



CITY OF SONOMA & SUCCESSOR AGENCY

FY 2017/2018 OPERATING AND CAPITAL BUDGET



Rachel Hundley, Mayor

Gary Edwards, Mayor Pro Tem

David Cook, Council Member

Amy Harrington, Council Member

Madolyn Agrimonti, Council Member

Cathy Capriola, City Manager
Sue Casey, Interim Finance Director

SONOMA CITY COUNCIL

Rachel Hundley, Mayor

Gary Edwards, Mayor Pro-Tern

Madolyn Agrimonti, Councilmember

David Cook, Councilmember

Amy Harrington, Councilmember

This proposed FY 17/18 City of Sonoma budget is prepared and submitted to the City Council by City staff on behalf of the Sonoma community. The preparation of a City budget is the work product of a team. Much appreciation to the following staff for their talents, dedication and work in order to prepare this document and to deliver the services and initiatives contained here.

SONOMA BUDGET TEAM

Cathy Capriola, City Manager

Sue Casey, Interim Finance Director

Rebekah Barr, City Clerk/Executive Assistant

Cathy Lanning, Administrative Services Manager

David Goodison, Planning Director

Wayne Wirick, Development Services Director

Steve Akre, Fire Chief

Bret Sackett, Police Chief

Dan Takasugi, Public Works Director/City Engineer

Kat Wall, Public Works Project Manager

Trent Hudson, Public Works Operations Manager



CITY MANAGER MESSAGE

2017 – 2018 OPERATING & CAPITAL BUDGET

June 19, 2017

To Mayor Hundley and Members of the City Council:

On behalf of the City staff, I am pleased to present the 2017-18 Operating and Capital Budget for the City of Sonoma. The proposed Operating and Capital Budgets are balanced including a \$17.5 million General Fund budget. The City's Operating and Capital Budget is one of the most important discussions that the Council engages in during the year. The annual budget is a policy document which sets the financial course for the City of Sonoma and defines the service priorities provided to the community. The prudent management of annual revenues and expenses protects the City from engaging in obligations beyond reasonable limits or setting expectations for growth that cannot be sustained. This Budget reinvests in infrastructure and community amenities, maintains core public responsibilities and provides employees with the tools and equipment to deliver services to our citizens in the most cost effective way.

According to various economists, there is slower growth ahead for California, but 2017/18 still shows strong positive promise. California's unemployment rate fell to its lowest in 16 years hitting 4.8% in April 2017. The Bay Area economy remains very strong though there are negative implications of this dynamic engine – including traffic congestion, high rents, high home prices and a tight labor market. In 2016, the Bay Area economy grew 5.9% in 2016 which is three times the national growth rate. Beaconomics, a firm associated with UCLA's Anderson School, states that California and its regions "should experience a continued growth in economic activity and jobs throughout 2017, with the largest contributions to employment coming from Health Care, Leisure and Hospitality, and Professional Services". Clearly, these sectors represent Sonoma's areas of economic strength and therefore, we are projecting continued positive revenues with some moderation.

Based on the above, the City is experiencing a healthy economy with significant gains in major revenue sources over the past several years. This is mainly due to the recovery from the recession and the vibrant tourism and real estate market. The strong economy also brings increased workload for staff.

Below are a few highlights on the revenue front.

- FY 17/18 revenues are projected to increase though more moderately than the past few years.
- Staff is recommending an increase in the Transient Occupancy Tax (TOT) from 12% to 14% which will require Council legislative actions and placement of a revenue measure on the ballot for public vote. The TOT in all other Sonoma/Napa public agencies sits at 14%. This increase could

bring the City over \$750,000 per year during a strong economy for services and community investments.

- This next year, the City staff will bring forward a 5-year financial forecast for the Council to review and consider. This is an important planning and decision making tool. We need to understand our financial future and look at our financial resilience assuming a recession is on the horizon in the next few years.
- Staff will also prepare a 5-year Capital Improvement Budget with funding encumbered to allow reserves to be built for community investments and capital projects.

Each year, the City Council meets in a retreat to determine annual goals. This year, the Council is taking a longer horizon view and established the following areas of focus for the next three years. Staff will be returning to the City Council this summer with specific strategic initiatives to be considered for each of these goals. In the areas of Financial Sustainability and the launch of the General Plan, staff has initial projects listed below for the upcoming fiscal year. The Budget utilizes General Fund reserves in order to make these one-time important investments in our community within these topic areas.

CITY COUNCIL 3-YEAR GOALS - Draft	RESERVES FY 17/18	RESERVES Overall
Community Character	\$50,000	TBD
Financial Sustainability Financial assessment - \$25,000 Financial software completion - \$40,000 PERS Actuarial Study - \$10,000	\$75,000	\$100,000
General Plan Preparation & Implementation Community Visioning Community Survey Econ Development Strategic Plan	\$155,000	\$500,000
Housing Opportunities and Strategies	\$50,000	TBD

The Budget has a detailed Financial Summary section with information on expenses, revenues and reserves. In addition, there are detailed budget narratives for each of the City’s program budgets.

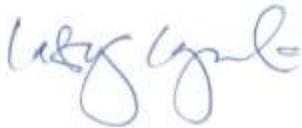
It is difficult to highlight only a few of the key expenditures planned within this budget since there are many operational and one-time investments. However, in order to give a sense of the budget, here are a few items that are included.

- Financial Focus – Addition of Accounting Manager and upgrade of Finance Director to Assistant City Manager/Administrative Services Director to ensure proper levels of oversights for the City’s financial, accounting, human resources and risk management functions.
- Technology Enhancements -- New City website; completion of financial software implementation, and new desktop/laptops for staff.
- Community Fund Grant – Total of \$204,000 to be programmed under the new hybrid model to be completed this summer – this is a \$10,000 increase over last year.
- Street Maintenance – Addition of \$184,000 in new State funding for street maintenance; continuation of the annual slurry seal program and major street rehabilitation of portions of Avenue del Oro.

- Plaza Investments – Additional bike parking and new trash/recycling containers, plus design for a major upgrade to the restrooms in the Plaza.
- Bridges & Sidewalk Investments – Pre-construction work on Chase Bridge and Newcomb/Fryer Creek Bridge and a continuation of the citywide sidewalk repair program.
- Water Infrastructure Investments – Innovative groundwater banking well project and construction of the West Napa Street Water Main and Services Replacement Project;
- Water Fund Analysis – Update of the City’s Water Rate Study to review costs, allocations and rates to ensure we are transparent, responsible and fair to our customers while also ensuring that we have a stable and appropriately funded water utility that present and future customers – and our economy – can rely on.

Every Department Manager and all staff members are to be commended for their hard work in putting this budget together. In particular, I want to acknowledge Sue Casey, Interim Finance Director, who has come on board recently demonstrating true professionalism, expertise and dedication. Outside of the budget, I want to express my honest appreciation and pride in the team of employees that serve the Sonoma community. As the new City Manager and a resident of our town, I have been impressed with the dedication, sense of ownership and teamwork that is authentically conveyed on a daily basis to our customers, residents, tourists and businesses. Sonoma is a special place to live and work – it is an honor to work in partnership with the City Council, the community and our employees to maintain Sonoma’s quality of life and standards of excellence.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Cathy Capriola". The signature is fluid and cursive, with a large loop at the end.

Cathy Capriola, City Manager

City of Sonoma -- Organization Chart

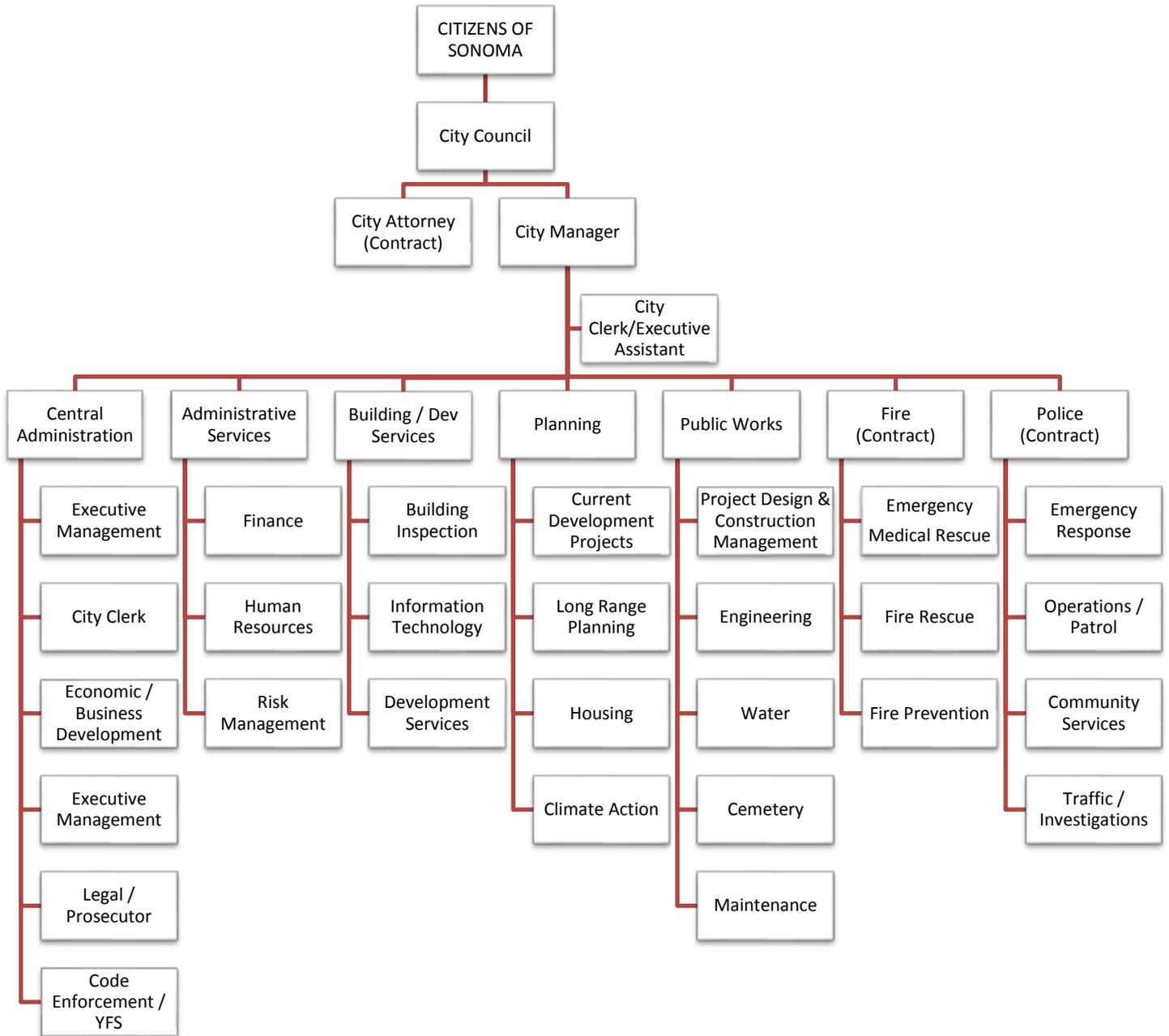


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FINANCIAL SUMMARY

OVERVIEW
REVENUES
EXPENSES
RESERVES

**City of Sonoma / Successor Agency
FY 17/18 Operating and Capital Budget**

DEPARTMENT	FY 2017/18 BUDGET
100-41001 CITY COUNCIL	127,086
100-41002 CITY CLERK	179,422
100-41003 CITY MANAGER	258,592
100-41004 FINANCE	409,157
100-41005 LEGAL SERVICES	408,432
100-42101 POLICE	5,275,029
100-42201 FIRE//EMS	5,730,017
100-43020 PUBLIC WORKS ADMIN &	1,333,366
100-43021 STREETS-CAPITAL PROJECTS	0
100-43022 PUBLIC WORKS STREETS	830,500
100-43030 PLANNING & ZONING	704,689
100-43040 BUILDING	553,297
100-43101 COMM. ACTIVITIES	603,446
100-43199 SUCCESSOR AGENCY	265,142
100-43200 NON-DEPARTMENTAL	528,318
100-43999 GEN FUND - TO OTHER	302,595
100 GENERAL FUND	17,509,088
OTHER FUNDS	FY 2017/18 BUDGET
C.O.P.S. Grant (217)	100,000
Maysonnave (221)	10,430
Gas Tax (302)	444,394
Measure M (313)	282,200
Successor Agency (391)	5,495,006
CREBS (495)	41,749
POB (498)	410,326
Cemetery (501)	280,051
Cemetery Endowment (504)	50,000
Water (510)	7,772,176
Management Information Systems (601)	340,880
Vehicle Replacement (603)	250,500
Long Term Building Maintenance (610)	341,275
TOTAL OTHER FUNDS	15,818,987
TOTAL OPERATING BUDGET	33,328,075
CAPITAL IMPROVEMENT FUNDS	FY 2017/18 BUDGET
Capital Improvement (301)	572,900
Water CIP (512)	3,045,800
TOTAL CAPITAL IMPROVEMENT BUDGET	3,618,700

INTRODUCTION

The City Council serves as the policy board for the municipality. As an elected “Board of Directors”, the City Council provides policy direction, establishes goals, and sets priorities for the City government. In addition to serving as the policy makers for the community, the City Council also is responsible for numerous land use decisions within its borders, including the General Plan. The City Council appoints the City Manager and City Attorney.

The City of Sonoma operates under a Council-Manager form of government. The City Manager is considered the Chief Executive Officer (CEO) of the City as a municipal corporation. The City provides municipal services that include police, fire, public works and parks, community development and community activities. In addition, the City operates a water system and three cemeteries in the form of enterprise activities. This report includes all funds of the City of Sonoma and its blended component unit, the Successor Agency of the Sonoma Community Development Agency, for which the City is financially accountable.

The City Council establishes annual budgets for the General Fund and all Special Revenue Funds, except for certain Special Revenue Funds for which expenditures are controlled by grant funding or by assessments received. Budgetary control is legally maintained at the fund level for these funds. Department heads submit budget requests to the City Manager. The City Manager, in collaboration with the Finance staff, prepares an estimate of revenues and prepares recommendations for the next year’s budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30 in accordance with the municipal code.

BUDGET / CITY FUNDS

The budget is a comprehensive financial plan that articulates the goals and objectives of all City departments for the following year. Department managers prepare budgets and outline goals and objectives for the next year. The budget is also an opportunity to look back and accomplishments in the current fiscal year. The budget reflects the goals and initiatives that have been outlined by the City Council.

In order to understand the budget document, it is important to have some background on the basis of municipal budget and accounting. The City’s accounts are organized on the basis of funds, each of which is considered a separate accounting entity, and which are required by state or federal law or proper accounting practice. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The operating budget includes proposed spending from many different funds. Depending on the type of service provided by a department, expenditures may be authorized from a number of funds. The majority of traditional city services are funded through the General Fund.

OVERVIEW – FINANCIAL SUMMARY

General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those that require accounting in another fund.

Proprietary Funds

The proprietary funds are accounted for on a cost of services or “capital maintenance” measurement focus, which means that all assets and all liabilities associated with each fund’s activity, whether current or non-current, are included on its balance sheet. The reported fund equity is segregated into assigned and unassigned retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total assets. There are two primary types of proprietary funds – Enterprise Funds and Internal Service Funds.

Enterprise Funds – The city maintains two enterprise funds – Water Fund and Cemetery Fund. By Governmental Accounting definition, Enterprise Funds are “to account for operations that are financed and operated in a manner similar to private business enterprise-where the intent of the governing body is that the costs of providing goods or services are financed or recovered primarily through user charges.” The intent is to have the expenses (including depreciation) of providing goods or services on a continuing basis to the park residents, financed or recovered primarily through charges to the residents.

Internal Service Funds — The internal service funds are used to account for, and finance, services and commodities furnished by a designated department of a governmental unit to other departments of the same governmental unit. The City uses Internal Services Funds to develop reserves for large purchases such as vehicles (Vehicle Replacement Fund), Management Information Systems, and large building maintenance activities (Long Term Building Maintenance Fund). This avoids large fluctuations due to large asset purchases or significant repairs.

Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. For example, the Gas Tax Fund is designated as a Special Revenue Fund which is dedicated for specific purposes/projects and their uses are legally restricted.

Capital Projects Funds

The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Funds

The debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The City has three current debts obligations outside of redevelopment related debt which is located in the Successor Agency accounts.

OVERVIEW – FINANCIAL SUMMARY

Fiduciary Funds

Trust and agency funds are used to account for assets held by the city in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include expendable trust funds, non-expendable trust funds (permanent funds), pension trust funds, and agency funds.

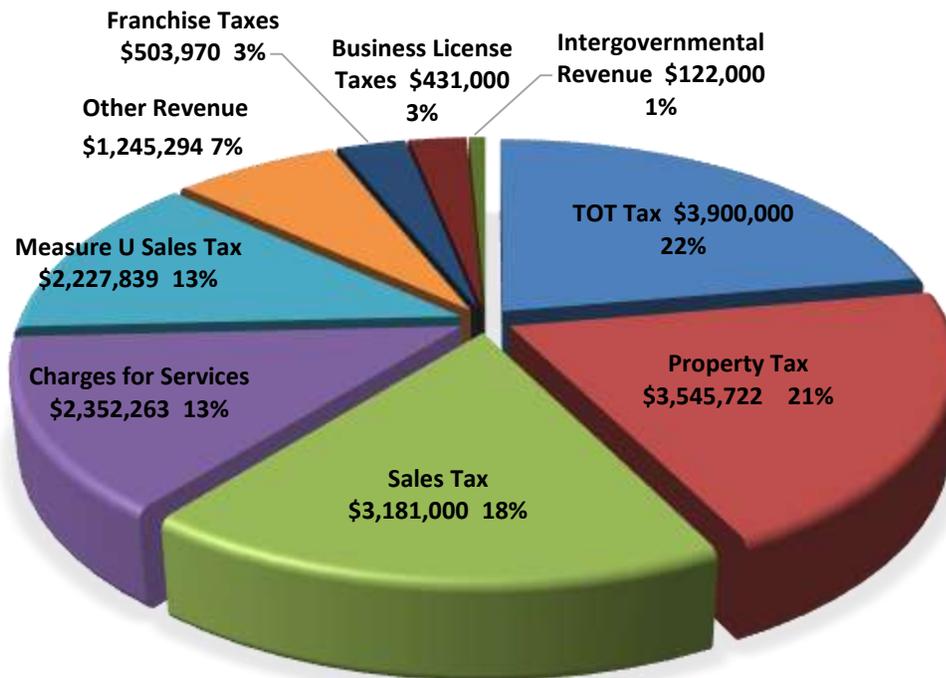
The Successor Agency is one example of this type of fund. The Successor Agency provides for receipt of Redevelopment Property Tax Trust Fund (RPTTF) funds and payment of former Community Development Agency expenses approved by the State Department of Finance. The City Council sits as the Successor Agency. All actions of the Successor Agency must be approved by an Oversight Board comprised of representatives of the taxing entities and the State's Department of Finance.

REVENUES - FINANCIAL SUMMARY

GENERAL FUND REVENUE

The General Fund supports most City services such as Administration, Community Development, Public Safety including Fire and Police, Public Works, and Community Activities. Primary General Fund revenue sources include: Transient Occupancy Tax (TOT), Sales Tax, Measure U, and Property Tax. These revenue sources represent over 74% of total General Fund revenue.

CITY OF SONOMA - GENERAL FUND REVENUE SOURCES



Other General Fund revenue includes: Charges for Services, Other Revenue, Business License Tax, Franchise Tax and Intergovernmental Revenue.

During the last few years, the City has benefitted from robust property taxes and significant tourism related revenues including Transient Occupancy Tax (TOT) and Sales Tax. Property Tax Revenue growth remains strong with a 3.5% increase projected for 17/18. Sales Tax and TOT Tax revenues are both starting to flatten with a 0.8% projected increase in Sales Tax and a 1.8% increase in TOT Tax.

Sonoma's largest industry is tied to tourism and as such we measure our revenue stream and economic vitality by those "tourism-related dollars" of TOT, Sales Tax, and Measure J/U. As a result, over 50% of all General Fund revenue comes from these three sources. Tourism is not solely related to overnight visitors (i.e. "heads in beds"). In fact restaurants and food-products are the top sales tax producing category. Tourists are also supporting our local restaurants. Sonoma is fortunate to have these sources

REVENUES - FINANCIAL SUMMARY

to sustain the public services for our residents and keep our business community whole, but it is important to recognize that these revenue sources are very sensitive to economic fluctuations.

Transient Occupancy Tax (TOT)

The Hotel (or Transient Occupancy) Tax is imposed on occupants of hotels, inns, motels and other lodging facilities for occupancy of 30 days or less. The tax is applied to a customer's lodging bill. Taxes are remitted for all approved lodging operators in the City of Sonoma.

The City of Sonoma's TOT or "hotel tax" rate is currently is 12% of which 10% is retained and used as a General Fund revenue. The additional 2% is remitted to the Tourism Improvement District. The Sonoma Tourism Improvement District was formed to provide a stable source of funding for a sustained marketing program with the goal of increasing occupancy and room revenues at lodging properties in the City of Sonoma. Overall, TOT represents 22% of the City's General Fund revenue.

OUTLOOK: After growing for some time, TOT revenue growth appears to be flattening. Due to the wet winter and renovations at the Sonoma Lodge, TOT for the FY 16/17 is estimated to be \$3,830,783. For FY 17/18, staff is estimating TOT to be \$3,900,000 which is a 1.8% increase over the 16/17 budgeted revenue.

For 2017/18, City staff is recommending an increase in the Transient Occupancy Tax (TOT) from 12% to 14%. As the TOT rate in all other Sonoma/Napa public agencies sits at 14%, this increase would not be out of line for the lodging establishments in Sonoma. This increase will require Council legislative actions and placement of a revenue measure on the ballot for public vote. During a strong economy this increase could potentially bring the City over \$750,000 per year and would provide further revenue for City services and community investments.

Sales Tax and Measure J/U

Consumers are familiar with the experience of going to a store, buying something and having an amount added for sales tax. The State Board of Equalization collects local sales and use tax revenues from the retailer and sends revenue from local rates and allocations back to cities and counties. In addition to administering the sales and use tax system, the State Board of Equalization collects and allocates other state taxes including fuel, tobacco and alcohol taxes. Sales tax is assessed as a percentage of the amount purchased. Sales and use tax revenue received by cities is general purpose revenue and is deposited into a city's General Fund.

California's sales tax has a relative called the "use tax." While the sales tax is imposed on the seller, the use tax is imposed on the purchaser and at the same rate as the sales tax. The most common example of use tax is for the purchase of goods from an out-of-state retailer for use in California.

Out-of-state retailers doing business in California are required to report to the State Board of Equalization the jurisdiction to which sold items are delivered. If the retailer has a physical presence (nexus) in California, they must collect use tax when goods are delivered to purchasers in this state. If the seller does not collect and remit the use tax, the purchaser is legally obligated to report and pay sales taxes.

State law provides a variety of exemptions to the sales and use tax, including resale, interstate sales, intangibles, food for home consumption, candy, bottled water, natural gas, electricity and water

REVENUES - FINANCIAL SUMMARY

delivered through pipes, prescription medicines, agricultural feed, seeds, fertilizer and sales to the federal government.

The “base” Statewide sales tax rate is 7.25% and includes the following allocations:

- The State general fund (3.9375%)
- County realignment programs (state health/welfare and corrections/ law enforcement programs shifted from the state (1.5625%)
- Supplemental local law enforcement grants (0.50%)
- Transportation programs in the county where the transaction occurs (0.25%)
- The city where the transaction occurs (1.00%)
- If the transaction occurs in an unincorporated area, the 1.00% amount goes to the County.

Cities, counties and countywide transportation agencies may impose sales tax rates to be added on to the “base” statewide sales and use tax rate. The add-on rates are actually “transactions and use taxes” and are allocated to the jurisdiction where the taxed product is received or registered (as in the case of a motor vehicle purchase). Over 120 cities have enacted transaction and use taxes of up to one percent, most commonly with majority voter approval for general purposes. Many counties and county transportation agencies have enacted rates, most commonly with two-thirds vote for specific purposes. Under current state law, the maximum combination of transactions and use tax rates in any location may not exceed two percent without special State legislation.

Measure J/U - ½ Cent Sales Tax – Sonoma is fortunate to have in place a local transaction and use tax which provides a stabilizing foundation to public services. In 2012, the City went to the voters presenting Measure J for consideration which consisted of the addition of a half-cent local transactions and use tax to fund City services. This half percent tax is added to general Sales Tax on purchases in the City. Until this measure was brought forward, the City of Sonoma had not turned to its constituents for a new tax in 20 years. The measure passed with a 67.1% affirmative vote, well over the simple majority (50%+1) needed. The current Measure J was set with a 5-year sunset clause in a calculated and focused approach to (1) review the performance of the local sales tax, and (2) assure taxpayers that the City could and would demonstrate its ability to manage and use the funds in a fiscally responsible way. It also provided for the breathing room to analyze how the State would ultimately realign redevelopment activities, fund affordable housing and transfer further responsibilities to cities without benefit of additional funding.

In anticipation of Measure J’s expiration, the City Council reviewed and discussed the need to continue the sales tax in summer 2016. Measure J revenue provided coverage for costs assumed by the General Fund for core public services and outside organizational services, some of which were formerly provided under the redevelopment program. As stated in the text of the original measure, the City was diligent in maintaining its promise to the voters and using the resources provided by the Measure J tax proceeds wisely to provide “funding for essential services such as police, fire and emergency medical services, street and road maintenance, graffiti abatement and other general community services”. Overall, Measure J provided a stabilizing local economic foundation for the City’s provision of public services and as such.

In July 2016, the City Council took action to extend the City’s local transaction and use tax (Measure J) on the November ballot. In November 2017, 73.3% of the voters of Sonoma passed Measure U – a ½ percent sales tax increase for 5 years. The City is fortunate and appreciative to the voters for their confidence to invest this \$2.2 million in services for the Sonoma community.

REVENUES - FINANCIAL SUMMARY

Other Sales Tax Revenues

The City also receives a portion of the following funds via sales tax collection:

Proposition 172 – Public Safety -- In addition to the City's allocation, Sonoma, along with all municipalities in California, receives an additional amount designated for Police services, following voter-approval of Proposition 172 in 1993. This state sales tax was created to mitigate the impacts on these programs due to state shifts of property tax revenues. In addition, the City receives 6% of Public Safety Sales Tax collected in the County. Use of this revenue is restricted to public safety purposes.

In FY 16/17, the City estimates it will receive \$125,800 in Sales Tax via Proposition 172 funding. For FY 17/18 staff has budgeted \$132,000.

Measure M (Sonoma County Transportation Authority) -- Passed by more than two-thirds of voters in November 2004, the Traffic Relief Act for Sonoma County (Measure M) continues to deliver multi-modal transportation improvements throughout the county. Measure M provides for a ¼ cent sales tax for 20 years to be used to maintain local streets, fix potholes, accelerate the widening of Highway 101 for High Occupancy Vehicle (HOV) lanes, improve local street operations, restore and enhance transit services, support the development of passenger rail service, and build safe bicycle and pedestrian routes. The funds are dedicated towards specific programs and projects specified in the voter approved Expenditure Plan. The programs and projects contained in the Traffic Relief Act for Sonoma County are based upon the 2004 Comprehensive Transportation Plan (CTP) developed by SCTA. The 2004 CTP identified goals related to the movement of people and goods through the improvement and maintenance of all modes of transportation.

Measure M Transportation Funding	% of Funding
Highway 101 Projects	40%
Local Road Rehabilitation (LSR)	20%
Local Street Projects (LSP)	20%
Local Bus Transit (LBT)	10%
Passenger Rail (SMART)	5%
Bike/Pedestrian Projects	4%
Administration	1%

Measure M continues to provide Sonoma County and its nine cities with a reliable fund source for on-going local street maintenance through its apportionment program. The Local Streets Rehabilitation program provides all nine jurisdictions with increased funding for the maintenance and operations of their existing local streets. For FY 17/18, the City of Sonoma is estimated to receive \$82,200 which will be used to fund the City's street Capital Improvement Program.

OUTLOOK: In Fiscal Years 14/15 and 15/16 sales tax grew 4% per year. For Fiscal Year 16/17, sales tax was projected to increase by 1%. For FY 17/18, sales tax growth is projected at 0.8% growth. Measure J is also anticipated to grow by 0.8%. As noted previously, the Measure J Transactions and Use Tax will expire in June 2017 but has been extended by Measure U.

REVENUES - FINANCIAL SUMMARY

Property Tax

Property tax is imposed on “real property” (land and permanently attached improvements such as buildings) and tangible personal property (movable property such as boats, aircraft and business equipment).

The maximum tax rate permitted on real property for general purposes is one percent of the property's assessed value plus voter approved rates to fund indebtedness (general obligation bonds, requiring two-thirds voter approval).

The tax rate is applied to the assessed value (AV) of the property. The assessed value of real property is the “full cash value” of the property in 1975-76 or at change of ownership, whichever is more recent, adjusted annually by the change in the Consumer Price Index (CPI), not to exceed an annual increase of two percent. The value of new construction is additional. If a property changes hands, then the assessed value becomes the full cash value upon change in ownership.

If a property’s market value falls below its factored base year value, it may be temporarily reassessed to its lower actual value, but in future years may be reassessed at the lesser of its actual value or its factored base year value. This can result in increases of more than two percent as a property’s actual value returns to its earlier value, as when the housing market rebounds from a slump.

As a result of two State legislative actions in the mid-2000s, Proposition 57 (also known as the Triple Flip) and the Vehicle License Fee Swap (VLF Swap), property tax revenues increased and sales tax and vehicle license fee revenues decreased. The passage of Proposition 57 reduced the city’s sales tax revenue by .25% and replaced it with an equal amount of property tax revenue. The VLF Swap permanently reduced vehicle license fees from 2% to 0.67% and replaced the resultant revenue loss with an equal amount of property taxes. The Triple Flip ended in FY 15/16, with a resultant decrease in that component of property tax revenues. This is offset by a similar increase in sales tax as the State is now remitting the full 1% to the city. For FY 17/18, property tax revenue relating to replaced VLF is projected to be \$992,500. The Chart below shows property tax levies and collections for the last ten years.

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year*	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 2,887,073	\$ 2,887,073	100%	-	\$ 2,887,073	100%
2008	3,019,199	3,019,199	100%	-	3,019,199	100%
2009	2,935,212	2,935,212	100%	-	2,935,212	100%
2010	2,664,676	2,664,676	100%	-	2,664,676	100%
2011	2,757,912	2,757,912	100%	-	2,757,912	100%
2012	2,884,143	2,884,143	100%	-	2,884,143	100%
2013	4,172,979	4,172,979	100%	-	4,172,979	100%
2014	3,497,523	3,497,523	100%	-	3,497,523	100%
2015	3,623,939	3,623,939	100%	-	3,623,939	100%
2016	3,779,566	3,779,566	100%	-	3,779,566	100%

REVENUES - FINANCIAL SUMMARY

Until FY 2011/12, the City's Community Development Agency (referred to in other organizations as a Redevelopment Agency) was receiving tax increment revenue based on increases in property value as a result of redevelopment projects. By agreement with the County of Sonoma, 1% of the property value over a base amount was allocated to the Redevelopment Agency. This allocation was reduced by a required distribution of 20% to the Housing Set Aside Fund and funding to other taxing agencies as pass through amounts. With the elimination of redevelopment agencies by the state in June 2011, the city's revenue from RDA property taxes is now limited to an amount equivalent to annual debt service payments and other enforceable obligations.

Sonoma is seeing increased property tax revenues resulting from increased sales and revaluation of homes in Sonoma as the housing market has recovered from the economic recession and collapse in the market in 2007. The City, however, continues to suffer from the impacts of property tax shifts from the state. Beginning in the early 1990s, the state began a permanent transfer of property tax revenue (ERAF) from cities to school districts to make up for the state's failure to meet its legal obligation to fund education. For 2016/17 the ERAF amount was \$1,464,126. For 17/18, it is projected to be \$1,515,370.

The largest portion of property tax dollars goes to local school districts with the next largest portion being submitted to Sonoma County.

OUTLOOK: The City of Sonoma receives approximately 18 cents of every property tax dollar remitted. Based on information received from the Sonoma County Assessor and historical trends, property tax is projected to increase 3.5% for Fiscal Year 17/18.

In FY 17/18, approximately 21% or \$3.5 million of the City's General Fund revenue is projected to be derived from property taxes.

Other Revenue Sources

Users Fees, Licenses, Permits, Fines, Forfeitures, and Rent: While the primary mission of government is to satisfy community needs, many City services solely benefit specific individuals or businesses. It is the City's policy that the public at large should not subsidize activities of private interest through general tax revenues. The City has therefore established user fees to ensure that those who use proprietary services pay for those services in proportion to the benefit received. Fees that do not recover the full cost of providing the service result in a General Fund subsidy which shifts funds away from other critical and high priority programs that may not have similar cost recovery options. Fees are generated from a variety of services including building and planning permits, special event fees, appeal fees, public safety fees and water service fees (late fees & disconnect fees).

Generally, annually, the City of Sonoma reviews and updated its City Fee Schedule. The City Council has the authority to establish these fees and charges as defined by the State Constitution and in accordance with Government Code Section 39001 with limitations set by Proposition 218. This regulatory authority provides cities the means to "protect overall community interests, while charging only the individual who is benefiting from the service."

On December 12, 2016, City staff brought an update fee schedule to the City Council which was approved and became effective on February 13, 2017. With increased building and planning activity and fire emergency medical services, fees are estimate to increase slightly for FY 17/18.

REVENUES - FINANCIAL SUMMARY

Business License Tax: Improved enforcement of the Business License Tax, including engagement of the City's Code Enforcement Officer and City Prosecutor, has resulted in collections and penalties for unpaid licenses in prior years. Business License Tax revenue is anticipated to increase in FY 17/18 as these strong enforcement programs continue.

Franchise Tax: Franchise Taxes are collected from businesses that are granted franchises to provide services in the City such as gas and electric, cable TV, telephone, and garbage collection. The City is realizing strong performance in this revenue item, but cautions that collections are based on fluctuations in commodity prices and economic issues.

Real Property Transfer Tax: Real Property Transfer Tax was forecasted to decline in FY 16/17 from actual collections in FY 15/16 but estimated actuals show it will come in slightly higher than projected at \$130,956. Staff is projecting \$132,000 for FY 17/18. The City rate is at the maximum tax rate allowable under state law.

Other Revenues: In FY 15/16, over \$400,000 was anticipated in grant and reimbursement revenue for capital projects. For Fiscal Year 16/17, only \$142,000 was anticipated. For FY 17/18, the City anticipates receiving \$142,000 in grant and reimbursement revenue for capital projects. This is offset by a similar decrease in capital project expenses. Staff continues to seek out new grant opportunities to offset the cost of projects.

Prior Year Roll Forward: Due to incomplete capital projects budgeted in Fiscal Year 16/17, \$164,192 has been identified as available funds to roll forward into Fiscal Year 2017/18.

EXPENSE - FINANCIAL SUMMARY

EXPENSE OVERVIEW

The City of Sonoma's budgets for the period 07/01/17 through 06/30/18 include the General Fund, Other Funds and Capital Improvement Funds. The proposed budget for the City of Sonoma and the Sonoma Successor Agency for FY 2017-18 includes the Operating Budget of \$33,328,075 and a Capital Budget of \$3,618,700. The General Fund (\$17,509,088) is a component of the Operating Budget.

Following are several charts – City of Sonoma Appropriations and Transfers Out for All Funds Excluding CIP, City of Sonoma Capital Improvement Fund Appropriations and Transfers Out, General Fund Appropriations by Function, and General Fund Appropriations by Program Budget. The Capital Improvement Program (CIP) funds are new for 2017/18 and are the beginning of the City's true Capital Improvement Program that will be created and included in the FY 18/19 budget. CIP projects are funded by transfers from other funds, special taxes, grants and fund balance.

CITY OF SONOMA APPROPRIATIONS AND TRANSFERS OUT FOR ALL FUNDS (EXCLUDES CAPITAL IMPROVEMENT FUNDS) FISCAL YEAR 2017/18

Fund	Amended 2016/2017	Proposed 2017/2018	Change	% Change
General Fund (100)	17,461,292	17,509,088	47,796	0.27%
C.O.P.S. Grant (217)	0	100,000	100,000	100.00%
Maysonnave (221)	10,430	10,430	0	0.00%
Capital Improvement (301)	60,000	572,900	512,900	854.83%
Gas Tax (302)	878,947	444,394	(434,553)	-49.44%
Measure M (313)	0	282,200	282,200	100.00%
Successor Agency (391)	3,818,008	5,495,006	1,676,998	43.92%
CREBS (495)	41,749	41,749	0	0.00%
POB (498)	412,225	410,326	(1,899)	-0.46%
Cemetery (501)	255,277	280,051	24,774	9.70%
Cemetery Endowment (504)	50,000	50,000	0	0.00%
Water (510)	7,947,154	7,772,176	(174,978)	-2.20%
Management Information Systems (601)	324,590	340,880	16,290	5.02%
Vehicle Replacement (603)	232,780	250,500	17,720	7.61%
Long Term Building Maintenance (610)	341,275	341,275	0	0.00%
TOTAL	31,773,727	33,328,075	1,554,348	4.89%

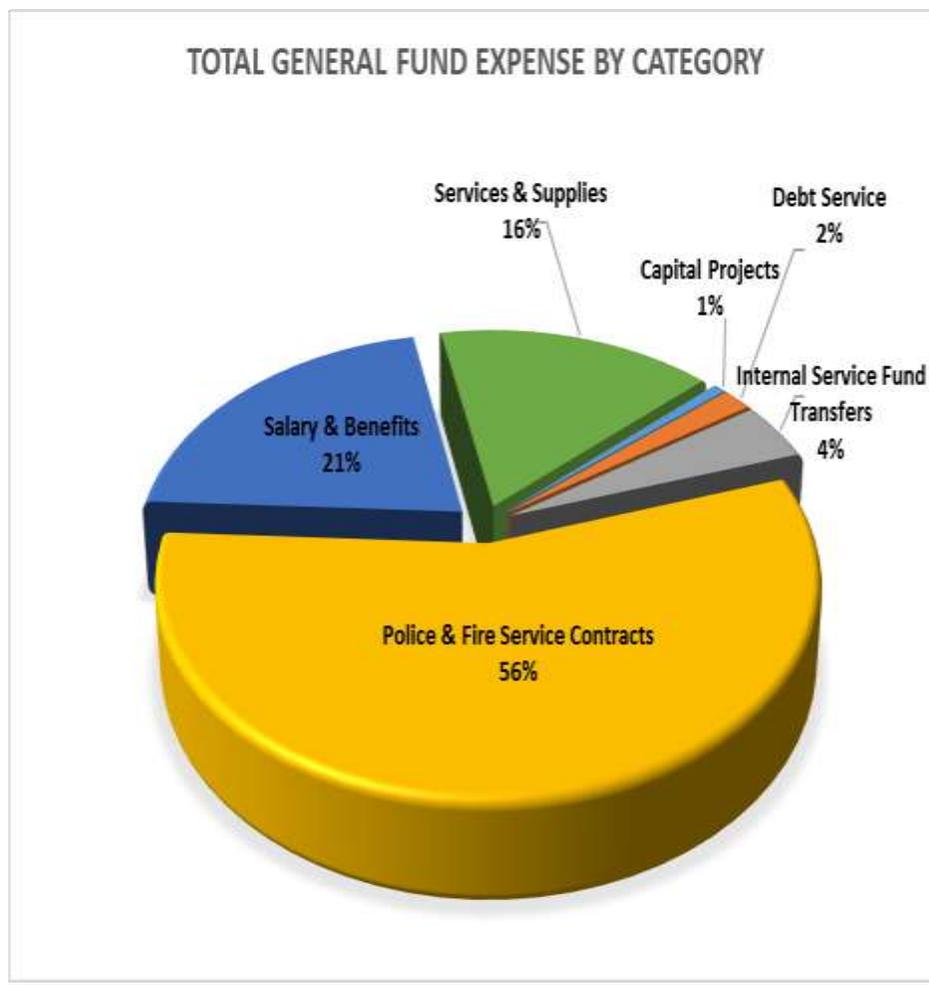
EXPENSE - FINANCIAL SUMMARY

CITY OF SONOMA CAPITAL IMPROVEMENT FUNDS EXPENSES FISCAL YEAR 2017/18

Fund	2016	2017	Change	% Change
Capital Improvement (301)	60,000	572,900	512,900	854.83%
Water CIP (512)	0	3,045,800	3,045,800	100.00%
TOTAL	60,000	3,618,700	3,558,700	100.00%

GENERAL FUND APPROPRIATIONS BY FUNCTION

City of Sonoma expenses can be grouped into several broad categories. The largest category of expenses is Police and Fire Service Contracts which is typical for cities as most cities do spend 55-60% of their General Fund budget on public safety.



EXPENSE - FINANCIAL SUMMARY

GENERAL FUND APPROPRIATION BY PROGRAM BUDGET

DESCRIPTION	AMENDED	ORIGINAL	FY 17/18
100-41001 CITY COUNCIL	138,157	127,086	(11,071)
100-41002 CITY CLERK	206,867	179,422	(27,445)
100-41003 CITY MANAGER	252,185	258,592	6,407
100-41004 FINANCE	289,145	409,157	120,012
100-41005 LEGAL SERVICES	346,035	408,432	62,397
1001 GENERAL GOVERNMENT	1,232,389	1,382,689	150,300
100-42101 POLICE	4,769,554	5,275,029	505,475
100-42201 FIRE//EMS	5,251,941	5,730,017	478,076
1002 PUBLIC SAFETY	10,021,495	11,005,046	983,551
100-43020 PUBLIC WORKS ADMIN &	1,270,080	1,333,366	63,286
100-43021 STREETS-CAPITAL PROJ	1,176,000	0	(1,176,000)
100-43022 PUBLIC WORKS STREETS	0	830,500	830,500
PUBLIC WORKS AND STREETS MAINTENACE	2,446,080	2,163,866	(282,214)
100-43030 PLANNING & ZONING	720,086	704,689	(15,397)
100-43040 BUILDING	506,791	553,297	46,506
100-43101 COMM. ACTIVITIES	574,201	603,446	29,245
100-43199 SUCCESSOR AGENCY	396,361	265,142	(131,219)
100-43200 NON-DEPARTMENTAL	447,987	528,318	80,331
100-43999 GEN FUND - TO OTHER	1,115,902	302,595	(813,307)
1003 GENERAL SERVICES	6,207,408	2,957,487	(3,249,921)
100 GENERAL FUND	17,461,292	17,509,088	47,796

Global Changes for 2017-18 Affecting All Budgets

In each of the department budgets, some general changes have been included based on prior contractual agreements or realignment of costs initiated to better capture the appropriate accounting structure or cost share. Each is briefly discussed as follows:

- Personnel Allocations: Individual employee positions are allocated to the specific department budget where they spend their time. For example, the Public Works Director/City Engineer is spread between the various public work budgets. Each year the allocations are reviewed and modified based on current operations.
- Employee's Salary: The City has one formal union, SEIU, and all other employees are not represented. The current SEIU MOU and management agreement expires on June 30, 2017. The City is currently conducting a Compensation Study to understand where the City's salaries are compared to other public agencies in the area. Negotiations have begun with SEIU. Based on this, no cost-of-living or benefit changes have been made to the FY 17/18 budget. After negotiations are completed and the Council has approved new labor agreements, the FY 17/18 budget will be adjusted.

EXPENSE - FINANCIAL SUMMARY

- **CalPERS:** The City is a member of the California Public Employee Retirement System (CalPERS). The City has been judicious through the years by keeping the benefit formula for miscellaneous employees at 2% @ 55. For FY 17/18, the normal cost paid by the City for employee retirement increased from 9.558% of payroll to 9.599% of payroll. In addition, City employees pay 1% of the City's costs. The City also pays a fixed annual payment for Unfunded Actuarial Liability (UAL) for current employees and also past fire and police employees.

PERS Costs	2016/17	2017/18
Classic Member Rate	9.558%	9.599%
PEPRA Member Rate	6.930%	6.908%
UAL Classic Member	\$199,467	\$251,599
UAL PEPRA Member	\$0	\$21
UAL Safety – Fire	\$218,160	\$269,970
UAL Safety - Police	\$121,368	\$149,647

In FY 17/18, the fixed annual payment for Unfunded Actuarial Liability (UAL) is now accounted for in each department instead of the General Fund's "Transfers to Other Funds". This was done to better account for the true salary and benefit cost for each operation/cost center.

- **Employee Health Insurance:** While many California cities are experiencing significant increases in employee health insurance costs, the City of Sonoma has experienced minimal cost increases for two reasons: (1) a change to self-insured health plans has kept rates relatively stable and (2) City's contribution to employee health insurance is fixed based on enrolled members (single, couple, family). Therefore, if health insurance rates rise, those increases are not borne by the City, but rather by the employee. It is also important to note that the City does not offer medical benefits upon retirement hence it does not have any outstanding liability for former employees. This is an outstanding credit to past administrations which protected the City and future taxpayer obligations.

BUDGET DETAIL ALL FUNDS – HIGHLIGHTS

Each of the program budgets has a detailed budget narrative later in this budget document. Below are the highlighted changes for each program budget.

CITY COUNCIL

- Reduction in employee benefits based on current City Council.
- Addition of outside facilitator for Council retreats and/or evaluations of City Manager or City Attorney.
- Reduction in memberships -- shift of some memberships (Sonoma County Transportation Agency – SCTA and the Regional Climate Protection Authority – RCPA) from the City Council budget to line departments (Public Works and Planning).
- Minor increase in training for Council to attend the 2017 League of California Cities Annual Conference and either the January New Mayor/Council Members Training or the June Executive Forum.

EXPENSE - FINANCIAL SUMMARY

<p>CITY CLERK</p> <ul style="list-style-type: none"> ▪ Removal of one-time funds of \$10,000 to allow for overlap and training between the prior City Clerk and the new City Clerk. ▪ Minor increase estimated for cost of November 2017 election for a revenue measure to increase the TOT from 12% to 14% to equal all other public agencies in Sonoma and Napa counties. (\$3,000) ▪ Minor increase in costs for Municipal Code contract. ▪ Minor increase in advertising for public notices and outreach for commission appointments, etc. ▪ Minor increase in training/conferences for professional development.
<p>CITY MANAGER</p> <ul style="list-style-type: none"> ▪ Portion of new Assistant City Manager / Administrative Services Director position. ▪ Increase in professional services for labor negotiations outside negotiator (\$15,000), executive training \$5,000 and \$15,000 for professional services as needed through the year. ▪ Decrease in one-time mid-year adjustments for hiring of outside recruiting firm for City Manager recruitments and Finance Director recruitment (\$50,000). ▪ Minor increase in training/conferences for professional development and membership
<p>LEGAL <i>(Includes City Prosecutor / Code Enforcement / Youth and Family Services)</i></p> <ul style="list-style-type: none"> ▪ Increase in general legal costs due to an increasing amount of legal time focused on development projects, other City related business, and overall more accurate budget projections. Also includes legal costs for human resource related project based on updating of human resources policies and regulations added for 2017/18. ▪ Slight increase of \$3,957 for code enforcement services for hearing officers, etc. ▪ No changes to the budget for the contracts for the City Prosecutor’s Office, Youth & Family Services or Code Enforcement.
<p>FINANCE</p> <ul style="list-style-type: none"> ▪ Addition of Accounting Manager position and percentage of Assistant City Manager / Administrative Services Director position are included in the increases to the salary/benefits. ▪ The reduction in professional services represents a reduction in one-time funding for temporary financial consultants to serve as the interim Finance management staff. ▪ Includes professional services increases for financial sustainability initiatives in the Council Strategic Priorities -- \$10,000 for a PERS actuarial study, \$15,000 for other financial management consulting or review as needed.
<p>FIRE – SONOMA VALLEY FIRE AND RESCUE AUTHORITY</p> <ul style="list-style-type: none"> ▪ Inclusion of PERS unfunded liability of \$269,970; this had been shown as a transfer in the past and not included within the Fire Department budget. This is for the pension of prior City police employees. ▪ The contract with the Valley of the Moon Fire District will increase by \$166,064 (3%) due to a new two year employment contract with a 2.5% cost of living increase per year balanced with a shift of 1.5% of SCERA retirement costs per year from the District to the employee. In addition, there is a 20% increase in worker’s compensation costs.
<p>POLICE</p> <ul style="list-style-type: none"> ▪ Inclusion of PERS unfunded liability of \$152,859; this had been shown as a transfer in the past and not included within the Police Department budget. This is for the pension of prior City police employees. ▪ Increase in Sheriff’s Contract of \$336,770 <ul style="list-style-type: none"> ○ Increase in Salaries and Benefits of \$223,907 (6.5%), which includes 3% COLA

EXPENSE - FINANCIAL SUMMARY

<p>approved by Board of Supervisors.</p> <ul style="list-style-type: none"> ○ Increase in Administrative Overhead of \$108,773 (13.5%) ○ Increased cost of disability insurance, retirement contributions, and healthcare. <ul style="list-style-type: none"> ▪ Increase in Fleet contract of \$28,820 (26%) primarily due to increase maintenance cost.
<p>BUILDING</p> <ul style="list-style-type: none"> ▪ Increase in employee pay for annual merit increases.
<p>PLANNING</p> <ul style="list-style-type: none"> ▪ Salary and Wages are increased by the addition of an intern to assist with Climate Action programs (\$7,000), with the remainder Increase in employee pay for annual merit increases. ▪ The operations increase reflects additional funding for commission training and memberships; including augmentation of additional \$5,000. ▪ The increase in the Supply expense will allow the purchase of iPads to enable the Planning Commission to be brought into the I-Compass program. ▪ Addition of \$7,500 for partial funding of Historic Train District to leverage grant funding opportunities.
<p>PUBLIC WORKS – ADMINISTRATION / PARKS / STORM DRAIN</p> <ul style="list-style-type: none"> ▪ Decreases in professional services, general supplies, and machinery and equipment (\$79,000). ▪ Increase in Internal Service & Capital charges is primarily due to the completion of a Systemic Safety Analysis Report that will evaluate various intersections throughout the City (90% funded by State Grant but expenses of \$72,000), exploring an option for different trash/recycling receptacles in the Plaza (\$50,000) and adding bike parking to the Plaza (\$5,000).
<p>PUBLIC WORKS – STREET MAINTENANCE</p> <ul style="list-style-type: none"> ▪ This is a new General Fund program budget created to capture all employee costs and regular annual maintenance expenses associated with street, sidewalk, bike path and other related street/circulation maintenance improvements. In prior years these expenses were included in the Gas Tax fund. Gas Tax Revenue is not sufficient to cover both streets maintenance projects and administration costs related to streets maintenance so as a result the General Fund has had to transfer funds to the Gas Tax Fund to support those costs. As the Gas Tax fund is a special revenue fund the best accounting practice is to include just design/construction costs for street maintenance in the Gas Tax fund and to expense administration costs for streets maintenance (including employee costs and general maintenance) in a separate General Fund account.
<p>STREET CAPITAL – General Fund</p> <ul style="list-style-type: none"> ▪ The recommended budget for the Streets (Capital Projects) includes a decrease of \$1,176,000. In prior budgets, this was the General Fund budget that captured the majority of the City's large streets and infrastructure capital projects. This budget is being eliminated in order to prepare for a future encumbered Capital Improvement Program. The Streets Capital Budget is now captured in a separate fund for capital projects (301-50000) titled Capital Projects Administration. All expenditures for Capital Projects are now included in that fund explaining the large decrease in this budget for FY 17/18.

EXPENSE - FINANCIAL SUMMARY

GAS TAX

- Gas Tax funding grew by \$184,000 due to new funding from the State. Revenues for FY 17/18 from Gas Tax now total \$444,394.
- This fund used to contain employee and maintenance costs which have now been moved to a new Street Maintenance fund. (It is a best practice to limit the costs contained in the Gas Tax fund to be focused on maintenance or rehabilitation costs only.) Based on this, the budget for Gas Tax - Streets includes a decrease of \$434,553.
- The expenditures in the Gas Tax fund have been changed to only include the following:
 - \$22,000 – Design cost of the 2018 Slurry Seal Project
 - \$155,000 – Construction of 2017 Slurry Seal Project
 - \$267,934 –Transfer of \$267,394 to the new Capital Improvements Administration Fund

MEASURE M – Sonoma County Local Streets Roads Funding

- The recommended budget for Measure M includes an increase of \$282,200. This increase is for the transfer to the Capital Project’s Administration Fund (301-5000) for FY 17/18 major street capital improvement projects and a use of one-time fund balance of Measure M.

CAPITAL IMPROVEMENTS ADMINISTRATION FUND

- This fund is new for 2017/18 and is the beginning of the City’s true Capital Improvement Program that will be created and included in the FY 18/19 budget. The design and construction costs for major capital, sidewalk, bridges and other projects are funded through various sources including Impact Fees, Gas Tax incorporating the new SB1 funding, Measure M and General Fund.
 - 2017 Street Rehabilitation – Avenue del Oro (\$638,000)
 - Chase Bridge (\$69,900)
 - Newcomb/Fryer Creek Bridge (\$90,000)
 - Citywide Sidewalk Repair (\$50,000)
 - Street Sign Replacement (\$25,000)

MAYSONNAVE PROPERTY

- Remains the same with no changes.

CEMETERY

- Revenues / Transfers In
 - \$185,000 of annual cemetery revenues
 - \$85,678 of Transfer In (\$50,000 from Cemetery Endowment and a \$35,000 Lease payment from the Water Fund)
- Expenses
 - Inclusion of PERS unfunded liability in the benefits costs; this had been shown as a transfer in the past and not included within department budgets.
 - Minor increases in salary due to merit adjustments.
 - Transfer out for contribution to debt for POB and CREBS.
- \$627 addition to the Cemetery Fund Balance.

WATER UTILITY

- Decrease of \$150,717 in revenues is primarily due to the decrease in State Grant Funding for FY 17/18 which is offset by a small increase in water sales revenue.
- In prior budgets the water fund captured the majority of the City’s large water capital projects. This CIP budget has been realigned and is now in the Water Capital Projects fund (512) in order to prepare for a future encumbered Water Capital Improvement Program. Decrease of \$2,807,748 in Internal Services and Capital is due to this accounting change
- Reduction of \$311,089 in Transfers Out due to the discontinuance of two prior transfers to the General Fund (\$182,749) and an accounting change where the Water Fund’s portion of

EXPENSE - FINANCIAL SUMMARY

the CalPERS UAL is included in the Employee Benefits total.

- Inclusion of initial funding to the Sonoma Valley Groundwater Sustainability Agency.
- Increase of water revenues and use of Water Fund Reserves of \$636,433 to cover increase in water capital projects from carry over amount and to backfill revenue loss.

WATER CAPITAL

- This fund is new for 2017/18 and is the beginning of the City's true Water Capital Improvement Program that will be created and included in the FY 18/19 budget. The design and construction costs for major water capital projects are funded by Water Connection Fees and the Water Operating Fund.
- Groundwater Banking Well 6 Pilot Project (\$35,000)
- West Napa Street Water Main & Services Replacement (\$2,800,000)

COMMUNITY ACTIVITIES

- FACILITY SUPPORT TO NON-PROFITS
 - Emergency Shelter -- Utilities (water and sewer) and building maintenance for Emergency Shelter.
 - Sebastiani Theatre -- Rental and associated costs (share of property tax and insurance) for the Sebastiani Theatre. This includes a small ADA contract to ensure renovation is done accurately and to have a consultant involved on the front end and back end of the project.
- SUPPORT FOR YOUTH
 - SVHS Support -- City contribution to the cost of Crossing Guard Services at Sonoma Valley High School (SVHS) and to Grad Night at SVHS.
- SUPPORT FOR ECONOMIC DEVELOPMENT
 - Chamber of Commerce Contract -- Agreement with Chamber of Commerce for Business and Economic Vitality Services at an annual cost of \$125,000.
 - Sonoma Valley Visitor's Bureau Contract -- Agreement with the Sonoma Valley Visitor's Bureau at an annual cost of \$100,000. This contract was previously paid using Redevelopment Property Tax Trust Fund (RPTTF) but those payments ended on June 30, 2016.
- SUPPORT FOR THE ARTS & SPECIAL EVENTS
 - Cultural and Fine Arts Commission (CFAC) -- Funding of \$4,500 to provide programming for their activities -- Treasure Artist and Student art award, etc.
 - Special Events Manager -- Special Events Manager to coordinate special events on the Plaza and the plan and implement the City Party. Additional \$15,000 for the Community Events Manager position to provide promotion and support on other city special projects and to orchestrate the City Party.
- FINANCIAL SUPPORT TO NON-PROFITS
 - Lease of the Veteran's Building -- The City has historically provided 15 days of use of the Veteran's Building to other Community Organizations at an annual cost of \$15,000. This allows non-profits a reduced rate for using the Veteran's Building for fundraising or other activities.
 - Community Fund Grant Program -- Before the Community Fund Grant program was established, the City provided "grants" to four Tier 1 Organizations.
 - In 2016, the City Council changed the direction and created a "Community Fund" program where all non-profits were required to submit applications and no non-profit could receive more than \$25,000. The City Council also approved a Community Fund Grant program using 1.5% of City General Tax

EXPENSE - FINANCIAL SUMMARY

Revenue.

- In 2017, the City Council reviewed the FY 16/17 methodology and directed staff to return with a hybrid approach. The City Council wanted to retain its focus on the key non-profits that were support recreation and environmental services for the City through a multi-year contract. In addition, the Council wanted to continue to support heritage events. There was concern expressed regarding the City's ability to serve as a foundation and provide an annual open grant solicitation process. Staff will be return in July/August with final recommendations.
- For FY 17/18, there is a \$10,000 increase to \$204,885 for this program.

NON-DEPARTMENTAL

(Includes utilities for city buildings, building maintenance, copiers, telephones, general copying, postage

- Decrease of Professional Services by \$30,000
 - Hazard Mitigation Plan – The FY 16/17 budget had \$50,000 reserved to conduct this emergency planning study. Staff was unable to move this forward this year. Before budgeting this funding again, the Fire Department will be investigating grant funding and other collaboration opportunities. This \$50,000 for FY 16/17 has not been included in the FY 17/18 budget. Staff may return to Council during the year for an update.
 - Sonoma Valley Community Communications (SVCC) – Historically, the City has not paid for the videotaping of Council and Commission meetings. With the change in PEG responsibility, the City has determined that it is fair and appropriate to contribute to SVCC and pay for the cost of video services. This is a new annual contract of \$20,000.
- Increase of Property Services for \$73,000 is primarily due to:
 - Custodial Services – Minor increase of \$5,000 to enhance the level of janitorial services which is not sufficient for City Hall or the Carnegie Library; requires additional funding and potentially rebidding of the work.
 - Casa Grande Parking Lot – Staff has placed a plug figure of \$60,000 for the lease of the Casa Grande Parking Lot with State Parks.

TRANSFERS

- CalPERS Liability – In FY 16/17, there was an accounting change to transfer the expense for PERS Unfunded Actuarial Liability from department budgets to this budget. Current staff believes that the prior methodology was a better practice and is therefore reversing direction. For FY 17/18, the unfunded PERS liability has again been spread to the individual department budgets in order to fully capture the costs of services.
- Gas Tax Transfer – The Streets maintenance budget has been reorganized and is now included in a new General Fund Program titled General Fund Street Maintenance (100-43022) in order to realign revenue with expenditures in the Gas Tax fund. A Streets Capital Fund for major capital improvements has also been established and is the beginning of creating a multi-year Capital Improvement Program budget and accounting structure.

MANAGEMENT INFORMATION SERVICES – INTERNAL SERVICE FUND

- Increase of \$29,690 for iCompass Agenda Management software subscription, Proud City Web Site CMS subscription, purchase and support of iPads for Council members and inflation driven increases in hardware and software maintenance contracts.
- Training for new Office 365 and Windows software - \$1,850.
- Increase due to delaying (carrying over) the replacement of desktop computers and office

EXPENSE - FINANCIAL SUMMARY

<p>automation software for City Hall and the Corp Yard - \$45,000.</p>
<p>VEHICLE REPLACEMENT - INTERNAL SERVICE FUND</p> <ul style="list-style-type: none"> ▪ Fire Department – Replace Type III Ambulance A-10 (303) – \$185,500 - ▪ Public Works Department – Replace 1998 John Deer 310E / Loader – Backhoe - \$65,000
<p>LONG TERM BUILDING MAINTENANCE – INTERNAL SERVICE FUND</p> <ul style="list-style-type: none"> ▪ Plaza Restroom improvements (\$10,000 design) ▪ Carnegie Building – selective painting and carpeting (\$50,500) ▪ City Hall – deck parapet water intrusion repair (\$8,250) ▪ Fire Station – Concrete Pad for vehicle maintenance lift (\$20,800) ▪ Sonoma Valley Regional Library – Water intrusion repair at chimney (\$20,000)
<p>DEBT SERVICE – CLEAN RENEWABLE ENERGY BONDS</p> <ul style="list-style-type: none"> ▪ Remains the same based on actual debt payment schedules.
<p>DEBT SERVICE – PENSION OBLIGATION BONDS</p> <ul style="list-style-type: none"> ▪ Remains the same based on actual debt payment schedules.
<p>SUCCESSOR AGENCY – GENERAL FUND (former redevelopment)</p> <ul style="list-style-type: none"> ▪ Elimination of the Business Loan program (\$50,000) ▪ Reduction in legal costs. ▪ Overall reduction in costs to reduce General Fund subsidy of this program.
<p>SUCCESSOR AGENCY – REDEVELOPMENT PROPERTY TAX TRUST FUND (former redevelopment)</p> <ul style="list-style-type: none"> ▪ Debt service costs which were previously funded by tax increment and that have an amortization schedule during the time of the dissolution of the RDA. These expenses will be paid using funds received under ROPS until the debt is fully paid according to the original schedule. ▪ For Sonoma, the schedule includes: <ul style="list-style-type: none"> ○ Tax Increment Bonds (TAB) issued in, 2010, 2011 and 2015, ○ USDA note payable related to Village Green Housing, and ○ Payment to the Sonoma County Housing Authority for a loan issued by the Low Moderate Income Housing Fund to the Community Development Agency. ▪ The 2011 Tax Allocation Bonds are currently held pending legislation or litigation related to the dissolution of redevelopment but payments are included in the approved expenses. These bonds were issued in an aggregate amount of \$16 million to fund various capital improvements and public service projects including affordable housing. In 2015, the 2003 TAB was refunded resulting in cash savings and additional distribution of residual redevelopment funds to other taxing agencies including the City. ▪ Contract services through the end of any contracts issued before the dissolution of the Sonoma Community Development Agency. This includes the funding for Sonoma Overnight Services (Emergency Shelter). Utilities and building maintenance for the Emergency Shelter are paid by the City and budgeted in Community Activities (100-43101). ▪ Other expenses approved by the Successor Agency RPTTF are primarily related to professional services such as audit and legal services. ▪ Approval of \$1.45 million for housing bond expenditure agreement for affordable housing investment.

GENERAL FUND RESERVES

In 2006, the City Council passed a Financial Reserve Policy in Resolution 41-2006 in order to maintain stable reserve levels for the General Fund. (Staff plans on reviewing and updating this policy in FY 17/18 in order to be in compliance with new Government Accounting Standards Board (GASB) recommendations.) The purpose of the policy is to maintain a minimum level of reserves necessary to ensure the City's credit worthiness and to adequately provide for:

- Economic uncertainties and other financial hardships or downturns in the local or national economy;
- Local disasters or catastrophic events;
- Future debt or capital obligations;
- Cash flow requirements; and,
- Legal requirements.

The City's current Financial Reserve Policy creates three separate accounts to address different circumstances as outlined above.

1. EMERGENCY RESERVE – The purpose of the emergency reserve is to provide operating and/or repair funds in the event of a local disaster or catastrophic event. The City will establish and maintain a General Fund Emergency Reserve of 17% of discretionary general fund and EMS fund revenue (approximately two months), which is available for expenditure to respond to local disasters or catastrophic events, whether natural or man-made. For the purposes of this policy, “discretionary revenue” is defined as “all revenues not directly tied to specific identified projects or programs operated out of the general fund and/or EMS fund”. One example of non-discretionary revenue would be the funds received as reimbursement for special Police equipment.

Any use of the Emergency Reserve account requires 4/5ths vote of the Council.

2. OPERATING RESERVE – The purpose of the operating reserve is to provide breathing room for the City to evaluate alternatives in the event of financial hardships. The City of Sonoma will establish and maintain a General Fund Operating Reserve of \$1,500,000 which is available as a temporary revenue source to be used while an orderly financial plan for cost-reduction or revenue enhancement for services provided through the general fund and/or EMS fund is developed.

The Operating Reserve can cover any significant unanticipated or mandated expenditure, which cannot be deferred or funded by borrowing. This reserve is not intended to provide funding for new programs or for “buys of opportunity” or similar circumstances, usually involving the purchase of property. The Operating Reserve is distinguished from and shall be reported separately on the balance sheet from the Emergency Reserve and from reserves designated for specific purposes and from undesignated/unreserved fund balances.

Process for the Use of Operating Reserve Funds:

- In the event of financial adversity (defined as a prolonged downturn in one or more major revenue sources for the general fund and/or EMS fund or imposition of a

RESERVE SUMMARY

significant, unanticipated and unavoidable expense that cannot be deferred or funded by borrowing), staff would request Council approval to utilize the Operating Reserve Account if funds are necessary to maintain current service levels until a reduced budget is prepared.

- Appropriate staff (i.e. City Manager, Assistant City Manager and Department Heads) will evaluate affected revenues and programs, and make a recommendation regarding reduced service levels.
- The proposed financial plan will be shared with all City staff.
- Recommendations from the City Manager and staff on the proposed financial plan will be presented to City Council for review, discussion and adoption at a public meeting.

Use of Operating Reserve funds are by direction of the City Council only. The Council shall then have the option of utilizing the Operating Reserve funds to mitigate the hardship. Any use of the Operating Reserve account shall be by a 4/5ths vote of the Council.

Whenever expenditures or transfers are made from the Operating Reserve, it must be a high priority for the City to reimburse such expenditures at the earliest possible date, normally by deferring other service or project expenditures.

Should the Council opt not to draw on the Operating Reserve account or should the financial hardship exceed the available reserve funds, the City Council may direct that funding be augmented through the following options:

- Interfund Financing Transfer
 - External/Third-Party Financing
 - Immediate spending freeze
 - Other financing options available at the point of need
3. SPECIAL PROJECTS FUND – A special projects fund is hereby created into which shall be transferred any undesignated fund balances in the combined General Fund and EMS fund. In the event that the undesignated combined fund balance is less than \$0.00, the amount of the negative balance is to be deducted from the balance in the Special Projects Fund. The purposes of the Special Projects Fund are to segregate the surplus fund balance from recurring revenue sources so that such surpluses will be appropriated only for non-recurring expenditures and to create a funding source for one-time projects such as, but not limited to:
- Capital improvement projects of any type;
 - Surveys, studies and analyses of both operating and capital needs;
 - Updates of adopted plans (e.g., general plan or specific general plan elements, facility master plans); and
 - Temporary service programs (for example, a limited-duration code or traffic enforcement effort).

Approval of any appropriation from the Special Projects Fund shall be by a simple majority vote of the Council.

RESERVE SUMMARY

INTER-FUND FINANCING – The City of Sonoma maintains additional funds outside the General Fund, which may be utilized to provide interim financing to the General Fund in the event of financial adversity. Financing levels of the inter-fund loan should not exceed 50% of the available fund balance and shall be documented by an established repayment schedule approved by the City Council based on recommendation by staff. Repayment of this method of financing should become first priority in future budgeting cycles.

Current Reserves

Below is a chart showing current reserves for FY 17/18 based on the policies outlined above and future updates for compliance with GASB. Staff will be reviewing past Council actions and further update this chart when we bring an updated Reserve Policy to the City Council in summer 2017.

RESERVES	Estimates
GENERAL FUND RESERVE (estimated end of FY 15/16)	\$7,731,754
NON-SPENDABLE <i>[Cannot be readily converted to cash or cannot legally be spent]</i> None	N/A
RESTRICTED <i>[Externally imposed restrictions on spending]</i> None	N/A
COMMITTED <i>[Council formally-imposed (by resolution or other action) restrictions]</i> Emergency Reserve (use in event of local disaster or catastrophic event - 17%) Operating Reserve (time to evaluate alternatives if financial hardships - \$1.5M)	\$2,845,399 \$1,500,000
ASSIGNED (Also the Special Projects Fund) <i>[Funds reserved by Council direction or City Manager for designated purposes]</i> Broadway Affordable Housing Project (predevelopment costs 12/19/16 contract) Water Transfer Set-Aside (sequester 3 years water transfers – future true-up) General Plan Reserve (FY 17/18 program \$155,000) Financial Sustainability Reserve (FY 17/18 program \$75,000) Housing Opportunities and Strategies Reserve Community Character Reserve	\$100,000 \$516,925 \$500,000 \$100,000 \$ 50,000 \$ 50,000
UNASSIGNED (Also the Special Projects Fund) <i>[Residual balance not classified in any of the above categories]</i>	\$2,069,430

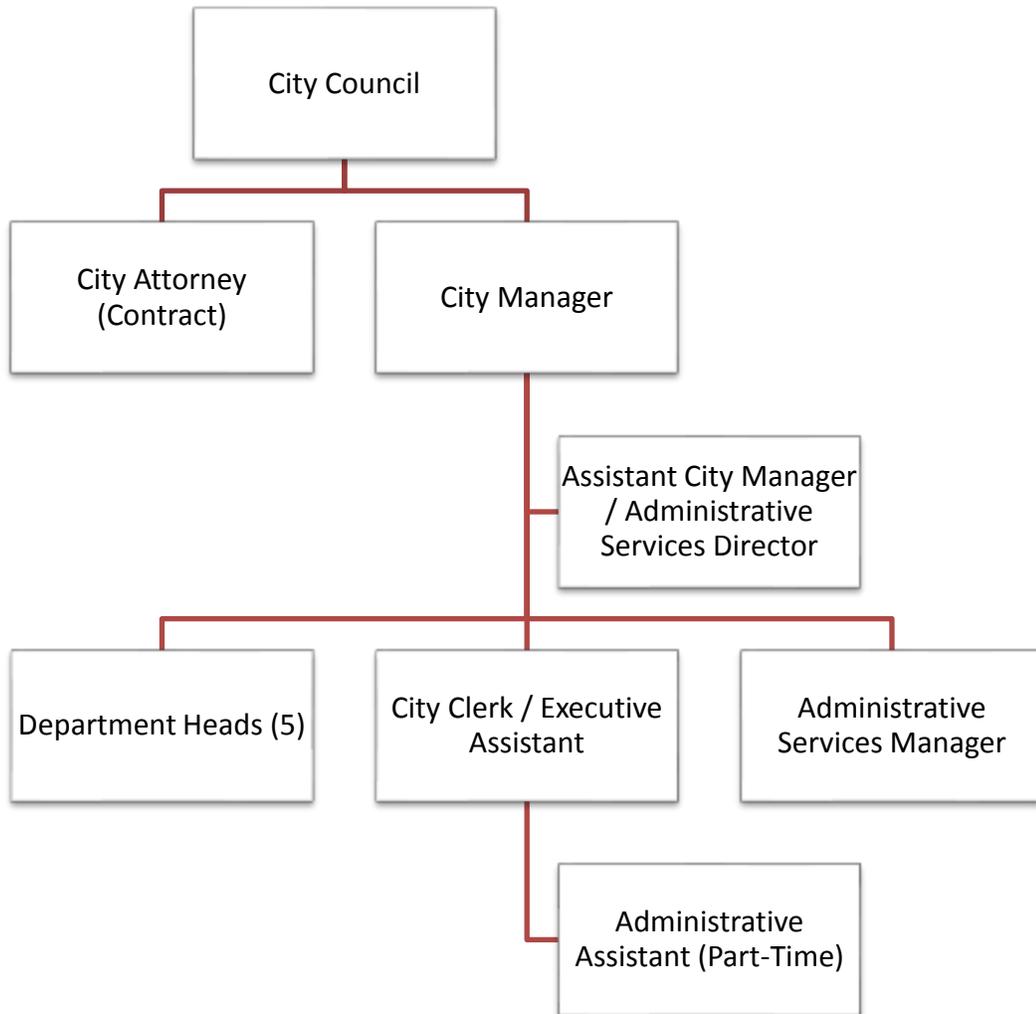
Note – Post redevelopment lawsuit with State of CA Department of Finance still in process; impact to be determined.

BUDGET DETAIL

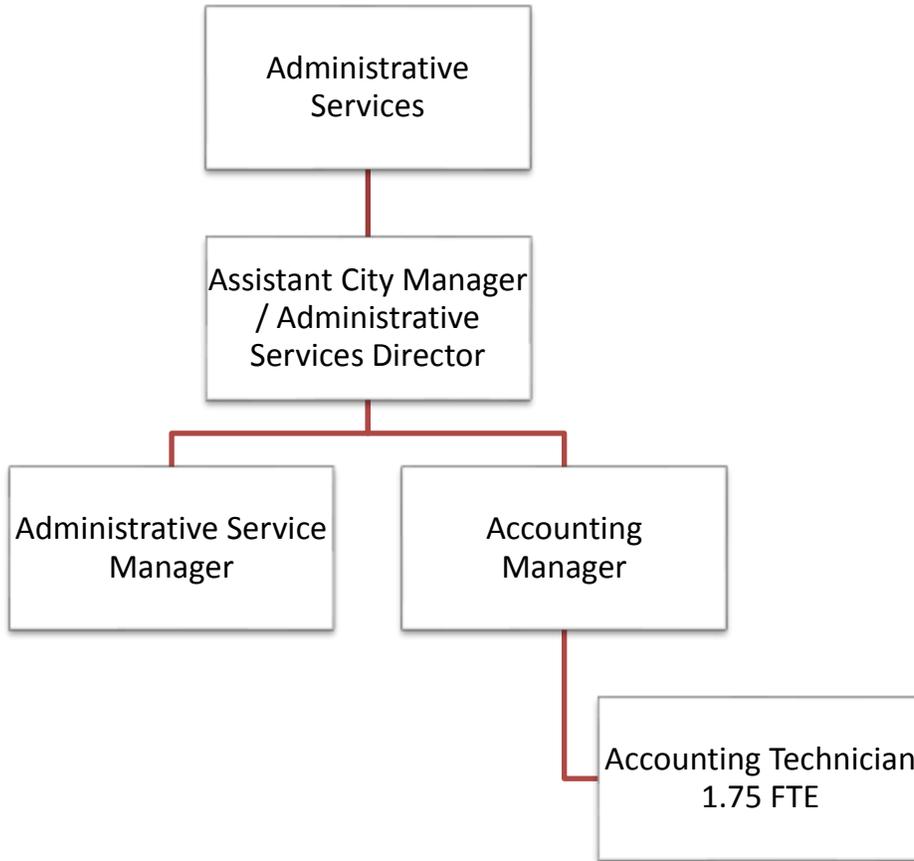
BUDGET DETAIL CENTRAL ADMINISTRATION

**CITY COUNCIL
CITY CLERK
CITY MANAGER
LEGAL
FINANCE**

Central Administration -- Organization Chart



Administrative Service Department -- Organization Chart





CITY OF SONOMA

City Council (100-41001)

Cathy Capriola, City Manager

The City Council is the elected body that oversees all municipal operations. The City Council provides policy leadership and acts as the legislative arm of City government. The City Council determines the overall needs of the community, develops policies, goals and projects, and establishes priorities to meet the goals. The City Council appoints the City Manager and City Attorney.

The five members of the City Council are elected at large and serve overlapping four year terms. This overlapping ensures that there are experienced councilmembers guiding the City at all times. The City Council serves as the Successor Agency to the Dissolved Sonoma Community Development Agency.

These are the members of the Sonoma City Council:

Rachel Hundley, Mayor

Gary Edwards, Mayor Pro Tem

David Cook, Council Member

Amy Harrington, Council Member

Madolyn Agrimonti, Council Member

Each member of the City Council is provided a stipend of \$300 per month in accordance with State law. In addition, Councilmembers are eligible for full health, dental, and vision care coverage for Councilmembers and their dependents.

The Council generally meets the first and third Mondays of each month at 6:00 p.m. in the Community Meeting Room. Councilmembers also participate in local, regional, and statewide meetings and activities.

The City Council develops goals for the City organization on an annual basis. At the Council's annual planning retreat, the City Council approved the following three-year strategic priorities and directed staff to return with specific initiatives for each goal.

3-Year City of Sonoma Strategic Priorities

(Not in Priority Order)

Community Character

Financial Sustainability

General Plan Preparation and Implementation

Housing Opportunities and Strategies

RECOMMENDED FY 17/18 BUDGET MODIFICATIONS

The City Council budget includes a recommended decrease of \$16,071. These changes are based on the following key budget modifications.

- Reduction in employee benefits based on current City Council.
- Inclusion of PERS unfunded liability in the benefits costs; this had been shown as a transfer in the past and not included within department budgets.
- Addition of outside facilitator for Council retreats and/or evaluations of City Manager or City Attorney.
- Reduction in memberships -- shift of some memberships (Sonoma County Transportation Agency – SCTA and the Regional Climate Protection Authority – RCPA) from the City Council budget to line departments (Public Works and Planning).
- Minor increase in training for Council to attend the 2017 League of California Cities Annual Conference and either the January New Mayor/Council Members Training or the June Executive Forum. Added funding for Council attendance at Planning Commission / Land Use training as well.

DEPARTMENT / CATEGORY	Budget FY 15/16	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
EXPENSES				
Salary And Wages	\$18,000	\$18,000	\$18,000	\$0
Employee Benefits	\$33,560	\$70,956	\$43,747	(\$27,209)
Professional Services	\$500	\$500	\$15,000	\$14,500
Property Services	\$0	\$500	\$2,000	\$1,500
Operations	\$30,450	\$44,180	\$38,861	(\$5,319)
Supplies	\$6,720	\$2,500	\$5,000	\$2,500
Capital Assets	\$0	\$0	\$0	\$0
Internal Service & Capita	\$1,088	\$1,521	\$4,478	\$2,957
Total Expense	\$90,318	\$138,157	\$127,086	(\$11,071)



CITY OF SONOMA

City Clerk (100-41002)

Rebekah Barr, MMC, City Clerk

The City Clerk's Office consists of the City Clerk and a part-time Administrative Assistant. The City Clerk provides executive and administrative support to the City Council as a whole, to individual Councilmembers, and to the City Manager. The City Clerk's mission is to be a steward and protector of democratic processes, such as elections, and access to official records, as well as to comply with federal, state and local statutes. The department supports the City Council in its goals of innovation, transparency and fairness while promoting community participation and awareness.

The City Clerk is responsible for facilitating the business proceedings of the City Council, and fulfilling legal requirements as set forth in City Codes and State law.

- PUBLIC RECORD ACT REQUESTS -- The City Clerk is responsible for reviewing and processing public record act requests in coordination with the City Manager and City Attorney.
- RECORDS MANAGEMENT -- The City Clerk is also responsible for overall records management and ensuring the City's records are retained as required by State law.
- ELECTIONS OFFICIAL -- The Office of the City Clerk conducts all City elections and administers campaign and financial disclosure laws.
- COMMISSION SUPPORT AND ADMINISTRATION -- The City Clerk works with the staff liaisons of each of the City's Commissions. The City Clerk also helps process and track the Commission appointments and other legal requirements/training for commission members.
- STAFF TO THE CULTURAL AND FINE ARTS COMMISSION -- The City Clerk also staffs the Cultural and Fine Arts Commission.

The City Clerk's Department, which serves as the information nucleus of the City and its departments, is dedicated to providing the highest level of professional service to the citizens of Sonoma. The City Clerk's main goal is to provide these services expeditiously while ensuring compliance with all California Statutes and City Ordinances.

FISCAL YEAR 2016 – 2017 ACCOMPLISHMENTS:

- Support to the Cultural and Fine Arts Commission including assisting with organizing events and publicity for the Treasure Artist and the Student Art Awards.
- Support the Mayor and City Manager in the selection of the Alcalde including organizing the receptions and publicity.
- Conducted the 2016 General Election in consolidation with the County of Sonoma for two Council seats and three ballot measures.
- Researched and implemented a paperless meeting management system including a change in the way Council Members received the agenda – electronically via iPad, thereby replacing a paper packet.

- Implemented new Civic Web Portal, in conjunction with meeting management system, to enhance the access and information available in one-location for the agendas and business of the City Council and commissions.
- Researched and selected a vendor to support a new City web site with an easy content management system to allow staff to manage and maintain the City’s web site on an active basis with easy interface for new plug-in enhancement and social media linkages.

FISCAL YEAR 2017 – 2018 GOALS:

- Serve at the Project Manager for the development of the City’s new web site.
- Continue implementation of the Civic Web Portal for the City’s commissions and continue to add prior City records to the records management system to facilitate access and retrieval by the public.
- Conduct a review of the City’s records retention policy and program.
- Conduct a Special Election in November 2017 for a revenue measure.
- Assist in a report on the temporary Paley Art Installation to the City Council upon completion.
- Implement new Commissions & Committees recruitment and appointment process.
- Update the reporting requirements for Commissioners per the FPPC’s Statement of Economic Interests.

RECOMMENDED FY 17/18 BUDGET MODIFICATIONS

The City Clerk budget includes a decrease of \$27,445 for FY 17/18. These changes are based on the following key budget modifications.

- Removal of one-time funds of \$10,000 to allow for overlap and training between the prior City Clerk and the new City Clerk.
- Inclusion of PERS unfunded liability in the benefits costs; this had been shown as a transfer in the past and not included within department budgets.
- Minor increase estimated for cost of November 2017 election for a revenue measure to increase the TOT from 12% to 14% to equal all other public agencies in Sonoma and Napa counties. (\$3,000)
- Minor increase in costs for Municipal Code contract.
- Minor increase in advertising for public notices and outreach for commission appointments, etc.
- Minor increase in training/conferences for professional development.

DEPARTMENT / CATEGORY	Budget FY 15/16	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
EXPENSES				
Salary And Wages	\$105,917	\$124,853	\$87,438	(\$37,415)
Employee Benefits	\$35,998	\$30,851	\$27,480	(\$3,371)
Professional Services	\$3,500	\$29,593	\$40,500	\$10,907
Property Services	\$0	\$0	\$0	\$0
Operations	\$6,722	\$12,785	\$9,275	(\$3,510)
Supplies	\$2,000	\$2,000	\$3,000	\$1,000
Capital Assets	\$0	\$0	\$0	\$0
Internal Service & Capita	\$5,961	\$6,785	\$11,729	\$4,944
Total Expense	\$160,098	\$206,867	\$179,422	(\$27,445)



CITY OF SONOMA

City Manager (100-41003)

Cathy Capriola, City Manager

The City Manager budget encompasses two core functional areas of the budget: City Manager and Administrative Services/Human Resources.

The City Manager's office plans and manages the essential functions of government and assures that the goals and objectives established by the City Council are implemented. The role of the City Manager Department is to assist City Council and Departments in defining and achieving their collective goals and to assist citizens, City Council and Departments to proactively avoid crisis situations and use programs to solve problems. The City Manager department staff currently consists of the City Manager and Administrative Services Manager and a part-time Administrative Assistant.

Overall, the City Manager is focusing on these foundational directives.

- Assist the City Council in defining its strategic goals looking forward in order to ensure the City is proactively focusing on critical issues.
- Provide responsive, analytical and concise recommendations upon which the City Council can make informed policy decisions.
- Manage the City's community relations with the goal of ensuring that the City's communication and outreach with the community is effective, authentic, proactive and strategic as possible.
- Manage the City's finances in a professional, transparent and accountable manner.
- Actively oversee the City's public safety services provided through City contracts/partnerships with the Sonoma County Sheriff's Department and the Valley of the Moon Fire District.
- Actively oversee all of the City's departments and operations.
- Proactively build the City's partnerships with non-profits and the Sonoma Valley Unified School District to seek ways to enhance and build quality of life programs and support for the community.
- Interact with local community organizations and groups regarding issues, concerns, and current and future service needs of City residents and businesses.
- Create an environment that promotes innovative and creative methodologies to provide better service and value to residents.

The City Manager is the Chief Executive Officer of the City. The City Manager is appointed by and takes direction from the City Council. She is responsible for the day-to-day efficient performance of all City operations, implementing Council policy, formulating staff recommendations to Council on policy and other matters, and preparing and submitting the annual budget. The City Manager currently provides direct oversight of the Human Resources, Cemetery and City Clerk department personnel. The full human resources function / risk management oversight is also included in the City Manager's budget. More specifically, the City Manager focuses on:

- Community Information, Engagement and Relations: Presentations by the City Manager and information provided through reports and other means in order to keep the community informed of city programs, services and activities and community issues. Oversight of the City's

web site and future communication enhancement including social media and other outreach efforts.

- Interagency Coordination: Coordinate with other local and regional agencies in order to promote and protect the interests of the city and ensure the efficient delivery of services to the community. This includes attending area managers' meetings, managing joint powers authorities (JPA) and multi-agency contract administration.
- Human Resources and Risk Management: The City's human resource and risk management (work place safety, worker's compensation, policies) are also a part of the City Manager's office budget and responsibilities.
- Economic Development & Business Assistance: The City contracts with the Chamber of Commerce to provide business assistance and economic development efforts through the Economic Vitality Partnership. (Funding for this program is in the Non-Departmental Budget.) The Chamber acts as the City's economic development staff and there is regular coordination and work that occurs in this partnership.

FISCAL YEAR 2016 – 2017 ACCOMPLISHMENTS:

- Provided public information and the passage of Measure U to extend the sales tax measure.
- Implemented the Leaf Blower Ordinance and the new Smoking Ordinance.
- Updating the Community Grant Program in a hybrid approach based on Council review.
- Developing 3-year Strategic Priorities for the City Council – focusing on strategic planning by moving from one-year annual goals.
- Hired talented staff to fill key vacancies including Public Works Director/City Engineer position.
- Maintained the Sonoma Valley Economic Vitality Partnership with the Chamber of Commerce.
- Oversee technology enhancements for City Council including new Ipads, new Civic WebPortal, and new city email addresses and systems.
- Brought forward options for changes to Commission appointments, training, terms, and other components.
- Updated and corrected the Gann Limit calculation.
- Supported a Council sub-committee to draft a Resolution of Inclusion in response to community concerns regarding immigration issues.
- Researching a youth leadership model and teen engagement / education programs in partnership with the Sonoma Chamber of Commerce, SVUSD, and key youth focused non-profits in Sonoma.
- Updated the City's Cable Television ordinance and negotiated fair compensation with the Sonoma Valley Community Communications for their video-taping of Council and commission meetings.
- Worked with the County to bring forward update to the Safe Medication Disposal / Sharps upcoming ordinance.
- Supported the City Council Farmer's Market Sub-Committee in the pilot changes to the 2017 Farmer's Market and input to prepare for the 2018 Market season.

FISCAL YEAR 2017 – 2018 GOALS:

- Implement numerous initiatives on the City Council's 3 year Strategic Priority Plan.
- Complete Compensation Study for all Public Employees and negotiate successor Memorandum of Understanding with SEIU 1021 Sonoma Employees Association and Management Employees.
- Develop a multi-year financial plan with projects to ensure that the City is ensuring its short-term and long-term fiscal viability, including the development of a 5-year forecast and 5-year Capital Improvement Budget.

- Develop a strategy for housing opportunities and programs that meet the needs for various member of our community, including affordable, rental, ownership, and workforce housing.
- Update the City’s communication tools including the City’s web site and engagement software.
- Develop and implement new communication and public information programs and initiatives, including e-newsletter.
- Develop a process for community input and conversation regarding impacts and benefits of tourism.
- Research and launch the beginning of the City’s General Plan update initiative.
- Implement Council’s direction regarding changes to Commission appointments, training, terms, and other components.
- Restructure the Finance Department for enhanced clarity and best practices.
- Lead the Farmer’s Market 2018 process to determine whether to conduct an RPF for a provider or to extend the contract with the Valley of the Moon Certified Farmer’s Market.
- Conduct a review of the City’s Special Event Policy.
- Update a number of the City’s human resources policies and procedures to ensure best practice and updated with current legal requirements.

RECOMMENDED FY 17/18 BUDGET MODIFICATIONS

The recommended budget for the City Manager’s budget includes an increase of \$6,407. These changes are based on the following key budget modifications.

- Changes in personnel allocations among General Fund, Water and the Successor Agency.
- Portion of new Assistant City Manager / Administrative Services Director position.
- Inclusion of PERS unfunded liability in the benefits costs; this had been shown as a transfer in the past and not included within department budgets.
- Increase in professional services for labor negotiations outside negotiator (\$15,000), executive training \$5,000 and \$15,000 for professional services as needed through the year.
- Decrease in one-time mid-year adjustments for hiring of outside recruiting firm for City Manager recruitments and Finance Director recruitment (\$50,000).
- Minor increase in training/conferences for professional development and membership.

DEPARTMENT / CATEGORY	Budget FY 15/16	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
EXPENSES				
Salary and Wages	\$113,242	\$113,347	\$143,611	\$30,264
Employee Benefits	\$36,356	\$30,065	\$51,643	\$21,578
Professional Services	\$29,000	\$92,000	\$37,500	(\$54,500)
Property Services	\$0	\$0	\$0	\$0
Operations	\$8,450	\$8,450	\$18,490	\$10,040
Supplies	\$850	\$850	\$850	\$0
Capital Assets	\$0	\$0	\$0	\$0
Internal Service & Capita	\$7,098	\$7,473	\$6,498	(\$975)
Total Expense	\$194,996	\$252,185	\$258,592	\$6,407

CITY OF SONOMA



Legal Services (100-41005) **City Attorney / City Prosecutor** **Youth & Family Services / Code Enforcement**

Jeff Walter, City Attorney, Walter & Pistole
Bob Smith, City Prosecutor

City Attorney/ Jeffery A. Walters, Walters & Pistole

Legal Services are contracted by the City. The City Attorney is appointed by City Council to ensure compliance with laws as well as provide guidance and legal support. When necessary, the City Attorney will advise leadership regarding content of ordinances, resolutions, and contract language as well as providing representation in the event of litigation. Walter & Pistole serves as the City Attorney and serves at the pleasure of the City Council.

City Prosecutor / Sonoma Valley Youth & Family Services / Code Enforcement (SVYFS)

The Office of the City Prosecutor has historically had responsibility for two primary areas; prevention, mitigation and prosecution of crimes not amounting to felonies (18 yrs. of age and older) and Youth and Family Services (minors). In 2016, the City Council expanded the City Prosecutor agreement to include code enforcement services.

CITY PROSECUTOR

FISCAL YEAR 2016 – 2017 ACCOMPLISHMENTS:

The 2016/2017 year has been challenging due to many changes in the processing of criminal complaints on behalf of the City of Sonoma. As of July 1, 2016, the District Attorney's office went online with a new computer system. With this new system, they were unable to accommodate the preparation and link up with the Criminal Court for the City of Sonoma's criminal complaints as they have done for the past 20 years. It was at this time that the City Prosecutor's office took over the preparation and filing of the criminal complaints which it continues to do. Through this process, it was necessary to create charging language and templates to be used for our criminal complaints.

During this same time period, the Sheriff's Department went online with their new system. Again, the City Prosecutor's office had to adjust to new changes in the receipt of the police reports and record keeping of reports from the Sheriff's department. Working with multiple departments, the City Prosecutor's Office has adjusted to current changes and is running smoothly. In addition to the above, the passage of Proposition 47 downgraded many drug and theft crimes from felonies to misdemeanors. The City Prosecutor has responded accordingly.

Along with the preparation of the all the complaints and handling of the actual court cases through resolution, the City Prosecutor's Office has first-hand involvement with the deputies. The City Prosecutor's Office is available to discuss ongoing cases, assist in obtaining warrants, and discuss ideas

regarding chronic problems with the policing of the City of Sonoma. All of this has required cooperation of multiple departments to keep the City Prosecutor's office running smoothly.

Additionally, working cooperatively, the City Prosecutor's office has resolved numerous matters that do not rise to the level of filing criminal complaints. In particular, chronic neighborhood disputes between parties. We have had several matters this past year that have either been resolved through cite hearings, assistance with obtaining restraining orders, setting up camera surveillance, and meeting with individuals at their homes to assess the problem.

Through Q3 of FY 2016/2017 the City Prosecutor's Office made 470 court appearances on approximately 200 cases with a successful outcome of more than 95%.

FISCAL YEAR 2017 – 2018 GOALS:

- In the next few months, the Criminal Courts will be going online with their new computer system. This is going to be challenging for all due to the need to coordinate the Court's new system with the new systems of the District Attorney's office, the Public Defender's Office, and the Sheriff's Department. We have had multiple meetings and have been working with the technical staff of the court system to have access to the new system when it becomes available. The Court is hoping for this to occur by the end of 2017.
- Additionally, we look to expanding our visibility in the community to provide more opportunity for citizen dispute resolution as well as early intervention on behaviors not likely to result in a conviction but possibly leading to such.

YOUTH AND FAMILY SERVICES (Y&FS)

FISCAL YEAR 2016 – 2017 ACCOMPLISHMENTS:

This year YFS made a major paradigm shift from a punitive based diversion program to skill development based program. Community Service is a large part of the diversion contract. A large aspect of almost every juvenile's contract is community service hours. Previously, participants were given 20 to 60 hours of juvenile service. Community Service providers available in Sonoma Valley provided supervision of chore related activities, e.g., sweeping, cleaning etc.

Since the start of the fiscal year, the community service component of the program has shifted to a more restorative justice approach, i.e., service to make the community whole for the impact of the juvenile wrong doer rather than simply punishing them. Under FYS present direction the framework for all discussions and participation in the diversion program centers on a restorative justice philosophy – accountability, understanding and amends.

No diversion contract has less than 60 hours of community service. The nature of the service is determined by looking at the juvenile's grades, attendance and prior school discipline history and if appropriate discussion with relevant teachers or administrators. Diversion contracts typically contain grade improvement, supervised homework as well as participation in an Outward Bound based training program (ropes course) to focus on self-esteem building, inclusion, team work and trust. We also have provided tutoring, albeit, only as resources allow. This shifting program has helped a number of students change their behavior and life style.

Other accomplishments this year included bring on board as a member of our team an individual who has a PhD in Clinical Psychology and is trained in restorative justice conferencing. Other Y&FS staff have completed the restorative conferencing training and it is now an element in some degree today in all juvenile contracts.

This year, Y&FS established a partnership with Challenge Sonoma Adventure Ropes Course (CSARC) under which all Y&FS participants as well as their participating parent are not charged (\$75 for all others). CSARC also accepts Y&FS participants for its 40 training programs which includes technical skill building such as rappelling, belaying and safety practices. In addition, the training includes soft skill development on group facilitation and being able to recognize issues in a group or individual relating to exclusion, disability, trust gender, age and race bias.

This fiscal year, Y&FS has entered into diversion contracts with 61 juvenile offenders and has closed 11 cases successfully and one case unsuccessfully.

FISCAL YEAR 2017 – 2018 GOALS:

- Grow the scope of services available to juvenile wrong doers (or potential wrong doers) without adding additional cost to the City or Sherriff’s Department.
- Work with CSARC to develop a specific three-day program conducted once a quarter designed to address the issues of the Y&FS population, e.g., trust, self-esteem, community and choice.
- Work to expand the program to support and provide training to parents of the Y&FS youth. recognizes both experientially and with common knowledge that a component of a juvenile’s chance
- This year YFS goal is to work with the schools and the Police to incorporate Parent Project training for staff. This will allow YFS working in conjunction with the schools and Police to make available both formal classes as well as ad hoc resource for parents struggling with at risk children.
- Another Y&FS goal is to increase the number of volunteer tutors available.

CODE ENFORCEMENT

FISCAL YEAR 2016 – 2017 ACCOMPLISHMENTS:

Code Enforcement in its first year of operation (5/1/16 – 5/31/17) established a direct phone, web based and walk-in access for the public and City Staff for issues and information regarding codes and infractions, handling complaints and requests for services, as well as providing research and analysis of germane issues.

Code Enforcement also provided strategic and tactical support for the roll-out and implementation of the Leaf Blower and Smoking Ordinances. In its first year of operation, Code Enforcement had the following impact:

<p><u>Overall</u></p> <ul style="list-style-type: none"> ▪ 1,134 cases opened ▪ 498 cases closed ▪ 12 Administrative Violation Hearings ▪ 2 Appeals ▪ 87 hours of additional training ▪ 1 search warrant obtained 	<p><u>Distribution of Cases</u></p> <ul style="list-style-type: none"> ▪ 773 business license related matters ▪ 118 tour bus related matters ▪ 67 leaf blower related issues ▪ 35 building code violations ▪ 22 trash complaints ▪ 17 vacation rentals ▪ 17 inoperative vehicles ▪ 13 Water Department ▪ 8 noise complaints ▪ 4 dog complaints ▪ 90 Miscellaneous matters
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FISCAL YEAR 2017 – 2018 GOALS:

- Review options for an Administrative Citation program.
- Continue to update and enhance the Youth and Family Services Program.
- Provide an annual report to the City Council on all programs.

RECOMMENDED FY 17/18 BUDGET MODIFICATIONS

The recommended budget for Legal Services includes an increase of \$62,397.

- Increase in general legal costs due to an increasing amount of legal time focused on development projects, other City related business, and overall more accurate budget projections. Also includes legal costs for human resource related project based on updating of human resources policies and regulations added for 2017/18.
- Slight increase of \$3,957 for code enforcement services for hearing officers, etc.
- No changes to the budget for the contracts for the City Prosecutor’s Office, Youth & Family Services or Code Enforcement.

DEPARTMENT / CATEGORY	Budget FY 15/16	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
EXPENSES				
Salary And Wages	\$0	\$0	\$0	\$0
Employee Benefits	\$0	\$0	\$0	\$0
Professional Services	\$303,000	\$344,440	\$405,880	\$61,440
Operations	\$0	\$0	\$0	\$0
Supplies	\$0	\$0	\$0	\$0
Capital Assets	\$0	\$0	\$0	\$0
Internal Service & Capita	\$0	\$1,595	\$2,552	\$957
Total Expense	\$303,000	\$346,035	\$408,432	\$62,397



CITY OF SONOMA

Finance (100-41004)

Sue Casey, Interim Finance Director

The mission, vision and values of the Finance Division are to manage and safeguard City resources responsibly for the community. This is accomplished through the functional areas of accounting, billing, and budgeting. Responsibilities of the finance department include water billing, accounts payable, payroll, accounts receivable, audit, cash management, forecasting, and planning.

In Fiscal Year 16/17, the Finance Department was staffed with 3.2 Full-Time Equivalent employees including the Finance Director, two Accounting Technicians and an Administrative Clerk. Finance Department employee costs are allocated between the Finance Department, the Successor Agency, and the Water Utility. The Administrative Clerk is shared with the Police Department.

For the FY 17/18, the City Manager is recommending a reorganization of the Finance Division to include an Accounting Manager and two Accounting Technicians to be managed by an Assistant City Manager/Administrative Services Director. The Finance Department would become a Finance Division within the Administrative Services Department. The Assistant City Manager/Administrative Services Director will oversee the human resources and risk management divisions as well.

The Finance Division provides management review, ongoing monitoring and comprehensive planning that will better enable City executive staff and City Council to make informed financial decisions. The Finance Division also provides accounting, treasury and financial management for the Valley of the Moon Fire Protection District as well. Ultimately, the Finance Division will provide and support more comprehensive planning and forecasting activities as the City addresses needs for new revenue sources and funding options.

Through the past few years, the Finance Department has struggled to manage all of the accounting management duties as well as the higher level finance focus. The staffing configuration for the Finance Department has not been adequate to meet the needs of the City.

Another area of need and focus this coming year is to fully configure the City's financial software system. The City moved from an antiquated financial system in approximately 2010 to Springbrook, a new cloud-based financial management software system. Unfortunately, the Finance Manager that launched the new financial system left the City when the installation was only 50% completed. The City then had a vacancy with no permanent Finance Director for almost a year. During a review of the last few months, it has become evident that the Springbrook financial system was not fully implemented and requires one-time investment in order to fully utilize this program. The City Manager is recommending a use of up to \$40,000 in order to complete this software implementation effort. Staff has contacted the vendor and is also pushing them for assistance.

Typically, when a City attempts a financial software conversion, there is the need to bring in additional staffing for a period of time in order to successfully implement and complete an installation. Since this did not occur at the beginning, it is important for the City to make this investment at this time.

FISCAL YEAR 2016 – 2017 ACCOMPLISHMENTS:

- Led fee schedule update for 2017 and budget process for 2017 – 2018. Maintained ongoing changes to rate schedules.
- Collaborated with City Prosecutor and Code Enforcement Officer to improve collection of business licenses taxes.

FISCAL YEAR 2017 – 2018 GOALS:

- Update the City’s Reserve Fund Policy and other fund policies.
- Develop a 5-year Forecast to allow the City Council to be strategic in financial planning.
- Develop a 5-year Capital Improvement Program for strategic investment in the City’s infrastructure.
- Work with Public Works and complete a Water Rate Study and Cost Allocation Plan.
- Initiate the development of a plan for resolution of deficit in the Cemetery Fund.
- Prepare the City 16/17 Annual Consolidated Financial Report (CAFR). This report is an extension of the Annual Financial Audit providing more statistical information about the City and its finances.
- Prepare the City’s 18/19 Budget and submit it for state and national budget awards (California Society of Municipal Finance Officers and the Government Finance Officers Association).
- Continue cross training and identifying other opportunities for Finance staff to add value to City staff, residents, and customers. Identify areas where use of technology can create operating efficiencies for the department and the City allowing staff to provide higher value activities.

RECOMMENDED FY 17/18 BUDGET MODIFICATIONS

The recommended budget for the Finance Division includes an increase of \$120,012.

DEPARTMENT / CATEGORY	Budget FY 15/16	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
EXPENSES				
Salary And Wages	\$122,104	\$68,883	\$193,399	\$124,516
Employee Benefits	\$46,046	\$30,805	\$63,444	\$32,639
Professional Services	\$23,500	\$151,315	\$72,900	(\$78,415)
Property Services	\$2,600	\$2,600	\$2,600	\$0
Operations	\$11,000	\$14,000	\$13,675	(\$325)
Supplies	\$2,750	\$2,500	\$2,500	\$0
Capital Assets	\$0	\$0	\$0	\$0
Internal Service & Capita	\$14,437	\$19,042	\$60,639	\$41,597
Total Expense	\$222,437	\$289,145	\$409,157	\$120,012

BUDGET DETAIL

PUBLIC SAFETY

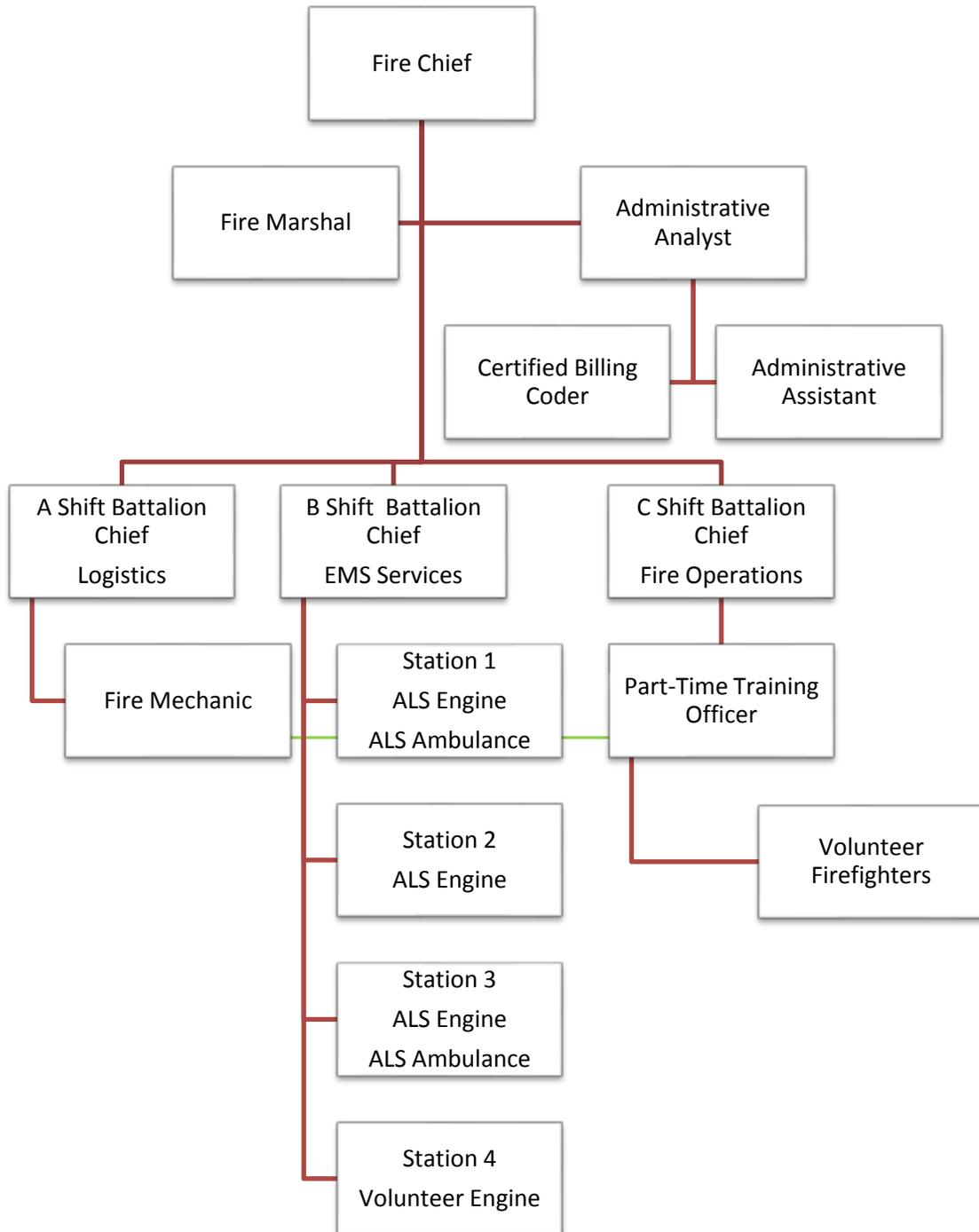
FIRE

POLICE

COPS Grant Funding

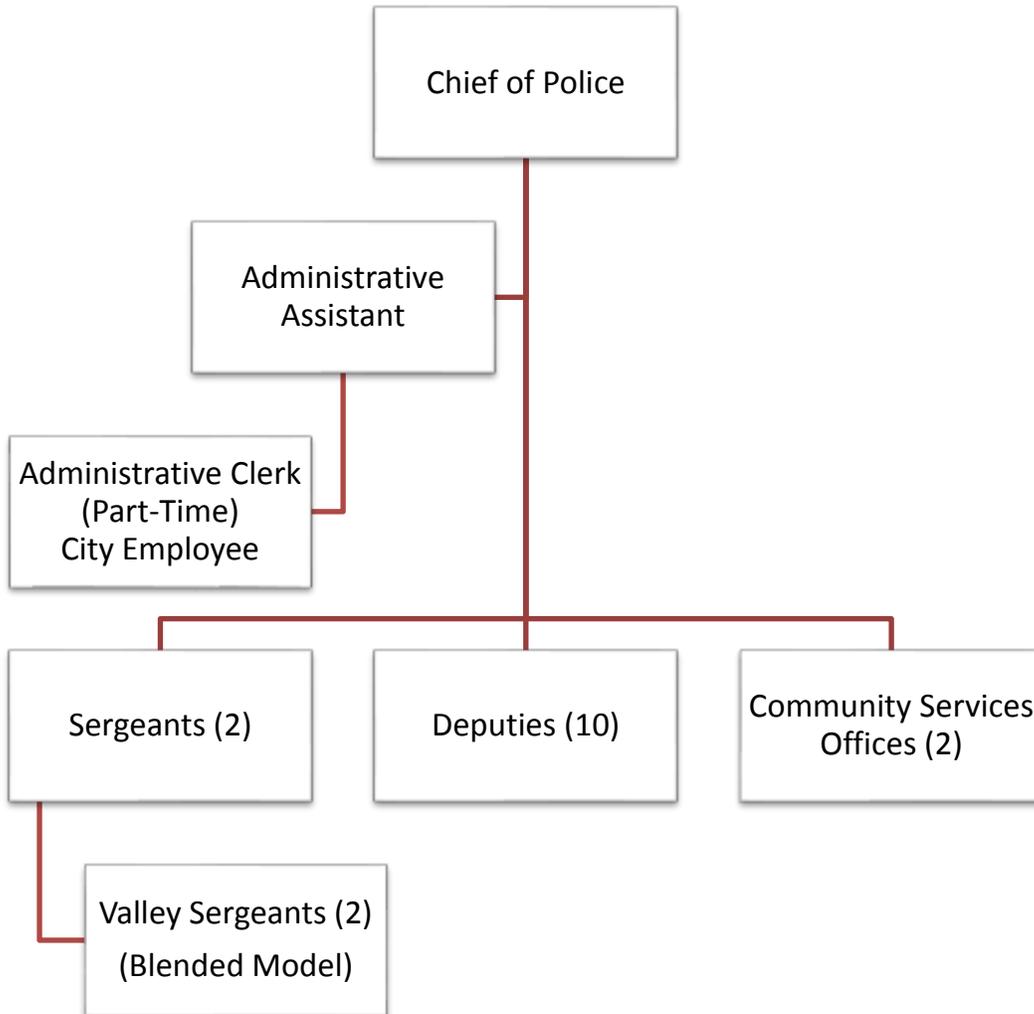
Sonoma Valley Fire & Rescue Authority -- Organization Chart

(This is the organization chart of the Valley of the Moon Fire District which joins the City in a partnership to provide services within the City limits and the greater boundaries of the district.)



Police Department -- Organization Chart

(The City contracts with the Sonoma County Sheriff's Office to provide law enforcement services in Sonoma.)





CITY OF SONOMA

Fire Department (100-42201)

Stephen Akre, Fire Chief

The mission of the Fire Department is to protect the quality of life for present and future generations through interaction with our community, compassionate service, and an atmosphere that encourages innovation, professionalism, and diversity. The City's Fire Department is operated through a long-term successful collaborative partnership with the Valley of the Moon Fire Protection District.

From 2001 through 2011, the Sonoma Valley Fire and Rescue Authority (SVFRA) operated under a joint-powers agreement (JPA) between the City of Sonoma and the Valley of the Moon Fire Protection District for joint purchasing, training, and staffing. Through collaborative discussions between the two agencies, it was determined that the most strategic and cost-effective model for sustainability of all-risk fire services was for the City of Sonoma to contract with the Valley of the Moon Fire Protection District. On December 19, 2011, the City Council approved a Contract for Services with the Valley of the Moon Fire District for five years with an initial term that ended on February 1, 2017.

Both agencies believed that the last five years had been a large success under the contract model and wished to renew the contract. Representatives from both agencies met to review and update the contract by removing the initial "start-up" activities and clarifying processes after years of active work processes. In January 2017, the City Council and the Valley of the Moon Fire Protection District approved a contract term for an additional five years.

Under the terms of the Sonoma Valley Fire and Rescue Authority (SVFRA), the expenditures of the Authority are split between the City (57%) and the Valley of the Moon Fire Protection District (43%). The City receives 100% of the Emergency Medical Services revenues. Each agency retains financial responsibility for its own buildings and vehicles. All City fire employees were transitioned to the Valley of the Moon Fire Protection District in 2012. The City is still required to pay the unfunded liability for the prior employees' PERS costs. For the purposes of this budget, the revenues and expenditures are the City's costs of the shared Authority.

In the Authority, the Fire Department consists of 39 full-time staff, 1 part-time staff member, and a cadre of 41 dedicated volunteer firefighters who supplement daily staffing. The daily staffing consists of 14 personnel who staff 3 engine companies, 2 ambulances, and a command vehicle out of three strategically-located fire stations. The Valley of the Moon Fire District is entering into a separate 5-year contract for services with the Glen Ellen Fire District. This contract will result in improved services to the Glen Ellen Community and add much needed capacity to the SVFRA's response system. The contract will go into effect in July and will provide an ALS engine company staffed with 2 career personnel.

The Fire Department provides advanced life support (ALS) medical services through the use of dual-role employees, who are also trained as paramedics and emergency medical technicians. All staffed engines and ambulances are ALS equipped and staffed with at least one paramedic.

The Fire Prevention division is responsible for managing the Life-Safety Inspection Program, conducting plan reviews of residential and commercial occupancies, and providing fire investigation services to determine cause and origin.

The Fire Department also provides ambulance billing services. Billing is efficiently handled using advanced software that integrates with the Fire Department's records management system. The billing office continues its expanded focus on increasing collection of delinquent revenues, increasing Ambulance Membership Program memberships, and staying current with and applying industry best practices.

FISCAL YEAR 2016 – 2017 ACCOMPLISHMENTS:

- Earned the highest classification rating from the ISO (Insurance Services Office) of a Class 1 Fire Department for the City of Sonoma. This rating is attained by only 2% of California fire departments and only 0.3% of fire departments nationwide.
- Entered into a Contract for Services Agreement with the Glen Ellen Fire Protection District to provide Fire Protection and EMS services. This will add a fourth staffed Engine Company to the department's daily staffing.
- Completed the recruitment, hiring, and transition of a new Fire Chief.
- Continued the reorganization of the number of allocated positions in the Firefighter and Fire Engineer classifications resulting in the ability to fund the Training Officer position on a part-time basis at no additional cost.
- Revised and implemented a new Fee Schedule.
- Participated in the Ground Emergency Medical Transport (GEMT) reimbursement program for FY 16-17, from which we received \$32,253 in reimbursement to date.
- Participated in the Inter-Governmental Transfer (IGT) reimbursement program for FY16-17, from which we received \$148,865 in reimbursement.
- Billing office is projected to exceed revenue projections by 5%. This is due to increased call volume, the revised fee schedule, and refinement of internal processes.
- Continued to actively advertise the Ambulance Membership Program (AMP) in English and Spanish.
- Participated in the "Save Lives Sonoma" program that instructs 7th grade students in hands-only CPR.
- Applied for and was awarded \$20,000 from the SAFER Program to reimburse for hiring expenses and turnouts for 8 new volunteers.

FISCAL YEAR 2017 – 2018 GOALS:

- Take delivery of and place into service a new Ambulance.
- Place into service the Live Fire Training Burn Trailer.
- Seek and solicit additional grant funding opportunities when appropriate.
- Pursue additional ambulance revenue opportunities.
- Increase subscriptions in the Ambulance Membership Program (AMP).
- Participate in both the GEMT and IGT reimbursement programs.
- Explore grants and collaborations for Local Hazards Mitigation Plan and return to City Council with budget and strategy for this emergency preparation plan.
- Initiate planning and staffing options for sustainable emergency planning efforts.
- Produce and publish an Annual Report.
- Continue to support our community outreach effort by being more participative and visible.

RECOMMENDED FY 17/18 BUDGET MODIFICATIONS

The Fire Department budget for FY 17-18 will increase by \$478,076 from the previous year, however this increase is misleading. A large proportion of the cost increase is due to a change in accounting practices by placing the PERS unfunded liability for past City Fire Department employees within the department budget instead of as a transfer. Specifically, these changes are based on the following key budget modifications:

- Inclusion of PERS unfunded liability of \$269,970; this had been shown as a transfer in the past and not included within the Fire Department budget. This is for the pension of prior City police employees.
- The contract with the Valley of the Moon Fire District will increase by \$166,064 (3%) due to a new two year employment contract with a 2.5% cost of living increase per year balanced with a shift of 1.5% of SCERA retirement costs per year from the District to the employee. In addition, there is a 20% increase in worker's compensation costs.

DEPARTMENT / CATEGORY	Budget FY 15/16	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
EXPENSES				
Salary And Wages	\$0	\$0	\$0	\$0
PERS Unfunded Liability	\$0	\$0	\$269,970	\$269,970
Professional Services	\$4,838,634	\$5,004,831	\$5,170,895	\$166,064
Property Services	\$0	\$0	\$0	\$0
Operations	\$0	\$0	\$15,000	\$15,000
Supplies	\$20,575	\$54,000	\$0	(\$54,000)
Capital Assets	\$52,832	\$0	\$0	\$0
Internal Service & Capita	\$208,085	\$193,110	\$274,152	\$81,042
Transfers	(\$45,000)	\$0	\$0	\$0
Total Expense	\$5,075,126	\$5,251,941	\$5,730,017	\$478,076



CITY OF SONOMA

Police Department (100-42101)

Bret Sackett, Police Chief

The Police Department is responsible for the protection of life and property, maintenance of order, control and prevention of crime and the enforcement of motor vehicle laws and regulations. We play an important role in helping to maintain and improve the quality of life in Sonoma.

Since 2004, the City has contracted with the Sonoma County Sheriff's Office for law enforcement services. The contract is due to expire in June 2019. Per the agreement, the Chief provides the city with a "Service Plan" each year, which outlines the level of service to be provided including, but not limited to, the staffing plan, position descriptions, and training and equipment needed to perform services.

The Police Department has a staff of 16.5 employees, which consists of a Police Chief, 2 Police Sergeants, 10 Deputy Sheriffs, 2 Community Service Officers, 1 Administrative Assistant and a part-time Administrative Clerk (60%). The Police Department also utilizes a cadre of dedicated volunteers through the Sheriff's Volunteer in Policing Services (VIPS) program. Under the law enforcement contract, many professional administrative and managerial functions, such as dispatch, investigations, fiscal and records management, and property/evidence are handled by subject matter experts located at the Sheriff's main office in Santa Rosa.

FISCAL YEAR 2016 – 2017 ACCOMPLISHMENTS:

- Managed the Law Enforcement Services contract with the County to ensure the delivery of high quality public service and fiscal accountability.
- Successfully recruited, selected, and trained a new School Resource Officer.
- Completed the purchase and initial set-up of new laptops for the EOC.
- Continued the "Coffee with a Cop" program as community outreach.
- Purchased a new BMW police motorcycle to replace one that reached its useful life.
- Provide the "Every 15 Minutes" program to the junior and senior class at Sonoma Valley High School.
- Actively participating in community education and outreach efforts related to immigration reform and enforcement concerns.
- Working with the Visitor's Bureau and Public Works, the City developed a Passenger Bus Loading/Unloading zone in The Plaza. Active enforcement and education continue.
- Continual support of numerous community events and activities including 4th of July, Farmer's Market, etc.
- Ensured proper staffing and response to numerous public marches and demonstrations that occurred in 2017 to ensure safety of the public and demonstrators.

FISCAL YEAR 2017 – 2018 GOALS:

- Manage the Law Enforcement Services contract with the County to ensure a high quality of public service and fiscal accountability.
- Research additional grant opportunities consistent with our mission.
- Explore new technology for enhanced safety and enforcement including automatic license readers and cameras.
- Study feasibility to handle parking citation review in-house rather than contract with Sonoma County.
- Study feasibility to bring vehicle purchase, set-up, and maintenance in-house rather than contract with the Sonoma County fleet.
- Continue strong community outreach through our “Coffee with a Cop” program, Responsible Beverage Service training, and presence at many of our local events.
- Hold the first annual Sonoma Valley Law Enforcement Citizen’s Law Enforcement Academy.
- Recruit, select, and train new Volunteers in Policing Service (VIPs) and Explorer Scouts.

HISTORY OF SHERIFF’S CONTRACT

In 2004, the City entered into a 5 year contract with the Sheriff’s Office for law enforcement services. In 2009, the City renewed the contract for a period of 10 years, ending in June 2019. The below chart outlines the total contract cost for each year of the current agreement, followed by the cost increase and percentage increase from the previous fiscal year. Also included is the Administrative Overhead percentage as a reference which is paid on salaries and benefits only.

During the economic downturn, the Deputy Sheriff’s Association agreed to several concessions to help balance the budget, including 40 hours of mandatory time off, as well as termination of vacation/comp time/sick leave buy-out, to name a few. During those years, the City benefited from these concessions without having to negotiate with the labor unions.

During the course of the contract period, the total cost of the contract has increase \$839,625. This represents a 22% increase over the 9 year period of time, or less than 2.5% per year on average.

Fiscal Year	Total Contract Cost	Cost Increase	Percent Increase	Overhead Percent	Comment
17-18	4,614,701	336,770	7.8	26.40	3% salary increase; insurance; WC; admin
16-17	4,277,431	149,456	3.6	24.78	3% salary increase; health care
15-16	4,127,975	134,430	3.4	22.76	SRO contribution started
14-15	3,993,545	41,311	1.0	22.15	
13-14	3,952,234	22,150	.6	22.94	
12-13	3,930,084	168,114	4.5	23.43	Add K-9 program
11-12	3,761,970	63,499	1.7	22.94	MTO; other employee concessions
10-11	3,698,471	-76,105	-2.0	23.97	MTO; other employee concessions
09-10	3,774,576	-	-	25.05	Start of new 10 year contract

RECOMMENDED FY 17/18 BUDGET MODIFICATIONS

The Police Department budget for FY 17-18 will increase by \$505,475 from the previous year, however this increase is misleading. A large proportion of the cost increase is due to a change in accounting practices by placing the PERS unfunded liability for past City Police Department employees within the department budget instead of as a transfer.

- Inclusion of PERS unfunded liability of \$152,859; this had been shown as a transfer in the past and not included within the Police Department budget. This is for the pension of prior City police employees.
- Increase in Sheriff's Contract of \$336,770
 - Increase in Salaries and Benefits of \$223,907 (6.5%), which includes 3% COLA approved by Board of Supervisors.
 - Increase in Administrative Overhead of \$108,773 (13.5%)
 - Increased cost of disability insurance, retirement contributions, and healthcare.
- Increase in Fleet contract of \$28,820 (26%) primarily due to increase maintenance cost.

DEPARTMENT / CATEGORY	Budget FY 15/16	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
EXPENSES				
Salary And Wages	\$24,674	\$29,884	\$33,380	\$3,496
Employee Benefits	\$5,436	\$17,621	\$17,576	(\$45)
PERS Unfunded Liability	\$0	\$0	\$152,904	\$152,904
Professional Services	\$4,128,475	\$4,277,931	\$4,614,701	\$336,770
Property Services	\$262,024	\$293,984	\$338,312	\$44,328
Operations	\$35,755	\$35,755	\$34,755	(\$1,000)
Supplies	\$58,250	\$51,250	\$51,250	\$0
Capital Assets	\$19,000	\$0	\$0	\$0
Internal Service & Capita	\$27,798	\$63,129	\$32,151	(\$30,978)
Transfers	(\$14,500)	\$0	\$0	\$0
Total Expense	4,546,912	\$4,769,554	\$5,275,029	\$505,475



CITY OF SONOMA

COPS Grant Funding (217-00000)

Interim Finance Director, Sue Casey

The State of California has provided supplemental funding to local law enforcement agencies through continuation of funding for the Citizen’s Option for Public Safety (COPS) grant program through the Supplemental Law Enforcement Services Account. These funds are distributed by the State to the County which passes through the funding to local agencies proportionally based on population, to be allocated at a minimum of \$100,000.

These funds have traditionally been used to support the costs of the Community Service Officer staff in the Police Department.

RECOMMENDED FY 17/18 BUDGET MODIFICATIONS

DEPARTMENT / CATEGORY	Budget FY 15/16	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
REVENUE				
Grant Funds	0	0	100,000	100,000
Total Revenue	0	0	100,000	100,000
EXPENSES				
Transfers Out	0	0	100,000	100,000
Total Expense	0	0	100,000	100,000
Net Revenue vs. Expenditure	0	0	0	0
Carryover/Use of or (Transfer to) Fund Balance	0	0	0	0

BUDGET DETAIL

COMMUNITY DEVELOPMENT

PLANNING & COMMUNITY SERVICES
BUILDING & DEVELOPMENT SERVICES

Community Development -- Organization Chart

**Building and Development Services Department
Planning and Community Services Department**





CITY OF SONOMA

Planning & Community Services Department ***(100-43030)***

David Goodison, Director of Planning and Community Services

The Planning Department consists of the Planning Director, a Senior Planner, an Associate Planner, an Administrative Assistant, and a part-time Receptionist (shared with the Building Department). In terms of ongoing activities, the responsibilities of the Planning Department are as follows:

Council/Commission Staffing: In addition to supporting the City Council with respect to planning and related matters, the Planning Department provides staff support to the following commissions and committees: the Planning Commission, the Design Review and Historic Preservation Commission, the Community Services and Environment Commission, the Sonoma Valley Citizens Advisory Commission, the Tree Committee, the Environmental Review Committee, and the Project Advisory Committee.

Current Planning: The Planning Department is responsible for processing applications for planning permits, such as use permits and tentative maps, through the Planning Commission, the Design Review Commission, and, if necessary, the City Council. This activity includes a range of projects, from home occupations to major subdivisions and large-scale commercial development.

Building Permit Plan Check: Review of Building Permits, including those not subject to other forms of planning review (e.g., use permit review or design review) to assure compliance with applicable regulations.

Site Inspections: Site inspections are conducted to assure that conditions of approval have been adhered to in new development.

Enforcement: Sign and other code enforcement activities are primarily performed by the Associate Planner, in conjunction with the City Prosecutor/Code Enforcement unit.

Affordable Housing Management: The City is responsible for managing affordable housing agreements for approximately 120 units. Work in this area includes annually reviewing rent levels, screening prospective tenants and homebuyers, and setting prices for the sale and resale of affordable ownership units. These tasks are primarily accomplished by the Administrative Assistant, working with the Senior Planner.

Maintenance of GIS. The City's Geographic Information System now includes the following layers: streets, parcels, city limits, sphere of influence, flood areas, historic sites, and air photographs. The parcel layer is tied to a database that tracks property ownership, units, and land use, among other items. To maintain the utility and validity of the system, it is important to keep the information on these layers up-to-date.

Bike Plan Implementation: Researching and preparing grant applications, attending meetings including Sonoma County Transportation Authority Bike Committee, implementing programs and projects called for in the Bicycle and Pedestrian Master Plan.

FISCAL YEAR 2016 – 2017 ACCOMPLISHMENTS:

- Update and completion of the Circulation Element.
- Completion and approval of Design guidelines for the Downtown District.
- Significant progress on an affordable housing impact fee study has been completed and consideration of its recommendations is underway. This study addresses both residential and commercial development and provides the City Council with options, guidance, and a legal basis for imposing housing impact fees, if it so chooses.
- Development of a draft Downtown Parking Study has been prepared and is undergoing internal review with public review and discussion in FY 17/18.
- Negotiations with State Parks to re-establish a long-term lease on the Casa Grande parking lot are underway.
- Working with the Regional Climate Protection Authority, local greenhouse gas reduction measures for Sonoma were developed and have been adopted by the City Council. A Management Intern has been hired part-time from Sonoma State University to assist in implementing the measures.
- Commission training opportunities were increased. Specifically, to assist in its historic preservation efforts, the City joined the California Preservation Foundation (CPF), which greatly expanded training opportunities for staff and for the Design Review and Historic Preservation Commission (DRHPC). Members of the DRHPC and staff have attended the annual CPF conference and attended individual training sessions on preservation issues.
- Processing numerous development projects of various scope and locations.

FISCAL YEAR 2017 – 2018 GOALS

- Initiate Comprehensive General Plan Update -- \$155,000 from Reserves
Because the City's 2020 General Plan is nearing the end of its term, as is the voter-adopted Urban Growth Boundary embedded in the plan, it is necessary to implement a comprehensive General Plan update. The update of the General Plan will be a multi-year project with an estimated total cost of between \$400,000-550,000, including the preparation of an environmental impact report. In this first year, the update date process will be designed, a consultant team will be selected, data gathering will begin, and a community survey will be undertaken. Staff does not expect that the full \$155,000 requested for this year's budget will be spent, but given the total estimated cost of the project, this amount is proposed as down-payment, with the unexpended funds carried over. *This funding will be programmed from General Fund Reserves.*
- Housing Impact Fee Study -- \$25,000 Carry-over from 2016/17 budget
The completion of the Affordable Housing Impact Fee study will fulfill a key implementation measure of the newly adopted Housing Element. This study addresses both residential and commercial development and would provide the City Council with options, guidance, and a legal basis for imposing housing impact fees, if it so chooses. The study also addresses options for updating the City's Inclusionary Affordable Housing Program. *This funding is coming from General Fund Reserves Carryover since the project was fully funded in FY 16/17 but not completed.*

- Management of Affordable Housing Agreements -- \$0; Explore Options
 Because it is a highly specialized function involving real estate transactions and complex legal agreements, outsourcing the management of affordable housing contracts associated with inclusionary affordable units to a professional entity has been recommended since 2004. As the number and complexity of affordable housing agreements has increased over the years, it has become increasingly difficult for planning staff to administer them. In FY 17/18, Planning staff will investigate options and costs to potentially outsource this service to better serve prospective renters and buyers of affordable units and better protect our growing stock of inclusionary affordable units.
- Expanded Commission Training -- \$8,000 increase
 This fund supports training opportunities for the Planning Commission and the Design Review and Historic Preservation Commission, as well as staff. The increase proposed in comparison to last year's budget is \$8,000.
- GIS Improvements -- No change; \$5,000 annual investment
 Update of the GIS database infrastructure and management workflow, including software, set-up, and staff training. No budget change – continual annual investment.
- Mobile Home Park Senior Overlay Zone
 As called for in the Housing Element, evaluate regulatory mechanisms, such as a senior-only zoning overlay, to accommodate mobile home parks wishing to maintain senior-only occupancy restrictions. This task will not require additional budget resources.
- Development Code Updates
 Although the Development Code has been modified numerous times since its adoption in 2003, the last comprehensive review of the Code occurred in 2005. This task involves working with the Planning Commission to identify areas where the Code should be streamlined and updated. This task will not require additional budget resources.
- Railroad Historic District -- \$7,500 budgeted; apply for matching grant
 A historic resources evaluation of the Maysonave Cottage suggested the possibility of creating a local historic district based on associations with the train depot and the railroad tracks in the area of First Street West and First Street East. The DRHPC has identified this task as a priority and would like to pursue it this budget year. The City has also received requests to fund this project from the Sonoma Valley Historical Society and the Sonoma League for Historic Preservation. The estimated cost of evaluating and forming such a district is \$15,000. Because half of this cost could potentially be funded through a grant from the State Office of Historic Preservation, an allocation of \$7,500 is included, with the project to be implemented toward the end of the fiscal year. (The grant opportunity is awarded in May/June of each year.)
- Transition Planning Commission to I-Compass
 \$12,000 has been allocated to bring the Planning Commission into the I-Compass program.

RECOMMENDED FY 17/18 BUDGET MODIFICATIONS

The recommended budget for the Planning Department shows a decrease of \$15,396 compared to the previous year. Areas of increase are summarized as follows:

- Salary and Wages are increased by the addition of an intern to assist with Climate Action programs (\$7,000), with the remainder Increase in employee pay for annual merit increases.
- Inclusion of PERS unfunded liability is in the benefits costs; this had been shown as a transfer in the past and not included within department budgets.
- The Operations increase reflects additional funding for commission training and memberships; including augmentation of additional \$5,000.
- The increase in the Supply expense will allow the purchase of iPads to enable the Planning Commission to be brought into the I-Compass program.
- Addition of \$7,500 for partial funding of Historic Train District to leverage grant opportunities.

DEPARTMENT / CATEGORY	Budget FY 15/16	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
EXPENSES				
Salary and Wages	\$376,002	\$388,322	\$411,274	\$22,952
Employee Benefits	\$128,768	\$119,233	\$152,681	\$33,448
Professional Services	\$151,500	\$140,600	\$60,235	(\$80,365)
Property Services	\$8,000	\$22,000	\$0	(\$22,000)
Operations	\$15,250	\$15,250	\$34,250	\$19,000
Supplies	\$5,250	\$5,250	\$17,250	\$12,000
Internal Service & Capital Transfers	\$28,655	\$29,431	\$29,000	(\$431)
	\$713,425	\$720,086	\$704,690	(\$15,396)



CITY OF SONOMA

Building Department (100-43040)

Wayne Wirick, Development Services Director / Building Official

Through the issuance of building permits, the Building Department promotes the health, safety, welfare and sustainability of the built environment and the public by ensuring that structures and their components are accessible, energy efficient, “green” and safe for use and occupancy. The Building Department strives to provide professional and proficient plan review and inspection services to the public in a courteous and timely fashion.

In FY 2017/18 the Building Department will continue to be staffed with 3.45 Full-Time Equivalent employees including the Building Official, Plans Examiner, Building Inspector and a shared Administrative Assistant.

The vast majority of regulations enforced by the Building Department are mandated by State law or are otherwise adopted by local ordinances. Every year, new regulations increase the demands placed on Building Department staff resulting in slippage in the Building Department’s ability to provide fast, effective and high quality services. The FY 2017/18 Building Department budget reflects the maintenance of current Building Department service levels.

The Development Services Director also oversees the City’s information technology contracts and the City’s long term building maintenance fund and city facility improvements in coordination with Public Works.

FISCAL YEAR 2016 – 2017 ACCOMPLISHMENTS:

- Continued to maintain Building Department service levels without increasing staffing levels.
- Amended and prepared the 2016 CA Building Standards Code for City Council adoption.
- Reviewed, revised and updated more than 60 Building Department forms and informational handouts to coordinate with the newly adopted 2016 CA Building Standards Code and the new fee schedule adopted by the City Council.
- Assisted with the development of new procedures related to the processing code enforcement cases.

FISCAL YEAR 2017 – 2018 GOALS:

- Develop and implement an ordinance and process for expediting the permitting process for Electric Vehicle Charging Stations as required by State law.
- Maintain our excellent customer service levels.
- Train and achieve ICC Electrical Inspector certification for the Building Inspector.
- Train and achieve Certified Access Specialist certification for the Building Inspector.

RECOMMENDED FY 17/18 BUDGET MODIFICATIONS

The recommended budget for the Building Department includes an increase of \$46,506.

- Increase in employee pay for annual merit increases.
- Inclusion of PERS unfunded liability in the benefits costs; this had been shown as a transfer in the past and not included within department budgets.

DEPARTMENT / CATEGORY	Budget FY 15/16	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
EXPENSES				
Salary And Wages	\$328,955	\$342,113	\$364,108	\$21,995
Employee Benefits	\$131,245	\$112,293	\$137,959	\$25,666
Professional Services	\$18,000	\$15,000	\$18,000	\$3,000
Property Services	\$500	\$500	\$500	\$0
Operations	\$13,400	\$12,800	\$13,950	\$1,150
Supplies	\$2,325	\$6,050	\$2,200	(\$3,850)
Capital Assets	\$30,000	\$0	\$0	\$0
Internal Service & Capita	\$19,244	\$18,035	\$16,580	(\$1,455)
Transfers	(\$30,000)	\$0	\$0	\$0
Total Expense	\$513,669	\$506,791	\$553,297	\$46,506

BUDGET DETAIL

PUBLIC WORKS

ADMINISTRATION & PARKS STREET MAINTENANCE & CAPITAL

STREET MAINTENANCE

STREET CAPITAL

GAS TAX

MEASURE M

CAPITAL PROJECTS ADMINISTRATION

MAYSONNAVE PROPERTY

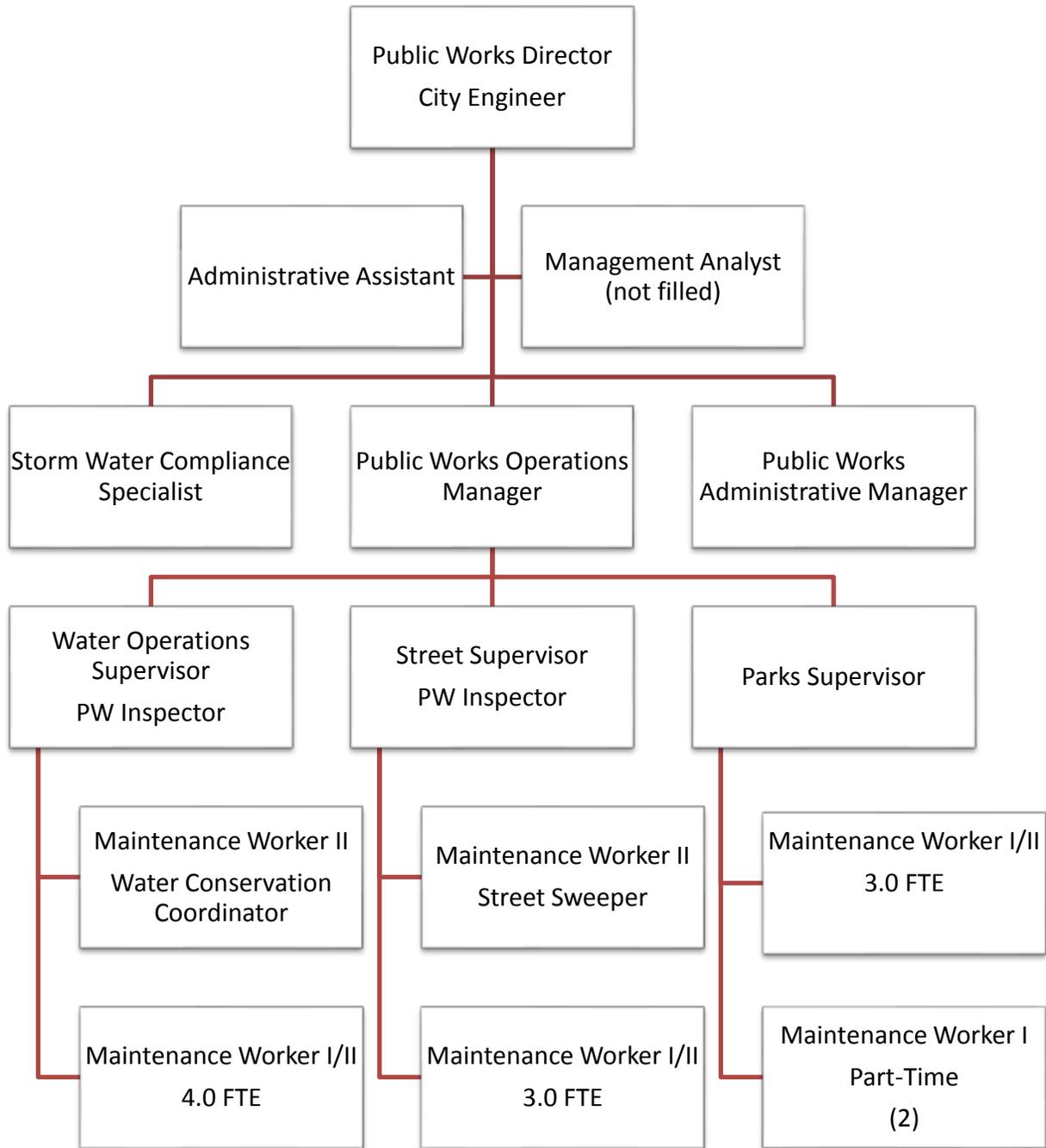
CEMETERY

WATER FUNDS

WATER UTILITY

WATER CAPITAL

Public Works -- Organization Chart





CITY OF SONOMA

Public Works Department Administration & Parks (100-43020)

Dan Takasugi, Public Works Director / City Engineer

The mission of the Public Works Department is to maintain, operate, and improve the City's infrastructure to serve the needs of its citizens. The Department is responsible for managing and maintaining streets, water distribution, well water supply, storm drainage, parks and trails, City-owned streetlights, City-owned buildings, and the City-owned cemeteries. The Department also serves a coordination role for special events, other utilities, and solid waste collection services. City Engineering services are provided. Public Works has 21 full-time staff positions and 2 part-time positions. The Department seeks to cross-train staff in order to maximize cross-functional resource sharing efficiencies across various programs.

The Parks program is funded through the General Fund. There are 17 parks encompassing nearly 40 acres, nine play structures, two public restrooms, Class I bike trail, hiking trail, a duck pond, and a rose garden. The Parks program strives to make all City parks safe, functional, and presentable to its citizens and visitors. The Parks staff also performs vandalism abatement and are closely involved in Special Event planning.

The Facilities Maintenance program maintains over 48,000 square feet of building space in eight facilities, managing a janitorial contract and performing maintenance. The Public Works Department also administers the Bond and Maysonnave properties. Ongoing costs related to maintenance of the Bond Property are borne by the General Fund.

The Engineering Services program includes: providing engineering and technical support to various City departments, providing responses to citizen inquiries about public infrastructure and traffic concerns, performing development review and plan check, performing engineering and construction management of capital improvement projects, providing mapping and engineering records support, and seeking grant funding for capital projects.

The Storm water Compliance program is a rapidly evolving function to comply with the State's recent mandates included in the Construction Storm water Permit and the Municipal Phase II Storm water Permit. The primary responsibility of this program is to ensure that local storm water drainage does not contain pollutants or erosive flow volumes. This program is funded primarily from the General Fund.

FISCAL YEAR 2016 – 2017 ACCOMPLISHMENTS:

Park Maintenance

- Worked with Community groups to gain approvals of the Vallejo Monument and the Sister Cities Penglai Ting Pavilion.
- Worked cooperatively with the Sonoma Ecology Center to construct the Nathanson Creek Habitat Enhancement project on a City owned parcel at 125 E. MacArthur St.
- Completed a phase 1 maintenance rehabilitation of the Plaza Restrooms, installing new LED lighting, painting the interiors, and installing 6 waterless urinals in the men's restroom for water efficiency.
- Installed a new water bottle filling station near the duck pond in the Plaza, per Council goal.

- Responded quickly to address several major tree falls on City property during winter storms, protecting the safety of the public.
- Implemented use of Battery-Powered backpack leaf blowers in City Parks to replace Gas-Powered leaf blowers, per new City ordinance.

Stormwater Compliance

- Partnered with other North Bay agencies to implement a compliance strategy to the Statewide Trash Amendments regulations.
- Leveraged staff pollution-prevention activities to provide grant-match to the EPA-funded Clean Streams in Southern Sonoma County project. Staff actions to reduce pesticide and pathogen pollution not only provided the grant-match, but also contributed to better decision making on City pollution-prevention activities.
- Responded to RWQCB mandates at the Corporation Yard for projects to implement new BMP's. Continued efforts over the past couple years resulted in a RWQCB inspection finding zero violations.

Engineering Services / Development / Traffic Safety

- Completed the required 10-year Citywide Vehicle Speed Survey with in-house expertise, resulting in no speed limit changes at the streets evaluated.
- Worked cooperatively with the School District and the Police Department to revise the student drop-off and pick-up circulation at Prestwood Elementary School, solving the problem of cars blocking East MacArthur Street.
- Successfully competed for and obtained a \$72,000 Systemic Safety Analysis Report Grant to evaluate the safety of 20 intersections in and around the City, selected a consultant, and started the study.
- Attained regional CDBG grant approval for \$70,000 to update the City's ADA Transition Plan.
- Attained SCTA OBAG2 grant approval for \$501,000 to construct a new bicycle and pedestrian bridge over Fryer Creek at Newcomb and Manor Streets.

FISCAL YEAR 2017 – 2018 GOALS:

- Upgrade trash and recycling containers for the Plaza.
- Undertake the update to the City's ADA Transition Plan with CDBG grant funding.
- Complete design of Phase 2 Plaza Restroom rehabilitation.
- Add bicycle parking to the Plaza.
- Review and implement the new Systemic Safety Analysis Report.
- Continue to work on the pedestrian bridge at Fryer Creek at Newcomb and Manor Streets.
- Continue second phase of compliance planning for the Statewide Trash Amendments stormwater regulations.
- In partnership with other regional agencies, develop a required Stormwater Resource Plan.
- Pursue erosion-reduction projects at paved stream crossings and storm drain outfalls to comply with the City's NPDES Permit, and use efforts as match toward the EPA-funded Clean Streams in Southern Sonoma County project.

RECOMMENDED FY 17/18 BUDGET MODIFICATIONS

The recommended budget for Public Works Administration includes an increase of \$63,286. These changes are based on the following key budget modifications.

- Increase in salary costs due to shift in personnel allocation between the General Fund, Water Fund and Successor Agency. Also, some increases due to annual merit increases.
- Inclusion of PERS unfunded liability in the benefits costs; this had been shown as a transfer in the past and not included within department budgets.
- Decreases in professional services, general supplies, and machinery and equipment (\$79,000).
- Increase in Internal Service & Capital charges is primarily due to the completion of a Systemic Safety Analysis Report that will evaluate various intersections throughout the City (90% funded by State Grant but expenses of \$72,000), exploring an option for different trash/recycling receptacles in the Plaza (\$50,000) and adding bike parking to the Plaza (\$5,000).

DEPARTMENT / CATEGORY	Budget FY 15/16	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
EXPENSES				
Salary And Wages	\$450,908	\$432,418	\$515,376	\$82,958
Employee Benefits	\$199,874	\$159,676	\$197,143	\$37,467
Professional Services	\$60,100	\$35,100	\$11,900	(\$23,200)
Property Services	\$263,945	\$280,945	\$260,485	(\$20,460)
Operations	\$58,668	\$136,718	\$45,394	(\$91,324)
Supplies	\$76,850	\$76,850	\$50,600	(\$26,250)
Capital Assets	\$10,000	\$20,000	\$10,892	(\$9,108)
Internal Service & Capital	\$110,993	\$128,373	\$241,576	\$113,203
Total Expense	\$1,231,338	\$1,270,080	\$1,333,366	\$63,286

CITY OF SONOMA



Public Works Department
Street Maintenance (100-43022)
Street Capital (100-43021)
Gas Tax (302-51001)
Measure M (313-54000)
Capital Projects Administration (301-50000)

Dan Takasugi, Public Works Director / City Engineer

The Streets Maintenance and Capital program maintains the City's streets, bridges, sidewalks, street trees, and right of ways. There are 33.8 miles of streets, 11 bridges, 40 miles of storm drainage piping, 3 miles of roadside ditches, and 485 catch basins. Right-of-way code enforcement is a major responsibility that includes streets, sidewalks, drainage, trees, and signage. The Streets program keeps City right of ways in a safe and functional condition for multi-modal circulation.

The Streets Maintenance and Capital program is comprised of different funds:

- Street Maintenance (General Fund) – Contains employee costs and general maintenance expenses. This is a new fund. These expenses used to be included in the Gas Tax fund.
- Streets Capital (General Fund) - In prior budgets this captured the majority of the City's large streets and infrastructure capital projects. This budget has been realigned and is now in the Capital Projects fund (301-50000) in order to prepare for a future encumbered Capital Improvement Program.
- Gas Tax (Gas Tax and new SB1 funding) – Contains the City's annual slurry seal project, both design and construction. It is a best practice to limit the costs contained in the Gas Tax fund to be focused on maintenance or rehabilitation costs only.
- Measure M - Passed by more than two-thirds of voters in November 2004, the Traffic Relief Act for Sonoma County (Measure M) provides for a ¼ cent sales tax that is apportioned to local jurisdictions to maintain their streets, as well as other County-wide Street, highway, transit and safe bicycle and pedestrian routes. The revenue received in this fund will be transferred to the Capital Project's Administration Fund for major street capital improvement projects.
- Capital Projects Administration (Funded through various sources including Gas Tax incorporating the new SB1 funding, Measure M and General Fund) – Contains design and construction costs for major capital, sidewalk, bridges and other projects. This fund is new for 2017/18 and is the beginning of the City's true Capital Improvement Program to be created in next year's budget.

FISCAL YEAR 2016 – 2017 ACCOMPLISHMENTS:

- Completed the very complex Design, Environmental, and Right-of-Way phases of the Chase Street Bridge Replacement Project, funded primarily by a Federal Highway Bridge Program grant.
- Completed the 2016 Slurry Seal Project, which involved street surface treatment (slurry seal) for 16 street segments throughout the City.
- Completed the 2016 Street Rehabilitation Project, which involved street rehabilitation along Second Street West (Broadway Hwy 12 to West Spain Street) and West Spain Street (Fourth Street West to Third Street West).
- Completed Phase 4 of the New Sidewalk Trip Hazard Repair Program, repaired 749 trip hazards, while reducing City liability exposure.
- Completed phase 2 of the program to replace City street name signs to meet retro reflectivity standards and to reflect the historic nature of the City.
- Completed the installation of 3 taxi-rideshare dedicated parking stalls around the Plaza to enhance the passenger safety of drop-offs and pick-ups.
- Secured a MTC P-TAP-18 grant of \$12,000 to assist in the City's next Pavement Management System update.

FISCAL YEAR 2017 – 2018 GOALS:

- Obtain Caltrans approvals to begin Chase Street Bridge Replacement construction
- Complete design for the Bicycle-Pedestrian Bridge over Fryer Creek at Newcomb St. and Manor St.
- Complete the Major Intersection Systemic Safety Analysis
- Complete the 2017 Slurry Seal Project
- Complete the 2017 Street Rehabilitation and Water Services Replacement Project
- Implement the Citywide Sidewalk Repair Program, Phase 5
- Continue and finish the City's street name sign replacement program
- Complete the City's biennial Pavement Management System Update
- Install Rapid-Flashing Beacon Signs to replace In-Pavement Crossing Lights

RECOMMENDED FY 17/18 BUDGET MODIFICATIONS

Street Maintenance (100-43022)

This is a new General Fund program budget created to capture all employee costs and regular annual maintenance expenses associated with street, sidewalk, bike path and other related street/circulation maintenance improvements. In prior years these expenses were included in the Gas Tax fund. Gas Tax Revenue is not sufficient to cover both streets maintenance projects and administration costs related to streets maintenance so as a result the General Fund has had to transfer funds to the Gas Tax Fund to support those costs. As the Gas Tax fund is a special revenue fund the best accounting practice is to include just design/construction costs for street maintenance in the Gas Tax fund and to expense administration costs for streets maintenance (including employee costs and general maintenance) in a separate General Fund account.

DEPARTMENT / CATEGORY	Budget FY 15/16	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
EXPENSES				
Salary And Wages	0	0	386,483	386,483
Employee Benefits	0	0	153,862	153,862
Professional Services	0	0	36,000	36,000
Property Services	0	0	145,900	145,900
Operations	0	0	27,850	27,850
Supplies	0	0	42,107	42,107
Capital Assets	0	0	2,376	2,376
Internal Service & Capita	0	0	35,922	35,922
Transfers	0	0	0	0
Total Expense	0	0	830,500	830,500

Street Capital (100-43021)

The recommended budget for the Streets (Capital Projects) includes a decrease of \$1,176,000. In prior budgets, this was the General Fund budget that captured the majority of the City's large streets and infrastructure capital projects. This budget is being eliminated in order to prepare for a future encumbered Capital Improvement Program. The Streets Capital Budget is now captured in a separate fund for capital projects (301-50000) titled Capital Projects Administration. All expenditures for Capital Projects are now included in that fund explaining the large decrease in this budget for FY 17/18.

DEPARTMENT / CATEGORY	Budget FY 15/16	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
EXPENSES				
Salary And Wages	0	0	0	0
Employee Benefits	0	0	0	0
Professional Services	0	0	0	0
Property Services	50,000	50,000	0	(50,000)
Operations	0	0	0	0
Supplies	0	0	0	0
Capital Assets	0	0	0	0
Internal Service & Capital	1,762,400	1,126,000	0	(1,126,000)
Transfers	0	0	0	0
Total Expense	1,812,400	1,176,000	0	(1,176,000)

Gas Tax - Streets (302-51001)

The State of California imposes per-gallon excise taxes on gasoline and diesel fuel, sales taxes on gasoline and diesel fuel and registration taxes on motor vehicles with allocations dedicated to transportation purposes. These allocations flow through the Highway Users Tax Account (HUTA), the familiar gasoline tax revenues that have been in place for decades, and the Road Maintenance and Rehabilitation Account which allocates much or the revenue from the Road Repair and Accountability Act of 2017 (SB1 Beall). The City receives the following Gas Tax revenues that off-set these expenses:

$$\text{Gas Tax} = \$260,240 + \text{NEW Senate Bill 1} = \$184,154$$

FY 17/18 Total - \$444,394

With the elimination of redevelopment funding which the City used to use to fund major street rehabilitation and other capital projects, the above funding is the only non-General Fund available to maintain Sonoma’s streets. The addition of SB1 funds is a welcome addition, but still not reflective of the true need.

The recommended budget for Gas Tax - Streets includes a decrease of \$434,553. This fund used to contain employee and maintenance costs which have now been moved to a new Street Maintenance fund. (It is a best practice to limit the costs contained in the Gas Tax fund to be focused on maintenance or rehabilitation costs only.) The expenditures in the Gas Tax fund have now been changed to only include the following:

- \$22,000 – Design cost of the 2018 Slurry Seal Project
- \$155,000 – Construction of 2017 Slurry Seal Project
- \$267,934 – Transfer of \$267,394 to the new Capital Improvements Administration Fund - 301

DEPARTMENT / CATEGORY	Budget FY 15/16	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
REVENUE				
Taxes	234,614	229,439	444,394	214,955
Transfers In	660,489	648,923	0	(648,923)
Proceeds –Issuance of Debt	250,000	0	0	0
Total Revenue	1,145,103	878,362	444,394	(433,968)
EXPENSES				
Salary And Wages	307,677	351,493	0	(351,493)
Employee Benefits	129,263	115,285	0	(115,285)
Professional Services	36,000	36,000	0	(36,000)
Property Services	183,520	183,520	0	(183,520)
Operations	34,250	34,150	0	(34,150)
Supplies	34,732	34,732	0	(34,732)
Capital Assets	39,070	7,500	0	(7,500)
Internal Service & Capital	359,284	33,012	177,000	143,988
Transfer Out	21,307	83,255	267,394	184,139
Total Expense	1,145,103	878,947	444,394	(434,553)
Net Revenue vs. Expenditure	0	(585)	0	585
Carryover/Use of or (Transfer to) Fund Balance	N/A	N/A	N/A	

Measure M (313-54000)

Passed by more than two-thirds of voters in November 2004, the Traffic Relief Act for Sonoma County (Measure M) provides for a ¼ cent sales tax that is apportioned to local jurisdictions to maintain their streets, as well as other County-wide Street, highway, transit and safe bicycle and pedestrian routes. The revenue received in this fund along with the prior fund balance is being transferred to the Capital Project’s Administration Fund (301-5000) for major street capital improvement projects.

The recommended budget for Measure M includes an increase of \$282,200. This increase is for the transfer to the Capital Project’s Administration Fund (301-5000) for FY 17/18 major street capital improvement projects and a use of one-time fund balance of Measure M.

DEPARTMENT / CATEGORY	FY 15/16 Actuals	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
REVENUE				
Taxes	78,831	80,000	82,200	2,200
Interest	545	812	545	(267)
Total Revenue	79,376	80,812	82,745	1,933
EXPENSES				
Transfers Out	0	0	282,200	282,200
Total Expense	0	0	282,200	282,200
Net Revenue vs. Expenditure	79,376	80,812	(199,455)	(280,267)
Beginning Fund Balance	39,639	119,015	199,827	80,812
Ending Fund Balance	119,015	199,827	372	(199,455)

Capital Improvements Administration Fund (301-50000)

This fund is new for 2017/18 and is the beginning of the City’s true Capital Improvement Program that will be created and included in the FY 18/19 budget. The design and construction costs for major capital, sidewalk, bridges and other projects are funded through various sources including Impact Fees, Gas Tax incorporating the new SB1 funding, Measure M and General Fund. Expenditure details for these expenditures are outlined in the Maintenance and Capital Improvement Program Spreadsheet under Capital Improvement Fund – Budget Detail.

DEPARTMENT / CATEGORY	Budget FY 15/16	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
REVENUE				
Fees	20,000	30,000	41,000	11,000
Transfers In	20,000	30,000	549,594	519,594
Total Revenue	40,000	60,000	590,594	530,594
EXPENSES				
Property Services	0	0	25,000	25,000
Internal Service & Capital	0	0	547,900	547,900
Transfers Out	40,000	60,000	0	(60,000)
Total Expense	40,000	60,000	572,900	512,900
Carryover/Use of or (Transfer to) Fund Balance	20,000	30,000	(17,694)	12,306
Beginning Fund Balance	0	0	17,694	17,694



CITY OF SONOMA

MAYSONNAVE PROPERTY FUND (221-44061)

Dan Takasugi, Public Works Director/City Engineer

The Maysonnave Property, consisting of two parcels of land totaling 1.44 acres located at 291 and 289 First Street East, was bequeathed to the city in 1990 by Henri Maysonnave for the purpose of “creating and maintaining a public park.”

There is a small house on the rear of the 291 First Street East Parcel that generates some rental income. The remainder of this parcel is leased to the League for Historic Preservation which maintains the property and administers public programs at the site.

The Parcel identified as 289 First Street East is leased to the Valley of the Moon Petanque Club which maintains the property and administers public programs at that site.

RECOMMENDED FY 17/18 BUDGET MODIFICATIONS

The recommended budget for the Maysonnave Fund remains the same with no changes.

DEPARTMENT / CATEGORY	Budget FY 15/16	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
EXPENSES				
Salary And Wages	\$0	\$0	\$0	\$0
Employee Benefits	\$0	\$0	\$0	\$0
Professional Services	\$0	\$0	\$0	\$0
Property Services	\$3,500	\$3,500	\$3,500	\$0
Operations	\$0	\$0	\$0	\$0
Supplies	\$0	\$0	\$0	\$0
Capital Assets	\$0	\$0	\$0	\$0
Internal Service & Capital	\$6,817	\$1,930	\$1,930	\$0
Transfers	\$0	\$5,000	\$5,000	\$0
Total Expense	\$10,317	\$10,430	\$10,430	\$0



CITY OF SONOMA

Public Works Department Cemetery (501-61010)

Dan Takasugi, Public Works Director / City Engineer

The Cemetery program is funded by the Cemetery Enterprise Fund. There are three cemeteries: Mountain, Veterans, and Valley cemeteries, encompassing over 15 usable acres. Operations and maintenance responsibilities include burial and inurnment preparation and coordination, grounds maintenance, mausoleum maintenance, road maintenance, and vandalism abatement.

In prior years, the Cemetery Fund's budgets showed expenses exceeding revenues so the General Fund made transfers to the Cemetery Fund to balance the budget. In FY 16/17 the Cemetery Fund's revenue was forecasted to be sufficient to meet expenses and a transfer from the General Fund was not needed. Again in FY 17/18 the budget shows that the General Fund will not need to subsidize the Cemetery Fund.

As part of the City's Financial Sustainability Council Goal, staff will be bringing recommendations to Council to address the Cemetery Fund's historical deficit.

FISCAL YEAR 2016 – 2017 ACCOMPLISHMENTS:

- Continued to provide compassionate and respectful customer service to residents during stressful and emotional times.
- Responded to and remediated damage in the Valley Cemetery after two historic oak trees fell during a heavy winter storm, and other large oak trees fell in the Mountain Cemetery.
- Responded to material theft at Mountain Cemetery for nearby makeshift homeless shelters

FISCAL YEAR 2017 – 2018 GOALS:

- Continue minimal maintenance efforts in all cemeteries.
- Develop a strategic plan for the cemetery's financial future.
- Complete the restoration of the Valley Cemetery after the storm damage.
- Complete tree removals at the Veterans Cemetery where trees are damaging sidewalks and full burial sites.

RECOMMENDED FY 17/18 BUDGET MODIFICATIONS

The recommended budget for Cemetery includes an increase of \$14,774. These changes are based on the following key budget modifications.

- Revenues / Transfers In
 - \$185,000 of annual cemetery revenues
 - \$85,678 of Transfer In (\$50,000 from Cemetery Endowment and a \$35,000 Lease payment from the Water Fund)

- Expenses
 - Inclusion of PERS unfunded liability in the benefits costs; this had been shown as a transfer in the past and not included within department budgets.
 - Minor increases in salary due to merit adjustments.
 - Transfer out for contribution to debt for POB and CREBS.

- \$627 addition to the Cemetery Fund Balance.

DEPARTMENT / CATEGORY	Budget FY 15/16	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
REVENUE				
Cemetery Revenue	\$162,300	\$169,599	\$185,000	\$15,401
Transfers In – Dept. Budgets	\$91,147	\$85,678	\$85,678	\$0
Total Revenue	\$253,447	\$255,277	\$270,678	\$15,401
EXPENSES				
Salary And Wages	\$112,084	\$114,964	\$127,526	\$12,562
Employee Benefits	\$50,930	\$42,928	\$53,613	\$10,685
Professional Services	\$14,500	\$14,500	\$17,000	\$2,500
Operations	\$28,800	\$34,300	\$34,300	\$0
Supplies	\$8,800	\$5,600	\$3,100	(\$2,500)
Capital Assets	\$7,100	\$7,600	\$7,600	\$0
Internal Service & Capital	\$13,442	\$10,355	\$10,962	\$607
Transfers Out	\$17,340	\$25,030	\$15,950	(\$9,080)
Total Expense	\$252,996	\$255,277	\$270,051	\$14,774
Net Revenue vs Expenditure	\$451	\$0	\$627	\$627
Carryover/Use of or (Transfer to) Fund Balance	(\$451)	\$0	(\$627)	(\$627)



CITY OF SONOMA

Public Works Department **Water Utility (510-62001)** **Water – Capital Projects (512-00000)**

Dan Takasugi, Public Works Director / City Engineer
Sue Casey, Interim Finance Director

The Water program is funded through the Water Enterprise Fund. The City's water sources come from the Sonoma County Water Agency (SCWA) Aqueduct and wells. The City's water system is a complex system of gravity, pumps, pipes and tanks to distribute water to residences and businesses.

There are 4,470 water service connections/meters, 1,437 valves, 476 fire hydrants, six water tanks, eight wells, two booster pump stations, and 58 miles of underground water main pipes. Last year, over 574 million gallons of water were delivered to customers. The Water program's primary responsibility is to deliver safe and reliable water to City residents and the outside service area, while seeking to improve water supply reliability and water conservation. City water continues to meet all state and federal drinking water standards. The water capital improvement plan is also managed from this program.

The 2014 Water Rate Study (Study) adopted by City Council on November 17, 2014 recommended rates that were projected to provide for funding of operations, capital improvements, debt service, debt reserves and available working capital over the following five years. The projections provided by the Water Rate Study were based on assumptions of cost increases, conservation use, and minimal development projections. The Water Rate study also implemented conservation tiers.

City staff has completed a preliminary review of the City's water rates and the finances of the water utility. Below are findings and items that are incorporated into the 17/18 budget.

Water Conservation and Revenues

Since June 2015 when the Governor Brown imposed Water Conservation mandates, the City of Sonoma and its water customers have conserved 26% beyond our 2013 Baseline Year. Our water rate customers are to be commended for their conservation efforts, however, as the Water Utility's fixed costs are relatively stable, this degree of water conservation has resulted in less revenue than was projected in the 2014 Water Rate Study. The City started tracking water conservation for state mandate compliance in June 2015. The 26% level of conservation from 2015 to present is tracked by averaging our current-month to 2013-month production values.

The table below displays just the water sales projections from the Water Rate Study, the budgeted water sales revenue, and the actual and estimated water sales revenue from Fiscal Year 2013/14 to Fiscal Year 2016/17. Due to the drought impacts, the City did budget revenues more conservatively than the original revenues projected by the Rate Study, however, the 15/16 estimated revenue from water sales show that even the moderated projected revenue for that year did not meet the projected revenue total. In addition, based on the estimated actuals for 15/16, (audited financials for 15/16 are still being finalized), it appears that Water Fund Reserves will be needed to balance the annual

operations of the Water Fund in FY 15/16. The revenue and expenditures for fiscal year 16/17 have not all been captured so an estimate of total operating revenue less operating expense is not yet available.

Water Sales Revenue Projections vs. Actuals from Fiscal Years 2014-2017

Fiscal Year	Water Sale Projections 2014 Water Rate Study	Water Sales Budget	Water Sales Actual / Estimated*	Variance
2013-2014	4,652,044	3,750,000	3,972,426	222,426
2014-2015	4,621,558	4,000,000	4,089,843	89,843
2015-2016	4,753,044	4,250,000	3,648,791*	(601,209)
Est. 2016-2017	4,889,586	4,250,000	4,151,556*	(98,444)
2017-2018	5,136,984	4,411,800	To be determined	To be determined

*Estimated

Overall Conclusions and Next Steps Included in the FY 17/18 Budget

Staff has done further refinement and review of the revenues and expenses and updated various categories including water sales projections for FY 17/18. The revenue projections of the current Water Rate Study are not in alignment with actual revenue being collected due the drought and conservation.

In order to provide better clarity between water operations and water capital, staff has created a separate water capital fund. Both are included below.

There has also been significant changes in the laws governing water rates since the City last made rate changes in 2014.

Based on this initial review, the following actions are included in the proposed FY 17/18 budget.

- New Water Rate Study – It is appropriate to do a new Water Rate Study to ensure the City’s rates recover costs and fairly allocate those costs among our customers. This should include an updated Cost Allocation Plan as well to confirm that City-wide services and expenses are allocated appropriately among the City’s various programs, funds and activities.
- Discontinue Two Transfers – The City will discontinue two transfers (i.e. transfers for franchise fees and for in-lieu property taxes) from the Water Fund to the General Fund pending confirmation by the new water rate study as to what expenses are cost-justified. The City will also sequester the funds transferred in the last three fiscal years under those two categories pending the outcome of the Water Rate study and development of an updated Cost Allocation Plan. If the amount of those prior transfers is not fully justified by costs the General Fund incurs for the benefit of the water utility, then the City Council intends to return the appropriate portion of those funds to the Water Utility for the benefit of water customers.

The Water Rate Study and Cost Allocation Plan will take 6 to 9 months to complete and will involve ample opportunities for public input.

FISCAL YEAR 2016 – 2017 ACCOMPLISHMENTS:

- Completed the relocation of the SCWA Master Water Meter to the proper location at the outlet of the SCWA water tanks, reducing the probability of non-revenue water loss.
- In cooperation with SCWA, the City installed a recycled water pipeline to Engler Park, bringing recycled water into City limits for the first time.
- After two years of coordinated planning with other regional agencies, completed the JPA and governance structure for the new Sonoma Valley Groundwater Sustainability Agency (GSA), in compliance with the Sustainable Groundwater Management Act (SGMA).
- In cooperation with SCWA, the City installed a monitoring well for the Groundwater Banking project at the City's Well 6 north of the Veterans Memorial Building parking lot.
- Completed a Water Loss Analysis in compliance with SB 555, showing that the City has been proactive in its water loss prevention programs.
- Continued water conservation messaging after the drought ended, resulting in a 26% water conservation rate compared to 2013 baseline.

FISCAL YEAR 2017 – 2018 GOALS:

- Complete the \$3M West Napa Street Water Improvements Project.
- Continue programmed replacement of Polybutylene water service lines.
- Continue staff support of the Sonoma Valley GSA.
- Complete the Water Master Plan Update.
- Continue the Groundwater Banking Pilot Project at Well 6.
- Complete the Feasibility Study of Recycled Water Delivery to the Plaza.
- Complete a Water Rate Study and Cost Allocation Plan.

RECOMMENDED BUDGET MODIFICATIONS

- Decrease of \$150,717 in overall revenues is primarily due to the decrease in State Grant Funding for FY 17/18 which is offset by a small increase in water sales revenue.
- In prior budgets the water fund captured the majority of the City's large water capital projects. This CIP budget has been realigned and is now in the Water Capital Projects fund (512) in order to prepare for a future encumbered Water Capital Improvement Program. Decrease of \$2,807,748 in Internal Services and Capital is due to this accounting change
- Reduction of \$311,089 in Transfers Out due to the discontinuance of two prior transfers to the General Fund (\$182,749) and an accounting change where the Water Fund's portion of the CalPERS UAL is included in the Employee Benefits total.
- Inclusion of initial funding to the Sonoma Valley Groundwater Sustainability Agency.
- Increase of water revenues and use of Water Fund Reserves of \$636,433 to cover increase in water capital projects from carry over amount and to backfill revenue loss.

Water Utility (510-62001)

DEPARTMENT / CATEGORY	Budget FY 15/16	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
REVENUE				
Interests & Rents	\$22,000	\$25,000	\$22,000	(\$3,000)
State Revenues	\$295,117	\$295,117	\$0	(\$295,117)
Water Fees	\$4,322,000	\$4,336,000	\$4,479,400	143,400
Miscellaneous	\$0	\$0	\$4,000	\$4,000
Total Operating Revenue	\$4,639,117	\$4,656,117	\$4,505,400	(150,717)
EXPENSES				
Salary & Wages	\$843,813	\$895,496	\$864,704	(\$30,792)
Employee Benefits	\$369,883	\$313,692	\$347,759	\$34,067
Professional Services	\$359,240	\$385,240	\$366,740	(\$18,500)
Property Services	\$1,637,500	\$1,687,500	\$1,762,700	\$75,200
Operations	\$93,850	\$90,250	\$116,700	\$26,450
Supplies	\$237,750	\$149,250	\$194,250	\$45,000
Capital Assets	\$88,700	\$57,500	\$4,752	(\$52,749)
Internal Service & Capital	\$3,898,373	\$3,466,622	\$658,874	(\$2,807,748)
Debt Service	\$122,380	\$122,380	\$123,480	\$1,100
Transfers Out	\$741,878	\$779,224	\$468,135	(\$311,089)
Total Operating Expense	\$8,393,367	\$7,947,154	\$4,908,093	(\$3,039,061)
Net Operating Revenue vs Expenditure	(\$3,754,250)	(\$3,291,037)	(\$402,693)	2,888,344
Transfers Out-CIP Projects			\$2,864,083	\$2,864,083
Net Income vs Expense	(\$3,754,250)	(\$3,291,037)	(\$3,266,776)	\$24,261
Carryover of CIP Projects	\$2,996,676	\$2,706,000	\$2,630,343	(\$75,657)
Carryover/Use of or (Transfer to) Fund Balance	\$757,574	\$585,037	\$636,433	\$51,396

Water – Capital Projects (512-00000)

This fund is new for 2017/18 and is the beginning of the City’s true Water Capital Improvement Program that will be created and included in the FY 18/19 budget. The design and construction costs for major water capital projects are funded by Water Connection Fees and the Water Operating Fund. Expenditure details for these expenditures are outlined in the Maintenance and Capital Improvement Program Spreadsheet under Water CIP – Budget Detail.

DEPARTMENT / CATEGORY	Budget FY 15/16	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
REVENUE				
Connection Fees	0	0	\$181,717	\$181,717
Transfers In	0	0	\$2,864,083	\$2,864,083
Total Revenue	0	0	\$3,045,800	\$3,045,800
EXPENSES				
Internal Service & Capital	0	0	\$3,045,800	\$3,045,800
Total Expense	0	0	\$3,045,800	\$3,045,800
Carryover/Use of or (Transfer to) Fund Balance	0	0	0	0

BUDGET DETAIL

MISCELLANEOUS

COMMUNITY ACTIVITIES NON-DEPARTMENTAL TRANSFERS



CITY OF SONOMA

Community Activities (100-43101)

Cathy Capriola, City Manager

Community Activities represents services that benefit the entire community of Sonoma. In FY 16/17, the 2016 – 2017 Fiscal Year, staff realigned expenses that were previously paid from other funds such as Community Development Agency and Successor Agency.

For Fiscal Year 2017 – 2018; the following programs are included in the recommended budget:

- FACILITY SUPPORT TO NON-PROFITS
 - Emergency Shelter -- Utilities (water and sewer) and building maintenance for Emergency Shelter. While contract services for the Emergency Shelter are paid using Redevelopment Property Tax Trust Fund (RPTTF), payment of utilities was not authorized by the State of California Department of Finance.
 - Sebastiani Theatre -- Rental and associated costs (share of property tax and insurance) for the Sebastiani Theatre. This includes a small ADA contract to ensure renovation is done accurately and to have a consultant involved on the front end and back end of the project.

- SUPPORT FOR YOUTH
 - SVHS Support -- City contribution to the cost of Crossing Guard Services at Sonoma Valley High School (SVHS) and to Grad Night at SVHS.

- SUPPORT FOR ECONOMIC DEVELOPMENT
 - Chamber of Commerce Contract -- Agreement with Chamber of Commerce for Business and Economic Vitality Services at an annual cost of \$125,000.
 - Sonoma Valley Visitor's Bureau Contract -- Agreement with the Sonoma Valley Visitor's Bureau at an annual cost of \$100,000. This contract was previously paid using Redevelopment Property Tax Trust Fund (RPTTF) but those payments ended on June 30, 2016.

- SUPPORT FOR THE ARTS & SPECIAL EVENTS
 - Cultural and Fine Arts Commission (CFAC) – Funding of \$4,500 to provide programming for their activities – Treasure Artist and Student art award, etc.
 - Special Events -- Special Events Manager to coordinate special events on the Plaza and the plan and implement the City Party.

- FINANCIAL SUPPORT TO NON-PROFITS
 - Lease of the Veteran's Building -- The City has historically provided 15 days of use of the Veteran's Building to other Community Organizations at an annual cost of \$15,000. This allows non-profits a reduced rate for using the Veteran's Building for fundraising or other activities.
 - Community Fund Grant Program -- Before the Community Fund Grant program was established, the City provided "grants" to four Tier 1 Organizations. In 2016, the City Council changed the direction and created a "Community Fund" program where all non-profits were required to submit applications and no non-profit could receive more than \$25,000. The City Council also approved a Community Fund Grant program using 1.5% of City General Tax Revenue excluding restricted tax revenue (Public Safety Sales Tax and Successor Agency

Administration). In 2016/17, based on this calculation, a total of \$194,385 was available for allocation in the “Community Fund”. Based on the adopted policy, \$174,900 was available for Community Fund Grants and \$19,485 was available for future council direction such as event fee waivers.

In 2017, the City Council reviewed the FY 16/17 methodology and directed staff to return with a hybrid approach. The City Council wanted to retain its focus on the key non-profits that were support recreation and environmental services for the City through a multi-year contract. In addition, the Council wanted to continue to support heritage events. There was concern expressed regarding the City’s ability to serve as a foundation and provide an annual open grant solicitation process. Staff will be return in July/August with final recommendations.

FISCAL YEAR 2016 – 2017 ACCOMPLISHMENTS:

- Review of the Community Fund Grant program and a continued evolution towards a hybrid approach.
- New operational support and focus on community events due to the education and facilitation by the new Community Events Manager. In addition, the Community Events Manager played a lead role in supporting the pilot program of the Farmer’s Market and supporting the Paley Art Installation.
- A successful City Party to celebrate Sonoma and our residents.
- Updated the Lease of the Veteran’s Building for an extended term and some process changes to reduce administrative work.
- Working on creating more sustained funding for heritage events in broader community partnerships.

FISCAL YEAR 2017 – 2018 GOALS:

- Review the Community Events Policy to review results and recommendation for further refinement.
- Finish the review and roll-out of the hybrid approach for the Community Fund Grant Program.
- A successful locally based City Party for residents.

RECOMMENDED FY 17/18 BUDGET MODIFICATIONS

The recommended budget for the Community Activities budget includes an increase of \$29,245. The key changes in the Community Activities budget are the following:

- Minor increases in financial support to the Sebastiani Theater for an ADA study.
- Additional \$15,000 for the Community Events Manager position to provide promotion and support on other city special projects and to orchestrate the City Party.
- Community Fund Program – Based on the City Council’s current policy to provide 1.5% of City General Tax Revenue (excluding restricted tax revenue) to this program, the result for FY 17/18 is a total of \$194,385 was available for allocation in the “Community Fund” – with \$174,900 available for Community Fund Grants and \$19,485 available for future council discretionary investments through the year. This is a \$10,000 increase in the budget.

FY 16/17	Total = \$194,385	90% = \$174,900 Hybrid / Heritage Events 10% = \$19,485 Discretionary
FY 17/18	Total = \$204,885	90% = \$184,397 Hybrid / Heritage Events 10% = \$20,488 Discretionary

DEPARTMENT / CATEGORY	Budget FY 15/16	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
EXPENSES				
Salary And Wages	\$0	\$0	\$0	\$0
Employee Benefits	\$0	\$0	\$0	\$0
Professional Services	\$0	\$0	\$0	\$0
Property Services	\$334,484	\$530,201	\$544,446	\$14,245
Operations	\$14,500	\$44,000	\$59,000	\$15,000
Supplies	\$0	\$0	\$0	\$0
Capital Assets	\$0	\$0	\$0	\$0
Internal Service & Capita	\$0	\$0	\$0	\$0
Total Expense	\$348,984	\$574,201	\$603,446	\$29,245

CITY OF SONOMA

Non-Departmental (100-43200)

*Cathy Capriola, City Manager / Sue Casey, Interim Finance Director
Katherine Wall, Public Works Administrative Manager
Trent Hudson, Public Works Operations Manager*

Non-Departmental expenses represent functions that span the entire City organization. In these cases, instead of allocating expenses to a specific general fund department, the expenses are charged through this Non-Departmental budget.

Non-Departmental expenses include: a portion of the front counter employee costs, web site maintenance, utilities on City buildings (gas, electric, water and sewer), custodial services, leases, communications, contract services, repairs and maintenance required to maintain the properties and deliver service to the public. In addition, general supplies that are for the benefit of the entire City rather than a specific department are also included. For example, postage is primarily charged to this department unless a specific department requires a bulk mailing.

RECOMMENDED FY 17/18 BUDGET MODIFICATIONS

The recommended budget for the Non-Departmental Budget includes an increase of \$80,331. These changes are based on the following key budget modifications.

- Decrease of Professional Services by \$30,000
 - Hazard Mitigation Plan – The FY 16/17 budget had \$50,000 reserved to conduct this emergency planning study. Staff was unable to move this forward this year. Before budgeting this funding again, the Fire Department will be investigating grant funding and other collaboration opportunities. This \$50,000 for FY 16/17 has not been included in the FY 17/18 budget. Staff may return to Council during the year for an update.
 - Sonoma Valley Community Communications (SVCC) – Historically, the City has not paid for the videotaping of Council and Commission meetings. With the change in PEG responsibility, the City has determined that it is fair and appropriate to contribute to SVCC and pay for the cost of video services. This is a new annual contract of \$20,000.

- Increase of Property Services for \$73,000 is primarily due to:
 - Custodial Services – Minor increase of \$5,000 to enhance the level of janitorial services which is not sufficient for City Hall or the Carnegie Library; requires additional funding and potentially rebidding of the work.
 - Casa Grande Parking Lot – Staff has placed a plug figure of \$60,000 for the lease of the Casa Grande Parking Lot with State Parks.

DEPARTMENT / CATEGORY	Budget FY 15/16	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
EXPENSES				
Salary And Wages	\$12,596	\$13,572	\$15,653	\$2,081
Employee Benefits	\$2,731	\$2,164	\$7,479	\$5,315
Professional Services	\$0	\$50,000	\$20,000	(\$30,000)
Property Services	\$178,317	\$179,000	\$252,000	\$73,000
Operations	\$45,000	\$37,500	\$39,000	\$1,500
Supplies	\$34,100	\$20,600	\$20,600	\$0
Capital Assets	\$15,000	\$2,500	\$17,000	\$14,500
Internal Service & Capital	\$143,362	\$142,651	\$156,586	\$13,935
Total Expense	\$431,106	\$447,987	\$528,318	\$80,331



CITY OF SONOMA

Transfers - General Fund to Other Funds (100-43999)

Sue Casey, Interim Finance Director

Inter-fund transfers (General Fund to Other Funds) represent transfers from the General Fund to other funds to pay debt service costs associated with general fund and/or funding for operating deficits in other funds.

This account does not reflect transfers related to Internal Service Funds including: Management Information Systems, Vehicle Replacement, Insurance Fund, Employee Benefits, and Long Term Building Maintenance. Transfers related to Internal Service Funds are included in the department budget for each department based on cost allocations described in those budgets.

INTER-FUND TRANSFERS / GENERAL FUND TO OTHER FUNDS	2016/17	2017/18
Debt Service Pension Obligation Bond (General Fund Share)	\$236,249	\$274,623
Debt Service (Clean Renewable Energy Bond)	\$24,006	\$27,972
Transfer to Benefits for Unfunded CalPERS Liability (Police)	\$121,367	0
Transfer to Benefits for Unfunded CalPERS Liability (Fire)	\$218,160	0
Transfer to Benefits for Unfunded CalPERS Liability (Misc. – GF Share)	\$114,316	0
Gas Tax for Street Maintenance (to balance budget):	\$401,805	0
TOTAL TRANSFERS	\$1,115,903	\$302,595

RECOMMENDED FY 17-18 BUDGET MODIFICATIONS

The recommended budget for General Fund to Other Funds includes a decrease of \$813,307. These changes are based on the following key budget modifications.

1. CalPERS Liability – In FY 16/17, there was an accounting change to transfer the expense for PERS Unfunded Actuarial Liability from department budgets to this budget. Current staff believes that the prior methodology was a better practice and is therefore reversing direction. For FY 17/18, the unfunded PERS liability has again been spread to the individual department budgets in order to fully capture the costs of services.
2. Gas Tax Transfer – The Streets maintenance budget has been reorganized and is now included in a new General Fund Program titled General Fund Street Maintenance (100-43022) in order to realign revenue with expenditures in the Gas Tax fund. A Streets Capital Fund for major capital improvements has also been established and is the beginning of creating a multi-year Capital Improvement Program budget and accounting structure.

DEPARTMENT / CATEGORY	Budget FY 15/16	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
EXPENSES				
Transfers Out	\$981,860	\$1,115,902	\$302,595	(\$813,307)
Total Expense	\$981,860	\$1,115,902	\$302,595	(\$813,307)

CAPITAL IMPROVEMENT PROGRAM

**City of Sonoma
FY 2017-18 Maintenance and Capital Improvement Program**

							Projected Funding Sources - FY 2017-18 ONLY						
Project	Approximate Project Expenses To-Date	Estimated FY17/18 Project Expenses	Estimated Project Expenses After FY18	Estimate of Total Project Cost	Project Contact	LTBM 610-64520	WATER CIP 512-50000	STREETS CIP 301-50000	GAS TAX CIP 302-51001	PARKS CIP 100-43020	GRANTS see Comments	COMMENTS / FUNDING and GRANT EXPLANATIONS	
City Buildings													
PB-008	Plaza Restroom Improvements (Phase 2) - modern hand dryers, new sink and toilet fixtures, possibly improved flooring, replacing stainless mirrors, replacing partitions, ADA improvements, and possibly adding waterproof wainscot material on walls to allow water washing. (DESIGN ONLY)	-	10,000	99,000	109,000	Hudson	10,000					LTBM - 100% of project costs - 610-64520-008-70702	
PB-009	Carnegie Bldg. - Selective Repainting and Recarpeting	-	50,500	-	50,500	Wirick	50,500					LTBM - 100% of project costs - 610-64520-009-70703	
PB-011	City Hall - Deck Parapet Water Intrusion Repair	-	8,250	-	8,250	Hudson	8,250					LTBM - 100% of project costs - 610-64520-011-70703	
PB-012	Fire Station - New Concrete Equipment Pad (DESIGN & CONSTRUCTION)		20,800	-	20,800	Francheschi	20,800					LTBM - 100% of project costs - 610-64520-012-70703	
PB-013	Regional Library - Chimney Water Intrusion Repair	-	20,000	-	20,000	Hudson	20,000					LTBM - 100% of project costs - 610-64520-013-70703	
City Building Totals		-	109,550	99,000	208,550	-	109,550	-	-	-	-		
Combined Water and Street Improvements													
WS-1	2017 Street Rehabilitation and Water Services Project	35,000	638,800		673,800	PWD		210,800	428,000			Streets CIP = 67% of total construction cost or \$428,000 (FY 17/18) Water CIP = 33% of total construction cost or \$210,800 (FY 17/18) Construction management services to be performed by City Staff.	
Combined Water and Streets Totals		35,000	638,800	-	673,800	-	210,800	428,000	-	-	-		

**City of Sonoma
FY 2017-18 Maintenance and Capital Improvement Program**

							Projected Funding Sources - FY 2017-18 ONLY						
Project	Approximate Project Expenses To-Date	Estimated FY17/18 Project Expenses	Estimated Project Expenses After FY18	Estimate of Total Project Cost	Project Contact	LTBM 610-64520	WATER CIP 512-50000	STREETS CIP 301-50000	GAS TAX CIP 302-51001	PARKS CIP 100-43020	GRANTS see Comments	COMMENTS / FUNDING and GRANT EXPLANATIONS	
Streets/Sidewalks/Bikeways Improvements													
SS-1	2017 Street Slurry Seal Project	20,000	155,000		175,000	PWD			155,000			Gas Tax CIP = \$155,000 (FY17/18) Approximately \$155,000 is budgeted for construction tasks.	
SS-2	2018 Street Slurry Seal Project		22,000	155,000	177,000	PWD			22,000			Gas Tax CIP = \$22,000 (FY 17/18) Budget is for design services.	
SS-3	Chase Street Bridge Replacement Project	625,000	69,900	1,816,266	2,511,166	PWD		69,900			50,000	Federal HBRR Grant = \$2,045,348 (City Staff will be requesting additional funding for Right of Way Phase) Total Local Match = \$264,997 Streets CIP = \$69,900 (FY 17/18) Budget will be used for finalizing design services, bid services, environmental monitoring, and engineering support.	
SS-4	Fryer Creek Bridge Replacement Project		90,000	566,000		PWD		90,000				OBAG Grant in the amount of \$501,000. Streets CIP = \$90,000 (FY17/18) Approximately \$90,000 will be used for design and environmental services this fiscal year.	
SS-5	Citywide Sidewalk Repair Program, Phase 4	50,000	50,000			PWD		50,000				Streets CIP = \$50,000 (FY 17/18) Continuing Phase 4 of the sidewalk inspection, repair, and cost-share program planned at \$50,000 per year.	
Streets/Sidewalks/Bikeways Total		695,000	386,900	2,537,266	2,863,166		-	-	209,900	177,000	-	50,000	
Water Mains, Wells, Pumps Improvements													
WM-1	Groundwater Banking Well 6 Pilot Project (Aquifer and Storage Recovery)	27,000	35,000		62,000	PWD		35,000				Water CIP = \$35,000 (FY 17/18) SCWA is seeking grant funding to assist with implementation of pilot project; this fiscal year budget will be used to complete the design and construction costs.	
WM-2	West Napa Street Water Main & Services Replacement (Broadway-Staples)	280,804	2,800,000		3,080,804	PWD		2,800,000				Water CIP = \$2,800,000 (FY 17/18) Need to complete prior to Caltrans West Napa Street repair project (Caltrans anticipated programming scheduled for 2018/19); Budget includes remaining construction and construction management costs from previous fiscal year. Budget not expected to exceed the approved FY 16/17 total budget of \$2,922,604.	
Water Mains, Wells, Pumps Total		307,804	2,835,000	-	3,142,804		-	2,835,000	-	-	-	-	
Parks, Cemeteries and Open Space													
PC-1	Trash Recepticals for Recycling in Plaza Park		50,000		50,000	PWD				50,000		Parks CIP = \$50,000 (FY 17/18) Project includes replacing or covering the trash recepticals for recycling in the Plaza Park.	
Parks, Cemeteries and Open Space Totals		-	50,000	-	50,000		-	-	-	50,000	-		
Total of All City Projects		1,037,804	4,020,250	2,636,266	6,938,320		109,550	3,045,800	637,900	177,000	50,000	50,000	

**City of Sonoma
 FY 2017-18 Maintenance and Capital Improvement Program**

							Projected Funding Sources - FY 2017-18 ONLY					
Project	Approximate Project Expenses To-Date	Estimated FY17/18 Project Expenses	Estimated Project Expenses After FY18	Estimate of Total Project Cost	Project Contact	LTBM 610-64520	WATER CIP 512-50000	STREETS CIP 301-50000	GAS TAX CIP 302-51001	PARKS CIP 100-43020	GRANTS see Comments	COMMENTS / FUNDING and GRANT EXPLANATIONS
SONOMA AS SUCCESSOR AGENCY												
2011 CDA TAX ALLOCATION BOND PROJECTS (THAT ARE NOT LISTED ABOVE)	579,000	-	4,759,100	4,759,100	PWD							above. Figures in this row only account for the projects listed in the 2011 CDA TAB Project List that are not otherwise included in the City Projects above.
Total of All Capital Improvement Projects	1,616,804	4,020,250	7,395,366	11,697,420		109,550	3,045,800	637,900	177,000	50,000	50,000	

INTERNAL SERVICE FUNDS

**Management Information Systems
Vehicle Replacement
Long Term Building Maintenance**



CITY OF SONOMA

Management Information Services - MIS (601-64010)

Wayne Wirick, Development Services Director / Building Official

The purpose of the Management Information Services (MIS) fund is to provide a funding mechanism for the operational costs, maintenance, and planned replacement of installed computer systems as well as software, telephone systems and other critical office equipment needed for the delivery of information and the conduct of business. All funds allocated for this purpose are derived from annual transfers from other City operations and therefore are reimbursements versus true revenues. The MIS Fund helps to prevent excessive swings in annual costs by anticipating future MIS needs and amortizing the replacement costs over a period of time.

The City contracts out its network administration and help desk support. Numerous other software vendors provide support to specific applications. There is no dedicated City employee position focused on MIS. These duties are absorbed and fulfilled by the Development Services Director.

In the MIS Fund, it is typical for equipment and software purchase costs to fluctuate from year to year due to normal cyclical buying patterns.

The City has been proactive in investing in its current MIS software and hardware, yet there is no MIS/technology master plan. In the future, a comprehensive review of the City's technology assets and network will be needed in order to develop a strategic investment approach towards new technology to enhance customer service and to further improve staff efficiency and effectiveness.

FISCAL YEAR 2016 – 2017 ACCOMPLISHMENTS:

- Replaced existing document imaging system with new (DocuWare) full-text searchable document archival system.
- Replaced City Hall, Corp Yard and Fire Stations existing phone voicemail and call flow management system with a new system.
- Initiated planning for off-site "cloud-based" data backups.

FISCAL YEAR 2017 – 2018 GOALS:

- Continue to maintain the City's Information Management Services systems.
- Replace desktop computers and office automation software for City Hall and Corp Yard staff.
- Improve server backup scheme.
- Replace Community Meeting Room TV camera and recording system for improved TV broadcast quality.

RECOMMENDED FY 17/18 BUDGET MODIFICATIONS

The recommended expense budget for the MIS Internal Service Fund transfers includes an increase of approximately \$16,290 over the previous year.

- Increase of \$29,690 for iCompass Agenda Management software subscription, Proud City Web Site CMS subscription, purchase and support of iPads for Council members and inflation driven increases in hardware and software maintenance contracts.
- Training for new Office 365 and Windows software - \$1,850.
- Increase due to delaying (carrying over) the replacement of desktop computers and office automation software for City Hall and the Corp Yard - \$45,000.

DEPARTMENT / CATEGORY	Budget FY 15/16	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
REVENUE				
Transfers In – Dept Budgets	\$176,774	\$178,005	\$199,848	\$21,843
Total Revenue	\$176,774	\$178,005	\$199,848	\$21,843
EXPENSES				
Salary And Wages	\$0	\$0	\$0	\$0
Employee Benefits	\$0	\$0	\$0	\$0
Professional Services	\$1,000	\$1,000	\$1,000	\$0
Operations	\$127,070	\$125,790	\$155,480	\$29,690
Supplies	\$5,250	\$6,800	\$8,400	\$1,600
Capital Assets	\$1,500	\$1,000	\$1,000	\$0
Internal Service & Capital	\$60,000	\$130,000	\$175,000	\$45,000
Transfers Out	\$60,000	\$60,000	\$0	(\$60,000)
Total Expense	\$254,820	\$324,590	\$340,880	\$16,290
Net Revenue vs. Expenditure	(\$78,046)	(\$146,585)	(\$141,032)	\$5,553
Carryover/Use of or (Transfer to) Fund Balance	\$78,046	\$146,585	\$141,032	(\$5,553)



CITY OF SONOMA

Vehicle Replacement (603-64510)

Wayne Wirick, Development Services Director / Building Official

The purpose of the Vehicle Replacement fund is to provide a funding mechanism for the planned replacement of existing vehicles and equipment. All funds are derived from annual transfers made by City departments where the vehicles are assigned.

The Vehicle Replacement fund helps to prevent excessive swings in annual vehicle replacement costs by anticipating future vehicle and equipment replacement needs and amortizing the replacement costs over a period of time. Existing vehicles and equipment are replaced based on their need to be replaced such as obsolescence, high maintenance costs, loss of productivity or efficiency, etc.). It is common to see fairly significant increases and decreases in this budget fund due to varying amortization and replacement cycles.

The fund is calculated on an amortization replacement schedule based on the estimated useful life and estimated replacement cost of the vehicle. There is an annual review of all vehicles and equipment to determine replacement needs and available replacement funding. Transferred funds exceeding planned purchases during the year are held in reserve until vehicles are purchased. Vehicle Replacement funds are transferred to the respective department's budget when new vehicles or equipment will be purchased.

RECOMMENDED FY 17/18 BUDGET PURCHASES

This year, it is anticipated that the Vehicle Replacement Internal Services Fund will fund the replacement of the following vehicles or equipment:

- Fire Department – Replace Type III Ambulance A-10 (303) – \$185,500 -
- Public Works Department – Replace 1998 John Deer 310E / Loader – Backhoe - \$65,000

DEPARTMENT / CATEGORY	Budget FY 15/16	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
REVENUE				
Transfers In – Dept Budgets	\$247,625	\$232,780	\$348,917	\$116,137
Total Revenue	\$247,625	\$232,780	\$348,917	\$116,137
EXPENSES				
Salary And Wages	\$0	\$0	\$0	\$0
Employee Benefits	\$0	\$0	\$0	\$0
Professional Services	\$0	\$0	\$0	\$0
Operations	\$0	\$0	\$0	\$0
Supplies	\$0	\$0	\$0	\$0
Capital Assets	\$0	\$48,000	\$250,500	\$202,500
Internal Service & Capital	\$0	\$0	\$0	\$0
Transfers Out	\$137,270	\$0	\$0	\$0
Total Expense	\$137,270	\$48,000	\$250,500	\$202,500
Net Revenue vs Expenditure	\$110,355	\$184,780	\$98,417	(\$86,363)
Carryover/Use of or (Transfer to) Fund Balance	(\$110,355)	(\$184,780)	(\$98,417)	\$86,363



CITY OF SONOMA

Long-Term Building Maintenance (610)

*Wayne Wirick, Development Services Director / Building Official
Trent Hudson, Public Works Operations Manager*

The Long-Term Building Maintenance (LTBM) Fund is an Internal Service Fund that provides for the set-aside of funds for the future replacement or repair of major maintenance items in City owned facilities. This fund anticipates the eventual replacement of roofing, exterior and interior paint, floor coverings, HVAC equipment, parking lot paving and miscellaneous other items in City owned facilities and provides a mechanism by which the City can recover some or all of the expected maintenance costs by including long-term maintenance expenses in the overhead formulas for fees for services.

Large swings in annual LTBM repair and maintenance project costs are normal and expected due to the varying types of projects being performed from year-to-year.

One challenge in the arena of maintenance of the City's facilities is limited staff capacity to initiate and implement renovation or rehabilitation projects. Both Building and Public Works staff have other primary duties and facility maintenance often gets pushed for more immediate or time sensitive City priorities. Another area of future focus would be an outside study and review of each of the City's facilities to ensure that the proper amount of funding is being set aside each year to truly meet the maintenance needs. Sonoma has been proactive in setting aside funding through industry benchmarks, but a specific asset/facility assessment has not been completed.

FISCAL YEAR 2016 – 2017 ACCOMPLISHMENTS:

- Completed the Youth Center (Valley of the Moon Nursery School) ADA Improvement Project.
- Completed the Depot Museum Interior ADA Improvement Project.
- Completed painting, replacement of the men's urinals with water-less urinals for water conservation, and replacement of the lighting fixtures with flat panel LED lighting of a much brighter intensity in the Carnegie building public restrooms (Phase 1).
- Completed replacement of stairway flooring at the Fire Station.

FISCAL YEAR 2017 – 2018 GOALS:

- Research second phase of Carnegie building public restroom improvements to possibly include hand dryers, new sink and toilet fixtures, possibly improved flooring, replacing stainless mirrors, replacing partitions, ADA improvements, and possibly adding waterproof wainscot material on walls to allow water washing.
- Perform selective repainting and re-carpeting work at the Carnegie Building.
- Perform deck parapet water intrusion repair at City Hall
- Install concrete pad for vehicle lift outside of the Mechanic Garage at the Fire Station.
- Repair the water intrusion issue at the chimney of the Sonoma Valley Regional Library.

RECOMMENDED BUDGET MODIFICATIONS

The recommended FY 17/18 expense budget for the Long Term Building Maintenance Internal Service Fund is \$109,550 for the projects specified below. Funds held in reserve for these projects will be transferred from reserves as the activities take place.

Project Description	Expense Description	Estimated FY17-18 Expenses	Estimated Expenses After FY17-18	Estimate of Total Project Cost
Plaza Restrooms Improvements (Phase 2)	Design Only	10,000	99,000	109,000
Carnegie Bldg. Selective Repainting and Re-carpeting	Improvement work	50,500	0	50,500
City Hall Deck Parapet Water Intrusion Repair	Repair work	8,250	0	8,250
Fire Station Concrete Pad for Vehicle Lift	Improvement work	20,800	0	20,800
Sonoma Valley Regional Library Water Intrusion Repair at Chimney	Repair work	20,000	0	20,000
TOTAL		109,550	99,000	208,550

DEPARTMENT / CATEGORY	Budget FY 15/16	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
REVENUE				
Transfers In – Dept Budgets	\$227,471	\$228,632	\$231,943	\$3,311
Total Revenue	\$227,471	\$228,632	\$231,943	\$3,311
EXPENSES				
Salary And Wages	\$0	\$0	\$0	\$0
Employee Benefits	\$0	\$0	\$0	\$0
Professional Services	\$0	\$0	\$0	\$0
Operations	\$0	\$0	\$0	\$0
Supplies	\$0	\$0	\$0	\$0
Capital Assets	\$0	\$0	\$0	\$0
Internal Service & Capital	\$120,900	\$341,275	\$109,550	(\$231,725)
Transfers Out	\$106,571	\$0	\$0	\$0
Total Expense	\$227,471	\$341,275	\$109,550	(\$231,725)
Net Revenue vs. Expenditure	(\$106,571)	(\$112,643)	\$122,393	\$235,036
Carryover/Use of or (Transfer to) Fund Balance	\$106,571	\$112,643	(\$122,393)	(\$235,036)

DEBT SERVICE FUNDS

**CLEAN RENEWABLE ENERGY BONDS [CREB]
OBLIGATION BONDS [POB]
2011 WATER BOND(In Water Fund)**

CITY OF SONOMA



DEBT SERVICE FUNDS

Clean Renewable Energy Bonds [CREBs]

(495-55031)

Pension Obligations Bonds [POBs] (495-57109)

2011 Water Bond (In Water Fund 510-62001)

Sue Casey, Interim Finance Director

The City uses debt service funds for tracking of revenue and interest related to long term debt principal and interest. Funds are transferred into the debt service funds from the appropriate fund.

In addition to the debt financing associated with the former Community Development Agency, the City has responsibility for the following:

- 2008 Clean Renewable Energy Bonds -- Used for photovoltaic (solar) projects at the Police Station and Corporation Yard.
 - In 2007, the City submitted applications to the United States Internal Revenue Service (IRS) for allocation of Clean Renewable Energy Bonds (CREBs). The IRS awarded the City and allocation of \$1,156,000 to finance solar paneling project at four different municipal facilities within the City limits. Bonds were issued on July 10, 2008 and tax credits were granted to lender upon financing. The obligation is a lease agreement with Municipal Finance Corporation in the amount of \$1,156,000 entered into on July 10, 2008. Principal installments of \$41,749 are made on December 15 of each year, with the final installment due on December 15, 2024.
 - These bonds were previously included in the Community Development Agency, but were denied for ongoing financing from the Redevelopment Property Tax Trust Fund (RPTTF). Funds are transferred from the General Fund (for Police Department and Public Works) and from other funds sharing the Public Works Corporation Yard (Gas Tax, Cemetery, Water).
- 2012 Pension Obligation Bond (POB) – Used to purchase unfunded pension liability and finance at a lower cost than charged by PERS.
 - The issuance of a POB is a method of fulfilling the City's existing obligation to California Public Employees Retirement System (CalPERS) in a more cost-effective manner at a lower interest rate than paying at the CalPERS interest rate of 7.5%. This does not create a new obligation for the City, but rather refinances an existing obligation to CalPERS in much the same manner as other City bonds. On December 20, 2012, the City issued Taxable Pension Obligation Bonds in the amount of \$2,925,000 to refund its obligation to make certain payments to PERS in respect of retired public safety and miscellaneous employees under the Side Fund program of PERS which amortizes such obligations over a fixed period of time.
 - With the issuance of the POBs, the City will have reduced the payoff period by 5 years, reduced the interest rate from 7.5% to 3.8% (average rate over 9 years), reduced the

CalPERS employer rate from 15.350% of payroll to 12.330% of payroll and will see an overall cost savings of approximately \$469,000 over a nine year period.

- Costs are allocated among various funds based on share of salary costs. Funds are transferred to the debt service fund and the payment is made from this fund.
- Refinance of the 2001 Water Bond -- Debt service costs related to this bond are paid directly from the Water Fund and are included in the water fund budget (510-62001).

With the dissolution of redevelopment (further described in the narrative for Successor Agency, RPTTF-ROPS), debt service funds to be paid under the RPTTF-ROPS were transferred to that fund and those debt service funds were closed in Fiscal Year 2014. Debt Service Expenses included in the Successor Agency Budget include:

- 2015 Tax Allocation Bond (This is the refunding of 2003 Tax Allocation Bond);
- 2010 Tax Allocation Bond;
- 2011 Tax Allocation Bond;
- SERAF Loan from Low / Moderate Income Housing Fund to Community Development Agency (paid to Sonoma County Housing Authority); and,
- US Department of Agriculture Loan used for purchase and operation of Village Green.

FISCAL YEAR 2017 – 2018 GOALS:

- Refinance the 2011 Redevelopment Tax Allocation bonds after the City’s receives its last and final Recognized Obligation Payment schedule.

RECOMMENDED FY 17/18 BUDGET MODIFICATIONS

The recommended budget for the **Debt Services funds** remains the same based on actual debt payment schedules.

Clean Renewable Energy Bonds Debt Service

DEPARTMENT / CATEGORY	Budget FY 15/16	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
REVENUE				
Transfers In	\$41,750	\$41,749	\$41,749	\$0
Total Revenue	\$41,750	\$41,749	\$41,749	\$0
EXPENSES				
Debt Service	\$41,749	\$41,749	\$41,749	\$0
Total Expense	\$41,749	\$41,749	\$41,749	\$0
Net Revenue vs Expenditure	\$1	\$0	\$0	\$0
Carryover/Use of or (Transfer to) Fund Balance	\$1	\$0	\$0	\$0

Pension Obligation Bond Debt Service

DEPARTMENT / CATEGORY	Budget FY 15/16	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
REVENUE				
Transfers In	411,350	412,225	410,326	(1,899)
Total Revenue	411,350	412,225	410,326	(1,899)
EXPENSES				
Debt Service	411,350	412,225	410,326	(1,899)
Total Expense	411,350	412,225	410,326	(1,899)
Net Revenue vs. Expenditure	0	0	0	0
Carryover/Use of or (Transfer to) Fund Balance	0	0	0	0

AGENCY FUNDS

Successor Agency

General Fund

Redevelopment Property Tax Trust Fund (RPTTF)



CITY OF SONOMA

Successor Agency Administration (100-43199)

Cathy Capriola, Executive Director, Successor Agency

One of the most profound impacts to impact the City's budget in many years was the dissolution of California redevelopment agencies by the State of California. The Redevelopment Dissolution Act, AB 1x26, signed by the Governor Jerry Brown in June 2011, was upheld by the California Supreme Court on December 29, 2011. The Court set the date of February 1, 2012, for dissolution of all California redevelopment agencies. The purpose for the State's elimination of redevelopment agencies was to realign property tax contribution from redevelopment agencies to schools and other property tax agencies within each county.

The City of Sonoma has elected to serve as the Successor Agency to the Sonoma Redevelopment Agency. The Dissolution Act requires that each successor agency have an Oversight Board composed of seven members appointed by specific governmental agencies. In addition, the City of Sonoma elected to not serve as the Housing Successor Agency and therefore transferred its housing assets and remaining housing funding to the Sonoma County Community Development Agency.

The elimination of all redevelopment revenue funding for projects and associated administrative costs resulted in unprecedented challenges for the City. Historically, the City has funded portions of staff time and key city investments with redevelopment funds. With the dissolution, each prior redevelopment agency (in Sonoma named the "Community Development Agency") was replaced with a Successor Agency to close out all Redevelopment activity, and to absorb administrative costs now unfunded in a post redevelopment era. Employees who were previously responsible for and funded by redevelopment were shifted to the newly created Successor Agency and other related expenses were absorbed by the General Fund.

The Dissolution Act provides the Successor Agency with an Administrative Cost Allowance to reimburse its costs to wind down the affairs of the dissolved redevelopment agency. Reimbursement will be made from property tax revenues, not to exceed 5% of the property tax allocated to the Successor Agency or not less than \$250,000, provided sufficient property tax revenues are available. Sonoma's Successor Agency receives \$250,000 and is retained in this fund.

The Successor Agency budget includes the following expenditures:

- Portion of staff costs including: City Manager, proposed Assistant City Manager/Administrative Services Director, proposed Accounting Manager and Administrative Services Manager.
- Portion of audit services.
- Legal costs associated with ongoing litigation with the Department of Finance.

In the FY 15/16, the City moved the cost of Economic Vitality Program with the Sonoma Valley Chamber of Commerce and Emergency Shelter Utilities to the Community Activities budget. In FY 16/17, the City moved the expenses for the master lease and associated costs of the Sebastiani Theatre to the Community Activities Budget.

KEY CHANGES FOR FY 17/18

For FY 17/18, the only recommended change is the elimination of the City's Business Loan program of \$50,000 per year. The Business Loan program was created in after the recession to assist and encourage

Plaza businesses to rehabilitate, renovate or improve the existing commercial buildings. This was a matching forgivable loan program of up to \$5,000 per category or a total over \$10,000. The program has helped 18 businesses in the past four years.

Staff believes that this has been a successful program and met a necessary need for City financial assistance when Plaza businesses were experienced vacancies and limited private sector investments. However, this is not the economic situation today. Staff believes this funding should be shifted to investing in additional parking as part of the City’s potential lease for the Casa Grande Parking lot initiative.

RECOMMENDED FY 17/18 BUDGET MODIFICATIONS

The recommended budget for the General Fund Successor Agency Administration includes a decrease of \$131,710. The key budget changes are highlighted below.

- Elimination of the Business Loan program (\$50,000)
- Reduction in legal costs.
- Overall reduction in costs to reduce General Fund subsidy of this program.

DEPARTMENT / CATEGORY	Budget FY 15/16	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
EXPENSES				
Salary And Wages	\$140,424	\$143,484	\$146,941	\$3,457
Employee Benefits	\$46,856	\$39,488	\$54,274	\$14,786
Professional Services	\$0	\$130,000	\$30,000	(\$100,000)
Property Services	\$68,250	\$0	\$0	\$0
Operations	\$44,000	\$53,000	\$3,000	(\$50,000)
Supplies	\$1,500	\$1,500	\$1,500	\$0
Capital Assets	\$0	\$0	\$0	\$0
Internal Service & Capital	\$28,262	\$28,889	\$29,428	\$539
Total Expense	\$329,292	\$396,361	\$265,143	(\$131,218)



CITY OF SONOMA

Successor Agency RPPTF-ROPS (100-43199) ***[Redevelopment Property Tax Trust Fund*** ***for Recognized Obligation Payments]***

Cathy Capriola, Executive Director, Successor Agency

One of the most profound impacts to impact the City's budget in many years was the dissolution of California redevelopment agencies by the State of California. The Redevelopment Dissolution Act, AB 1x26, signed by the Governor Jerry Brown in June 2011, was upheld by the California Supreme Court on December 29, 2011. The Court set the date of February 1, 2012, for dissolution of all California redevelopment agencies. The purpose for the State's elimination of redevelopment agencies was to realign property tax contribution from redevelopment agencies to schools and other property tax agencies within each county.

The City of Sonoma has elected to serve as the Successor Agency to the Sonoma Redevelopment Agency. The Dissolution Act requires that each successor agency have an Oversight Board composed of seven members appointed by specific governmental agencies. In addition, the City of Sonoma elected to not serve as the Housing Successor Agency and therefore transferred its housing assets and remaining housing funding to the Sonoma County Community Development Agency.

The elimination of all redevelopment revenue funding for projects and associated administrative costs resulted in unprecedented challenges for the City. Historically, the City has funded portions of staff time and key city investments with redevelopment funds. In addition, the City's Community Development Agency provided funding to invest in city assets and infrastructure.

The budget represented by the Redevelopment Property Tax Trust Fund (RPPTF) and the Recognized Obligation Payment Schedule (ROPS) are part of the same action by the California Assembly Bill ABX1 26. Through this legislation, new guidelines were issued for the dissolution of the former redevelopment agency and the management of the remaining assets and financial commitments. State law requires development of a remittance and a payment schedule for State recognized and approved expenses. Every year (previously every six (6) months), the City submits detail of anticipated payments based on items authorized by the Department of Finance during the Due Diligence process which took place in 2013.

As a general rule, approved expenses may include:

- Debt service costs which were previously funded by tax increment and that have an amortization schedule during the time of the dissolution of the RDA. These expenses will be paid using funds received under ROPS until the debt is fully paid according to the original schedule.
- For Sonoma, the schedule includes:
 - Tax Increment Bonds (TAB) issued in, 2010, 2011 and 2015,
 - USDA note payable related to Village Green Housing, and
 - Payment to the Sonoma County Housing Authority for a loan issued by the Low Moderate Income Housing Fund to the Community Development Agency.
- The 2011 Tax Allocation Bonds are currently held pending legislation or litigation related to the dissolution of redevelopment but payments are included in the approved expenses. These bonds

were issued in an aggregate amount of \$16 million to fund various capital improvements and public service projects including affordable housing. In 2015, the 2003 TAB was refunded resulting in cash savings and additional distribution of residual redevelopment funds to other taxing agencies including the City.

- Contract services through the end of any contracts issued before the dissolution of the Sonoma Community Development Agency. This includes the funding for Sonoma Overnight Services (Emergency Shelter). Utilities and building maintenance for the Emergency Shelter are paid by the City and budgeted in Community Activities (100-43101).
- Other expenses approved by the Successor Agency RPTTF are primarily related to professional services such as audit and legal services.
- Approval of \$1,450,000 Bond Expenditure Agreement for affordable housing purposes. This allows the City to disburse these funds for affordable housing.

For expenses that are approved for RPTTF Funding, the City as Successor Agency will receive pass through revenue when property taxes are remitted to the City by the County. The City will then make authorized payments from Successor Agency, RPTTF / ROPS Fund.

RECOMMENDED 17/18 BUDGET MODIFICATIONS

The budget below has already been approved by the Department of Finance based on already approved recognized obligation payments per contracts or debt. The City Council has no ability to adjust this budget.

DEPARTMENT / CATEGORY	Budget FY 15/16	Amended Budget FY 16/17	Proposed Budget FY 17/18	Change FY 16/17 vs FY 17/18
REVENUES				
Taxes - RPTTF	\$3,877,493	\$3,818,008	\$5,345,006	\$1,526,998
Total Revenue	\$3,877,493	\$3,818,008	\$5,345,006	\$1,526,998
EXPENSES				
Salary And Wages	\$0	\$0	\$0	\$0
Employee Benefits	\$0	\$0	\$0	\$0
Professional Services	\$295,000	\$405,535	\$305,535	(\$100,000)
Property Services	\$298,000	\$30,000	\$50,788	\$20,788
Operations	\$0	\$0	\$0	\$0
Supplies	\$0	\$0	\$0	\$0
Capital Assets	\$0	\$0	\$0	\$0
Internal Service & Capital	\$0	\$0	\$1,450,000	\$1,450,000
Debt Service	\$3,284,493	\$3,096,418	\$3,438,683	\$342,265
Transfers	\$0	\$286,055	\$250,000	(\$36,055)
Total Expense	\$3,877,493	\$3,818,008	\$5,495,006	\$1,676,998
Net Revenue vs. Expenditure	\$0	\$0	(\$150,000)	(\$150,000)
Use of or (Transfer to) Fund Balance	\$0	\$0	\$150,000	\$150,000



GLOSSARY



CITY OF SONOMA

GLOSSARY

Accounts Payable: Amounts owed by the City to external entities for goods and services received.

Accounts Receivable: Amounts due to the City from external entities for goods and services furnished.

Amended Budget: The current budget adopted by the City Council in addition to Council-approved modifications authorized throughout the year.

Adopted Budget: The current budget adopted through resolution by the City Council.

Agency Funds: Account for assets held by the city in a trustee capacity or as an agent for other governments, private organizations, individuals, and/or other funds.

Appropriation: An authorization by the City Council that permits officials to incur obligations and expend City resources within a fiscal year.

Audit: An examination of city records and accounts by an external source to check their validity and accuracy.

Bond: An interest-bearing or discounted government security that obligates the issuer to pay the bondholder(s) specified sums of money at regular intervals and to repay the principal of the loan at maturity.

Bond Proceeds: The funds received from the issuance of bonds.

Budget: A spending plan and policy guide comprised of an itemized summary of the City's probable revenues and expenditures for a given fiscal year.

Budget Amendment: A method to revise a budget revenue or appropriation after the fiscal year budget has been adopted.

CalPERS: The California Public Employees' Retirement System. CalPERS provides retirement and health benefits to public employees, retirees, their families and employers.

California Public Employee's Pension Reform Act (PEPRA): Act signed into law by Governor Jerry Brown for all public employers in the state that mandates new, lower benefit pension formulas for employees hired after December 31, 2012, with the goal of reducing pension costs over time.

California Society of Municipal Finance Officers (CSMFO): Statewide association for finance professionals in California cities, special districts and counties, as well as commercial finance professionals, such as brokers, bankers, auditors, and specialized financial consultants. CSMFO offers a variety of professional training programs for its members.

Capital Budget: Program for financing long-term outlays for construction or major repairs of facilities, buildings, and infrastructure.

Capital Improvements: Construction or major repair of city facilities, buildings, and infrastructure.

Capital Outlay: The acquisition costs of equipment with a value greater than \$5,000 and a useful life of one year or more used in providing direct services.

Computer Aided Dispatch (CAD): Software packages used to initiate public safety calls for service, dispatch, and maintain the status of responding resources in the field.

Debt Service: The costs of paying the principal and interest on borrowed money according to a predetermined schedule.

Debt Service Funds: Funds used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Encumbrance: The commitment of appropriated funds to purchase an item or service in the future.

Expenditures: The cost for the personnel, materials and equipment required for a department to function.

Fiscal Year (FY): A time period designated by the city signifying the beginning and ending period for recording financial transactions. Sonoma has a fiscal year of July 1 through June 30.

Full-Time Equivalent (FTE): The conversion of permanent, part-time, or temporary positions to a decimal equivalent of a permanent, full-time position based on an annual amount of 2,080 hours worked.

Fund: An accounting entity with a self-balancing set of accounts recording financial resources and transactions for specific activities.

Fund Balance: The net effect of assets less liabilities at any given point in time.

Gann Appropriation Limit: A State of California mandated appropriation limit imposed on local jurisdictions.

General Fund: Accounts for tax and other general purpose revenues, e.g., sales taxes, property taxes, fines and forfeitures, investment income, etc., and records the transactions of general governmental services, e.g., police, parks and recreation, public works, planning, etc.

Generally Accepted Accounting Principles (GAAP): Conventions, rules, and procedures that define accepted accounting practice, including broad guidelines as well as detailed procedures.

General Obligation (GO) Bonds: Debt that is a general obligation of the city, primarily financed through property tax assessment.

Governmental Accounting Standards Board (GASB): Organization established to improve standards of generally accepted accounting principles (GAAP) used by state and local governments.

Government Finance Officers Association (GFOA): Organization established to promote and enhance the professional management of governments for the public benefit by identifying and developing financial policies and practices and promoting them through education, training and leadership.

Grants: A contribution by a government or other organization to provide funding for a specific project. Grants can either be classified as capital projects or operational, depending on the grantee.

Interdepartmental Charges: Accounts for the reimbursement of the cost of services provided by Internal Service Fund programs to other programs and departments.

Internal Service Funds: Used to finance and account for goods and services provided by one City department to other city departments.

Joint Powers Authority (JPA): A unit of local government, authorized under the state Government Code, created to jointly administer a shared power, under the terms of a joint exercise of powers agreement adopted by the member agencies.

Liability: Debt or other legal obligations arising out of past transactions that will be liquidated, renewed, or refunded at some future date.

Materials & Supplies: The costs of utilities, materials and supplies, services, fuel, and other non-labor costs.

Memorandum of Understanding (MOU): A document detailing the results of labor negotiations between the city and its various bargaining units.

Modified Accrual Basis of Accounting: The accounting basis used by the city by which revenues and expenditures are recognized as they are earned or incurred, regardless of the timing of cash receipts and disbursements.

National Pollution Discharge Elimination System (NPDES): Federally mandated program with the goal of reducing the discharge of pollutants into creeks.

Objective: A specific statement describing a result to be achieved in support of a department's purpose.

Operating Budget: A financial plan used to allocate resources among program operations, which lists an estimate of required expenditures and the means of financing them for the fiscal year.

Ordinance: A formal legislative enactment by the City Council.

Other Post-Employment Benefits (OPEB): Post-employment benefits that an employee will begin to receive when the employee retires.

Outstanding Encumbrance: The money allocated for payment of goods/services ordered but not yet received within the fiscal year at a given point in time.

Owner Participation Agreement (OPA): An agreement between a property owner and redevelopment agency that describes the terms and conditions for a project that is being developed on the owner's property.

Performance Measure: Data collected to determine how effective or efficient a program is in delivering services.

Personnel: Reflects total full-time, part-time and temporary budgeted positions, expressed as full-time equivalents. (Example: Two half-time positions equal one full-time equivalent.)

Pension Obligation Bonds (POB): Debt incurred by the City to pay its unfunded accrued liability with the California Public Employees Retirement System.

Previous Actual: Audited revenues and appropriations for prior fiscal year(s).

Prior Year Encumbrances: Money set aside from last year's budget to pay for items or services ordered during that year but received in the subsequent fiscal year. The encumbrance is removed when the items or services are received and paid for.

Program: An activity or group of similar activities organized as a sub-unit of a department for planning, and performance measurement purposes.

Projected Actual: Estimate of revenues and appropriations for the fiscal year just ended, prior to the final accounting and external audit.

Purpose or Mission: A broad statement of the goals, in terms of meeting public service needs, that a department is organized to achieve.

Quasi-judicial: The action taken and discretion exercised by public administrative agencies or bodies that are obliged to investigate or ascertain facts and draw conclusions from them as the foundation for official actions.

Quasi-legislative: The capacity in which a public administrative agency or body acts when it makes rules and regulations.

Redevelopment Agency (RDA): An agency created by state law to operate locally within the jurisdiction of the city to eliminate blight. All redevelopment agencies were eliminated by the State of California in 2011.

Resources: Total dollars available for appropriations including estimated revenues, fund transfers, and beginning fund balances.

Resolution: A special order of the City Council that requires less formality than an ordinance.

Revenues: The historical and estimated yield of taxes and other sources of income that a governmental unit collects and receives for public use.

Special Revenue Funds: Account for the proceeds of specific revenue sources that are restricted by law to expenditure for specific purposes.

Tax Allocation Bonds (TAB): Debt issued by the former redevelopment agency to pay an obligation incurred by the Agency under an owner participation agreement.

Unfunded Actuarial Accrued Liability (UAAL): The excess of the Actuarial Accrued Liability (AAL) over the Actuarial Value of Assets (AVA). The UAAL can derive from three sources: unfunded past Normal costs, actuarial gains and losses (differences between actuarial assumptions and actual experience), and changes to the level of benefits promised.

User Charges/Fees: The payment of a fee for direct receipt of a public service by the party that benefits from the service.

Year to Date (YTD): Total expenses incurred since the beginning of the current fiscal year to a specific date (i.e., October YTD refers to expenses).

FY 2017-18

BUDGET RESOLUTION

City of Sonoma

RESOLUTION # *36* - 2017
SA RESOLUTION # 03-2017

A RESOLUTION OF THE CITY OF SONOMA AND THE SUCCESSOR AGENCY OF THE FORMER SONOMA COMMUNITY DEVELOPMENT AGENCY ADOPTING THE OPERATING AND CAPITAL IMPROVEMENT BUDGET FOR FISCAL YEAR 2017-2018 AND WAIVING THE ANNUAL ALLOCATION EQUAL TO ONE-QUARTER OF ONE PERCENT OF THE BUDGETED GENERAL FUND EXPENDITURES TO THE PUBLIC ART FUND FOR THE FISCAL YEAR 2017/2018

WHEREAS, the City Manager submitted a preliminary one-year operating budget to the City Council at a budget work session on June 12, 2017; and

WHEREAS, the City Council of the City of Sonoma has reviewed the proposed final Operating Budget for FY 2017/18 and Capital Improvement Program for FY 2017/18 and has held public meetings prior to adoption of the final budgets; and

WHEREAS, the City Council, in keeping with its desire to encourage the development of public art within the City, adopted Ordinance No. 04-2009 establishing a Public Art Program in the City of Sonoma on April 1, 2009; and

WHEREAS, the ordinance established funding mechanisms which included a contribution to the Public Art Fund of 1% of the project valuation costs in excess of \$250,000 for public development projects and an annual City allocation equal to one-quarter of one percent of the City of Sonoma's budgeted general fund expenditures; and

WHEREAS, the ordinance included a provision allowing the City Council to waive or reduce the annual allocation if the City's financial situation did not allow for the funding to be set aside. Said waiver to be adopted by a resolution setting forth findings for the waiver; and

WHEREAS, since 2012, the City of Sonoma has been impacted by the dissolution of the Sonoma Community Development Agency and has absorbed a number of costs into the City's General Fund including the costs of capital projects and administration and, as a result, the City lacks sufficient operating funds in Fiscal Year 2017 – 2018 for a transfer to the Public Art Fund; and

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Sonoma that the total Operating Budget of \$33,328,075 and the total Capital Improvement Fund Budget of \$3,618,700 submitted by the City Manager in the amount as set forth in Exhibit "A" which is attached hereto and by this reference made a part hereof is hereby adopted as the total operating and capital budget of the City of Sonoma for fiscal year 2017-2018.

BE IT FURTHER RESOLVED, that the 2017/18 Capital Improvement Plan is approved in accordance with the CIP plan attached as Exhibit "B" and incorporated into the 2017-18 Operating and Capital Budget for the City of Sonoma:

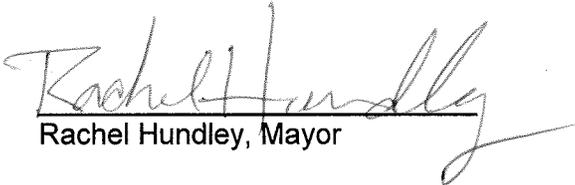
BE IT FURTHER RESOLVED by the City Council of the City of Sonoma that based on the following findings, the annual allocation equal to one-quarter of one percent of the budgeted general fund expenditures to the Public Art Fund is hereby waived for Fiscal Year 2017/2018.

FINDINGS:

- 1) Since 2012, the City of Sonoma has been impacted by the dissolution of the Sonoma Community Development Agency resulting in absorption of significant costs by the City General Fund;
- 2) The City of Sonoma is anticipating that growth of major revenue sources will be lower than growth in major costs for the City's core services.
- 3) Public Art funding does not fall within the City's priority for maintaining its core services.
- 4) The City Council adopted a balanced Operating and Capital Budget for Fiscal Year 2017-18 with no excess funds for services that are not identified as core services.

PASSED AND ADOPTED by the City Council of the City of Sonoma at their regular meeting held on the 19th day of June 2017 by the following vote:

AYES: HARRINGTON, COOK, EDWARDS, HUNDLEY
NOES: AGRIMONTI
ABSENT:


Rachel Hundley, Mayor

ATTEST

Rebekah Barr, MMC, City Clerk

CITY OF SONOMA
OPERATING AND CAPITAL IMPROVEMENT BUDGETS
(INCLUDES EXPENDITURES AND TRANSFERS)
FY 2017/18

DEPARTMENT	FY 2017/18 BUDGET
100-41001 CITY COUNCIL	127,086
100-41002 CITY CLERK	179,422
100-41003 CITY MANAGER	258,592
100-41004 FINANCE	409,157
100-41005 LEGAL SERVICES	408,432
100-42101 POLICE	5,275,029
100-42201 FIRE//EMS	5,730,017
100-43020 PUBLIC WORKS ADMIN &	1,333,366
100-43021 STREETS-CAPITAL PROJECTS	0
100-43022 PUBLIC WORKS STREETS	830,500
100-43030 PLANNING & ZONING	704,689
100-43040 BUILDING	553,297
100-43101 COMM. ACTIVITIES	603,446
100-43199 SUCCESSOR AGENCY	265,142
100-43200 NON-DEPARTMENTAL	528,318
100-43999 GEN FUND - TO OTHER	302,595
100 GENERAL FUND	17,509,088
OTHER FUNDS	FY 2017/18 BUDGET
C.O.P.S. Grant (217)	100,000
Maysonnave (221)	10,430
Gas Tax (302)	444,394
Measure M (313)	282,200
Successor Agency (391)	5,495,006
CREBS (495)	41,749
POB (498)	410,326
Cemetery (501)	280,051
Cemetery Endowment (504)	50,000
Water (510)	7,772,176
Management Information Systems (601)	340,880
Vehicle Replacement (603)	250,500
Long Term Building Maintenance (610)	341,275
TOTAL	15,818,987
TOTAL OPERATING BUDGET	33,328,075

CAPITAL IMPROVEMENT FUNDS	FY 2017/18 BUDGET
Capital Improvement (301)	572,900
Water CIP (512)	3,045,800
TOTAL CAPITAL IMPROVEMENT BUDGET	3,618,700

City of Sonoma FY 2017-18 Maintenance and Capital Improvement Program

							Projected Funding Sources - FY 2017-18 ONLY						
	Project	Approximate Project Expenses To-Date	Estimated FY17/18 Project Expenses	Estimated Project Expenses After FY18	Estimate of Total Project Cost	Project Contact	LTBM 610-64520	WATER CIP 512-50000	STREETS CIP 301-50000	GAS TAX CIP 302- 51001	PARKS CIP 100-43020	GRANTS see Comments	COMMENTS / FUNDING and GRANT EXPLANATIONS
City Buildings													
PB-008	Plaza Restroom Improvements (Phase 2) - modern hand dryers, new sink and toilet fixtures, possibly improved flooring, replacing stainless mirrors, replacing partitions, ADA improvements, and possibly adding waterproof wainscot material on walls to allow water washing. (DESIGN ONLY)	-	10,000	99,000	109,000	Hudson	10,000						LTBM - 100% of project costs - 610-64520-008-70702
PB-009	Carnegie Bldg. - Selective Repainting and Recarpeting	-	50,500	-	50,500	Wirick	50,500						LTBM - 100% of project costs - 610-64520-009-70703
PB-011	City Hall - Deck Parapet Water Intrusion Repair	-	8,250	-	8,250	Hudson	8,250						LTBM - 100% of project costs - 610-64520-011-70703
PB-012	Fire Station - New Concrete Equipment Pad (DESIGN & CONSTRUCTION)		20,800	-	20,800	Francheschi	20,800						LTBM - 100% of project costs - 610-64520-012-70703
PB-013	Regional Library - Chimney Water Intrusion Repair	-	20,000	-	20,000	Hudson	20,000						LTBM - 100% of project costs - 610-64520-013-70703
City Building Totals		-	109,550	99,000	208,550	-	109,550	-	-	-	-	-	
Combined Water and Street Improvements													
WS-1	2017 Street Rehabilitation and Water Services Project	35,000	638,800		673,800	PWD		210,800	428,000				Streets CIP = 67% of total construction cost or \$428,000 (FY 17/18) Water CIP = 33% of total construction cost or \$210,800 (FY 17/18) Construction management services to be performed by City Staff.
Combined Water and Streets Totals		35,000	638,800	-	673,800	-	210,800	428,000	-	-	-	-	

City of Sonoma FY 2017-18 Maintenance and Capital Improvement Program

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Streets/Sidewalks/Bikeways Improvements													
SS-1	2017 Street Slurry Seal Project	20,000	155,000		175,000	PWD			155,000			Gas Tax CIP = \$155,000 (FY17/18) Approximately \$155,000 is budgeted for construction tasks.	
SS-2	2018 Street Slurry Seal Project		22,000	155,000	177,000	PWD			22,000			Gas Tax CIP = \$22,000 (FY 17/18) Budget is for design services.	
SS-3	Chase Street Bridge Replacement Project	625,000	69,900	1,816,266	2,511,166	PWD		69,900			50,000	Federal HBRR Grant = \$2,045,348 (City Staff will be requesting additional funding for Right of Way Phase) Total Local Match = \$264,997 Streets CIP = \$69,900 (FY 17/18) Budget will be used for finalizing design services, bid services, environmental monitoring, and engineering support.	
SS-4	Fryer Creek Bridge Replacement Project		90,000	566,000		PWD		90,000				O BAG Grant in the amount of \$501,000. Streets CIP = \$90,000 (FY17/18) Approximately \$90,000 will be used for design and environmental services this fiscal year.	
SS-5	Citywide Sidewalk Repair Program, Phase 4	50,000	50,000			PWD		50,000				Streets CIP = \$50,000 (FY 17/18) Continuing Phase 4 of the sidewalk inspection, repair, and cost-share program planned at \$50,000 per year.	
Streets/Sidewalks/Bikeways Total		695,000	386,900	2,537,266	2,863,166		-	-	209,900	177,000	-	50,000	
Water Mains, Wells, Pumps Improvements													
WM-1	Groundwater Banking Well 6 Pilot Project (Aquifer and Storage Recovery)	27,000	35,000		62,000	PWD		35,000				Water CIP = \$35,000 (FY 17/18) SCWA is seeking grant funding to assist with implementation of pilot project; this fiscal year budget will be used to complete the design and construction costs.	
WM-2	West Napa Street Water Main & Services Replacement (Broadway-Staples)	280,804	2,800,000		3,080,804	PWD		2,800,000				Water CIP = \$2,800,000 (FY 17/18) Need to complete prior to Caltrans West Napa Street repair project (Caltrans anticipated programming scheduled for 2018/19); Budget includes remaining construction and construction management costs from previous fiscal year. Budget not expected to exceed the approved FY 16/17 total budget of \$2,922,604.	
Water Mains, Wells, Pumps Total		307,804	2,835,000	-	3,142,804		-	2,835,000	-	-	-	-	
Parks, Cemeteries and Open Space													
PC-1	Trash Recepticals for Recycling in Plaza Park		50,000		50,000	PWD				50,000		Parks CIP = \$50,000 (FY 17/18) Project includes replacing or covering the trash recepticals for recycling in the Plaza Park.	
Parks, Cemeteries and Open Space Totals		-	50,000	-	50,000		-	-	-	50,000	-	-	
Total of All City Projects		1,037,804	4,020,250	2,636,266	6,938,320		109,550	3,045,800	637,900	177,000	50,000	50,000	
SONOMA AS SUCCESSOR AGENCY													
	2011 CDA TAX ALLOCATION BOND PROJECTS (THAT ARE NOT LISTED ABOVE)	579,000	-	4,759,100	4,759,100	PWD						above. Figures in this row only account for the projects listed in the 2011 CDA TAB Project List that are not otherwise included in the City Projects above.	
Total of All Capital Improvement Projects		1,616,804	4,020,250	7,395,366	11,697,420		109,550	3,045,800	637,900	177,000	50,000	50,000	