



# City of Millbrae Millbrae, California



Operating and Capital Budget  
for the 2018 – 2019 Fiscal Year  
(July 1, 2018 – June 30, 2019)  
And  
2019 – 2020 Fiscal Year  
(July 1, 2019 – June 30, 2019)

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## Profile of the City of Millbrae

Incorporated in 1948, the City of Millbrae is located adjacent to the San Francisco International Airport and is 15 miles south of the City of San Francisco in the heart of San Mateo County. The City encompasses 3.3 square miles and serves a largely residential population of approximately 22,800. The City houses the multimodal transit center including the Millbrae BART Station providing a link to CalTrain, SamTrans, and the San Francisco Airport maximizing regional travel options for passengers in the San Francisco Bay Area.

The City Council serves as the policy board for the municipality. As an elected quasi-Board of Directors, the City Council provides policy direction, establishes goals, and sets priorities for the City government. In addition to serving as the policy makers for the community, the City Council also is responsible for numerous land use decisions within its borders, including the General Plan. The City Council appoints the City Manager, City Attorney, and all members of advisory boards, commissions, and committees.

The City of Millbrae operates under a Council-Manager form of government. The City provides municipal services that include administration, public works and parks, community development, and recreation. Public Safety services are provided through contracts with San Mateo County and Central County Fire. In addition to general municipal services, the City operates a water system, sanitation (sewer) system, and storm drains in the form of enterprise activities. This budget report includes all funds of the City of Millbrae and its blended component unit, the Successor Agency of the Millbrae Redevelopment Agency, for which the City is financially accountable.

The City of Millbrae has adopted a Mission Statement, Values, and Purposes.

### City of Millbrae Mission Statement

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*Enhancing the quality of life in our shared community, providing great services, encouraging community engagement, fostering economic growth, and embracing cultural diversity in a safe environment.*

## City of Millbrae Our Values

*We are committed to the following values which are key to achievement of our Mission.*

- **Quality:** *We will produce nothing less than superior, high quality products and services. The public and our colleagues deserve nothing less.*
- **Customer Service:** *Service to people is what we are all about. We will provide products and services which meet the changing needs of the community. We will always provide services with respect, courtesy, warmth, and responsiveness.*
- **Integrity and Honesty:** *Honesty, openness, fair-dealing and the highest ethical behavior are the foundation for our work.*
- **Innovation:** *We encourage our colleagues and the public to suggest new ideas for improving our products and services, and for doing things more efficiently and effectively.*
- **Teamwork:** *Teamwork is each of us working together to reach a common goal. Teamwork is accomplished when each member contributes their unique abilities, actively communicates and supports each other.*
- **Colleagues:** *We recognize, from managers to line workers, we are colleagues working toward a common goal; accomplishment of the City's overall mission. Each of us should share in the City's success which we make possible.*
- **Pride and Enjoyment in Our Work:** *We believe our work should be a source of personal enjoyment and satisfaction. We accept the challenge and promote a work place in which pride, personal enjoyment, and satisfaction can flourish.*
- **Action Orientation:** *We are an organization which is decisive. We will act without delay, after considering alternatives and their implications. We are proud of our ability to respond quickly and effectively to emergencies and changing priorities.*
- **Citizen Participation:** *We are committed to keeping the public informed by using a variety of communication networks. Effective public policy depends on achievement of community consensus.*
- **Cultural Diversity:** *The world in which we live is always changing. We recognize the need to adapt to meet all new challenges within our community and surrounding region. We will be sensitive to the differing cultural and personal needs of our community.*
- **Legal Responsibility:** *We accept the challenge to actively participate in legislative activities; supporting that with which we agree and opposing that with which we disagree. We will endeavor to know and comply with all Federal and State mandates.*
- **Regional Responsibility:** *Our City is a part of a large, interdependent metropolitan area. We will actively participate in regional planning to serve the best interests of our City and the region.*
- **Planning:** *We are a forward-looking organization, continuously assessing trends and developments which will impact our Mission. We seek to satisfy current needs in a manner which helps obtain our long-range goals.*

## City of Millbrae Our Purposes

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*The purpose of the City municipal government is to provide the conditions necessary for a high quality of life and prosperity for Millbrae residents, businesses and institutions.*

*A high quality of life and community prosperity are based upon:*

- ***Democratic, Local, Self-Government:*** *determination of needs, priorities, and policies by local residents through democratically elected representatives.*
- ***Public Health and Safety:*** *providing an environment free from disease, pollution, crime, fire and conditions injurious to public health and well-being.*
- ***Physical, Cultural, and Social Well-Being:*** *providing facilities and programs for our residents to help meet their needs for socialization, recreation, and cultural and spiritual growth.*
- ***Economic Prosperity:*** *to create conditions which will promote strong sales and trade in our business sector and a strong tax base to support local government services.*
- ***Environmental Protection:*** *to promote conservation of our natural environment and resources, and to promote an attractive, uncluttered, well-maintained and landscaped urban environment.*
- ***Public Facilities and Infrastructure:*** *to provide, maintain and operate public facilities and infrastructure essential to serving and supporting the public and private sectors of the City.*

**Council Goals:**

Each year, the City Council holds at least one meeting per year to discuss and organize the yearly goals and priorities for the City of Millbrae.

*On May 5, 2018, the City Council affirmed the following goals:*

- *Present action items for evaluation and determination by Council as soon as possible regarding the Priority Development Area (PDA), to include updated fee schedules and assessments, to mirror or reflect those established in the Millbrae Station Area Specific Plan (MSASP) developments to start no later than June 12, 2018.*
- *Commitment to infrastructure improvements and sustainability of streets, water, sewer and storm water systems - Public Works Department will deliver Capital Improvement Program (CIP) by May 22, 2018 for review at City Council Study Session.*
- *Community Center Update – Replacement of valuable and needed resource. Maintain timeline for Community Center design, evaluate funding options and make decision for ballot measure by mid-July 2018.*
- *Hire a permanent City Manager, to include finalization of advertising and interviews, discuss in a closed session by June 12, 2018.*
- *Establish value of City owned properties for evaluation of future use or development - Community Development Department to bring forward evaluation report by Keyser Marston Associates and get direction from the City Council on next steps by May 22, 2018.*
- *Staff will work with commissions and committees to develop work plans that align with City Council goals and to bring forward measurable commission and committee goals to the City Council for approval by or before September 2018.*
- *City Council review of designs for Transit Oriented Development (TOD) 1 and 2, to include Citywide noticing for Millbrae Station Area Specific Plan (MSASP) design review prior to Planning Commission decision.*
- *City Council will review City Council Protocols and suggest changes by June 5, 2018 for legal review.*
- *Community Development Department to work with Economic Vitality Committee and Millbrae Chamber of Commerce to address feasibility of a Business Improvement District (BID) by October 2018.*
- *Priority and commitment to public safety – Establish clearly defined ordinances for temporary rentals, obtain Police Department and Fire Department updates about on-going programs during the Annual Report, and continue public outreach at City Services Day and other on-going events in the City.*

The top priorities for 2017 were:

- *Make significant progress on the Millbrae Station Area Specific Plan.*
- *Implement downtown economic plan.*
- *Develop infrastructure plan process/budget.*
- *Improve public safety.*
- *Make progress on the General Plan.*
- *Rebuild the Community Center.*

The top priorities for 2016 were:

- *Make significant progress on the Millbrae Station Area Specific Plan.*
- *Initiate downtown economic development plan.*
- *Develop infrastructure/budget plan.*
- *Implement a public safety improvement plan.*
- *Make significant progress on the General Plan.*
- *Community Center recovery and rebuild.*



**The Local Economy:**

The City's top two general fund revenue sources are property tax and Transient Occupancy Tax (TOT). These two revenue sources represent 66% of discretionary revenue for the City in Fiscal Years 2018 - 2019.

The largest revenue source for the City of Millbrae is Property Tax. Year over year growth has created increases in assessed valuations and, thus, property tax revenues for local agencies. Between 2006 and 2017, the City of Millbrae's Assessment Roll has increased from 2.9 billion in property tax valuation to 5.2 billion. An increase of nearly 80% over 12 years including an increase of 5% between 2016 and 2017. In fiscal year 2018, due to corrections associated with the former Redevelopment Agency, the City received an additional payment of residual funds from the Redevelopment Property Tax Trust Fund (RPTTF). As a result, budgeted property tax has declined from 2018 – 2019. When the additional RPTTF is excluded, a modest growth in property tax is projected. Staff will continue to monitor Property Tax anticipating additional growth based on collections of Property Transfer Tax as a transfer of property allows for reassessment and a likely increase in property tax collections. Note that County-wide property tax growth is around 8% but the greatest growth is occurring in communities with significant construction activity.

The City's second largest source of revenue is Transient Occupancy Tax (TOT). The year over year growth in TOT during 2016 was 10%. After several years of significant growth in TOT revenue, TOT declined in Fiscal Year 2018 and appears to be flat for 2018. Staff is also monitoring a local hotels plans for renovations. When these renovations occur, TOT collections will likely be reduced due to room closure.

Sales tax declined slightly between Fiscal Year 2016 and 2017. With the addition of new businesses in Millbrae, an increase of 10% is anticipated in 2019. Diversification of the City's economic community would help to mitigate sales tax revenue fluctuations. The City's commercial base includes a mix of retail, restaurants, hotels, service businesses, and public services but sales tax is primarily driven by restaurant sales.

# Budget Summary

## Budget Process

Staff is pleased to present this proposed budget for a two year period including fiscal years 2018 – 2019 (July 1, 2018 through June 30, 2019) and 2019 -2020 (July 1, 2019 – June 30, 2020). The budget is a comprehensive financial plan that articulates the goals and objectives of all City departments for the following two years. This report reflects on prior year revenues and expenses and forecasts revenue and expenses for the following two years. In order to develop these recommendations, the City Manager and Finance Director prepare an estimate of revenues to identify any necessary updates and, based on discussions from each department, prepare recommendations for the two budget years including changes to revenue estimates and expense appropriations. If recommended adjustments are accepted by the Council, the proposed budget adjustments may be amended by City Council adoption of a resolution.

The City Council adopts annual budgets for the General Fund, Special Revenue Funds (except for Special Revenue Funds for which expenditures are controlled by grant funding or by assessments received), Enterprise Funds, and Internal Service Funds. Budgetary control is legally maintained at the fund level for these funds. Within a fund, the City Manager has discretion to transfer appropriations between departments to achieve City Council goals and policy direction.

At the middle each fiscal year and at the middle of the 2-year budget cycle, department managers typically review budget and project status and compare to goals and projections. In addition as new issues arise, budget actions may be requested through Council action.

## Current Financial Condition

The City has seen a recovery from the recession and economic downturn. As had been anticipated, the continual incline is beginning to reflect a gradual leveling off. While key revenues are anticipated to continue to grow, there is concern at the economic levels about a future recession and the protracted economic recovery. Typically, economic recoveries have lasted five years and the current recovery has lasted ten years.

Overall, the City is in sound financial position and the current State of the City is good-to-excellent. This “rating” is attributed to current and past municipal fiscal stewardship by Council and staff who have focused on maintaining a conservative approach to revenue projections, tight budget controls and the on-going review of internal policies and procedures to assure that all work products and tasks gain the highest of efficiencies. The public can be secure that taxpayer assets are managed with the utmost respect and oversight.

## Budget Overview:

All Funds are outlined below with the department having primary oversight responsibility in parenthesis:

- General Fund:

The General Fund accounts for all financial resources that are not accounted for in other funds. The City Council exercises the most discretion over the General Fund.

- Special Revenue or Restricted Funds:

Special Revenue Funds account for the proceeds of specific revenue sources (other than trusts for private organizations or for major capital projects) that are restricted to expenditures for specific purposes. The restriction may be a legal restriction based on the type of revenue collected or may be based on a fee structure established for a specific purpose.

- Measure A: Transportation (Public Works)
- Highway Users Tax: Transportation (Public Works)
- Recreation (Finance & Recreation)
- Community Center Rebuild (Finance & Recreation)
- Integrated Waste Management (Public Works)
- San Mateo County Measure M: Street Sweep / Congestion (Public Works)
- Field License Agreement (Public Works)
- Developer Housing Fees (Community Development)
- General Plan Update (Community Development)
- Document Imaging Fees (Community Development)
- Public Education and Government Access (PEG) (City Manager & Administrative Services)

- Developer Funds:

Developer Funds represent deposits paid by applicants for projects requiring building, planning, or engineering approval. These deposits are held by the City and payments for services related to these projects are charged against these deposits. This assures that costs of projects are recovered before permits and entitlements are issued.

- Developer Permits (Community Development)
- Developer Deposits: Serra Project (Community Development)
- Developer Deposits: BART Site 5 (Community Development)

- Enterprise Funds

Enterprise Funds (also known as business-type activities) account for any activity for which a fee is charged to external users for goods or services. These funds typically have fees that are established to provide sufficient revenue to recover the cost of the activity in that fund.

- Sanitation (Sewer) (Public Works)
- Sewer Modernization Program (Public Works)
- Water Utility (Public Works)
- Storm Drain (Public Works)

- Internal Service Funds:

Internal Service Funds are account for activities that provide goods or services to other departments on a cost reimbursement basis.

- Insurance: Worker's Compensation (City Manager & Administrative Services)
- Insurance: General Liability (City Manager & Administrative Services)
- Insurance: Unemployment (City Manager & Administrative Services)
- Garage Operations (Public Works)
- Vehicle and Equipment Replacement (Public Works)
- Other Post-Employment Benefits (OPEB) (Finance & Recreation)

- Debt Service Funds

Debt Service Funds account for the accumulation of resources for, and the payment of, principal and interest on the bonds, certificates of participation, and other debt issued in support of governmental activities.

- Redevelopment Agency (RDA) Obligation Retirement (Finance & Recreation)
- Debt Service 1999 Police Remodel (Finance & Recreation)
- General Obligation Bonds: Millbrae Library (Finance & Recreation)
- 2004 Taxable Pension Obligation Bonds (Finance & Recreation)

- Fiduciary Funds:

The City previously held Fiduciary Funds in a custodial capacity for the Sister Cities Commission and the Senior Program. These funds have been closed.

## City Funding Sources (Revenues):

The City of Millbrae revenues can be grouped into several broad categories including: taxes, utility charges, proceeds from debt, transfers, fees & permits, public safety charges (including fines, forfeitures, and charges for services), intergovernmental revenue, use of money and property (rent and interest) and other revenue. Further explanation of revenue types will follow corresponding with each fund or department budget.

Revenue Type	2018 Adopted	2018 Amended	2019 Budget	2020 Budget
Water & Sanitation Services	\$15,005,857	\$15,945,000	\$21,800,000	\$23,675,000
Property Tax	\$13,162,093	\$12,569,096	\$12,801,707	\$12,939,239
Proceeds from Debt	\$6,850,000	\$8,500,000	\$10,500,000	\$9,000,000
Transient Occupancy Tax	\$7,616,360	\$8,250,000	\$8,300,000	\$8,300,000
Interdepartmental Services	\$3,208,700	\$3,393,000	\$3,797,050	\$3,833,434
Capital Transfer In	\$0	\$5,504,210	\$3,768,553	\$1,736,952
Sales & Use Tax	\$2,669,331	\$3,268,612	\$3,713,000	\$3,813,000
Intergovernmental Revenues	\$1,250,000	\$1,321,658	\$2,245,022	\$1,810,022
Operating Transfers In	\$2,275,821	\$2,885,821	\$1,783,490	\$2,286,498
Permits & Fees	\$4,137,261	\$1,304,000	\$1,439,131	\$1,444,131
Public Safety Revenue	\$1,662,539	\$1,375,000	\$1,360,000	\$1,360,000
Use of Money & Property	\$1,200,000	\$986,500	\$1,117,500	\$1,117,500
Franchise Taxes	\$1,049,610	\$1,000,000	\$1,080,000	\$1,080,000
Recreation Fees	\$700,000	\$700,500	\$478,500	\$486,163
Other Taxes	\$272,475	\$360,000	\$425,000	\$425,000
Business License Tax	\$325,480	\$325,000	\$350,000	\$350,000
Proceeds from Insurance	\$0	\$2,342,717	\$100,000	\$50,000
Other Revenues	\$292,267	\$77,501	\$63,000	\$63,000
In Lieu: Water & Sewer	\$124,143	\$0	\$0	\$0
<b>Total Revenues</b>	<b>\$61,801,937</b>	<b>\$70,108,615</b>	<b>\$75,121,953</b>	<b>\$73,769,939</b>

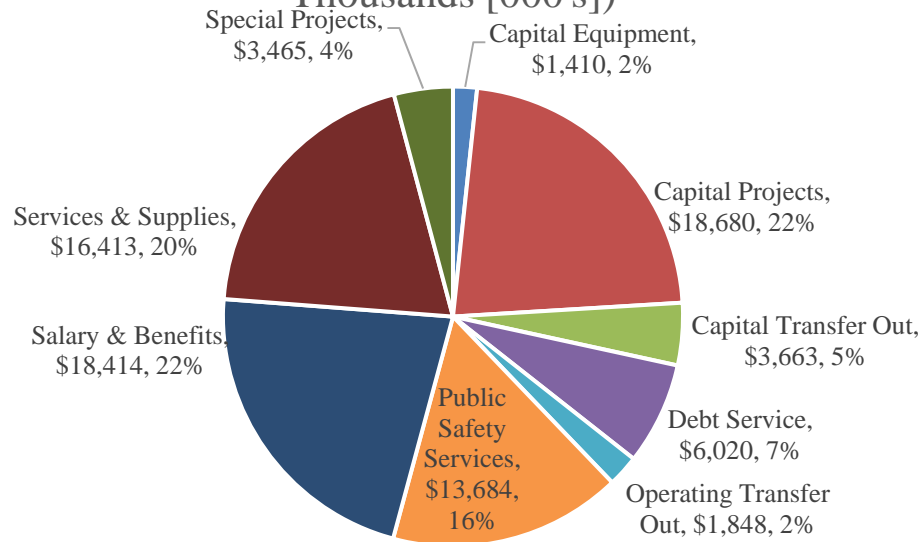
## City Expenses:

The City of Millbrae expenses can be grouped into several broad categories:

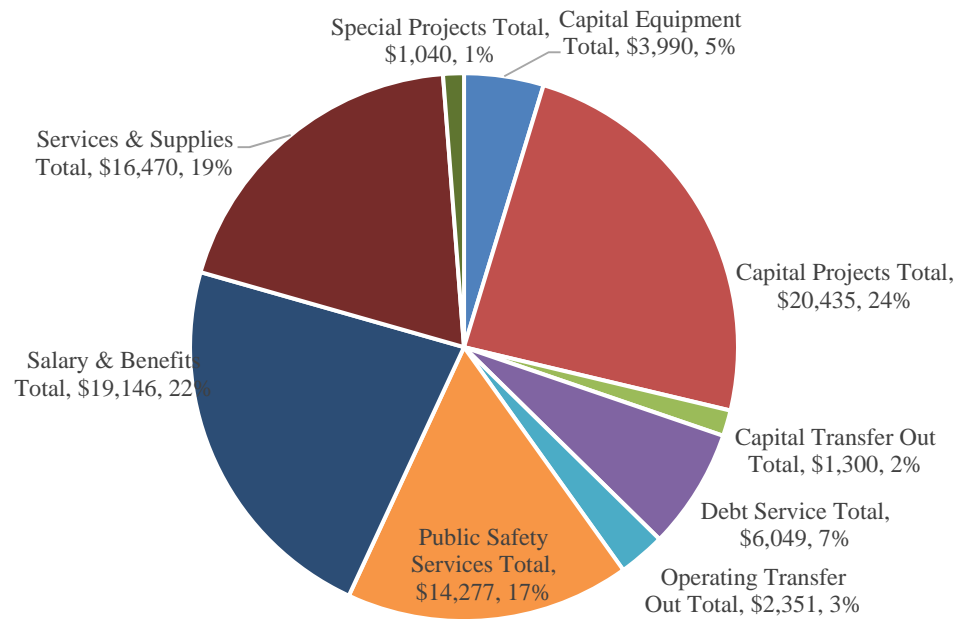
- Operating Expenses include:
  - Salary and Benefits costs including other expenses related to personnel such as retirement (PERS) costs, health and related benefits as well as transfers to fund Pension Obligation Bond debt service, and Other Post-Employment Benefits (OPEB) [also called retiree health benefits].
  - Services & Supplies including all non-salary operating costs such as contract services, utilities, legal services, police and fire contracts, and transfers to fund shared operating programs such as garage and general liability (interdepartmental services).
  - Debt Service costs to pay current debt obligations of the City including bonds and certificates of participation (COP).
  - Interdepartmental Services or Operating Transfers include transfers from one fund to another such as for general fund subsidy of another fund or for a fund to reimburse the general fund for costs of general administration.
- Capital and Special Project Costs include:
  - Special Projects include one-time projects such as planning and engineering studies, the enterprise resource planning (ERP) system replacement, and technology upgrades.
  - Capital Equipment include purchases of equipment that meet the capital equipment threshold established in the City's Capital Asset Policy.
  - Capital Projects include infrastructure projects such as streets, facilities, water, and sanitation projects that meet the capital equipment threshold established in the City's Capital Asset Policy.

Expenses will be further discussed within the budget for applicable funds.

City of Millbrae  
2019 Budgeted Expense by Type - All Funds (in  
Thousands [000's])



City of Millbrae  
2020 Budgeted Expense by Type - All Funds (in Thousands  
[000's])



City of Millbrae Operating & Capital Budget Mid-Cycle Update

Expenses by Fund:

A breakdown of recommended expense by fund follows:

Fund Name	2018 Adopted	2018 Amended	2019 Recommended	2020 Recommended
General Fund (101)	\$35,823,884	\$39,130,937	\$38,085,282	\$38,766,603
Developer Permits (103)	\$0	\$0	\$0	\$0
Developer Fees: Serra Project (150)	\$0	\$0	\$0	\$0
Developer Fees Bart Site 5 (151)	\$60,000	\$690,000	\$60,000	\$60,000
Measure A: Transportation (205)	\$291,000	\$1,728,941	\$3,313,320	\$317,103
Highway Users Tax: Transportation (211)	\$1,440,950	\$2,052,446	\$1,808,500	\$1,816,163
Recreation (215)	\$0	\$4,030,584	\$420,000	\$420,000
Community Center Rebuild (216)	\$62,293	\$202,579	\$213,322	\$218,426
Integrated Waste Management (227)	\$25,000	\$89,720	\$98,588	\$99,413
San Mateo County Measure M: Street Sweep / Congestion (250)	\$0	\$0	\$0	\$0
Redevelopment Agency (RDA) Obligation Retirement (326)	\$1,195,609	\$783,425	\$715,082	\$706,551
Debt Service 1999 Police Remodel (354)	\$263,130	\$268,130	\$265,758	\$267,130
General Obligation Bonds Millbrae Library (355)	\$596,488	\$600,988	\$612,188	\$617,688
2004 Taxable Pension Obligation Bonds (356)	\$1,073,500	\$1,075,000	\$1,115,001	\$1,160,001
Field License Agreement (530)	\$242,000	\$586,131	\$442,732	\$454,368
Developer Housing Fees (531)	\$11,300	\$110,000	\$0	\$0
General Plan Update (532)	\$25,000	\$50,000	\$100,000	\$0
Document Imaging Fees (540)	\$50,000	\$50,000	\$50,000	\$50,000
Public Education and Government Access (PEG) (542)	\$0	\$75,000	\$0	\$0
Sister City (550)	\$0	\$500	\$0	\$0
Sanitation (Sewer) (660)	\$9,689,581	\$9,283,120	\$9,814,297	\$15,404,874
Sewer Modernization Program (661)	\$4,850,000	\$11,454,036	\$12,734,793	\$12,124,325
Water Utility (670)	\$10,058,018	\$7,832,784	\$8,349,389	\$8,564,045
Storm Drain (680)	\$676,486	\$2,961,635	\$2,730,648	\$1,972,933
Insurance: Worker's Compensation (770)	\$300,000	\$536,366	\$210,355	\$211,386
Insurance: General Liability (771)	\$555,000	\$700,000	\$650,000	\$650,000
Insurance: Unemployment (772)	\$60,000	\$52,731	\$30,000	\$30,000
Garage Operations (773)	\$214,500	\$1,289,402	\$667,618	\$657,096
Vehicle Replacement (775)	\$455,000	\$920,000	\$1,110,000	\$490,000
<b>Total Expenses</b>	<b>\$68,018,739</b>	<b>\$86,554,455</b>	<b>\$83,596,873</b>	<b>\$85,058,105</b>



## Global Changes Affecting All Funds

In each of the Departmental Budgets, some general changes have been included based on prior contractual agreements or realignment of costs initiated to better capture the appropriate accounting structure or cost share. Each is briefly discussed as follows:

- The current labor agreements for the City are effective through June 30, 2018. The recommended budget does not include any additional costs pending the outcome of labor negotiations.
- Based on actual utilization and upcoming needs, the following staffing changes are proposed:
  - Positions Increases:
    - The half-time code Enforcement Officer is proposed to be increased to full-time
    - The following vacant positions are proposed but are unfunded.
      - A new Senior Management Analyst to support Human Resources activities
      - Deputy Director of Public Works

If funding is identified, staff will return to Council with budget actions necessary to fill the positions.

- Position Reductions:
  - City Manager / Public Works: Stand-alone Public Works Director position has been removed and the position has been merged with the existing Deputy City Manager position
  - City Manager / Administrative Services: Vacant ½ time Human Resources Technician is recommended for removal
  - Finance & Recreation: Vacant limited-term Accounting Technician is recommended for removal
  - Finance & Recreation: 3 Full Time Equivalent Temporary Positions in Recreation are recommended for removal
  - Public Works: Remove Capital Improvement Program (CIP) Manager and replace with Management Analyst
- Other changes
  - City Manager / Administrative Services and Finance & Recreation: The Senior Office Assistant previously shared with Finance and Administration is proposed to be assigned to Finance only
  - Community Development: The Project Manager: Housing and the Economic Development Specialist are proposed to be merged into a single: Project Manager: Housing & Economic Development position

- Public Works:
  - Remove Capital Improvement Program (CIP) Manager and replace with Management Analyst
  - Remove Development Services Engineer and replace with Senior Engineer
  - Remove one Maintenance Worker and replace with Parks Maintenance Technician
  - Remove limited term designation for Assistant Engineer
- CalPERS increase: The City's share of the "normal" retirement rate increased from 12.47% of payroll to 13.084% of payroll. Employees pay 5% of the employer cost. The Unfunded Actuarial Liability (UAL) for the City increased from \$2.9 million to \$3.7 Million. The UAL portion is allocated to each department based on employee PERS costs.
- Funding of "pay as you go" portion of Other Post Employment (OPEB) liabilities was increased based on most recent actuarial report. (This is also referred to as retiree medical.)
- Transfers to Internal Service Funds (General Liability, Garage, and Vehicle Replacement) were updated to reflect current allocations based on share of employee salaries or values of vehicles.

## General Fund Overview

The City Council has the most discretion over the General Fund. The previous 2-year budget adopted in June 2016 anticipated use of \$7.0 million in general fund reserves in 2016 – 2017 and \$5.5 million in reserves in 2017 – 2018 to fund a robust capital improvement program. After corrections and updates to project timelines, the anticipated transfer from general fund reserves for the two year period ending June 30, 2018 was proposed to be reduced from \$12.5 Million to \$8.5 Million but \$1.8 Million of that transfer was for operating expenses. Staff took significant action to assure a balanced operating budget for Fiscal Year 2019. While Fiscal Year 2020 remains in a deficit position, staff anticipates taking several actions during Fiscal Year 2020 to resolve this deficit including:

- Interim fee update where available such as in Recreation and Community Development,
- Completion of Master Fee Study, Cost Allocation Plan, Development Impact Fee Study, and Revenue Study, and
- Implementation of short-term rental ordinance with a corresponding increase in Business License Tax and Transient Occupancy Tax.

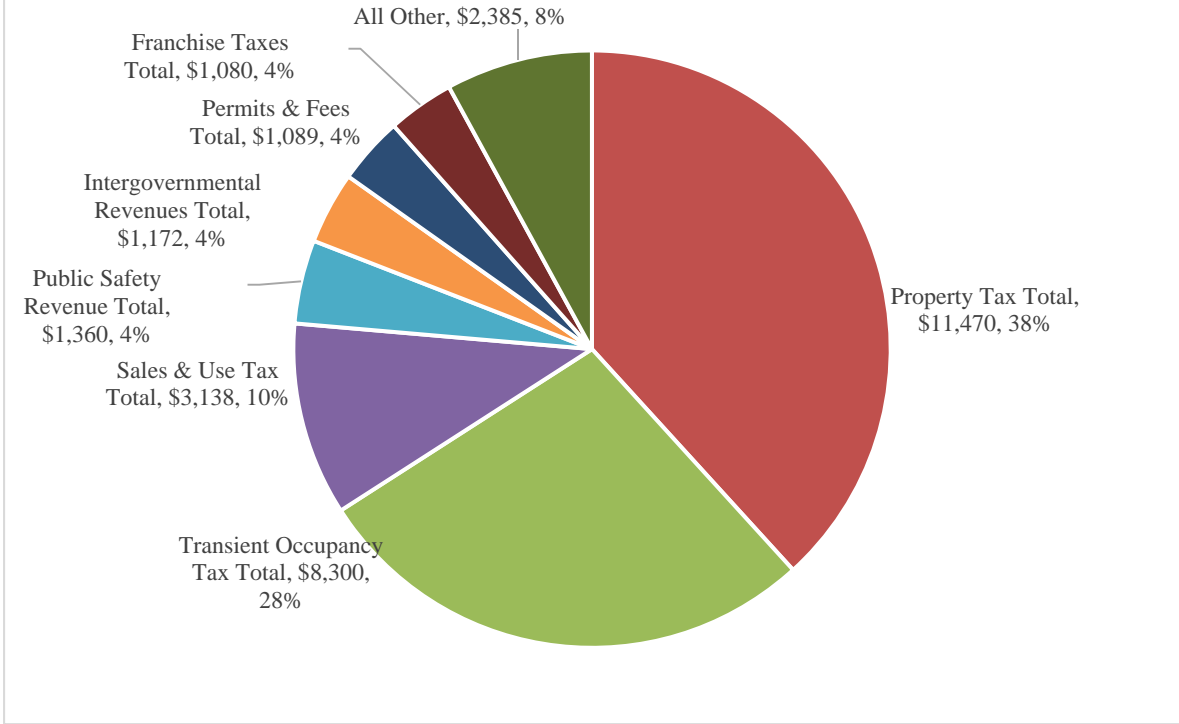
### **General Fund Revenue:**

The General Fund supports most City services such as Administration, Human Resources, Finance, Community Development, Public Works (Engineering, Streets Maintenance, Facilities Maintenance, and Parks Maintenance), and Public Safety (Police and Fire). Primary General Fund revenue sources include: Property Tax, Transient Occupancy Tax (TOT), Sales Tax, Public Safety Charges (Fines, Forfeitures, and Service Charges), Intergovernmental Revenues, Permits and Fees, and Franchise Taxes. These seven revenue sources represent 92% of discretionary revenue for the City.

The following are included in the All Other Sources Category:

- Use of Money and Property (Interest & Rent)
- Interdepartmental Services
- Business License Tax and Parking Tax
- Other Revenues

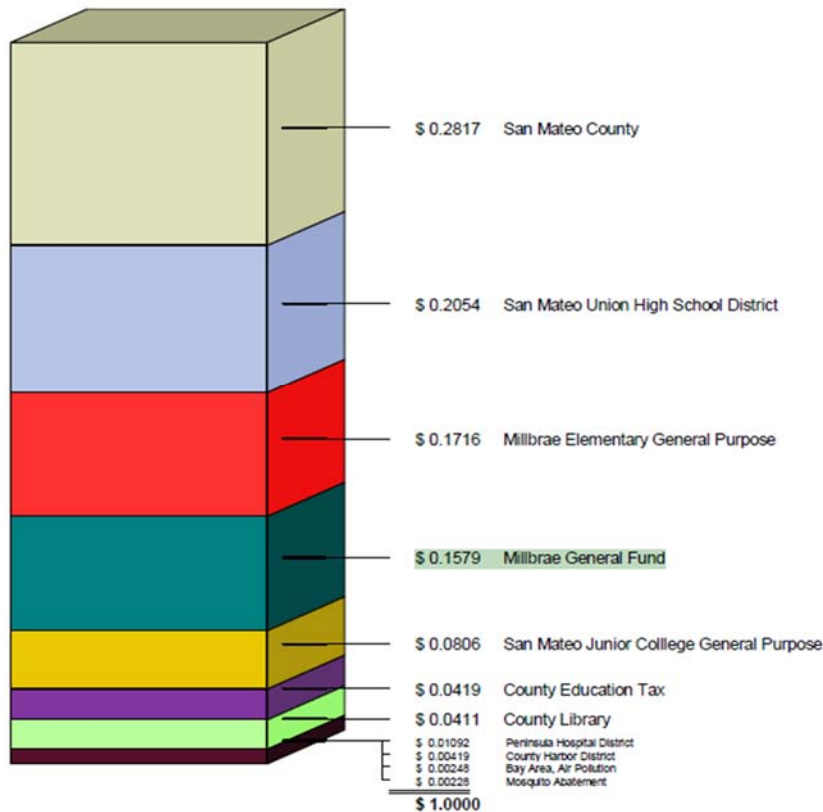
**CITY OF MILLBRAE  
2019 BUDGETED GENERAL FUND REVENUE  
SOURCES  
(IN THOUSANDS [000'S])**



**Property Tax:**

Property Tax revenue represents 38% of general fund revenue. San Mateo County collects property tax on behalf of all agencies in the County. The general property tax rate is 1% of property valuation subject to the limitations of Proposition 13. The City of Millbrae General Fund receives approximately sixteen cents of every property tax dollar remitted. The largest portion of property tax dollars is remitted to local school districts with the next largest portion submitted to San Mateo County. The chart below is a general breakdown of sharing for property tax funds for City of Millbrae properties.

### THE CITY OF MILLBRAE PROPERTY TAX DOLLAR BREAKDOWN



In addition to the General Property Tax, San Mateo County collects the following on behalf of the City and Districts located in the City:

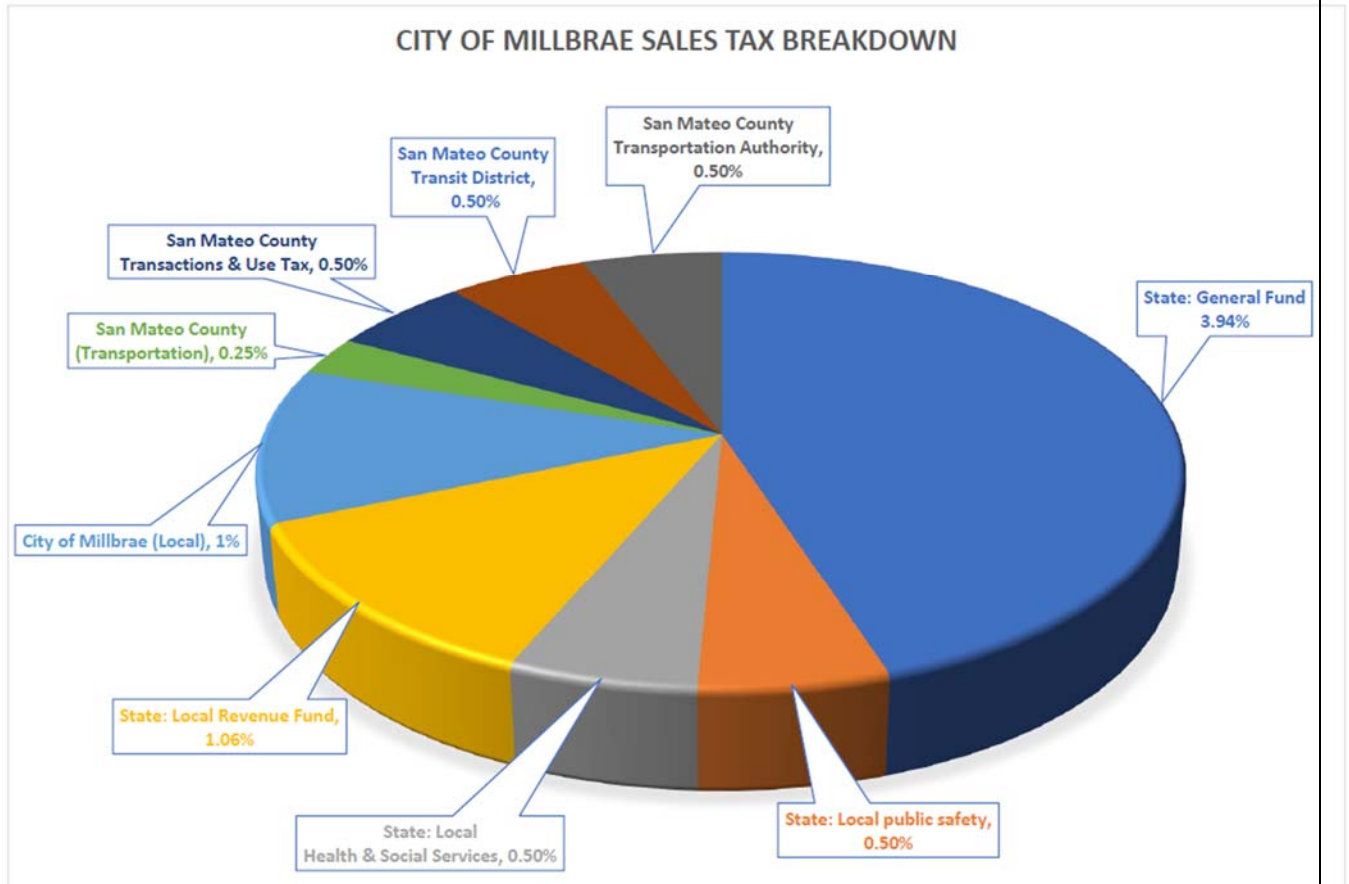
- Fire Assessment and Storm Drain Fees on behalf of the City of Millbrae.
- Millbrae Library Bond (0.0122%)
- Millbrae School District Bonds (0.043%)
- San Mateo High Bonds (0.0415%)
- San Mateo Junior High Bonds (0.0247%)

#### **Transient Occupancy Tax (TOT):**

The City of Millbrae Transient Occupancy Tax (TOT) or “hotel tax” is 12%. TOT represents 28% of discretionary revenue. After growing over 20% in Fiscal Year 2015 and over 10% in Fiscal Year 2016; TOT revenue appears to be flattening. In fact, TOT collections in Fiscal Year 2018 were slightly slower than in 2017. In addition, a hotel property has submitted an application to Community Development for renovations. Room closures related to this project may result in a decline in TOT. Staff is monitoring this project closely for impact.

**Sales Tax:**

The sales tax rate in the City of Millbrae is 8.75%. The City generally receives 1% of as local sales tax. Sales tax revenues are collected by the State and allocated as shown in the below graph:



In addition to the 1% “Bradley Burns Rate”, the City receives a share of other sales tax revenues collected by the State including Public Safety Sales Tax which is restricted to public safety purposes as well as Measure A, and Measure M which are restricted for transportation (streets) projects.

The largest performing economic sector for sales tax is food products especially restaurants and markets. This economically sensitive sector represents over 50% of sales tax collections.

**Public Safety Charges:**

Public Safety Charges include fines, forfeitures, and charges for services. This revenue includes revenue from citations, permits, and alarm monitoring fees.

**Franchise Tax:**

Franchise Taxes are collected from businesses that are granted franchises to provide utility services in the City including Telecommunications (Comcast & AT&T), Garbage (South San Francisco Scavenger), and Gas & Electric (PG&E). The City is realizing strong performance in this revenue item but cautions that collections are based on fluctuations in commodity prices and economic issues.

**Permits, Engineering, and Planning Fees:**

While the primary mission of government is to satisfy community needs, many City services solely benefit specific individuals or businesses. It is the City's policy that the public at large should not subsidize activities of private interest through general tax revenues. The City has therefore established user fees to ensure that those who use proprietary services pay for those services in proportion to the benefit received. Fees that do not recover the full cost of providing the service result in a General Fund subsidy which shifts funds away from other critical and high priority programs that may not have similar cost recovery options. The Finance Department has recommended a budget for a comprehensive master fee study, cost allocation plan, development impact fee study, and revenue study.

**Other Revenue Sources:**

- Use of Money and Property (Interest & Rent): In 2015, the City signed an agreement with Outfront Media for a billboard near the 101 Freeway. The rent from that agreement totaled nearly \$500,000 in Fiscal Year 2018.
- Intergovernmental Revenues such as Federal, State, and County Grants. This category includes vehicle license fees, state mandate reimbursements and grants. Grants are typically tied to spending on projects and may fluctuate significantly each year. For Fiscal Year 2019 and 2020, grants have been awarded for infrastructure projects.
- Reimbursements, Charges for Services and transfers from other funds typically to allocate administrative overhead charges.
- Other Taxes:
  - Business License Tax: With increased staffing in the Finance Department, staff has focused on increased enforcement of the Business License Tax resulting in increased collections from 320,000 in Fiscal Year 2016 to over \$360,000 in Fiscal Year 2018.
  - Property Transfer Tax: Property Transfer Tax has been increasing since Fiscal Year 2016. Staff is monitoring the impact of property transfers on property tax as properties may be reassessed when transferred resulting in increased property tax collections.

**General Fund Expenses:**

The General Fund is divided into operating departments as follows:

Department	2018 Adopted	2018 Amended	2019 Recommended	2020 Recommended
Non-Departmental	\$2,198,781	\$6,763,296	\$4,705,748	\$4,177,726
City Council	\$146,110	\$296,229	\$217,538	\$217,761
City Attorney	\$250,000	\$250,000	\$225,000	\$225,000
City Manager & Administrative Services	\$3,077,931	\$2,322,316	\$2,068,512	\$1,965,856
Finance & Successor Agency Administration	\$2,462,460	\$2,680,548	\$2,626,465	\$2,274,842
Successor Agency Administration	\$23,491	\$47,655	\$44,721	\$45,979
Community Development	\$3,723,247	\$3,903,532	\$2,901,775	\$2,476,159
Public Works	\$9,096,096	\$6,918,280	\$8,227,838	\$9,516,005
Police	\$7,681,142	\$8,484,293	\$8,722,418	\$8,862,886
Fire	\$7,188,117	\$7,512,443	\$8,389,988	\$9,050,368
<b>Total General Fund Expenses</b>	<b>\$35,823,884</b>	<b>\$39,130,937</b>	<b>\$38,085,282</b>	<b>\$38,766,603</b>



# Department Budgets

All operating departments manage budgets in other funds. Budget details for each department including funding sources and capital or special projects managed by each department will follow.

General Fund Operations are generally paid from discretionary revenue addressed previously in this budget document.

## Non Departmental / Non-Divisional (Department 00):

Non-Departmental expenses represent functions that span the entire City organization. In these cases, instead of allocating expenses to a specific general fund department, the expenses are charged through this Non-Departmental budget simplifying accounting and allocation through a larger cost allocation plan. Non-Departmental expenses include: utilities on City buildings (gas, electric, water and sewer), custodial services, leases, web site maintenance, and communications. In addition, general supplies that are for the benefit of the entire City rather than a specific department are also included. For example, postage is primarily charged to this department unless a specific department requires a bulk mailing. Transfers to other funds are also budgeted in this department.

Funding Source: General Fund

Below is a summary of operating costs for this department:

	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues: General Fund</i>				
<i>Expenses:</i>				
Salary and Benefits	\$0	\$50,000	\$0	\$0
Services and Supplies	\$372,282	\$563,000	\$526,738	\$526,228
Operating Transfers	\$1,826,499	\$2,274,336	\$1,848,490	\$2,351,498
Capital Transfers	\$0	\$3,875,960	\$2,330,520	\$1,300,000
<b>Total</b>	<b>\$2,198,781</b>	<b>\$6,763,296</b>	<b>\$4,705,748</b>	<b>\$4,177,726</b>

Transfers include:

- Transfers to support operations in funds that are do not have sufficient revenues to support required expenses (Recreation, Field License Agreement, Storm Drain)
- Transfers to Debt Service Funds for payment of outstanding debt (Debt Service 1999 Police Remodel)
- Transfers to Utilities for Customer Assistance Program
- Transfers to support Capital Projects included in recommended capital budget.
- Budgeted transfers are further detailed below:

City of Millbrae Operating & Capital Budget Mid-Cycle Update

Description	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
Operating Transfer to Recreation (Fund 215)	\$448,369	\$1,308,000	\$1,150,000	\$1,200,000
Transfer for Debt Service 1999 Police Station Remodel (Fund 354)	\$263,130	\$268,130	\$265,758	\$267,130
Operating Transfer to Field License Agreement (Fund 530)	\$125,000	\$321,131	\$367,732	\$379,368
Operating Transfer to Water Utility for Customer Assistance Program (Fund 670)	\$0	\$15,000	\$25,000	\$25,000
Operating Transfer to Sanitation (Sewer) for Customer Assistance Program (Fund 660)	\$0	\$20,000	\$20,000	\$20,000
Operating Transfer to Sewer Modernization Program for Customer Assistance Program (Fund 661)	\$0	\$20,000	\$20,000	\$20,000
Operating Transfer to Storm Drain (Fund 680)	\$990,000	\$422,075	\$0	\$440,000
Capital Transfer to Community Center Rebuild (Fund 216)	\$0	\$519,000	\$0	\$0
Capital Transfer to Storm Drain for Capital Projects (Fund 680)	\$0	\$2,077,560	\$1,600,000	\$1,300,000
Capital Transfer to Storm Drain for Equipment Replacement (Fund 680)	\$0	\$0	\$365,458	\$0
Capital Transfer to Vehicle Replacement (775)	\$0	\$0	\$365,062	\$0
<b>Total Transfers from General Fund</b>	<b>\$1,826,499</b>	<b>\$4,970,896</b>	<b>\$4,179,010</b>	<b>\$3,651,498</b>

**City Council (Department 10)**

The City Council is the elected body that oversees all municipal operations. The City Council provides policy leadership and acts as the legislative arm of City government. The five members of the City Council are elected at large and serve overlapping four year terms. The City Council serves as the Successor Agency to the Successor Agency to the Millbrae Community Development Agency.

*Associated Council Goals for 2019:*

*City Council will review City Council Protocols and suggest changes by June 5, 2018 for legal review.*

Each member of the City Council is provided a salary in accordance with State law. In addition, Councilmembers are eligible for benefits including PERS retirement, health, dental, and vision care coverage for Councilmembers and their dependents.

**Funding Source: General Fund**

	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues: General Fund</i>				
<i>Expenses:</i>				
Salary and Benefits	\$30,185	\$170,339	\$50,891	\$51,114
Services and Supplies	\$115,925	\$125,890	\$166,647	\$166,647
<b>Total</b>	<b>\$146,110</b>	<b>\$296,229</b>	<b>\$217,538</b>	<b>\$217,761</b>

**City Attorney (Department 20)**

City Attorney Services are contracted by the City. The City Attorney is appointed by City Council to ensure compliance with laws as well as provide guidance and legal support. When necessary, the City attorney will advise leadership regarding content of ordinances, resolutions, and contract language as well as providing representation in the event of litigation.

This budget provides general legal services for citywide actions and activities. In addition, most departments have a legal services line item for legal needs specific to the department's activities.

For 2019, the City Attorney has requested a rate increase of 8.5%. This will be the first rate increase since 2014. Even though the rates are increasing, the budget for this general department is anticipated to decrease as many specific City Attorney activities are budgeted in the departments requesting the service.

	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues: General Fund</i>				
<i>Expenses:</i>				
Services and Supplies	\$250,000	\$250,000	\$225,000	\$225,000
<b>Total</b>	<b>\$250,000</b>	<b>\$250,000</b>	<b>\$225,000</b>	<b>\$225,000</b>

**City Manager (Department 30)**

**Administrative Services (Department 40)**

City Manager – Fund 101 | Department 30 | Division 211

City Clerk - Fund 101 | Department 30 | Division 232

Administrative Services – Fund 101 | Department 40 | Division 221

The City Manager is the chief executive officer of the municipal government to whom all department heads and employees report. The City's Manager's mission is to carry out the policies and programs approved by the Council and provide administrative leadership.

The City Manager is responsible for overseeing the daily operations of the City and ensuring that City services are delivered in an economical and effective manner.

The City Manager provides support to the City Council by guiding the staff in accomplishing the mission of the City and achieving the Council-approved Strategic Plan Actions. The City Manager's Office is also responsible for providing information to the public about significant activities of the City, special projects, and representing the City with other governmental agencies.

The City Manager's Office oversees and assures effective and efficient delivery of all municipal services through the City's operating departments to citizens, businesses, and institutions including:

- Policy-making assistance through analyzing issues and presenting staff reports at City Council meetings;
- Directing the annual update of the City's Strategic Plan for Council review and approval.
- Producing the bi-annual City budget from which the Council funds projects and programs in accordance with the approved Strategic Plan;
- Providing administrative assistance to the City Council;
- Assisting citizens with City services or regulations;
- Monitoring and controlling activities of all City departments through leadership and coaching of the City's Executive Management Team.

*Associated Council Goals for 2019:*

***The City Manager is responsible for supporting all staff in the accomplishment of Council Goals.***

*Hire a permanent City Manager, to include finalization of advertising and interviews, discuss in a closed session by June 12, 2018.*

*Staff will work with commissions and committees to develop work plans that align with City Council goals and to bring forward measurable commission and committee goals to the City Council for approval by or before September 2018.*

The City Manager's Office and Administrative Services Department manage the City Clerk, Government Access, Human Resources, and General Liability Functions for the City.

#### City Clerk and Government Access Division

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The City Clerk's Office keeps the public informed regarding the business of the City, and ensures opportunities for public participation in local government. The City Clerk performs a wide variety of services for the City of Millbrae and provides administrative support to the City Council and City Manager including:

- Coordination of Council Agenda Packets and Minutes
- Management of Public Records Act Requests
- Management of Liability Claims
- City Communications and Media Relations
- Elections

The City Clerk is the custodian of records for the City and oversees Millbrae's general municipal elections. The City Clerk also serves as the local filing officer for the Fair Political Practices Commission.

The Government Access Division provides for public access to government activities primarily through management of the City's Government Channel. Meeting agendas and notices, City department announcements, and news releases are placed on Millbrae Community Television (MCTV), Channel 27 cable access, as well as on the City's website.

#### Human Resources

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Human Resources functions include:

- Labor negotiations,
- Recruitment,
- Employee benefits administration, and
- Related functions

#### Special and Environmental Programs

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Special and Environmental Programs include:

- Compliance with legislation for landfill waste reduction
- Compliance with Urban Water Management Plan regulations
- Manage the Business Cleanup Program (Developed in 2018)
- Coordination of recycling and garbage service

In addition to supporting the accomplishment of all City goals, in 2018, accomplishments of the City Manager and Administrative Services Departments included:

- City Clerk
  - Initiation of project to develop Citywide Retention Schedule and Records Retention Policy
- Human Resources
  - Implementation of Tyler New World Human Resource Module
- Special and Environmental Programs
  - Exceeded water use and waste reduction regulations
  - Developed draft Climate Action Plan
  - Initiated an internal Green Team
  - Implemented the Business Cleanup Program

During 2019, in addition to supporting the achievement of all Council goals, the City Manager’s Department will focus on the following initiatives:

- City Clerk
  - 2018 Municipal Election
  - Complete Records Retention Policy & Procedures
  - Procurement and implementation of Electronic Document Management System
- Human Resources
  - Labor Negotiations as current labor contracts expire on June 30, 2018.
  - Citywide Classification and Compensation Survey
  - Update Administrative Policies and Procedures
- Special and Environmental Programs
  - Complete Climate Action Plan
  - Develop and implement climate protection programs

	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues: General Fund</i>				
<i>Expenses:</i>				
Salary and Benefits	\$2,202,929	\$1,439,066	\$1,126,477	\$1,173,821
Services and Supplies	\$775,002	\$683,250	\$842,035	\$792,035
Special Projects and Studies	\$100,000	\$200,000	\$100,000	\$0
<b>Total</b>	<b>\$3,077,931</b>	<b>\$2,322,316</b>	<b>\$2,068,512</b>	<b>\$1,965,856</b>

In addition to programs funded by the General Fund, the City Manager and Administrative Services Departments administer the following:

- Special Revenue or Restricted Funds:
  - Public, Education, and Government (PEG) Access (Fund 542)
- Internal Service Funds
  - Worker’s Compensation (Fund 770)
  - Insurance: General Liability (Fund 771)
  - Unemployment Benefits (Fund 772)

Public Education and Government (PEG) Access (Fund 542)

The Public Education and Government Access (PEG) Fund is revenue received from cable television subscribers. Use of these funds is restricted to capital facilities and equipment to improve public access to government.

Type	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues: Public Education and Government Access Fees</i>				
Use of Money & Property	\$1,372	\$500	\$500	\$500
<i>Expenses:</i>				
Capital Projects	\$0	\$75,000	\$0	\$0
<b>Budgeted Transfer to Fund Balance (Use of Fund Balance)</b>	<b>\$1,372</b>	<b>(\$74,500)</b>	<b>\$500</b>	<b>\$500</b>

Worker’s Compensation (Fund 770)

The City is self-insured for Worker’s Compensation claims and manages those costs through a dedicated internal service fund. The City is responsible for claims up to \$300,000 and is insured for claims in excess of \$300,000. Based on actuarial study, funds are allocated to the departments based on share of employee costs with a greater cost share allocated to departments with employees categorized as labor employees.

City of Millbrae Operating & Capital Budget Mid-Cycle Update

Type	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues:</i>				
Use of Money & Property	\$686	\$0	\$0	\$0
Interdepartmental Services	\$0	\$536,366	\$693,610	\$704,171
<i>Expenses:</i>				
Salary & Benefits	\$0	\$56,371	\$33,049	\$34,080
Services & Supplies	\$300,000	\$479,995	\$177,306	\$177,306
<b>Budgeted Transfer to Fund Balance (Use of Fund Balance)</b>	<b>(\$299,314)</b>	<b>\$0</b>	<b>\$483,255</b>	<b>\$492,785</b>

Insurance: General Liability (Fund 771)

The City Manager Departments oversees the General Liability function for the City. In 2018, the pooled liability program managed by ABAG was transitioned to the Pooled Liability Assurance Network (PLAN) Joint Powers Agreement (JPA). Costs of insurance and a set-aside for claims is shared with all departments based on employee costs.

Type	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues:</i>				
Interdepartmental Services	\$537,881	\$500,000	\$650,000	\$650,000
<i>Expenses:</i>				
Salary & Benefits	\$0	\$65,627	\$41,814	\$42,706
Services & Supplies	\$555,000	\$634,373	\$607,647	\$606,957
<b>Budgeted Transfer to Fund Balance (Use of Fund Balance)</b>	<b>(\$17,119)</b>	<b>(\$200,000)</b>	<b>\$539</b>	<b>\$337</b>

Unemployment (Fund 772)

The City is self-insured for Unemployment and pays claims to the State Employment Development Department as they occur. Funds are allocated to the departments as a percentage of payroll.



Type	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues:</i>				
Interdepartmental Services	\$33,389	\$52,732	\$29,184	\$29,660
<i>Expenses:</i>				
Services & Supplies	\$60,000	\$52,731	\$30,000	\$30,000
<b>Budgeted Transfer to Fund Balance (Use of Fund Balance)</b>	<b>(\$26,611)</b>	<b>\$1</b>	<b>(\$816)</b>	<b>(\$340)</b>

**Finance (Department 50)**

**Recreation Department (Department 80)**

The Finance and Recreation Departments report to the Deputy City Manager.

*Associated Council Goals:*

*Community Center Update – Replacement of valuable and needed resource. Maintain timeline for Community Center design, evaluate funding options and make decision for ballot measure by mid-July 2018.*

*Staff will work with commissions and committees to develop work plans that align with City Council goals and to bring forward measurable commission and committee goals to the City Council for approval by or before September 2018.*

Finance – Fund 101 | Department 50 | Division 610

Successor Agency Administration - Fund 101 | Department 50 | Division 650

The Finance Department is responsible for the functional areas of accounting, billing, and budgeting. Responsibilities of the finance department include: utility billing, purchasing, accounts payable, payroll, accounts receivable, revenue management, business license administration, audit, cash management, debt management, investment management, forecasting, and planning. The Finance Department also manages the Information Technology function.

The department provides management review, ongoing monitoring and comprehensive planning that will better enable City executive staff and City Council to make informed financial decisions.

The Finance Department supports the Enterprise Funds (sanitation, water, and storm drain) by providing utility billing and customer service.

In 2018, the Finance Department accomplished the following:

- \* Council Goal: Develop infrastructure process / budget plan
  - Led Completion of Water Rate Study & Clean Bay Charge
  - Completed \$19 Million Debt Financing for Sewer Modernization Program

- Financial System Implementation
  - General Ledger, Accounts Payable, Purchasing, Payroll
- New Budget Format
- Purchasing System and Training, Update Procurement Ordinance & Policy (Uniform Cost Accounting)
- Developed Financing Options for Community Center
- Technology Updates:
  - Public Wi-Fi
  - Shared Fiber Network
- Cross-training of staff

In 2019, the Finance Department will focus on the following initiatives:

- Enterprise Resource Planning (ERP) System
  - Community Development Module (MyCommunity)
  - Utility Billing
    - New bill format & Outsource bill print & mail function
    - On-line bill review and payment
    - Transition to Software as a Service (SaaS or Cloud)
    - Optimize Use of System
- Master Fee Schedule including Cost Allocation Plan, Revenue Enhancement Study, and Citywide Development Impact Fees
- Ongoing cross-training
- Financial Planning
  - Policy Development
  - Long Term Financial Plan including Pension Liability
  - Facilities Planning (Internal Service Fund)
- Consider agreements for small cell implementation or dark fiber installation

#### Successor Agency Division

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In 2018, staff recommended creation of a separate division for administration of activities of the Successor Agency. This will permit better tracking of costs associated with those activities which are intended to be reimbursed by Redevelopment Property Tax Trust Funds (RPTTF).

City of Millbrae Operating & Capital Budget Mid-Cycle Update

	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues: General Fund</i>				
<i>Expenses:</i>				
Salary and Benefits	\$1,564,979	\$1,427,048	\$1,319,362	\$1,368,739
Services and Supplies	\$497,481	\$653,500	\$707,103	\$706,103
Special Projects and Studies	\$400,000	\$600,000	\$600,000	\$200,000
<b>Total</b>	<b>\$2,462,460</b>	<b>\$2,680,548</b>	<b>\$2,626,465</b>	<b>\$2,274,842</b>

In addition to programs funded by the General Fund, the Finance Department administers the following:

- Special Revenue or Restricted Funds:
  - Redevelopment Agency (RDA) Obligation Retirement (Fund 326)
- Debt Service Funds:
  - Debt Service 1999 Police Remodel (Fund 354)
  - General Obligation Bonds Millbrae Library (Fund 355)
  - 2004 Taxable Pension Obligation Bonds (Fund 356)

The Finance Department manages debt services for utility funds including:

- 2009 State Water Resources Control Board Loan (Fund 660)
- 2009 Certificates of Participation (Fund 660)

Annual costs of debt associated with the City’s business-type activities (Sanitation [Sewer], Water Utility, and Storm Drain) are included under the Public Works Department.

Successor Agency Redevelopment Development Agency (RDA) Obligation Retirement Fund (Fund 326)

In 2011, the State of California eliminated redevelopment agencies statewide. Redevelopment agencies performed a variety of functions especially related to financing of infrastructure improvements or housing. This legislation includes guidelines for remittance and a payment schedule for State recognized and approved expenses. Every year (previously every six (6) months), the City submits detail of anticipated payments based on items previously authorized by the Department of Finance. (The Successor Agency Administration Division outlined above is a charge to this fund but is separated because direct administrative expenses cannot be charged to this fund.)

City of Millbrae Operating & Capital Budget Mid-Cycle Update

Type	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues:</i>				
Property Tax	\$689,736	\$197,308	\$719,519	\$706,551
Use of Money & Property	\$85,533	\$1,000	\$0	\$0
Operating Transfer In	\$455,000	\$0	\$0	\$0
<i>Expenses:</i>				
Services & Supplies	\$201,000	\$305,000	\$234,131	\$225,000
Debt Service	\$539,609	\$478,425	\$480,951	\$481,551
Operating Transfer Out	\$455,000	\$0	\$0	\$0
<b>Budgeted Transfer to Fund Balance (Use of Fund Balance)</b>	<b>\$34,660</b>	<b>(\$585,117)</b>	<b>\$4,437</b>	<b>\$0</b>

Debt Service 1999 Police Remodel (Fund 354)

The City uses debt service funds for tracking of revenue and interest related to long term debt principal and interest. Funds are transferred into the debt service funds from the appropriate fund. As public safety is a general fund function, transfer is made from the General Fund to the debt service fund in an amount sufficient to make the debt payment including principal, interest, and administrative costs.

Type	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues:</i>				
Operating Transfer In	\$263,130	\$268,130	\$265,758	\$267,130
<i>Expenses:</i>				
Debt Service	\$263,130	\$268,130	\$265,758	\$267,130
<b>Budgeted Transfer to Fund Balance (Use of Fund Balance)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

General Obligation Bonds Millbrae Library (Fund 355)

The City uses debt service funds for tracking of revenue and interest related to long term debt principal and interest. This General Obligation Bond was approved by voters in 2001 for the Millbrae Public Library Project and is paid from funds collected by the County as part of property tax payments. The debt was refunded in 2013 resulting in reduction in debt service payments of \$1,659,678 over the life of the debt.

City of Millbrae Operating & Capital Budget Mid-Cycle Update

Type	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues:</i>				
Property Tax	\$740,489	\$611,788	\$612,188	\$617,688
<i>Expenses:</i>				
Debt Service	\$596,648	\$600,988	\$612,188	\$617,688
<b>Budgeted Transfer to Fund Balance (Use of Fund Balance)</b>	<b>\$143,841</b>	<b>\$10,800</b>	<b>\$0</b>	<b>\$0</b>

2004 Taxable Pension Obligation Bonds (Fund 356)

The City uses debt service funds for tracking of revenue and interest related to long term debt principal and interest. Funds are transferred into the debt service funds from the appropriate fund. Debt service payments associated with this Pension Obligation Bond are allocated to all departments based on share of total pension obligation including unfunded actuarial liability.

Type	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues:</i>				
Interdepartmental Services	\$1,180,728	\$1,075,000	\$1,115,001	\$1,160,001
<i>Expenses:</i>				
Debt Service	\$1,073,500	\$1,075,000	\$1,115,001	\$1,160,001
<b>Budgeted Transfer to Fund Balance (Use of Fund Balance)</b>	<b>\$107,228</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Recreation – Fund 215

- City Provided Classes | Department 81
- Contract Classes / Programs | Department 83
- Facility Rental | Department 84
- Administration | Department 88

The Mission of the Recreation Department is *“To engage the community in quality, innovative, and exciting experiences.”*

The Recreation Department manages a number of recreation functions for the City including programs for children, teens, adults, and seniors. Programs are provided by City staff and through contracted instructors. In addition, the Recreation Department administers agreements for use of City facilities by others.

The Recreation Department staffs and supports the following commissions and committees: Cultural Arts Advisory Committee, Parks and Recreation Commission, Senior Advisory Committee, Sister Cities Commission, Youth Advisory Committee.

In 2018, the Recreation Department accomplished the following:

- **\* Council Goal: Community Center Recovery & Rebuild**
  - Fire Recovery
    - Move into temporary facility
    - Reestablish and create new programs
  - Community Center Master Planning & Rebuild
  - Outreach
  - Technical Advisory and Project Management Team
- Transitioned from Administrative Services Department to Deputy City Manager / Finance
- C/CAG TDA Article 3 Grant – Spur Trail Addition and Connection
- Trained two full-time staff as instructors in Red Cross CPR/First Aid
- Established New Partnerships:
  - Self Help for the Elderly Pilot Lunch Program
  - Boys & Girls Club
  - Millbrae Rotary Club for new playground equipment at Rotary Park
  - Millbrae Lions Club for Youth Entertainment Program and Millbrae Goes to the Movies
  - Transitioned Recreation Registration to New System
  - Peninsula Rollergirls Roller Derby Team
  - Schools: Adjustable Outdoor basketball hoops & indoor volleyball nets / standards
- Convert single tennis court to open space facility

In addition to the Council goals outlined above, the Recreation Department will focus on the following initiatives in 2019:

- Evaluate regional needs and opportunities for partnership
- Ongoing evaluation of programs and instructors
- Onboarding procedure for part time staff (including CPR training)

City of Millbrae Operating & Capital Budget Mid-Cycle Update

Type	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues:</i>				
Recreation Fees	\$700,000	\$700,500	\$478,500	\$486,163
Use of Money & Property	\$355,242	\$80,000	\$80,000	\$80,000
Operating Transfer In	\$442,691	\$1,308,000	\$1,250,000	\$1,250,000
Capital Transfer In	\$0	\$31,150	\$0	\$0
<i>Expenses:</i>				
Salary & Benefits	\$903,178	\$1,338,946	\$1,158,613	\$1,186,712
Services & Supplies	\$537,772	\$682,250	\$649,887	\$629,451
Capital Transfer Out	\$0	\$31,250	\$0	\$0
<b>Budgeted Transfer to Fund Balance (Use of Fund Balance)</b>	<b>\$56,983</b>	<b>\$67,204</b>	<b>\$0</b>	<b>\$0</b>

Community Center Rebuild (Fund 216)

The Community Center Rebuild Fund was established to track cost of activities necessary to rebuild the Millbrae Community Center which was destroyed by a fire in July 2016. For activities initiated in 2018 including the current design phase, funds have already been set aside. The budget recommended below is for potential services not already under contract. As the project enters subsequent phases, budget requests will be made of Council, as needed.

Type	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues:</i>				
Insurance Proceeds Loss of Business Use	\$0	\$2,342,717	\$0	\$0
Capital Transfer In	\$0	\$519,000	\$0	\$0
<i>Expenses:</i>				
Services & Supplies	\$0	\$3,697,493	\$0	\$0
Operating Transfer Out	\$0	\$170,000	\$0	\$0
Special Projects	\$0	\$163,091	\$420,000	\$420,000
<b>Budgeted Transfer to Fund Balance (Use of Fund Balance)</b>	<b>\$0</b>	<b>(\$1,168,867)</b>	<b>(\$420,000)</b>	<b>(\$420,000)</b>

## **Community Development (Department 60)**

The Community Development Department (CDD) is responsible for the functional areas of current and long-range planning, building, code enforcement, housing, and economic development. CDD staffs and supports several commission and committees including: Planning commission, Community Enhancement Advisory Committee, and Economic Vitality Advisory Committee.

### *Associated Council Goals:*

*Present action items for evaluation and determination by Council as soon as possible regarding the Priority Development Area (PDA), to include updated fee schedules and assessments, to mirror or reflect those established in the Millbrae Station Area Specific Plan (MSASP) developments to start no later than June 12, 2018.*

*Establish value of City owned properties for evaluation of future use or development - Community Development Department to bring forward evaluation report by Keyser Marston Associates and get direction from the City Council on next steps by May 22, 2018.*

*Staff will work with commissions and committees to develop work plans that align with City Council goals and to bring forward measurable commission and committee goals to the City Council for approval by or before September 2018.*

*City Council review of designs for Transit Oriented Development (TOD) 1 and 2, to include Citywide noticing for Millbrae Station Area Specific Plan (MSASP) design review prior to Planning Commission decision.*

*Community Development Department to work with Economic Vitality Committee and Millbrae Chamber of Commerce to address feasibility of a Business Improvement District (BID) by October 2018.*

The cost of many CDD activities are recovered from project application fees established in the City's fee schedule. In 2017, the City Council adopted a staffing plan that resulted in additional staffing and transition from consultant services to City staff.

In 2018, CDD accomplished the following:

- \* Council Goal: Make significant progress on the Millbrae Station Area Specific Plan
  - Council-Approved Development Agreements and planning entitlements for two transformative Transit-Oriented Developments (Gateway at Millbrae Station and Millbrae Serra Station)
- \* Council Goal: Make Significant Progress on General Plan (adopted 1998)
  - Draft elements of the General Plan prepared and will be released for public comment in Summer 2018
  - Draft El Camino Real and Downtown Specific Plan (formerly called Priority Development Area [PDA] Specific Plan) prepared and to be released for public comment in summer 2018.
  - Draft Active Transportation Plan (formerly called Bicycle and Pedestrian Plan) prepared and to be released for public comment in Summer 2018



- Downtown Parking Study to be completed to augment long range planning documents and consideration of development potential of City-owned property.
- Cannabis Ordinance (Moratorium) developed and adopted by City Council
- Short-Term Rental Ordinance drafted for City Council consideration
- Provided an assessment of necessary American’s with Disability Act (ADA) Improvements for City Facilities
- Coordinated and managed regular updates to City Council of the status Strategic Goals
- Supported the Downtown Subcommittee and developed Multi-Language Litter Signs
- Updated CDD Brochures and Handouts including Chinese Translation
- Assessed location, safety, and aesthetic condition of News Racks in the Downtown area for compliance with ordinance and policy

In 2019, in addition to Council Goals Outlined above, CDD will focus on the following initiatives:

- Complete a Request for Proposals (RFP) process for Contract Services for staff support necessary to accommodate additional demand for building and planning services
- Evaluate General Plan Updates
  - Programmatic Environmental Impact Report to be completed in Winter 2019
  - 2009 Zoning Ordinance and Recommend Necessary Changes (After completion of General Plan Update)
- Implement MyCommunity (Enterprise Resource Planning System for Community Development – Part of Tyler New World)
- Serve as lead agency for development of a Comprehensive Access Plan for the Millbrae Intermodal Station
- Create, Adopt and Implement a Downtown Economic Development Plan

Type	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues: General Fund including Permit Fees</i>				
<i>Expenses:</i>				
Salary & Benefits	\$1,585,821	\$1,710,097	\$1,914,769	\$1,989,662
Services & Supplies	\$1,012,426	\$568,435	\$387,006	\$486,497
Special Projects	\$1,125,000	\$1,625,000	\$600,000	\$0
<b>Total</b>	<b>\$3,723,247</b>	<b>\$3,903,532</b>	<b>\$2,901,775</b>	<b>\$2,476,159</b>

Other funds administered by the Community Development Department include:

- Developer Funds:
  - Developer Permits (Fund 103)
  - Developer Fees: Serra Project (Fund 150)
  - Developer Fees: BART Site 5 Project (Fund 151)
- Special Revenue or Restricted Funds:
  - Developer Housing Fees (Fund 531)
  - General Plan Update Fees (Fund 532)
  - Document Imaging Fees (Fund 540)

Deposit Funds:

Developer Permits (Fund 103),  
Serra Station (Fund 150),  
Republic Urban | BART Site 5 (Fund 151)

These funds are not budgeted as part of the annual budget process. Instead, staff recommends that City Council authorizes an increase to budgeted revenues and budgeted expenses in departments specifically for development related expenses such as expedited plan checks, legal reviews, traffic studies, geotechnical studies, etc., where the developers pay in advance for expenses that the City contracts out or otherwise recovers from fees as those deposit funds are received. This will avoid delays in needed contracts or other related activities on behalf of developers who are typically working on time sensitive projects and enable projects to be processed efficiently. In those cases, the Finance Department, upon receiving those deposits or payments, will increase the budget for revenues and expenses by a corresponding amount in the appropriate departments where those expenses will take place. These transactions will have no net impact on reserves as such revenue will offset expenses.

Developer Fees

Housing Fees (Fund 531)  
General Plan Update (Fund 532)  
Document Imaging (540)

Developer Fees are funds from project applicants that are held for future long term projects such as affordable housing, general plan update, and document imaging. When funds are required for an associated expense such as a capital or special project, a request will be made to Council for necessary appropriations.

Type	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues:</i>				
Permits and Fees	\$49,085	\$45,000	\$45,000	\$45,000
Use of Money & Property	\$8,230	\$10,000	\$10,000	\$10,000
<i>Expenses:</i>				
Services & Supplies	\$86,300	\$60,000	\$50,000	\$50,000
Special Projects	\$0	\$150,000	\$100,000	\$0
<b>Budgeted Transfer to Fund Balance (Use of Fund Balance)</b>	<b>(\$28,985)</b>	<b>(\$155,000)</b>	<b>(\$45,000)</b>	<b>\$5,000</b>

**Public Works (Department 70)**

The Public Works Department is responsible for city infrastructure including the functions of: engineering, streets, facilities, parks maintenance, solid waste management and recycling program, field license agreement, sanitation / sewer including sewer modernization program, water pollution control plant (WPCP), water utility, water conservation, and storm drain programs including National Pollutant Discharge Elimination System [NPDES]).

*Associated Council Goals:*

*Present action items for evaluation and determination by Council as soon as possible regarding the Priority Development Area (PDA), to include updated fee schedules and assessments, to mirror or reflect those established in the Millbrae Station Area Specific Plan (MSASP) developments to start no later than June 12, 2018.*

In 2018, the Public Works Department accomplished the following:

- \* Council Goal: Develop infrastructure budget process / plan
  - Water:
    - Successfully Completed Water Rate Study to provide funding for increases in wholesale water costs and necessary capital improvements
    - Replaced 2 Miles of Water Mains
  - Sewer:
    - Replaced 5 Miles of Sanitary Sewer Mains
    - \$19 Million Debt Financing for Sewer Modernization (improved bond rating)
  - Storm drain:
    - Construct new storm drain at Hillcrest & Ashton
    - Install large trash capture device at Highline Canal to meet Municipal Regional Permit for National Pollutant Discharge Elimination System (NPDES)

- Facilities: ADA Upgrade @ City Hall Campus
- Parks Maintenance:
  - City Hall Water Wise Landscape
  - Parks Master Plan
- Garage:
  - Fleet Renewal
  - Refresh of Equipment Replacement Fund & Separation from Garage Fund

In 2019, the Public Works Department will focus on the following initiatives:

- Engineering:
  - Integrate Water and Storm Systems into Sewer GIS
  - Finalize the ATP (Active Transportation Plan)
  - Participate in CCAG programs (US101 Managed Lanes, Get Us Moving, Congestion Management Plan, Water Pollution Prevention Program, Sea Level Rise Task Force)
  - Implement grant programs including Transportation Development Act (TDA) Article 3, City Council Association of Governments (C/CAG) Green Infrastructure Pilot Project, San Mateo County Transportation Authority Bikeway Project
- Streets:
  - Paving at Old Bayshore, Rollins, Larkspur, Springfield, Crestview, Valencia
  - Slurry Seal Anita, Lomita, Helen, Santa Teresa, Santa Florita
  - Ongoing Sidewalk Program
  - Street Tree Ordinance Update
- Facilities:
  - Generator Replacement at Fire Station 38 and Hillcrest Pump Station
  - Facilities Master Plan and development of Internal Service Fund Model
- Parks:
  - Implement components of Parks Master Plan
  - Develop Conceptual Plan to revitalize El Camino Real median landscape with water wise landscaping
- Sewer / Sewer Modernization / Water Pollution Control Plan (WPCP)
  - Replace 5 Miles of Sanitary Sewer Mains
  - Meet Baykeeper Consent Decree Timelines
  - Sewer Rate Study
  - Renew Water Pollution Control Plant NPDES Permit

- Prepare for Nutrient Removal in Mid-2020
- Feasibility Study for recycled water
- Evaluate alternatives for Co-Generation system at WPCP
- Water:
  - Consider beginning design and CEQA Review for New Water Tanks
  - Conditional Assessment of the Water Distribution System
  - Support Bay Area Water Supply & Conservation Agency (BAWSCA) Initiatives: Drought Regulations, Water Allocation, Water Rights Transfer, Water Shortage, Reclaimed Water
- Storm Drain:
  - Municipal Regional Permit for Storm water
  - Consider legislation related to Storm Drain fees (SB231)

Public Works: Engineering – Fund 101 | Department 70 | Division 240

Public Works: Streets – Fund 101 | Department 70 | Division 251

Public Works: Facilities – Fund 101 | Department 70 | Division 761

Public Works: Parks Maintenance – Fund 101 | Department 70 | Division 831

Type	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues: General Fund</i>				
<i>Expenses:</i>				
Salary & Benefits	\$2,632,196	\$2,342,798	\$2,457,282	\$2,449,434
Services & Supplies	\$966,900	\$1,850,482	\$1,890,556	\$1,881,571
Special Projects	\$637,000	\$320,000	\$200,000	\$0
Capital Projects	\$4,860,000	\$2,405,000	\$3,680,000	\$5,185,000
<b>Total</b>	<b>\$9,096,096</b>	<b>\$6,918,280</b>	<b>\$8,227,838</b>	<b>\$9,516,005</b>

In addition to programs and functions included in the general fund, other funds administered by the Public Works Department include:

- Special Revenue or Restricted Funds:
  - Measure A: Transportation (Fund 205)
  - Highway Users Tax (HUT or Gas Tax): Transportation (Fund 211)
  - Integrated Waste Management (Fund 227)
  - San Mateo County Measure M: Street Sweep / Congestion | Measure A (Fund 250)
  - Field License Agreement (Fund 530)

- Internal Service Funds:
  - Garage Operations (Fund 773)
  - Vehicle Replacement (Fund 775)
- Enterprise Funds
  - Sanitation (Sewer) (Fund 660)
  - Sewer Modernization Program (Fund 661)
  - Water Utility (Fund 670)
  - Storm Drain (Fund 680)

Measure A: Transportation (Fund 205)

Measure A: Transportation funds include revenues received from a countywide sales tax measure to provide resources for street and highway improvements.

Type	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues: Measure A Tax</i>				
Sales and Use Tax	\$578,382	\$540,000	\$575,000	\$575,000
Use of Money & Property	\$8,230	\$10,000	\$10,000	\$10,000
<i>Expenses:</i>				
Services & Supplies	\$60,000	\$205,000	\$60,000	\$60,000
Capital Transfer Out	\$0	\$485,000	\$0	\$0
<b>Budgeted Transfer to Fund Balance (Use of Fund Balance)</b>	<b>\$526,612</b>	<b>(\$140,000)</b>	<b>\$525,000</b>	<b>\$525,000</b>

Highway Users Tax (HUT or Gas Tax): Transportation (Fund 211)

Highway Users Tax funds include revenues collected by the state from taxes paid on purchases of gasoline. Use of funds is restricted to maintenance and improvements of streets and roads.

City of Millbrae Operating & Capital Budget Mid-Cycle Update

Type	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues: Highway Users Tax (HUT or Gas Tax)</i>				
Intergovernmental Revenues	\$671,543	\$505,658	\$910,061	\$910,061
Use of Money & Property	\$5,486	\$10,000	\$10,000	\$10,000
<i>Expenses:</i>				
Salary & Benefits	\$0	\$126,436	\$134,791	\$138,574
Services & Supplies	\$291,000	\$152,505	\$178,529	\$178,529
Capital Projects	\$0	\$1,450,000	\$3,000,000	\$0
<b>Budgeted Transfer to Fund Balance (Use of Fund Balance)</b>	<b>\$386,029</b>	<b>(\$1,213,283)</b>	<b>(\$2,393,259)</b>	<b>\$602,958</b>

Integrated Waste Management (Fund 227)

Integrated Waste Management funds include revenues collected from solid waste franchise fees that are dedicated to fund City programs for solid waste reduction and recycling. Revenues in excess of expenses are held in fund balance for future projects.

Type	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues: Source Reduction and Recycling Fees</i>				
Permits & Fees	\$497,826	\$260,000	\$300,000	\$300,000
Intergovernmental Revenues	\$0	\$6,000	\$6,000	\$6,000
Use of Money & Property	\$686	\$2,000	\$2,000	\$2,000
<i>Expenses:</i>				
Salary & Benefits	\$13,793	\$151,829	\$160,160	\$165,264
Services & Supplies	\$48,500	\$50,750	\$53,162	\$53,162
<b>Budgeted Transfer to Fund Balance (Use of Fund Balance)</b>	<b>\$436,219</b>	<b>\$65,421</b>	<b>\$94,678</b>	<b>\$89,574</b>

San Mateo County Measure M: Street Sweep / Congestion (Fund 250)

The C/CAG sponsored Measure M tax is collected on motor vehicles registered in San Mateo County and designated for transportation-related traffic congestion and water pollution mitigation programs. The City primarily uses these funds for street sweeping and storm drain programs.

City of Millbrae Operating & Capital Budget Mid-Cycle Update

Type	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues: Measure M Tax</i>				
Intergovernmental Revenues	\$275,654	\$100,000	\$96,961	\$96,961
<i>Expenses:</i>				
Salary & Benefits	\$0	\$25,557	\$27,282	\$28,107
Services & Supplies	\$25,000	\$64,163	\$71,306	\$71,306
<b>Budgeted Transfer to Fund Balance (Use of Fund Balance)</b>	<b>\$250,654</b>	<b>\$10,280</b>	<b>(\$1,627)</b>	<b>(\$2,452)</b>

Field License Agreement (Fund 530)

The Field License Agreement Fund accounts for funds received and expended on the partnership agreement between the City of Millbrae, the Millbrae School District, and the Redevelopment Agency of the City of Millbrae (now the Successor Agency). These funds provide for maintenance and upkeep of athletic fields owned by the School District and benefitting community members.

Type	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues: Rent and Transfer from General Fund</i>				
Interdepartmental Services	\$212,531	\$0	\$0	\$0
Intergovernmental Revenues	\$83,111	\$60,000	\$60,000	\$60,000
Use of Money & Property	\$25,182	\$25,000	\$15,000	\$15,000
Operating Transfer In	\$125,000	\$321,131	\$367,732	\$379,368
<i>Expenses:</i>				
Salary & Benefits	\$0	\$299,131	\$286,367	\$298,003
Services & Supplies	\$242,000	\$187,000	\$156,365	\$156,365
Special Projects	\$0	\$100,000	\$0	\$0
<b>Budgeted Transfer to Fund Balance (Use of Fund Balance)</b>	<b>\$203,824</b>	<b>(\$180,000)</b>	<b>\$0</b>	<b>\$0</b>

Sanitation (Sewer) (Fund 660)

The Sanitation Fund includes programs associated with collection and treatment of wastewater from City customers. This includes utility billing, engineering, operations, Water Pollution Control Plant (WPCP), and pretreatment. These costs are funded almost entirely by collection of fees from customers. In 2018, costs related to the Sewer Modernization Program (previously called the Wet Weather Program) were moved into a separate fund described in the next section.



City of Millbrae Operating & Capital Budget Mid-Cycle Update

Type	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues: Sanitation Charges</i>				
Water & Sanitation Services	\$8,827,798	\$7,836,000	\$9,185,000	\$9,685,000
Permits & Fees	\$7,122	\$2,000	\$5,000	\$5,000
Use of Money & Property	\$100,126	\$40,000	\$50,000	\$50,000
Other Revenues	\$11,807	\$30,000	\$0	\$0
Proceeds from Debt	\$6,850,000	\$0	\$0	\$0
<i>Expenses:</i>				
Salary & Benefits	\$2,723,581	\$3,517,850	\$3,648,032	\$4,034,752
Services & Supplies	\$2,002,000	\$2,388,970	\$2,473,765	\$2,458,912
Debt Service	\$0	\$2,490,300	\$2,492,925	\$2,491,210
Capital Projects	\$6,950,000	\$150,000	\$250,000	\$2,800,000
Capital Equipment	\$650,000	\$300,000	\$300,000	\$3,500,000
Capital Transfer Out	\$0	\$436,000	\$404,575	\$0
Special Projects	\$70,000	\$0	\$245,000	\$120,000
<b>Budgeted Transfer to Fund Balance (Use of Fund Balance)</b>	<b>\$1,257,272</b>	<b>(\$1,375,120)</b>	<b>(\$574,297)</b>	<b>(\$5,664,874)</b>

Sewer Modernization Program (Fund 661)

In response to a consent decree from Baykeeper requiring the reduction of Sanitary Sewer Overflows (SSO's) from the City's sanitary sewer collection system; the City has initiated a significant capital improvement program to meet the requirements of this consent decree which is focused on Rainfall Dependent Infiltration and Inflow (RDII or I/I). This program is funded by Clean Bay Charges collected from sewer customers. While these costs are considered a part of the Sewer program, staff recommends segregating this specific program to assure the specified charges are directed at program needs and associated debt service.

City of Millbrae Operating & Capital Budget Mid-Cycle Update

Type	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues: Clean Bay Charges</i>				
Proceeds from Debt	\$0	\$8,500,000	\$11,500,000	\$9,000,000
Water & Sanitation Services	\$0	\$2,469,000	\$2,575,000	\$2,700,000
<i>Expenses:</i>				
Salary & Benefits	\$0	\$815,751	\$577,876	\$539,376
Services & Supplies	\$0	\$32,100	\$53,767	\$53,767
Debt Service	\$0	\$0	\$1,053,150	\$1,031,182
Capital Projects	\$0	\$10,606,185	\$11,050,000	\$10,500,000
<b>Budgeted Transfer to Fund Balance (Use of Fund Balance)</b>	<b>\$0</b>	<b>(\$485,036)</b>	<b>\$1,340,207</b>	<b>(\$424,325)</b>

Water Utility (Fund 670)

The Water Utility Fund includes programs associated with distribution of water to City customers. This includes utility billing, engineering, operations, and water conservation. These costs are funded almost entirely by collection of fees from customers. Due to significant increases in costs of wholesale water and the need for significant capital investment, a water rate study was completed in Fiscal Year 2018 and all capital projects were cancelled. As a result of a water rate increase, the water fund has stabilized and staff anticipates funding to initiate design of capital projects in Fiscal Year 2019.

Type	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues: Water Utility Charges</i>				
Water and Sanitation Charges	\$5,917,124	\$5,400,000	\$9,800,000	\$11,050,000
Use of Money & Property	\$56,235	\$8,000	\$0	\$0
Intergovernmental Revenues	\$17,829	\$27,000	\$20,000	\$20,000
<i>Expenses:</i>				
Salary & Benefits	\$1,701,918	\$1,250,758	\$1,374,514	\$1,426,323
Services & Supplies	\$5,001,100	\$5,932,026	\$6,141,574	\$6,187,722
Capital Projects	\$3,355,000	\$400,000	\$200,000	\$950,000
Capital Transfer Out	\$0	\$155,000	\$533,301	\$0
Special Projects	\$0	\$95,000	\$100,000	\$0
<b>Budgeted Transfer to Fund Balance (Use of Fund Balance)</b>	<b>(\$4,066,830)</b>	<b>(\$2,397,784)</b>	<b>\$1,470,611</b>	<b>\$2,505,955</b>

Storm Drain (Fund 680)

The Storm Drain Fund is used to account for the administration, maintenance and improvements of the City’s Storm Drains. The storm drain fund receives fees that are collected as part of property tax but those fees are insufficient to meet program needs. Therefore, a transfer from the General Fund is made to support operations and capital programs in this Fund.

Type	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues: Fees added to Property Tax and Transfer From General Fund</i>				
Water & Sanitation Service	\$260,935	\$240,000	\$240,000	\$240,000
Other Revenues	\$590	\$0	\$0	\$0
Operating Transfer In	\$990,000	\$32,075	\$0	\$440,000
Capital Transfer In	\$0	\$2,689,560	\$1,965,458	\$1,300,000
<i>Expenses:</i>				
Salary & Benefits	\$229,086	\$377,401	\$422,563	\$322,172
Services & Supplies	\$172,400	\$284,674	\$342,627	\$350,761
Capital Projects	\$135,000	\$1,587,560	\$500,000	\$1,000,000
Capital Transfer Out		\$362,000	\$365,458	\$0
Special Projects	\$140,000	\$350,000	\$1,100,000	\$300,000
<b>Budgeted Transfer to Fund Balance (Use of Fund Balance)</b>	<b>\$575,039</b>	<b>\$0</b>	<b>(\$525,190)</b>	<b>\$7,067</b>

Garage Operations (Fund 773)

The Garage Operations Fund includes costs associated with maintenance of City vehicles and similar equipment. This account is funded through transfers from departments that use vehicles.

City of Millbrae Operating & Capital Budget Mid-Cycle Update

Type	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues: Charges to Departments</i>				
Interdepartmental Services	\$354,218	\$516,402	\$667,624	\$657,102
Other Revenues	\$5,904	\$0	\$0	\$0
<i>Expenses:</i>				
Salary & Benefits	\$0	\$269,559	\$257,836	\$266,934
Services & Supplies	\$214,500	\$246,843	\$380,522	\$390,162
Capital Transfer Out	\$0	\$773,000	\$29,260	\$0
<b>Budgeted Transfer to Fund Balance (Use of Fund Balance)</b>	<b>\$145,622</b>	<b>(\$773,000)</b>	<b>\$6</b>	<b>\$6</b>

Vehicle Replacement (Fund 775)

The purpose of the Vehicle Replacement fund is to provide a funding mechanism for the planned replacement of existing vehicles and equipment. All funds are derived from annual transfers made by City departments where the vehicles are assigned. The Vehicle Replacement fund helps to prevent excessive swings in annual vehicle replacement costs by anticipating future vehicle and equipment replacement needs and amortizing the replacement costs over a period of time. When a vehicle is added instead of replaced, a transfer is made from the department requiring the new vehicle.

Type	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues: Charges to Departments</i>				
Interdepartmental Services	\$0	\$0	\$335,440	\$436,952
Capital Transfer In	\$0	\$3,220,985	\$1,467,655	\$0
<i>Expenses:</i>				
Capital Equipment	\$455,000	\$920,000	\$1,110,000	\$490,000
<b>Budgeted Transfer to Fund Balance (Use of Fund Balance)</b>	<b>(\$455,000)</b>	<b>\$2,300,985</b>	<b>\$693,095</b>	<b>(\$53,048)</b>

**Public Safety (Department 90)**

*Associated Council Goal:*

*Priority and commitment to public safety – Establish clearly defined ordinances for temporary rentals, obtain Police Department and Fire Department updates about on-going programs during the Annual Report, and continue public outreach at City Services Day and other on-going events in the City.*

**Public Safety (Department 90)**

Millbrae Police Bureau – Fund 101 | Department 90 | Division 215

Police Services are contracted to the San Mateo County Sheriff's Office. The Sheriff's Office operates the Millbrae Police Bureau. The Millbrae Police Bureau strives to maintain low crime rates and low response times.

Police Services included in the contract with San Mateo County include:

- Police Chief (Sheriff's Captain) providing administration
- Patrol services including two deputies and a supervising sergeant 24 X 7
- Traffic Enforcement including:
  - Part Time Community Services Officers
  - Dedicated Traffic Enforcement Deputy (Motorcycle Deputy)
- Portions of employees allocated to:
  - Investigative Services
  - Records Clerk
  - Departmental Support including administration, fiscal, personnel, training, records, technical services and property evidence
  - School Resource and Community Policing Units
- Sheriff's Volunteers in Policing (SVIP's)
- Other resources including: SWAT, Crime Suppression Unit, Vehicle Theft Task Force, Psychological Emergency Response Team
- Services and Supplies including: vehicles, radio and communications, information technology services, other services

In addition to costs of contract services for Police Services, the following costs are included in the Police Division and managed through separate contracts where required:

- One City staff in the Police Bureau
- Share of pension liabilities including 2004 Pension Obligation Bond and CalPERS Unfunded Actuarial Liability (UAL) which occurred before services were transferred to contract services
- Dispatch services
- Communications services such as radio telecommunications
- Costs associated with collections of fines and forfeitures (offset by revenue)
- Joint Narcotics Task Force

- An Emergency Operations Center (EOC) Coordinator is included in the City Manager’s budget.

Increases in contract costs with the San Mateo County Sheriff for Police Services are within the 3% threshold agreed to in the service agreements. Other increases in departmental costs are related to costs of benefits such as retirement benefits and OPEB related to former City police employees.

The City is responsible for maintenance of police facilities located in the City. Those costs are included in the facilities budget in the Public Works Department.

In 2018, to further the council Goal to Implement a Public Safety Improvement Plan, the Police Bureau accomplished the following:

- Provided crime prevention education, school safety programs, community engagement, play streets and National Night Out
- Participated in Millbrae’s first City Services Day
- Critical Incident Training
- Installed Mobile Audio Visual Units in all Patrol Vehicles

The Police Bureau also provided mutual aid support during the Napa and Sonoma County wildfires

During 2019, the Police Bureau will focus on the following initiatives:

- Continue to focus on reduction crime and improving the quality of life
- Continuing community engagement and school safety programs
- Implement a new Computer Aided Dispatch (CAD ) system
- Implement New Scheduling Software
- Install a new Training Monitor System in the Millbrae Station

	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues: General Fund</i>				
<i>Expenses:</i>				
Salary and Benefits	\$732,533	\$1,849,593	\$1,934,717	\$1,895,525
Services and Supplies	\$6,948,609	\$6,634,700	\$6,787,701	\$6,967,361
<b>TOTAL</b>	<b>\$7,686,142</b>	<b>\$8,484,293</b>	<b>\$8,722,418</b>	<b>\$8,862,886</b>

**Public Safety (Department 90)**

Fire Services provided by Central County Fire – Fund 101 | Department 90 | Division 216

Fire are contracted to the Central County Fire Department (CCFD). CCFD is was established through a Joint Powers Agreement between the City of Burlingame and the Town of Hillsborough. In 2014, the City of Millbrae and CCFD entered into a contract for fire services. CCFD’s services include: Administration, Prevention & Preparedness, Training (including operating the San Mateo County fire academy, and Suppression. CCFD operates two stations in the City of Millbrae. CCFD also provides mutual aid response to out of County and out of State wildland and Urban Search and Rescue.

In 2018, to further the council Goal to Implement a Public Safety Improvement Plan, CCFD accomplished the following:

- Implemented and maintained a program to inspect all business applying for a business license within city limits
- Increased local Wildland Urban Interface complaints and mitigation
- Held Community meetings for local Wildland response and challenges

During 2019, CCFD will focus on the following initiatives:

- Implementing succession plan due to expected senior staff retirements
- Manage prevention staffing to assure local development workload needs are met
- Replace one fire engine
- Redesign website
- Develop Wildland Urban Interface strategic plan.

Due to significant increases in pension costs, contract costs of fire services are project to increase 8%. In addition the City’s costs of Unfunded Actuarial Liability (UAL) is increasing over 50% from Fiscal Year 2018 from \$600,000 to \$925,000.

	FY 2018 Adopted	FY 2018 Amended	FY 2019 Recommended	FY 2020 Recommended
<i>Funding Sources / Revenues: General Fund</i>				
<i>Expenses:</i>				
Salary and Benefits	\$805,888	\$1,130,214	\$1,487,379	\$1,734,262
Services and Supplies	\$6,382,229	\$6,382,229	\$6,902,609	\$7,316,106
<b>TOTAL</b>	<b>\$7,188,117</b>	<b>\$7,512,443</b>	<b>\$8,389,988</b>	<b>\$9,050,368</b>