



Legislation Text

File #: 22-241, **Version:** 1

FROM:

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SUBJECT:

2021-2022 Budget Amendment and 2022-2023 Preliminary Proposed Budget and Work Plan

RECOMMENDATION

That Council approve the attached resolution amending the 2021-2022 Budget and conduct a public hearing on the Preliminary Proposed 2022-2023 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 attached documents indicate that a balanced budget is anticipated in the General Fund for the 2022-2023 fiscal year. In the 2021-2022 fiscal year, the revised budget estimated an operating surplus of \$28,459. The most recent information indicates, the 2021-2022 will end with a larger operating surplus of approximately \$935,864. This increase is mainly due to increases in property taxes. Staff recommends amending the FY 2021-2022 Transfers out budget by \$600,000, which includes \$200,000 to Building Maintenance Fund to fund the Town's deferred building maintenance needs, \$200,000 to the existing Insurance Fund as well dealing with unanticipated surge of Insurance premium and claims, and \$200,000 to the Emergency Project Fund to fund any unexpected items that occur like the Center Avenue Bridge Sinkhole. The estimated beginning fund balance as of July 1, 2022, is \$6,650,793 or 27.7% of expenditures and transfers out. This reserve is expected to be maintained for 2022-2023 as the proposed budget is a balanced budget. The following are the major changes to the 2022-2023 general fund budget as compared with the 2021-2022 budget:

Revenue

- Secured property tax, the General Fund's main source of revenue, is expected to increase by approximately \$495,468 as compared to the 2021-2022 estimated actual based on year-to-date collection from the Marin County Department of Finance. Total property taxes are expected to increase by approximately \$637,549 or 4.3%, as compared to the 2021-2022 year-end estimate.
- General Fund Sales Tax category, which includes regular sales tax and Prop 172 Sales Tax, will see a

decrease of (\$70,000) or (4.6%) due to an expected slow-down in retail and online sales activities.

- The overall increase to revenue and transfers-in as compared to the fiscal year 2021-2022 estimated actual is approximately \$497,689.

Expenditures

- The total increase for salaries is approximately \$210,025 as compared to the 2021-2022 revised budget, which represents the following adjustments:
 - 4.5% salary schedule increase for SEIU employees as well as for employees in the management and confidential groups effective July 1, 2022.
 - Anticipated step increases for eligible employees.
 - Two positions - Code Enforcement Officer and Public Works Manager (Public Works Department).
- The Town issued Pension Obligation Bonds in September 2021 to fund the Town's unfunded liability with CALPERS. The issuance of the bonds due to the favorable interest rate environment created a savings between the bond payment schedule and CALPERS amortization schedule. That savings will be sent the Pension Trust to address any future unfunded liability concerns. In the 2022-2023 budget that amount is approximately \$246,000 and budgeted in the non-departmental fund of the General Fund.
- Health insurance costs are based on six months of the January 1, 2022 Kaiser medical insurance rate and another six months with a 4% escalator. The Town pays up to the Kaiser family rate for employees hired prior to July 1, 2014. Employees hired after July 1, 2014 have their medical benefits limited to a maximum of \$1,950 per month.
- Payments for Pension Obligation Bonds is \$528,976 in accordance with the debt service agreement, this is the first payment for the 2021 Pension Obligation Bonds.
- The payment to the Central Marin Police Authority for police services has increased by \$252,272 or 5.38% over prior year budget.
- The direct member contribution to Ross Valley Fire Department related services has increased by \$229,891 or approximately 5.17% from prior year budget.
- Included a budget of \$500,000 for updating Housing, Circulation, and Safety Elements of the Town's General Plan.
- The total increase to expenditures and transfers out is \$883,654 as compared to the 2021-2022 estimated actuals.

Other Funds:

MEASURE D SALES TAX FUND - The Measure D Sales Tax Fund is expected to receive \$1,210,000 in revenue in FY 2022-2023, which represents about \$10,000 more than the amount budgeted in FY 2021-2022 and remains relatively flat from the estimated year-end actual. These proceeds will be expended for road paving, bridge maintenance program, median, and project management.

GRANT FUNDS -The Town expects to receive grants totaling approximately \$717,000 in the 2022-2023 fiscal year in order to complete work related to bridges, roadway improvements, and flood control.

RECREATION FUND- In FY 2022-2023, the proposed budget includes a significant increase in revenue \$529,007 and expenditures \$370,263 from 2021-2022 budgeted. This is due to the lifting of the Covid-19 restrictions and participation level growth across existing programs, our sports programs offered an opportunity to get outside, and the department brought back pre-pandemic programs and added new and creative programs.

LIBRARY TAX FUND -The Library Parcel Tax has increased from \$64.48 per parcel to \$66.41 per parcel, resulting in an additional \$8,657 in revenue for supplemental library services.

MEASURE A PARK TAX FUND -The Town Council approved the Memorial Park Playing Field Repair Project for an estimated amount of \$675,000 in FY2020-2021. Due to the water shortage emergency, this project was postponed and now included in FY2022-2023 budget.

CLIMATE ACTION FUND - The creation of the fund is intended to help the Town build its capacity to identify and undertake climate action at the municipal level. The proposed budget includes provided funding of \$55,000 for Climate Action Coordinator shared with the Town of Fairfax and \$50,000 for projects.

SPECIAL REVENUE FUND - CREEKSIDE COMMONS FUND - The creation of the fund is intended to track all the activities that related to the Creekside Commons project and provide transparency of this once a lifetime public fundraising effort project. Since June 25, 2019, the Town has received a total donation amount of \$450,500 for this project.

INTERNAL SERVICES FUNDS - BUILDING MAINTENANCE, TECHNOLOGIE REPLACEMENT, AND VEHICLE REPLACEMENT FUNDS - The purpose of these funds are to account for the cost of operating and maintaining the Town's building, network system, and vehicle program; to accumulate funding and build up reserves to fund future needs.

WORK PLAN GOALS

The Town will continue to carry on the work plan priorities that were set by the Town Council and department management staff at the April 27, 2021 Town Council meeting. These priorities are reflected on the corresponding department pages or in the narrative of the corresponding fund.

CEQA AND CLIMATE ACTION PLAN CONSISTENCY

The proposed project is exempt from the California Environmental Quality Act (CEQA), under the "common sense" exemption, because it can be seen with certainty that there is no possibility that the activity in

question may have a significant effect on the environment. (Cal. Code Regs. tit. 14, § 15061).

CONCLUSION

The action recommended for the Council is to approve the budget amendment for FY2021-22 and conduct the public hearing on the Proposed 2022-2023 Budget and Work Plan. Pending the outcome of the public hearing, the next step will be to incorporate any changes identified by Council and bring the Budget and Work Plan back to Council for adoption at the June 28, 2022, meeting.

Attachment 1 - Fiscal Year 2022-23 Draft Budget and Workplan