

Thank you for the opportunity to comment on the Budget Committee Report Out –

The report itself is an example of the lack of focus and priorities in our city government today.

Councilwoman Mauer correctly points out that the General Fund budget is not an immediate crisis.

- The current projections are that the General Fund will exceed policy levels through the next 24-25.
- She also is correct that the track record of prior Council's and city staff correctly forecasting expenses and revenues is not great. There is much uncertainty in any budget.
- The first quarter financial report is a critical piece of information which will inform the accuracy of the Revenue and expense projections.
 - Given the prediction of a cash shortage the financial report should include the cash flow projections for the year with Q1 actuals.
 - Financial reports such as this should be a routine matter. According to the 2022 Audited Financial Report – our auditor reports it is the policy of the city to report financials each quarter.
 - **When will Council and the public be reviewing the first quarter financials?**

There is not currently Council votes to support a new tax initiative to be placed on the March ballot. When first discussed several meetings ago the Assistant City Manager pointed out there was not sufficient time to do the proper work and meet all election deadlines.

- Since then, discussions and debate continue. Time is shorter and there is still no well thought out path forward for appropriate new taxes.

Council needs to step back and look at the long-term Strategy for optimizing our tax structure to address the most critical needs of our small community.

- **We don't understand what the capital requirements will be to maintain our roads, city buildings and water and sewer infrastructure.**
- **We don't know what the life of our assets might be and the estimated cost for maintaining or improving them over time.**
- **We have not even begun to consider the effects of climate change on our infrastructure even though hundred-year flood events are occurring every 3-5 years in our city center.**
- **Addressing the cost of these needs will have to take place over time and require tax increases. We need to prioritize what we are asking citizens to pay for and why or we will get to the well and find it dry.**

The critical revenue problems are:

The first budgeted decline in sales tax revenue in recent history

- Sales tax revenues are dependent on retail sales. The holiday season is the time that retailers make nearly all of their revenue and profits for the year.
- We have a great opportunity to bring folks to shop and enjoy the holidays.
What are the events the city has planned to maximize this holiday season?

How are they being promoted? Are retailers planning to remain open late for the Sebastopol Holiday Celebration kickoff?

- **Vacant businesses generate no tax revenue – What are the plans for the new City Manager to meet with the property managers around Sebastopol to understand the barriers to filling space and the steps the city might take to accelerate the process. What is the on-boarding plan.**

Lost TOT tax revenue from Sebastopol Inn

- Raising TOT tax misses the point - ***a new hotel solves nearly all of our revenue problems.***
- **What actions is Council taking to advance one of the Hotel proposals to conclusion by the end of this year?**

Potential lack of Grant Money. There is a statement in this staff report that Grants are “not among priority items at this time”.

- Grants was identified by the Budget Committee as the key reason for our projected deficits making this one of the highest priorities.
- **Council should ask for an immediate report on the Grants that may be available, which have been applied for, current approval status and the grants that are targeted for the remainder of the year.**

The Actual Crisis is the Water and Sewer Budget.

- Expense increases are unrealistic, not well understood, and unsustainable.
- **When will Council be re-reviewing the Sewer and Water budgeted expenses.**
- **When will you provide useful direction to the consultant working on the rate study.** That did not happen two meetings ago. **Will the public be informed of the direction to the consultant?**