



Town of Portola Valley

State of the Town and Financial Outlook

April 24, 2024

Town Manager Immediate Focus

Get our house in order

Finance Catch-Up

Recruit and Fill vacant positions

Provide stability

Align / Implement Town Council Priorities

RESET – REFOCUS - RESTRUCTURE



Town Hall Status Update

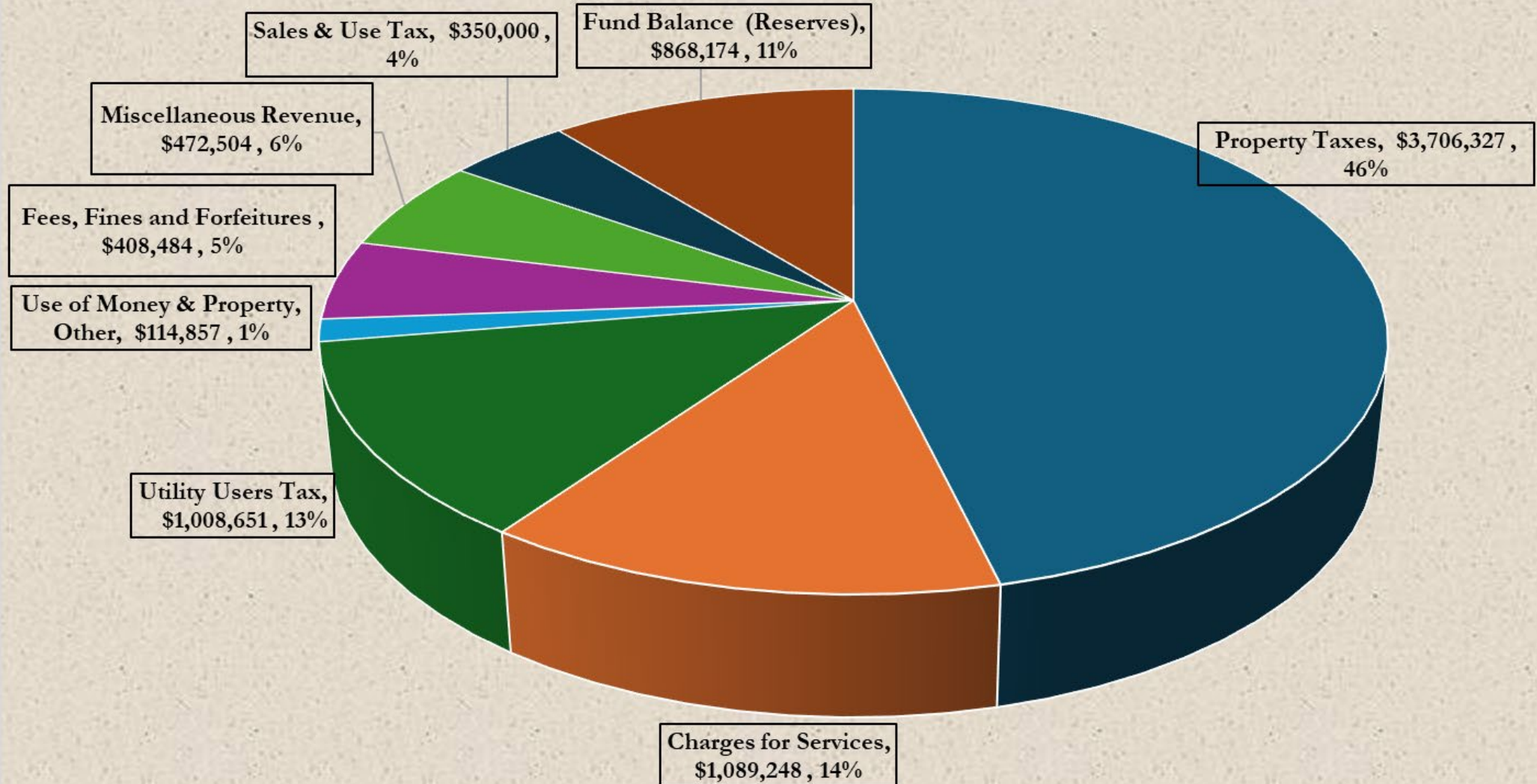
- Completed PV Refresh
- Audit Catch up
 - Completed FY 2020-21 Audit
 - Currently auditing FY 2021-22
 - FY 2022-23 Audit to be scheduled
- Finalizing Restructure of Staff
- Hired Planning and Building Director
- Hiring Finance Director
- Implementing items on Krisch assessment list (red, yellow, green)

Town Finances

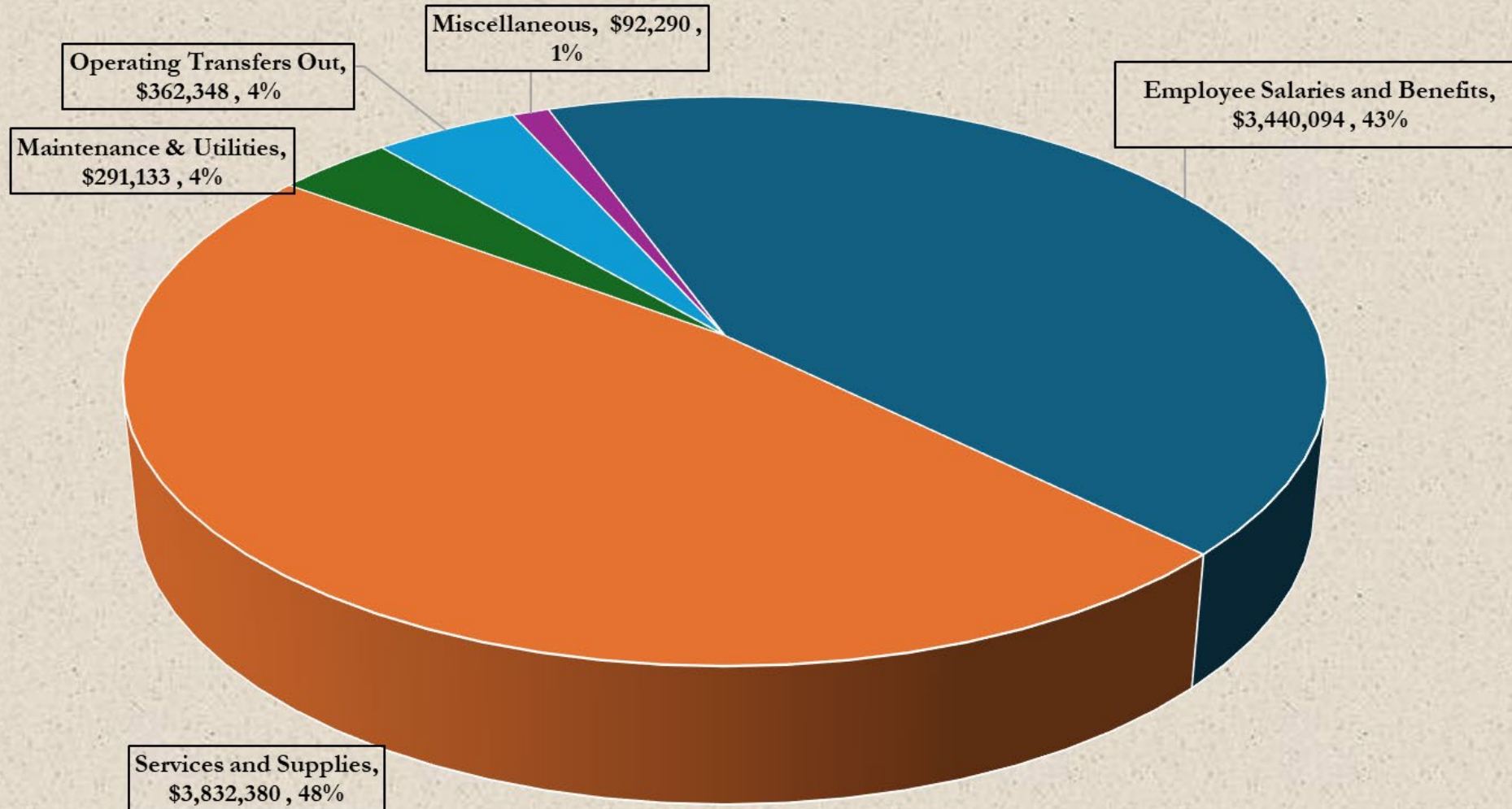
- \$12M Agency (\$8M General Fund)
- 20 FTEs plus consulting staff
- Structural Deficit of \$868K for FY 2023-24
- Approved to use \$868K of Reserves
- Sheriff's contract increase (\$850K per fiscal year)
 - FY 2023-24 – \$425K increase
 - FY 2024-25 – \$425K increase
 - FY 2025-26 – \$650K increase
 - FY 2026-27 – \$850K+ full increase



Town of Portola Valley
General Fund Revenue FY 2023-24
\$8,018,245 Total



Town of Portola Valley
General Fund Expenditures FY 2023-24
\$8,018,245



Budget vs. Actual (at-a-glance)

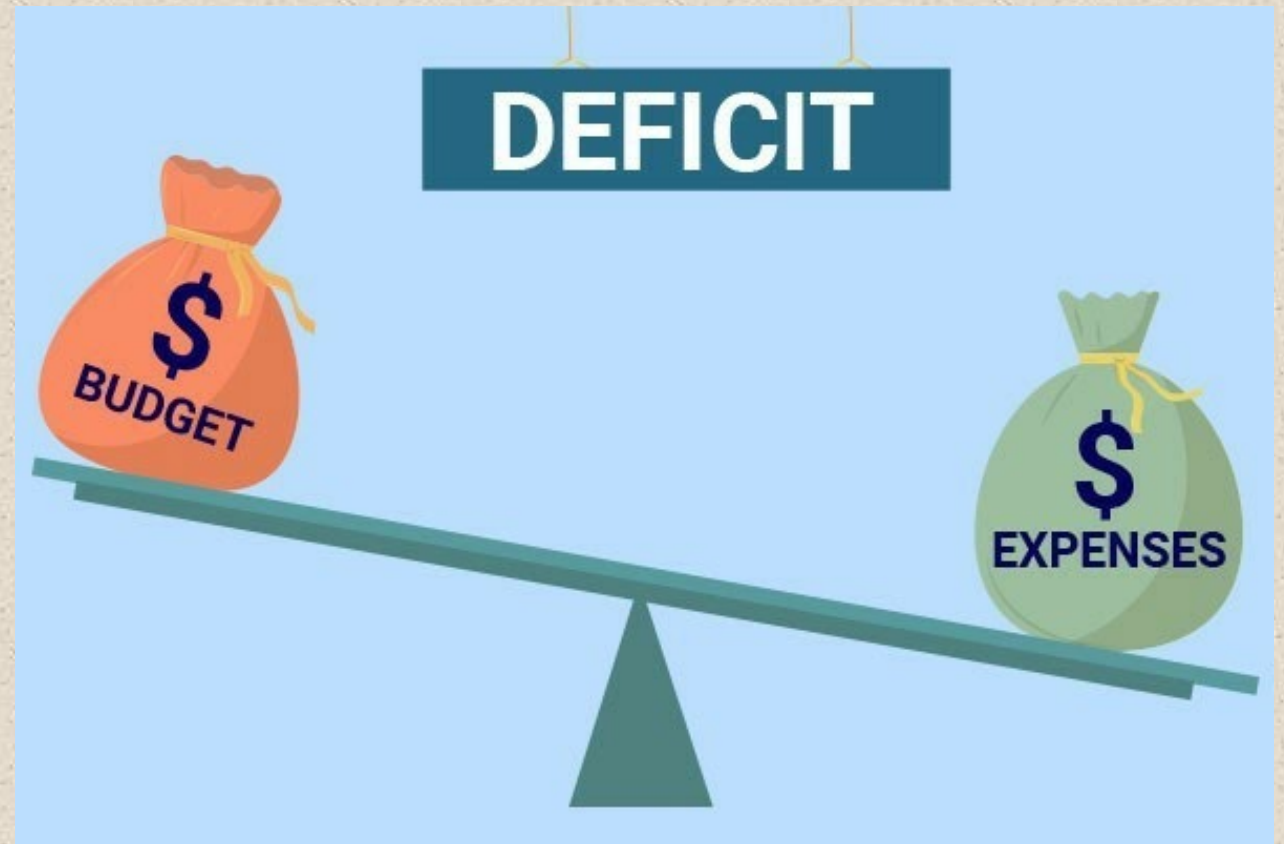
Current Fiscal Year (FY 2023-24)

- **Salaries** (excluding benefits) Budget \$2.55M
 - Projected \$2.2M
- **Legal Fees** Budget \$180K
 - Projected \$430K at Fiscal Year End
- **Consultants** Budget \$620K
 - Projected \$450K at Fiscal Year End
- **Other** categories within budget



Structural Deficit

- Increased Costs Year over Year
- Increase in Sheriff's Contract
- Increased Legal Fees
- Stagnant or Reduction in Revenue



FY 2020-21 (Surplus)	\$41K Revenue over Expenses
FY 2021-22 (Surplus)	\$104K Revenue over Expenses
FY 2022-23 (Deficit)	(\$424K) Revenue under Expenses
FY 2023-24 (Projected Deficit)	(\$868K) Revenue under Expenses

Town Reserves

FUND	FY 22-23 Estimated Balance	FY 23-24 Estimated Revenues	FY 23-24 Estimated Expenditures	FY 23-24 Transfers in(out)	FY 23-24 Projected Balance
General Purpose Funds					
General Fund Unassigned	\$ 3,052,978	\$ 7,150,071	\$ 7,655,897	\$ (362,348)	\$ 2,184,804
Unfunded Pension Liability	\$ 670,105				\$ 670,105
Equipment Replacement Assignment	\$ 100,000				\$ 100,000
Capital Replacement / Emergency Assignment	\$ 1,400,000				\$ 1,400,000
Legal Contingency Assignment	\$ 100,000				\$ 100,000
Unfunded Retiree Medical OPEB	\$ 559,932				\$ 559,932
Sub Total	\$ 5,883,015	\$ 7,150,071	\$ 7,655,897	\$ (362,348)	\$ 5,014,841
Restricted Funds					
Grants	\$ 133,482	\$ 611,318	\$ 611,318		\$ 133,482
Public Safety Sales Tax	\$ -	\$ 15,000	\$ 15,000		\$ -
Public Safety / COPS	\$ 164,267	\$ 146,482	\$ 146,482		\$ 164,267
Open Space	\$ 7,562,828	\$ 437,625	\$ 44,000		\$ 7,956,453
Library Fund	\$ 75,075	\$ -	\$ 49,000		\$ 26,075
Gas Tax	\$ 8,882	\$ 248,631	\$ 387,961	\$ 139,330	\$ 8,882
Measure A	\$ 741,824	\$ 382,496	\$ 382,496		\$ 741,824
Measure M	\$ 59,157	\$ 338,464	\$ 338,464		\$ 59,157
Measure W	\$ 388,258	\$ 252,925	\$ 169,745		\$ 471,438
Park in Lieu	\$ 36,968	\$ 447	\$ -		\$ 37,415
Inclusionary in Lieu	\$ 4,808,481	\$ 48,078	\$ -		\$ 4,856,559
ARPA Covid Relief	\$ 532,281	\$ -	\$ 532,281		\$ -
Capital Projects Fund	\$ -	\$ -	\$ 228,019	\$ 228,019	\$ -
Applicant Deposits	\$ 1,144,161	\$ 475,000	\$ 475,000		\$ 1,144,161
Sub Total	\$ 15,655,664	\$ 2,956,466	\$ 3,379,766	\$ 367,349	\$ 15,599,713
Grand Total	\$ 21,538,679	\$ 10,106,537	\$ 11,035,663	\$ 5,001	\$ 20,614,554

Reorganization of Reserves

- Recommendation from Finance Committee and Staff
- Annual Analysis at Year End Close / Mid-Year Report
- Council to assign the unassigned Fund Balance / Surplus
- Annual Review of Reserves and Policy



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)

Charter
Town?

Parcel
Tax?

Annex?

Land
Sale?

EXPENSES

+450K
Sheriff

+Legal

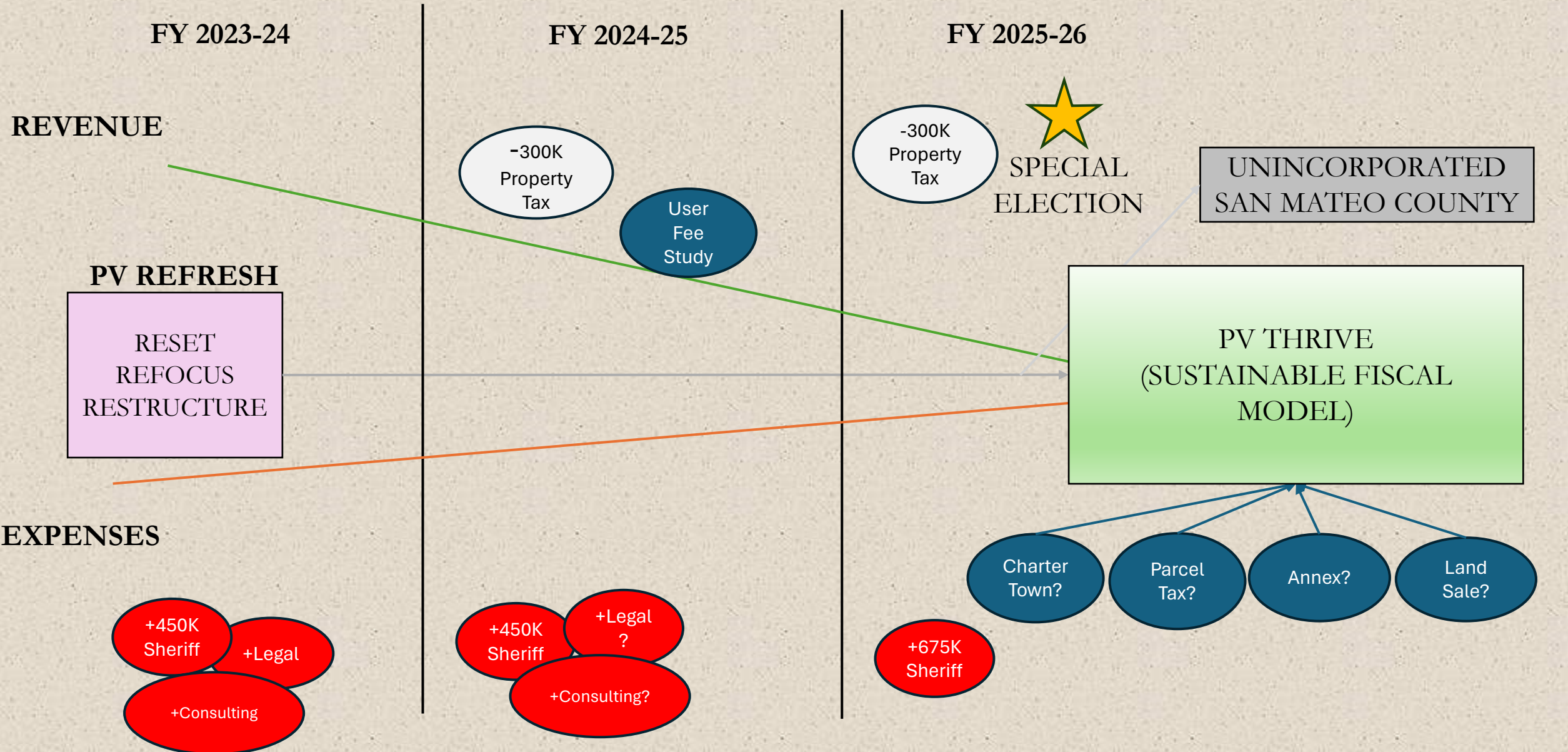
+Consulting

+450K
Sheriff

+Legal
?

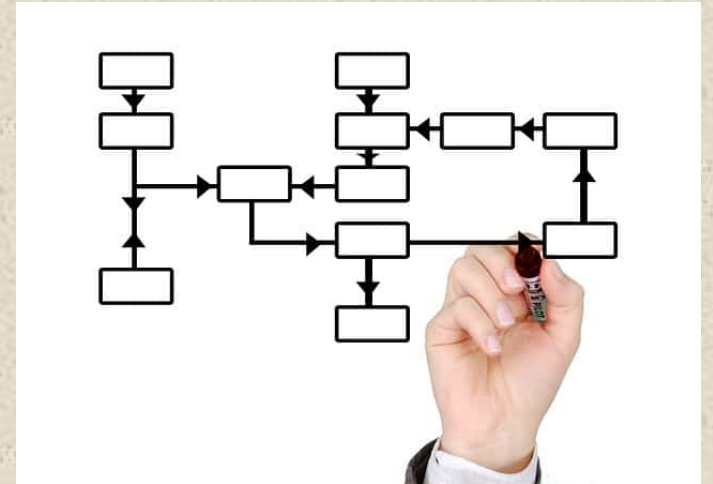
+Consulting?

+675K
Sheriff



Reset – Refocus - Restructure

- Town Hall closure mid-day for training and reset (Nov. 2023)
- Evaluated all positions within Town
- Began evaluation of consultant use and legal fees
- Ensuring right people in the right spots
- Decrease reliance on consultant use
- Changed benefit structure for staff
- All changes to be completed by June 30
- 20 Full Time Equivalent Employees (no change)



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
- 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



Finance Committee and Workgroups

- Three Year Plan /Initiative
- Assist to create ongoing, sustainable fiscal model
- Work in tandem with Staff
- Evaluate ideas for revenue generation
- Recommend financial policy changes
- Make recommendations to Council



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



Council Priorities (thru FY 2024-25)

- Fiscal Responsibility and Long-Term Viability
- Safety
- Responsible Land Use
- Organizational Efficiency and Effectiveness
- Environmental Sustainability



Existing Priorities vs Wants

- What we have vs. what we want
- Create unfunded / wish list
- Move items accordingly on the list
- Additional services / projects need additional funding (AND maintenance)

Recommendations

- Create Action Plan and initial estimates (time and cost)
- Budget Presentation in June with a September Revision
- Begin User Fee Study
- Engage Finance Committee
 - Revenue Enhancement Measures
 - Re-organization of Reserves
 - Other recommendations
- Create focused subcommittees and workgroups



Discussion and Questions

PVThrive



Sharif Etman
Town Manager