



Town of Portola Valley

FY 2024-25

Preliminary Budget

June 12, 2024

Overview

- Budget Approach
- What's included
- What's not included
- Strategies for the Path Forward
- Questions and Comments



Budget Approach

Align with Council Goals

Conservative Revenues and Realistic Expenses

Recruit and Fill vacant positions

Provide Stability

Restore Integrity of Finances



Budget Assumptions

What's included:

- 20 FTE's – no increase
- CIP Projects
- User Fee Study / Nexus Study
- General Election Costs
- Committee Budgets same as prior year
- Sustainability Grant (75K, 40K for staffing)

What's not:

- ARPA funds spent
- Incorrect revenue assumptions
- Costs for Revenue Enhancement Studies
- Enhanced Security / Cameras
- Special Election Costs
- Changes to Reserves
- Unfunded / wish list

Council Priorities (thru FY 2024-25)

- **Safety**

- Take action on the evacuation plan • Complete the safety element • Conduct an assessment of the Emergency Operations Center • Update the Emergency Operations Plan • Examine the role of the volunteer Police Commissioner • Explore options to augment services to the public • Re-establish regular Town Council safety meetings • Enhance community understanding of crime statistics and related Town activity • Implement home hardening requirements

- **Responsible Land Use**

- Begin implementation of the post adoption plan for the Housing Element • Develop guidelines for an opt-in program • Implementation of ADU/JADU support program • Align zoning regulations with the Adopted Housing Element • Develop and implement an open space preservation plan

- **Organizational Efficiency and Effectiveness**

- Fill vacancies • Establish customer service metrics • Promote transparency through enhanced communication • Update the committee and commission handbook • Cultivate a high performing team

- **Environmental Sustainability**

- Develop climate action plan • Implement reach codes • Advocate for sustainability efforts at the state level



Town Finances

- \$12M Agency (\$8M General Fund)
- 20 FTEs plus consulting
- Structural Deficit of \$1.2M for FY 2023-24
- Structural Deficit of \$1.9M for FY 2024-25
- Approved to use \$868K of Reserves this year
- \$1M+ projected Reserves needed for next year
- Sheriff's contract increase (\$852K total)
 - FY 2024-25 – \$425K increase
 - FY 2025-26 – \$650K increase
 - FY 2026-27 – \$852K+ full increase

Town Manager / Staff Actions

- Agency Re-Org
 - Planning and Building in progress
 - Public Works
 - Customer support staff (technicians)
 - Changed functions
- Increase Investments Earnings
- Changed benefit structure for retirement plans
- Reduced Legal fees
- Holding position Assistant Director of Planning and Building
- Started analysis of Consultant fees
- Corrected and Adjusted Revenues (Planning and Building Cost Recovery, Prop Tax)

Actuals vs Budget

Current Fiscal Year (FY 2023-24) vs FY 2024-25

- **Salaries** (excluding benefits) Budget \$2.55M
 - Projected \$2.2M
 - Prelim Budget \$2.7M
- **Legal Fees** Budget \$180K
 - Projected \$430K at Fiscal Year End
 - Prelim Budget \$245K
- **Consultants** Budget \$620K
 - Projected \$550K at Fiscal Year End
 - Prelim Budget \$620K
- Other categories within budget
- ARPA Funds Expired



CIP Projects

- Storm Drain Repairs 15K
- Trail Rehab 20K
- Parking and Safety (Portola Rd) 20K
- Street Resurfacing 167K (GF)
- Construction Inspection and Testing 70K
- Town Hall Boiler 25K
- Used Vehicle 35K
- Town Center Infrastructure Improvements 100K
- IT Upgrades (Schoolhouse and Town Hall) 25K
- Sheriff's Substation (hold-continue to explore options)

ROADMAP TO PV THRIVE

FY 2023-24

FY 2024-25

FY 2025-26

REVENUE

-300K
Property
Tax

User
Fee
Study

-300K
Property
Tax

★
SPECIAL
ELECTION

UNINCORPORATED
SAN MATEO COUNTY

PV REFRESH

RESET
REFOCUS
RESTRUCTURE

PV THRIVE
(SUSTAINABLE FISCAL
MODEL)

EXPENSES

+450K
Sheriff

+Legal

+Consulting

+450K
Sheriff

+Legal
?

+Consulting?

+675K
Sheriff

Charter
Town?

Parcel
Tax?

Annex?

Land
Sale?

Three Year Outlook

- Need to use utilize reserves
- A budget is only part of a plan
- Mid-Year reviews and third quarter reports are key
- Fund Balance Analysis
- Through multiple strategies – turn deficit into surplus



Portola Valley Thrive

- Three Year Initiative
- Council, Community and Staff Initiative
- Create and ongoing, sustainable fiscal model
- Review of all expenditures
- Introduce revenue enhancement strategies
- Ensure funding for proper staff and support to implement Council Priorities



Possible Revenue Generation Measures

- User Fee Study
- Full Nexus Study
- UUT Tax increase / change
- Parcel Tax
- Annexation
- Land Sale
- Charter Town (vs. General Law)
- Impact Fees



PVThrive



Recommendations

- Adopt Preliminary Budget with a September Revision
- Begin User Fee Study / Nexus Study
- Continued Engagement w/ Finance Committee
 - Revenue Enhancement Measures
 - Re-organization of Reserves
 - Other recommendations
- Explore Fiscal Emergency (TBD)

Discussion and Questions

Next Steps:

- Hold on CIP wherever feasible
- Minimize spending where possible
- Updated Org chart and service model discussion
- Create / Update Planning and Building Model
- Continue Finance committee meetings
- Periodic Updates

PVThrive



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