



**LONG-TERM FINANCIAL POLICY AND AUDIT
SUBCOMMITTEE
REGULAR MEETING AGENDA AND
SUMMARY REPORT - FINAL
SEPTEMBER 14, 2023**

4:00 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 VIA ZOOM WEBINAR BY VISITING:

<https://srcity-org.zoom.us/j/88537880562>

OR BY DAILING (877) 853-5257 AND ENTER WEBINAR ID: 885 3788 0562

PUBLIC COMMENT/PARTICIPATION

E-mail Public Comment: To submit an e-mailed public comment to the LTFPA Subcommittee, please send to: finance@srcity.org by 5:00PM., Tuesday, prior to the 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 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.

Live Public Comment: The public accessing the meeting in-person or through the Zoom link (video or dial-in) will be able to provide public comment on agenda items at the time an agenda item is discussed during the meeting. Go to <https://srcity.org/virtualparticipation> for more information.

Except for public hearing agenda items, the public may comment on all agenda items and on items not on the agenda but within the jurisdiction of the LTFPA Subcommittee at this time. Each speaker is allowed three minutes.

A video recording of the meeting will be uploaded and available at:
santa-rosa.legistar.com

1. CALL TO ORDER AND ROLL CALL

2. PUBLIC COMMENTS - NON-AGENDA MATTERS

This is the time when any person may address matters not listed on this agenda, but which are within the subject matter of the jurisdiction. The public may comment on agenda items when the item is called. Each speaker is allowed three minutes.

3. APPROVAL OF MINUTES

3.1 Regular Meeting Minutes - July 13, 2023

Attachments: [Regular Meeting Minutes - July 13, 2023 - draft](#)

4. SCHEDULED ITEMS

4.1 Employee Home Loan Assistance Program

Scott Wagner, Deputy Director - Finance will provide an overview of the scope and impact of an Employee Home Loan Assistance Program.

Recommended Action: Information

Attachments: [Employee Home Loan Program Presentation](#)

4.2 General Fund Revenue Options

Alan Alton, Chief Financial Officer, will initiate a discussion of possible revenue enhancements for the City's General Fund.

Recommended Action: Information

Attachments: [General Fund Revenue Options Presentation](#)

5. FUTURE AGENDA ITEMS

This schedule is tentative and subject to change pending final publication and posting of the Meeting Agenda. This time is reserved for discussion whether to place matters on a future agenda for further discussion.

6. ADJOURNMENT

Next scheduled meeting: Thursday, October 26, 2023 – 4:00 PM

*please note the regularly scheduled meeting will be moved to the 4th
Thursday of October.

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 (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.



City of Santa Rosa

Text File

File Number: 23-105LTF

Agenda Date: 9/14/2023

Version: 1

Status: In Committee

In Control: Long-Term Financial Policy and Audit Subcommittee

File Type: LTF- Minutes

Agenda Number: 3.1



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

Thursday, July 13, 2023

4:00 PM

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order by Chair Rogers at 4:01pm.

Present: 3 - Chair Rogers, Stapp, and MacDonald

Also present: Chief Financial Officer Alan Alton, Budget Manager Veronica Conner, City Manager Maraskeshia Smith, Assistant City Manager Jason Nutt, Deputy Director Scott Wagner, Administrative Services Officer Pam Lorence.

2. PUBLIC COMMENTS

None.

3. APPROVAL OF MINUTES

Special Meeting Minutes - April 27, 2023.

Attachments: [Special Meeting Minutes-April 27, 2023](#)

Approved as submitted.

4. SCHEDULED ITEMS

4.1 Roseland Pavement Funding Follow-Up

Jason Nutt, Assistant City Manager and Veronica Conner, Budget Manager, provided information on pavement improvements in the Roseland Annexation Area.

Attachments: [Presentation](#)

This item was received and filed.

4.2 Long Range Financial Forecast Update and General Fund Revenue Overview

Alan Alton, Chief Financial Officer, provided an update on the Long Range Financial Forecast and an overview of the General Fund Revenue.

Attachments: [Presentation](#)

This item was received and filed.

5. NEXT MEETING AGENDA ITEMS

1. The next meeting will be a Regular Meeting held August 10, 2023 to discuss a home loan program.
2. A Special Meeting will be held in October 2023 to discuss the fiscal year end budget review.

6. ADJOURNMENT

The meeting was adjourned by Chair Rogers at 4:53pm.

Approved on:

Victoria Luna

Recording Secretary



City of Santa Rosa

Text File

File Number: 23-008LTF

Agenda Date: 9/14/2023

Version: 1

Status: In Committee

In Control: Long-Term Financial Policy and Audit Subcommittee

File Type: LTF- Agenda Item

Agenda Number: 4.1

Employee Home Loan Assistance Program

Long-Term Financial Policy and Audit
Subcommittee
September 14, 2023

Scott Wagner
Deputy Director - Finance

Overview

- Median home sale price in Santa Rosa has increased 20% over the past 5 years to \$749,500.
- Current interest rates have risen significantly from historic lows during Covid and are averaging approximately 6.8%.
- These increases in principal and rate have averaged a 60% mortgage payment increase over the last 5 years.
- Housing costs is one of the City's largest challenges to recruit and retain employees. At the median home price, 3% of City employees qualify under FHA standards. At 20% below the median price, 12% qualify for a loan.

How Employee Home Loan Programs Work

- A loan is created between the employee and the City, with principal used for a down payment or up to the full purchase price of a primary residence.
- An interest rate is set, and repayment schedule created where monthly payments amortize the loan over a set period of 30 years.
- A deed of trust is filed with the County to secure the loan against the property.
- In practice, these programs act very much like a traditional mortgage.

Types of Programs

- Executive Level
 - Most common program is for a City Manager, and this is negotiated as part of their contract.
 - Down payment up to 100% purchase price of property
- All Employees
 - Down payment assistance up to a set dollar amount.
- Programs vary greatly based on specific market affordability, reserve status of agency, level of subsidy and risk tolerance.

Interest Rate

- Major advantage of these programs are that the interest rate can be much lower than the market.
- Interest Rate Benchmarks:
 - Treasury return rate of the City is 0.86% YTD
 - LAIF is 3.17%
 - Yield to Maturity at Market 5.05%
 - 30-year Federal Treasury Rate 4.03%
 - Applicable Federal Rate is 3.79%

Policy Decisions

- Interest Rate
 - How much subsidy would the City provide?
 - Can terms be refinanced?
- Who qualifies for the loan program and for how much?
 - Set amount or % of pay
- What are the repayment terms at employment termination or sale?
 - Commonly due in full within 6 months at termination.
 - Does the City have any stake in value appreciation at sale?

Fiscal Impact

- The City operates on a cash basis of accounting.
 - Cash provided for loans reduces available reserves.
- For a Citywide program with 10% participation General Fund available reserve impact would be \$5.2M for a \$60K down payment assistance program.

Program Challenges

- Large barrier for entry in citywide program
 - Not all employees will qualify under loan program requirements or have the financial means to take advantage of the benefit creating inequity amongst employees.
- Messaging
 - To the community
 - To employee groups not included in executive program
- Losses from property devaluation
- Administration
- Budgetary uncertainty and strain on available resources

Questions / Comments



City of Santa Rosa

Text File

File Number: 23-009LTF

Agenda Date: 9/14/2023

Version: 1

Status: In Committee

In Control: Long-Term Financial Policy and Audit Subcommittee

File Type: LTF- Agenda Item

Agenda Number: 4.2

Revenue Enhancement Options

FINANCE SUBCOMMITTEE
SEPTEMBER 14, 2023

ALAN ALTON
CHIEF FINANCIAL OFFICER

Overview

- General Fund has a budgetary structural deficit
 - ARPA programs returning to General Fund, Council may want to add others
 - New labor contracts will add to current deficit
 - Struggling to be competitive in current labor market
- Deficit corrected through increased revenue, expenditure reductions, or combination of the two
- Flat budget for all non-personnel related costs for FY 2024-25
 - Also, no ongoing “additional needs” or FTE requests
- Identifying Revenue Enhancements
 - Strategy for taking item to ballot – look at 5-year and longer timeline, not all at once

Potential Revenue Enhancements

- Transient Occupancy Tax (TOT)
 - Increase amount to General Fund
- Utility Users Tax
 - Modernize UUT – Telephone to include wireless devices
- Business Tax
 - Make more equitable by adjusting or removing cap on some business types
 - Include residential property rentals for 1-3 units (Tax currently applies to 4+ units)
- Sales Tax
 - Renew ½ cent add-on (Measure Q) prior to June 2031 sunset
 - Potentially increase
 - Measure Q revenue approx. \$23 million per year

Transient Occupancy Tax (TOT)

City of Santa Rosa

- 9% TOT
 - 100% to General Fund
- SRTBIA 3%
 - 30% to Econ Development
 - 70% to SR Tourism
- SCTBIA 2%
 - 100% to Sonoma Co. Tourism
- Total TOT and BIA rate of 14%
- **FY 2022-23 TOT Revenue: \$5,994,113**

City	TOT	BIA - Local	BIA - County	Total
Cloverdale	10%		2%	12%
Healdsburg	14%	2%		16%
Petaluma	10%		2%	12%
Rohnert Park	12%		2%	14%
<i>Santa Rosa</i>	9%	3%	2%	14%
Sebastopol	12%		2%	14%
Sonoma	13%	2%		15%
Windsor	12%		2%	14%
Sonoma County	12%		2%	14%

Utility Users Tax (UUT) - Telephone

City of Santa Rosa

- 5% UUT
 - 100% to General Fund
- Capped at \$1,000
- Does not apply to wireless communications

**FY 23 UUT – Telephone
Revenue: \$955,528**

City	Rate	Wireless	Cap	Notes
Cloverdale	3%*	Yes	No	Plus 2.5% on pre-paid wireless
Healdsburg	No			
Petaluma	No		2%	
Rohnert Park	No		2%	
Santa Rosa	5%	No	Yes	\$1,000 cap
Sebastopol	3.75%	Yes	No	
Sonoma	No			
Windsor	No			

Business Tax

City	Gross Receipts	Flat Rate	Cap	Notes
Cloverdale	No	Yes		Rate dependent on business type
Healdsburg	Yes		Yes	Based on gross receipts w/ max tax amt (\$400, retail; \$665, contractors)
Petaluma	Yes		Yes	.016% - .048% of gross receipts; cap at \$45
Rohnert Park	No	Yes	Yes	Per employee; \$50 first, \$15 each add.; \$5,000 max
<i>Santa Rosa</i>	<i>Yes</i>	<i>No</i>	<i>Yes</i>	<i>\$3,000 cap on four business groups</i>
Sebastopol	No	Yes		Per employee (retail/wholesale/services) \$90-\$340; professionals, \$150 first, \$75 each other
Sonoma	No	Yes		Rate per employee.
Windsor	No	Yes		\$71 initial application; \$26 renewal

Santa Rosa Business Tax

Group 1: Retailing, Wholesaling, Manufacturing, Corporate Headquarters

(\$25 plus \$0.34/\$1,000 for each \$1,000 over \$25,000)

Group 2: Services, Health Care Centers, Rental of Residential Property, Rental of Non-Residential Property, Public Utilities

(\$25 plus \$0.84/\$1,000 for each \$1,000 over \$25,000)

Group 3: Contractors, Land Developers, Recreation and Entertainment

(\$25 plus \$1.09/\$1,000 for each \$1,000 over \$25,000)

Group 4: Professions

(\$25 plus \$1.68/\$1,000 for each \$1,000 over \$25,000)

Examples

Group 1	
Gross Receipts	\$ 8,500,000
First \$25,000	\$ 25
Remaining	\$ 2,882
Total Tax	\$ 2,907

Group 2	
Gross Receipts	\$ 3,500,000
First \$25,000	\$ 25
Remaining	\$ 2,919
Total Tax	\$ 2,944

Group 3	
Gross Receipts	\$ 2,750,000
First \$25,000	\$ 25
Remaining	\$ 2,970
Total Tax	\$ 2,995

Group 4	
Gross Receipts	\$ 1,750,000
First \$25,000	\$ 25
Remaining	\$ 2,898
Total Tax	\$ 2,923

Sales Tax

- Current Sales Tax in Santa Rosa is 9.25%
 - 7.25% California Sales Tax
 - 2.00% Local District Taxes
- Of the 9.25% of Sales Taxes, City directly receives revenue from 1.75%
- General Fund Sales Taxes: ~\$74M est.
 - 1.0% Bradley Burns (\$49.3M est.)
 - 0.50% Co. Public Safety – Prop 172 (\$1.5M)
 - 0.50% District Tax – GF (\$23.8M est.)
- Public Safety Special Tax
 - 0.25% District Tax – Non-GF (\$12M est.)

State Wide Sales & Use Tax	Rate
California General Fund	3.9375%
County Public Safety (Prop 172)	0.5000%
County Realignment (Mental Health, Public Safety)	1.5625%
City/ County Operations (Bradley Burns)	1.0000%
Countywide Transportation Fund	0.2500%
Total CA State Tax	7.25%

District Taxes	Rate
City of Santa Rosa 2020 TUT (Measure Q)	0.5000%
City of Santa Rosa Public Safety TUT (Measure H)	0.2500%
County of Sonoma Agricultural Preservation	0.2500%
County of Sonoma Library Enhancement Act	0.1250%
County of Sonoma Mental Health & Homeless Services T	0.2500%
County of Sonoma Parks and Safety TUT	0.1250%
County of Sonoma Transportation Authority	0.2500%
Sonoma-Marin Area Rail Transportation Authority	0.2500%
Total Local District Tax	2.00%

Total Sales Tax in the City of Santa Rosa	9.25%
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