

2024

Sebastopol

Sebastopol Budget Presentation



What are Our City's Services?



Fire Department



Police Department



**Housing/Community
Development**



Streets & Roads



**Water &
Wastewater**



**City Facilities
(Parks, Trails, Senior Center, etc)**

Public Safety

The Sebastopol Police Department is a full-service law enforcement agency tasked with providing public safety services to our Sebastopol community.

12 Full Time Sworn Police Officers assigned.

In 2023 there were 12,384 calls for service, an increase of 4,641 from the prior year



Fire Services

The City of Sebastopol is a blended professional and volunteer organization with a limited number of paid personnel

- Two Paid Firefighters
- 31 Stipend Volunteer Fire Fighters

City responded to 1,325 calls in 2023 – a 30% increase from a decade ago.

City is increasing fire staffing and pursuing merger with Gold Ridge.



Emergency Preparedness

City completed its Local Hazard Mitigation Plan in 2022, but still faces lasting impacts from recent natural disasters and ongoing threats in the future.

2019 Flooding – A federally declared disaster, flooded City Community Center, City roads inundated, Barlow district flooded, damaging property and the City's Tax Base.

Wildfires – Wildfires within 10 miles of the City have increased in the past decade. The largest of these were the 2017 fires, the 2018 Camp Fire, 2019 Kincade Fire and 2020 Glass Fire.

Infrastructure



Police Station



Fire Station



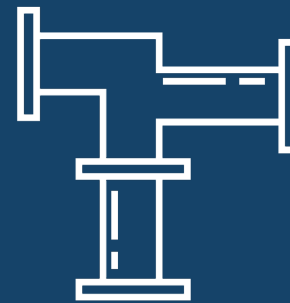
Parks



Swimming Pool



Streets & Roads



Sewer & Water
Mains



Senior &
Community
Center

Infrastructure Maintenance

Sebastopol was incorporated in 1902, and much of its infrastructure is aging and without sufficient funds to maintain/replace.

Road assessments found roughly 40% of the City's streets and roads in either "poor" or "very poor" condition. Current estimates suggest the City needs an additional \$900K a year to maintain our assets such as parks, the Senior Center, and to protect our streets from further deterioration.

Modest improvements to our local streets and roads will require an additional \$1.4 million annually.

Infrastructure Maintenance Needs

- The municipal pool needs upgrades to an aged facility.
- The Community Center has delayed flood damage and needed fire safety repairs.
- The Fire department has a noted failed rain gutter system and dry rot repairs.
- Insufficient funds to replace City vehicles.



The City's Budget

The projected budget for 2024-25 calls for approximately \$15 million in expenditures. This is a forecasted decrease of \$190,487 from the adjusted FY 23-24 budget.

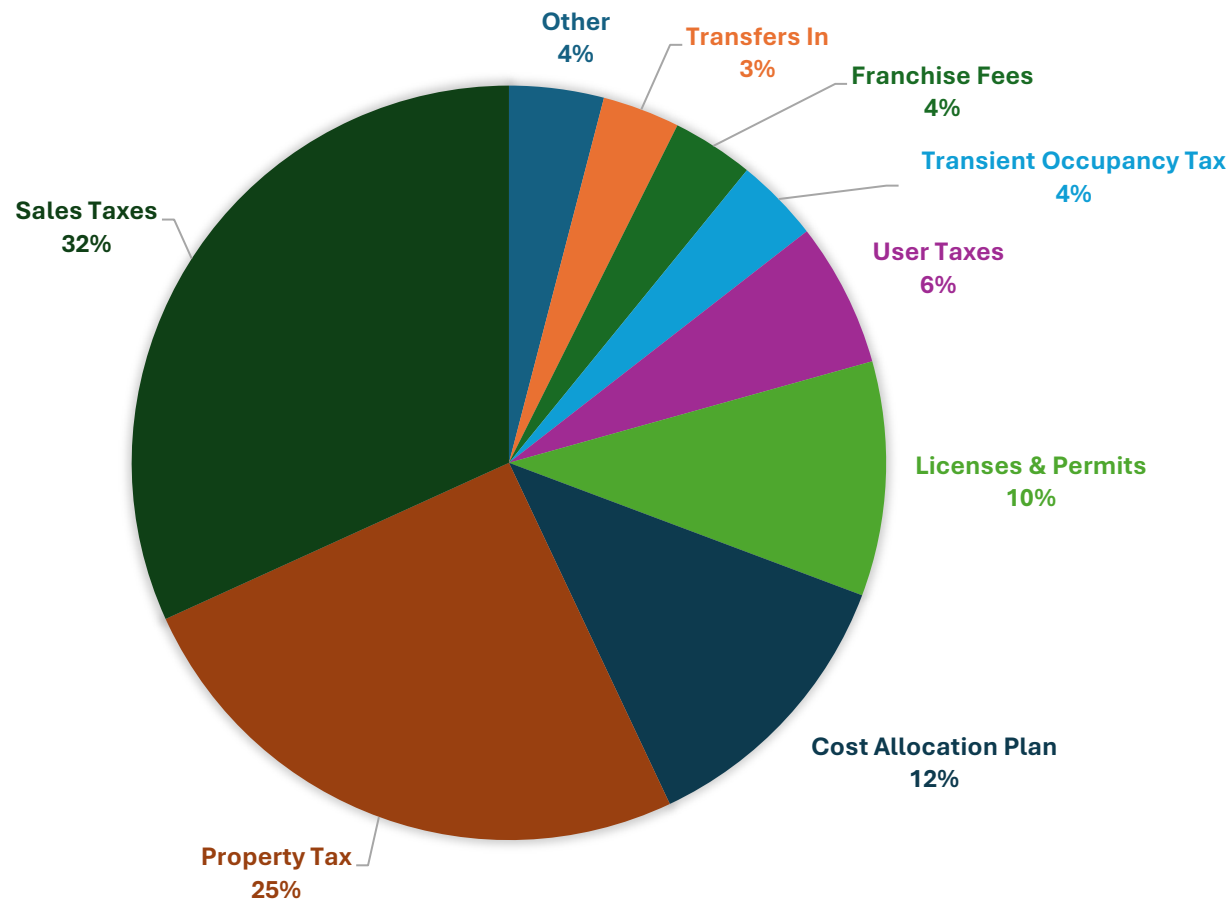
Spending at this level requires continued reductions in services.

The City still faces a deficit of approximately \$670K which, while significant, is less than half of the \$1.7 million budgeted deficit for the prior year.

The City continues to deal with ongoing challenges, including the expiration of one-time revenues and rising expenses.

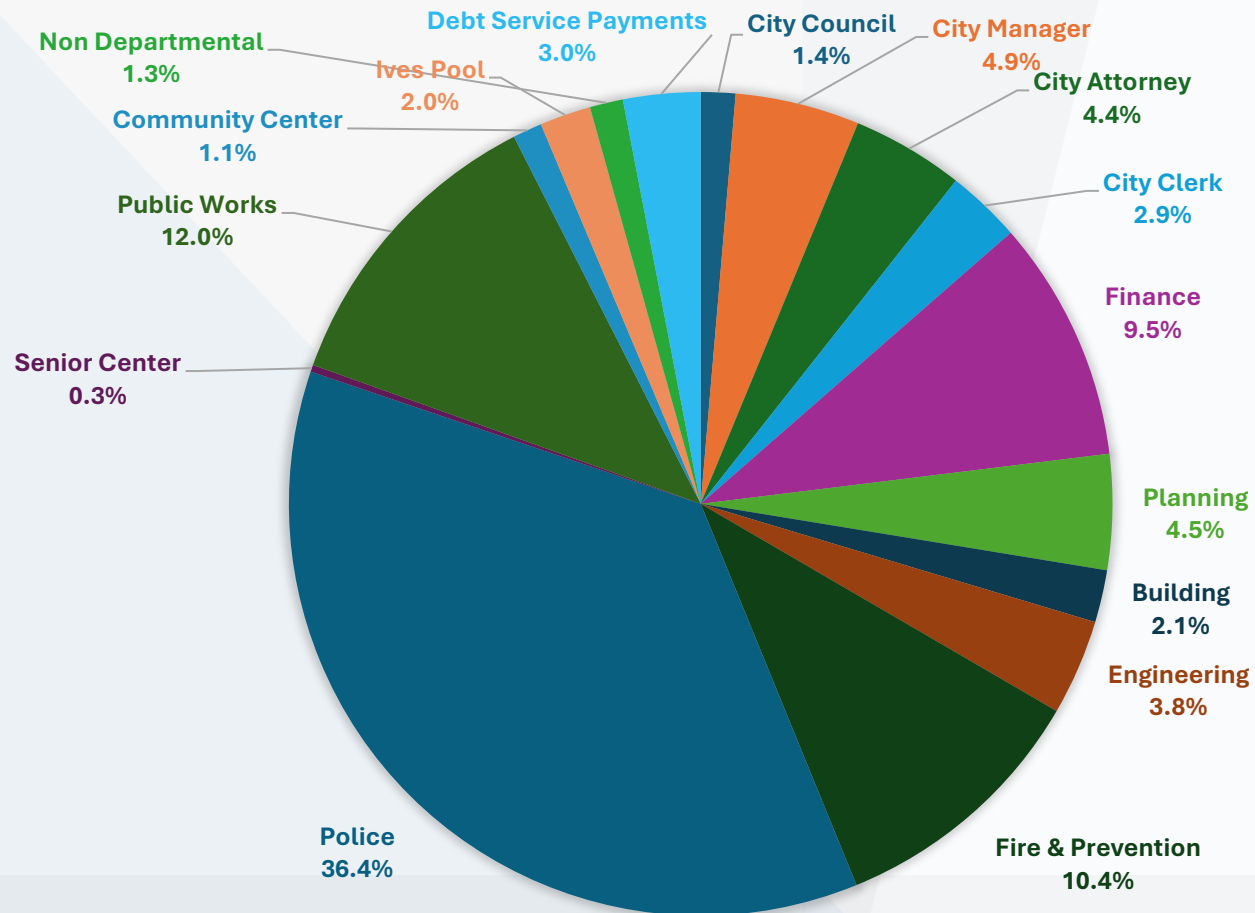


What are the City's Key Revenue Sources?



Sales Taxes and Property Taxes comprise 57% of the City's General Fund.

How are Revenues Invested?



Public Safety Comprises 47% of General Fund Spending, followed by Public Works at 12%.





Fiscal Challenges

The City's \$1.8 Million in American Rescue Plan Act (ARPA) funding is completed, and no similar federal funding program is expected to take its place.

The combination of rising costs and the City's reliance on one-time revenues have contributed to a structural deficit for the City.

The challenges need to be addressed. Our staffing is near or below minimum levels and we are at risk of depleting our reserves in a few years without changes.

What has been done to Manage the Budget?

Fiscal Responsibility

- Prior year budget made reductions across departments, holding staff vacancies open, cutting contracts and reducing services.
- Reduced support to local non-profits.
- Reduced maintenance of aging infrastructure.
- City working to Consolidate Fire Services.
- The City of Sebastopol has received the Certificate of Achievement from the Government Finance Officers Association (GFOA) for six consecutive years.

What has been done to Manage the Budget?

Enhanced Infrastructure Financing District

City exploring creation of the District, which would generate new revenue without raising taxes on residents.

Economic Development Strategies

- Streamlining the application process for new businesses.
- Supporting additional hotel/hospitality businesses – can contribute to TOT and Sales tax revenue.

Securing Grants

Nearly \$5 million secured in recent years.

Budget Outlook

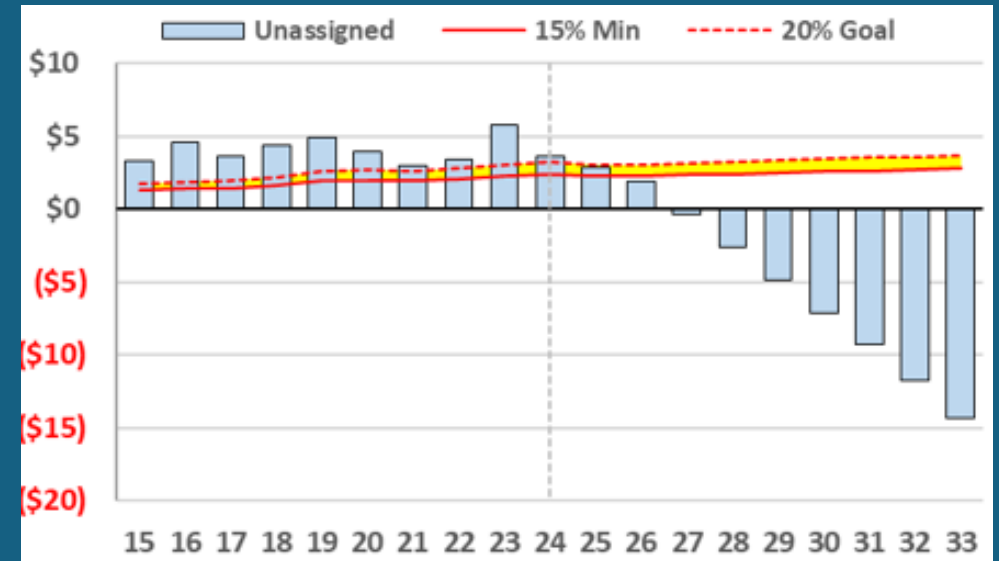
To address the long-term structural deficit, the City will need to explore substantial changes that both further reduce costs as well as those that could bring additional revenue into the City. Without such measures, the structural deficit is likely to grow over the next several years, potentially impacting the City's ability to maintain services and meet its financial obligations. Potential Actions in this Year's Budget:

- Reduction in maintenance services and supplies for Public Works
- Reduction in funds for Police Department equipment.
- Reduction in support for the Community Cultural Center and Senior Center
- Reduction in City contracts
- Combining City Engineering and Public Works Departments for efficiency.

Budget Outlook

The current year budget as projected will reduce the unassigned General Fund balance (the City's available Reserves) to \$2.9 million. This is 19% reserve level.

Without further significant changes in revenues and/or expenses the balance will decline and could go to zero within three years.



Potential Revenue Measure

The City is considering a potential revision to its Sales Tax. With voter approval, the rate could increase by either $\frac{1}{4}$ cent or $\frac{1}{2}$ cent. Funding from this measure could help maintain the city's fiscal sustainability and be used for services including:

- Maintaining and repairing local streets and roads
- Maintaining 911 emergency response times, police patrols/crime prevention efforts
- Emergency Preparedness
- Maintaining parks, trails, bike lanes, the City pool and other facilities.

And any other services and infrastructure maintained by the general fund.

Potential Revenue Measure

1/4 cent Sales Tax Scenario

An additional ¼ cent would provide approximately \$760,000 per year -- but to resolve the City's projected deficit it would have to make substantial cuts in expenses, forego funding toward preserving our assets, or a combination of both.

This option would provide no significant additional funding toward \$1.4 million needed annually to improve local streets.

Potential Revenue Measure

1/2 cent Sales Tax Scenario

An additional ½ cent would provide approximately \$1.5 million per year -- without having to make substantial cuts in expenses, while preserving our assets.

This option would also provide no significant additional funding toward \$1.4 million needed annually to improve local streets.

Key Fact

**The City Only Keeps a Fraction of
the Property and Sales Taxes it
Collects**



Current Sales Tax Rate

Current Sales Tax Rate: 9.75%



*Rates reflect passage of Measure H in March 2024



Potential Sales Tax Rate

Potential New Sales Tax Rate: 10 or 10.25%



*Rates reflect passage of Measure H in March 2024



Comparison to Other Cities

City	Current Rate
Cotati	9.50%
Petaluma	9.50%
Santa Rosa	9.25%
Sebastopol	9.25%
Healdsburg	9.00%
Rohnert Park	9.00%
Sonoma	9.00%
Cloverdale	8.50%
Windsor	8.50%



Potential Sales Tax Rate

- City's current Sales Tax rate is 9.25%, after Measure H is implemented, sales tax in Sebastopol will be 9.75%.
- City believes we can increase our rate by as much as 0.5%, to 10.25%
 - However, Sebastopol would be competing with the Countywide "Our Kids, Our Future" measure for half of that increase.
 - If both receive voter approval, state tax authority would consult with Attorney General



Key Fact

Many of the sales tax dollars collected in Sebastopol are paid by tourists and visitors.



Exemptions

Certain Items are Exempt from Sales Tax

- Most Groceries
- Prescriptions and Many Medical Supplies
- Rent
- Items Bought with CalFresh Assistance Benefits
- Services
- Utilities



Impacts

If approved by voters, it is estimated the tax would generate between approximately \$760,000 and \$1.5 million annually to support the City's General Fund.

This would be a locally-controlled general tax, with all funds deposited into the City's General Fund for unrestricted general revenue purposes.

All revenue would be kept local. By law it could not be taken by the State or transferred to another agency.

City voters would have to approve the proposal via a November Ballot Measure.

Strategic Approach

- Considering a potential Sales Tax Measure – to discuss at July 16 Council meeting
- Pursuing Enhanced Infrastructure Financing District – more funds without raising taxes
- Hotels and Economic Development
- Fire Consolidation
- Bay Area Housing Finance Authority Bond

Share Your Feedback!

Complete the Community Survey



Questions?

