

REPORT

To the Honorable Mayor and City Council
From the City Manager

April 11, 2005

Subject

Fiscal Year 2004/2005 Appropriation Revisions

Recommendation

It is recommended that the City Council introduce an ordinance by the affirmative vote of five-sevenths (5/7ths) of all council members appropriating and transferring certain funds for specified purposes in order to conform the budgeted amounts to actual expenditures approved for transactions, which have occurred during fiscal year 2004/2005.

Background

The following are summaries of recommended changes in appropriations for both revenues and expenditures by fund. A detailed explanation of these revisions is provided in Attachments A (revenue changes) and B (expenditure changes). Council takes many actions throughout the year that change or modify the budget. Moreover, grants and other revenues are received that were not anticipated when the budget was prepared. Appropriations need to be established so that staff may spend these grants and revenues. Staff holds these changes and periodically presents the appropriation changes to Council for approval.

Summary of Recommended Budget Changes by Fund

	<u>Revenues</u>	<u>Expenditures</u>	<u>Net Change in Fund Balance</u>
	\$	\$	\$
General Fund	592,592	640,097	(47,505)
Traffic Safety Fund		50,000	(50,000)
Capital Outlay Fund	11,300,000	2,800,000	8,500,000
Federal Law Enforcement Grant Fund	21,274	21,274	0
Redevelopment Agency Fund		2,600,000	(2,600,000)
Water Utility Enterprise Fund	33,625,575	33,625,575	0
Internal Services Fund	<u>5,215</u>	<u>5,215</u>	<u>0</u>
Total Revisions	<u>45,544,656</u>	<u>39,742,161</u>	<u>5,802,495</u>

Note: Of the net change in fund balance of \$5,802,495, only (\$97,505) represents true financial impact to the City, as the \$8,500,000 net change in the capital outlay fund reflects a transfer in from the Redevelopment Agency, and the \$2,600,000 net change in the Redevelopment Agency Fund represents a land donation to the capital outlay fund.

Alternative


Should the Council elect not to approve all or any of these recommended adjustments, the consequences will vary depending upon the circumstances surrounding each specific line item. If Council has previously approved an item in concept then an expenditure or commitment may have already been made and the program or project budget will then be over-expended. If the recommended adjustment concerns a grant then staff will be unable to utilize the grant. In other situations, staff will need to forego the underlying action.

Fiscal Impact

These revisions are necessary to transfer or formally appropriate funds to implement many projects and issues that the Council has already approved. Sufficient resources are available within the unreserved fund balance in the respective funds or will be made available through grants or increased revenues that will be received this fiscal year to support these recommended appropriations.



Alison Freeman
Financial Services Manager



Brian Ponty
Director of Finance
and Financial Planning



Edward Everett
City Manager

2004/05
Changes in Revenues

GENERAL FUND

A. City Council	
1. Donations were received for the Boards, Committees & Commission's recognition event.	\$ 2,000
B. City Manager	
1. An \$18,500 grant and \$1,527 in donations were received for the Community Builders Program.	20,027
C. Library	
1. Three new grants for Project Read were received.	114,077
2. Library Foundation donation for Traveling Story Time project.	8,000
D. Parks, Recreation and Community Services	
1. Menlo Masters rent revenue at Herkner Pool to cover increased energy costs.	20,000
2. Fees from the new pre-school program at the Red Morton Community Center.	33,240
3. Fees from the new after-school program at Roosevelt School.	20,512
4. San Mateo County 4 C's purchase of .25 FTE Child Care Coordinator.	16,183
5. Kids Club Program extension into summer months.	26,273
6. Estimated increase in revenues from class programs in the youth special interest area.	100,000
7. Estimated increase in revenues from Sandpiper Youth Club program.	11,500
E. Police	
1. The Police Department received a grant from the Office of Traffic Safety (OTS).	57,141
2. The Police Department received a Police Activities League Youth Enrichment Program sub-grant along with other miscellaneous grants.	41,057
3. The Police Department received reimbursement for its share of the OTS Avoid the 23 grant.	5,054

**2004/05
Changes in Revenues**

F. Fire

- | | |
|---|-----------|
| 1. The Fire Department received three grants from corporate donors to finance the purchase of equipment and community fire safety education. | \$ 82,421 |
| 2. The Fire Department applied for and received a Federal Emergency Management Agency (FEMA) grant to provide replacement firefighter safety clothing ("turnouts"). | 38,907 |
| 3. The Fire Department received reimbursement from the Industrial Emergency Council for training services provided by Fire Department staff. | 3,500 |
| 4. Reduction in revenue from the San Mateo County Automatic Aid Agreement resulting from a change in areas covered under the agreement. | (15,800) |
| 5. San Mateo County Pre-hospital Care Joint Powers Authority (JPA), also referred to as the Paramedic JPA, increased revenue resulting from the payoff of debt incurred for JPA program start-up costs. | 8,500 |

Total General Fund**\$ 592,592**CAPITAL OUTLAY FUND

- | | |
|--|------------|
| A. Police Activities League (PAL) -The Police Department is reducing its operating budget and transferring this reduction into the capital outlay fund to reimburse the PAL for some of the construction costs of the new building. The Police operating budget reduction is possible due to the department's ability to manage its overtime expenditures for staffing minimums and holidays. This represents the transfer into the capital outlay fund. | \$ 200,000 |
| B. The Redevelopment Agency is contributing toward the purchase of the land parcels purchased by the City for the public underground parking garage. | 8,500,000 |
| C. The Redevelopment Agency is contributing a parcel of land (previously referred to as the Way-to-Go building) to the City for the construction of the public underground parking garage. | 2,600,000 |

Total Capital Outlay Fund**\$11,300,000**

2004/05
Changes in Revenues

FEDERAL LAW ENFORCEMENT GRANTS

A. The Police Department received a Federal Law Enforcement Block Grant, which is to be used for training and equipment purchases.	\$ 19,147
B. The Police Department received a 2004 Federal Enforcement Block Grant, which requires matching funds from the City. This amount to be transferred in will satisfy the City's required match.	2,127
Total Federal Law Enforcement Grants	<u>\$ 21,274</u>

WATER UTILITY ENTERPRISE FUND

A. Water revenue bonds were issued to finance the recycled water project. This is the amount available for costs after reserve deposit.	\$33,625,575
Total Water Utility Enterprise Fund	<u>\$33,625,575</u>

INTERNAL SERVICES FUND

A. The Police Department received state grant funds to purchase additional equipment for the City's 9-1-1 telephone system.	\$ 5,215
Total Internal Services Fund	<u>\$ 5,215</u>
Grand Total of Revenue Changes	<u>\$45,544,656</u>

**2004/05
Changes in Expenditures**

GENERAL FUND

A. City Council	
1. Donations were received for the Boards, Committees & Commission's recognition event. An appropriation must be established to enable expenditure of the funds.	\$ 2,000
B. City Clerk	
1. A special election was held in November 2004 for the referendum. As a regular municipal election was not scheduled, and therefore not budgeted, an appropriation is required to cover the actual costs.	38,078
C. City Manager	
1. An \$18,500 grant and \$1,527 in donations were received for the Community Builders Program. Appropriations must now be established to enable the staff to accurately manage this grant.	20,027
D. Library	
1. Three new grants for Project Read were received. Appropriations must now be established to enable the staff to accurately manage this grant.	114,077
2. A donation was received from the Library Foundation for the Traveling Story Time project. An appropriation must now be established to enable staff to accurately manage these grants.	8,000
E. Parks, Recreation and Community Services Department	
1. Increase in energy usage at Herkner Pool to be offset by an increase in rent revenue received from Menlo Masters.	20,000
2. New pre-school program at the Red Morton Community Center to be covered by an increase in program fees.	33,240
3. New fee-based after school program at Roosevelt School.	20,512
4. .25 FTE Child Care Coordinator to be paid by 4 C's of San Mateo County per agreement with City.	16,183
5. Kids Club Program extension into summer months to be covered through fees.	26,273
6. Estimated increase in payments to contractors who provide class programs in the youth special interest area to be offset program revenues.	100,000
7. Estimated increase in enrollment in the Sandpiper Youth Club program.	11,500

**2004/05
Changes in Expenditures**

F. Police		
1. The Police Department received a grant from the Office of Traffic Safety. An appropriation must be established so that the Police Department may expend these funds.		\$ 57,141
2. The Police Department received a Police Activities League Youth Enrichment Program sub-grant along with other miscellaneous grants. An appropriation must now be established to enable staff to accurately manage these grants.		41,057
3. The Police Department had overtime expenditures related to the Avoid the 23 grant for which it will receive reimbursement from the County.		5,054
4. The Police Department received a 2004 Federal Enforcement Block grant, which requires matching funds from the City. This amount to be transferred out will satisfy the City's required match.		2,127
5. Police Activities League -The Police Department is reducing its operating budget and transferring this reduction into the capital outlay fund to reimburse the League for some of the construction costs of the new building. The Police operating budget (patrol) reduction is possible due to the department's ability to manage its overtime expenditures for staffing minimums and holidays.		
	Expenditure Reduction	(200,000)
	Transfer Out to Capital Outlay Fund	200,000
G. Fire		
1. The Fire Department received three grants from corporate donors to finance the purchase of equipment and community fire safety education. An appropriation must be established to enable the Fire Department to expend these funds.		82,421
2. The Fire Department received a FEMA grant to provide for the replacement of structural firefighter clothing. An appropriation must be established so that the Fire Department may expend these funds.		38,907
3. The Fire Department received reimbursement from the Industrial Emergency Council for training services provided by Fire Department staff. This appropriation enables the Department to expend these funds.		3,500
Total General Fund		<u>\$640,097</u>

**2004/05
Changes in Expenditures**

TRAFFIC SAFETY FUND

- A. Energy costs have increased due to the change from orange low pressure sodium street lights to whiter high pressure sodium street lights. This appropriation covers the anticipated overage for the year. \$ 50,000

Total Traffic Safety Fund **\$ 50,000**

CAPITAL OUTLAY FUND

- A. Police Activities League -The Police Department is reducing its operating budget and transferring this reduction into the capital outlay fund to reimburse the League for some of the construction costs of the new building. The Police operating budget reduction is possible due to the department's ability to manage its overtime expenditures for staffing minimums and holidays. This appropriation enables the expenditure of the transfer into the capital outlay fund. \$ 200,000

- B. The Redevelopment Agency is contributing a parcel of land (previously referred to as the Way-to-Go building) to the City for the construction of the public underground parking garage. This appropriation reflects the acceptance of the parcel by the City and the subsequent recordation of the asset in the City's financial records. This is a necessary accounting entry and offsets the entry on page A-2, capital outlay fund item C. 2,600,000

Total Capital Outlay Fund **\$ 2,800,000**

FEDERAL LAW ENFORCEMENT GRANTS

- A. The Police Department received a Federal Law Enforcement Block grant that is to be used for training and equipment purchases. An appropriation must be established so that the Police Department may expend these funds. \$ 21,274

Total Federal Law Enforcement Grants **\$ 21,274**

**2004/05
Changes in Expenditures**

REDEVELOPMENT AGENCY FUND

A. The Redevelopment Agency is contributing toward the purchase of the land parcels purchased by the City for the public underground parking garage. As this was originally appropriated as land purchase by the Agency, this amendment item reclassifies the original appropriation from land acquisition to transfer out as the City acquired the land out of its capital outlay fund. As this is a reclassification, there is no net financial impact on the Agency. This is a necessary accounting entry and ties to the capital outlay fund item B on page A-2.		
Expenditure reduction		\$(8,500,000)
Transfer out to capital outlay fund		8,500,000
B. The Redevelopment Agency is contributing a parcel of land (previously referred to as the Way-to-Go building) to the City for the construction of the public underground parking garage. This budget item reflects the donation of the parcel to the City capital outlay fund.		2,600,000
Total Redevelopment Agency Fund		<u>\$ 2,600,000</u>

WATER UTILITY ENTERPRISE FUND

A. Water revenue bonds were issued to finance the recycled water project. This establishes the appropriation for the capital projects to be financed by these funds.		\$32,807,484
B. The sale of water revenue bonds included certain issuance costs not previously budgeted. An appropriation needs to be established for these costs.		818,091
Total Water Utility Enterprise Fund		<u>\$33,625,575</u>

INTERNAL SERVICES FUND

A. The Police Department received state grant funds to purchase additional equipment for the City's 9-1-1 telephone system. This appropriation enables the expenditure of the grant.		\$ 5,215
Total Internal Services Fund		<u>\$ 5,215</u>
Grand Total of Expenditure Changes		<u>\$39,742,161</u>

ORDINANCE NO. _____

ORDINANCE APPROPRIATING SPECIFIED AMOUNTS FROM DESIGNATED UNAPPROPRIATED FUND BALANCES TO SPECIFIED APPROPRIATIONS, CANCELING CERTAIN APPROPRIATIONS, AND TRANSFERRING SPECIFIED AMOUNTS FROM DESIGNATED APPROPRIATIONS TO OTHER SPECIFIED APPROPRIATIONS

THE COUNCIL OF REDWOOD CITY DOES ORDAIN AS FOLLOWS:

SECTION 1. The following stated amounts are hereby appropriated, transferred, or canceled from the stated appropriations or balances and are appropriated or transferred to Employee Costs, Supplies and Services, or Capital Allocations appropriations:

	<u>Revenue for:</u>	<u>Amount</u>
General Fund	City Council	2,000
	City Manager	20,027
	Library	122,077
	Parks, Recreation and Community Services	227,708
	Police	103,252
	Fire	117,528
	Capital Outlay Fund	Transfer in from general fund
Contribution from the Redevelopment Agency		8,500,000
Contribution of land from the Redevelopment Agency		2,600,000
Federal Law Enforcement Grants Fund	Police	21,274
Water Utility Enterprise Fund	Recycled water project	33,625,575
Internal Services Fund	Police	5,215

<u>From:</u>	<u>To Appropriation for:</u>	<u>Amount</u>
Unappropriated balance, General Fund	City Council	2,000
	City Clerk	38,078
	City Manager	20,027
	Library	122,077
	Parks, Recreation and Community Services	227,708
	Police	105,379
	Fire	124,828
Unappropriated balance, Traffic Safety Fund	Increased energy costs	50,000
Unappropriated balance, Capital Outlay Fund	Police Athletic League building	200,000
	Acceptance of land contributed by the Redevelopment Agency	2,600,000
Unappropriated balance, Federal Law Enforcement Grants Fund	Grant related expenditures	21,274
Unappropriated balance, Redevelopment Agency	Reclassification of land acquisition appropriation to transfer out	(8,500,000) 8,500,000
	Contribution of land to the City	2,600,000
Unappropriated balance, Water Utility Enterprise Fund	Recycled water project and bond costs	33,625,575
Unappropriated balance, Internal Services Fund	Equipment for 9-1-1 telephone system	5,215

SECTION 2. The foregoing sums appropriated, transferred, or canceled, for the purposes hereinabove specified are effective for the fiscal year July 1, 2004 - June 30, 2005, and shall be in addition to all other sums appropriated, transferred, or canceled for such purposes during such fiscal year.

SECTION 3. This Ordinance shall be effective thirty (30) days from the date of its adoption; provided, that it shall be operative retroactively from and after its date of adoption.

* * *