

GENERAL BUDGET INFORMATION

EXPLANATION OF THE BUDGET PROCESS

This budget contains the appropriations and financing for all City operating and capital budgets.

Department budget requests are submitted by department managers to the City Manager for review. The City Manager, the Director of Finance, and department heads meet to review the requests and establish program objectives. The City Manager then prepares his recommendations for submission to the City Council.

The City Council receives the proposed budget in June and schedules the necessary public study sessions to review the recommendations. Following these study sessions, a public hearing is held and the budget is adopted in July.

At a study session in January, the Council, the City Manager, and Department Heads meet to establish the objectives for the next two years.

Appropriations Transfer Policy – During the fiscal year, it may become necessary to transfer funds between appropriations due to emergencies or changes in circumstances. Department Heads may approve transfers within major object categories. The City Manager approves transfers between major object categories (Employee Costs, Supplies and Services, or Capital Outlay) within a single subprogram. The City Council approves transfers between subprograms and requests to establish new appropriations from unappropriated fund balance.

This budget includes all of the municipal activities and funds that are considered to be part of or controlled by the City (with the exception of the Port of Redwood City) as defined by Governmental Accounting Standards Board Statement No. 14.

FUND DESCRIPTIONS

GENERAL OPERATING FUNDS

General Operating Funds are used to carry on the general operations of the City in accordance with the City Charter.

General Fund – This fund accounts for all revenues collected for the general operation of the City. Appropriations can be made for any governmental purpose, including maintenance and capital improvements that are authorized under the City Charter.

Library Fund – This fund accounts for the revenues and expenditures of the Library Department.

Recreation Fund – This fund is utilized to account for revenues and expenditures of self-supporting recreational programs. The general fund subsidizes any expenditures which are not covered by revenues collected from recreation programs. The funds are expended only for recreation-related activities.

Sandpiper Park Reserve – This reserve accounts for that portion of the principal being made available each year from the payment the City received from the Belmont-Redwood Shores School District in 1998. This payment is intended to defray a portion of the City’s costs of maintaining Sandpiper Park and Community Center.

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenue derived from specific taxes or other dedicated revenue sources (other than for major capital projects) that are restricted by law or administrative action to expenditures for specified purposes.

Traffic Safety Fund - Traffic fines remitted to the City through the San Mateo County Court System may only be used for traffic system activities. The revenue collected through fines is less than the amount expended, and the resulting deficit in the fund is financed by the General Fund. The funds are used for the operations and maintenance of the City’s traffic control system.

Special Gas Tax Street Fund – This fund accounts for revenue received from the State of California derived from gasoline taxes. These funds may only be used for street purposes as specified in the State of California Streets and Highway Code.

General Improvement District 1-64 Maintenance Fund – This fund accounts for property taxes from the Redwood Shores area designated for the maintenance of water channels and infrastructure in the area.

Seaport Centre Maintenance Fund – This fund accounts for money provided by property owners in the Seaport Centre area for the maintenance and repair of drains and sewer lines connecting the Centre facilities to the City's systems.

Seaport Boulevard Landscape Maintenance Fund – This fund accounts for money provided by property owners in the Seaport Boulevard area for landscaping maintenance on Seaport Boulevard.

Lido Landscaping Maintenance District – This fund accounts for money provided by property owners in the Lido Landscape Maintenance area for landscaping.

Categorical Grants – These funds account for categorical grants from the state and federal government such as federal Community Development Block Grants.

Redevelopment Agency – This fund accounts for the property tax increments allocated from the Redevelopment project areas. Expenditures may only be applied to improvements within the project areas. Moreover, 20% of the tax revenue is required by state law to be set aside for low- and moderate-income housing.

S.L.E.S.F Grant – This fund accounts for the California Supplemental Law Enforcement Services Fund grant.

Federal Law Enforcement Grants – These funds account for federal government grants for law enforcement.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are established to account for resources used for the acquisition and construction of capital facilities by the City. The source for funding these projects is the General Fund, Enterprise Funds, Special Revenue Funds, and Special Assessment Districts. Currently, Redwood City has the following funds.

Utility Users' Tax Fund – This fund was created for accounting purposes only. The 5% utility users' tax imposed on cable TV, telephone, gas and electric services is accounted for in this fund. This is General Fund revenue, but by Council direction, the revenues are to be spent only on capital improvement projects.

Gas Tax Construction Fund – This fund is created to account for street-related capital improvement projects that are eligible to be funded either by gas tax, Federal Urban Aid, or fund transfers from the Utility Users' Tax fund.

Transportation Fund – This fund accounts for the City's share of the Measure A ½ cent sales tax for transportation system expenditures. Revenues from this source may only be used for transportation-related activities.

Capital Projects Fund – This fund accounts for all miscellaneous capital improvement projects that are financed by the General Fund or Special Revenue Funds.

GID 1-64 Facilities Fees Construction Fund – This fund derives its revenues from fees collected from developers in the Redwood Shores area for improvements to roads, drainage, water, traffic lights, canals, etc., in that area.

Water Capital Projects Fund – This fund accounts for expenditures incurred for improvements to the water pumping and distribution system. The resources are derived from transfers from Water Utility Enterprise Fund.

Sewer Capital Projects Fund – This fund accounts for expenditures incurred for improvements to the sewer transport lines and pumping stations. The resources are derived from transfers from Sewer Enterprise Fund.

Transportation Grants – This fund accounts for grants received for specific transportation projects.

Traffic Impact Fees – This fund accounts for fees collected from property owners pursuant to a citywide ordinance that levies a fee on new development to finance citywide transportation projects.

Traffic Mitigation Fees Funds – These funds are collected from property owners via development agreements to finance transportation projects that mitigate the effect that certain new developments will have on the City's transportation system. Often the fees collected under these agreements may only be used for projects within specified geographical areas within the City.

Shores Transportation Improvement District Fund – This fund accounts for community facility district bond proceeds and developer contributions that will be used by the City to fund various transportation projects in the Redwood Shores area.

Pacific Shores Community Facilities District Fund – This fund accounts for community facility district bond proceeds issued by the City to fund various transportation system improvements within the City's right-of-way in the Pacific Shores district.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the payment of interest and principal on general debt of the City and related entities.

General Improvement District 1964 Bonds Funds - This fund accounts for transactions related to bonds authorized by a special vote of the property owners on June 16, 1964 for the purpose of developing approximately 4,500 acres of land fronting the San Francisco Bay. Bonds authorized for land reclamation are secured by ad valorem assessments on land only while bonds authorized for facilities are secured by ad valorem assessments on land and improvements. Within this District, values are determined as of January 1 by an appraiser engaged by the City. The City Council determines the tax rate to be charged for the ensuing year, and by agreement, the County of San Mateo collects these assessments on its general property tax bills.

Assessment Districts

Seaport Consolidated - This fund accounts for transactions related to bonds issued for general assessments levied for construction and landscaping of Seaport Boulevard and for property improvements in the Seaport Centre area. The properties in the district remain under lien until the bonds are retired.

Shores Transportation Improvement District - This fund was established to account for transactions related to bonds issued for assessments levied for the construction of transportation system improvements in the Redwood Shores area.

Pacific Shores Improvement District - This fund was established to account for transactions related to bonds issued for assessments levied for the construction of transportation system improvements required as a result of the Pacific Shores development.

Public Financing Authority

Public Financing Authority Bonds Fund - Bonds were issued in 1991 as a financing mechanism to provide for the defeasance of the Facilities and Infrastructure Authority Bonds (issued in 1986) and for funds to construct a new Police facility. Bonds were issued in 1998 to advance refund a portion (the new money portion) of the Public Financing Authority bonds issued in 1991. In 2003, additional bonds were issued as a financing mechanism to provide for the retirement of the remaining 1991 Local Agency Revenue Bonds, Series A, and to make a loan to the City's Redevelopment Agency for the purpose of assisting in the financing of programs, projects, and activities in the downtown area of the City.

City Hall Certificates of Participation – These bonds were issued in 1998 to reimburse the City for the cost of constructing the new City Hall that was completed in August 1997.

Tax Allocation Bonds

1997 Tax Allocation Refunding Bonds - These bonds were issued in 1997 to defease the Public Financing Authority Series B bonds.

Tax Allocation Bonds, Series 2003A - These bonds were issued in 2003 to provide funds for the Downtown Parking Garage and related Downtown improvements including restoration of the historic courthouse and creation of a public plaza.

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is to recover the cost of providing goods or services to the public on a continuing basis primarily through user charges.

Water and Sewer Funds - These funds are used to account for the provision of water and sewer services to the residents of Redwood City and some residents of areas adjacent to the City. All activities necessary to provide such services are accounted for in these funds, including, but not limited to, administration, operations, maintenance, capital improvements, financing and billing/collections.

Parking Fund - This fund is used to account for on-street and off-street parking operations within the boundaries of the central business district of the City. All activities necessary to provide metered parking within the district are accounted for in these funds, including, but not limited to, administration, operations and maintenance, capital improvements, meter collection, and financing including related debt service. The authority for the formation of the district and the issuance of revenue bonds are contained in the Streets and Highway Code, State of California.

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods and services provided by one City department to others on a cost reimbursement basis.

Equipment Service Fund – This fund accounts for the costs of operation, maintenance and replacement of automotive equipment used by City departments. Such costs are billed to the user departments at a rate that includes operation and maintenance, plus an amount necessary to provide replacement of the equipment at a future date. Additional new equipment, other than replacement, is budgeted by the user department and is then transferred to the Equipment Services Fund after purchase.

Internal Services Fund – This fund accounts for the costs of operation of the City's telephone/communications service, maintenance and repair of buildings, custodial services, mail delivery service, supply delivery service, and management information services. The costs are billed to the user department based on a generally accepted cost allocation system.

Workers' Compensation Fund – This fund accounts for the City's workers' compensation insurance program. Included are administrative costs, the premiums for the purchase of excess insurance, settlements, and legal costs. Workers' compensation insurance premiums are charged to the user departments based on loss experience and on departmental employee services budgets. Included is the Employer Liability fund that accounts for the costs of settlements and legal fees associated with employer liability claims and actions.

General Liability Insurance Fund – This fund accounts for general liability and property insurance. Included are administrative costs, premiums for the purchase of excess insurance, settlements, and legal costs. Property insurance is charged to departments based upon the amount of space occupied. Liability insurance premiums are charged to the user departments based on loss experience.

General Budget Information**FIXED ASSETS DETAIL BY DEPARTMENT 2004/05**

<u>Department</u>	<u>Fixed Asset</u>	<u>Quantity</u>	<u>\$ Each</u>	<u>Total</u>
Community Development				
General Engineering	printer/copier	1	10,000	10,000
Capital Improvement Engineering	printer/copier	1	10,000	10,000
Redevelopment Agency	photocopier	2	20,000	40,000
Redevelopment Agency	space changes	1	26,000	<u>26,000</u>
Department Total				<u>86,000</u>
Finance				
Risk Management	replacement of damaged vehicles	1	20,000	<u>20,000</u>
Department Total				<u>20,000</u>
Police				
Administration	furniture/storage replacement	1	9,250	<u>9,250</u>
Department Total				<u>9,250</u>
Public Works Services				
Sanitary Sewer Maintenance	sewer mainline digital tv system	1	42,000	42,000
Equipment Services	equipment replacement	1	1,052,753	<u>1,052,753</u>
Department Total				<u>1,094,753</u>
GRAND TOTAL				<u><u>1,210,003</u></u>

<u>Department</u>	<u>Fixed Asset</u>	<u>Quantity</u>	<u>\$ Each</u>	<u>Total</u>
Community Development				
General Engineering	plotter	1	12,500	12,500
Capital Improvement Engineering	plotter	1	12,500	12,500
Redevelopment Agency	photocopier	2	20,000	40,000
Redevelopment Agency	space changes	1	26,000	<u>26,000</u>
Department Total				<u>91,000</u>
Finance				
Risk Management	replacement of damaged vehicles	1	20,000	<u>20,000</u>
Department Total				<u>20,000</u>
Police				
Administration	furniture/storage replacement	1	9,250	<u>9,250</u>
Department Total				<u>9,250</u>
Public Works Services				
Water System Maintenance	tapping machine CL -12	1	14,450	14,450
Water System Maintenance	SCADA computer replacement	1	5,000	5,000
Storm Drains Maintenance	bobcat	1	14,000	14,000
Equipment Services	equipment replacement	1	1,189,490	<u>1,189,490</u>
Department Total				<u>1,222,940</u>
GRAND TOTAL				<u><u>1,343,190</u></u>

	Proposed FY 2004/05		Projected FY 2005/06	
	Transfer		Transfer	
	In	Out	In	Out
General Fund				
From GID 1-64 Maintenance Fund	150,000		155,000	
From Capital Projects Fund	233,625		202,425	
From Internal Services Fund	10,500		10,500	
To Water Fund		(129,889)		(136,384)
To Traffic Safety Fund		(962,458)		(984,507)
	<u>394,125</u>	<u>(1,092,347)</u>	<u>367,925</u>	<u>(1,120,891)</u>
Capital Projects Fund				
From Utility Users' Tax Fund	4,816,453		4,887,436	
From General Fund				
To General Fund (interest income)		(233,625)		(202,425)
To Gas Tax Capital Projects Fund		(313,950)		(506,415)
	<u>4,816,453</u>	<u>(547,575)</u>	<u>4,887,436</u>	<u>(708,840)</u>
Gas Tax Capital Projects Fund				
From Capital Projects Fund	313,950		506,415	
From Gas Tax Operations Fund	32,550		5,093	
	<u>346,500</u>		<u>511,508</u>	
Gas Tax Operations Fund				
To Gas Tax Capital Fund		(32,550)		(5,093)
GID 1-64 Maintenance Fund				
To General Fund		(150,000)		(155,000)
Internal Services Fund				
To General Fund (interest income)		(10,500)		(10,500)
Sewer Fund				
To Sewer Capital Projects Fund		(1,035,000)		(1,085,000)
To Water Fund		(388,165)		(407,573)
		<u>(1,423,165)</u>		<u>(1,492,573)</u>
Sewer Capital Projects Fund				
From Sewer Fund	1,035,000		1,085,000	
Traffic Safety Fund				
From General Fund	962,458		984,507	
Utility Users' Tax Fund				
To Capital Projects Fund		(4,816,453)		(4,887,436)

	Proposed FY 2004/05		Projected FY 2005/06	
	Transfer		Transfer	
	In	Out	In	Out
Water Capital Projects Fund				
From Water Fund	3,500,000		2,900,000	
Water Fund				
From General Fund	129,889		136,384	
From Sewer Fund	388,165		407,573	
To Water Capital Projects Fund		(3,500,000)		(2,900,000)
	<u>518,054</u>	<u>(3,500,000)</u>	<u>543,957</u>	<u>(2,900,000)</u>
Total	<u><u>11,572,590</u></u>	<u><u>(11,572,590)</u></u>	<u><u>11,280,333</u></u>	<u><u>(11,280,333)</u></u>

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