

**TOWN OF SAN ANSELMO
STAFF REPORT
July 17, 2013**

For the meeting of July 23, 2013

TO: Town Council

FROM: Debra Stutsman, Town Manager
Daria Carrillo, Finance & Administrative Services Director

SUBJECT: 2013-14 Preliminary Proposed Budget and Work Plan

RECOMMENDATION

That Council conduct a public hearing on the Preliminary Proposed 2013-14 Budget and Work Plan.

BACKGROUND

The Town of San Anselmo's fiscal year starts on July 1 and ends the following June 30. Each year staff prepares a proposed budget to project revenues and recommend expenditures for the upcoming fiscal year. Included with the budget proposal is a recommended work plan.

DISCUSSION

The proposed budget represents a primarily status quo budget that maintains current service levels. The highlights of the proposed budget include:

- Revenue – The proposed budget reflects stable sales tax revenue. This is because our sales tax base relies primarily upon grocery and drug stores that have not been as affected by the difficult economy. Property tax revenues are expected to increase this year (about 4%) due to a slight increase in the economy.
- No salary increases – The proposed budget document reflects no salary increases for employees with the exception of individual step increases and longevity pay. Several units are currently in negotiations.
- Grant Funding – The Town has carried over some grant funding to do a number capital projects, including sidewalk and intersection improvements around schools.
- Street Resurfacing Projects – The Town Council adopted a Five-Year Capital Improvement Plan for street resurfacing. Funds are included in the budget for construction of the second year of planned projects (underway now) and design and construction of the second year of planned projects, which will be constructed in summer, 2014.
- Cost cutting measures – Town staff continues to employ cost cutting measures where possible. The Town's implementation of a two-tiered pension plan system in 2007 has continued to save the Town money. As the Town experiences additional turnover, these savings will increase.

ANALYSIS

The Police Department consolidated with the Twin Cities Police Authority January 1, 2013, forming the new Central Marin Police Authority. The consolidation, and the sharing of services over the last three years, saved the Town approximately \$1 million. These savings were realized over the last several years, in a time of rising expenditures and declining revenues. Without the savings realized through Police consolidation, the Town would have faced additional cuts and possible layoffs. For 2013-14, the police budget is approximately \$44,000 less than in 2012-13.

The Town issued pension obligation bonds in June 2012. Savings of approximately \$60,000 per year for 10 years beginning with the 2012-2013 fiscal year will be achieved as a result of these pension obligation bonds.

In addition to these savings, the General Fund will experience increases in expenditures including the following:

- An increase to our contribution to the Ross Valley Fire Department in the amount of \$59,126.
- An increase in the transfer to the Insurance Fund in the amount of \$25,000. Last year's transfer was \$250,000; this year it is \$275,000. The Town expects this transfer to decrease in future years due to the police consolidation.
- The addition transfer from the General Fund of \$15,000 to the Special Events Fund for part time assistance with a number of events, including Picnics on the Plaza, Country Fair Day, Creekside Q, etc.
- An 11% increase in medical insurance premiums effective January 2014. General fund health and welfare expenditures will increase approximately \$10,200 in the 2013-2014 fiscal year.
- Step increases will result in approximately \$13,700 in additional expenditures as compared to the previous fiscal year.
- An increase of approximately \$12,000 due to an increase in PERS retirement rates unrelated to the refinancing mentioned above.
- The transfer to the equipment fund will not be decreased due to the addition of the expenditure of a least purchase in the Public Works Department for three trucks.
- Payment for pension obligation bonds increased \$14,000.
- Election costs of \$14,000 are included.

The budget presented here maintains a reserve of approximately \$1.4 million, which is in excess of the 10% reserve that the Council set as a minimum in the reserve policy. However, due to the one-time expenditures in the previous year, the funds previously labeled Contingency or Unassigned have been fully expended.

WORK PLAN GOALS

This year's goals were set by the management staff in each department and are based, whenever possible, on the results of our Strategic Planning efforts and the direction of the Town Council.

CONCLUSION

The action recommended for the Council is to conduct the public hearing on the Proposed 2013-14 Proposed Budget and Work Plan. Pending the outcome of that public hearing, the next step would be to incorporate any changes identified by Council, and bring the preliminary budget and work plan back to Council for adoption at the August 5 special meeting.

Respectfully submitted,



Debra Stutsman
Town Manager



Daria Carrillo
Finance & Administrative Services Director

Attachment: Proposed 2013-14 Budget and Work Plan