

CITY OF BELMONT

FINANCE COMMISSION MINUTES

January 8, 2004

Commissioners Present: Sepah-Mansour, Ledoux, Mannisto, Troyan, Korn, White

Staff Present: Finance Director Fil, Treasurer Violet and Administrative Assistant Voelker

Others Present: Candidate George Kranen, Candidate George Burgess, Candidate Olga Sample, Councilmember Feierbach, and Councilmember Mathewson

1. Commission Vice Chair Mannisto called the meeting to order at 7:40 P.M. Candidate George Kranen made a public comment, asking whether the Finance Commission will recommend to City Council that budget changes be revisited anytime soon, given that the Vehicle Licensing Fees backfill are assured through the end of the year. Commissioner Ledoux responded that this recommendation would be discussed at the mid-year review, coming up in a few months.

2. Moved by Commissioner Ledoux, seconded by Commissioner Troyan, by unanimous voice vote, the Finance Commission minutes of November 6th were approved.

3.

a. Finance Director Fil then reviewed the November financial reports.

i. The General Fund balance stands at \$1.32 million. Director Fil explained that November is historically the lowest month of the year, and that staff is still anticipating a June 2004 balance of \$2.24 million. Total revenues are at 50%, and total expenditures are at 65%, as projected.

He pointed out the large outlays, due to Capital Projects (i.e., City Hall project). In addition, Director Fil noted certain funds that staff is watching closely, such as the Development Services Fund and the Fire Protection District fund, which will be in the positive next month.

In particular, Finance Director Fil alerted the Commission that the Streets Improvement fund is an ongoing issue for Belmont, as Measure A funds will expire in 2008. If this measure is not re-adopted, there will be no funds for street improvements.

In response to a question posed by Commissioner Korn, Director Fil responded that, in contrast to street maintenance, which comes out of Fund 231 (Gas Tax), street improvements extend the life of an asset and include such improvements as slurry seals, overlays, re-paving, and reconstruction, whereas street maintenance includes repairs such as striping, repairing potholes and cracks, etc.

Director Fil then reviewed the City Hall retrofit/Police Facility Capital Project Fund, which stands at \$5.5 million. He noted that this fund will begin to decline as progress payments are disbursed for the City Hall project. In addition, the Library Project fund shows a negative amount because staff has been booking these funds on the balance sheet as prepaid expenses.

In response to a question by Councilmember Mathewson, Finance Director Fil mentioned that the ERAF fund doesn't show up on these reports because the County takes it from the gross amount, and the reports show only net balances.

ii. Director Fil briefly reviewed the purchasing and disbursement reports. He assured the Commission that staff is aware of their request to add an additional column indicating when multiple invoices are paid and is currently working on a method to achieve the desired goal.

Moved by Commissioner Ledoux, seconded by Commissioner Troyan, by unanimous voice vote, the November financial reports were noted and filed.

iii. Finance Director Fil gave a brief update on Capital Projects:

a The Police Facility/City Hall project is currently under construction and progress has been smooth.

b The new Library project is in the midst of the schematic design phase, and is scheduled to go to the Planning Commission for approvals in March. Staff will be finalizing the bond sale sometime next week, originally scheduled for January 14th. However, this date may be pushed back a few days in order to ensure that rating agencies have the comfort they need to attain a natural A rating. Director Fil added that the cost of insurance to get from an A rating to a AAA rating will be significantly less (i.e., 80% difference), saving hundreds of thousands of dollars.

b. Treasurer Violet then reviewed the monthly Treasurer's report for the City of Belmont, noting that there was an ending balance of roughly \$26.8 million. He explained that the Commission will see a boost in receipts in next month's reports. He also pointed out that a little over \$2 million in loan money has been repaid to Oracle.

In addition, Treasurer Violet noted the new ERAF (Educational Relief Augmentation Fund) fund, citing that its enactment by legislature had been extended into RDA revenues. There is a disagreement between the City and the School District as to whether the Belmont-Redwood Shores School District actually receives this money. The City holds that it does, but that the District receives the funds from the County rather than from the City directly.

In response to a question by Commissioner Ledoux, Director Fil stated that the City intends to resolve this matter through dialogue between the two organizations. However, there has been threatened litigation with regards to this matter, so the City will be very cautious with any details being disclosed to the Commission and the public. For now, direction from City Council was to create the account, and this Treasurer's report shows the first payment.

Treasurer Violet provided detail on the remainder of the report, noting that all accounts have been reconciled and signed off.

Treasurer Violet then reviewed the Treasurer's report for South County Fire Authority, with an ending balance of approximately \$1.2 million. He reported that all accounts were reconciled and approved.

On a motion by Commissioner White, seconded by Commissioner Troyan, by unanimous voice vote, the November Treasurer's Reports were noted and filed.

4. Director Fil then introduced the topic of Commissioner Appointments, stating that there are currently 2 vacancies on the Commission. Three active applications have been submitted by Candidate George Burgess, Candidate Olga Sample, and Candidate George Kranen.

Vice Chair Mannisto suggested tabling this agenda item for the next meeting, when Chair Lieberman is present. The Commission agreed.

5. Director Fil suggested to the Commission to reschedule the discussion of the Sarbanes-Oxley Act of 2002 for discussion at a later date, rather than continuing to table the issue. The Commission agreed and decided to schedule the agenda item for discussion at the August 2004 meeting.

6.

a. Vice Chair Mannisto called for Commissioners to volunteer to be present at the next two upcoming Council meetings. Commissioner Korn volunteered to attend the January 13th meeting, and Commissioner Troyan will be the designate attendee at the January 27th meeting.

b. Commissioner Sepah-Mansour then reported to the Commission that there was very little update on the Economic Development Strategy Committee since last month. He noted that there will be an Economic Summit meeting held on Saturday, January 24th, from 9:00-12:00, and all Commissioners are encouraged to attend.

In addition, Director Fil also recommended that the Commission try to attend the meeting; he mentioned that there will be brief presentations on 8 key topics related to economic development, including, but not limited to, Revenue Diversification, Financing Tools, Business Retention, Downtown, and Planning/Zoning.

If attending, the Commission will hear direction from Council on the future of Belmont's economic development, they will learn a great deal, and will have the opportunity to interact with Belmont business owners, consultants, and Planning Commissioners.

Before concluding, Commissioner Ledoux posed a question to Director Fil regarding the Monthly Finance Department Report, which provides a progress report to Council and the Commission on current projects that the Finance Department is working on. In particular, Commissioner Ledoux noticed that staff is making significant progress with the Business License audit, performed by an outside consultant. Director Fil responded, noting that the consultant is in the midst of wrapping up a Business License audit, and that through this endeavor,

staff has collected over \$290,000 in unpaid Business License dues, which amounts to over 70 businesses identified.

7. Vice Chair Mannisto recommended tabling the discussion of the Annual Finance Commission Reorganization to take nominations for a new Chair and Vice Chair until the next meeting, when Chair Lieberman would be present. The Commission agreed.

Before concluding the meeting, Commissioner Ledoux asked about the status of Councilmember Warden's discussion with the Fire Authority Board, mentioned at the last meeting. Director Fil responded that Councilmember Warden did introduce the topic at the last Fire Board meeting, but will dialogue more with the Board at the next upcoming meeting. Director Fil assured the Commission that he will bring the Finance Commission an update on the Board's decision for the Finance Commission to study the Authority's finances at the February meeting.

8. Moved by Commissioner Ledoux, seconded by Commissioner White, by unanimous voice vote the meeting was adjourned at 8:42 p.m.

Sincerely,

Thomas Fil

Finance Director