

Budget Considerations

There is an extensive analysis of the budget with numerous questions posted at last week's meeting. This is just a highlight of concerns.

First, while this budget appears to accurately capture budget amounts based on recent trends, it may not in fact address the changing concerns and priorities the council should be considering for the next year. For the most part the changing environment is not addressed in budget changes nor department goals/objectives.

1. Revenues continue to grow more slowly than expenses. Community Development has been identified as a priority, but the department has \$3,000 for an event and no goals and objectives to help revitalize downtown. One key project that was discussed during the hotel presentation was a better connection between the Barlow and downtown. Where is the connection in the goals and objectives for next year? What will the plan cost?
2. The burden of homelessness is increasing. There is \$40,000 for an outreach coordinator in the police budget and no goals or objectives in any department budget.
3. Climate change risks are growing. Council watchers are learning about a new wildfire hazard risk literally on all sides of the city. City staff appear to have had this information for a few weeks, plenty of time to consider new objectives and budget changes to begin to address the risks to our community.
4. The city has a record number of CIP budget items planned for FY25-26. At the same time there are no changes to personnel budgets to address the burden. There is the PW Director/Engineer and about 1.4 public works employees dedicated to streets and 1.65 equivalent positions dedicated to parks. Is this enough people to manage this massive CIP budget plan? If the work is important then there need to be people to do the work. If the city is ok with the \$7-10 million in work being done over the next few years, then that should probably be acknowledged and the budget amounts spread over coming years.
5. Fire Consolidation is at a critical juncture. There is again no department with an objective to liaison with Gold Ridge to address transition issues (ie fire station) and to monitor service levels. Who is responsible. What metrics are we going to measure the success of the program by? Who is going to attend board meetings to ensure Sebastopol views are represented?

There are other “big picture” problems that have not been addressed for years but should be addressed this year.

1. While your budget is nominally balanced, it depends on water and wastewater rate payers continuing to pay for General Fund Budget items unrelated to water and wastewater.

Looking at a nearby water district with a larger network of infrastructure but a similar number of connections, they operate with a similar number and cost for salaries and benefits of Public works employees but with none of the \$1.8 million overhead currently allocated to rate payers.

If the city was held closely to the standard that only costs directly attributed to delivering utility services were transferred to rate payers, it seems likely the current allocation would be cut by at least ½, maybe more. This means the budget is not in balance and further cuts are needed or new revenue sources developed.

2. Employee salaries and benefit costs are increasing more rapidly than revenues. As compensation increases, other operating expenses must be cut. The city and presumably the union wants more employees, but the rapidly increasing salaries and benefits make this impossible.
3. Shuttle fare in the city council budget jumped from \$4,000 last year to \$10,000 this year. Last year this was an issue and further research determined that \$4,000 would be enough and if more was needed, they would call. Did anyone call?
4. Water rate payers are buying another truck and a backhoe. The city already has more trucks than employees. This is put in the water and wastewater budget, which of course never gets any scrutiny. It is also the only budget with a surplus which makes it an attractive place to move costs. The council needs to remember that the surplus in the enterprise fund is to build a reserve to pay for costly infrastructure work that has been postponed for years. Purchase of new trucks and equipment were not part of the rate study and took away from planned infrastructure improvements.
5. Request for a fleet study. This was tabled last year. It is unclear what the study would accomplish. There is a good inventory of equipment, age, value in the budget. There are target dates for replacement. What will the plan do that will reduce the overall city cost by at least as much as the \$70,000 cost of the plan?

