

**CITY OF SONOMA
&
COMMUNITY DEVELOPMENT AGENCY**

**FY 2011-2012
OPERATING BUDGET**



**Laurie Gallian, Mayor
Joanne Sanders, Mayor Pro-Tem
Ken Brown, Councilmember
Steve Barbose, Councilmember
Tom Rouse, Councilmember**

Linda Kelly, City Manager

Adopted June 20, 2011

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City of Sonoma

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December 1, 2011

Transmittal of Adopted Fiscal Year 2011-12 Operating Budget

Mayor and Council,

On June 20, 2011, the Fiscal Year 2011-12 Operating Budget was adopted by the City Council. On June 2, 2011, the City Council held a work study session on the draft FY 2012 Operating Budget for the City and Community Development Agency.

Overview of Budget Environment:

Similar to last year, the Fiscal Year 2011-12 Operating Budget is strictly a base-level budget, with reductions in expenditures to every extent possible, in order to continue to provide our public services at the lowest possible cost. The budget retains all current year public services, and we have planned for essentially no growth in public services. We are continuing once again with a one-year budget due to the continued recessionary environment which has made revenue projections less predictable. Last year, we carried forward an overall flat revenue prediction, and staff continues that projection for the next year.

The recession has impacted our revenues more deeply than expected, has lasted longer than predicted and the recovery is proceeding more slowly than in past recessionary times. The difficult work of balancing the General Fund budget continues to challenge the City.

It is fully evident that the deficit budget situation remains one that we cannot "cost-cut" ourselves out of. We have been in a mode of economic contraction over the last three years and have reduced expenditures to the point of freezing service levels and we continue in this mode for the next fiscal year. We continue to operate at less than full staffing and this has had impacts on our ability to fulfill community needs.

Two years ago we defined our financial problem to solve as the need to align expenditures with current and predicted revenue declines in order to weather the extended recession without significantly impacting core services. At this time, we believe that our core revenues (property tax, sales tax and transient occupancy tax) have bottomed out and are in a slow recovery mode.

In the FY 2009-10 budget, the City reduced its General Fund expenditures by 10% in line with a predicted 10% revenue reduction. An additional 2% revenue reduction was taken in the FY 2010-11 budget. Last year, the Council opted to utilize the City's Operating Reserve to balance the General Fund budget. The amount of reserves budgeted was \$264,472 or 17% of the City's Operating Reserve.

Major Factors Affecting Revenue Projections:

- Emergency Medical Service (EMS) Billings: Based on a decreasing trend, we have estimated a decrease in EMS revenue of \$220,000, which is in line with FY 2010-11 yearend estimates. The factors impacting EMS revenue include declining reimbursements from Medicare and Medical, major reduction in event activity at Infineon Raceway and lower payment arrangements made with private pay customers.
- Property taxes: staff has once again basically “flat-lined” property taxes (increase of \$76,686, in line with current yearend estimates) versus our budgeted estimates for FY10-11.
- Sales taxes: Based on sales tax data this fiscal year, we have budgeted a small increase in sales taxes (\$40,000 increase)
- Transient Occupancy Taxes: TOT is continuing to increase slowly, and based on FY 2010-11 trend data, we are budgeting for a \$114,000 increase.

Revenue is again is at an overall ‘no growth’ position. While the draft budget reflects a total essentially equal to the current fiscal year, overall it is at a lower position than two years prior. The effects of the downturn in the economy are glaringly evident.

Factors Affecting Expenditure Projections:

The major factors affecting expenditure projections are explained below.

- CalPERS rates have increased as follows:

| <i>Miscellaneous (non-safety)</i> | Employee Rate | Employer Rate | Totals |
|-----------------------------------|---------------|---------------|---------|
| 2011 | 7% | 13.536% | 20.536% |
| 2012 | 7% | 14.248% | 21.248% |
| <i>Safety (Fire)</i> | | | |
| 2011 | 9% | 34.290% | 43.290% |
| 2012 | 9% | 39.344% | 48.344% |

The amount of the FY11-12 projected General Fund expenditure increase attributable to these new CalPERS rates is as follows:

| | |
|----------------|-----------|
| Miscellaneous: | \$11,016 |
| Safety: | \$109,304 |
| Total: | \$120,320 |

The City has been fortunate for its team of dedicated part-time staff, many of whom have longevity with the City, which translates into a knowledge and experienced skill base to supplement full-time

staff. As a result, number of the City's part-time employees has recently exceeded the cap for exclusion from the CalPERS retirement system. The Government Code and CalPERS specify that any part time employee who works 1,000 hours or more during a single fiscal year, is required to be enrolled in the CalPERS retirement system. Once in CalPERS, the employee will continue as a member of CalPERS as long as the employee works for the City even if in a subsequent fiscal year, the employee works fewer than 1,000 hours. The amount of the FY11-12 projected General Fund expenditure increase attributable to these new CalPERS enrollees is as follows:

| | |
|----------------|----------|
| Miscellaneous: | \$8,193 |
| Safety: | \$35,510 |
| Total: | \$43,703 |

- Internal Services Funds amortization extension: As a result of the slow economic recovery and in recognition of the need to sustain core public services, staff has reviewed all Internal Services Fund reserves. These reserves account for amortization for Vehicle Replacement, Long-term Building Maintenance and Management Information Systems. The City has done a commendable job historically in building reserves to protect the City's equipment and building infrastructure. It is due to this historical process that staff revised the amortization schedules for Vehicle Replacement and MIS Replacements to extend the life of the assets for a one-year period. In staff's view and evaluation, this extension is reasonable for this year only and could supplant a portion of the drawdown of General Fund reserves in order to balance the 2012 budget. Staff has determined that this one-year reduction in Internal Service Fund contributions will not be detrimental to the long-term sustainability of the reserves. Reductions taken in the Internal Services Fund total \$257,000.
- Waive public art ordinance mandated contribution from the General Fund for the third year in a row (\$25,000).
- Note that two vehicle replacements are planned for the Fire/EMS Department (one ambulance and one command vehicle) for a total of \$ 220,000. The corresponding revenue for this expenditure is derived from a transfer in from the Equipment Replacement Fund.

Redevelopment:

In January 2011, the Governor proposed the elimination of all redevelopment agencies, a measure opposed by cities statewide, the League of California Cities and the California Redevelopment Association. Steps were taken by the Community Development Agency (CDA) Board in March 2011 to secure to the greatest extent possible the City's redevelopment funding through adoption of agreements and the issuance of a tax allocation bond.

As part of the 2011-12 State budget bill, the Governor signed companion bills AB 1X 26 and AB 1X 27 on June 28, 2011, requiring that each redevelopment agency be dissolved unless the community that created it enacts an ordinance committing it to making certain payments. Specifically, AB 1X 26 prohibits agencies from taking numerous actions and additionally provides that agencies are deemed to be dissolved as of October 1, 2011.

On August 11, 2011 the California Supreme Court announced it would hear the California Redevelopment Association's (CRA) and League of California Cities' (League) petition asking the

Court to overturn redevelopment legislation AB1X 26 and AB1X 27. At that time, the Court also issued a partial stay of AB1X 26 and AB1X 27. During the stay, redevelopment agencies can continue to carry out “enforceable obligations” as defined under the new statutes. Agencies may not enter into new agreements, amend or modify existing agreements, transfer or dispose of assets, or adopt or amend redevelopment plans during the stay. In effect, the status quo “hold,” as staff has described it, of the Sonoma CDA, that was effective as of the Governor signing AB1X26 and AB1X 27, is still in place during the stay at the present time.

On August 29, 2011, the City Council adopted an ordinance opting into the Voluntary Alternative Redevelopment Program in order for the ordinance to become effective by October 1, 2011. Analysis indicated that there was no downside risk to opting in at the present time. Legal counsel advises that it might be helpful to have the opt-in ordinance in place if the stay is further modified or lifted, or if the Court ultimately upholds AB1X 26 and 27. The opting-in decision continues to keep the CDA in “status quo” mode due to the stay, yet places the CDA in a better position in terms of preserving all alternatives (including opting out) in the future, pending the Court’s ultimate decision on AB1X 26 and AB1X 27.

The Supreme Court states in its order that the briefing schedule is designed to facilitate oral argument as early as possible in 2011 and a decision before January 15, 2012 (the date the first of two annual remittance payments for the current fiscal year would be due). The first year’s payment is estimated at \$1.5M and the second and subsequent years’ payments are estimated at \$400,000.

General Fund Discretionary Expenditures:

During the study session Council directed modifications to proposed expenditures based on a list of potential non-core services with the balance of the deficit to be addressed through the use of Operating Reserve Funds to balance the General Fund budget. A summary recap of the discussion is shown:

| Expenditure | Amount |
|--|-----------|
| Non-Profit Tier 1 Grants Reduction | \$ 16,800 |
| City Prosecutor Fee Reduction | \$ 4,500 |
| Memberships-reduced by 50% | \$ 7,200 |
| Cultural & Fine Arts Commission-Plein Air Art Purchase | \$ 1,000 |
| TOTAL REDUCTIONS TO BASE BUDGET FOR NON-CORE SERVICES | \$29,500 |

Reduction to Alcalde Program Costs

Council reviewed the process for the appointment of the Alcalde and the resulting costs for this program including costs for photograph and luncheon. Council discussed the program and whether a 50% reduction [\$1,500] could be realized if the Alcalde were appointed for a two-year period or if all attendees paid for their attendance. A future agenda item would need to be scheduled amending the Alcalde program policy to a two-year term. Staff has not included the \$1,500 reduction in the budget. Any change to the program and potential cost savings could serve to reduce the final drawdown of Operating Reserves.

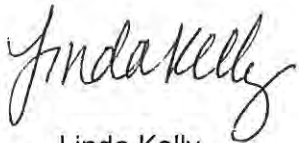
Mitigating the Budget Shortfall:

- Use of the reserves is for the express purpose of providing breathing room in the event of financial adversity. In addition there are several issues still remaining outstanding including the Alcade Program, State Budget, final Property Tax valuations and Labor negotiations. In light of these outstanding issues, Council approved the use of \$49,508 through a combination of General Fund Operating Reserves and Special Project Reserves to address the budget deficit. Of this \$49,508, \$10,000 is for use for the Montini Trail Study and will be drawn from Special Project Reserves and \$39,508 for on-going operations will be drawn from Operating Reserves. The drawdown of reserves for the operational portion of the deficit would not be triggered until June 1, 2012. The basis for this recommendation is that should the City find additional reductions through any combination of outstanding issues, the total drawdown may not be necessary.

Conclusion:

I would like to take this opportunity to thank each staff member for their efforts in continuing to manage through the extended recession. I extend my special appreciation to Department Managers for their commitment to the City through challenging times. Further, I want to commend Assistant City Manager Carol Giovanatto for her invaluable support to the City Council and Manager throughout the budget process and the extended redevelopment threat.

Sincerely,



Linda Kelly
City Manager

**CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
OPERATING BUDGET - FY 2011-12
GENERAL FUND - 100**

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|--------------------------------------|------------------|------------------|------------------|
| 30010 TAXES - SECURED | 2,515,200 | 2,599,314 | 2,674,000 |
| 30011 TAXES - UNSECURED | 94,340 | 94,340 | 90,320 |
| 30015 TAXES - HOPTR | 25,350 | 25,350 | 25,360 |
| 30016 COUNTY COLLECTION FEE | -38,500 | -38,500 | -44,000 |
| 30017 ERAF (STATE TRSFR) | -1,050,650 | -1,150,650 | -1,169,000 |
| 30020 SALES TAXES - SAFETY | 100,000 | 100,000 | 105,000 |
| 30021 SALES AND USE TAXES | 2,143,700 | 2,100,000 | 2,140,000 |
| 30023 VLF SWAP-SB1096 | 780,000 | 780,000 | 750,000 |
| 30030 TRANSIENT OCCUPANCY TAX | 2,216,000 | 2,216,000 | 2,330,000 |
| 30031 FRANCHISE TAXES | 390,000 | 354,000 | 374,000 |
| 30040 BUSINESS LICENSE | 310,000 | 290,000 | 290,000 |
| 30060 PROPERTY TRANS TAX | 60,000 | 60,000 | 60,000 |
| 3001 TAXES | 7,545,440 | 7,429,854 | 7,625,680 |
| 30102 ZONING FEES | 35,000 | 35,000 | 27,000 |
| 30104 SALES OF PUBLICATIONS | 2,000 | 2,000 | 1,000 |
| 30105 MICROGRAPHICS FEES | 7,000 | 4,500 | 4,800 |
| 30108 STRONG MOTION FEES (CITY) | 100 | 100 | 100 |
| 30111 FIRE PLAN CHECK FEE | 4,000 | 4,000 | 7,500 |
| 30112 BUILDING PLAN CHECK FEE | 80,000 | 100,000 | 115,000 |
| 30114 ENGINEER PLAN CHECK FEE | 20,000 | 20,000 | 30,000 |
| 30115 BUILDING INSPECTION/PROCESSING | 95,000 | 100,000 | 100,000 |
| 30117 ENGINEERING INSPECTION/PROCESS | 2,000 | 2,000 | 2,000 |
| 30118 PLANNING FEES | 1,500 | 3,000 | 3,000 |
| 30119 TRAINING FEES | 4,400 | 4,400 | 4,400 |
| 3010 FEES | 251,000 | 275,000 | 294,800 |
| 30201 ANIMAL LICENSE | 9,500 | 9,500 | 9,500 |
| 30203 ENCROACHMENT | 28,000 | 35,000 | 35,000 |
| 3020 LICENSES & PERMITS | 37,500 | 44,500 | 44,500 |
| 30301 PARKING FINES | 23,000 | 40,000 | 45,000 |
| 30302 CRIMINAL FINES | 200 | 200 | 700 |
| 30303 VEHICLE CODE FINES | 33,150 | 33,150 | 28,000 |
| 30307 CHP - SONOMA | 2,500 | 2,500 | 2,500 |
| 30308 SONOMA P/C 33% | 200 | 200 | 200 |
| 30310 TRAFFIC VIOLATOR SCHOOL | 4,500 | 4,500 | 4,500 |
| 3030 FINES & FORFEITURES | 63,550 | 80,550 | 80,900 |
| 30600 INTEREST INCOME | 160,000 | 160,000 | 160,000 |
| 30701 RENTAL INCOME | 50,000 | 50,000 | 50,000 |
| 30702 PARK RESERVATION | 20,000 | 13,292 | 15,000 |
| 30703 MOBILE HOME PARK ADM | 10,100 | 10,100 | 10,200 |
| 30800 FILMING PERMIT FEE | 10,000 | 10,000 | 3,000 |
| 3060 INTEREST & RENTS | 250,100 | 243,392 | 238,200 |
| 31001 MV IN-LIEU | 60,950 | 60,950 | 60,950 |
| 31105 TRAFFIC CONGESTION RELIEF | 82,000 | 82,000 | 82,000 |
| 3100 STATE REVENUES | 142,950 | 142,950 | 142,950 |
| 31405 VOM FINANCE AGMT | 67,000 | 67,000 | 67,000 |
| 31502 POLICE SERVICES | 30,000 | 30,000 | 35,000 |
| 31503 ANIMAL SERVICES | 500 | 500 | 1,000 |
| 31504 SPECIAL PUBLIC WORKS | 20,000 | 20,000 | 20,000 |
| 31507 STREET SWEEPING | 18,100 | 18,100 | 18,100 |
| 31508 OTHER-CHARGES FOR SVC | 1,000 | 1,000 | 1,000 |
| 31510 PUBLIC WORKS INSPECTIONS | 0 | 0 | 10,000 |
| 3110 CHARGES FOR SERVICES | 136,600 | 136,600 | 152,100 |
| 33001 BILLINGS - EMS (ADJUSTMENTS & | 2,175,000 | 1,990,000 | 1,770,000 |
| 33002 FIREMED MEMBERSHIP | 0 | 55,000 | 75,000 |
| 3300 EMS | 2,175,000 | 2,045,000 | 1,845,000 |
| 35001 SALE OF PROPERTY | 1,000 | 1,000 | 1,000 |
| 35005 OTHER-MISC. REV. | 1,000 | 0 | 0 |
| 35007 YOUTH/FAMILY SVS GRANT | 32,500 | 32,500 | 32,500 |
| 35016 REMIF REBATES | 50,000 | 50,000 | 50,000 |
| 35021 PG&E SOLAR REBATES | 0 | 0 | 18,000 |
| 37201 TRANSFER FROM RESERVES | 0 | 264,472 | 49,508 |

**CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
OPERATING BUDGET - FY 2011-12
GENERAL FUND - 100**

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|------------------------------------|-------------------|-------------------|-------------------|
| 3500 MISCELLANEOUS | 84,500 | 347,972 | 151,008 |
| 37200 TRANSFER IN | 833,302 | 794,782 | 889,257 |
| 3700 TRANSFERS | 833,302 | 794,782 | 889,257 |
| 30000 TOTAL REVENUE | 11,519,942 | 11,540,600 | 11,464,395 |
| 110 REGULAR EMPLOYEES | 2,921,353 | 2,860,863 | 2,863,550 |
| 120 TEMPORARY/PART-TIME | 361,961 | 369,536 | 376,658 |
| 129 SPECIAL DUTY PAY | 0 | 0 | 3,000 |
| 130 OVERTIME | 253,160 | 250,000 | 300,000 |
| 100E SALARY & WAGES | 3,536,474 | 3,480,399 | 3,543,209 |
| 290 EMPLOYEE BENEFITS | 1,233,287 | 1,355,399 | 1,565,687 |
| 291 WORKERS COMP | 126,204 | 123,182 | 127,445 |
| 200E EMPLOYEE BENEFITS | 1,359,491 | 1,478,581 | 1,693,132 |
| 310 LEGAL | 254,500 | 254,500 | 267,000 |
| 311 ACCOUNTING/AUDIT | 21,000 | 14,000 | 14,000 |
| 312 RECRUITMENT | 19,970 | 19,970 | 19,970 |
| 313 CONSULTING | 37,000 | 6,000 | 11,000 |
| 321 ELECTIONS | 0 | 13,000 | 0 |
| 350 PROFESSIONAL/TECHNICAL | 39,000 | 37,500 | 38,200 |
| 352 SHERIFF'S CONTRACT | 3,696,301 | 3,698,471 | 3,754,470 |
| 300E PROFESSIONAL SERVICES | 4,067,771 | 4,043,441 | 4,104,640 |
| 401 UTILITIES | 179,475 | 162,320 | 170,335 |
| 403 CUSTODIAL (Inc. Supplies) | 67,980 | 52,400 | 46,703 |
| 404 REPAIR & MAINTENANCE | 209,070 | 198,520 | 196,770 |
| 405 RENTAL/LEASE - LAND & BUILD | 10,750 | 10,000 | 10,000 |
| 406 RENTAL/LEASE-EQUIPMENT | 32,300 | 32,920 | 32,020 |
| 407 CONTRACT SERVICES | 511,136 | 343,778 | 349,337 |
| 408 TIER 1 CONTRACTS | 0 | 140,000 | 123,200 |
| 420 OTHER PROPERTY SVS | 36,710 | 32,210 | 32,210 |
| 400E PROPERTY SERVICES | 1,047,421 | 972,148 | 960,575 |
| 452 COMMUNICATIONS | 58,790 | 64,400 | 62,810 |
| 453 ADVERTISING | 10,000 | 13,000 | 12,500 |
| 454 PRINTING & BINDING | 6,850 | 5,850 | 4,850 |
| 455 TRAVEL | 3,950 | 3,950 | 3,730 |
| 456 MEMBERSHIPS | 27,850 | 30,885 | 15,552 |
| 457 TRAINING/CONFERENCES | 70,625 | 68,975 | 55,300 |
| 460 PERMITS, FEES | 17,950 | 17,950 | 9,122 |
| 461 CFAC ACTIVITIES | 6,500 | 4,500 | 4,500 |
| 480 OTHER SERVICES | 39,810 | 48,586 | 47,086 |
| 491 DISASTER PREPAREDNESS | 3,500 | 1,500 | 1,500 |
| 450E OPERATIONS | 245,825 | 259,596 | 216,950 |
| 501 GENERAL SUPPLIES | 101,545 | 94,845 | 92,845 |
| 505 ENERGY - GASOLINE | 92,200 | 92,100 | 100,375 |
| 506 FOOD | 0 | 1,200 | 1,200 |
| 507 BOOKS & PERIODICALS | 2,300 | 7,800 | 2,250 |
| 508 CLOTHING/UNIFORMS | 46,850 | 26,850 | 26,850 |
| 510 DEPARTMENT EXPENSE | 12,000 | 12,000 | 6,000 |
| 550 OTHER EQUIPMENT/SUPPLIES | 85,000 | 85,000 | 85,000 |
| 555 PROFESSIONAL SERVICES | 0 | 0 | 116,974 |
| 500E SUPPLIES | 339,895 | 319,795 | 431,494 |
| 604 MACHINERY AND EQUIPMENT | 159,350 | 60,000 | 220,000 |
| 606 SOFTWARE | 5,000 | 5,000 | 0 |
| 607 COMPUTER EQUIPMENT | 0 | 4,000 | 0 |
| 600E CAPITAL ASSETS | 164,350 | 69,000 | 220,000 |
| 750 LONG-TERM BUILDING MAINT | 93,518 | 139,466 | 0 |
| 760 VEHICLE REPLACEMENT TRANSFER | 70,828 | 173,700 | 72,940 |
| 770 MIS REPLACEMENT TRANSFER | 71,630 | 141,040 | 139,329 |
| 780 INSURANCE TRANSFER | 174,700 | 81,004 | 86,669 |
| 790 EMPLOYEE BENEFIT TRANSFER | 75,000 | 75,000 | 0 |
| 700E INTERNAL SERVICE FUNDS | 485,676 | 610,210 | 298,938 |
| 900 OPER. TRANSFERS-OUT | 397,696 | 367,431 | 215,457 |
| 903 TRSF IN REIMB VEHICLE PURCH | -159,350 | -60,000 | -220,000 |

CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
OPERATING BUDGET - FY 2011-12
GENERAL FUND - 100

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|--------------------------------|----------------|----------------|----------------|
| 900E TRANSFERS | 238,346 | 307,431 | -4,543 |
| 40000 TOTAL EXPENSE | 11,485,248 | 11,540,600 | 11,464,395 |
| NET NET REVENUE VS EXPENDITURE | 34,694 | 0 | 0 |

City Council

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 five members of the City Council are elected to overlapping four-year terms. This overlapping ensures that there are councilmembers with experience guiding the City at all times. Each member of the current City Council is provided a salary in accordance with State law and full health, dental and vision care coverage for Councilmembers and their dependents.

The Council meets the first and third Mondays of the month at 6 p.m. in the Community Meeting Room. Councilmembers also sit as the Board of Directors of the Community Development Agency, and participate in local and regional activities.

Overall Goals and Objectives

- Continue to take all necessary actions to protect and enhance the financial stability of the city
- Continue to take a leadership role in Valley-wide planning efforts
- Continue to enhance the quality of life for all Sonoma residents
- Enhance economic development while protecting small town character
- Continue to improve the policy process

CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
 OPERATING BUDGET - FY 2011-12
 CITY COUNCIL - 100-41001

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|------------------------------------|----------------|----------------|----------------|
| 120 TEMPORARY/PART-TIME | 18,000 | 18,000 | 18,000 |
| 100E SALARY & WAGES | 18,000 | 18,000 | 18,000 |
| 290 EMPLOYEE BENEFITS | 0 | 0 | 88,500 |
| 200E EMPLOYEE BENEFITS | 0 | 0 | 88,500 |
| 455 TRAVEL | 1,600 | 1,600 | 1,600 |
| 456 MEMBERSHIPS | 7,970 | 10,270 | 4,712 |
| 457 TRAINING/CONFERENCES | 8,700 | 7,500 | 4,500 |
| 480 OTHER SERVICES | 2,500 | 2,000 | 1,000 |
| 450E OPERATIONS | 20,770 | 21,370 | 11,812 |
| 501 GENERAL SUPPLIES | 1,500 | 1,500 | 1,500 |
| 506 FOOD | 0 | 1,200 | 1,200 |
| 510 DEPARTMENT EXPENSE | 12,000 | 12,000 | 6,000 |
| 500E SUPPLIES | 13,500 | 14,700 | 8,700 |
| 770 MIS REPLACEMENT TRANSFER | 1,811 | 3,441 | 2,940 |
| 790 EMPLOYEE BENEFIT TRANSFER | 75,000 | 75,000 | 0 |
| 700E INTERNAL SERVICE FUNDS | 76,811 | 78,441 | 2,940 |
| 40000 TOTAL EXPENSE | 129,081 | 132,511 | 129,952 |
| NET NET REVENUE VS EXPENDITURE | -129,081 | -132,511 | -129,952 |

City Clerk

As the manager of the Council's business records and actions, the City Clerk is uniquely positioned to provide comprehensive information to the community and the internal organization. In addition to the traditional responsibilities of overseeing the Council's business records, the City Clerk is charged with managing the election process, assisting with the legislative agenda, establishing and maintaining records management for the organization, and coordinating community information processes. The City Clerk also serves as the Secretary to the Community Development Agency, and serves as Assistant to the City Manager and staffs the Cultural and Fine Arts Commission.

FY 11-12 Goals

- Conduct annual imaging and indexing of vital City records.
- Continue to provide staff support for Cultural and Fine Arts Commission.
- Update and maintain data base listings of the members and terms of office of City Officers, Employees and Commissioners.
- Coordinate advertising and interviews for Commission openings.
- Administer Municipal Code codification process.
- Complete and maintain database of all City agreements, contracts and leases.
- Work with the City Historian on historic records inventory and archival projects.
- Continue training the Deputy City Clerk.
- Provide administrative support for the Mayors' and Councilmembers' Association of Sonoma County through February 2012.
- Provide administrative support for the Sonoma/Mendocino Area City Managers / County Administrators Group through February 2012.

FY 10-11 Accomplishments

- ✓ Coordinated the November 2010 Election for three Council seats
- ✓ Conducted annual imaging and indexing of vital city records.
- ✓ Provided staff support for Cultural and Fine Arts Commission.
 - Coordinated the Treasure Artist of the Year program and reception
 - Coordinated the Student Creative Artist Award program
- ✓ Updated and maintained database listings of the members and terms of office of City Officers, Employees and Commissioners.
- ✓ Coordinated the advertising and interviews for Commission openings.
- ✓ Administered the codification process.
- ✓ Initiated and maintained database of all City agreements, contracts and leases.
- ✓ Provided support for the City Historian position.
- ✓ Coordinated support for Mayor's Office Hours.
- ✓ Coordinated the annual Alcalde program including a reception attended by 158 guests.
- ✓ Continued training Deputy City Clerk in matters pertaining to the City Clerk's office.
- ✓ Provided administrative support for the Mayors' and Councilmembers' Association of Sonoma County, including development of the 2011 Handbook and updates.
- ✓ Provided administrative support for the Sonoma/Mendocino Area City Managers / County Administrators Group.

CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
 OPERATING BUDGET - FY 2011-12
 CITY CLERK - 100-41002

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|------------------------------------|----------------|----------------|----------------|
| 110 REGULAR EMPLOYEES | 83,815 | 79,931 | 80,007 |
| 100E SALARY & WAGES | 83,803 | 80,000 | 80,007 |
| 290 EMPLOYEE BENEFITS | 26,508 | 24,570 | 25,062 |
| 291 WORKERS COMP | 2,950 | 3,227 | 3,467 |
| 200E EMPLOYEE BENEFITS | 29,530 | 27,753 | 28,529 |
| 321 ELECTIONS | 0 | 13,000 | 0 |
| 350 PROFESSIONAL/TECHNICAL | 4,000 | 2,500 | 2,500 |
| 300E PROFESSIONAL SERVICES | 4,000 | 15,500 | 2,500 |
| 453 ADVERTISING | 3,500 | 3,500 | 2,000 |
| 455 TRAVEL | 0 | 0 | 30 |
| 456 MEMBERSHIPS | 550 | 550 | 450 |
| 457 TRAINING/CONFERENCES | 4,200 | 3,800 | 3,800 |
| 450E OPERATIONS | 8,250 | 7,850 | 6,280 |
| 501 GENERAL SUPPLIES | 2,500 | 2,500 | 2,500 |
| 500E SUPPLIES | 2,500 | 2,500 | 2,500 |
| 770 MIS REPLACEMENT TRANSFER | 1,785 | 3,491 | 3,034 |
| 780 INSURANCE TRANSFER | 3,268 | 1,324 | 1,400 |
| 700E INTERNAL SERVICE FUNDS | 5,053 | 4,815 | 4,434 |
| 40000 TOTAL EXPENSE | 133,136 | 138,418 | 124,250 |
| NET NET REVENUE VS EXPENDITURE | -133,136 | -138,418 | -124,250 |

City Manager's Office

The City Manager serves as the Chief Executive Officer of the City, and the Executive Director of the Sonoma Community Development Agency, appointed by and accountable to the elected City Council. The City Manager is responsible for implementing the policy direction and goals of the City Council, for ensuring effective and efficient service delivery, and use of local revenue sources to meet community needs. The City's Department Heads report to the City Manager, and the Manager's Office is directly responsible for the program areas of City and CDA budget preparation and management, human resources, labor relations, disaster preparedness, intergovernmental relations, sustainability and green initiatives, affordable housing administration, community relations, policy analysis and recommendations to Council, and representation of the City to outside agencies. The City Manager's Office program budget includes and partially funds the following positions: City Manager, Assistant City Manager, Administrative Services Manager, and Management Analyst.

FY 10-11 City Manager's Office Accomplishments

- ✓ Continued to monitor, analyze and provide recommendations to Council regarding impacts of State budget and local revenue trends with respect to fiscal health of City and CDA and future budgeting strategy and priorities.
- ✓ Managed actions to secure redevelopment agreements and tax increment.
- ✓ Reduced expenditures resulting in decreased operating costs in all areas of City government, to match available funding sources, while maintaining acceptable service levels. Provided leadership and implemented options for staffing decreases while avoiding layoffs.
- ✓ Participated in economic development issues such as CDA strategy, business outreach and focused efforts on revenue enhancement.
- ✓ Continued to review contracts and leases for City-owned property and provide appropriate recommendations to the Council regarding property management and disposition.
- ✓ Worked with Chamber and Economic Program on Shop Sonoma promotions and economic development, including participating on Economic Development Advisory Committee.
- ✓ Continued negotiations for new lease of Sebastiani Theater; managed City property leases and real property-related agreements.
- ✓ Served on labor negotiations team for Fire and General Employees negotiations processes.

FY 11-12 City Manager's Office Goals

Continue to manage City operations in accordance with the Adopted 2012 Budget; provide leadership to City Staff and Managers; provide executive management to the City Council; to focus on sustainability of financial resources and public services while weathering the economic impacts.

- ✓ Continue to monitor State budget impacts and Redevelopment legislation and its impacts on City.
- ✓ Provide Council support in reviewing long-term General Fund revenue enhancement options.
- ✓ Support ad hoc committee on Formula/Chain Stores.
- ✓ Continue coordinating development agreement for Old Fire Station reuse.
- ✓ Continue supporting City Council Facilities Committee and the Sonoma Disaster Council.
- ✓ Continue serving on Fire JPA Working Group and provide support and analysis on future Fire JPA options.
- ✓ Monitor future of Sonoma Veterans Hall and State Parks and any changes that impact City.

CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
 OPERATING BUDGET - FY 2011-12
 CITY MANAGER - 100-41003

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|------------------------------------|----------------|----------------|----------------|
| 110 REGULAR EMPLOYEES | 209,397 | 210,871 | 211,029 |
| 100E SALARY & WAGES | 209,379 | 211,015 | 211,029 |
| 290 EMPLOYEE BENEFITS | 66,242 | 76,328 | 77,045 |
| 291 WORKERS COMP | 8,490 | 8,529 | 8,700 |
| 200E EMPLOYEE BENEFITS | 74,840 | 84,211 | 85,745 |
| 313 CONSULTING | 1,000 | 1,000 | 1,000 |
| 300E PROFESSIONAL SERVICES | 1,000 | 1,000 | 1,000 |
| 452 COMMUNICATIONS | 500 | 700 | 700 |
| 455 TRAVEL | 900 | 900 | 900 |
| 456 MEMBERSHIPS | 2,370 | 2,370 | 1,170 |
| 457 TRAINING/CONFERENCES | 3,700 | 3,700 | 3,000 |
| 480 OTHER SERVICES | 3,000 | 3,000 | 2,000 |
| 491 DISASTER PREPAREDNESS | 3,000 | 1,000 | 1,000 |
| 450E OPERATIONS | 13,470 | 11,670 | 8,770 |
| 501 GENERAL SUPPLIES | 1,200 | 1,000 | 500 |
| 507 BOOKS & PERIODICALS | 250 | 250 | 250 |
| 500E SUPPLIES | 1,450 | 1,250 | 750 |
| 770 MIS REPLACEMENT TRANSFER | 2,864 | 5,868 | 5,074 |
| 780 INSURANCE TRANSFER | 9,336 | 3,919 | 3,930 |
| 700E INTERNAL SERVICE FUNDS | 12,200 | 9,787 | 9,004 |
| 40000 TOTAL EXPENSE | 312,339 | 318,933 | 316,298 |
| NET NET REVENUE VS EXPENDITURE | -317,179 | -318,933 | -316,298 |

Finance Department

The Finance Department, operating under the general direction of the Assistant City Manager, has as its purpose assisting the City Manager in the implementation of financial and budgetary policies and to assure compliance with adopted policies. The Finance Department provides analytical information to the public and other City departments.

The Finance Department has direct responsibility for all accounting activities including, but not limited to, payroll, accounts receivable, accounts payable, cashiering, banking, budget administration, data processing, water billing and the general ledger. The department has a wide variety of annual reporting requirements to Federal, State and local jurisdictions. The Finance Department is responsible for the City Treasury functions including cash management, grants management, investment and applicable reporting, and the Community Development Agency financial activities.

The Finance Department maintains a Financial Service Agreement with the Valley of the Moon Fire Protection District to provide accounting, financial and treasury services to the District on a contractual basis. The Assistant City Manager is appointed as the District Treasurer.

FY 10-11 Finance Department Accomplishments

- ✓ Amend City Purchasing and Procurement Policy and enabling ordinances to comply with the Uniform Public Construction Cost Accounting procedures.
- ✓ Completed the on-line bill pay system for water billings
- ✓ Evaluate Bank and Investment options; Issue Banking RFP
- ✓ Completed remaining SVFRA contract and budget requirements to determine future governance.
- ✓ Initiate review of accounting software programs with the longterm goal of replacing the MOM system.
- ✓ Complete/finalize Fixed Asset inventory
- ✓ Update and revise Transient Occupancy reporting forms

Future Finance Department Goals

The Finance Department will continue to provide all accounting, budgetary and investment services to the City and Redevelopment Agency. Due to the limited staffing level and the increases in financial and audit requirements the following goals are considered longterm goals without specific dates for completion:

- Review options for expanding the on-line bill pay for other City services
- Evaluate Bank and Investment options; Issue Banking RFP
- Initiate review of accounting software programs with the longterm goal of replacing the MOM system.
- Complete/finalize Fixed Asset inventory
- Update and revise Transient Occupancy reporting forms

CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
 OPERATING BUDGET - FY 2011-12
 FINANCE - 100-41004

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|------------------------------------|----------------|----------------|----------------|
| 110 REGULAR EMPLOYEES | 53,056 | 54,060 | 53,209 |
| 120 TEMPORARY/PART-TIME | 15,674 | 8,918 | 9,720 |
| 100E SALARY & WAGES | 68,722 | 62,882 | 62,929 |
| 290 EMPLOYEE BENEFITS | 17,545 | 23,510 | 24,697 |
| 291 WORKERS COMP | 2,890 | 2,170 | 2,220 |
| 200E EMPLOYEE BENEFITS | 20,432 | 25,249 | 26,917 |
| 311 ACCOUNTING/AUDIT | 21,000 | 14,000 | 14,000 |
| 300E PROFESSIONAL SERVICES | 21,000 | 14,000 | 14,000 |
| 455 TRAVEL | 150 | 150 | 150 |
| 456 MEMBERSHIPS | 1,000 | 1,000 | 500 |
| 457 TRAINING/CONFERENCES | 4,500 | 3,000 | 1,000 |
| 450E OPERATIONS | 5,650 | 4,150 | 1,650 |
| 501 GENERAL SUPPLIES | 3,750 | 2,750 | 2,750 |
| 500E SUPPLIES | 3,750 | 2,750 | 2,750 |
| 770 MIS REPLACEMENT TRANSFER | 5,819 | 12,460 | 12,934 |
| 780 INSURANCE TRANSFER | 4,317 | 890 | 1,090 |
| 700E INTERNAL SERVICE FUNDS | 10,136 | 13,350 | 14,024 |
| 40000 TOTAL EXPENSE | 129,689 | 122,381 | 122,270 |
| NET NET REVENUE VS EXPENDITURE | -130,851 | -122,381 | -122,270 |

Legal Services

The City Attorney is appointed by the City Council and provides legal support to the Council, Commissions, and City staff. The City Attorney attends the meetings of the City Council, litigates matters not covered by the City's insurance program, and advises the organization regarding proposed ordinances, contracts and resolutions.

The City Prosecutor, who is also appointed by the City Council, is also funded in this program. Independent of the City Attorney's office, the City Prosecutor is responsible for prosecuting misdemeanors, infractions, and certain Vehicle Code violations and other activities at the discretion of the City Council. Over the years the Prosecutor has mediated neighborhood disputes, assisted with difficult code enforcements, and has counseled dysfunctional families.

Personnel Services are traditionally handled through the North Bay Labor Relations Consortium agreement with the firm of Liebert, Cassidy. Other specialized Personnel Legal Services may arise on a case-by-case basis or through the recommendation of REMIF.

Both the City Attorney and City Prosecutor are contract services.

Goals

- Distribute information to Council and staff on new legislation
- Advise City Council and staff on pending legal matters
- Continue appropriate prosecution of misdemeanors and infractions
- Assist Council and staff in avoiding unnecessary litigation
- Provide training on Brown Act and Conflict of Interest issues
- Review ordinances, contracts, and reports in a timely manner
- Review personnel documents, advise on training, and handle personnel matters of a sensitive nature
- Update needed training in all departments

CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
OPERATING BUDGET - FY 2011-12
LEGAL SERVICES - 100-41005

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|-----------------------------------|----------------|----------------|----------------|
| 310 LEGAL | 254,500 | 254,500 | 267,000 |
| 300E PROFESSIONAL SERVICES | 254,500 | 254,500 | 267,000 |
| 40000 TOTAL EXPENSE | 254,500 | 254,500 | 267,000 |
| NET NET REVENUE VS EXPENDITURE | -254,500 | -254,500 | -267,000 |

Police Department

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. Since 2004, the City has contracted with the Sonoma County Sheriff's Department for law enforcement services.

FY 11-12 Police Department Goals

- Manage the Law Enforcement Services Contract to ensure a high quality of public service while being mindful of the fiscal restraints of the current economy.
- Manage to 2011 ABC grant in order to achieve objectives and goals listed in the grant.
- Manage the final year of the 2009 JAG grant
- Research strategies, including a possible Alarm Ordinance, to reduce the resource drain of false alarms.
- Conduct an "Every 15 Minutes" program in partnership with Sonoma Valley High School.
- Help foster gang prevention efforts Valley wide.

FY 10-11 Police Department Accomplishments

- ✓ Successfully managed the Law Enforcement Services Contract with the County.
- ✓ Successfully obtained a grant from the California Department of Alcohol Beverage Control.
- ✓ Managed the 2009 JAG grant to ensure grant objective and goals are met.
- ✓ Offered the "Alive at 25" Defensive Driving Course Sonoma.

CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
 OPERATING BUDGET - FY 2011-12
 POLICE - 100-42101

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|------------------------------------|------------------|------------------|------------------|
| 120 TEMPORARY/PART-TIME | 18,834 | 19,620 | 19,670 |
| 100E SALARY & WAGES | 18,833 | 19,602 | 19,670 |
| 290 EMPLOYEE BENEFITS | 1,533 | 1,501 | 1,507 |
| 291 WORKERS COMP | 0 | 776 | 776 |
| 200E EMPLOYEE BENEFITS | 1,533 | 2,277 | 2,283 |
| 350 PROFESSIONAL/TECHNICAL | 500 | 500 | 500 |
| 352 SHERIFF'S CONTRACT | 3,696,301 | 3,698,471 | 3,754,470 |
| 300E PROFESSIONAL SERVICES | 3,696,801 | 3,698,971 | 3,754,970 |
| 401 UTILITIES | 23,000 | 18,300 | 10,000 |
| 403 CUSTODIAL (Inc. Supplies) | 15,000 | 12,600 | 9,500 |
| 404 REPAIR & MAINTENANCE | 103,850 | 95,100 | 83,350 |
| 406 RENTAL/LEASE-EQUIPMENT | 3,400 | 3,400 | 2,500 |
| 407 CONTRACT SERVICES | 94,900 | 57,133 | 55,984 |
| 400E PROPERTY SERVICES | 240,150 | 186,533 | 161,334 |
| 452 COMMUNICATIONS | 17,100 | 15,000 | 12,750 |
| 454 PRINTING & BINDING | 1,500 | 1,500 | 500 |
| 456 MEMBERSHIPS | 500 | 500 | 500 |
| 457 TRAINING/CONFERENCES | 2,000 | 2,000 | 1,500 |
| 480 OTHER SERVICES | 3,610 | 13,086 | 13,086 |
| 450E OPERATIONS | 24,710 | 32,086 | 28,336 |
| 501 GENERAL SUPPLIES | 9,000 | 10,000 | 10,000 |
| 505 ENERGY - GASOLINE | 35,500 | 35,500 | 48,000 |
| 508 CLOTHING/UNIFORMS | 1,250 | 1,250 | 1,250 |
| 500E SUPPLIES | 45,750 | 46,750 | 59,250 |
| 604 MACHINERY AND EQUIPMENT | 0 | 25,000 | 0 |
| 600E CAPITAL ASSETS | 0 | 25,000 | 0 |
| 750 LONG-TERM BUILDING MAINT | 15,347 | 22,917 | 0 |
| 760 VEHICLE REPLACEMENT TRANSFER | 500 | 1,000 | 420 |
| 770 MIS REPLACEMENT TRANSFER | 4,604 | 5,836 | 4,902 |
| 780 INSURANCE TRANSFER | 5,933 | 5,094 | 4,447 |
| 700E INTERNAL SERVICE FUNDS | 26,384 | 34,847 | 9,769 |
| 903 TRSF IN REIMB VEHICLE PURCH | 0 | -25,000 | 0 |
| 900E TRANSFERS | 0 | -25,000 | 0 |
| 40000 TOTAL EXPENSE | 4,054,160 | 4,021,067 | 4,035,612 |
| NET NET REVENUE VS EXPENDITURE | -4,055,955 | -4,021,067 | -4,035,612 |

Fire Department / Sonoma Valley Fire Rescue Authority

The Sonoma Valley Fire Rescue Authority [SVFRA] is a full service emergency response agency. The Authority is ready to respond to any call for service with highly trained and equipped men and women, ready to mitigate any natural or man made emergency.

FY 10-11 SVFRA Goals

- Complete the analysis for developing a new governance structure for the SVFRA and submit the report to the E-Board for a decision
- Work on developing a strategy for the funding of the new Station Two project
- Complete the process necessary to put the new ladder truck into service, which entails training of all individuals on the use of the vehicle and redefining our response criteria with REDCOM
- Look at ways to enhance our revenue stream by providing a service or services to surrounding communities
- Complete the information technology integration of our software platforms with the programs we currently have in place
- Develop a fully integrated Fire Prevention program throughout the SVFRA area

FY 09-10 SVFRA Accomplishments

- √ Completed the preliminary report from Citygate on the direction the SVFRA should take on the governance of the organization and submitted the report to the E-Board
- √ Completed the purchase and received the new Ladder truck. It is significant to note that the truck was brought in \$100,000 under budget.
- √ A five-year contract was signed with Infineon Raceway.
- √ The major implementation of the Ortivus software was completed and the integration of our records management system was improved significantly.
- √ The fuel dispensing project was completed, and we are now able to provide the service to all departments within the City and all transactions are recorded electronically.

CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
OPERATING BUDGET - FY 2011-12
FIRE/EMS - 100-42201

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|------------------------------------|------------------|------------------|------------------|
| 110 REGULAR EMPLOYEES | 1,818,689 | 1,896,183 | 1,903,461 |
| 120 TEMPORARY/PART-TIME | 234,920 | 232,474 | 250,000 |
| 130 OVERTIME | 232,978 | 233,666 | 300,000 |
| 100E SALARY & WAGES | 2,286,483 | 2,390,998 | 2,453,461 |
| 290 EMPLOYEE BENEFITS | 852,881 | 1,001,639 | 1,105,061 |
| 291 WORKERS COMP | 74,510 | 78,610 | 79,932 |
| 200E EMPLOYEE BENEFITS | 927,367 | 1,069,826 | 1,184,993 |
| 312 RECRUITMENT | 19,970 | 19,970 | 19,970 |
| 350 PROFESSIONAL/TECHNICAL | 4,100 | 4,100 | 4,100 |
| 300E PROFESSIONAL SERVICES | 24,070 | 24,070 | 24,070 |
| 401 UTILITIES | 28,800 | 28,800 | 30,115 |
| 403 CUSTODIAL (Inc. Supplies) | 23,000 | 18,520 | 21,303 |
| 404 REPAIR & MAINTENANCE | 56,420 | 56,420 | 56,420 |
| 406 RENTAL/LEASE-EQUIPMENT | 6,400 | 7,500 | 7,500 |
| 407 CONTRACT SERVICES | 159,000 | 146,117 | 146,117 |
| 420 OTHER PROPERTY SVS | 12,210 | 12,210 | 12,210 |
| 400E PROPERTY SERVICES | 285,830 | 269,567 | 273,665 |
| 452 COMMUNICATIONS | 24,000 | 34,000 | 35,360 |
| 453 ADVERTISING | 2,000 | 6,000 | 6,000 |
| 454 PRINTING & BINDING | 2,000 | 2,000 | 2,000 |
| 455 TRAVEL | 800 | 800 | 800 |
| 456 MEMBERSHIPS | 2,860 | 3,595 | 3,570 |
| 457 TRAINING/CONFERENCES | 35,000 | 35,000 | 30,000 |
| 460 PERMITS, FEES | 1,250 | 1,250 | 1,322 |
| 450E OPERATIONS | 67,910 | 82,645 | 79,052 |
| 501 GENERAL SUPPLIES | 17,745 | 17,745 | 18,245 |
| 505 ENERGY - GASOLINE | 34,000 | 34,000 | 34,000 |
| 507 BOOKS & PERIODICALS | 1,250 | 1,250 | 1,250 |
| 508 CLOTHING/UNIFORMS | 40,000 | 20,000 | 20,000 |
| 550 OTHER EQUIPMENT/SUPPLIES | 85,000 | 85,000 | 85,000 |
| 555 PROFESSIONAL SERVICES | 0 | 0 | 116,974 |
| 500E SUPPLIES | 177,995 | 157,995 | 275,469 |
| 604 MACHINERY AND EQUIPMENT | 159,350 | 35,000 | 220,000 |
| 606 SOFTWARE | 5,000 | 5,000 | 0 |
| 607 COMPUTER EQUIPMENT | 0 | 4,000 | 0 |
| 600E CAPITAL ASSETS | 164,350 | 44,000 | 220,000 |
| 750 LONG-TERM BUILDING MAINT | 31,040 | 48,647 | 0 |
| 760 VEHICLE REPLACEMENT TRANSFER | 64,707 | 161,000 | 67,620 |
| 770 MIS REPLACEMENT TRANSFER | 52,350 | 34,900 | 35,447 |
| 780 INSURANCE TRANSFER | 126,357 | 58,923 | 59,300 |
| 700E INTERNAL SERVICE FUNDS | 274,454 | 303,470 | 162,367 |
| 900 OPER. TRANSFERS-OUT | 165,608 | 165,608 | 13,634 |
| 903 TRSF IN REIMB VEHICLE PURCH | -159,350 | -35,000 | -220,000 |
| 900E TRANSFERS | 6,258 | 130,608 | -206,366 |
| 40000 TOTAL EXPENSE | 4,214,717 | 4,473,178 | 4,466,711 |
| NET NET REVENUE VS EXPENDITURE | -4,181,521 | -4,473,178 | -4,466,711 |

Public Works Department

The Public Works Department is led by the Public Works Director, who is responsible for the overall operations and management for Water, Parks, Streets, Cemetery, Stormwater Compliance and Engineering. Each division is responsible for the ongoing activities in its own area, although crews may be dispatched at any time to respond to local emergencies, special events and customer inquiries. Public Works Department staff handles routine equipment maintenance tasks and assists with inspecting ongoing public works projects in the public right-of-way.

Public Works Administration/Engineering

The Public Works Director represents the department on the Traffic Safety Committee, Community Services and Environment Commission (CSEC), Disaster Council and Cemetery Ad-hoc Subcommittee. The Director is a member of the Sonoma Valley Groundwater Basin Advisory Panel, as well as serving as the principal liaison to the Sonoma County Water Agency Technical Advisory Committee, outside agencies and to special event managers.

Public Works Department staff also prepares bid and contract documents, handles routine equipment maintenance tasks and assists with inspecting on-going public works projects in the public right-of-way. Detailed activity descriptions and budget and program information for the Cemetery and Water Divisions are presented in the *Enterprise Funds* section of this budget document.

Engineering Services

Engineering Services provides engineering and technical support to the various City departments, responds to citizens' inquiries and requests regarding public infrastructure and traffic concerns, performs development review and plan check, performs engineering and construction management of capital improvement projects and provides mapping and engineering records support. Usual and customary engineering services are provided by the firm of Winzler & Kelly, an outside contractor of the City.

Street Department

All services for the Street Department including operations and personnel are accounted for in the Gas Tax Street Improvement Fund.

Parks Department

The Parks Department's responsibilities include maintenance of the City's 17 parks and public spaces including turf and irrigation repair and maintenance, tree and shrub trimming, playground safety inspection and maintenance, vandalism response, refuse disposal, and weed abatement. Additional activities in the Plaza include maintenance of the rose gardens, Italian Fountain, Grinstead Amphitheatre and the duck and fish ponds. Parks department staff also meets with event managers at pre- and post-event meetings and participates with the Community Services and Environment Commission for pre- and post- event reviews.

CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
 OPERATING BUDGET - FY 2011-12
 PUBLIC WORKS ADMIN & PARKS - 100-43020

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|------------------------------------|----------------|----------------|----------------|
| 110 REGULAR EMPLOYEES | 214,817 | 187,946 | 168,110 |
| 120 TEMPORARY/PART-TIME | 45,914 | 31,477 | 36,747 |
| 129 SPECIAL DUTY PAY | 0 | 0 | 3,000 |
| 130 OVERTIME | 1,833 | 0 | 0 |
| 100E SALARY & WAGES | 262,564 | 219,822 | 207,857 |
| 290 EMPLOYEE BENEFITS | 103,993 | 84,168 | 78,632 |
| 291 WORKERS COMP | 12,355 | 7,476 | 9,585 |
| 200E EMPLOYEE BENEFITS | 116,348 | 91,611 | 88,217 |
| 350 PROFESSIONAL/TECHNICAL | 16,900 | 16,900 | 16,600 |
| 300E PROFESSIONAL SERVICES | 16,900 | 16,900 | 16,600 |
| 401 UTILITIES | 17,675 | 0 | 15,000 |
| 403 CUSTODIAL (Inc. Supplies) | 2,880 | 2,880 | 1,500 |
| 404 REPAIR & MAINTENANCE | 32,500 | 32,500 | 42,500 |
| 406 RENTAL/LEASE-EQUIPMENT | 2,500 | 2,500 | 2,500 |
| 407 CONTRACT SERVICES | 81,350 | 81,350 | 81,350 |
| 420 OTHER PROPERTY SVS | 17,000 | 17,000 | 17,000 |
| 400E PROPERTY SERVICES | 153,905 | 136,230 | 159,850 |
| 452 COMMUNICATIONS | 2,200 | 2,200 | 2,200 |
| 454 PRINTING & BINDING | 750 | 750 | 750 |
| 456 MEMBERSHIPS | 9,650 | 9,650 | 2,000 |
| 457 TRAINING/CONFERENCES | 5,000 | 5,000 | 5,000 |
| 460 PERMITS, FEES | 16,600 | 16,600 | 7,700 |
| 480 OTHER SERVICES | 19,000 | 19,000 | 20,000 |
| 491 DISASTER PREPAREDNESS | 500 | 500 | 500 |
| 450E OPERATIONS | 53,700 | 53,700 | 38,150 |
| 501 GENERAL SUPPLIES | 29,250 | 29,250 | 29,250 |
| 505 ENERGY - GASOLINE | 22,000 | 22,000 | 18,000 |
| 508 CLOTHING/UNIFORMS | 5,600 | 5,600 | 5,600 |
| 500E SUPPLIES | 56,850 | 56,850 | 52,850 |
| 750 LONG-TERM BUILDING MAINT | 5,052 | 8,013 | 0 |
| 760 VEHICLE REPLACEMENT TRANSFER | 5,850 | 11,700 | 4,900 |
| 770 MIS REPLACEMENT TRANSFER | 4,180 | 6,967 | 11,517 |
| 780 INSURANCE TRANSFER | 8,855 | 3,067 | 8,315 |
| 700E INTERNAL SERVICE FUNDS | 23,937 | 29,747 | 24,732 |
| 40000 TOTAL EXPENSE | 684,204 | 604,860 | 588,256 |
| NET NET REVENUE VS EXPENDITURE | -702,491 | -604,860 | -588,256 |

Planning Department

The Planning Department provides professional and technical advice to elected officials, appointed commissions, City departments, and citizens to assist in their understanding of City planning and zoning ordinances, standards and policies. The department handles all applications for land use development within the City. The Planning Department provides design guidance, reviews zoning and subdivision applications, and policy advice and options related to growth and development. The Planning Department consists of the Planning and Community Services Director, a Senior Planner, an Associate Planner, a part-time Administrative Assistant, and a part-time Administrative Clerk (shared with the Building Department).

The 2011-12 Planning Department budget does not include funding for any outside consulting services or special projects, with the exception of one-time costs associated with the annexation of the Montini property. All other projects and activities will be accomplished with in-house resources.

FY 11-12 Goals

- Complete the annexation of the Montini property.
- Prepare a Mills Act ordinance for Council consideration.
- Develop licensing regulations for live music and special events.
- Complete the project planning process for the 32 Patten Street re-use proposal.
- Review options for formula business regulations as directed by the City Council.
- Update regulations pertaining to food trucks.
- Become Certified Local Government with respect to historic preservation.

FY 10-11 Planning Department Accomplishments

- Completed sale of CDA-owned properties at Fifth West/West Spain Street.
- Assisted the Public Works Department in the completion of an updated water supply strategy.
- Completed project planning for Sonoma Highway affordable development.
- Completed environmental review of Class II bike path proposals and the Fryer Creek bridge.
- Completed the Corp Yard P.V. project (Clean and Renewable Energy Bond (CREB) solar projects for City facilities).
- Updated the Sign Ordinance, per the recommendations developed by the Economic Development Advisory Committee.
- Supported CSEC in its environmental goals.
- Implemented new programs as called for in the updated Housing Element.
- Prepared a beekeeping ordinance.
- Developed new regulations pertaining to leaf-blowers.
- Prepared transitional plan for Montini Preserve ownership for Council consideration.
- Completed use permit review of the Sonoma Valley Hospital renovation project.

CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
 OPERATING BUDGET - FY 2011-12
 PLANNING & ZONING - 100-43030

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|------------------------------------|----------------|----------------|----------------|
| 110 REGULAR EMPLOYEES | 255,645 | 201,953 | 212,144 |
| 120 TEMPORARY/PART-TIME | 68 | 26,748 | 26,616 |
| 100E SALARY & WAGES | 258,902 | 228,547 | 238,760 |
| 290 EMPLOYEE BENEFITS | 86,497 | 69,722 | 77,457 |
| 291 WORKERS COMP | 10,902 | 9,657 | 9,800 |
| 200E EMPLOYEE BENEFITS | 98,477 | 79,390 | 87,257 |
| 313 CONSULTING | 36,000 | 5,000 | 10,000 |
| 300E PROFESSIONAL SERVICES | 36,000 | 5,000 | 10,000 |
| 407 CONTRACT SERVICES | 4,886 | 4,886 | 4,886 |
| 400E PROPERTY SERVICES | 4,886 | 4,886 | 4,886 |
| 452 COMMUNICATIONS | 250 | 0 | 0 |
| 453 ADVERTISING | 4,500 | 3,500 | 4,500 |
| 454 PRINTING & BINDING | 500 | 500 | 500 |
| 455 TRAVEL | 500 | 500 | 250 |
| 456 MEMBERSHIPS | 2,000 | 2,000 | 2,000 |
| 457 TRAINING/CONFERENCES | 3,000 | 3,000 | 1,000 |
| 480 OTHER SERVICES | 2,000 | 2,000 | 500 |
| 450E OPERATIONS | 12,750 | 11,500 | 8,750 |
| 501 GENERAL SUPPLIES | 5,000 | 4,000 | 2,000 |
| 507 BOOKS & PERIODICALS | 0 | 500 | 250 |
| 500E SUPPLIES | 5,000 | 4,500 | 2,250 |
| 770 MIS REPLACEMENT TRANSFER | 5,285 | 10,359 | 11,711 |
| 780 INSURANCE TRANSFER | 8,317 | 3,961 | 4,361 |
| 700E INTERNAL SERVICE FUNDS | 13,602 | 14,320 | 16,072 |
| 40000 TOTAL EXPENSE | 429,617 | 348,143 | 367,975 |
| NET NET REVENUE VS EXPENDITURE | -433,335 | -348,143 | -367,975 |

Building Department

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 and safe for use and occupancy. This is accomplished through professional and proficient plan review and inspection services provided to the public in a courteous and timely fashion. The vast majority of regulations enforced by the Building Department are mandated by state law.

This 2011/12 Building Department budget continues to reflect diminished Building Department service levels resulting from reduced staffing and an increase in workload. For the third consecutive year, 75% of the Building Inspector's salary and time has been reassigned to the City's Water Conservation Coordinator position. Building Department service levels have been reduced by eliminating afternoon inspections, reducing the available hours for plan review and by reducing the available hours for customer counter assistance. In the last 12 months, the number of building permits issued has increased 18% over the previous 12-month period while the number of plan checks and inspections has increased 26% and 28% respectively. This increase in workload with no additional staffing will likely create worsening customer service levels until Building Department staffing levels are brought back up to 2008 levels.

FY 11-12 Building Department Goals

- Continue to effectively manage Building Department operations utilizing reduced staffing and resources.
- Project management for the Library Improvement Project.
- Project management for the City Hall - Heat Pump Replacement and Porch Reroofing Project.
- Project management for the replacement phone system at four City facilities (Corp Yard, Fire Station, City Hall, and Carnegie Building).
- Project management for the Depot Museum Code Improvement Project.
- Project management for the Corp Yard Warehouse Reroofing Project.
- Project management for the Sonoma Creek Senior Housing Reroofing Project.
- Project management for the Village Green II Reroofing Project.
- Project management for the Maysonnave Cottage Deconstruction Project.
- Continue to improve and maintain Building Department web site.

FY 10-11 Building Department Accomplishments

- ✓ Drafted ordinance and amendments for 2010 California Code adoption.
- ✓ Drafted new administrative construction codes ordinance for City Council adoption.
- ✓ Revise the City's Green Building Ordinance to mesh with new California Green Building Code. Created new CALGreen checklists needed for CALGreen compliance verification.
- ✓ Bid document preparation for the Library Improvement Project.
- ✓ Implemented and managed Village Green II - Water Heater and HVAC Replacement Project.
- ✓ Bid document preparation for the City Hall - Heat Pump Replacement and Balcony Reroofing Project.
- ✓ Implemented and managed Fire Station Museum Lighting Retrofit Project.
- ✓ Implemented and managed Fire Station Shower Repair Project.
- ✓ Completed the Hazardous Materials Surveys the Maysonnave Cottage and Bond House.
- ✓ Reviewed and updated all Building Department Informational Handouts for 2010 code conformance.
- ✓ Implemented and managed the Village Green II Carport Reroofing Project.
- ✓ Drafted amendments to Purchasing Ordinance and Policy for council adoption.
- ✓ Completed asbestos and lead surveys for 5 City owned facilities.
- ✓ Completed Sebastiani Theater ADA survey.
- ✓ Participated in the Insurance Services Office (ISO) Building Department Grading and Effectiveness Schedule. The Building Department will be issued a grade from ISO in late 2011.

CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
 OPERATING BUDGET - FY 2011-12
 BUILDING - 100-43040

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|------------------------------------|----------------|----------------|----------------|
| 110 REGULAR EMPLOYEES | 248,189 | 234,616 | 235,062 |
| 130 OVERTIME | 1,063 | 0 | 0 |
| 100E SALARY & WAGES | 249,128 | 233,875 | 235,062 |
| 290 EMPLOYEE BENEFITS | 89,134 | 82,572 | 83,953 |
| 291 WORKERS COMP | 10,698 | 9,328 | 9,515 |
| 200E EMPLOYEE BENEFITS | 100,178 | 91,445 | 93,468 |
| 350 PROFESSIONAL/TECHNICAL | 10,000 | 10,000 | 11,000 |
| 300E PROFESSIONAL SERVICES | 10,000 | 10,000 | 11,000 |
| 404 REPAIR & MAINTENANCE | 700 | 1,000 | 1,000 |
| 400E PROPERTY SERVICES | 700 | 1,000 | 1,000 |
| 452 COMMUNICATIONS | 1,740 | 1,500 | 800 |
| 456 MEMBERSHIPS | 950 | 950 | 650 |
| 457 TRAINING/CONFERENCES | 4,525 | 5,975 | 5,500 |
| 480 OTHER SERVICES | 3,500 | 3,500 | 3,500 |
| 450E OPERATIONS | 10,715 | 11,925 | 10,450 |
| 501 GENERAL SUPPLIES | 600 | 600 | 600 |
| 505 ENERGY - GASOLINE | 700 | 600 | 375 |
| 507 BOOKS & PERIODICALS | 800 | 5,800 | 500 |
| 500E SUPPLIES | 2,100 | 7,000 | 1,475 |
| 770 MIS REPLACEMENT TRANSFER | 3,007 | 5,880 | 6,208 |
| 780 INSURANCE TRANSFER | 8,317 | 3,826 | 3,826 |
| 700E INTERNAL SERVICE FUNDS | 11,324 | 9,706 | 10,034 |
| 40000 TOTAL EXPENSE | 384,145 | 364,951 | 362,489 |
| NET NET REVENUE VS EXPENDITURE | -382,427 | -364,951 | -362,489 |

General City Operations & Maintenance

Non- Safety

This budget was created to account for those expenditures paid out of the General Fund that are necessary for city operations but cannot easily be assigned to any specific department. Rather than dividing these expenses and showing them in three or four different department budgets, items such as copy paper, utilities, janitorial services and other general expenses appear in this General Operations and Maintenance budget.

Because Police and Fire are housed in different facilities and do not share expenditures such as these with other departments, they continue to account for these costs within their department budgets.

CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
 OPERATING BUDGET - FY 2011-12
 NON-DEPARTMENTAL - 100-43200

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|------------------------------------|----------------|----------------|----------------|
| 110 REGULAR EMPLOYEES | 12,393 | 0 | 528 |
| 120 TEMPORARY/PART-TIME | 15,052 | 15,222 | 15,904 |
| 100E SALARY & WAGES | 27,456 | 15,658 | 16,433 |
| 290 EMPLOYEE BENEFITS | 7,395 | 3,270 | 3,774 |
| 291 WORKERS COMP | 3,409 | 3,409 | 3,450 |
| 200E EMPLOYEE BENEFITS | 10,806 | 6,818 | 7,224 |
| 350 PROFESSIONAL/TECHNICAL | 3,500 | 3,500 | 3,500 |
| 300E PROFESSIONAL SERVICES | 3,500 | 3,500 | 3,500 |
| 401 UTILITIES | 110,000 | 115,220 | 115,220 |
| 403 CUSTODIAL (Inc. Supplies) | 27,100 | 18,400 | 14,400 |
| 404 REPAIR & MAINTENANCE | 15,600 | 13,500 | 13,500 |
| 405 RENTAL/LEASE - LAND & BUILD | 750 | 0 | 0 |
| 406 RENTAL/LEASE-EQUIPMENT | 20,000 | 19,520 | 19,520 |
| 420 OTHER PROPERTY SVS | 7,500 | 3,000 | 3,000 |
| 400E PROPERTY SERVICES | 180,950 | 169,640 | 165,640 |
| 452 COMMUNICATIONS | 13,000 | 11,000 | 11,000 |
| 454 PRINTING & BINDING | 2,100 | 1,100 | 1,100 |
| 460 PERMITS, FEES | 100 | 100 | 100 |
| 461 CFAC ACTIVITIES | 6,500 | 4,500 | 4,500 |
| 480 OTHER SERVICES | 6,200 | 6,000 | 7,000 |
| 450E OPERATIONS | 27,900 | 22,700 | 23,700 |
| 501 GENERAL SUPPLIES | 31,000 | 25,500 | 25,500 |
| 500E SUPPLIES | 31,000 | 25,500 | 25,500 |
| 750 LONG-TERM BUILDING MAINT | 42,079 | 59,889 | 0 |
| 770 MIS REPLACEMENT TRANSFER | 24,523 | 51,838 | 45,562 |
| 700E INTERNAL SERVICE FUNDS | 66,602 | 111,727 | 45,562 |
| 40000 TOTAL EXPENSE | 348,215 | 355,543 | 287,558 |
| NET NET REVENUE VS EXPENDITURE | -348,384 | -355,543 | -287,558 |

Community Activities

The Community Activities Program Budget is the repository of those funds that are used to support a variety of extra-organizational, but needed services, which the City could, but chooses not to provide within its own organizational structure.

The City Council adopted a policy as an outcome of the Non-Profit Ad Hoc Subcommittee's efforts, which states in part:

As a reflection of the community's desires, and the reality that Sonoma is a small town with a limited budget, the City of Sonoma has opted not to operate its own Parks and Recreation Department, Community and Cultural Services Department, or similar internal City organization. Instead, these traditional "Recreational and Community Programs" have been provided over the years by outside service agencies, specifically non-profit organizations, which have filled the community's need for these important programs. As such, the City and its residents have experienced cost savings through the avoidance of creating a City department with appropriate staffing devoted to Recreational and Community Programs. Through leveraging the talents, skills, networks and resources already available in the community, the City has supported Recreational and Community Programs through a level of direct funding for the past 20+ years. This approach has been proven to be cost effective, efficient, and flexible to meet the changing needs of the community. Non-profit organizations which provide these Recreational and Community Programs are expert at delivering some traditional services provided by city governments elsewhere.

For the City of Sonoma, the following organizations are considered to be core ongoing recreational and community programs:

- Boys and Girls Club of Sonoma Valley
- Sonoma Community Center
- Sonoma Ecology Center
- Vintage House Senior Center

These organizations provide after-school recreational and summer programs; senior services; environmental education programs; and any additional ongoing programs identified by City Council or staff to meet on-going Recreational and Community Programming needs. Total Funding available for this core group of services is \$123,200. This amount includes a 12% reduction in funds in line with other City departments.

Other significant community services covered by this budget:

Sonoma Valley Visitors Bureau Marketing program – matching funds: \$50,000
SVUSD Crossing Guards: \$10,500
Veteran's Building agreement: \$10,000

CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
OPERATING BUDGET - FY 2011-12
COMM. ACTIVITIES - 100-43101

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|---------------------------------|----------------|----------------|----------------|
| 405 RENTAL/LEASE - LAND & BUILD | 10,000 | 10,000 | 10,000 |
| 407 CONTRACT SERVICES | 171,000 | 54,292 | 61,000 |
| 408 TIER 1 CONTRACTS | 0 | 140,000 | 123,200 |
| 400E PROPERTY SERVICES | 181,000 | 204,292 | 194,200 |
| 40000 TOTAL EXPENSE | 181,000 | 204,292 | 194,200 |
| NET NET REVENUE VS EXPENDITURE | -181,000 | -204,292 | -194,200 |

General Fund Intergovernmental Transfers

The General Fund maintains the transfer account for the purpose of support of other funds and departments. Transfers are a result of program support, use of facilities and maintaining the operating reserves as required by the City's Financial Reserve Policy.

CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
OPERATING BUDGET - FY 2011-12
GEN FUND - TO OTHER FUNDS - 100-43999

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|--------------------------------|----------------|----------------|----------------|
| 900 OPER. TRANSFERS-OUT | 232,088 | 201,823 | 201,823 |
| 900E TRANSFERS | 232,088 | 201,823 | 201,823 |
| 40000 TOTAL EXPENSE | 232,088 | 201,823 | 201,823 |
| NET NET REVENUE VS EXPENDITURE | -232,088 | -201,823 | -201,823 |

Special Gas Tax Street Improvement Fund

The special Gas Tax Street Improvement Fund complies with state requirements for the use and accounting of state highway users taxes (gas tax funds provided to the City through sections 2105, 2106, 2107 and 2107.5 of the Streets and Highways Code). The purpose of these funds is to provide revenue to local governments for the maintenance and operation of local streets

In recent years, gas tax revenues have been used to fund the City's street sweeping program, traffic signal operations and maintenance, street lights and general street maintenance – striping, pothole repair, etc.

The Streets Department is responsible for the maintenance and repair of City streets, sidewalks, traffic control, street signs, traffic and parking control markings along with bike path and right-of-way, weed abatement, storm drain inlet and drainage ditch maintenance and street sweeping. The department also responds to vandalism repairs and graffiti abatement. The Supervisor represents the department on the Tree Committee and Street Light Association.

FY 10-11 Accomplishments

- ✓ Continue with Graffiti program clean-ups.
- ✓ Assisted Sonoma County Water Agency with engineered creek vegetation removal.
- ✓ Continued assistance on Storm Drain Master plan Zone 3A project
- ✓ Maintain customer service levels in Streets division by responding to reports of missing street signs, downed trees, sidewalk displacements and other customer service requests.
- ✓ Maintain City street tree program.
- ✓ Assist other divisions as needed within the Public Works Department.
- ✓ Continue City-wide sidewalk displacement program.

Future Street Department Goals

The Street Department will continue to maintain customer service levels in Streets division by responding to reports of missing street signs, downed trees, sidewalk displacements and other customer service requests.

CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
 OPERATING BUDGET - FY 2011-12
 GAS TAX -STREETS - 302-51001

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|------------------------------------|----------------|----------------|----------------|
| 31201 STATE GASOLINE TAX - 2105 | 97,000 | 97,000 | 97,000 |
| 31202 STATE GASOLINE TAX - 2106 | 60,000 | 60,000 | 60,000 |
| 31203 STATE GASOLINE TAX - 2107 | 45,000 | 45,000 | 45,000 |
| 31204 STATE GASOLINE TAX - 2107.5 | 2,000 | 2,000 | 2,000 |
| 3120 CAPITAL PROJECTS | 204,000 | 204,000 | 204,000 |
| 37200 TRANSFER IN | 397,060 | 397,060 | 397,060 |
| 3700 TRANSFERS | 397,060 | 397,060 | 397,060 |
| 30000 TOTAL REVENUE | 601,060 | 601,060 | 601,060 |
| 110 REGULAR EMPLOYEES | 243,476 | 246,159 | 226,128 |
| 130 OVERTIME | 0 | 0 | 5,400 |
| 100E SALARY & WAGES | 243,254 | 245,133 | 231,528 |
| 290 EMPLOYEE BENEFITS | 84,256 | 100,219 | 99,311 |
| 291 WORKERS COMP | 9,681 | 8,000 | 9,996 |
| 200E EMPLOYEE BENEFITS | 93,887 | 106,762 | 109,307 |
| 311 ACCOUNTING/AUDIT | 1,000 | 1,000 | 1,000 |
| 314 ENGINEERING | 25,000 | 44,100 | 44,100 |
| 350 PROFESSIONAL/TECHNICAL | 21,600 | 22,500 | 39,000 |
| 300E PROFESSIONAL SERVICES | 47,600 | 67,600 | 84,100 |
| 401 UTILITIES | 69,900 | 69,900 | 69,900 |
| 403 CUSTODIAL (Inc. Supplies) | 0 | 0 | 2,880 |
| 404 REPAIR & MAINTENANCE | 107,500 | 107,500 | 62,000 |
| 407 CONTRACT SERVICES | 0 | 0 | 20,000 |
| 400E PROPERTY SERVICES | 177,400 | 177,400 | 154,780 |
| 452 COMMUNICATIONS | 2,300 | 2,300 | 3,800 |
| 456 MEMBERSHIPS | 600 | 600 | 600 |
| 457 TRAINING/CONFERENCES | 5,000 | 5,000 | 5,000 |
| 460 PERMITS, FEES | 3,900 | 3,900 | 3,900 |
| 480 OTHER SERVICES | 0 | 0 | 45,000 |
| 491 DISASTER PREPAREDNESS | 500 | 500 | 500 |
| 450E OPERATIONS | 12,300 | 12,300 | 58,800 |
| 501 GENERAL SUPPLIES | 2,000 | 2,000 | 2,000 |
| 505 ENERGY - GASOLINE | 17,000 | 17,000 | 18,500 |
| 508 CLOTHING/UNIFORMS | 2,800 | 2,800 | 3,925 |
| 500E SUPPLIES | 21,800 | 21,800 | 24,425 |
| 604 MACHINERY AND EQUIPMENT | 0 | 0 | 15,000 |
| 600E CAPITAL ASSETS | 0 | 0 | 15,000 |
| 770 MIS REPLACEMENT TRANSFER | 12,881 | 6,797 | 13,218 |
| 780 INSURANCE TRANSFER | 3,971 | 0 | 8,672 |
| 700E INTERNAL SERVICE FUNDS | 16,852 | 6,797 | 21,890 |
| 40000 TOTAL EXPENSE | 613,094 | 637,792 | 699,830 |
| NET NET REVENUE VS EXPENDITURE | 2,742 | -36,732 | -98,770 |

Bond Property Fund

The Bond Property, a six acre parcel located at 19990 Seventh Street, was bequeathed to the city in 1977 by Pauline Bond, for the purpose of “creating and maintaining a public park.” Most of the property is leased to the Sonoma Ecology Center which maintains the property and administers public programs at the site. Typically, expenditures from this fund have been limited to a transfer to the City’s long term building maintenance fund (for use, as needed, for major maintenance of the house on the property) and for tree and other landscape maintenance as needed.

In recent years, funds were allocated to assist in the development of a master plan for the portion of the property leased by the Ecology Center and to assist the Ecology Center in maintaining the property while the master plan was being developed.

CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
 OPERATING BUDGET - FY 2011-12
 BOND PROPERTY - 220-44060

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|------------------------------------|----------------|----------------|----------------|
| 30600 INTEREST INCOME | 1,650 | 1,650 | 1,650 |
| 3060 INTEREST & RENTS | 1,650 | 1,650 | 1,650 |
| 30000 TOTAL REVENUE | 1,650 | 1,650 | 1,650 |
| 404 REPAIR & MAINTENANCE | 2,500 | 1,000 | 1,000 |
| 400E PROPERTY SERVICES | 2,500 | 1,000 | 1,000 |
| 750 LONG-TERM BUILDING MAINT | 3,054 | 5,032 | 5,032 |
| 700E INTERNAL SERVICE FUNDS | 3,054 | 5,032 | 5,032 |
| 900 OPER. TRANSFERS-OUT | 0 | 5,000 | 5,000 |
| 900E TRANSFERS | 0 | 5,000 | 5,000 |
| 40000 TOTAL EXPENSE | 5,554 | 11,032 | 11,032 |
| NET NET REVENUE VS EXPENDITURE | -3,904 | -9,382 | -9,382 |

Maysonnave Property Fund

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.

CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
 OPERATING BUDGET - FY 2011-12
 MAYSONNAVE PROPERTY - 221-44061

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|------------------------------------|----------------|----------------|----------------|
| 30600 INTEREST INCOME | 4,000 | 4,000 | 4,000 |
| 30701 RENTAL INCOME | 8,800 | 8,800 | 8,800 |
| 3060 INTEREST & RENTS | 12,800 | 12,800 | 12,800 |
| 30000 TOTAL REVENUE | 12,800 | 12,800 | 12,800 |
| 404 REPAIR & MAINTENANCE | 3,500 | 3,500 | 3,500 |
| 400E PROPERTY SERVICES | 3,500 | 3,500 | 3,500 |
| 750 LONG-TERM BUILDING MAINT | 2,120 | 3,426 | 3,426 |
| 700E INTERNAL SERVICE FUNDS | 2,120 | 3,426 | 3,426 |
| 900 OPER. TRANSFERS-OUT | 0 | 5,000 | 5,000 |
| 900E TRANSFERS | 0 | 5,000 | 5,000 |
| 40000 TOTAL EXPENSE | 5,620 | 11,926 | 11,926 |
| NET NET REVENUE VS EXPENDITURE | 7,180 | 874 | 874 |

Cemetery Operations & Maintenance

The Cemetery Department is responsible for maintenance, upkeep and operations of the Mountain, Valley and Veterans' Cemeteries. The primary activities include burial, maintenance of existing plots, brush clearing and weed abatement, and maintenance of landscaped areas and roadways.

The existing Cemetery Fund continues to experience a deficit budget and all operation and staffing costs have been reduced to address current revenue constraints. The City's Cemetery Sub-Committee continues to meet to address potential opportunities and expansion to create a sustainable market. As an adjunct to the Cemetery Sub-Committee a non-profit organization, Friends of the Cemeteries, was formed to promote the City's historic cemeteries, explore designation of a National Historic Cemetery and review the possibility of creating a Cemetery Foundation.

CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
 OPERATING BUDGET - FY 2011-12
 CEMETERIES - 501-61010

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|------------------------------------|----------------|----------------|----------------|
| 30600 INTEREST INCOME | 28,000 | 28,000 | 0 |
| 3060 INTEREST & RENTS | 28,000 | 28,000 | 0 |
| 34001 SALES & SERVICES | 185,000 | 195,000 | 195,000 |
| 34002 SALES & SERVICES | 42,000 | 0 | 0 |
| 34020 OTHER CEMETERY REVENUES | 0 | 30,000 | 40,000 |
| 3400 CEMETERY | 227,000 | 225,000 | 235,000 |
| 37200 TRANSFER IN | 25,215 | 45,215 | 45,215 |
| 3700 TRANSFERS | 25,215 | 45,215 | 45,215 |
| 30000 TOTAL REVENUE | 280,215 | 298,215 | 280,215 |
| 110 REGULAR EMPLOYEES | 201,275 | 204,257 | 176,820 |
| 100E SALARY & WAGES | 201,083 | 201,591 | 176,820 |
| 290 EMPLOYEE BENEFITS | 80,097 | 95,625 | 84,292 |
| 291 WORKERS COMP | 6,380 | 26,037 | 16,037 |
| 200E EMPLOYEE BENEFITS | 86,145 | 120,032 | 100,329 |
| 314 ENGINEERING | 10,000 | 0 | 0 |
| 350 PROFESSIONAL/TECHNICAL | 14,500 | 14,500 | 14,500 |
| 300E PROFESSIONAL SERVICES | 24,500 | 14,500 | 14,500 |
| 401 UTILITIES | 10,000 | 10,000 | 10,000 |
| 404 REPAIR & MAINTENANCE | 3,000 | 3,000 | 3,000 |
| 406 RENTAL/LEASE-EQUIPMENT | 800 | 800 | 800 |
| 407 CONTRACT SERVICES | 39,150 | 10,750 | 10,750 |
| 420 OTHER PROPERTY SVS | 10,500 | 5,000 | 5,000 |
| 400E PROPERTY SERVICES | 63,450 | 29,550 | 29,550 |
| 452 COMMUNICATIONS | 1,510 | 1,510 | 400 |
| 456 MEMBERSHIPS | 450 | 450 | 450 |
| 457 TRAINING/CONFERENCES | 2,650 | 1,000 | 0 |
| 491 DISASTER PREPAREDNESS | 250 | 0 | 0 |
| 450E OPERATIONS | 4,860 | 2,960 | 850 |
| 501 GENERAL SUPPLIES | 9,000 | 5,000 | 5,000 |
| 505 ENERGY - GASOLINE | 6,700 | 3,000 | 500 |
| 508 CLOTHING/UNIFORMS | 2,250 | 2,250 | 300 |
| 500E SUPPLIES | 17,950 | 10,250 | 5,800 |
| 604 MACHINERY AND EQUIPMENT | 400 | 0 | 0 |
| 600E CAPITAL ASSETS | 400 | 0 | 0 |
| 703 CONSTRUCTION, MATERIAL, SUPPLI | 40,000 | 0 | 0 |
| 750 LONG-TERM BUILDING MAINT | 761 | 1,066 | 1,066 |
| 760 VEHICLE REPLACEMENT TRANSFER | 8,904 | 17,808 | 17,808 |
| 770 MIS REPLACEMENT TRANSFER | 3,964 | 7,227 | 6,713 |
| 780 INSURANCE TRANSFER | 9,729 | 36,687 | 26,687 |
| 700E INTERNAL SERVICE FUNDS | 63,358 | 62,788 | 52,274 |
| 801 PRINCIPAL | 83,036 | 0 | 0 |
| 802 INTEREST | 34,386 | 0 | 0 |
| 800E DEBT SERVICE | 117,422 | 0 | 0 |
| 900 OPER. TRANSFERS-OUT | 30,564 | 30,564 | 30,564 |
| 900E TRANSFERS | 30,564 | 30,564 | 30,564 |
| 40000 TOTAL EXPENSE | 609,732 | 472,235 | 410,687 |
| NET NET REVENUE VS EXPENDITURE | -329,517 | -174,020 | -130,472 |

Water Utility Fund

The Water Department's primary responsibility is to deliver safe and reliable drinking water to City residents and outside service area. The City's drinking water continues to meet all state and federal drinking water standards. The department continually strives to adopt new and better methods for delivering the best quality drinking water and remains vigilant in meeting the challenges of source water protection, water conservation and community education.

This budget provides for maintenance and operation of the City's water distribution system. Primary components of the system include 49 miles of water main, 4,300 service connections, 6 storage tanks, 7 wells, 2 pumping stations, approximately 476 fire hydrants and 3 standby emergency generators. In addition to maintenance and repair activities, water utility personnel monitor water levels in the City's storage tanks, operate City wells, sample the wells and distribution system for laboratory analysis, install new service connections to meters, read customer meters for billing, and provide customer service. Portions of the salaries of secretarial, clerical, technical, supervisory, and administrative personnel who provide service to the Water Utility are paid through this budget and transfers to the General Fund are provided to cover city overhead costs.

CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
 OPERATING BUDGET - FY 2011-12
 WATER UTILITY - 510-62001

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|------------------------------------|------------------|------------------|------------------|
| 30600 INTEREST INCOME | 0 | 0 | 60,000 |
| 3060 INTEREST & RENTS | 0 | 0 | 60,000 |
| 32001 WATER SALES AND SVC | 4,100,000 | 3,893,415 | 3,694,741 |
| 32002 NEW SERVICE FEES | 15,000 | 20,000 | 20,000 |
| 32003 LATE FEES & SHUT-OFF NOTICES | 25,000 | 26,300 | 39,000 |
| 32004 FRONT-FOOTAGE FEES | 10,000 | 10,000 | 10,000 |
| 32005 CONNECTION FEES | 100,000 | 100,000 | 100,000 |
| 32010 OTHER - WATER REVENUES | 9,479 | 5,000 | 5,000 |
| 3200 WATER | 4,259,479 | 4,054,715 | 3,868,741 |
| 35016 REMIF REBATES | 30,000 | 30,000 | 30,000 |
| 37201 TRANSFER FROM RESERVES | 0 | 0 | 353,852 |
| 3500 MISCELLANEOUS | 30,000 | 30,000 | 383,852 |
| 30000 TOTAL REVENUE | 4,289,479 | 4,084,715 | 4,312,593 |
| 110 REGULAR EMPLOYEES | 547,010 | 610,988 | 630,999 |
| 120 TEMPORARY/PART-TIME | 27,324 | 49,020 | 51,268 |
| 130 OVERTIME | 3,208 | 0 | 15,000 |
| 100E SALARY & WAGES | 577,894 | 652,610 | 697,268 |
| 290 EMPLOYEE BENEFITS | 193,746 | 261,690 | 274,193 |
| 291 WORKERS COMP | 18,720 | 36,037 | 30,442 |
| 200E EMPLOYEE BENEFITS | 212,636 | 293,253 | 304,635 |
| 311 ACCOUNTING/AUDIT | 10,000 | 10,000 | 10,000 |
| 313 CONSULTING | 187,740 | 137,740 | 107,740 |
| 314 ENGINEERING | 51,000 | 51,000 | 66,000 |
| 350 PROFESSIONAL/TECHNICAL | 114,000 | 117,500 | 116,500 |
| 353 WATER CONSERVATION | 175,000 | 175,000 | 175,000 |
| 300E PROFESSIONAL SERVICES | 537,740 | 491,240 | 475,240 |
| 401 UTILITIES | 12,500 | 12,500 | 18,000 |
| 404 REPAIR & MAINTENANCE | 45,000 | 45,000 | 45,000 |
| 406 RENTAL/LEASE-EQUIPMENT | 2,500 | 2,500 | 2,500 |
| 407 CONTRACT SERVICES | 1,311,168 | 1,350,000 | 1,500,000 |
| 400E PROPERTY SERVICES | 1,371,168 | 1,410,000 | 1,565,500 |
| 452 COMMUNICATIONS | 3,200 | 3,200 | 5,000 |
| 454 PRINTING & BINDING | 5,300 | 5,300 | 5,800 |
| 456 MEMBERSHIPS | 15,300 | 16,050 | 19,550 |
| 457 TRAINING/CONFERENCES | 10,000 | 10,000 | 10,000 |
| 460 PERMITS, FEES | 10,000 | 10,000 | 10,000 |
| 480 OTHER SERVICES | 100,000 | 100,000 | 90,000 |
| 491 DISASTER PREPAREDNESS | 1,000 | 1,000 | 1,000 |
| 450E OPERATIONS | 144,800 | 145,550 | 141,350 |
| 501 GENERAL SUPPLIES | 125,000 | 125,500 | 125,500 |
| 505 ENERGY - GASOLINE | 15,000 | 15,000 | 18,000 |
| 508 CLOTHING/UNIFORMS | 4,000 | 4,000 | 6,250 |
| 510 DEPARTMENT EXPENSE | 0 | 0 | 5,000 |
| 550 OTHER EQUIPMENT/SUPPLIES | 78,000 | 78,000 | 78,000 |
| 500E SUPPLIES | 222,000 | 222,500 | 232,750 |
| 606 SOFTWARE | 35,000 | 35,000 | 0 |
| 600E CAPITAL ASSETS | 35,000 | 35,000 | 0 |
| 703 CONSTRUCTION, MATERIAL, SUPPLI | 0 | 0 | 55,000 |
| 750 LONG-TERM BUILDING MAINT | 10,363 | 12,247 | 12,247 |
| 760 VEHICLE REPLACEMENT TRANSFER | 18,650 | 37,300 | 37,300 |
| 770 MIS REPLACEMENT TRANSFER | 17,430 | 36,031 | 39,403 |
| 780 INSURANCE TRANSFER | 52,650 | 36,687 | 38,687 |
| 700E INTERNAL SERVICE FUNDS | 99,093 | 122,265 | 182,637 |
| 900 OPER. TRANSFERS-OUT | 572,995 | 655,088 | 655,088 |
| 925 CONTINGENCY & RESERVE | 100,000 | 100,000 | 100,000 |
| 900E TRANSFERS | 672,995 | 755,088 | 755,088 |
| 40000 TOTAL EXPENSE | 3,873,326 | 4,127,505 | 4,354,468 |
| NET NET REVENUE VS EXPENDITURE | 436,140 | -42,790 | -41,875 |

Management Information Services (MIS) Fund

The purpose of the Management Information Services (MIS) fund is to provide a funding mechanism for the operational costs, maintenance and planned replacement of computer systems and software, telephone systems and other critical office equipment needed for the delivery of information. All funds allocated for this purpose are derived from transfers from other City operations and therefore are not true revenues. The fund anticipates future MIS needs and allows the Council to accurately identify the cost of MIS services.

Based on an analysis of appropriate replacement periods for computer equipment, an additional six months was added to the amortization schedule for the 2011/12 budget. This results in a one-time savings to the General Fund in fiscal year 2011/12 of approximately \$18,000.

During the 2010/11 fiscal year, the City replaced 20 of its desktop computers and upgraded office and e-mail software on 38 desktops. This will allow the reuse of many of the replaced computers for use during a disaster in the City's Emergency Operations Center. The City also initiated the purchase of a new Voice over Internet Protocol (VOIP) phone system to be installed in four City and two VOM Fire District buildings. The new phone system will be installed in the summer of 2011.

This 2011/12 MIS budget will fund ongoing maintenance service and licensing agreements for the continued operation of City computer and telecommunications systems as well as the scheduled replacement of obsolete or inefficient systems or components. The 2011/12 MIS budget anticipates the replacement of one of the City's computer servers located at the Police Station and upgrading and reconfiguration of resources on another. It also includes the replacement of older printers and miscellaneous equipment that are at or near the end of their useful life.

During the 2011/12 fiscal year, staff will be drafting an e-mail retention policy to establish default retention configuration and procedural guidelines for the appropriate destruction and retention of electronic mail stored on City mails servers and systems.

CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
 OPERATING BUDGET - FY 2011-12
 MANAGEMENT INFORMATION SERVICE - 601-64010

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|-----------------------------------|----------------|----------------|----------------|
| 37200 TRANSFER IN | 234,484 | 116,231 | 241,164 |
| 3700 TRANSFERS | 234,484 | 116,231 | 241,164 |
| 30000 TOTAL REVENUE | 234,484 | 116,231 | 241,164 |
| 350 PROFESSIONAL/TECHNICAL | 1,500 | 1,000 | 1,000 |
| 300E PROFESSIONAL SERVICES | 1,500 | 1,000 | 1,000 |
| 404 REPAIR & MAINTENANCE | 184,500 | 109,060 | 108,590 |
| 400E PROPERTY SERVICES | 184,500 | 109,060 | 108,590 |
| 452 COMMUNICATIONS | 9,240 | 9,240 | 9,240 |
| 457 TRAINING/CONFERENCES | 300 | 300 | 300 |
| 450E OPERATIONS | 9,540 | 9,540 | 9,540 |
| 501 GENERAL SUPPLIES | 1,300 | 1,300 | 1,000 |
| 500E SUPPLIES | 1,300 | 1,300 | 1,000 |
| 607 COMPUTER EQUIPMENT | 104,000 | 112,000 | 80,100 |
| 600E CAPITAL ASSETS | 104,000 | 112,000 | 80,100 |
| 900 OPER. TRANSFERS-OUT | 50,000 | 50,000 | 50,000 |
| 900E TRANSFERS | 50,000 | 50,000 | 50,000 |
| 40000 TOTAL EXPENSE | 350,840 | 282,900 | 250,230 |
| NET NET REVENUE VS EXPENDITURE | -116,356 | -166,669 | -9,066 |

General Debt Service

The Debt Service funds are used to account for the accumulation of resources for, and the payment of, the City's general long-term debt principal and interest.

Resources for the repayment of debt are derived primarily from interfund transfers from City operating funds. Payment of debt principal and interest are made directly to fiscal agents who are responsible for disbursing funds to bondholders.

The City Debt Service fund services the following indebtedness:

1. 2006 lease through Municipal Finance Corporation to refinance the 1993 REFA [Redwood Empire Finance Authority] bond issue that funded several city projects including Carnegie Library, Fire Engine purchase, MIS and Cemetery improvements. This bond was a joint issuance with the cities of Healdsburg and Ukiah. Payment amounts are transferred from the individual project funds into the debt service fund.
2. 2001A PFA [Public Finance Authority] Water Utility Bond for construction of water storage tank. Funding source is the Water Utility Fund.

CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
OPERATING BUDGET - FY 2011-12
1993 REFA - 402-57020

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|--------------------------------|----------------|----------------|----------------|
| 37200 TRANSFER IN | 121,192 | 197,391 | 201,254 |
| 3700 TRANSFERS | 121,192 | 197,391 | 201,254 |
| 30000 TOTAL REVENUE | 121,192 | 197,391 | 201,254 |
| 801 PRINCIPAL | 85,000 | 104,591 | 104,454 |
| 802 INTEREST | 36,192 | 92,800 | 96,800 |
| 800E DEBT SERVICE | 121,192 | 197,391 | 201,254 |
| 40000 TOTAL EXPENSE | 121,192 | 197,391 | 201,254 |
| NET NET REVENUE VS EXPENDITURE | 0 | -92,720 | 0 |

CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
OPERATING BUDGET - FY 2011-12
PFA WATER DEBT SVS - 493-57104

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|--------------------------------|----------------|----------------|----------------|
| 37200 TRANSFER IN | 136,983 | 136,983 | 136,983 |
| 3700 TRANSFERS | 136,983 | 136,983 | 136,983 |
| 30000 TOTAL REVENUE | 136,983 | 136,983 | 136,983 |
| 801 PRINCIPAL | 55,000 | 55,000 | 55,000 |
| 802 INTEREST | 85,050 | 85,090 | 85,090 |
| 800E DEBT SERVICE | 140,050 | 140,090 | 140,090 |
| 40000 TOTAL EXPENSE | 140,050 | 140,090 | 140,090 |
| NET NET REVENUE VS EXPENDITURE | 0 | -3,107 | -3,107 |

Community Development Agency Debt Service

The Debt Service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Resources for the repayment of debt are derived primarily from tax increment generated from the redevelopment project area. Payment of debt principal and interest are made directly to fiscal agents who are responsible for disbursing funds to bondholders.

The Agency Debt Service funds pay principal and interest on the following indebtedness:

1. 1997 Tax Allocation Bonds, issued to fund various capital improvements in the Project Area
2. 2003 Tax Allocation Bonds, issued in an aggregate amount of \$21 million for capital improvements and affordable housing projects.
3. 2010 Tax Allocation Bonds, issued as refinancing bonds to refund the CDA 1997 and 2000 Tax Allocations Bonds. The consideration of refunding the existing bonds determined that a long-range cost savings could be realized by refunding two existing bond issuances and combining the debt service into a single new issue without extending the life of the debt [20 years]. Total issuance was \$10.5 million.
4. 2011 Tax Allocation Bonds, issued to fund various capital improvements and public service projects including affordable housing. Bonds were issued in an aggregate amount of \$16 million.

CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
OPERATING BUDGET - FY 2011-12
2003 TAX ALLOCATION BOND (CDA) - 494-57104

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|----------------------------|------------------|------------------|------------------|
| 37200 TRANSFER IN | 1,199,159 | 1,194,659 | 1,194,659 |
| 3700 TRANSFERS | 1,199,159 | 1,194,659 | 1,194,659 |
| 30000 TOTAL REVENUE | 1,199,159 | 1,194,659 | 1,194,659 |
| 801 PRINCIPAL | 450,000 | 465,000 | 465,000 |
| 802 INTEREST | 747,159 | 727,659 | 727,659 |
| 803 FISCAL AGENT FEES | 2,000 | 2,000 | 2,000 |
| 800E DEBT SERVICE | 1,199,159 | 1,194,659 | 1,194,659 |
| 40000 TOTAL EXPENSE | 1,199,159 | 1,194,659 | 1,194,659 |

CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
OPERATING BUDGET - FY 2011-12
2010 TAB - 496-57107

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|----------------------------|----------------|----------------|----------------|
| 37200 TRANSFER IN | 0 | 0 | 744,823 |
| 3700 TRANSFERS | 0 | 0 | 744,823 |
| 30000 TOTAL REVENUE | 0 | 0 | 744,823 |
| 801 PRINCIPAL | 0 | 0 | 370,000 |
| 802 INTEREST | 0 | 0 | 372,823 |
| 803 FISCAL AGENT FEES | 0 | 0 | 2,000 |
| 800E DEBT SERVICE | 0 | 0 | 744,823 |
| 40000 TOTAL EXPENSE | 0 | 0 | 744,823 |

CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
OPERATING BUDGET - FY 2011-12
2011 TAB - 497-57108

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|----------------------------|----------------|----------------|------------------|
| 37200 TRANSFER IN | 0 | 0 | 1,206,918 |
| 3700 TRANSFERS | 0 | 0 | 1,206,918 |
| 30000 TOTAL REVENUE | 0 | 0 | 1,206,918 |
| 801 PRINCIPAL | 0 | 0 | 130,000 |
| 802 INTEREST | 0 | 0 | 1,076,918 |
| 800E DEBT SERVICE | 0 | 0 | 1,206,918 |
| 40000 TOTAL EXPENSE | 0 | 0 | 1,206,918 |

Community Development Agency

The Community Development Agency, the City's redevelopment arm, was established in November of 1983 and incorporates approximately 40% of the property in the City. The Agency's Redevelopment Plan states the following objectives:

- Funding of needed storm drainage improvements
- Funding needed public parking facilities
- Funding needed rehabilitation and preservation of historic structures
- Funding needed street improvements and beautification projects
- Funding of low and moderate income housing projects
- Funding needed parks and recreational facilities
- Elimination of blight through economic development

With the exception of low and moderate-income housing projects, the Agency can generally only spend money on projects within its boundaries. Under certain conditions, community facilities can be built outside the Project Area if there is no other funding available. The governing board is the City Council, and existing staff supports the Agency's activities. The boundaries of the Project Area were expanded in 1998 and the Plan was amended a second time in 1999 to increase the cap on the amount of tax revenue the Agency can collect over time. A 2002 plan amendment again increased the Agency's tax increment revenue potential.

The budget as presented maintains the current Economic Development Program at a base level, in order to continue the critical work needed at this time in terms of assisting local businesses and monitoring the local economy. The budget maintains full CDA funding for the Economic Development Partnership and the Sonoma Valley Visitors Bureau to maintain our strong local marketing efforts which are more critical now in the economic downturn.

NOTE: The presentation and adoption of the Community Development Agency assumes no State intervention in eliminating Redevelopment Agencies. The Agency will be required to amend the CDA Adopted Budget should the State be successful in its proposed actions.

CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
 OPERATING BUDGET - FY 2011-12
 CDA - ADMINISTRATION - 391-53001

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|--------------------------------------|------------------|------------------|-------------------|
| 30010 TAXES - SECURED | 4,581,751 | 4,581,751 | 4,563,000 |
| 30016 COUNTY COLLECTION FEE | -78,254 | -78,254 | -95,000 |
| 30017 ERAF (STATE TRSFR) | -1,918,173 | -395,000 | 0 |
| 3001 TAXES | 2,585,324 | 4,108,497 | 4,468,000 |
| 30600 INTEREST INCOME | 100,000 | 100,000 | 75,000 |
| 30701 RENTAL INCOME | 0 | 0 | 18,000 |
| 3060 INTEREST & RENTS | 100,000 | 100,000 | 93,000 |
| 35004 REIMBURSEMENT AGMTS | 27,000 | 27,000 | 78,500 |
| 36104 PROCEEDS FROM ISSUANCE OF DEBT | 0 | 0 | 10,200,000 |
| 3500 MISCELLANEOUS | 27,000 | 27,000 | 10,278,500 |
| 30000 TOTAL REVENUE | 2,712,324 | 4,235,497 | 14,839,500 |
| 110 REGULAR EMPLOYEES | 189,942 | 204,660 | 294,538 |
| 120 TEMPORARY/PART-TIME | 4,362 | 5,945 | 6,480 |
| 100E SALARY & WAGES | 194,308 | 206,958 | 301,018 |
| 290 EMPLOYEE BENEFITS | 54,552 | 69,226 | 107,408 |
| 291 WORKERS COMP | 8,008 | 10,145 | 10,434 |
| 200E EMPLOYEE BENEFITS | 62,560 | 77,293 | 117,842 |
| 310 LEGAL | 15,000 | 15,000 | 50,000 |
| 311 ACCOUNTING/AUDIT | 19,000 | 19,000 | 22,000 |
| 314 ENGINEERING | 2,000 | 2,000 | 2,000 |
| 300E PROFESSIONAL SERVICES | 36,000 | 36,000 | 74,000 |
| 453 ADVERTISING | 0 | 0 | 1,000 |
| 455 TRAVEL | 200 | 200 | 200 |
| 456 MEMBERSHIPS | 2,750 | 2,750 | 4,750 |
| 457 TRAINING/CONFERENCES | 4,200 | 4,200 | 4,200 |
| 480 OTHER SERVICES | 33,000 | 33,000 | 33,000 |
| 450E OPERATIONS | 40,150 | 40,150 | 43,150 |
| 501 GENERAL SUPPLIES | 0 | 0 | 60,000 |
| 500E SUPPLIES | 0 | 0 | 60,000 |
| 703 CONSTRUCTION, MATERIAL, SUPPLI | 0 | 0 | 10,200,000 |
| 750 LONG-TERM BUILDING MAINT | 5,073 | 6,332 | 6,332 |
| 770 MIS REPLACEMENT TRANSFER | 7,238 | 13,609 | 29,055 |
| 780 INSURANCE TRANSFER | 13,477 | 36,954 | 38,954 |
| 700E INTERNAL SERVICE FUNDS | 25,788 | 56,895 | 10,274,341 |
| 801 PRINCIPAL | 100,000 | 100,000 | 100,000 |
| 800E DEBT SERVICE | 100,000 | 100,000 | 100,000 |
| 900 OPER. TRANSFERS-OUT | 2,460,277 | 2,530,215 | 2,440,372 |
| 900E TRANSFERS | 2,460,277 | 2,530,215 | 2,440,372 |
| 40000 TOTAL EXPENSE | 2,919,084 | 3,047,511 | 13,410,723 |
| NET NET REVENUE VS EXPENDITURE | -197,772 | 1,187,986 | 1,428,777 |

**CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
 OPERATING BUDGET - FY 2011-12
 CDA - ECONOMIC DEVELOPMENT - 391-53008**

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|-----------------------------------|----------------|----------------|----------------|
| 37200 TRANSFER IN | 709,000 | 612,000 | 631,500 |
| 3700 TRANSFERS | 709,000 | 612,000 | 631,500 |
| 30000 TOTAL REVENUE | 709,000 | 612,000 | 631,500 |
| 350 PROFESSIONAL/TECHNICAL | 65,000 | 65,000 | 65,000 |
| 300E PROFESSIONAL SERVICES | 65,000 | 65,000 | 65,000 |
| 405 RENTAL/LEASE - LAND & BUILD | 0 | 0 | 72,000 |
| 406 RENTAL/LEASE-EQUIPMENT | 72,000 | 72,000 | 0 |
| 407 CONTRACT SERVICES | 351,000 | 254,000 | 274,500 |
| 400E PROPERTY SERVICES | 423,000 | 326,000 | 346,500 |
| 456 MEMBERSHIPS | 765 | 765 | 765 |
| 457 TRAINING/CONFERENCES | 1,500 | 1,500 | 500 |
| 460 PERMITS, FEES | 6,000 | 6,000 | 6,000 |
| 480 OTHER SERVICES | 200,000 | 200,000 | 200,000 |
| 450E OPERATIONS | 208,265 | 208,265 | 207,265 |
| 501 GENERAL SUPPLIES | 12,735 | 12,735 | 12,735 |
| 500E SUPPLIES | 12,735 | 12,735 | 12,735 |
| 40000 TOTAL EXPENSE | 709,000 | 612,000 | 631,500 |

Low/Moderate Housing Fund

The Low/Moderate Income Housing Fund is an ancillary activity of the Community Development Agency. It is funded by 20 percent of the tax increment monies that accrue to the Agency. Funds may also be received from various grant programs or the issuance of long-term debt. Through the Housing Fund, the Agency has been able to construct or assist in the creation of the following affordable housing projects:

- Firehouse Village (30 affordable rental units)
- Sonoma Creek Senior Housing (34 senior rental units)
- Casa Primera (13 first-time homebuyer affordable units)
- Palm Court (18 privately developed first-time home buyer affordable units)
- Marcy Court (16 first-time homebuyer affordable units)
- Sonoma Commons Phase I & Phase II (first-time home buyer affordable units)
- Cabernet (7 senior affordable rental units)
- Maysonnave Apartments (10 senior affordable units)
- Village Green II Senior Apartments (34 senior affordable units)

Debt service costs included in this budget comprise principal and interest payments on the 2003, 2010 and 2011 Tax Allocation Bond issues.

NOTE: The presentation and adoption of the Community Development Agency assumes no State intervention in eliminating Redevelopment Agencies. The Agency will be required to amend the CDA Adopted Budget should the State be successful in its proposed actions.

CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
 OPERATING BUDGET - FY 2011-12
 CDA - HOUSING - LMI - 291-46001

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|------------------------------------|------------------|------------------|------------------|
| 30010 TAXES - SECURED | 1,111,472 | 1,111,472 | 1,127,000 |
| 30016 COUNTY COLLECTION FEE | -18,620 | -18,620 | -25,000 |
| 3001 TAXES | 1,092,852 | 1,092,852 | 1,102,000 |
| 30600 INTEREST INCOME | 125,000 | 125,000 | 45,000 |
| 3060 INTEREST & RENTS | 125,000 | 125,000 | 45,000 |
| 37200 TRANSFER IN | 1,833,148 | 1,833,148 | 4,300,000 |
| 3700 TRANSFERS | 1,833,148 | 1,833,148 | 4,300,000 |
| 30000 TOTAL REVENUE | 3,051,000 | 3,051,000 | 5,447,000 |
| 110 REGULAR EMPLOYEES | 72,480 | 85,902 | 85,958 |
| 100E SALARY & WAGES | 72,457 | 85,953 | 85,958 |
| 290 EMPLOYEE BENEFITS | 24,363 | 29,428 | 29,945 |
| 291 WORKERS COMP | 1,082 | 3,456 | 3,656 |
| 200E EMPLOYEE BENEFITS | 25,589 | 32,826 | 33,601 |
| 310 LEGAL | 10,000 | 10,000 | 20,000 |
| 350 PROFESSIONAL/TECHNICAL | 40,000 | 40,000 | 40,000 |
| 300E PROFESSIONAL SERVICES | 50,000 | 50,000 | 60,000 |
| 401 UTILITIES | 6,400 | 6,400 | 6,400 |
| 407 CONTRACT SERVICES | 30,000 | 30,000 | 30,000 |
| 400E PROPERTY SERVICES | 36,400 | 36,400 | 36,400 |
| 501 GENERAL SUPPLIES | 250 | 250 | 250 |
| 500E SUPPLIES | 250 | 250 | 250 |
| 602 BUILDING | 500,000 | 0 | 0 |
| 600E CAPITAL ASSETS | 500,000 | 0 | 0 |
| 703 CONSTRUCTION, MATERIAL, SUPPLI | 1,149,000 | 1,149,000 | 4,250,000 |
| 750 LONG-TERM BUILDING MAINT | 3,644 | 6,062 | 6,062 |
| 770 MIS REPLACEMENT TRANSFER | 3,984 | 7,969 | 6,948 |
| 780 INSURANCE TRANSFER | 16,634 | 11,268 | 12,268 |
| 700E INTERNAL SERVICE FUNDS | 1,173,262 | 1,174,299 | 4,275,278 |
| 900 OPER. TRANSFERS-OUT | 534,673 | 537,942 | 622,563 |
| 900E TRANSFERS | 534,673 | 537,942 | 622,563 |
| 40000 TOTAL EXPENSE | 2,392,631 | 1,917,669 | 5,114,050 |
| NET NET REVENUE VS EXPENDITURE | 662,225 | 1,133,331 | 332,950 |

Village Green II Housing Complex

Village Green II is an existing multi-family affordable housing complex constructed in the 1982. There are 34 units currently inhabited by very low-income Sonoma residents. The former property owner had given tenants notice that the affordability component was being removed and that the facility would be converted to market rate units within 3 months. This conversion would have created two specific needs, [1] displacement of tenants, [most of which are assisted through Section 8 funds] with no alternative housing and, [2] the loss of 34 units of below market rental housing. To maintain and protect the affordability of the units and protect against displacement of the tenants, the City, through its redevelopment agency, negotiated a purchase of the property. The purchase is financed through a combination of Redevelopment funds and a loan obtained through Exchange Bank. Further, a rent subsidy program is being applied to the project through the United States Department of Agriculture [USDA]. This subsidy allows the rents to be increased to the low-income level while allowing the residents to continue to pay at the very low-income level

The operation of the apartment complex is contracted out to Hank Fisher Properties, a rental management firm, with the resident managers being employed by the firm. All accounting and finance for the complex is handled through the rental management contract. Rental income is used to repay the indebtedness issued for the purchase of the complex and to cover annual maintenance and other operational costs.

The Village Green II Housing Complex is slated to undergo significant maintenance improvement projects in FY 2012.

CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
 OPERATING BUDGET - FY 2011-12
 VILLAGE GREEN - 271-46011

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|------------------------------------|----------------|----------------|----------------|
| 30701 RENTAL INCOME | 390,000 | 390,000 | 390,000 |
| 3060 INTEREST & RENTS | 390,000 | 390,000 | 390,000 |
| 35005 OTHER-MISC. REV. | 3,300 | 3,300 | 3,300 |
| 3500 MISCELLANEOUS | 3,300 | 3,300 | 3,300 |
| 30000 TOTAL REVENUE | 393,300 | 393,300 | 393,300 |
| 310 LEGAL | 300 | 300 | 300 |
| 311 ACCOUNTING/AUDIT | 4,200 | 4,200 | 4,200 |
| 300E PROFESSIONAL SERVICES | 4,500 | 4,500 | 4,500 |
| 401 UTILITIES | 25,877 | 25,877 | 25,877 |
| 404 REPAIR & MAINTENANCE | 16,175 | 16,175 | 16,175 |
| 407 CONTRACT SERVICES | 19,800 | 19,800 | 19,800 |
| 420 OTHER PROPERTY SVS | 39,300 | 39,300 | 39,300 |
| 400E PROPERTY SERVICES | 101,152 | 101,152 | 101,152 |
| 452 COMMUNICATIONS | 400 | 400 | 400 |
| 453 ADVERTISING | 100 | 100 | 100 |
| 457 TRAINING/CONFERENCES | 600 | 600 | 600 |
| 450E OPERATIONS | 1,100 | 1,100 | 1,100 |
| 780 INSURANCE TRANSFER | 8,500 | 8,500 | 8,790 |
| 700E INTERNAL SERVICE FUNDS | 8,500 | 8,500 | 8,790 |
| 801 PRINCIPAL | 58,258 | 58,258 | 51,917 |
| 802 INTEREST | 100,284 | 100,284 | 131,832 |
| 800E DEBT SERVICE | 158,542 | 158,542 | 183,749 |
| 900 OPER. TRANSFERS-OUT | 23,800 | 23,800 | 23,800 |
| 900E TRANSFERS | 23,800 | 23,800 | 23,800 |
| 40000 TOTAL EXPENSE | 297,594 | 297,594 | 323,091 |
| NET NET REVENUE VS EXPENDITURE | 95,706 | 95,706 | 70,209 |

Sonoma Creek Senior Housing

Sonoma Creek Senior Housing is a thirty-four unit rental apartment complex for very low income senior citizens located on Oregon Street. The project was developed and constructed by the City's Community Development Agency (CDA) in 1987, and is administered by the Board of Directors of the Sonoma Community Housing Corporation (SCHC), a non-profit housing corporation created by the CDA. The Board of the SCHC is comprised of two City Councilmembers, the City Manager, a staff member designated by the City Manager and a public member. It meets on an as-needed basis to set rents for Sonoma Creek and address tenant policies and concern. The Assistant City Manager is responsible for the general oversight of the complex and the management firm.

The operation of the apartment complex is contracted out to Hank Fisher Properties, a rental management firm, with the resident managers being employed by the firm. All accounting and finance for the complex is handled through the rental management contract. Rental income is used to repay the indebtedness issued for the purchase of the complex and to cover annual maintenance and other operational costs.

Units in Sonoma Creek are in great demand because the rents are significantly below market, and because of its proximity to shopping and services. The City maintains a waiting list of prospective tenants.

It is anticipated that all of the buildings at Sonoma Creek Senior Housing will be reroofed during the 2011/12 budget year using long-Term Building Maintenance funds.

CITY OF SONOMA & SONOMA COMMUNITY DEVELOPMENT AGENCY
 OPERATING BUDGET - FY 2011-12
 CDA - HOUSING - S.C.S.H. - 260-45001

| DESCRIPTION | 2010 BUDGET | 2011 BUDGET | 2012 BUDGET |
|------------------------------------|----------------|----------------|----------------|
| 37200 TRANSFER IN | 132,495 | 132,495 | 132,495 |
| 3700 TRANSFERS | 132,495 | 132,495 | 132,495 |
| 30000 TOTAL REVENUE | 132,495 | 132,495 | 132,495 |
| 401 UTILITIES | 19,625 | 19,625 | 19,625 |
| 403 CUSTODIAL (Inc. Supplies) | 2,600 | 2,600 | 2,600 |
| 404 REPAIR & MAINTENANCE | 8,000 | 8,000 | 8,000 |
| 407 CONTRACT SERVICES | 18,436 | 18,436 | 18,436 |
| 420 OTHER PROPERTY SVS | 10,000 | 10,000 | 10,000 |
| 400E PROPERTY SERVICES | 58,661 | 58,661 | 58,661 |
| 452 COMMUNICATIONS | 350 | 350 | 350 |
| 460 PERMITS, FEES | 20,448 | 20,448 | 20,448 |
| 450E OPERATIONS | 20,798 | 20,798 | 20,798 |
| 501 GENERAL SUPPLIES | 500 | 500 | 500 |
| 500E SUPPLIES | 500 | 500 | 500 |
| 750 LONG-TERM BUILDING MAINT | 0 | 59,124 | 59,124 |
| 780 INSURANCE TRANSFER | 2,536 | 2,536 | 2,815 |
| 700E INTERNAL SERVICE FUNDS | 2,536 | 61,660 | 61,939 |
| 900 OPER. TRANSFERS-OUT | 50,000 | 50,000 | 50,000 |
| 900E TRANSFERS | 50,000 | 50,000 | 50,000 |
| 40000 TOTAL EXPENSE | 132,495 | 191,619 | 191,898 |
| NET NET REVENUE VS EXPENDITURE | 0 | -59,124 | -59,403 |

GLOSSARY OF BUDGET TERMS

Adopted Budget – Revenues and appropriations approved by the City Council for the following fiscal year[s].

Appropriations - Amounts of money authorized to be spent during the fiscal year.

Assessed Value - The value of property used as basis for levying property taxes.

Assessments - Levies which pay for improvements directly benefiting their property.

Assets - Value credited to a fund, such as cash, and non-cash items such as inventory, property, loans due or accounts receivable.

Available Balance - Cash credited to fund that is not reserved for another purpose; excludes portion of fund balance which is not "liquid" in nature, such as loans due, inventory or property, receivables.

Bonds - Proceeds from the sale of debt; the principal which must be repaid with interest.

Budget – A financial plan for a specific period of time (fiscal year) that matches all planned revenues and expenditures with various municipal services.

Budget Amendment – A legal procedure utilized by the City Manager to revise a budget appropriation. Adjustments to expenditures within or between departmental budgets may be accomplished administratively. City Council approval is required for additional appropriations from fund balance or new revenue sources.

Capital Improvement Program – A plan for capital expenditures to provide for the acquisition, expansion or rehabilitation of an element of the City's physical plant to be incurred over a fixed period of several future years.

CPI - Consumer Price Index; measure of inflation in area of consumer products.

Cost Recovery – The establishment of user fees that are equal to the full cost of providing services.

Debt Service - Payments of principal and interest on indebtedness incurred to finance the construction of a capital project.

Department – A major administrative segment of the City that indicates overall management responsibility for an operation or a group of related operations within a functional area.

Department Revenue - Selected fees, charges, rent or other income derived by a department from its own activities.

Encumbrance - Reservation of funds for expenditure at a future date, usually under a purchase order or as a carry-over item which is not rebudgeted.

Expense - As the authorization to spend is exercised, an appropriation becomes an "expense" or "expenditure", i.e., the amount expended.

Fiscal Year - The 12-month accounting period used by the City, from July 1 through the following June 30.

Fund - A separate set of accounts used to record receipt and use of money restricted for specific purposes. The City's finances are distributed among many separate funds required by the City, state or federal government, or by proper accounting practice. Fund types include the following:

- The *General Fund* receives all unrestricted money which pays for the majority of departmental spending for traditional City services.
- *Special Revenue funds* are revenues earmarked for specific purposes.
- *Debt Service funds* are used to repay the principal and interest on indebtedness.
- *Capital Project funds* are used to account for construction of major public facilities.
- *Enterprise funds* are self-supporting activities financed by users and operated similar to private businesses.
- *Internal Service funds* are enterprises that sell services internally to other City entities, rather than to the general public.
- *Trust & Agency funds* are used to account for assets held by the City as a trustee or agent for employees, private organizations or other governments. (These are not included in the City budget.)

Fund Balances - The excess of the total assets of a fund over its total liabilities and reserves.

Governmental Funds - This includes the general, special revenue, debt service and capital project funds. They are accounted for on a financial flow basis, measuring available spendable resources and changes in net current assets.

Indebtedness - Amount of principal due on outstanding bonds, interfund loans, and accrued employee benefits.

Interest - Income earned on the investment of available cash balances.

Interfund Transfers - The reallocation of money from one fund to another. The receiving fund must spend the transferred money in a way that complies with any restrictions placed on the money when it was originally received by the donor fund.

Intergovernmental - Revenues shared with the City by the State (such as the Gas Tax), Federal government (such as CDBG), or other agency (such as drainage maintenance fees from the Sewer District).

Liabilities - Amount of obligations a fund has to make future payments, such as accounts payable, deferred revenues or amounts due other funds.

Operations - Departmental costs for employees, contract services, repairs and maintenance, internal services, supplies and other expenses. The majority of operation costs are personnel-related. These expenses are generally predictable and consistent with the on-going service demands of the City, and impact of inflation.

Other Income - Includes property sales and refunds from REMIF (Redwood Empire Municipal Insurance Fund).

Projects - Long-term investments in public facilities and infrastructure; also known as capital improvements. Amounts spent may vary widely from year to year.

Proprietary Funds - These include the enterprise and internal service funds. They are accounted for in a manner similar to businesses, measuring cost for services and including total assets and liabilities.

Redevelopment Agency - Separate legal entity created in 1983 to alleviate conditions of blight, build infrastructure and promote economic development. The Agency operates through a defined project area. The Agency receives property tax revenue on assessed value growth within this area called "tax increments" to repay Agency indebtedness and to finance Agency projects.

Reserve - An account used to designate a portion of the fund balance for a specific future use and is, therefore, not available for general appropriation.

Revenue - Money received from taxes, licenses, permits, interest, fees for service, bonds or from other governments by the City during the fiscal year.

Subventions - Intergovernmental revenues paid to the City by another government, such as the State.

Subsidy - Supplemental resources provided to ensure adequate funding when anticipated expenditures exceed revenues.

Taxes - Involuntary exactions on forms of wealth (such as property), transactions (such as taxable sales), or other forms of economic activity (such as operating a business, building a house, or staying in a motel).

Total Budget - The total of Revenues plus available balance, which equals Expenses plus ending available balance.

Unfunded Liability - Amount of future obligations not covered by assets currently set aside for that purpose, such as accrued vacation leave payable at termination or actuarial-determined future insurance claims.

User Fees - Charges of a voluntary nature paid by persons receiving a service in exchange for the fee (such as permit fees or water sales).

**CITY OF SONOMA
FINANCIAL RESERVE POLICY-GENERAL FUND
[JULY 2006]**

BACKGROUND

Fiscal stability is an important factor to any City. It is Council's responsibility to provide for the continuation of services in the event of natural or fiscal emergency.

Realizing that city revenues are not stable and are dependent upon national, state and local economic trends, it is prudent for the City of Sonoma to have a "Financial Reserve Policy" in place to address any downturns that would affect the city revenues.

This policy is developed to consider the minimum level necessary to maintain 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
- ◆ Legal requirements

POLICY

Strong reserves are a vital component to a sound financial plan for the City's General Fund. Because different types of issues can arise depending on the nature of the events that might cause the City to use reserve funds, three separate accounts are established to address these circumstances, as set forth below.

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 of Sonoma 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.

Approval of the draw down of the Emergency Reserve account shall be by a 4/5ths vote of the

Council in the affirmative.

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 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. Approval of the draw down of the Operating Reserve account shall be by a 4/5ths vote of the Council in the affirmative.

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

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)
- 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.

INTERFUND 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 interfund 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.

INFORMATIONAL REPORTS

The following reports are prepared and distributed on a timely basis to allow for informed decisions by both staff and the City Council:

MONTHLY FINANCIAL STATEMENTS - financial statements are provided to the City Manager and Department Managers on a monthly basis.

QUARTERLY UPDATES – Each quarter the staff provides a financial update on revenues, expenditures, trends, and other economic impacts to the Council at a regular public City Council meeting.

5-YEAR CAPITAL IMPROVEMENT PLAN – staff updates the 5-Year Capital Improvement Plan annually during the Budget process. This document helps Council identify and plan for future financial needs in terms of Capital Projects, Capital Programs and Capital Purchases.

PROGRAM BUDGETS – the City of Sonoma’s operating budget is evolving into a stabilized base budget identifying the personnel, operations, maintenance and capital required to provide basic services. A second level budgeting is shown as “above-base” and includes recommended

increases/changes to existing programs, recommended personnel augmentations, additional capital purchases and increased maintenance responsibilities. Corresponding funding sources for these above-base items may be recommended from fees, service charges, proposed tax increases, or, for qualifying, non-recurring items, from the Special Projects fund. Identifying the revenue source is extremely helpful in that when a revenue stream experiences a downturn, the corresponding program faces a similar impact. This is most easily identified on the development side – as development activity slows down, and development-related fees taper off, the service level in the development departments would also taper off.

CITY OF SONOMA

RESOLUTION NO. 20 - 2011

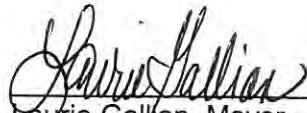
A RESOLUTION OF THE CITY OF SONOMA
ADOPTING THE OPERATING AND CAPITAL BUDGET
FOR FISCAL YEAR 2011-2012

WHEREAS, the City Manager submitted a preliminary one-year operating budget to the City Council which has been given due and careful study and consideration, and which the Council finds to be a true and concise statement of projected revenues and disbursements for fiscal year 2011-2012 and designed to effect the best possible use of City revenues.

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Sonoma that the total operating and capital budget submitted by the City Manager in the amount of \$17,543,912 as set forth in Attachment 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 2011-2012.

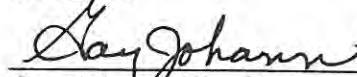
PASSED AND ADOPTED by the City Council of the City of Sonoma at their special meeting held on the 20th day of June 2011 by the following vote:

AYES: Rouse, Sanders, Brown, Barbose, Gallian
NOES: None
ABSENT: None



Laurie Gallian, Mayor

ATTEST:



Gay Johann, City Clerk

ATTACHMENT A
City of Sonoma

Operating Budget for FY 2011

| | Account Number | FY 2011 |
|---------------------------------------|----------------|-------------------|
| General Fund | | |
| Revenue | | 11,464,395 |
| City Council | 41001 | 129,952 |
| City Clerk | 41002 | 124,250 |
| City Manager | 41003 | 316,298 |
| Finance | 41004 | 122,270 |
| Legal | 41005 | 267,000 |
| Police | 42101 | 4,035,612 |
| Fire/EMS | 42201 | 4,466,711 |
| Public Works | 43020 | 588,256 |
| Planning | 43030 | 367,975 |
| Building | 43040 | 362,489 |
| Non-Departmental | 43200 | 287,558 |
| Community Activities | 43101 | 194,200 |
| Intergovernmental Transfers | 43999 | 201,824 |
| Expenditures | | 11,464,395 |
| | | |
| Bond Property Fund | 44060 | 11,032 |
| Maysonnave Property Fund | 44061 | 11,926 |
| Gas Tax-Streets | 51001 | 699,830 |
| Cemetery | 62001 | 410,687 |
| Water | 63010 | 4,354,468 |
| Water Debt Service | 57104 | 140,090 |
| REFA | 57020 | 201,254 |
| Management Information Service | 64010 | 250,230 |

SONOMA COMMUNITY DEVELOPMENT AGENCY

RESOLUTION NO. 08 - 2011

A RESOLUTION OF THE SONOMA COMMUNITY DEVELOPMENT AGENCY APPROVING AND ADOPTING THE AGENCY BUDGET FOR FISCAL YEAR 2011-2012

WHEREAS, the Sonoma Community Development Agency ("Agency") is a public body, corporate and politic, and exercises redevelopment powers in the City of Sonoma pursuant to the California Community Redevelopment Law (Health & Safety Code §33000 et seq.); and

WHEREAS, Health & Safety Code Section 33606 requires the Agency to adopt an annual budget; and

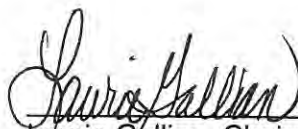
NOW, THEREFORE, the Sonoma Community Development Agency resolves as follows:

Section 1. The Agency hereby adopts its fiscal year 2011-2012 budget as shown in Exhibit A in the amount of \$22,817,662 for the purposes designated.

Section 2. In adopting the Fiscal Year 2011-2012 budget, the Agency finds and determines that, pursuant to Health and Safety Code section 33334.3(d), the planning and administrative expenses that are to be paid from the Low and Moderate Income Housing Fund are necessary for the production, improvement, or preservation of low- and moderate-income housing.

PASSED AND ADOPTED as a resolution of the Board of Directors of the Community Development Agency of the City of Sonoma at it's special meeting held on the 20th day of June 2011, by the following vote:

AYES: Rouse, Sanders, Brown, Barbose, Gallian
NOES: None
ABSENT: None



Laurie Gallian, Chairman

ATTEST:



Gay Johann, Secretary

ATTACHMENT A
Sonoma Community Development Agency

OPERATING BUDGET FY 2011-12

Following are Board of Directors-approved operating budget for the Sonoma Community Development Agency for FY 2012.

| | Account Number | FY 2011 |
|--------------------------------------|----------------|------------|
| Capital Projects/Administration Fund | 53001 | 13,410,723 |
| Economic Development Program | 53008 | 631,500 |
| Low/Moderate Housing Fund | 46001 | 5,114,050 |
| Village Green Senior Housing | 46011 | 323,091 |
| Sonoma Creek Senior Housing | 45001 | 191,898 |
| Debt Service | | 3,146,400 |