

AGENDA ITEM 1(b)

TOWN OF SAN ANSELMO STAFF REPORT January 23, 2003

For the Meeting of January 28, 2003

TO: Town Council

FROM: Janet Pendoley, Finance & Administrative Services Director

SUBJECT: Quarterly Treasurer's Investment Report, December 2002

RECOMMENDATION

That Council approve the Treasurer's Investment Report for the quarter ending December, 2002 .

BACKGROUND

The Treasurer's Investment Report is a quarterly itemization of the market value of Town investments. The purpose of this report is to present financial investment information for review and discussion.

ANALYSIS

The attached report itemizes the Town's investments and states the market value of each investment as of December, 2002. The Wells Fargo Money Market account is the Town's primary checking account used for the deposit and expenditure of operating funds. Interest earnings for the current quarter were at an average rate of .12%.

The Town maintains 2 Local Agency Investment Fund accounts (LAIF) for the purpose of maximizing interest income on funds not needed for immediate expenditure. One is for investment of general operating funds; the other LAIF account is for the series 2000 Measure G bond proceeds, required by law to be maintained in a segregated account. Interest earnings for the current quarter were at an average rate of 2.31%.

The Tax Revenue Anticipation Note (TRAN) is a tax-free bond that is issued on a one-year basis specifically for the purpose of improving cash flow to public entities heavily reliant on sporadic property tax distributions. Projected annual earnings from the reinvestment of these funds, if not actually needed for cash flow purposes, are currently estimated at \$9,527.

FISCAL IMPACT

Interest earnings for this fiscal year to date in the Town's Money Market and LAIF investment accounts are significantly lowered. In addition, the Measure G bond proceeds for the 2000 issue have in large part been spent. The remaining funds in the Measure G LAIF account in future quarters will reflect the interest earnings on the proceeds, which is accounted for in the Road Maintenance Fund and designated by Town policy for use on slurry seal projects. The anticipated sale of the 2003 bond issue will result in an additional Measure G LAIF account and will generate additional interest income for the slurry seal budget.

Respectfully submitted,

Janet Pendoley, Finance and Administrative Services Director

Attachments: **Attachment #1**--Quarterly Treasurer's Investment Portfolio Report, December 2002

AGENDA ITEM 1(c)

TOWN OF SAN ANSELMO STAFF REPORT January 20, 2003

For the Meeting of January 28, 2003

TO: Town Council

FROM: Debra Stutsman, Town Administrator

SUBJECT: **STAFF DECLARATION POLICY**

RECOMMENDATION

That Council approve the resolution setting the policy for declarations and other support documents by Town staff.

BACKGROUND

The Town Administrator, Town Attorney and Department Head staff are occasionally asked for support on various matters, including personal declarations, amicus briefs, lawsuits, or supporting letters or memoranda. Such submittals reflect the position of the Town when endorsed by responsible staff members. Council requested staff develop a

policy regarding declarations to ensure that the parameters of such submittals are clear to all involved.

DISCUSSION

The attached resolution outlines the following policy:

1. Department Head staff must obtain the approval of the Town Administrator or Town Attorney before signing any declarations in their official capacity with the Town of San Anselmo.
2. The Town Administrator will advise the Town Council of the proposed declaration in advance, allowing for a review period of 3 days before proceeding with the declaration. Should there be an objection to the declaration, the item is to be agendized at the next regular Town Council meeting for consideration.
3. The Town Administrator and Town Attorney may submit declarations of others or themselves of a regular nature directly on his/her own authority. Submittals which are of a controversial or policy-setting nature shall be forwarded to the Town Council for consideration.
4. The Town Attorney may submit amicus briefs on his/her own authority when requested on items that are of a non-controversial, non-policy setting nature, with a copy to the Town Administrator. Amicus requests that are of a controversial or policy-setting nature shall be forwarded through the Town Administrator to the Town Council for consideration.

Respectfully submitted,

Debra Stutsman
Town Administrator

**TOWN OF SAN ANSELMO
RESOLUTION NO. _____**

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF SAN
ANSELMO SETTING THE POLICY FOR DECLARATIONS AND OTHER
SUPPORT DOCUMENTS BY TOWN STAFF**

WHEREAS, the Town Council of the Town of San Anselmo has the responsibility and authority for setting Town policy; and

WHEREAS, the Town Administrator, Town Attorney and Department Head staff are occasionally asked for support on various matters, including personal declarations,

amicus briefs, lawsuits, or supporting letters or memoranda, (hereafter, collectively “submittals”); and

WHEREAS, such submittals reflect the position of the Town when endorsed by responsible staff members.

NOW, THEREFORE, BE IT HEREBY RESOLVED that the San Anselmo Town Council hereby sets the following policy regarding staff submittals:

5. Department Head staff must obtain the approval of the Town Administrator or Town Attorney before signing any declarations in their official capacity with the Town of San Anselmo.
6. The Town Administrator will advise the Town Council of the proposed declaration in advance, allowing for a review period of 3 days before proceeding with the declaration. Should there be an objection to the declaration, the item is to be agendaized at the next regular Town Council meeting for consideration.
7. The Town Administrator and Town Attorney may submit declarations of others or themselves of a regular nature directly on his/her own authority. Submittals which are of a controversial or policy-setting nature shall be forwarded to the Town Council for consideration.
8. The Town Attorney may submit amicus briefs on his/her own authority when requested on items that are of a non-controversial, non-policy setting nature, with a copy to the Town Administrator. Amicus requests that are of a controversial or policy-setting nature shall be forwarded through the Town Administrator to the Town Council for consideration.

I hereby certify that the foregoing resolution was approved by the San Anselmo Town Council on the _____, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

Debra Stutsman, Town Clerk

AGENDA ITEM 1(d)

**TOWN OF SAN ANSELMO
STAFF REPORT
January 20, 2003**

For the Meeting of January 28, 2003

TO: Town Council

FROM: Debra Stutsman, Town Administrator

SUBJECT: **TOWN ATTORNEY INVOICE PAYMENTS**

RECOMMENDATION

That Council approve the resolution reaffirming the policy regarding how and when expenses regarding litigation in which the Town is a party are disclosed, amending the provision that litigation invoices be paid on a quarterly basis to monthly payment.

BACKGROUND

The attached Council policy was adopted in 1990, and states that it is the policy of the Town not to release to the public specific information pertaining to the nature of the amount of legal services in connection with pending litigation until the litigation has been settled. This policy is still in conformance with Government Code 6254, which states that "Records pertaining to pending litigation to which the public agency is a party" are exempt from the Public Records Act "until the pending litigation or claim has been finally adjudicated or otherwise settled" (excerpt attached).

DISCUSSION

The policy specifies that billings for pending litigation "shall be paid and posted on a quarterly basis in a cumulative amount for the quarter." It has come to the attention of staff that the requirement to pay litigation invoices quarterly unnecessarily inhibits the budget tracking process and requires the Town Attorney to wait up to four months for payment of invoices.

The attached resolution reaffirms the Council policy set in 1990, but amends the provision to pay litigation invoices quarterly, specifying that that litigation invoices should be paid monthly.

Respectfully submitted,

Debra Stutsman
Town Administrator

**TOWN OF SAN ANSELMO
RESOLUTION NO. _____**

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF SAN
ANSELMO SETTING THE POLICY FOR DISCLOSURE AND PAYMENT OF
LITIGATION INVOICES.**

WHEREAS, the Town Council of the Town of San Anselmo has the responsibility and authority for setting Town policy; and

WHEREAS, Government Code §6254, known as the Public Records Act, specifically excludes the disclosure of records pertaining to pending litigation to which the public agency is a party . . . until the pending litigation or claim has been finally adjudicated or otherwise settled.

NOW, THEREFORE, BE IT HEREBY RESOLVED that the San Anselmo Town Council hereby sets the following policy regarding litigation expenses:

9. All billings for pending litigation shall be maintained in a confidential file separate from the billings for legal advice.
10. Billings for pending litigation shall be paid and posted *on a monthly basis*.
11. Council shall be advised on a periodic basis regarding the cost and nature of pending litigation during closed sessions or in confidential memoranda from the Town Attorney or the Town Administrator.
12. When pending litigation is adjudicated or otherwise settled, all records regarding the cost of litigation shall be removed from the confidential file and become a matter of public record.
13. A written report indicating the cumulative total of all expenses related to litigation shall be disclosed to the public during the budget hearings each fiscal year, at which time the Town Attorney shall recommend to Council an estimated amount for litigation expense for the subsequent fiscal year.

I hereby certify that the foregoing resolution was approved by the San Anselmo Town Council on the _____, by the following vote, to wit:

AYES:
NOES:
ABSENT:
ABSTAIN:

Debra Stutsman, Town Clerk

AGENDA ITEM 1(e)

**TOWN OF SAN ANSELMO
STAFF REPORT
January 20, 2003**

For the meeting of January 28, 2003

TO: Town Council

FROM: Debra Stutsman, Town Administrator

SUBJECT: **APPOINTMENT OF STANDBY COUNCIL MEMBERS TO SERVE
IN THE EVENT OF AN EMERGENCY OR DISASTER**

RECOMMENDATION:

That each Councilmember identify three individuals qualified to serve as standby officers for himself or herself in the event that the Councilmember is unable to serve due to the existence of an emergency. The proposed candidates would be brought back to the full Council for approval.

BACKGROUND:

Government Code §8635-8644 recognizes that the preservation of local government in the event of enemy attack or in the event of a state of emergency or a local emergency is a matter of statewide concern. In order to maintain law and order during such a period, government services must be continued or restored. It is essential that the local unit of government continue to function.

To provide for the continuance of local government during a state of emergency, the code gives the Council the power to appoint three standby officers for each member of the Council. The qualifications of each standby officer should be carefully investigated with the candidate's consent. When choosing standby candidates, consideration should be given to places of residence and work, so that for each office for which standby officers are appointed there shall be the greatest probability of ability to serve.

Standby officers who are approved by the Council take the oath of office required for the Council and serve at the pleasure of the Council. They may be removed and replaced at any time with or without cause.

Each standby officer has the following duties:

- To inform himself or herself of the duties of the office for which the officer stands by.

- To keep informed of the business and affairs of the Town. For this purpose the Council may arrange information meetings.
- To report himself or herself ready for duty in the event of a state of emergency.
- To fill the post for which he or she has been appointed when the regular officer is unavailable during a state of emergency.

During a state of emergency the Council would assess damage and proceed to reconstitute itself where necessary by filling vacancies until there are sufficient officers to form a quorum. As used in the government code, “unavailable” means that an officer is either killed, missing, or so seriously injured as to be unable to attend meetings and otherwise perform his or her duties.

DISCUSSION

Standby officers were last appointed in 1998; two new Councilmembers have been appointed since then. This is an opportunity for the newer Councilmembers to appoint standby representatives, and for the longer-term Councilmembers to review their appointees (list attached). Standby officers receive agendas and draft minutes from each Council meeting to ensure they are able to keep current on issues affecting the Town.

Respectfully submitted,

Debra Stutsman
Town Administrator

Attachment: Government Code 8635-8644

**APPOINTED STANDBY COUNCILMEMBERS
OCTOBER 13, 1998**

Councilmember

Standby Officer

Peter Breen

Roberta Robinson, Michael Kidder

Jeff Kroot

Bob Burke, Tina Kroot, Cynthia Barrows

Paul Chignell

Jonathan Braun, Kathy Sanders, Richard Fernandez

AGENDA ITEM 1(f)

**TOWN OF SAN ANSELMO
STAFF REPORT
January 20, 2003**

For the Meeting of January 28, 2003

TO: Town Council

FROM: Debra Stutsman, Town Administrator

SUBJECT: **VEHICLE LICENSE FEE LEGISLATION**

RECOMMENDATION

That Council approve the resolution urging the California Legislature to reject the Governor's proposed shift of local vehicle license fee (VLF) revenues and to honor the 1998 commitment to restore the VLF.

BACKGROUND

In 1986, California voters voted overwhelmingly to constitutionally dedicate the proceeds of the VLF to fund city and county services. In 1998, during a period of strong economic growth, the Legislature approved the use of a portion of the rapidly growing state General Fund to reduce the VLF payments of vehicle owners. This amount grew in future years to a 67.5% offset against the amount owed. The amount paid to local governments in lieu of the reduced VLF payment is known as the "VLF backfill." The 1998 legislation contains clear provisions that when insufficient funds are available to be transferred from the General Fund to fully fund the offsets and backfill amount, that the VLF offset shall be reduced and VLF payments increased.

DISCUSSION

Revenues from the VLF are of critical importance in funding vital local services. For San Anselmo, loss of the backfill would mean an annual loss of over \$500,000, or 5% of the total annual budget of the Town. Such a loss of funding would mean that critical public safety and other services would have to be cut. Governor Davis has proposed to divert \$4 billion in local VLF backfill payments over the next seventeen months, failing to honor the 1998 commitment. Cities and Towns have already shouldered a disproportionate share of diverted local revenues to fund state obligations and cannot absorb further cuts.

Mayor Kilkus has sent letters to Senator John Burton and Assembly Member Joe Nation (attached) urging their support of legislation to restore the VLF, keeping the promise made in 1998.

Respectfully submitted,

Debra Stutsman
Town Administrator

AGENDA ITEM 2

TOWN OF SAN ANSELMO STAFF REPORT January 20, 2003

For the Meeting of January 28, 2003

TO: Town Council

FROM: Debra Stutsman, Town Administrator

SUBJECT: Appointment to Arts Commission and Board of Review

RECOMMENDATION

That Council make appointments to the Arts Commission (2 seats) and the Board of Review (1 seat).

BACKGROUND

Council has interviewed two candidates for the Arts Commission, incumbent Mahanaum Satya and new applicant Suzanne Caprio. There are three seats currently vacant on the commission, to terms set to expire in October 2003 (one seat) and October 2005 (two seats). The applications are attached.

Incumbent Jo Julin has reapplied for appointment to the Board of Review. There is one term vacant, set to expire in December 2007. Her application is attached.

Respectfully submitted,

Debra Stutsman
Town Administrator

Attachments

AGENDA ITEM 3

**TOWN OF SAN ANSELMO
TOWN COUNCIL STAFF REPORT**

January 7, 2003

For the meeting of January 28,

2003

TO: Town Council

FROM: Tom Bell, Planning Director

SUBJECT: Ordinance amending Section 10-3.607(c) of the San Anselmo Municipal Code regarding nonconforming uses to prevent the expansion, enlargement, or intensification of nonconforming uses, and to delete the requirement restricting reconstruction, structural alteration and maintenance of structures housing nonconforming uses.

RECOMMENDATION

Introduce the attached Zoning Ordinance amendment and waive the reading

Previous Action by Planning Commission

January 6, 2003 The Planning Commission unanimously recommended approval of the attached ordinance draft.

Discussion

Environmental Review

Categorically exempt (existing facilities)

Zoning Ordinance Amendment

Staff noticed the proposed Zoning Ordinance Amendment in the December 18, 2002 edition of the Marin Independent Journal, in accordance with the Government Code.

As the Council may recall, on October 22, 2002 the Council directed staff to prepare an ordinance amendment that would allow owners of buildings containing nonconforming uses to rehabilitate such structures provided that the nonconforming uses would not be expanded. At that time, the Council felt that the structural integrity, safety, and maintenance of such structures should be encouraged and facilitated.

Notwithstanding any other provisions of the code, the attached ordinance would eliminate the requirement for nonconforming uses to conform as a condition of building rehabilitation or maintenance. It would however, maintain and clarify the prohibition of any expansion or intensification of nonconforming uses. The impact of this ordinance would enable property owners of buildings containing such uses to better maintain their buildings.

Recommendation

Introduce the attached ordinance, waive the reading, and continue to February 11, 2003 for final adoption.

Respectfully submitted,

Tom Bell
Planning Director

attachments: Proposed Ordinance
Existing ordinance Section 10-3.607(c)
Planning Commission staff report and minutes of January 6, 2003

ORDINANCE NO. ____

AN ORDINANCE OF THE TOWN OF SAN ANSELMO AMENDING SECTION 10-3.607(c) OF THE SAN ANSELMO MUNICIPAL CODE REGARDING NONCONFORMING USES.

THE TOWN COUNCIL OF THE TOWN OF SAN ANSELMO DOES ORDAIN AS FOLLOWS:

Section 10-3.607(c) of the San Anselmo Municipal Code is hereby amended to read as follows:

- (c) Expansion of nonconforming uses.
 - 1. Nonconforming uses shall not be expanded or intensified.
 - 2. Areas dedicated to nonconforming uses shall not be enlarged.

Introduced at a regular meeting of the Town Council on January 28, 2003, and PASSED AND ADOPTED by the Town Council of the Town of San Anselmo at a regularly scheduled meeting on February 11, 2003 by the following roll call vote:

AYES:

NOES:

ABSENT:

Mayor

ATTEST:

Debra Stutsman, Town Clerk

AGENDA ITEM 4(a)

**TOWN OF SAN ANSELMO
STAFF REPORT
January 20, 2003**

For the meeting of January 28, 2003

TO: Town Council
FROM: Debra Stutsman, Town Administrator
SUBJECT: **Mid-Year Budget Review**

RECOMMENDATION:

That Council approve the attached resolution amending the 2002-03 budget.

BACKGROUND

On August 13, 2002 the Town Council approved Resolution No. 3610 adopting the 2002-03 Budget. Staff has reviewed the revenues and expenditures to date, and projected estimates for the fiscal year end. While General Fund revenue is projected to meet the budgeted amounts, the Governor of the State of California has proposed funding cuts that, if enacted, may affect Town revenues this fiscal year. However, since the adoption of the budget, program and service needs have emerged that warrant attention in the mid-year budget review. Due to funding uncertainties, the mid-year budget revisions detailed below are limited strictly to revisions that must be completed mid-year. All other requests have been postponed for consideration at the 2003-04 budget hearing.

MID-YEAR BUDGET REVISIONS

The following revisions to the 2002-03 budget are recommended:

GENERAL FUND:

Legal Services – In the first six months of this fiscal year, the Town has experienced higher than expected legal costs, due to significant new and ongoing litigation requiring the Town Attorney's expertise. As of December 31, 2002, the Legal Services budget of \$106,700 was 94% expended. Staff recommends increasing the appropriation to the Legal Services budget by \$50,000, using Contingency as the source of funding.

Administration & Finance Department – Brown, Vence & Associates provided consulting services to the Town for the procurement of refuse, recycling and green waste services in 2001-02. Additional services from Brown, Vence were required during 2002-03 that were unanticipated when the budget was developed. These services included negotiations with the new service provider and contract finalization. Additional costs were incurred in the amount of \$14,840. Staff recommends increasing the appropriation to the Administration & Finance budget by \$14,840, using Contingency as the source of funding.

Inter-Departmental Costs – The Marin Association of Public Employees (MAPE) negotiated a contract increase to the dental insurance yearly maximum from \$1,000 to \$1,500 per calendar year. Because the dental insurance provider requires that all employees have the same yearly maximum, the additional benefit must be extended to management and San Anselmo Police Officers Association (SAPOA) employees. The cost of this premium increase for MAPE employees was included in the 2002-03 budget, but the additional cost of \$8,600 for management and Police employees was not. Staff recommends increasing the appropriation to the affected departments, using Contingency as the source of funding.

CAPITAL RECONSTRUCTION FUND

During a major winter storm in December 2002 one of the two banner poles located on Sir Francis Drake Blvd. at the Isabel Cook Community Center fell over. The pole was scheduled for immediate replacement in that a number of groups were already signed up for and counting on hanging banners in the coming weeks. The contractor found that the concrete foundations for the poles were inadequate. New foundations had to be dug and both poles replaced at a cost of \$9,946. Staff recommends taking the expense out of the Capital Reconstruction Fund budget for Unprogrammed Projects, currently budgeted at \$12,654.

DOWNTOWN REVITALIZATION FUND

This fund accounts for the revenues and expenses related to the Downtown Beautification project. A donation totaling \$21,920 was returned due to a change of circumstances of the donor. Staff recommends that the funds be appropriated from Contingency.

EMERGENCY PROJECTS FUND

Town policy is to maintain a \$100,000 balance as a safety valve for unanticipated emergency projects, disasters, or other unprogrammed demands. Because the fund grew to \$140,582, a transfer of \$40,582 was planned to move excess revenue to the General Fund for operational purposes. Subsequent to the adoption of the budget, the Town was notified that it was required to return \$23,338 to the Office of Emergency Services (OES) for overpayment of claims. Consequently, the amount for transfer to the General Fund is \$17,244. Staff recommends that the budget for the interfund transfer be reduced by \$23,338 with an offsetting reduction to the Contingency.

INSURANCE FUND

The Insurance Fund currently has a surplus of \$55,000, funds that were budgeted for earthquake insurance. The Town's Insurance Authority, Bay Cities, was unable to obtain reasonable earthquake insurance for the pool members this year due to skyrocketing costs. Staff recommends that the \$55,000 be transferred from the Insurance Fund to the General Fund Contingency.

MEASURE G

A new fund has been created to recognize the 2003 Measure G series issue of \$2.565 million, anticipated to be received February 20, 2003. The 2002-03 budget included a Measure G Capital Improvement Plan (CIP) of \$1,251,890. The final bond sale was needed to fund in part the 2002-03 pavement and drainage projects. Staff recommends increasing the Measure G revenue budget by \$2.565 million and the expenditure budget by \$984,230 to reflect the planned Measure G expenditures in this budget year. A balance of \$1.58 million is projected to remain in the Measure G fund at year end.

ROAD MAINTENANCE FUND

In October, 2002 Council approved a Road Impact Fee on new construction that went into effect on December 9, 2002, with funds designated for the Road Maintenance Fund. Staff recommends including the projected revenue from the Road Impact Fee in the Road Maintenance Fund budget, estimated at \$93,000 for 2002-03. No expenditure of these funds is currently recommended.

In addition, the budget for the slurry seal engineering expense should be increased to reflect engineering costs of \$17,000 that have been expended in the current year.

FISCAL IMPACT OF MID YEAR BUDGET CHANGES

The above recommendations would have the following fiscal impact:

The General Fund Contingency balance is \$92,802 as of January 24, 2002. These recommendations would have the net effect of reducing Contingency by \$63,698, leaving a balance of \$29,104.

The Road Maintenance fund, currently projected to have an Ending Balance of \$539,138, would be increased in the net amount of \$76,000, for a total of \$615,138.

Respectfully submitted,

Debra Stutsman

Town Administrator

Attachments: 1. Draft Resolution
2. Revision Spreadsheet

Copy: Department Managers
Donna Cohen, Town Treasurer

AGENDA ITEM 4(b)

**TOWN OF SAN ANSELMO
STAFF REPORT
January 24, 2003**

For the meeting of January 28, 2003

TO: Town Council
FROM: Debra Stutsman, Town Administrator
SUBJECT: **State Funding Reduction Impacts**

RECOMMENDATION

That Council acknowledge and file the report regarding the State of California's proposed funding reductions, the possible impact on the Town's current year budget, preliminary budget development for 2003-04 and the impact of possible funding cuts of up to 10%, and provide direction to staff regarding next steps.

BACKGROUND

The Governor is predicting a \$34.6 billion deficit by the end of fiscal year 2002-03. In his January budget address, he proposed cutting the Vehicle License Fee (VLF) backfill payments to cities and towns, not only for fiscal year 2003-04, but also for the remainder of 2002-03. For San Anselmo, this scenario would result in a \$252,000 loss of revenue in the current fiscal year and \$541,000 in 2003-04.

Vehicle license fees charged to vehicle owners were cut in 1998, when the State enjoyed an enormous surplus and was able to backfill the revenue to cities/towns so that the constitutionally guaranteed funds would continue to go to local government. The legislation was written so as to ensure that, if the State's fiscal situation significantly changed, a "trigger" could be pulled and the VLF would return to pre-1998 levels. The Governor now proposes to simply remove the backfill amount from local government. Legislation has been introduced to pull the trigger and reinstate VLF; however, the outcome of that legislation is uncertain and it may be amended to include strings on how the money can be spent by local government.

It appears certain that regardless of the outcome of the Vehicle License Fees debate, the State's deficit is so enormous that every agency that receives State money will be affected to some extent by the State's efforts to reduce the deficit.

DISCUSSION

Current Budget Year reductions

Possible measures for reducing expenditures in the remainder of 2002-03 are listed below. The expenditure reductions, if enacted right away, would enable the Town to finish the fiscal year within budget if the second half payment of VLF backfill (\$252,000) is withheld by the State. Our 2002-03 budget was prepared based on this projected revenue, and as such the money is already committed to programs and services. In order to ensure that we can balance the budget without the planned \$252,000, staff proposes the following:

- **Freeze vacant positions** – There are currently two vacant positions, a Maintenance Worker II in the Parks Department and the Town Clerk/Administrative Services Coordinator in the Administration and Finance Department. Due to the small size of the Town's operations, leaving these positions vacant will most certainly impact the services provided by the two affected departments. The savings is estimated at **\$72,000**.
- **Capital projects** – Two projects, the repair of the Town Hall Tower and the Creek Park benches and turf can be delayed, for a savings of **\$50,500**.
- **Management raises** – Management employees are reviewed for salary increases on January 1 each year. The management staff has agreed not to ask for a salary increase at this time; rather, they agree to delay any consideration to July 2003. \$43,000 was initially reserved in Contingency for management increases, but changes proposed in the mid-year budget review reduce Contingency to **\$29,000**.
- **Enhanced Department savings** - Town policy is to use the year-end carryover funds (the excess of budgeted-to-actual revenues and expenditures) to fund capital and equipment projects in the next budget year. Staff proposes to create extraordinary savings this fiscal year by requesting that Department Managers reduce spending in their department and office supply budgets by 25% of the balance remaining on December 31, 2002. Staff projects a savings of **\$20,000**.
- **Training** - The various department training budgets have a remaining balance of \$16,500. Staff proposes to request departments to cut back on all but essential training, and to require prior approval of the Town Administrator when training attendance is proposed. The goal would be to save **\$10,000**.

The above reflects a total projected saving of **\$181,500** between now and June 30. The difference of approximately \$70,000 would have to be made up out of the year-end

carryover figure if the VLF backfill funds are actually lost. If they are not lost, the Town would be in the position of having a higher than usual carryover, providing some cushion for the inevitable budget cuts in 2003-04.

Fiscal Year 2003-04 Possible Budget Reductions

Council directed staff to begin preliminary budget projections for 2003-04 in order to evaluate what effects 5% and 10% cuts in revenue would have on the Town's budget. Based on revenue and expenditure projections for 2003-04, 5% and 10% cuts in revenue would equate to approximately \$490,000 and \$980,000 respectively. Half of the Town's \$9.8 million budget goes to fund the Public Safety program. Salary and related personnel costs for both safety and non-safety employees make up about 73% of the total budget. Significant funding cuts necessarily mean cuts in personnel, both public safety personnel and non-safety personnel, and corresponding reductions in the quality and quantity of programs and services that departments can provide. The options listed below are unranked, listed in order of descending financial impact, and represent a total 10% reduction in the Town's budget. Fire Department expenditures represent approximately 20% of the Town's budget and, as such, are listed second, although the possibility of reductions is unknown.

Options for Budget Reductions

- Police Department – Police Department services such as traffic enforcement, parking enforcement and extra dispatch capability could be eliminated in a 10% cut. Such a cut would eliminate a Police Officer position, a Parking Enforcement Officer and a Police Dispatcher. Savings would be realized in the amount of **\$200,000**.
- Fire Department – The Ross Valley Fire Department is a separate service shared with Sleepy Hollow and Fairfax. San Anselmo's share of the annual cost for fire protection is \$1.8 million. Because of minimum staffing level requirements, personnel cuts are not an option without closing a fire station. In addition, the Town makes an annual contribution of \$60,000 toward the Fire Equipment reserve. Decisions regarding the Fire Service rest with the Ross Valley Fire Board. **\$ unknown.**
- Capital and Equipment - The Capital Reconstruction Fund and the Equipment Fund are funded by the previous year's carryover, in a 70/30 split. The carryover amount averages about \$200,000 per year. Eliminating all new capital projects and new equipment purchases would save **\$200,000**.
- Freezing Vacant Positions – At present there are two vacant positions that could remain frozen for a savings of **\$142,000**. Additional savings may be realized if there are other resignations. Only one is anticipated at this time; however, it is a unique, pivotal position in the Police Department and, as such, is proposed to be filled.

- Animal Control – Marin cities and towns are exploring whether there is a legal requirement for cities to provide animal control services, given the high cost of participation in the countywide program and the perceived lack of quantifiable return. The Town currently contributes **\$106,000**.
- Recreation Department – At present, all costs incurred and revenue received by the Recreation Department are accounted for in the Recreation Fund, except for the salary and benefit costs of the Recreation Director (\$100,000). It may be possible to raise program fees and transfer some of the cost of the Recreation Director to the Recreation Fund, perhaps initially at 30%. This measure would save **\$30,000** and with further study and planning, could possibly be increased in future years.
- Community Service Investments – Eliminating the Town’s contribution to the various community service organizations, such as Marin Mediation Services, Marin Abused Women’s Services, Rape Crisis Center. These very worthy community causes will no doubt be suffering from state cuts as well and the reduction would be very difficult for them: **\$19,000**.
- Public Works Department – Providing a reduced level of street sweeping service could save \$15,000, but might result in additional problems with drains clogged with leaves and potential flooding. **\$15,000**
- Robson Stopby Program – Eliminate the General Fund contribution to the Robson Afterschool Stopby Program. This program is provided free to children in the neighborhood of Wade Thomas School and the funding cut would either jeopardize the program or require that families pay for the service. **\$13,000**.
- Promotion of Commerce – The non-departmental budget has \$7,000 intended to promote commerce in town. **\$7,000**

The above reductions total \$732,000. The following are possible one-time measures that could be used to supplement budget funds to buy time to implement possible revenue enhancing measures, such as raising business license, recreation and planning fees:

- Emergency Projects Fund – This fund is maintained at **\$100,000** for unanticipated emergencies. As a one-time budget supplement, this money could be transferred to the General Fund.
- Road Maintenance Fund - This year \$200,000 was transferred from the undesignated reserve to the Road Maintenance Fund, in order to build up funds for road maintenance when Measure G bond funds are spent. At the time the Council took this action, it was noted that if the Town had need for the money it would still be available. **\$200,000**.

SUMMARY

The reductions outlined in this report call for cutting five (5) of the Town's sixty two (62) positions and account for 34% of the proposed savings. Capital and Equipment reductions represent 20% of the proposed savings. Further reductions are in outside services (10%), other department services (5%) and community programs (4%). The one-time possible reductions represent 27%, and could be used to allow time to evaluate and process possible fee increases and investigate other sources of revenue.

CONCLUSION

The budget reductions outlined in this report are, without exception, painful and difficult to recommend. The Town Council and staff have worked hard to provide quality programs and services to the Town of San Anselmo despite the funding restrictions under which we continually operate. The State's budget deficit provides the Town with yet another challenge to overcome. I would like to thank the Town's Department Management staff for leading the way by offering to delay salary increases; the Parks Director and the Finance & Administrative Services Director for graciously accepting the fact that their vacant positions may not be filled; and the Police Department command staff and members of San Anselmo Police Officers Association for their grace under fire.

Respectfully submitted,

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Town Administrator

Copy: Donna Cohen, Town Treasurer
Department Managers