

Sharing Our Memories...



50th
ANNIVERSARY
MONTCLAIR
in the making

Shaping Our Future



MONTCLAIR

**CITY OF MONTCLAIR
2005 - 2006 Budget**

ON THE COVER:

The City was incorporated April 1956 and will be celebrating its 50th year anniversary. The phrase "Montclair in the Making - Sharing Our Memories...Shaping Our Future" depicts the City's recognition of its past history while embracing the challenges of the future. The top photograph is a 1948 photograph of the former Valley Drive-In Theatre in its first year of operations. The theatre was located at the intersection of Holt Boulevard and Central Avenue and was a landmark for 29 years. The bottom photograph is an artist's rendition of the future North Montclair Downtown Specific Plan.

ADOPTED BUDGET

Fiscal Year 2005-06

City of Montclair

**2005-06 ADOPTED BUDGET
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June 6, 2005

Honorable Mayor and City Council
5111 Benito Street
Montclair, California

Dear Mayor and City Council Members:

INTRODUCTION

Transmitted for your consideration is the City of Montclair Fiscal Year 2005-06 Preliminary Budget. The total Operating Budget for Fiscal Year 2005-06 is \$32,297,538; total projected revenues are \$33,234,100.

The General Fund Unreserved Fund Balance is projected to decrease from \$10,598,000 as of July 1, 2005, to \$9,266,602 by June 30, 2006. The Administrative Services Department also anticipates a \$400,000 carryover of unexpended appropriations at the end of Fiscal Year 2005-06. If this carryover is achieved, the Unreserved Fund Balance will be \$9,649,522.

Special Funds: Prudent planning on behalf of the City Council has allowed Montclair to set aside a portion of available reserves for special fund/account purposes, including unfunded liabilities and City-facilities infrastructure repairs. The City Council's commitment to set aside and accrue funding for future liabilities and long-term programs/projects minimizes the direct impact to the General Fund when expenditures are required.

Approximately 75 percent of the projected decrease in the General Fund Unreserved Fund Balance represents the City Council's continuing policy to set aside funds for special purposes. Recommended in the Fiscal Year 2005-06 Preliminary Budget are transfers to other funds of \$1,008,000 for special purposes.

The following special purpose funds and Contingency Fund set asides are incorporated in the Fiscal Year 2005-06 Preliminary Budget.

- **Leave Liability.** Since Fiscal Year 1999-2000, the City has set aside funds in the Contingency Fund's Leave Liability account for post-employment leave liabilities. When an employee separates or retires from service, the City is required to cash-out certain earned leave balances. As of July 1, 2005, the total amount set aside for post-employment leave liabilities is \$860,000. Incorporated in the Fiscal Year 2005-06 Preliminary Budget is a transfer of \$100,000,

increasing the total amount set aside for post-employment leave liabilities to \$960,000 and bringing the funding level to 93 percent. Establishing this fund has eliminated any undue financial burdens that may result from any normal or unusual attrition in current and future years. This factor is particularly important when considering that the City's workforce is aging, and employee retirements are expected to increase significantly.

- **Montclair Employees' Home Acquisition Assistance Program.** Incorporated in the Fiscal Year 2005-06 Preliminary Budget is a carryover of \$50,000 in the Contingency Fund for the *Montclair Employees' Home Acquisition Assistance Program* (ME-HAAP). This account was established during Fiscal Year 2002-03 as an incentive-based program designed to encourage members of all employee classifications to buy homes in the City of Montclair. The program offers a forgivable loan up to \$10,000 for the purchase of a home in Montclair. ME-HAAP's use of General Fund revenues allows for a program that does not impose household income caps, geographical limitations, or urban-neighborhood requirements. The program is not available to members of the City Council and employees who are currently homeowners in the City. Two employees have taken advantage of this incentive-based program since its date of inception.
- **Emergency Energy Cost Fund.** Incorporated in the Fiscal Year 2005-06 Preliminary Budget is a carryover of \$50,000 in the Contingency Fund for unanticipated energy cost adjustments. This account, formerly named "Emergency Utility Cost Fund," was originally established in Fiscal Year 2001-02 for unanticipated utility cost adjustments related to California's energy crisis. The name was broadened in Fiscal Year 2004-05 to make available emergency funding for other energy related programs experiencing unanticipated cost increases, including gasoline.
- **Safety Retirement Liabilities.** Incorporated in the Fiscal Year 2005-06 Preliminary Budget is a transfer of \$200,000 from the General Fund to the Contingency Fund for the "3 % @ 50" safety retirement liabilities, bringing this component of the fund balance to \$1,000,000. It is anticipated that a systematic allocation will begin in future years to offset the cost of implementing this retirement benefit.
- **City Facilities Improvement Fund.** Incorporated in the Fiscal Year 2005-06 Preliminary Budget is a transfer of \$150,000 from the General Fund to the City Facilities Improvement Fund—created in Fiscal Year 2000-01 as a component of the City's Capital

Improvement Plan to establish a funding base for Council-authorized improvements to City facilities.

- **Technology Account.** Incorporated in the Fiscal Year 2005-06 Preliminary Budget is a transfer of \$50,000 from the General Fund to the Contingency Fund for future, major-technology upgrades.
- **Health Insurance Conversion Account.** Incorporated in the Fiscal Year 2005-06 Preliminary Budget is a carryover of \$200,000 in the Contingency Fund for future implementation of a health insurance cafeteria plan.
- **Personnel Cost Assistance Account.** Incorporated in the Fiscal Year 2005-06 Preliminary Budget is a carryover of \$261,000 in the Contingency Fund for unanticipated labor costs resulting from implementation of City Council directives and provisions contained in Memorandums of Understanding.
- **Equipment Replacement Fund.** Incorporated in the Fiscal Year 2005-06 Preliminary Budget is a transfer of \$308,000 from the General Fund to the Equipment Replacement Fund for future acquisition of rolling stock. The transfer amount is comprised of two components: the first, a transfer of \$204,000, represents the annual transfer to bring net assets to the net funding requirement; the second component, a transfer of \$104,000, represents the first in a series of annual transfers designed to fully fund the actual replacement value of all rolling stock, and associated equipment, in the City's inventory. This second component will include transfers from the General Fund and SB 509 Public Safety Funds.
- **Infrastructure Fund.** Incorporated in the Fiscal Year 2005-06 Preliminary Budget is a transfer of \$200,000 from the General Fund to the Building Maintenance/Infrastructure Fund for curb, gutter, and other infrastructure repair in various locations throughout the City. The City resumed transfers from the General Fund to the Infrastructure Fund in Fiscal Year 2004-05.
- **Contingency Account.** Incorporated in the Fiscal Year 2005-06 Preliminary Budget is a transfer of \$300,000 from the General Fund to the Contingency Account for unanticipated expenditures during the fiscal year.

FISCAL/LEGISLATIVE/POLITICAL CHALLENGES

In the following sections of this budget message, I will discuss challenges to, and key components of, the City's Budget. This discussion includes revenue

estimates, operating expenditures, capital outlay, infrastructure improvements and long-term borrowing.

As City Council Members consider the Fiscal Year 2005-06 Preliminary Budget, I draw your attention to several legislative, economic, and political issues facing California's local governments including sales taxes; motor vehicle license fees; property taxes; the state Educational Revenue Augmentation Fund (ERAF); and local government fiscal relief.

Proposition 1A

Local governments provide a number of public services including fire and police protection, street improvements, and recreation and park programs. The City pays for these programs from local taxes, fees, user charges, state and federal aid, and other sources. Three tax revenue sources that play a major role in local government finances are the local sales tax, property tax, and Vehicle License Fee (VLF). The State Constitution, voter approved initiatives, and statutes give the state Legislature authority over these revenue sources, including the authority to change tax rates, define items subject to taxation, and determine the distribution of tax revenues among local governments, schools and community college districts, and special districts. During the last few decades, the state government has routinely exercised its authority over local tax revenues by redirecting local funds to the state Treasury to address a recurring series of state budget revenue shortfalls. In 2004, Proposition 1A was formulated by a consortium of local leaders, the Governor, and agencies representing local governments to curb the Legislature's penchant for taking local tax revenues.

On November 2, 2004, over 9 million California voters (83.6 percent of the ballots cast) approved Proposition 1A, amending the State Constitution to protect local government revenues by significantly restricting the state's authority over major local government revenue sources. The major provisions of Proposition 1A are highlighted below:

1. Prohibits the state from:
 - Reducing any local sales tax rate;
 - Limiting existing local government authority to levy a sales tax rate;
 - Changing the allocation of local sales tax revenues.
2. Generally prohibits the state from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year under the laws in effect as of November 3, 2004.

3. Requires that any change in how property tax revenues are shared among local governments within a county must be approved by two-thirds of both houses of the Legislature instead of a simple majority.
4. Prohibits the state from reducing the property tax revenues provided to cities and counties when used as replacement funds for local sales tax revenues redirected to the state and pledged to pay the debt service on state deficit-related bonds approved by voters in March 2004.
5. Requires the state to provide revenues of equal replacement value if it reduces the VLF below the current statutory level. The state is required to allocate VLF revenues to county health and social services programs and local governments.

Proposition 1A provides two significant exceptions to the restrictions on state intrusion in local fiscal affairs. First, beginning in 2008-09, the state may shift to schools and community colleges a limited amount of local government property tax revenues if the following criteria are met:

1. The Governor proclaims that the shift is needed due to a severe state financial hardship;
2. The Legislature approves the shift with a two-thirds vote of both houses; and
3. Certain other conditions are met.

In the event that such shifts should occur, the state must repay local governments for their property tax losses, with interest, within three years.

Sales Taxes

Sales tax revenues represent approximately 37 percent of Montclair's General Fund Estimated Revenue Budget. Prior to Fiscal Years 2004-05 and 2005-06, this revenue source represented over 50 percent of the General Fund revenue estimate. However, with voter approval of the *Economic Recovery Act* (Propositions 57 and 58—commonly referred to as *the triple flip*) in March 2004, Sacramento began diverting 25 percent of each city's annual sales tax revenues to the state Treasury effective July 1, 2004. This diversion will be used to fund the state's \$15 billion deficit-reducing bond issuance. The reallocation of sales tax revenues is expected to continue until the deficit-reducing bond issuance is fully financed—approximately 9 to 13 years.

State officials agreed to reimburse local governments dollar-for-dollar by backfilling lost sales tax revenues with property tax moneys in the ERAF.

Montclair's estimated backfill for Fiscal Year 2005-06 is \$3,422,850. For purposes of charting revenue projections against previous years, sales tax revenues and the backfill will be combined. Together, these revenue projections represent 49.5 percent of the General Fund Estimated Revenue Budget.

The Fiscal Year 2004-05 sales and use tax revenue revised estimate, inclusive of *the triple flip*, is expected to increase by \$148,800 from \$12,213,264 to \$13,168,014. This projected increase is indicative of the City's growing commercial base, improving sales tax receipts, and a less than expected sales tax revenue loss to the Victoria Gardens Mall in Rancho Cucamonga during the 2004 holiday quarter. To date, Fiscal Year 2004-05 sales tax revenues reflect a 15.14 percent increase over the same period in Fiscal Year 2003-04.

The Fiscal Year 2005-06 combined sales tax and sales tax compensation estimate is \$13,691,400, an increase of 3.9 percent over the revised estimate for Fiscal Year 2004-05 (\$13,168,014). This modest growth estimate is based on the following factors:

1. A 4 percent estimated increase related to improvements in the local economy; and
2. Slower sales tax growth projections related to a full year of competition from Victoria Gardens.

Retail impacts from new, regional centers. When Victoria Gardens opened on October 28, 2004, City staff braced for a significant decrease in sales at Montclair Plaza. Victoria Gardens and Montclair Plaza offered consumers several of the same major anchor stores. It appeared certain that curiosity, alone, would divert many shoppers away from the Montclair Plaza to the newer facilities at Victoria Gardens. However, throughout the 2004 holiday period and well into the first several months of 2005, Southern California experienced its second wettest rainy season since the 1890's. This unusual rainy season appears to have diminished the opening draw for Victoria Gardens (an outdoor lifestyle center), and contributed directly to a better than expected 2004 holiday quarter for Montclair Plaza (an enclosed mall). In fact, Montclair Plaza experienced only a minor decline in retail sales, and this loss was largely offset by strong gains in local vehicle sales.

Caution must be observed when analyzing the retail impact of Victoria Gardens during its initial opening period. First, the extreme weather conditions during the first six months of the mall's operation proved to be an adversity for the mall's grand opening period. Second, Victoria Gardens was not fully operational when it opened on October 28, 2004. The shopping center continues to add retail businesses as it moves toward full occupancy in 2007. Finally, the Rancho Cucamonga Cultural Center, scheduled to open in 2006, is expected to increase the commercial drawing power of its neighbor, Victoria Gardens. In Montclair's

sales and use tax estimate for FY 2005-06, retail losses to Victoria Gardens have been factored into the revenue estimate. The estimate is based, in part on the Husing Study, commissioned by the Montclair City Council in 2003. Based on this report, Montclair Plaza may expect to lose as much as 55 percent of its sales and revenues to Victoria Gardens. This loss may only be lessened by a major expansion of tenants and anchors at Montclair Plaza.

Plans are also in development for a 550,000 square-foot regional open-air lifestyle center on Grand Avenue and Peyton Drive in the City of Chino Hills. At this stage of plan development, at least one anchor will duplicate a major tenant at the Montclair Plaza. The lifestyle center is expected to open in early 2007. As with Victoria Gardens, the lifestyle center in Chino Hills appears to target the same customer base shared by the Montclair Plaza.

Transactions and Use Taxes

When state legislators developed *the triple flip*, they incorporated into law a prohibition against local increases in the sales tax rate—an effort designed to prevent local efforts to circumvent the impact of sales tax diversions by the state. However, in one of Governor Davis' last administrative actions before his recall, he signed into law SB 566, modifying community requirements for instituting a transactions and use tax. Prior to SB 566, a municipality had to lobby the state Legislature with justifications for instituting a local transactions and use tax. SB 566 eliminated that restriction and allowed implementation of a local transactions and use tax law if the following conditions were met:

- The local governing body, by majority vote (or two-thirds vote in the case of a special tax), agrees to institute a transactions and use tax; and
- By majority vote (or two-thirds vote in the case of a special tax), the local electorate approves a transactions and use tax measure (for general government purposes).

Transactions and use taxes are applied in the following ways:

- On merchandise sold and delivered within the City by retailers located within the City;
- On merchandise sold by retailers located outside the City for use in the City;
- On retailers located outside the City but considered to be engaged in business in the City (e.g., an agent for a business taking orders,

selling, delivering, installing, or assembling product within the City);

- On the purchase of vehicles, vessels, or aircraft to customers who register them to an address located in the City; and
- Lease payments received for leased property used by the lessee in the City.

During the City Council's strategic planning session in 2003, direction was given to staff to develop new revenue sources that would provide some level of economic cushion during periods of economic slowdown. Alternative funding sources would also enable the City to pursue new projects, including construction of a new Police facility and senior and youth centers. To meet the City Council's direction, staff proposed seeking voter approval of a 0.25 percent transactions and use tax. On November 2, 2004, Montclair voters approved **Measure "F"**—the ***Transactions and Use Tax Law of the City of Montclair***--with over 63 percent of the popular vote.

Montclair's Transactions and Use Tax, which became effective on April 1, 2005, brings the City's taxable sales rate to 8 percent. The State Board of Equalization is expected to pay the first installment on the tax in June 2005. For Fiscal Year 2005-06, the Transactions and Use Tax revenue estimate is \$2,500,000.

Vehicle License Fees

The Vehicle License Fee (VLF) is an annual fee on the ownership of a registered vehicle. As part of the state's 1998 budget agreement, the VLF was reduced by 25 percent, with the potential for future reductions or offsets, up to 67.5 percent—depending on growth in the state's General Fund—this maximum reduction was achieved in 2000. However, in the face of unrelenting criticism from local governments, Sacramento agreed to "backfill" to cities and counties all lost VLF revenue, plus growth, from the state General Fund.

As part of the state's 2000 budget agreement, vehicle owners received the equivalent of a 67.5 percent reduction in the VLF at the time of renewal starting in calendar year 2001. Initially, the reduction was paid out as a 32.5 percent rebate on the registration payment and as a 35 percent credit on the VLF owed. Starting in January 2002, the state granted vehicle owners a permanent 67.5 percent offset in their annual license fee.

The VLF is a significant local government revenue source. The City of Montclair annually receives approximately \$2.2 million in VLF revenues. Without the state backfill, the 67.5 percent VLF offset represents a potential loss of \$1.5 million to the City's General Fund.

Section 10754 of the Revenue and Taxation Code requires the California Department of Motor Vehicles and Department of Housing and Community Development, as appropriate, to reduce the VLF offsets and restore the VLF "during any period in which insufficient moneys are available to be transferred from the General Fund to fully fund the offsets."

On June 20, 2003, Steven Peace, the Davis administration's Director of Finance, ordered the Department of Motor Vehicles (DMV) to stop the backfill process. This directive ended the transfer of General Fund money into the Motor Vehicle Fund for the VLF backfill and, at the same time, increased vehicle license fees paid by motorists to their pre-1999 level. This latter action raised a significant outcry from the public and served as the catalyst for recalling Governor Davis.

Ultimately, the VLF reduction for motorists was permanently restored by Governor Schwarzenegger and the backfill was restored to local agencies, but only for the duration of Fiscal Year 2003-04, less a first quarter payment of \$581,737—deferred until August 15, 2006, by AB 1768. Governor Schwarzenegger's May Revision proposes reducing deferred AB 1768 payments by one-half. Under this plan, Montclair would, instead, receive \$290,868.

As part of an agreement between Governor Schwarzenegger and various advocates of local agencies including the League of California Cities, California State Association of Counties, California Special Districts' Association, and California Redevelopment Association the current effective VLF rate of 0.65 percent (the pre-1999 rate was 2 percent of a vehicle's value) was to be placed in the State Constitution as the maximum rate. With the passage of Proposition 1A, this new cap and elimination of the VLF backfill program to cities and counties became law.

As part of the compromise agreement for Governor Schwarzenegger's support of Proposition 1A, and in addition to the permanent reduction in the VLF cap, cities and counties agreed to a formula that diverts to the state Treasury an additional one-third of annual VLF revenues for Fiscal Years 2004-05 and 2005-06 to assist in balancing the state budget.

The Governor's two-year budget plan for Fiscal Years 2004-05 and 2005-06 offers a temporary replacement for lost VLF revenues by returning property tax moneys from each county's ERAF to local agencies, dollar-for-dollar. Obviously, this redistribution of local moneys is a "shell game." Using the ERAF to refund VLF and sales tax loans is a slap to the local public sector. The state government is simply requiring local governments to "loan" money to the state Treasury and fund the repayment of these "loans" by shifting local moneys to the ERAF; and the ERAF, in turn, is designated by Sacramento as the source for repayment of its "loans" from local agencies.

Property Taxes—Educational Revenue Augmentation Fund

A fourth major component of Montclair's revenue budget is the property tax. The significance of this tax to Montclair would be greater if the state government did not annually divert approximately \$933,000 in Montclair's property tax revenues to the state ERAF—a diversion of local tax revenues that first began in 1992. Prior to the state's ERAF diversion, property taxes constituted 15 percent of total City revenues; in the current budget, this revenue source represents only 6 percent of General Fund revenues.

As part of a compromise agreement for Governor Schwarzenegger's support of Proposition 1A, and in addition to the ongoing shift of local property tax revenues to the ERAF, cities and counties agreed to a formula that diverts additional property tax revenues to the ERAF (ERAF III) in Fiscal Years 2004-05 and 2005-06 to assist the state in balancing the budget. The additional annual shift from Montclair is \$506,268 in Fiscal Years 2004-05 and 2005-06.

Increasing the property tax shift is part of the Governor's larger effort requiring local governments to participate in his two-year budget plan for returning the state to fiscal solvency. For cities, this plan represents a \$700 million shift of revenues over two years, distributed as follows:

- One-third from vehicle license fee revenues;
- One-third from local property taxes; and
- One-third from each city's share of sales tax revenues.

No local agency shall have a total contribution of more than 4 percent or less than 2 percent of their general fund revenues.

Community redevelopment agencies are also required to pay \$250 million in tax increment into the ERAF for Fiscal Years 2004-05 and 2005-06—the impact on the Montclair Redevelopment Agency (RDA) for Fiscal Year 2005-06 is \$558,579.

Also included in the budget plan agreement is language that would hold cities responsible for obligations their redevelopment agencies are unable to meet due to other contractual obligations, such as bonded indebtedness.

The ERAF is an accounting mechanism established by the Legislature in the early 1990s to transfer approximately \$3.7 billion annually in property taxes from cities, counties, and special districts to public schools in order to benefit the state's General Fund. To resolve its budget problems, the Legislature, in 1992 (under AB 8), renounced a portion of its obligation under Article XVI, Section 8 (b) of the California Constitution to finance public schools with moneys

from the state General Fund. To fund its unmet constitutional obligation, the Legislature established special accounts called Educational Revenue Augmentation Funds within each county Treasury, funded by local property tax revenues. Since Fiscal Year 1992-93 through 2004-05, cities have lost over \$6 billion in property taxes to the state. This depletion of local revenues transferred the budget crisis of the early 1990s from Sacramento to every California county, city, town, and district. The state based its action on a provision in Proposition 13 providing that property taxes shall be "apportioned according to law."

Local Government Fiscal Relief—The Governor's May Budget Revise

The May Revise to the Governor's 2005-06 Budget requires no "new" borrowing by the state from local governments. At this time, it appears the Governor and Legislature are holding to the spirit of Proposition 1A and the two-year budget plan. Nonetheless, the state continues to experience fiscal problems, with initial estimates placing next year's revenue shortfall at \$10 billion; this estimate has been revised and is now expected to fall between \$6 billion to \$8 billion due to unanticipated tax revenues from growth in capital gains earnings and a corporate tax amnesty program.

More troubling for the state, however, are the years immediately beyond Fiscal Year 2005-06. Next year will see the end of the Governor's two-year budget plan. In the year after, the state not only loses the "Proposition 1A compromise shifts" of local sales taxes, property taxes, and VLF fees; it must also stand by its obligation to fund the VLF gap loans and state-mandated reimbursements. Furthermore, as county ERAF funds dwindle to pay back local agency "loans" to the Treasury, the state will be faced with reassuming the full cost of its constitutional obligation to fund public schools. The State Finance Director has already disclosed that VLF backfill repayments from county ERAFs will produce an ERAF funding shortage, requiring the state General Fund to increase its level of funding to public schools by \$283.5 million this next fiscal year.

The state government is also in the peculiar position of depending on upturns in local economies. For instance, over the next decade, the state will be relying on local sales tax revenues to fund the \$15 billion deficit-reducing bond issuance. News of a lower than expected estimate in sales tax revenues at the local level could mean a longer than expected bail out period for the bonds. Not surprisingly, the Governor's May Revise predicts a softening of the state's economy in future years.

Based on the May Revise, local governments can expect to be impacted by the following proposed state budget actions:

- **ERAF:** Requires community redevelopment agencies to pay \$250 million into the Educational Revenue Augmentation Fund in

2005-06—the impact on the Montclair Redevelopment Agency (RDA) for Fiscal Year 2005-06 is approximately \$558,579, based on the formula used for the Fiscal Year 2003-04 RDA payment to the ERAF. Included is language holding cities responsible for state obligations their redevelopment agencies are unable to meet due to other contractual obligations, such as bonded indebtedness. Unlike the City, redevelopment agencies have no protection under Proposition 1A.

- **Vehicle License Fee:** The May Revise proposes to repay cities approximately one-half of the VLF not received in FY 2003-04 due to the suspension of the VLF offset—Montclair would receive \$290,868.
- **Special Transportation Programs:** The May Revise includes an increase of \$635 million (a separate agreement between the Governor's office and legislative budget committees would increase this total to \$1.3 billion—of this total, it is estimated that Montclair would receive \$147,907, not including any potential reauthorization of funds for local grade separation projects) for transportation programs, increasing the funding level by 28 percent over Fiscal Year 2004-05.
- **Transportation Congestion Relief Program Fund:** The May Revise includes \$378 million (a separate agreement between the Governor's office and legislative budget committees would increase this total to \$678 million) for Fiscal Year 2005-06 to fund transportation congestion relief projects already earmarked with funding allocations.
- **Reimbursement on State Mandates:** The concept of state reimbursement to local agencies for state-mandated activities originated with the Property Tax Relief Act of 1972—known as SB 90. The primary purpose of the Act was to limit the ability of local agencies to levy taxes. To offset these limitations, the Legislature declared its intent to reimburse the cost of programs or increase levels of service mandated by the state. The Commission on State Mandates hears and decides reimbursement claims. If a mandate is not funded for a fiscal year it is deemed an “optional” mandate, or one that local agencies may comply with at their discretion and expense. However, even token reimbursements are considered sufficient to require compliance with mandates.

For Fiscal Year 2005-06, Montclair expects to receive an undetermined amount of mandated reimbursement funding under Proposition 1A. Effective July 1, 2005, Proposition 1A amends the

Constitution to require the state to suspend certain laws creating local mandates in any year that the state does not fully reimburse local governments for compliance related costs.

What continues to be lacking in the Governor's May Revise is the hard, direct reductions in state spending needed to realign expenditures with revenues. In January 2005, the Governor proposed a November 2005 special election on a number of reforms, expenditure limitations, and program revisions designed to "overhaul state government"—many of them related to public employees. However, virtually all of those proposals were challenged by labor groups, causing the Governor to either soften his position or withdraw, entirely, his support of a proposal.

The Governor has yet to call for a special election on the remaining components of his reform program. Eight initiatives have been submitted to the Secretary of State for a possible special election on November 8, 2005. Sixty-one other initiatives are circulating for signature, but failed to qualify for a November ballot.

Of the eight measures submitted to the Secretary of State, the following three initiatives would have some impact on state spending:

- **Spending curbs:** Would cap the amount of money that could be spent on government programs and could force automatic cuts if the state budget was not approved on time or fell out of balance during the year.
- **Teacher tenure:** Would extend from two to five years the time before teachers in public schools could qualify for tenure. Would result in some savings related to teachers' salaries.
- **Public union dues:** Would prohibit public labor unions from using a member's dues for political contributions unless the member agreed in writing. Would probably result in fewer bills related to public employee benefits.
- **Electricity:** Would reverse the last vestiges of California's failed 1996 electricity deregulation law adopted under former Governor Wilson. Puts all power producers under jurisdiction of the California Public Utilities Commission and makes it illegal for large users to sign new contracts to buy electricity outside the state's power grid.

Fiscal Year 2005-06 Preliminary Budget

The Preliminary Budget for Fiscal Year 2005-06 does not incorporate any of the increases or reductions to revenue that may occur pursuant to the passage of legislation or any pending legislative deliberations on the state's budget. Any

necessary revisions stemming from Sacramento's budget deliberations will be accounted for during the Midyear Budget Review process. The Preliminary Budget does, however, incorporate cost adjustments related to known impacts due to recent or past state and federal actions.

REORGANIZATION

Since 1992, the City Manager has developed annual reorganization strategies to address the political, economic, and organizational exigencies affecting the community. Based on these conditions, annual reorganizations focused on "downsizing," "rightsizing," or as with recent reorganization reports, "reengineering" the organizational structure.

The "rightsizing" process focused its attention on the organization's long-range health and survivability. This effort was designed to avoid the pitfalls of an organization that downsized to the point of becoming inefficient—a decline occasionally referred to as "dumbsizing."

Rightsizing was promoted as a means to stem the negative impacts of downsizing decisions that could return to cripple organizational effectiveness. Without a system to release the pressures of downsizing, the cumulative force of past actions can strain the government-community relationship, impact performance and services to the community, and demoralize employees.

Capitalizing on the forward momentum produced by efforts at rightsizing, the **City Manager's 2001 Reorganization Plan** integrated the first use of "reengineering" service operations to provide better services to the community. This approach has been reflected in actions that include implementation of a paramedic program in the Fire Department; assumption of sewer and trash billings; a variety of new Human Services initiatives, including the Montclair Community Collaborative program, that reach out to certain sectors of the public; e-government services; the redesign of the City Hall office areas to better serve the public; development of an annual Business Plan for City services and funding mechanisms; adoption of a Transactions and Use Tax; and the issuance of \$31,300,000 in Lease Revenue Bonds to construct a new Police facility and senior and youth centers.

Reengineering constitutes an in-depth review of organizational operations and the implementation of program changes to enhance service delivery and achieve greater levels of efficiency. The **City Manager's 2005 Reorganization Plan** continues this practice of reengineering programs to promote service delivery and organizational efficiency.

For purposes of this discussion, all salary ranges and benefits are based on rates in effect for Fiscal Year 2004-05.

Personnel Adjustments

City Council/City Attorney/Advisory Bodies. The **City Manager's 2005 Reorganization Plan** recommends no changes to the organizational structure of the City Council or Office of the City Attorney. The City Council has, however, directed the formation of a new advisory body.

In September 2004, the City Council adopted *Resolution No. 04-2545*, establishing an oversight committee (***Transactions and Use Tax Oversight Committee***) charged to monitor the annual allocation of Transactions and Use Tax revenues to the General Fund to support strategic, capital spending priorities contained in the City's annual Business Plan.

Pursuant to Section "F" of the *Resolution*, the ***Transactions and Use Tax Oversight Committee*** shall consist of 13 members, as follows:

1. *City Council appointments:* Each member of the Montclair City Council shall appoint one resident of the City of Montclair to the Committee.
2. *Appointments by consensus:* One member shall be appointed, by consensus of the City Council, from each of the following groups:
 - a. Montclair Police Officers Association
 - b. Montclair Firefighters Association
 - c. San Bernardino Public Employees Association
 - d. Montclair Senior Citizens Club
 - e. Montclair Chamber of Commerce
 - f. Montclair Planning Commission
 - g. Montclair Community Action Committee
 - h. Montclair High School Student Body

Several actions are moving forward that now make it appropriate for the City Council to deliberate on appointments to the ***Transactions and Use Tax Oversight Committee***.

1. On Monday, May 2, 2005, the City Council/Montclair Financing Authority approved certain documents and authorized certain

- actions in connection with the preparation and sale of \$31,300,000 in Lease Revenue Bonds, Issue of 2005, for public facilities projects. Principal and interest on the bonds will be paid with Transactions and Use Tax revenues deposited in the City's General Fund.
2. On Monday, May 2, 2005, the City Council and Montclair Redevelopment Agency adopted Resolution Nos. 05-2577 and 05-03, respectively, transferring Agency property located on the northwest corner of Monte Vista Avenue and Arrow Highway to the City of Montclair for construction of a Police facility. A Grant Deed was executed and filed with the Title Company on May 26, 2005.
 3. On June 7, 2005, the City Council will conduct its third annual strategic planning session and develop the City's Business Plan for the next fiscal year. Included in the Business Plan are the City Council's spending priorities as they relate to Transactions and Use Tax revenues.
 4. The City of Montclair is currently developing its Fiscal Year 2005-06 Budget. Resolution No. 04-2545 specifies that the first meeting of the **Transactions and Use Tax Oversight Committee** shall be held within 60 days after adoption of the City Budget in June 2005; thereafter, the Committee shall meet at least once annually, following adoption of the City Budget.

In compliance with Resolution No. 04-2545, members of the City Council and designated labor groups/community organizations have been requested to submit the names of appointees/nominees to the **Transactions and Use Tax Oversight Committee**. The names of all appointees/nominees will be compiled and submitted to the City Council for consideration.

Office of the City Manager. The **City Manager's 2005 Reorganization Plan** recommends no changes to the organizational structure of the Office of the City Manager for Fiscal Year 2005-06.

Administrative Services Department. The **City Manager's 2005 Reorganization Plan** recommends the following personnel adjustment to the organizational structure of the Administrative Services Department for Fiscal Year 2005-06:

- **Recommended Action: Reclassify part-time Senior Intern in the Information Technology (IT) Division to part-time Systems Specialist.** In recent years, the organization has seen tremendous growth in demand for information technology services. This

demand has strained the capacity of the IT Division to meet the constant and evolving changes in technology and the commensurate demand for the services provided by advanced technology. The IT Division has met this demand with two full-time staff members and one part-time Senior Intern. Retaining the part-time employee is essential to maintaining the capacity to meet service requirements. The current incumbent in the part-time Senior Intern position has been with the City since May 2003. During this time, he has demonstrated exemplary technical skills and has become familiar with all aspects of the City's IT function. He has demonstrated the capacity to respond, and resolve a myriad of hardware- and software-related problems.

The incumbent is at Step "C" of the salary range, earning \$11.03 per hour; Step "E" of the salary range is \$12.16 per hour. The City Manager recommends reclassifying the part-time Senior Intern to part-time Systems Specialist, placing him at Step "C" of the salary range, earning \$16.43 per hour. The additional, annual cost to the City from Step "E" of the Senior Intern hourly rate of pay to Step "E" of the part-time Systems Specialist hourly rate of pay is \$11,757, at 38 hours per week. The adjustment will be effective the first day of the first full pay period that begins in July 2005.

Community Development Department. The ***City Manager's 2005 Reorganization Plan*** recommends the following personnel adjustments to the organizational structure of the Community Development Department for Fiscal Year 2005-06:

- ***Recommended Action: Establish second Senior Building Inspector position within the existing classification; promote incumbent Building Inspector to Senior Inspector. Upon retirement of the current Senior Building Inspector, reevaluate organizational needs to determine requirements for retaining two Senior Building Inspector positions or reverting back to one Building Inspector and one Senior Building Inspector. Recruit behind promotion of current Building Inspector to fill vacant position.*** In recent years, the City has experienced increasing business and residential construction activity. This trend is expected to continue and will, in fact increase significantly over the next several years. The announced expansion of the Montclair Plaza and its anchor stores and future development projects, including the San Antonio Gateway Project and the North Montclair Specific Plan, impose a growing need to recruit for a third Building Inspector—the City currently has one Senior Building Inspector and one Building Inspector. This limited staffing frequently requires the

incumbent Senior Building Inspector to work overtime and redirect his services between plan checks and field inspections.

To meet the growing demands for building inspection services, the City Manager recommends the addition of a second, full-time Senior Building Inspector, to be filled by promotion of the incumbent Building Inspector. Inspection demands related to expansion of the Montclair Plaza and other planned projects require the experience of a skilled inspector with advanced certification in various modules of the Uniform Building Code, including certification in Building Plans Examination, Mechanical Inspection, and Plumbing Inspection. A second, Senior Building Inspector will compliment, support, and backup the incumbent Senior Building Inspector, whose time is primarily committed to conducting plan checks.

The incumbent Senior Building Inspector is expected to retire in approximately 30 months. Upon his retirement, I recommend evaluating the need to fill the vacancy based on existing and future service demands. If the decision is made to keep the position vacant, then the Building Division will revert back to current staffing (one Senior Building Inspector and one Building Inspector).

Retention of the Building Inspector position is essential to maintaining current services and expanding to meet future development activity. Senior Building Inspectors will be directed to focus on plan checks, expansion of the Montclair Plaza, and other major development projects. The Building Inspector will focus on the routine demands of the community for inspection services.

The City Manager recommends adding a second Senior Building Inspector position. The Senior Building Inspector salary range is \$4,177-\$5,077. The Building Inspector salary range is \$3,653-\$4,440. At Step "E" of the salary range, the annual wage and benefit cost to the City for a second Senior Building Inspector is approximately \$77,373. Reclassification of the Building Inspector to Senior Building Inspector would occur on the first day of the first full pay period that begins in July 2005. Recruitment for the vacated Building Inspector position would be accomplished in a timely manner sufficient to allow for a comprehensive program of inspection services related to expansion of the Montclair Plaza.

Police Department. The ***City Manager's 2005 Reorganization Plan*** recommends the following personnel adjustment to the organizational structure of the Police Department for Fiscal Year 2005-06:

- **Recommended Action: Add eighth, full-time Police Dispatch position.** The Montclair Police Department, like many municipal police agencies, struggles to maintain adequate staffing at the Police Dispatch function. Dispatch positions generate high levels of stress for incumbents, resulting in disproportionate levels of attrition—this high rate of attrition results in mandatory overtime requirements, further attributing to high levels of employee stress. To augment full-time staffing in the Police Dispatch function, the Department retains five part-time Police Dispatchers and routinely calls upon existing staff from other service areas to backfill in the Police Dispatch Bureau. On several occasions, the Police Department has reassigned a full-time Police Assistant to work long-term assignments in the Police Dispatch Bureau to relieve the chronic staffing problem.

In addition to retention issues, it is difficult to identify qualified employee candidates for Police Dispatcher because of stringent training requirements and the need for successful applicants to pass an extensive, personal background investigation. To facilitate the recruitment process, interested Police Dispatcher candidates are now advised at the beginning of each recruitment of the various areas in their personal histories that will be explored during background investigations. This change was designed to produce candidates who are more likely to pass this phase of the recruitment process. The City also requires Police Dispatcher candidates to hold proper POST (Police Officers Standards and Training) certification.

Chronic staffing concerns in the Police Dispatch Bureau can be addressed, in part, by hiring an eighth, full-time Police Dispatcher. An eighth position will significantly relieve, if not fully eliminate, mandatory overtime requirements; provide greater flexibility in allowing Bureau employees to take leave time; eliminate the need to backfill in the Bureau from other service areas; and reduce reliance on part-time staffing.

The City Manager recommends the addition of an eighth, full-time Police Dispatcher. The Police Dispatcher salary range is \$3,020-\$3,671. At Step "E" of the salary range, the annual wage and benefit cost to the City for a seventh Police Dispatcher would be approximately \$58,149. Recruitment for the position would begin in July 2005.

- **Recommended Action: Create part-time Volunteer Services Coordinator position.** The City currently has one full-time

Volunteer Services Coordinator modified duty position, created to accommodate an injured Police Officer. When an employee experiences a work-related injury that restricts his or her ability to perform the normal work functions of the position assigned, the following two options are generally presented: find that the employee is qualified for an industrial disability retirement or, if suitable work accommodations can be made, establish a modified duty position that keeps the injured worker employed. This latter action was taken to accommodate the Police Officer currently serving in the Volunteer Services Coordinator modified duty position. The incumbent officer recently expressed interest in resigning from her full-time Police Officer (modified duty) position with the City; she is, however, interested in continuing with part-time employment as a coordinator of volunteer services.

Provided the City and incumbent mutually agree to an offer of part-time employment, the City Manager recommends vacating the full-time Volunteer Services Coordinator modified duty position and establishing a part-time Volunteer Services Coordinator position with the following hourly rate of pay: \$22.56-\$27.43. For 20 hours per week at Step "E" of the salary range, the annual cost to the City to add the part-time Volunteer Services Coordinator position would be approximately \$28,527.

Fire Department. The *City Manager's 2005 Reorganization Plan* recommends the following personnel adjustment to the organizational structure of the Fire Department for Fiscal Year 2005-06:

- **Recommended Action: Create Fire Prevention Specialist modified duty position.** When an employee experiences a work-related injury that restricts his or her ability to perform the normal work functions of the position assigned, the following two options are generally presented: find that the employee is qualified for an industrial disability retirement or, if suitable work accommodations can be made, establish a modified duty position that keeps the injured worker employed. In the case of an injured Fire Department employee, a recommendation is made to establish a modified duty position that may enable the employee to continue working. The employee has been declared permanent and stationary, with restrictions against performing certain firefighting/paramedic-related functions.

To accommodate these restrictions, the City Manager recommends establishing a modified duty position. The modified position, Fire Prevention Specialist, would be a safety position (required because

of the employees current safety status), with pay comparable to the existing Firefighter classification (\$3,840-\$4,670)—the injured employee is a Firefighter; he is, however, currently working in the Code Enforcement Division; his Firefighter shift assignment is presently filled by a provisional appointee. Upon reassignment of the injured worker to the modified duty position, the vacated Firefighter position would be filled with a full-time Firefighter.

At Step "E" of the salary range, the annual wage and benefit cost to the City to establish the Fire Prevention Specialist modified duty position is approximately \$83,446. Reassignment to the modified duty position is expected to occur during the first quarter of Fiscal Year 2005-06. Functions of the modified duty position require approval by a medical professional.

Redevelopment/Public Works Department. The **City Manager's 2005 Reorganization Plan** recommends no changes to the organizational structure of the Redevelopment/Public Works Department for Fiscal Year 2005-006.

The following tables summarize recommendations contained in the **City Manager's 2005 Reorganization Plan**. Positions and wage/benefit adjustments are incorporated into the Fiscal Year 2005-06 Preliminary Budget. Each recommendation requires consideration and action by the City Council. **Adoption of the Fiscal Year 2005-06 Preliminary Budget will serve as approval of each recommendation contained in the City Manager's Reorganization Plan, as specified herein.**

**Table 1
 FY 2005-06 Reorganization Fiscal Impact/Action Summary
 City Council/City Attorney/Advisory Committees**

Department	Recommended Action	Annualized Cost: FY 2005-06	Annualized Savings: FY 2005-06	Total Annualized Savings or (Cost)
City Council/City Attorney/Advisory Committees	Fiscal Year 2005-06: Appoint members to the Transaction and Use Tax Oversight Committee.	0	0	0

Table 2

**FY 2005-06 Reorganization Fiscal Impact/Action Summary
 Office of the City Manager**

Department	Recommended Action	Annualized Cost: FY 2005-06	Annualized Savings: FY 2005-06	Total Annualized Savings or (Cost)
Office of the City Manager	No actions recommended.	0	0	0

**Table 3
 FY 2005-06 Reorganization Fiscal Impact/Action Summary
 Administrative Services Department**

Department	Recommended Action	Annualized Cost: FY 2005-06	Annualized Savings: FY 2005-06	Total Annualized Savings or (Cost)
Administrative Services Department	7-11-05: Senior Intern (part-time). The City Manager proposes reclassifying the part-time Senior Intern to part-time Systems Specialist. Incumbent is currently at Step "C" of Senior Intern salary range (\$11.03 per hour). Place incumbent at Step "C" of the Systems Specialist salary range (\$16.43 per hour). Additional annual cost from Step "E" of the Senior Intern hourly rate of pay to Step "E" of the part-time Systems Specialist hourly rate of pay is approximately \$11,757. If approved, cost to be assigned to General Fund. Funding is included in FY 05-06 Preliminary Budget.	\$11,757	0	(\$11,757)

**Table 4
 FY 2005-06 Reorganization Fiscal Impact/Action Summary
 Community Development Department**

Department	Recommended Action	Annualized Cost: FY 2005-06	Annualized Savings: FY 2005-06	Total Annualized Savings or (Cost)
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Community Development Department	<p>7-11-05: The City Manager proposes establishing a second Senior Building Inspector position. Promote incumbent Building Inspector to new Senior Building Inspector position. Recruit behind promotion to fill vacated Building Inspector position. The Senior Building Inspector salary range is \$4,177-\$5,077. The annual salary and benefit cost for a second Senior Building Inspector is approximately \$77,373. If approved, cost to be assigned to General Fund. Funding is included in FY 05-06 Preliminary Budget.</p>	\$77,373	0	(\$77,373)
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**Table 5
 FY 2005-06 Reorganization Fiscal Impact/Action Summary
 Police Department**

Department	Recommended Action	Annualized Cost: FY 2005-06	Annualized Savings: FY 2005-06	Total Annualized Savings or (Cost)
Police Department	<p>7-11-05: The City Manager proposes establishing an eighth Police Dispatcher position. The Police Dispatcher salary range is \$3,020-\$3,671. The annual salary and benefit cost for Police Dispatcher is approximately \$58,149. If approved, cost to be assigned to General Fund. Funding is included in FY 05-06 Preliminary Budget.</p>	\$55,149	0	(\$55,149)
	<p>7-11-05: The City Manager proposes establishing a part-time Volunteer Services Coordinator position. The Volunteer Services Coordinator hourly rate of pay range is \$22.56-\$27.43. The annual salary cost for one part-time Volunteer Services Coordinator is approximately \$28,527. If approved, cost to be assigned to General Fund. Funding is included in FY 05-06 Preliminary Budget.</p>	\$28,527	0	(\$28,527)

**Table 6
 FY 2005-06 Reorganization Fiscal Impact/Action Summary
 Fire Department**

Department	Recommended Action	Annualized Cost: FY 2005-06	Annualized Savings: FY 2005-06	Total Annualized Savings or (Cost)
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Fire Department	7-05: The City Manager proposes establishing a Fire Prevention Specialist modified duty position to accommodate an injured worker. The Fire Prevention Specialist salary range is \$3,840-\$4,667 (same as Firefighter). The annual salary and benefit cost for Fire Prevention Specialist is approximately \$83,446. If approved, cost to be assigned to General Fund. Funding is included in FY 05-06 Preliminary Budget.	\$83,446	0	(\$83,446)
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**Table 7
FY 2004-05 Reorganization Fiscal Impact/Action Summary
Redevelopment/Public Works Department**

Department	Recommended Action	Annualized Cost: FY 2004-05	Annualized Savings: FY 2004-05	Total Annualized Savings or (Cost)
Redevelopment/Public Works Department	No actions recommended.	0	0	0

**Table 8
FY 2005-06 Fiscal Impact/Action Summary
All Departments
REORGANIZATION COSTS/SAVINGS**

TOTAL GENERAL FUND COSTS/SAVINGS BASED ON REORGANIZATION RECOMMENDATIONS:	(\$256,252)
TOTAL REDEVELOPMENT AGENCY COSTS/SAVINGS BASED ON REORGANIZATION RECOMMENDATIONS:	0
TOTAL COST/SAVINGS—CITY/AGENCY BUDGETS:	(\$256,252)
ADDITIONAL GENERAL FUND AUTHORIZATION REQUIRED—NOT INCLUDED IN FY 2005-06 PRELIMINARY CITY BUDGET:	0
ADDITIONAL RDA AUTHORIZATION REQUIRED—NOT INCLUDED IN FY 2005-06 PRELIMINARY RDA BUDGET:	0

As indicated in **Table 8**, recommendations contained in the **City Manager's 2005 Reorganization Plan** would add \$256,252 in costs to the General Fund; the Redevelopment Agency would not realize any increase or savings. Adoption of the City and RDA Preliminary Budgets will authorize all funding requests contained in the **City Manager's 2005 Reorganization Plan**.

Details of costs and savings identified in **Table 8** are approximate. The actual short-term fiscal impact would vary, based on various factors including, but not

limited to, the date each action is implemented, employee medical benefit selections, and salary range placement. Estimates for wage and benefit costs are based on current salary ranges.

BUSINESS PLAN

In January 2002, the City hired the Government Finance Officers Association (GFOA) to prepare a long-term financial and strategic plan that mitigates the impact of potential revenue shortfalls, focuses on and/or enhances available revenue sources, addresses concerns related to competition from emerging shopping malls, and examines state action on local revenues. Evolving out of the planning process is an annual Business Plan which outlines strategic priorities and goals. In developing the Business Plan, the City Council prioritized the following five issues facing the Montclair community:

- **City Financial Position.** *Strategic Goal: Develop strategies to ensure the City's fiscal stability in the face of declining revenues, including low or stagnant growth in sales taxes.*
- **Housing Retail/Development Strategy.** *Strategic Goal: Develop strategies that address/resolve concerns related to the following general categories: retail sales (including local business development and competition from emerging shopping centers) and housing development.*
- **City Image.** *Strategic Goal: Develop positive aspects of the City's image; determine if the needs of new and existing residents are being met.*
- **Youth/Senior Center Funding.** *Strategic Goal: If feasible, and given the financial uncertainties facing the City, evaluate/develop the capacity to upgrade Youth/Senior Recreation facilities.*
- **Police Department Building Funding.** *Strategic Goal: If feasible, and given the financial uncertainties facing the City, evaluate/develop the capacity to fund development of a new Police facility.*

In developing the City's Business Plan, the City Council expressed a need to link the strategic goals and priorities into the annual budget process. A schedule has been developed and included in the Fiscal Year 2005-06 Preliminary Budget that establishes funding requirements and ties relevant components of the Business Plan element to the budgetary process.

ESTIMATED REVENUES

The Statement of Actual and Estimated Revenues included in the Fiscal Year 2005-06 Preliminary Budget reflects an increase of \$1,360,643. The increase is primarily a reflection of \$2.5 million in new revenues that will flow to the City from the Transactions and Use Tax law that became operative April 1, 2005.

The proposed General Fund Estimated Revenue Budget is \$27,652,725 (the revised current year budget is \$25,758,579). Proposed Total Estimated Revenues for all funds is \$33,234,100 (the revised current year budget is \$31,891,041). The difference of \$1,343,059 between budget years is attributed to the following:

General Fund

- \$134,250 decrease in licenses and permits related to decreased building activity in Montclair. This aberrational decrease follows the fourth consecutive year in which building activity generated at least \$400,000 in fees. Building activity is expected to increase over the next several years to accommodate several major development/construction projects. It is this increase in upcoming activity that drives the need to add a second Senior Building Inspector.
- \$56,406 decrease in intergovernmental revenue related to an increase in Motor Vehicle In-lieu Tax revenues, offset by the elimination of Local Government Relief for booking fee reimbursements.
- \$501,643 decrease in miscellaneous revenue related primarily to a decline in interest income from Redevelopment Agency loans, and fewer one-time grant revenues.

All Other Fund Accounts

- \$30,000 decrease in the Gas Tax Fund. This decline is attributed to decreasing interest income related to the use of funds for gas tax-related projects.
- \$57,128 increase in the Park Development Fund. This increase is primarily attributed to "Quimby Act" development

fees, offset by a decline in per capita grants for park improvements and the expenditure of Roberti-Z'berg-Harris grant moneys for construction of the Montclair Skateboard Park.

- \$374,600 decrease in Community Development Block Grant revenues due to the completion of Foundation Area 11 and Foundation Area 12 projects.
- \$23,901 decrease in the Office of Criminal Justice Program (OCJP) Fund. This decrease is related to the end of the four-year Citizens Option for Public Safety (COPS) grant.
- \$163,691 decrease in State Supplemental Law Enforcement Fund (AB 3229) revenue. The City expects to receive an unknown level of funding during Fiscal Year 2005-06.
- \$17,584 decrease in Local Law Enforcement Block Grant funds. The City expects to receive funding during Fiscal Year 2005-06—an application is pending.
- \$176,612 decrease in Human Services Grant Fund, primarily due to a decrease in the After School and Even Start grants.
- \$175,000 increase in the Issue of 2005 Lease Revenue Bond Fund—related to interest income on bond proceeds.

OPERATING BUDGET

The Operating Budget includes all expenditures except those costs incurred to maintain the City's infrastructure and acquire certain major equipment systems. The total proposed Operating Budget, including all funds for Fiscal Year 2005-06, is \$28,855,438; this figure includes \$98,020 paid by the Montclair Redevelopment Agency for indirect staff service charges. The Operating Budget for the General Fund totals \$24,557,058.

In developing the Fiscal Year 2005-06 Preliminary Budget, each department was directed to submit "no-growth" expenditures for services and supplies and use caution in developing other elements of their respective budgets. This request was based on the following factors: the state's ongoing fiscal crisis; the diversion of local revenues to help reduce the state's chronic deficit problems; and competition from emerging shopping centers in the local area.

Operating expenditures reflect a concerted effort to thoroughly examine each department's budget requests, allocate appropriate staff service charges to the

Redevelopment Agency and Montclair Housing Corporation, and restrict capital outlay requests.

After examining and paring each department's operating requests, the City Manager produced \$825,335 in total savings for all funds. Total General Fund savings resulting from the review of departmental requests is \$678,193. The extent of effort to control capital outlay costs is evidenced by the following practices:

- Vehicle purchases in the proposed Preliminary Budget are scrutinized;
- City policies related to vehicle assignments are routinely reevaluated; and
- Procedures related to the Equipment Replacement Fund have been revised—the second phase of revisions will be executed during Fiscal Year 2005-06.

Vehicle Purchases: The Fiscal Year 2005-06 Preliminary Budget contains recommendations to purchase thirteen new staff vehicles and replace the Public Works Department's 1987 Bearcat crack sealing machine. Of the recommended vehicle purchases, twelve are non-General Fund investments. Of these twelve, ten are from the Equipment Replacement Fund, one is from the Sewer Maintenance Fund, and one is from the Air Quality Management District AB 2766 fund. Of the thirteen new vehicles recommended for replacement, noteworthy are the following:

- **Police Department:**

Six of eight vehicles requested for replacement have been reconditioned in prior years to extend their useful life.

- **Fire Department:**

One Ford Escape Hybrid alternative-fuel vehicle.

- **Redevelopment/Public Works Department:**

One ¾-ton sewer service truck purchased with Sewer Maintenance funds.

- **Community Development Department:**

One alternative-fuel pool vehicle purchased with AQMD AB 2766 funds.

Contingency Account: I propose increasing funding to the Contingency Account from \$150,000 to \$300,000 for unanticipated expenditures during the fiscal year. The rationale for the increase is primarily due to the debt service requirement on the 2005 Lease Revenue Bonds issued in May 2005. Costs identified as "additional costs" in the bond documents are for trustee fees and similar costs for the bonds. Since this is a new bond issuance, it is prudent to set aside funds for unanticipated costs related to servicing the bonds.

Personnel Services: The Operating Budgets for the City, Redevelopment Agency, and Montclair Housing Corporation include funding for 208 full-time positions.

- The City's proposed Operating Budget includes funding for 200.24 full-time positions: 184.39 full-time positions are paid for by the General Fund and 15.85 full-time positions are paid for by other funds;
- 6.86 full-time positions are included in the Redevelopment Agency Budget; and
- .90 positions are included in the Montclair Housing Corporation Budget.

As in the past, the Redevelopment Agency and the Montclair Housing Corporation Budgets will be presented separately from the City's Budget.

The total cost for Personnel Services is \$19,910,477. This total reflects an increase of \$1,462,146 over the current FY 2004-05 Personnel Services Budget. Clearly, Personnel Services represents the primary share of the \$2,208,947 increase in the Fiscal Year 2005-06 Preliminary Budget; it is, therefore, prudent to point out the following major causes contributing to this increase:

- Retirement benefit costs represent \$2,199,787 of the Personnel Services Budget; recent increases are related to the recoup of investment losses the Public Employee Retirement System (CalPERS) incurred during the Enron and World Com scandals; decreased investment returns due to a lower interest earnings environment; and the new "3% at 50" safety retirement plan.
- Salary costs increased by \$361,924, primarily due to a 3 percent wage adjustment for most employee classifications.

Other notable personnel issues are discussed in the Reorganization section of this budget message.

Services and Supplies: **The Services and Supplies Budget is \$9,840,108.** This number reflects an increase of \$539,742 over the current FY 2004-05 Services and Supplies Budget.

Notable changes that began in Fiscal Year 2004-05 and continue in the Fiscal Year 2005-06 Services and Supplies Budget are the following:

- **GIS Program.** This program is reassigned from the Community Development Department to the Information Technology Division in the Administrative Services Department.
- **Information Technology Services.** Most computer and peripheral accessories, technology, and services are now budgeted in the Information Technology Division in the Administrative Services Department. This change will permit a uniform program for computer equipment and accessories purchases throughout the City. This will also ensure the City is purchasing state-of-the-art technology at the most competitive prices available.
- **Uniform Costs.** All uniform costs are budgeted in the administrative/major program in each concerned department as outlined below:
 - Police Department – Uniform Patrol Program (4426)
 - Fire Department – Emergency Services Program (4533)
 - Public Works Department – Management & Construction Program (4641)
- **Vocational/Personnel Training.** All vocational and personnel training budgets have been relocated under selected programs. This change allows for easier monitoring and controlling of vocational and personnel training costs. Vocational and personnel training budgets are located as follows:
 - Office of the City Manager – City Manager Program (4202)
 - Administrative Services Department – Administrative Program (4311)
 - Police Department – Uniform Patrol Program (4426)
 - Fire Department – Personnel Development Program (4534)

Redevelopment/Public Works Department – Management & Construction Program (4641) and Street Maintenance (4646)

Community Development Department – Administrative Program (4761)

The major Services and Supplies Budget requests in the FY 2005-06 Preliminary Budget include:

- **City Council:** \$15,000 for a contribution to the Reeder Heritage Foundation; \$94,000 for legislative consulting services; \$55,000 for celebratory activities related to the City's 50th Anniversary; \$506,268 for the second year of a two-year ERAF III property tax obligation.
- **Office of the City Manager:** \$25,000 for services related to the issue of lease revenue bonds, public facilities projects, architectural services, and survey instruments.
- **Administrative Services Department:** \$30,000 for credit card processing fees for all city payment locations; \$101,057 for animal control services.
- **Police Department:** \$127,834 for the annual school crossing guard contract at ten intersections throughout the City; \$105,000 for San Bernardino County booking fees.
- **Fire Department:** \$16,000 for a zero tolerance fireworks program; \$16,500 for neighborhood cleanup programs for multi-family and single-family residences.
- **Public Works Department:** \$25,000 for the first phase of modifications to curb ramps to comply with the *Americans with Disability Act* (ADA); \$158,200 for improvements and enhancements to City facilities.
- **Community Development Department:** \$179,100 for the *William F. Goodling Even Start Family Literacy* program; \$66,750 for the *First 5* program to provide early childhood education and intervention programs for Montclair children and their families.

Capital Outlay: The Capital Outlay Budget for Fiscal Year 2005-06 is \$1,313,800. This amount represents an increase of \$203,961 when compared to the Preliminary Budget for Fiscal Year 2004-05. The significant Capital Outlay Budget requests are as follows:

- **Police Department:** \$232,250 for three radio consoles for dispatch (General Fund); \$24,400 to purchase four mobile video recorders (Equipment Replacement Fund); \$11,600 for two mobile radios and the conversion of two Harley Davidson motorcycles (General Fund).
- **Fire Department:** \$12,650 for replacement of code enforcement workstations and carpet in selected areas in Fire Station No. 1 (General Fund); \$8,500 to upgrade one physio-control defibrillator (Public Safety Fund).
- **Redevelopment/Public Works Department:** \$36,000 to replace the 1987 Bearcat crack sealer machine (General Fund); \$30,000 for a blueprint scanner/copier (Sewer Maintenance Fund); \$26,000 for a trailer mounted sewage pump (Sewer Maintenance Fund); and \$50,000 for a ¾ ton service truck (Sewer Maintenance Fund).
- **Community Development Department:** \$37,000 for the purchase of an alternative fuel pool vehicle assigned to the Community Development Department (Air Quality Improvement Fund); \$2,200 to upgrade weight room equipment (General Fund).
- **Administrative Services Department:** \$36,800 for computer system replacements/upgrades (General Fund); \$60,000 for sewer atlas for sewer mapping system for integration with GIS (Sewer Maintenance Fund); \$11,000 for a comprehensive online tracking of citizens' communications (General Fund); and \$180,000 for Voice over Internet Protocol (VoIP) phone system (General Fund).
- **City Council:** \$72,880 for the following 50th Anniversary-related purchases: street banner display program; time capsule display; golden anniversary booklet; and pictorial history book of Montclair.

CAPITAL IMPROVEMENT PLAN

In accordance with the City's five-year capital improvement plan, I am proposing a total of \$22,447,500 be appropriated to finance capital projects, including the following:

1. **New Montclair Police Facility for \$20,900,000 (2005 Bond Proceeds Fund).** Project constructs a new Police facility at the northwest corner of Monte Vista Avenue and Arrow Highway. The approximately 39,000-square-foot facility would include an emergency operations center, detention facilities, and a shooting range. Details of the estimate are as follows:

• <u>PRIMARY CONSTRUCTION PROJECT</u>	
Construction Estimate	\$15,035,388
Design Contingency (10 percent)	<u>1,503,539</u>
Total Construction Costs	\$16,538,927
• <u>PROJECT INDIRECT COSTS</u>	
Furniture & Equipment	\$396,100
Telephone System	75,000
Surveys/Test & Inspections/Permits & Fees, etc.	85,142
Consultant Reimbursable Expenses	<u>32,500</u>
Total Indirect Costs	\$588,742
PROJECT CONTINGENCY (approx. 18 percent)	\$3,772,331
 TOTAL	 \$20,900,000

2. **Mission Boulevard Improvements – Phases 4, 5, and 6 for \$650,000 (Measure I Fund).** Project improves median curbs, and includes landscaping, minor pavement work, and street lighting from approximately 800 feet west of Monte Vista Avenue to Central Avenue.
3. **Asphalt Overlay on Residential Streets, Cycle III, Phase I for \$200,000 (Gas Tax Fund).** Project provides asphalt overlays on residential streets in neighborhoods bounded by the I-10 Freeway on the north, Central Avenue on the east, Benito Street on the south, and Helena Avenue on the west.
4. **Infrastructure Concrete Repairs for \$200,000 (Infrastructure Fund).** Project provides curb, gutter, sidewalk, and driveway repairs within the public rights-of-way in various locations throughout the City.

DEBT SERVICE

In May 2005, the City, in a joint powers agreement with the Montclair Financing Authority, issued \$31,300,000 in Lease Revenue Bonds for the construction of a new police station, senior center, and youth center. This action committed the City to make annual lease payments until October 2035. For Fiscal Year 2005-06, the annual principal and interest lease payment is \$1,156,232, to be paid from the General Fund. For Fiscal Year 2006-07 and thereafter, the annual principal and interest lease payments will be approximately \$1.9 million dollars. The net interest cost on the issue is 4.63 percent. The bonds are administered by the City's trustee, The Bank of New York Trust Company, N.A.

CONCLUSION

The Preliminary Budget as presented for Fiscal Year 2005-06 requires the expenditure of Unreserved Funds. This action is necessitated by the City Council's continuing commitment to set funds aside for future liabilities and special purposes. If the City Council revised its fiscal philosophy to "spend-as-we-go," it would increase reserves above the current level by only \$59,522, presuming a projected carryover of \$400,000 in unexpended funds is achieved.

My ongoing goal is to continue with development of healthy fiscal policies that demonstrate Montclair's resilient ability to weather adverse economic times and, at the same time, meet the growing and changing needs of the community. I firmly believe that with the leadership of the Montclair City Council, we can and have achieved a superior level of fiscal integrity and stability.

I would like to thank staff for their efforts in putting together the Fiscal Year 2005-06 Preliminary Budget. The employees of the City of Montclair and I look forward to answering any questions you might have regarding the budget document and the City's program of services.

Sincerely,

Lee C. McDougal
City Manager

**CITY OF MONTCLAIR
STRATEGIC PRIORITY ISSUES
FISCAL YEARS 2003-04 THROUGH 2005-06**

A. FINANCIAL POSITION

I. Re-examine EMS Fees

Re-examine non-subscriber fees and recommend increase.

II. Find Users for Big Box Buildings

Develop Fremont Avenue area focus plan.
Market vacant properties to developers (ICSC conference).
Maintain database of vacant properties and contact potential users.

III. Police Department Impound Lot

Perform cost-benefit analysis to determine feasibility; then, if approved,
Identify potential sites for impound lot; then, if approved,
Identify best practices for administering impound lot; then, if approved,
Request funds for start-up costs.

IV. Re-examine User Fees

Distribute standardized formula/guidelines for calculating user fees.
Submit recommendation for updated fees to Administrative Services.
Submit recommendation for fee changes to City Council.
Create User Fee Policy.

V. Revisit Youth/Senior Center and Police Department Building Funding

Determine whether state-shared revenue will negatively impact these strategic priorities.

VI. Build Long-Term Forecasting component into Budget

Incorporate five-year revenue and expenditure forecasts in budget.
Update financial indicator scorecard.

B. HOUSING/RETAIL DEVELOPMENT STRATEGY

I. Conduct Citizen Survey on General and Specific Issues

Solicit proposals for survey consultants.
Evaluate and select consultant.
Develop survey strategy and survey instrument with consultant.
Conduct survey and report results to City Council.

FUNDING SOURCE
Fire
Community Development/ Redevelopment
Police
All Departments
Police/Community Development
Administrative Services
All Departments

FUNDING SOURCE	
<p>II. Continue North Montclair Specific Plan (Fremont) Prepare RFP for planning services. Evaluate responses and select firm. Develop Draft of North Montclair Specific Plan.</p>	Community Development/ Redevelopment
<p>III. Continue Implementation of San Antonio Gateway Plan Investigate successful tax credit financing project in other communities. Refine and recommend land use plan and density allocation in San Antonio Gateway. Prepare RFP for developer of San Antonio Gateway.</p>	Community Development/ Redevelopment
C. CITY IMAGE	
<p>I. Conduct Citizen Survey on General and Specific Issues Solicit proposals for survey consultants. Evaluate and select consultant. Develop survey strategy and survey instrument with consultant. Conduct survey and report results to City Council.</p>	All Departments
<p>II. Continue Graffiti Abatement Monitor effectiveness of program. Utilize surveillance cameras to monitor high-incidence areas.</p>	Public Works Graffiti Abatement Program
<p>III. Continue Streetscape and other Capital Projects Implement approved Mission Boulevard improvements. Form joint redevelopment-finance project with County. Implement improvements in joint project area as funds allow. Implement other capital improvements as funding allows.</p>	Public Works/ Redevelopment Capital Improvement Budget
<p>IV. Enhance City's Web Page Identify functional requirements for upgraded website. Determine whether in-house resources can deliver desired functionality. Seek proposals from external sources. Evaluate proposals and make recommendation to select an offer. Gather community input on e-government needs. Begin development of prototype website using either in-house or outside resources. Review in-house prototype. Develop and complete final, upgraded website.</p>	Administrative Service

	FUNDING SOURCE
<p>V. Entry Beautification Hire landscaping consultant to recommend improvements to North Montclair landscaping. Develop recommendations for landscape improvements with consultant. Submit approved recommendations for funding.</p>	Public Works
<p>VI. Examine Feasibility of Converting Recreation's Magazine into City Newsletter Examine cost feasibility of making conversion; and, if feasible, Convert recreational magazine to City newsletter.</p>	Community Development
D. YOUTH/SENIOR CENTER FUNDING	
<p>I. Evaluate community support for facility Determine if facility evaluation and community development survey can be combined. Develop a request for proposal to recruit for consultant. Develop survey strategy and survey instrument with consultant. Conduct survey and report results.</p>	City Manager/ Community Development/ Administrative Svcs.
<p>II. Link Facility Design to Fiscal Capacity Determine whether state-shared revenue will negatively impact these strategic priorities. Determine whether state-shared revenue requires rescoping of facility or delay of project. Develop an affordable facility design with architect.</p>	City Manager/ Community Development/ Administrative Svcs.
<p>III. Develop Funding Options Report to Council funding options for new facility. Create implementation plan for approved funding mechanisms.</p>	City Manager/ Administrative Svcs.
<p>IV. Consider Stopgap Options if fiscal condition warrants Document stopgap concepts. Discuss which stopgap concepts to pursue. Prepare implementation plan for approved stopgap strategy.</p>	City Manager/ Community Development
E. POLICE DEPARTMENT BUILDING FUNDING	
<p>I. Evaluate community support for facility Determine if facility evaluation and community development survey can be combined. Develop a request for proposal to recruit for consultant. Develop survey strategy and survey instrument with consultant. Conduct survey and report results.</p>	City Manager/ Police/ Administrative Svcs.

II. Link Facility Design to Fiscal Capacity

Determine whether state-shared revenue will negatively impact these strategic priorities.
Determine whether state-shared revenue requires rescoping of facility or delay of project.
Develop an affordable facility design with architect.

III. Develop Funding Options

Report to Council funding options for new facility.
Create implementation plan for approved funding mechanisms.

IV. Consider Stopgap Options if fiscal condition warrants

Document stopgap concepts.
Discuss which stopgap concepts to pursue.
Prepare implementation plan for approved stopgap strategy.

FUNDING SOURCE
City Manager/ Police/ Administrative Svcs.
City Manager/ Administrative Svcs.
City Manager/ Police

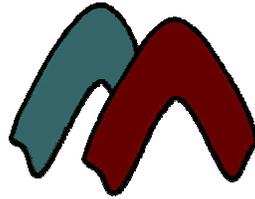
**CITY OF MONTCLAIR
BUSINESS PLAN
STRATEGIC PRIORITY ISSUES
FISCAL YEAR 2005-06**

ADMINISTRATIVE SERVICES	ACCOUNT NUMBER REFERENCE	FUNDING SOURCE	BUDGETARY IMPACT		FISCAL IMPACT(\$\$)
			REVENUE	EXPENSE	
A. STRATEGIC PRIORITY # 1: FINANCIAL POSITION. 1. Goal #4 – Re-examine User Fees. Undertake Citywide examination on annual basis. Conduct extensive, periodic review	4311-5221	Admin. Services - Administration		\$45,000	(\$45,000)
B. STRATEGIC PRIORITY #3: CITY IMAGE 1. Goal #1 – Develop resident survey on general and specific issues.	4317-5245	Admin. Services – Central Services		\$9,000	(\$9,000)
C. STRATEGIC PRIORITY #3: CITY IMAGE 1. Goal #4 – Enhance City’s website. Complete economic development module.	4316-5245	Admin Services – Info. Tech. Services		\$5,100	(\$5,100)
D. STRATEGIC PRIORITY #4 and #5: YOUTH/SENIOR CENTER AND POLICE FACILITY. 1. Goal #3 – Develop funding options. (a) Nontaxable Lease Revenue Bonds, Issue of 2005; 4.8% average rate; 30 year lease. (b) Transaction and Use Tax – 0.25% tax rate. No sunset provision.	General Fund	General Fund	(a) \$28 million Lease Revenue Bond, payable over 30 years, from Transactions and Use Tax revenues @ approximately \$1.9 million annually. (Total P & I: \$58.4 million) (b) \$2.3 million annually, plus growth		(a) \$28 million Lease Revenue Bond, payable over 30 years, from Transactions and Use Tax revenues @ approximately \$1.9 million annually. (Total P & I: \$58.4 million) (b) \$2.3 million annually, plus growth

**CITY OF MONTCLAIR
BUSINESS PLAN
STRATEGIC PRIORITY ISSUES
FISCAL YEAR 2005-06**

FIRE DEPARTMENT	ACCOUNT NUMBER REFERENCE	FUNDING SOURCE	BUDGETARY IMPACT		FISCAL IMPACT(\$\$)
			REVENUE	EXPENSE	
STRATEGIC PRIORITY #1: FINANCIAL POSITION					
<p>1. Goal #1 – EMS fees: Examine increasing EMS fees for nonsubscribers.</p> <p>Objective A: Determine additional service effort already covering nonsubscribers and recommend commensurate fee increase. Evaluate City's policies and procedures for public service delivery and cost recovery. State law requires that a user fee be set no higher than the reasonable cost of providing the fee-generating service.</p> <p>Objective B: Make a recommendation to Council for fee increase. Include fees in resolution with other City user fees</p>	EMS - Paramedic	Fire	\$6,000		\$6,000

PUBLIC WORKS	ACCOUNT NUMBER REFERENCE	FUNDING SOURCE	BUDGETARY IMPACT		FISCAL IMPACT(\$\$)
			REVENUE	EXPENSE	
STRATEGIC PRIORITY #3					
<p>1. Goal #2 – Continue Graffiti Abatement Program</p> <p>(a) Objectives A: Two full time employees are assigned to abate graffiti throughout the City on all public property. The average abatement time is 24 to 48 hours once the graffiti has been observed and/or reported</p>	4645	Public Works		\$181,493	(\$181,493)



HISTORY OF MONTCLAIR

The history of Montclair, as with other communities in Southern California, is rich and colorful. Serrano Indians were the earliest known inhabitants of the land that is now Montclair. The name "Serrano," a broad term applied to the band of Native Americans who inhabited the area around the San Gabriel Mountains, is derived from Spanish and means "mountaineers," or more specifically "those of the Sierra." These early inhabitants built a village on the banks of a sycamore tree-lined creek that flowed along a route that is now Mills Avenue.

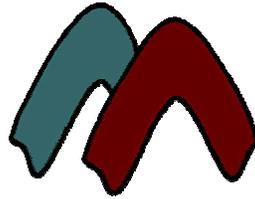
Like many Southern California Native American Indian bands, the Serrano were incorporated into the Franciscan mission system. Once missionized, they were forced to converse in Spanish and adopt European farming techniques. The process of missionizing resulted in the loss of nearly all early evidence of their aboriginal culture. The entire Serrano population at the time of European contact was small, perhaps as low as 1,500. The tribe had no chief, and subtribes often fought each other. Census information indicates that fewer than 250 Serrano ancestors survive today.

In 1774, Captain Juan Bautista de Anza, in his exploratory expedition from Mexico to California, named that sycamore tree-lined creek "Arroyo de los Alisos," the *Stream of the Sycamores*—later renamed *San Antonio Creek*. Legend has it that Captain de Anza carved his initials on the trunk of a large sycamore standing along the creek bank. This exploratory trip by Anza was the first sizeable land expedition by Europeans into what is now present-day California. The expedition opened a 2,200-mile route across the southwest deserts, and so impressed the Spanish Viceroy in Mexico City that Anza was ordered to return with a colonizing army.

Anza returned to the area in January 1776 as part of the famous trek that established the *Juan Bautista de Anza Trail*. Anza had successfully opened up Alta California (present-day California) for settlement and missions. The trail from Arizona to northern California was considered a strategic link to the northwest frontier of Spain's empire and its claim to California and the territory's important west coast harbors. A revolt of Yuma Indians in 1781 closed the *Juan Bautista de Anza Trail*, and the Spanish never reopened it, isolating Alta California from the Spanish government in Mexico.

Accompanying Anza on his 1774 expedition was a Franciscan priest named Francisco Garcés. In his treks throughout California, Garcés traveled thousands of miles searching for mission sites. In 1771, he established the route followed by Anza in 1774. Garcés also made first contact with an estimated 24,500 Native American Indians in California and Arizona. He was killed in the Yuma Revolt of 1781.

The Montclair area also served as a point along the *Old Spanish Trail*, an early trade route linking Santa Fe, New Mexico with Pueblo de los Angeles (Los Angeles). Sections



of this route were used for trade, emigration and the transportation of mules, horses, and Native American Indian slaves. The *Trail's* heyday was between 1830 and 1848. After the *Mexican War of 1846-1848* competing routes blazed by America's *Army of the West* ended use of the *Trail*.

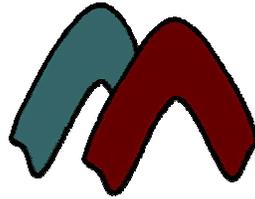
Up until the 1890s, Montclair was little more than grazing land and a watering hole. In 1897, Mrs. Edward Fraser was instrumental in founding “The Township of Marquette,” giving the area its first modern name. This signaled the beginning of land development and the formation of a viable community.

In the early 1900s, Emil Firth, a Los Angeles land developer, named a 1,000-acre land tract (the future site of the City of Montclair) “Monte Vista.” All of the tracts were laid out in 10-, 20-, and 40-acre lots with special financing terms to entice the planting of orchards and construction of homes. Settlers moved in shortly after the tract opened in 1907, and the first “modern” settlement within the tract was called Narod. Buildings that made up the settlement included a large orange-packing house, a dry goods store, a hotel, and the Little White Church of Narod.

It was during this period that the Narod area emerged as a contributing component of Southern California's economically important citrus industry. Citrus groves dotted the landscape—the scent of orange and lemon blossoms filling the air. Oranges and lemons had become symbols of promise to Southern California orchard farmers—as powerful as the Gold Rush, though without the popular image of quick riches; and for the state, the citrus industry was its first economic dynamo, financially more important than the discovery of gold at Sutter's Mill.

Citrus fruit, however, had not always been a visceral part of the Southern California desert landscape. Citrus plants originated in China and first arrived in the Americas with the second voyage of Christopher Columbus to the New World. It took another 300 years before oranges were brought to California to be cultivated in 1804 at the San Gabriel Mission. But it was the arrival of a mutant, seedless navel orange plant from Brazil in 1873 that revolutionized the region's citrus industry. The mutant navel orange plant found Southern California soil and weather to its liking; and navel orchards thrived to meet a growing national demand for the fruit. Within 20 years, the navel orange had transformed the deserts of Southern California into a Mediterranean oasis.

The completion of three rail lines through the region opened Southern California's citrus market to the rest of the country. The orange was remaking the terrain and the state's economy. Pioneers moved into the area to establish grove farms and participate in the new industry. George H. Reeder, a native to Narod, and son of one of the citrus industry's first navel orange growers, lived his entire life at the Reeder family grove home on Holt Avenue with his wife, Hazel. The Reeder's continued providing quality navel oranges to the area's citrus packing houses until the industry was hit hard after World



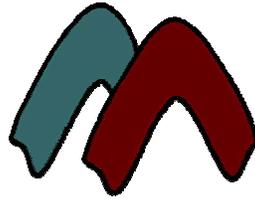
War II by smog, soaring real-estate prices, a burgeoning population, freeways, and vandalism. Today, the bulk of the navel crop is grown in California's Central Valley, with only a few thousand grove acres remaining in the Inland Empire.

The Monte Vista Land Tract experienced a population boom after World War II—like most southland areas, people replaced citrus groves. Veterans receiving G.I. benefits for home purchases moved into the area to buy from the abundant supply of affordable housing that was being mass produced by developers. As the population grew, local residents opposed to annexation by a neighboring city formed the Monte Vista Improvement Association with the objective of incorporating the Monte Vista Land Tract. Residents were asked to vote on the incorporation proposal in the April 1956 election.

Incorporation of the City of Monte Vista was approved by a vote of 682 to 455. Members of the first City Council included James West, a post control operator and orange grower; Paul Frame, a real estate broker and builder; Miller Buchanan, a poultryman; Glen Wolf, the proprietor of an equipment sales and rental business; and Dana Panky, a minister. On the date of incorporation (April 25, 1956) the City of Monte Vista had a total population of 8,008 spread over 4.2 square miles. On April 28, 1956, the City Council appointed Henry Busch to serve as City Attorney; and on the following May 1st, the City Council determined that its meeting place would be a building owned by Mr. Phil Hurst at 5326 San Bernardino Avenue. This building, the site of a former butcher shop, was in good condition and had a room large enough for a few employees and small City Council meetings. The City Council set Tuesday, May 8, 1956, as its first official meeting date, with subsequent sessions to be the first and third Monday of each month. Councilman West, with the help of his family, loaded his pickup truck with a couple of rattan tables and eight chairs from his house and took them to the new City Hall to serve as the Council dais. Tween Stone loaned the new city some folding chairs from his mortuary for the audience, and he brought an American flag to the first meeting.

Monte Vista's municipal government made many advances during the first year of its incorporation. A master street-lighting plan was designed; zoning ordinances were passed; provisions were made for the City's streets to be swept; engineering data gathered; and a City recreation program started. Ben Smith was appointed Chief of Police; and shortly afterward, a staff of four patrolmen and one female dispatcher were hired. At the end of its first year of existence, the City of Monte Vista had ten full-time employees.

The first Fire Department serving the Monte Vista Land Tract was established by the San Bernardino County Board of Supervisors years earlier in 1948. In 1949, a \$50,000 bond issue was approved to construct a fire station and buy equipment. In 1950, the fire station was completed and housed two fire trucks. Three full-time firefighters were employed,



and 13 men were paid “by the call.” Montclair established its own municipal Fire Department in 1964.

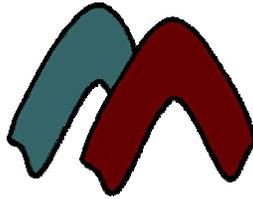
During the City's first years of operation, the federal government refused to open a post office in the community because a town with the same name already existed in Northern California. On April 8, 1958, the citizens of the City of Monte Vista rectified the problem by voting to change the town's name to “Montclair.” On July 1, 1958, a branch post office was opened in the Mayfair Market on Central Avenue. Residents were notified to change their return addresses as of September 1, 1958, and mail was distributed through the Ontario Plaza Branch Post Office on Mountain Avenue. In 1964, the post office was relocated to its own building on Benito Street where it stands today. Over the next two decades, postal delivery problems continued because of overlapping zip codes shared with the cities of Pomona and Ontario. This problem was finally resolved in the late 1980's when the U.S. Postal Service agreed to a single zip code for all of Montclair and the unincorporated areas in the City's sphere of influence.

As early as 1953, the residents of Montclair had the forethought to negotiate a lease-purchase of land on the southeast corner of Benito Street and Fremont Avenue for a Civic Center. On the property was an orange grove used to generate revenue for the lease payments. On April 25, 1964, a new Montclair Civic Center was dedicated. The complex housed the City's Administrative offices and Police Department. The library was the second building completed on the Civic Center property.

Since 1952, the County branch library had been located at Monte Vista Elementary School and was open only two days a week. The new library met the community's growing demand for this service. Today, the Montclair Branch Library provides traditional services, DVD rentals, vital document services, marriage licenses, and hosts an outdoor patio for the performance of marriages.

An important element for community and family life is basic education for children. A growing population required the construction of schools in quick succession. Vernon Junior High School opened in 1956; Margarita Elementary School opened in 1958; and Lehigh Elementary School and Montclair High School followed in 1959. By 1963, Monte Vista Elementary School and Montclair High School needed additions, and Serrano Junior High was built on the west side. State regulations forced the closure of Margarita Elementary School in the late 1990's; however, two new elementary schools, Howard and Ramona, opened to address school-age population requirements.

During its early years, Montclair struggled to find a greater tax base to pay for the services offered to residents. In 1964, land developers approached the City with the answer to its revenue concerns—a regional shopping center. Three years later, the first building permits were issued; and on August 3, 1968, 15,000 people attended a Preview Ball for the new mall which contained 875,000 square feet of store space, three major



department stores, 64 smaller shops, and parking for 5,000 cars. During its first year of operation, the mall increased the City's sales tax revenues by more than 30 percent. Today, Montclair Plaza continues to be one of the most successful regional shopping centers in Southern California.

Now, 50 years after its incorporation, Montclair is a thriving full-service City with a population representative of the ethnic and cultural diversity that is characteristic of Southern California. Although the early years of Montclair were not without its growing pains, this small city has proven it can survive, prosper, and be a leader in the Inland Empire.

William V. Donaldson, Montclair City Administrator from 1960-1965, clearly identified the source of Montclair's fortitude when he said, *"The record of the growth of the Montclair area is one that was written by its many dedicated citizens. The transformation from orange groves to a growing city is one of which we can all be proud. It is often easy to forget the sacrifices the citizens have made to affect this change. I think the idea of recording our past so that we may not in the future forget these sacrifices is an excellent one."*



City of Montclair Demographic Profile 2003

- Montclair is ideally located in the Western Inland Empire and is the region's premier shopping destination located at the gateway between Orange and Los Angeles Counties and the thriving Inland Empire.
- The centerpiece of North Montclair is the Montclair Plaza, a 1.2 million square foot regional fashion mall with a 10-mile trade area population of 909,086 and an average household income of \$72,265.
- The influx and phenomenal growth in the inland region is a reflection of the region's strong economy and its upbeat performance during the recent recession.
- The increase in population in the inland region is creating a higher demand for more cultural events, high-demand retail, and entertainment opportunities.
- Montclair is located in close proximity to private universities/colleges, including the prestigious Claremont Colleges, three state universities, and seven community colleges.
- Montclair is a full-service City with its own Police and Fire Departments.
- Great weather; good schools; nearby colleges; outstanding housing values; safe and stable neighborhoods; and recreational pursuits — all contribute to a family-oriented community with over 61 percent owner-occupied housing.
- Montclair's population is young and diverse and represents the ethnic and cultural diversity that is characteristic of Southern California.
- Montclair is in close proximity to the I-10, I-15, State Route 60, and 210 Freeway which provide a direct link to the Los Angeles and Long Beach harbor facilities, Ontario International Airport, and the inland cargo sorting facilities for all major freight carriers which are serviced by the Union Pacific Railroad.
- Montclair is home to the master-planned Montclair Transcenter, two approved Metrolink Platforms, and Metrolink Station Regional Transit Park and Ride facility.

Population: 33,049

Area: 5.33 square miles

DEMOGRAPHICS Population, Income, & Race	3-MILE Trade Area	5-MILE Trade Area	10-MILE Trade Area
Population 2008 Projection	194,263	491,352	983,308
Population 2003 Estimate	181,573	459,468	909,086
Households 2003 Estimate	54,071	132,733	263,522
Ave. Persons Per Households 2003	3.22	3.39	3.30
Average Households Income 2003	\$58,310	\$64,066	\$72,265
Avg. Family Households Income 2003	\$65,578	\$70,824	\$79,789
Median Age 2003	30.07	30.04	31.61
AFHI @ \$50,000 to \$74,999	8,870 (23%)	21,924 (22%)	44,799 (22%)
AFHI @ \$75,000 to \$100,000	4,885 (12%)	13,301 (13%)	33,431 (16%)
AFHI @ \$100,000 to \$149,999	4,036 (10%)	11,533 (12%)	35,614 (17%)
White	51.12%	58.13%	54.48%
Black	7.42%	6.72%	6.88%
Asian & Pacific Islander	6.49%	5.96%	10.22%
Hispanic Origin	51.62%	54.43%	43.35%
Traffic Counts	Total Intersection Volume		Year Count Taken
Central Ave. & Moreno St.	56,796		2002
Central Ave. & Holt Blvd.	67,398		2002
Monte Vista Ave. & Arrow Hwy.	49,118		2003
Monte Vista Ave. & I-10 Freeway	41,266		2002
Central Ave. & I-10 Freeway	49,509		2002
Approximate Distances of Major Transportation Centers from Montclair			
Ontario International Airport (ONT)	6 miles	Las Vegas	235 miles
Los Angeles International Airport (LAX)	50 miles	Downtown Los Angeles	30 miles
John Wayne International Airport	38 miles	Orange County Beach Cities	35 miles
Port of Long Beach	48 miles	San Diego County Beach Cities	85 miles
Port of Los Angeles	53 miles	Lake Arrowhead	55 miles
Higher Educational Opportunities within 25 Minutes			
California State University, San Bernardino	San Bernardino Valley College		
California State Polytechnic University, Pomona	Mount San Antonio College, Walnut		
University of California, Riverside	Chaffey Community College, R. Cucamonga		
5 Undergraduate & 2 Graduate Colleges @ Claremont:	Chapman University, Ontario		
Pomona, Claremont McKenna, Harvey Mudd, Pitzer and Scripps	Claremont Graduate University & Keck Graduate Institute of Applied Life Sciences		



CITY OF MONTCLAIR
Budget Development Timeline
Fiscal Year 2005-06

The budget process begins in January with staff reviewing all current authorized personnel positions, their allocations to various programs, and their respective funding sources. During the Mid-year Budget Review in February, the City Council establishes parameters for the development of the budget. Also, in early February, the Personnel Services Budget Job Allocation worksheets, listing all current authorized personnel positions, are distributed to the various departments for their review, budgetary changes in personnel allocations, and staffing needs. Once this information is returned to the Finance Division in late February, staff prepares all departmental Personnel Services Budget. Concurrently, staff is also preparing the general City overhead cost information. In mid March, the budget packets, including the budget worksheets and the parameters for the development of the budget, are distributed to all departments. During April, all departments return their budget requests to the Finance Division. The City Manager and key budgetary personnel meet with each respective department during the management departmental budget sessions to review all operating budget requests for possible adjustment. In May, all budgetary adjustments are incorporated into the preliminary budget. In early June, the City Manager presents the budget to the City Council for their review. On the second City Council meeting in June, the City Council adopts the budget by resolution.

Key Budget Dates:

February 22, 2005	Mid-year Budget Review
March 10, 2005-March 17, 2005	Distribution of budget packets to all departments
April 13, 2005	Departmental-operating budget requests are due
April 26, 2005-April 28, 2005	Management departmental budget sessions
May 12, 2005	Complete changes to departmental budgets
June 14, 2005	Budget review by City Council
June 20, 2005	City Council adopts budget by resolution

**CITY OF MONTCLAIR
COMBINED SOURCES & USES STATEMENT
FISCAL YEAR 2005-06**

	SOURCES					USES					Estimated Unreserved Fund Balance/ Retained Earnings/ June 30, 2006
	Estimated Unreserved Fund Balance/ Retained Earnings July 1, 2005	Estimated Revenue	Transfers In	RDA Loan Principal Repayments	TOTAL SOURCES	Operating Appropriations	Capital Improvement Appropriations	Transfers Out	Loans to the RDA	TOTAL USES	
001 General Fund	\$10,598,000	\$27,652,725	\$381,000	\$1,099,363	\$39,731,088	\$27,037,334	\$0	\$2,164,232	\$1,280,000	\$30,481,566	\$9,249,522
<u>Special Revenue Funds</u>											
102 Gas Tax Fund	\$225,400	\$651,000	\$0	\$0	\$876,400	\$1,300	\$200,000	\$6,000	\$0	\$207,300	\$669,100
104 Measure I Fund	605,000	466,000	0	0	1,071,000	0	650,000	0	0	650,000	421,000
110 Traffic Safety Fund	0	375,000	0	0	375,000	0	0	375,000	0	375,000	0
112 Automated Traffic Enforcement	(458,000)	175,000	0	0	(283,000)	0	0	0	0	0	(283,000)
131 Park Development Fund	242,000	453,500	0	0	695,500	8,400	259,500	0	0	267,900	427,600
132 CDBG Fund	0	37,000	0	0	37,000	37,000	0	0	0	37,000	0
135 Air Quality Improvement Fund	62,500	40,700	0	0	103,200	39,798	0	0	0	39,798	63,402
138 Older Americans Act Fund	8,053	89,982	0	0	98,035	98,035	0	0	0	98,035	0
140 Asset Forfeiture Fund- State	500	100	0	0	600	0	0	0	0	0	600
142 OCJP Fund	0	0	0	0	0	0	0	0	0	0	0
143 Public Safety Fund	56,000	237,000	0	0	293,000	169,661	0	0	0	169,661	123,339
144 Federal Asset Forfeiture Fund- DOJ	(3,400)	0	0	0	(3,400)	1,000	0	0	0	1,000	(4,400)
146 Section 11489 Fund	21,700	100	0	0	21,800	0	0	0	0	0	21,800
147 Federal Asset Forfeit. Fund- Treasury	200	0	0	0	200	0	0	0	0	0	200
148 School District Grant Fund	0	64,000	0	0	64,000	64,000	0	0	0	64,000	0
149 State Supp. Local Law Enforce. Fund	63,400	0	0	0	63,400	0	0	0	0	0	63,400
150 Local Law Enforcement Block Grant	0	0	0	0	0	0	0	0	0	0	0
151 Crime Prevention Fund	7,100	430	0	0	7,530	0	0	0	0	0	7,530
152 Recycling Block Grant Fund	3,200	22,255	0	0	25,455	22,255	0	0	0	22,255	3,200
160 Human Services Grant Fund	167,500	665,266	0	0	832,766	662,731	0	0	0	662,731	170,035
161 California Nutrition Network Fund	3,600	84,017	0	0	87,617	84,017	0	0	0	84,017	3,600
162 Human Services Special Revenue Fund	2,600	70,875	0	0	73,475	70,875	0	0	0	70,875	2,600
180 EMS- Paramedic Fund	(18,300)	182,650	0	0	164,350	157,315	0	0	0	157,315	7,035
Total	\$989,053	\$3,614,875	\$0	\$0	\$4,603,928	\$1,416,387	\$1,109,500	\$381,000	\$0	\$2,906,887	\$1,697,041
<u>Capital Project Funds</u>											
204 Police Station	\$0	\$0	\$20,900,000	\$0	\$20,900,000	\$0	\$20,900,000	\$0	\$0	\$20,900,000	\$0
Total	\$0	\$0	\$20,900,000	\$0	\$20,900,000	\$0	\$20,900,000	\$0	\$0	\$20,900,000	\$0
<u>Debt Service Funds</u>											
301 2005 Lease Revenue Bonds	\$30,549,380	\$300,000	\$1,156,232	\$0	\$32,005,612	\$1,156,232	\$0	\$20,900,000	\$0	\$22,056,232	9,949,380
Total	\$30,549,380	\$300,000	\$1,156,232	\$0	\$32,005,612	\$1,156,232	\$0	\$20,900,000	\$0	\$22,056,232	\$9,949,380
<u>Enterprise Funds</u>											
501 Sewer Maintenance Fund	\$2,140,000	\$1,578,500	\$0	\$0	\$3,718,500	\$2,256,097	\$200,000	\$0	\$0	\$2,456,097	\$1,262,403
Total	\$2,140,000	\$1,578,500	\$0	\$0	\$3,718,500	\$2,256,097	\$200,000	\$0	\$0	\$2,456,097	\$1,262,403
<u>Trust Funds</u>											
750 Equipment Replacement Fund	\$1,354,000	\$45,000	\$308,000	\$0	\$1,707,000	\$289,300	\$0	\$0	\$0	\$289,300	\$1,417,700
751 Infrastructure Fund	0	0	200,000	0	200,000	0	200,000	0	0	200,000	0
755 Contingency Fund	2,527,000	0	350,000	0	2,877,000	0	0	0	0	0	2,877,000
757 Refuse Impound Fund	254,000	11,000	0	0	265,000	142,188	0	0	0	142,188	122,812
758 Youth Sponsorship Fund	51,000	8,000	0	0	59,000	0	0	0	0	0	59,000
759 City Facilities Improvement Fund	1,058,000	24,000	150,000	0	1,232,000	0	38,000	0	0	38,000	1,194,000
Total	\$5,244,000	\$88,000	\$1,008,000	\$0	\$6,340,000	\$431,488	\$238,000	\$0	\$0	\$669,488	\$5,670,512
TOTAL - ALL FUNDS	\$49,520,433	\$33,234,100	\$23,445,232	\$1,099,363	\$107,299,128	\$32,297,538	\$22,447,500	\$23,445,232	\$1,280,000	\$79,470,270	\$27,828,858

CITY OF MONTCLAIR

FISCAL YEAR 2005-06 BUDGET

FUND DESCRIPTIONS

Unlike the private sector, governmental budgeting and financial reporting is based upon fund accounting. As defined by the Government Finance Officers Association, a fund is a "fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations."

BASIS OF ACCOUNTING

The budgets of the City's governmental funds (General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds) are prepared on a modified accrual basis where revenues are recognized when they become measurable and available, and expenditures are recorded when the related liability is incurred. Revenue availability criteria are defined as collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (i.e., sixty days after fiscal year-end).

Budgets for the City's proprietary funds (Enterprise Funds) are prepared on a full accrual basis where revenues are recognized when earned, and expenses are recognized when they are incurred.

Budgets for the City's fiduciary funds (Expendable Trust Funds and Agency Funds) are prepared on the basis consistent with the fund's accounting measurement objective. Both the City's Expendable Trust Funds and Agency Funds are prepared on a modified accrual basis.

Below are descriptions for the funds included in the City's Fiscal Year 2005-06 Budget.

GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund (001) is used to account for all financial resources except those required to be accounted for in another fund. Typically, the general fund is the primary operating fund of a governmental entity. Because the budget cycle is paramount, general fund accounting is based on the flow of financial resources principle. Under this principle, revenues are realized only if they are converted into cash within the budget cycle or sixty days thereafter, and expenditures are recorded when incurred and payable from available financial resources.

For Fiscal Year 2005-06, the City's General Fund proposed expenditures budget is \$27,037,334, which represents approximately eighty-seven percent of the City's total operating budget. The General Fund provides financing for 184.39 of the City's 200.24 full-time positions. Major revenue sources credited to the General Fund include the property tax, sales tax, and utility users tax. Detail information related to all General Fund revenue sources is included in the Statement of Estimated Revenues and related notes thereto (pages 9-26).

On April 19, 1993, City Council approved an emergency reserve policy for the City's General Fund. The policy sets the level of reserve funding at \$3 million which must be comprised of assets that are available for immediate appropriation, i.e., current financial resources. Use of moneys credited to the emergency reserve requires specific authorization from the City Council. Also, moneys are set aside in the General Fund to meet the self-insurance portion (deductible) of workers' compensation and general liability claims brought against the City. The amount of reserve funding for this purpose is based upon the estimated future liability as determined by the City's third-party claims administrators, Colen and Lee and Carl Warren & Company. No portion of the moneys set aside for self-insurance is reflected in any of the budget summary schedules.

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. Like the general fund, the budget for a special revenue fund includes only those revenues which are expected to be received in the current fiscal year or shortly thereafter, and expenditures are recognized only if they are expected to be liquidated with current financial resources.

Gas Tax Fund (102) Gas Tax moneys allocated to local governments in accordance with California Streets and Highways Code Sections 2105, 2106, 2107 and 2107.5 are required to be deposited in a special revenue fund. By law, the funds are restricted to expenditures for the construction, improvement and maintenance of the public streets and roads system. Further, revenues allocated pursuant to Section 2107.5 must be used to defray engineering and administrative expenses. Exclusive of the 2107.5 revenues, it is the City's policy to allocate all Gas Tax funds to projects included in the five-year capital improvement program.

Measure I Fund (104) In November 1989, San Bernardino County voters approved passage of Measure I authorizing the San Bernardino County Transportation Authority to impose a one-half cent sales tax to finance transportation improvement and traffic management programs for a period not to exceed twenty years. Cities are apportioned the "local share" of Measure I moneys on a per capita basis and in accordance with a twenty-year transportation plan and a five-year capital improvement program adopted by the local jurisdiction. Cities may also receive funding for regional projects pursuant to San Bernardino Associated Government's (SANBAG) five-year and twenty-year plans. In the past, Montclair was allocated regional moneys for the Montclair Multi-Modal Transit Center and the Monte Vista Avenue Extension projects.

Traffic Safety Fund (110) Vehicle Code Section 42200 provides that fines and forfeitures which a city receives as a result of arrests by city officers for Vehicle Code violations must be deposited in a special fund entitled the "Traffic Safety Fund." Moneys credited to the Traffic Safety Fund can only be used for traffic control devices, the maintenance thereof, equipment and supplies for traffic law enforcement and traffic accident prevention, and for the maintenance, improvement, or construction of public streets, bridges and culverts within the city. Moneys deposited to the fund cannot be used to pay police officer salaries. It is City policy to transfer all Traffic Safety Fund revenues at year-end to the General Fund; it is understood that General Fund expenditures for the above prescribed uses far exceed the annual revenues credited to the Traffic Safety Fund.

"Quimby" Park Development Fund (131) Government Code Section 66477 provides that a city may, by ordinance, require the dedication of land or impose an in-lieu fee for park and/or recreational purposes as a condition for new residential development. Resolution No. 824, adopted in October 1982, established the current land dedication and in-lieu fees imposed upon new residential development in Montclair.

C.D.B.G. Fund (132) The Federal Community Development Block Grant (CDBG) program provides cities with grant moneys which generally must be expended within low and moderate income target areas for essential community development and housing purposes. Montclair receives its share of CDBG moneys via the San Bernardino County's Department of Economic and Community Development in accordance with a cooperation agreement which has been in effect the past twenty-eight years.

Air Quality Improvement Trust Fund (135) In September 1990, Governor Deukmejian signed Assembly Bill 2766 into law which provided for an increase in the motor vehicle registration fee for the purpose of financing programs designed to reduce mobile source air pollution. Cities are allocated approximately 40 percent of the revenues collected, provided a resolution has been adopted setting forth the city's intention to spend the moneys on air pollution reduction programs which are consistent with the California Clean Air Act of 1988, or with a plan proposed pursuant to Article 5 of Chapter 5.5 of Part 3 of the California Health and Safety Code.

Older Americans Act Fund (138) The Older Americans Act of 1965 provides for assistance to state and local agencies to develop social supportive services to meet the needs of older persons. Montclair receives grant moneys pursuant to the Act via contract with the County of San Bernardino. The funds are used to help pay for health care services in the Medical Clinic for senior citizens, ages 60 and over, for "Senior Sitter", a program to provide in-home supportive services, and the senior nutritional meals program.

State Asset Forfeiture Fund (140) State law generally provides for the confiscation of money and property arising from the manufacture or sale of illegal controlled substances. Moneys distributed to Montclair pursuant to the asset forfeiture laws may only be used for law enforcement programs.

Public Safety Fund (143) Passage of Proposition 172 in November 1993 provided for a one-half cent sales tax to be distributed to local governments for public safety expenditures. Cities in San Bernardino County are allocated five percent of the tax based upon their proportionate share of the net property tax loss resulting from the State's Fiscal Year 1993-94 Budget. Current law provides that cities must maintain Fiscal Year 1992-93 expenditure levels to be allocated Proposition 172 moneys.

Federal Asset Forfeiture Fund - DOJ (144) Federal law generally provides for the confiscation of money and property arising from the manufacture or sale of illegal controlled substances. Moneys distributed to Montclair pursuant to the asset forfeiture laws are only available to the Police Department for purposes of financing their annual budget. Current law requires that Federal asset forfeiture moneys received from the Department of Justice be segregated from forfeiture moneys received from the United States Treasury Department and all other resources of the Police Department, including moneys/assets received pursuant to State asset forfeiture laws.

Section 11489 Subfund (146) Health & Safety Code Section 11489 provides that fifteen percent of State asset forfeiture moneys/assets be deposited to a special fund which shall be used for the sole purpose of funding programs designed to combat drug abuse and divert gang activity. The moneys deposited to this fund shall not be used to supplant any state or local funds that would normally be used for same purpose.

Federal Asset Forfeiture Fund - Treasury (147) Federal law generally provides for the confiscation of money and property arising from the manufacture or sale of illegal controlled substances. Moneys distributed to Montclair pursuant to the asset forfeiture laws are only available to the Police Department for purposes of financing their annual budget. Current law requires that Federal asset forfeiture moneys received from the

United States Treasury Department be segregated from forfeiture moneys received from the Department of Justice and all other resources of the Police Department, including moneys/assets received pursuant to State asset forfeiture laws.

School District Grant Fund (148) The Ontario-Montclair School District had agreed to finance salaries and benefits for the Drug Abuse Resistance Effort (D.A.R.E.) officer by annual agreement. Prior to Fiscal Year 2002-03, Chaffey Joint Union High School District has agreed to finance salaries and benefits for the Safe School Zone officers program.

State Supplemental Law Enforcement Fund (149) The State Budget Act of 1996 (AB 3229) added Government Code Sections 30061 et. seq. to require the state controller to allocate funds to each county which redistributes the funds to each city that has established a supplemental law enforcement fund to be expended exclusively for police services.

Local Law Enforcement Block Grant Fund (150) The U. S. Department of Justice, Bureau of Justice Assistance provides grants to local agencies that establish an advisory board that reviews the application for funding and is authorized to make nonbinding recommendations to the local government. These funds are used to supplement local agency funding.

Recycling Block Grant Fund (152) The California Oil Recycling Enhancement Act provides funds to cities for establishing and maintaining local used oil collection programs that encourage recycling or appropriate disposal of used oil. The California Integrated Waste Management Board has been delegated to administer the program on behalf of the State for cities.

Human Services Grant Fund (160) This grant fund was established to segregate miscellaneous grants that require specific matching and tracking of revenues and expenditures as required by the granting agency.

California Nutrition Network Grant Fund (161) The State of California Department of Health Services Cancer Prevention and Nutrition Section provides grants to local agencies to promote healthy eating and a physically active lifestyle among lower income Californians.

Human Services Special Revenue Fund (162) This grant fund was established to segregate miscellaneous grants that require specific matching and tracking of revenues and expenditures as required by the granting agency.

EMS Paramedic Fund (180) The Fire Department desires to enter into a contract with the local ambulance provider to subsidize the expense of enhancing the Fire Department's current level of emergency medical service. This fund was established to ensure the program was self-sustaining.

PROPRIETARY FUNDS

ENTERPRISE FUNDS

Enterprise funds are used to account for the operations of programs which are primarily financed by user fees. Because the determination of net income is essential, enterprise fund accounting is based on the measurement of all economic resources, including the depreciation of fixed assets.

Sewer Maintenance Fund (501) The Sewer Maintenance Fund was established to account for all activities related to the repair and maintenance of the City's sewer system. In addition, interest earnings on sewer connection fees due the Inland Empire Utilities Agency have been allocated to the fund to provide for sewer main construction in accordance with the City's five-year capital improvement program. Effective with Fiscal Year 1993-94 the sewer use fee has been set at a rate sufficient to leave \$1.5 million in net financial assets in reserve. The reserve fund will be used to finance any extraordinary repairs to the sewer system, which are not covered under the current insurance policy, and to provide for the replacement of equipment charged to the fund.

FIDUCIARY FUNDS

TRUST AND AGENCY FUNDS

Trust and agency funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governments units, and/or other funds. The City uses expendable trust funds to account for assets, generally transferred in from the General Fund, which have been earmarked for specific programs.

Equipment Replacement Fund (750) The Equipment Replacement Fund was established to assure moneys would be available to replace vehicles on a scheduled basis. The amount of cash and assets in the fund is equal to the depreciation on the vehicles, restated at current market value.

Infrastructure Fund (751) The Infrastructure Fund was established in FY 1983-84 to assure that a portion of General Fund moneys were set aside for capital projects.

Contingency Fund (755) The Contingency Fund has been reestablished to account for moneys which are set aside for employee post employment costs, computer technology upgrades, future retirement liability, and other potential but not determinable events.

Rubbish Collection Impound Fund (757) The Rubbish Collection Impound Fund was established in FY 1991-92 to account for moneys which are set aside for trash recycling program expenditures and/or subsidization of the residential rubbish collection fee.

Montclair Youth Sponsorship Fund (758) On July 17, 1995, City Council approved Agreement No. 95-46 which provided for the City's membership in the California Community Foundation and the establishment of the Montclair Youth Sponsorship Fund. A contribution of \$10,000 from the Baldy View Races Special Event Account was initially deposited to the fund and is to be used to 1) provide scholarships for youth recreational purposes, 2) fund operation of youth programs conducted by the City of Montclair Human Services Division, 3) provide services by the Montclair Counseling and Medical Clinic, and 4) provide for other uses and purposes serving the youth of Montclair.

City Facilities Improvement Fund (759) The City Facilities Improvement Fund was established during FY 2000-01 to assure that a portion of General Fund moneys was set aside for capital improvements to various city buildings and facilities. Expenditures from this fund are scheduled in the City's five-year Capital Improvement Program.

NOTE: 04-05 Adopted column reflects adjustments
authorized up to March 31, 2005.

**CITY OF MONTCLAIR
SUMMARY SCHEDULE OF REVENUE BY FUND
FOR FISCAL YEARS 2002-2003 THROUGH 2005-06**

	<u>02-03 Audited</u>	<u>03-04 Audited</u>	<u>04-05 Actual Thru 3/31/05</u>	<u>04-05 Adopted</u>	<u>04-05 Revised</u>	<u>05-06 Estimate</u>	<u>Increase (Decrease)</u>
<u>GENERAL FUND</u>							
GENERAL FUND	21,886,913	23,241,676	14,936,975	24,733,730	25,758,579	27,652,725	1,894,146
<u>SPECIAL REVENUE FUNDS</u>							
GAS TAX FUND	2,378,445	722,371	437,561	731,000	681,000	651,000	(30,000)
MEASURE I FUND	432,207	462,655	362,998	465,000	465,000	466,000	1,000
TRAFFIC SAFETY FUND	315,284	459,276	267,962	375,000	375,000	375,000	0
AUTOMATED TRAFFIC ENFORCEMENT FUND	0	62,431	116,199	0	175,000	175,000	0
PARK DEVELOPMENT FUND	89,046	179,307	197,693	228,800	396,372	453,500	57,128
C.D.B.G. FUND	123,308	328,277	12,241	411,600	411,600	37,000	(374,600)
AIR QUALITY IMPROVEMENT FUND	40,949	41,235	20,469	40,000	40,500	40,700	200
OLDER AMERICANS ACT FUND	111,641	72,763	51,779	85,901	85,901	89,982	4,081
ASSET FORFEITURE FUND - STATE	8,894	35	769	100	808	100	(708)
OCJP GRANT FUND	99,856	63,032	23,901	23,900	23,901	0	(23,901)
PUBLIC SAFETY FUND	193,437	219,413	122,650	217,000	221,000	237,000	16,000
FEDERAL ASSET FORFEITURE FUND - DOJ	171	0	0	0	0	0	0
SECTION 11489 SUBFUND	290	130	37	150	100	100	0
FEDERAL ASSET FORFEITURE FUND - TREASURY	48	1	0	0	0	0	0
SCHOOL DISTRICT GRANT FUND	64,000	82,000	37,000	74,000	74,000	64,000	(10,000)
STATE SUPPLEMENTAL LAW ENFORCEMENT FUND	164,376	138,090	100,294	100,000	163,691	0	(163,691)
LOCAL LAW ENFORCEMENT BLOCK GRANT FUND	93,445	43,187	17,607	17,584	17,584	0	(17,584)
P.C. 1202.5 CRIME PREVENTION FUND	235	84	336	200	430	430	0

NOTE: 04-05 Adopted column reflects adjustments authorized up to March 31, 2005.

**CITY OF MONTCLAIR
SUMMARY SCHEDULE OF REVENUE BY FUND
FOR FISCAL YEARS 2002-2003 THROUGH 2005-06**

	<u>02-03 Audited</u>	<u>03-04 Audited</u>	<u>04-05 Actual Thru 3/31/05</u>	<u>04-05 Adopted</u>	<u>04-05 Revised</u>	<u>05-06 Estimate</u>	<u>Increase (Decrease)</u>
<u>SPECIAL REVENUE FUNDS (continued)</u>							
RECYCLING BLOCK GRANT FUND	3,613	12,062	19,418	22,555	22,585	22,255	(330)
HUMAN SERVICES GRANT FUND	778,282	887,579	447,612	843,243	841,878	665,266	(176,612)
CALIFORNIA NUTRITION NETWORK GRANT FUND	49,895	61,413	15,627	84,532	84,532	84,017	(515)
HUMAN SERVICES SPECIAL REVENUE FUND	32,928	6,700	29,845	81,312	81,312	70,875	(10,437)
OFFICE OF TRAFFIC SAFETY GRANT FUND	0	1,287	13,976	0	13,976	0	(13,976)
E.M.S. - PARAMEDIC FUND	102,588	109,648	93,595	171,450	161,800	182,650	20,850
<u>CAPITAL PROJECT FUND</u>							
MONTE VISTA AVE. GRADE SEPARATION	0	465,994	0	0	0	0	0
<u>DEBT SERVICE FUND</u>							
2005 LEASE REVENUE BOND FUND	0	0	0	0	125,000	300,000	175,000
<u>ENTERPRISE FUND</u>							
SEWER MAINTENANCE FUND	1,570,762	1,626,547	1,083,108	1,590,400	1,585,425	1,578,500	(6,925)
<u>TRUST FUNDS</u>							
EQUIPMENT REPLACEMENT FUND	17,019	44,608	38,067	21,000	46,817	45,000	(1,817)
BUILDING MAINTENANCE FUND	953,388	98,250	0	2,500	0	0	0
REFUSE PROGRAM IMPOUND FUND	30,863	30,942	4,655	20,000	9,250	11,000	1,750
YOUTH SPONSORSHIP FUND	8,300	13,519	0	8,000	8,000	8,000	0
CITY FACILITIES IMPROVEMENT FUND	17,935	6,300	13,663	13,000	20,000	24,000	4,000
TOTAL REVENUE - ALL FUNDS	<u>29,568,118</u>	<u>29,480,812</u>	<u>18,466,037</u>	<u>30,361,957</u>	<u>31,891,041</u>	<u>33,234,100</u>	<u>1,343,059</u>

NOTE: 04-05 Adopted column reflects adjustments
authorized up to March 31, 2005.

**CITY OF MONTCLAIR
STATEMENT OF ACTUAL AND ESTIMATED REVENUES
FOR FISCAL YEARS 2002-2003 THROUGH 2005-06**

	<u>02-03 Audited</u>	<u>03-04 Audited</u>	<u>04-05 Actual Thru 3/31/05</u>	<u>04-05 Adopted</u>	<u>04-05 Revised</u>	<u>05-06 Estimate</u>	<u>Increase (Decrease)</u>
GENERAL FUND							
Taxes							
Property - Secured	1,358,989	1,487,620	902,854	1,520,000	1,520,000	1,574,000	54,000
Property - Unsecured	79,208	83,842	75,721	88,000	88,000	90,000	2,000
Sales & Use	11,494,648	12,403,059	6,674,825	9,165,000	10,119,750	10,268,550	148,800
Sales Tax Compensation	0	0	1,524,132	3,048,264	3,048,264	3,422,850	374,586
Transaction & Use Tax	0	0	0	550,961	550,961	2,500,000	1,949,039
Transient Occupancy	24,684	25,154	13,814	25,000	25,000	27,000	2,000
Property Transfer	80,137	173,945	93,223	165,000	150,000	150,000	0
Franchise	491,528	509,939	52,384	505,000	500,000	501,000	1,000
Business License	607,992	703,963	515,207	700,000	680,000	700,000	20,000
Utility Users	1,773,993	1,740,319	1,152,275	1,800,000	1,800,000	1,830,000	30,000
Total Taxes	15,911,179	17,127,841	11,004,435	17,567,225	18,481,975	21,063,400	2,581,425
Licenses and Permits							
Building Permits	594,369	679,191	495,542	525,000	550,000	400,000	(150,000)
Alarm Permits	425	800	1,525	1,000	3,250	1,000	(2,250)
Bicycle & Other Permits	5	32	5	50	50	50	0
Moving Permits	4,354	5,924	4,192	6,500	6,500	6,500	0
Yard Sale Permits	8,185	8,425	5,590	9,000	8,500	8,500	0
Construction Permits	13,217	41,467	12,173	50,000	50,000	68,000	18,000
Encroachment Permits	675	725	550	700	850	850	0
Ambulance Permits	0	0	0	100	100	100	0
Gun Dealer Permits	25	0	0	75	75	75	0
Total Licenses and Permits	621,255	736,564	519,577	592,425	619,325	485,075	(134,250)
Intergovernmental Revenues							
Motor Vehicle In-Lieu Tax	1,781,104	1,567,892	1,094,842	2,160,000	2,160,000	2,210,000	50,000
Trailer Coach Licenses	2,684	1,847	484	2,500	2,000	2,000	0
Property Tax Loss Relief	30,273	30,188	14,423	30,000	30,000	30,000	0
Off-Highway License Fees	899	998	1,194	1,200	1,200	1,200	0
Police Officer Training Reimbursement	33,809	4,543	11,233	40,000	40,000	35,000	(5,000)
Contributions- Other Govts./Bulletproof Vests	0	8,778	0	0	0	0	0
SB 90 Claim Reimbursement	0	0	13,916	0	13,916	35,000	21,084
TEA 21 Grant	0	0	0	0	0	0	0
FEMA Grant	0	30,939	0	0	0	0	0

NOTE: 04-05 Adopted column reflects adjustments authorized up to March 31, 2005.

**CITY OF MONTCLAIR
STATEMENT OF ACTUAL AND ESTIMATED REVENUES
FOR FISCAL YEARS 2002-2003 THROUGH 2005-06**

	<u>02-03 Audited</u>	<u>03-04 Audited</u>	<u>04-05 Actual Thru 3/31/05</u>	<u>04-05 Adopted</u>	<u>04-05 Revised</u>	<u>05-06 Estimate</u>	<u>Increase (Decrease)</u>
Intergovernmental Revenues (cont'd)							
FEMA Reimbursements	29,176	69,215	4,318	30,000	30,000	50,000	20,000
OES Reimbursements	89,758	66,138	13,133	20,000	20,000	40,000	20,000
IRNET Reimbursements (HIDTA)	0	0	0	0	0	0	0
RDA Graffiti Program Reimb.	20,246	17,904	18,518	20,000	20,000	20,000	0
WESTNET Reimbursements	51,396	68,739	41,631	80,000	80,000	91,400	11,400
Local Government Relief	125,007	125,007	125,007	125,000	125,000	0	(125,000)
Government Grants - CMAQ Grant	31,020	151,110	46,520	48,890	48,890	0	(48,890)
Govt Grant-State Homeland Security Grant	0	46,353	0	0	0	0	0
Total Intergovernmental Revenues	2,195,372	2,189,651	1,385,219	2,557,590	2,571,006	2,514,600	(56,406)
Fines and Forfeitures							
Court Fines	52,599	34,785	31,360	50,000	50,000	50,000	0
Parking Citations	65,654	55,499	36,535	60,000	60,000	60,000	0
False Alarms	18,938	16,756	18,072	18,000	22,000	22,000	0
Restitution	141	284	738	500	900	1,000	100
Evidence Forfeitures	604	6,141	1,863	8,000	3,000	3,000	0
Vehicle Release Fees	74,467	79,878	43,300	100,000	100,000	100,000	0
Administrative Citations	3,070	1,853	2,171	3,000	3,000	3,000	0
Auto Repo Fees	465	720	690	700	900	1,000	100
OPTS Vehicle Impound Fees	55,209	70,069	42,213	90,000	90,000	90,000	0
Total Fines and Forfeits	271,147	265,985	176,942	330,200	329,800	330,000	200
Charges for Services							
Special Police Services	91,598	86,025	61,435	90,000	90,000	90,000	0
Fire District Contract	247,298	253,082	0	257,000	257,000	273,000	16,000
Fire Department Service Fees	19,833	28,310	9,585	30,000	30,000	30,000	0
Engineering Fees	3,580	3,282	32,950	4,000	40,000	40,000	0
Rubbish Collection Fees	1,715,508	1,717,525	1,220,683	1,850,000	1,850,000	1,850,000	0
Zoning/Subdivision Fees	91,801	123,395	113,918	125,000	125,000	125,000	0
Recreation Fees	40,768	44,091	36,499	55,000	55,000	60,000	5,000
Program Costs- Reimbursed	28,587	30,807	22,479	42,080	42,080	25,000	(17,080)
Service Center Fees	7,918	9,924	7,392	11,000	11,000	11,000	0
Bus Transportatoin Fees	916	1,150	67	1,300	100	1,000	900
Plan Checking Fees	519	91,409	40,111	50,000	50,000	50,000	0

NOTE: 04-05 Adopted column reflects adjustments
authorized up to March 31, 2005.

**CITY OF MONTCLAIR
STATEMENT OF ACTUAL AND ESTIMATED REVENUES
FOR FISCAL YEARS 2002-2003 THROUGH 2005-06**

	<u>02-03 Audited</u>	<u>03-04 Audited</u>	<u>04-05 Actual Thru 3/31/05</u>	<u>04-05 Adopted</u>	<u>04-05 Revised</u>	<u>05-06 Estimate</u>	<u>Increase (Decrease)</u>
Charges for Services (cont'd)							
General Plan Update/Maint.	0	8,185	8,257	9,000	10,000	10,000	0
Sale of Printed Materials	1,640	1,515	1,163	1,500	1,500	1,500	0
Notary Fees	200	210	190	175	250	250	0
Fingerprints	20,847	23,080	15,340	35,000	35,000	35,000	0
Total Charges for Services	2,271,013	2,421,990	1,570,069	2,561,055	2,596,930	2,601,750	4,820
Miscellaneous Revenue							
Interest Income	233,145	177,717	92,554	237,000	195,000	232,000	37,000
Interest - Loans to RDA	168,904	228,997	48,509	438,531	504,739	142,400	(362,339)
Library Rentals	56,656	56,656	43,467	56,000	56,000	56,000	0
Grant-Adelphia	0	0	0	95,000	95,000	0	(95,000)
Other-Mobile Data Computer	0	0	0	99,204	99,204	0	(99,204)
Sale of City Property	17,018	12,833	5,507	22,000	22,000	25,000	3,000
Vending Machine Proceeds	1,994	2,471	1,444	2,500	2,500	2,500	0
Donations & Contributions	218	10	20	0	100	0	(100)
Insurance Recoveries	8,699	273	0	10,000	10,000	10,000	0
Reimbursed Expenditures	51,034	(79,854)	24,639	65,000	75,000	90,000	15,000
Other	79,279	100,542	64,593	100,000	100,000	100,000	0
Total Miscellaneous Revenue	616,947	499,645	280,733	1,125,235	1,159,543	657,900	(501,643)
TOTAL GENERAL FUND	21,886,913	23,241,676	14,936,975	24,733,730	25,758,579	27,652,725	1,894,146
GAS TAX FUND							
Section 2105	230,740	212,962	143,633	214,000	214,000	214,000	0
Section 2106	146,394	137,274	93,950	135,000	135,000	135,000	0
Section 2107	306,414	283,874	189,337	276,000	276,000	276,000	0
Section 2107.5	12,000	6,000	0	6,000	6,000	6,000	0
Other Gov't Grant	650,942	0	0	0	0	0	0
Local Government Relief	87,985	0	0	0	0	0	0
Traffic Congestion Relief Program Funds	864,557	0	0	0	0	0	0
SCE/LED Rebate		0	0	0	0	0	0
Other		41,936	0	0	0	0	0
Interest Income	79,413	40,325	10,641	100,000	50,000	20,000	(30,000)
TOTAL GAS FUND	2,378,445	722,371	437,561	731,000	681,000	651,000	(30,000)

NOTE: 04-05 Adopted column reflects adjustments authorized up to March 31, 2005.

**CITY OF MONTCLAIR
STATEMENT OF ACTUAL AND ESTIMATED REVENUES
FOR FISCAL YEARS 2002-2003 THROUGH 2005-06**

	<u>02-03 Audited</u>	<u>03-04 Audited</u>	<u>04-05 Actual Thru 3/31/05</u>	<u>04-05 Adopted</u>	<u>04-05 Revised</u>	<u>05-06 Estimate</u>	<u>Increase (Decrease)</u>
MEASURE I FUND							
Measure I Sales - Local	412,859	442,554	349,902	435,000	435,000	456,000	21,000
Interest Income	19,348	20,101	13,096	30,000	30,000	10,000	(20,000)
TOTAL MEASURE I FUND	432,207	462,655	362,998	465,000	465,000	466,000	1,000
TRAFFIC SAFETY FUND							
C.V.C. Parking Citations	92,082	96,223	32,326	95,000	95,000	95,000	0
Other C.V.C. Fines	223,202	363,053	235,636	280,000	280,000	280,000	0
TOTAL TRAFFIC SAFETY FUND	315,284	459,276	267,962	375,000	375,000	375,000	0
AUTOMATED TRAFFIC ENFORCEMENT FUND							
Other C.V.C. Fines	0	62,431	116,199	0	175,000	175,000	0
TOTAL AUTOMATED TRAFFIC ENFORCEMENT FUND	0	62,431	116,199	0	175,000	175,000	0
PARK DEVELOPMENT FUND							
"Quimby Act" Fees	0	119,209	81,422	200,000	200,000	425,000	225,000
Govt. Grants - Per Capita Grant	61,718	33,696	95,980	0	95,980	0	(95,980)
Govt. Grants - Z'berg-Harris Grant	0	0	0	0	72,092	0	(72,092)
Rental Income	9,000	9,000	4,500	9,000	9,000	9,000	0
Cellular Antenna Site Rental	17,379	16,554	15,573	18,800	18,800	18,800	0
Interest Income	949	848	218	1,000	500	700	200
TOTAL PARK DEVELOPMENT FUND	89,046	179,307	197,693	228,800	396,372	453,500	57,128
C.D.B.G. FUND							
Grant Revenue	123,308	328,277	12,241	411,600	411,600	37,000	(374,600)
TOTAL C.D.B.G. FUND	123,308	328,277	12,241	411,600	411,600	37,000	(374,600)

NOTE: 04-05 Adopted column reflects adjustments authorized up to March 31, 2005.

**CITY OF MONTCLAIR
STATEMENT OF ACTUAL AND ESTIMATED REVENUES
FOR FISCAL YEARS 2002-2003 THROUGH 2005-06**

	<u>02-03 Audited</u>	<u>03-04 Audited</u>	<u>04-05 Actual Thru 3/31/05</u>	<u>04-05 Adopted</u>	<u>04-05 Revised</u>	<u>05-06 Estimate</u>	<u>Increase (Decrease)</u>
AIR QUALITY IMPROVEMENT FUND							
Vehicle Registration Fees	38,993	40,170	20,225	38,000	40,000	40,000	0
Interest Income	1,956	1,065	244	2,000	500	700	200
TOTAL AIR QUALITY IMPROVEMENT FUND	40,949	41,235	20,469	40,000	40,500	40,700	200
OLDER AMERICANS ACT FUND							
Nutritional Meals IIIC1	26,722	31,322	15,653	35,414	34,908	34,908	0
Nutritional Meals USDA	8,083	11,193	10,928	8,647	9,625	11,000	1,375
Contributions/Donations	27,865	26,748	21,115	38,340	37,868	40,574	2,706
Govt. Grants- L-T Care Innovative Grant	46,054	0	0	0	0	0	0
CDBG Revenue	0	0	0	0	0	0	0
Council On Aging	2,917	3,500	4,083	3,500	3,500	3,500	0
TOTAL OLDER AMERICANS ACT FUND	111,641	72,763	51,779	85,901	85,901	89,982	4,081
ASSET FORFEITURE FUND - STATE							
Forfeited Money/Property	322	0	758	0	758	0	(758)
Reimbursed Expenditures	8,325	0	0	0	0	0	0
Interest Income	247	35	11	100	50	100	50
TOTAL ASSET FORFEITURE FUND - STATE	8,894	35	769	100	808	100	(708)
OCJP GRANT FUND							
CLETEP Grant	49,581	11,520	0	0	0	0	0
Grants - COPS in School	50,275	50,824	23,901	23,900	23,901	0	(23,901)
Reimbursed Expenditures	0	688	0	0	0	0	0
TOTAL OCJP GRANT FUND	99,856	63,032	23,901	23,900	23,901	0	(23,901)
PUBLIC SAFETY FUND							
Proposition 172 Sales Tax	192,467	218,663	122,572	215,000	220,000	235,000	15,000
Interest Income	970	750	78	2,000	1,000	2,000	1,000
TOTAL PUBLIC SAFETY FUND	193,437	219,413	122,650	217,000	221,000	237,000	16,000

NOTE: 04-05 Adopted column reflects adjustments authorized up to March 31, 2005.

**CITY OF MONTCLAIR
STATEMENT OF ACTUAL AND ESTIMATED REVENUES
FOR FISCAL YEARS 2002-2003 THROUGH 2005-06**

	<u>02-03 Audited</u>	<u>03-04 Audited</u>	<u>04-05 Actual Thru 3/31/05</u>	<u>04-05 Adopted</u>	<u>04-05 Revised</u>	<u>05-06 Estimate</u>	<u>Increase (Decrease)</u>
FEDERAL ASSET FORFEITURE FUND - DOJ							
Forfeited Money/Property	58	0	0	0	0	0	0
Interest Income	113	0	0	0	0	0	0
TOTAL FEDERAL ASSET FORFEITURE FUND - DOJ	171	0	0	0	0	0	0
SECTION 11489 SUBFUND							
Forfeited Money/Property	0	0	0	0	0	0	0
Interest Income	290	130	37	150	100	100	0
TOTAL SECTION 11489 SUBFUND	290	130	37	150	100	100	0
FEDERAL ASSET FORFEITURE FUND - TREASURY							
Forfeited Money/Property	0	0	0	0	0	0	0
Interest Income	48	1	0	0	0	0	0
TOTAL FEDERAL ASSET FORFEITURE FUND - TREASURY	48	1	0	0	0	0	0
SCHOOL DISTRICT GRANT FUND							
Interest Income	0	0	0	0	0	0	0
Chaffey HSD Reimb.-Safe Schools	64,000	64,000	32,000	64,000	64,000	64,000	0
O.M.S.D. Grant Revenue	0	18,000	5,000	10,000	10,000	0	(10,000)
TOTAL SCHOOL DISTRICT GRANT FUND	64,000	82,000	37,000	74,000	74,000	64,000	(10,000)
STATE SUPPLEMENTAL LAW ENFORCEMENT FUND							
AB 3229 Revenue	162,664	137,711	100,181	100,000	163,491	0	(163,491)
Interest Income	1,712	379	113	0	200	0	(200)
TOTAL STATE SUPPLEMENTAL LAW ENFORCEMENT FUND	164,376	138,090	100,294	100,000	163,691	0	(163,691)

NOTE: 04-05 Adopted column reflects adjustments
authorized up to March 31, 2005.

**CITY OF MONTCLAIR
STATEMENT OF ACTUAL AND ESTIMATED REVENUES
FOR FISCAL YEARS 2002-2003 THROUGH 2005-06**

	<u>02-03 Audited</u>	<u>03-04 Audited</u>	<u>04-05 Actual Thru 3/31/05</u>	<u>04-05 Adopted</u>	<u>04-05 Revised</u>	<u>05-06 Estimate</u>	<u>Increase (Decrease)</u>
LOCAL LAW ENFORCEMENT BLOCK GRANT FUND							
Law Enforcement Block Grant	93,060	43,056	17,584	17,584	17,584	0	(17,584)
Interest Income	385	131	23	0	0	0	0
TOTAL LOCAL LAW ENFORCEMENT BLOCK GRANT FUND	93,445	43,187	17,607	17,584	17,584	0	(17,584)
P.C. 1202.5 CRIME PREVENTION FUND							
P.C. 1202.5 Fines	148	44	325	150	400	400	0
Interest Income	87	40	11	50	30	30	0
TOTAL CRIME PREVENTION FUND	235	84	336	200	430	430	0
RECYCLING BLOCK GRANT FUND							
Govt. Grant - Beverage Container Recycling	0	0	9,520	9,520	9,520	9,520	0
Used Oil Block Grant	3,510	11,980	9,880	13,035	13,035	12,735	(300)
Interest Earnings	103	82	18	0	30	0	(30)
TOTAL RECYCLING BLOCK GRANT FUND	3,613	12,062	19,418	22,555	22,585	22,255	(330)
HUMAN SERVICES GRANT FUND							
Contributions Other-Gov't	501,334	573,889	264,937	558,825	558,825	413,413	(145,412)
Govt. Grants-Even Start Family Literacy	275,170	303,130	181,125	281,418	281,418	249,318	(32,100)
Govt. Grants-Baxter Alegiance	0	2,633	0	0	0	0	0
Contribution/Donations	0	5,000	100	0	100	1,000	900
Reimbursed Program Costs	0	2,905	1,335	0	1,335	1,335	0
Interest Income	1,778	22	115	3,000	200	200	0
TOTAL HUMAN SERVICES GRANT FUND	778,282	887,579	447,612	843,243	841,878	665,266	(176,612)
CALIFORNIA NUTRITION NETWORK GRANT FUNI							
Grant Revenue	49,895	61,413	15,627	84,532	84,532	84,017	(515)
TOTAL CALIFORNIA NUTRITION NETWORK GRANT FUND	49,895	61,413	15,627	84,532	84,532	84,017	(515)

NOTE: 04-05 Adopted column reflects adjustments authorized up to March 31, 2005.

**CITY OF MONTCLAIR
STATEMENT OF ACTUAL AND ESTIMATED REVENUES
FOR FISCAL YEARS 2002-2003 THROUGH 2005-06**

	<u>02-03 Audited</u>	<u>03-04 Audited</u>	<u>04-05 Actual Thru 3/31/05</u>	<u>04-05 Adopted</u>	<u>04-05 Revised</u>	<u>05-06 Estimate</u>	<u>Increase (Decrease)</u>
HUMAN SERVICES SPECIAL REVENUE FUND							
Children & Families Commission	16,269	0	0	0	0	0	0
Govt. Grants-First 5	0	0	29,845	74,612	74,612	70,875	(3,737)
Grants-Other	16,659	6,700	0	6,700	6,700	0	(6,700)
TOTAL HUMAN SERVICES SPECIAL REVENUE FUND	32,928	6,700	29,845	81,312	81,312	70,875	(10,437)
OFFICE OF TRAFFIC SAFETY GRANT FUND							
Grant Revenue	0	1,287	13,976	0	13,976	0	(13,976)
TOTAL OFFICE OF TRAFFIC SAFETY GRANT FUND	0	1,287	13,976	0	13,976	0	(13,976)
E.M.S. - PARAMEDIC FUND							
Subscription Fees	20,546	21,717	15,167	24,250	23,000	24,250	1,250
First Responder Services	77,749	84,396	77,930	131,000	120,000	133,000	13,000
Contributions/Donations	0	254	498	200	500	1,000	500
Training Reimbursement	3,375	3,000	0	15,000	18,000	24,000	6,000
Interest Income	918	281	0	1,000	300	400	100
TOTAL E.M.S. - PARAMEDIC FUND	102,588	109,648	93,595	171,450	161,800	182,650	20,850
MONTE VISTA AVE. GRADE SEPARATION							
PUC Grade Separation Funds	0	0	0	0	0	0	0
Govt. Grants - Traffic Congestion Relief	0	465,994	0	0	0	0	0
TOTAL MONTE VISTA GRADE SEPARATION	0	465,994	0	0	0	0	0
2005 LEASE REVENUE BOND FUND							
Interest Income	0	0	0	0	125,000	300,000	175,000
TOTAL 2005 LEASE REVENUE BOND FUND	0	0	0	0	125,000	300,000	175,000

NOTE: 04-05 Adopted column reflects adjustments authorized up to March 31, 2005.

**CITY OF MONTCLAIR
STATEMENT OF ACTUAL AND ESTIMATED REVENUES
FOR FISCAL YEARS 2002-2003 THROUGH 2005-06**

	<u>02-03 Audited</u>	<u>03-04 Audited</u>	<u>04-05 Actual Thru 3/31/05</u>	<u>04-05 Adopted</u>	<u>04-05 Revised</u>	<u>05-06 Estimate</u>	<u>Increase (Decrease)</u>
SEWER MAINTENANCE FUND							
Sewer Maintenance Fees	1,484,545	1,470,174	1,039,238	1,500,000	1,500,000	1,500,000	0
Sewer Availability Fees	5,027	4,414	2,331	5,400	5,400	4,500	(900)
Interest Income	55,189	38,385	26,341	60,000	40,000	45,000	5,000
Interest - Sewer Development Fees	26,001	26,339	2,179	25,000	27,000	29,000	2,000
Reimbursed Expenditures	0	98,443	305	0	305	0	(305)
Other	0	(12,328)	12,714	0	12,720	0	(12,720)
TOTAL SEWER MAINT. FUND	1,570,762	1,626,547	1,083,108	1,590,400	1,585,425	1,578,500	(6,925)
CAPITAL MAINTENANCE FUNDS							
E.R.F. Sale of City of Property	0	15,500	16,000	1,000	16,000	20,000	4,000
E.R.F. Interest Income	17,019	29,108	9,250	20,000	18,000	25,000	7,000
E.R.F. Insurance Recoveries	0	0	12,817	0	12,817	0	(12,817)
Infrastructure Fund TEA 21	936,139	90,250	0	0	0	0	0
Infrastructure Fund L.T.F. Article 3	0	8,000	0	0	0	0	0
Infrastructure Fund Govt. Grants - Sunset Pk Amphitheater	17,238	0	0	0	0	0	0
Infrastructure Fund Interest Income	11	0	0	2,500	0	0	0
TOTAL CAPITAL MAINTENANCE FUNDS	970,407	142,858	38,067	23,500	46,817	45,000	(1,817)
REFUSE PROGRAM IMPOUND FUND							
Govt. Grant - Beverage Container Recycling	9,653	19,197	0	0	0	0	0
Interest Income	21,210	11,745	4,405	20,000	9,000	11,000	2,000
Reimbursed Expenditures	0	0	0	0	0	0	0
Contributions/Donations	0	0	250	0	250	0	(250)
TOTAL REFUSE PROGRAM IMPOUND FUND	30,863	30,942	4,655	20,000	9,250	11,000	1,750
YOUTH SPONSORSHIP FUND							
Interest Income	2,347	6,204	0	2,000	2,000	2,000	0
Contributions/Donations	5,953	7,315	0	6,000	6,000	6,000	0
TOTAL YOUTH SPONSORSHIP FUND	8,300	13,519	0	8,000	8,000	8,000	0

NOTE: 04-05 Adopted column reflects adjustments authorized up to March 31, 2005.

**CITY OF MONTCLAIR
STATEMENT OF ACTUAL AND ESTIMATED REVENUES
FOR FISCAL YEARS 2002-2003 THROUGH 2005-06**

	<u>02-03 Audited</u>	<u>03-04 Audited</u>	<u>04-05 Actual Thru 3/31/05</u>	<u>04-05 Adopted</u>	<u>04-05 Revised</u>	<u>05-06 Estimate</u>	<u>Increase (Decrease)</u>
CITY FACILITIES IMPROVEMENT FUND							
Interest Income	<u>17,935</u>	<u>6,300</u>	<u>13,663</u>	<u>13,000</u>	<u>20,000</u>	<u>24,000</u>	<u>4,000</u>
TOTAL CITY FACILITIES IMPROVEMENT	17,935	6,300	13,663	13,000	20,000	24,000	4,000
TOTAL REVENUE - ALL FUNDS	<u>29,568,118</u>	<u>29,480,812</u>	<u>18,466,037</u>	<u>30,361,957</u>	<u>31,891,041</u>	<u>33,234,100</u>	<u>1,343,059</u>

NOTES TO THE CITY'S STATEMENT OF ACTUAL AND ESTIMATED REVENUES

Adopted FY 2004-05 budget includes adjustments authorized by City Council on February 22, 2005. FY 2004-05 revised estimates were based upon data available at March 31, 2005.

GENERAL FUND

Property Taxes - Secured

Description The secured property tax is imposed on real property and personal property which is secured by real property of the same owner. Pursuant to Article 13-A of the California Constitution, the tax is imposed at a rate of \$1 per \$100 of assessed value.

Basis for FY 2004-05 estimate is based on San Bernardino County property tax estimates. FY 2005-06 estimate is based on San Bernardino County property tax estimates and includes a two percent increase over FY 2004-05 City's current projection and projected increase due to new home construction.

Property Taxes - Unsecured

Description The unsecured property tax is imposed on personal property which is not secured by the real property of the owner. Pursuant to Article 13-A of the California Constitution, the unsecured property tax rate is \$1 per \$100 of assessed value.

Basis for Estimates FY 2004-05 and FY 2005-06 estimates are based upon City's share of \$1 unsecured property tax levy furnished by San Bernardino County.

Sales and Use Tax

Description In accordance with the California Revenue and Taxation Code and the Bradley-Burns Uniform Local Sales and Use Tax Law of 1955, the State of California imposes a 7.75% sales and use tax on taxable sales in the City. The City's General Fund receives 1% of the 7.75% levy, .75% is allocated to SANBAG for transportation purposes, .5% is allocated to cities and counties for public safety purposes, and the remaining 5.50% is retained by the State. Effective July 1, 2004, the City's General Fund portion was reduced to .75% with the remaining .25% being reallocated to the State to help fund the State's \$15 million deficit reducing bond issuance. The reallocation of sales tax revenue is expected to continue until the deficit reducing bond issuance is fully financed which is predicted to be approximately 9 to 14 years.

Basis for Estimates FY 2004-05 revised estimate includes actual sales tax receipts for the holiday quarter and reflects a 15.14 percent increase over the same period during FY 2003-04 when adjusted for the .25 percent reduction due to the diversion of sales tax revenue to the state. FY 2005-06 estimate reflects a four percent increase due to a continued improvement in the economy, a .25% reduction due to the diversion of sales tax as dictated by the State; and a loss of sales tax revenue due to a full year of operations for Victoria Gardens in Rancho Cucamonga.

Sales Tax Compensation

Description Effective July 1, 2004, the City's General Fund sales tax allocation of 1% of the 7.75% levy portion was reduced to .75% with the remaining .25% being reallocated to the State to help fund the State's \$15 million deficit reducing bond issuance. To make sure local governments remain financially whole as a result of the reallocation, the State reimburses local governments dollar-for-dollar by backfilling the .25% loss with property tax money in the Educational Revenue Augmentation Fund (ERAF). The amount received as backfill from ERAF will be based solely on sales tax generation and does not reflect property tax growth. The backfill payments will be paid semiannually in January and May. The reallocation of sales tax revenue and the ERAF backfill is expected to continue until the deficit reducing bond issuance is fully financed which is predicted to be approximately 9 to 13 years.

Basis for Estimates FY 2004-05 estimate is based on information received from the State of California Department of Finance. FY 2005-06 estimate is based on the previous year's allocation and a four percent growth factor.

Transaction and Use Tax

Description On November 2, 2004, the electorate of the City approved Measure F, authorizing a 0.25 percent transactions and use tax on all retail purchases in the City. This tax applies to merchandise sold and delivered with the City by retailers

located within the City, sold by retailers located outside the City for use in the City, retailers located outside the City but considered to be engaged in business in the City (ex: have any type of business location in City, deliver into the City using their own vehicles, or have an agent or representative in the City for the purpose of taking orders, selling, delivering, installing, or assembling) must collect the City use tax from the purchaser, sales of vehicles, vessels, or aircraft to customers who register them to an address located in the City, and lease payments received for leased property used by the lessee in the district. This new tax became operative on April 1, 2005.

Basis for Estimates FY 2004-05 estimate reflects anticipated revenue for the last quarter of the current fiscal year. FY 2005-06 estimate is based on information received from our tax consultant adjusted for an anticipated four percent growth due to a continuing improvement in the economy.

Transient Occupancy Tax

Description Pursuant to Revenue and Taxation Code Section 7280, the transient occupancy tax is imposed on the privilege of occupying a room in a hotel, inn, motel or other lodging facility unless such occupancy is for a period of more than 30 days. The City's current tax rate is 10 percent of the rent charged for the room.

Basis for Estimates FY 2004-05 estimate and FY 2005-06 estimate are based upon City's actual collection experience over the last four quarters.

Property Transfer Tax

Description The property transfer tax is imposed on the transfer of real property. Section 11901 et seq. of the Revenue and Taxation Code authorizes a tax of \$.55 per \$500 of the sales value, exclusive of any lien or encumbrance remaining at the time of sale. Taxes generated by the sale of real property in Montclair are shared equally with San Bernardino County.

Basis for Estimates Balance as of March 31, 2005 reflects eight monthly allocations only. FY 2004-05 revised estimate and FY 2005-06 estimate are based upon collection experience over the last four quarters.

Franchise Fees

Description Franchise fees are imposed on privately-owned utility companies and other businesses for the privilege of using city streets. Currently, the City collects franchise fees from Southern California Edison, Southern California Gas, Southern California Water Company, Adelphia, and Burrtec Waste Industries, Inc.

Basis for Estimates FY 2004-05 revised estimate is primarily due to a decrease in franchise fees from Southern California Edison. FY 2004-05 estimate is based on Calendar Year 2004 actuals from Southern California Gas, Southern California Edison, and an estimated four percent increase over Calendar Year 2004 from Burrtec Waste Industries.

Business License Tax

Description The business license tax is imposed on businesses for the privilege of conducting business within the City and is regulated by Section 37101 of the Government Code and Section 16000 et seq. of the Business and Professions Code.

Basis for Estimates City has received \$515,207 in business license taxes as of March 31, 2005. FY 2005-06 estimate is based on current budget projection, an improved economy, and compliance monitoring.

Utility Users Tax

Description Montclair imposes a 3.89% tax on the consumers of electric, gas, water and telephone services. Very low income and low income households are exempt from the tax.

Basis for Estimates The FY 2005-06 estimate reflects a twenty-five percent increase in natural gas prices due to higher crude oil prices, higher gasoline prices, and decreased production caused in part by the 2004 hurricanes.

Building Permits

Basis for Estimates Building permit fees are authorized by Article XI, Section 7, of the California Constitution and Sections 17951, 19130 and 19132.3 of the Health and Safety Code. The amount of fees charged shall not exceed the reasonable costs borne by the City in issuing the permits and conducting the related enforcement program.

Basis for Estimates FY 2004-05 estimate and FY 2005-06 estimate are based upon current budget projections provided by the Building Official.

Alarm Permits

Description Montclair requires a one-time alarm permit fee of \$25 for any person or business that has an alarm system on any premises within the City pursuant to City Ordinance No. 99-791.

Basis for Estimates The FY 2004-05 revised estimate reflects the results of an audit of businesses within the City. One hundred-thirty notices were mailed to businesses with the City after reviewing a number of applications and files.

Construction Permits

Description Construction permits are issued to defray inspection costs related to work done on City property, including streets, curbs/gutters and sidewalks.

Basis for Estimates FY 2004-05 estimate is based on prior history and new home construction projects at various locations. FY 2005-06 estimate is based on prior history, new home construction projects in the southern end of Montclair, and the Montclair Plaza construction.

Motor Vehicle In-Lieu Tax

Description The vehicle license fee (VLF) is an annual fee on the ownership of a registered vehicle. As part of the California's 1998 budget agreement, the VLF was originally reduced by 25%, with the potential for future reductions or offsets, up to 67.5% depending on growth in the state's General Fund. Under the state's backfill plan, cities and counties were to continue receiving the same revenues as under prior law, with the reduced VLF offset replaced by the state's General Fund. This replacement component is known as the "VLF backfill." For renewals starting in calendar year 2001, vehicle owners received the maximum 67.5% reduction in vehicle license fees. As part of the state 2004 Budget, the "backfill" from the state's General Fund was replaced with County property tax moneys in (ERAF funds) payable in January and May of each year.

Basis for Estimates FY 2004-05 estimate reflects VLF swap amount of \$1,852,785, actual receipts through March 31, and an estimate for the remainder of the fiscal year. FY 2005-06 estimate reflects a 10.13 percent increase in the VLF swap amount related to the annual growth in the assessed valuation in the City.

Property Tax Loss Relief

Description The first \$7,000 of an owner occupied home is exempt from the property tax. The property tax loss relief subvention reimburses cities for the resulting loss in property tax revenues.

Basis for Estimates FY 2004-05 estimate was obtained from the San Bernardino County Auditor/Controller's Office. FY 2005-06 estimate assumes no change to current budget.

Off-Highway License Fees

Description In addition to other fees, a \$4 fee is collected for the registration of motor vehicles used exclusively for off-highway purposes in lieu of local taxes. Revenues are divided equally among cities and counties and then apportioned to each city on the basis of population. Revenues are received semi-annually in January and July each fiscal year.

Basis for Estimates FY 2004-05 and FY 2005-06 estimates are based upon recent collection experience.

P.O.S.T. Reimbursements

Description The Commission on Peace Officer Standards and Training reimburses cities for a portion of expenditures incurred by police officers while attending POST approved training courses.

Basis for Estimates FY 2004-05 estimate upon is based upon recent collection experience. FY 2005-06 projection is based upon recent collection experience and peace officer standards and training courses located in the Police Department's budget.

S.B. 90 Reimbursements

Description Legislation passed in 1972 provides that the State will reimburse cities for mandated costs. The requirement was made part of the Constitution in 1979 after approval of Proposition 4. Prior to FY 2002-03, the City had received reimbursement for treasurer's reports, fire fighter clothing, domestic violence and missing person reports and for the costs incurred in claiming the SB 90 reimbursements. In November of 2004, voters approved Proposition 1A, a constitutional amendment for local government finances. Proposition 1A required that a mandate be either fully funded or suspend the mandate's requirement for the fiscal year.

Basis for Estimates FY 2002-03, FY 2003-04, and FY 2004-05 mandated reimbursements were deferred with interest to future fiscal years. During FY 2005-06, the City expects to receive some reimbursements in accordance with Proposition 1A.

Court Fines	<p>Description Includes court imposed fines and forfeitures of bail for misdemeanor crimes, exclusive of traffic violations, distributed in accordance with Penal Code Section 1463.001. Effective with FY 1991-92, AB 1297 reallocated 50 percent of fines and forfeiture revenues to the State General Fund.</p> <p>Basis for Estimates FY 2004-05 and FY 2005-06 estimates are based upon actual collection experience for twelve months.</p>
Parking Citations	<p>Description Includes fine revenue received pursuant to the Montclair Municipal Code parking bail schedule. The parking bail schedule was last revised August 13, 1993.</p> <p>Basis for Estimates FY 2004-05 estimate and FY 2005-06 estimate are based upon actual collection experience for twelve months ending March 31, 2005.</p>
Special Police Services	<p>Description Includes reimbursement of salaries and benefits of police officers assigned to public gatherings and athletic functions which by City ordinance are required to provide police protection. Also includes reimbursements for the two police officers assigned to the mall.</p> <p>Basis for Estimates FY 2004-05 and FY 2005-06 estimates are based upon actual collection experience.</p>
Fire District Contract	<p>Description Pursuant to Contract No. 82-733, the City provides fire protection services to property owners within the Monte Vista Fire Protection District in return for the property tax revenues generated by the district.</p> <p>Basis for Estimates FY 2004-05 estimate is based upon actual property tax revenues apportioned to the City during FY 2003-04. FY 2005-06 estimate is based upon FY 2004-05 estimate with a 10.13 percent increase in assessed valuation as reported by San Bernardino County.</p>
Fire Department Service Fees	<p>Description Resolution No. 96-2102 provides for the reimbursement of costs incurred by the Fire Department in providing services to the public, including plan reviews and inspections, incident reports and nuisance abatements.</p> <p>Basis for Estimates FY 2004-05 estimate is based upon actual collection experience. FY 2005-06 estimate is based upon actual collection experience for twelve months.</p>
Engineering Fees	<p>Description Includes reimbursement of costs incurred in issuing plans and specifications to contractors bidding on public works contracts. Also includes fees imposed for vacation of public easements.</p> <p>Basis for Estimates FY 2004-05 revised estimate and FY 2005-06 estimates are based upon prior actual collection experience.</p>
Rubbish Collection Fees	<p>Description Includes charges billed to residents for rubbish collection pursuant to Section 6-8.05 of the Montclair Municipal Code. Montclair contracts with Burrtec Waste Industries to provide rubbish collection services.</p> <p>Basis for Estimates FY 2004-05 and FY 2005-06 estimates are based on actual collection experience and improved collection efforts, including additional payment options. The current monthly rate is \$17.20. The current senior citizen discount rate is \$13.76. The senior citizen discounts were authorized by City Council, June 21, 1993 and were increased to 20% on January 18, 2000.</p>
Zoning/Subdivision Fees	<p>Description Titles 8 and 9 of the Montclair Municipal Code include authorization for planning and planning-related application fees. The current fee schedule, including charges for tract and parcel maps, conditional use and home occupational permits, was adopted by Resolution No. 95-2085 in November 1995.</p> <p>Basis for Estimates FY 2004-05 estimate and the FY 2005-06 estimate were obtained from the City Planning Division.</p>
Recreation Fees	<p>Description The Human Services Division offers many recreational activities including racquetball, youth basketball leagues, mini-school, and arts and crafts programs. User charges for the programs are intentionally set below cost to reach as many people as possible.</p> <p>Basis for Estimates FY 2004-05 and FY 2005-06 estimates are based upon actual collection experience for the most recent twelve months plus an expected</p>

increase due to a greater exposure via the internet of Human Services' recreational activities.

Program Costs-Reimbursed

Description The Human Services Division offers many recreational activities including trips to baseball games, amusement parks, educational facilities on a reimbursement basis. User charges for the programs entirely offset the costs.

Basis for Estimates FY 2005-06 estimate is based upon City's anticipated participation charged to account 1001-400-4781-005287.

Service Center Fees

Description Includes medical clinic services provided by the Human Services Division. Fee schedules are set below cost in order to provide services to as many people as possible.

Basis for Estimates FY 2004-05 and FY 2005-06 estimates assume a full year of medical service center operations.

Plan Checking Fees

Description Includes revenue from plan or map checking fees which are not a part of the building permit fee process.

Basis for Estimates FY 2005-06 estimate is based upon plan or map checking services charged to account 1001-400-4641-005227.

Interest Income

Description Includes earnings on governmental securities charged directly to the General Fund and prorated interest income on pooled cash on deposit with the Local Agency Investment Fund and in certificates of deposit

Basis for Estimates FY 2004-05 revised estimate is based upon actual experience through March 31, 2005. FY 2005-06 is based on an assumed average interest rate of 3.9 percent on governmental securities and pooled cash and is calculated on the average cash balances held by the City during the fiscal year. An accounting change pursuant to GASB #31 will not modify this estimate. Gains and losses will be made to a separate account with a corresponding offset to the balance sheet. Additionally, for budgeting purposes a neutral interest rate environment is assumed.

Interest - Loans to RDA

Description The City loans funds to the redevelopment agency to finance both operating and capital project expenditures. The interest rate on the loans is 12 percent which is the maximum rate permitted by law. Loans are repaid when property tax increment becomes available in the redevelopment agency project areas.

Basis for Estimates FY 2004-05 estimate is based upon calculation of interest on all loan balances outstanding as of January 2005. FY 2005-06 is based upon loan repayment estimates and current outstanding balances.

Library Rentals

Description San Bernardino County leases the library building from the City in accordance with SB Co. Agmt. No. 87-890. The contract provides for a lease term of 10 years ending in October 1997 and is now a month to month rental.

Basis for Estimates FY 2004-04 and FY 2005-06 estimates are based upon the current San Bernardino County Agreement.

Other Miscellaneous Income

Description Includes other revenues which do not merit detailed accounting.

Basis for Estimates FY 2005-06 estimate is based on actual collection experience over the last several years.

GAS TAX FUND

Gas Tax - Section 2105

Description Pursuant to Section 2105 of the Streets and Highways Code, cities are apportioned an amount equal to the net revenues derived from 11.5 percent of highways users taxes in excess of 9 cents per gallon in the proportion that the total population of the city bears to the total population of all cities in the state. The taxes must be used for street purposes.

Basis for Estimates FY 2004-05 and FY 2005-06 estimates were obtained from the State Controller's Office.

Gas Tax - Section 2106

Description Under Section 2106 of the Streets and Highways Code, cities and counties are allocated \$0.0104 per gallon of gasoline taxes. The cities' share is allocated on a per capita basis. In addition, cities receive monthly a fixed

apportionment of \$400. Taxes received pursuant to Section 2106 are restricted to street purpose expenditures.

Basis for Estimates FY 2004-05 and FY 2005-06 estimates were obtained from the State Controller's Office.

Gas Tax - Section 2107

Description Pursuant to Section 2107 of the Streets and Highways Code, \$.01315 per gallon of the gasoline tax and \$.0259 per gallon of the diesel use fuel tax are allocated to cities on a per capita basis. The taxes are restricted to street purpose expenditures.

Basis for Estimates FY 2004-05 and FY 2005-06 estimates were obtained from the State Controller's Office.

Gas Tax - Section 2107.5

Description Cities with a population of 25,000 to 49,999 inhabitants are apportioned \$6,000 annually from the Highway Users Tax Fund to pay for engineering costs and administrative expenses in respect to city streets.

Basis for Estimates FY 2004-05 and FY 2005-06 estimates are based upon amounts authorized by Section 2107.5 of the Streets and Highways Code.

MEASURE I FUND

Measure I - Local Allocation

Description The local distribution of Measure I revenue is allocated to the cities within the Valley region on a per capita basis. Revenues in this category must be expended on streets and roads pursuant to a twenty-year Transportation Plan and a five-year Capital Improvement Program adopted by resolution of the local jurisdiction.

Basis for Estimates FY 2004-05 and FY 2005-06 estimates are based upon actual collection experience.

TRAFFIC SAFETY FUND

CVC Parking Citations

Description Includes parking fines and forfeitures collected pursuant to various sections of the California Vehicle Code. C.V.C. parking fines must be deposited in a separate fund and must be used for specific traffic safety expenditures.

Basis for Estimates FY 2004-05 and FY 2005-06 estimates reflect a State regulation which prohibits issuance of tickets for expired registration on parked vehicles and is based on actual collection experience.

Other C.V.C. Fines

Description Includes fines and forfeitures, exclusive of parking citations, from arrests pursuant to the California Vehicle Code and distributed in accordance with Penal Code Section 1463. Effective with FY 1991-92, AB 1297 reallocated 50 percent of these revenues to the State General Fund.

Basis for Estimates FY 2004-05 and FY 2005-06 estimates are based upon current collection experience.

PARK DEVELOPMENT FUND

Quimby Act Fees

Description The Quimby Act allows cities to require from residential developers the dedication of land or in-lieu fees for neighborhood park or recreational facilities. Ordinance No. 95-2075 sets forth City's land dedication and in-lieu fee requirements pursuant to the Quimby Act.

Basis for Estimates FY 2005-06 estimate was obtained from the City Planning Division.

Rental Income

Description Includes rental payments on residence at 11244 Vernon Avenue purchased by the City in 1991.

Basis for Estimates FY 2004-05 and FY 2005-06 estimates are based upon a month to month rental agreement with property tenant.

Cellular Ant. Site Rental

Description Includes rental payments received for a cellular antenna with appurtenant equipment in Mac Arthur Park.

Basis for Estimates FY 2004-05 estimate and FY 2005-06 estimate are based upon a rental agreement with Sprint Communications.

C.D.B.G. FUND

Grant Revenues

Description Community Development Block Grants are allocated to cities by the Department of Housing and Urban Development. The funds are generally restricted to expenditure for housing, public safety and economic development within low-income target areas.

Basis for Estimates FY 2004-05 and FY 2005-06 estimates are based upon projected expenditures during the respective fiscal years. The CDBG Fund is operated on a cost reimbursement basis. FY 2004-05 estimate includes \$242,600 for Foundation Area II – Phase II and \$125,000 for Foundation Area 12 Improvements. FY 2005-06 estimate includes \$30,000 for Graffiti Abatement and \$7,000 for the bus transportation program.

AIR QUALITY IMPROVEMENT TRUST FUND

AB 2766 Vehicle Registration Fees

Description Health and Safety Code Section 44225 authorizes an air quality control district to impose a \$4 vehicle registration fee to finance programs designed to reduce air pollution from motor vehicles. Cities are allocated 40 percent of the revenues less administrative costs based upon population.

Basis for Estimates FY 2004-05 and FY 2005-06 estimates are based upon the City's current collection experience.

STATE ASSET FORFEITURE FUND

Forfeited Money/Property

Description State laws provide for the confiscation or seizure of cash and property obtained by individuals trafficking in illegal drugs. Asset forfeiture revenues are generally restricted to expenditures for the investigation, detection and prosecution of criminal activities.

Basis for Estimates FY 2004-05 revised estimate is based upon information obtained from the Police Department. FY 2005-06 estimate is zero because the City has not received notice of significant asset forfeiture revenues allocable to the City.

PUBLIC SAFETY FUND

Proposition 172 Sales Tax

Description Passage of Proposition 172 made permanent a one-half cent sales tax levied for the purpose of funding local public safety. In San Bernardino County, cities are allocated five percent of the revenues collected. Distribution to cities is based upon an individual city's payment to the Educational Revenue Augmentation Fund in FY 1993-94 as a percentage of total payments by cities to the ERAF.

Basis for Estimates FY 2004-05 and FY 2005-06 estimates are based upon actual collection experience.

EMS – PARAMEDIC FUND

Subscription Fees

Description Residential and Business subscription fees were established by Resolution No. 01-2328 in April 2001. For an annual subscription fee, the subscribing party and immediate family members or employees will receive unlimited Basic Life support services (BLS) and Advanced Life Support (ALS) services from the Montclair Fire Department. The residential subscription rate is \$24 per year. The business subscription rates are \$50 per year for a business with 15 employees or less and \$100 per year for a business with 16 employees or more.

Basis for Estimates FY 2005-06 estimate is based upon an estimate of 900 subscribers at the current rate of \$24 per household. The estimate also includes 29 businesses with 15 employees or less at \$50 per year and 12 businesses with 16 employees or more at \$100 per year.

First Responder Fees

Description First responder fees were established by Resolution No. 01-2328 in April 2001. Emergency medical service first responder fees cover Basic Life support services (BLS) and Advanced Life Support (ALS) services. Resolution No. 01-2328 provides for BLS services to residence at no cost.

Basis for Estimates FY 2005-06 estimate is based on the projections Wittman Enterprises, LLC for emergency medical billing services.

SEWER MAINTENANCE FUND

Sewer Maintenance Fees

Description The sewer maintenance fee is established by ordinance and is set at a rate sufficient to cover operating expenses necessary to maintain the City's sewer system and to provide for an emergency reserve. The current rate of \$9.54 was established by Ordinance No. 92-718 effective January 1, 1993.

Basis for Estimates FY 2004-05 and FY 2005-06 estimate are based upon current collection experience.

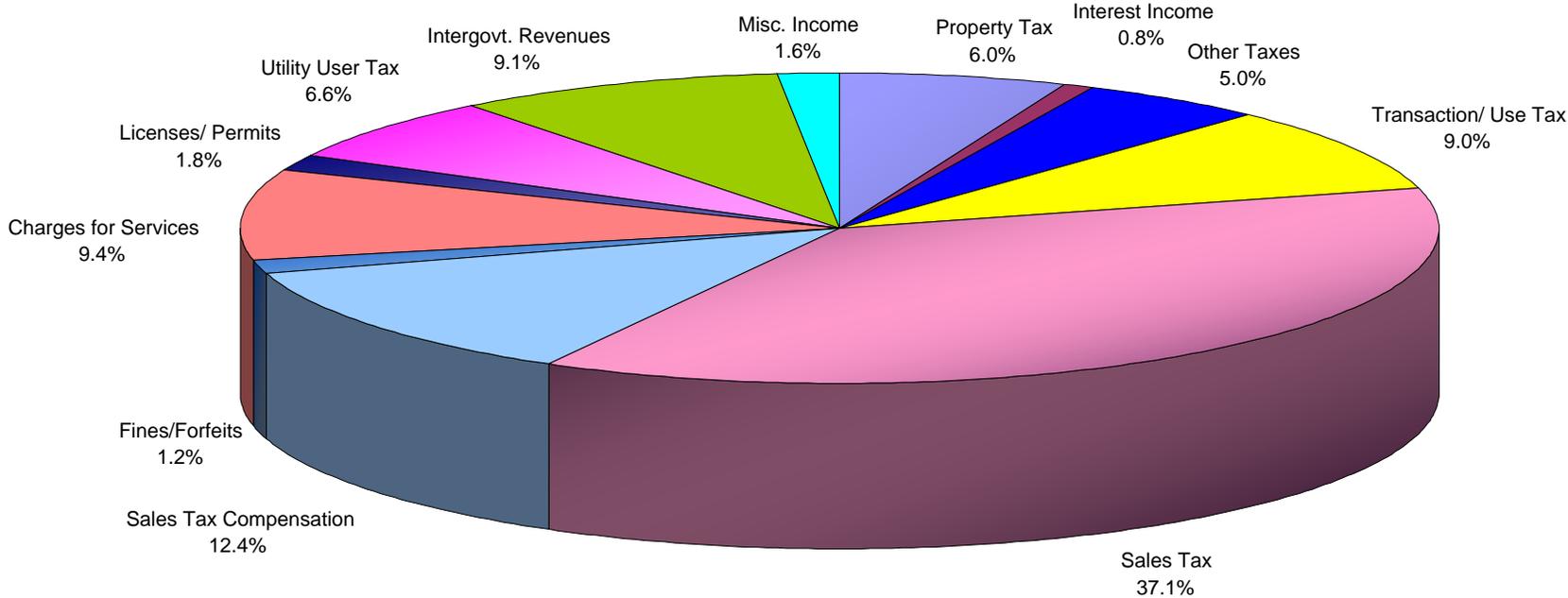
Sewer Availability Fees

Description Properties which have access but are not connected to the City's sewer system are charged a monthly availability fee. The current fee is \$2.35.

Basis for Estimates FY 2004-05 and FY 2005-06 estimates are based on amount submitted to San Bernardino County for inclusion on the property tax roll.

**CITY OF MONTCLAIR
2005-06 General Fund Revenues
By Source**

Total Budget - \$27,652,725



**CITY OF MONTCLAIR
CAPITAL IMPROVEMENT BUDGET
FISCAL YEAR 2005-06**

Project #	Description	FUNDING SOURCE					TOTAL APPROPRIATION	
		Gas Tax	Measure I	Park Development	City Facilities	2005 Bond Proceeds	Other Funds	All Funds
<u>Street Improvements</u>								
1-99-1	Cycle III, Phase 1 - Asphalt Overlay	200,000	-	-	-	-	-	200,000
1-03-1	Mission Blvd Improvements-Phase 4-6	-	650,000	-	-	-	-	650,000
1-06-2	Infrastructure Concrete Repairs	-	-	-	-	-	200,000	200,000
	Total Street Improvements	200,000	650,000	0	0	0	200,000	1,050,000
<u>Sewer System Improvements</u>								
4-06-1	Huntington Drive to Arrow Hwy Sewer	-	-	-	-	-	100,000	100,000
	Total Sewer System Improvements	0	0	0	0	0	100,000	100,000
<u>Park System Improvements</u>								
5-97-2	Alma Hofman Park Improvements	-	-	140,000	-	-	-	140,000
5-00-2	MacArthur Park Irrigation Replacement	-	-	16,000	-	-	-	16,000
5-06-2	Sunrise Park Playground Area Imprvmnts	-	-	55,000	-	-	-	55,000
5-06-3	Saratoga Park Area Improvements	-	-	48,500	-	-	-	48,500
	Total Park System Improvements	0	0	259,500	0	0	0	259,500
<u>Public Facility Improvements</u>								
6-06-2	New Montclair Police Facility	-	-	-	-	20,900,000	-	20,900,000
6-06-6	Corporate Yard Covered Parking	-	-	-	-	-	100,000	100,000
6-06-9	Starlight Patio Concrete Replacement	-	-	-	13,000	-	-	13,000
6-06-10	Community Center Water Line Replace	-	-	-	25,000	-	-	25,000
	Total Public Facility Improvements	0	0	0	38,000	20,900,000	100,000	21,038,000
TOTAL CAPITAL IMPROVEMENTS BUDGET		200,000	650,000	259,500	38,000	20,900,000	400,000	22,447,500

**CITY OF MONTCLAIR
CAPITAL IMPROVEMENT BUDGET
FISCAL YEAR 2005-06**

PROJECT #	PROJECT TITLE	PROJECT DESCRIPTIONS
1-99-1	Cycle III, Phase I - Asphalt Overlay on Residential Streets	This project will place an asphalt overlay from the I-10 freeway on the north, Central Avenue on the east, Benito Street on the south, and Helena Avenue on the west. It will also improve the ride ability and appearance of Helena Avenue and Harvard Street after the construction of the Palo Verde Street storm drain.
1-03-1	Mission Boulevard Improvements Phases 4, 5 and 6	This project will improve median curbs, landscaping, minor pavement work, and street lighting from approximately 800 feet west of Monte Vista Avenue to Central Avenue.
1-06-2	Infrastructure Concrete Repairs	This project will provide for the repair of curb, gutter, sidewalk and driveways within the public rights-of-way at various locations throughout the City.
4-06-1	Huntington Drive to Arrow Hwy Sewer	This project will extend a sewer line from an existing sewer in Arrow Highway towards Huntington Drive in the northwest portion of the city. This project will enable the City to provide sewer service to an industrial development on Arrow Highway and eventually a residential area on Huntington Drive.
5-97-2	Alma Hofman Park Improvements	This project will provide for the installation of a new shade structure, removal and replacement of damaged sidewalk, purchase of new playground equipment that meets current safety standards.
5-00-02	MacArthur Park Irrigation Replacement	This project would provide for the installation of a new irrigation system.
5-06-2	Sunrise Park Playground Area Improvement	This project would replace existing playground equipment with new playground equipment.
5-06-3	Saratoga Park Area Improvements	This project would replace existing playground equipment with new playground.
6-06-2	New Montclair Police Facility	This project would construct a new police facility at the northwest corner of Monte Vista Avenue and Arrow Highway. This approximately 39,000 sq. ft facility will include an Emergency Operations Center (EOC), detention facility and shooting range.

**CITY OF MONTCLAIR
CAPITAL IMPROVEMENT BUDGET
FISCAL YEAR 2005-06**

<u>PROJECT #</u>	<u>PROJECT TITLE</u>	<u>PROJECT DESCRIPTIONS</u>
6-06-6	Corporate Yard Covered Parking	This project would provide prefabricated covering for sand, topsoil and gravel bins stored at the Corporate Yard
6-06-9	Starlite Patio Concrete Replacement	This project would replace the existing concrete in the Starlite Patio at the Recreation Building at the Civic Center.
6-06-10	Community Center Water Line Replace	This project would replace the water line at the Community Center.

CITY OF MONTCLAIR
OPERATING BUDGETS - TOTALS BY FUND
FISCAL YEARS 2003-04 THROUGH 2005-06

FUND	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>
General Fund	22,520,142	24,557,058	27,037,334
Gas Tax	1,000	1,300	1,300
Park Development	8,000	8,400	8,400
C.D.B.G.	37,000	37,000	37,000
Air Quality Improvement Trust	69,760	139,775	39,798
Older American	78,975	92,309	98,035
OCJP Fund	41,711	22,000	0
"Prop 172" Public Safety	368,245	257,704	74,350
Federal Asset Forfeiture	1,000	1,000	1,000
Asset Forfeiture - Treasury	0	0	0
School District Grant	64,000	64,000	64,000
State Supplemental Law Enforcement	64,000	0	0
LLE Block Grant	5,700	0	0
Used Oil Recycling Grant	10,435	22,555	22,255
Human Services Grant	668,583	694,831	662,731
California Nutrition Network Grant	60,989	82,235	84,017
Human Services Special Revenue	6,700	0	70,875
EMS - Paramedic	215,152	201,268	252,626
Sewer Maintenance	1,916,677	2,394,238	2,256,097
Equipment Replacement	152,000	158,800	289,300
Refuse Impound	<u>59,044</u>	<u>120,965</u>	<u>142,188</u>
TOTAL	<u>26,349,113</u>	<u>28,855,438</u>	<u>31,141,306</u>

CITY OF MONTCLAIR
COMPARATIVE OPERATING APPROPRIATIONS BUDGETS
FISCAL YEARS 2001-02 THROUGH 2005-06

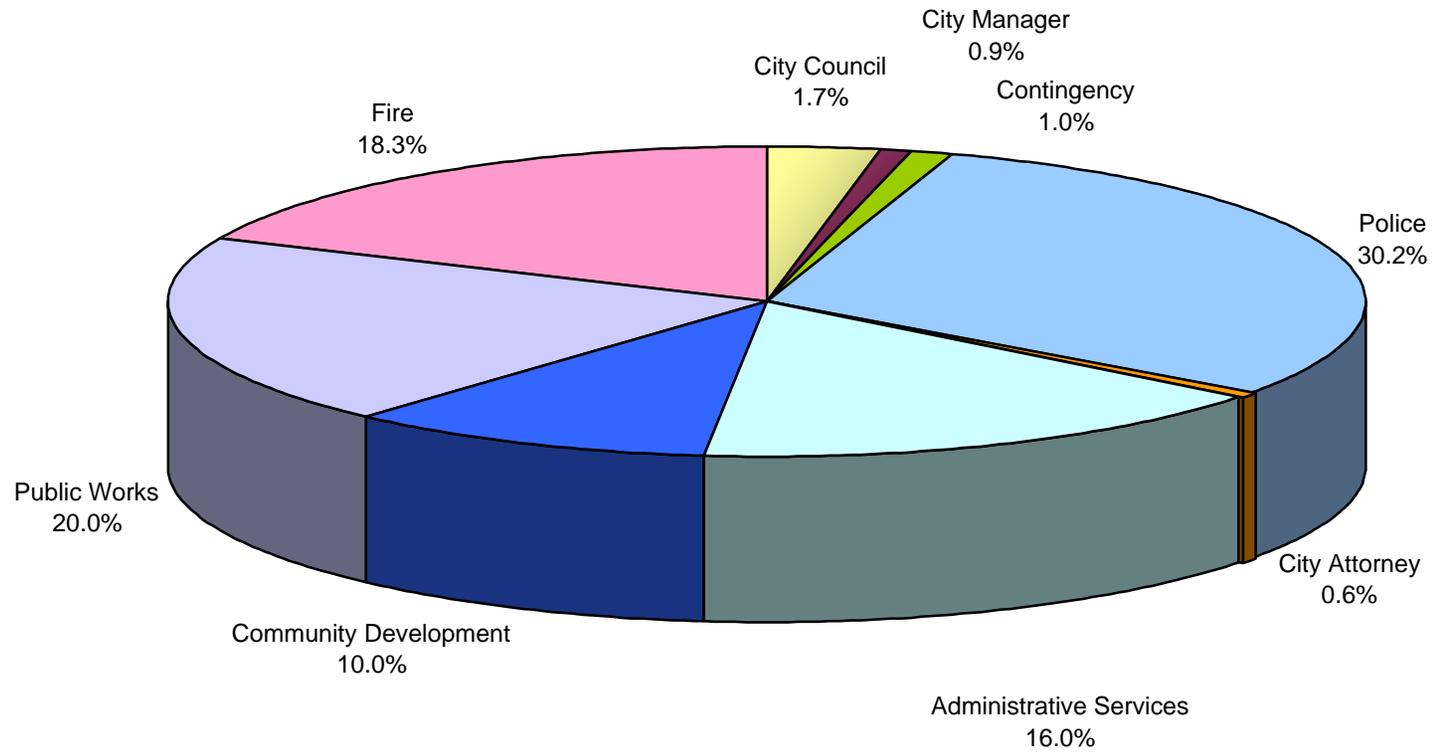
	<u>Budgeted 2001-02</u>	<u>Budgeted 2002-03</u>	<u>Budgeted 2003-04</u>	<u>Budgeted 2004-05</u>	<u>Budgeted 2005-06</u>
City Council	\$ 232,297	\$ 238,604	\$ 307,480	\$ 456,612	\$ 954,048
City Manager	2,139,858	2,216,480	2,405,445	270,352	284,246
Administrative Services	1,698,979	1,864,711	2,045,053	4,786,689	5,027,506
Police	6,726,815	7,194,159	8,066,069	8,584,052	9,461,414
Fire	4,062,638	4,239,405	4,697,905	5,289,893	5,740,979
Public Works	5,331,274	5,723,692	5,693,904	6,269,885	6,283,075
Community Development	2,503,573	2,688,154	2,745,492	2,988,543	3,120,923
City Attorney	267,792	266,499	240,488	212,510	192,194
Contingency	<u>300,000</u>	<u>450,000</u>	<u>300,000</u>	<u>150,000</u>	<u>300,000</u>
TOTAL OPERATING BUDGET	\$ 23,263,226	\$ 24,881,704	\$ 26,501,836	\$ 29,008,536	\$ 31,364,385

NOTE: FY 2004-05 Budget includes all appropriations authorized through March 31, 2005.
Appropriations for FY 2001-02 through 2003-04 represent final recorded budgets.

This does not reflect the Indirect Staff Charges.

**CITY OF MONTCLAIR
2005-06 Operating Budget
By Department**

Total Budget - \$31,364,385



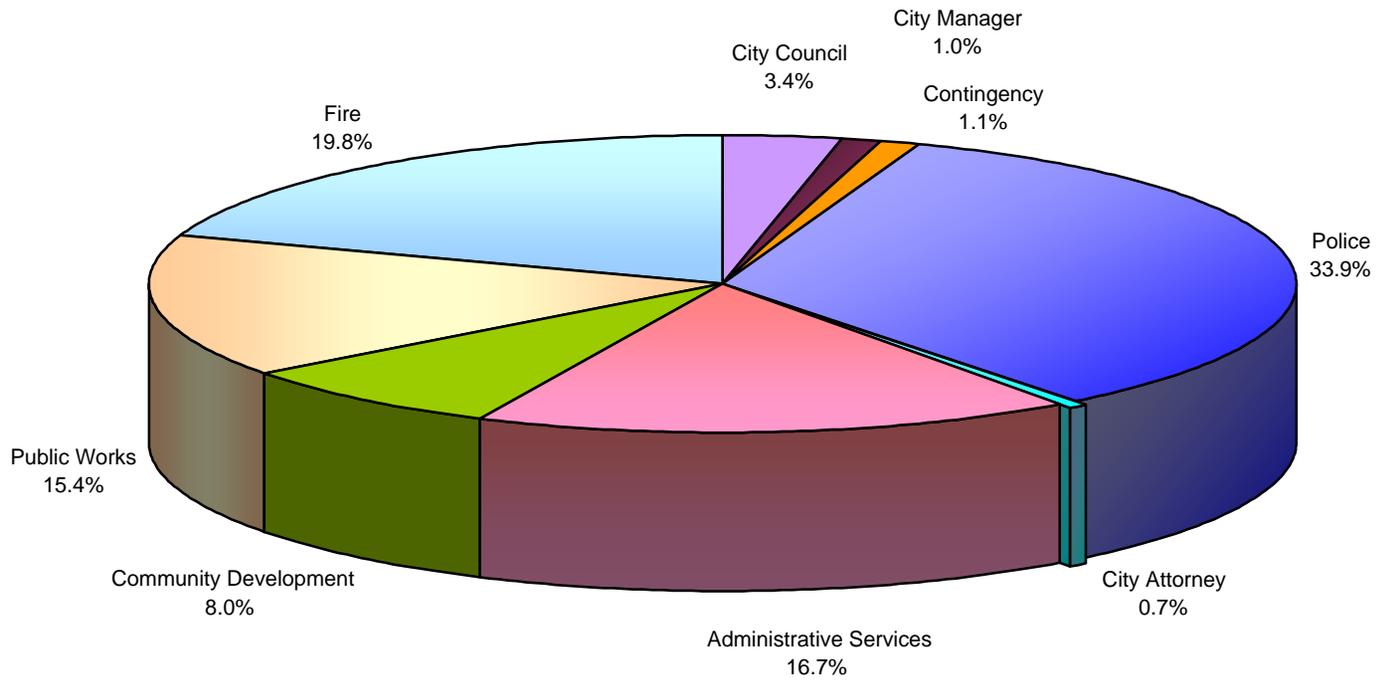
Note: This does not reflect the Indirect Staff Charges.

**CITY OF MONTCLAIR
OPERATING APPROPRIATIONS BUDGET
BY FUND
FISCAL 2005-06**

	City Council	City Manager	Admin. Services	Police	Fire	Public Works	Community Development	City Attorney	Contingency	City/RDA Total	Indirect Staff Charges	Grand Total
General Fund	923,911	266,403	4,530,980	9,158,914	5,346,703	4,159,762	2,158,467	192,194	300,000	27,037,334	-	27,037,334
Gas Tax			1,300							1,300	-	1,300
Park Development						8,400				8,400	-	8,400
C.D.B.G.						30,000	7,000			37,000	-	37,000
Air Quality Improvement Trust							39,798			39,798	-	39,798
Older American							98,035			98,035	-	98,035
OCJP Fund										0	-	0
"Prop. 172" Public Safety				9,200	160,461					169,661	-	169,661
Federal Asset Forfeiture			1,000							1,000	-	1,000
OMSD Grant				64,000						64,000	-	64,000
State Supplemental Law Enforcement										0	-	0
LLE Block Grant										0	-	0
Recycling Block Grant Fund			22,255							22,255	-	22,255
Human Services Grant							662,731			662,731	-	662,731
California Nutrition Network Grant							84,017			84,017	-	84,017
Human Services Special Revenue							70,875			70,875	-	70,875
E.M.S. - Paramedic					157,315					157,315	-	157,315
Sewer Maintenance			171,184			2,084,913				2,256,097	-	2,256,097
Equipment Replacement				229,300	60,000					289,300	-	289,300
Refuse Impound			125,688		16,500					142,188	-	142,188
TOTAL - CITY	923,911	266,403	4,852,407	9,461,414	5,740,979	6,283,075	3,120,923	192,194	300,000	31,141,306	-	31,141,306
Indirect Staff Charges												
Sewer Fund	16,895	10,003	98,161	-	-	-	-	-	-	125,059	(125,059)	-
Other Agencies - RDA	13,242	7,840	76,938	-	-	-	-	-	-	98,020	(98,020)	-
	30,137	17,843	175,099	-	-	-	-	-	-	223,079	(223,079)	-
TOTAL - CITY/OTHER AGENCIES	954,048	284,246	5,027,506	9,461,414	5,740,979	6,283,075	3,120,923	192,194	300,000	31,364,385	(223,079)	31,141,306

CITY OF MONTCLAIR
2005-06 General Fund Operating Budget
By Department

Total Budget - \$27,037,334



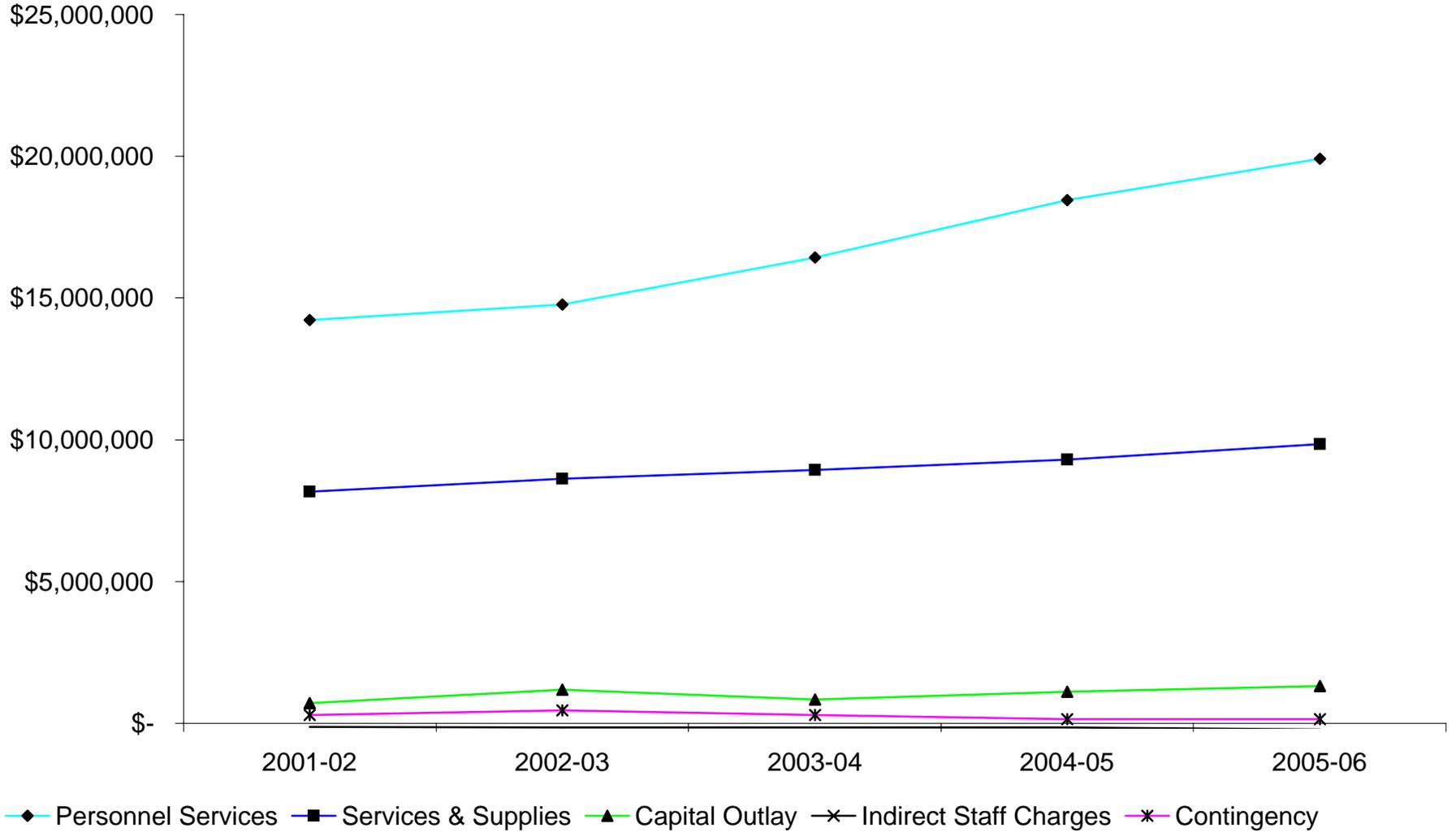
**CITY OF MONTCLAIR
OPERATING APPROPRIATIONS BUDGET
BY OBJECT CLASS
FISCAL YEAR 2005-06**

	<u>Full-Time Employees</u>	<u>Personnel Services</u>	<u>Services Supplies</u>	<u>Capital Outlay</u>	<u>Indirect Staff Charges</u>	<u>Total</u>
City Council	0.000	\$ 92,573	\$ 785,195	\$ 76,280	\$ (30,137)	\$ 923,911
City Manager	1.500	205,289	73,957	5,000	(17,843)	266,403
Administrative Services	21.020	1,793,641	2,850,645	383,220	(175,099)	4,852,407
Police	82.130	8,035,304	934,360	491,750		9,461,414
Fire	40.620	4,945,997	657,932	137,050		5,740,979
Public Works	35.970	2,525,235	3,585,140	172,700		6,283,075
Community Development	19.000	2,288,845	784,278	47,800		3,120,923
City Attorney	0.000	23,593	168,601	0		192,194
Sub-totals	200.240 *	\$ 19,910,477	9,840,108	1,313,800	(223,079)	30,841,306
Contingency						300,000
TOTAL OPERATING BUDGET		<u>19,910,477</u>	<u>9,840,108</u>	<u>1,313,800</u>	<u>(223,079)</u>	<u>31,141,306</u>

* Full-Time Employees:

City	200.240
RDA	6.860
MHC	0.900
	<u>208.000</u>

CITY OF MONTCLAIR
Operating Budgets 2001-02 to 2005-06
Annual Increase (Decrease) By Object Class



CITY OF MONTCLAIR
FY 2005-06 Adopted Budget
SUMMARY OF AUTHORIZED
FULL TIME POSITIONS BY DEPARTMENT

<u>Department</u>	<u>Adopted 2003-04</u>	<u>Adopted 2004-05</u>	<u>Adopted 2005-06</u>
City Council	0.00	0.00	0.00
City Manager	1.50	1.50	1.50
Administrative Services			
Administration	1.30	1.45	1.30
Financial Services	6.97	6.57	6.37
Solid Waste	1.70	3.00	3.15
City Clerk	1.50	2.10	1.50
Personnel/Risk Management	2.75	3.90	4.00
Information Technology	2.00	3.00	2.90
Central Services	1.20	1.20	1.20
Records Retention	0.80	0.90	0.60
Department Total	18.22	22.12	21.02
Police			
Administration	2.13	2.13	2.13
Support Services	2.10	1.90	2.25
Technical Services	1.35	1.40	1.25
Records	9.20	9.10	9.10
Investigations	12.70	12.70	12.25
Uniform Patrol	45.00	43.80	44.40
Communications	7.30	7.80	8.60
Volunteer Services	1.35	1.30	2.15
Department Total	81.13	80.13	82.13
Fire			
Administration	3.12	3.12	3.12
Fire Prevention	1.75	1.75	2.25
Emergency Services	28.00	28.00	28.00
Personnel Development	0.50	0.50	0.50
Equipment Maintenance	0.00	0.00	0.00
Buildings & Grounds	0.00	0.00	0.00
Emergency Preparedness	0.50	0.50	0.50
Code Enforcement	4.75	4.75	5.25
EMS-Paramedica	1.00	1.00	1.00
Department Total	39.62	39.62	40.62

CITY OF MONTCLAIR
FY 2005-06 Adopted Budget
SUMMARY OF AUTHORIZED
FULL TIME POSITIONS BY DEPARTMENT

<u>Department</u>	<u>Adopted 2003-04</u>	<u>Adopted 2004-05</u>	<u>Adopted 2005-06</u>
Public Works			
Engineering Management	1.75	1.70	1.70
Public Works Inspection	1.25	1.25	1.25
Traffic Safety Engineering	0.12	0.12	0.12
Graffiti Abatement	2.20	2.20	2.20
Street Maintenance	6.15	6.15	5.95
Signing & Painting	1.20	1.20	1.20
Street Sweeping	2.15	2.15	2.15
Park Maintenance	6.50	6.50	6.45
Tree Maintenance	0.15	0.15	0.15
Vehicle Maintenance	3.05	3.05	2.30
Sewer Maintenance	6.35	6.35	6.35
Building Maintenance	0.60	0.60	1.15
Heating & Air Conditioning	0.45	0.45	0.85
Janitorial Services	3.10	3.10	4.15
Department Total	35.02	34.97	35.97
Community Development			
Planning Commission	0.00	0.00	0.00
Administration	1.85	1.85	1.85
Current Planning	1.95	1.95	1.95
Advance Planning	1.00	1.00	1.00
Field Inspection	1.50	1.50	2.00
Plan Check	0.50	0.50	1.00
Operations	0.75	1.00	1.00
Geographic Info Systems	1.25	0.00	0.00
Recreation	5.05	5.05	5.05
Service Center	1.45	1.45	1.45
Senior Citizens	1.25	1.25	1.25
Nutritional Meals	0.65	0.65	0.65
Health Education	0.40	0.40	0.40
Children/Family Comm.	1.40	1.40	1.40
Department Total	19.00	18.00	19.00
City Attorney	0.00	0.00	0.00
Total - All Departments	194.49	196.34	200.24

(RDA - 6.86 & MHC - 0.90)

RESOLUTION NO. 05-2595

**A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF MONTCLAIR ADOPTING THE
FISCAL YEAR 2005-06 BUDGET**

WHEREAS, the City Manager has submitted to the City Council of the City of Montclair the proposed budget for Fiscal Year 2005-06 including all proposed expenditures, estimated revenues and estimated fund balances; and

WHEREAS, a copy of the proposed budget is on file in the City Clerk's office for inspection by the public; and

WHEREAS, the City Council has duly reviewed the proposed budget at a meeting open to the public on June 14, 2005; and

NOW, THEREFORE, BE IT RESOLVED the City Council of the City of Montclair hereby adopts the proposed budget as the annual budget for Fiscal Year 2005-06.

BE IT FURTHER RESOLVED that funds are automatically reappropriated into Fiscal Year 2006-07 for all outstanding purchase orders and unexecuted contracts as of June 30, 2006, for which a valid appropriation exists.

BE IT FURTHER RESOLVED that funds are automatically reappropriated into Fiscal Year 2006-07 for all capital improvement projects included in the adopted budget which have not been completed as of June 30, 2006.

BE IT FURTHER RESOLVED that funds are automatically reappropriated into Fiscal Year 2006-07 for all grants included in the adopted budget which have not been completed as of June 30, 2006.

BE IT FURTHER RESOLVED that Department Heads and their designees are authorized to transfer funds between object codes within the services and supplies budget provided the funding source remains the same.

BE IT FURTHER RESOLVED that except for personnel cost-of-living adjustments which are governed by approved memorandums of understanding and agreements, all expenditures from the Contingency Account must be expressly authorized by City Council.

APPROVED AND ADOPTED this XXth day of XXX, 2005.

ATTEST:

Mayor

City Clerk

I, Donna M. Jackson, City Clerk of the City of Montclair, DO HEREBY CERTIFY that Resolution No. 05-2595 was duly adopted by the City Council of said city and was approved by the Mayor of said City at a regular meeting of said City Council, held on the XXth day of XXX, 2005, and that it was adopted by the following vote, to-wit:

AYES:
NOES:
ABSTAIN:
ABSENT:

Donna M. Jackson
City Clerk

**CITY OF MONTCLAIR
ARTICLE 13-B DISCLOSURES
FISCAL YEAR 2005-06**

The appropriations limit imposed by Article 13-B of the State Constitution creates a restriction on the amount of revenue generated from taxes that a local government can appropriate in any fiscal year. The limit is based on actual appropriations during the base 1978-79 fiscal year, with an increase each subsequent year based on a formula comprised of population estimates and cost-of-living factors.

Government Code Section 37200 stipulates that the budget shall include the City's appropriation limit and the total annual appropriations subject to limitation.

APPROPRIATIONS LIMIT restricts the amount of tax revenues which may be used to finance the expenditures (appropriations) budget. The City's proposed limit for FY 2005-06 is \$191,769,658.

APPROPRIATIONS SUBJECT TO LIMITATION represents that portion of the proposed budget which is financed by taxes. The amount of tax revenue budgeted for expenditures during FY 2005-06 is \$24,485,341 and is supported by the analysis below.

General Fund Appropriations Budget		\$ 29,201,566 ¹
Less: Estimated Non-Proceeds of Taxes		
Franchises	\$ 501,000	
Licenses & Permits	485,075	
Fines & Forfeits	330,000	
POST Reimbursements	35,000	
Other Intergovernmental Reimbursements	201,400	
Charges for Services	2,601,750	
Miscellaneous		
Rental Income	56,000	
Sale of City Property	25,000	
Other	100,000	
Transfers-In ²	381,000	4,716,225
Appropriations Budget Financed by Taxes		\$24,485,341

¹ Includes \$2,164,232 of budgeted transfers to special purpose funds.

² Includes \$6,000 from Gas Tax Fund and \$375,000 from Traffic Safety Fund.

NOTE: Legislation governing implementation of Article 13-B defines subventions from the State (e.g. Motor Vehicle In-Lieu Taxes, Homeowner's Property Tax Relief) and interest earned on taxes and subventions as "proceeds of taxes."