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# CITY OF BELVEDERE

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## FINANCE COMMITTEE

### AGENDA

May 3, 2022  
Via Zoom  
1:00 p.m.

*On March 3, 2020 Governor Newsom proclaimed a State of Emergency due to the COVID-19 pandemic that remains in effect. This meeting will be held remotely consistent with Executive Order N-29-20 and Assembly Bill 361, modifying provisions of the Brown Act to allow remote meetings at the current time. Members of the public are encouraged to participate remotely via Zoom or telephone pursuant to the information and link below.*

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Dial by your location

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1. Review Draft FY2022-23 Budget and Five-Year Projections - Revised
2. Review Draft Real Property Transfer Tax Ordinance
3. New Business
4. Adjourn

**NOTICE: WHERE TO VIEW AGENDA MATERIALS**

Staff reports and other writings distributed to the Committee, including those distributed after the posting date of this agenda, are available for public inspection at Belvedere City Hall, 450 San Rafael Avenue, Belvedere. (Writings distributed to the City Council after the posting date of this agenda are available for public inspection at this location only.) To request automatic mailing of agenda materials, please contact the City Clerk at 415/435-8908.

**NOTICE: AMERICANS WITH DISABILITIES ACT**

The following accommodations will be provided, upon request, to persons with a disability: agendas and/or agenda packet materials in alternate formats and special assistance needed to attend or participate in this meeting. Please make your request at the Office of the Finance Officer or by calling 415/435-3838. Whenever possible, please make your request four working days in advance.

# City of Belvedere

## Annual Operating & Capital Budget

### Fiscal Year 2022/2023

#### City Council

Sally Wilkinson, Mayor  
James Campbell, Councilmember  
Nancy Kemnitzer, Councilmember  
James Lynch, Councilmember  
Vacant, Councilmember

#### Prepared By

Craig Middleton, City Manager  
Helga Cotter, Administrative Services Director



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Preliminary

# Introduction

Preliminary

(Placeholder for CM Budget Message)

Preliminary

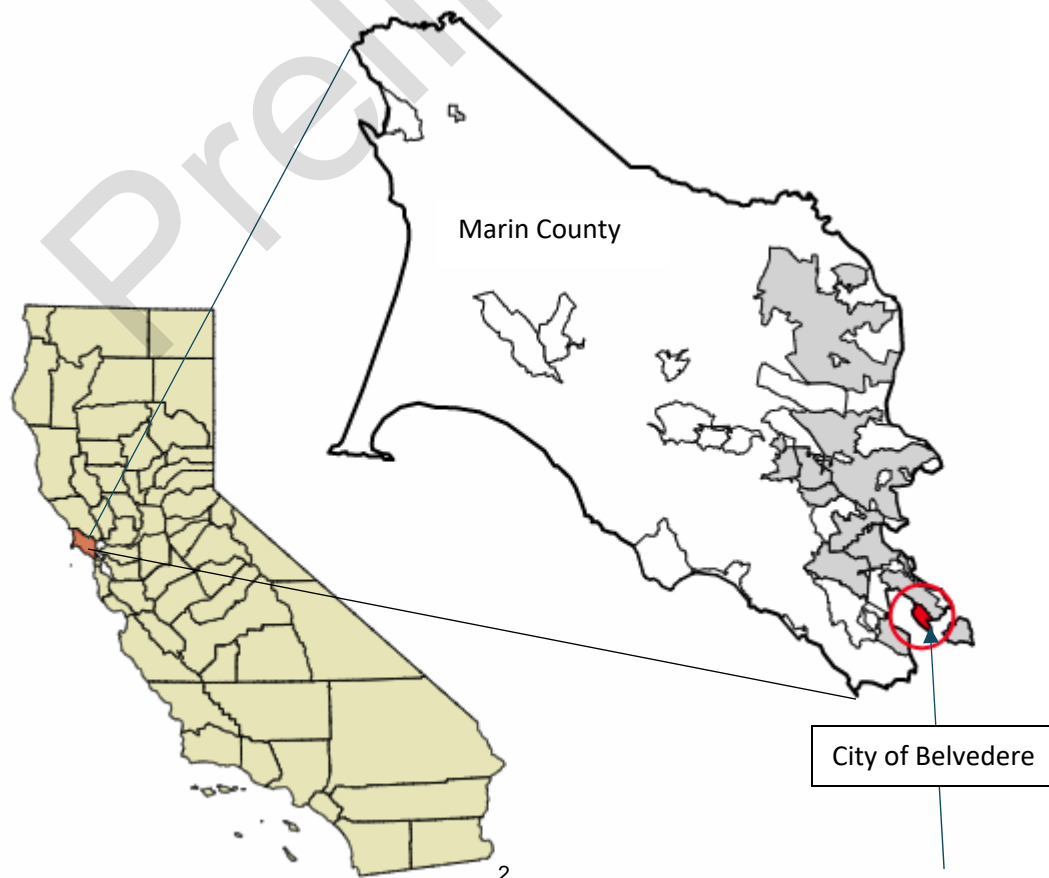
## City Overview

The City of Belvedere (the “City”) was incorporated in 1896. Belvedere is a General Law City, serving a population of just over 2,000. The City is approximately 4 miles north of San Francisco, in Marin County, California. Consisting of two islands and a lagoon, the City is connected to the Tiburon Peninsula by two causeways.

The City is completely built out with single-family homes and approximately 100 rental units. The terrain is predominantly hilly and lush. Some residences were designed by famous architects and are considered historically significant. There are spectacular views of San Francisco, Angel Island, the Golden Gate Bridge, Sausalito, and Mt. Tamalpais.

## Municipal Government

The City operates under a Council-Manager form of government, whereby policies of the City Council are administered by a City Manager who is appointed by the City Council. All municipal departments operate under the supervision of the City Manager. The Council consists of five members who are elected at large for 4-year overlapping terms. The Council elects one of the Council members to serve as Mayor each year. The City provides the following services: police, public works, planning and building, and general administration services. The City contracts with the Tiburon Fire Protection District to provide fire and emergency medical services. The City also shares library and recreation services with the neighboring town of Tiburon, with Joint Powers Agreements in place for both types of services.





# Belvedere Residents

## City Council

Sally Wilkinson, Mayor

City Councilors: James Campbell, Nancy Kemnitzer, James Lynch, 1 Vacancy

### City Attorney

Renne Public Law Group  
*Contract for Services*

## City Manager

Craig Middleton

### Public Safety

#### Police Chief

Jason Wu

#### Tiburon Fire Protection District

*Contract for Services*

#### Police Sergeants

Tom Sabido  
Andrew Rosas

#### Police Officers

Jeremy Clark, Brandon Novotny,  
Vacant  
(1 deferred vacancy)

### Planning & Building

#### Director of Planning & Building

Irene Borba

#### Senior Planner

Vacant

#### Building & Planning Technician

Nancy Miller

#### Building Official

Brian Van Son

#### Building Inspector II

Genaro Muniz

### Administration

#### Administrative Services Director

Helga Cotter

#### Office Coordinator

Christina Cook

#### IT Coordinator

SPTJ Consulting  
*Contract for Services*

#### Mgmt Analyst/ City Clerk

Beth Haener

### Public Works

#### Director of Public Works/Emergency Services Manager

Robert Zadnik

#### Associate Engineer

Chris Barry

#### Maintenance Supervisor

Gerhard Laufer

#### Maintenance Workers II

Alberto Carranza  
Vacant

#### City Engineer

Moe Engineering  
*Contract for Services*



# Budget Calendar

March	<ul style="list-style-type: none"><li>➤ Finance Department distributes preliminary budget documents to Department Heads</li></ul>
April	<ul style="list-style-type: none"><li>➤ Operating &amp; Capital budgets due to Finance Department</li><li>➤ City Manager review begins</li><li>➤ Finance Committee meets to review and discuss Preliminary Budget</li></ul>
May	<ul style="list-style-type: none"><li>➤ Preliminary Operating &amp; Capital Budget presented to City Council</li></ul>
June	<ul style="list-style-type: none"><li>➤ Budget adopted following Public Hearing at City Council Meeting</li><li>➤ Finance Department implements adopted Budget</li></ul>
July	<ul style="list-style-type: none"><li>➤ Budget is monitored internally through monthly financial statements to City Manager and Department Heads</li></ul>
February	<ul style="list-style-type: none"><li>➤ Mid-year budget review is presented to City Council</li></ul>

(Placeholder for Budget Award Sheet)

Preliminary

# Budget Summaries

Preliminary

**OPERATING**

<b>Operating Revenues</b>		
General Fund Revenues	\$	8,583,794
Fire Fund Revenues	\$	1,035,808
<b>Total Operating Revenues</b>	<b>\$</b>	<b><u>9,619,601</u></b>
<b>Operating Expenses</b>		
City Operations	\$	6,408,625
Fire Contract	\$	2,001,509
Debt Payments (Pension-related)	\$	242,669
Legal Damages/Settlements	\$	-
<b>Total Operating Expenses</b>	<b>\$</b>	<b><u>8,652,802</u></b>
<b>Other Deductions from Operating Funds</b>		
Contribution to 115 Pension Trust	\$	300,000
Contribution to Critical Infrastructure Reserve	\$	600,000
<b>Adjusted Net Operating Revenue</b>	<b>\$</b>	<b><u>66,799</u></b>

**CAPITAL**

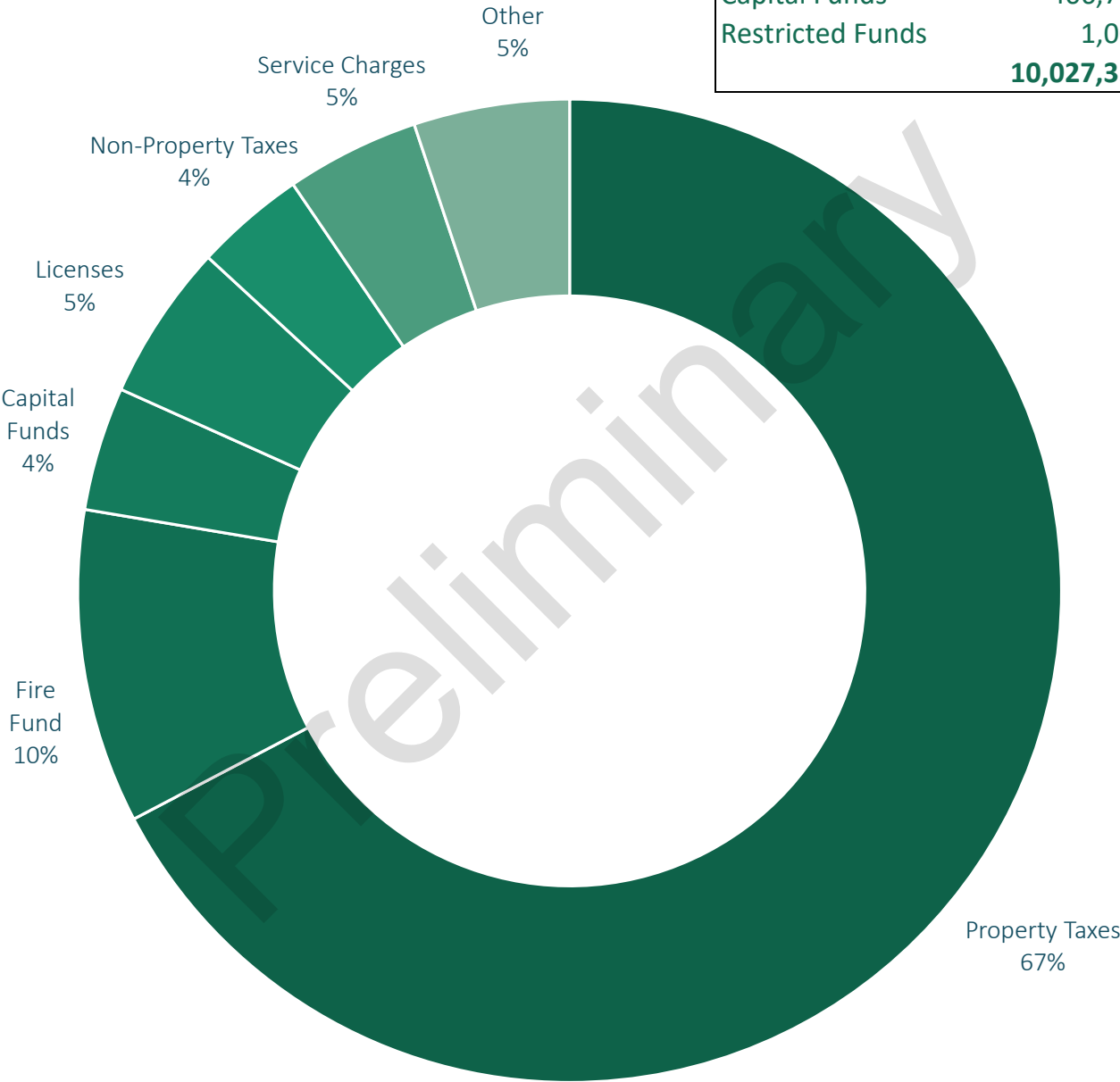
<b>Capital Revenues</b>		
Capital Funds Available for Current Year Projects	\$	406,750
Restricted Funds	\$	1,000
<b>Total Capital Revenues</b>	<b>\$</b>	<b><u>407,750</u></b>
<b>Other Capital Funding Sources</b>		
From Net Operating Revenues	\$	-
Prior Year Excess Reserves	\$	736,750
<b>Total Other Sources</b>	<b>\$</b>	<b><u>736,750</u></b>
<b>Total Revenue to Support Capital Projects</b>	<b>\$</b>	<b><u>1,144,500</u></b>
<b>Capital Project Expenditures</b>		
Capital Projects	\$	987,500
Equipment Replacement	\$	157,000
<b>Total Capital Project Expenditures</b>	<b>\$</b>	<b><u>1,144,500</u></b>

**FUND RESERVES**

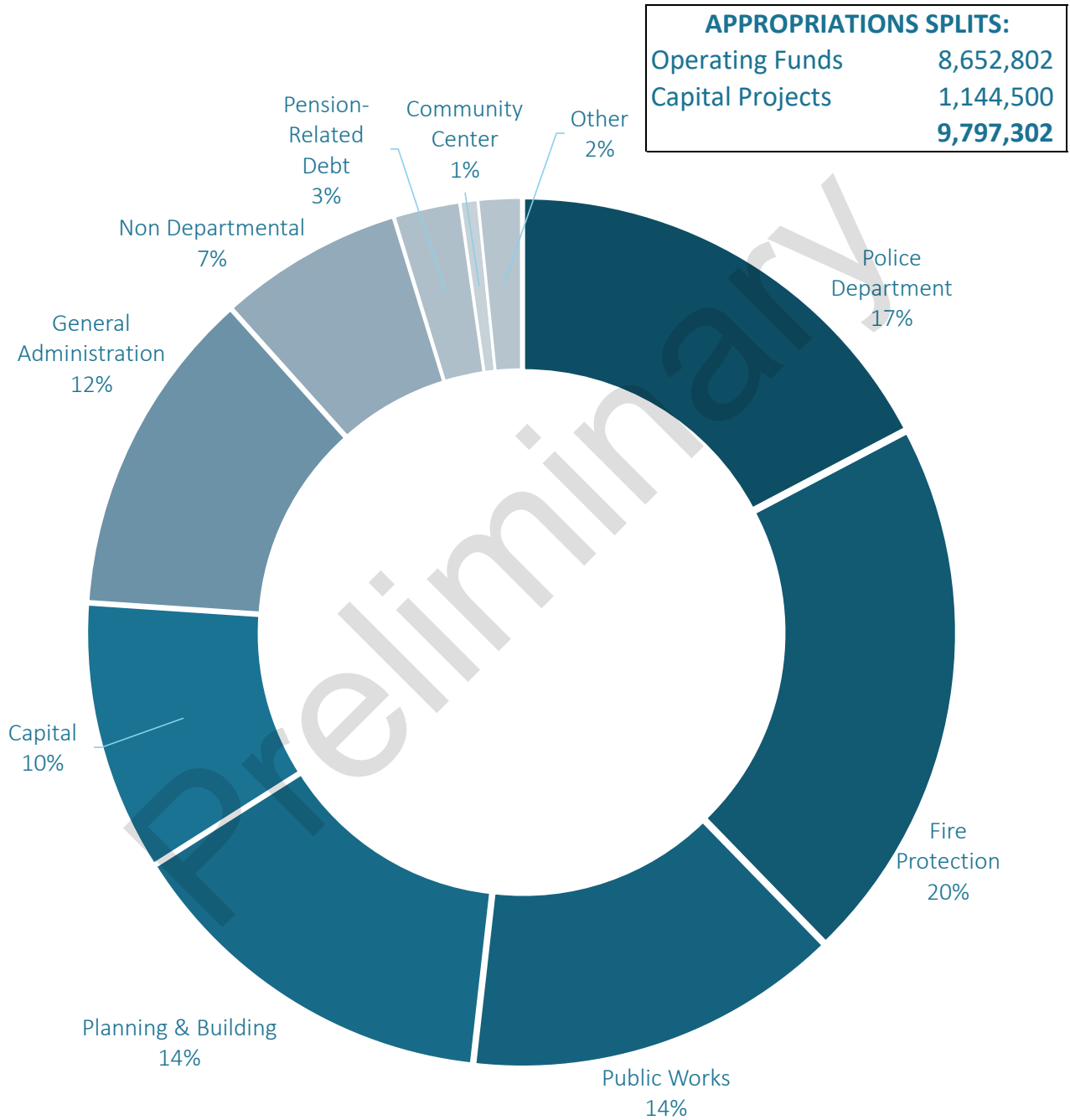
<b>Fund Balances - Projected at June 30, 2023</b>		
General Fund Reserve	\$	4,073,660
Insurance Reserve Fund	\$	57,329
115 Pension Trust	\$	2,101,913
Road Impact Fund	\$	-
Critical Infrastructure Fund	\$	1,000,000
<b>Total City Funds</b>	<b>\$</b>	<b><u>7,232,902</u></b>
FY23/24 Projected GF Expense + Fire Transfer + Pension Debt	\$	7,939,506
General Fund Reserve Policy Goal	\$	3,969,753
Projected General Fund Balance	\$	4,073,660
Reserve Funds Over/(Under) Policy	<b>\$</b>	<b><u>103,907</u></b>

# Total Revenues \$10,027,350

REVENUE SPLITS:	
Operating Funds	9,619,600
Capital Funds	406,750
Restricted Funds	1,000
	<b>10,027,350</b>



## Total Appropriations \$9,797,302



# Schedule of Interfund Transfers

City of Belvedere  
 Operating and Capital Budget  
 Fiscal Year 2022/2023

FUND		TRANSFERS IN	TRANSFERS OUT
100	General Fund		\$ 965,701 <sup>1</sup>
100	General Fund		300,000 <sup>2</sup>
100	General Fund		242,669 <sup>3</sup>
100	General Fund		19,250
100	General Fund		561,500 <sup>4</sup>
100	General Fund		600,000 <sup>5</sup>
100	General Fund		156,000 <sup>6</sup>
130	Fire Fund	965,701	
100	115 Pension Trust	300,000	
500	Pension-related Debt Obligation Fund	242,669	
900	Capital Improvement Fund	561,500	
902	Road Impact Fee Fund	19,250	
903	Critical Infrastructure Fund	600,000	
210	Equipment Replacement Fund	156,000	
	Total	<u>\$ 2,845,120</u>	<u>\$ 2,845,120</u>

<sup>1</sup> Fire expenditures not funded by Parcel Tax.

<sup>2</sup> Annual transfer from General Fund to 115 Pension Trust Fund.

<sup>3</sup> Pension-related debt service payments.

<sup>4</sup> CIP expenditures not funded by other revenue sources.

<sup>5</sup> Planned transfer from General Fund to Critical Infrastructure Fund

<sup>6</sup> Equipment Replacement expenditures not funded by other sources.

# Revenue History - All Funds

City of Belvedere  
 Operating and Capital Budget  
 Fiscal Year 2022/2023

FUND/ACTIVITY	FY18/19 ACTUAL REVENUES	FY19/20 ACTUAL REVENUES	FY20/21 ACTUAL REVENUES	FY21/22 ESTIMATED REVENUES	FY22/23 RECOMMENDED BUDGET
<b>OPERATING REVENUE</b>					
<b>GENERAL FUND</b>					
<b>Property Taxes:</b>	7.30%	4.10%	4.88%		
Current Secured	\$4,657,434	\$4,848,606	\$5,085,230	\$5,210,242	\$5,677,521
Supplemental Assessments	104,431	105,830	103,627	99,000	104,395
Unsecured	89,828	99,495	101,749	105,811	99,000
Excess ERAF	490,139	491,186	569,394	500,000	490,000
VLF Swap	259,935	277,014	288,627	303,372	297,305
Real Property Transfer	112,324	56,828	184,182	152,839	82,650
Subtotal	<u>\$5,714,091</u>	<u>\$5,878,959</u>	<u>\$6,332,809</u>	<u>\$6,371,264</u>	<u>\$6,750,871</u>
<i>% Change over prior year</i>	8.3%	2.9%	7.7%	0.6%	6.0%
<b>Local Non-Property Taxes:</b>					
Sales Taxes	\$106,363	\$70,565	\$77,606	\$98,969	\$98,969
Sales Taxes - SB509	19,663	19,319	20,029	23,685	23,685
Business Licenses	68,611	72,352	61,766	53,745	53,745
PG&E Franchise	29,451	32,803	35,322	38,131	35,000
CATV Franchise	61,000	66,904	54,725	67,500	67,500
Garbage Franchise	80,861	89,894	95,729	85,000	85,000
Subtotal	<u>\$365,949</u>	<u>\$351,837</u>	<u>\$345,177</u>	<u>\$367,030</u>	<u>\$363,899</u>
<i>% Change over prior year</i>	-5.8%	-3.9%	-1.9%	6.3%	-0.9%
<b>Licenses &amp; Permits:</b>					
Construction Permits	\$384,069	\$478,274	\$407,555	\$400,000	\$400,000
Encroachment Permits	61,114	45,667	62,449	96,140	96,140
Revocable Licenses	6,664	6,664	3,972	1,338	1,338
Parking Permits	5,360	7,260	1,750	2,775	2,775
Miscellaneous Licenses and Permits	1,666	1,261	7,605	15,294	15,294
Subtotal	<u>\$458,873</u>	<u>\$539,126</u>	<u>\$483,331</u>	<u>\$515,547</u>	<u>\$515,547</u>
<i>% Change over prior year</i>	-21.6%	17.5%	-10.3%	6.7%	0.0%



# Revenue History - All Funds

City of Belvedere  
 Operating and Capital Budget  
 Fiscal Year 2022/2023

FUND/ACTIVITY	FY18/19 ACTUAL REVENUES	FY19/20 ACTUAL REVENUES	FY20/21 ACTUAL REVENUES	FY21/22 ESTIMATED REVENUES	FY22/23 RECOMMENDED BUDGET
<b>Fines &amp; Forfeitures:</b>					
Vehicle Code Fines	\$8,582	\$7,416	\$764	\$1,074	\$1,074
Planning & Building Penalties	25,054	29,000	100	1,500	1,500
Subtotal	\$33,636	\$36,416	\$864	\$2,574	\$2,574
<i>% Change over prior year</i>	-78.0%	8.3%	-97.6%	197.9%	0.0%
<b>Investments &amp; Property:</b>					
Investments	\$98,805	\$91,816	\$31,984	\$25,000	\$30,000
Rent	14,561	43,517	72,084	19,354	19,354
Subtotal	\$113,366	\$135,333	\$104,068	\$44,354	\$49,354
<i>% Change over prior year</i>	34.7%	19.4%	-23.1%	-57.4%	11.3%
<b>Revenue From Other Agencies:</b>					
Motor Vehicle In Lieu	\$1,025	\$0	\$0	\$900	\$900
HOPTR	21,960	22,073	21,788	21,585	21,461
Supplemental Law Enforcement Funding	155,402	163,435	164,192	150,000	150,000
Coronavirus Relief Fund	\$0	\$0	\$50,000	\$0	\$0
ARPA Funds	\$0	\$0	\$0	\$251,661	\$251,661
Subtotal	\$178,387	\$185,508	\$235,980	\$424,146	\$424,022
<i>% Change over prior year</i>	6.1%	4.0%	27.2%	79.7%	0.0%
<b>Service Charges:</b>					
Road Closure Signs	\$26,065	\$19,666	\$25,918	\$18,483	\$18,483
Plan Reviews	228,811	204,809	155,728	180,000	180,000
Technology Fee	6,541	8,759	8,600	7,379	7,379
Variances and Use Permits	18,900	11,534	7,752	6,000	6,000
Design Review/Design Review Exceptions	79,973	42,041	68,579	151,620	151,620
Appeals	1,753	3,199	1,408	1,000	1,000
Residential Building Reports/Inspections	14,006	12,600	24,080	13,050	22,800
Financial Services	5,434	6,456	4,050	5,000	5,000
Special Police Services	1,317	2,000	8,360	1,761	1,761
Electric Vehicle Charging Fees	4,753	2,660	4,071	6,485	6,485
Miscellaneous Charges for Services	15,201	15,947	22,525	57,442	40,000
Subtotal	\$402,754	\$329,671	\$331,071	\$448,219	\$440,527
<i>% Change over prior year</i>	-24.4%	-18.1%	0.4%	35.4%	-1.7%

# Revenue History - All Funds

City of Belvedere  
 Operating and Capital Budget  
 Fiscal Year 2022/2023

FUND/ACTIVITY	FY18/19 ACTUAL REVENUES	FY19/20 ACTUAL REVENUES	FY20/21 ACTUAL REVENUES	FY21/22 ESTIMATED REVENUES	FY22/23 RECOMMENDED BUDGET
<b>Miscellaneous Other Revenue:</b>					
Concert-in-the-Park Series	\$32,047	\$32,420	\$27,195	\$8,866	\$32,000
Miscellaneous Other Revenue:	4,154	2,618	6,802	998	5,000
Grant Proceeds	0	0	6,723	0	0
Contributions/Private Grants	0	0	0	11,275	0
Subtotal	\$36,201	\$35,038	\$40,720	\$21,139	\$37,000
<i>% Change over prior year</i>	-60.2%	-3.2%	16.2%	-48.1%	75.0%
<b>Total General Fund Revenue</b>	<b>\$7,303,257</b>	<b>\$7,491,888</b>	<b>\$7,874,020</b>	<b>\$8,194,273</b>	<b>\$8,583,794</b>
<i>% Change over prior year</i>	0.3%	2.6%	5.1%	4.1%	4.8%
<b>FIRE FUND</b>					
Fire Tax Proceeds	\$886,256	\$919,435	\$946,945	\$997,888	\$1,035,808
<i>% Change over prior year</i>	3.9%	3.7%	3.0%	5.4%	3.8%
<b>TOTAL OPERATING REVENUE</b>	<b>\$8,189,513</b>	<b>\$8,411,323</b>	<b>\$8,820,965</b>	<b>\$9,192,161</b>	<b>\$9,619,601</b>
<i>% Change over prior year</i>	0.7%	2.7%	4.9%	4.2%	4.7%

# Revenue History - All Funds

City of Belvedere  
 Operating and Capital Budget  
 Fiscal Year 2022/2023

FUND/ACTIVITY	FY18/19 ACTUAL REVENUES	FY19/20 ACTUAL REVENUES	FY20/21 ACTUAL REVENUES	FY21/22 ESTIMATED REVENUES	FY22/23 RECOMMENDED BUDGET
<b>CAPITAL REVENUE</b>					
<b>CAPITAL IMPROVEMENT FUNDS</b>					
<b>General Capital Improvements</b>					
Contributions/Private Grants	\$31,329	\$0	\$82,527	\$251,850	\$0
Measure A/B Transportation Sales Tax	32,427	60,969	47,855	50,872	90,000
Gas Tax Revenue	85,219	98,154	85,968	60,000	60,000
State Planning Grant	0	0	0	70,863	0
DWR Grant	20,260	137,110	194,500	242,000	0
Prop 68 Park Bond	0	0	0	110,000	68,000
<b>Total Cap. Improvement Fund Revenue</b>	<b>\$169,235</b>	<b>\$296,233</b>	<b>\$410,850</b>	<b>\$785,585</b>	<b>\$218,000</b>
<i>% Change over prior year</i>	-26.3%	75.0%	38.7%	165.2%	-72.2%
<b>Road Impact Funds</b>					
Road Impact Fee	\$173,862	\$262,130	\$163,935	\$175,750	\$175,750
<i>% Change over prior year</i>	-21.9%	50.8%	-37.5%	-33.0%	0.0%
<b>Marin County Parks &amp; Open Space Fund</b>					
Measure A Parks Sales Tax	\$8,970	\$17,214	\$16,968	\$10,542	\$13,000
<i>% Change over prior year</i>	-63.1%	91.9%	-1.4%	-38.8%	23.3%
<b>SUBTOTAL CAPITAL IMPROVEMENT FUNDS</b>	<b>\$352,067</b>	<b>\$575,577</b>	<b>\$591,753</b>	<b>\$971,877</b>	<b>\$406,750</b>
<i>% Change over prior year</i>	-26.1%	63.5%	2.8%	68.9%	-58.1%
<b>EQUIPMENT REPLACEMENT FUND</b>					
Contribution	\$0	\$0	\$0	\$0	\$0
Grant	0	0	34,285	0	0
Sale of Property	409	40,251	10,807	382	1,000
<b>Total Equip. Repl. Fund Revenue</b>	<b>\$409</b>	<b>\$40,251</b>	<b>\$45,092</b>	<b>\$382</b>	<b>\$1,000</b>
<i>% Change over prior year</i>	-87.5%	9741.3%	12.0%	-99.1%	161.8%
<b>TOTAL CAPITAL REVENUE</b>	<b>\$352,476</b>	<b>\$615,828</b>	<b>\$636,845</b>	<b>\$972,259</b>	<b>\$407,750</b>
<i>% Change over prior year</i>	-26.5%	74.7%	3.4%	57.9%	-58.1%
<b>TOTAL REVENUES</b>	<b>\$8,541,989</b>	<b>\$9,027,151</b>	<b>\$9,457,810</b>	<b>\$10,164,420</b>	<b>\$10,027,350</b>
<i>% Change over prior year</i>	-0.8%	5.7%	4.8%	12.6%	-1.3%

Expenditure History - All Funds

City of Belvedere  
 Operating and Capital Budget  
 Fiscal Year 2022/2023

FUND/ACTIVITY	FY18/19 ACTUAL EXPENSES	FY19/20 ACTUAL EXPENSES	FY20/21 ACTUAL EXPENSES	FY21/22 ESTIMATED EXPENSES	FY22/23 RECOMMENDED BUDGET
<b>OPERATING EXPENDITURES</b>					
<b>GENERAL FUND</b>					
General Administration	\$807,507	\$972,064	\$934,099	\$1,194,286	\$1,203,933
Planning and Building	1,084,628	934,615	1,173,664	1,228,858	1,393,823
Police	1,835,363	1,455,352	1,583,418	1,624,736	1,695,185
Public Works Operations & Maintenance	941,347	1,076,890	1,211,593	1,168,259	1,376,454
Recreation (The Ranch)	53,902	75,107	65,739	62,979	64,592
Non-Departmental	404,712	440,472	388,591	684,645	674,637
<b>TOTAL GENERAL FUND</b>	<b>\$5,127,459</b>	<b>\$4,954,500</b>	<b>\$5,357,104</b>	<b>\$5,963,763</b>	<b>\$6,408,625</b>
<i>% Change over prior year</i>	<i>6.2%</i>	<i>-3.4%</i>	<i>8.1%</i>	<i>11.3%</i>	<i>7.5%</i>
<b>FIRE FUND</b>					
Fire Protection	\$1,530,482	\$1,690,022	\$1,748,530	\$1,854,812	\$2,001,509
<i>% Change over prior year</i>	<i>5.3%</i>	<i>10.4%</i>	<i>3.5%</i>	<i>6.1%</i>	<i>7.9%</i>
<b>RESTRICTED FUNDS</b>					
Legal Damages and Settlements	3,500	11,458	0	0	0
Debt Service	254,176	238,044	246,521	250,169	242,669
<b>TOTAL RESTRICTED FUNDS</b>	<b>\$257,676</b>	<b>\$249,502</b>	<b>\$246,521</b>	<b>\$250,169</b>	<b>\$242,669</b>
<i>% Change over prior year</i>	<i>47.6%</i>	<i>-3.2%</i>	<i>-1.2%</i>	<i>1.5%</i>	<i>-3.0%</i>
<b>TOTAL OPERATING EXPENDITURES</b>	<b>\$6,915,617</b>	<b>\$6,894,024</b>	<b>\$7,352,155</b>	<b>\$8,068,744</b>	<b>\$8,652,802</b>
<i>% Change over prior year</i>	<i>7.1%</i>	<i>-0.3%</i>	<i>6.6%</i>	<i>9.7%</i>	<i>7.2%</i>

Expenditure History - All Funds

City of Belvedere  
 Operating and Capital Budget  
 Fiscal Year 2022/2023

FUND/ACTIVITY	FY18/19 ACTUAL EXPENSES	FY19/20 ACTUAL EXPENSES	FY20/21 ACTUAL EXPENSES	FY21/22 ESTIMATED EXPENSES	FY22/23 RECOMMENDED BUDGET
<b>CAPITAL EXPENDITURES</b>					
<b>CAPITAL IMPROVEMENT FUNDS</b>					
<b>General Capital Improvements</b>					
Streets	\$26,172	\$58,866	\$100,762	\$649,622	\$355,000
Infrastructure	\$434,931	\$271,146	\$283,160	\$739,002	\$227,000
Lanes	135,326	442,846	16,964	70,000	90,000
Parks & Open Space	38,585	27,924	57,109	518,510	25,000
Community Buildings	82,990	69,065	111,721	300,460	22,000
Miscellaneous Other	114,507	14,607	109,519	131,747	268,500
Utility Underground Districts	60,539	4,010	0	143,490	0
<b>Total Capital Improvements</b>	<b>\$893,050</b>	<b>\$888,464</b>	<b>\$679,235</b>	<b>\$2,552,831</b>	<b>\$987,500</b>
<i>% Change over prior year</i>	58.8%	-0.5%	-23.5%	275.8%	-61.3%
<b>RESTRICTED FUNDS</b>					
Equipment Replacement	\$94,865	\$154,858	\$27,091	\$80,000	\$157,000
<i>% Change over prior year</i>	14.0%	63.2%	-82.5%	195.3%	96.3%
<b>TOTAL CAPITAL EXPENDITURES</b>	<b>\$987,915</b>	<b>\$1,043,322</b>	<b>\$706,326</b>	<b>\$2,632,831</b>	<b>\$1,144,500</b>
<i>% Change over prior year</i>	53.0%	5.6%	-32.3%	272.8%	-56.5%
<b>TOTAL EXPENDITURES</b>	<b>\$7,903,532</b>	<b>\$7,937,346</b>	<b>\$8,058,481</b>	<b>\$10,701,575</b>	<b>\$9,797,302</b>
<i>% Change over prior year</i>	11.3%	0.4%	1.5%	32.8%	-8.4%

# City-Wide Salary & Benefit Information

Preliminary

# Salary Chart with Position Allocations

City of Belvedere  
 Operating and Capital Budget  
 Fiscal Year 2022/2023

Rates in effect as of 7/1/2021

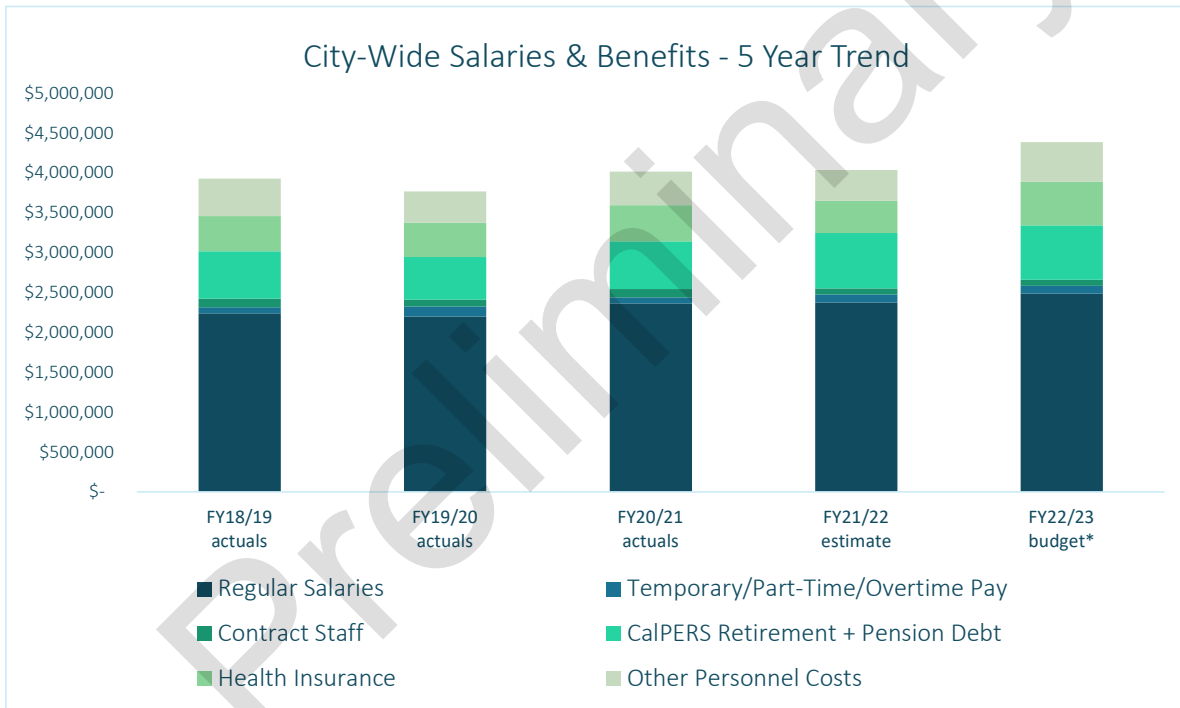
Department & Position	Step A	Step B	Step C	Step D	Step E	FTE
<b>General Administration</b>						
City Manager					TBD	1
Administrative Services Manager	11,556	12,134	12,740	13,378	14,046	1
City Clerk/Management Analyst	7,423	7,794	8,184	8,593	9,023	1
Office Coordinator	6,416	6,737	7,074	7,427	7,799	1
<b>Planning &amp; Building</b>						
Director of Planning and Building	11,374	11,943	12,540	13,167	13,825	1
Building Official	9,315	9,781	10,270	10,783	11,322	1
Senior Planner	8,222	8,633	9,065	9,518	9,994	1
Associate Planner	7,799	8,189	8,598	9,028	9,480	-
Building Inspector II	6,839	7,181	7,540	7,917	8,313	1
Building & Planning Technician	5,852	6,145	6,452	6,774	7,113	1
<b>Police</b>						
Police Chief	12,272	12,886	13,530	14,206	14,917	1
Police Sergeant	8,173	8,582	9,011	9,461	9,934	2
Police Officer	6,948	7,295	7,660	8,043	8,445	4*
<b>Public Works</b>						
Director of Public Works	11,497	12,072	12,675	13,309	13,975	1
Associate Engineer	7,799	8,189	8,598	9,028	9,480	1
Maintenance Supervisor	6,814	7,155	7,512	7,888	8,282	1
Maintenance Worker II	5,035	5,287	5,551	5,829	6,120	2
Maintenance Worker	4,496	4,721	4,957	5,205	5,465	-
<b>Total Employees</b>						<b>21</b>
<b>Contract Staff</b>						
City Attorney	Professional Services Contract with Renne Public Law Group					
City Engineer	Professional Services Contract with Moe Engineering					
Fire and Emergency Services	Contract for Services with Tiburon Fire Protection District					
IT Coordinator	Professional Services Contract with SPTJ Consulting					

# Citywide Salary and Benefit History

City of Belvedere  
 Operating and Capital Budget  
 Fiscal Year 2021/2022

## Citywide Salary and Benefit Information Budget Year + Four Year History

Salary & Benefit Costs	FY18/19 actuals	FY19/20 actuals	FY20/21 actuals	FY21/22 estimate	FY22/23 budget*
Regular Salaries	\$ 2,235,839	\$ 2,196,397	\$ 2,362,199	\$ 2,372,932	\$ 2,487,024
Temporary/Part-Time/Overtime Pay	\$ 79,632	\$ 123,847	\$ 77,256	\$ 102,327	\$ 94,150
Contract Staff	\$ 106,888	\$ 89,140	\$ 103,774	\$ 73,369	\$ 77,883
CalPERS Retirement + Pension Debt	\$ 594,691	\$ 533,180	\$ 598,965	\$ 697,503	\$ 682,971
Health Insurance	\$ 438,780	\$ 430,667	\$ 450,886	\$ 405,279	\$ 545,754
Other Personnel Costs	\$ 470,157	\$ 393,764	\$ 422,834	\$ 384,610	\$ 497,930
<b>Total Salary &amp; Benefits</b>	<b>\$ 3,925,987</b>	<b>\$ 3,766,995</b>	<b>\$ 4,015,914</b>	<b>\$ 4,036,020</b>	<b>\$ 4,385,712</b>



Position Counts by Department	FY18/19 actuals	FY19/20 actuals	FY20/21 actuals	FY21/22 estimate	FY22/23 budget*
General Administration	4	4	4	4	4
Planning & Building	5	5	5	5	5
Police Department	6	5	6	6	7 **
Public Works	4	5	5	5	5
<b>TOTAL</b>	<b>19</b>	<b>19</b>	<b>20</b>	<b>20</b>	<b>21</b>

\* Budgeted amounts represent highest possible earnings in each position and category, therefore budgeted amounts appear to increase at a greater rate than actual amounts.

\*\* Including one deferred FTE position.



# Operating Expenditures

Preliminary

General Administration  
Department Budget

City of Belvedere  
Operating and Capital Budget  
Fiscal Year 2022/2023

Account	Item	FY22 Budget	FY22 Estimated Actuals	FY23 Recommended Budget
4000	Regular Salaries	585,189	548,404	595,900
4010	Temp & Part Time Employees	1,350	7,212	1,350
4030	Sick Leave Conversion	22,880	10,395	23,189
4090	Auto Allowance	8,400	6,223	8,400
4091	Deferred Comp	8,880	8,253	8,880
4092	Technology Allowance	0	0	0
4095	Longevity Pay	0	0	0
	<b>PERSONNEL</b>	<b>626,699</b>	<b>580,487</b>	<b>637,720</b>
4100	Insurance Benefits	55,556	43,893	90,779
4110	PERS	51,245	53,112	53,663
4114	PARS	1,800	1,649	0
4121	Workers' Comp	27,619	18,733	27,605
4130	FICA/Medicare	8,772	8,465	8,929
	<b>FRINGE BENEFITS</b>	<b>144,992</b>	<b>125,853</b>	<b>180,976</b>
5010	Financial Services	61,800	78,964	63,654
5012	Legal Services	45,000	153,041	125,000
5013	Interim	0	50,753	0
5015	IT Support	35,000	35,933	36,050
5016	Software Maintenance	15,000	27,642	15,450
5990	Other Contract/Outside Services	10,000	50,295	20,000
	<b>OUTSIDE SERVICES</b>	<b>166,800</b>	<b>396,627</b>	<b>260,154</b>
6000	Communications & Alarms	3,595	4,831	4,976
6020	Power - Gas & Electric	1,383	1,655	1,704
	<b>UTILITIES</b>	<b>4,978</b>	<b>6,485</b>	<b>6,680</b>
6125	Elections	3,404	0	3,404
6150	Membership & Dues	6,489	6,576	6,773
6160	Notices & Ads	5,934	5,943	6,121
6170	Confs, Meetings, Training	15,000	5,708	15,000
6180	Vehicle/Equipment Leases	4,393	4,216	4,342
6990	Other Operating Expenses	70,000	50,000	70,000
	<b>OPERATIONS</b>	<b>105,220</b>	<b>72,443</b>	<b>105,641</b>
7000	Office Supplies	5,956	11,191	11,526
7030	Printing & Reproduction	836	1,200	1,236
	<b>MATERIALS AND SUPPLIES</b>	<b>6,792</b>	<b>12,391</b>	<b>12,762</b>
	<b>TOTAL GENERAL ADMINISTRATION</b>	<b>1,055,481</b>	<b>1,194,286</b>	<b>1,203,933</b>

Planning Building  
Department Budget

City of Belvedere  
Operating and Capital Budget  
Fiscal Year 2022/2023

<b>Account</b>	<b>Item</b>	<b>FY22 Budget</b>	<b>FY22 Estimated Actuals</b>	<b>FY23 Recommended Budget</b>
4000	Regular Salaries	606,819	609,101	618,965
4010	Temp & Part Time Employee	0	1,350	0
4020	Overtime	1,800	973	1,800
4030	Sick Leave Conversion	25,004	17,222	25,355
4090	Auto Allowance	7,200	7,015	7,200
4091	Deferred Comp	11,100	10,815	11,100
4095	Longevity Pay	16,401	15,644	16,730
	<b>PERSONNEL</b>	<b>668,324</b>	<b>662,120</b>	<b>681,149</b>
4100	Insurance Benefits	119,533	104,559	127,150
4110	PERS	75,892	93,250	78,791
4114	PARS	7,345	7,919	5,545
4121	Workers' Comp	28,640	14,585	28,674
4130	FICA/Medicare	9,331	9,841	9,514
	<b>FRINGE BENEFITS</b>	<b>240,741</b>	<b>230,154</b>	<b>249,673</b>
5012	Legal Services	70,000	66,671	75,000
5015	IT Support	25,000	24,729	25,750
5016	Software Maintenance	2,163	6,947	5,000
5101	Plan Review Services-Building Dept	27,071	23,369	27,883
5990	Other Contract/Outside Services	320,000	172,649	260,000
	<b>OUTSIDE SERVICES</b>	<b>444,234</b>	<b>294,365</b>	<b>393,633</b>
6000	Communications & Alarms	6,486	7,717	7,949
6020	Power - Gas & Electric	5,536	6,261	6,449
	<b>UTILITIES</b>	<b>12,022</b>	<b>13,979</b>	<b>14,398</b>
6150	Membership & Dues	293	980	1,009
6160	Notices & Ads	6,510	3,523	6,510
6170	Confs, Meetings, Training	20,000	0	20,000
6180	Vehicle/Equipment Leases	4,393	4,655	4,794
6190	Vehicle Maintenance - Corr	2,500	0	0
	<b>OPERATIONS</b>	<b>33,696</b>	<b>9,157</b>	<b>32,314</b>
7000	Office Supplies	6,602	9,088	12,361
7030	Printing & Reproduction	4,711	9,996	10,296
	<b>MATERIALS AND SUPPLIES</b>	<b>11,313</b>	<b>19,084</b>	<b>22,657</b>
	<b>TOTAL PLANNING &amp; BUILDING</b>	<b>1,410,330</b>	<b>1,228,858</b>	<b>1,393,823</b>

Police  
Department Budget

City of Belvedere  
Operating and Capital Budget  
Fiscal Year 2022/2023

<u>Account</u>	<u>Item</u>	<b>FY22 Budget</b>	<b>FY22 Estimated Actuals</b>	<b>FY23 Recommended Budget</b>
4000	Regular Salaries	721,432	736,017	735,869
4010	Temp & Part Time Employees	51,500	8,459	30,000
4020	Overtime	83,333	83,333	60,000
4030	Sick Leave Conversion	29,811	8,532	30,227
4040	Holiday Pay	34,423	34,423	35,112
4060	Educational Incentive	22,054	28,599	22,496
4070	Graveyard Shift Pay	15,834	16,221	15,936
4080	Field Training Pay	1,000	0	1,000
4090	Auto Allowance	4,800	4,000	4,800
4091	Deferred Comp	13,320	12,352	13,320
4095	Longevity Pay	11,027	9,220	6,080
	<b>PERSONNEL</b>	<b>988,534</b>	<b>941,156</b>	<b>954,839</b>
4100	Insurance Benefits	124,985	110,757	134,373
4110	PERS	129,965	143,485	132,974
4111	Post Retirement Health Benefits	9,000	8,400	9,000
4114	PARS	7,346	8,161	2,773
4121	Workers' Comp	48,050	27,451	48,089
4130	FICA/Medicare	12,046	13,648	12,203
4140	Uniform Allowance	5,520	4,733	5,520
	<b>FRINGE BENEFITS</b>	<b>336,912</b>	<b>316,636</b>	<b>344,932</b>
5015	IT Support	25,000	32,894	25,750
5016	Software Maintenance	1,061	18,870	10,000
5080	Emergency Preparedness Services	33,976	33,976	34,995
5210	Police Dispatch	128,625	115,409	126,209
5220	Major Crimes Task Force	19,102	19,102	19,102
5242	Reports & Records Automation	24,721	21,541	22,188
5250	Marin Emergency Radio Authority	31,320	19,200	31,320
5266	Marin Information & Data Access S	3,621	1,828	1,883
5267	Mobile Data Maintenance Agreem	5,890	5,880	6,056
5990	Other Contract/Outside Services	27,810	27,810	27,810
	<b>OUTSIDE SERVICES</b>	<b>301,126</b>	<b>296,511</b>	<b>305,313</b>
6000	Communications & Alarms	12,394	13,167	13,562
6020	Power - Gas & Electric	2,307	2,520	2,596
	<b>UTILITIES</b>	<b>14,701</b>	<b>15,687</b>	<b>16,157</b>

Police  
Department Budget

City of Belvedere  
Operating and Capital Budget  
Fiscal Year 2022/2023

<b>Account</b>	<b>Item</b>	<b>FY22 Budget</b>	<b>FY22 Estimated Actuals</b>	<b>FY23 Recommended Budget</b>
6130	Equipment Maintenance - Corr	729	0	0
6150	Membership & Dues	810	400	810
6170	Confs, Meetings, Training	15,000	15,000	15,000
6175	Training (POST) Reimb	10,000	10,000	10,000
6176	Interoperability Law Enforcement f	7,000	365	7,000
6180	Vehicle/Equipment Leases	2,747	2,047	2,747
6190	Vehicle Maintenance - Corr	11,139	443	11,139
	<b>OPERATIONS</b>	<b>47,425</b>	<b>28,254</b>	<b>46,696</b>
7000	Office Supplies	5,467	11,343	11,683
7050	Ammunition & Weapons	1,328	1,328	1,328
7080	Gas & Oil Supplies	7,645	11,880	12,236
7090	Protective Clothing/Safety	3,562	1,941	2,000
	<b>MATERIALS AND SUPPLIES</b>	<b>18,002</b>	<b>26,492</b>	<b>27,247</b>
<b>TOTAL POLICE</b>		<b>1,706,700</b>	<b>1,624,736</b>	<b>1,695,185</b>

Preliminary

Public Works  
Department Budget

City of Belvedere  
Operating and Capital Budget  
Fiscal Year 2022/2023

<u>Account</u>	<u>Item</u>	<b>FY22 Budget</b>	<b>FY22 Estimated Actuals</b>	<b>FY23 Recommended Budget</b>
4000	Regular Salaries	527,729	479,409	536,290
4020	Overtime	1,000	1,000	1,000
4030	Sick Leave Conversion	35,223	9,823	35,470
4090	Auto Allowance	2,400	2,031	2,400
4091	Deferred Comp	11,100	9,277	11,100
4095	Longevity Pay	10,478	9,173	6,080
	<b>PERSONNEL</b>	<b>587,930</b>	<b>510,714</b>	<b>592,339</b>
4100	Insurance Benefits	141,146	110,409	155,296
4110	PERS	60,735	76,082	63,779
4114	PARS	7,345	7,069	2,773
4121	Workers' Comp	24,907	13,131	24,844
4130	FICA/Medicare	8,208	7,457	7,588
	<b>FRINGE BENEFITS</b>	<b>242,341</b>	<b>214,149</b>	<b>254,279</b>
5015	IT Support	15,000	21,659	22,309
5016	Software Maintenance	557	3,908	4,025
5250	Marin Emergency Radio Authority	9,925	5,966	9,925
5301	City Engineer	50,000	50,000	50,000
5320	Drainage Maintenance	19,923	22,209	22,875
5321	Silt Removal	10,609	10,609	10,927
5322	Videotaping	3,183	3,183	3,278
5335	Annual Vegetation Maintenance	46,350	64,440	66,373
5350	Street Trees (Outside)	70,000	70,000	70,000
5360	Poison Oak Control	1,591	1,591	1,639
5370	Marinmap Membership Fee	6,365	6,365	6,556
5980	Prior year excess reserves	15,336	13,737	14,149
5990	Other Contract/Outside Services	12,360	12,360	12,731
	<b>OUTSIDE SERVICES</b>	<b>261,199</b>	<b>286,027</b>	<b>294,788</b>
6000	Communications & Alarms	8,582	9,148	9,422
6020	Power - Gas & Electric	7,847	14,437	14,870
6030	Power - Street Lights	10,797	12,251	12,618
6040	Power - Traffic Signal	510	769	792
6050	Water	30,132	13,171	13,566
	<b>UTILITIES</b>	<b>57,868</b>	<b>49,776</b>	<b>51,269</b>

Public Works  
Department Budget

City of Belvedere  
Operating and Capital Budget  
Fiscal Year 2022/2023

<u>Account</u>	<u>Item</u>	<b>FY22 Budget</b>	<b>FY22 Estimated Actuals</b>	<b>FY23 Recommended Budget</b>
6131	Equipment Maintenance	15,450	15,450	15,914
6150	Membership & Dues	1,529	7,187	7,403
6170	Confs, Meetings, Training	8,500	48	8,500
6180	Vehicle/Equipment Leases	5,047	5,024	5,175
6191	Vehcl Maint	6,850	65	7,056
6200	Building Maintenance	10,805	12,035	12,396
6210	Irrigation Sys Maintenance	2,652	13,692	14,103
6220	Street Light Maintenance	4,244	754	4,371
6230	Permits	15,450	15,450	15,914
6240	Street Sweep - In-House	51,265	5,452	51,265
	<b>OPERATIONS</b>	<b>121,792</b>	<b>75,157</b>	<b>142,095</b>
7000	Office Supplies	3,282	5,592	5,760
7080	Gas & Oil Supplies	4,752	7,108	7,321
7090	Protective Clothing/Safety	4,292	2,253	4,292
7100	Construction Supplies	1,107	1,107	1,107
7110	Janitorial Supplies	341	157	341
7120	Park & Landscape Supplies	7,636	1,293	7,636
7140	Small Tools	2,122	2,122	2,122
7150	Traffic Control Supplies	2,758	2,758	2,758
7190	Other Materials & Supplies	10,046	10,046	10,347
	<b>MATERIALS AND SUPPLIES</b>	<b>36,336</b>	<b>32,437</b>	<b>41,684</b>
<b>TOTAL PUBLIC WORKS</b>		<b>1,307,466</b>	<b>1,168,259</b>	<b>1,376,454</b>

Recreation (The Ranch)  
Department Budget

City of Belvedere  
Operating and Capital Budget  
Fiscal Year 2022/2023

<b>Account</b>	<b>Item</b>	<b>FY22 Budget</b>	<b>FY22 Estimated Actuals</b>	<b>FY23 Recommended Budget</b>
5980	Janitorial Contract Services	8,638	6,728	6,930
5982	Recreation Facility Contribution	36,394	37,048	38,159
5990	Other Contract/Outside Services	1,061	1,061	1,093
	<b>OUTSIDE SERVICES</b>	<b>46,093</b>	<b>44,837</b>	<b>46,182</b>
6020	Power - Gas & Electric	4,505	4,920	5,068
	<b>UTILITIES</b>	<b>4,505</b>	<b>4,920</b>	<b>5,068</b>
6140	Insurance	3,623	3,993	4,113
6200	Building Maintenance	6,047	6,047	6,047
	<b>OPERATIONS</b>	<b>9,670</b>	<b>10,040</b>	<b>10,160</b>
7110	Janitorial Supplies	2,652	2,652	2,652
7190	Other Materials & Supplies	530	530	530
	<b>MATERIALS AND SUPPLIES</b>	<b>3,182</b>	<b>3,182</b>	<b>3,182</b>
<b>TOTAL RECREATION</b>		<b>63,450</b>	<b>62,979</b>	<b>64,592</b>

Preliminary



Non-Departmental  
Department Budget

City of Belvedere  
Operating and Capital Budget  
Fiscal Year 2022/2023

<b>Account</b>	<b>Item</b>	<b>FY22 Budget</b>	<b>FY22 Estimated Actuals</b>	<b>FY23 Recommended Budget</b>
4100	Insurance Benefits	43,710	35,660	38,156
4110	PERS*	82,804	84,551	111,096
4114	PARS	20,000	14,148	20,000
	<b>RETIREE FRINGE BENEFITS</b>	<b>146,514</b>	<b>134,359</b>	<b>169,252</b>
5020	Richardson Bay Reg Agency	67,942	67,409	125,000
5030	Hazardous Material Response	876	876	902
5040	Animal Control JPA	23,885	23,885	23,885
5050	Congestion Mgmt Plan	5,655	5,655	5,825
5061	Homeward Bound of Marin	2,000	2,000	2,000
5062	Countywide Community Homeless	9,186	9,186	9,186
5071	Marin General Services Agency	5,415	8,254	8,254
5082	MCCMC Lobbyist	4,000	4,000	4,000
5083	Tiburon Peninsula Traffic Relief JPA	43,724	42,446	45,910
5091	LAFCO	4,303	3,472	3,576
5985	Library Expansion Contribution	0	150,000	0
5990	Other Contract/Outside Services	0	9,309	0
	<b>OUTSIDE SERVICES</b>	<b>166,986</b>	<b>326,492</b>	<b>228,538</b>
6120	Community Activities	35,000	20,000	35,000
6122	Concerts in the Park	42,000	18,840	42,000
6140	Insurance	187,000	184,954	199,846
	<b>OPERATIONS</b>	<b>264,000</b>	<b>223,794</b>	<b>276,846</b>
<b>TOTAL NON DEPARTMENTAL</b>		<b>577,500</b>	<b>684,645</b>	<b>674,637</b>

Restricted Funds - Operating  
Expenditure Budget

City of Belvedere  
Operating and Capital Budget  
Fiscal Year 2022/2023

<b>Account</b>	<b>Item</b>	<b>FY22 Budget</b>	<b>FY22 Estimated Actuals</b>	<b>FY23 Recommended Budget</b>
5400	TFPD Contact	1,849,854	1,852,212	1,998,909
5410	Fire System Parts & Supplies	2,600	2,600	2,600
	<b>FIRE FUND EXPENSES</b>	<b>1,852,454</b>	<b>1,854,812</b>	<b>2,001,509</b>
2410	Pension-Related Debt	249,603	250,169	242,669
8040	Legal Damages/Settlements	0	0	0
	<b>OTHER RESTRICTED FUNDS</b>	<b>249,603</b>	<b>250,169</b>	<b>242,669</b>

Preliminary

# Capital Expenditures

Preliminary

Capital Improvements  
Sources of Funds

		Source of Funds							
		General Fund Transfer	DWR Grant	Prop 68 Grant*	Road Impact	Gas Tax	Co Transp	Co Parks	Equipment
Capital Funds Beginning Balances								48,557	-
Current Year Capital Revenue	406,750		-	68,000	175,750	60,000	90,000	13,000	1,000
<b>PROJECTS:</b>	<b>Total Project \$</b>								
<b>CAPITAL PROJECTS:</b>									
Spot Surface Repairs	45,000	5,000				40,000			
Paving	310,000	114,250			175,750	20,000			
Corrugated Metal Pipe Replacement	30,000	30,000							
Emergency Drainage Repairs	10,000	10,000							
Wooden Retaining Wall	17,000	17,000							
Evaluation of Beach Road Retaining Walls	25,000	12,000						13,000	
Levee Evaluation	145,000	145,000	-						
Hawthorn Lane Stair Rebuild	20,000	-					20,000		
Park Lane Stair and Seating Area	20,000	-					20,000		
Lane Maintenance/Minor Repairs	25,000	-					25,000		
Lane Design & Engineering	25,000	-					25,000		
San Rafael Ave Seawall Landscape Mulch	9,000	9,000							
Repair and Refurbish Community Park Basketball Courts	16,000	16,000							
City Hall ADA	12,000	12,000							
Selected Painting of City Hall and Community Center	10,000	10,000							
San Rafael Ave and City Hall Safety Improvements	185,000	185,000							
Evacuation Assessment and Radio Purchase	31,000	31,000						-	
Miscellaneous Maintenance & Improvements	30,000	30,000							
Sidewalk Repair Program	22,500	22,500					-		
<b>EQUIPMENT REPLACEMENTS:</b>									
Equipment Replacements	157,000	156,000							1,000
<b>Total Project Expenses</b>	<b>1,144,500</b>	<b>804,750</b>	<b>-</b>	<b>-</b>	<b>175,750</b>	<b>60,000</b>	<b>90,000</b>	<b>13,000</b>	<b>1,000</b>
<b>Remaining Capital Fund Balance Carry-forward</b>	<b>68,000</b>		<b>-</b>	<b>68,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note: \*Prop 68 Grant Funds are for the Beach Road Park project. The remaining funds will be carried over from FY2021-22.

Capital  
Department Budget

City of Belvedere  
Operating and Capital Budget  
Fiscal Year 2022/2023

Account	Item	FY22 Budget	FY22 Estimated Actuals	FY23 Recommended Budget
9000	Spot Surface Repairs	52,879	52,879	45,000
9001	Paving	596,743	596,743	310,000
	<b>STREET IMPROVEMENTS</b>	<b>649,622</b>	<b>649,622</b>	<b>355,000</b>
9050	Guardrail Installation and Repairs	15,000	15,000	0
xxxx	Evaluation of Beach Road Retaining Walls	0	0	25,000
9055	Wooden Retaining Walls	0	0	17,000
9084	Retaining Wall	0	0	0
9100	Emergency Drainage Repairs	10,000	10,000	10,000
9099	Corrugated Metal Pipe Replacement	0	0	30,000
9511	Lagoon Rd	137,891	137,891	0
9513	Levee Evaluation	576,111	576,111	145,000
	<b>INFRASTRUCTURE</b>	<b>739,002</b>	<b>739,002</b>	<b>227,000</b>
9201	Lanes Initiative Program	0	0	0
9227	Eucalyptus Lane	0	0	0
9216	Park Lane Stair and Seating Area	20,000	20,000	20,000
9217	Hawthorn Lane Stair Rebuild	25,000	25,000	20,000
9228	Lane Maintenance/Minor Repairs	5,000	5,000	25,000
9229	Lane Design & Engineering	20,000	20,000	25,000
	<b>LANES</b>	<b>70,000</b>	<b>70,000</b>	<b>90,000</b>
9527	Community Park Water Well	19,000	19,000	0
9357	Playground Renovation	405,510	405,510	0
9358	San Rafael Ave Seawall Landscape Mulch	9,000	9,000	9,000
9359	Refurbish Steel Railings	0	0	0
9360	Beach Road Park	85,000	85,000	0
xxxx	Repair and Refurbish Community Park Basketball Courts	0	0	16,000
	<b>PARKS AND OPEN SPACE</b>	<b>518,510</b>	<b>518,510</b>	<b>25,000</b>
9434	Install EV Charging Station at City Hall	105,348	105,348	0
9436	Solar Electric and EV Charging Stations near Corp Yard	120,556	120,556	0
9492	City Hall Renovations	0	0	0
9494	Refurbish Council Chamber Audience Chairs	13,000	13,000	0
9495	City Hall Security Upgrade	0	0	0
9435	City Hall Foundation Drainage Repairs	25,000	25,000	0
9509	City Hall ADA	26,956	26,956	12,000
xxxx	Selected Painting of City Hall and Community Center	0	0	10,000
9451	Misc. Exterior Painting-Corp Yard Building	9,600	9,600	0
	<b>COMMUNITY BUILDINGS</b>	<b>300,460</b>	<b>300,460</b>	<b>22,000</b>

Capital  
Department Budget

City of Belvedere  
Operating and Capital Budget  
Fiscal Year 2022/2023

<b>Account</b>	<b>Item</b>	<b>FY22 Budget</b>	<b>FY22 Estimated Actuals</b>	<b>FY23 Recommended Budget</b>
9585	Sidewalk Repair Program	37,953	37,953	22,500
9586	Retaining Curbs	0	0	0
9587	San Rafael Ave and City Hall Safety Improvements	40,629	40,629	185,000
9588	Evacuation Assessment and Radio Purchase	23,165	23,165	31,000
9582	Miscellaneous Maintenance & Improvements	30,000	30,000	30,000
	<b>MISCELLANEOUS</b>	<b>131,747</b>	<b>131,747</b>	<b>268,500</b>
9583	Golden Gate/Belvedere Utility Underground District	0	0	0
9584	Lower Golden Gate Utility Underground Redesign	0	0	0
9591	Lower Golden Gate UUD20A Credit Option	0	0	0
9590	Undergrounding - Other Expenses	143,490	143,490	0
	<b>UTILITY UNDERGROUNDING</b>	<b>143,490</b>	<b>143,490</b>	<b>0</b>
<b>TOTAL CAPITAL</b>		<b>2,552,831</b>	<b>2,552,831</b>	<b>987,500</b>

Preliminary

Restricted Funds - Capital  
Expenditure Budget

City of Belvedere  
Operating and Capital Budget  
Fiscal Year 2022/2023

<b>Account</b>	<b>Item</b>	<b>FY22 Budget</b>	<b>FY22 Estimated Actuals</b>	<b>FY23 Recommended Budget</b>
8090	Equipment Replacements	80,000	80,000	157,000
	<b>OTHER RESTRICTED FUNDS</b>	<b>80,000</b>	<b>80,000</b>	<b>157,000</b>

Preliminary

# Five Year Capital Expenditure Plan

City of Belvedere  
 Operating and Capital Budget  
 Fiscal Year 2022/2023

BUDGET ITEM	Year 1 FY22/23	Year 2 FY23/24	Year 3 FY24/25	Year 4 FY25/26	Year 5 FY26/27
<b>STREET IMPROVEMENTS</b>					
Pavement Spot Repairs	45,000	45,000	45,000	40,000	45,000
Street Improvement Program	310,000	310,000	400,000	400,000	320,000
<b>Total Street Improvements</b>	<b>355,000</b>	<b>355,000</b>	<b>445,000</b>	<b>440,000</b>	<b>365,000</b>
<b>INFRASTRUCTURE</b>					
<b>Evaluation of Beach Road Retaining Walls</b>	25,000	0	0	0	200,000
Guardrail Installation and Repairs	0	15,000	0	17,000	0
Wooden Retaining Walls	17,000	20,000	10,000	0	30,000
Emergency Drainage Repairs (CA State Requirement)	10,000	10,000	10,000	10,000	10,000
Corrugated Metal Pipe Replacement	30,000	25,000	0	0	25,000
Levee Evaluation & Stabilization	145,000	0	0	0	0
<b>Total Infrastructure</b>	<b>227,000</b>	<b>70,000</b>	<b>20,000</b>	<b>27,000</b>	<b>265,000</b>
<b>LANES</b>					
Lanes Initiative Program	0	0	0	0	0
Artist View Project	0	0	0	0	150,000
Park Lane Stair and Seating Area Project	20,000	0	0	0	0
Hawthorn Lane (Centennial Park) Stair Rebuild	20,000	0	0	0	0
Lane Maintenance/ Minor Repairs	25,000	20,000	20,000	20,000	20,000
Lane Design and Engineering	25,000	20,000	0	20,000	20,000
<b>Total Lanes</b>	<b>90,000</b>	<b>40,000</b>	<b>20,000</b>	<b>40,000</b>	<b>190,000</b>



# Five Year Capital Expenditure Plan

City of Belvedere  
 Operating and Capital Budget  
 Fiscal Year 2022/2023

BUDGET ITEM	Year 1 FY22/23	Year 2 FY23/24	Year 3 FY24/25	Year 4 FY25/26	Year 5 FY26/27
<b>PARKS AND OPEN SPACE</b>					
San Rafael Avenue Seawall Landscape Mulch	9,000	0	10,000	0	10,000
Playground Renovation	0	0	0	0	0
Repair & Refurbish Community Park Basketball Courts	16,000	0	0	0	19,000
Refurbish Steel Railings	0	0	0	10,000	0
Beach Road Park	0	0	0	0	0
<b>Total Parks &amp; Open Space</b>	<b>25,000</b>	<b>0</b>	<b>10,000</b>	<b>10,000</b>	<b>29,000</b>
<b>COMMUNITY BUILDINGS</b>					
Selected Painting of City Hall and Community Center	10,000	0	10,000	10,000	0
Refinish Wood Floors in Council Chambers	0	0	5,000	0	0
Misc. Exterior Painting-Corp Yard Building	0	10,000	0	0	0
Police Department Office Renovations	0	0	0	0	110,000
City Hall ADA	12,000	0	0	12,000	0
CC. Kitchen Remodel	0	0	65,000	0	0
CC. Founder's Room Furniture Replacement	0	30,000	0	0	0
<b>Total Community Buildings</b>	<b>22,000</b>	<b>40,000</b>	<b>80,000</b>	<b>22,000</b>	<b>110,000</b>
<b>MISCELLANEOUS</b>					
Sidewalk Repair Program	22,500	0	0	25,000	0
Traffic Engineer Study	0	0	18,000	0	0
Survey Monuments	0	10,000	0	0	0
San Rafael Avenue and City Hall Safety Improvements	185,000	0	0	0	0
Evacuation Assessment and Radio Purchase	31,000	0	0	0	0
Misc. Maintenance & Improvements	30,000	30,000	30,000	30,000	35,000
<b>Total Miscellaneous</b>	<b>268,500</b>	<b>40,000</b>	<b>48,000</b>	<b>55,000</b>	<b>35,000</b>
<b>TOTALS</b>	<b>987,500</b>	<b>545,000</b>	<b>623,000</b>	<b>594,000</b>	<b>994,000</b>

(Placeholder for CIP Sheets)

Preliminary

# Five Year Forecast

Preliminary

Five Year Revenue and Expenditure Projections  
 FY22/23 to FY26/27

City of Belvedere  
 Operating and Capital Budget  
 Fiscal Year 2022/2023

REVENUES					
	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27
FUND/ACTIVITY	PROPOSED BUDGET	Projections	Projections	Projections	Projections
<b>GENERAL FUND</b>					
Property Taxes:	\$6,750,871	\$7,054,660	\$7,407,393	\$7,777,763	\$8,166,651
Local Non-Property Taxes:	363,899	380,275	399,289	419,253	440,216
Licenses & Permits:	515,547	538,746	562,990	591,139	620,696
Fines & Forfeitures:	2,574	2,574	2,574	2,574	2,574
Investments & Property:	49,354	49,354	49,354	49,354	49,354
Revenue From Other Agencies:	424,022	189,983	198,532	208,459	218,882
Service Charges:	440,527	460,351	481,066	505,120	530,376
Miscellaneous Other Revenue:	37,000	38,480	40,212	42,222	44,333
<b>TOTAL GENERAL FUND REVENUE</b>	<b>\$8,583,794</b>	<b>\$8,714,422</b>	<b>\$9,141,409</b>	<b>\$9,595,883</b>	<b>\$10,073,081</b>
<i>% Change over prior year</i>	<i>12.6%</i>	<i>1.5%</i>	<i>4.9%</i>	<i>5.0%</i>	<i>5.0%</i>
<b>FIRE FUND</b>	<b>1,035,808</b>	<b>1,075,168</b>	<b>1,116,025</b>	<b>1,158,434</b>	<b>1,202,454</b>
<i>% Change over prior year</i>	<i>3.8%</i>	<i>3.8%</i>	<i>3.8%</i>	<i>3.8%</i>	<i>3.8%</i>
<b>CAPITAL IMPROVEMENT FUND</b>	<b>218,000</b>	<b>156,000</b>	<b>163,020</b>	<b>171,171</b>	<b>179,730</b>
<i>% Change over prior year</i>	<i>-65.7%</i>	<i>-28.4%</i>	<i>4.5%</i>	<i>5.0%</i>	<i>5.0%</i>
<b>ROAD IMPACT FEE FUND</b>	<b>175,750</b>	<b>183,659</b>	<b>191,923</b>	<b>201,520</b>	<b>211,596</b>
<i>% Change over prior year</i>	<i>0.0%</i>	<i>4.5%</i>	<i>4.5%</i>	<i>5.0%</i>	<i>5.0%</i>
<b>EQUIPMENT REPLACEMENT FUND</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>
<i>% Change over prior year</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
<b>MEASURE A (Parks) FUND</b>	<b>13,000</b>	<b>13,520</b>	<b>14,128</b>	<b>14,835</b>	<b>15,577</b>
<i>% Change over prior year</i>	<i>0.0%</i>	<i>4.0%</i>	<i>4.5%</i>	<i>5.0%</i>	<i>5.0%</i>
<b>TOTAL REVENUE - ALL FUNDS</b>	<b>10,027,350</b>	<b>10,143,769</b>	<b>10,627,506</b>	<b>11,142,843</b>	<b>11,683,437</b>
<i>% Change over prior year</i>	<i>6.2%</i>	<i>1.2%</i>	<i>4.8%</i>	<i>4.8%</i>	<i>4.9%</i>

Five Year Revenue and Expenditure Projections  
 FY22/23 to FY26/27

City of Belvedere  
 Operating and Capital Budget  
 Fiscal Year 2022/2023

EXPENDITURES					
	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27
FUND/ACTIVITY	PROPOSED BUDGET	Projections	Projections	Projections	Projections
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>6,408,625</b>	<b>6,652,109</b>	<b>6,937,326</b>	<b>7,390,383</b>	<b>7,743,093</b>
<i>% Change over prior year</i>	4.7%	3.8%	4.3%	6.5%	4.8%
<b>FIRE FUND</b>	<b>2,001,509</b>	<b>2,121,844</b>	<b>2,248,974</b>	<b>2,383,733</b>	<b>2,526,577</b>
<i>% Change over prior year</i>	8.0%	6.0%	6.0%	6.0%	6.0%
<b>CAPITAL IMPROVEMENT FUND</b>	<b>679,500</b>	<b>338,880</b>	<b>334,080</b>	<b>207,634</b>	<b>620,315</b>
<i>% Change over prior year</i>	-64.3%	-50.1%	-1.4%	-37.8%	198.8%
<b>ROAD IMPACT FEE FUND</b>	<b>295,000</b>	<b>192,600</b>	<b>274,792</b>	<b>371,532</b>	<b>358,108</b>
<i>% Change over prior year</i>	-50.0%	-34.7%	42.7%	35.2%	-3.6%
<b>MEASURE A (parks) FUND</b>	<b>13,000</b>	<b>13,520</b>	<b>14,128</b>	<b>14,835</b>	<b>15,577</b>
<i>% Change over prior year</i>	-78.9%	4.0%	4.5%	5.0%	5.0%
<b>EQUIPMENT REPLACEMENT FUND</b>	<b>157,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>
<i>% Change over prior year</i>	96.3%	-80.9%	0.0%	0.0%	0.0%
<b>PENSION-RELATED DEBT OBLIGATION FUND</b>	<b>242,669</b>	<b>240,722</b>	<b>247,711</b>	<b>240,445</b>	<b>237,167</b>
<i>% Change over prior year</i>	-2.8%	-0.8%	2.9%	-2.9%	-1.4%
<b>TOTAL EXPENDITURES - ALL FUNDS</b>	<b>9,797,302</b>	<b>9,589,674</b>	<b>10,087,011</b>	<b>10,638,561</b>	<b>11,530,836</b>
<i>% Change over prior year</i>	-8.4%	-2.1%	5.2%	5.5%	8.4%

Five Year Revenue and Expenditure Projections  
 FY22/23 to FY26/27

City of Belvedere  
 Operating and Capital Budget  
 Fiscal Year 2022/2023

GENERAL FUND RESERVE PROJECTIONS					
	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27
	PROPOSED BUDGET	Projections	Projections	Projections	Projections
<b>Prior Year General Fund Balance</b>	\$ 4,743,611	\$ 4,073,660	\$ 4,327,755	\$ 4,568,250	\$ 4,772,532
General Fund Revenues	8,583,794	8,714,422	9,141,409	9,595,883	10,073,081
General Fund Expenditures	(6,408,625)	(6,652,109)	(6,937,326)	(7,390,383)	(7,743,093)
Transfers out of General Fund	(2,845,120)	(1,808,218)	(1,963,588)	(2,001,218)	(2,177,387)
<b>Projected General Fund Balance</b>	<b>4,073,660</b>	<b>4,327,755</b>	<b>4,568,250</b>	<b>4,772,532</b>	<b>4,925,133</b>
<b>General Fund Reserve Calculations</b>					
Projected GF Expenses + Fire Tfr + Debt Svc	7,939,506	8,317,986	8,856,127	9,304,382	9,805,949
Reserve (50% of Proj GF + Fire + Debt Svc)	3,969,753	4,158,993	4,428,064	4,652,191	4,902,974
<b>Over (Under) Reserve Policy</b>	<b>103,907</b>	<b>168,762</b>	<b>140,187</b>	<b>120,341</b>	<b>22,159</b>
GF balance as % of Operating Expenses	51%	52%	52%	51%	50%

Preliminary

Fund Balance Summaries

FY22/23 Budget

City of Belvedere  
 Operating and Capital Budget  
 Fiscal Year 2022/2023

Fund #	Fund Name	Fund Balance 7/1/2022	Revenues	Expenditures	Transfers in/(out)	Fund Balance 6/30/2023
100	General Fund	4,743,610	8,583,794	(6,408,625)	(2,845,120)	4,073,660
130	Fire Fund	0	1,035,808	(2,001,509)	965,701	0
160	Insurance Reserve Fund	57,329	0	0	0	57,329
115	Pension 115 Trust Fund	1,801,913	0	0	300,000	2,101,913
500	Pension-related Debt Obligation Fund	0	0	(242,669)	242,669	0
900	Capital Improvement Fund	0	218,000	(779,500)	561,500	0
901	Road Impact Fee Fund	0	175,750	(195,000)	19,250	0
902	Measure A Parks Fund	0	13,000	(13,000)		0
903	Critical Infrastructure Fund	400,000	0	0	600,000	1,000,000
210	Equipment Replacement Fund	0	1,000	(157,000)	156,000	0
	Total City Funds	7,002,853	10,027,351	(9,797,302)	0	7,232,902

FY23/24 General Fund Expenses + Fire Transfer + Pension Debt	7,939,506
General Fund Reserve Policy 50%	3,969,753
Projected General Fund Balance 6/30/23	51% 4,073,660
Over (Under) Policy	103,907

Fund Balance Summaries  
 FY23/24 Projection (Year 2)

City of Belvedere  
 Operating and Capital Budget  
 Fiscal Year 2022/2023

Fund #	Fund Name	Fund Balance 7/1/2023	Revenues	Expenditures	Transfers in/(out)	Fund Balance 6/30/2024
100	General Fund	4,073,660	8,714,422	(6,652,109)	(1,808,218)	4,327,755
130	Fire Fund	0	1,075,168	(2,121,844)	1,046,675	0
160	Insurance Reserve Fund	57,329	0	0	0	57,329
115	Pension 115 Trust Fund	2,101,913	0	0	300,000	2,401,913
500	Pension-related Debt Obligation Fund	0	0	(240,722)	240,722	0
900	Capital Improvement Fund	0	156,000	(338,880)	182,880	0
901	Road Impact Fee Fund	0	183,659	(192,600)	8,941	0
902	Measure A Parks Fund	0	13,520	(13,520)		0
903	Critical Infrastructure Fund	1,000,000	0	0	0	1,000,000
210	Equipment Replacement Fund	0	1,000	(30,000)	29,000	0
Total City Funds		7,232,902	10,143,770	(9,589,674)	0	7,786,997

FY24/25 General Fund Expenses + Fire Transfer + Pension Debt	8,317,986
General Fund Reserve Policy 50%	4,158,993
Projected General Fund Balance 6/30/24	52% 4,327,755
Over (Under) Policy	168,762



Fund Balance Summaries  
 FY24/25 Projection (Year 3)

City of Belvedere  
 Operating and Capital Budget  
 Fiscal Year 2022/2023

Fund #	Fund Name	Fund Balance 7/1/2024	Revenues	Expenditures	Transfers in/(out)	Fund Balance 6/30/2025
100	General Fund	4,327,755	9,141,409	(6,937,326)	(1,963,588)	4,568,250
130	Fire Fund	0	1,116,025	(2,248,974)	1,132,949	0
160	Insurance Reserve Fund	57,329	0	0	0	57,329
115	Pension 115 Trust Fund	2,401,913	0	0	300,000	2,701,913
500	Pension-related Debt Obligation Fund	0	0	(247,711)	247,711	0
900	Capital Improvement Fund	0	163,020	(334,080)	171,060	0
901	Road Impact Fee Fund	0	191,923	(274,792)	82,869	0
902	Measure A Parks Fund	0	14,128	(14,128)		0
903	Critical Infrastructure Fund	1,000,000	0	0	0	1,000,000
210	Equipment Replacement Fund	0	1,000	(30,000)	29,000	0
Total City Funds		7,786,997	10,627,506	(10,087,011)	0	8,327,493

FY25/26 General Fund Expenses + Fire Transfer + Pension Debt	8,856,127
General Fund Reserve Policy 50%	4,428,064
Projected General Fund Balance 6/30/25	52% 4,568,250
Over (Under) Policy	140,187

Fund Balance Summaries  
 FY25/26 Projection (Year 4)

City of Belvedere  
 Operating and Capital Budget  
 Fiscal Year 2022/2023

Fund #	Fund Name	Fund Balance 7/1/2025	Revenues	Expenditures	Transfers in/(out)	Fund Balance 6/30/2026
100	General Fund	4,568,250	9,595,883	(7,390,383)	(2,001,218)	4,772,532
130	Fire Fund	0	1,158,434	(2,383,733)	1,225,299	0
160	Insurance Reserve Fund	57,329	0	0	0	57,329
115	Pension 115 Trust Fund	2,701,913	0	0	300,000	3,001,913
500	Pension-related Debt Obligation Fund	0	0	(240,445)	240,445	0
900	Capital Improvement Fund	0	171,171	(207,634)	36,463	0
901	Road Impact Fee Fund	0	201,520	(371,532)	170,012	0
902	Measure A Parks Fund	0	14,835	(14,835)		0
903	Critical Infrastructure Fund	1,000,000	0	0	0	1,000,000
210	Equipment Replacement Fund	0	1,000	(30,000)	29,000	0
Total City Funds		8,327,493	11,142,843	(10,638,561)	(0)	8,831,774

FY26/27 General Fund Expenses + Fire Transfer + Pension Debt	9,304,382
General Fund Reserve Policy 50%	4,652,191
Projected General Fund Balance 6/30/25	51% 4,772,532
Over (Under) Policy	120,341

Fund Balance Summaries  
 FY26/27 Projection (Year 5)

City of Belvedere  
 Operating and Capital Budget  
 Fiscal Year 2022/2023

Fund #	Fund Name	Fund Balance 7/1/2026	Revenues	Expenditures	Transfers in/(out)	Fund Balance 6/30/2027
100	General Fund	4,772,532	10,073,081	(7,743,093)	(2,177,387)	4,925,133
130	Fire Fund	0	1,202,454	(2,526,577)	1,324,122	0
160	Insurance Reserve Fund	57,329	0	0	0	57,329
115	Pension 115 Trust Fund	3,001,913	0	0	0	3,001,913
500	Pension-related Debt Obligation Fund	0	0	(237,167)	237,167	0
900	Capital Improvement Fund	0	179,730	(620,315)	440,586	0
901	Road Impact Fee Fund	0	211,596	(358,108)	146,513	0
902	Measure A Parks Fund	0	15,577	(15,577)		0
903	Critical Infrastructure Fund	1,000,000	0	0	0	1,000,000
210	Equipment Replacement Fund	0	1,000	(30,000)	29,000	0
Total City Funds		8,831,774	11,683,437	(11,530,836)	0	8,984,375

FY27/28 General Fund Expenses + Fire Transfer + Pension Debt	9,805,949
General Fund Reserve Policy 50%	4,902,974
Projected General Fund Balance 6/30/25	50% 4,925,133
Over (Under) Policy	22,159

# Appendix

Preliminary

# APPENDIX

## Annual Appropriations Limit

Note – at the time of this report, the FY 2022-23 price and population data were not yet available. This page will be updated for the final budget version in June.

In 1979, California voters approved Proposition 4 (Article XIII-B of the California State Constitution). Informally known as the “Gann Initiative,” Article XIII-B provides limits to the amount of tax proceeds state and local governments can spend each year. In 1980, the State Legislature added Section 9710 of the Government Code stating that the governing body of each City must establish, by resolution, an appropriations limit for the following year. The limit for any fiscal year is equal to the previous year’s limit, adjusted for population changes and the change in the U.S. Consumer Price Index (or California per capital personal income, if smaller). The necessary statistical information is provided by the California Department of Finance.

In 1990, Proposition 111 modified Article XIII-B. A city may choose which annual adjustments to use. The adjustment factors include the growth in the California Per Capita Income or the growth in the nonresidential assessed valuation due to construction within the city, and the population growth within the city or county. The table below illustrates the computation used to derive the FY 2021-22 appropriation limits.

	AMOUNT	SOURCE
A. PRIOR YEAR LIMIT	\$ 3,328,300	
B. ADJUSTMENT FACTORS		Greater of City or County
1. Population %	0.9957	population percent increase
2. Inflation%	1.0573	State Finance/Assessor
3. Total Adjustment %	1.0527	(B1*B2)
C. THIS YEAR'S LIMIT		
1. Current year limit calculation	3,503,701	(A*B3)
2. Voter approved additional amt	997,888	Fire Tax Assessment
D. TOTAL CURRENT YEAR LIMIT	<u>\$ 4,501,589</u>	(C1+C2)
<b>RESOURCES SUBJECT TO LIMITATION:</b>		
<b>PROCEEDS OF TAXES</b>		
Property Taxes	\$ 6,272,254	
Sales Taxes	82,617	
Business Licenses	53,762	
HOPTR	21,585	
Interest Income Earned from Taxes	10,767	
TOTAL SUBJECT TO LIMITATIONS	\$ 6,440,985	
EXCLUSIONS	\$ (2,529,787)	
APPROPRIATIONS SUBJECT TO LIMITATION	<u>\$ 3,911,198</u>	
<b>Maximum allowable appropriation subject to limitations 2021-2022 fiscal year:</b>		
	\$ 4,501,589	
Less: Total appropriation subject to limitation for 2021-2022 fiscal year:	<u>(3,911,198)</u>	
BALANCE UNDER ARTICLE XIIB LIMIT:	<u>\$ 590,392</u>	

Preliminary

## **POLICY 2.1 – FINANCIAL STRUCTURE**

### **2.1.1 ACCOUNTING SYSTEM AND BUDGETARY CONTROL**

In developing and evaluating the City's accounting systems, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition; and 2) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that: 1) the cost of a specific control should not exceed the benefits likely to be derived; and 2) the evaluation of costs and benefits require estimates and judgments by management. All evaluations of the City's system of internal control will continue to occur within the above framework. The City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### **2.1.2 FUND DESCRIPTIONS**

The City's accounting records are organized and operate on a "fund" basis, which is the basic fiscal accounting entity in governmental accounting. Each fund is designated by fund type and classification:

- Governmental Funds - General, Special Revenue, and Capital Projects
- Proprietary Fund - Internal Service
- Fiduciary Funds - Trust and Agency
- Account Groups - General Fixed Assets and General Long-Term Debt

### **2.1.3 GOVERNMENTAL FUNDS**

Governmental Funds are used to account for the City's expendable financial resources and related current liabilities, except for those accounted for in proprietary funds. The basic financial statements necessary to fairly present financial position and operating results for governmental funds are the balance sheet and the statement of revenues, expenditures, and changes in fund balance. Governmental funds are maintained using the modified accrual basis of accounting.

- **General Fund** – The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Expenditures of this fund include the general operating expenses and capital improvement costs which are not paid through other funds.
- **Special Revenue Fund** – The Special Revenue Funds are used to account for revenues derived from specific sources, which are usually required by law or administrative regulation to be accounted for in a separate fund.
- **Capital Improvement Fund** – The Capital Improvement Fund is used to account for financial resources used for the acquisition or construction of major capital facilities.

#### 2.1.4 PROPRIETARY FUNDS

Generally accepted accounting principles applicable to a private commercial business are applicable to proprietary funds of a governmental entity. The accrual basis of accounting is utilized. The measurement focus is based upon a determination of net income, financial position and cash flows. Accordingly, basic financial statements are required, such as balance sheet, statement of revenues, expenses and changes in retained earnings (deficit), and the statement of cash flows. The City does not have any proprietary funds.

#### 2.1.5 FIDUCIARY FUNDS

Fiduciary Funds are used to account for money and property held by the City as trustee or custodian for individuals, organizations and other governmental units. Fiduciary funds are not incorporated in the City's budget.

#### 2.1.6 ACCOUNT GROUPS

Account Groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term debt.

- a. General Fixed Assets Account Group – this account group is used to maintain control and cost information on capital assets owned by the City.
- b. General Long-Term Account Group – this account group is used to account for all long-term debt of the City.



**POLICY 2.2 – FUND BALANCE AND RESERVE POLICIES**

**2.2.1 FUND BALANCE – CLASSIFICATIONS**

The City has adopted the provisions of GASB Statement No. 54, Fund Balance and Governmental Fund Type Definitions. GASB 54 establishes Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund statements conform to this new classification.

The Fund Financial Statements consist of Nonspendable, Restricted, Committed, Assigned and Unassigned amounts as described below:

**Nonspendable:**

Items that cannot be spent because they are not in spendable form, such as prepaid items, or items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan fund.

**Restricted:**

Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

**Committed:**

Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making (normally the governing body) and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City and can commit funds through resolutions.

**Assigned:**

Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has the authority to assign funds in Belvedere and can assign funds through the budgetary process.

### Unassigned:

This category is for any balances that have no restrictions placed upon them. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

## 2.2.2 FUND RESERVES

The City Council may elect to establish General Fund Reserve Policy/Guidelines. These Policy/Guidelines may be updated, modified and revised as determined by the Council. At the time of adoption of this Finance Policy, there are three such Policies/Guidelines: General Fund Reserve, 115 Pension Trust Reserve, and Insurance Reserve.

### A. General Fund Reserve:

- Target: The City shall endeavor to achieve at year end a General Fund Reserve that totals six months of the projected fiscal year's General Fund expenditures, plus one half of the current fiscal year's General Fund transfer to the Fire Fund, plus one half of the current fiscal year's debt service payments. In calculating the six months of the current fiscal year's expenditures, transfers to the City's 115 Pension Trust and/or any additional discretionary payments made to CalPERS will not be included because they are discretionary in nature.
- Purpose: Funds reserved under this category shall be used in case of catastrophic events, for budget stabilization purposes, or for capital and special projects:
  - Catastrophic events: Funds reserved shall be used to mitigate costs associated with unforeseen emergencies, including natural disasters or catastrophic events. Should unforeseen and unavoidable events occur that require the expenditure of City resources beyond those provided for in the annual budget, the City Manager or designee shall have authority to approve Catastrophic General Fund Reserve appropriations. The City Manager or designee shall then present to the City Council a budget amendment confirming the nature of the emergency and authorizing the appropriation of reserve funds.
  - Budget stabilization: Funds reserved shall be used to mitigate, should they occur, annual budget revenue shortfalls (actual revenues less than projected revenues) due to changes in the economic environment and/or one-time expenditures that will result in future efficiencies and/or budgetary savings. Examples of "economic triggers" and one-time uses include, but are not limited to:
    - Significant decrease in property tax, or other economically sensitive revenues;
    - Reductions in revenue due to actions by the state/federal government;
    - Workflow/technical system improvements to reduce ongoing, personnel costs and enhance customer service;

- One-time maintenance of service levels due to significant economic/budget constraints; and
- One-time transitional costs associated with organizational restructuring to secure long-term personnel cost savings.
- Capital and Special Projects: Funds reserved may be designated by the City Council for key infrastructure and capital/special projects as identified in the City 5-year Capital Improvement Plan, as there is no ongoing funding source to support the City's capital needs.
- Classification: The General Fund Reserve is classified as "Assigned" in the City's financial statements.

B. 115 Pension Trust Reserve:

- Target: An annual amount as determined by the funding calculation prescribed in Policy 2.3.1.5.
- Purpose: The purpose of the 115 Pension Trust is to set aside an appropriate level of funds to fully fund accrued pension obligations at a more prudential rate. City Council approval is required to transfer accumulated funds in the 115 Pension Trust to CalPERS as an additional discretionary payment or to offset a portion of the actuarially determined contribution.
- Classification: The 115 Pension Trust Reserve Fund is classified as "Restricted" in the City's financial statements.

C. Insurance Reserve:

- Target: Reserves shall be maintained between \$50,000 and \$100,000 to allow for emergencies and numerous or large claims. Reserves shall be replenished through subsequent charges to the appropriate user departments.
- Purpose: This Fund is designed to cover claims and deductibles related to property and casualty insurance claims.
- Classification: The Insurance Reserve Fund is classified as "Assigned" in the City's financial statements.

D. Critical Infrastructure Reserve:

- Target: This reserve does not have a specific dollar target.
- Purpose: The Critical Infrastructure Reserve is available to provide resources for potential future seawall and levee maintenance projects at Beach Road and San Rafael Avenue; both planned and emergency repair projects. The reserve is designed to reduce the City's future needs for borrowing or bonding on these projects and could also be used as required grant matching funds. If these projects do not come to fruition, these funds would be returned to the general fund.
- Classification: The Seawall Reserve Fund is classified as "Assigned" in the City's financial statements.

## **POLICY 2.3 – PENSION/OPEB FUNDING**

### 2.3.1 PENSIONS

#### 2.3.1.1 Purpose and Goals

The City of Belvedere is committed to fiscal sustainability. In keeping with this principle, it maintains minimal debt and generous reserves to cope with exogenous shocks. The City is also committed to honoring its pension obligations. One of the biggest threats to the City's ongoing fiscal sustainability is its rising pension costs. The overarching goal of this Policy is to avoid the risk of crowding out vital public services in future years, and to provide balance sheet space to finance essential infrastructure projects in the years ahead, by funding its accrued pension obligations at a more prudential rate. This Policy also formalizes a past practice of using excess reserves to make discretionary payments to CalPERS whenever affordable.

Development of the City's Pension Funding Policy was guided by the following five tenets:

- The cost of employee benefits should be paid by the generation of taxpayers who receives services.
- Actuarial assumptions should be prudential to ensure that promised benefits can be paid.
- Funding shortfalls should be closed expeditiously. The goal is full funding.
- Large swings in employer contribution rates are undesirable. Smoothing is desirable.
- Funding policies and underlying assumptions should be clearly delineated and regularly reviewed.

#### 2.3.1.2 Policy

The City shall seek to achieve full funding, over twenty years, of its pension obligations. This means that the City shall seek to have assets to cover 100% of accrued pension liabilities valued at a prudential discount rate (CalPERS discount rate adjusted to reflect real anticipated performance) by 2031 and beyond. This calibrates with CalPERS own amortization rules, which allow losses (or gains) to be amortized over 20 years.

#### 2.3.1.3 Establishing and Funding a Section 115 Trust

The City shall establish a Section 115 Trust ("Trust") into which it will invest funds reserved for future pension-related expenses. The City has elected to participate in the California Employers' Pension Prefunding Trust (CEPPT) Fund 115 Trust program. The City will provide an initial investment using a dollar average formula into this Trust during a fifteen-month period beginning in Fiscal Year 20/21 and will make annual contributions to the Trust in amounts determined by the Finance Committee and approved by the City Council beginning in Fiscal Year 21/22. Funds set aside by the City for this purpose will be transmitted to the Trust no less than annually. The assets will be managed conservatively; the City has selected CEPPT investment Strategy 1 which reflects the City's general risk aversion and pension plan maturity.

#### 2.3.1.4 Role of the Finance Committee

The City's Finance Committee will conduct a standing pension funding review at least every five years to reset the discount rate (adjusting for CalPERS' discount rate based on latest available

evidence), set annual funding costs, and fix payments until the next review. The Finance Committee will also review the investment strategy utilized in the 115 Pension Trust and recommend changes if deemed appropriate. It may also recommend transferring money from the Trust to CalPERS or making a discretionary payment to the Trust or CalPERS from excess reserves if any exist at that time. The Finance Committee will send its recommendations to the City Council for its consideration.

#### 2.3.1.5 Determination of Funding Amounts

In developing its recommendations to the City Council, the Finance Committee will review CalPERS' current discount rate (i.e., expected rate of return on its investments), CalPERS' actual investment performance during the review period, and other relevant factors. The Committee will set an adjusted discount rate (or putative rate) that it believes to be more realistic than the discount rate set by CalPERS and will determine the amounts that should be set aside in the Trust to ensure full funding over the requisite period. These amounts will be determined by using the CalPERS Pension Outlook Tool or substantially similar methodology. Should CalPERS require additional payments from the City due to a reduction in CalPERS' discount rate, the City may elect to reduce its transfers to the 115 Trust by an equal amount.

#### 2.3.1.6 Financial Reporting

The City recognizes the importance of ensuring that pension obligations included in the City's financial statements, particularly its Comprehensive Annual Financial Report, are consistent with CalPERS, and will continue to use CalPERS' discount rate for these purposes. This facilitates easy comparison with other agencies and avoids possible negative impacts on perceived credit quality. The City equally recognizes the importance of communicating its pension stewardship. It will therefore include an annual pension update, describing its pension funding policy, Trust assets and adjusted funded status in its annual budget report. Appropriate disclosures of the 115 Trust investments will be reported in the City's financial statements, consistent with GASB required standards.

#### 2.3.1.7 Effect on Reserve Requirements

The City maintains a robust minimum reserve policy, with reserves required to equal no less than six months of general fund operating expenses, debt financing costs and fire contract costs net of fire tax revenues. Transfers to the Trust and additional discretionary payments made to CalPERS will be excluded from the reserve requirement calculation (denominator) because they are discretionary in nature. This is consistent with the City's existing treatment of discretionary payments to CalPERS and internal money transfers.

#### 2.3.1.8 Employee Contributions

In accordance with PEPRA guidelines and compatible with other local agencies, the City will work over time to increase Classic employee contribution rates to 8.0% of salary for Miscellaneous employees and to 12.0% of salary for Safety workers.

### 2.3.2 OTHER POST EMPLOYMENT BENEFIT (OPEB)

The City offers OPEB health benefits to employees who meet CalPERS vesting requirements. The benefit provided to City retirees is the minimum amount allowable under the CalPERS health plan, with the exception of two former City Manager retirees, who receive a more generous benefit. This benefit is funded on a pay-go method, with no funds set aside in a trust for this purpose.”

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## **POLICY 2.4 – BUDGET AND LONG-TERM PLANNING**

### 2.4.1 POLICY

The budget shall serve as a principal management tool for the City administration and be used to allocate the City's resources. The budget document should also serve as a helpful tool for citizens in understanding the operations and costs of City services. In general, ongoing appropriations should be supported by ongoing revenues, and the City should maintain healthy reserves.

Each year, the City Manager develops and presents an annual budget to the City Council for its consideration. The development of the budget is a cooperative effort involving the participation of each department head. Each department head is then accountable to the budget, as enacted by the City Council, meaning that he/she must ensure that departmental spending is in accordance with the budget. Department heads may seek approval from the City Manager to adjust departmental spending, and the City Manager is authorized to transfer appropriations within each fund.

### 2.4.2 BUDGET BASIS

The budgets of general government-type funds (for example, the general fund, and gas tax funds) are prepared on a spending measurement focus. Briefly, this means that only current assets and current liabilities are included on the balance sheets. The modified accrual basis of accounting is followed. Under the modified accrual basis of accounting, revenues are susceptible to accrual when they become both measurable and available. Expenditures, other than interest on long-term debt, are recorded when a current liability is incurred.

The Comprehensive Annual Financial Report (CAFR) shows the status of the City's finances on the basis of "generally accepted accounting principles" (GAAP). In most cases, this conforms to the way the City prepares the budget. One exception is the treatment of compensated absences. Compensated absences, including accrued but unused administrative leave, compensatory time and vacation leave, are treated slightly different in the budget than in the CAFR.

### 2.4.3 RESPONSIBILITY

The City Manager is responsible for preparing an annual budget for consideration by the City Council.

### 2.4.4 BUDGET PREPARATION AND TIMELINE

The process of developing the operating budget begins in March of each year. The budget preparation process provides department heads an opportunity to examine programs; propose changes in current services; recommend revisions in organizations and methods; and outline requirements for capital outlay items. The City's executive team reviews departmental budget proposals and recommends adjustments to the City Manager.

During budget review, the City Manager assesses requests for new positions, and prioritizes operating and capital budget requirements. The Finance Committee, which consists of five members chosen by the City Council, the Mayor, the Vice-Mayor and the City Manager, then reviews the draft budget and makes a recommendation to the City Council.

In May of each year, the City Manager presents the draft budget and 5-year projection to the City Council for its consideration, along with the recommendation of the Finance Committee. Generally, a final budget is adopted, by resolution, in June. Each fiscal year begins on July 1.

#### 2.4.5 OPERATING BUDGET OBJECTIVES

In general, ongoing operating costs should be supported by ongoing stable revenue sources. This protects the City from fluctuating services levels and avoids crises when one-time revenues are reduced or removed. Listed below are some additional considerations:

- End of year fund balances or contingency accounts should only be used for one-time expenditures, such as capital equipment and capital improvements.
- Ongoing maintenance costs, such as street resurfacing and parks maintenance, should be financed through recurring operating revenues rather than through bond issuance.
- One-time federal grants should not be used to fund ongoing programs.

#### 2.4.6 REVENUE OBJECTIVES

The City will seek to maintain a diversified and stable revenue system to ensure ongoing fiscal health and the capacity for absorbing short-run fluctuations in any single revenue source.

The City Manager shall review the encumbrances and continuing appropriations to be submitted to the City Council for approval from one fiscal year to the next fiscal year. These encumbrances and continuing appropriations shall become a part of the City's budget.

#### 2.4.7 CAPITAL BUDGET

The Budget shall include a Capital Improvement Plan (CIP) with a discussion of capital projects that are to be funded over a five-year period. Consistent with the CIP, the Budget shall also include a one-year Capital Improvement Budget, which details capital expenditures for the upcoming fiscal year. Although the CIP may identify "unfunded" projects that carry out the City's strategic and general plans, the Capital Improvement Budget must be fully funded with funds projected to be available during the fiscal year. Management should assess the ongoing impact that any given capital project may have on current and future operating budgets when considering whether to include the project in the budget.

#### 2.4.8 BUDGET IMPLEMENTATION

A budgetary control system is maintained to ensure compliance with the budget. The Administrative Services Manager is responsible for setting up the budget for tracking purposes,



and is charged with ensuring that funds remain available during the year to cover expenditures and appropriations. Reports comparing the budget with expenditures are generated on a monthly basis and are provided to department heads and the City Manager.

#### 2.4.9 BALANCED BUDGET

A balanced budget is achieved when the General Fund Reserve Policy (Policy 2.2.2.A) is met.

#### 2.4.10 BUDGET REVISION

The City Manager is authorized to transfer budget appropriations within the same fund. Additional appropriations, or inter-fund transfers not included in the original budget resolution, require approval by the City Council. Use of unappropriated reserves must be approved by the City Council.

#### 2.4.11 LONG-TERM PLANNING

Each annual budget will be accompanied by a five-year financial forecast. This forecast will be integrated with the City's General Plan and Strategic Plan. The forecast will also be reviewed with respect to the City's long-term financial goals and policies.

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## **POLICY 2.6 – DEBT**

### 2.6.1 PURPOSE

This Debt Policy is intended to comply with Government Code Section 8855(i), effective on January 1, 2017, and may be amended by the City Council as it deems appropriate from time to time in the prudent management of the debt of the City. This Debt Policy shall govern all debt undertaken by the City, the Authority (defined below), and any other subordinate entities of the City for which the City Council serves as the governing board.

### 2.6.2 BELVEDERE PUBLIC FINANCING AUTHORITY

The Belvedere Public Financing Authority (the “Authority”) was formed in May 2016 and is a joint exercise of powers authority organized and existing under and by virtue of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code. The Authority is authorized to issue its revenue bonds pursuant to the Marks-Roos Local Bond Pooling Act of 1985, being Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code. As the legislative body of the City, the Belvedere Council acts as the Governing Board of the Authority.

### 2.6.3 IN GENERAL

The City recognizes that a fiscally-prudent debt policy is required in order to:

- Maintain the City’s sound financial position;
- Ensure that the City has the flexibility to respond to changes in future service priorities, revenue levels and operation expenses;
- Protect the City’s creditworthiness;
- Ensure that debt is structured in order to protect both current and future taxpayers, ratepayers and constituents of the City;
- Ensure that the City’s debt profile is consistent with the City’s planning goals and capital improvement needs.

### 2.6.4 PURPOSES FOR WHICH DEBT MAY BE ISSUED

#### Long-Term Debt

Long-term debt may be issued to finance the construction, acquisition and rehabilitation of capital improvements and facilities, equipment and land to be owned and operation by the City.

Long-term debt financings are appropriate when the following conditions exist:

- The project to be financed is necessary for providing basic services;
- The project to be financed will provide benefit to constituents over multiple years;
- Total debt does not constitute an unreasonable burden on the City and its taxpayers;
- The new debt is used to refinance outstanding debt in order to produce debt service savings or realize the benefits of a debt restructuring – for example, in the case of using

pension obligation bonds to  
restructure obligations associated with defined-benefit pensions.

Long-term debt will not generally be considered appropriate for current operation expenses or routine maintenance expenses.

The City may use long-term debt financings subject to the following conditions:

- The project to be financed must be approved by the City Council;
- The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed 120% of the average reasonably expected economic life of the project to be financed.
- The City estimates that sufficient revenues will be available to service the debt through its maturity;
- The City determines that the issuance of the debt will comply with applicable state and federal law.

### Short-Term Debt

Short-term debt may be issued to provide financing for the City's operational cash flows in order to maintain a steady and even cash flow balance. Short-term debt may also be used to finance short-lived capital projects; for example, the City may undertake a lease-purchase financing for equipment.

### Financings on Behalf of Other Entities

The City may also find it beneficial to issue debt on behalf of other governmental agencies in order to further the public purposes of the City. In such cases, the City shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with the policies set forth herein.

## 2.6.5 TYPES OF DEBT

The following types of debt are allowable:

- General Obligation bonds (GO Bonds)
- Bond or grant anticipation notes (BANs)
- Lease revenue bonds, certificates of participation (COPs) and lease-purchase transactions
- Other revenue bonds and COPs
- Tax and revenue anticipation notes (TRANS)
- Land-secured financings, such as special tax bonds issued under the Mello-Roos Community Facilities Act of 1982, and limited obligation bonds issued under applicable assessment statutes
- Tax-increment financing to the extent permitted by State law

Debt shall be issued as fixed rate debt unless the City makes a specific determination as to why a variable rate issue would be beneficial to the City in a specific circumstance.

### 2.6.6 RELATIONSHIP OF DEBT TO CAPITAL IMPROVEMENT PROGRAM AND BUDGET

The City is committed to long-term capital planning. The City could issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the City's capital budget and capital improvement plan.

The City shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues. The City shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear.

The City shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the City's public purposes.

The City shall seek to avoid the use of debt to fund infrastructure and facilities improvements in circumstances when the sole purpose of such debt financing is to reduce annual budgetary expenditures.

The City shall seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its general fund.

### 2.6.7 POLICY GOALS RELATED TO PLANNING GOALS AND OBJECTIVES

The City is committed to long-term financial planning, maintaining appropriate reserve levels and employing prudent practices in governance, management and budget administration. The City would issue debt for the purposes stated in this Debt Policy and in order to implement policy decisions incorporated in the City's annual operations budget.

It is a policy goal of the City to protect taxpayers, ratepayers (if applicable), and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.

The City will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates, or charges.

When refinancing debt, it shall be a policy goal of the City to realize, whenever possible, and subject to any overriding non-financial policy considerations, (i) minimum net present value debt service savings equal to or greater than 3.0% of the refunded principal amount, and (ii) present value debt service savings equal to or greater than 100% of any escrow fund negative arbitrage.

## 2.6.8 INTERNAL CONTROL

### PROCEDURES

When issuing debt, in addition to complying with the terms of this Debt Policy, the City shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

Without limiting the foregoing, the City will periodically review the requirements of and will remain in compliance with the following:

- Any continuing disclosure undertakings entered into by the City in accordance with SEC Rule 15c2-12;
- Annual debt transparency report obligations under Government Code section 8855(k);
- Any federal tax compliance requirements, including, without limitation, arbitrage and rebate compliance;
- The City's investment policies as they relate to the use and investment of bond proceeds.

Proceeds of debt will be held either (a) by a third-party trustee or fiscal agent, which will disburse such proceeds to or upon the order of the City upon the submission of one or more written requisitions by the Administrative Services Manager, or (b) by the City, to be held and accounted for in a separate fund account, the expenditure of which will be carefully documented by the City.

## 2.6.9 BOND DISCLOSURE

### Official Statements

The City's chief financial officer, city manager and other appropriate City staff members shall review any Official Statement prepared in connection with any debt issuance by the City in order to ensure there are no misstatements or omissions of material information in any sections that contain descriptions of information prepared by the City.

In connection with its review of the Official Statement, the appropriate City staff members shall consult with third parties, including outside professionals assisting the City, and all members of City staff, to the extent needed to ensure that the Official Statement will include all "material" information (as defined for purposes of federal securities law).

All Official Statements shall be submitted to the City Council for approval as a new business matter and not as a consent item. The City Council shall undertake such review as deemed necessary by the City Council, following consultation with appropriate City staff members, to fulfill the City Council's responsibilities under applicable securities laws.

### Continuing Disclosure Filings

Under the continuing disclosure undertakings that the City has entered into in connection with its debt offerings, the City is required each year to file annual reports with the Municipal

## APPENDIX Finance Policies

City of Belvedere  
Operating & Capital Budget  
Fiscal Year 2022/2023

### Securities Rulemaking Board's

Electronic Municipal Market Access ("EMMA") system in accordance with such undertakings. Such annual reports are required to include certain updated financial and operating information, and the City's audited financial statements. The City is also required under its continuing disclosure undertakings to file notices of certain events with EMMA.

The City's Chief Financial Officer shall establish a system (which may involve the retention or one or more consultants) by which the City will:

- Make the annual filings required by its continuing disclosure undertakings on a complete and timely basis, and
- File notices of enumerated events on a timely basis.

### Public Statements

Whenever the City makes statements or releases information relating to its finances to the public that are reasonably expected to reach investors and the trading markets, the City is obligated to ensure that such statements and information are complete, true, and accurate in all material respects.

### Training

The members of the City staff involved in the initial or continuing disclosure process shall be properly trained to understand and perform their responsibilities.



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# CITY OF BELVEDERE

## Memorandum

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**TO:** Finance Committee

**FROM:** Helga Cotter, Administrative Services Director

**REVIEWED BY:** Craig Middleton, City Manager

**DATE:** May 3, 2022

**SUBJECT:** Revised Draft FY2022-23 Budget

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Attached for your consideration is a revised FY2022-23 Draft Operating & Capital Budget. This version of the budget has been updated from the prior version, implementing suggested changes from our April 18, 2022, meeting as summarized below.

Content changes:

City Overview:

- Updated “*Many residences...*” to be “*Some residences...*”

Municipal Government

- Added “... Tiburon Fire Protection District to provide fire ~~services~~ *and emergency medical services.*”

Budget Overview

- Other Deductions from Operating Funds – corrected the Contribution to Critical Infrastructure Reserve to be \$600,000 from \$400,000. This results in Adjusted Net Operating Revenue of \$66,799.

Revenue History

- Real Property Transfer FY20/21 Actual Revenue – The amount was transposed with the Excess ERAF amount. The Real Property Transfer amount for FY20/21 is \$184,182. The Excess ERAF amount is the \$569,394. The total Property Tax revenue for FY20/21 did not change and remains at \$6,332,809.

**BUDGET YEAR:**

## Revenues:

- Business Licenses – The \$48,745 was based on the actual revenue to date. Over the past three years, the average amount collected between April and June is an additional \$7,000. The amount expected for this fiscal year has been increased by an additional \$5,000 to \$53,745. This is due to the majority of construction starting in the Spring and Summer months. There has also been a decline in one-time business licenses issued over the past year. The annual business licenses renew at the beginning of each calendar year. In November 2021, the City's business licenses program was converted to be integrated with the newer iWorQ software. Renewal notices for CY2022 were sent out by email, rather than by regular mail for the first time. Staff is reviewing this new process to ensure that all business are captured.

## Expenses:

- Continue the deferral of one Police Officer position – The City approved at the April 12, 2021 Council meeting, the establishment of the Section 115 Trust for pension-related funding purposes. The City also committed to annual payments of \$300,000 per year over the next five years into the Trust. These annual payments would be accomplished, in part, by extending the deferral of a police officer hire for a 3-year period which would be until FY2023-24. It was anticipated that the hiring of the police officer could then be undertaken without affecting the City's ability to continue funding the Trust for the remaining two years based on increased revenues.

Overtime for the Police Department fluctuates based on the number of staff. The overtime for the period of July 2021 to December 2021 was \$11,032 with two sergeants and three officers. With the retirement of one sergeant at the end of December 2021, the overtime for January 2022 through the first half of April is \$21,252, almost double that of the first six months of the fiscal year.

During FY18/19, the City had two officers and one officer in FY19/20 out on temporary total disability leave. The City is obligated to pay the full salary and cannot fill these positions while the individual is out on this leave for up to 52 weeks. The most significant overtime occurred in FY19/20 for \$113,755.



**FIVE YEAR PROJECTIONS:**

## Revenue:

- We modified our revenue projections to reflect modest increases while maintaining the conservative approach. The average increase in property tax revenue over the past four fiscal years was 5.78%.

	Y2	Y3	Y4	Y5	4-year Average
<u>GENERAL FUND:</u>					
Property Taxes	4.50%	5.00%	5.00%	5.00%	<b>4.88%</b>
Non-Property Taxes	4.50%	5.00%	5.00%	5.00%	<b>4.88%</b>
Permits & Service Charges	4.50%	4.50%	5.00%	5.00%	<b>4.75%</b>
Other Agencies & Misc. Revenue	4.00%	4.50%	5.00%	5.00%	<b>4.63%</b>
Fines, Investments	--	--	--	--	--
<u>OTHER FUNDS:</u>					
Fire	3.80%	3.80%	3.80%	3.80%	<b>3.80%</b>
Capital	--	4.50%	5.00%	5.00%	<b>4.63%</b>
Road Impact (follows "permits")	4.50%	4.50%	5.00%	5.00%	<b>4.75%</b>
Parks (follows "other agencies")	4.00%	4.50%	5.00%	5.00%	<b>4.63%</b>
Equipment	--	--	--	--	--

## Expense:

We modified our expenditures to reflect potential increases in salary and benefits as well as increases in operating expenditures that are projected while maintaining the same conservative approach.

	Y2	Y3	Y4	Y5	4-year Average
<u>GENERAL FUND:</u>					
Salaries	3.50%	4.00%	4.00%	4.00%	<b>3.88%</b>
Fringe Benefits	3.50%	4.00%	4.00%	4.00%	<b>3.88%</b>
Other Operating	4.25%	4.50%	4.50%	4.50%	<b>4.44%</b>

- The CalPERS Unfunded Accrued Liability calculation remains based on the 4% rate of returns this estimation is based on the CalPERS valuation report as of June 30, 2020, for the projected years. Therefore changing it to an estimated calculation of 6% rate of return would not be prudent at this time.

### Reserve Calculation:

After implementing the above changes, the 5-year General Fund Reserve Projections are as follows:

GENERAL FUND RESERVE PROJECTIONS					
	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27
	PROPOSED BUDGET	Projections	Projections	Projections	Projections
Prior Year General Fund Balance	\$ 4,743,611	\$ 4,073,660	\$ 4,327,755	\$ 4,568,250	\$ 4,772,532
General Fund Revenues	8,583,794	8,714,422	9,141,409	9,595,883	10,073,081
General Fund Expenditures	(6,408,625)	(6,652,109)	(6,937,326)	(7,390,383)	(7,743,093)
Transfers out of General Fund	(2,845,120)	(1,808,218)	(1,963,588)	(2,001,218)	(2,177,387)
Projected General Fund Balance	<u>4,073,660</u>	<u>4,327,755</u>	<u>4,568,250</u>	<u>4,772,532</u>	<u>4,925,133</u>
<b>General Fund Reserve Calculations</b>					
Projected GF Expenses + Fire Tfr + Debt Svc	7,939,506	8,317,986	8,856,127	9,304,382	9,805,949
Reserve (50% of Proj GF + Fire + Debt Svc)	<u>3,969,753</u>	<u>4,158,993</u>	<u>4,428,064</u>	<u>4,652,191</u>	<u>4,902,974</u>
Over (Under) Reserve Policy	<u>103,907</u>	<u>168,762</u>	<u>140,187</u>	<u>120,341</u>	<u>22,159</u>
GF balance as % of Operating Expenses	51%	52%	52%	51%	50%

### FINANCE POLICIES:

#### 2.3.2 Other Post Employment Benefit (OPEB)

Update: .....with the exception of ~~certain~~ two former City Manager retirees.....

The City does continue to pay the retiree insurance for two of the former City Managers. This is only applicable to these two former City Managers.

We believe that this revised Draft FY2022-23 Budget is responsive to the Finance Committee's recommendations and incorporates the appropriate level of conservative projections in these ever-changing economic times.

**BELVEDERE FINANCE COMMITTEE**  
**MAY 3, 2022**

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To: Chairman and Members of the Finance Committee

From: Craig Middleton, City Manager  
Helga Cotter, Director of Administrative Services

**Subject: Discussion of Draft Real Property Transfer Tax**

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**Recommended Motion/Item Description**

- That the Finance Committee review the materials presented and discuss the key elements of the proposed tax measure, and
- If appropriate, that the Finance Committee formulate a recommendation to the City Council as to placing a proposed ordinance on the November 2022 ballot.

**Discussion**

The Finance Committee met in July 2021 and established a Taskforce charged with analyzing options for financing the City's future critical infrastructure needs, particularly the upgrade of vulnerable levees and utility infrastructure. The Taskforce met four times over three months and developed a recommendation that was presented to the full Finance Committee in October 2021, and to the Council in November 2021. The Taskforce's objective was to establish a reliable revenue source that could generate funds adequate to support critical infrastructure upgrades. It was agreed that all residents would benefit from the infrastructure upgrades and all residents should therefore shoulder a portion of cost, and that owners of more valuable properties should pay a greater share since they have more expensive assets at risk. After reviewing several funding options, the Taskforce recommended introduction of a 1.0% real property transfer tax (RPTT) levied each time a property is sold.

This recommendation was based on 20 years of actual property sales data, the strength and resilience of Belvedere's real estate market, and the conclusion that a tax on property sales would generate adequate general fund revenue to support said infrastructure upgrades. Belvedere currently sees about 50 property sales per year, with an average selling price of around \$4 million – generating approximately \$200 million in annual property sales on average. A 1% RPTT would generate an estimated \$2 million annually.

Under the California Constitution, only charter cities can adopt real property transfer taxes. Therefore, to implement a RPTT, the City of Belvedere must convert from a general law city to a charter city. The adoption of a RPTT requires approval of a simple majority of those voting, and the two questions (Charter City/RPTT) can be combined into a single ballot measure. The vote must coincide with the general election of City councilmembers held in November of even years;

therefore, the next opportunity to place a measure on the ballot is the election of November 8, 2022.

### RPTT Background

A form of real property transfer tax, known as a documentary transfer tax, is already in place throughout California. The tax is imposed on the transfer of real property from one person or legal entity to another person or legal entity for which consideration is paid, based on the sale price or fair market value. The California Revenue and Taxation Code states that all counties charge a documentary transfer tax rate of 0.11% on real property transfers, with the revenue split 50/50 between the county and the city in which the property is transferred. Charter cities have the authority to levy additional RPTTs on top of this existing rate. Many charter cities do this, as shown in the table below, including San Rafael in Marin County.

*California Cities with Real Property Transfer Taxes*

City	RPTT Rate	City	RPTT Rate
<b>Alameda County</b>		<b>Marin County</b>	
Alameda	1.20%	San Rafael	0.20%
Albany	1.50%	<b>Sacramento County</b>	
Berkeley	Banded from 1.50% to 2.50%	Sacramento	0.275%
Emeryville	1.20%	<b>San Francisco County</b>	
Hayward	0.85%	San Francisco	Banded from 0.50% to 6.00%
Oakland	Banded from 1.00% to 2.50%	<b>San Mateo County</b>	
Piedmont	1.30%	San Mateo	0.50%
San Leandro	1.10%	<b>Santa Clara County</b>	
<b>Contra Costa County</b>		Mountain View	0.33%
El Cerrito	1.20%	Palo Alto	0.33%
Richmond	Banded from 0.70% to 3.00%	San Jose	Banded from 0.33% to 1.83%
<b>Los Angeles County</b>		<b>Solano County</b>	
Pomona	0.22%	Vallejo	0.33%
Redondo Beach	0.22%	<b>Sonoma County</b>	
Santa Monica	Banded from 0.30% to 0.60%	Petaluma	0.20%
		Santa Rosa	0.20%

Source: California City Finance

### Considerations in Adopting a RPTT

There are several considerations when designing a RPTT program, including exemptions, liability for the tax, compliance, penalties, administration, and oversight. These issues are discussed below.

### Transfer Tax Exemptions

Various types of real property transfers are automatically exempt from transfer taxes because no consideration is paid. Examples include:

- Transfers between spouses or registered domestic partners.

- Transfers due to marital dissolution.
- Gifts and bequests.
- Transfers that result only in a change in the method of holding title, such as transferring title from an individual to his/her trust.
- Foreclosures.
- Recordings to secure debt.
- Transfers due to bankruptcy reorganization.

In addition, by law, government entities are exempt from paying transfer taxes. Transfers of ownership interests in entities that own real estate are also exempt from transfer taxes provided there is no change in control of the entity.

If there is a change in control of an entity owning real estate, known as an Internal Revenue Code Section 708 termination (50 percent or more transfer of capital and profits over 12 months), this is termed a “controlling interest transfer” and transfer taxes are due on the fair market value of the real estate within the transferred entity.

### Compliance

Most real property transfers involve the recordation of a deed with the county recorder. This makes transfer tax compliance relatively straightforward. The county recorder records the deed once all closing costs are paid, collects the taxes, and remits the funds.

Compliance in relation to controlling interest transfers is slightly more complicated because no deed is recorded. However, legal entities are required to disclose when there has been a change of ownership as part of their state income tax return. The State Board of Equalization then requires the entity to disclose the location of all real property owned by the entity and forwards that information to the appropriate county offices to collect transfer taxes. Transfer taxes are therefore captured, albeit with a lag.

There is one possible avenue of avoidance, namely if a controlling interest transfer happens between two foreign entities that do not conduct business in California. In this case, the controlling interest transfer might never come to light, particularly given the three-year statute of limitations on transfer tax collection. Given this risk, and to augment the state’s reporting process, it is recommended that the City consider adoption of a separate ordinance that requires annual reporting to the City of any change in ownership of an entity that owns real property in Belvedere. Given the large number of properties in Belvedere held through legal entities (see following table), including foreign entities, coupled with the low volume and high value of property transactions, it is important that these transactions are captured.

*Summary of Parcel by Type*

Property Ownership Type	Total Parcels	Percentage of Total Parcels	Percentage of Total Land Improved Value
Trust	613	61.24%	60.68%
Private Individual	201	20.08%	22.04%
Business	79	7.89%	15.05%
City	53	5.29%	0.00%
Belvedere Land Company	24	2.40%	1.69%
Belvedere Lagoon Property Owner's Assoc.	9	0.90%	0.00%
SF Yacht Club	9	0.90%	0.42%
State	4	0.40%	0.00%
Richardson Bay Land Co.	3	0.30%	0.00%
Sanitary District	3	0.30%	0.00%
County	2	0.20%	0.00%
Corinthian Yacht Club	1	0.10%	0.12%
<b>Grand Total</b>	<b>1001</b>	<b>100.00%</b>	<b>100.00%</b>

*Penalties*

Although compliance with RPTTs is generally very good, most cities have significant penalties wrapped into their programs. These penalties are primarily in place to encourage timely payment in relation to controlling interest transfers, and to ensure accurate fair market valuations in relation to more complex commercial transactions. Despite Belvedere's rather simple real estate landscape, with very limited commercial property, a robust penalty structure is important to encourage compliance. Having reviewed the penalty structures of several Bay Area cities (see table), the proposed ordinance for Belvedere imposes a delinquency penalty of 25% of the amount of tax due after 90 days, with an additional 15% penalty after a further 90 days. Interest would accrue at a rate of 1% per month inclusive of penalties. An additional 50% penalty would apply if failure to pay was attributable to fraud or intent to evade taxes.

*Summary of Various City RPTT Penalties and Interest*

City	Delinquency Penalty	Additional Penalty After 90 Days	Interest Rate	Interest Calculation Inclusive/Exclusive of Penalties
El Cerrito	10%	15%	1.00%	Inclusive
City of Berkeley	10%	10%	0.50%	Exclusive
City of San Jose	10%	10%	0.50%	Exclusive
City of Piedmont	10%	10%	0.50%	Exclusive
City of San Francisco	25%	10%	1.00%	Exclusive

*Administration*

The County of Marin currently administers all Marin cities' documentary transfer taxes, as well as San Rafael's RPTT. The City plans to contract with the County of Marin to administer the tax. The Marin County Recorder will collect the tax and transfer funds, less a small administrative

fee of approximately \$25 per document, to the City for deposit into its general fund. There may also be limited one-time costs associated with setting up systems.

### Liability for Tax

All California cities that currently levy a RPTT make the buyer and seller jointly and severally liable for the tax. Belvedere intends to follow this precedent. However, without limiting this effect, Belvedere will establish a custom whereby the buyer and seller each pay half the tax. In the case of transfers involving a government entity (tax exempt), the opposing counterparty will bear the full cost of the tax. If both counterparties are government entities, no tax will be paid. Note that transfer taxes are deductible for capital gains tax purposes.

### Tax Affidavit

As part of the administration process, a tax affidavit form will be required by the County as part of the recording process. The tax affidavit is used to explain the nature of the transaction and to determine whether the transaction is taxable. It will be signed under penalty of perjury.

## **PROPOSED ORDINANCE**

The proposed Ordinance is attached. Some key points, not already discussed:

- Implementation. The transfer tax will only be implemented if a measure converting Belvedere from a general law city to a charter city and authorizing the tax is approved by voters by majority vote. Once election results are certified, the adopted city charter will be submitted to the State of California for recordation. Once the charter is “accepted and filed” by the State, the charter will become effective, and the tax will go into effect.
- Can the Council increase or extend the tax? No. The proposed ordinance sunsets the tax in not more than 30 years. Any change in tax rate, or early sunset of the tax must be approved by a majority of voters at an even-year November election.
- Oversight. The City’s Finance Committee will be tasked with conducting an annual review of collection, management and use of RPTT funds.

## **Fiscal Impact**

If approved by voters, introduction of a RPTT at a rate of 1%, on top of the existing documentary transfer tax of 0.11%, will result in an additional average annual revenue to the City of approximately \$2.0 million.

**Attachments**

A: Draft Ordinance

B: Sample Tax Affidavit

C: Staff Report to the City Council November 3, 2021, including recommendation of Taskforce on October 18, 2021



**CITY OF BELVEDERE ORDINANCE NO. 2022-XX****AN ORDINANCE OF THE CITY OF BELVEDERE AMENDING BELVEDERE MUNICIPAL CODE TITLE 3 – REVENUE AND FINANCE, AUTHORIZING A TAX ON THE TRANSFER OF REAL PROPERTY LOCATED IN BELVEDERE AND ADDING CHAPTER 3.30 – REAL PROPERTY TRANSFER TAX TO THE BELVEDERE MUNICIPAL CODE**

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**WHEREAS**, ; and

**WHEREAS**, on [REDACTED] 2022, the City Council held a duly noticed public hearing to consider this ordinance; and

**WHEREAS**, the proposed Charter would authorize the City to levy a real property transfer tax; and

**WHEREAS**, the tax to be submitted to the voters, if approved, would authorize a tax on the sale of property. The tax would not be an annual tax on property, only a tax on the sale of property. The tax rate would be ten dollars (\$10.00) per each one thousand dollars (\$1,000.00), or fraction thereof, of the consideration paid for real property. The tax would be owed at the time of sale of real property. The tax would be collected by the City or the County of Marin. Revenues from a real property transfer tax would go into the City's general fund and could be used for any legitimate government purpose. Both the Belvedere City Charter and the tax would be approved if the measure receives at least a simple majority vote of affirmative votes; and

**WHEREAS**, approval of this ordinance is exempt from review under the California Environmental Quality Act (Public Resources Code §§ 21000 et seq. ("CEQA") and 14 Cal. Code Reg. §§ 15000 et seq. ("CEQA Guidelines")). The tax authorized by this ordinance is a general tax that can be used for any legitimate governmental purpose; it is not a commitment to any particular action. As such, under CEQA Guidelines section 15378(b)(4), the tax is not a project within the meaning of CEQA because it creates a government funding mechanism that does not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment. If revenue from the tax were used for a purpose that would have such effect, the City would undertake the required CEQA review for that particular project at the earliest feasible time prior to approval of the project, consistent with CEQA Guidelines Sections 15004 and 15352. Therefore, pursuant to CEQA Guidelines section 15060, CEQA analysis is not required.

**NOW, THEREFORE**, the City Council of the City of Belvedere does hereby ordain as follows:

**SECTION 1. FINDINGS.**

a.

b.

**SECTION 2. AMENDMENT.** A new Chapter 3.30 “Real Property Transfer Tax” is hereby added to the Belvedere Municipal Code (BMC) to read as set forth in **Exhibit A** to this Ordinance, which is hereby incorporated as though set forth in full herein.

**SECTION 3. SEVERABILITY.** If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this Ordinance, or any part thereof, it’s for any reason held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph sentence, clause or phrase of this Ordinance irrespective of the fact that one or more sections, subsections, subdivisions, paragraphs, sentences or phrases be declared unconstitutional or invalid or effective. To this end the provisions of this ordinance are declared to be severable.

**SECTION 4. EFFECTIVE DATE.** This Ordinance shall take effect 10 days after the City Council declares the results of the vote at the November 8, 2022, election. The tax authorized by the ordinance shall become operative upon the effective date of the Charter of the City of Belvedere. Within 15 days following its passage, a summary of the Ordinance shall be published with the names of those City Council members voting for and against the Ordinance, and the City Clerk shall post in the office of the City Clerk a certified copy of the full text of the adopted Ordinance.

**INTRODUCED AND ADOPTED AT A PUBLIC HEARING** at a regular meeting of the Belvedere City Council on [REDACTED], 2022, by the following vote, subject to approval of the People of the City of Belvedere at the election held on November 8, 2022:

AYES:

NOES:

ABSENT:

RECUSED:

APPROVED:

Sally Wilkinson, Mayor

ATTEST:

Beth Haener, City Clerk

## EXHIBIT A

Chapter 3.30 “Real Property Transfer Tax” is hereby added to the Belvedere Municipal Code to read in its entirety as follows:

3.30.010 Title. This chapter may be cited as the “Real Property Transfer Tax Ordinance of the City of Belvedere.”

3.30.020 Purpose and Authority.

- A. The tax imposed by this chapter is solely for the purpose of raising revenues for the general governmental purposes of the City. All of the proceeds from the tax imposed by this chapter shall be placed in the City’s general fund. This chapter is not enacted for regulatory purposes.
- B. This ordinance is adopted pursuant to the City’s authority under Article XI, section 5 of the Constitution of the State of California and Section [REDACTED] of the Belvedere City Charter.

3.30.030 Definitions. For purposes of this Chapter , the following definitions apply:

- A. “Change in control and ownership of legal entity” means any direct or indirect acquisition or transfer of ownership interest or control in a legal entity that constitutes a change in ownership or transfer of the real property of the legal entity under California Revenue and Taxation Code section 64, as such statute reads and is interpreted by the California Department of Tax and Fee Administration.
- B. “City” means the City of Belvedere.
- C. “County Assessor” means the Assessor-Recorder-Clerk of the County of Marin or any department of the government of the County of Marin that succeeds to the assessor functions.
- D. “County Recorder” means the Assessor-Clerk-Recorder of the County of Marin or any department of the government of the County of Marin that succeeds to the recorder functions.
- E. “Person” and “persons” mean any natural person, receiver, administrator, executor, assignee, trustee in bankruptcy, trust, estate, firm, co-partnership, joint venture, club, company, joint stock company, business trust, limited liability company, municipal corporation, political subdivision of the State of California, domestic or foreign corporation, association, syndicate, society, or any group of individuals acting as a unit, whether mutual, cooperative, fraternal, nonprofit, or otherwise, and the United States or any instrumentality thereof. “Person” and “persons” also mean any natural person, who as an individual or with a spouse, owns 51 percent or more of the capital stock of a corporation obligated to file a

declaration and pay tax pursuant to this chapter; and in addition, is a person with the power to control the fiscal decision-making process by which the corporation allocates funds to creditors in preference to its tax obligations under the provisions of this chapter. A person who is also an officer or director of a corporation obligated to file declarations and pay tax pursuant to this chapter shall be presumed to be a person with the power to control the fiscal decision-making process. Whenever the term “person” is used in any clause prescribing and imposing a penalty, the term as applied to an association shall mean the owners or part owners thereof, and as applied to corporation, the officers thereof.

- F. “Real property” and “realty” mean real property as defined by and under the laws of the state of California.
- G. “Tax” means the tax authorized and imposed by this chapter.
- H. “Tax Administrator” means the Finance Director or other City official designated by the City Manager to administer the tax. Some or all of the functions of the Tax Administrator may be delegated to the County Recorder. References to the Tax Administrator include the County Recorder or other department of the County of Marin when power or duty referred to has been delegated to the County Recorder or other department of the County of Marin.
- I.
  - 1. “Transfer of real property” means a sale, grant, assignment, transfer, or other conveyance of any lands, tenements, or other real property by deed, instrument, or other writing from a transferor to a transferee, or to a third person at or by the direction of transferee.
  - 2. “Transfer of real property” includes a change in control and ownership of a legal entity that results in a transfer of real property. Without limiting the general application of this Subsection (2), a change in ownership and control of a legal entity results in a transfer of real property when the real property is the only asset owned by the legal entity or any other assets owned by the legal entity are de minimis relative to the value of the real property, as determined by the Tax Administrator, and the change in ownership and control of the legal entity results in a different person or persons having legal control over the real property directly or indirectly through their ownership and control of the legal entity.
- J. “Transferee” means a person to whom a transfer of real property is made.
- K. “Transferor” means a person who makes a transfer of real property.
- L.
  - 1. “Value of consideration” means the total consideration, valued in money of the United States, paid or delivered, or contracted to be paid or delivered in return for the transfer of real property, including the amount of any indebtedness existing immediately prior to the transfer which is secured by a lien, deed of trust, or other encumbrance on the property conveyed and which continues to be secured by such lien, deed of trust, or

encumbrances after such transfer, and also including the amount of any indebtedness which is secured by a lien, deed of trust, or encumbrance given or placed upon the property in connection with the transfer to secure the payment of the purchase price or any part thereof which remains unpaid at the time of transfer.

2. “Value of the consideration” also includes the amount of any special assessment levied or imposed upon the property by a public body, district or agency, where such special assessment is a lien or encumbrance on the property and the purchaser or transferee agrees to pay such special assessment or takes the property subject to the lien of such special assessment. The value of any lien or encumbrance of a type other than those which are hereinabove specifically included, existing immediately prior to the transfer and remaining after such transfer, shall not be included in determining the value of the consideration.
3. If the “value of the consideration” cannot be definitely determined, or is left open to be fixed by future contingencies, “value of the consideration” shall be deemed to mean the fair market value of the property at the time of transfer, after deducting the amount of any lien or encumbrance, if any, of a type which would be excluded in determining the “value of the consideration” pursuant to the above provisions of this section.
4. In the event that the asserted “value of consideration” for a transfer of real property is less than the fair market value, the Tax Administrator may assume that the “value of consideration” is the fair market value of the property but shall consider evidence submitted by the persons responsible for the paying the tax that the lower amount represents the price agreed upon as part of a valid arms-length transaction.

3.30.040 Tax Imposed. A tax is hereby imposed on each transfer of real property located in the City of Belvedere, when the value of the consideration exceeds one hundred dollars (\$100.00)

3.30.050 Tax Rate. The rate of the tax imposed pursuant this chapter shall be ten dollars (\$10.00) for each one thousand dollars (\$1,000.00) of the value of consideration paid for a transfer of real property, or fractional part of each one thousand dollars (\$1,000.00) of the value of consideration.

3.30.060 Persons Liable for Tax.

- A. Any person who makes a transfer of real property subject to the tax imposed by this chapter and any person to whom such a transfer is made shall be jointly and

severally liable for payment of the tax. The transferor and transferee may apportion the tax between themselves.

- B. Without in anyway limiting the effect of subsection (A), above, and for informational purposes only, the City notes that it is the custom in Belvedere that the transferor and transferee each pay one half of the tax.

3.30.070 Exceptions and Exemptions.

- A. Government Entities. The United States or any political subdivision thereof, the State of California, any city, county, city and county, district or any other political subdivision of the State of California shall be exempt from the tax imposed pursuant to this chapter. If the transferee or transferor is not a government entity, then the party to the transfer that is not a government entity shall be liable for the tax imposed pursuant to this chapter.
- B. Writings That Secure a Debt. Any tax imposed pursuant to this chapter shall not apply to any instrument in writing given to secure a debt.
- C. Transfers of Real Property to Effectuate a Plan of Reorganization. Any tax imposed pursuant to this chapter shall not apply to the making, delivery, or filing of conveyances to make effective any plan of reorganization or adjustment:
1. Confirmed under the Federal Bankruptcy Act, as amended;
  2. Approved in an equity receivership proceeding in a court involving a railroad corporation, as defined in Section 101 of Title 11 of the United States Code, as amended;
  3. Approved in an equity receivership proceeding in a court involving a corporation, as defined in Section 101 of Title 11 of the United States Code, as amended; or
  4. Whereby a mere change in identity, form, or place of organization is effected.

Subsections (1) to (4), above, shall only apply if the making, delivery, or filing of instruments of transfer or conveyance occurs within five (5) years from the date of such confirmation, approval, or change.

- D. Orders of the Securities and Exchange Commission. Any tax imposed pursuant to this article shall not apply to the making or delivery of conveyances to make effective any order of the Securities and Exchange Commission, as defined in subdivision (a) of Section 1083 of the Internal Revenue Code of 1954; but only if:
1. The order of the Securities and Exchange Commission in obedience to which such conveyance is made is necessary or appropriate to effectuate

the provisions of Section 79k of Title 15 of the United States Code, relating to the Public Utility Holding Company Act of 1935;

2. Such order specifies the property which is ordered to be conveyed; and
3. Such conveyance is made in obedience to such order.

E. Transfer of Certain Partnership Property.

1. In the case of any realty held by a partnership or other entity treated as a partnership for federal income tax purposes, no tax shall be imposed pursuant to this chapter by reason of any transfer of an interest in the partnership or other entity or otherwise, if both of the following occur:
  - a. The partnership or other entity treated as a partnership is considered a continuing partnership within the meaning of Section 708 of the Internal Revenue Code of 1986.
  - b. The continuing partnership or other entity treated as a partnership continues to hold the realty concerned.
2. If there is a termination of any partnership or other entity treated as a partnership for federal income tax purposes, within the meaning of Section 708 of the Internal Revenue Code of 1986, for purposes of this chapter, the partnership or other entity shall be treated as having executed an instrument whereby there was conveyed, for fair market value (including the value of any lien or encumbrance remaining thereon), all realty held by the partnership or other entity at the time of the termination.
3. Not more than one (1) tax shall be imposed pursuant to this chapter by reason of a termination described in subsection (2) of this section, and any transfer pursuant thereto, with respect to the realty held by a partnership or other entity treated as a partnership at the time of the termination.

F. Transfers That Result Only in a Change in the Method of Holding Title to Real Property. No tax shall be imposed pursuant to this chapter by reason of any transfer between an individual or individuals and a legal entity or between legal entities that results solely in a change in the method of holding title to the realty and in which proportional ownership interests in the realty, whether represented by stock, membership interest, partnership interest, co-tenancy interest, or otherwise, directly or indirectly, remain the same immediately after the transfer.

G. Deed in Lieu of Foreclosure. Any tax imposed pursuant to this chapter shall not apply with respect to any deed, instrument, or writing to a beneficiary or mortgagee, which is taken from the mortgagor or trustor as a result of or in lieu of foreclosure; provided, that such tax shall apply to the extent that the consideration exceeds the unpaid debt, including accrued interest and cost of foreclosure. Consideration, unpaid debt amount, and identification of grantee as beneficiary or

mortgagee shall be noted on said deed, instrument, or writing or stated in an affidavit or declaration under penalty of perjury for tax purposes.

H. Transfers between Spouses and Domestic Partners.

1. Any transfer made during the term of a marriage or domestic partnership between spouses or domestic partners shall be exempt from the tax imposed pursuant to this chapter.
2. Any transfer of property from one spouse or domestic partner to the other in accordance with the terms of a decree of dissolution or legal separation or in fulfillment of a property settlement incident thereto shall be exempt from the tax imposed pursuant to this chapter. This exemption shall apply only to property that was acquired by the spouses or domestic partners prior to the final decree of dissolution. This exemption shall not apply to a transfer of property to a third party, despite the existence of a valid court order or settlement agreement.
  - a. For domestic partners, the two parties to the transfer must have on file a valid domestic partnership registration (a) under existing law and procedures for the state of California domestic partnership registry, or (b) with a governmental agency of a jurisdiction that recognizes domestic partnership registration.
  - b. If domestic partners do not own, as joint tenants, the property that is the subject of their dissolution agreement, they must demonstrate that they were living together at the location of the real property in question either at least six months prior to the dissolution of the domestic partners relationship or the entire period of ownership of the transferring partner, whichever is more.
  - c. To qualify for this exemption, domestic partners must provide that portion of their dissolution and property settlement agreement pertaining to the division or transfer of property, which shall be filed with the Office of the City Clerk or County Recorder. The copy of the settlement agreement shall be accompanied by an affidavit with verifiable signatures or proof of identity, that the copy is an accurate and authentic reproduction of the final settlement agreement between the parties.

I. Transfers That Confirm or Correct a Recorded Deed. A transfer of real property without consideration that confirms or corrects a deed shall be exempt from the tax imposed pursuant to this chapter. The correcting or confirming transfer must be recorded no later than ninety (90) days after the recordation of the transfer requiring correction or confirmation.

J. Transfers from One Natural Person to Another upon the Death of the Transferor. The tax imposed pursuant to this chapter shall not apply to a transfer of real



property from one natural person to another natural person if the real property is specifically devised to the transferee as part of a will or similar document, as long as the transferee pays no consideration for the real property. If real property is devised to multiple natural persons as part of a will or similar document, and one transferee subsequently pays consideration to the other transferees to obtain sole ownership of the real property, the tax shall apply to the transfer.

3.30.080 Administration of Tax. The Tax Administrator shall collect or cause to be collected the tax imposed pursuant to this chapter and shall otherwise administer this chapter. The Tax Administrator may make such rules and regulations, not inconsistent with this chapter, as they may deem reasonably necessary or desirable to administer this chapter, as well as necessary forms and receipts.

3.30.090 Due Dates, Delinquencies, Penalties, Interest, Administrative Charges, and Lien Release Recordation Fees; Penalty for Fraud.

- A. The tax imposed pursuant to this chapter is due and payable at the time the deed, instrument, or writing effecting a transfer subject to the tax is delivered, and is delinquent if unpaid ninety (90) days later. If a transfer of real property is effected but not recorded with the County Recorder within ninety (90) days of the date on which the deed, instrument, or writing was delivered, all statutes of limitations regarding liability for the tax imposed pursuant to this chapter shall be tolled until the City has actual knowledge of the transfer, at which time the tax on the unrecorded transfer shall relate back to the date on which the deed, instrument, or writing was delivered. Penalties and interest shall be deemed to have begun accruing on the date the deed, instrument, or writing was delivered, and shall be the joint and several liability of the persons referred to in Section 4.64.060. In the event that the tax is not paid prior to becoming delinquent, a delinquency penalty of twenty-five percent (25%) of the amount of the tax due shall accrue. In the event only a portion of the tax is unpaid prior to becoming delinquent, the penalty shall only accrue as to the unpaid portion. An additional penalty of fifteen percent (15%) of the amount of tax due shall accrue if the tax remains unpaid on the ninetieth day following the date of the original delinquency. Interest shall accrue at the rate of one percent (1%) per month or fraction thereof, on the amount of the tax, inclusive of penalties, from the date the tax becomes delinquent to the date of payment. Interest and penalties shall become part of the tax. An administrative charge and a release of lien filing fee equal to the amount charged by the County Recorder shall be added to the amount owed for each property approved for a tax lien by the City Council.
- B. If the Tax Administrator determines that the failure of any person to timely pay any tax imposed by this chapter was attributable to fraud or an intent to evade this chapter, then the Tax Administrator shall impose a penalty in the amount of fifty percent (50%) of the amount of the unpaid tax. The penalty imposed by this subsection (B) shall be in addition to the penalty imposed under subsection (A) and any other fines, penalties, or other charges imposed by law.

**3.30.100**      Declaration May Be Required.

- A.      The tax imposed by this chapter shall be paid to the Tax Administrator or County Recorder by the persons referred to in Section 3.30.060. The Tax Administrator shall have the authority, pursuant to this chapter and any promulgated rules and regulations, to require that the payment shall be accompanied by a declaration of the amount of tax due signed by the person paying the tax or by their duly authorized agent. If a declaration is required, it shall include a statement that the value of the consideration on which the tax due was computed includes all indebtedness secured by liens, deeds of trust, or other encumbrances remaining or placed on the property transferred at the time of transfer, and also includes all special assessments on the property which a purchaser or transferee agrees to pay or which remains a lien on the property at the time of transfer. The declaration shall identify the deed, instrument, or writing effecting the transfer for which the tax is being paid. The declaration may include a statement that all information provided in the declaration is offered under penalty of perjury. The Tax Administrator may require delivery of a copy of such deed, instrument, or writing whenever they deem such to be reasonably necessary to adequately identify such writing or to administer the provisions of this chapter. The Tax Administrator may but is not required to rely on the declaration as to the amount of the tax due.
  
- B.      Whenever the Tax Administrator has reason to believe that the full amount of tax due is not shown on the declaration or has not been paid, they may, by notice served upon any person liable for the tax, require them to furnish a true copy of their records relevant to the value of the consideration or fair market value of the property transferred. Such notice may be served at any time within three (3) years after recordation of the deed, instrument, or writing which transfers such property.

**3.30.110**      Determination of Deficiency; Petition for Redetermination.

- A.      If on the basis of such information as the Tax Administrator receives pursuant to Section 3.30.100, or on the basis of such other relevant information that comes into their possession, they determine that the amount of tax due as set forth in the declaration, or as paid, is insufficient, he or she may re-compute the tax due on the basis of such information.
  
- B.      If the declaration referenced in Section 3.30.100 is not submitted, the Tax Administrator may make an estimate of the value of the consideration for the property transferred and determine the amount of tax to be paid on the basis of any information in their possession or that may come into his or her possession.
  
- C.      More than one deficiency determination may be made of the amount due with respect to any single transfer of real property.
  
- D.      The Tax Administrator shall give written notice to a person liable for payment of the tax imposed pursuant this chapter of a deficiency determination made under

this section. Such notice shall be given within three (3) years after the recordation of the deed, instrument, or writing effecting the transfer on which the tax deficiency determination was made.

- E. Any notice required to be given by the Tax Administrator under this chapter may be served personally or by mail. If service is made by mail, it shall be made by depositing the notice in the United States mail, in a sealed envelope with postage paid, addressed to the person on whom it is to be served at the address as it appears in the records of the City or as ascertained by the Tax Administrator. The service is complete at the time of the deposit of the notice in the United States mail, without extension of time for any reason.
- F. Any person against whom a deficiency determination is made under this chapter or any person directly interested may petition the Tax Administrator for a redetermination within sixty (60) days after service upon the person of notice thereof. If a petition for redetermination is not filed in writing with the Tax Administrator within the sixty (60) day period, the determination becomes final at the expiration of the period.
- G. If a petition for redetermination is filed within the sixty (60) day period, the Tax Administrator shall reconsider the determination and, if the person has so requested in his or her petition, shall grant the person an oral hearing, and shall give them ten (10) days' notice of the time and place of the hearing. The Tax Administrator may designate a hearing officer for the purpose of conducting hearings. A hearing on a tax deficiency redetermination may be continued from time to time as may be necessary.
- H. As part of a redetermination hearing, the Tax Administrator may decrease or increase the amount of the tax owed before a redetermination decision becomes final, but the amount may be increased only if the Tax Administrator asserts a claim for the increase at or before the hearing.
- I. The order or decision of the Tax Administrator upon a petition for redetermination becomes final thirty (30) days after service of notice thereof upon the petitioner or at the time of hearing of redetermination. There is no administrative appeal to the City Council of the Tax Administrator's decision on a petition for redetermination. Writs challenging the Tax Administrator's decision must be filed with the appropriate court within ninety (90) days of the final date of such redetermination. (California Code of Civil Procedure Section 1094.6.)

3.30.120 Tax a Debt. The amount of any tax, penalty, and interest imposed under the provisions of this chapter shall be deemed a debt owed to the City. Any person owing money to the City under the provisions of this chapter shall be liable in an action brought in the name of the City for the recovery of such amount, plus the City's costs of bringing the action, including attorneys' fees and litigation costs. The provisions of this section shall not be deemed a limitation upon the right of the City to bring any other action, whether criminal, legal, or

equitable, based upon the failure to pay the tax, penalty, or interest imposed by this chapter or the failure to comply with any of the provisions hereof.

3.30.130      Refunds. Whenever the amount of any tax, penalty, or interest has been overpaid, or paid more than once, or has been erroneously collected or received by the City under this chapter, it may be refunded as provided in this section. The person who paid the tax must file with the Tax Administrator a written claim stating under penalty of perjury the specific grounds on which the refund is claimed. A refund claim must be filed within one (1) year of the date of payment. The claim shall be submitted on forms furnished by the Tax Administrator. The Tax Administrator may make such refund if they are satisfied that the claimant is entitled to the refund under the provisions of this chapter. No refund shall be paid under the provisions of this section unless the claimant establishes his or her right thereto.

3.30.140      Tax a Lien or Assessment against Transferred Real Property.

- A.      The amount of tax, penalty, and interest imposed under the provisions of this chapter is assessed against the real property upon the transfer of which the tax is imposed. If the tax, penalties, or interest are not paid when due, they may be recorded as a lien against or a special assessment on the real property transferred. Any lien against the transferred real property shall continue until the amount thereof including all penalties and interest are paid, or until it is discharged of record. Any person owing money to the City under the provisions of this chapter shall be liable to an action brought in the name of the City for the recovery of such amount.
- B.      The Tax Administrator shall file with the City Manager a written notice of liens and special assessments that the Tax Administrator believes should be recorded to collect the tax, penalties, or interest owed pursuant to this chapter. Upon the receipt of such notice, the City Manager shall present the same to the City Council, and the City Council shall forthwith, by resolution, fix a time and place for a public hearing on such notice.
- C.      The Tax Administrator shall cause a copy of such resolution and notice to be served upon the persons responsible for the tax, penalties, or interest owed. Notice shall be provided not less than ten (10) days prior to the time fixed for the hearing. Service shall be made by mailing a copy of the resolution and notice to the transferor and transferee of real property at their last known addresses. Service shall be deemed complete at the time of deposit in the United States mail.
- D.      Following the hearing, if the City Council determines that tax, penalties, or interest are owed pursuant to this chapter, it may authorize the imposition of a lien against the transferred real property and may order that any delinquent taxes, penalties, or interest that remain unpaid by the transferor or transferee shall constitute a special assessment against the transferred real property. If the City Council orders the imposition of a special assessment against the transferred real property, the special assessment shall be collected at such time as is established by the County Assessor for inclusion in the next property tax assessment.

- E. The Tax Administrator shall turn over to the County Assessor for inclusion in the next property tax assessment the total sum of unpaid delinquent charges consisting of the delinquent taxes, penalties, and interest at the rate of twelve percent (12%) per annum from the date of recordation to the date of lien.
- F. Thereafter, the authorized special assessment may be collected at the same time and in the same manner as ordinary property taxes are collected, and shall be subject to the same penalties and the same procedure of sale as provided for delinquent property taxes. The assessment lien previously imposed upon the property is paramount to all other liens except for those of State, county, and municipal taxes with which it shall be upon parity. The lien shall continue until the special assessment and all interest and charges due and payable thereon are paid. All taxes applicable to the levy, collection, and enforcement of municipal taxes shall be applicable to said special assessments.

3.30.150 Annual audit. Each year, as part of audit of the city's financial statements, the city's independent auditors shall complete a report reviewing the collection, management, and expenditure of revenue from the tax levied by this chapter. The report shall be reviewed by the Finance Committee or successor agency designated by the City Council as part of its annual review of the City's audited financial statements.

3.30.160 Amendments.

- A. The following amendments to this ordinance must be approved by the voters of the City: increasing the tax rate or revising the methodology for calculating the tax such that a tax increase would result; imposing the tax on persons not previously subject to the tax; or extending the tax.
- B. The City Council may otherwise amend this chapter without submitting the amendment to the voters of the City for approval.
- C. The City Council may establish rules that are necessary and desirable for implementation of this chapter.

3.30.170 Sunset of Tax. The authority to impose the tax authorized pursuant to this chapter shall terminate at midnight on the thirtieth anniversary of the date that the City first imposes the tax.



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE ASSESSOR-RECORDER

TRANSFER TAX AFFIDAVIT

FOR RECORDER'S USE ONLY
Document Number:

NOTICE: ANY MATERIAL MISREPRESENTATION OF FACT IN THIS AFFIDAVIT IS A MISDEMEANOR UNDER SAN FRANCISCO BUSINESS AND TAX REGULATIONS CODE SECTION 1116. ANY PERSON WHO MAKES SUCH A MISREPRESENTATION IS SUBJECT TO PROSECUTION FOR SUCH OFFENSE.

The information provided in this affidavit shall be maintained confidential to the extent provided in Section 1118 of the San Francisco Business and Tax Regulations Code.

1. PROPERTY LOCATION - ASSESSOR'S PARCEL NUMBER (APN): Block: Lot:
Street Address:

2. NAME OF GRANTEE: NAME OF GRANTOR:

3. IS THIS A FORECLOSURE/DEED IN LIEU OF FORECLOSURE OR A TRUSTEE SALE?
Yes (Complete this section) No (Proceed to #4)
Is the Grantee the foreclosing beneficiary? Yes (Complete 3a) No (Complete 3b)
a. If yes, calculate:

Amount paid in excess of the amount of unpaid debt discharged (Including Costs; if less than \$0, enter \$0) \$
plus Unpaid debt remaining on the property assumed by grantee \$
equals Taxable Basis (enter amount on Line 10a) \$

b. If no, calculate:
Total amount paid at trustee sale \$
plus Unpaid debt remaining on the property assumed by grantee \$
equals Taxable Basis (enter amount on Line 10a) \$

4. IS THIS A LEASE? Yes (Complete this section) No (Proceed to #5)
a. Is the remaining term of the lease including renewal options equal to or greater than 35 years?
Yes (Complete i and ii) No (No transfer tax is due)
i. If yes, submit copy of the lease or summary of the financial terms
ii. Consideration or Value of leasehold interest: \$; enter amount on line 10a

5. IS THIS A QUALIFYING RENT-RESTRICTED AFFORDABLE HOUSING TRANSFER UNDER SECTION 1108.6 OF THE SAN FRANCISCO BUSINESS AND TAX REGULATIONS CODE? Yes No (Proceed to #6)
If yes, a certificate from the Mayor's Office of Housing and Community Development confirming the transfer qualifies under Section 1108.6 of the San Francisco Business and Tax Regulations Code must be submitted

6. IS THIS AN UNRECORDED TRANSFER UNDER SECTION 1111(d) OF THE SAN FRANCISCO BUSINESS AND TAX REGULATIONS CODE? Yes (Complete this section) No (Proceed to #7)
a. If yes, date of transfer:
b. Fair market value of realty: \$ Enter amount on line 10b

7. IS THIS A TRANSFER INVOLVING A LEGAL ENTITY/TRUST IN WHICH THE PROPORTIONAL OWNERSHIP INTEREST REMAINS THE SAME BEFORE AND AFTER THE TRANSFER?

- Yes (No tax due)  No (Proceed to #8)

*Note: Transfers involving legal entities in which a proportional interest exemption is claimed **must** provide copies of formation documents, such as LLC Operating Agreement, Partnership Agreement, Certificate of Shareholders, etc. in all cases other than transferring to the individual's own trust wherein the name of the trust contains that of the individual.*

8. IS THIS A GIFT, INHERITANCE, OR OTHER TRANSFER FOR NO CONSIDERATION IN WHOLE OR IN PART?

- Yes (Complete this section)  No (Proceed to #9)  
 Gift  Inheritance  Add/Release co-signer  Other \_\_\_\_\_

Date of Transfer/Date of Death: \_\_\_\_\_

Name of Grantor/Donor/Decedent: \_\_\_\_\_

Name of Grantee/Recipient: \_\_\_\_\_

Amount paid for any portion of transferred property: \$ \_\_\_\_\_; enter amount on Line 10a

9. DO YOU CONTEND THAT NO TRANSFER TAX IS DUE FOR A REASON NOT EXPLAINED ABOVE?

- No (Proceed to #10)  
 Yes - Provide a full explanation of why you contend no transfer tax is due (use additional papers if necessary).

\_\_\_\_\_  
 \_\_\_\_\_

10. TAXABLE TRANSACTIONS

Complete the following and calculate taxes below:

- a. Consideration Paid \$ \_\_\_\_\_  
 (Including value of any lien or encumbrance remaining thereon at the time of transfer)  
 b. Fair Market Value \$ \_\_\_\_\_  
 c. Documentary Transfer Tax (Payment Due) \$ \_\_\_\_\_

TRANSFER TAX - Imposed per Article 12-C of San Francisco Business and Tax Regulations Code	
If entire consideration or value is:	Tax rate for entire consideration or value is:
More than \$100 but less than/equal to \$250,000	\$2.50 for each \$500 or portion thereof
More than \$250,000 but less than \$1,000,000	\$3.40 for each \$500 or portion thereof
\$1,000,000 or more but less than \$5,000,000	\$3.75 for each \$500 or portion thereof
\$5,000,000 or more but less than \$10,000,000	\$11.25 for each \$500 or portion thereof
\$10,000,000 or more but less than \$25,000,000	\$27.50 for each \$500 or portion thereof
\$25,000,000 or more	\$30.00 for each \$500 or portion thereof

*Note: The maximum tax rate for qualified Rent-Restricted Affordable Housing transfers is \$3.75 per \$500 or portion thereof, per §1108.6 of Article 12-C of San Francisco Business and Tax Regulations Code.*

11. CONTACT INFORMATION

- a. Name of contact person: \_\_\_\_\_  
 b. Telephone number: \_\_\_\_\_  
 c. Mailing address: \_\_\_\_\_

I DECLARE OR AFFIRM UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT.

\_\_\_\_\_  
 Signature of Filer

\_\_\_\_\_  
 Print Name and Title of Filer

\_\_\_\_\_  
 Place of Execution (City, County, State)

\_\_\_\_\_  
 Date of Execution

**SCHEDULED ITEMS**

**BELVEDERE CITY COUNCIL  
NOVEMBER 3, 2021**

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To: Mayor and City Council

From: Amber Johnson, Director of Administrative Services

Reviewed by: Craig Middleton, City Manager

**Subject: Critical Infrastructure Financing**

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**Recommended Motion/Item Description**

Consider the Finance Committee’s recommendation on critical infrastructure project financing methods.

**Background**

The City of Belvedere is undertaking a major infrastructure improvement project that will protect the City from a number of threats. The current cost estimate for this project is \$28 million. With a total annual operating and capital budget of about \$9 million, plus an operating reserve of \$3.5 million, the City does not have sufficient resources available to finance this type of project.

The Belvedere Finance Committee met in July 2021 and established a sub-committee that was tasked with analyzing options for financing the project – the Taskforce on Critical Infrastructure Financing (“taskforce”). The taskforce met four times over three months and developed a recommendation that was presented to the full Finance Committee on October 20, 2021. The detailed taskforce recommendation is included as Attachment A to this staff report.

**Findings**

The taskforce focused its efforts on researching all aspects of debt financing available to cities for financing infrastructure projects, first considering legal restrictions on debt. Generally, municipalities cannot issue debt without introducing a new tax stream, which must be approved by a two-thirds supermajority vote. A *general* tax can be levied with a simple majority vote, but cannot be pledged directly as a source for debt repayment. Therefore, the “lease exception” is commonly used by municipalities to issue lease revenue bonds to pay for capital projects when a general funds are the only available source for debt repayment.

Next, the taskforce considered the desired tax features of a tax that would generate approximately \$1.5 million annually – enough to pay debt service on a \$28 million borrowing over 30 years at a reasonably conservative rate of 3.5%. It was agreed that all residents benefit



from the infrastructure project and all residents should shoulder the cost, while owners of more valuable properties should pay a greater share since they have more expensive assets at risk.

After analyzing all of the tax revenue funding streams available, the taskforce arrived at four possible options for funding this project: a parcel tax, a Mello-Roos tax, an ad valorem property tax, and a real property transfer tax.

After careful consideration, the taskforce ruled out two of the four options – a parcel tax and a Mello-Roos tax. A parcel tax would result in an equal, flat fixed amount of approximately \$1,600 per year charged to each property in Belvedere, perhaps causing an undue burden on elderly residents on a fixed income. A Mello-Roos tax uses an apportionment formula, but the taskforce was unable to create a formula which it believed was equitable.

Two tax revenue stream options remained – ad valorem and real property transfer tax. Both options have desirable qualities; primarily that they are both equitable options, though distinct from each other in almost every way.

An ad valorem tax is a very common method by which municipalities raise funds to finance infrastructure projects. This option requires a two-thirds supermajority vote, with voters deciding whether or not to issue debt in the form of a general obligation bond (or GO bond), which is in turn funded by an annual parcel tax levy. The levy is assessed as a percentage of assessed value. Current estimates indicate an annual assessment of about \$560 per \$1 million of assessed value if this option is selected.

A real property transfer tax (or RPTT) is a one-time levy on the transfer of real estate based on the property's selling price. This option requires the City to convert from a general law city to a charter city. The RPTT and charter city decision could be posed to the voters as one ballot question, and would require a simple majority to pass. RPTT funds can only be used for general purposes and not explicitly pledged for debt repayment. Therefore, an alternative structure would be required for issuing debt. A lease financing structure is essentially the only debt structure available in this scenario, with all available City assets (primarily City Hall, Community Park and Tom Price Park) pledged under a lease/leaseback arrangement. The critical infrastructure projects themselves might also be used as assets to lease/leaseback. Current estimates indicate a RPTT of 1% would be sufficient to cover debt service payments.

With two strong – but very different – financing options available, the taskforce asked staff to engage a polling consultant to poll likely voters and ascertain which option might be preferable amongst Belvedere residents. Both options polled well. Of the two options, the RPTT has greater chance of success at the ballot box because of the lower threshold (50%+1) that is required for passage. The taskforce therefore recommended an RPTT/lease financing structure to the Finance Committee.

At its October 20 meeting, the Finance Committee received the taskforce's recommendation. After discussion and deliberation, the Finance Committee recommends that the Council educate the public about both the RPTT/Charter City option and the GO Bond/Ad Valorem tax option for

financing critical infrastructure improvements. Based on its analysis, the Committee recommends the Real Property Transfer Tax.

**Fiscal Impact**

Because this recommendation involves creating a new revenue stream to fund new expenditures, there is no net impact to the City's operating and capital budget. However, the critical infrastructure project itself will bolster the City's asset values and have a positive impact to the City's overall financial position.

**Recommendation**

Consider the Finance Committee's recommendation on critical infrastructure project financing methods.

**Attachments**

- A. Belvedere Taskforce on Critical Infrastructure Financing: Recommendation to Finance Committee

**Belvedere Taskforce on Critical Infrastructure Financing:  
Recommendation to Finance Committee**

**Date: October 18, 2021**

**Background**

On July 30, 2021, the City of Belvedere’s Finance Committee established a Brown Act *Taskforce on Critical Infrastructure Financing* (“taskforce”), comprising four of its seven members (Bob McCaskill, Greg Ostroff, Sally Wilkinson, and John Wilton). The taskforce was assigned the job of analyzing options for financing critical infrastructure improvements to San Rafael Avenue and Lower Beach Road, a project which is estimated to cost \$28 million, including a 30% contingency. The taskforce met four times in public session over the course of three months. Councilmember Jim Lynch attended meetings as a member of the public. This report provides a summary of its analysis and recommendations.

**Professional Advisors**

The taskforce relied on various outside advisors to complete its work, as follows:

- Bond Counsel: Brian Forbath of Stradling Yocca Carlson & Rauth
- Ballot Counsel: Sky Woodruff of Myers Nave
- Financial Advisor: James Fabian of Fieldman Rolapp & Associates
- Polling Consultant: Bryan Godbe of Godbe Research
- Political Consultant: Charles Heath of TBWB Strategies

**Debt-Free Financing Options**

The taskforce began its work by considering the scope to fund a \$28 million critical infrastructure project (CIP) from the City’s current budget and/or reserves. It concluded that the City’s \$8.6 million annual budget is fully assigned, and its \$3.5 million operating reserve is intended to cushion against catastrophic loss, not finance capital improvements.

It discussed the appeal of grant funding and encouraged staff to aggressively pursue state and federal funding options, which it is doing with the help of a grant writer. At the same time, it acknowledged the improbability of securing \$28 million in grants for such a local project. Given the urgency of the CIP, which will be shovel ready by 2023 and is expected to take two years to complete, the taskforce accepted that the City will likely have to borrow funds to pay for the project and must create a new revenue stream/or streams to repay that debt. The amount borrowed could be scaled down if grant funding is forthcoming.

**Legal Restrictions on Local Government Taxes and Debt**

The taskforce set about understanding the complex legal rules on issuing debt and introducing new taxes in California. In broad terms, municipalities cannot issue debt without first introducing a new tax stream to pay debt service and the electorate must approve the tax by a two-thirds supermajority. The rule is commonly known as the balanced budget rule or debt limit. It is intended to force municipalities to maintain budget balance, and only accumulate debt if at least two-thirds of the electorate consents ahead of time to pay the higher taxes needed to repay that debt, thereby ensuring intergenerational equity. Moreover, only certain taxes can be pledged as sources of repayment for municipal debt.

Taxes that cannot be pledged as sources of repayment for debt can typically be adopted with a simple majority vote of the electorate and are normally used to help fund general expenses on an ongoing basis. In practice, these tax streams may also be leveraged in indirect ways to fund debt, by using legal exceptions

to the debt rule to issue debt without a public vote. The “lease exception” is commonly used by municipalities to issue lease revenue bonds to pay for capital projects. The newly created tax receipts may, in effect, be used to make annual lease payments. The taskforce therefore concluded that it should study all possible tax streams, not just those authorized to be directly pledged to repay debt. After that, it would explore how to leverage the chosen revenue stream/streams to issue debt.

**Debt Service Costs**

In ballpark terms, the City’s financial advisors estimate that annual debt service on a \$28 million bond will be approximately \$1.5 million, based on 30-year maturity (matching the useful life of the assets) and a 3.5% interest rate (cushioning for a backup in market rates from current levels).

**Desired Tax Features**

The taskforce discussed the desired characteristics of a tax to pay for the CIP and agreed that taxpayer equity (who pays, who benefits), voter appeal, revenue certainty and administrative ease are all important considerations. It discussed the issue of who benefits from the infrastructure improvements and concluded that all residents gain when the City’s utility trunk lines (water, electricity, gas, sewage) and critical access roads are protected from the impacts of earthquakes and other hazards. That said, there was broad agreement that owners of more valuable properties, with more expensive assets at risk, should pay more tax than owners of less valuable properties.

**Funding Streams**

The taskforce discussed the range of possible tax streams capable of generating \$1.5 million annually. It ruled out local add-on sales taxes, business taxes and transient occupancy taxes given the City’s minimal commercial activity. Utility user taxes were also discarded given the small number of residences in Belvedere. It identified four possible options: a parcel tax, a Mello-Roos tax, an ad valorem property tax, and a real property transfer tax.

**Table 1: Taxes Levied by California Local Governments**

Tax	Description
Ad Valorem Property Tax	A levy on property based on property’s assessed value and used for voter approved debt.
Parcel Tax	A levy on property, typically a fixed amount per parcel. Cannot be based on a property’s value.
Sales Tax	A levy on the retail sale of tangible goods.
Transient Occupancy Tax	A levy on the occupancy of hotels, motels, or other short-term lodging.
Utility User Tax	A levy on the use of utilities, such as electricity, gas, or telecommunications.
Business Tax	A levy on operators of businesses.
Mello-Roos Tax	A levy on property in a defined zone, typically a fixed amount per parcel. Cannot be based on property’s value.
Real Property Transfer Tax	A one-time levy on the sale of property based on the property’s sales price.

Source: Legislative Analyst’s Office

**Option 1: Parcel Tax**

A parcel tax is an annual tax levied at a fixed amount per parcel (or per room or per square foot). There are 935 taxable parcels in Belvedere, thus a parcel tax to fund the CIP would cost roughly \$1,600 per parcel per year. Members felt that a parcel tax was not the right funding vehicle and were particularly concerned about the ability of elderly residents living on fixed incomes to pay the tax.

**Table 2: Key Parcel Taxes in Belvedere 2021-22**

Tax	Tax Per Parcel
Reed Union School District <sup>1</sup>	\$624.58
Tamalpais Union High School District <sup>1</sup>	\$483.68
Belvedere Fire Tax	\$906.00
Sanitary District 5	\$1,987.00
Belvedere Tiburon Library Agency	\$66.00
Marin Municipal Water District	\$75.00

<sup>1</sup>Seniors' exemption. Source: Marin County Tax Collector

### Option 2: Mello-Roos Tax

A Mello-Roos tax is a levy on property in a defined zone, known as a Community Facilities District, used to finance infrastructure investment and some public services. The tax cannot be linked to property values, but otherwise the formula for apportionment is flexible, including its frequency. The taskforce was unable to create a formula which it believed was equitable. The option was dropped.

### Option 3: Ad Valorem Property Tax

An ad valorem property tax is an annual levy on property charged in proportion to a parcel's assessed value (over and above the standard 1% ad valorem levy provided by Proposition 13). The proceeds must be used for voter-approved debt tied to a specific infrastructure project. The total assessed value of properties in Belvedere currently stands at \$2.6 billion (2021-22 property tax roll), thus an ad valorem property tax to fund the CIP would cost taxpayers annually about 5.6 cents per \$100 of assessed value, or put another way, \$560 per \$1 million of assessed value (assuming level debt service – see later discussion).

**Table 3: Ad Valorem Property Taxes in Belvedere 2021-22**

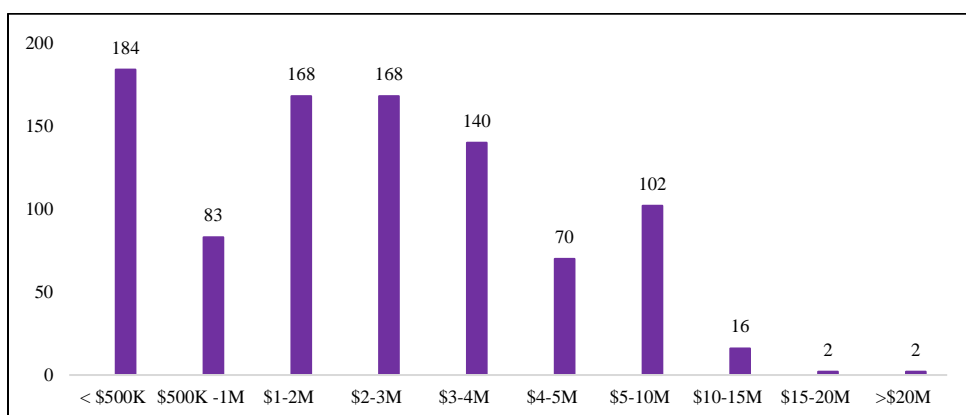
Tax	Tax Rate Per \$100 of Assessed Value
Basic Tax	100.00 cents
School Bonds	7.66 cents
Health Bonds	2.18 cents

Source: Marin County Tax Collector

The taskforce reviewed the data on assessed values in Belvedere and noted the often-wide gap between a property's assessed value and its market value. Assessed values are based on 1978 property prices indexed for inflation. They are only rebased to fair market value when a property is sold or remodeled. Chart 1 shows the distribution of assessed values in Belvedere by valuation band, based on the 2020-21 property tax roll.

The taskforce discussed the imperfect nature of tying a tax to assessed values, but also noted that all properties do eventually change hands, and then the property tax burden shifts more heavily to those newly assessed properties. They also noted that an ad valorem tax cannot be used to fund ongoing maintenance of the capital improvements. Members saw value in the revenue certainty of this option (the tax is simply levied until the debt is repaid) and the ease of collection, as a new line item on property tax bills. They also noted that elderly people living on fixed incomes tend to live in properties that have not been reassessed for many years and would therefore pay significantly less tax. It concluded that, of the choices, this was an option worth pursuing in more detail.

**Chart 1: Belvedere Assessed Values by Valuation Band (Number of Properties)**



Source: City of Belvedere 2020-21 Property Tax Roll. Total assessed value of 935 taxable parcels = \$2.53 billion

**Option 4: Real Property Transfer Tax**

A RPTT is a one-time levy on the transfer of real estate based on a property’s selling price. Exclusions are given for transfers that do not constitute a sale. RPTTs are commonplace throughout California, albeit not in Marin, and are add-ons to the 0.11% documentary transfer tax that all cities charge. Buyers and sellers are most often made jointly and severally liable for the tax and the decision over who pays is part of the contract negotiation.

**Table 4: California Cities with Real Property Transfer Taxes**

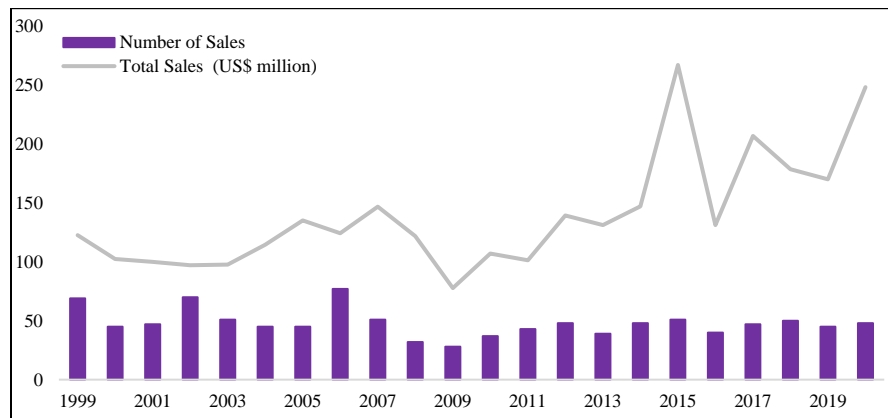
City	RPTT Rate	City	RPTT Rate
<b>Alameda County</b>		<b>Marin County</b>	
Alameda	1.20%	San Rafael	0.20%
Albany	1.15%	<b>Sacramento County</b>	
Berkeley	Banded from 1.50% to 2.50%	Sacramento	0.275%
Emeryville	1.20%	<b>San Francisco County</b>	
Hayward	0.85%	San Francisco	Banded from 0.50% to 6.00%
Oakland	Banded from 1.00% to 2.50%	<b>San Mateo County</b>	
Piedmont	1.30%	San Mateo	0.50%
San Leandro	0.60%	<b>Santa Clara County</b>	
<b>Contra Costa County</b>		Mountain View	0.33%
El Cerrito	1.20%	Palo Alto	0.33%
Richmond	Banded from 0.70% to 3.00%	San Jose	Banded from zero to 3.00%
<b>Los Angeles County</b>		<b>Solano County</b>	
Pomona	0.22%	Vallejo	0.33%
Redondo Beach	0.22%	<b>Sonoma County</b>	
Santa Monica	0.30%	Petaluma	0.20%
		Santa Rosa	0.20%

Source: California City Finance

The taskforce discussed the positive features of a RPTT. First, given the strength of Belvedere’s real estate market, a tax on property sales could generate significant revenue. Belvedere sees about 50 property sales per year, with the average selling price now trending around \$4 million, generating over \$200 million in annual property sales. A 1.0% RPTT, for example, would therefore generate an estimated \$2 million annually, easily covering debt service. Second, although only a fraction of taxpayers would pay the tax in any given year, Belvedere properties change hands, on average, every twenty years, so nearly everyone would eventually pay the tax. Third, the administrative lift would be low, with the tax collected by the

County of Marin alongside the existing documentary transfer tax (for a small per-transaction fee). Fourth, the tax could be used to fund ongoing maintenance of the capital improvements.

**Chart 2: Belvedere Property Sales 1999-2020**



Source: Author's calculations using documentary transfer tax data provided by Marin County Recorder

The taskforce also discussed certain challenges associated with the RPTT option. First, property sales are not guaranteed, creating a volatile and uncertain RPTT revenue stream. Second, RPTT revenues cannot be directly pledged as a source of repayment for debt, so a more complex financial structuring would be required (see next). Third, under the California Constitution, only charter cities can adopt RPTTs, and the City of Belvedere is currently a general law city. Conversion, the taskforce learned, is relatively simple, with few downsides and some potential benefits in terms of greater local control. On balance, the taskforce felt the RPTT option was worth pursuing, in parallel with the ad valorem property tax option.

**Table 5: Ad Valorem Property Tax vs RPTT (Key Features)**

Feature	Ad Valorem Property Tax	Real Property Transfer Tax
Frequency of tax	Annual	Once, when property is sold
Revenue certainty	High	Volatile
Administration	Easy	Easy
Fairness	Medium/High	Medium/High
Source of repayment for debt	Yes	No
Fund ongoing maintenance	No	Yes
Complicating factors	None	Requires charter city conversion

Source: Author

## Debt Financing

Next, the taskforce discussed how an ad valorem property tax and a RPTT could be leveraged to support debt.

### 1. Ad Valorem Property Tax/GO Bond Issue

An ad valorem tax is specifically designed as the funding source for a General Obligation (GO) Bond. By approving an ad valorem property tax, the taxpayer is essentially agreeing to tax itself at an amount necessary to make annual debt service on the bond, until the debt is repaid, at which point the tax sunsets. The bond is backed by the full faith and credit of the issuing municipality, based on its ability to levy the tax on its residents.

GO bonds can either be structured with level debt service or escalating debt service. **Level debt service** means that debt payments are roughly the same in nominal terms from year to year. As assessed values grow, the tax rate declines. According to the City’s financial advisors, the annual tax rate on a \$28 million GO level debt service bond would decline from an estimated 5.6 cents to 1.8 cents per \$100 of assessed value (equivalent to \$560 and \$180 per \$1 million of AV) over the 30-year life of the bond. With **escalating debt service**, the tax *rate* is kept broadly steady over time, thus nominal debt service payments increase over time as assessed values rise. The financial advisors estimate that the average annual tax rate using escalating debt service would be 3.3 cents per \$100 (\$330 per \$1 million) of assessed value over the life of the bond. Because escalating debt service pushes more of the repayment stream into the outer years, interest costs - and therefore aggregate debt service costs - are higher than using level debt service. Nevertheless, the taskforce agreed that using escalating debt service was a superior option, to lessen the upfront burden on pocketbooks, and allow the tax charge to rise in line with rising incomes.

Overall, debt financing using an ad valorem tax as the source of repayment is straightforward and offers the lowest costs of financing available to a municipality. Based on Belvedere’s overall excellent financial standing, the City is likely to secure a strong AA category credit rating. The same rating category would apply to the GO bond.

**Table 6: Estimated Tax Rates to Service \$28 million 30-Year GO Bond**

<b>Tax</b>	<b>Level Debt Service</b>	<b>Escalating Debt Service</b>
Starting Tax Rate	5.6 cents per \$100 of AV	3.6 cents per \$100 of AV
Ending Tax Rate	1.8 cents per \$100 of AV	3.3 cents per \$100 of AV
Average Tax Rate	3.4 cents per \$100 of AV	3.3 cents per \$100 of AV
Total Debt Service	\$46,300,000	\$51,100,000

Assumes 4.0% annual growth in aggregate assessed values and 3.5% interest rate. Source: Fieldman Rolapp & Associates, Inc

## **2. Real Property Transfer Tax/Lease Revenue Bond**

Issuing a debt financing using RPTT proceeds is more complicated. Under the California Constitution, RPTT revenues cannot be pledged directly as a source of repayment for debt. However, the City is permitted to issue lease-revenue bonds secured by \$28 million of City assets and *de facto* use RPTT revenues as the source of repayment on the bonds. Because lease financing is considered an expense and not a debt under the California Constitution, lease revenue bonds do not need voter approval.

In vanilla terms, a lease revenue bond is a tax-exempt bond issued by a municipality that is secured with revenues generated by leasing out public assets to a third party. In practice, municipalities are allowed to lease those assets to themselves. The municipality leases the asset to a special purpose financing authority for a nominal fee, which leases the asset back to the municipality in return for annual lease payments. The financing authority can issue lease revenue bonds secured by those lease payments, up to the full value of the asset.

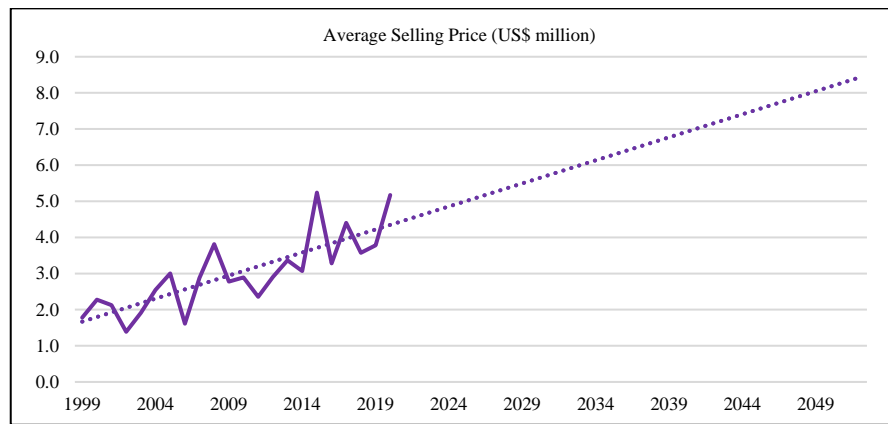
The taskforce worked with bond counsel to understand which City assets could be included in the lease. The upgraded levees could eventually become the leased asset, but not during construction, because the asset must be available for beneficial use for the lease to be valid. Other public assets would need to be assigned during construction. Staff determined that the combined value of City Hall, Community Park and Tom Price Park would likely exceed \$28 million based on market comps, subject to appraiser verification. Lease financing arrangements are already in use at the City of Belvedere. In 2017, it signed a 15-year lease-leaseback of its corporation yard, with \$2.6 million of funds released to pay down part of the City’s unfunded pension obligation.



Under a lease financing structure, the lease would be secured by the City’s general fund. RPTT revenues would flow into the general fund and would be critical in ensuring market confidence in the City’s ability to make timely lease payments. The financial advisors advised adopting a **1 percent RPTT tax rate** given the volatility of the income stream, which they believe would allow the lease revenue bond to secure a debt rating just one notch lower than a GO bond. Financing costs would therefore be about 25 basis points higher than for a GO bond, based on conservative assumptions about market spreads. Unlike GO bonds, annual lease payments must be flat in dollar terms over time, ruling out the option of escalating debt service.

The taskforce discussed the real possibility that RPTT revenues exceed debt service costs by an increasing margin over time, as sales values move higher. The lease could be structured with various call provisions and the tax would sunset once the lease is paid off (subject to a vote of the electorate).

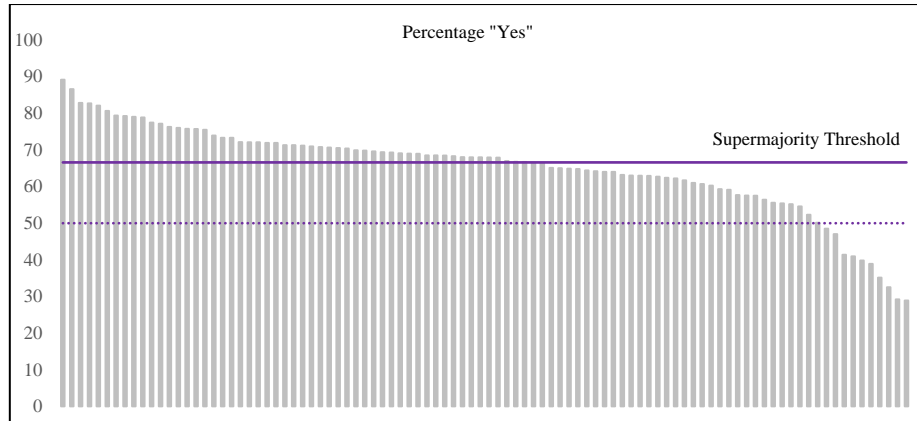
**Chart 3: Trend Analysis of Average Selling Price of Belvedere Properties**



Source: Author’s trend analysis based on historic documentary transfer tax data

**Political Considerations**

The taskforce moved on to discuss non-financial factors that might favor one tax over the other, notably vote thresholds and election timing. It learned that adoption of an ad valorem property tax requires supermajority (two-thirds) approval by Belvedere voters. There are four dates on which ad valorem property tax/GO bond elections can be held in any given year. The dates differ between odd and even years. By contrast, adoption of a RPTT requires only simple majority approval of the Belvedere electorate. Charter city conversion also requires simple majority approval, and the two questions can be combined into a single ballot question. The vote must coincide with the general election of City Councilmembers, held in November of even years i.e., the next opportunity would be November 2022. The taskforce discussed the difficulty of reaching a two-thirds threshold, based on historic election results. According to the California Debt and Investment Advisory Commission, between 2006 and 2020 there were 96 GO bond/ad valorem property tax measures on the ballot in California. 53 of them passed the supermajority threshold. Of the 43 failing measures, all but ten received majority voter approval. Super majorities are hard to achieve. Simple majorities are not.

**Chart 4: California GO Bond Results 2006-2020**

Source: California Debt and Investment Advisory Commission

### **Weighing the Options**

The taskforce weighed the two tax options. Members were drawn to the simplicity and familiarity of the ad valorem property tax and the fact that it supports cheap, flexible financing. But members also surmised that the electorate might favor the RPTT option, as a one-time tax at a moment of high liquidity. Members also noted the fact that there is personal choice involved in the decision to sell a house, and thus pay the RPTT, whereas the ad valorem charge takes away personal choice. They also liked the fact that a RPTT could be used to support ongoing upkeep of the critical infrastructure improvements, which an ad valorem tax cannot. Members mused the idea of introducing both taxes at lower rates, but the City's consultants advised against putting two taxes on the ballot. Ultimately, the taskforce concluded that with two very credible tax options on the table, it should poll likely voters to see which option voters might prefer, before making its recommendation to the full finance committee.

### **Polling**

Councilmembers Lynch and Wilkinson, alongside staff, worked with the City's pollsters, Godbe Research, to develop the poll. Brown Act considerations prohibited the full subcommittee from being involved in the design of the poll. The poll targeted likely voters in Belvedere and ran for 19 days in late September/early October. 268 returns were counted, representing a good sample size. Although the results are still being analyzed, the numbers look promising and both taxes appear to have good community appeal. Of the two options, the RPTT has greater chance of success at the ballot box because of the lower threshold (50%+1) that is required for passage.

### **Taskforce Recommendation**

Based on its complete analysis, including likely success at the ballot box, the taskforce therefore recommends the City ask voters to approve adoption of a RPTT as a general tax, allowing it to issue lease revenue bonds to finance critical infrastructure improvements to San Rafael Avenue and Lower Beach Road.