



STAFF REPORT

Public Hearing to Consider Proposed Budget for Fiscal Year 2005

June 22, 2004

Honorable Chair and Directors:

Summary: At the close of the Public Hearing, and after consideration of testimony given, it is recommended that the Agency Directors approve the attached resolution implementing the Fiscal Year 2005 Budget for the Belmont Redevelopment Agency.

Background and Discussion: This is a companion report to the FY 2005 Budget implementation action item included in the City Council agenda for June 22, 2004.

Agency Direction

On June 8th, the Agency Directors held a Public Hearing to hear testimony regarding adoption of the FY 2005 Budget. In order to allow for additional time to review the budget document, the Agency Directors continued the Public Hearing to June 22nd.

Housecleaning

Since publication of the proposed budget, a number of housecleaning items require attention. Those items have been incorporated into the base budget and are included as Attachment 2 to this report.

Economic Development Strategy and Revised Capital Improvement Program Spending Considerations

Attachment 3 to this report contains an outline of the staff's recommendation for an economic development program, which would be funded through a combination of the RDA "General Fund" (Fund 801) and the RDA Capital Projects Fund (Fund 351). In addition, Attachment 3 contains a draft of an RDA Capital Improvements Plan for FY 2005 through FY 2009; the Proposed RDA Budget for FY 2005 contains the amount shown in the Plan (\$1,535,000) in the RDA Capital Projects line (Fund 351).

Staff recommends that the Directors only review the staff proposals for RDA spending in enough detail to be comfortable with the budget figures shown in the adopting Resolution. Staff will return to the RDA Board at the July meeting to review the proposed "General Fund" and capital budgets in more detail. At that time, the Board can revise the budget, if necessary.

Implementing Resolution

Attached for the Agency Director's review and approval is a resolution implementing the FY 2005 Budget. The resolution establishes the revenue, appropriation (expenditure) and capital improvement program budgets for the year. The resolution has been amended from June 8th to reflect an additional \$350,000 for FY 2005 component of the Revised Capital Improvement Program as discussed above.

Recommended Process

A process has been outlined by staff in the companion report in the City Council agenda packet.

Follow Up: Publish document and post budget in accounting system.

Fiscal Impact: Establish the Belmont Redevelopment Agency's revenue budget at \$7,434,272, appropriation budget at \$6,976,347, Capital Improvement Program budget at \$3,035,000, and Net Transfers budget at (\$1,712,550) for Fiscal Year 2004-2005. The FY 2005 Budget contemplates the use of \$4,289,625 in fund balance.

Recommendation: Approve resolution implementing the FY 2005 Revenue, Appropriation and Capital Improvement Program Budgets.

Alternatives:

1. Amend the resolution and adopt an alternative budget.
2. With direction, refer the budget back to staff for further consideration.

Public Contact:

1. Public hearing was legally noticed.

Attachments

1. Resolution adopting FY 2005 Budget
2. Housecleaning Items
3. Economic Development Program Considerations and Capital Improvement Program Considerations

Respectfully submitted,

Thomas Fil, Finance Director

Jere Kersnar, Executive Director

RESOLUTION NO. _____

RESOLUTION ADOPTING THE PROPOSED FY 2005 REVENUE, APPROPRIATIONS AND CAPITAL IMPROVEMENT PROGRAM BUDGETS AND DETERMINING THAT PLANNING AND ADMINISTRATIVE EXPENDITURES OF LOW AND MODERATE INCOME HOUSING FUND MONIES ARE NECESSARY FOR THE PRODUCTION, IMPROVEMENT, OR PRESERVATION OF LOW AND MODERATE INCOME HOUSING FOR THE BELMONT REDEVELOPMENT AGENCY

WHEREAS, the Board of Directors desire to have a fiscal plan for the Belmont Redevelopment Agency in order to plan for anticipated revenues and control expenditures; and

WHEREAS, the fiscal year revenue, appropriation and capital improvement plan for the Belmont Redevelopment Agency is expressed in the budget documents entitled “City of Belmont FY 2005 Budget”; and

WHEREAS, the Board of Directors and the Finance Commission reviewed the proposed budgets for compliance with the goals and objectives of the community; and

WHEREAS, the Board of Directors has held Public Hearings on the programs and fiscal policies to obtain public comments regarding the Proposed Budget document.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors that the Revenue, Appropriations and Capital Improvement Program (CIP) budgets for Fiscal Year 2005 shall be adopted as follows:

Fund	Fund Title	Revenue	Appropriation	Capital	Net Transfers
351	RDA Capital Projects	\$128,765	\$6,750	\$1,535,000	(\$1,712,550)
801	Belmont Redevelopment Agency	596,290	596,290		
822	Low and Moderate Income Housing	1,806,116	1,117,849	1,500,000	
841	Redevelopment Debt Service	4,896,149	5,255,458		
843	Redevelopment Debt Service Reserve	6,952			
	TOTALS	\$7,434,272	\$6,976,347	\$3,035,000	(\$1,712,550)

NOW, THEREFORE, BE IT FURTHER RESOLVED by the Board of Directors of the

Belmont Redevelopment Agency, pursuant to the requirements of state law, hereby determines that the planning and administrative expenses funded with Housing Fund monies as provided for in the FY 2005 Budget are necessary for the production, improvement, or preservation of low and moderate income housing in the City of Belmont based on the following:

- Pursuant to Health and Safety Code Section 33334.3(d), the Agency is required to determine annually that the planning and administrative expenses funded with Agency Low and Moderate Income Housing Fund ("Housing Fund") monies are necessary for the production, improvement, or preservation of low and moderate income housing; and
- The Agency has been provided with a report describing the use of Housing Fund monies for planning and administrative expenses in FY 2005 and the necessity for such expenditures for the production, improvement, or preservation of low and moderate income housing; and
- The Agency now desires to make the determination required by Health and Safety Code Section 33334.3(d).

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the Board of Directors of the Belmont Redevelopment Agency at a regular meeting thereof held on June 22, 2004 by the following vote:

AYES, DIRECTORS: _____

NOES, DIRECTORS: _____

ABSTAIN, DIRECTORS: _____

ABSENT, DIRECTORS: _____

**Secretary of the Belmont
Redevelopment Agency**

APPROVED:

Chair of the Belmont Redevelopment Agency

ATTACHMENT 2

**FY 2005 PROPOSED BUDGET
HOUSECLEANING ITEMS**

Debit:

Fund	Account #	Description	Reference	Amount
841	4637-8588	RDA Bonds: RDA ERAF Payment	1	190,490
822	6101-8351	Housing: Other Professional/ Technical	2	4,000
822	6101-8351	Housing: Other Professional/Technical	3	25,406
		TOTAL		\$219,896

Credit:

Fund	Account #	Description	Reference	Amount
841	4637-8584	RDA Bonds: Tax Rebates	1	190,490
822	5299	Undesignated fund balance	2	4,000
822	6101-8371	Housing: Community Group Funding	3	20,000
822	5299	Undesignated fund balance	3	5,406
		TOTAL		\$219,896

The following explanations are provided in support of the budget adjustments, and

Reference	Explanation
1	To increase RDA ERAF Payment Allocation
2	To increase budget for bond trustee fees
3	To reclassify contracts for housing from Community Group Funding to other professional/technical services and supplement budget per Council direction on June 8, 2004

ATTACHMENT 3

ECONOMIC DEVELOPMENT PROGRAM CONSIDERATIONS AND CAPITAL

IMPROVEMENT PROGRAM CONSIDERATIONS

Economic Development Program Considerations

As previously reported to the RDA Board, staff believes that the limitations on funding and the Agency's inexperience with economic development suggest that an economic development strategy begin with smaller implementation successes. Consequently, with these thoughts in mind, staff recommends the following mix of activities:

- Supporting Business Growth and Development
 1. Authorize staff to prepare a Scope of Services for specific business support activities. Included in this scope would be options for how to secure the necessary expertise to provide business support, including:
 - a. Contracting with the Belmont Chamber of Commerce, including possible participation of NDNU, at an estimated annual cost of \$50,000 to \$100,000¹.
 - b. Recruiting an in-house economic development specialist, with an estimated annual cost of \$121,000 (full-time salary & benefits).
 - c. Hiring specialized consulting services for targeted programs, with per program costs ranging from \$10,000 to \$100,000².

- Dressing up the Boulevards
 1. Direct the staffs of the Parks & Recreation, Public Works and Community Development Departments to prepare "gateway" designs for north El Camino Real and Ralston / Old County Road intersection, at an approximate cost of \$50,000, plus construction costs³.
 2. Direct staff to develop an active marketing program for the Façade Improvement Grant, at approximately \$10,000, plus actual grants⁴.
 3. Direct staff to prepare a targeted code enforcement program for the downtown area, at an approximate cost of \$5,000, plus on-going enforcement costs⁵.

- Making City Government Business-Friendly
 1. Convene a 'blue-ribbon' committee of business and civic leaders to review the City's regulations and other policies, at an approximate cost of \$40,000⁵, plus implementation costs. (This project could be assigned to the in-house ED staff person or contracted out.)

- Building an Economy Around Arts and Education
 1. Direct staff and the Arts Commission to prepare a program to identify business support activities targeted at the arts community for review by the RDA, at an approximate cost of \$25,000⁵, plus implementation costs. (This project will likely need contracted

1 Funding would come from up to \$121,000 in remaining salary savings from Economic Development Manager and \$15,750 in unallocated community group funding.

2 Funding would come from up to \$121,000 in remaining salary savings from Economic Development Manager and capital project budgets, as appropriate.

3 Funding would come from capital project budgets, as appropriate.

4 Funding would come from capital project budgets, as appropriate.

5 Funding would come from up to \$121,000 in remaining salary savings from Economic Development Manager.

expertise.)

As can be seen, most of these actions are intended to yield some quick results:

- Business support activities could yield direct results in the form of new / expanded retail tenants or development proposals for vacant properties, through the Chamber of Commerce, an in-house ED staff person or specialized consultants.
- “Gateway” projects could be constructed within two to three years.
- An effective marketing program could yield more façade improvements within one to three years.
- Targeted code enforcement programs could result in improved appearance of the commercial areas within six months.

Other programs could yield results in the medium term:

- A study of regulatory reform could see changes to the City’s code within one to two years, with local businesses benefiting in three to five years.
- An arts-oriented business support program could yield a more vibrant arts economy in three to five years.

If approved by the Board, each of the recommended programs will include an estimate of the economic benefits expected to be created. As previously described to the Board, this type of analysis is not a perfect science, but can still be useful in helping the Board understand what to expect from its programs.

Capital Improvement Program Considerations

Consistent with the economic development strategy consideration, staff recommends an updated RDA Capital Improvements Program (FY 2005 through 2009) and RDA General Fund plan, shown on the next pages. The proposed plans include the following differences from the currently approved plans:

Proposed RDA Capital Improvements Plan for FY 05 through 09

Project	Amount	FY 05	FY 06	FY 07	FY 08	FY 09	Total
Utility Undergrounding Improvements	\$ 250,000	\$ 50,000	\$ 200,000				\$ 250,000
Façade Improvements	760,000 ¹	160,000	150,000	\$150,000	\$150,000	\$150,000	760,000
LMI Fund Reimbursements	485,000	485,000					485,000
State ERAF takeaway	490,000	490,000					490,000
Street Improvements	1,000,000	100,000	900,000				1,000,000
Gateway Improvements	750,000 ²	150,000	300,000	300,000			750,000
Develop Arts Business Support	425,000 ³	25,000	100,000	100,000	100,000	100,000	425,000
Project Totals	\$4,160,000	\$1,535,000	\$825,000	\$550,000	\$250,000	\$250,000	\$4,160,000
Sources Available (Revised)	\$5,800,000	< This is the total Capital Fund balance of \$7.84 million, less the City Hall project of 2.04 million.					
Undesignated	\$1,640,000	< This is the balance of the Capital Fund available for all other investments and capital projects (Plaza Park, land assembly, development agreements, etc.)					

- 1 Includes \$10,000 for marketing program in FY 05.
- 2 Includes \$600,000 for construction costs (est.) in FY 06 and 07.
- 3 Includes \$100,000 annually for support projects (est.)