

# *City of Brisbane*

## *Agenda Report*

To: City Council via City Manager  
From: Stuart Schillinger, Administrative Services Director  
Subject: Resolution 2015-07 approving changes to the budget for the General Fund  
Date: March 17, 2015

### **Purpose:**

Provide for the long-term financial stability of Brisbane.

### **Recommendation:**

Adopt Resolution 2015-07 to amend the FY 2014/15 Budget.

### **Background:**

On June 19, 2014 City Council adopted the Fiscal Year 2014/15 budget. The budget projected General Fund Revenues at \$14,715,650 including \$724,077 in transfers in. General Fund expenditures were projected at \$15,397,398 including \$1,963,826 in transfers out. There was an anticipated deficit of \$681,748. The beginning fund balance was estimated at \$10,627,000 and ending fund balance of 9,945,252.

The City completed its FY 2013/14 audit in December 2014. The audit provides the actual starting fund balance for FY 2014/15. Our actual General Fund balance as of July 1, 2014 was \$12,142,756. Not all of this is in cash as there are loans and advances to other funds included in this amount. This means beginning fund balance for FY 2014/15 was about \$1,500,000 higher than anticipated.

### **Discussion:**

Attached are proposed changes to the FY 2014/15 budget.

Overall revenues are expected to be \$814,000 higher than originally projected. The major increases in revenue are Account 40108 – Property Taxes from the former RDA Area \$135,000 higher than projected. This is the actual amount we have received from the waterfall from our ROPS (Recognized Obligation Payment Schedule). The Successor Agency and the Oversight has approved the second ROPS of the year and it was submitted to the Department of Finance for review. Without a definitive amount coming from the waterfall it is more conservative just to project what the City has received although I would anticipate at least another \$100,000 coming from the waterfall to be paid out in June. A second revenue source which is doing better than originally projected is Account 40150- ERAF (Educational Revenue Augmentation Fund) reimbursement. We have received \$151,000 more than budgeted. Account 40230 –Transient Occupancy Tax is \$200,000 higher than anticipated. If the growth in revenues continues for the next six months as it did in the first six months we might receive about \$400,000 more than anticipated. However, if the growth slows down we will not see this

additional \$200,000. So again, to be more conservative it is better to wait until the revenues are received before counting on them. Finally, Account 40211 – Sales Tax is \$328,000 higher than projected. Growth in this area has been more robust than originally thought. Our Sales Tax audit firm (MuniServices) suggest we actually may get back up to \$3,000,000 this year. However, to be conservative projecting \$2,900,000 seems reasonable. So in addition to the \$814,000 in known new revenues there might be as much as another \$400,000 that we may receive by the end of the year.

Overall expenditures are expected to be about \$389,000 higher than projected last June. This includes two accounts which have savings. First, \$75,000 was set aside for economic development at the beginning of the year and it is anticipated that no more than \$45,000 will be spent in the remainder of the year. Second, money was set aside for an auto allowance for the police chief, however, she has use of a city vehicle and does not receive the auto allowance. Other expenditures which are higher than anticipated are utilities for the City facilities and the library building are higher than at first anticipated by about \$13,200; recruitment for the Recreation Manager was recently approved by the City Council for \$25,000 and the Recreation Manager if hired in June would be an additional \$10,000; the City purchased open space for \$50,000 which was approved in July; computer maintenance for the police department and the rest of the City were approved as the budget was adopted for \$45,600; attorney fees are about \$100,000 higher than anticipated; finally, the pool renovations were approved at \$179,5000 more than budgeted.

In addition to some expenses being higher than anticipated at the beginning of the year number of projects were approved last year and not spent so the savings went into Fund Balance and now needs to be transferred out of Fund Balance to be spent this year. These include the RIMs system for the police department; improvements at Lipman Field to make it more usable for baseball; printing of the History Book; and the Skatepark Design. The last item to come out of the beginning Fund Balance was the transfer to the OPEB (Other Post Employment Benefit) Trust. These transfers from Fund Balance total \$586,992.

The City originally anticipated to end FY 2014/15 with a Fund Balance of \$9,945,252 and a deficit of \$681,748. The new projection is a Fund Balance of \$11,298,316 and a deficit of \$257,448. The deficit could disappear if any of the revenues previously mentioned come in higher than anticipated or there are additional savings not currently projected (as often happens).

There are a few other clean-up changes to the General Fund which include transferring funds from one account to another. Most of these are transfers from the General Fund to the Capital Projects Fund for the Bicentennial Walkway, the pool renovations, replacing the retaining wall on San Bruno Avenue, and the HVAC project at the fire station. The other transfer is from salaries to professional services to pay for services rendered while an employee is out on Workers Compensation.

The other changes recommended at this time are for transferring money to the OPEB trust from the Utility Fund and the Marina Fund as previously approved by City Council. Also, providing for the Marina Dredging project as approved on September 2, 2014.

Since the budget is adopted by resolution, changes to the budget also need to be adopted by resolution. Resolution 2015-07 would implement the changes in the attached mid-year reprojection.

The Finance subcommittee is working on a number of other issues which will have long-term benefits for the continued financial stability of the City. These include; developing a new General Fund Balance Policy, creating a vehicle replacement fund, and developing a method to pay for on-going unfunded liabilities. These items are planned to be brought back to the City Council as part of the development of the 2015/16 budget.

**Fiscal Impact:**

The fiscal impact of the mid-year reprojection was described in the discussion section of the report. It is anticipated that revenues will be at a minimum \$814,000 higher than projected and expenditure will be about \$390,000 higher than projected.

**Measure of Success**

The City is able to maintain long-term fiscal stability.

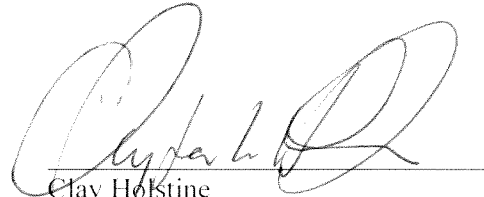
**Attachments:**

Resolution 2015-07  
Mid-year rejections.



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Stuart Schillinger  
Administrative Services Director



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Clay Holstine  
City Manager

# Mid year Review

	Revenues Projected	New Revenues	Expenditures Projected	New Expenditures	Anticipated Deficit	
Budget	14,715,650		15,397,398		(681,748)	
Mid Year	14,715,650	814,000	15,397,398	389,700	(257,448)	
			Budget	Mid Year	Change in Fund Balance	
Anticipated Ending Fund Balance			9,945,252	11,298,316	1,353,064	

# Change in Revenues

## Mid-year

Revenues											Additional Possible Revenue
	100	40230		200,000	Increase in TOT from \$2.1 million to \$2.3 million						200,000
	100	40150		151,000	Increase in ERAF from \$128,000 to \$279,000						
	100	40108		135,000	Increase from former RDA from \$250,000 to \$385,000						100,000
	100	40211		328,000	Increase in Sales Tax based on Actuals						100,000
Additional Revenue not budgeted				814,000							

# Change in Expenses

## Mid-year

100	52241	0203	(30,000)	Economic Development Savings leaving \$45,000 for remainder of year				
100	53200	300	50,000	Purchase of Open Space land approved 7/17/14				
100	52235	0402	25,000	Recruitment for Recreation Manager				
100	52235	0500	100,000	Attorney Fees				
100	52244	0900	3,200	Utilities				
100	51704	2001	(3,600)					
100	52235	2003	32,400	Previously approved NevTec Computer Maintenance Contract				
100	52244	4002	10,000	Utilities				
100	51101	5001	10,000	Newly approved Recreation Manager				
100	52235	6001	13,200	Computer Maintenance with Endsight				
100	53100	9F04	179,500	Additional Budget for Pool Renovations previously approved transfer to Capital Fund				
			389,700					

# Use of Ending Fund Balance For FY 14/15

Fund	Account	Dept	Amount	Notes						
100	53300	2002	99,992	RIMS upgrade approved in FY 2013/14 but spent in 2014/15 money was in designated Fund Balance						
100	52235	5002	17,000	Lipman field improvements designated in 2013/14 but unspent and in Fund Balance						
100	52241	6001	38,000	Carryover for History Book						
100	52241	9F05	23,000	Skatepark Design approved 6/19/14						
100			409,000	OPEB Trust Funds						
Subtotal from Previous year			586,992							

# Additional Transfers for FY 2014/15

	100	52241	4003	50,000	Transfer to Capital Project Fund (400) for Bicentennial Walkway			
	100	52241	5008	188,500	Original Budget for Pool Renovations transfer to Capital Projects Fund			
	100	52241	9F02	70,000	Replace Retaining wall on San Bruno Ave budgeted to move to Capital Project Fund			
	100	52241	9F03	32,000	HVAC for Fire Station Transfer to Capital Project Fund			
	100	51101	4004	30,000	to 100-52232-4004 to cover expense of employee out on Workers Compensation			
Total	100			370,500				



**RESOLUTION NO. 2015-07**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF BRISBANE  
AMENDING THE ANNUAL BUDGET  
FOR FISCAL YEAR 2014-15 AND MAKING APPROPRIATIONS FOR THE AMOUNT BUDGETED**

**WHEREAS**, a proposed annual budget for the City of Brisbane for the Fiscal Year commencing July 1, 2014 and ending June 30, 2014 was adopted by City Council on June 19, 2014; and

**WHEREAS**, the City Council has reviewed the proposed changes to the FY 2014/15 on March 17, 2015.

**NOW THEREFORE, THE CITY COUNCIL DOES RESOLVE**, that the amended budget, as submitted is adopted as the annual budget for the Fiscal Year commencing July 1, 2014 and thereby appropriates the amounts budgeted.

**PASSED, APPROVED, AND ADOPTED** this 17<sup>th</sup> day of March 2015

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Terry O'Connell  
Mayor

I hereby certify that the foregoing **Resolution No. 2015-07** was duly and regularly adopted at a regular meeting of the Brisbane City Council on March 17, 2015 by the following vote:

AYES:

NOES:

ABSENT:

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Sheri Marie Spediacci  
City Clerk