



ENTERPRISE FUNDS

**Water Utility - Operating
Cemetery – Operating**





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CITY OF SONOMA

Public Works Department **Water Utility (Fund 510)**

Colleen Ferguson, Public Works Director/City Engineer
Sue Casey, Assistant City Manager

Providing High Quality, Dependable Water! Residents, visitors and businesses in Sonoma count on the City to deliver high quality, dependable water for a variety of community needs including consumption, irrigation and fire protection. The Water Utility is funded through the Water Enterprise Fund. The City's water sources come from the Sonoma County Water Agency (Sonoma Water) Aqueduct and wells. The City's water system is a complex system of gravity, pumps, pipes, and tanks to distribute water to residences and businesses.

The City operates and maintains 4,404 water service connections/meters, 1,437 valves, 476 fire hydrants, six water tanks, eight wells, two booster pump stations, and 58 miles of underground water main pipes. Last year, over 574 million gallons of water were delivered to customers. The Water Utility's primary responsibility is to deliver safe and reliable water to City residents and the outside service area, while seeking to improve water supply reliability and water conservation. City water continues to meet all state and federal drinking water standards.

Although most of the City's water is from the Sonoma Water Aqueduct, the City's wells are a critical local water source during emergencies and provide cost-effective water for the community. In 2017, the City joined the Sonoma Valley Groundwater Sustainability Agency (SV GSA). The purpose of the SVGSA is to secure groundwater sustainability for the Sonoma Valley groundwater basin. The City's cost to participate in the SVGSA in Fiscal Year 2018-19 was \$97,767. A reduced amount of \$25,000 is included in the approved SVGSA budget and in the City's proposed Fiscal Year 2018-19 budget.

FISCAL YEAR 2018 – 2019 ACCOMPLISHMENTS:

- Fiscal Year 2018-19 operation and maintenance of 4,470 water service connections/meters, 1,437 valves, 476 fire hydrants, six water tanks, eight wells, two booster pump stations, and 58 miles of underground water main pipes.
- Completed the Water Rate Study and Cost Allocation Plan.
- Continued water conservation community partnership activities.
- Continued water conservation messaging, resulting in a 10% water conservation rate compared to 2013 baseline.
- Initiated use of City's Computerized Maintenance Management System (CMMS) for water system.
- Managed contract for No Discharge Water Main Flushing.
- Supported the Sonoma Valley Groundwater Sustainability Agency (SV GSA) and associated Advisory Committee, in compliance with the Sustainable Groundwater Management Act (SGMA).
- Employed a maintenance worker to fill a vacancy in the Water Team.
- Supported Sonoma Water on the Aquifer Storage and Recovery Project at the City's Well #6.

- Managed contract for cleaning and inspecting the City's water tanks.
- Completed testing for the City's booster pumps and well pumps.
- Completed the City's annual leak detection services.
- Coordinated with Sonoma Valley Unified School District to remove a fire hydrant that was connected to the domestic water line on the high school campus.
- Completed the sampling for the Fourth Unregulated Contaminant Monitoring Rule (UCMR4), which requires monitoring for 30 chemical contaminants between 2018 and 2020, and provides a basis for future regulatory actions to protect public health.

FISCAL YEAR 2019 – 2020 GOALS:

- Continue successful operation and maintenance of the City's water supply and distribution system.
- Continue water conservation community partnership activities.
- Expand use of City's Computerized Maintenance Management System (CMMS) for water system.
- Continue staff support of the SV GSA and Sonoma County Water Agency Water Contractors Technical Advisory Committee.
- Train new Water Team maintenance worker.
- Participate in Employee Development and Leadership Training for all Public Works Department staff.
- Work on various capital improvement projects to enhance the water system.

CHALLENGES

The Water Division has several challenges, including: aging infrastructure, limited staff resources for projects identified by the 2018 Water Master Plan update, well resilience during emergencies, evolving groundwater and water supply regulations, the need to update water system data in the City's Geographic Information System (GIS), and the lack of water system data in the City's CMMS.

510 - Water Utility Fund

REVENUES	FY 16/17 Projected Actuals*	FY 17/18 Projected Actuals*	FY 18/19 Adopted Budget	FY 18/19 Amended Budget	FY 18/19 Projected Actuals*	FY 19/20 Budget
Licenses & Permits	\$22,573	\$37,957	\$17,000	\$17,000	\$19,514	\$20,000
Water Fees	\$4,349,808	\$4,995,295	\$4,713,600	\$4,713,600	\$4,795,481	\$5,131,164
Charges Services / Concessions	\$198,951	\$93,648	\$91,000	\$91,000	\$96,366	\$57,000
Other Revenue	\$22,812	\$2,262,682	\$10,000	\$10,000	\$9,498	\$10,000
Interest Revenue	\$33,889	\$22,106	\$30,000	\$30,000	\$30,000	\$30,450
Revenue Total	\$4,628,033	\$7,411,688	\$4,861,600	\$4,861,600	\$4,950,859	\$5,248,614
EXPENDITURES						
Salary & Wages	\$899,862	\$834,532	\$653,168	\$653,168	\$686,578	\$657,294
Employee Benefits	\$387,481	\$333,664	\$293,441	\$294,861	\$297,510	\$306,205
Professional Services	\$200,684	\$298,522	\$324,490	\$328,466	\$232,177	\$340,840
Property Services	\$103,917	\$95,711	\$111,449	\$116,399	\$98,340	\$122,456
Operations	\$113,433	\$191,536	\$280,782	\$280,782	\$226,860	\$214,365
Supplies	\$1,524,532	\$2,014,642	\$1,937,950	\$1,937,950	\$1,792,922	\$2,131,900
Software & Equipment	\$16,266	\$4,752	\$6,252	\$6,252	\$4,752	\$11,252
Internal Services	\$669,414	\$668,403	\$626,628	\$626,628	\$626,628	\$613,981
Transfers out - CIP	\$0	\$2,864,083	\$0	\$0	\$0	\$1,555,680
Transfers	\$589,830	\$303,694	\$619,970	\$619,970	\$619,970	\$593,995
Debt Service	\$67,323	\$64,008	\$123,653	\$123,653	\$123,652	\$123,652
Expense Total	\$4,572,747	\$7,673,552	\$4,977,783	\$4,988,130	\$4,709,388	\$6,671,620

*Unaudited



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CITY OF SONOMA

Public Works Department **Cemetery (Fund 501)**

Colleen Ferguson, Public Works Director/City Engineer

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

In prior years, the Cemetery Fund's budget showed expenses exceeding revenues, so the City's General Fund made transfers to the Cemetery Fund to balance the budget.

FISCAL YEAR 2018 – 2019 ACCOMPLISHMENTS:

- Continued to provide compassionate and respectful customer service to residents during stressful and emotional times.
- Trimmed substantial overgrowth of vegetation and improved sight lines throughout Mountain Cemetery.
- Performed tree maintenance as needed, including removal of two large fallen trees in Mountain Cemetery and one in Valley Cemetery.
- Created three new full burial crypts in Mausoleum Six and two full burial plots at the Mountain Cemetery.
- Improved the entrance to Mountain Cemetery at 2nd Street East by removing the gate.
- Replaced damaged sidewalk in the Veterans' Cemetery.
- Repaired drainage issues in the Mountain Cemetery.

FISCAL YEAR 2019 – 2020 GOALS:

- Works with the City Council Ad-Hoc Committee on cemetery strategy and options for the future.
- Continue to provide compassionate and respectful customer service to residents during stressful and emotional times.
- Create more cremain niches inventory in the Valley and Veterans' cemeteries.
- Conduct a tree hazard assessment in all cemeteries.
- Review City cemetery services fee information.
- Install new fencing at Mausoleum Eight, Nine, and Ten in Mountain Cemetery to discourage graffiti and other destructive activities.
- Continue fiscally responsible maintenance efforts in all cemeteries.

CHALLENGES:

The primary challenge for cemeteries is the lack of available space for additional burials. Another challenge is the condition of the City's cemeteries degrade, which results in the need for additional maintenance every year. City staff resources for cemetery maintenance is limited to one maintenance worker, with some assistance by other Public Works staff as needed. All cemeteries are constrained by financial limitations.

RECOMMENDED FY 19/20 BUDGET

Salary changes include any step increases or minor position allocation changes as to how staff is allocated between departments. Benefit changes include vendor costs changes. The City is currently in negotiations with employees, therefore no compensation and benefits increases are included in the proposed budget at this time. If new positions are proposed, those positions are outlined below.

Key changes between the FY 18/19 and the FY 19/20 budget are listed and described below.

Converted the part-time Cemetery Administrative Assistant to full-time which increased employee benefit costs as pro-rated.	\$ 9,047
Increase in cemetery engraving services and other small maintenance contracts.	\$10,000

501 - Cemetery

REVENUES	FY 16/17 Projected Actuals*	FY 17/18 Projected Actuals*	FY 18/19 Adopted Budget	FY 18/19 Amended Budget	FY 19/20 Budget
Cemetery Revenue	\$112,329	\$145,077	\$122,450	\$122,450	\$135,000
Other Revenue	\$155,261	\$114,080	\$126,000	\$126,000	\$115,000
Transfers In	\$84,963	\$85,678	\$117,980	\$117,980	\$117,980
Interest Revenue	\$8,978	\$446	\$50	\$50	\$50
Revenue Total	\$361,531	\$345,281	\$366,480	\$366,480	\$368,030
EXPENDITURES					
Salary & Wages	\$120,022	\$126,749	\$138,901	\$138,901	\$138,383
Employee Benefits	\$53,178	\$46,586	\$59,048	\$59,342	\$68,095
Professional Services	\$35,257	\$20,348	\$30,000	\$20,119	\$25,000
Property Services	\$37,925	\$33,922	\$73,357	\$74,383	\$80,039
Operations	\$4,435	\$7,953	\$9,100	\$9,100	\$11,450
Supplies	\$4,658	\$6,407	\$8,500	\$8,500	\$8,500
Internal Services	\$45,259	\$46,034	\$3,280	\$3,280	\$3,541
Transfers Out	\$17,340	\$7,514	\$1,678	\$1,678	\$0
Expense Total	\$318,077	\$295,516	\$323,864	\$315,303	\$335,008

*Unaudited

SPECIAL REVENUE FUNDS

COPS Grant

Gas Tax

Transportation Measure M

RMRA: SB 1

Proposition 68 – Parks

Parks Measure M

Quimby Act

IGT – Inter-governmental Revenue (EMS)

Cemetery - Endowment





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CITY OF SONOMA

COPS Grant (Fund 217)

*Assistant City Manager, Sue Casey
Orlando Rodriguez, Police Chief*

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

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

217 - COPS Grant

REVENUES	FY 16/17 Projected Actuals*	FY 17/18 Projected Actuals*	FY 18/19 Adopted Budget	FY 18/19 Amended Budget	FY 19/20 Budget
Grants	\$129,364	\$118,528	\$100,000	\$100,000	\$100,000
Interest Revenue	\$124	\$434	\$0	\$0	
Total Revenue	\$129,488	\$118,962	\$100,000	\$100,000	\$100,000
EXPENDITURES					
Transfers	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Total Expense	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000

*Unaudited



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CITY OF SONOMA

Gas Tax Funding (Fund 302)

Public Works Director, Colleen Ferguson

The State of California imposes per-gallon excise taxes on gasoline and diesel fuel, sales taxes on gasoline and diesel fuel and registration taxes on motor vehicles with allocations dedicated to transportation purposes. These allocations flow through the Highway Users Tax Account (HUTA), the familiar gasoline tax revenues that have been in place for decades. Gas taxes can be used for any street or road purpose. It is best practice to focus on maintenance and rehabilitation costs only. The City expects to receive Gas Tax revenues in the amount of \$291,845 in FY 2019/20. Significant additional gas tax revenue from the Road Maintenance and Rehabilitation Act (SB 1) is described separately. Gas Tax funds are proposed to be applied to the following Capital Improvement Program (CIP) projects. (The CIP budget provides descriptions of each of these projects).

FY 19/20 Projects to be Funded -- The CIP budget provides a description of listed projects.	
\$60,000	Chase Street Bridge Replacement Project (CIP #T-1)
\$50,000	Citywide Sidewalk Inspection & Repair Program (CIP #T-4)
\$261,654	Biennial Pavement Rehabilitation & Water Services Replacement Project (CIP #T-5)
\$84,673	Citywide Roadway Safety Improvement Projects (CIP #T-6)
\$25,000	Broadway (SR 12) Streetscape Enhancements & Traffic Circulation Project (CIP #T-7)
\$67,263	Depot Park First Street West Frontage Improvements (CIP #CD-5)
\$548,590	TOTAL programmed

302 - Gas Tax Fund

REVENUES	FY 16-17 Projected Actuals*	FY 17-18 Projected Actuals*	FY 18-19 Adopted Budget	FY 18-19 Projected Actuals*	FY 19/20 Budget
Taxes	\$214,428	\$226,942	\$234,521	\$235,539	\$291,845
Transfers In	\$624,290	\$0	\$0	\$0	\$0
Other Revenues	\$0	\$0	\$0	\$0	\$0
Interest Revenue	\$370	\$1,977	\$1,200	\$1,200	\$1,200
Total Revenue	\$839,088	\$228,919	\$235,721	\$236,739	\$293,045
EXPENDITURES					
Salary & Wages	\$339,730	\$0	\$0	\$0	\$0
Employee Benefits	\$112,939	\$0	\$0	\$0	\$0
Professional Services	\$12,643	\$0	\$0	\$0	\$0
Property Services	\$54,644	\$0	\$0	\$0	\$0
Operations	\$82,898	\$30	\$50,000	\$0	\$0
Supplies	\$27,298	\$276	\$0	\$0	\$0
Internal Service & Capital Projects	\$37,924	\$157,406	\$156,000	\$10,000	\$548,590
Transfers	\$52,877	\$0	\$0	\$0	\$0
Total Expense	\$720,952	\$157,712	\$206,000	\$10,000	\$548,590
Net Income (Loss)	\$118,136	\$71,207	\$29,721	\$226,739	(\$255,545)
Carryover/(Use of) or Transfer to Fund Balance	\$ 118,136	\$ 71,207	\$ 29,721-	\$ 226,739	\$ (255,545)

* unaudited



CITY OF SONOMA

Measure M Traffic Relief Act for Sonoma County (Fund 313)

Public Works Director, Colleen Ferguson

Passed by more than two-thirds of voters in November 2004, the Traffic Relief Act for Sonoma County (Measure M) provides for a ¼ cent sales tax that is apportioned to local jurisdictions to maintain their streets, as well as other County-wide Street, highway, transit, and safe bicycle and pedestrian routes.

The City expects to receive \$100,105 of Measure M revenue in FY 2019/20. Measure M funds from FY 2019/20 and funds remaining from prior fiscal years are proposed to be applied to the Biennial Pavement Rehabilitation & Water Services Replacement Projects (CIP #T-5), described in the Capital Improvement Program budget.

The Traffic Relief Act Measure M included a provision that local agencies maintain their existing commitment of local funds for transportation purposes. This provision is referred to as the Measure M Maintenance of Effort (MOE). For the City of Sonoma, the annual Measure M MOE is 6.33% of General Fund expenditures.

FY 19/20 Projects to be Funded -- The CIP budget provides a description of listed projects.	
\$192,869	Biennial Pavement Rehabilitation and Water Services Replacement Projects
\$192,869	TOTAL Programmed

313 - Transportation Measure M

REVENUES	FY 16-17 Projected Actuals*	FY 17-18 Projected Actuals*	FY 18-19 Adopted Budget	FY 18-19 Projected Actuals*	FY 19/20 Budget
Taxes	\$101,574	\$102,392	\$85,926	\$70,905	\$100,105
Other Revenues	\$0	\$0	\$0	\$0	\$0
Interest Revenue	\$1,142	\$2,485	\$600	\$600	\$600
Total Revenue	\$102,716	\$104,877	\$86,526	\$71,505	\$100,705
EXPENDITURES					
Professional Services	\$0	\$0	\$0	\$0	\$0
Property Services	\$0	\$0	\$0	\$0	\$0
Operations	\$0	\$0	\$0	\$0	\$0
Supplies	\$0	\$259	\$0	\$0	\$0
Internal Service & Capital Projects	\$0	\$304,490	\$0	\$0	\$192,869
Transfers	\$0	\$0	\$0	\$0	\$0
Total Expense	\$0	\$304,749	\$0	\$0	\$192,869
Net Income (Loss)	\$102,716	(\$199,872)	\$86,526	\$71,505	(\$92,164)
Carryover/(Use of) or Transfer to Fund Balance	\$ 102,716	\$ (199,872)	\$ 86,526	\$ 71,505	\$ (92,164)

* unaudited



CITY OF SONOMA

Road Maintenance and Rehabilitation Act (RMRA: SB 1) (Fund 303)

Public Works Director, Colleen Ferguson

The Road Maintenance and Rehabilitation Account (RMRA) which allocates much of the revenue from the Road Repair and Accountability Act of 2017 (SB1) is a significant investment in California's transportation system. The Act increased per gallon fuel excise taxes, diesel fuel sales taxes and vehicle registration taxes, stabilized price-based fuel tax rates and provided for inflationary adjustments to rates in future years. The increased funding from RMRA will help to slow the decline in the City's pavement condition. RMRA funds may be used for road maintenance and rehabilitation, safety projects, "complete street" components, and traffic control devices.

RMRA contains a local agency maintenance of effort (MOE) requirement that the City must maintain general fund spending for street, road, and highway purposes at not less than average 2009-10, 2010-11, and 2011-12 fiscal years. The required MOE amount for Sonoma is \$250,663. General fund spending for maintenance and operations and for Capital Improvement Projects for street and road purposes qualify for meeting the MOE requirement. The proposed FY 2019-20 budget would allow the City to meet the RMRA MOE. The City expects to receive \$200,038 of RMRA funds in FY 2019-20. RMRA funds from FY 2019-20 and funds remaining from prior fiscal years are proposed to be applied to the Annual Slurry Seal Project (CIP #T-3) in the Capital Improvement Program (CIP) budget.

FY 19/20 Projects to be Funded -- The CIP budget provides a description of listed projects.	
\$234,558	Annual Slurry Seal Projects
\$234,558	TOTAL Programmed

Fund 303-RMRA: SB 1

REVENUES	FY 16-17 Projected Actuals*	FY 17-18 Projected Actuals*	FY 18-19 Adopted Budget	FY 18/19 Projected Actuals*	FY 19/20 Budget
Taxes	\$0	\$76,882	\$196,361	\$193,007	\$200,038
Interest Revenue	\$0	\$1,714	\$1,200	\$1,200	\$1,200
Other Revenue	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$0	\$78,596	\$197,561	\$194,207	\$201,238
EXPENDITURES					
Professional Services	\$0	\$0	\$0	\$0	\$0
Property Services	\$0	\$0	\$0	\$0	\$0
Operations	\$0	\$0	\$0	\$0	\$0
Supplies	\$0	\$0	\$0	\$0	\$0
Internal Service & Capital Projects	\$0	\$52,677	\$183,868	\$184,406	\$234,558
Transfers	\$0	\$0	\$0	\$0	\$0
Total Expense	\$0	\$52,677	\$183,868	\$184,406	\$234,558
Net Income (Loss)	\$0	\$25,919	\$13,693	\$9,801	(\$33,320)
Carryover/(Use of) or Transfer to Fund Balance	\$ -	\$ 25,919	\$ 13,693	\$ 9,801	\$ (33,320)

* unaudited



CITY OF SONOMA

California Parks, Environment, and Water Bond (Proposition 68) (Fund 316)

Public Works Director, Colleen Ferguson

On June 5, 2018, California voters approved Proposition 68, the California Clean Water and Safe Parks Act. By passing the measure, voters authorized funding \$4.1 billion in bonds to protect our water and natural areas and help to ensure every Californian has access to safe drinking water and safe parks, particularly in low-income underserved communities. Proposition 68 will invest over \$1 billion in local and state parks. It allocates funds to construct and rehabilitation parks in communities across California, improve state parks, and expand access to parks, waterways, and natural areas. The Proposition 68 Per Capita Program allocates \$200,000 of grant funds per year for the City to invest in Sonoma's parks. The City will also be eligible to apply for other funding from the bond to fund parks, water improvements for safe drinking water, recycling and flood protection, and climate change adaptation projects.

Proposition 68 Per Capita Program Description:

- Funds are available for local park rehabilitation, creation and improvement.
- Projects must be for recreational purposes, either acquisition or development.
- A project can only have one location.
- Multiple projects may be completed under one contract; each project requires a separate application.
- Projects in Sonoma require a 20% match (eligible match sources include Federal funds, local funds, private funds, in-house employee services, and volunteer labor).
- Per Capita grant funds must be used to supplement, not supplant, local revenues.
- Pre-construction costs may not exceed 25% of the project amount.
- Projects must be accessible, including an accessible path of travel to the project.
- Authorizing resolution approving filing of application(s) must be submitted by November 1, 2019.
- Application packet must be submitted by January 31, 2020.
- Contract must be signed and submitted by March 31, 2020.
- Repairs and maintenance are ineligible costs.

FY 19/20 Projects to be Funded -- The CIP budget provides a description of listed projects.	
\$200,000	Plaza & Depot Parks Enhancement & Connectivity Project (P-1)
\$200,000	TOTAL Programmed

316-Proposition 68

REVENUES	FY 16-17 Projected Actuals*	FY 17-18 Projected Actuals*	FY 18-19 Adopted Budget	FY 18-19 Projected Actuals*	FY 19/20 Budget
Taxes	\$0	\$0	\$0	\$0	\$0
Transfers In	\$0	\$0	\$0	\$0	\$0
Other Revenues	\$0	\$0	\$0	\$0	\$200,000
Interest Revenue	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$0	\$0	\$0	\$0	\$200,000
EXPENDITURES					
Professional Services	\$0	\$0	\$0	\$0	\$0
Property Services	\$0	\$0	\$0	\$0	\$0
Operations	\$0	\$0	\$0	\$0	\$0
Supplies	\$0	\$0	\$0	\$0	\$0
Internal Service & Capital Projects	\$0	\$0	\$0	\$0	\$200,000
Transfers	\$0	\$0	\$0	\$0	\$0
Total Expense	\$0	\$0	\$0	\$0	\$200,000
Net Income (Loss)	\$0	\$0	\$0	\$0	\$0
Carryover/(Use of) or Transfer to Fund Balance	\$	\$	\$	\$	\$

* unaudited



CITY OF SONOMA

Sonoma County Parks Improvement, Water Quality and Fire Safety (Measure M) (Fund 315)

Public Works Director, Colleen Ferguson

On November 6, 2018, Sonoma County voters approved Measure M, a one-eighth cent sales tax that supports Sonoma County’s regional and city parks. Approved by 72.6 percent of voters, the “Sonoma County Parks Improvement, Water Quality and Fire Safety Measure” went into effect in April 2019 and will provide dedicated funding for parks for 10 years. Parks Measure M will support Sonoma County and its cities with our long-term needs to maintain, protect and operate parks. The tax will generate an estimated \$11.5 million annually, with an estimated \$7.6 million a year going to Sonoma County Regional Parks and an estimated \$3.8 million a year going to the nine cities. The City of Sonoma expects to receive \$118,612 of Parks Measure M funds in FY 2019-20.

Measure M Funding Can Be Used To:

- Invest in maintenance of parks, trails, signs, buildings and other infrastructure;
- Improve playgrounds, sports fields, restrooms, picnic areas, and visitor centers;
- Improve access to parks by extending or building regional trails, bike paths, coastal trails, and river trails;
- Reduce wildfire risks through vegetation management;
- Open publicly owned parkland that is currently not accessible;
- Protect natural resources, including waterways and wildlife habitat; and
- Offer recreation, education, and health programs in parks.

The measure requires that revenue not be used to reduce existing funding for parks and recreation. The baseline year for “existing funding” is proposed to be Fiscal Year 2017-18. A citizens’ oversight committee will regularly review how the revenue is spent and to ensure public transparency throughout the Measure’s 10-year life.

FY 19/20 Projects to be Funded -- <i>The CIP and Operating budgets provide a description of projects.</i>	
\$55,000	Montini Preserve & Overlook Trail Maintenance and Management <i>(operating budget)</i>
\$35,000	Plaza Park Tree Assessment <i>(operating budget)</i>
\$25,000	Neighborhood Parks Reinvestment and Maintenance Plan (CIP #P-2)
\$115,000	TOTAL programmed (balance of \$3,612 retained for future use)

315 - Parks Measure M

REVENUES	FY 16-17 Projected Actuals*	FY 17-18 Projected Actuals*	FY 18-19 Adopted Budget	FY 18-19 Projected Actuals*	FY 19/20 Budget
Taxes	\$0	\$0	\$0	\$0	\$118,612
Transfers In	\$0	\$0	\$0	\$0	\$0
Other Revenues	\$0	\$0	\$0	\$0	\$0
Interest Revenue	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$0	\$0	\$0	\$0	\$118,612
EXPENDITURES					
Professional Services	\$0	\$0	\$0	\$0	\$25,000
Property Services	\$0	\$0	\$0	\$0	\$0
Operations	\$0	\$0	\$0	\$0	\$0
Supplies	\$0	\$0	\$0	\$0	\$0
Internal Service & Capital Projects	\$0	\$0	\$0	\$0	\$0
Transfers	\$0	\$0	\$0	\$0	\$90,000
Total Expense	\$0	\$0	\$0	\$0	\$115,000
Net Income (Loss)	\$0	\$0	\$0	\$0	\$3,612
Carryover/(Use of) or Transfer to Fund Balance	\$	\$	\$	\$	\$ 3,612

* unaudited



CITY OF SONOMA

Quimby Act Fees (Fund 314)

Public Works Director, Colleen Ferguson

Cities and counties in California have been authorized since the passage of the 1975 Quimby Act (California Government Code §66477) to pass ordinances requiring that developers set aside land, donate conservation easements, or pay fees for park improvements. Revenues generated through the Quimby Act cannot be used for the operation and maintenance of park facilities. The goal of the Quimby Act was to require developers to help mitigate the impacts of property improvements.

Pursuant to the Quimby Act, the City currently has a parkland dedication (exaction) requirement as a condition of approval for Tentative Subdivision Maps or Tentative Parcel Maps. The requirement is codified in Title 19 of the Development Code Section 19.69 – Dedications and Exactions. In summary, the code requires residential projects that require approval of a Tentative Subdivision Map (5 lots or more) or Tentative Parcel Map (4 lots or less) to either dedicate land, pay a fee in lieu of dedication, or both, for park or recreational purposes.

A developer can dedicate land and/or pay the fee as a result of a land use subdivision for 50 lots or more. For projects under 50 lots, a developer can only pay a fee and not be allowed to provide on-site land dedication. Any fee component must be established at the tentative map stage as a condition of approval and the City Planner establishes an amount for the fee based on a simple “fair market value” formula that calculates the amount of land required by the Code. If the developer opposes the amount of the fee, an appraisal can be provided at the cost of the developer.

The fees can only be used for new and rehabilitating existing parks and recreational facilities and must be reasonably related to serving the proposed subdivision. The fees must be “committed” within 5 years after payment, or the issuance of building permits on one-half of the lots created by the subdivision, whichever occurs later. Otherwise, the fees must be returned and distributed to the then record owners.

Revenue -- Estimate Quimby Funding for FY 19/20

\$520,000 Mockingbird Lane Subdivision

FY 19/20 Projects to be Funded -- The CIP budget provides a description of listed projects.	
\$274,000	Fryer Creek Pedestrian & Bicycle Bridge Projects (CIP #T-2)
\$ 16,000	Depot Park First Street West Frontage Improvements (CIP #CD-5)
\$ 30,000	Overlook Trail Maintenance and Rehabilitation Project (CIP #P-3)
\$200,000	Montini Trail Connection and Enhancement Project (CIP #P-6)
\$520,000	TOTAL programmed

314 - Quimby Act Fees

REVENUES	FY 16-17 Projected Actuals*	FY 17-18 Projected Actuals*	FY 18-19 Adopted Budget	FY 18-19 Projected Actuals*	FY 19/20 Budget
Taxes	\$0	\$0	\$0	\$0	\$0
Transfers In	\$0	\$0	\$0	\$0	\$520,000
Other Revenues	\$0	\$0	\$0	\$0	\$0
Interest Revenue	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$0	\$0	\$0	\$0	\$520,000
EXPENDITURES					
Professional Services	\$0	\$0	\$0	\$0	\$0
Property Services	\$0	\$0	\$0	\$0	\$0
Operations	\$0	\$0	\$0	\$0	\$0
Supplies	\$0	\$0	\$0	\$0	\$0
Internal Service & Capital Projects	\$0	\$0	\$0	\$0	\$520,000
Transfers	\$0	\$0	\$0	\$0	\$0
Total Expense	\$0	\$0	\$0	\$0	\$520,000
Net Income (Loss)	\$0	\$0	\$0	\$0	\$0
Carryover/(Use of) or Transfer to Fund Balance	\$	\$	\$	\$	\$

* unaudited



CITY OF SONOMA

Intergovernmental Transfer (IGT) (Fund 796)

*Sue Casey, Assistant City Manager/Administrative Services Director
Steve Akre, Fire Chief*

The Rate Range Intergovernmental Transfer (IGT) program provides an opportunity to receive federal matching funds to support health services for Medi-Cal Managed Care beneficiaries served by the Fire Department. The Fire Department does not receive full reimbursement for the provision of medical services to Medi-Cal Managed Care patients. This means that the City “writes down” a portion of the Emergency Medical Service revenue each year. The IGT is a reimbursement payment that the City receives from the federal government as a partial backfill on these funds.

Currently, the Fire Department receives reimbursement of our Medi-Cal Managed Care costs from payments received from Medi-Cal Managed Care Plan Provider(s) (MMCPP). The City of Sonoma provides ambulance transports and meets the following IGT participation criteria: (1) provides law enforcement services, (2) has eminent domain authority, (3) has taxing authority. As such, the City of Sonoma is eligible to participate in an IGT program to request funds to recover unreimbursed Medi-Cal costs. The City uses the IGT funding for one-time and other ongoing emergency medical related costs.

IGT - 796

REVENUES	FY 16/17 Projected Actuals*	FY 17/18 Projected Actuals*	FY 18/19 Adopted Budget	FY 18/19 Amended Budget	FY 18/19 Projected Actuals*	FY 19/20 Budget
IGT Federal Reimbursement	\$365,671	\$761,839	\$366,000	\$366,000	\$1,121,435	\$355,000
Transfers In	\$114,433	\$0	\$0	\$0	\$0	\$0
Interest Revenue	\$776	\$6,406	\$4,000	\$4,000	\$4,500	\$4,000
Revenue Total	\$480,880	\$768,245	\$370,000	\$370,000	\$1,125,935	\$359,000
EXPENDITURES						
Professional Services	\$216,806	\$444,312	\$184,285	\$238,885	\$441,067	\$0
Property Services	\$0	\$0	\$0	\$0	\$0	\$0
Operations	\$0	\$0	\$0	\$0	\$0	\$0
Supplies	\$19,749	\$0	\$0	\$31,531	\$19,952	\$0
Software & Equip	\$0	\$37,924	\$0			\$0
Internal Service	\$0	\$0	\$79,707	\$203,104	\$203,104	\$0
Transfers	\$0	\$0	\$0	\$0	\$0	\$359,000
Debt Service	\$0	\$0	\$0	\$0	\$0	\$0
Expense Total	\$236,555	\$482,236	\$263,992	\$473,520	\$664,123	\$359,000

*Unaudited



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CITY OF SONOMA

Public Works Department Cemetery Endowment (Fund 504)

*Colleen Ferguson, Public Works Director/City Engineer
Sue Casey, Assistant City Manager*

The Cemetery Endowment Fund was created to record the income received from Cemetery sales that is designated as endowment care. The City's Municipal Code defines endowment care as the general maintenance of the City's three cemeteries that is necessitated by natural growth and ordinary wear. This maintenance includes the planting, cutting, watering, and care of lawns, trees and shrubs; the cleaning and upkeep of buildings; and the maintenance of utilities, walls, roadways and walks. The City Council may also direct and use a portion of the income from such fund for such general care, maintenance, repairs, and section embellishment that they deem to be in the best interest of the cemeteries in order that the cemeteries are generally kept in the best condition possible within the limits of such income. The City determines the amount to be collected for endowment care from each purchaser of a cemetery plot. This amount is specified and listed in the schedule of fees adopted by the City Council. The City's Municipal Code also specifies that the City Manager or his/her designee shall oversee the maintenance, supervision and upkeep of all city cemeteries as well as all other applicable ordinances and state law or regulations respecting the conduct of public cemeteries.

504 - Cemetery Endowment

	FY 16/17 Projected Actuals*	FY 17/18 Projected Actuals*	FY 18/19 Adopted Budget	FY 18/19 Amended Budget	FY 18/19 Projected Actuals*	FY 19/20 Budget
REVENUES						
Other Revenues	\$68,915	\$43,695	\$50,000	\$50,000	\$50,000	\$50,000
Interest Revenue	\$9,549	\$24	\$120	\$120	\$120	\$120
Revenue Total	\$78,464	\$43,719	\$50,120	\$50,120	\$50,120	\$50,120
EXPENDITURES						
Transfer	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Expense Total	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000

*Unaudited



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INTERNAL SERVICE FUNDS

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





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CITY OF SONOMA

Management Information Services - MIS (Fund 601)

Wayne Wirick, Development Services Director / Building Official

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

The City contracts out its network administration and help desk support. Numerous other software vendors provide support to specific applications. There is no City employee position that is dedicated solely to City management information services. MIS coordination is absorbed and fulfilled by the Development Services Director / Building Official.

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

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

Of note during FY 2018-19, the City's computer network was successfully attacked by ransomware malware that encrypted most of the City's network files. The City's network consultant was able to restore the encrypted files, but not before the disruption of City business operations. Subsequently, a third-party consultant was hired to conduct network vulnerability testing and to make recommendations for security improvements. The recommendations of the report are will be considered for implementation in the FY 2019-20 budget.

FISCAL YEAR 2018 – 2019 ACCOMPLISHMENTS:

- Initiated penetration testing and security assessment of the City's computer network.
- Initiated and completed file restoration following a ransomware attack.
- Replaced the City's network firewall.
- Planned for the replacement of the City's primary file server.

FISCAL YEAR 2019 – 2020 GOALS:

- Continue to maintain the City's Information Management Services (MIS) systems.
- Replace the City's primary file server.
- Implement selected network security recommendations identified in the security assessment report.

FY 19/20 BUDGET MODIFICATIONS

The FY 2019/20 transfers into the MIS fund reflects a reduction over the previous year of 2.4% [-\$5,239].

The FY 2019/20 expense budget for the MIS Internal Service Fund transfers includes a 9.6% increase [\$24,960] over the previous year due to normal cyclical technology replacement needs.

The key budget changes are highlighted below.

Increase in Professional Services for added technical assistance expenses to improve network security.	\$4,000
Decrease in Property Services due to modified software subscription expenses and elimination of software.	\$(9,565)
Operations reduction resulting from reduced training expense.	\$(2,500)
Increase of Capital Assets resulting from projected computer equipment spending (including the replacement of the City's file server) and other cyclical equipment and software replacement needs.	\$30,525

601 - Management Information Systems (Internal Service Fund)

REVENUES	FY 16/17 Projected Actuals*	FY 17/18 Projected Actuals*	FY 18/19 Adopted Budget	FY 18/19 Amended Budget	FY 19/20 Budget
Charges for Services					
Transfers In	\$177,791	\$240,669	\$215,890	\$215,890	\$209,564
Interest Revenue	\$932	\$4,440	\$0	\$0	\$0
Revenue Total	\$178,723	\$245,109	\$215,890	\$215,890	\$209,564
EXPENDITURES					
Professional Services	\$2,491	\$393	\$1,000	\$1,000	\$5,000
Property Services	\$0	\$0	\$0	\$0	\$0
Operations	\$104,893	\$107,490	\$166,180	\$166,180	\$156,615
Supplies	\$0	\$932	\$1,000	\$1,000	\$1,000
Software & Equipment	\$624	\$4,685	\$0	\$0	\$0
Internal Services	\$22,111	\$43,738	\$92,000	\$92,000	\$122,525
Transfers	\$60,000	\$0	\$0	\$0	\$0
Depreciation	\$19,302	\$32,509	\$0	\$0	\$0
Expense Total	\$209,423	\$189,749	\$260,180	\$260,180	\$285,140

*Unaudited



CITY OF SONOMA

Vehicle Replacement (Fund 603)

Wayne Wirick, Development Services Director / Building Official

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

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

The fund is calculated on an amortization replacement schedule based on the estimated useful life and estimated replacement cost of the vehicle. There is an annual review of all vehicles and equipment to determine replacement needs and available replacement funding. Transferred funds exceeding planned purchases during the year are held in reserve until vehicles are purchased.

For the FY19/20 budget, some of the Public Works Admin & Stormwater transfers were re-distributed to the new Public Works Parks Operations fund to more closely align with the actual use of specific vehicles or equipment, with no General Fund cost impact.

The following vehicles or equipment are schedule for replacement this budget year.

Department	ID	Description of Vehicle/Equipment to be Replaced	Vehicle Replacement Funding
Fire/EMS	301	Replace 2003 Ford Ambulance Type III #A-1 (306) with New Ambulance. (The new ambulance will be designated as 301, and the current 301 will become 306.)	\$182,500
Water	W-17	1998 John Deer 310E/Loader-Backhoe: Replace (existing backhoe no longer meets emission standards)	\$100,000
Water	W-26	1995 Tate T-50063 Portable Generator: Replacement <i>(Not fully funded from Vehicle Replacement Fund; budgeted \$20,000 additional from Water Fund; needed to operate wells in emergency.)</i>	\$63,500
Public Works	S-35	2000 Crafcro Supershot Crack Filler <i>(Not fully funded from Vehicle Replacement Fund; budgeted \$30,000 from Unassigned General Fund Reserves one-time funding)</i>	\$27,000
Public Works	P-02	Replace 2006 Ford F-350 - Flat Bed with Lift Gate with comparable vehicle.	\$35,000
TOTAL			\$408,000

603 - Vehicle Replacement (Internal Service Fund)

REVENUES	FY 16/17 Projected Actuals*	FY 17/18 Projected Actuals*	FY 18/19 Adopted Budget	FY 18/19 Amended Budget	FY 19/20 Budget
Charges for Services	\$388,657	\$476,550	\$0	\$0	\$0
Transfers	\$0	\$17,008	\$383,848	\$383,848	\$279,399
Other Revenue	\$10,510	\$42,175	\$0	\$0	\$0
Interest Revenue	\$7,603	\$16,731	\$8,500	\$8,500	\$8,500
Revenue Total	\$406,770	\$552,462	\$392,348	\$392,348	\$287,899
EXPENDITURES					
Salary & Wages					
Employee Benefits					
Professional Services					
Property Services					
Operations					
Supplies					
Software & Equipment	\$0	\$538	\$336,100	\$336,100	\$408,000
Internal Services					
Transfers					
Depreciation	\$218,050	\$244,387	\$0	\$0	\$0
Expense Total	\$218,051	\$244,926	\$336,100	\$336,100	\$408,000

*Unaudited



CITY OF SONOMA

Long-Term Building Maintenance (Fund 610)

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

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

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

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

FISCAL YEAR 2018 – 2019 ACCOMPLISHMENTS:

- Funded and completed the Corp Yard Office - Selective Exterior Painting project.
- Funded and completed the City Hall & Carnegie - LED Lighting Conversions project.
- Funded and completed the Police and Council Chambers - Selective Interior Patching & Painting project.
- Funded and completed the Regional Library - Fireplace Leak Repair project.

FISCAL YEAR 2018 – 2019 GOALS:

- Fund and implement the LTBM projects listed on the following page.

RECOMMENDED BUDGET MODIFICATIONS

The recommended FY 19/20 (Revenue) transfers into the Long-Term Building Maintenance Internal Service Fund have increased approximately 6% [\$19,000] to account for maintenance and construction costs inflation adjustments. For the FY 19/20 budget, some of the Public Works Admin & Stormwater transfers into the LTBM fund were re-distributed to the new Public Works Parks Operations fund to more closely align that function with the actual use of specific facilities, with no General Fund cost impact.

The recommended FY 19/20 expense budget for the Long-Term Building Maintenance Internal Service Fund is \$387,700 for the projects specified below. The projected estimated expenses are staff rough estimates and are not necessarily based on actual contractor quotes or proposals. Funds held in reserve for these projects will be transferred from reserves as the activities take place.

Project Description	Expense Description	Estimated FY 19-20 Expenses	Estimated Expenses FY 20-21	Estimate of Total Project Cost
Carnegie - Basement Wall Waterproofing	Investigation, Design and Repair Work	50,000	0	56,000
Carnegie - Selective Flooring Replacement	Improvement work	25,000	0	25,000
Carnegie - Replace Lower Floor Double Entry Doors	Design & Improvement work	15,000	0	15,000
Carnegie Public Restroom - Replace Partitions & Fixtures - (Installation)	Improvement work	35,000	0	35,000
Carnegie Building - Roof Replacement	Improvement work	140,000	0	140,000
Corp Yard Office - Roof Leak Repair	Improvement work	15,000	0	15,000
Fire Station #1 - Paving Repairs and Slurry Seal - Assessment / Design	YR-1 Assessment YR-2 Design	5,000	25,000	30,000
Council Chambers - Interior Selective Painting/Staining	Improvement work	25,000	0	25,000
Regional Library - Fireplace Leak Repair Casework	Improvement work	2,000	0	2,000
Regional Library - Move Light Pole and Fix Sewer Line	Improvement work	8,000	0	8,000
Selective Barrier Removal Projects for City Facilities (as needed)	Improvement work	20,000	0	20,000
LTBM Project Management @ 18% for Carnegie Projects	Project Management	47,700	4,500	66,780
TOTAL		387,700	29,500	437,780

610 - Long Term Building Maintenance (Internal Service Fund)

REVENUES	FY 16/17 Projected Actuals*	FY 17/18 Projected Actuals*	FY 18/19 Adopted Budget	FY 18/19 Amended Budget	FY 19/20 Budget
Transfers In	\$274,271	\$269,976	\$305,307	\$305,307	\$322,247
Interest Revenue	\$4,167	\$21,010	\$8,000	\$8,000	\$8,000
Revenue Total	\$278,438	\$290,986	\$313,307	\$313,307	\$330,247
EXPENDITURES					
Salary & Wages					
Employee Benefits					
Professional Services					
Property Services	\$5,592	\$7,424	\$0	\$0	
Operations	\$3,890	\$0	\$0	\$0	
Supplies					
Software & Equipment	\$0	\$17,260	\$0	\$0	
Internal Services	\$153,762	\$56,107	\$186,800	\$186,800	\$387,700
Transfers					
Depreciation					
Expense Total	\$163,244	\$80,791	\$186,800	\$186,800	\$387,700

*Unaudited



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DEBT SERVICE FUNDS

**Clean Renewable Energy Bonds (CREB)
Pension Obligation Bonds (POB)
2011 Water Bond (In Water Fund)**





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CITY OF SONOMA



DEBT SERVICE FUNDS

Clean Renewable Energy Bonds (495-55031) Pension Obligations Bonds [POBs] (495-57109) 2011 Water Bond (In Water Fund 510-62001)

Sue Casey, Assistant City Manager/Administrative Services Director

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

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

- 2008 Clean Renewable Energy Bonds (CREB) -- Used for photovoltaic (solar) projects at the Police Station and Corporation Yard.
 - In 2007, the City submitted applications to the United States Internal Revenue Service (IRS) for allocation of Clean Renewable Energy Bonds (CREBs). The IRS awarded the City and allocation of \$1,156,000 to finance solar paneling project at four different municipal facilities within the City limits. Bonds were issued on July 10, 2008 and tax credits were granted to lender upon financing. The obligation is a lease agreement with Municipal Finance Corporation in the amount of \$1,156,000 entered into on July 10, 2008. Principal installments of \$41,749 are made on December 15 of each year, with the final installment due on December 15, 2024.
- 2012 Pension Obligation Bond (POB) – Used to purchase unfunded pension liability and finance at a lower cost than charged by PERS.
 - The issuance of a POB is a method of fulfilling the City’s existing obligation to California Public Employees Retirement System (CalPERS) in a more cost-effective manner at a lower interest rate than paying at the CalPERS interest rate of 7.5%. This does not create a new obligation for the City, but rather refinances an existing obligation to CalPERS in much the same manner as other City bonds. On late 2012, the City issued Taxable Pension Obligation Bonds in the amount of \$2,925,000 to refund its obligation to make certain payments to PERS in respect of retired public safety and miscellaneous employees under the Side Fund program of PERS which amortizes such obligations over a fixed period of time.
 - With the issuance of the POBs, the City reduced the payoff period by 5 years, reduced the interest rate from 7.5% to 3.8% (average rate over 9 years), reduced the CalPERS employer rate from 15.350% of payroll to 12.330% of payroll and will see an overall cost savings of approximately \$469,000 over a nine-year period.
- Refinance of the 2001 Water Bond -- Debt service costs related to this bond are paid directly from the Water Fund and are included in the water fund budget (510-62001).

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

RECOMMENDED FY 19/20 BUDGET MODIFICATIONS

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

495 - Clean Renewable Energy Bonds (CREBS) Debt Service

REVENUES	FY 16/17 Projected Actuals*	FY 17/18 Projected Actuals*	FY 18/19 Adopted Budget	FY 18/19 Amended Budget	FY 19/20 Budget
Transfers In	\$41,749	\$41,749	\$41,749	\$41,749	\$41,749
Revenue Total	\$41,479	\$41,479	\$41,479	\$41,479	\$41,479
EXPENDITURES					
Debt Service	\$41,749	\$41,749	\$41,749	\$41,749	\$41,749
Expense Total	\$41,479	\$41,479	\$41,479	\$41,479	\$41,479

*Unaudited

498 - Pension Obligation Bonds (POB) Debt Service

REVENUES	FY 16/17 Projected Actuals*	FY 17/18 Projected Actuals*	FY 18/19 Adopted Budget	FY 18/19 Amended Budget	FY 19/20 Budget
Transfers In	\$415,399	\$409,817	\$412,100	\$412,100	\$412,100
Revenue Total	\$415,399	\$409,817	\$412,100	\$412,100	\$412,100
EXPENDITURES					
Debt Service	\$415,399	\$409,817	\$412,100	\$412,100	\$412,100
Expense Total	\$415,399	\$409,817	\$412,100	\$412,100	\$412,100

*Unaudited

AGENCY FUNDS

Successor Agency

**General Fund
Redevelopment Property Tax Trust Fund (RPTTF)**





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CITY OF SONOMA

Successor Agency Administration (100-43199)

Cathy Capriola, Executive Director, Successor Agency

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

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

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

With the elimination of redevelopment, the City moved the cost of Economic Vitality Program with the Sonoma Valley Chamber of Commerce and Emergency Shelter Utilities to the General Fund. In addition, the City moved the expenses for the master lease and associated costs of the Sebastiani Theatre to the Community Activities Budget. These were costs that were covered by the City's prior redevelopment agency.

The Dissolution Act provides the Successor Agency with an Administrative Cost Allowance to reimburse its costs to wind down the affairs of the dissolved redevelopment agency. Reimbursement will be made from property tax revenues, not to exceed 5% of the property tax allocated to the Successor Agency or not less than \$250,000, provided sufficient property tax revenues are available. Sonoma's Successor Agency receives \$250,000 and is retained in this fund. Next year in FY 20/21, with the hopeful approval of the City's Last and Final ROPS, the Administrative Cost Allowance will go down to an estimated \$75,000.

The Successor Agency budget includes the following expenditures:

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

KEY CHANGES FOR FY 19/20

For FY 19/20, there is a reduction in planned contract costs for legal and outside services. Funding exists for additional legal costs should there be disagreement regarding the final use of the 2011 bond funds. In FY 18/19, the Oversight Boards across the county merged to one. Now that the City does not have its own Oversight Board, there will be a reduction in some administrative costs as well.

RECOMMENDED FY 19/20 BUDGET

Key changes between the FY 18/19 and the FY 19/20 budget are listed and described below.

Reduction of professional services contracts and operational costs anticipated.	\$(70,000)
---	------------

43199 - Successor Agency

Expenditure Category	FY 16/17 Projected Actuals*	FY 17/18 Projected Actuals*	FY 18/19 Adopted Budget	FY 18/19 Amended Budget	FY 18/19 Projected Actuals*	FY 19/20 Budget
Salary & Wages	\$ 146,981	\$ 152,098	\$ 85,253	\$ 85,253	\$ 92,100	\$ 89,065
Employee Benefits	\$ 38,714	\$ 50,540	\$ 33,424	\$ 33,599	\$ 35,480	\$ 39,839
Professional Services	\$ 59,664	\$ 14,852	\$ 95,000	\$ 95,000	\$ 24,500	\$ 30,000
Property Services	\$ 20,508	\$ 11,027	\$ 4,496	\$ 5,106	\$ 9,613	\$ 5,965
Operations	\$ 10,342	\$ 5,000	\$ 3,000	\$ 3,000	\$ 21	\$ -
Supplies	\$ 1,967	\$ 12	\$ 1,500	\$ 1,500	\$ 825	\$ -
Internal Services	\$ 22,624	\$ 24,034	\$ 27,894	\$ 27,894	\$ 27,894	\$ 27,888
Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expense Total	\$ 300,800	\$ 257,563	\$ 250,567	\$ 251,352	\$ 190,433	\$ 192,757

*Unaudited



CITY OF SONOMA

Successor Agency RPPTF-ROPS (Fund 391) **[Redevelopment Property Tax Trust Fund** **for Recognized Obligation Payments]**

Cathy Capriola, Executive Director, Successor Agency

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

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

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

For expenses that are approved for RPPTF Funding, the City as Successor Agency receives pass through revenue when property taxes are remitted to the City by the County. The City then makes authorized payments from Successor Agency, RPPTF / ROPS Fund. The approved expenses include:

- Debt service costs which were previously funded by tax increment and that have an amortization schedule during the time of the dissolution of the RDA. These expenses will be paid using funds received under ROPS until the debt is fully paid according to the original schedule. For Sonoma, the schedule includes:
 - Tax Increment Bonds (TAB) issued in 2010, 2011 and 2015,
 - USDA note payable related to Village Green Housing, and
 - Payment to the Sonoma County Housing Authority for a loan issued by the Low Moderate Income Housing Fund to the Community Development Agency.
- Contract services through the end of any contracts issued before the dissolution of the Sonoma Community Development Agency. This includes the funding for Sonoma Overnight Services (Emergency Shelter). Utilities and building maintenance for the Emergency Shelter are paid by the City and in the Non-Departmental budget.
- Other expenses approved by the Successor Agency RPPTF are primarily related to professional services such as audit, accounting assistance, and legal services.

FY 19/20 Goals:

The 2011 Tax Allocation Bonds were issued in an aggregate amount of \$16 million to fund various capital improvements and public service projects including affordable housing. In the FY 19/20, the City will review its Last and Final Recognized Obligation (ROPS) payment schedule with the Department of Finance. This will outline all remaining debt which will be limited to administrative costs and payments pursuant to enforceable obligations with defined payment schedules including, but not limited to, debt service, loan agreements, and contracts. With the approval of the Last and Final ROPS, the City is eligible for a portion of the original bond proceeds. Final resolution with the State regarding these bond proceedings is a key initiative this year.

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

391 - Successor Agency Redevelopment Property Tax Trust Fund/Recognized Obligation Payments (ROPS)

REVENUES	FY 16/17 Projected Actuals*	FY 17/18 Projected Actuals*	FY 18/19 Adopted Budget	FY 18/19 Amended Budget	FY 19/20 Budget
Property Tax - RPPTF	\$3,841,686	\$3,353,864	\$3,714,133	\$3,714,133	\$3,347,613
Transfers In					
Interest Revenue	\$66,639	\$123,565	\$45,000	\$45,000	\$45,000
Other Revenue					
Revenue Total	\$3,908,325	\$3,477,429	\$3,759,133	\$3,759,133	\$3,392,613
EXPENDITURES					
Salary & Wages					
Employee Benefits					
Professional Services	\$160,162	\$153,688	\$225,000	\$225,000	\$6,000
Property Services	\$30,000	\$22,500	\$61,103	\$61,103	\$59,788
Operations					
Supplies					
Internal Services					
Transfers	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Transfer to County					
Debt Expense	\$1,996,453	\$1,996,081	\$3,178,031	\$3,178,031	\$3,168,796
Expense Total	\$2,436,615	\$2,422,269	\$3,714,134	\$3,714,134	\$3,484,584

*Unaudited

APPENDICES

Glossary Budget Resolutions





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GLOSSARY





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CITY OF SONOMA

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Ordinance: A formal legislative enactment by the City Council.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Successor Agency: An agency that is authorized by law to accept and maintain the legal title, custody, and dominion of records that were created by the former redevelopment agencies. All redevelopment agencies were eliminated by the State of California in 2011.

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

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

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

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



FY 2019-20 BUDGET RESOLUTION



City of Sonoma

RESOLUTION # 24 - 2019
SA RESOLUTION # 03 - 2019

A RESOLUTION OF THE CITY OF SONOMA AND THE SUCCESSOR AGENCY OF THE FORMER SONOMA COMMUNITY DEVELOPMENT AGENCY ADOPTING THE FISCAL YEAR (FY) 2019/20 CITY OF SONOMA OPERATING AND CAPITAL IMPROVEMENT BUDGET INCLUDING THE ESTABLISHMENT OF THREE NEW CITY GENERAL LEDGER FUNDS; WAIVING THE ANNUAL ALLOCATION TO THE PUBLIC ART FUND FOR THE FY 2019/20; APPROVING "HERITAGE AND COMMUNITY EVENT" FEE WAIVERS AND COMMUNITY FUND PROGRAMMING INCLUDING 4th OF JULY; AUTHORIZING THE CITY MANAGER, OR HER DESIGNEE TO EXECUTE TASK ORDERS FOR CITY ENGINEERING SERVICES WITH CIP CONSULTANTS; AND AUTHORIZING POSITION ALLOCATIONS FOR FY 2019/20

WHEREAS, the City Manager submitted a preliminary one-year operating budget to the City Council at a budget work session on June 5, 2019; and

WHEREAS, the City Council of the City of Sonoma has reviewed the proposed final Operating Budget for FY 2019/20 and Capital Improvement Program for FY 2019/20 and has held a public meeting prior to adoption of the final budgets; and

WHEREAS, the City Manager's Budget Message provides an executive summary of the proposed budget; and

WHEREAS, the City Council, in keeping with its desire to encourage the development of public art within the City, adopted Ordinance No. 04-2009 establishing a Public Art Program in the City of Sonoma on April 1, 2009. The ordinance established funding mechanisms which included a contribution to the Public Art Fund of 1% of the project valuation costs in excess of \$250,000 for public development projects and an annual City allocation equal to one-quarter of one percent of the City of Sonoma's budgeted general fund expenditures; and

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

WHEREAS, since 2012, the City of Sonoma has been impacted by the dissolution of the Sonoma Community Development Agency and has absorbed a number of costs into the City's General Fund including the costs of capital projects and administration and, as a result, the City lacks sufficient operating funds in Fiscal Year 2019/20 for a transfer to the Public Art Fund.

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Sonoma that the total Operating and Capital Budget of \$37,093,675 which includes the total Capital Improvement Fund Budget of \$2,339,557 submitted by the City Manager as set forth in **Exhibit "A"** which is attached hereto and by this reference made a part hereof is hereby adopted as the total operating and capital budget of the City of Sonoma for FY 2019/20.

BE IT FURTHER RESOLVED, that the City will establish three new Special Revenue General Ledger funds; Fund 314 for the receipt of Parks-in-Lieu/ Quimby Act Fees, Fund 315 for the receipt of Parks Measure M Funds and Fund 316 for the receipt of Proposition 68 Funds all of which will be used for City parks maintenance, repair and capital projects.

BE IT FURTHER RESOLVED, that the proposed budget provides funding for the City's non-profit recreation partners as outlined in the Community Activities budget including new sponsorship for \$10,000 for Sonoma Valley Field of Dreams and \$13,501 for Sonoma County Transit Fare Free Program, and fee waivers for the approved "Heritage and Community Events" as outlined in the Council approved Recreation and Community Services Program approved on March 5, 2018. The City Manager is authorized to execute a contract with the Sonoma Valley Field of Dreams based on this budget authorization.

BE IT FURTHER RESOLVED, that the FY 2019/20 Capital Improvement Plan is approved in accordance with the CIP Plan Funding attached as **Exhibit "B"** and incorporated into the FY 2019/20 Operating and Capital Budget for the City of Sonoma including continuing appropriations (carryovers) from FY 2018/19.

BE IT FURTHER RESOLVED, that the City Manager, or her designee, is authorized to execute task orders for City Engineering Services with GHD, Inc. and any future selected contract engineering firms, consistent with the FY 2019/20 Operating and Capital Budget for the City of Sonoma.

BE IT FURTHER RESOLVED, that the Position Allocations for FY 2019/20 are authorized in accordance with the Summary of Staffing and Positions attached as **Exhibit "C"**. The City Manager is authorized to initiate recruitments, create or update job descriptions, and update the City's formal Salary Schedule as needed to implement this direction.

BE IT FURTHER RESOLVED by the City Council of the City of Sonoma that based on the following findings, the annual allocation equal to one-quarter of one percent of the budgeted general fund expenditures to the Public Art Fund is hereby waived for FY 2019/20. Since 2012, the City of Sonoma has been impacted by the dissolution of the Sonoma Community Development Agency resulting in absorption of significant costs by the City General Fund. The City's General Fund is needed to fund near-term major and minor capital projects. In addition, funding for aging infrastructure and major long-term capital projects is deficient. Public Art funding does not fall within the City's priority for maintaining its core services. Although the City Council adopted a balanced Operating and Capital Budget for Fiscal Year 2019/20 excess funds for services that are not identified as core services will be needed in the long term to fund rising employee benefit costs, capital needs and aging infrastructure.

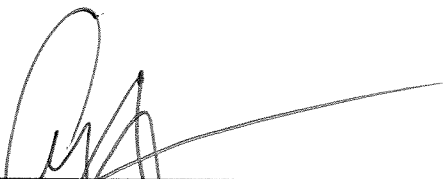
PASSED AND ADOPTED by the City Council of the City of Sonoma at their regular meeting held on the 17th day of June 2019 by the following vote:

AYES: **AGRIMONTI, COOK, HARVEY, HUNDLEY, HARRINGTON**

NOES:

ABSENT:

ABSTAIN:



Amy Harrington, Mayor

ATTEST:



Rebekah Barr, MMC, City Clerk