

Bits and Pieces

Agenda item 9: Enterprise funds

Encouraging that revenues are coming in as expected, that is progress. Are billing issues resolved?

It is interesting that the allocation of water and sewer revenues to the general fund is exactly 25% when nearly every general fund expense is under budget. Isn't it the principle to allocate actual expenses? I think you have built a model to make it easier to do the allocation. Will actual expenses be allocated later in the year to adjust?

Delinquencies are interesting. \$11,000 in delinquencies, assuming they are made up of 5% of the total delinquent amount means delinquencies totaled \$220,000. With 304 delinquent accounts (about 10% of total connections?) the average delinquent account is \$723. One assumes that many are just a few days delinquent and are closer to \$200. This means there are also some very large delinquencies. Are they residential or commercial? What is the average time period of larger delinquencies? How will these be handled? Can the city offer payment plans? Will the resolution create more homeless people in Sebastopol?

Expenses appear well under control. The major risk to this budget is the fact there is not a capital budget, and our aging infrastructure is apparently prone to failure. Are there any current failures? Is PW monitoring any infrastructure that may fail this year and jeopardize the budget? Why is the water infrastructure study taking so long to get started?

Agenda item 10 General Fund Financials

Thank you for the timely review. The textual description in the staff report creates a good overview of what is currently impacting the budget. Shocking that the famous \$1.6MM deficit last year disappeared after the sales tax measure was approved.

We are spending a lot of money on legal expenses. From the ST article it looks like employee legal expenses are almost as big as the ACLU. There are substantial amounts of money being spent in several different areas. Has our new city attorney been tasked with assessing the root causes of these suits and putting in place actions to prevent them in the future? Other small cities do not have these kinds of legal expenses. Something is wrong and should be fixed.

A plan needs to be developed that results in a dramatic shift in the governing model for Sebastopol.

Question: What happened to the \$1 million+ covid money that was lost then found during last years financial audit. Can you spend it still or did it get returned to the state unspent?

Agenda item 11 Building permit valuation fees

What is an impact fee? \$33,000 for a single-family home? \$47,616 in fees for a 1700 square foot house? Affordable housing is an interest for at least one council member. \$33,000 added to the cost of a home adds \$180/month to the mortgage.

Agenda item 12 – Active Transportation Plan

Fact: Only 4% of the population in your survey are confident enough to ride a bicycle in traffic. This is consistent with no one ever seen riding in these lanes. 6700 people will not ride on our streets until traffic is addressed. Perhaps many more of the 6,700 would like to walk on safe trails. Yet we keep spending money on more bike lanes.

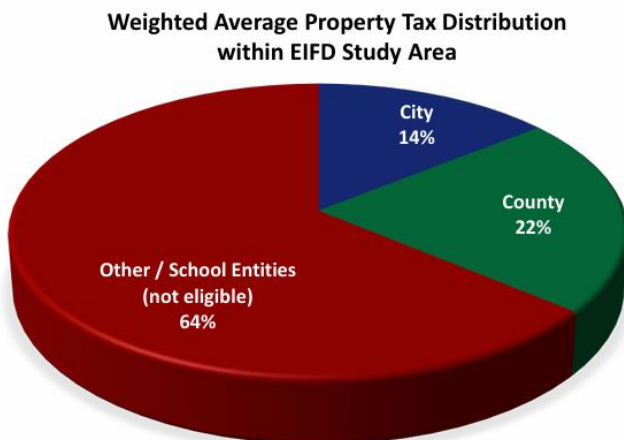
If all the money spent on painting had been spent on connecting the Joe Rodata trail 6,700 people would have a safer place to walk and ride.

Have the consultants ever been to Florence Avenue? Ragle Road? The proposal for a bike boulevard on narrow streets is kind of unrealistic. Same for most of the other choices. Are we wasting taxpayer money on yet another study? (Grants are taxpayer money). Proposals for safer Bike Boulevards meet the project goals but appear to be oblivious to the narrow roads.

There is already a larger study to address traffic. If that comes to a resolution you can talk about bike lanes. Focus your limited time, energy and taxpayer dollars solving the traffic problem. Get volunteers together to create dedicated bike and walking trails.

Agenda item 13 -- EIFD

Probably inevitable that the idea of a combined West County/Sebastopol EIFD would get to separate projects for the City and West County. West County has many high priority projects that Sebastopol does not want to pay for. Most seem more important to them than a library.



One fact that emerged from the presentation is that only 14% of property taxes paid by Sebastopol property owners go to the city. 22% go to the county. Would the West County EIFD then get a share of the property tax increase Sebastopol property owners pay to the county? I'm pretty sure that means **Sebastopol taxpayers would be contributing \$21,900 to the city EIFD and an estimated \$34,000 to the West County EIFD**. Does that make sense?

The city going it alone with a limited "corridor" boundary downtown generates only a limited number of dollars (\$21,923). If the county would match, then total of \$43,846 per year. This does not match the needs we have for infrastructure on an annual basis. It might buy more library books. The choice of projects depends largely on how many dollars can be spent.

If the idea is to use the revenue stream to fund a municipal bond, then we need to know how much money that would generate. Using a simple mortgage calculator and assuming 5% interest on a 30-year loan with a \$21,000 annual payment, the city could borrow \$400,000. With a county match and maybe a lower interest rate you might get between \$800,000 and \$900,000. Will that build a library or new city hall? Maybe enough money to clean up downtown, re-landscape, move some parking, give incentives to building owners to update facades. (See the 2013 Reimagining Downtown study). The 2013 study is another example of a study that cost taxpayers money and then apparently has been ignored.

One idea would be to use the entire city as the EIFD boundary and dedicate the money to infrastructure improvements. These improvements are going to need to be made. You could probably bump the allocation to 50%. It would have a bigger impact on general fund revenue but also take pressure off the future budgets as infrastructure would already be funded in the EIFD. This makes sense as the entire city needs some work over the next 50 years. The amount available to borrow would be greater. Better infrastructure supports future development which would encourage the county to contribute. First, we need an infrastructure study. Then a plan and then the financial analysis considering the needs and the dollars that accrue to the EIFD.

Question: Why does the county take 22% of the property tax revenue paid by city residents and give us only 14%. Shouldn't it be the other way around? The city provides many if not all of the services the county would have to provide if we were unincorporated.