

ADOPTED BUDGET & WORK PLAN

2007 - 2008

**Wayne Cooper, Mayor
Ted Freeman, Vice Mayor**

Peter Breen

Judy House

Barbara Thornton

Debra Stutsman, Town Manager

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Wayne Cooper
Mayor

Ted Freeman
Vice Mayor



Peter Breen
Council member

Judy House
Council member

Barbara Thornton
Council member

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July 18, 2007

Honorable Mayor and Members of the Town Council:

I am pleased to submit for your review and public hearing the Proposed 2007-08 Budget and Work Plan.

This proposed budget reflects the Town's slow recovery from the last five difficult years, with funds allocated to capital projects, equipment purchases, road maintenance and employee salary increases.

Background

The Town's financial outlook fell into a declining state beginning in fiscal year 2001-02, due to the poor economy, takeaways from the State of California, declining revenues and rising expenditures. In spite of experiencing a steady real estate market and associated construction activity, expenditures continued to outstrip revenues through 2005-06.

During those five years expenditures were reduced by leaving nine positions vacant, laying off five employees, slashing department budgets, eliminating training opportunities, and deferring equipment purchases, capital projects and maintenance to Town buildings. Employee salary increases were deferred. In addition, fees and fines were increased and parking meters installed in Town parking lots. Town staffing levels dropped from 63 full time employees to 49.

On December 31, 2005 the Town of San Anselmo experienced a devastating flood as the result of unusually heavy winter rains. The Town's public buildings were not spared. The Police Department, Fire Department, Council Chambers, Public Restrooms and the lower floor of the Library were rendered inoperable by the floodwaters.

In 2006-07, the Town's budget was stabilized at reduced levels, with funds allocated to road maintenance, equipment, capital projects and employee salary increases.

Accomplishments for 2006-07

- **Flood Recovery in Community** – Staff worked with residents to submit federal grant requests for individual home elevations, as well as one creek stabilization project. The Town acts as the sponsor for these projects and homeowners receive federal funding for a portion of their projects.
- **Flood Recovery in Town facilities** - Reconstruction was completed on the flood-damaged Library and public restrooms. Work to reconstruct the Police Department and Council Chambers is nearly complete. Planning began to reconstruct and improve the downtown fire station and the project will be ready for approval shortly.
- **Ross Valley Watershed** – Staff participated in the Ross Valley Watershed effort to place a Storm Drainage Fee before the voters to ensure funds for hydraulic modeling, capital, maintenance and environmental projects and improved emergency response systems, with the intent of reducing the risk of flooding in the Ross Valley.
- **Capital Projects** - Creek Park received much needed electrical improvements and new picnic benches and the Millennium Playground and picnic benches were professionally resealed.
- **Disaster Preparedness** – The Disaster Council, through the Ross Valley Fire Department, has worked with other Marin communities to prepare a two-hour community preparedness course that will be unveiled in the fall.
- **Centennial Celebration** – The Town's 100th birthday is being celebrated throughout 2007 with a series of events, culminating in a community picnic scheduled for September 2007.

Flood Recovery

The flood continues to have a major impact on the Town's financial situation. Over \$2.2 million in flood recovery has been spent to date in Town-wide recovery activities. We have received \$566,000 in reimbursement from the Federal Emergency Management Agency (FEMA) and \$476,000 from the National Flood Insurance Program (NFIP). FEMA has committed to another \$400,000 in reimbursement in response to our appeals to claim denials. The Town has been reimbursed or has commitments for reimbursement for \$1.44 million out of the \$2.2 million spent to date.

Fiscal Challenges

The long-term fiscal challenges facing the Town are:

- Regaining the progress lost during these very lean years in maintaining the Town's buildings, parks and other public facilities and replacing old, outdated equipment.
- Recovering from the devastating flood of 2005 while simultaneously trying to come back from four years of severe cutbacks.
- Ensuring sufficient funds to maintain the Town's streets and storm drain infrastructure at current levels.
- Restoring Town services that have been cut, such as Library hours and staffing.
- Relying heavily on a relatively fixed tax base, restricted by a geography offering few development possibilities for tax revenue expansion.
- Retaining experienced Town staff through sufficient employee compensation to remain competitive in the employment market. The high cost of living in Marin County makes attracting and retaining qualified employees difficult.

Meeting the Challenge

The proposed 2007-08 budget allocates funds to road maintenance, capital projects, equipment purchases and employee salary increases. Funds have been put aside toward the considerable flood expenses that will not be covered by FEMA or by the Town's flood insurance.

The 2007-08 budget reflects funds for the following capital projects, beyond the considerable flood recovery expenditures, as follows:

- Curb ramp and detectable warning projects town wide.
- Improvements to Fire Station 20 on Butterfield Road.
- Flood prevention equipment in the Library

In addition, funds are budgeted for equipment expenditures, including:

- Replacement of the Town's accounting hardware and software, which is no longer supported by the manufacturer.
- Purchase of carpet for the Town Hall second floor offices.
- Purchase of critical Police Department equipment, including MERA radios, evidence trailer and work stations for the new facility.

The budget also includes a \$400,000 contribution to the Town's Road Maintenance Fund, reflecting the Council's commitment to maintain the progress accomplished by the Town's Measure G bond program.

Work Plan Goals

Each Town department head, in conjunction with the Town Manager, recommends two to four work plan items to undertake during the upcoming fiscal year. In recognition of the fact that we are continuing to work toward normalizing operations since the flood, the department head staff agreed to three joint work plan goals this year, as follows:

- Sustainability – Begin work to introduce ordinances that encourage sustainable practices, including green building, demolition reuse and recycling, energy efficiency and clean air, and seek out opportunities in Town operations to utilize principles of sustainability.
- Flood Recovery - Continue flood recovery efforts, including rebuilding of the downtown Fire Station, sponsoring federal home elevation grants for local homeowners and planning flood mitigation measures at the Fire Station and Town Hall with federal grant money.
- Disaster Preparedness – Conduct community disaster preparedness training in conjunction with other cities/town, obtain grants for necessary emergency equipment, attend emergency preparedness training designed for Town staff.

Budget Format

The operations of the Town are budgeted primarily in the Town's General Fund. Significant maintenance projects and other capital improvements are contained in the Capital Reconstruction Fund. Road and drainage improvement projects are funded through the Road Maintenance Fund and grants in the Traffic Congestion Relief Fund. The Recreation Fund accounts for most of the revenue and expenses related to recreation programs.

A list of all of the Town funds, a description of their functions, and a summary of revenue and expenses are contained in the Overview of Funds section at the beginning of the budget document.

Conclusion

The proposed 2007-08 budget represents a prudent budget that addresses the Town's most pressing capital and equipment needs, while maintaining a staffing structure that strives to meet the needs of its citizens. While our staffing numbers remain at reduced

levels, the Town's staff remains committed to providing excellent community services to the residents of San Anselmo.

Acknowledgements

I would like to take this opportunity to thank the Town staff for their commitment to San Anselmo and continuing support during difficult times. Our employees continue to meet the challenge every day. Special recognition goes to the Finance Department staff, Janet Willis, Joanne Kessel and Joan Vermond for their diligence accounting for the Town's revenues and expenditures. Finally, heartfelt kudos go to Finance and Administrative Services Director Janet Pendoley for her considerable skill in ably and professionally managing the Town's finances through the last seven years.

Respectfully submitted,

A handwritten signature in cursive script that reads "Debra Stutsman".

Debra Stutsman
Town Manager

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TOWN OF SAN ANSELMO FUNDS

GENERAL FUND DEPARTMENTS/BUDGETS

Administration & Finance
Contingency
Engineering & Inspection
Fire
Legal Services
Library

Non-Departmental
Planning and Building
Police
Recreation
Streets and Parks Maintenance
Town Council

OTHER FUNDS

- **Capital Reconstruction**

Revenues and expenditures for capital improvement projects in parks, buildings, and other Town facilities. The source of funds is primarily the General Fund. Historically, the Capital Reconstruction Fund receives 70 percent of the excess revenues in the prior fiscal year, less any funds transferred to the Emergency Projects Fund.

- **Citizens Option for Public Safety (COPS)**

Revenue received from the State of California to enhance law enforcement efforts. In recent years, San Anselmo has received approximately \$100,000 per year. The funds are used primarily to fund a portion of one dispatch position and a portion of one officer.

- **Downtown Revitalization**

Revenues and expenditures for the design, fundraising, and related costs for the Downtown Revitalization project to construct streetscape improvements on San Anselmo Avenue in the downtown in 2000 and 2001 and the plaza work in 2002. The primary sources of funds are donations from the San Anselmo 2000 fundraising campaign and the Metropolitan Transportation Commission's Livable Communities grant.

- **Emergency Projects**

Expenditures made in the event of an emergency. Revenue received includes reimbursement from the federal and state government for emergency response during a proclaimed disaster, and from private property owners for work performed on private property by the Town on an emergency basis.

- **Equipment**

Revenues and expenditures for Town equipment. The source of funds is primarily the General Fund. Historically, the Equipment Fund receives 30 percent of the excess revenues

Town of San Anselmo Funds continued

carried over from the prior fiscal year, less any funds transferred to the Emergency Projects Fund.

- **Insurance**

Revenues and expenditures related to the Town's payments to its liability and workers' compensation self-insurance programs. The source of funds is primarily a transfer from the General Fund.

- **Isabel Cook Complex**

Rent revenue and expenditures for building maintenance, utilities, and capital improvements. The primary source of revenue is rental of office and studio space.

- **Measure G Bond Proceeds**

In June 1995, the San Anselmo voters approved a \$10.8 million general obligation bond measure to fund improvements to streets, storm drains, and the library building. The Measure G Capital Projects budget is adopted by the Council in the spring of each year, in advance of the construction season. The source of revenues is the sale of general obligation bonds.

- **Measure G Debt Service**

Property taxes accrued to pay the debt service, administrative fees and bond issuance expense on the Measure G bond funds.

- **Recreation**

Revenues and expenditures for recreation programs and their related overhead.

- **Road Maintenance**

Road Impact Fees, General Fund contributions and investment earnings from the idle Measure G bond funds. Unlike bond funds, interest earnings may legally be used for slurry seal projects. Per Town Council direction, interest earnings are reserved for slurry seal projects and other road maintenance. Revenue from Road Impact Fees is restricted to road maintenance projects.

- **Robson Fund**

Rental income from the Robson Harrington House. Revenue is utilized to maintain the house.

- **Special Events**

Revenues and expenditures related to special events.

- **State Gasoline Tax**

Town of San Anselmo Funds continued

State gas tax funds distributed to cities, towns, and counties on a per capital basis to fund street maintenance work. Revenue received into this fund is transferred to the General Fund to support the street maintenance budget.

- **Traffic Congestion Relief**

Revenue related to legally restricted funds obtained through grants for traffic congestion relief. In most cases, grant funds cover a portion of the total cost of the project and the required matching funds are reflected in the Road Maintenance fund.

OVERVIEW OF FUNDS CHANGES IN FUND BALANCE

2007 - 2008

DESCRIPTION	Estimated Fund Balance June 30, 2007	Revenue	Transfers In	Total Resources Available	Expenditures	Transfers Out	Estimated Fund Balance June 30, 2008
General Fund	1,466,687	12,713,430	241,147	14,421,264	11,838,315	1,116,262	1,466,687
Capital Reconstruction	229,491	266,124	133,500	629,115	629,115	-	-
COPS	-	100,000	-	100,000	100,000	-	-
Downtown Revitalization	24,481	-	-	24,481	24,481	-	-
Emergency Projects	159,519	337,600	-	497,119	678,340	-	(181,221)
Equipment	131,059	14,154	300,280	445,493	345,399	-	100,094
Insurance	1,545,371	-	282,482	1,827,853	699,758	-	1,128,095
Isabel Cook Complex	(21,778)	147,932	-	126,154	177,194	-	(51,040)
Measure G Bond Proceeds	115,302	-	-	115,302	115,302	-	-
Measure G Debt Service	657,606	656,099	-	1,313,705	748,558	-	565,147
Recreation	713	1,138,216	-	1,138,929	1,134,995	-	3,934
Road Maintenance	1,322,297	278,600	400,000	2,000,897	1,246,769	-	754,128
Robson House	76,098	42,594	-	118,692	38,883	-	79,809
Special Events	11,180	-	-	11,180	6,141	-	5,039
State Gasoline Tax	-	241,147	-	241,147	-	241,147	-
Traffic Congestion Relief	146,330	385,982	-	532,312	438,065	-	94,247
TOTAL	5,864,356	16,321,878	1,357,409	23,543,643	18,221,315	1,357,409	3,964,919