

**TOWN OF SAN ANSELMO**  
**STAFF REPORT**  
**July 2, 2014**

For the meeting of July 8, 2014

TO: Town Council

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

SUBJECT: 2014-15 Preliminary Proposed Budget and Work Plan

**RECOMMENDATION**

That Council conduct a public hearing on the Preliminary Proposed 2014-15 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**

- Secured property tax, the General Fund's main source of revenue, is expected to increase by 2.1% based on information from the Marin County Department of Finance. Although sales have increased, property taxes will not automatically increase 2% as in most years due to a low cost of living index as determined by the State. Instead property taxes will increase .75% for cost of living.
- Revenue related to construction permits increased in 2013-2014 by approximately 40% as compared to 2012-2013. These revenues are expected to increase another 10% in 2014-2015. This increase is due not only to increased construction activity, but to the fact that the Town has been contracting out for the Building Official position and as a result has included fees for this service in the building permit fees.
- Other general fund revenue is estimated to be stable.
- The voters approved an additional .5% sales tax which is estimated to generate \$600,000 in revenue. This revenue is reflected in its own fund, Measure D Sales Tax fund.
- The Town is expected to receive approximately \$3.1 million in grant funds for public works projects. The projects are listed in the Grant Fund.

## Expenditures

- Salaries and benefits – The proposed budget document includes a net 4% salary increase for all employee groups. The Town has entered into a tentative agreement with its SEIU bargaining group and will present the agreement to the Town Council at a future meeting. There have been no increases to the salary schedule since 2009-2010. The tentative agreement and proposed budget includes employee paying an increased share of the employee PERS contribution.

Engineering and Inspection includes 50% of the salaries and benefits of a Senior Civil Engineer charged to the General Fund and the other 50% charged to the Road Maintenance Fund. This position had previously been charged 100% to the Road Maintenance Fund. Additionally, the Building Official position is now included in Outside Services due to the retirement of the Building Official. The Building Official position is now being provided by an outside contractor.

Also affecting Engineering and Inspection is 80% of the salaries and benefits of a Maintenance Supervisor position is being charged to this department. 10% is being charged to each Robson House and Isabel Cook Complex. This position had previously been charged 45% to the Streets Department, 35% to Isabel Cook Complex and 20% to Robson House. The reallocation more accurately reflects the current job duties for this position.

Administration and Finance includes an increase from .80 Full Time Equivalent (FTE) to 1.0 FTE for an Administrative Services Assistant II. The increase in hours is requested as the duties for this position have increased.

- Ross Valley Fire Department – A 4.7% increase is included in the proposed budget in accordance with the Ross Valley Fire Department Budget.
- Central Marin Police Authority – The Police Department budget has decreased by \$18,736.
- Other Outside Services – This category includes an outside contractor fulfilling the Building Official's duties as explained above.
- Utilites have been increased by 3%.
- Grant Funding – The Town expects to receive grants totaling approximately \$3.3 million in the 2014-2015 fiscal year in order to complete work related to bridges, roadway improvements, street improvements around schools, and the Memorial Park CEQA project.
- 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 third year and a portion of the fourth year of planned projects (underway now), in order to finish the Five-Year CIP in four years.
- 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.

Additionally, state law has required a third pension tier for employees hired after January 2013 who are new to the PERS system.

## **ANALYSIS**

The Police Department consolidated with the Twin Cities Police Authority January 1, 2013, forming the new Central Marin Police Authority. The consolidation has reduced the Town's General Fund contribution to police by \$774,000.

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.

The ending fund balance for the 2013-2014 fiscal year is expected to increase by approximately \$312,000 as opposed to the original estimate of \$71,000. This increase is due mainly to increases in revenues related to property tax and construction permits. The books for 2013-2014 are not yet closed and this is an estimate.

The 2014-2015 budget includes revenues and transfers in in the amount of \$13,334,940 and expenditures and transfers out in the amount of \$13,312,212, resulting in an estimated operating surplus of \$22,728.

The budget presented here reflects a reserve of approximately \$1.7 million in the general fund, a reserve of 13.2%, in excess of the 10% reserve that the Council set as a minimum in the reserve policy.

## **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 2014-2015 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 July 22, 2014 meeting.

Respectfully submitted,



Debra Stutsman  
Town Manager



Daria Carrillo  
Finance & Administrative Services Director

Attachment: Proposed 2014-2015 Budget and Work Plan