

**TOWN OF SAN ANSELMO  
STAFF REPORT  
July 18, 2012**

For the Meeting of July 24, 2012

TO: Town Council

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

SUBJECT: Budget Update

---

**RECOMMENDATION**

That Council review the update report on the 2011-12 budget and proposed 2012-13 budget.

**BACKGROUND**

At the meeting of July 10, Council set a meeting date of Tuesday, August 7, to hear the proposed 2012-13 budget. Prior to that meeting, staff would like to give a short update on the budget situation.

**DISCUSSION**

San Anselmo has been struggling financially since 2003 with rising expenditures, particularly in the area of employee costs, and sluggish revenues, particularly in property tax revenues. 75% of the Town's General Fund revenue comes from property tax. At the height of the real estate boom, property tax revenues increased by as much as 8 or 9% annually. The worldwide economic recession has changed that trend. In 2010-11 the Town's secured property tax revenues increased by 1.2% but total property taxes actually fell due to a decrease in the ERAF (Educational Revenue Augmentation Fund). In 2011-12 property tax revenue increased by about 1.7%. Projections for 2012-13 are for a 2% increase in property tax revenues. By way of perspective, for every dollar that a San Anselmo property owner pays in the basic property tax of 1% of assessed valuation, the Town receives 21 cents.

2011-12 Budget Year

2011-12 has been a particularly difficult budget year. While our budgeted expenditures have remained within the parameters of the approved budget, the Town experienced significant unexpected expenditures in two areas.

Expenditures for outside legal assistance for unexpected litigation and investigation costs are projected to exceed the budget by approximately \$200,000. While our Town Attorney has kept his expenses within his budget, outside litigation costs and an extensive investigation that required outside counsel have caused legal costs to exceed budgeted figures.

In addition, workers compensation costs for several Police Department employees injured on the job, associated overtime and significant separation costs in the Police Department have caused expenses of \$200,000 above anticipated expenditures.

Expenditures in the 2011-12 fiscal year will exceed revenues by approximately \$400,000. This operating deficit is the result of the mid year budget revision, which estimated an operating deficit of approximately

\$100,000, as well as the \$400,000 in unanticipated expenditures discussed above. Partially offsetting the increase in expenditures is an increase in construction fees and planning fees. The ending balance in the General Fund will decrease to approximately \$1.4 million as of June 30, 2012.

### 2012-13 Proposed Budget

2012-13 is looking to be another difficult budget year. Fortunately, our alliance with the Twin Cities Police Department has allowed us to leave three Police positions vacant this fiscal year, including a Police Captain, Police Sergeant and Police Officer. Total savings with these three vacancies will be approximately \$500,000. Most of that savings will have to be allocated this fiscal year to filling the 2011-12 deficit of \$300,000.

Work is proceeding with Twin Cities to complete a financial analysis of the possible consolidation of the two agencies, with a goal of having the process complete by the end of the calendar year. For the current budget year, we are proceeding with the assumption that we will leave the three positions vacant all year, but no other cost savings are included. Should the Town move ahead with Twin Cities, there would be additional savings.

As has been the case for recent years, the proposed budget for 2012-13 will be a status quo budget, with only two exceptions.

The Police Department three-year lease for vehicles was up in 2011-12, and we are not purchasing any new vehicles this year because of our association with Twin Cities. However, we are in need of a new truck in the Public Works Department, and it is proposed that the Equipment Fund include \$40,000 for that purchase.

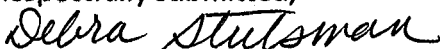
The ongoing operation of the Recreation Department is accounted for in the Recreation Fund. The intention is that the Recreation Fund will be self supporting, with program revenues covering the costs of administering the programs. Some administrative costs for the Recreation Department, such as the Community Services Director's salary, janitorial and internet services, are accounted for in the General Fund.

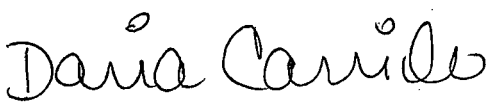
This year staff proposes to add an administrative support position to the Recreation Department. In recent years, Recreation has been asked to handle an increasing amount of coordination for the non-revenue producing community events that have been added over the last several years, including Country Fair Day, Picnics on the Plaza, Goblin's Parade, Spring egg hunts and Breakfast with Santa, as well as Beatles night, Town coordination for Art & Wine, Film Night, Music in the Park, etc. This 30 hour per week position would assist the Director in this event coordination, as well as staffing the front desk and phones in the busy Recreation office.

### **CONCLUSION**

Staff plans to bring the 2012-13 Proposed Budget to the meeting of Tuesday, August 7, and would welcome Council comments and direction.

Respectfully submitted,

  
Debra Stutsman  
Town Manager

  
Daria Carrillo  
Finance and Administrative Services Director