

CITY OF BELMONT



BUDGET BRIEF FISCAL YEAR 2021



MISSION

To enrich the quality of life for our community with the services provided for a safe, fulfilling and vibrant life.

VISION

We are celebrated for enhancing:

- Distinctive community character
- Easy mobility
- Natural beauty
- Thriving culture
- Thriving economy

VALUES

- Our Citizens – our top priority
- Our employees – our most important resource
- Honesty, integrity, respect and ethics
- Open government
- Fiscal responsibility
- Quality services
- Continuous improvement

STRATEGIC FOCUS AREAS

- Infrastructure and Mobility
- Economic Development and Housing
- Fiscal and Organizational Sustainability
- Public Safety
- Quality of Life

STRATEGIC FOCUS AREAS



INFRASTRUCTURE AND MOBILITY

GOAL: A transportation, facilities and infrastructure system that maintains and improves our community to meet current and future demand.

OBJECTIVES:

- Advance sewer and storm improvements
- Advance pavement and street improvements
- Enhance multi-modal transportation
- Improve parks and facilities



ECONOMIC DEVELOPMENT & HOUSING

GOAL: Local business, land use and housing policies to support economic development, downtown revitalization and diversity of housing choices.

OBJECTIVES:

- Coordinate housing and land use
- Implement Economic Development strategy



FISCAL AND ORGANIZATIONAL STABILITY

GOAL: Long-term financial stability and investment in our employees to strengthen organizational development and effectiveness.

OBJECTIVES:

- Ensure fiscal/revenue sustainability
- Strengthen organizational development



PUBLIC SAFETY

GOAL: Forward-thinking public safety services aligned with community needs, including civic engagement, partnerships and public education.

OBJECTIVES:

- Ensure public safety — Police and Fire



QUALITY OF LIFE

GOAL: Maintain and enhance Belmont's character and quality of life in our community.

OBJECTIVES:

- Promote place-making
- Improve parks and recreational programs and facilities
- Expand communication and outreach

CITY MANAGER'S MESSAGE

Like Aesop's fable *The Ant and the Grasshopper*, for many years we've operated in a culture of frugality, preferring to be hardworking ants who save for harsh winters, rather than carefree grasshoppers forced to beg for food. The days of necessity have arrived. Sparked by the global COVID-19 pandemic, addressed further in this Budget Brief, our Finance team and the entire City staff have been hard at work preparing the FY21 Budget in light of this recession. We are pleased to present this summary of their work to our community, the FY 2021 Belmont Budget Brief.

ALIGNING WITH COUNCIL AND COMMUNITY PRIORITIES

In addition to providing exceptional core services, we are strategically aligning our budget to the City Council's new 2020 Strategic Plan, categorized into five focus areas. The plan was developed largely in response to community voiced priorities over the past several years and includes the following Strategic Focus Areas:

- 1-Infrastructure & Mobility
- 2-Economic Development & Housing
- 3-Fiscal & Organizational Sustainability
- 4-Public Safety
- 5-Quality of Life

MAINTAINING A BALANCED BUDGET

The FY 2021 Budget is balanced, consistent with established fiscal policy. We anticipate General Fund revenues of \$27.4M, and expenditures of \$27.8M, factoring in transfers. These efforts proactively address deferred maintenance and reduce risk to the General Fund from aging infrastructure. We expect to end the year with an unrestricted reserve balance of \$10.8M (\$10.4M excluding Measure I), which is favorable compared to the target 33% operations reserve established by the Council. Total revenues of \$103.2M and expenditures of \$109.8M are proposed.

We maintain a balanced budget through a careful mix of cost control measures, creative revenue generation and diversity of revenue. We run a lean organization, relying on staff talent to drive efficiency; we utilize consultants appropriately to address periodic gaps in resources, and we collaborate with partner agencies on shared service efforts. Wherever possible, fees, charges and other revenues cover the cost of services and activities for which they were intended, applied as determined by City Council. Finally, we seek to diversify and stabilize our revenue sources to help prevent impacts from a decline in any one source.

The Governor's May Revise budget proposal includes no additional takeaways from the State, which does factor in the \$54 billion in COVID-19 impacts. This is a dramatic change from years when the State was building reserves, and the change allows us to not only maintain our own balanced budget but continue planning ahead.

ENSURING PUBLIC SAFETY

As always, public safety remains a top priority, both for the City and community who have expressed clearly their desire to see us maintain emergency response times and neighborhood police patrols.

The Belmont Fire Protection District benefits from improved property tax receipts and as proposed, will end FY 2021 with an unrestricted reserve balance of \$9.4M. This is the result of a marked improvement in property tax revenues and savings from shared services with neighboring communities, which also yields significant service improvements.

STAYING FOCUSED ON INFRASTRUCTURE AND CAPITAL IMPROVEMENT

Repairing worn infrastructure remains of utmost concern for our community. The FY 2021 Budget supports street, storm drain, sewer and park improvements, using a combination of emergency repair reserves, general facility improvement funds, and Measure I and RMRA funds within our Capital Improvement Program (CIP). The FY 2021 Budget allocates \$24M in CIP, while our five-year CIP is \$65.4M.

However, the magnitude of deferred infrastructure costs, estimated in the hundreds of millions, demands sustainable, recurring action to prevent infrastructure failure. The City will continue efforts to engage the community in conversation about our infrastructure challenge, particularly in the area of storm drainage.

SUSTAINING LONG-TERM NEEDS

The City uses the long-term forecast to determine General Fund reserve needs. The FY 2025 projection ends with a fund balance below both the \$5M minimum set by policy and the 33% operations reserve target, which should be over \$8M. Our reserve provides security for the City to bounce back from natural or man-made disasters, and is key for protecting us from catastrophic losses.

The FY 2021 Budget designates \$250k towards the contingency reserve to provide us with flexibility in addressing problems or opportunities when they arise. Long-term challenges include addressing our ever-growing pension liabilities and maintaining infrastructure, already past due for maintenance.

The Fire District's five-year forecast predicts stable reserve levels above the 33% operating expenditure target at the close of FY 2025, with a Projected Unrestricted Fund Balance of \$17.5M, which is \$13.5M above the policy reserve target.

In closing, we are confident the FY 2021 budget serves the needs of Belmont. We have strategically planned our resources to make the City safer, stronger and healthier by improving community development standards, investing in community assets and advancing housing opportunities. And we are doing this while establishing fiscal stability, promoting economic development and strengthening reserves.

While there will be challenges ahead, there is reason for hope of a better future based on the actions taken today.



Afshin Oskoui, P.E., PWLF
City Manager



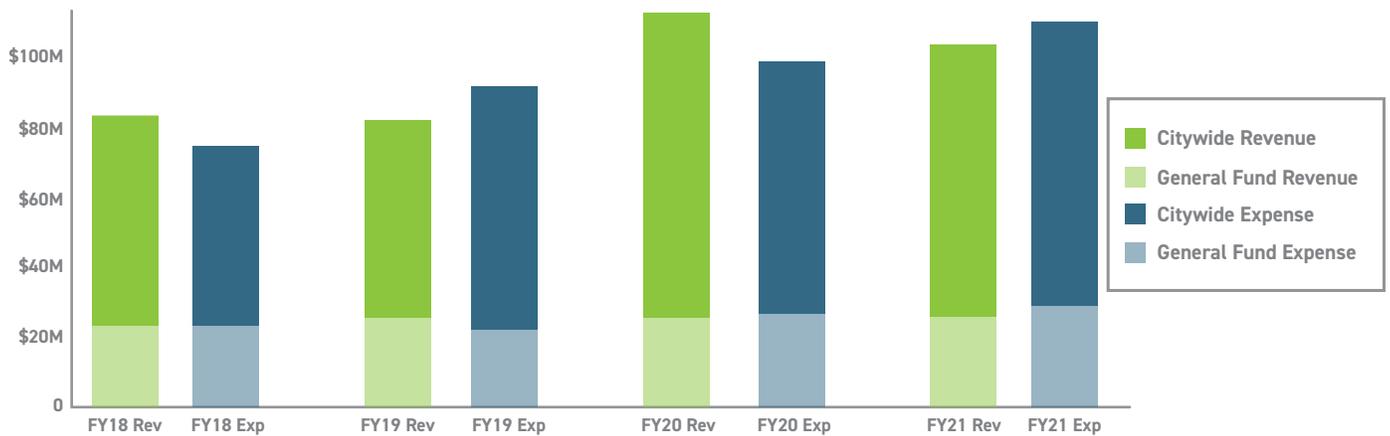
CITYWIDE BUDGET AT-A-GLANCE

For FY 2021, total city-wide revenues and expenditures are \$103.2M and \$109.8M, respectively, with General Fund revenues and expenditures totaling \$26.1M, and \$28.4M, including transfers and factoring out Measure I. The reduction in revenues is anticipated to be temporary and is impacted by COVID-19, including the timing in which we receive revenues. We anticipate the crisis will subside and our revenues will stabilize in the out years. During these difficult times, the City will continue to be fiscally prudent and while providing quality service to the residents and businesses in the community.

It is important to note that Belmont continues to run a lean organization and provides staffing to the community with 134.3 permanent full time equivalents (FTE) employed by the City, which represents a reduction of 0.42 FTEs. The reduction stems from actions previously taken by the electorate. FY21 will be the first full year in which the positions of Clerk and Treasurer will be appointive.

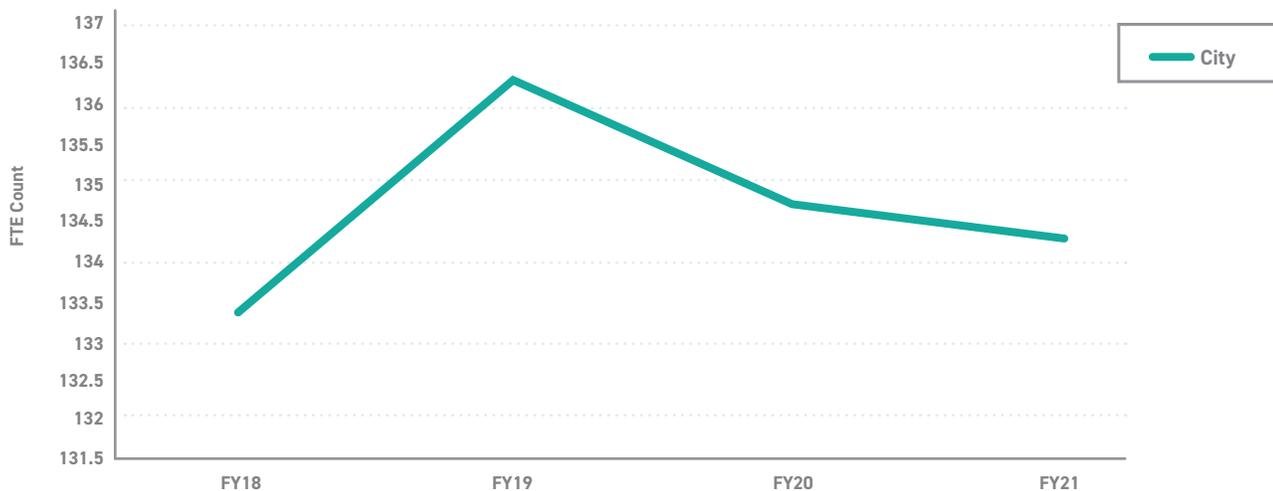
TOTAL REVENUES & EXPENDITURE TRENDS (IN MILLIONS)

City-wide and General Fund Trends



STAFFING TRENDS

FTE Trends



FY 2020-21 ACHIEVEMENT HIGHLIGHTS

INFRASTRUCTURE & MOBILITY

Sewer and drainage maintenance achievements include investment in the City's sewer and water systems with replacement and rehabilitation projects in the Ralston Corridor and Shoreway Road areas. Completed a Measure I project to replace storm drains and rehabilitate existing drainage pipes in areas identified as needing improvements throughout the City. Mobility and transportation achievements include completion of a majority of the Ralston Avenue Corridor Segments 1 and 2 Improvements, improving safety for pedestrians and bicyclists along Ralston Avenue and adjacent streets from US 101 to South Road – including a new HAWK (High Intensity Activated Crosswalk Signal) providing connectivity to the Caltrain station. The City also completed a majority of the planning work for Ralston Segments 3 and 4 and held two stakeholder meetings. The Alameda de las Pulgas Corridor Study and Improvements Project is moving forward with the selection of a design consultant.

ECONOMIC DEVELOPMENT & HOUSING

During FY 2021, the City anticipates issuing building permits for 350 new housing units, including 103 affordable rental housing units available to lower income households. The City will continue to process development entitlements for two additional affordable housing projects that could add up to 162 new affordable units. The City has continued efforts to ensure ongoing compliance with State Housing laws adopted in 2019, including amendments to the Belmont Zoning Ordinance to provide objective development and design standards, to ensure expedited review, to promote development of secondary dwelling units, and to facilitate development of new housing by eliminating certain regulatory barriers. Long range planning efforts in FY21 will include updates to the Belmont Village Specific Plan, Belmont General Plan, and CEQA documents to ensure adequate growth capacity will serve growing demand for new housing. The City will continue Economic Development activities, including launching a new website, enhancing business community outreach and communications, and establishing an ad-hoc economic advisory committee to assist Belmont businesses with post-COVID19 reopening and recovering efforts.



FISCAL & ORGANIZATIONAL SUSTAINABILITY

The City received the Award for Excellence in financial audits for the FY20 Comprehensive Annual Financial Report. With a balanced budget, the office of the City Manager implemented proactive public information and social media outreach to keep the community informed during the COVID-19 pandemic. The IT Department enhanced the City's ability to inform and respond to the community with investment in the website and its civic engagement capabilities and designed and implemented a network improvement project, known as a DMZ, that will allow the public to access information while securing sensitive data. The City Attorney completed City Council and Commission Training and will continue assessing ongoing legal needs and manage the delivery of legal services. Finally, Human Resources successfully completed the recruitment/selection of a top executive and department head positions, realized decreased cost and claims in the City's Workers' Compensation Program and was awarded the Employee Health & Wellness grant from League of CA Cities Workforce Health.

PUBLIC SAFETY

The Belmont Police Dept. achieved and maintained full staffing. The City conducted outreach for the Police Department's new T.R.A.C. Program, which utilizes GPS tracking units to help families who have members with cognitive memory disorders or developmental impairments that put them at risk of becoming lost. The K9 program welcomed its newest member – Bandit, a German Shepherd trained in narcotic detection and people tracking. San Mateo Consolidated Fire began serving the City through a new joint power authority model after a successful transition from the Belmont Fire Department.

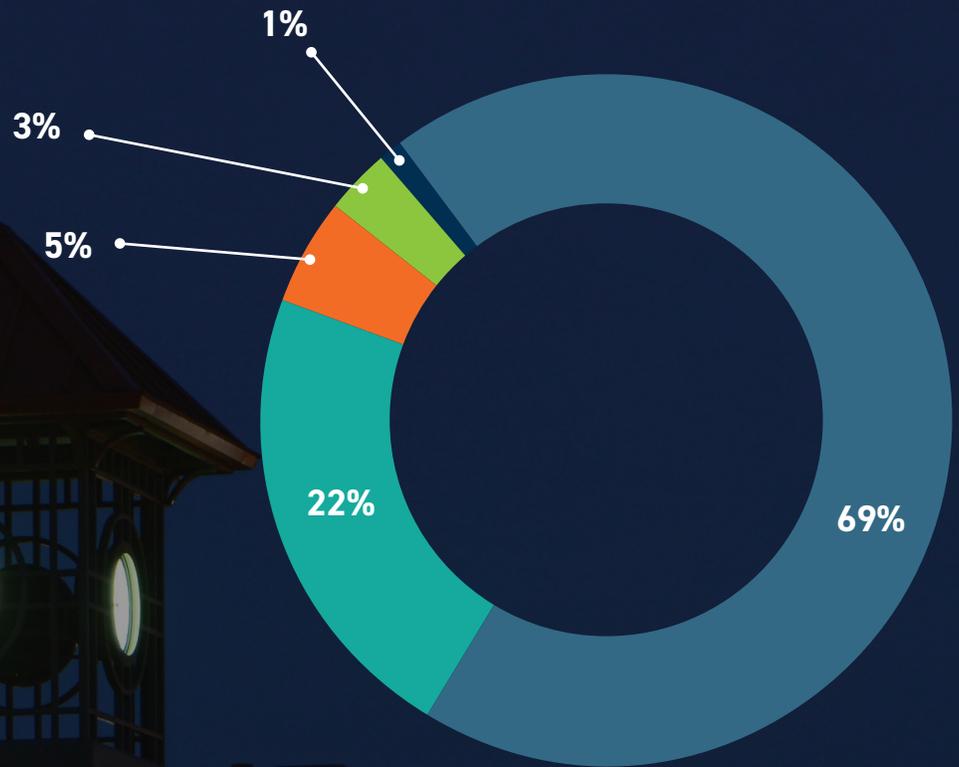
QUALITY OF LIFE

The Parks & Recreation Department conducted a highly interactive community planning process to assess the City's current and future recreation needs and finalized a conceptual design for a new Belmont Community Center and Park at the current Barrett site. The City also obtained financing through the San Mateo County Board of Supervisors for the long-awaited installation of synthetic turf at the Belmont Sports Complex and initiated construction on the project. Community events included the Sweetheart Dance, Holiday Poetry and Caroling, Santa at the Firehouse and the Holiday Craft Faire; as well as Save the Music and the Water Dog Run. Due to the COVID-19 crisis, the City implemented Virtual Rec programs. The City also installed library boxes at four parks.



GENERAL FUND REVENUES

In FY 2021, the City of Belmont's General Fund revenues are projected to total \$27.4M, down \$0.1M from the \$27.5M estimated in FY 2020. Our General Fund revenues support basic services including police, public works, parks & recreation and general government operations.



* Includes Measure I

TAXES \$18.9M

Includes property taxes, sales tax, transient occupancy or hotel tax, and various utility taxes

SERVICE CHARGES \$5.8M

Includes revenues received from administrative reimbursements, and public safety contracts and fees

LICENSES \$847K

Includes revenues generated through fees for issuing business licenses to operate in the City Belmont

OTHER \$1.4M

Includes property rentals, venue rentals, billboard space rentals, interest earnings, and fines

INTERGOVERNMENTAL \$251K

Includes revenues received from other public agencies such as street access fees, federal grants, and public safety cost reimbursements

GENERAL FUND EXPENDITURES

In FY 2021, General Fund expenditures total \$27.8M up \$4.4M from the \$23.4M estimated in FY 2020. In its simplest form, we break down our budget into four categories.



PUBLIC SAFETY \$14.5M

Includes law enforcement administration, crime control, traffic and community safety.



HIGHWAYS AND STREETS \$3.3M

Includes street and highway improvement projects



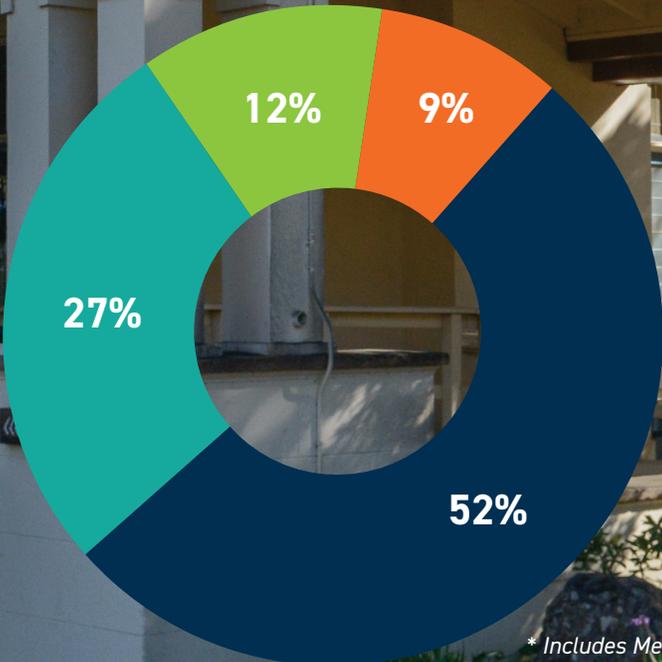
GENERAL GOVERNMENT \$7.4M

Includes human resources including city staff, appointed and elected officials and financial operations.



CULTURE AND RECREATION \$2.6M

Includes operation and maintenance of parks and open space, and associated programming.



* Includes Measure I

ENTERPRISE FUNDS

Enterprise funds are self-supporting government funds that provide goods and services to the public for a fee that covers the cost of the service, rather than a tax. The City of Belmont has four enterprise funds.

TOTAL \$32.9 MILLION IN FUNDS GENERATED



\$23.6 MILLION SEWER COLLECTIONS



\$5.9 MILLION
SEWER TREATMENT FACILITY



\$3.0 MILLION STORM DRAINAGE

\$0.5 MILLION SOLID WASTE



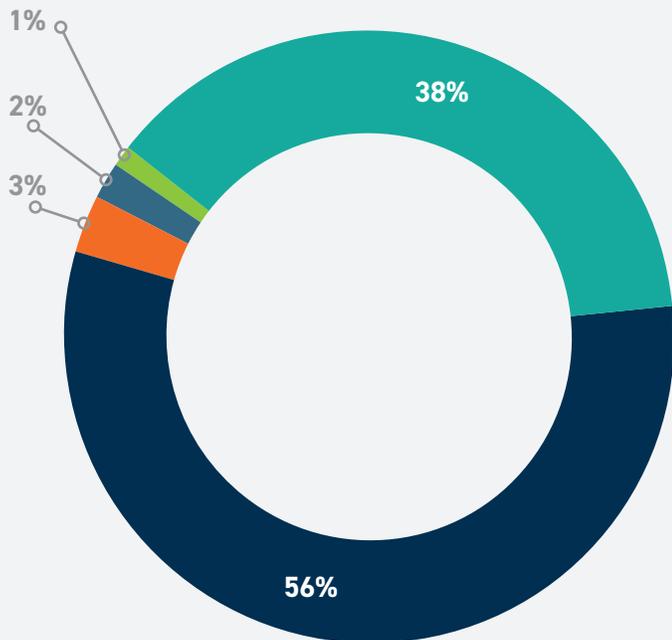
CAPITAL IMPROVEMENT PROJECT BUDGET

The City includes the cost of all acquisition, construction, expansion or rehabilitation of its physical plant and facilities in the Capital Improvement Budget. At present, the City faces an aging infrastructure dilemma with hundreds of millions of dollars in street and storm drain infrastructure needs alone, in addition to deferred maintenance needs for the City's facilities and parks. It's well understood that the City's assets will remain in good condition with periodic investments, and will move to poor condition when they are not; at significantly greater cost in the future.

With 70 miles of street pavement which has an average rating of "fair" condition and 28 miles of storm drain pipes, many of which are deficient, the task of addressing the

backlog of deferred maintenance is formidable. Nonetheless, the FY 2021 Budget, strengthened with continued funding from Measure I, the Road Repair and Accountability Act of 2017, and one-time funds from the General Fund, takes meaningful steps towards improving this situation by funding a number of important infrastructure projects and replenishing reserves.

The City's five-year Capital Improvement Program (CIP) is \$65.4M and the FY 2021 Budget includes \$24.0M for CIP. All of these efforts are intended to proactively address deferred maintenance and mitigate the risk exposure to the City's General Fund from the effects of aging infrastructure.



STREETS \$9.1M

Includes Measure I improvement projects, general street improvements and RMRA street projects

RECREATIONAL FACILITIES \$290K

Includes improvements to recreational and general facilities, and facility management

SEWER/STORM \$13.4M

Includes improvements to the sewer infrastructure and storm drainage systems

PARKS/OPEN SPACE \$590K

Includes library maintenance and operations, planned park development, open space maintenance/improvements and maintenance of the athletic field

TECHNOLOGY \$458K

Includes improvements to communication infrastructure, fleet and equipment

FY 2021 CAPITAL PROJECTS EXCEEDING \$1 MILLION

PROJECT		FY 2021 FUNDING	PROJECTED 5-YEAR COST
Measure I	2020 Pavement Reconstruction Project	\$1,130,000	\$1,130,000
	2021 Slurry Seal project	\$1,000,000	\$1,000,000
Street Improvements	Ralston Corridor Study Improvements (Segment 3)	\$2,683,500	\$2,683,500
Infrastructure	Street Pavement Project	\$1,000,000	\$1,000,000
Sewer Operations Capital	Pump Station Rehabilitation	\$4,775,000	\$5,150,000
	Basin Rehabilitation Projects	\$4,775,000	\$14,775,000
	Force Main Evaluation & Rehabilitation	\$1,150,000	\$1,650,000

7-YEAR TRENDS AND PROJECTIONS

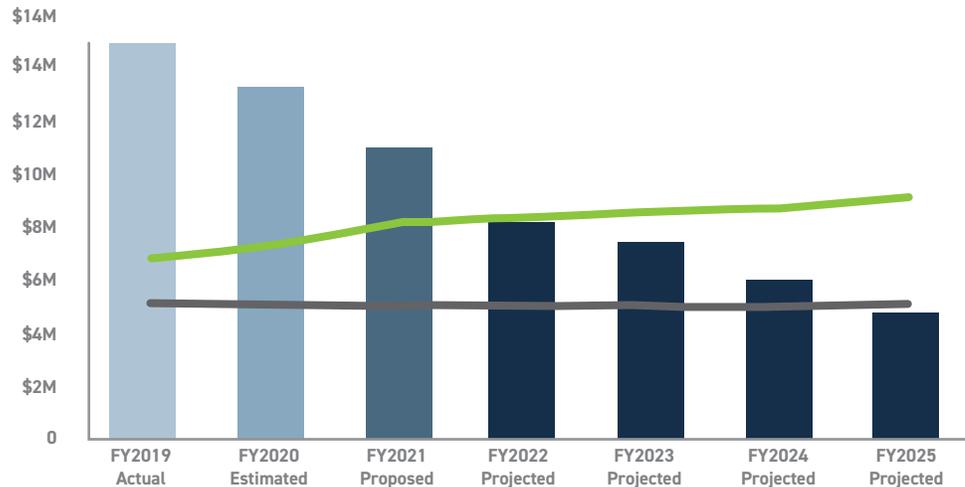
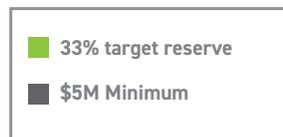
The City and Belmont Fire Protection District (BFPD) prepare a long-range forecast to understand revenue and expenditure trends that can impact the sufficiency of reserve balances in the future.

Following GFOA best practice for forecasting, unrestricted fund balances during the interim years may be funded at levels significantly in excess of the recommended minimum or targets and should be considered in context with the results of the final year in the long-term forecast. This practice avoids the risk of placing too much emphasis upon the level of unrestricted fund balance in the General Fund at any one time.

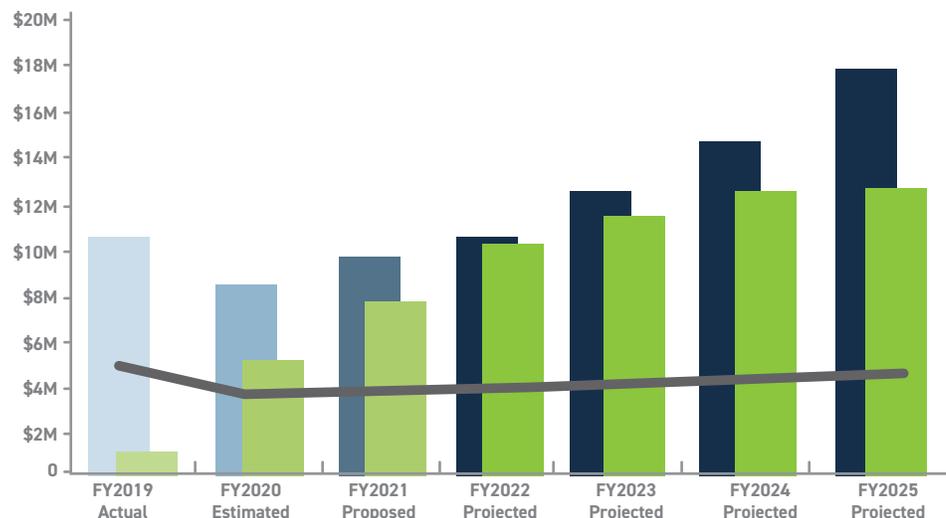
The City's 5-year forecast predicts declining reserve levels throughout the planning period. Beginning in FY 2022, future fund balances are projected to be below the policy reserve target of 33% operating expenditures, and in FY 2025, below the \$5M minimum reserve.

BFPD's 5-year forecast predicts stable reserve levels throughout the planning period. Future fund balances are projected to be above the policy reserve target of 33% operating expenditures.

CITY GENERAL FUND BALANCE 7-YEAR TRENDS AND PROJECTIONS



BELMONT FIRE PROTECTION DISTRICT FUND BALANCE 7-YEAR TRENDS AND PROJECTIONS



CITY OF BELMONT BY THE NUMBERS

GENERAL FAST FACTS

1926 Belmont incorporated as city
4.61 square miles within city limits
27,388 population*
64.6% Bachelor's Degree or above

*U.S. Census

INFRASTRUCTURE & MOBILITY

17 miles of streets and alleys
1,514 streetlights
8,263 sanitary sewer service users/residential
water utility customers
85 miles of sewers*
27 miles of storm drains**

*Sanitary Sewer Services provided by Silicon Valley Clean Water which serves Belmont, San Carlos, Redwood City, and Menlo Park

**Water services - Provided by the Mid-Peninsula Water District

ECONOMIC DEVELOPMENT & HOUSING

2,064 active business licenses
350 new housing unit building permits will be
issued in FY21
\$135,342 median household income*
60% of homes occupied by owner **

*U.S. Census Bureau

**Data USA

FISCAL & ORGANIZATIONAL SUSTAINABILITY

134.3 authorized employees
49% of City workforce will be retirement eligible in
5 years or less
\$10.8 million in unrestricted general fund reserves

PUBLIC SAFETY

31 sworn police officers
13 civilian police personnel
24 police fleet vehicles
26,141 Incidents responded to in 2019
4 minutes 22 seconds average police priority call
response time
2 fire stations*
2 fire trucks - Fire Engine 14 and Fire Engine 15
2,660 calls for fire service
4 minutes 36 seconds average fire response time

* Fire protection provided by San Mateo Consolidated Fire District

QUALITY OF LIFE

16 developed parks
61.4 acres of developed parks
16 playgrounds
300+ acres of open space
44,910 participants served in recreation programs
and classes
75 children in year-round licensed preschool
program
2700+ visits to our free drop-in teen program,
Hideout

COVID-19 FISCAL IMPACT

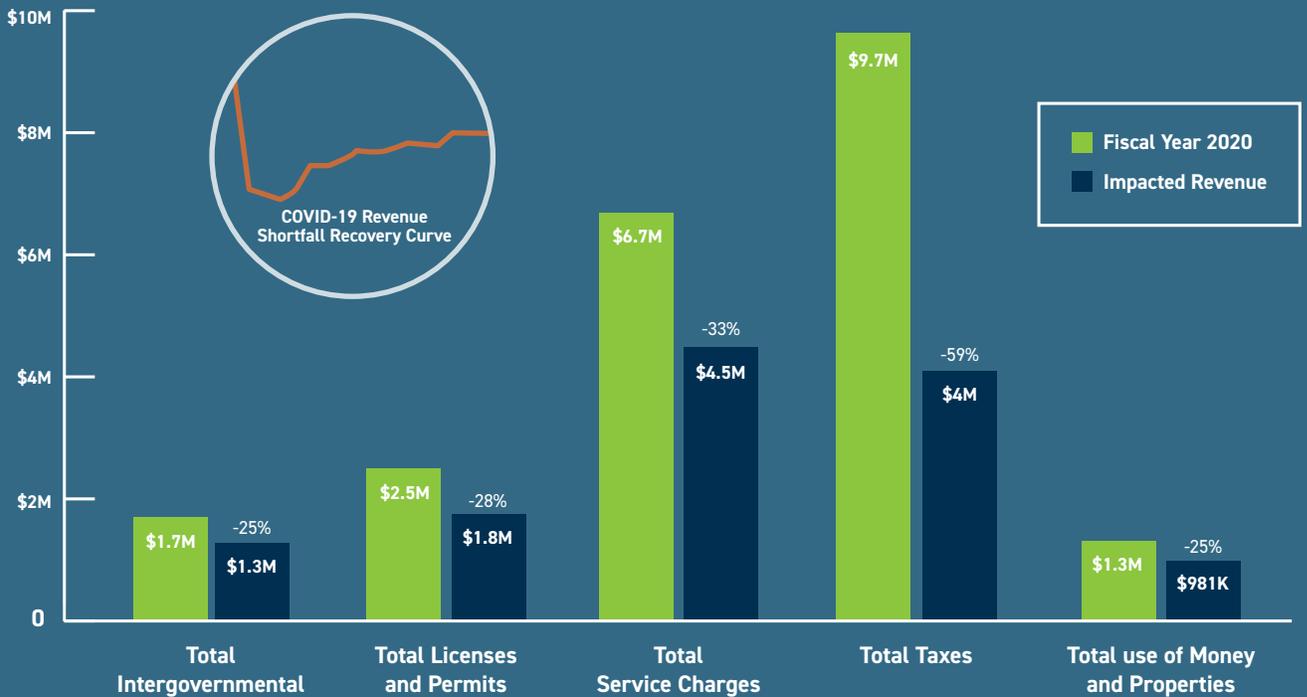
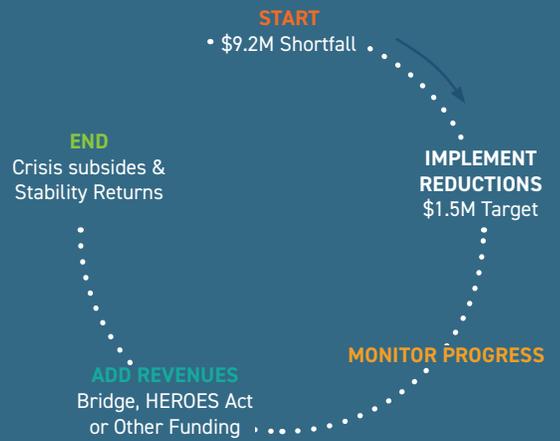


While COVID-19 has resulted in unplanned emergency response expenses, the real impact is an estimated -\$9.2M revenue shortfall for CY 2020. While this number is preliminary, when factored into the City's FY 2021 Budget forecast, by FY 2025, the City falls below its \$5M minimum reserve threshold.

Belmont is developing a Corrective Action Plan to present to Council with options to address short-term and long-term financial impacts. Each department is developing specific revenue shortfall strategies to reduce expenditures. Along with reductions, we will proactively explore new revenue opportunities.

The City's FY 2021 Budget will propose using a combination of reserves, reductions and revenues to address the COVID-19 crisis.

This will be the first of several corrective actions expected to address the challenge and the resultant fallout as the pandemic continues to unfold.



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Americans With Disabilities Act Statement

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