

Sebastopol City Council, Staff, & Residents,

I would like to offer my perspective on the background provided for the sales tax measure under consideration. While the city's efforts to address its financial challenges are appreciated, I believe it is important to take a closer look at some of the claims made, as well as the long-term implications for residents.

The city's framing positions itself as financially responsible and forward-thinking, yet the reality paints a more troubling picture. The budget faces a **persistent structural deficit** that has not been resolved for many years. The FY 24-25 budget, for example, includes a deficit of approximately \$700,000 and relies heavily on one-time revenue sources that are not guaranteed in the future. This is a recurring issue, not a new challenge. While the sales tax is presented as a solution, it is important to emphasize that this tax would merely cover the ongoing deficit, with little to no room for funding new services or improvements.

This leads to an important question: if previous fiscal strategies have failed to resolve the structural deficit, what assurance do residents have that the proposed sales tax will make a meaningful difference? This feels like a temporary fix for a much deeper problem, one that the city's leadership has yet to address with sufficient long-term vision.

Another significant concern is the portrayal of the **consolidation of fire services with Gold Ridge Fire District** as an efficiency measure. While the city frames this as a way to increase economies of scale and reduce expenses, the reality is more complex. The consolidation comes with a significant property tax assessment for homeowners, essentially shifting the financial burden for fire services onto property owners. This isn't true "efficiency" in the sense that the city is offloading its costs rather than finding sustainable savings. The resulting property tax increase offsets any potential savings to the city, placing a disproportionate burden on residents. We must be transparent about this when discussing the true costs of such reorganizations.

The city also mentions **increased efficiency and department consolidations** as part of its strategy, specifically the consolidation of Public Works and Engineering. However, these moves seem reactive rather than proactive. While combining departments may provide some short-term savings, it is unclear how this will impact service quality, and whether these changes will be enough to make up for years of underfunding in critical areas like asset maintenance.

The city has outlined a plan to gradually increase spending on **maintaining physical assets**, from \$300,000 this year to \$900,000 in future years. This raises a concern about the city's past neglect of infrastructure. Why has this issue not been prioritized earlier if Sebastopol's financial strategy has been as forward-thinking as suggested? It appears that the city is now scrambling to catch up on necessary maintenance that should have been addressed years ago, and this, too, raises concerns about the true state of fiscal responsibility.

Additionally, the city has mentioned the potential for **economic development** that retains Sebastopol's character, such as attracting well-designed hotels and filling vacant retail spaces. While this sounds promising on the surface, it lacks detail. Petaluma is used as an example, but Sebastopol is a smaller city with different infrastructure and economic conditions. The comparison may not be appropriate. Furthermore, many cities are struggling with vacant retail spaces due to the rise of online shopping.

Without a clear, actionable plan for addressing this challenge, it is difficult to see how Sebastopol will attract the kind of economic growth that would make a significant difference in the city's finances.

In conclusion, while the city's leadership has made strides in addressing financial challenges, I urge the council and the community to look critically at the framing of these issues. The reliance on a sales tax measure that doesn't provide additional services, the burden placed on property owners for fire services, and the reactive nature of the city's financial planning all raise important questions about the sustainability of these strategies. We need a more comprehensive plan that addresses the root causes of the structural deficit and provides clear, long-term solutions for the residents of Sebastopol.

Thank you for your time and consideration.

- Kyle Falbo