

CITY OF SEBASTOPOL CITY COUNCIL
AGENDA ITEM REPORT FOR MEETING OF: July 16, 2024

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To: Honorable Mayor and City Councilmembers
From: Don Schwartz, City Manager
Subject: FY 24-25 Proposed Operating Budget

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RECOMMENDATIONS:

Review and Consider the Proposed Operating Budget for Fiscal Year 2024-25, conduct a public hearing, and provide comments and direction to staff on budget allocations for the upcoming fiscal year.

Consider appointing an Ad Hoc Committee for Sebastopol Cultural Community Center (SCCC) Master Plan, approved by the Council as part of the Capital Improvement program.

Consider creation of Ad Hoc Committee to explore Specialized Assistance for Everyone (SAFE) Program; see memo from Police Chief attached to the introductory letter in the budget book.

Set date for a small scale Council goal setting session prior to the Mid Year Budget Review.

Return to August 12 Council meeting for final adoption, authorizing contracts, approving related resolutions.

EXECUTIVE SUMMARY:

This item is to request that the City Council Review and Consider the Proposed Operating Budget for Fiscal Year 2024-25, conduct a public hearing, and provide comments and/or direction to staff on budget allocations for the upcoming fiscal year.

Because of the extensive nature of this item, a special Council meeting for formal adoption of the budget is scheduled for August 12, 2024 at 6:00 p.m.

On June 18, the Council adopted a resolution continuing appropriations from FY 23-24 that provides spending authority for the fiscal year that began on July 1, 2024 and ends on June 30, 2025, at the same level and amounts for all funds as approved in the adopted fiscal year 2023-2024 city budget for sixty (60) days, ensuring the uninterrupted continuation of municipal services

BACKGROUND:

The City budget is the most significant policy document considered by the City Council each year. It is a reflection not only of the City’s financial resources, but also of the City’s values and priorities for use of those resources.

The City’s budget includes a variety of Funds for different purposes; these are described in the transmittal letter introducing the budget. The General Fund is the most significant of the City’s Funds as it is the largest, provides resources for most City services, and is the most flexible.

The Proposed General Fund budget for FY 24-25 includes \$14.2 million in revenue, over \$15 million in expenses, and a deficit of approximately \$669,000. Specific amounts are included in the introductory letter and the additional documentation. Please note that these amounts may change depending on final City Council actions.

Some of the key aspects of the budget include the use of one-time revenues from increased development to sustain services. Revenue assumptions are neither conservative nor aggressive; they reflect our best estimates of what we will receive in FY 24-25.

On the expenditure side, the budget retains all positions. It shifts one Laborer from supporting City infrastructure and facilities to focus on the water and sewer systems. It adds funding for all Police Department positions. It allocates \$300,000 toward preserving City assets such as buildings and streets. It also makes significant reductions in some areas, such as engineering support, maintenance contracts, and support for non-profit community organizations.

The budget reflects the recommendations of the City Council Budget Committee, which includes Vice Mayor Zollman and Councilmember Maurer. The Committee invested considerable time and effort and had numerous substantive meetings to discuss the budget.

While the Budget Committee agreed on most aspects of the budget, there were some areas of disagreement. These are discussed in the introductory letter's section on Changes in Department budgets, and the most significant listed here:

- Administrative Services: \$3,000 for one person to attend Marin-Sonoma Leadership Academy
- Planning: Use of \$50,000 from Housing Linkage Fund for monitoring of affordable ownership units
- Fire: \$100,000 for uses to be determined
- Police: Shift of funding and contract responsibility to Police from City Council budget
- Police: Use of \$227,000 currently allocated to fund two vacant positions in the Police Department, which could be used toward funding a Specialized Assistance for Everyone (SAFE) program.
- Community Cultural Center: \$58,300 to provide six months of funding toward operational support

There were some items that the Committee was able to address only after the budget document was completed; these are summarized here:

1. The budget includes nearly \$92,000 in additional revenue in Community Development/Planning. This reflects assumptions about shifting staff time to work on development projects which generate revenue, and spending staff time on work associated with grants. In both cases this work would be done by City staff instead of contractors. Staff also need additional time to properly administer grants to ensure that we complete required documentation to receive grant funds. To increase the available staff time, we could reallocate some of the staff support for the Public Arts and Climate Action Committees. We also believe that there is an opportunity to merge the Planning Commission and Design Review Board and gain efficiencies. Staff plan to bring a proposal to the City Council for consideration of these topics, and to review revenue for this Department at mid-year or more frequently.
2. We recently learned that state funding for the Gravenstein Commons project is uncertain. The budget assumes receipt of \$100,000 in building permit revenue for this project. We suggest revisiting this topic during the budget hearing when we may have more complete information.
3. Staff recommend adding \$2,400 for training and certification from the California Intergovernmental Risk Authority.
4. Staff recommend adding \$30,000 for a compensation study to compare the City's compensation and benefits with other jurisdictions.
5. Staff recommends adding \$10,000 to update a 2022 staffing study to reflect organizational changes including the anticipated consolidation of the Fire Department with Gold Ridge, and the reorganization of Public Works and Engineering.

6. Staff recommends adding \$3,000 for a Councilmember to attend the League of California Cities Conference, which will consider resolutions of state-wide significance.
7. Staff recommend that the Council add \$10,000 should it wish to have warming and cooling centers available in extreme weather conditions; prior funding from the County is unlikely to be sufficient for the remainder of the Fiscal Year.

COMMUNITY OUTREACH:

This item has been noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to the scheduled meeting date.

Preparing the budget has included extensive public outreach. All Budget Committee meetings have been available to the public for in-person or virtual attendance, with recordings and materials documenting the discussions and decisions available on the City’s website.

At the direction of the City Council, in recent weeks staff has embarked on public outreach to inform and educate the community about the services the City provides and discuss budget challenges that the City faces. The City launched a Community Survey as public outreach efforts began. As of the preparation of this report, approximately 500 community members completed an online survey with feedback regarding the importance of various City services. Interim results of the survey as of this writing suggest “Providing effective Public Safety,” “Managing City Finances,” and “Response to flood, wildfires and other natural disasters” are among the top priorities of the community. A full report will be available to the City Council at the budget hearing.

We also held Town Hall on July 8 and 10. These events provide an opportunity to meet with the community about these topics, answer questions, and gather survey responses to further inform staff and the City Council. The Town Halls and the Survey were promoted by social media posts and a mailer sent to all residential and business addresses in the City. Recap of the town halls and final results of the study will be presented at the July 16th Council meeting.

The City also recently conducted a poll regarding a potential increase in the City’s sales tax. Overall, residents were supportive of a sales tax increase to improve the City’s services and financial condition. This is discussed in more detail in a different item on this agenda addressing a potential City sales tax measure.

FISCAL IMPACT:

The impact of the Proposed Budget is discussed in the transmittal letter at the beginning of the budget document.

OPTIONS:

The City Council can reallocate funds within the budget, request additional information, or take other actions as it deems appropriate.

ATTACHMENTS:

1. Proposed FY 24-25 Operating Budget
2. Interim Report from Community Priorities Survey

APPROVALS:

Department Head Approval: Approval Date: 7/9/24

CEQA Determination (Planning): Approval Date: 7/9/24

The proposed action is not a project under the California Environmental Quality Act (CEQA)

Administrative Services (Financial)

Approval Date: 7/9/24

Costs authorized in City Approved Budget: Yes No N/A

Account Code (f applicable)

City Attorney Approval:

Approval Date: N/A

City Manager Approval:

Approval Date: 7/8/24

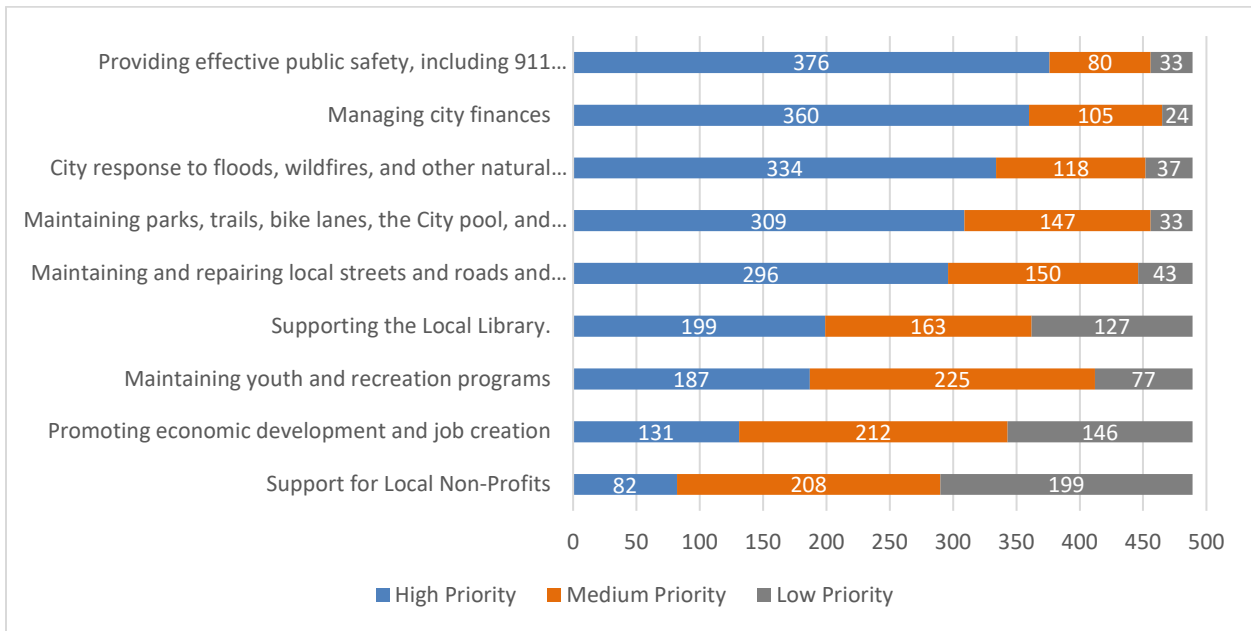
July 6, 2024

Interim Report: Sebastopol Community Priorities Survey

To supplement outreach activities and gather additional feedback from the local community, the City published an online “Community Priorities Survey” available to residents. The survey includes nine options regarding City services and administration, and offers participants an option to ascribe a “High”, “Medium” or “Low” Priority to each. There is also an option to fill in “other” as an option.

The survey was opened on June 26 and as of July 5, 2024, the survey had received 511 responses. The top three issues judged a “High Priority” by respondents included:

- Providing effective public safety, including 911 emergency medical/police/fire response
- Managing city finances
- City response to floods, wildfires, and other natural disasters



The word cloud below speaks to the items listed under “Other”:

