

CITY OF SEBASTOPOL CITY COUNCIL

AGENDA ITEM REPORT FOR MEETING OF: May 20, 2025

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To: Honorable Mayor and City Councilmembers
From: Fire Ad Hoc Committee
Subject: Request for Approval to Utilize Measure H funding to cover one fire engine payment totaling \$231,335.50, as agreed upon through reorganization negotiations and approve Resolution authorizing budget amendment to allocate Measure H funds for fulfilling the financial obligation schedule in the reorganization agreement

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RECOMMENDATIONS:

Request for approval to utilize Measure H funds and amend the budget to cover the expenditure for a new Type 1 fire engine, as agreed upon through the reorganization process and approve resolution for budget amendment. This allocation is essential to fulfill the financial commitments outlined in the reorganization agreement.

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EXECUTIVE SUMMARY:

The City of Sebastopol is projected to receive approximately \$840,000 in Measure H sales tax revenue this fiscal year. As part of the reorganization negotiations with the Gold Ridge Fire Protection District (GFD), a plan was developed to complete the debt financing of a new fire engine to limit future obligations, thereby streamlining reorganization efforts. Currently, the City owes two installment payments of \$238,050.49 each.

Community Leasing Partners provided a payoff quote to reduce the loan's interest rate. Both entities' Fire Ad Hocs agreed to share the cost of these payments. Paying off the obligation in full at this time will avoid interest costs associated with the financing, resulting in an estimated savings of \$13,429.98. The City will contribute one payment using Measure H funds, while GFD will fund the other. The City's total contribution toward the final payoff is \$231,335.50.

BACKGROUND AND DISCUSSION:

On August 3, 2023, the City of Sebastopol entered into a financing agreement with Community Leasing Partners to purchase a new Pierce Enforcer Type-1 fire engine, with a total acquisition cost of \$938,744.82. A \$300,000 down payment was made on August 17, 2023, leaving a financed balance of \$638,744.82. The balance is to be repaid in three annual installments at an interest rate of 5.79%, resulting in total interest of \$75,406.65. Below is the original amortization schedule of payments for the engine:

AMORTIZATION SCHEDULE

Payment Number	Payment Date	Payment Amount	Interest Portion	Principal Portion	Purchase Option Price
1	8/4/2024	\$238,050.49	\$37,008.87	\$201,041.62	Not Available
2	8/4/2025	\$238,050.49	\$25,360.52	\$212,689.97	\$226,714.76
3	8/4/2026	\$238,050.49	\$13,037.26	\$225,013.23	\$0.00
Grand Totals		\$714,151.47	\$75,406.65	\$638,744.82	

In Fiscal Year 24-25, the City made the first installment of \$238,050.49, leaving two remaining payments for FY25-26 and FY26-27. Initially, the second payment was planned for the FY25-26 budget; however as part of the fire department's reorganization negotiations with the Gold Ridge Fire Protection District (GFD), both agencies, through their respective Ad Hoc committees, agreed to share the remaining obligation and advanced the two remaining

payment to this fiscal year 24-25, with the City funding one payment and GFD funding the other. The City's portion will be paid using Measure H sales tax revenue.

Measure H, formally known as the Improved and Enhanced Local Fire Protection, Paramedic Services, and Disaster Response Initiative, was approved by Sonoma County voters in Spring 2024. The measure established a countywide ½-cent sales tax expected to generate approximately \$60 million annually for local fire agencies. Distributions are made quarterly on the tenth of February, June, September, and December. The City of Sebastopol is projected to receive approximately \$1.1 million annually and received \$282,451.47 on March 10, 2025, with the next installment expected on June 10, 2025.

STAFF ANALYSIS:

Staff recommends approving the utilization of Measure H funds to cover the City of Sebastopol's shared and advanced this one final payment for the new Type-1 fire engine in the current fiscal year 24-25. This action will fulfill the City's remaining financial obligation for the fire engine purchase and support the ongoing fire department reorganization process.

PUBLIC COMMENT:

As of the writing of this staff report, staff has not received any public comments. If staff receives public comment from interested parties following the publication and distribution of this staff report such comments will be provided to the City Council as supplemental materials before or at the meeting.

COMMUNITY OUTREACH:

This item has been noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to the scheduled meeting date. The City has also used social media to promote and advertise the City Council Meeting Agenda Items.

FISCAL IMPACT:

Although Measure H fund has sufficient resources to cover this final payment, there was no prior appropriation authority for such an expenditure. Consequently, staff is requesting a budget adjustment of \$231,335.50 from the Measure H fund to settle the City's debt financing obligation. This adjustment will ensure that the necessary funds are allocated to cover both the principal and interest amounts.

Specifically, the budget adjustment will be allocated as follows:

- Account code 248-99-74-6100 for the principal amount of \$212,689.97
- Account code 248-99-74-6200 for the interest amount of \$18,645.53

This adjustment is essential to ensure that the City meets its financial obligations. The Measure H fund will be utilized effectively to cover the debt.

OPTIONS:

Approving this budget adjustment of Measure H funds will save money by reducing the financed interest paid. The council can choose not to authorize using Measure H funds and pay projected interest as outlined in the lease agreement.

ATTACHMENTS:

1. Request for Loan/Lease Payoff-City of Sebastopol
2. Resolution

APPROVALS:

Department Head Approval: Approval Date: 4/25/25

CEQA Determination (Planning): Approval Date: 5/2/2025

The proposed action is not a project under the California Environmental Quality Act (CEQA)

Administrative Services/Financial Approval: Approval Date: 5/1/25

Costs authorized in City Approved Budget: ☒ Yes ☐ No ☐ N/A

Account Code (if applicable) _____

City Attorney Approval: Approval Date: 5/14/2025

City Manager Approval: Approval Date: 5/14/2025

ATTACHMENT 1: Request for Loan/Lease Payoff-City of Sebastopol



215 S. Seth Child Road
Manhattan, KS 66502
Phone: 888.777.7850
Fax: 888.777.7875
www.clpusa.net

April 16, 2025

Sent via Email: akwong@cityofsebastopol.org

City of Sebastopol
Ana Kwong
PO BOX 1776
Sebastopol, CA 95473

RE: Request for Loan/Lease Payoff-City of Sebastopol

Dear Ana Kwong,

Per your recent request I have provided a payoff on the lease #64576 PB/ for the financing of One (1) New Pierce Enforcer Type I Engine.

Total Payoff Amount: 6/30/2025
Date payoff is valid through: \$462,671.00

The payoff amount listed needs to be received in our office by the date listed for the lease to be considered paid in full.

Payment via check:

Community First National Bank
215 S. Seth Child Road
Manhattan, KS 66502

Payment via wire transfer:

Community First National Bank
ABA: 101.114.918
Acct #1341001
Re: City of Sebastopol

Upon receipt of funds as listed above, all security interests in the equipment will be released to the benefit of City of Sebastopol at the address on file.

If you have any questions, please feel free to contact me directly at 888.777.7850.

Sincerely,

Sean Keating

Sean Keating
Documentation Associate

ATTACHMENT 2: Resolution

RESOLUTION NUMBER: XXXX-2025

CITY OF SEBASTOPOL

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEBASTOPOL AUTHORIZING A BUDGET AMENDMENT ALLOCATE MEASURE H FUNDS FOR FULFILLING THE FINANCIAL OBLIGATION SPECIFIED IN THE REORGANIZATION AGREEMENT FOR THE PAYOFF OF A NEW TYPE 1 FIRE ENGINE

WHEREAS, as part of the reorganization negotiations with the Gold Ridge Fire Protection District (GFD), a plan was developed to complete the debt financing of a new fire engine to limit future obligations, thereby streamlining reorganization efforts; and

WHEREAS, on August 3, 2023, the City of Sebastopol entered into a financing agreement with Community Leasing Partners to purchase a new Pierce Enforcer Type-1 fire engine, with a total acquisition cost of \$938,744; and

WHEREAS, in Fiscal Year 2024/2025, the City made the first installment of \$238,050.49, leaving two remaining payments to be made in FY25-26 and FY26-27; and

WHEREAS, the City of Sebastopol is projected to receive approximately \$840,000 in Measure H sales tax revenue this fiscal year 24-25; and

WHERE, as part of the fire department's reorganization negotiations with the Gold Ridge Fire Protection District (GFD), both agencies, through their respective Ad Hoc committees, agreed to share the remaining obligation, with the City funding one payment and GFD funding the other; and

WHEREAS, staff recommends approving the utilization of Measure H funds to cover the City of Sebastopol's final payment for the new Type-1 fire engine. This action will fulfill the City's remaining financial obligation for the fire engine purchase and support the ongoing fire department reorganization process; and

WHEREAS, although Measure H fund has sufficient resources to cover this final payment, there was no prior appropriation authority for such an expenditure; and

WHEREAS, consequently, staff is requesting a budget adjustment of \$231,335.50 from the Measure H fund to settle the City's debt financing obligation. This adjustment will ensure that the necessary funds are allocated to cover both the principal and interest amounts as follows:

- Account code 248-99-74-6100 for the principal amount of \$212,689.97
- Account code 248-99-74-6200 for the interest amount of \$18,645.53

WHEREAS, this payoff will have no impact on the general fund, as it relies entirely on the Measure H fund.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Sebastopol does hereby approve a budget amendment of \$231,335.50 identified in the account listed.

The above and foregoing Resolution was duly passed, approved, and adopted at a meeting by the City Council on the 20th day of May, 2025, by the following vote:

I, the undersigned, hereby certify that the foregoing Resolution was duly adopted by the City of Sebastopol City Council by the following vote:

VOTE:

Ayes:

Noes:

Absent:

Abstain:

APPROVED:

Stephen Zollman, Mayor

ATTEST:

Mary Gourley, Assistant City Manager/City Clerk, MMC

APPROVED AS TO FORM:

Alex Mog, City Attorney