	826,411	1,002,708	1,002,708	1,128,677
UNRESTRICTED NET POSITION, ENDING	**826,411**	**1,002,708**	**1,141,596**	**1,128,677**	**1,263,154**

Allocation Summary

Donors

Fund	Org	Description	CAP Allocations In	ISF Allocations In	Total Allocations In
011	1100	City Council	$ 145,606	$ -	$ 145,606
011	1200	City Manager	452,929	-	452,929
011	1300	City Clerk	174,821	-	174,821
011	1400	Administrative Services	618,969	-	618,969
011	1500	City Attorney	199,300	-	199,300
011	1510	Insurance	115,500	-	115,500
011	1700	Committees and Commissions	-	-	-
061	1480	Town Center Operations	-	556,248	556,248
061	4300	Corporation Yard Allocations	-	132,550	132,550
061	4400	Vehicles and Equipment Maintenance	-	105,426	105,426
Total Allocations In - *Note 1*			**$ 1,707,126**	**$ 794,224**	**$ 2,501,350**

Recipients

Fund	Org	Description	CAP Allocations Out	ISF Allocations Out	Total Allocations Out
011	2100	Public Safety	$ 159,274	$ 8,455	$ 167,729
011	2150	Animal Control	6,316	500	6,816
011	3100	Planning Administration	381,371	180,645	562,016
011	3110	Planning Commission	2,731	111	2,842
011	3200	Building Administration	378,128	163,903	542,031
011	3210	Permit Review and Inspection	18,096	779	18,875
011	3300	Engineering Administration	93,038	37,912	130,950
012	4500	Storm Drain Operations	69,993	96,416	166,409
013	4740	Pathway Operations	115,061	106,504	221,565
011	1000	P&R Administration	41,141	35,520	76,661
011	4110	P&R Fee Programs	25,778	1,835	27,613
011	4120	P&R Special Events	16,217	389	16,606
011	5100	Playing Fields	15,534	611	16,145
011	5300	Westwind Barn Facility	71,187	4,338	75,525
017	4600	Street Operations	109,597	86,368	195,965
021	6100	COPS Programs	24,070	946	25,016
051	4800	Sewer Operations	179,593	68,992	248,585
061	1470	Fringe Benefits Allocation	-	-	-
061	1480	Town Center Operations	-	-	-
061	4300	Corp Yard Operations	-	-	-
061	4400	Vehicle / Equipment Operations	-	-	-
Total Allocations Out - *Note 2*			**$ 1,707,126**	**$ 794,224**	**$ 2,501,350**

Note 1: The 2015-16 Budget includes fringe benefits for FTEs assigned to these departments.

Note 2: CAP allocations calculation for 2015-16 Budget distributes all cost (net of billable revenues) to recipient departments. The actual CAP allocation distribution will be based on actual results, excluding unallowable expenditures.

Financial Summaries

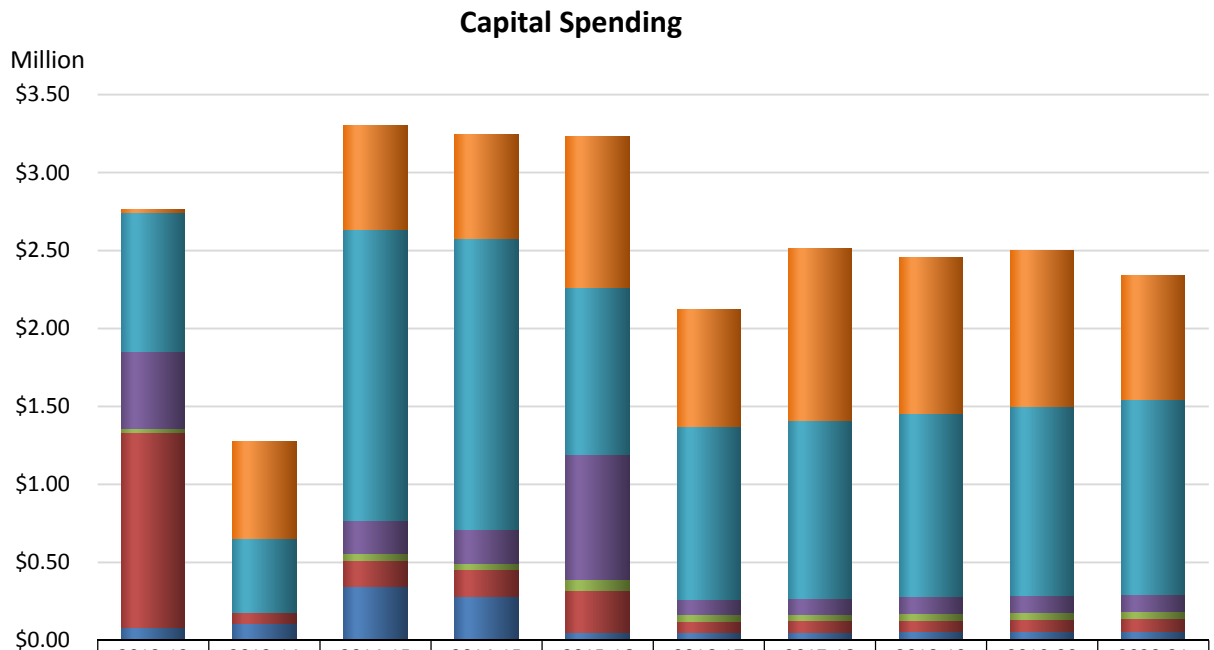
Capital Funds

CAPITAL FUNDS OVERVIEW

The Town defines capital expenditures as expenditures that result in the acquisition and/or construction of fixed assets. Currently, the Town does not have a formal Capital Improvement Plan (CIP) and budgets individual CIP projects in the capital funds. Physical assets are maintained at a level adequate to protect the Town's capital investment and to minimize future maintenance and replacement costs. The Town recognizes that the deferred maintenance increases future capital costs, thus placing a burden on future residents. Therefore, the budget provide for adequate maintenance and the orderly replacement of capital plant and equipment from current revenues when possible. The Town will determine the least costly funding method for its capital projects and will obtain grants, contributions, and low cost state or federal loans when needed.

Although the Town utilizes "pay-as-you-go" funding for capital expenditures considered recurring, operating or maintenance in nature, a preliminary 5-year projection is calculated to ensure adequate funding and adequate minimum reserves. The projection is also used to determine whether to continue "pay-as-you-go" funding for capital improvements or seek other financing options.

Capital Program Financial Summary and 5-year Projection



	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Adopted	2016-17 Projection	2017-18 Projection	2018-19 Projection	2019-20 Projection	2020-21 Projection
Sewer *	$0.02	$0.62	$0.67	$0.67	$0.97	$0.75	$1.10	$1.00	$1.00	$0.80
Streets	$0.89	$0.47	$1.87	$1.87	$1.08	$1.11	$1.14	$1.17	$1.21	$1.25
Storm Drain	$0.50	$0.00	$0.21	$0.21	$0.80	$0.10	$0.10	$0.11	$0.11	$0.11
Westwind Barn	$0.02	$0.00	$0.04	$0.04	$0.07	$0.04	$0.04	$0.04	$0.05	$0.05
Pathways	$1.26	$0.07	$0.17	$0.17	$0.27	$0.07	$0.07	$0.07	$0.08	$0.08
General	$0.08	$0.11	$0.34	$0.28	$0.05	$0.05	$0.05	$0.05	$0.06	$0.06

* Sewer Capital projections are consistent with the Capital Investments reported in the 2015 Sewer Rate Study. Sewer Capital is part of the Sewer Fund and is discussed in the Sewer Fund Financial Summaries Section of the budget document

CAPITAL FUNDS OVERVIEW

General Capital Fund (041)

The General Capital Fund is used to account for general capital projects including building construction, technology purchases and other infrastructure needs. The main source of revenues comes from the General Fund and special grants if available. FY 2015-16 appropriations total $50,000 and no projects are identified at this time.

Financial Summary

FUNDING SOURCE	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GRANTS	$ 42,260	$ 60,000	$ 98,425	$ 100,956	$ -
TRANSFERS IN					
PATHWAY FUND (IN-LIEU FEES)	-	-	-	-	-
GENERAL FUND	-	47,686	244,075	181,544	50,000
FUNDING TOTAL	**42,260**	**107,686**	**342,500**	**282,500**	**50,000**

CAPITAL PROGRAMS/PROJECTS	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
ADOBE CREEK RESTORATION	54,943	10,150	116,500	116,500	
PURISSIMA CREEK PRESERVE		3,500	136,000	136,000	
DOG PARK @ PURISSIMA PARK			30,000	30,000	
OPEN SPACE STEWARDSHIP			60,000		
OTHER GENERAL CAPITAL PROJECTS		94,036			50,000
CAPITAL PROGRAMS/PROJECTS TOTAL	**54,943**	**107,686**	**342,500**	**282,500**	**50,000**
OPERATING SURPLUS / (DEFICIT)	**(12,683)**	**-**	**-**	**-**	**-**

FUND BALANCE	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
CHANGE IN FUND BALANCE	(12,683)	10,000	-	-	-
FUND BALANCE, BEGINNING	65,229	52,546	62,546	62,546	62,546
FUND BALANCE, ENDING	**52,546**	**62,546**	**62,546**	**62,546**	**62,546**

CAPITAL FUNDS OVERVIEW

Pathway Capital Fund (042)

The Pathway Capital Fund is used to account for capital expenditures for the Town's pathway system. The main source of revenues comes from the Pathway In-Lieu fee assessed on site new development, grants, and the General Fund. The 2015-16 appropriations for Pathway improvements total $270,480 and no projects are identified at this time.

Financial Summary

FUNDING SOURCE	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GRANTS	$ 844,185	$ 19,143	$ 61,300	$ 61,330	$ 10,000
TRANSFERS IN					
PATHWAY FUND (IN-LIEU FEES)	-	132,341	146,700	187,000	170,000
GENERAL FUND	425,000	-	-	-	100,480
FUNDING TOTAL	**1,269,184**	**151,484**	**208,000**	**248,330**	**280,480**

CAPITAL PROGRAMS/PROJECTS	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
ARASTRADERO RD (C-2 TRAIL)	1,255,232	68,062			
EL MONTE/MAGDELENA RD BOB STUTZ PATH PROJ			14,900	14,860	
MIRANDA PATH DESIGN			20,480	20,480	
MIRANDA PATH CONSTRUCTION					
MAGDALENA CONNECTOR TO BOB STUTZ PATH					
OTHER PATHWAY CAPITAL PROJECTS			136,220	136,220	270,480
CAPITAL PROGRAMS/PROJECTS TOTAL	**1,255,232**	**68,062**	**171,600**	**171,560**	**270,480**
OPERATING SURPLUS / (DEFICIT)	**13,952**	**83,423**	**36,400**	**76,770**	**10,000**

FUND BALANCE	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
CHANGE IN FUND BALANCE	13,952	83,423	36,400	76,770	10,000
FUND BALANCE, BEGINNING	(3,952)	10,000	93,423	93,423	170,193
FUND BALANCE, ENDING	**10,000**	**93,423**	**129,823**	**170,193**	**180,193**

CAPITAL FUNDS OVERVIEW

Westwind Barn Capital Fund (043)

The Westwind Barn Capital Fund is used to account for capital expenditures at Westwind Community Barn financed by Verizon Cell Tower revenues. These revenues include a CPI increase of 2.5% for the 2015-16 Budget. The appropriations include a $29,000 funding for the installation of sand blend for the upper area at the Westwind Barn. No projects are identified for the remaining $40,000 appropriation.

Financial Summary

FUNDING SOURCE	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
RENTAL REVENUES	$ 34,057	$ 45,405	$ 43,000	$ 43,182	$ 44,500
FUNDING TOTAL	**34,057**	**45,405**	**43,000**	**43,182**	**44,500**

CAPITAL PROGRAMS/PROJECTS	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
LOFT BLOCKING PROJECT	24,781	-			
NEW CAMERAS		-	25,000		
NEW PADDOCKS			15,700	40,000	
UPPER ARENA FLOORNG (SAND BLEND)					29,000
OTHER WESTWIND BARN IMPROVEMENTS					40,000
CAPITAL PROGRAMS/PROJECTS TOTAL	**24,781**	**-**	**40,700**	**40,000**	**69,000**
OPERATING SURPLUS / (DEFICIT)	**9,276**	**45,405**	**2,300**	**3,182**	**(24,500)**

FUND BALANCE	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
CHANGE IN FUND BALANCE	9,276	45,405	2,300	3,182	(24,500)
FUND BALANCE, BEGINNING	46,925	56,201	101,606	101,606	104,788
FUND BALANCE, ENDING	**56,201**	**101,606**	**103,906**	**104,788**	**80,288**

Storm Drain Capital Fund (045)

The Storm Drain Capital Fund is used to account for capital expenditures for the storm drain system. The main source of revenues comes from the storm drain fee collected in connection with new development application, grants, and the General Fund. FY 2015-16 appropriations total $800,000. Project details are included in the financial summary below.

Financial Summary

FUNDING SOURCE	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
STORM DRAIN FUND (IN-LIEU FEES)	$ 588	$ 156,945	$ 138,800	$ 194,100	$ 175,500
HOMEOWNER PARTICIPATION	-	-	-	-	-
GENERAL FUND (TRANSFERS IN)	-	-	-	-	614,500
FUNDING TOTAL	**588**	**156,945**	**138,800**	**194,100**	**790,000**

CAPITAL PROGRAMS/PROJECTS	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
ELENA RD AND PAGE MILL RD PROJECT	495,889				
MATADERO CREEK EROSION REPAIR		2,539	214,800	214,800	500,000
BARRON CREEK RESTORATION					250,000
OTHER STORM DRAIN PROJECTS					50,000
CAPITAL PROGRAMS/PROJECTS TOTAL	**495,889**	**2,539**	**214,800**	**214,800**	**800,000**
OPERATING SURPLUS / (DEFICIT)	**(495,302)**	**154,406**	**(76,000)**	**(20,700)**	**(10,000)**

FUND BALANCE	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
CHANGE IN FUND BALANCE	(495,302)	154,406	(76,000)	(20,700)	(10,000)
FUND BALANCE, BEGINNING	547,848	52,546	206,952	206,952	186,252
FUND BALANCE, ENDING	**52,546**	**206,952**	**130,952**	**186,252**	**176,252**

Street Capital Fund (046)

The Street Capital Fund is used to account for street paving and rehabilitation related capital expenditures. The main source of revenues comes from State of California Gas Tax revenues, developer fees for street excavation, grants, and the General Fund. The 2015-16 appropriations are $1,075,000. Project details are included in the financial summary below.

2015-16 Streets Rehabilitation Program

Street	From	To	Type of Work
Altamont Road	Corbetta Ln.	Moody Rd.	Microsurfacing
Anacapa Court	Anacapa Dr.	End	Microsurfacing
Arastradero Road	Horseshoe Ln.	Stirrup Wy.	Microsurfacing
Aric Lane	Fremont Rd.	End	Microsurfacing and Digouts
Briones Way	Altamont Rd.	Via Ventana Wy.	Microsurfacing
Camino Hermoso Drive	Ravensbury Ave. (North)	Ravensbury Ave (south)	Microsurfacing
Christopher's Lane	Page Mill Rd.	End	4" Full Grind and Replacement
Conception Road	Fremont Rd.	Purissima Rd.	Microsurfacing
Corbetta Lane	Altamont Rd.	End	Microsurfacing and Digouts
El Monte Road	Moody Rd.	Stonebrook Dr.	Microsurfacing
Eshner Court	Altamont Rd.	End	Microsurfacing
Fremont Road	Arastradero Rd.	St. Francis Dr.	Microsurfacing
Hilltop Drive	Barley Hill Rd	End	Microsurfacing
Kingsley Avenue	Altadena Dr.	End	Microsurfacing and Digouts
La Paloma Road	Fremont Rd.	Purissima Rd.	Microsurfacing
Mandoli Drive	Arastradero Rd.	End	Microsurfacing
Manuella Road	Fremont Rd.	400' North of Scarff	Microsurfacing
Miranda Court	Miranda Dr.	End	Microsurfacing
Ohlone Lane	Fremont Rd.	End	Microsurfacing
Old Ranch Lane	Old Ranch Rd.	End	Microsurfacing and Digouts
Olive Tree Court	Olive Tree Ln.	End	4" Full Grind and Replacement
Paseo Del Roble Court	Paseo Del Roble Dr.	End	2" overlay
Ravensbury Avenue	Magdalena Ave.	Camino Hermoso Dr. (North)	Microsurfacing
Rebecca Lane	Dawson Dr.	End	Microsurfacing and Digouts
Roble Blanco Court	Paseo Del Roble Dr.	End	Microsurfacing
Sholes Court	Alexander Dr.	End	Microsurfacing
Story Hill Lane	Page Mill Rd.	End	Microsurfacing
Sunhills Drive	Mora Dr.	245' West of W. Loyola DR.	4" Full Grind and Replacement
Teresa Way	Stonebrook Dr.	Kate Dr.	Microsurfacing
Tracy Court	Arastradero Rd.	End	2" overlay with Digouts
Via Corita Way	Natoma Rd.	End	Microsurfacing and Digouts
Winsor Court	Black Mountain Rd.	End	Microsurfacing

CAPITAL FUNDS OVERVIEW

Street Capital Fund (046) (continued)

Financial Summary

FUNDING SOURCE	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
GRANTS	$ 115,829	$ 236,963	$ 176,000	$ 329,685	$ 144,000
ENCROACHMENT FEE	21,197	48,511	40,000	40,000	40,000
TRANSFERS IN					
STREETS OPERATIONS					80,000
GENERAL FUND	755,000	201,126	1,649,700	1,496,015	811,000
FUNDING TOTAL	**892,026**	**486,600**	**1,865,700**	**1,865,700**	**1,075,000**

CAPITAL PROGRAMS/PROJECTS	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
ANNUAL STREETS REHAB PROGRAM	888,599	473,264	1,200,700	1,200,700	1,000,000
EL MONTA ROAD REHAB - DESIGN			40,000	35,081	
EL MONTA ROAD REHAB - CONSTRUCTION			525,000	525,000	
CROSSWALK SIGNS PROJECT			27,000	20,948	
OTHER STREET CAPITAL PROJECTS			73,000	83,971	75,000
CAPITAL PROGRAMS/PROJECTS TOTAL	**888,599**	**473,264**	**1,865,700**	**1,865,700**	**1,075,000**
OPERATING SURPLUS / (DEFICIT)	**3,427**	**13,336**	**-**	**-**	**-**

FUND BALANCE	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
CHANGE IN FUND BALANCE	3,427	13,336	-	-	-
FUND BALANCE, BEGINNING	48,918	52,345	65,681	65,681	65,681
FUND BALANCE, ENDING	**52,345**	**65,681**	**65,681**	**65,681**	**65,681**

CAPITAL FUNDS OVERVIEW

Impact of Capital Expenditures on Operating Costs

Most of the capital projects appropriated in 2015-16 are related to rehabilitation and maintenance of the Town's capital and sanitary sewer system infrastructure that is projected to reduce the Town's future ongoing maintenance cost. However, it is not practicable to quantify the cost saving at this time.

Town Debt Policy on Capital Improvement

The Town's capital expenditures are funded on a pay-as-go basis. With City Council's approval, a debt issuance may be used to fund non-recurring capital expenditures. The Town has rarely used a debt service method of financing capital projects. Currently, the Town has two loans with the California Energy Commission for improvements to the Town Hall building. Total principal and interest payments to the two energy loans are budgeted at $84,124. The Town is not presently planning to issue new debt to finance any capital projects.

The Town also acts as a collecting and paying agent for a sewer assessment district debt. West Loyola Sewer Assessment District was established to provide improvements to properties in the West Loyola District. The cost of the improvements is the responsibility of the property owners and are payable over the term of the issuance.

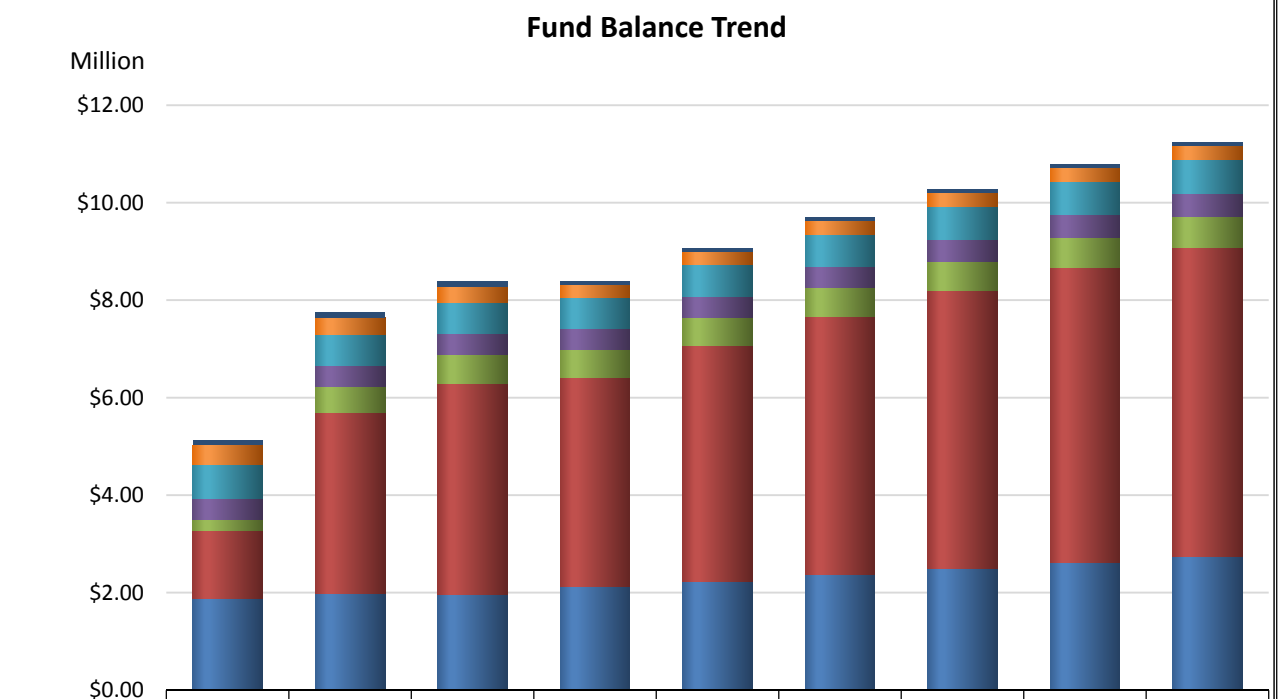
Financial Summaries

Long-Range Financial Plans

LONG-RANGE FINANCIAL PLAN OVERVIEW

The Five-Year General Fund Long Range Financial Forecast for 2016-2021 (LRFF) is prepared and presented as part of 2015-16 Adopted Budget. Each element of the LRFF is reviewed and specific inflationary adjustments are added based on the review. For example, in accordance with Prop 13, Property Tax assessment value can increase by a maximum of 2% annually – excluding the previously discussed Prop 8 adjustment. As such, a 3% inflation factor is added to property tax to account for this annual 2% valuation increase plus 1% revenue increase from property transfers and property development. Operating expenditures are adjusted based on industry standards, personnel cost is adjusted by 5% per annum and other categories are adjusted by 3% per annum.

During this Forecast Period, net revenues over expenditures range from a minimum surplus of $127,485 in 2015-16 to a surplus of $410,100 to $647,500 in the remaining forecasted fiscal years. Although the LRFF presents a positive fiscal outlook for the City's General Fund, it is important to note that it does not fully reflect the unfunded pension liability and the unknown negative impact of increases in Town's retirement contributions to CalPERS and long-term increases in medical premium costs. The Town will continue to maintain a balance ongoing revenues and personnel costs as part of its overall strategic financial planning.



	2012-13 Actual	2013-14 Actual	2014-15 Est. Actual	2015-16 Adopted	2016-17 Projection	2017-18 Projection	2018-19 Projection	2019-20 Projection	2020-21 Projection
Public Safety	$0.09	$0.12	$0.11	$0.07	$0.07	$0.08	$0.08	$0.08	$0.08
Street Fund	$0.39	$0.34	$0.34	$0.26	$0.26	$0.27	$0.27	$0.28	$0.28
Pathway Fund	$0.71	$0.64	$0.64	$0.64	$0.65	$0.66	$0.68	$0.69	$0.70
Drainage Fund	$0.43	$0.43	$0.43	$0.43	$0.43	$0.44	$0.45	$0.46	$0.47
Facilities & Equipment Capital	$0.22	$0.53	$0.59	$0.56	$0.58	$0.59	$0.60	$0.61	$0.62
General Fund (Undesignated	$1.39	$3.72	$4.34	$4.31	$4.83	$5.30	$5.71	$6.06	$6.34
General Fund (Designated)	$1.89	$1.99	$1.96	$2.12	$2.24	$2.36	$2.49	$2.62	$2.74

LONG-RANGE FINANCIAL PLAN OVERVIEW

Financial Summary (011)

Revenues	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
Property taxes	$ 3,785,652	$ 4,153,331	$ 4,384,400	$ 4,455,127	$ 4,672,500
Taxes other than property	545,227	524,762	522,700	528,196	541,200
Franchise fees	421,634	463,599	465,300	469,316	484,300
Licenses and permits	729,106	980,306	1,101,950	1,110,335	1,032,950
Use of money and property	166,735	230,869	199,100	197,148	202,200
Intergovernmental	66,355	56,129	33,100	31,033	31,200
Charges for services	753,608	806,774	1,031,000	936,064	971,100
Miscellaneous	423,310	725,191	102,700	170,486	159,900
Internal Allocations	-	990,856	1,583,053	1,321,759	1,707,126
Total Revenues	**$ 6,891,628**	**$ 8,931,818**	**$ 9,423,303**	**$ 9,219,464**	**$ 9,802,476**

Expenditures	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
Personnel	$ 2,089,899	$ 1,907,713	$ 2,383,369	$ 1,911,269	$ 1,956,584
Contract Services	1,651,994	1,750,005	1,807,677	1,864,050	1,335,707
Professional Services	401,103	270,402	436,161	330,231	666,417
Operations	563,631	620,607	704,086	551,210	2,665,965
Internal Allocations	384,919	1,091,197	1,594,262	1,357,314	364,774
Total Expenditures	**$ 5,091,545**	**$ 5,639,924**	**$ 6,925,555**	**$ 6,014,075**	**$ 6,989,448**

Operating Surplus (Deficit)	**$ 1,800,082**	**$ 3,291,894**	**$ 2,497,749**	**$ 3,205,389**	**$ 2,813,028**

Other Financing Sources (Uses)	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
Sale of assets	$ -	$ -	$ -	$ -	$ -
Operating transfers in	766,876	168,785	5,000	5,000	435
Operating transfers (out)	(1,230,236)	(1,031,949)	(1,110,856)	(942,954)	(1,109,999)
Capital transfers in	-	-	-	-	-
Capital transfers (out)	(1,180,000)	-	(1,893,775)	(1,677,559)	(1,575,980)
Total transfers	**$ (1,643,359)**	**$ (863,164)**	**$ (2,999,631)**	**$ (2,615,513)**	**$ (2,685,544)**

Net Change in Fund Balance	**$ 156,723**	**$ 2,428,730**	**$ (501,883)**	**$ 589,876**	**$ 127,485**
Beginning Fund Balance	**$ 3,119,711**	**$ 3,276,434**	**$ 5,705,164**	**$ 5,705,164**	**$ 6,295,040**
Ending Fund Balance	**$ 3,276,434**	**$ 5,705,164**	**$ 5,203,282**	**$ 6,295,040**	**$ 6,422,525**

Designations	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
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 liability reserve	(210,000)	(280,000)	(350,000)	(350,000)	(500,000)
Sewer Connect Incentive	(76,150)	-	-	-	-
Equipment replacement (IT) reserve	-	(5,000)	(10,000)	(10,000)	(15,000)
Road maintenance	-	(100,000)			-
Total Designations	**$ (1,886,150)**	**$ (1,985,000)**	**$ (1,960,000)**	**$ (1,960,000)**	**$ (2,115,000)**

Undesignated Fund Balance	**$ 1,390,284**	**$ 3,720,164**	**3,243,282**	**4,335,040**	**$ 4,307,525**

Schedule of transfers from the General Fund

Operating Transfers Out	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
Debt service	$ (21,702)	$ (19,584)	$ (19,600)	$ (19,600)	$ (84,124)
Drainage	(241,917)	(316,252)	(387,651)	(311,123)	(316,825)
Pathways	(270,743)	(334,276)	(446,781)	(445,211)	(462,398)
Streets	-	(113,023)	(256,824)	(167,020)	(246,652)
Total operating transfers out	**$ (534,362)**	**$ (783,135)**	**$ (1,110,856)**	**$ (942,954)**	**$ (1,109,999)**

Capital Transfers Out	2012-13 Actual	2013-14 Actual	2014-15 Revised	2014-15 Est. Actual	2015-16 Budget
General CIP	$ -	$ (47,686)	$ (244,075)	$ (181,544)	$ (50,000)
Westwind Barn	-	-	-	-	-
Drainage	-	-	-	-	(614,500)
Pathways	(425,000)	-	-	-	(100,480)
Streets	(755,000)	(201,126)	(1,649,700)	(1,496,015)	(811,000)
Total capital transfers out	**$ (1,180,000)**	**$ (248,813)**	**$ (1,893,775)**	**$ (1,677,559)**	**$ (1,575,980)**

Total Transfers Out	**$ (1,714,362)**	**$ (1,031,948)**	**$ (3,004,631)**	**$ (2,620,513)**	**$ (2,685,979)**

Financial Summary (011) (continued)

2015-16 Budget	2016-17 Projected	2017-18 Projected	2018-19 Projected	2019-20 Projected	2020-21 Projected
$ 4,672,500	$ 4,812,700	$ 4,957,100	$ 5,105,800	$ 5,259,000	$ 5,416,800
541,200	546,600	552,100	557,600	563,200	568,800
484,300	494,000	503,900	514,000	524,300	534,800
1,032,950	1,063,900	1,095,800	1,128,700	1,162,600	1,197,500
202,200	208,300	214,500	220,900	227,500	234,300
31,200	31,400	31,600	31,800	32,000	32,200
971,100	990,500	1,010,300	1,030,500	1,051,100	1,072,100
159,900	159,900	159,900	159,900	159,900	159,900
1,707,126	1,758,300	1,811,000	1,865,300	1,921,300	1,978,900
$ 9,802,476	**$ 10,065,600**	**$ 10,336,200**	**$ 10,614,500**	**$ 10,900,900**	**$ 11,195,300**

2015-16 Budget	2016-17 Projected	2017-18 Projected	2018-19 Projected	2019-20 Projected	2020-21 Projected
$ 1,956,584	$ 2,054,400	$ 2,157,100	$ 2,265,000	$ 2,378,300	$ 2,497,200
1,335,707	1,375,800	1,417,100	1,459,600	1,503,400	1,548,500
666,417	686,400	707,000	728,200	750,000	772,500
2,665,965	2,745,900	2,828,300	2,913,100	3,000,500	3,090,500
364,774	375,700	387,000	398,600	410,600	422,900
$ 6,989,448	**$ 7,238,200**	**$ 7,496,500**	**$ 7,764,500**	**$ 8,042,800**	**$ 8,331,600**

$ 2,813,028	**$ 2,827,400**	**$ 2,839,700**	**$ 2,850,000**	**$ 2,858,100**	**$ 2,863,700**

2015-16 Budget	2016-17 Projected	2017-18 Projected	2018-19 Projected	2019-20 Projected	2020-21 Projected
$ -	$ -	$ -	$ -	$ -	$ -
435	-	-	-	-	-
(1,109,999)	(1,056,700)	(1,088,400)	(1,121,100)	(1,154,800)	(1,189,400)
-	-	-	-	-	-
(1,575,980)	(1,123,200)	(1,156,900)	(1,191,600)	(1,227,300)	(1,264,200)
$ (2,685,544)	**$ (2,179,900)**	**$ (2,245,300)**	**$ (2,312,700)**	**$ (2,382,100)**	**$ (2,453,600)**

$ 127,485	**$ 647,500**	**$ 594,400**	**$ 537,300**	**$ 476,000**	**$ 410,100**
$ 6,295,040	**$ 6,422,525**	**$ 7,070,025**	**$ 7,664,425**	**$ 8,201,725**	**$ 8,677,725**
$ 6,422,525	**$ 7,070,025**	**$ 7,664,425**	**$ 8,201,725**	**$ 8,677,725**	**$ 9,087,825**

2015-16 Budget	2016-17 Projected	2017-18 Projected	2018-19 Projected	2019-20 Projected	2020-21 Projected
$ (350,000)	$ (360,500)	$ (371,315)	$ (382,454)	$ (393,928)	$ (405,746)
(1,250,000)	(1,287,500)	(1,326,125)	(1,365,909)	(1,406,886)	(1,449,093)
(500,000)	(570,000)	(640,000)	(710,000)	(780,000)	(850,000)
-	-	-	-	-	-
(15,000)	(20,000)	(25,000)	(30,000)	(35,000)	(40,000)
-	-	-	-	-	-
$ (2,115,000)	**$ (2,238,000)**	**$ (2,362,440)**	**$ (2,488,363)**	**$ (2,615,814)**	**$ (2,744,839)**

$ 4,307,525	**$ 4,832,025**	**$ 5,301,985**	**$ 5,713,362**	**$ 6,061,911**	**$ 6,342,986**

2015-16 Budget	2016-17 Projected	2017-18 Projected	2018-19 Projected	2019-20 Projected	2020-21 Projected
$ (84,124)	$ -	$ -	$ -	$ -	$ -
(316,825)	(326,300)	(336,100)	(346,200)	(356,600)	(367,300)
(462,398)	(476,300)	(490,600)	(505,300)	(520,500)	(536,100)
(246,652)	(254,100)	(261,700)	(269,600)	(277,700)	(286,000)
$ (1,109,999)	**$ (1,056,700)**	**$ (1,088,400)**	**$ (1,121,100)**	**$ (1,154,800)**	**$ (1,189,400)**

2015-16 Budget	2016-17 Projected	2017-18 Projected	2018-19 Projected	2019-20 Projected	2020-21 Projected
$ (50,000)	$ (51,500)	$ (53,000)	$ (54,600)	$ (56,200)	$ (57,900)
-	-	-	-	-	-
(614,500)	$ (132,900)	$ (136,900)	$ (141,000)	$ (145,200)	$ (149,600)
(100,480)	$ (103,500)	$ (106,600)	$ (109,800)	$ (113,100)	$ (116,500)
(811,000)	(835,300)	(860,400)	(886,200)	(912,800)	(940,200)
$ (1,575,980)	**$ (1,123,200)**	**$ (1,156,900)**	**$ (1,191,600)**	**$ (1,227,300)**	**$ (1,264,200)**

$ (2,685,979)	**$ (2,179,900)**	**$ (2,245,300)**	**$ (2,312,700)**	**$ (2,382,100)**	**$ (2,453,600)**

Supplemental Information

SUPPLEMENTAL

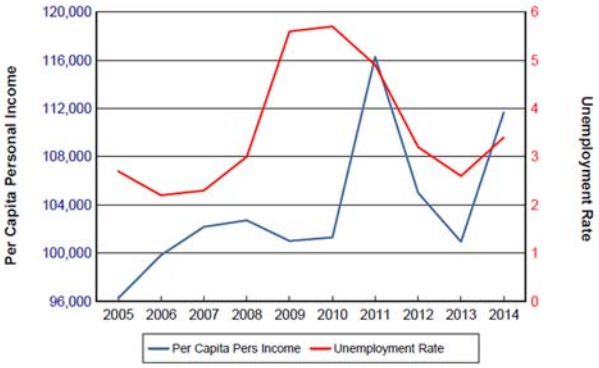
Community Profile

Population

Calendar Year	Los Altos Hills	Santa Clara County	California
2005	8,452	1,758,682	36,459,839
2006	8,482	1,772,404	36,796,970
2007	8,607	1,807,216	37,333,297
2008	8,837	1,835,549	37,713,118
2009	8,889	1,856,514	37,970,830
2010	9,042	1,879,833	38,347,485
2011	7,980	1,796,309	37,201,321
2012	8,027	1,815,484	37,379,037
2013	8,264	1,871,236	37,684,463
2014	8,354	1,867,538	38,054,890
2015	8,341	1,888,095	38,441,387

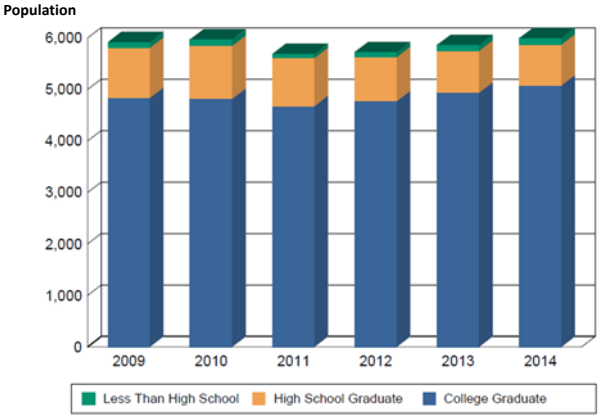
Source: Department of Finance, Price & Population Information

Personal Income and Unemployment



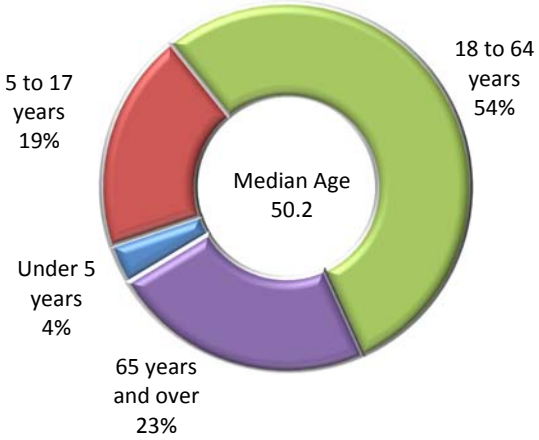
Source: California Employment Development Department and U.S. Census Bureau

Education Level
for Population 25 and Over



Source: ESRI

Age Group



Source: U.S. Census Bureau, 2010

Race and Ethnicity

Race/Ethnicity	Los Altos Hills	Santa Clara County	California
African American	0.5%	2.6%	6.2%
Asian/Pacific Islander	26.7%	32.4%	13.4%
White	68.4%	47.0%	57.6%
Other	4.4%	18.0%	22.8%
Hispanic/Latino	2.7%	26.9%	37.6%
Non-Hispanic/Latino	97.3%	73.1%	62.4%

Source: US Census, 2010

Local Economy

Major Industries in Los Altos Hills

Non-Residential Businesses	No.
Country Club	1
Special Districts	2
Churches	2
Primary Schools	4
College	1
In-Home Businesses	64
Other Commercial Businesses	0

Top Ten Taxpayer in 2015

1. Lapaloma Property LLC
2. Douglas M Leone Trustee and Et Al
3. Homa Natoma LLC
4. Sehat Sutardja and Dai Weili
5. Kumar Malavalli Trustee and Et Al
6. David Hitz Trustee
7. Charles F Perrell Trustee
8. Even Stride LLC
9. Christopher S Yu Et Al

Los Altos Hills Single-Family Home Sales Value History

Year	Full Value Sale	Los Altos Hills Average Price (Million)	Los Altos Hills Median Price (Million)
2015	49	$4.88	$3.83
2014	94	$3.84	$3.23
2013	100	$3.50	$3.08
2012	111	$2.99	$2.74
2011	99	$2.67	$2.32
2010	86	$2.55	$2.33
2009	68	$2.71	$2.49
2008	61	$3.09	$2.46
2007	44	$2.82	$2.34
2006	51	$2.45	$2.30
2005	77	$2.51	$2.23

2015 County Sales Comparison by City

For Single Family Residential Sales

City	No of Sales	Median Sales Price
Campbell	217	940,000
Cupertino	182	1,645,000
Gilroy	293	576,000
Los Altos	204	2,450,000
Los Altos Hills	49	3,825,000
Los Gatos	203	1,450,000
Milpitas	294	731,250
Monte Sereno	31	2,725,000
Morgan Hill	271	709,000
Mountain View	268	1,152,500
Palo Alto	222	2,440,000
San Jose	4,117	698,000
Santa Clara	455	838,000
Saratoga	175	2,200,000
Sunnyvale	437	1,100,000
Santa Clara County	7,755	800,000
California		415,000

TOWN OF LOS ALTOS HILLS
INVESTMENT POLICY

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 Town 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 Town 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.

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.

TOWN OF LOS ALTOS HILLS
EXPENSE AND USE OF PUBLIC RESOURCES POLICY

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
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.

VIOLATION OF THIS POLICY

Use of public resources or falsifying expense reports in violation of this policy may result in any or all of the following:

- Loss of reimbursement privileges
- A demand for restitution to the Town
- The Town's reporting the expenses as income to the elected official to state and federal tax authorities
- Prosecution for misuse of public resources

Glossary

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.

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 (CPA), 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.

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.

Capital Investment Program: A plan for capital expenditures to be incurred each year over a fixed period of years to meet capital needs arising from the long-term work program or other capital needs. It sets forth each project or other contemplated expenditure in which the government is to have a part and specifies the resources estimated to be available to finance the projected expenditures.

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 (CAP): 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.

Educational Revenue Augmentation Fund (ERAF): A shift of property tax revenue from local agencies to State.

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.

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.

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.

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.

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