



**TOWN OF FAIRFAX**  
**STAFF REPORT**  
**August 7, 2013**

**TO:** Mayor and Town Council

**FROM:** Michael Vivrette, Finance Director 

**SUBJECT:** Resolution Adopting the Town of Fairfax Operating and Capital Improvement Budgets for Fiscal Year July 1, 2013 through June 30, 2014 and providing for the appropriation of expenditures in said budgets and repealing all resolutions in conflict therewith

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**RECOMMENDATION**

Approve Resolution 13-42 adopting the FY 2013-14 Budget

**DISCUSSION**

At the June 10<sup>th</sup> meeting, the council held the budget workshop for Fiscal 2013-14.

At the July 24<sup>th</sup> meeting, the council held the public hearing on the budget.

Based on discussion at the July 24 meeting, several adjustments were made (see Errata Exhibit "A").

Additional exhibits not affecting budget totals may be distributed at the meeting.

The adopted budget will be printed after adoption and will include additional cosmetic and suggested changes to exhibits from the budget hearing and discussions.

**ATTACHMENTS**

Exhibit "A" Budget Errata

Note: Proposed Budget for Fiscal 2013-14 (distributed in council packet for July 24, 2013)

RESOLUTION NO. 13- 42

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF FAIRFAX ADOPTING THE TOWN OF FAIRFAX OPERATING AND CAPITAL IMPROVEMENT BUDGETS FOR FISCAL YEAR JULY 1, 2013 THROUGH JUNE 30, 2014 AND PROVIDING FOR THE APPROPRIATION OF EXPENDITURES IN SAID BUDGETS AND REPEALING ALL RESOLUTIONS IN CONFLICT HEREWITH**

**WHEREAS**, the Town Council of the Town of Fairfax has reviewed the proposed Operating Budget for FY 2013-14 and Capital Improvement Program for FY 2013-14 and has held such public hearings as are necessary prior to adoption of the Final Budget;

**NOW, THEREFORE, BE IT HEREBY RESOLVED** that the Town Council of the Town of Fairfax finds as follows:

1. That the budget for FY 2013-14 presented by the Town Manager in the document "Town of Fairfax, 2013-14 Operating and Capital Improvement Budget" is hereby approved and adopted as amended herein and attached as Exhibit "B".
2. That the total General Fund operating Budget is \$7,324,294 and is hereby appropriated for Department expenses as follows:

Town Council	\$ 184,102
General Administration	\$ 687,272
Developmental Services	\$ 531,164
Public Safety	\$ 4,619,532
Public Works	\$ 522,748
Parks & Facility Maintenance	\$ 209,776
Non Departmental	<u>\$ 569,700</u>

**TOTAL OPERATING BUDGET \$ 7,324,294**

3. That \$ 742,689 is hereby appropriated for the retirement fund, special non-general fund programs and replacement funds.
4. That \$ 3,471,120 is hereby appropriated for Capital Improvement Programs for Fiscal Year 2013-14.

The foregoing Resolution was duly passed and adopted at a regular meeting of the Town Council of the Town of Fairfax held in said Town on the 7st day of August, 2013, by the following vote to wit:

AYES:  
NOES:  
ABSENT:

\_\_\_\_\_  
John Reed, Mayor

Attest:

\_\_\_\_\_  
Town Clerk

# TOWN OF FAIRFAX

## **2013 - 2014 Operating and Capital Improvement Proposed Budget**

### **ERRATA**

#### **Five Year General Fund Forecast**

Narrative for Five Year General Funds Forecast

Table F1 - Retirement Costs (new table)

Table G1 - Health Care Costs (new table)

#### **Operating Budget**

Page 6A - Appropriations for all funds (new exhibit)

Page 36 - Fire Department Message (omitted from original)

Page 51 - Fund 04 Building & Planning (omitted from original)

# TOWN OF FAIRFAX

## Five Year General Fund Forecast

### Five Year General Fund Forecast

This section projects General Fund expenses and revenues over a five year period (FY13-14 thru FY17-18). The forecast allows the Town Council an opportunity to plan for the future based on projected revenues and expenditures.

Table A shows that over the 5 year period, the Town will need to slightly dip into General Fund (GF) reserves annually to balance the budget. As a percentage of overall GF expenses, the amount is less than 1% each year. However, the net effect is that the Town would be unable to increase its general fund reserves to the desired level of 25% of GF expenses. In FY13-14, the Town estimates an ending GF reserve balance of approximately 24% of GF expenses. It should be noted that the Town typically meets the 25% requirement at year end because it does not spend 100% of GF appropriations each year due to staff turnover or project/programs being deferred to the following year. For the 5 year period, the GF reserve percentage declines every year to a low of 21% in FY17-18.

Table B shows projected GF revenue not including transfers in from other funds. Fiscal Year 13-14 shows significant growth (5.9%) above the budgeted amount in FY12-13 primarily because of the ½% sales tax approved by Measure D. The revenue generated from Measure D was about 60% higher than anticipated in FY12-13. However, from FY14-15 to FY17-18, revenues are only projected to grow by 1.5% to 2% per year.

Similarly, GF appropriations/expenditures are projected to increase by 4% in FY13-14 and then range from 1.2%-1.6% in annual increases over the remainder of the five year period. Fiscal Years 13-14 and 14-15 will reflect newly negotiated Memorandum of Understanding (MOU's) with the represented groups which includes COLA's. However, fiscal years 15-16 to 17-18 do not include any COLA's. Table A describe the assumptions related to the expenditures which anticipates savings from some staff turnover or retirements and permanent expense reductions.

By far the greatest impact to the Town Budget are the two cost factors the Town has no control over: health care and retirement costs. The forecast assumes an annual increase of 6% and 7% for health care and retirement costs, respectively. Refer to Tables F & F1 for historical data on health care and Table G & G1 for retirement costs, respectively. Table C provides more detail on the GF revenues and assumptions used in the forecast.

## **Revenue Scenarios**

The Five Year forecast assumes a stable revenue base. However, Table D shows what would happen if two revenue measures are not renewed: Measure I (parcel tax) and Measure D (1/2% sales tax). Measure I is slated to expire in 2015. Measure I accounts for \$460,000 or almost 9% (not including transfers) of the total GF revenue to the Town. Similarly, Measure D would represent almost 7% of GF revenues in FY17-18. The combined effect of losing both funding sources and keeping expenditures at the same level as forecasted would result in a negative GF reserve fund in FY17-18. The GF 5 Yr Forecast graph dramatically illustrates the impact to revenues.

## **Revenue Options**

Based on the possibility of losing significant revenues, there are several options the Council can consider to address this situation. Table E shows the revenue options that the Council may want to consider in the future. The Council can always mix'n'match the following revenues options:

- Pursue the renewal of Measure I in 2014 prior to its expiration.
- Pursue the renewal of Measure D in 2016 prior to its expiration.
- Maximize the utility tax rate by increasing the rate from 4% to 5%.
- Explore/Implement a managed parking system to generate parking revenues.
- Increases fees and permits for Planning and Building Services to be full cost recovery.
- Reduce Town operating expenses

The Council has time to consider these options and determine which approaches best meet the needs of the Town.

**TOWN OF FAIRFAX  
FIVE YEAR GENERAL FUND FORECAST  
TABLE F1 - HEALTH COSTS**

DEPARTMENT	ACTUAL 10/11	ACTUAL 11/12	BUDGET 12/13	ACTUAL 12/13	BUDGET 13/14	PROJECTED 14/15	PROJECTED 15/16	PROJECTED 16/17	PROJECTED 17/18
01-111-491 TOWN COUNCIL	-	-	-	-	-	-	-	-	-
01-112-491 TOWN TREASURER	-	-	-	-	-	-	-	-	-
01-211-491 TOWN MANAGER	3,676	2,886	22,038	18,920	19,621	20,798	22,046	23,369	24,771
01-216-491 VOLUNTEERS	-	-	-	-	-	-	-	-	-
01-217-491 RECREATION	-	-	-	-	2,885	3,058	3,242	3,436	3,642
01-221-491 TOWN CLERK	17,721	8,140	19,014	15,889	18,741	19,865	21,057	22,321	23,660
01-241-491 FINANCE	19,752	19,305	22,038	25,303	23,908	25,342	26,863	28,475	30,183
01-311-491 PLANNING	33,140	31,186	32,703	33,365	38,606	40,922	43,378	45,980	48,739
01-321-491 BLDG INSPECTION	10,145	8,342	9,596	9,784	11,699	12,401	13,145	13,934	14,770
01-411-491 POLICE	244,226	248,628	268,343	270,335	320,637	339,875	360,268	381,884	404,797
01-421-491 FIRE	-	-	-	-	-	-	-	-	-
01-510-491 PUBLIC WORKS ADM	3,416	1,311	1,436	1,601	10,111	10,718	11,361	12,042	12,765
01-511-491 STREET MAINT	35,507	31,846	21,680	26,912	23,119	24,506	25,977	27,535	29,187
01-611-491 PARK MAINT	11,562	18,640	19,638	19,874	21,076	22,341	23,681	25,102	26,608
01-625-491 WC & BALLFIELD	1,762	1,017	-	-	-	-	-	-	-
01-626-491 PAVILION	1,762	1,017	-	-	-	-	-	-	-
01-715-491 NON DEPARTMENT	-	-	-	-	-	-	-	-	-
01-911-491 BLDG MAINT	3,239	2,033	-	-	-	-	-	-	-
	385,908	374,350	416,486	421,984	490,403	519,827	551,017	584,078	619,122
INCREASE %		-3%		13%		6%	6%	6%	6%

**NOTES:** Differences may occur because of (1) rate changes, (2) changes in allocation of employees and (3) changes of plans  
 Health cost projected to increase by 6% per year  
 Health cost for Ross Valley Fire Contract are not included  
 Retiree Health care expenses not included (Dept 715)

TOWN OF FAIRFAX  
 FIVE YEAR GENERAL FUND FORECAST  
 TABLE G1 - RETIREMENT COSTS

DEPARTMENT	ACTUAL 10/11	ACTUAL 11/12	BUDGET 12/13	ACTUAL 12/13	BUDGET 13/14	PROJECTED 14/15	PROJECTED 15/16	PROJECTED 16/17	PROJECTED 17/18
01-111-493 TOWN COUNCIL	3,817	2,754	3,025	2,608	2,449	2,620	2,804	3,000	3,210
01-112-493 TOWN TREASURER		342							
01-211-493 TOWN MANAGER	26,752	24,667	16,930	10,033	12,877	13,778	14,743	15,775	16,879
01-216-493 VOLUNTEERS	3,303	3,424	3,078	3,303	3,343	3,577	3,827	4,095	4,382
01-217-493 RECREATION	3,303	3,424	3,078	3,303	5,664	6,060	6,485	6,939	7,424
01-221-493 TOWN CLERK	17,509	17,785	16,289	14,265	4,144	4,434	4,744	5,077	5,432
01-241-493 FINANCE	22,954	20,246	14,620	13,453	18,936	20,262	21,680	23,197	24,821
01-311-493 PLANNING	41,390	42,042	39,572	39,572	41,209	44,094	47,180	50,483	54,017
01-321-493 BLDG INSPECTION	18,482	18,794	17,387	17,372	16,594	17,756	18,998	20,328	21,751
01-411-493 POLICE	579,247	558,593	532,584	537,937	553,558	592,307	633,769	678,132	725,602
01-421-493 FIRE	506,308	430,691	439,049	393,722	406,335	434,778	465,213	497,778	532,622
01-510-493 PUBLIC WORKS ADM	12,749	2,808	2,603	2,596	9,282	9,932	10,627	11,371	12,167
01-511-493 STREET MAINT	21,169	24,183	20,275	21,040	19,224	20,570	22,010	23,550	25,199
01-611-493 PARK MAINT	10,604	11,975	10,970	11,705	10,407	11,135	11,915	12,749	13,641
01-625-493 WC & BALLFIELD	728	-	-	-	-	-	-	-	-
01-626-493 PAVILION	728	-	-	-	-	-	-	-	-
01-715-493 NON DEPARTMENT	10,436	10,600	9,709	9,962	-	-	-	-	-
01-911-493 BLDG MAINT									
PENSION COSTS	1,279,478	1,172,330	1,129,169	1,080,871	1,104,022	1,181,304	1,263,995	1,352,474	1,447,148
PENSION TAX	1,059,632	1,088,092	1,042,200	1,092,270	1,107,000	1,123,605	1,140,459	1,157,566	1,174,929
FUNDED BY GEN FUND	219,846	84,238	86,969	(11,399)	(2,978)	57,699	123,536	194,908	272,218

NOTES:  
 Includes retirement share of Town contribution to Fire PERS through contract payments  
 Beginning in FY10 to FY 14 Employees pick up an increasing share of their PERS share  
 Difference may occur because of changes in allocation of employees  
 Pension cost projected to increase by 7% per year  
 Pension tax projected to increase by 1.5% per year based on increasing assessed valuation



**APPROPRIATIONS - ALL FUNDS**

APPROPRIATIONS BY DEPT		General Government	Development Services	Public Safety	Public Works & Streets	Parks/Rec & Facility	Non Departmental	FY 2013-14 Adopted
<b>GENERAL FUNDS</b>								
01	General Fund	871,374	531,164	4,619,532	522,748	209,776	569,700	7,324,294
02	Dry Period Fund	-	-	-	-	-	-	-
03	Equipment Replacement Fund	-	-	88,718	-	-	-	88,718
04	Building & Planning Fund	-	-	-	-	-	-	-
05	Communication Equip Replace Fund	-	-	4,000	4,000	-	-	8,000
06	Retirement Fund	-	-	-	-	-	-	-
08	Office Equip Replacement Fund	20,000	-	-	-	-	-	20,000
<b>Total General Funds</b>		<b>891,374</b>	<b>531,164</b>	<b>4,712,250</b>	<b>526,748</b>	<b>209,776</b>	<b>569,700</b>	<b>7,441,012</b>
<b>SPECIAL REVENUE FUNDS</b>								
07	Special Police Fund	-	-	-	-	-	-	-
11	Recreation Fund	-	-	-	-	63,860	-	63,860
12	Fairfax Festival Fund	-	-	-	-	32,000	-	32,000
20	Measure I - Municipal Svs Tax Fund	-	-	-	-	-	-	-
21	Gas Tax Fund	-	-	-	-	-	-	-
<b>Total Special Revenue Funds</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>95,860</b>	<b>-</b>	<b>95,860</b>
<b>DEBT SERVICE FUNDS</b>								
41-45	Measure K - Debt Service	-	-	-	489,153	-	-	489,153
<b>Total Debt Service Funds</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>489,153</b>	<b>-</b>	<b>-</b>	<b>489,153</b>
<b>CAPITAL PROJECTS</b>								
49	Emergency Watershed Protection	-	-	-	-	-	-	-
50	Fairfax Creek Restoration	-	-	-	-	-	-	-
51	Capital Projects - Grants	-	-	-	2,038,000	731,000	-	2,769,000
52	Disaster Fund	-	-	-	200,000	-	-	200,000
53	Capital Projects - Town	-	-	-	502,120	-	-	502,120
54	Pavilion Renovation	-	-	-	-	-	-	-
55	Measure K - Capital Projects	-	-	-	-	-	-	-
<b>Total Capital Projects Funds</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>2,740,120</b>	<b>731,000</b>	<b>-</b>	<b>3,471,120</b>
<b>FIDUCIARY FUNDS</b>								
73	Open Space	-	-	-	-	50,958	-	50,958
<b>Total Fiduciary Funds</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,958</b>	<b>-</b>	<b>50,958</b>
<b>TOTAL APPROPRIATIONS - ALL FUNDS</b>								
		<b>891,374</b>	<b>531,164</b>	<b>4,712,250</b>	<b>3,756,021</b>	<b>1,087,594</b>	<b>569,700</b>	<b>11,548,103</b>
Percent of Total Appropriations (with CIP)		7.7%	4.6%	40.8%	32.5%	9.4%	4.9%	100.0%
Percent of Appropriations (no CIP Funds)		11.0%	6.6%	58.3%	12.6%	4.4%	7.1%	100.0%

## ROSS VALLEY FIRE DEPARTMENT BUDGET MESSAGE

**BACKGROUND:** July 1, 1982, the Fairfax Fire Department merged with the San Anselmo Fire Department to form the Ross Valley Fire Department (RVFD), which is administered under joint powers agreement (JPA) to provide fire protection to Fairfax, San Anselmo, and the unincorporated county area known as Sleepy Hollow. Through June 30, 2010, the Department provided service to Sleepy Hollow through a contract for service with the Town of San Anselmo.

July 1, 2010, the Sleepy Hollow Fire Protection District became a full member of the joint powers agreement. With the addition of Sleepy Hollow, the percentage shares of the Fire Department budget for the three members were set at: Fairfax 30.4%, San Anselmo 52.9%, and Sleepy Hollow 16.7%.

July 1, 2012, the joint powers agreement was amended to include the Town of Ross. With the addition of the Town of Ross the percentage shares of the Fire Department budget for the four members are: Fairfax 23.30%, San Anselmo 40.53%, Ross 23.37% and Sleepy Hollow 12.8%.

**ORGANIZATION:** The JPA is governed by a Board of Directors consisting of eight (8) Directors, two from each agency. An Executive Officers position rotates between the Town Managers of each of the towns. The Executive Officer and the Fire Chief report directly to the Board of Directors.

The department is comprised of the following personnel:

- 1 Fire Chief
- 3 Battalion Chiefs
- 12 Captains\*
- 15 Engineers\*
- 1 Administrative Assistant
- 1 Fire Inspector
- 17 Volunteer Firefighters

\* 3 Captains and 6 Engineers are certified Paramedics

Total: 33 full time employees and 17 volunteers

**2013-14 BUDGET:** The Ross Valley Fire Department operating budget for FY 2013-14 is \$8,303,293. The budget is funded through member contributions of \$7,774,926, outside revenues in the form of contracts for service provided to County of Marin and Ross Valley Paramedic Authority, fees for service related to plan checks and inspections of \$477,612, and reserves of \$318,494. The Town's total contribution to the JPA, for FY 2013-14, is \$1,803,293.

Additional information regarding the Ross Valley Department is available at [www.rossvalleyfire.org](http://www.rossvalleyfire.org).



# Town of Fairfax

## 2013-14 Operating Budget

**FUND 04 BUILDING & PLANNING**  
**DEPT 715 MISCELLANEOUS**

The Building & Planning Fund is used to collect all Building and Planning fees for transfer to the General Fund

<b>FUND SUMMARY</b>		<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>
		<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Projected</b>	<b>Proposed</b>
<b>BEGINNING FUND BAL</b>		(671)	35,525		148,850	117,251
<b>REVENUES</b>						
030 311	BUILDING PERMITS	150,134	148,378	135,000	117,096	120,000
030 312	GENERAL PLAN MAINTENANCE FEES	2,903	2,616	2,500	2,117	2,000
030 313	TECHNOLOGY IMPROVEMENT FEES	4,253	3,646	3,500	3,550	3,500
030 314	ENGINEERING/EXCAVATION	-	-	100	-	-
030 314	ENCROACHMENT FEES	1,188	-	-	1,389	1,000
030 315	HOUSING INSPECTIONS	26,610	33,435	20,000	37,337	37,000
030 317	SEISMIC FEES	673	334	500	435	500
030 318	PLAN RETENTION	209	-	500	(1,894)	-
030 319	STREET OPENING	44,914	16,427	15,000	17,350	17,000
030 320	ROAD IMPACT FEES	102,008	127,405	118,000	95,008	95,000
030 321	INFRASTRUCTURE IMPROV FEES	4,243	3,646	3,500	3,104	3,000
030 904	MISCELLANEOUS			-	2,051	2,000
030 904	COUNTY - OTHER			-	10,000	
	<b>TOTAL PERMITS AND FEES</b>	<b>337,135</b>	<b>335,887</b>	<b>298,600</b>	<b>287,544</b>	<b>281,000</b>
080 801	ZONING & FILING FEES	38,718	119,567	75,000	58,276	60,000
080 805	BUILDING PLAN CHECK FEES	25,826	9,927	10,000	7,384	7,000
080 806	ENGINEERING PLAN CHECKS	29,235	41,151	20,000	15,196	15,000
	<b>TOTAL CURRENT CHARGES</b>	<b>93,779</b>	<b>170,645</b>	<b>105,000</b>	<b>80,856</b>	<b>82,000</b>
	<b>SUBTOTAL REVENUES</b>	<b>430,913</b>	<b>506,532</b>	<b>403,600</b>	<b>368,401</b>	<b>363,000</b>
<b>APPROPRIATIONS</b>						
					-	
					-	
					-	
	<b>SUBTOTAL APPROPRIATIONS</b>	-	-	-	-	-
<b>TRANSFERS</b>						
901	TSFR TO 01-GENERAL FUND	(394,717)	(393,207)	(403,600)	(400,000)	(363,000)
	TSFR TO 53-CIP TOWN					
	<b>SUBTOTAL TRANSFER</b>	<b>(394,717)</b>	<b>(393,207)</b>	<b>(403,600)</b>	<b>(400,000)</b>	<b>(363,000)</b>
	<b>NET DEPARTMENT ACTIVITY</b>	<b>36,196</b>	<b>113,325</b>	<b>-</b>	<b>(31,599)</b>	<b>-</b>
	<b>ENDING FUND BAL</b>	<b>35,525</b>	<b>148,850</b>	<b>-</b>	<b>117,251</b>	<b>117,251</b>
<b>COMPONENTS OF FUND BALANCE:</b>						
	RESERVE - PLANNING DEPOSITS	114,265	108,280		108,280	108,280
	UNRESERVED	(78,739)	40,570		8,971	8,971

**NOTES:**

904 OLEMA ROAD FEASIBILITY STUDY