



City of Santa Rosa

637 First Street
Santa Rosa, CA 95404

**LONG-TERM FINANCIAL POLICY AND AUDIT
SUBCOMMITTEE
REGULAR MEETING AGENDA AND
SUMMARY REPORT - FINAL-REVISED
OCTOBER 10, 2024**

3:30 P.M.

**MEMBERS OF THE PUBLIC CAN PARTICIPATE IN THE MEETING BY
ATTENDING IN-PERSON FROM THE CHAMBER LARGE CONFERENCE
ROOM LOCATED AT: 637 FIRST STREET - (IT IS RECOMMENDED THAT
SOCIAL DISTANCING CONTINUE TO BE CONSIDERED).**

OR JOIN VIA ZOOM WEBINAR BY VISITING:

<https://srcity-org.zoom.us/j/81473918373>

OR LISTEN BY PHONE: (877) 853-5257 - ENTER ID: 814 7391 8373

**A VIDEO RECORDING OF THE MEETING WILL BE AVAILABLE FOR
VIEWING ONCE UPLOADED TO SANTA-ROSA.LEGISTAR.COM**

PUBLIC COMMENTS AND PARTICIPATION

LIVE PUBLIC COMMENT:

All public comments will be provided in person or via email submitted in advance of the meetings.

Each speaker is allowed up to three minutes.

E-MAIL PUBLIC COMMENT:

To submit an e-mailed public comment to the Long-Term Financial Policy and Audit (LTFPA) Subcommittee, please send to: finance@srcity.org by 5:00PM, Monday, prior to the regularly scheduled LTFPA meeting. E-mailed public comments will be added to the record prior to the start of the meeting and will be distributed to the LTFPA Subcommittee members and uploaded to the agenda prior to the start of the meeting for public access. Emails received will not be read into the record. Please note that all e-mails sent to the city are considered public records and subject to disclosure under the California Public Records Act.

REMOTE PARTICIPATION UNDER AB 2449 (IF NEEDED):

To consider and take action on any request from a Board Member to participate in a meeting remotely due to Just Cause or Emergency Circumstances pursuant to AB 2449 (Government Code Section 54953(f)).

1. CALL TO ORDER AND ROLL CALL

2. PUBLIC COMMENTS NON-AGENDA MATTERS

This is the time when any person attending in person may address matters not listed on this agenda, but which are within the subject matter of the jurisdiction.

The public may comment on scheduled agenda items when the item is called. Each speaker is allowed up to three minutes.

3. APPROVAL OF MINUTES

3.1 CANCELLATION NOTICE

Attachments: [LTFPA - CANCELLATION - July 11, 2024](#)
[LTFPA -CANCELLATION - August 8, 2024](#)
[LTFPA - CANCELLATION -September 12, 2024](#)

3.2 REGULAR MEETING MINUTES - JUNE 13, 2024 - DRAFT

Attachments: [LTFPA - Regular Meeting Minutes - June 13, 2024 Draft](#)

4. SCHEDULED ITEMS

4.1 FY 23/24 YEAR-END BUDGET REVIEW AND BUDGET REDUCTION PLANNING

Presenters: Alan Alton, Chief Financial Officer
Scott Wagner, Deputy Director Finance
Veronica Conner, Budget & Financial Analysis Manager

Purpose: Staff will present information on the current condition of the General Fund and its structural deficit and provide an overview of the process and methodology of budget reductions.

Recommendation Action: Information

Attachments: [Q4 FYE 2023-24 10.10.24 Presentation](#)

4.3 EVENT FUNDING

Presenter: Alan Alton, Chief Financial Officer

Purpose: Staff will initiate a discussion with the Committee on the process for funding Citywide events.

Recommendation Action: Information

5. FUTURE AGENDA ITEMS

This time is reserved for discussion whether to place matters on a future agenda for further discussion.

Our next regular scheduled meeting: Thursday, November 14, 2024, at 3:30 pm

6. ADJOURNMENT

The City of Santa Rosa does not discriminate on the basis of disability in the admissions or access to, or treatment of or employment in, its programs or activities. Disability-related aids or services, including printed information in alternate formats, to enable persons with disabilities to participate in public meetings and programs are available by contacting the Finance Department at: finance@srcity.org, please put in the subject line "LTFPA", or (707) 543-3140 (TTY Relay at 711) one week prior to the meeting. Meeting information can also be accessed via the internet at <http://srcity.org>.

Any writing or documents provided to a majority of the Long-Term Financial Policy and Audit Subcommittee regarding any item on this agenda can be made available for public inspection upon request to finance@srcity.org please put in the subject line: "LTFPA DOCUMENT REQUEST"



City of Santa Rosa

Text File

File Number: 24-108LTF

Agenda Date: 10/10/2024

Version: 1

Status: In Committee

In Control: Long-Term Financial Policy and Audit Subcommittee

File Type: LTF- Minutes

Agenda Number: 3.1



City of Santa Rosa

637 First Street
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**LONG-TERM FINANCIAL POLICY AND AUDIT
SUBCOMMITTEE
REGULAR MEETING AGENDA AND
SUMMARY REPORT - CANCELLED
JULY 11, 2024**

CANCELLED

**THE REGULAR SCHEDULED MEETING OF THE LONG-TERM FINANCIAL
POLICY AND AUDIT SUBCOMMITTEE FOR JULY 11, 2024, HAS BEEN
CANCELLED**

**THE NEXT REGULAR SCHEDULED MEETING IS SCHEDULED ON
AUGUST 8, 2024, AT 3:30 PM**

**POSTED: JULY 03, 2024
/s/ Shelley McClure
Recording Secretary**



City of Santa Rosa

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Santa Rosa, CA 95404

**LONG-TERM FINANCIAL POLICY AND AUDIT
SUBCOMMITTEE
REGULAR MEETING AGENDA AND
SUMMARY REPORT - FINAL
AUGUST 8, 2024**

CANCELLED

**THE REGULAR SCHEDULED MEETING OF THE LONG-TERM FINANCIAL
POLICY AND AUDIT SUBCOMMITTEE FOR AUGUST 8, 2024, HAS BEEN
CANCELLED**

**THE NEXT REGULAR SCHEDULED MEETING IS SCHEDULED ON
SEPTEMBER 12, 2024, AT 3:30 PM**

**POSTED: AUGUST 05, 2024
/s/ Shelley McClure
Recording Secretary**



City of Santa Rosa

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**LONG-TERM FINANCIAL POLICY AND AUDIT
SUBCOMMITTEE
REGULAR MEETING AGENDA AND
SUMMARY REPORT - CANCELLED
SEPTEMBER 12, 2024**

Cancelled

The Regular scheduled meeting of the Long Term Financial Policy and Audit Subcommittee for September 12, 2024 has been cancelled due to a lack of Quorum

The next Regular meeting is scheduled: October 10, 2024 at 3:30pm

POSTED: September 12, 2024 - 2:45pm

**/s/ Shelley McClure
Recording Secretary**



City of Santa Rosa

Text File

File Number: 24-109LTF

Agenda Date: 10/10/2024

Version: 1

Status: In Committee

In Control: Long-Term Financial Policy and Audit Subcommittee

File Type: LTF- Minutes

Agenda Number: 3.2



**Long-Term Financial Policy and Audit
Subcommittee
Regular Meeting Minutes - Draft**

Thursday, June 13, 2024

3:30 PM

1. CALL TO ORDER AND ROLL CALL

The Meeting was called to order at 3:31 by Chair Rogers

Present: 3 - Chair Natalie Rogers, Mark Stapp, and Dianna MacDonald

2. PUBLIC COMMENTS NON-AGENDA MATTERS

There were no public comments on non-agenda items

3. APPROVAL OF MINUTES

Let the record reflect that:

- the cancellation notices for April 11, 2024 and May 9, 2024 were acknowledged

- March 21, 2024 - approved as submitted - Member MacDonald abstained

- April 25, 2024 - approved as submitted - Chair Rogers abstained

3.1 Meeting Minutes

Attachments: [April 11, 2024 LTFPA - cancellation notice](#)
[March 21, 2024 LTFPA -Regular Meeting Minutes - draft](#)
[May, 9, 2024 LTFPA - cancellation notice](#)
[April 25, 2024 - LTFPA - Special Meeting Minutes- draft](#)

4. SCHEDULED ITEMS

4.1 CITY OF SANTA ROSA REVENUE MEASURES

Presenter: Alan Alton, Chief Financial Officer

Purpose: Discuss the impact of the Revenue Measures

Presentation: Presentation was received 6/13 and added to the agenda 6/14 as a late add following the meeting. The agenda was updated to reflect Final-Revised

Recommendation Action: Information

Attachments: [Revenue Measure Nov 2024 Presentation - added after the meeting](#)

The Presentation was received 6/13 - it was presented at the meeting and added to the Agenda as a late add on 6/14 and the agenda was resubmitted as Final-Revised.

The Board discussed and asked follow up questions
There were no public comments on this item

5. FUTURE AGENDA ITEMS

- Clarify where the 2% and 3% fees are being committed to (SRTBIA, and SCTBIA)
- Add a column to clarify the Healdsburg local TBIA(?) - not County
- (Rogers) Inquire about the Airport marketing for SR
- (Stapp) get feedback from hotel groups per increase
- Ask SR/SC TBIA to present to Council fee breakdown
- (MacDonald) determine if the STR tax are uncaptured or what the plan is for reporting more clearly
- Council will need a hypothetical example for the BLT increase...(EX: A Salon, Gross, current, impact)
- More information re: AirBNB Permitting (STR)
- (MacDonald/Rogers) Clarify to a granular level Impact Fees returning - how much, how determined, to what resource, who determines, (Quads?)

8. ADJOURNMENT

The meeting was adjourned at 4:59pm by Chair Rogers

The next scheduled meeting: July 11, 2024, 3:30pm

APPROVED:

Shelley McClure, Recording Secretary



City of Santa Rosa

Text File

File Number: 24-008LTF

Agenda Date: 10/10/2024

Version: 1

Status: In Committee

In Control: Long-Term Financial Policy and Audit Subcommittee

File Type: LTF- Agenda Item

Agenda Number: 4.1

Fiscal Year End 2023-24 General Fund Review and Budget Reduction Strategy

LONG TERM FINANCIAL POLICY
AUDIT SUBCOMMITTEE

OCTOBER 10, 2024

VERONICA CONNER,
BUDGET & FINANCIAL ANALYSIS MANAGER

ALAN ALTON, CHIEF FINANCIAL OFFICER

2023-24 Overall Surplus (Deficit)

General Fund Revenues &
Expenditures

General Fund Reserves

Budget Reduction Planning

Questions

General Fund Review

Preliminary Results June 30, 2024

Description	Amount
Recurring Revenues & Transfers In	\$203,800,819
Recurring Expenditures, Transfers Out & Encumbrances	<u>(\$206,938,691)</u>
Total Operational Deficit	(\$3,137,872)

Budget vs. Actuals FY 2023-24

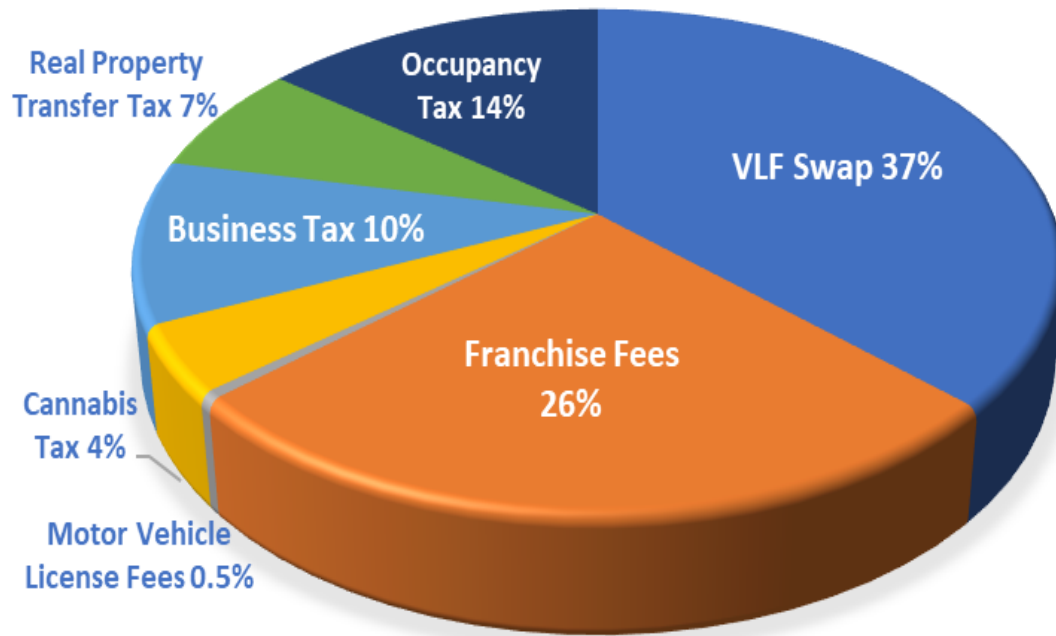
Adopted Budget	
Revenues & Transfers In	\$204.8M
Expenditures & Transfers Out	(\$208.1M)
Deficit	(\$3.3M)

Actual Results	
Revenues & Transfers In	\$203.8M
Expenditures, Transfers Out & Encumbrances	(\$206.9M)
Deficit	(\$3.1M)

General Fund Operating Revenues

Operating Revenues	Adopted Budget + Changes	Actual Revenue	Over (Under) Budget	Percent
Property taxes	\$36,325,000	\$37,361,779	\$1,036,778	102.9%
Sales taxes	75,866,735	70,071,011	(5,795,724)	92.4%
Utility Users tax	11,641,100	13,885,049	2,213,949	119%
Other taxes	45,258,029	47,804,273	2,546,244	105.6%
License and permits	3,075,000	2,944,864	(130,136)	95.8%
Charges for services	23,349,429	22,915,637	(433,792)	98.1%
Other (Fines, Forfeitures & Intergovernmental Revenue)	6,828,754	5,870,587	958,167	86.0%
Transfers In	2,934,773	2,977,620	42,847	101.5%
Total	\$205,278,820	\$203,800,819	(\$979,506)	99.2%

Other Taxes



Other Taxes	Budget	YTD Actuals	Percent of Budget
VLF Swap	\$ 17,278,677	\$ 17,761,938	102.8%
Franchise Fees	11,123,600	12,515,014	112.5%
Motor Vehicle License Fees	200,000	219,893	109.9%
Cannabis Industry Tax	1,800,000	2,042,851	113.5%
Business Tax	4,605,752	4,997,198	108.5%
Real Property Transfer Tax	4,250,000	3,419,526	80.5%
Occupancy Tax	6,000,000	6,847,853	114.1%
Total Other Taxes	\$ 45,258,029	\$ 47,804,273	105.6%

Operating Revenues 2022-23 vs 2023-24

General Fund Operating Revenues	FY 2022-23 Actuals	FY 2023-24 Actuals	\$ Change	% Change
Property taxes	\$ 35,721,102	\$ 37,361,779	\$ 1,640,677	4.6%
Sales taxes	73,294,984	70,071,011	(3,223,973)	-4.4%
Utility users tax	14,056,526	13,855,049	(201,477)	-1.4%
Other taxes	45,793,429	47,804,273	2,010,844	4.4%
License and permits	3,017,502	2,944,864	(72,639)	-2.4%
Charges for services	23,298,731	22,915,637	(383,094)	-1.6%
Intergovernmental - Recurring	2,089,188	1,920,436	(168,752)	-8.1%
Fines and forfeitures	1,944,474	1,870,355	(74,119)	-3.8%
Miscellaneous	4,102,352	2,079,796	(2,022,556)	-49.3%
Transfers In	2,442,896	2,977,620	534,724	21.9%
Total	\$205,761,184	\$203,800,819	\$ (1,960,365)	-1.0%

Major General Fund Revenue Lookback



General Fund Operating Expenditures

Expenditures	Adopted Budget + Changes	Actual Expenditures	Encumbrances	Over (Under) Budget
Salaries	\$90,894,900	\$89,353,973	-	(\$1,540,927)
Benefits	62,647,465	61,070,699	-	(1,576,766)
Services & Supplies	45,692,749	45,633,484	1,979,225	1,919,960
Total	\$199,235,114	\$196,058,157	\$1,979,225	(\$1,197,733)

Expenditure Turnback = 0.601%

Excludes Transfers Out and Project Spending

Expenditures by Dept. 2022-23 vs 2023-24

General Fund Operating Expenditures	FY 22-23 Actuals	FY 23-24 Actuals + Encumb.	FY 23-24 Budget + Changes	Over (Under) Budget	% Change
City Council	\$ 1,225,775	\$ 1,061,989	\$ 1,049,269	\$ 12,721	1.0%
City Manager	2,452,202	2,590,186	3,124,868	(534,682)	-21.8%
City Attorney	3,730,420	4,222,454	4,038,256	184,198	4.9%
Human Resources	3,586,475	4,369,188	4,299,109	70,079	2.0%
Finance	6,921,905	7,175,689	7,285,855	(110,166)	-1.6%
Comms & Intergovt Relations	1,394,299	1,562,802	1,901,868	(339,066)	-24.3%
Planning & Econ Development	17,889,766	16,427,178	17,506,759	(1,079,580)	-6.0%
Housing & Community Services	108,420	50,063	51,000	(937)	-0.9%
Recreation and Parks	11,554,123	16,520,098	17,487,171	(967,073)	-8.4%
Fire	49,351,180	53,853,253	53,623,072	230,181	0.5%
Police	68,400,709	71,689,980	72,373,027	(683,047)	-1.0%
Public Works	29,180,325	25,549,658	26,651,234	(1,101,576)	-3.8%
Water	796,013	824,575	806,350	18,225	2.3%
Non Departmental	(7,494,126)	(7,859,733)	(10,962,723)	3,102,990	-41.4%
Total	\$ 189,097,485	\$ 198,037,381	\$ 199,235,114	\$ (1,197,733)	-0.6%

Impacts on Unassigned General Fund Reserves

- Operational Surplus (Deficit)
- Council Action to appropriate reserves mid-year
 - Occur outside of the annual budget process
 - \$2M for BVGC Irrigation, \$800K for Police Radio upgrade, Graffiti Abatement & Vacant Lot Programs, etc.
- Interest Earnings/ Gains & Losses on Investments
- Release of Appropriations and Encumbrances

Structural Deficit

Structural Deficits

- Result from ongoing programs and services expenses exceeding ongoing revenue
- Cannot be addressed through reserves and one-time funding

Ongoing Expense Increases

- Increased staffing
- New service levels to the community
- Diverted revenue
- Require action at budget development to address, increases in certain areas will result in decreases to others

Reserves Summary

Council Policy - Mandated Reserves

- 15% to 17% of annual expenditures
- Used to address unforeseen events like disasters or sudden dramatic economic downturns
- If below 15%, upcoming budget is to address shortfall

Unassigned Reserves

- Amount above 17% Council reserves policy
- Used by the City to fund one-time expenditures
 - Infrastructure, facilities, capital projects
 - One time programming

Fiscal Stability Reserves

- Used to address adopted deficits

Fiscal Stability Reserves (FSR) June 30, 2024

Description	Amount
FSR Balance 6/30/2022	\$27,300,000
Budgeted Deficit FY 2023-24	(3,300,000)
FSR Balance 6/30/2023	(\$24,000,000)
Budgeted Deficit FY 2024-25	(13,300,000)
FSR Balance 6/30/2024	\$10,700,000

Preliminary General Fund Reserves

June 30, 2024

Description	June 30, 2023	June 30, 2024
General Fund Reserve Balance	\$84,809,468	\$68,893,573
Fiscal Stability Reserves	(24,000,000)	(10,700,000)
Total Unassigned Reserves June 30, 2024	\$60,809,468	\$58,193,573
17% Mandated Reserve Policy	(32,598,117)	(35,872,804)
Amount Over Mandated Reserve Policy	\$28,211,351	\$22,320,770

Budget Reduction Planning

Budget Reduction Strategy

Phase 1

- Department Reductions in FY 2024-25
 - Vacant Positions
 - Ongoing Services and Supplies
 - One-time project funding reductions

Phase 2

- Further reductions as part of FY 2025-26 & FY 2026-27 budgets
 - Position reductions (attrition/layoffs)
 - Program reductions
 - Organizational restructuring

Strategy – Administrative Cuts

- **Administrative Cuts:** Target administrative functions and overhead within city departments, with the goal of reducing costs associated with management, planning, and support services; minimizing the impacts to service delivery as much as possible
 - **Pros:** Immediate costs savings can be applied across the board
 - ✓ Slows the growth of payroll expenditures
 - ✓ Long-term savings, improved productivity
 - **Cons:** Increased workload and potential delays in service delivery
 - ✓ -Temporarily disruptive

Strategy – Operational Cuts

- **Operational Cuts:** involve changes in day-to-day service delivery, focus on improving efficiency and reducing overhead costs
 - **Pros:** Lowers ongoing expenses, potential reduced maintenance, enhanced value from contracts, savings on fuel, maintenance and replacement costs
 - **Cons:** Requires reorganization, possible impact on workforce productivity, needs strong management oversight
 - ✓ Reduces availability for emergency services

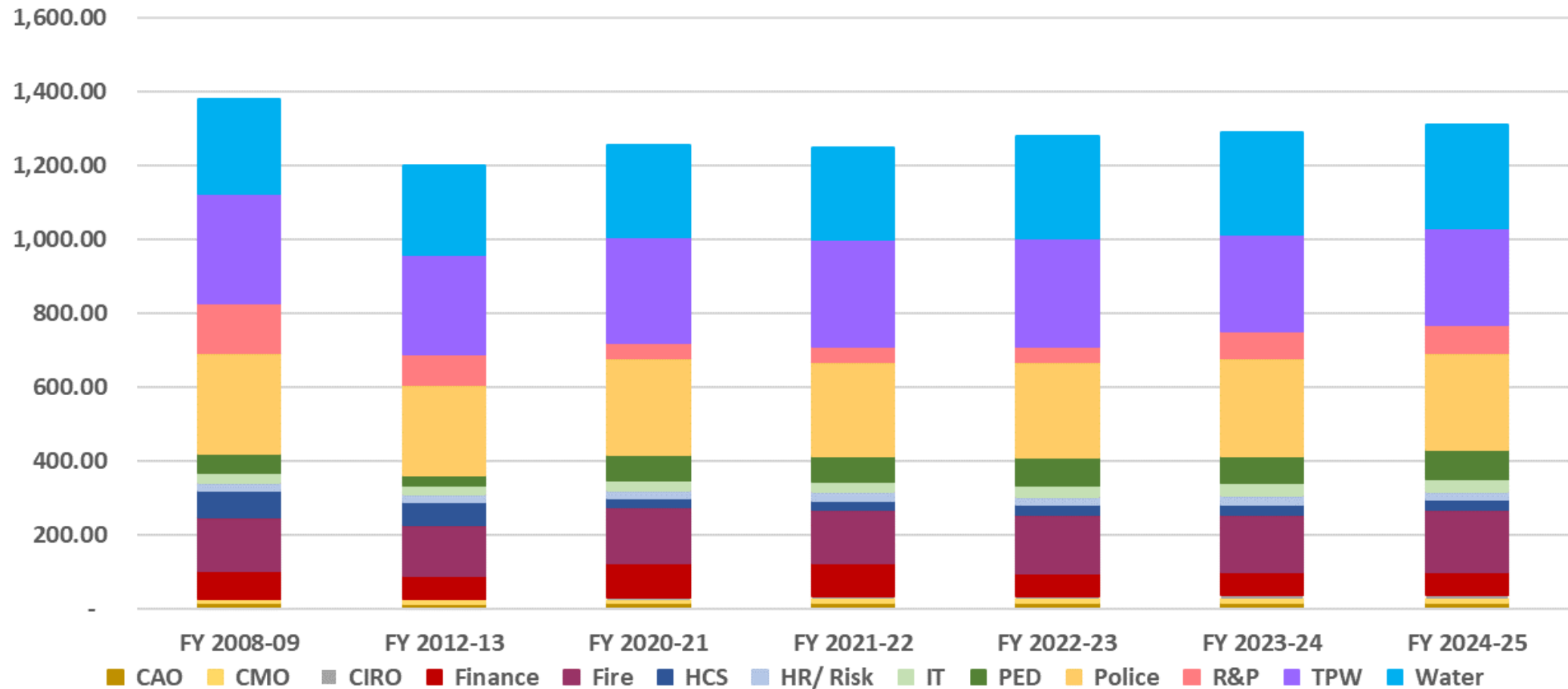
Strategy – Programmatic Cuts

- **Programmatic Cuts:** Aimed at reducing or eliminating specific programs. Often based on strategic evaluations of program effectiveness, cost-efficiency, and alignment with city priorities
 - **Pros:** Direct and significant cost savings, immediate cash flow relief from deferred expenditures and economies of scale
 - **Cons:** Reduction of critical services, stifles growth, potential economic slowdown

5-Year Staffing History

DEPARTMENT	FY 2008-09	FY 2012-13	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
City Attorney	15.80	12.90	15.90	15.90	15.90	15.90	15.90
City Manager	12.00	12.00	8.00	9.00	11.00	11.00	11.00
Communications & Intergovernmental Relations *	-	-	7.00	7.00	7.00	9.00	9.00
Finance	75.35	63.85	92.85	89.60	62.60	62.60	62.60
Fire	143.75	137.75	151.00	148.00	157.00	157.00	169.00
Housing & Community Services	74.00	63.50	24.00	24.00	27.00	27.00	27.00
Human Resources	20.40	17.70	21.00	21.00	22.00	23.00	23.00
Information Technology	28.00	24.00	29.00	30.00	31.00	33.00	33.00
Planning & Economic Development	49.20	27.80	69.00	68.00	74.00	74.00	78.50
Police	274.75	246.75	260.00	256.00	259.00	264.00	264.00
Recreation & Parks	132.60	82.65	42.00	42.00	44.00	74.00	76.15
Transportation & Public Works	298.05	268.00	287.00	288.00	292.00	261.00	261.00
Water	253.00	241.00	247.50	248.50	276.00	278.00	278.00
Total FTE Positions	1,376.90	1,197.90	1,254.25	1,247.00	1,278.50	1,289.50	1,308.15

5-Year Staffing History



Department Reductions (FY 24-25)

- **Departments were directed to review operations and identify 5% and 8% reductions**
- **Ongoing Budget Reductions: \$6.2M**
 - Vacant FTEs: \$2.7M
 - Operating Costs: \$3.5M
- **FY 2024-25 Mid-Year Reductions: \$3.2M**
 - Vacant FTEs: \$1.7M
 - Operating \$1.6M
 - Remaining \$1M of FTE Vacancy reductions and \$1.9M of Operational costs to be reduced with FY 25-26 annual budget

Budget Reduction Summary

➤ **One-Time Funds:**

- PGE Funded projects: **\$9.4M** – detail on next slide
- Pension 115 Trust: **\$12M**

➤ **Hiring Freeze:**

- **\$3.8M** in General Fund vacancies

➤ **Programmatic Cuts:**

- **\$1.3M** Safe Parking
 - Applying for alternative grants and evaluating internal resources available

➤ **Department Identified Cuts: \$6.2M**

One-Time Funds: PG&E Projects

Department	Description	Amount
City Council	Translation Services (Written and Oral)	402,091
Comm. Engagement	Community Equity Capacity Building	34,846
Comm. Engagement	Youth Promotores/Youth Council	50,000
Comm. Engagement	DEI Spaces	57,860
Comm. Engagement	Community Empowerment Plan	127,766
Fire	Wildland Resiliency Planning "Response"	261,791
Fire	Vegetation Management	2,000,000
HCS	Down Payment Assistance	1,452,106
HR	City Staff Equity Capacity Training	115,000
HR (DEI)	Equity Data Dashboard	50,000
HR (DEI)	SEED Equity Plan Prioritized Recommendations	300,000
PED	Climate Action Plan Implementation	150,000
TPW	Fire Station 5 Rebuild	500,000
TPW	PGE Fire Damaged Pavement - Non-Reimbursable	542
TPW	Fire Damaged Tree Removal Phase 2	82,407
TPW	FEMA Fire Damage Fountaingrove	3,800,000
	Total	\$9,384,409

Next Steps

- Budget Reduction Study Session (October 22)
- Mid-Year budget adjustment (January)
- Budget Reduction Study Session (April)
- Budget Study Session (May 6-7)
- Budget Adoption (June 17)

Questions?



City of Santa Rosa

Text File

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Status: In Committee

In Control: Long-Term Financial Policy and Audit Subcommittee

File Type: LTF- Agenda Item

Agenda Number: 4.3