



SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Finance

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City Manager Approval: _____

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TOPIC: PRELIMINARY CITYWIDE PROPOSED BUDGET FOR FISCAL YEAR 2024-25

SUBJECT: PRELIMINARY CITYWIDE PROPOSED BUDGET AND PROPOSED CAPITAL IMPROVEMENT PROGRAM FOR FISCAL YEAR 2024-25

RECOMMENDATION:

Receive report related to the Preliminary Citywide Proposed Budget for Fiscal Year 2024-25 and provide direction to staff to inform preparation of the Final Proposed FY 2024-25 Budget for adoption at the City Council meeting of June 17, 2024.

SUMMARY:

This report presents the preliminary proposed citywide budget for Fiscal Year (FY) 2024-25. This item represents the next step in the development of the City's FY 2024-25 budget and is intended to provide the City Council with the opportunity to preview the overall proposed budget as well as specific funding recommendations prior to staff preparing the final FY 2024-25 Proposed Budget for adoption by the City Council at their meeting of June 17th.

The budget is both a spending plan for the City's available financial resources and the legal authority for City departments to spend these resources for public purposes. It is through these resources that programs and services are provided and capital investments are made to meet the needs of the community. As a result, in addition to considering the constraints imposed by current and projected resources available to meet these needs, the annual budget and multi-year capital plan are aligned with the [City Council's Goals and Objectives](#) as well as fiscal policies approved by the City Council.

To balance these objectives, the budget supporting ongoing operations and service levels must be funded largely through recurring revenues, while one-time projects and capital investments are funded through a combination of recurring and one-time funding sources as well as available fund balances identified for specific projects and initiatives. Another primary objective of the budget development process is to ensure the sustainability of City programs and services through the three- to five-year planning horizon to ensure that service levels and community needs can

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Council Meeting:

continue to be met in the future, and that the FY 2024-25 budget does not compromise the City's long-term fiscal condition.

The Preliminary Proposed FY 2024-25 All Funds budget reflects expenditure appropriations of \$210,813,072, including operations (\$164,190,503), capital (\$33,410,763) and transfers (\$13,211,806). This level of expenditure appropriations, representing an increase of 7.8% over the original FY 2023-24 adopted budget, is supported through a combination of FY 2024-25 revenues (\$177,317,039), transfers (\$13,211,806) and available fund balances (\$20,284,227). The Preliminary Proposed FY 2024-25 budget supports an authorized staffing level of 416.34 full-time equivalent positions, unchanged from the FY 2023-24 Final Budget (and representing a net reduction of 9.72 FTE when compared to the FY 2023-24 Adopted Budget).

The Preliminary Proposed FY 2024-25 General Fund budget reflects recommended appropriations of \$112,291,757, supporting ongoing General Fund operational expenditures as well as selected one-time funding needs and transfers. This level of appropriations is supported through projected FY 2024-25 revenues of \$103,790,510 as well as use of available one-time assigned fund balance of \$8,501,247. Expenditures for City programs and services supported by the General Fund are proposed to increase by 4.3% (excluding transfers) over the levels provided for in the FY 2023-24 Adopted Budget.

Overall, the appropriations included in the Preliminary Proposed FY 2024-25 budget, as presented herein, are within the City's constitutional GANN spending limit.

This report will focus on the following key areas:

- 1) Update on FY 2023-24 revenues and expenditures through Q3 (March 31, 2024)
- 2) Preliminary Proposed Budget for FY 2024-25
 - a) All Funds Summary
 - b) General Fund
 - c) Selected Other Funds
- 3) Proposed Capital Improvement Program Budget for FY 2024-25

A separate companion staff report was presented to the City Council at their meeting of [May 20th](#) that provided a status update on progress toward the City Council's 2023-25 Goals and Objectives across Policy Focus Areas and City Service Areas. The Preliminary Proposed FY 2024-25 Budget is intended to allocate available resources to advance key initiatives and projects aligned with the City Council stated priorities, while maintaining service levels for baseline city programs, services, and operations.

ANALYSIS:

CURRENT BUDGET - FISCAL YEAR 2023-24 THIRD QUARTER UPDATE

All Funds

Table 1 provides current year (FY2023-24) revenue and expenditure results through the third quarter of the fiscal, ending March 31, 2024.

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- All Funds revenues through the third quarter were recorded at \$117.65 million which represented 68.1% of the amended budget of \$172.68 million.
- All Funds expenditures for the same period were recorded at \$130.33 million, or 61.5% of the amended FY 2023-24 budget of \$211.95 million.

Table 1: All Funds Revenue and Expenditure Results (through 3/31/24)

All Funds	Adopted Budget FY 2023-24	Amended Budget FY 2023-24	Actual Results Through 3/31/24	% of Amended FY2023-24 Budget
Revenues	167,575,656	170,857,209	116,616,641	68.3%
Transfers in	1,827,461	1,827,461	1,030,439	56.4%
Total Resources	169,403,117	172,684,670	117,647,080	68.1%
Expenditures				
Transfers out	2,207,000	6,644,483	6,094,483	91.7%
Total Appropriations	195,607,751	211,951,199	130,326,809	61.5%
Net Results	(26,204,634)	(39,266,529)		

General Fund

Revenues: The original FY 2023-24 budget, adopted on June 5, 2023, projected \$100.0 million in revenues. The Mid-Year Budget Update presented on March 4, 2024, projected year-end General Fund revenues of \$102.97 million.

- Revenue results through the third quarter of the fiscal year were recorded at 461.6 million, or 61.6% of the approved budget.
- Based on results through the third quarter, year-end General Fund revenue projections have been updated to \$103.56 million, or 3.5% above the FY 2023-24 adopted budget figure.
- Current year revenues continued to show favorable variances in property tax, interest earnings, and transient occupancy (Hotel) tax receipts, while sales tax and transfer tax revenues are slightly below budgeted levels.

Expenditures: The FY 2023-24 adopted budget reflected expenditure appropriations of \$100.0 million. The current amended FY 2023-24 General Fund budget stands at \$104.47 million, reflecting supplemental appropriations for capital projects approved by the City Council, primarily matching funds for the Pickleweed Park Improvement Project grant.

- Expenditures through the third quarter of the fiscal year were recorded at \$71.67 million, or 68.6% of the amended budget.
- Based on these results, year-end General Fund expenditures are projected at \$98.77 million, or \$5.69 million (5.5%) below the amended budget.

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- Consistent with the results presented in the Mid-Year Budget Update, these budgetary savings stem almost entirely from personnel cost savings due to the number of vacancies across all city departments.

Operating results: The projected year-end General Fund revenue and expenditure results combine to yield a net \$9.34 million increase in fund balance as of June 30, 2024. This represents a slight increase (\$0.20 million) over the year-end projections presented in the Mid-Year Budget Update.

Table 2: FY 2023-24 General Fund Results and Projections

General Fund	Adopted Budget FY 2023-24	Amended Budget FY 2023-24	Actual Results Through 3/31/24	% of Amended FY2023-24 Budget	Projected Year- End Results	Variance	
Revenues	98,189,598	98,189,598	60,591,904	61.7%	101,733,272	3,543,674	3.6%
Transfers in	1,827,461	1,827,461	1,030,439	56.4%	1,827,461	-	0.0%
Total Resources	100,017,059	100,017,059	61,622,343	61.6%	103,560,733	3,543,674	3.5%
Expenditures	97,834,123	97,820,841	65,573,374	67.0%	92,127,365	(5,693,476)	-5.8%
Operating Transfer out	2,207,000	6,644,483	6,094,483	91.7%	6,644,483	-	0.0%
Total Appropriations	100,041,123	104,465,324	71,667,857	68.6%	98,771,848	(5,693,476)	-5.5%
Net Result	(24,064)	(4,448,265)			4,788,885	9,237,150	

The projected year-end fund balances in excess of reserve levels established by City Council policy represent resources available for re-appropriation to address priority one-time funding needs and represent a significant portion of the available budget flexibility within the context of the FY 2024-25 budget and updated multi-year Capital Improvement Plan.

Specific funding recommendations related to use of available fund balances are contained in the discussion of the Preliminary Proposed FY 2024-25 Budget.

PROPOSED FISCAL YEAR 2024-25 CITYWIDE BUDGET

CITY COUNCIL’S GOALS AND OBJECTIVES

In 2023, the City Council adopted formal two-year Goals and Objectives covering FY 2023-24 and FY 2024-25. The adopted City Council Goals and Objectives serve as an important foundation for the development of the annual budget by identifying priority policy areas as well as specific projects and initiatives identified as deliverables within each focus area. One of the primary objectives throughout the annual budget process is to identify and allocate staff and financial resources, to the extent available, to advance these goals and objectives while also providing for ongoing baseline City services, programs, and operations.

The City Council’s Goals and Objectives are summarized in this section to support alignment of the FY 2024-25 Proposed Budget with workplan milestones established for FY 2024-25.

Four Key Policy Focus Areas

- **Economic Growth:** Building our economy to be stronger and more resilient.
- **Housing & Homelessness:** Creating new housing, keeping people in their homes, and using a “Housing First” model.

- **Diversity, Equity, Inclusion & Belonging (DEIB):** Working to create equitable outcomes for all, while addressing systemic racial injustices.
- **Sustainability, Climate Change & Disaster Preparedness:** Reducing greenhouse gas emissions while mitigating and adapting to climate change.

Five City Service Areas

- A. **Neighborhood and Economic Vitality:** Create and preserve a healthy economy and sustain vibrant neighborhoods, Downtown, and other business areas.
- B. **Quality of Life:** Serve and strengthen community relationships by providing literary, artistic, recreational, and cultural experiences for all residents and improving resident engagement and governmental transparency.
- C. **Public Safety:** Prevent and respond to emergencies through essential facility improvements and community and organizational emergency readiness.
- D. **Public Assets:** Improve and preserve public assets by sustaining effective levels of core infrastructure while reducing traffic congestion by expanding bicycle, pedestrian, and transit options.
- E. **Foundational Services:** Sustain organizational viability and exemplary service through short and long-term financial success, organizational excellence and succession planning, and technology to improve efficiency and service levels.

FY 2024-25 BUDGET HIGHLIGHTS

- ❖ **Citywide Budget:** The total proposed FY 2024-25 expenditure budget for the City is \$210,813,072. These appropriations are supported by FY 2024-25 revenue and other sources projected at \$190,528,845, as well as by fund balances retained from previous periods for capital projects and priority initiatives (Attachment 1, Exhibit I). The proposed FY 2024-25 appropriations reflect all new funding appropriations proposed for operations, capital projects and debt service. These appropriations do not include current year funding that is anticipated to be carried-forward to FY 2024-25 through roll-over of year-end encumbrances as well as carry-over of unencumbered capital project funding that will require separate City Council action early in the new fiscal year.
- ❖ **General Fund Budget:** The proposed FY2024-25 General Fund budget includes recommended appropriations of \$112,291,757 representing an increase of \$12.3 million over the prior year's adopted budget. The proposed General Fund budget is supported by estimated General Fund revenues (\$101,282,204), transfers in (\$2,508,306), and available fund balance (\$8,501,247).

Summary of Funding Recommendations

General Fund

The City's General Fund supports most of the major services to residents and businesses (such as police, fire suppression and prevention, planning, building, library, parks, streets, engineering, traffic enforcement, cultural programs and administration). The General Fund appropriations for FY 2024-25 total approximately \$112.3 million. These appropriations comprise \$102.0 million of operating expenditures, \$10.3 million in transfers to other funds.

Table 3 summarizes the information provided in Exhibit II and presents the proposed FY 2024-25 budget with a comparison to the projected FY 2023-24 budget. The table presents the year-over-year change in revenues and expenses, as these are key metrics.

Table 3: Comparison of FY 2023-24 Adopted and FY 2024-25 Proposed General Fund Budget

General Fund	Adopted FY 2023-24	Proposed FY 2024-25	\$ Change from previous year	% Change from previous year
Revenues	\$ 98,189,599	\$ 101,282,204	\$ 3,092,605	3.1%
Transfers in	1,827,461	2,508,306		
Total Resources	\$100,017,060	\$ 103,790,510	\$ 3,773,450	3.8%
Expenditures	\$ 97,834,140	\$ 102,033,257	\$ 4,199,117	4.3%
Transfers out – operating	2,207,000	10,258,500		
Total Operating Uses	\$100,041,140	\$ 112,291,757	\$ 12,250,617	12.2%
Net Results	\$ (24,080)	\$ (8,501,247)		
Use of Prior Period Funds				
<i>Liability Fund - Premiums/Claims</i>		2,000,000		
<i>Capital Fund - Future CIP Projects</i>		2,000,000		
<i>Capital Fund - Paving Streets/Roads</i>		1,000,000		
<i>Vehicle Replacement - Replenish Fund</i>		1,000,000		
<i>Public Safety Equipment Replacement</i>		500,000		
<i>Stromwater Fund - SQPS/Master Plan</i>		985,000		
<i>Enterprise Resource Planning Project</i>		1,000,000		
<i>Racial Equity Initiatives</i>		500,000		
		\$ 8,985,000		
Net of Use of Prior Period Funds	\$ (24,080)	\$ 483,753		

Revenues and transfers available to support the FY 2024-25 General Fund budget are projected to be \$3.77 million higher than the FY 2023-24 adopted budget, but slightly below the projected General Fund revenue estimate of \$103.7 million. This is mainly due to conservative projected growth in major revenue items such as property tax and transient occupancy tax, a small projected decrease in sales and use taxes as well as one-time revenues included in the current year budget.

The Proposed FY 2024-25 Budget operating expenditures within the General Fund represent an increase of \$4.2 million (4.3%) over the prior year’s adopted budget. The majority of this increase is due to funding compensation costs resulting from new collective bargaining agreements anticipated to be reached with all of the City’s represented and unrepresented bargaining groups. These new collective bargaining agreements are anticipated to result in an increase in personnel costs of approximately \$4.5 million, offset by \$2.0 million in salary savings (due to vacancy factor) being built into the FY 2024-25 budget.

The FY 2024-25 Proposed budget includes a limited amount of new expenses, which are listed below. Many of these expenses are related to the increasing cost of providing services, including increased costs of water, power, fleet management, dispatch services, and technology upgrades.

General Fund FY 24-25 New Expenditure Recommendations

Recurring:

• Board and Commission Stipends	\$ 50,000	City Manager / Council
• Translation & Interpretation Services	\$ 50,000	City Manager / Council
• Axon Contract (Renewal)	\$275,000	Police
• Utilities / City Facilities	\$ 61,000	Public Works
• Marin Fire Dispatch Agreement	<u>\$ 65,323</u>	Fire
	\$501,323	

One-Time:

• Public Records Act Requests	\$100,000	City Clerk / City Attorney
• County Admin Fee - MCSTOPP	\$ 50,000	Public Works
• Encampment Clean-up	\$ 90,000	Public Works
• Parks Maintenance (irrigation/trees, etc.)	\$ 250,000	Public Works
• Fleet / Fuel	\$ 65,000	Public Works
• Fleet / State-Mandated Testing Equip	\$ 13,000	Public Works
• Fleet / Outside Repairs	\$ 20,000	Public Works
• Flock Safety Contract	<u>\$ 57,500</u>	Police
	\$ 645,500	

In addition, the FY 2024-25 Proposed Budget includes recommending transfers out of the General Fund to support other funds (i.e., liability, capital, vehicle/equipment replacement funds), that have been historically underfunded, totaling \$10.3 million to support programs and services funded through various special revenue, capital and internal service funds as well as allocation of available General Fund fund balance previously assigned for specific purposes, as follows:

Operating Transfers:

• Recreation Revolving Fund	\$2,420,000
• Measure E Projects	353,000

Use of Prior Period Funds (Fund Balance):

• Liability / Self-Insurance Fund	\$2,000,000
• Capital Projects Fund	2,000,000
• Capital Fund – Storm Water projects	935,000
• Capital Fund – Paving Streets/Roads	1,000,000
• Vehicle Replacement Fund	1,000,000
• Fire Equipment Replacement Fund	250,000
• Police Equipment Replacement Fund	250,000

Finally, an additional \$1.5 million in available fund balances is proposed for appropriation within the FY 2024-25 Proposed general Fund budget for the following priority initiatives:

Use of Prior Year Funds (Fund Balance):

• Enterprise Resource Planning Project (Tyler Technologies)	\$1,000,000
• Racial Equity Initiatives	500,000

The appropriations are supported by \$101.3 million in projected revenues and transfers from other funds. The \$2.51 million of transfers include:

- \$650,000 from Gas Tax Fund to reimburse street maintenance personnel costs
- \$500,000 from Parking Services Fund to cover administrative support costs
- \$680,313 from Employee Benefits Fund for Pension Obligation Bond debt service
- \$700,000 from Cannabis Fund to support costs associated with the City's SAFE Team program

Revenue Trends and Assumptions:

Property Tax:

Property taxes (secured) are currently projected to increase by 5.3 percent over the original FY 2023-24 budget, to a total of \$26.7 million. The increase is primarily due to growth in the overall property tax roll as well as an increase in the excess Educational Revenue Augmentation Fund (ERAF) payments and incorporates the estimated impact of State budget proposal to re-allocate a portion of excess ERAF payments to support charter schools. Property tax-related revenues account for 30 percent of the City's General Fund revenues.

Sales and Transaction & Use Tax:

Sales and use taxes are projected to remain mostly stable with a small decrease over the next fiscal year. Staff are projecting recurring sales tax revenues to remain relatively flat from FY 2023-24 to FY 2024-25 at \$25.25 million. Sales taxes account for approximately 26 percent of the City's General Fund revenues.

Revenues from the Measure E Transactions & Use Tax, which applies to most local retail sales, are estimated to increase slightly to \$14.52 million. Consistent with the direction provided by the City Council in [May of 2014](#), the additional one-quarter percent sales tax revenues provided by Measure E, effective April 1, 2014 through March 31, 2034, are dedicated to funding major construction and improvements to public safety facilities (also referred to as the [San Rafael Essential Facilities](#) project).

Measure E revenues account for about 15 percent of the City's General Fund revenues. Revenues from the Measure R Transactions & Use Tax are projected to generate \$4.8 million and represent about 5 percent of the City's General Fund revenues. Altogether, sales and use taxes comprise 46 percent of the City's General Fund revenues.

Other General Fund Revenues:

Other revenues (including Business Tax, Transient Occupancy Tax, development fees, permits, and charges for services) are projected to show a modest increase of 3.2 percent when compared to the prior year's budget. The major contributors to this increase in year-over-year revenues are interest earnings, Transient Occupancy Tax receipts and franchise fee payments.

Expenditure Trends and Assumptions:

The expenditure growth reflected in the FY 2024-25 Proposed budget stems primarily from increased personnel costs anticipated as a result of new collective bargaining agreements. These increases are a direct result of a concerted effort to enhance the City's recruitment and retention efforts in an exceptionally competitive labor market.

General Fund budgeted contributions to the Marin County Employees Retirement Association (MCERA) are projected to increase by \$600,000, or 3.3 percent, compared to the previous year. Overall, a slight decrease in employer contribution rates for FY 2024-25 are offset by increases in pensionable compensation resulting from anticipated collective bargaining agreements. In FY 2022-23, the City Council approved a one-time transfer of \$1.1 million to the Employee Retirement Internal Service Fund to ensure continuity of programs over the long-term. The fund is adequately supported at this time and staff are not proposing an additional transfer for FY 2024-25. Pension expenses across all funds are budgeted at \$24.58 million representing approximately 25 percent of total citywide personnel budget.

Other Funds Highlights

Special Revenue Funds

These funds have restricted uses based on their respective sources. While several special revenue funds are generally entirely self-supporting, many also require varying levels of contribution from the City's General Fund in order to support programs, services and projects. The following section presents FY2024-25 Proposed Budget highlights:

EMS/Paramedic Fund

The Emergency Medical Services/Paramedic Fund has planned expenditures of \$9.6 million for the upcoming fiscal year, supported by \$9.6 million in revenues of which \$5.3 million, or 59 percent, comes from the Paramedic Tax. The balance of the funding of this activity comes primarily from third-party recovery for emergency medical response and transport services. As of [April 17, 2023](#), tax rates have reached their tax ceiling for all participating areas impacted by the Paramedic Services Special Tax.

The FY 2024-25 Proposed Budget reflects the incremental cost of the agreement to transition to the new consolidated Marin County Fire Dispatch model. The EMS/Paramedic fund includes an additional \$106,500 representing 27% of year one costs, with the balance covered by the General Fund.

The EMS/Paramedic Fund is projected to retain \$2.2 million in unallocated fund balance on June 30, 2025. This balance serves as an operational reserve. Funds not needed for the operations reserve are used to fund capital improvements that directly support the delivery of emergency medical transport services.

Cannabis Business Tax Fund

The City's Cannabis Business Tax is also reported in a special revenue fund. San Rafael has several licensees in active commerce. The City anticipates the receipt of \$225,000 in cannabis business tax revenues for the FY 2024-25, of which the fund will incur \$170,385 in qualifying expenses. Revenues are projected to remain well below results from prior years due to challenging market conditions for cannabis businesses and the temporary two-year decrease in the local cannabis tax rate for delivery retail permits from 4 percent to 2 percent enacted by the City Council on [November 7, 2022](#). The fund has historically carried a fund balance of prior year savings to allocate to new projects. On [January 17, 2023](#), the City Council approved the use of cannabis tax revenues to support the pilot of the City's Specialized Assistance for Everyone

(SAFE) team. A transfer of \$700,000 from the Cannabis Fund to the General Fund is included in the FY 2024-25 Proposed Budget to cover majority of contract costs for SAFE.

Measure A - Open Space

The Measure A Open Space Program was renewed by voters in June 2022. Funding for this program is primarily provided by a nine-year, county-wide sales tax that is managed by the County of Marin, with the City providing discretionary contributions as needed. A total of \$937,500 is being proposed to be expended during the year to fund project initiatives, which would include the following projects:

- \$52,500 for the Terra Linda Park and Community Center Enhancement Plan. Previously, the City allocated \$150,000 of Measure A funding to this project in FY 2023-24. This additional funding will support topographic survey work to better inform the planning project already underway.
- \$725,000 for construction of the playground at Peacock Gap Park and affiliated pathway and accessibility improvements.
- \$60,000 to install interim play equipment at Boyd Park.
- \$100,000 for a Trails Existing Condition & Feasibility Study. This project was proposed in the FY 2023-24 Measure A Work Plan, however due to competing priorities the work has not yet begun on this study. Staff anticipate this project will be completed in FY 2024-25 as part of an Open Space Management and Wildfire Mitigation planning project.

Measure D – Library Parcel Tax

Measure D, the successor library parcel tax to Measure C, is entering its eighth year. This special revenue source has successfully expanded service levels relative to those established under Measure C (the previous library parcel tax). The purpose of the tax is to “augment the capacity of the City of San Rafael to provide quality library services to its residents.” Measure D provides for expanded book and periodical purchases, including e-books; funds events and classes for all ages, and provides supplementary technology supplies. Capital reserves were established under Measure C (previous library parcel tax) for facility-related uses.

The FY 2024-25 Proposed Budget includes \$670,000 in funding augmentations in Measure D funding supporting Library services itemized below. These augmentations support work to be performed at the Main Branch Library and the related costs of temporary relocation during construction activities.

- | | |
|---|-----------|
| • Temporary Location (rental) for Main Branch | \$100,000 |
| • Operational Assessment and Temporary Operations | 50,000 |
| • Automated Materials Handling / shelving / furniture | 400,000 |
| • Library program supplies | 10,000 |
| • Digital Services | 20,000 |

Recreation Revolving Fund

The FY 2024-25 Proposed Budget includes appropriations totaling \$4.93 million which is supported through recreation program revenues of \$2.25 million and a operating transfer from the General Fund of \$2.42 million. General Fund support to the Recreation Revolving Fund reflects an increase of \$220,000 (10%) over the level of support provided in the current year budget, due

to program costs increases that exceed the increase in program revenue as provided per the Master Fee Schedule (wherein fee increases are capped at 2.4%, based on the applicable Bay Area CPI index). Staff will be evaluating possible adjustments to fees to ensure program revenues continue to meet cost-recovery targets.

Childcare Fund

The Childcare Fund is proposed to include expenditure appropriations of \$3.30 million for FY 2024-25 supported by program revenues of \$3.20 million and use of \$98,000 in available fund balance. While the Childcare Fund generally operates under full-cost recover, personnel cost for FY 2024-25 are expected to exceed the program revenues tied to fee increases established in Master Fee Schedule approved by the City Council on [December 19, 2022](#). A modest fee adjustment will be required to maintain full cost-recovery for the fee-supported Childcare program.

Measure C – Marin Wildfire Prevention

Activities supported by the Measure C – Wildfire Prevention Fund are funded by a ten-year parcel tax managed by the Marin Wildfire Prevention Authority, a Joint Powers Authority (MWPA). The City of San Rafael is expected to receive \$3.35 million in revenues to support coordinated wildfire prevention including early detection, warning and alerts; reducing vegetation; ensuring defensible space around homes, neighborhoods and critical infrastructure; and improving disaster evacuation routes/procedures. Included in this funding allocation is \$1.35 million representing CORE MWPA programs administered by the City of San Rafael and reimbursed by the MWPA.

Grants - Homelessness

The FY2024-25 Proposed Budget includes appropriations totaling \$1.08 million to support efforts to address the impacts of homelessness. These funds represent state funding (Sen. McGuire) and County of Marin matching funds allocated to the City for specific programs and initiatives including case management services, encampment management and clean-up, as well as funding to evaluate feasibility of developing interim housing for unhoused individuals. The City anticipates accessing additional funding (up to \$6.2 million) from the State's Encampment Resolution Funding (ERF-3) grant program, pending final allocations of grant funds awarded to the County of Marin. The City remains dependent on State and County funding to address homeless-related programs and projects.

Other significant funds within the Special Revenue category include Gas Tax and Storm Water Funds. The spending plans for these funds were developed in conjunction with the Capital Improvement Program. In the absence of a dedicated funding source to support Storm Water Fund maintenance and capital needs, the General Fund has been required to support these activities totaling \$935,000 in the FY 2024-25 Proposed Budget. Appropriations for new CIP projects are included in the Proposed Budget and discussed in the Capital Improvement Plan section of this report.

Enterprise Funds

Parking Fund

The Parking Fund is a self-sustaining enterprise fund whose revenues are dedicated to parking services. Currently, parking operations are funded via parking fees and fines, and fund balance is the only resource with which to cover capital improvements. The FY 2024-25 Proposed budget

for this fund is \$4.79 million, inclusive of operating transfers, supported by \$4.8 million in revenues. The Parking Fund appears to have successfully rebounded from the negative effects of the pandemic and reflects a slight increase in fund balance for the new fiscal year.

Internal Service / Capital Equipment Replacement Fund

These funds are used to manage services that are delivered within the organization. For example, computer replacement, employee benefits, workers compensation, general liability, capital replacement, technology replacement and vehicle replacement are funded via internal charges to the funds that utilize these respective services. The following reflects highlights of the FY 2024-25 Proposed Budget within selected Internal Service Funds:

Building Maintenance Fund

- HVAC Deferred Maintenance, Janitorial Contracts and Fire Safety Security Improvements \$200,000

Vehicle Replacement Fund

- Vehicle Replacements per Replacement Schedule \$221,439

Technology Fund

The FY 2024-25 Proposed Budget includes the following technology investments in the new fiscal year:

- Increased annual software support costs \$401,152
- Implementation of new Technology Projects 565,000
- Infrastructure Enhancement Projects 670,000
- ERP Implementation 588,054
- Human Resources Process Automation 84,000

Police Equipment Replacement Fund

- Canine Training \$ 30,000
- Police Operations Vehicle 247,000

Liability / Self Insurance Fund

- Increased funding for Insurance Premiums and Insurance Pool contributions \$ 845,000
- Increased funding for claims/settlements 1,500,000

Capital Improvement Program (CIP)

The CIP is a multi-year planning tool used to identify and implement the City's capital needs over a three-year period. As part of the annual budget process, staff updated the multi-year CIP for FY 2024-25 through FY 2026-27. The first year, FY 2024-25, of the updated plan informs the new capital budget appropriations to be included as part of the FY 2024-25 Adopted Budget. See Attachment 2. In addition, as part of the fiscal year-end process which concludes in early Fall, staff will be seeking City Council authorization to carry-forward capital project appropriations for projects funded in the current fiscal year, to the extent that these funds are required to complete

projects currently in process. Funding approved for carry-over into the new fiscal year will supplement the capital project funding approved with the FY 2024-25 Adopted Budget.

The annual update of the multi-year Capital Improvement Plan involves several steps:

- 1) Starting with the review of the latest Council-approved multi-year capital plan for currently active and previously planned projects, and updating project cost estimates and funding sources, as appropriate.
- 2) The capital plan is then updated to reflect new projects. These may include projects previously identified as “unfunded,” projects identified through various master plans, projects supporting infrastructure projects being undertaken by other agencies, and projects requested by the broader community.
- 3) The updated list of capital improvement projects is then evaluated based on established ranking criteria, with the highest-ranked projects being included in the multi-year plan within the constraints of funding availability and staff capacity.
- 4) Projects that are not reflected in the updated multi-year capital plan are retained on the list of infrastructure needs as either “future year” or “unfunded” projects.

The resulting CIP planning document summarizes the City’s planned capital and infrastructure improvement projects, including estimated cost, funding sources, and ranking scores following analysis and coordination with other City departments to ensure that all department needs are represented.

Project selection and priority is based on recommendations by a working group representing various City departments and existing planning documents to accommodate high priority needs, which focused on life/safety, maintenance and repair, equity, community and City Council input, and other factors. The CIP is intended to provide a comprehensive three-year project list for the City’s known capital and infrastructure needs.

The general categories within the CIP are as follows:

- **Annual Programs:** Annual programs are comprised of a variety of activities, including routine operation and maintenance of city infrastructure, maintenance of fleet vehicles, implementation of smaller projects and small budget projects that need immediate attention, development of concept designs to support the pursuit of grant funding, and low to medium level planning efforts.
- **Building/Facilities:** City-owned properties include buildings (e.g., City Hall, libraries, recreation centers, etc.) and facilities (e.g., pump stations), parking garages and lots.
- **Parks:** Park infrastructure and facilities including playgrounds, recreation equipment, and restrooms.
- **Storm Drain:** Storm drain systems include conveyance of storm drainage, catch basins, manholes, and the City’s twelve stormwater pump stations.
- **Transportation:** Streets improvements including construction, resurfacing, and maintenance of existing roadways, intersections, and bicycle and pedestrian facilities, such as bike lanes and sidewalks. This category also includes streetlight, traffic-related, and traffic signal improvements, which include enhancements that increase traffic flow and capacity, improve circulation, and expand bicycle and/or pedestrian thoroughfare

beyond the existing facilities in place (e.g., new multi-use pathways and the expansion of existing sidewalks).

Proposed FY 2024-24 Capital Improvement Project Highlights

The proposed Capital Improvement projects listed below have been included in the City’s [Infrastructure and Transportation Work Plan](#) that was reviewed at the City Council meeting on May 20, 2024, and will be considered by the City Council for adoption at the June 17th Council meeting.

1. Citywide Bicycle and Pedestrian Plan
2. Citywide Building and Facilities Plan
3. Citywide Storm Drain Plan
4. Vision Zero Action Plan
5. Childcare Portable Building Replacement (Pickleweed)
6. Pickleweed Branch Library Redesign
7. Peacock Gap Park Playground Improvements
8. Pickleweed Park Enhancement & Field Renovation
9. Large Trash Capture Projects – 5 locations (Marin Countywide Stormwater Pollution Prevention Program)
10. Canal Active Transportation Experience Improvements
11. Fourth St/Miracle Mile at Second Street and West Crescent Drive
12. Lincoln Avenue Safety Improvements
13. San Rafael Canal Crossing
14. South Merrydale Road – Civic Center Connector Pathway

The following table summarizes the funds that provide the majority of resources available to support the City’s Capital Improvement Program (CIP):

Table 3: CIP Funding Sources

Fund #	Fund Name	Description
205	Stormwater Fund	Established to fund stormwater maintenance, programs, and improvements throughout the City. Fund #205 receives annual revenues from the City’s Stormwater Activity Fee (Municipal Code Chapter 9.40).
206	Gas Tax; Measure AA; Senate Bill 1 Funds; Traffic Mitigation Fee	<p>The Gas Tax is revenue collected and subsequently distributed by the State of California based on a percentage tax on each gallon of gas purchased in San Rafael. Gas Tax may be used for capital projects or maintenance on local streets, roads, traffic, and bicycle/pedestrian facilities. Additionally, local sales tax, passed by voters in 2018 as Measure AA, contributes to a portion of this fund for roadway improvement projects. This fund also includes revenue from the Refuse Regulatory Fee and Construction Impact Fee.</p> <p>Traffic Mitigation Fees are charged to a developer in connection with the approval of a private land development project with the purpose of offsetting or subsidizing public improvements made necessary by the private development. The City utilizes Traffic Mitigation Fees for circulation-related projects identified in the General Plan.</p>
241	Measure A	Measure A is a nine-year ¼ percent Transactions and Use Tax managed by the County of Marin and re-approved by voters in June 2022. The tax is restricted to care for parks and open spaces. The Department of Library and Recreation prepared the Measure A work plan for FY 2024-25 based on the recommendations provided in the 2023 Citywide Parks and Recreation Master Plan and through consultation with the Parks and Recreation Commission.

Fund #	Fund Name	Description
401	Capital Improvement Fund	The Capital Improvement Fund is funded primarily through the City's General Fund and provides discretionary funding support for capital projects that lack a dedicated funding source as well as projects where either a local match or supplemental funding is required. Transfers from the General Fund to the Capital Improvement Fund stem primarily from available year-end fund balances in excess of the City's reserve policy requirement.
420	Essential Facilities Fund	The Essential Facilities Fund was established by the City Council in order to allocate one-third (\$0.25) of the City's Measure E (\$0.75) Transaction and Use Tax receipts to support capital investments to replace or renovate essential facilities supporting public safety operations.
603	Building Maintenance	The Building Maintenance Fund supports routine maintenance and capital projects associated with the City's buildings, parks and other facilities. The Building Maintenance Fund is an internal revenue fund, which means General Fund monies are the sole source of revenue.

While a majority of the FY 2024-25 CIP projects are grant-funded (approximately \$14.7 million), the respective grant match and non-grant funded projects are paid for through Funds 205 (Stormwater), 206 (Gas Tax/Traffic Mitigation), 241 (Parks Measure A), 401 (Capital Improvement) and 603 (Building Maintenance). Funds 205, 206, and 603 also have their respective operating budget which consists of expenses related to maintenance of infrastructure, equipment purchasing, miscellaneous contractual services, annual programs, and other non-project related work. After deducting the operating budget from the total available funding in Fund 206, approximately sixteen percent of the projected FY 2024-25 revenues are not budgeted and remains as reserves in the fund balance to provide a buffer for unanticipated expenses which may arise mid-year. The Stormwater Fund (205) and Building Maintenance Fund (603) do not include additional reserves beyond the available fund balance.

As has been noted in prior year CIPs, the long-term capital and infrastructure improvement needs for City-owned property, parks, and drainage far exceed the available revenues each year. Therefore, a considerable number of projects are identified as real capital and infrastructure needs (and maintained on the CIP project list) but are categorized as "unfunded". City staff continue to actively pursue grant funding, congressional earmarks, and other infrastructure funding sources. Many of these funding sources require a local funding match. If the City's effort to obtain grant funding is successful, the projects with secured funding will be re-evaluated for their ranking on the CIP projects list.

As a part of the annual CIP, the Department of Public Works also recaps major projects completed in the prior fiscal year (July 1, 2023 – June 30, 2024), including but not limited to:

1. FY 2023-24 Corrugated Metal Pipe Replacement
2. North San Rafael Pavement Maintenance project
3. Rotary Manor Culvert Replacement
4. Grand Ave Cycle Track
5. Southern Heights/Pearce Retaining Wall
6. Third St Safety Improvements
7. Third St Rehabilitation
8. Spinnaker Point/Baypoint Dr Parking Striping
9. Bryn Mawr Storm Drain Replacement
10. Albert Park Fence Installation

Projects pending completion include:

1. San Quentin Pump Station Reconstruction
2. B Street Culvert Replacement
3. Downtown Library Modernization
4. Canal Neighborhood Parking Striping
5. Los Gamos Dr Striping Phase 2
6. Annual Traffic Signal Backup Battery Replacement
7. Annual Sidewalk Repair

Summary of FY2024/25 Proposed Capital Improvement Program Budget

Category	FY 2024-25
Annual Programs – Capital *	\$5,632,723
Buildings / Facilities	
<i>Buildings</i>	\$1,437,287
<i>Library</i>	\$4,357,059
<i>Recreation</i>	\$250,000
<i>Sub-Total Facilities</i>	\$6,207,059
Parks	\$9,417,500
Transportation	\$10,511,828
Stormwater	\$1,641,653
*TOTAL	\$33,410,763

Funding Sources	FY 2024-25
General Fund / Capital	\$9,215,000
Storm Water Fund	\$1,376,653
Gas Tax Fund	\$15,011,838
Measure A	\$937,500
Library Revolving Fund	\$4,357,059
Traffic Mitigation Fund	\$100,000
Building Improvement Fund	\$2,412,713
TOTAL	\$33,410,763

**Figures exclude operations and maintenance costs reflected in Annual Programs shown in Attachment 2.*

Status of Pension Funding

The City's [Pension Funding Policy](#) requires that the Finance Director and City Manager report on the status of pension funding as part of the annual budget adoption process.

The most recent pension actuarial valuation was prepared as of June 30, 2023, and approved by the MCERA Board in February 2024. This valuation was used to determine the contribution rates for FY 2024-25. The composite rate for the City of San Rafael will be 55.83 percent, a 0.93 percent decrease from the current rate of 56.76 percent. The budgeted pension contribution for FY 2024-

25 provides full funding for the required contribution. The rate for public safety employees decreased from 69.44 percent to 68.90 percent, a decrease of 0.54 percent. The rate for miscellaneous employees decreased from 44.37 percent to 43.08 percent, a decrease of 1.29 percent. The valuation also reported an unfunded actuarial liability of \$115 million for the City, representing a funded ratio of 83.1 percent.

MCERA's investment target (discount rate) remained at 6.75 percent during the measurement period. The City has dedicated a portion of its employee retirement reserve to buffer the impact of any unexpected increases. This reserve, which is projected to total \$1.7 million at the end of FY 2023-24, is also used to accumulate payments for debt service on the \$4.5 million pension obligation bonds issued in 2010 and for optional, supplementary payments to MCERA.

Status of Other Postemployment Benefit (OPEB) Funding (Retiree Healthcare)

The City's OPEB Funding Policy was adopted on [September 18, 2017](#). The policy cites the City's goal of fully funding the Actuarially Determined Contribution (ADC) each year. The budgeted OPEB contribution for FY 2023-24 provides full funding for the required contribution. The contribution is based on an investment target (discount rate) of 6.25 percent. The most recent actuarial valuation, as of June 30, 2023, reports \$27 million in plan assets offset by \$47.8 million in actuarially accrued liabilities, leaving an unfunded actuarial liability of \$20.8 million. The City's ADC for FY 2024-25 is \$2.8 million.

General Fund Balance and Reserves

Under the proposed FY 2024-25 budget, staff is recommending updating the City's General Fund Reserve Policy from 10% to 15% of operating expenditures. The FY 2024-25 proposed budget would result in achieving this increased reserve level totaling \$15.27 million, as of June 30, 2025. The increased reserve level is intended to better align with best practices (the Government Finance Officers' Association recommends 17%), as well as policy reserve levels established by several comparable agencies. In addition, the recommended reserve level is intended to be allocated as follows:

- Economic Uncertainty – 5% (to buffer against volatility in revenues during economic downturns/recessions)
- Emergency Reserve – 10% (to provide from unexpected/unplanned expenditures)

In addition, the City's capital reserve is proposed to be increased from \$600,000 to \$1,000,000 as part of the FY 2024-25 Proposed Budget. This reserve serves as a buffer against unanticipated capital projects needed that may require supplemental support from the General Fund.

The updated General Fund reserve policy being prepared for City Council consideration at the meeting of June 17, 2024 includes the following components:

- Recommended reserve policy levels at 15%
- Allowable Uses of reserve balances
- Process for restoration of reserve balances (when used)
- Policy guidelines for allocation of year-end excess fund balance (exceeding reserve policy levels).

Based on the projections and recommendations contained in the FY 2024-25 Proposed Budget, the General Fund budget is effectively balanced with ongoing revenues supporting ongoing

appropriations. As noted in this report, a significant allocation of available fund balances (\$8.59 million) is proposed to be either transferred to various special revenue and capital project funds and or appropriated in the budget year for priority one-time projects and expenses.

STAFFING

The FY 2024-25 Proposed Budget recommends maintaining authorized staffing levels at 416.34 Full-Time Equivalent positions. This staffing level is consistent with the adjusted FY 2023-24 staffing levels, reflective of adjustments approved by the City Council since adoption of the FY 2023-24 budget, which authorized a total of 426.06 positions.

Through the process of developing the Proposed FY 2024-25, the Human Resources Department implemented the following classification adjustments as warranted to provide for effective management and delivery of City services.

1) Public Works

- a. The Deputy Director position has been retitled to a Deputy Public Works Administrative Director with the goal of providing strategic oversight and leadership of the Department of Public Works administrative activities. This position will lead, direct and implement cross departmental programs and projects and provide highly complex staff assistance to the Public Works Director.
- b. Create a new classification of Operations & Maintenance Superintendent in order to provide holistic oversight of all operations & maintenance activities across facilities, streets, parks, and fleet functional areas. This position is distinguished from the Operations & Maintenance Manager in that the manager is responsible for the overall administrative direction of the operations division, while the Superintendent oversees the operations of these programs through subordinate single-division supervisors.

2) Digital Services & Open Government

- a. Retitle the Civic Design Manager classification to Civic Engagement Manager to highlight the position's focus on developing and managing the City's comprehensive civic engagement programs and overseeing community engagement projects and processes. The job description has been updated to more accurately reflect the work performed and the salary range will remain the same therefore there is no cost associated with this change.

These changes will not result in an increased cost or additional positions, as the changes will be covered through existing vacancies and internal promotions.

FISCAL IMPACT: The preliminary Fiscal Year 2024-25 budget has been prepared for all funds. Funding sources are sufficient to support the preliminary spending plans presented. There is no fiscal impact associated with acceptance of this report.

RECOMMENDATION: Receive report related to the Preliminary Citywide Proposed Budget for Fiscal Year 2024-25 and provide direction to staff to inform preparation of the Final Proposed FY 2024-25 Budget for adoption at the City Council meeting of June 17, 2024.

ATTACHMENTS:

1. Summary of FY 2024-25 Preliminary Proposed Budget
 - a. Exhibit I – FY 2024-25 All Funds Proposed Budget (Revenues, and Expenditures) with comparison to FY2023-24 Adopted Budget
 - b. (Revenues and Expenditures by Fund
 - c. Exhibit II – FY 2024-25 General Fund Proposed Budget (Revenues, and Expenditures) with comparison to FY2023-24 Adopted Budget
 - d. Exhibit III – FY 2024-25 Proposed Budget (Revenues and Expenditures by Fund)
 - e. Exhibit IV – Summary of FY 2024-25 Authorized Staffing (Full-Time Equivalents)

2. Proposed Capital Improvement Program Budget Summary: FY 2024-25

**ALL FUNDS
PROPOSED BUDGET FY 2024-25
Revenues and Expenditures**

EXHIBIT I

	FY23-24 Adopted Budget	FY24-25 Proposed Budget	%	\$ Change
REVENUES & OTHER SOURCES				
Taxes	\$ 89,695,156	\$ 92,203,844	2.8%	\$ 2,508,688
Licenses and Permits	2,855,788	2,950,488	3.3%	94,700
Fines and Forfeitures	2,639,740	2,703,400	2.4%	63,660
Use of Money	532,248	4,316,047	710.9%	3,783,799
Intergovernmental	21,030,007	34,257,592	62.9%	13,227,585
Charges for Services	20,539,268	21,895,413	6.6%	1,356,145
Other Revenues	26,080,350	18,990,255	-27.2%	(7,090,095)
Transfers In	6,029,561	13,211,806	119.1%	7,182,245
TOTAL SOURCES	\$ 169,402,117	\$ 190,528,845	12.5%	\$ 21,126,728

EXPENDITURES AND OTHER USES

Expenditures by Department

Finance	3,623,005	4,106,626	13.3%	483,621
Non-Departmental	10,678,383	11,971,375	12.1%	1,292,992
City Manager/City Council	3,602,499	4,925,600	36.7%	1,323,101
City Clerk	581,169	783,037	34.7%	201,868
Digital Service	6,181,966	7,293,970	18.0%	1,112,004
Human Resources	12,846,036	15,447,709	20.3%	2,601,673
Parking	3,873,776	4,207,107	8.6%	333,331
City Attorney	1,327,403	1,452,736	9.4%	125,333
Community Development	9,233,460	8,671,825	-6.1%	(561,635)
Police	28,517,599	29,611,936	3.8%	1,094,337
Fire	35,594,756	38,515,080	8.2%	2,920,324
Public Works	54,273,508	49,769,988	-8.3%	(4,503,520)
Library	9,141,598	9,763,573	6.8%	621,975
Recreation	9,117,457	9,855,741	8.1%	738,284
Economic Development	927,704	1,224,963	32.0%	297,259
Transfers out	6,029,561	13,211,806	119.1%	7,182,245

TOTAL USES	\$ 195,549,881	\$ 210,813,072	7.8%	\$ 15,263,191
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NET OPERATING RESULTS	\$ (26,147,764)	\$ (20,284,227)	-22.4%	\$ 5,863,537
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Expenditure Category	FY23-24 Adopted Budget	FY24-25 Proposed Budget	%	
Salaries	\$ 53,680,487	\$ 56,841,038		
Fringe Benefits	42,521,368	42,928,249		
<i>Sub-Total Personnel</i>	<i>\$ 96,201,855</i>	<i>\$ 99,769,287</i>	3.7%	\$ 3,567,432
Services	34,009,594	56,284,093	65.5%	22,274,499
Supplies	3,793,381	4,150,738	9.4%	357,357
Utilities/Communications	2,770,214	3,077,950	11.1%	307,736
Other	3,371,644	4,203,810	24.7%	832,166
Debt Service	5,390,815	5,603,882	4.0%	213,067
Assets Purchased	34,834,776	14,522,998	-58.3%	(20,311,778)
Internal Service Charges	9,148,042	9,988,508	9.2%	840,466
Transfers	6,029,561	13,211,806	119.1%	7,182,245
Total Appropriations	\$ 195,549,881	\$ 210,813,072	7.8%	\$ 15,263,191

**GENERAL FUND
FY 2024-25 PROPOSED BUDGET
Revenues and Expenditures**

EXHIBIT II

	FY23-24 Adopted Budget	FY24-25 Proposed Budget	% Change	\$ Change
REVENUES & OTHER OPERATIONAL SOURCES				
Taxes				
Property Tax and related	\$ 25,351,496	\$ 26,698,822	5.3%	1,347,326
Sales Tax	25,414,990	25,253,524	-0.6%	(161,466)
Sales Tax -Measure E	14,487,000	14,520,000	0.2%	33,000
Sales Tax -Measure R	4,829,000	4,840,000	0.2%	11,000
Franchise Tax	4,270,000	4,700,000	10.1%	430,000
Business Tax	2,602,000	2,600,000	-0.1%	(2,000)
Transient Occupancy Tax	3,100,000	3,900,000	25.8%	800,000
Other Agencies				
CSA #19 Fire Service	2,515,788	2,591,262	3.0%	75,474
VLF Backfill	7,000,000	7,560,009	8.0%	560,009
Other Agencies (Prop 172, Owner Prop Tax, State Mandate, Other agencies)	1,853,633	1,557,133	-16.0%	(296,500)
Other Revenues				
Permits & Licenses (building, electrical, encroachment, use, alarm)	2,855,788	2,950,488	3.3%	94,700
Fine & Forfeitures (traffic, vehicle, etc.)	212,740	203,400	-4.4%	(9,340)
Interest & Rents (investment earnings, rents, etc.)	456,900	1,069,558	134.1%	612,658
Charges for Services (includes dev't fees and plan review)	2,645,764	2,480,008	-6.3%	(165,756)
Other Revenue (damage reimbursements, misc income)	594,500	358,000	-39.8%	(236,500)
Sub-total: Revenues	\$ 98,189,599	\$ 101,282,204	3.1%	\$ 3,092,605
TRANSFERS IN				
Assessment District reimbursements				
from Gas Tax	650,000	650,000	0.0%	-
from Parking Services Fund - Admin. cost	497,148	477,993	-3.9%	(19,155)
from Cannabis Fund - SAFE Team		700,000	0.0%	700,000
from Employee Retirement Fund - POB debt payment	680,313	680,313	0.0%	-
Sub-total: Transfers In	\$ 1,827,461	\$ 2,508,306	37.3%	\$ 680,845
TOTAL SOURCES	\$ 100,017,060	\$ 103,790,510	3.8%	\$ 3,773,450
EXPENDITURES AND OTHER OPERATIONAL USES				
Expenditures by Department				
Finance	3,033,755	2,628,380	-13.4%	(405,375)
Non-Departmental	10,678,384	11,843,287	10.9%	1,164,903
City Manager/City Council	3,247,605	3,945,027	21.5%	697,422
City Clerk	581,169	783,037	34.7%	201,868
Digital Service	1,949,021	2,209,402	13.4%	260,381
Human Resources	724,561	720,095	-0.6%	(4,466)
City Attorney	1,211,301	1,330,633	9.9%	119,332
Community Development	6,686,645	6,436,280	-3.7%	(250,365)
Police	26,818,491	28,207,683	5.2%	1,389,192
Fire	23,570,766	24,372,630	3.4%	801,864
Public Works	15,125,015	15,399,570	1.8%	274,555
Library	3,392,971	3,494,392	3.0%	101,421
Economic Development	814,456	662,841	-18.6%	(151,615)
Sub-total: Expenditures	\$ 97,834,140	\$ 102,033,257	4.3%	\$ 4,199,117
OPERATIONAL TRANSFERS OUT				
to Recreation Fund - Operating support	2,207,000	2,420,000	9.7%	213,000
to Essential Facilities Fund - Measure E		353,500	0.0%	353,500
to Liability Fund		2,000,000	0.0%	2,000,000
to Capital Improvement Fund - Pickleweed		2,000,000	0.0%	2,000,000
to Capital Improvement Fund - Stormwater		735,000	0.0%	735,000
to Stormwater		250,000	0.0%	250,000
to Gas Tax		1,000,000	0.0%	1,000,000
to Vehicle Replacement Fund		1,000,000	0.0%	1,000,000
to Police Equipment Replacement Fund		250,000	0.0%	250,000
to Fire Equipment Replacement Fund		250,000	0.0%	250,000
Sub-total: Transfers Out	\$ 2,207,000	\$ 10,258,500	364.8%	\$ 8,051,500
TOTAL USES	\$ 100,041,140	\$ 112,291,757	12.2%	\$ 12,250,617
NET OPERATING RESULTS	\$ (24,080)	\$ (8,501,247)		\$ (8,477,167)

Expenditure Category	FY23-24 Adopted Budget	FY24-25 Proposed Budget	% Change	\$
	Salaries	\$ 38,657,208		
Fringe Benefits	29,916,522	29,790,481		
Sub-Total Personnel	\$ 68,573,730	\$ 71,096,255	3.7%	\$ 2,522,525
Services	11,741,521	11,849,929	0.9%	108,408
Supplies	1,312,842	1,451,992	10.6%	139,150
Utilities/Communications	1,596,150	1,888,650	18.3%	292,500
Other	1,238,871	1,505,815	21.5%	266,944
Debt Service	5,248,727	5,326,792	1.5%	78,065
Assets Purchased	122,776	-	-100.0%	(122,776)
Internal Service Charges	7,999,523	8,913,824	11.4%	914,301
Transfers	2,207,000	10,258,500	364.8%	8,051,500
Total Appropriations	\$ 100,041,140	\$ 112,291,757	12.2%	\$ 12,250,617

**FY2024-25 PROPOSED BUDGET
REVENUES AND APPROPRIATIONS BY FUND**

EXHIBIT III

**CITY OF SAN RAFAEL
CONSOLIDATED FUNDS**

		<small>updated 5/3/24</small>				Total	Total	Total	Total	June 30, 2025
FY 2024-25 PROJECTED BUDGET		Est.Actual	Total	Transfers	Total	Operating	Capital	Transfers to	Total	Projected
FUND NAME		June 30, 2024 Balance	Operating and Capital Revenue	In	Resources	Budget	Budget	Other Funds	Appropriations	Balance
GENERAL OPERATING FUNDS:										
001	General Fund Available Balance	\$31,301,991	\$101,282,204	\$2,508,306	\$103,790,510	102,033,257	-	10,258,500	112,291,757	\$22,800,744
218	General Plan Special Revenue Fund	1,522,038	647,275	-	647,275	1,151,725	-	-	1,151,725	1,017,588
SPECIAL REVENUE & GRANT FUNDS:										
205	Storm Water Fund	166,938	1,901,912	360,000	2,261,912	503,365	1,376,653	-	1,880,018	548,832
206	Gas Tax	7,776,741	15,415,546	1,250,000	16,665,546	1,500,000	15,011,838	760,000	17,271,838	7,170,449
207	Development Services	3,282	-	-	-	-	-	-	-	3,282
208	Child Care	159,756	3,210,550	-	3,210,550	3,302,759	-	-	3,302,759	67,547
210	Paramedic/EMS	2,808,914	8,986,714	-	8,986,714	9,609,534	-	-	9,609,534	2,186,094
216	Cannabis	845,492	269,627	-	269,627	170,385	-	700,000	870,385	244,734
217	State Lands Fund	435,745	56,352	-	56,352	-	-	-	-	492,097
222	Recreation Revolving	362,712	2,285,712	2,420,000	4,705,712	4,932,194	-	-	4,932,194	136,230
223	Household Haz. Waste Fund	527,641	-	-	-	527,641	-	-	527,641	-
228	Hazardous Materials Fund	55,251	-	-	-	-	-	-	-	55,251
234	Pt. San Pedro A.D. Maintenance Portion	149,781	156,233	-	156,233	183,186	-	-	183,186	122,828
235	Baypoint Lagoons L & L Assessment District	240,105	34,206	-	34,206	212,700	-	-	212,700	61,611
236	Loch Lomond CFD #10	816,006	57,181	-	57,181	18,855	-	-	18,855	854,332
237	Loch Lomond Marina CFD #2	985,045	257,915	-	257,915	135,030	-	-	135,030	1,107,930
240	Parkland Dedication	359,989	14,350	-	14,350	-	-	-	-	374,339
241	Measure A Open Space	1,175,053	566,197	-	566,197	3	937,500	-	937,503	803,747
242	Measure C Wildfire Prevention	1,672,290	3,356,061	-	3,356,061	4,269,472	-	-	4,269,472	758,879
495	Low and moderate Income Housing Fund	1,776,284	10,564	-	10,564	85,770	-	-	85,770	1,701,078
LIBRARY AND FALKIRK:										
214	Library Revolving	4,342,099	109,343	-	109,343	42,392	4,357,059	-	4,399,451	51,991
215	Library Special Assessment Fund	1,001,792	1,212,962	-	1,212,962	1,869,730	-	-	1,869,730	345,024
	Library Fund	5,343,891	1,322,305	-	1,322,305	1,912,122	4,357,059	-	6,269,181	397,015
PUBLIC SAFETY:										
200	Abandoned Vehicle	9,471	85,000	85,000	170,000	179,067	-	-	179,067	404
202	Asset Seizure	3,704	-	-	-	-	-	-	-	3,704
204	Crime Prevention	7,573	-	-	-	-	-	-	-	7,573
230	Youth Services - Police	67,890	19,050	-	19,050	40,043	-	-	40,043	46,897
	Public Safety Fund	88,638	104,050	85,000	189,050	219,110	-	-	219,110	58,578
TRAFFIC AND HOUSING:										
243	Affordable Housing in lieu	2,611,941	1,091,630	-	1,091,630	-	-	-	-	3,703,571
245	Housing & Parking In-lieu	369,359	13,574	-	13,574	-	-	-	-	382,933
246	East S.R. Traffic Mitigation	1,005,965	639,954	-	639,954	440,000	100,000	250,000	790,000	855,919
	Traffic & Housing Mitigation Funds	3,987,266	1,745,158	-	1,745,158	440,000	100,000	250,000	790,000	4,942,424
GRANT:										
201	A.D.A.. Access Projects	-	-	-	-	-	-	-	-	-
260	Pickleweed Childcare Grant	381,358	651,240	-	651,240	683,288	-	-	683,288	349,310
281	Public Safety Grants	522,321	300,000	-	300,000	472,445	-	-	472,445	349,876
283	Grant-Other	461,672	1,977,500	-	1,977,500	2,346,021	-	-	2,346,021	93,151
	Grant Funds	1,365,351	2,928,740	-	2,928,740	3,501,754	-	-	3,501,754	792,337
SPECIAL REVENUE & GRANT FUND TOTAL		31,102,171	42,679,373	4,115,000	46,794,373	31,523,880	21,783,050	1,710,000	55,016,930	22,879,614

**FY2024-25 PROPOSED BUDGET
REVENUES AND APPROPRIATIONS BY FUND**

**CITY OF SAN RAFAEL
CONSOLIDATED FUNDS**

FY 2024-25 PROJECTED BUDGET FUND NAME		updated 5/3/24	Total			Total	Total	Transfers to Other Funds	Total Appropriations	June 30, 2025 Projected Balance
		Est.Actual June 30, 2024 Balance	Operating and Capital Revenue	Transfers In	Total Resources	Operating Budget	Capital Budget			
ASSESSMENT DISTRICTS:										
Var.	Assessment District Projects	298,722	-	-	-	-	-	-	-	298,722
ASSESSMENT DISTRICT TOTAL		298,722	-	-	-	-	-	-	-	298,722
CAPITAL PROJECT FUNDS:										
401	Capital Improvement	8,012,141	4,421,955	2,735,000	7,156,955	100,000	9,215,000	-	9,315,000	5,854,096
405	Open Space Acquisition	119,248	4,767	-	4,767	-	-	-	-	124,015
406	Bedroom Tax	142,339	5,642	-	5,642	-	-	-	-	147,981
407	Parks Capital Projects	21,861	-	-	-	-	-	-	-	21,861
420	Measure E - Public Safety Facilities	2,418,016	147,645	353,500	501,145	-	-	-	-	2,919,161
CAPITAL PROJECT FUND TOTAL		10,713,604	4,580,009	3,088,500	7,668,509	100,000	9,215,000	-	9,315,000	9,067,113
ENTERPRISE FUND:										
501	Parking Services	206,341	4,807,330	-	4,807,330	4,232,367	-	562,993	4,795,360	218,311
ENTERPRISE FUND TOTAL		206,341	4,807,330	-	4,807,330	4,232,367	-	562,993	4,795,360	218,311
INTERNAL SERVICE FUNDS:										
227	Sewer Maintenance	-	3,574,639	-	3,574,639	3,574,639	-	-	3,574,639	-
600	Vehicle Replacement	5,056,268	1,540,159	1,000,000	2,540,159	221,439	-	-	221,439	7,374,988
601	Technology Replacement	3,668,422	2,782,895	-	2,782,895	4,400,168	-	-	4,400,168	2,051,149
602	Fire Equipment Replacement	1,057,572	173,494	250,000	423,494	131,000	-	-	131,000	1,350,066
603	Building Improvement	5,296,922	2,177,147	-	2,177,147	200,000	2,412,713	-	2,612,713	4,861,356
604	Employee Benefits	727,252	790,328	-	790,328	586,788	-	-	586,788	930,792
605	Liability Insurance	1,962,024	2,994,258	2,000,000	4,994,258	6,691,549	-	-	6,691,549	264,733
606	Workers Compensation Insurance	950,126	3,241,777	-	3,241,777	3,528,289	-	-	3,528,289	663,614
607	Dental Insurance	580,691	682,644	-	682,644	495,000	-	-	495,000	768,335
608	Radio Replacement	686,440	467,091	-	467,091	410,000	-	-	410,000	743,531
609	Telephone/Internet	180,817	693,786	-	693,786	684,400	-	-	684,400	190,203
611	Employee Retirement	1,775,012	100,565	-	100,565	4,000	-	680,313	684,313	1,191,264
612	Retiree Health Benefit OPEB	236,852	3,944,963	-	3,944,963	3,660,000	-	-	3,660,000	521,815
613	Police Equipment Replacement	404,722	59,675	250,000	309,675	407,000	-	-	407,000	307,397
INTERNAL SERVICE FUND TOTAL		22,583,121	23,223,421	3,500,000	26,723,421	24,994,272	2,412,713	680,313	28,087,298	21,219,244
TRUST AND AGENCY FUNDS:										
712	Library Fiduciary	527,179	97,427	-	97,427	-	-	-	-	624,606
714	Pt. San Pedro Assessment District	199,035	-	-	-	155,002	-	-	155,002	44,033
TRUST & AGENCY FUND TOTAL		527,179	97,427	-	97,427	155,002	-	-	155,002	668,639
COMBINED FUNDS TOTAL		98,454,201	177,317,039	13,211,806	190,528,845	164,190,503	33,410,763	13,211,806	210,813,072	78,169,974
LESS: INTERFUND TRANSFER				(13,211,806)	(13,211,806)			(13,211,806)	(13,211,806)	
LESS: INTERNAL SERVICE CHARGES			(18,065,730)		(18,065,730)	(18,065,729)		(18,065,729)	(18,065,729)	
NET TOTALS FY 2024-25		98,454,201	159,251,309	-	159,251,309	146,124,774	33,410,763	-	179,535,537	78,169,974

**CITY OF SAN RAFAEL
Authorized Positions**

EXHIBIT IV

Departments	Adopted 2023-2024	After Mid-Yr 2023-2024	Final 2023-2024	Proposed 2024-2025
Regular				
Community Development	23.00	1.00	24.00	24.00
Community Services	56.90	(12.92)	43.98	43.98
City Attorney	3.50	1.00	3.50	3.50
City Clerk	2.00		2.00	2.00
City Manager/Council	11.56	2.00	13.56	13.56
Economic Development (Move to CDD)	1.00	1.00	2.00	2.00
Finance	11.00	(1.00)	10.00	10.00
Fire	82.00		82.00	82.00
Library	21.96		21.96	21.96
Management Services	28.63	(1.00)	27.63	27.63
Police	93.00		93.00	93.00
Public Works	49.00		49.00	49.00
SRSD	17.00		17.00	17.00
Sub - Total Regular Positions	400.55	(9.92)	389.63	389.63
Change from previous year				
Fixed Term				
Community Development	1.00		1.00	1.00
City Manager/Council	1.00	-	1.00	1.00
Community Services	1.51	(0.80)	0.71	0.71
Economic Development (former RDA)	1.00	(1.00)	-	-
Finance	1.00		1.00	1.00
Fire	11.00		11.00	11.00
Library	-		-	-
Management Services	4.00	1.00	5.00	5.00
Police	-	1.00	1.00	1.00
Public Works	4.00		4.00	4.00
SRSD	1.00	1.00	2.00	2.00
Sub - Total Fixed-Term Positions	25.51	0.20	26.71	26.71
Total Budgeted Positions	426.06	(9.72)	416.34	416.34
Authorized, unbudgeted - extended absence/no cost	-		-	-
Total Authorized Positions	426.06		416.34	416.34

General Notes:

The above-authorized positions are presented as full-time equivalent employees (FTE's) based on various workweek hours as negotiated in employee agreements. The totals by department reflect a combination of full-time or permanent part-time, or fixed term positions that are entitled to all or pro-rated benefits in accordance with the negotiated agreements for employees or individuals who are under contract. The totals reflected above, or in the detail department program sections, do not include temporary or seasonal employees that are utilized for short-term or specific reasons during the year.

**FY 2024-PROPOSED BUDGET
CAPITAL IMPROVEMENT PLAN**

Annual Programs					
Sub-Category	Project Title	Fund	FY 2024-25	FY 2025-26	FY 2026-27
Bike / Pedestrian	Citywide Bicycle and Pedestrian Plan Support Program	246	\$ 100,000	\$ 100,000	\$ 100,000
Bike / Pedestrian	Road Safety Implementation Program	206	\$ 500,000	\$ 500,000	\$ 500,000
Buildings	Facilities Maintenance Program	603	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Parks	Park and Landscape Maintenance Program	001	\$ 1,208,000	\$ 1,210,000	\$ 1,210,000
Sidewalk	City-Led Sidewalk Repair Program (Non-Reimbursable)	206	\$ 250,000	\$ 150,000	\$ 150,000
Sidewalk	Sidewalk Repair Program (Resident Reimbursement)	206	\$ 300,000	\$ 450,000	\$ 450,000
Storm Drains	Corrugated Metal Pipe Replacement Program	205	\$ 220,000	\$ 220,000	\$ 220,000
Storm Drains	Stormwater System Maintenance Program	205	\$ 720,000	\$ 720,000	\$ 720,000
Streets Maint	Minor Street Repairs & Maintenance Program	001	\$ 658,500	\$ 660,000	\$ 660,000
Streets Maint	Pavement Maintenance Program	206	\$ 3,000,000	\$ 2,500,000	\$ 2,500,000
Streets Maint	Public Hillside Monitoring & Maintenance Program	206	\$ 250,000	\$ 250,000	\$ 250,000
Traffic Signal	Traffic Signal and Street Lighting Program	206	\$ 500,000	\$ 500,000	\$ 500,000
Other	Fleet Management Program	001	\$ 743,000	\$ 750,000	\$ 750,000
Other	Grants Procurement Program	001	\$ 100,000	\$ 200,000	\$ 200,000
Other	Permit and Technical Assistance Program	001	\$ 350,500	\$ 250,000	\$ 250,000
Other	Regional Partnership and Project Assistance Program	001	Funding by Applicant		
Total			\$ 10,900,000	\$ 10,460,000	\$ 10,460,000

Buildings / Facilities

Sub-Category	Project Title	Fund	Prior Years' Appropriated Funding	FY 2024-25	FY 2025-26	FY 2026-27	3-YR Total
Buildings	Childcare Portable Building Replacement (Pickleweed)	603	\$ 25,000	\$ 1,300,000			\$ 1,325,000
Buildings	Citywide Buildings and Facilities Plan	603	\$ -	\$ 300,000			\$ 300,000
Library	Downtown Library Modernization	214	\$ 391,731	\$ 2,608,269			\$ 3,000,000
Library	Pickleweed Branch Library Redesign	214	\$ 251,210	\$ 1,748,790			\$ 2,000,000
Recreation	A.J. Boro Community Center: HVAC & Roof Repair	603	\$ 5,400	\$ 250,000			\$ 255,400
Total			\$ 673,341	\$ 6,207,059	\$ -	\$ -	\$ 6,880,400

Parks

Sub-Category	Project Title	Fund	Prior Years' Appropriated Funding	FY 2024-25	FY 2025-26	FY 2026-27	3-YR Total
Park	Boyd Park Interim Playground Equipment	241	\$ -	\$ 60,000			\$ 60,000
Park	Peacock Gap Park Playground	241	\$ 145,005	\$ 725,000			\$ 870,005
Park	Pickleweed Park Enhancement	401	\$ 814,341	\$ 8,480,000			\$ 9,294,341
Park	Terra Linda Park and Community Center Enhancement Plan	241	\$ -	\$ 52,500			\$ 52,500
Trails	Trails Existing Conditions & Feasibility Study	241	\$ -	\$ 100,000			\$ 100,000
Park	Oleander Park Playground Repairs	241	\$ -	\$ -			\$ -
Tennis Court	Freitas Park Tennis Court Resurfacing	241	\$ -	\$ -			\$ -
Tennis Court	Peacock Gap Park Tennis Court Resurfacing	241	\$ -	\$ -			\$ -
Park	Gerstle Park Playground Improvements	241	\$ -	\$ -			\$ -
Total Parks			\$ 959,346	\$ 9,417,500	\$ -	\$ -	\$ 10,376,846

Storm Drains

Sub-Category	Project Title	Fund	Prior Years' Appropriated Funding	FY 2024-25	FY 2025-26	FY 2026-27	3-YR Total
Pump Station	San Quentin Pump Station Reconstruction	205 / 401	\$ 7,922,733	\$ 485,000			\$ 8,407,733
Storm Drains	Citywide Storm Drain Plan	205 / 401	\$ 331,303	\$ -		\$ 290,000	\$ 621,303
Storm Drains	Storm Drain Maintenance Environmental Compliance and Permitting	205 / 401	\$ -	\$ 250,000			\$ 250,000
Trash Capture	390 Canal Pump Station Trash Capture	205	\$ -	\$ 320,000		\$ 815,000	\$ 1,135,000
Trash Capture	Kerner Pump Station Trash Capture	205	\$ -	\$ -			\$ -
Trash Capture	N. Francisco Pump Station Trash Capture	205	\$ -	\$ 279,010			\$ 279,010
Trash Capture	Rossi Pump Station Trash Capture	205	\$ -	\$ 69,000		\$ 1,587,000	\$ 1,656,000
Trash Capture	Redwood Hwy Trash Capture	205	\$ -	\$ 146,643		\$ 2,009,000	\$ 2,155,643
Trash Capture	San Quentin Pump Station Trash Capture	205	\$ -	\$ 92,000		\$ 1,865,000	\$ 1,957,000
Pump Station	Kerner Pump Station Trash Capture (Pump Station upgrades)	205	\$ 466,466	\$ -	\$ 7,450,000		\$ 7,916,466
Total Storm Drains			\$ 15,170,502	\$ 1,641,653	\$ 7,450,000	\$ 6,566,000	\$ 30,948,155

Transportation

Sub-Category	Project Title	Fund	Prior Years' Appropriated Funding	FY 2024-25	FY 2025-26	FY 2026-27	3-YR Total
Bike / Pedestrian	Canal Alliance Mid-Block Crossing Enhancement	206	\$ -	\$ 325,000	\$ 125,000		\$ 450,000
Bike / Pedestrian	Citywide Bicycle & Pedestrian Plan Update	206	\$ -	\$ 250,000			\$ 250,000
Bike / Pedestrian	San Rafael Canal Crossing Project	206	\$ 50,000	\$ 1,575,000		\$ 2,350,000	\$ 3,975,000
Bike / Pedestrian	South Merrydale Road – Civic Center Connector Pathway (aka Rafael Meadows Safe Crossing Pathway Project)	206	\$ 50,000	\$ 1,222,228	\$ 1,946,772		\$ 3,219,000
Streets	B Street Culvert Replacement & Resurfacing	206	\$ 648,803	\$ 70,000			\$ 718,803
Streets	Bellam Blvd Off-Ramp Improvements (City R/W surface)	206	\$ -	\$ 575,000			\$ 575,000
Streets	Canal Active Transportation Experience Improvements	206	\$ -	\$ 1,280,500		\$ 5,419,700	\$ 6,700,200
Streets	Fourth St/Miracle Mile at Second St and West Crescent Dr	206	\$ 241,900	\$ 4,754,100			\$ 4,996,000
Streets	Lincoln Avenue Safety Improvement Project	206	\$ -	\$ 310,000			\$ 310,000
Streets	Vision Zero Action Plan	206	\$ -	\$ 150,000			\$ 150,000
Bike / Pedestrian	B Street Phase 2 Improvements	206	\$ -	\$ -			\$ -
Bike / Pedestrian	BPMP Rank-1: Project D-1 Downtown East-West connection: Feasibility study	206	\$ -	\$ -			\$ -
Bike / Pedestrian	BPMP Rank-5: Project B-6 Class I on both sides Freitas from Montecillo to Del Presidio. Or bi-directional 6 foot wide sidewalks	206	\$ -	\$ -			\$ -
Bike / Pedestrian	Fourth Street bike connection - Grand to transit center	206	\$ -	\$ -			\$ -
Bike / Pedestrian	Multi-Use Path Civic Center Station to Northgate	206	\$ -	\$ -	\$ 1,800,000		\$ 1,800,000
Bike / Pedestrian	North-South Greenway Tamalpais Avenue: 4th to Mission (LRSP, BPMP Rank-6: Project D-2)	206	\$ -	\$ -	\$ 4,000,000		\$ 4,000,000
Bike / Pedestrian	Woodland Ave Ped Improvements	206	\$ -	\$ -			\$ -
Streets	BPMP - Bellam Blvd - Andersen to Baypoint	206	\$ -	\$ -			\$ -
Streets	BPMP - Bellam Blvd - Andersen to Baypoint [Environmental Clearance]	206	\$ -	\$ -			\$ -
Streets	Canal St Powerline Undergrounding	206	\$ -	\$ -	\$ 6,300,000		\$ 6,300,000
Streets	Lincoln Ave Bridge Repairs	206	\$ -	\$ -			\$ -
Streets	Lincoln Avenue Rehabilitation	206	\$ 20,000	\$ -	\$ 100,000	\$ 3,000,000	\$ 3,120,000
Streets	Second Street Multi-Modal Improvements	206	\$ 50,000	\$ -	\$ 630,000		\$ 680,000
Total Transportation			\$ 1,060,703	\$ 10,511,828	\$ 7,871,772	\$ 7,769,700	\$ 23,836,200