

Dear Council Members,

As it is clear that the City's budget is in severe shortfall (approximately a 25% decrease in revenue, the largest percentage decrease I've seen in any budget in the Bay Area) and there is very little indicators that the City will be able to generate any significant amounts of revenue in the future (no hotels are breaking ground, there is no market rate development on the horizon, we have significant commercial vacancy), I ask that the Council explore disbanding the City and merging with the County.

At this point, the City's limited budget impacts the quality of fundamental service like Police and Fire. The City is unable to fund major infrastructure needs like roads (\$18,000,000 from recent analysis), water and sewer.

In addition, with the skeletal budget, parks and public spaces will further deteriorate.

Unlike Sonoma and Healdsburg, Sebastopol has not made a post-pandemic recovery and it also has not been successful in working with the business community and developers to help support increased revenues. Sonoma and Healdsburg are similar cities to Sebastopol in that their revenue comes from sales tax and tourism. Yet, Healdsburg and Sonoma have revenue streams and municipal budgets that are significantly higher than Sebastopol's, which allows them to invest in parks, infrastructure and sufficiently fund vital and necessary services.

See budgets:

<https://www.sonomacity.org/documents/fy-22-23-budget-in-brief/>

<https://www.ci.healdsburg.ca.us/DocumentCenter/View/14229/Biennial-Budget-2022-2023-and-2023-2024-PDF>

At this point, what is the benefit to Sebastopol residents and small businesses to being a City?

I ask Council to list the benefits to residents and small businesses. Why are citizens and businesses paying to support the City functions when the City is unable to provide critical services and keep vital infrastructure in good and functional repair?

If we merge with the County, there are several key benefits.

- 1) Costs associated with City Management, Legal and Council would be eliminated, which would bring significant savings;
- 2) Tax money would be pooled together with County money for vital service like Fire and Police;
- 3) City's Planning Department would be absorbed by County's Planning Department which already has rules regarding short term rental and other critical functions;

- 4) There is a chance that City roads would be repaired and that other infrastructure would be repaired as the County has significantly higher revenues and access to different funding sources;
- 5) County would be responsible for park maintenance;
- 6) County measure O funds could be used to address our chronically unhoused population;
- 7) Expanded access to the County's Mobile Support Team (MST) described in the Chief Nelson's report on mental health services;
- 8) The City is in a transition with our Fire Department, which will require more funding;
- 9) The City is in the process of hiring a new City Manager yet the City does not have the budget to hire competitive candidates;
- 10) The City often has to hire outside attorneys at significant costs;
- 11) The City has no funding to address critical infrastructure needs;
- 12) Council Seats are paid an extremely low stipend of \$300 per month with full time work which means only a very narrow demographic can even consider running for a Council Seat. In contrast Supervisor Seats are well-paid and therefore open to drawing a diverse pool of contenders;
- 13) The quality of City of Sebastopol roads, parks and infrastructure has steadily been declining for the past decade due to lack of funding and will continue to do so without adequate funding.

At this point, the loss of revenue makes the City unable to support the unique local organizations such as the Community Cultural Center and the Arts Center. The City is also in danger of underfunding all aspects of the City to a degree that they become ineffectual and create vulnerabilities for citizens and businesses.

In addition, there is a pending lawsuits by plaintiffs who are represented by the ACLU. The ACLU raises over \$280,000,000 per year. There is no way that the City of Sebastopol could win in court against the ACLU; the City does not have the financial resources. Obviously, this is the ACLU's strategy – to get a win in Sebastopol so they can set a legal precedent for other cases of a similar nature in cities which do have more robust financials. On the other hand, if the City gives into the demands of suit, it will mean economic disaster for the our small business community and more loss of revenue.

If the City disbands and merges with the County, the lawsuit would become irrelevant.

In addition, the County has placed many high needs individuals in our community without reimbursement thus taxing our very small budget. An instance of this was the conversion of our only downtown hotel to COVID and PSH for the unhoused.

At this point, there does not seem to be any benefit for the Citizens of Sebastopol to support the extra expenses associated with financing a City.

I ask that the Council do an analysis on what disbanding and merging with the County would look like and if it would raise the quality of fire and law enforcement service, mental health services and the potential to start addressing critical infrastructure needs.

The tradition benefits of incorporation are no longer evident in the City of Sebastopol. Citizens typically incorporate because the revenues from their local tax base can provide better, more localized service. This is no longer the case in Sebastopol.

As the City is going through so many functional junctures such as the hiring of a new City Manager and the reconceptualization of the Fire Department, now would be the time at looking at how a merger with the County might benefit the residents and small business owners of Sebastopol.

Thank you,
Kate Haug