



SPECIAL TOWN COUNCIL MEETING

STAFF REPORT

MEETING DATE: May 8, 2024
PREPARED FOR: Mayor and Town Council
PREPARED BY: Heather Abrams, Town Manager, Michael Vivrette, Finance Director
SUBJECT: Conduct Workshop to Discuss Fiscal Year 2024-25 Proposed Operating and Capital Improvement Budget

RECOMMENDATION

Review and discuss the draft budget for Fiscal Year (FY) 2024-2025.

BACKGROUND

The purpose of the budget workshop on May 8, 2024, is to allow the Council to discuss the draft budget and direct any changes before the Budget Hearing scheduled for May 22, 2024. At the Budget Hearing, the Council is expected to review the budget briefly and adopt the FY2024-25 budget at the June 5, 2024, Town Council meeting for the fiscal year beginning July 1, 2024, and ending June 30, 2025 (FY2024-25).

DISCUSSION

The attached draft budget reflects the long-term strategic plan directed by the Council in March and the policy goals articulated by the Council. The town budget is a planning document that authorizes the use of public funds for staff and projects approved by the Council. It contains budgets by departments, staffing allocations, and the Capital Improvement Program (CIP). Although projects are authorized in the budget process, any agreements totaling more than \$25,000 come to the Council for approval before signature by the Town Manager. Generally, municipal budgets should be managed to the bottom line, meaning that the expenditures by line are estimates and importance is placed on staying within the greater policy goals and guidelines of the Council.

Because ambitions tend to be greater than staff capacity to implement programs, several Fairfax departments spent less than anticipated, and revenues were higher than expected. For FY 23-24 we planned the budget to end the year with a 26.3% reserve, and in fact, the projected FY 23-24 reserve is now approximately 41.2%.

The proposed FY 24-25 budget shows that the projected reserve at the end of FY 24-25 to be 25.3%, consistent with the Council policy of 25% reserve. Last year, Council agreed to drawdown some reserves in order to complete the proposed roads projects, and significant projects on Porteous and Scenic were completed. This year staff is not proposing an additional drawdown of reserves. Significant annual increases in the expenses of Ross Valley Fire Department (RVFD) will result in an additional expense of approximately \$400,000 annually to Fairfax, assuming the RVFD proposed budget (to be discussed at the May 8, 2024, RVFD Board Meeting) is adopted. These on-going increases are a result of changes at RVFD including negotiated labor agreements, moving to a 3-person engine company, shifting dispatch services from the Sheriff to Marin County Fire Department, and do not include required interior work to the Fairfax Fire Station. American Rescue Plan Act (ARPA) funds are one-time monies in the amount of \$1.8 million; staff continued to work toward launching a significant eligible project, storm water handling to help prevent catastrophic flooding in downtown and at Town Hall.

Mapping of the storm water system, and improved storm water handling projects have been drafted in the past year, bringing Fairfax closer to completion of the ARPA storm water project.

Certain one-time or infrequent expenses are not included in the FY 24-25 proposed budget, for example the Housing Element, and associated re-zoning has been largely completed. No new staff positions are proposed.

FISCAL IMPACT

The budget sets the resources available for Council priorities.

ATTACHMENT

Draft FY 2024-25 Budget