

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: ALAN ALTON, CHIEF FINANCIAL OFFICER,
FINANCE DEPARTMENT
SUBJECT: PUBLIC HEARING ON ADOPTION OF THE CITY OF SANTA
ROSA FY 2022-23 OPERATIONS & MAINTENANCE BUDGET
AND CAPITAL IMPROVEMENT PROGRAM BUDGET

AGENDA ACTION: RESOLUTIONS

RECOMMENDATION

It is recommended by the City Manager and the Finance Department that the Council:

- 1) hold a Public Hearing to consider the Fiscal Year (FY) 2022-23 Operations and Maintenance Budget and the FY 2022-23 Capital Improvement Program (CIP) Budget;
- 2) by seven separate resolutions adopt the City FY 2022-23 Operations and Maintenance Budget and FY 2022-23 Capital Improvement Program Budget;
- 3) by resolution amend the Police, Fire and Violence Prevention Partnership Measure O Transaction and Use Tax Implementation Plan to adjust for Fiscal Year 2022-23 budget and forecasted budget amounts for all Measure O programs; and
- 4) by resolution appropriate, \$2.7M of designated Fiscal Stability funds from General Fund reserves to fund the replacement of Fire Department capital equipment and vehicles.

EXECUTIVE SUMMARY

The City Council will hold a public hearing to consider the FY 2022-23 Operations and Maintenance Budget and the FY 2022-23 Capital Improvement Program (CIP) Budget. Staff will provide an overview of the Operations and Maintenance Budget and the CIP Budget with information on any changes that have been included since the Study Session in May.

BACKGROUND

The City Charter specifies numerous actions to take place leading up to the City Council adopting a budget prior to the last day of June each fiscal year. City staff published a summary of the current year budget (FY 2021-22) on December 5, 2021; held a budget priorities public hearing on February 15, 2022; held a budget study session on May 10-11, 2022; published a budget summary and public hearing notice on June 6, 2022; and,

PUBLIC HEARING ON ADOPTION OF THE CITY OF SANTA ROSA FY 2022-23
OPERATIONS & MAINTENANCE BUDGET AND CAPITAL IMPROVEMENT
PROGRAM BUDGET
PAGE 2 OF 5

made copies of the proposed budget available to the public on the City's website at www.srcity.org on June 6, 2022.

PRIOR CITY COUNCIL REVIEW

The City Council received study session presentations on the proposed Operations and Maintenance Budget and the proposed CIP Budget on May 10-11, 2022. These presentations included a summary of the Measure O annual budget as well as the Fire Capital Equipment replacement schedule. The Council has amended the Measure O Implementation Plan multiple times since the initial plan was adopted in 2004.

ANALYSIS

At the study sessions, City staff presented an overview of the City's financial condition, financial stability options, an overview of the City's proposed Operations and Maintenance budget including information on each department's requests and the proposed CIP budget.

At the budget public hearing, the City Council will consider the City's proposed FY 2022-23 Operations and Maintenance Budget and proposed FY 2022-23 Capital Improvement Budget. Staff will present an overview of any changes from the Budget presented in the prior study session.

The Measure O program budgets for Police, Fire and Violence Presentation are contained within the FY 2022-23 Operations and Maintenance budget. The Implementation Plan for these programs outlines expenditures, including salaries, benefits, operational costs, and specific program line items. These costs are reflective of the Fiscal Year 2022-23 budget and are forecasted through Fiscal Year 2024-25. On April 20, 2022 staff presented the Implementation Plan to the Measure O Citizen Oversight Committee. The Committee reviewed and approved the proposed budget for all programs and recommended the Implementation Plan be forwarded to the City Council for approval with a vote of 7-0-0.

While there are no substantive program changes to the Implementation Plan, the Plan changes each year to align with that year's operational budget. Pursuant to Santa Rosa City Code section 3-26.120(F), any changes to the Implementation Plan must be approved by the City Council, with passage requiring a minimum of six affirmative votes.

The Fire department has 2 ladder trucks and 9 engines, as well as several other miscellaneous vehicles, that are funded by the General Fund. Prior to FY 2022-23, the Fire Department would request funds to purchase a replacement asset from the City's General Fund on an as-needed basis. This process resulted in an incomplete representation of the Fire Department budget on an ongoing basis and made it difficult to plan for the use of General Fund expenditures. Beginning in FY 2022-23 these vehicles will be put on a replacement schedule where a portion of their value will be set aside in the City's Replacement Fund

PUBLIC HEARING ON ADOPTION OF THE CITY OF SANTA ROSA FY 2022-23
OPERATIONS & MAINTENANCE BUDGET AND CAPITAL IMPROVEMENT
PROGRAM BUDGET
PAGE 3 OF 5

annually, building up to a total value at the anticipated time of replacement. For FY 2022-23, an initial investment of \$2.7M will be appropriated in 060200-5324 to account for first year of costs. From FY 2023-24 and after this amount will be approximately \$1.3M and included in the Fire Department's annual Operations & Maintenance budget.

POSITION CHANGES

Human Resources has studied positions on behalf of departments as a part of reclassification requests, new classification studies, and salary studies. The summary below is included in the proposed FY 2022-23 Operations and Maintenance Budget.

Reclassify 1.0 FTE Payroll Supervisor to Payroll Manager

Finance requested a reclassification of one Payroll Supervisor. The incumbent is performing duties most closely related to Payroll Manager classification. The Payroll Manager provides staff assistance to the Chief Financial Officer and is responsible for the overall administration and supervision of the payroll and employee benefit payment functions of the City. The Payroll Manager is responsible for overseeing legal and financial compliance related to provisions of labor agreements; providing cost analyses required by management involved in labor negotiations; analyzing and making recommendations regarding labor agreement provisions; and interpreting, applying, and explaining relevant policies, regulations and provisions of Memoranda of Understanding and federal and state laws and regulations relating to payroll and employee benefits.

It is recommended to reclassify 1.0 FTE Payroll Supervisor with an annual salary range of \$81,423 - \$107,626 to 1.0 FTE Manager with an annual salary range of \$93,526 - \$123,497.

Various Departments

Additional additions and deletions are set forth in the budget documents and in the resolution.

FISCAL IMPACT

Adoption of the Operations and Maintenance Budget and the Capital Improvement Budget provides the funding for City operations and CIP for FY 2022-23.

The Measure O Implementation Plan details revenues and expenditures from the special tax and has no fiscal impact to the General Fund. All adjustments required to reflect Fiscal Year 2022-23 budget have been included in the proposed Fiscal Year 2022-23 Operations and Maintenance budget, and future year forecasts are for informational purposes.

PUBLIC HEARING ON ADOPTION OF THE CITY OF SANTA ROSA FY 2022-23
OPERATIONS & MAINTENANCE BUDGET AND CAPITAL IMPROVEMENT
PROGRAM BUDGET
PAGE 4 OF 5

The appropriation of \$2.7M for the replacement of Fire Equipment will reduce General Fund reserves. However, these funds have specifically been set aside from PG&E settlement funds to promote the fiscal stability of the City. The continuation of the Fire Equipment Replacement schedule will have an ongoing annual cost to the General Fund of approximately \$1.3M. These funds will be offset by any avoided one-time purchases of Fire Equipment that were previously not in the replacement fund.

ENVIRONMENTAL IMPACT

This action is exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15061(b)(3) and 15378 in that there is no possibility that the implementation of this action may have significant effects on the environment, and no further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

The proposed changes to the Measure O Implementation Plan were reviewed by the Measure O Citizen Oversight Committee on April 28, 2022. The Measure O Citizen Oversight Committee recommends the Council by Resolution amend the Implementation Plan.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 - Proposed FY 2022-23 Operations and Maintenance Budget
- Attachment 2- Proposed FY 2022-23 Capital Improvement Program Budget
- Resolutions (7) – Budget Adoption:
 - Resolution – Primary
 - Exhibit A – to Primary Resolution Master Professional Services Agreement
 - Resolution – Full Time Equivalent Staffing Changes
 - Resolution – Public Facilities Improvement Fees
 - Resolution – Storm Water Assessment
 - Resolution – CIP Project 2113
 - Resolution – CIP Project 2264
 - Resolution – CIP Project 1822
- Resolution – Measure O Implementation Plan
- Exhibit A – to Resolution Measure O Implementation
- Resolution – Fire Equipment Replacement
- Exhibit A – to Resolution Fire Equipment Replacement
- Public Hearing Notice

PUBLIC HEARING ON ADOPTION OF THE CITY OF SANTA ROSA FY 2022-23
OPERATIONS & MAINTENANCE BUDGET AND CAPITAL IMPROVEMENT
PROGRAM BUDGET
PAGE 5 OF 5

CONTACT

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