

# City of Sebastopol FY 24-25 Budget

July 16, 2024

# Focusing on General Fund

- Largest
- Most Flexible
- Funds Most City Services
- Have Approved Capital Improvement Program
  - \$30,000 from Building/Infrastructure Fund
- Enterprise Funds Largely Addressed in Water/Wastewater Rate Discussions

# Appreciations

- Budget Committee
- Department Heads
- Administrative Services Team
- With Assistance from Bob Leland of Baker Tilly

# Revenues: \$14,354,463

- 7.6% increase
- “Down the Middle” approach
  - Neither conservative nor aggressive
  - Many jurisdictions are more conservative
- *Considerable* uncertainty
- Relying on one-time sources

# Revenues: Key Changes

- Property Taxes: \$368,000 (11.2%) increase
- Sales Taxes: \$231,000 (4.8%) decrease
- Building Permit Fees: \$1,000,000 increase
  - Not sustainable
- Costs Allocated from Enterprise Funds: \$714,000 decrease

# Expenses: \$15,023,649

- 1.3% decrease
- Spread across most departments
- Considerable ‘shifting’ of spending for good of organization
  - \$300,000: Preserving Assets
  - \$116,000: Technology
- Proposed budget maintains City staff

# Overall Totals

Revenue: \$14.4 Million

Expense: \$15.0 Million

Deficit: \$670,000

- 40% of last year's budgeted deficit
- \$54,000 in additions proposed later
- Further additions will increase the deficit (unless reductions made elsewhere)

Unassigned Fund Balance: \$2.9 Million

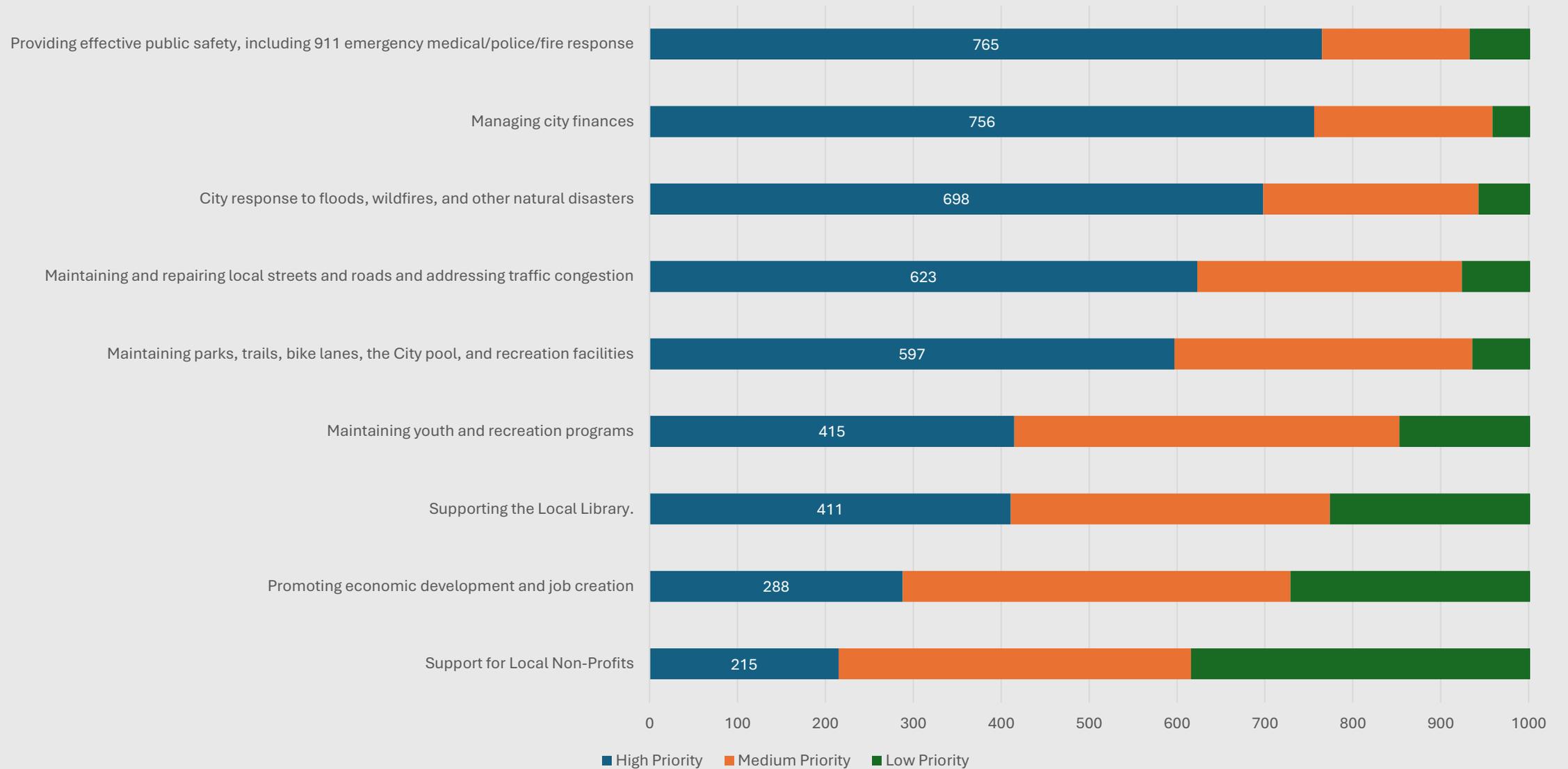
- 19.3% of Expenses

# Long-term Models

- We are on unsustainable path
- General Fund Unassigned Balance: Could be depleted in less than three years
- Need large, on-going source of revenue

# Long-term Strategy

- Sales Tax Increase
  - Hotels and Economic Development
  - Fire Consolidation
  - Enterprise Infrastructure Financing District (EIFD)
  - Reducing Costs
  - Increasing Efficiency
- There *is* a path forward we can forge together . . .





# Changes by Departments

- Will review changes in the budget book
- Some changes are shifting funds from one Department to another
  - To promote accountability
  - To better align expenses with Department functions
- Will note where Budget Committee disagreed\*
- Some additional items/issues for discussion at the end

# City Council

- \$2,500 reduction in contract with PCA for video for Council meetings
- \$4,000 reduction for legal hearing notices
- \$3,500 reduction in cost for Shuttle Fare program
- \$36,800 shift of the Homeless Outreach contract to the Police Department, which has lead responsibility for this role\*
- \$10,000 shift of costs for public communications to City Manager
- \$7,186 Increase in benefits which may occur with new Councilmembers
- \$10,000 increase for contract support for basic goal-setting session
- \$4,000 increase to fund membership in the Government Alliance for Racial Equity and organizations such as the NAACP, Latino Service Providers, and those representing differently abled members of our community.

# City Manager

Additions include:

- \$52,000 for continuing with Bob Leland of Baker Tilly, possible management review of Administrative Services to improve financial reporting, estimating expenses for capital projects, etc.
- Equipment, Technology, and Vehicle Reserve fund: \$23,000 for analysis of financing needs for City fleet and identification of opportunities for operational improvements.
- \$10,000 for facilitator for performance evaluation
- \$6,000 for payment for prior work for Relaunch program, pending demonstration of compliance with contract requirements
- \$10,000 shift of contract costs for public communications from City Council to City Manager

# City Attorney & Assistant City Manager/City Clerk

## City Attorney

- No significant changes

## Assistant City Manager/City Clerk

- \$10,000 in reduced ballot measure expenses to reflect current plans
- No other significant changes

# Administrative Services

- \$114,600 in reductions for new server, cost allocation study, creation of Section 115 trust, and ballot measure expenses
- \$10,000 increase to reflect more accurately costs for software maintenance
- \$25,000 Shift of expenses for property tax services from non departmental budget
- \$3,000 increase for one person in City to attend Marin-Sonoma Leadership Academy or other training\*

# Planning

- \$91,800 in reimbursement of staff time for revenue-generating work on development projects (\$21,000) and grants (\$70,800)
- \$50,000 for monitoring of ownership housing units, from the Housing Linkage Fee fund\*
- \$22,000 for monitoring of rental housing units from the Inclusionary Housing Fund

Note: Both Housing Funds have sufficient fund balance for one year of this work

To discuss staff time savings and support for Commissions at end of presentation

# Building

Substantial increase in one-time revenue

Increased expense for inspections and related work due to increased development

# Engineering

- \$163,000 savings from consolidation with Public Works
  - Mostly from reduced engineering support from GHD
- \$11,500 reduction and shift of traffic engineering contract to Police – This is per the Municipal Code
- Additional \$5,000 to support solid waste hauler procurement

# Fire

- \$156,223 reduction in salary by not filling the Fire Chief position
  - \$136,799 in contract expenses for Fire Chief contract with Gold Ridge Fire Protection District
  - \$95,000 increase to fund costs related to fire consolidation with Gold Ridge
  - \$40,000 increase in firefighter expenses to expand coverage.
  - Shift \$40,000 from retention of firefighters to expand coverage.
  - \$20,000 increase in Equipment to replace essential radios.
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- The budget includes \$11,000 to continue the Map Your Neighborhood, noting concern with need for goals, reporting, and outreach
  - The budget includes \$100,000 for uses to be determined\*
  - Need to be flexible w/consolidation and \$300K more from Measure H

# Police\*

- \$122,830 reduction in expenses for improvements in Police Department building and equipment funded by the Police Endowment.
- \$20,000 increase to fund assessment and initial improvements of City's Emergency Operation Center (EOC) and emergency response ability
- \$4,465 increase with shift of remaining FY 23-24 warming center funds to Police Department from Fire Department
- \$11,500 increase with shift of a reduced contract for traffic and engineering to Police Department from Engineering (reducing contract from \$23,000)
- \$8,000 increase (to \$16,000) to increase capacity for towing Recreational Vehicles
  
- \* Budget committee disagreement on funding positions

# Public Works

- \$218,213 reduction due primarily to retirement of Public Works Superintendent and consolidation of Public Works and Engineering Departments
- \$72,000 reduction with shift of a Laborer to focus on water and sewer systems
- \$66,000 in reimbursement from grants and City's Building reserve fund for projects.
- \$64,000 reductions in maintenance-related contracts
- \$56,000 reduction in maintenance services and supplies
- \$52,000 increase in contract services with shift of West County Community Services Contract for Park Village to Public Works

## Budget Committee Requests:

- \$20,000 addition for Libby Park fencing materials
- \$20,000 addition for replacing landscaping at the Police Department
- \$15,000 addition for more reflective sign poles to improve pedestrian crosswalk safety at request of Budget Committee

# Senior Center, Community Center, Ives Pool

## Senior Center

- \$38,250 reduction with elimination of financial support for operations

## Community Cultural Center

- \$76,600 reduction in support for general operation
  - Remaining \$58,300 to provide six months of support during transition to no City operational funding\*

## Ives Pool

- No significant change.

Reallocating Public Works Laborer to focus on water and sewer systems, and lower funding for maintenance contracts, may reduce support for

# Non-Departmental

- \$154,000 shift of costs for contracts to Departments to better reflect how costs relate to Department responsibilities, and to increase accountability for managing contracts
- \$116,525 increase to address pressing needs for technology replacement and to increase cyber security

# Additional Recommendations

1. Add \$30,000 for classification/compensation study
2. Add \$10,000 to update 2022 staffing study to reflect organizational changes
3. Add \$3,000 for a Councilmember to attend the League of California Cities Conference, which will consider resolutions of state-wide significance.
4. Add \$10,000 for warming and cooling centers
5. Add \$2,400 for training and certification from the California Intergovernmental Risk Authority (CIRA)

Total Additional: \$55,400

# Additional Topic: Planning Staff Time

1. Budgeting \$92,000 in additional revenue in Community Development/Planning
2. Assumes shift of staff time to work on projects which generate revenue and keep some grant work in house
3. Staff need additional time to administer grants to complete documentation to receive/keep grant funds.
4. Seeking Council Direction:
  - a. Reduce staff support for Public Arts Commission by shifting to quarterly meetings.
  - b. Climate Action Committee: Revisit staff role
    - Interested in greater flexibility re: meetings, outreach, etc.
    - Unclear if flexibility is compatible with official City affiliation

# Additional Topic: Planning Staff Time

- Merge Planning Commission and Design Review/Tree Board
  - Revisit composition of the Commission to ensure design professionals included
  - Reduce monthly meetings from three to two
  - Process improvements so design review occurs prior to Council approval of final entitlements

# Follow Up Items

- Consider establishing Ad Hoc Committee for Community Center Master Plan
  - Discussed as part of CIP
- Consider establishing Ad Hoc Committee to Explore Potential for SAFE program
  - Budget Committee discussed

# Additional Next Steps

- August 12: Budget Adoption
  - Revised budget reflecting Council direction
- Resolutions Needed to Approve Budget
- Extensions of Contracts
- Set Date for small-scale goal setting prior to mid-year Budget Review