

# CITY OF BELMONT

## FINANCE COMMISSION MINUTES

April 1, 2004

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

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

Others Present: Candidate Mike Loo, Candidate Kathy Steinkamp, Councilmember Bauer, Councilmember Feierbach, and Planning Commissioner Bill Dickenson

1. Commission Chair Lieberman called the meeting to order at 7:41 P.M. There were no public comments.

2. Moved by Commissioner White, seconded by Commissioner Sepah-Mansour, by unanimous voice vote, the Finance Commission minutes of March 4<sup>th</sup> were approved.

3.

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

i. The General Fund balance stands at roughly \$1.7 million, a slight

improvement from last month. This increase was mainly due to reimbursements from bond proceeds. However, this number doesn't reflect incoming taxes, which will show up in April's financial report.

Director Fil noted that the Recreation Fund is at 90% in revenues and expenditures, which is a slight improvement. The Commission will begin to see more revenues picking up in the next coming months, especially in June.

In response to a question posed by Chair Lieberman regarding progress in balancing the Recreation Fund's budget, Director Fil explained to the Commission that Council directed that a policy be constructed regarding subsidies around pricing of recreation programs. Staff, with the help of Chair Lieberman, developed a model that examines direct costs, and came up with a mechanism that alerts the recreation staff whether the cost of a particular program is within the policy limits, and what is required to make sure that program is in sync with the limits.

Director Fil reported that, so far, the model has received good acceptance with staff and that it has helped tremendously in determining what fees should be changed. It also gives a target of how much the General Fund is subsidizing these services. This program will go back to City Council soon, in the form of a report, and will hopefully receive a recommendation to go forward as a permanent budgetary solution.

In response to a question by Commissioner Ledoux, Director Fil stated that the model showed an additional \$25,000 in revenue is needed overall with a 20% increase in Adults Sports programs/classes. Commissioner White asked if a 20% fee increase was unrealistic? Director Fil responded that, at this point, that is a large fee increase, and would require a multi-year phase in.

Turning the Commission's attention back to the financial reports, Director Fil responded to a question posed by Commissioner Troyan with regards to the

negative \$985,000 in Street Improvements Fund. He explained that this is mainly due to a timing difference when the City will receive reimbursements on the work related to Ralston Ave. The Public Works Department is working on the necessary documentation to submit for grant reimbursement.

Responding to a question by Commissioner Sepah-Mansour, Director Fil assured the Commission that staff does expect this fund to balance once the reimbursements are received.

Director Fil then pointed out the Street Maintenance Fund (231) is in trouble due to being based on a flat revenue source, rather than a percentage of sales.

Chair Lieberman then inquired as to what extent Belmont would be liable for impending street problems if maintenance and improvements are not as frequent due to budgetary measures. Director Fil stated that bad streets will get worse and postponing maintenance now to save money may end up incurring more cost in the long run.

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

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

a The Police Facility/City Hall project is moving along, estimated to be approximately 1/3 complete. He pointed out

that the majority of high-risk exposure work has been completed and that workers have penetrated all 3 floors. Although the thickness of the slab has made X-raying difficult, the project is progressing smoothly and change orders have been within expectation. Workers will continue to proceed cautiously with any high-risk work that remains to be done.

b The Ralston/101 Interchange has been mobilized. There will be a ribbon-cutting ceremony on Monday, April 5<sup>th</sup>. Director Fil stated that this project is of no financial risk to the City. In response to a question by Commissioner Ledoux, Director Fil answered that Belmont contributed nearly \$2 million (plus interest) to this project, stemming mainly from property taxes in Island Park, as well as a State grant. This brings the total to about \$7 million from Belmont.

c The Library project has received all necessary approvals from the Parks & Recreation Commission and the Planning Commission. An additional funding source has helped to secure a 20,040 square foot library, although the source has not yet been publicly announced. Director Fil assured the Commission

that the library will be a fine facility that will be extremely inviting for the community.

b. Treasurer Violet then reviewed the monthly Treasurer's report for the City of Belmont, noting that there was an ending balance of roughly \$28 million. He mentioned that the Belmont Fire Protection District began the month with a positive balance and ended in the negative, confirming that there are some issues with this agency. He also notified the Commission that investments in LAIF have dropped to nearly 1.4% and hopes that this rate has finally bottomed out.

Treasurer Violet provided detail on the remainder of the report, including LAIF investments. He noted 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 \$747,000, pointing out that the Authority's funds are gradually dwindling.

Candidate Loo asked if these declining funds are a liability for the General Fund? In response, Finance Director Fil explained that the liability is on the Fire Protection District; there have been bridge loans to get through the '04 budget, but these loans required repayment. He also pointed out that the Authority has recently cut 1 company (from 5 to 4) through staffing reductions and that these actions will continue until the budget is balanced.

Director Fil predicts that the Authority will end the year with a very meager balance and that finances will only continue to get worse, as the Authority is expecting a big increase in retirement benefits in July 2005. In response, the Finance Commission has created a sub-committee to work on proposing other actions that will help in building a more fiscally sound Fire Authority.

Treasurer Violet reported that all accounts for South County Fire were reconciled and approved. On a motion by Commissioner Ledoux, seconded by Commissioner Sepah-Mansour, by unanimous voice vote, the February Treasurer's Reports were noted and filed.

4.

a. Commissioner Sepah-Mansour had nothing new to report from the March City Council meeting he attended as Finance Commission liaison.

Chair Lieberman called for Commissioners to volunteer to be present at the upcoming Council meetings. Commissioner White volunteered to attend the April 13<sup>th</sup> meeting, and Commissioner Troyan said he would be present on April 27<sup>th</sup>.

Chair Lieberman encouraged all Commissioners to attend the April 13<sup>th</sup> meeting, as much discussion will be devoted to the Redevelopment Agency, its 10-year extension, the Economic Development program, prioritization of bond proceeds, etc. He reminded the Commission that RDA issues are relevant to the Commission and that issues such as private and public improvements and the construction of a downtown, will all help Belmont's financial future.

b. Treasurer Violet had nothing new to report for the City Treasurer Update.

c. Chair Lieberman then updated the Commission on the South County Fire Special Financial Project Sub-Committee. The committee has held 2 more meetings, one of which was an interview with consulting Fire Chief Lowden.

Commissioner Ledoux added that the meeting was quite informative; the committee had prepared a series of questions for the Chief, with an emphasis on the service level impacts of going from 5 to 4 companies. Commissioner Ledoux commented that Chief Lowden offered very candid answers and was very knowledgeable.

Treasurer Violet also commented on Chief Lowden's observations regarding changes in the nature of fire service, noting that 65%-70% calls are medically related. He also mentioned that there was some discussion that the Authority is the lead in taking financial cuts, and that the long-term impacts will be felt as budgetary cuts begin to affect mutual aid backfills, as well.

Councilmember Bauer commented that looking at a consolidation is becoming more of a reality. In addition, Councilmember Feierbach

noted that there is an item on the Fire Commission agenda to discuss a Benefit Assessment Tax like that which was passed in Pacifica. This would require a 50% vote rather than a 2/3 vote, and would bring in considerable revenue for the Authority.

Chair Lieberman concluded by commenting that the sub-committee plans to review Chief Lowden's report, due in April, and will then begin to discuss issues that have not been proposed yet. In this way, the sub-committee is able to add value, rather than reiterating what has already been proposed. He suspects that the sub-committee will have more to report to the Commission at the May meeting.

5. Moved by Commissioner Ledoux, seconded by Commissioner Troyan, by unanimous voice vote the meeting was adjourned at 8:55 p.m.

Sincerely,

Thomas Fil

Finance Director