



## **Staff Report**

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REPORT ON MID YEAR FINANCIAL RESULTS – DECEMBER 31, 2005.

Honorable Mayor and Council Members:

### **Summary**

The City of Belmont performs a Mid-Year Review of its financial results. The attached reports and analysis summarize the financial results for the six months ended December 31, 2005 and identifies mid term corrective action required to the Budget.

### **Background and Discussion**

#### *Executive Summary-*

The Executive Summary includes a recap of the FY 06 fiscal status, recommends budget corrections, and addresses other Mid-Year Budget clean-up items. This summary is shown as Attachment A and will be presented as a PowerPoint presentation at the meeting.

#### *Mid Year Financial Results-*

To further assist in the analysis of the Mid-Year Review, six month financial results are provided at three levels, with progressively more detail.

The highest level report is titled Performance at a Glance. This report measures performance in two important areas: General Fund balance trends and year-to-date revenues and expenditures on a budget to actual basis. These measurements are indicative of the City's general financial health and the ability to meet expected results.

The mid-level report is titled Fund Recap at a Glance. On a single page, this report lists all year-to-date revenue and expenditure activity by fund. Furthermore, a comparison to budget is provided. This report is intended to highlight economic activity at the fund level and focus attention on budgetary compliance.

The detail report is titled Statement of Revenues and Expenditures – Budget Variance Report and is intended as a companion to the Fund Recap at a Glance report. This report can be used to "drill down" to the detail information for purposes of comparing the year-to-date budget (i.e., what we thought we were going to receive or spend for the period) against actual (i.e., what we really received or spent during the period) for each major revenue source and expenditure division/service center. To facilitate the Council and Commission's review and reconciliation to other reports, the expenditure detail has been sorted in both functional and fund orders.

These reports are shown as Attachment B.

Budget Augmentation Requests and Implementing Resolution-

Staff has prepared a draft budget resolution for Council's consideration. The budget resolution incorporates requests that fall into the following categories: 1) new appropriations required to complete the fiscal year or 2) items reflecting actions previously approved by City Council. In the former case, departments have prepared explanations for divisions/service centers with unfavorable expenditure budget variances at mid-year (\$10,000) or projected year-end (\$25,000) and any corrective action planned to mitigate the variance. It is important to note most department budgets are well within the approved budget authority.

The implementing resolution and explanations are presented as Attachment C.

Other Considerations-

➤ Funds Review

Staff has identified two funds that potentially could fall into deficit by fiscal year end. The following describes the condition and actions taken relative to these funds.

□ Fund 205 - Recreation Services:

As of December 31, 2005, the Fund has a deficit of \$61,000. Staff is projecting a deficit of \$93,000 prior to any corrective action for the fiscal year inclusive of a General Fund subsidy of \$614,533. As part of the City's Fiscal 2006 Adopted Budget, the City Council approved the subsidy with the requirement that staff prepare a plan to mitigate costs. For the past several months, staff has been working with Parks and Recreation Department to develop alternatives for City Council's consideration. The City Manager has directed the Parks and Recreation Director to present a plan to address the financial condition. At the time of the writing of this report the plan was not available. However, should the Parks and Recreation Department be able to continue its current expenditure trends similar to the months of January and February much of the deficit could be reversed.

- Fund 210 – Development Services:  
As of December 31, 2005, the Fund has a deficit of \$154,000 and a projected deficit of \$350,000 for the fiscal year, prior to any corrective action. Staff intends to bridge the deficit through the following corrective actions:
  1. Temporary Encroachment Permits - \$20,000
  2. LMI Advancement Permit Fees - \$100,000
  3. Increased application activity - \$50,000
  4. Position vacancy - \$100,000

➤ New Funds

Staff has identified new funding sources and request to establish the following funds.

- Fund 312 - Public Education Government (PEG) Access Channels:  
At the November 22, 2005 City Council Meeting, the City Council agreed to a new franchise agreement with Comcast of California IX, INC (Comcast). The agreement included a PEG Access Capital Grant for additional access channels and interface equipment in an amount not to exceed \$431,663 over a ten-year period. Also, included a Construction Credit for a fiber networking system within the City in an amount not to exceed \$373,076 and to be completed by December 31, 2007. As of the writing of this report the City has received \$215,098 from Comcast for the PEG Access Capital Grant project.
- Fund 530 - Solid Waste Fund:  
At the December 7, 2005 Finance Commission Meeting, the Finance Commission discussed the uses of the additional funding from the renewed Allied Waste Management (formerly BFI) agreement for \$634,212 over a four year period. The Finance Commission recommended the monies be split equally between the General Fund and the new Solid Waste Fund. The Solid Waste Fund will be used to analyze and determine appropriate rate structure for landfill. As of the writing of this report the City has received \$164,020 from Allied Waste Management.

➤ Police

❑ Community Services Officer:

The City Council requested the Police Department review the possibility of hiring an additional Community Services Officer. The Police Department was in the process of evaluating its current staffing levels and will provide a Staff Report at a future meeting.

❑ Police Personnel Classification:

Staff is requesting that Council amend the City's classification plan to create the new position of Police Lieutenant. The creation of a new position in the City's classification plan requires Council approval. The Police Department proposes to eliminate one administrative sergeant position and add a new Lieutenant position. This change in positions is shown in the implementing resolution as Attachment A – Exhibit A.

Finance Commission Recommendation on Permanent Staffing Plan-

At the request of City Council, the Finance Commission reviewed staffing changes in the Community Development and Police Departments. The Finance Commission recommended the following changes to the Permanent Staffing Plan:

1. Addition of a full-time Housing Specialist and Associate Planner (net addition of one FTE).
2. Promotion of an Administrative Sergeant to Lieutenant.
3. Allow the flexibility in the Permanent Staffing Plan to overhire Police Trainees, based upon receipt of a written notice of separation, retirement and/or resignation of an existing Police Officer.

The Permanent Staffing Plan is shown as Attachment C as part of the City's draft budget resolution as Exhibit A.

**Fiscal Impact**

Reference the budget resolution and Budget Correction Plan.

**Public Contact**

Posting of City Council agenda.

**Recommendation**

Direct staff to return with a final resolution amending the FY 06 Budget.

**Alternatives**

1. Direct staff to take other corrective measures.
2. Take no action.

**Attachments**

- A. Executive Summary (City Council Meeting Presentation)
- B. Financial Results Reports
- C. Budget Resolutions and Variance Explanations

Respectfully submitted,

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Erick Cheung  
Controller

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Thomas Fil  
Finance Director

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Jack R. Crist  
Interim City Manager

**Staff Contact:**

Thomas Fil, Finance Director  
(650) 595-7435

[tfil@belmont.gov](mailto:tfil@belmont.gov)

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION AMENDING THE FISCAL YEAR 2006 BUDGET AND APPROVING A REVISION TO REVENUE AND SUPPLEMENTAL APPROPRIATION.**

**WHEREAS**, City of Belmont requires additional funding for expenditures identified hereto, and

**WHEREAS**, the City of Belmont City Council finds that it is necessary to augment the budget for those expenditures, and

**WHEREAS**, there is additional revenue and undesignated fund balances available to cover the augmentation, and

**WHEREAS**, the following accounts require adjustment to address the variances as a result of not being included in the regular budget process, and

**WHEREAS**, amending the Permanent Staffing Plan pursuant to Exhibit A, and

**Debit:**

Fund	Account #	Description	Reference	Amount
223	4228-8322	Belmont Fire Protection Legal Services	1	\$ 25,000.00
223	4228-8351	Belmont Fire Protection Other Professional Services	1	25,000.00
822	6101-8351	Housing Specialist Salary	2	55,839.00
101	21048101-21048299	Support Service Salary and Benefits	3	6,434.00
234	4312-3060-9030	Granada Street Project	4	225,000.00
306	4190-2053-9020	Capital Project – Library	5	637,507.00
305	4510-2055-9020	City Hall/ Police Facility Project.	6	305,314.00
210	5299	Undesignated fund balance	7	18,000.00
101	2103-8610	EOC General Supply	8	23,000.00
101	4153-8211	Benefits for City Attorney - PERS	9	12,500.00
101	4153-8232	Benefits for City Attorney - Medicare	9	1,450.00
101	4153-8285	Benefits for City Attorney - Workers Compensation	9	1,000.00

305	4510-9020	City Hall/ Police Facility Project.	10	49,000.00
308	4999-9612	Transfer to City Hall/ Police Facility Project.	10	49,000.00
101	2101-8111	Crime Control - Overtime	11	30,000.00
312	5299	Undesignated fund balance	12	215,098.00
101	5299	Undesignated fund balance	13	82,010.00
530	5299	Undesignated fund balance	13	82,010.00
			TOTAL	\$ 1,843,162.00

**Credit:**

Fund	Account #	Description	Reference	Amount
223	5299	Undesignated fund balance	1	\$ 50,000.00
822	5299	Undesignated fund balance	2	55,839.00
101	5299	Undesignated fund balance	3	6,434.00
234	5299	Undesignated fund balance	4	225,000.00
306	7270	Donation from Rotary Club	5	40,000.00
306	7270	Donation from Taube Family Foundation	5	60,000.00
306	7270	Donations Friends of the Library Fundraising	5	263,145.00
306	7111	Interest income from Bond Funds	5	274,362.00
305	5299	Undesignated fund balance	6	305,314.00
210	6232	Encroachment Permit	7	18,000.00
101	5299	Undesignated fund balance	8	23,000.00
101	5299	Undesignated fund balance	9	14,950.00
308	5299	Undesignated fund balance	10	49,000.00
305	7631	Transfer from General Facilities Fund	10	49,000.00
101	5299	Undesignated fund balance	11	30,000.00
312	6133	Public Education Government Capital Grant	12	215,098.00
101	6132	Renewed BFI Agreement	13	82,010.00
530	6132	Renewed BFI Agreement	13	82,010.00
			TOTAL	\$ 1,843,162.00

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

Reference	Explanation
1	Increase budget for Belmont Fire Protection District for legal services & professional assistance for South County Fire Authority.
2	Increase budget for Housing Specialist.
3	Increase budget for Police Department and amend the Permanent Staffing Plan to add a Lieutenant by reducing a Sergeant.
4	Record budget for completion of the Granada Project.
5	Record budget for Library Fund donations and interest income.
6	Record budget for the prior year remaining encumbrance for City Hall/ Police Facility Project.
7	Record budget for Temporary Encroachment Permit for Autobahn Motors.
8	Record budget for purchase of seven flat screen Plasma TV monitors for EOC.
9	Record budget for City Attorney's benefits.
10	Increase budget for completion of City Hall Project/Police Facility Project.
11	Increase budget for Crime Control Overtime.
12	Record budget for Capital Grant from Comcast Franchise Agreements.
13	Record budget for additional funds from renewal of Allied Waste Management Agreement.

**NOW, THEREFORE, BE IT RESOLVED** the City Council of the City of Belmont hereby amends the Fiscal Year 2006 Budget in the amount of \$1,843,162.

\* \* \* \* \*

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of Belmont at a regular meeting thereof held on March 28, 2006 by the following vote:

AYES, COUNCILMEMBERS: \_\_\_\_\_

NOES, COUNCILMEMBERS: \_\_\_\_\_

ABSTAIN, COUNCILMEMBERS: \_\_\_\_\_

ABSENT, COUNCILMEMBERS: \_\_\_\_\_

\_\_\_\_\_  
CLERK of the City of Belmont

APPROVED:

\_\_\_\_\_  
MAYOR of the City of Belmont

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION AMENDING THE FISCAL YEAR 2006 BUDGET AND APPROVING A REVISION TO REVENUE AND SUPPLEMENTAL APPROPRIATION.**

**WHEREAS**, Belmont Fire Protection District requires additional funding for expenditures identified hereto, and

**WHEREAS**, the Belmont District Directors finds that it is necessary to augment the budget for those expenditures, and

**WHEREAS**, there is additional revenue and undesignated fund balances available to cover the augmentation, and

**WHEREAS**, the following accounts require adjustment to address the variances as a result of not being included in the regular budget process, and

**Debit:**

Fund	Account #	Description	Reference	Amount
223	4228-8322	Belmont Fire Protection Legal Services	1	\$ 25,000.00
223	4228-8351	Belmont Fire Protection Other Professional Services	1	25,000.00
			TOTAL	\$ 50,000.00

**Credit:**

Fund	Account #	Description	Reference	Amount
223	5299	Undesignated fund balance	1	\$ 50,000.00
			TOTAL	\$ 50,000.00

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

Reference	Explanation
1	Increase budget for Belmont Fire Protection District for legal services & professional assistance for South County Fire Authority.

**NOW, THEREFORE, BE IT RESOLVED** the District Directors of the Belmont Fire Protection District hereby amends the Fiscal Year 2006 Budget in the amount of \$50,000.

\* \* \* \* \*

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the District Directors of the Belmont Fire Protection District at a regular meeting thereof held on March 28, 2006 by the following vote:

AYES, DISTRICT DIRECTORS: \_\_\_\_\_

NOES, DISTRICT DIRECTORS: \_\_\_\_\_

ABSTAIN, DISTRICT DIRECTORS: \_\_\_\_\_

ABSENT, DISTRICT DIRECTORS: \_\_\_\_\_

\_\_\_\_\_  
CLERK of District

APPROVED:

\_\_\_\_\_  
CHAIR of the Belmont Fire Protection District

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION AMENDING THE FISCAL YEAR 2006 BUDGET AND APPROVING A REVISION TO REVENUE AND SUPPLEMENTAL APPROPRIATION**

**WHEREAS**, Belmont Redevelopment Agency requires additional funding for expenditures identified hereto, and

**WHEREAS**, the Board of Directors finds that it is necessary to augment the budget for those expenditures, and

**WHEREAS**, there is additional revenue and undesignated fund balances available to cover the augmentation, and

**WHEREAS**, the following accounts require adjustment to address the variances as a result of not being included in the regular budget process, and

**Debit:**

Fund	Account #	Description	Reference	Amount
822	6101-8351	Housing Specialist Salary	1	\$ 55,839.00
			TOTAL	\$ 55,839.00

**Credit:**

Fund	Account #	Description	Reference	Amount
822	5299	Undesignated fund balance	1	\$ 55,839.00
			TOTAL	\$ 55,839.00

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

Reference	Explanation
1	Increase budget for Housing Specialist.

**NOW, THEREFORE, BE IT RESOLVED** that the Redevelopment Agency of the City of Belmont Board of Directors, hereby amends the Fiscal Year 2006 Budget in the amount of \$55,839.

\* \* \* \* \*

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the Redevelopment Agency of the City of Belmont Board of Directors at a regular meeting thereof held on March 28, 2006 by the following vote:

AYES, DIRECTORS: \_\_\_\_\_

NOES, DIRECTORS: \_\_\_\_\_

ABSTAIN, DIRECTORS: \_\_\_\_\_

ABSENT, DIRECTORS: \_\_\_\_\_

\_\_\_\_\_  
SECRETARY, Redevelopment Agency

APPROVED:

\_\_\_\_\_  
CHAIR, Redevelopment Agency