



# TOWN OF FAIRFAX

## STAFF REPORT

### June 6, 2018

**TO:** Mayor and Town Council

**FROM:** Garrett Toy, Town Manager *GT*  
Michael Vivrette, Finance Director

**SUBJECT:** Discuss/consider FY18-19 Proposed Operating and Capital Improvement Budget

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#### **RECOMMENDATION**

- 1) Open/Close Public Hearing
- 2) Discuss/consider revisions to the FY18-19 proposed budget

#### **DISCUSSION**

On May 25th, the Council conducted a budget workshop to discuss the draft FY18-19 Operating and Capital Improvement budget. The overall proposed budget is approximately \$13.6 million of which \$10.0 million is allocated for general fund operations, \$2.4 million for the capital improvement program (CIP), and \$1.2 million for special fund expenses/debt service. *This is approximately \$200,000 higher than the proposed budget presented at the workshop.* The primary reason for the increase is that staff inadvertently did not include the expenditure of approximately \$161,000 in Measure A Park funds (Fund 23, pg. 67) in the proposed budget. While we did discuss the workplan for Measure A funds at the budget workshop, the proposed budget only included the revenue and not the corresponding expenditure. Fortunately, the Measure A Park Fund is a special revenue fund separate from the General Fund and is only used for capital expenditures. As a result, this oversight has no impact on the proposed FY18-19 operating budget. The remaining portion of the increase reflects the Council's additions from its budget workshop.

Compared to the adopted FY17-18 budget, operating expenditures will increase by approximately \$500,000 (5%). Most of the increase is for Fire and general personnel costs including health, retirement, and cost of living increases. The budget also continues to make pre-payments (\$184,000) towards the Town's unfunded retirement liability.

The increase in expenditures is offset by a \$750,000 increase in revenues over the adopted FY17-18 budget. The largest revenue increases are in property and taxes (approx. \$490,000).

At year end FY18-19, we anticipate the Town will slightly add to GF fund balance and maintain an operating reserve exceeding 38% of operating expenses which is well

above the Town's policy to maintain a 25% reserve. The reserve is slightly higher than the proposed budget discussed at the workshop due to adjustments in COP grant and Gas Tax revenues. The budget message in the front of FY18-19 proposed budget summarizes the key revenue and expenditure highlights as well as contains the Five-Year Budget Forecast.

At its May budget workshop, the Council suggested narrative revisions and requested the following monetary revisions to the proposed budget:

- Ross Valley Fire Department (RVFD, Fund 01-421, pg. 36)- The Council increased the fire prevention and inspection budget by \$25,000 from \$50,000 to \$75,000. This is not part of the annual contribution to RVFD for services, but an allocation for additional services to be provided to the Town beyond RVFD's normal service level. The Town also continued to budget \$20,000 for Chipper Days.
- Recreation and Community Services (Fund 01- 616, pg. 49)- The Council added \$700 to offset additional storage cost for the Food Pantry.
- Downtown Improvements (CIP Project 53-830) - Council doubled the budget from \$45,000 to \$90,000 for the repair and/or replacement of downtown sidewalks.
- Sidewalk Replacement& Repair (CIP 53-804) - The Council requested that the matching grant for the existing commercial/residential sidewalk grant program be increased from \$750 to \$1,000. The program will be brought back to the Council to consider this program modification as well as any proposed budget increase.

To the extent possible, the attached proposed budget reflects the above expenditure adjustments as well as any narrative revisions. However, we indicated at the budget workshop that we are continuing to refine revenue estimates such as gas tax which may affect funding sources for the CIP or other costs.

Please note that the final budget will incorporate all Council revisions discussed this evening and at the budget workshop. The Council will consider the budget for final approval at its July 18<sup>th</sup> meeting.

### **FISCAL IMPACT**

n/a

### **ATTACHMENT**

Proposed FY18-19 Budget