



City of Healdsburg

Panorama Water Treatment Facility
completed September, 2005



Operating Budget

Fiscal Year 2006-2007

Visit our website at www.cityofhealdsburg.org



CITY OF HEALDSBURG ADMINISTRATION

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Healdsburg, CA 95448-4723
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Budget Adoption Executive Summary

The City Council conducted two public budget study sessions in May 2006 to review the City's proposed budget. As a result of those reviews, the following appropriations and revenues below were added to the proposed budget.

On June 5, 2006, the City Council adopted Resolution 59-2006, which approved the 2006-2007 Operating, Service and Debt, Capital and Redevelopment budgets totaling \$55,092,913.

City Council adopted a balanced general fund budget by using one-time revenue sources and contingency reserves to maintain existing service levels. Total appropriations added to the budget total \$172,193. The City Council decided to wait until Fall 2006 for the review of the June 30, 2006 financial results before considering the restoration of the Fire Marshal position.

Recap of Added Appropriations:

Police- Interoperability	\$123,706
Fire – Command Vehicle	<u>\$ 48,487</u>
Total Additional Appropriations:	\$172,193
Fire Training Officer	<u>\$ 89,786(1)</u>
Total Indian Gaming Grant	<u>\$261,979</u>

Recap of One-Time Revenues & Reserves:

Indian Gaming Grant Awarded Fire	\$ 89,786(1)
Use of General Fund Contingency Reserves	<u>\$331,875</u>
Total One-Time Revenues & Reserves	<u>\$421,661</u>

(1) Partially funds the existing Training Officer position included in the budget.

Additional Appropriations:

Based on additional information provided by staff, on June 5, 2006 City Council amended the budget for additional funding of \$5,500 for Access Healdsburg WiFi Project.

On June 5, 2006 the City Council adopted Resolution 5-2006 for the Redevelopment Agency. The Council approved the 2006-2007 Work Program and Budget totaling \$11,248,269

Using this Document

The documents in the front of the Budget Book indicate the approval process the City Council has taken to adopt the budget. Immediately after the Table of Content (pages 5 & 6), is the proposed budget that was presented to City Council.

CITY OF HEALDSBURG

RESOLUTION NO. 59-2006

A RESOLUTION OF THE CITY COUNCIL OF THE CITY HEALDSBURG: (a) ADOPTING THE RECOMMENDED 2006-2007 OPERATING, SERVICE & DEBT FUNDS, AND CAPITAL BUDGET; AND (b) ESTABLISHING AN APPROPRIATION LIMIT AS REQUIRED BY ARTICLE XIII B OF THE STATE CONSTITUTION

WHEREAS, the City Council reviewed the proposed operating, service and debt, capital and Community Redevelopment Agency budgets in a study sessions held on May 16 and 17, 2006; and

WHEREAS, the City Council acknowledged the need to develop a plan to secure ongoing General Fund revenues to support Public Safety; and

WHEREAS, the City Council acknowledged the need to restore the Fire Marshal position and will be reviewing the request again in the Fall when the fiscal year end results are available; and

WHEREAS, the City Council has reviewed the proposed 2006-2007 Capital Improvement Program in a study session on May 16 and 17, 2006; and

WHEREAS, the Planning Commission in a meeting held on May 23, 2006 found the Capital Improvement Program consistent with the General Plan; and

WHEREAS, the first year of the Capital Improvement program, referred to as the Capital Budget requires annual appropriation approval by the City Council;

THEREFORE, BE IT RESOLVED that the City Council hereby finds that the 2006-2007 Operating, Service & Debt, and Capital Budget falls within the CEQA Categorical Exemption #15301.

BE IT FURTHER RESOLVED, that the City Council approves the 2006-2007 proposed Operating, Service & Debt Funds, and Capital Budget totaling \$55,092,913 as summarized on Attachment "A" and a carry-over of unspent capital budget project appropriations from 2005-2006. A complete copy of the FY 2006-2007 Budget is on file in the City Clerk's Office.

BE IT FURTHER RESOLVED, that upon publication, a copy of the budget will be made available for public review at City Hall, on the City's website, and other convenient public places.

BE IT FURTHER RESOLVED, that the City Council approves the 2006-2007 appropriation limit as required by Article XIII B of the State Constitution as shown on Attachment B.

BE IT FURTHER RESOLVED, that on June 5, 2006 City Council amended the budget for additional funding of \$5,500 for Access Healdsburg WiFi project.

DATED: June 5, 2006

VOTE upon the foregoing resolution was as follows:

AYES: Councilmembers: (5) Liles, Mitchell, Plass, Schaffner and Mayor McGuire

NOES: Councilmembers: (0) None

ABSENT: Councilmembers: (0) None

ABSTAINING: Councilmembers: (0) None

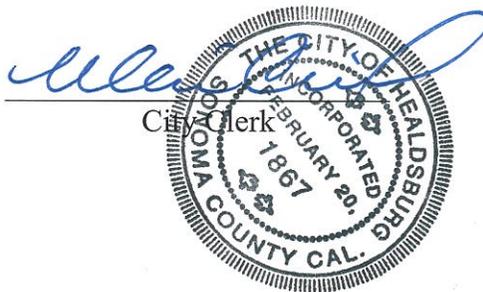
SO ORDERED:

/S/ MIKE MCGUIRE
Mike McGuire, Mayor

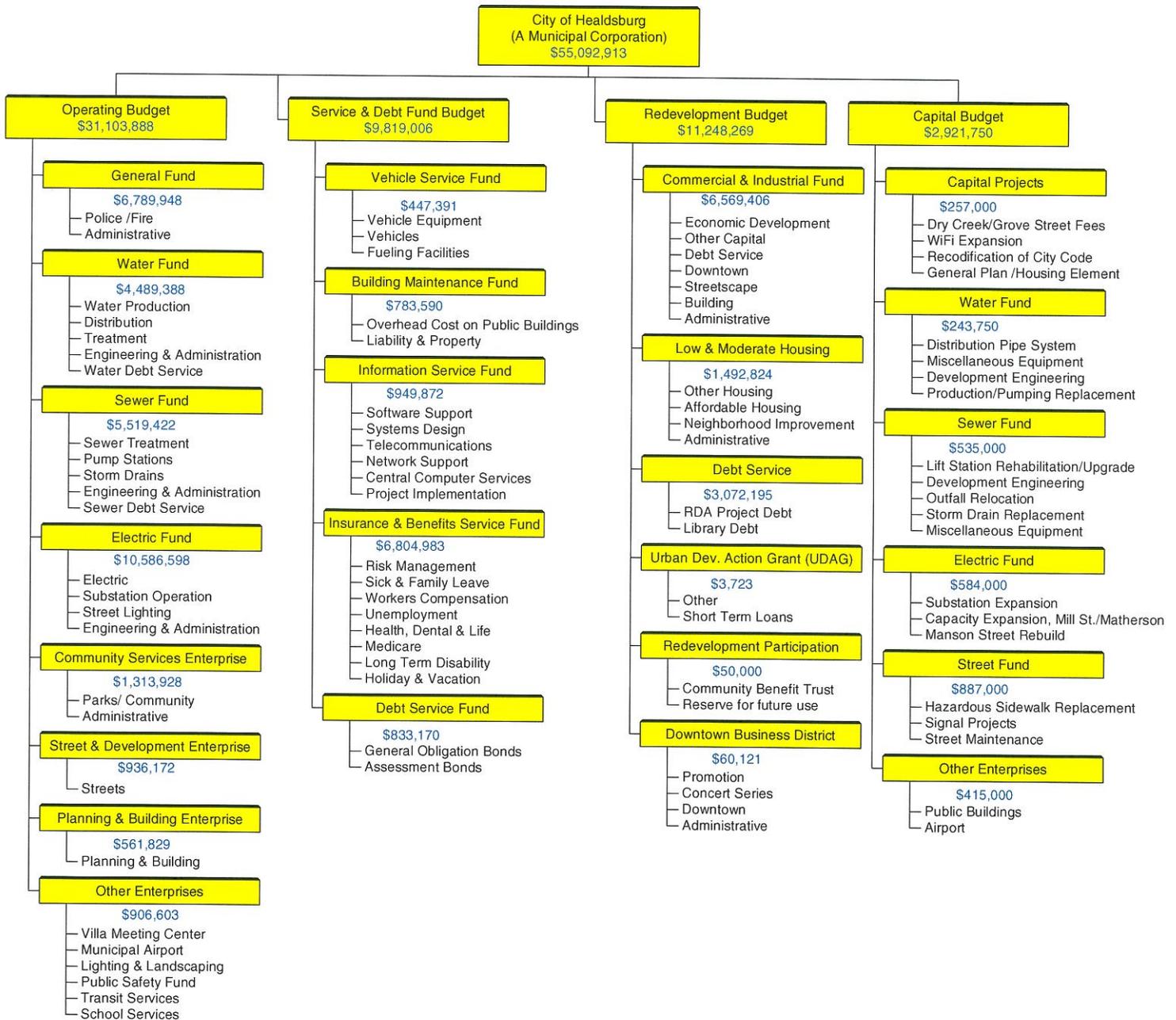
ATTEST:

/S/ MARIA CURIEL
Maria Curiel, City Clerk

I, MARIA CURIEL, City Clerk of the City of Healdsburg, do hereby certify that the foregoing is a full, true, and correct copy of a resolution adopted by the City Council of the City of Healdsburg on the 5th day of June, 2006.



Total City Spending Budget for Fiscal Year 2006-2007



REDEVELOPMENT AGENCY

RESOLUTION NO. 5-2006

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF THE CITY OF HEALDSBURG FINDING THE 2006-2007 ANNUAL WORK PROGRAM CONSISTENT WITH THE ADOPTED 5-YEAR IMPLEMENTATION PROGRAM AND PROJECT AREA PLAN AND ADOPTING THE 2006-2007 ANNUAL WORK PROGRAM AND BUDGET

BE IT RESOLVED, that the Board of Directors of the Redevelopment Agency of the City of Healdsburg find the proposed Annual Work Program for the Sotoyome Community Development Project Area consistent with the 5 Year Implementation Plan adopted by the Agency in November 2004; and

BE IT FURTHER RESOLVED that the Agency hereby finds and determines that the planning and administrative expenses to be paid from the Low and Moderate Income Housing Fund for each redevelopment project are necessary for the production, improvement or preservation of low and moderate income housing and are not disproportionate to the amounts budgeted for the costs of projection, improvement or preservation of that housing; and

BE IT FURTHER RESOLVED that the Agency approves: the 2006-2007 Work Program and Budget totaling \$11,248,269 along with carry-over project appropriations, including those for the Downtown Business District, Project Participation, and UDAG Funds; and

BE IT FURTHER RESOLVED that the Board of Directors of the Redevelopment Agency of the City of Healdsburg approves a categorical exemption for said budget and work program; and

BE IT FURTHER RESOLVED that the Agency orders that the Annual Work Program and Budget, on publication, be made available for public review at the City Hall and other public buildings and that copies be distributed to the State Department of Housing and Development and State Controller as required by State Law;

BE IT FURTHER RESOLVED, that on June 5, 2006 the Board of Directors of the Redevelopment Agency of the City of Healdsburg amended the budget for additional funding of \$5,500 for Access Healdsburg WiFi project.

DATED: June 5, 2006

VOTE upon the foregoing resolution was as follows:

AYES: Directors: (5) Liles, Mitchell, Plass, Schaffner and Chairperson McGuire

NOES: Directors: (0) None

ABSENT: Directors: (0) None

ABSTAINING: Directors: (0) None

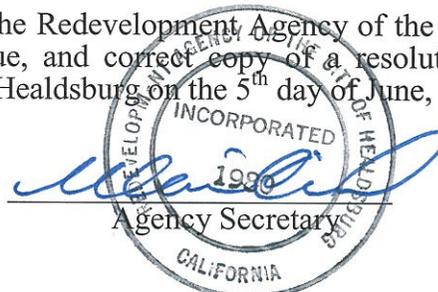
SO ORDERED:

ATTEST:

/S/ MIKE MCGUIRE
Mike McGuire, Chairperson

/S/ MARIA CURIEL
Maria Curiel, Agency Secretary

I, MARIA CURIEL, Agency Secretary of the Redevelopment Agency of the City of Healdsburg, do hereby certify that the foregoing is a full, true, and correct copy of a resolution adopted by the Community Redevelopment Agency of the City of Healdsburg on the 5th day of June, 2006.



APPROPRIATION LIMIT WORKSHEET

For the year ending June 30, 2007

Appropriations limit for fiscal year
ended June 30, 2006 \$18,142,840

Adjustment factors for the fiscal year
ending June 30, 2007:

Inflation 1.0396
Factor

Population Factor 1.0047

Combined Factor x 1.0444

Appropriations limit for fiscal year
ending June 30, 2007 \$18,949,834

Appropriation from the
proceeds of taxes \$10,050,104

Proposition 4 establishes a formula limiting the expenditure of the "proceeds of taxes" and is adjusted each year for inflation and population growth. This limit primarily applies to the General Fund. Healdsburg's appropriations are usually below fifty percent of the limit. In 2006-2007 it is 55% of the appropriation limit.

City of Healdsburg 2006-2007 Budget Adoption Summary

- City Council, at Study Sessions held on May 16 & 17, 2006, reviewed the proposed 2005-2006 Budget.
- Resolution has been prepared to adopt the proposed 2006-2007 Budget.
- RDA Board will also need to adopt the RDA portion of the budget in a separate action.
- Factors impacting the budget are gradual local economic growth, rising PERS costs, medical insurance rates, and a continuation of budget deficit problems at the Federal and State level.
- Part of Proposition 1A, the two year ERAF property tax grab was negotiated, and the “agreed to” ERAF property tax shift ends this year.
- Public Safety budgets were developed to maintain existing FY 2006 service levels, holding I/S and Vehicles Funds to a 5% growth over last year’s budget.
- General Fund deficit is \$421,661 before receiving Indian Gaming Grants.
- Both Police & Fire received grants

- Fire Department:
 - –Partial funding -Training Officer \$89,786
 - –Command Vehicle (\$48,487)

Police Department:	
-Interoperability Program	<u>\$123,706</u>
Total Indian Gaming Grants Awarded	<u>\$261,979</u>

- During the budget sessions, City Council authorized appropriations and use of reserves to fund Public Safety and the general fund gap:

General Fund budget deficit	\$421,661
Indian Gaming Grants	\$89,786
Recession Reserves	\$331,875

- Revenues continue to be at risk are unknown at this time.
- After the State budget is adopted staff will recommend appropriate action if needed.
- Proposition 4, to establish an annual appropriations limit for the fiscal year ending June 30, 2007 is \$18,949,834.
- The proposed 2006-2007 budget including operating, debt service, capital and RDA funds, is \$55,081,913.

- Consider a resolution that:
 - Adopts the fiscal year 2006-2007 proposed Operating, Debt Service, Capital and RDA budgets
 - Establishes an appropriations limit as required by Article XIII B of the State Constitution.
 - Authorizes the carryover of appropriations of prior year capital projects that are not yet completed.

Notes:

CITY OF HEALDSBURG

Fiscal Year 2006-2007 Proposed Budget

CITY COUNCIL

Mike McGuire, Mayor

Gary Plass, Vice-Mayor

Jason Liles

Kent Mitchell

Lisa Wittke Schaffner

CITY MANAGER

Chet J. Wystepek

CITY OF HEALDSBURG

Commissions and Staff

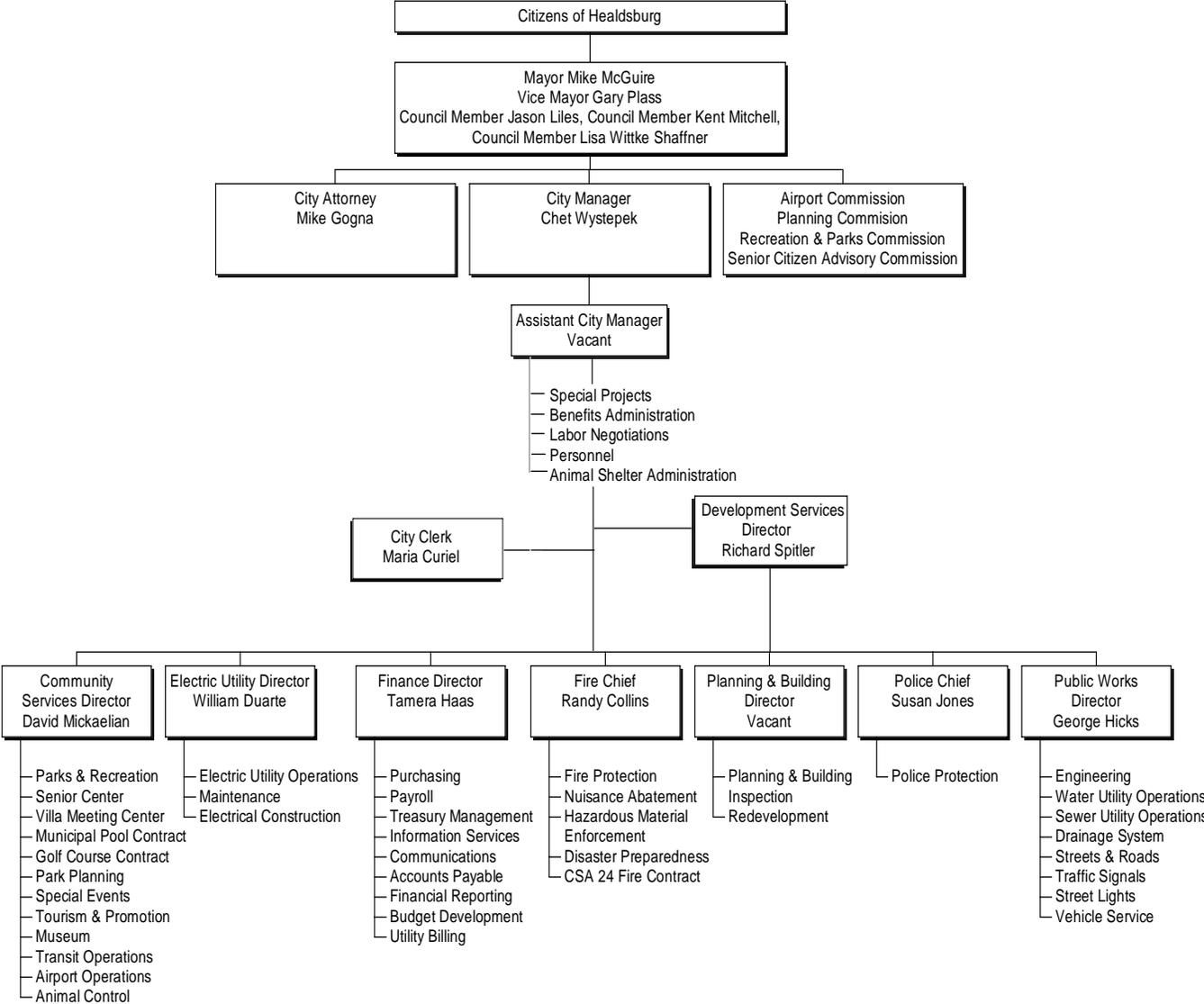
Advisory Commissions:

- Airport Commission
- Planning Commission
- Recreation and Parks Commission
- Senior Citizen Advisory Commission

City Staff:

- City Attorney Mike Gogna
- City Clerk Maria Curiel
- Assistant City Manager Barbara Jason-White
- Finance Director Tamera Haas
- Director of Community Services David Mickaelian
- Fire Chief Randy Collins
- Police Chief Susan Jones
- Director of Planning and Building Richard Spitler
- Director of Public Works George Hicks
- Electric Utility Director William Duarte

City of Healdsburg Organization Chart



Notes:

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May 11, 2006

Honorable Mayor and City Council Members
401 Grove Street
Healdsburg, CA 95448

SUBJECT: Proposed FY 2006-2007 Budget

Honorable Mayor and Councilmembers:

The proposed 2006-2007 Operating Budget is for all City funds and programs, including the General Fund, Enterprise Funds, Special Revenue Funds, Redevelopment Agency and other special purpose funds. The Operating and Service and Debt Fund budgets, shown in the first section of this document, reflects efforts to stretch limited financial resources to continue to provide a high level of City services. The Redevelopment Agency (RDA) budget is shown in the back section of this document. This document, together with the Capital Improvement Program (CIP) document, provides detailed information for the City Council to evaluate the entire City budget proposal.

The 2006-2007 budget for all City funds, including the Redevelopment Agency and Capital budget totals \$54,909,720. The budget is comprised of an Operating budget of \$30,931,695, a Service and Debt Fund budget of \$9,819,006, the Redevelopment Agency budget of \$11,242,769, and a Capital budget of \$2,916,250. The organization of the City's budget can be most clearly understood by referring to page 25.

In May 2006, the City Council approved funding for the revenue bonds and use of reserves to fund the State mandated upgrade of the Wastewater Treatment facility. This is the City's single largest capital project that is scheduled to be completed by January 1, 2008. The estimated total project cost is \$30 million and the funding is reflected in the 5 year Capital Improvement Program document on page 64.

ECONOMIC OUTLOOK:

This budget has been developed during a period when the local economy has been continuing to gradually grow out of the recession of several years ago. This gradual local economic growth is expected to continue during the upcoming year and is reflected in a slight increase in sales tax growth (4%). Offsetting the positive trends of the local economy are continued rising PERS retirement costs, medical insurance rates, and a continuation of budgetary deficit problems at the Federal and State level which ultimately will decrease revenues to local governments. The State government is continuing to deal with a multi-billion dollar budget deficit, and is solving part of its problem with a two year ERAF property tax grab from local governments that was negotiated as part of the Proposition 1A budget agreement a few years ago. This year is the end of the "agreed to" ERAF property tax shifts and cities will receive a partial restoration of property tax revenues.

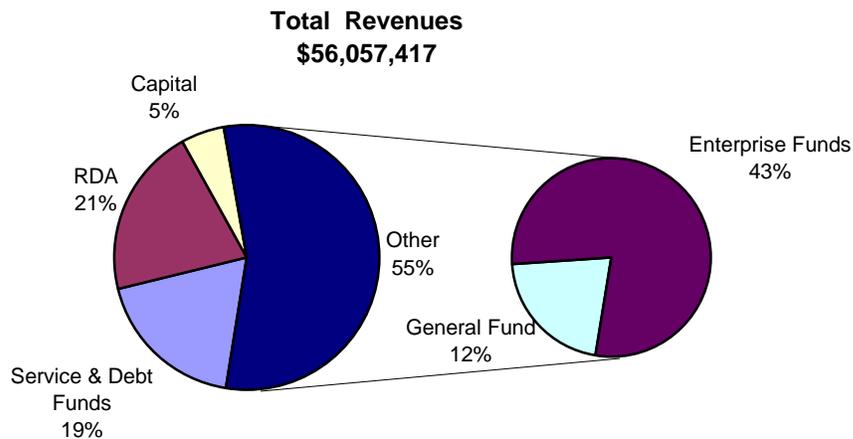
This budget has been prepared assuming an end to the property tax diversions as agreed upon under Proposition 1A as acknowledged by the Governor in his January revised budget document. Because of the size of the State budget deficit, and the historic difficulty in obtaining the needed cooperation between the Governor and Legislature to adopt a fiscally sound budget, it may be a number of months before the actual solutions to the State budget problem are known. Staff will continue to monitor the State budget process and inform the Council of any additional adverse impacts on the City from the State budget.

As a City of 11,704 we are well prepared to weather the “typical 18 to 24 month economic recession” with a healthy reserve fund that has been accumulated over the past decade through the Council’s prudent financial policies. It will continue to be a challenge to maintain existing service levels and financial reserves as revenues gradually recover from the State raids and economic downturn of several years ago.

At the local level, retail sales are gradually growing from significantly slow levels over the last few years, and the growth of other revenue sources has been at modest levels. Residential building permit activity continues to be minimal reflecting the impact of the growth management ordinance, while commercial and industrial activity is stable. Overall the trend for revenue growth is modest in the General Fund, which has made it extremely difficult to cover the increasing costs necessary to fund continuing service levels for Police and Fire services. The challenge will be maintaining a balanced budget after the wake of the unpredictable State raids that resulted in the restructure of sales tax and property tax revenues. Options for maintaining a balanced General Fund budget in the short and long-term future are outlined in the latter part of this message.

RESOURCES FUNDING THE CITY BUDGET:

The 2006-2007 budget includes \$56,057,417 of revenues, which provides the funding that is available to provide City services. Law, or other fiscal constraints determine the manner in which a majority of City revenues may be spent, before the funds reach the City.

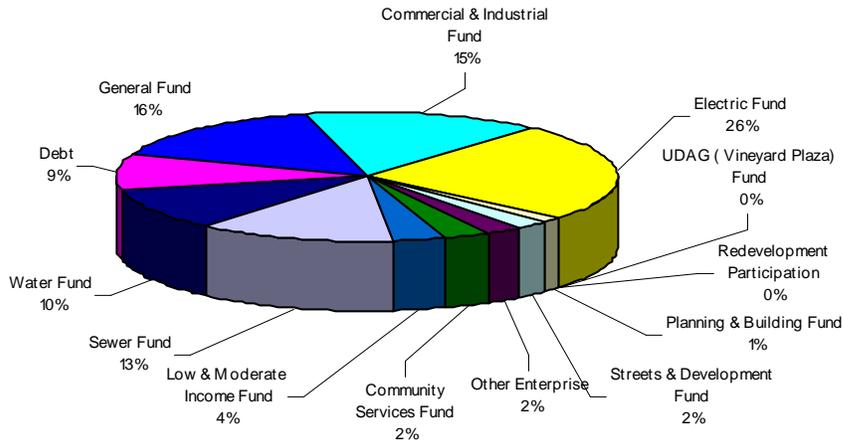


As shown on the graph, 55% of City revenues are available to fund department operating budgets, with the remaining 45% restricted to fund the Capital, RDA, and Service and Debt Fund budgets. The revenues available to fund the operating budgets are further restricted with a significant portion available only to fund enterprise activities. Enterprise activities include the Water, Sewer, Electric, Community Services, Streets, Planning and Building, Airport, Transit, School Services, and Meeting Center funds. This leaves only 12% of City revenues for the least restricted category, the General Fund that is used almost exclusively for funding Police and Fire services and the related administrative support for those services.

OPERATING BUDGET (INCLUDING RDA & DEBT SERVICE)

The \$42,906,397 Operating budget is \$3,186,225 (8%) more than the 2005-2006 adopted budget, largely reflecting budget requests to maintain existing authorized staffing and service levels, with the exception of the Enterprise Funds which are self-supporting with service fees and restricted revenue sources. These funds do not rely on any General Fund revenues. The RDA funded activities are included in the operations budget. A separate, stand-alone RDA budget is also provided in the back section of the document. General Fund, Enterprise Fund, RDA Fund, and Service Fund revenue sources finance the operating budget. The graph below shows how the Operating budget is broken out among the major fund groups.

Operating Budget including RDA & Debt Service - \$42,906,397



The \$3,186,225 increase in the operating budget reflects a \$394,738 (4%) increase in the Redevelopment Agency Budget, a 504,548 (8%) increase in the General Fund, a \$223,682 (5%) increase in the Water Fund, a \$1,184,444 (27%) increase in the Sewer Fund, a \$294,423 (3%) increase in the Electric Fund, a \$382,125 (41%) increase in Community Services Fund, a \$176,130 (46%) increase in the Planning and Building Fund, and a \$936,172 (2%) increase in the Streets and Development Fund, with other funds accounting for the balance of the changes. Table I below shows how the operating budget is distributed among departments.

**Table I
\$39,687,737 Operating Budget by Department***

<u>Department</u>	<u>2005-2006** Budget</u>	<u>2006-2007 Budget</u>	<u>\$ Difference</u>	<u>% Difference</u>
Administration***	\$ 1,413,794	\$ 1,787,456	\$ 373,662	26%
Finance	1,729,045	1,959,930	230,885	13%
Community Services	1,893,102	2,344,196	451,094	24%
Electric-Operations	2,696,636	3,171,251	474,615	18%
Electric-Power Costs	6,489,592	6,022,898	(466,694)	(7)%
Fire	2,036,146	2,144,113	107,967	5%
Planning & Building	758,664	1,113,159	354,495	47%
Police	4,183,001	4,508,380	325,379	8%
Public Works	5,032,055	5,860,165	828,110	16%
Non-Departmental	<u>13,488,137</u>	<u>13,994,849</u>	<u>506,712</u>	<u>4%</u>
Total	<u>\$ 39,720,172</u>	<u>\$ 42,906,397</u>	<u>\$ 3,186,225</u>	<u>8%</u>

*Includes RDA

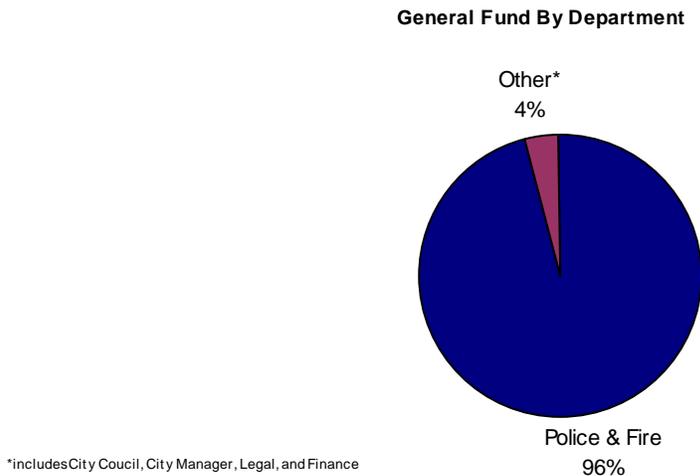
**Budgets as originally adopted

***Includes Legal and City Council

Significant factors impacting expenditures include increases in contracted maintenance costs, labor contract increases, and increases in PERS and health insurance costs. Increases in Community Services are for new recreation programs, related recreation positions and a part-time Airport Manager. Increases in Electric, Public Works, Planning & Building and Administration are primarily due to the requests for additional or restored positions. Electric is requesting one position for an Electrical Engineer. Public Works is requesting one Chemist position for the new Wastewater Treatment Facility. Planning & Building is requesting a Director position so that the current Director can be assigned to the General Plan update and to handle Redevelopment Agency and housing projects. Administration is requesting restoration of a full-time Assistant City Manager position that was reduced to a half time position during tight budget times due to State revenue raids.

GENERAL FUND:

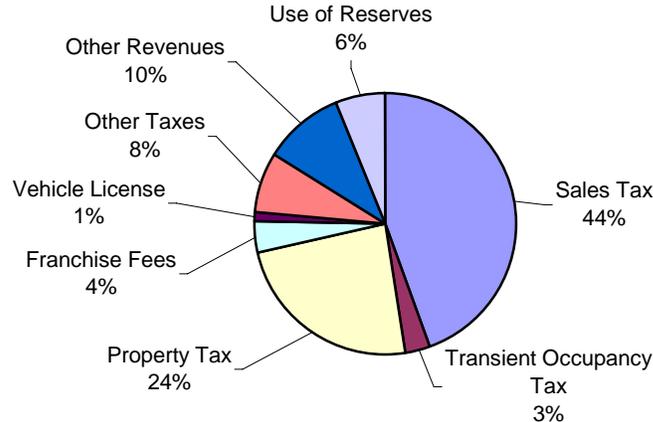
The budget for the General Fund is \$6,617,755. As shown on the graph below approximately 96% of the budget is directly supporting public safety activities. The remaining 4% of the budget is distributed among various administrative functions, which primarily support public safety services.



Over the past years with State reductions and slow revenue growth both the Police and Fire Departments have had to make significant personnel and service cuts. It has been the goal of City Council to restore service levels. Last year the budget deficit was cured with one-time revenue sources and contingency reserves to fund public safety needs. This year the budget was developed to maintain existing authorized staffing and service levels. Revenues are projected for moderate growth for an overall 8% increase, which includes the enactment of the 2% Transient Occupancy Tax (\$200,000+/-) (effective June 1, 2006), and an increase in property tax that marks the end of the ERAF shifts to the State.

The revenues available to finance General Fund services consist primarily of taxes, service fees and revenues from other governmental agencies. The \$6,617,755 of revenues by major source is shown in the graph on the next page.

General Fund Revenues - \$6,617,755



Sales and property taxes make up more than one-half of the General Fund revenue sources. Property tax revenue has been increasing due to the strong residential housing markets and this year reflects the end of the States shift of property tax in exchange for Proposition 1A budget agreement. Sales tax revenues continue to be the largest General Fund revenue source. This revenue source is estimated to show modest growth in 2006-2007 after suffering several years of anemic growth and a ¼ cent restructuring by the State. The estimated 2007 forecast is based on the assumption that the State will continue to fully backfill the ¼ cent of local sales tax being used in the “triple flip” maneuver to finance a \$15 billion bond sale. This change in revenue stream impacts the City’s cash flow and interest earnings in the General Fund since the cash flow of this revenue will be similar to property tax. The future growth formula for this revenue is tied to cities’ sales tax growth and the revenue will be considered a component of sales tax.

The single largest component of sales tax is from sales of motor vehicles by domestic car dealerships within the City. The forecast for next year assumes a flat volume of transactions as domestic car dealerships struggle with failing popularity for some sports utility vehicles now that gas prices are much higher. Over the next few years, the City will need to prepare and plan for the loss of one of its car dealerships. Loosing one of the top five sales tax generators in the City will create a severe loss in future revenues and a plan will need to be in place to address this loss. No other significant changes are expected in the mix of retailers during the next fiscal year. Staff will continue to closely monitor sales tax revenues and keep the City Council apprised of any significant changes.

Revenues from Vehicle License Fees (VLF), which used to be allocated to the City on a per-capita basis, is now backfilled by property taxes and is assumed to grow at the same rate as assessed property values. The future growth formula for this revenue is tied to assessed property values and included as a component of property tax.

Franchise fee revenue is yet another General Fund revenue that is at future risk at the Federal and State level. The telephone companies are lobbying at the Federal and State level over the so-called “speed to market” issue. As they describe the problem, the traditional local franchise process is an impediment to the telephone companies (new entrants) deploying these new communications services in a timely manner that makes sense in the context of their business plan. Their plan is to eliminate franchise fees at the local level and to have use of public right-of -ways at no cost. This would have a projected \$100,000

negative impact to the General Fund. The League of California Cities is actively responding to telecom reform activities as these issues unfold.

It is likely that the State will borrow to rollover its deficit. This means that in future years, the City will continue to be at risk for State revenue raids until such time as the State solves its structural budget problem. No raids are anticipated in this coming budget year.

COMMUNITY SERVICES FUND:

The Community Services Fund has a new Parks & Recreation department component that will be rolling out its new recreation programs for the community this summer. The budget includes new positions and a joint use agreement with the School District for use of facilities for these new programs. The Community Services Fund continues to subsidize other funds and programs that cannot meet their obligation to pay for services. Creating a Community Services Enterprise Fund has relieved pressure on the General Fund for these types of programs. Expenditures funded are the Animal Shelter, County Animal Control, one-third of the cost for the School District field maintenance contract, and partial funding for the Boys and Girls Club. The airport fund is balanced with a subsidy transfer from Community Services Fund of \$4,911. All of these subsidies together total \$36,011.

STREET & DEVELOPMENT ENTERPRISE FUND:

The Streets Fund is in balance, however due to the anemic state of revenues for this fund it merits discussion. Funding sources for streets have become almost non-existent throughout the years, except for a small amount of gas tax funds, developer fees and a small portion of Measure M funds dedicated to repair. None of these revenue sources is significant to cover the urgently needed repairs to city streets. Funds have been diverted to the state general fund in each of the last two fiscal years since voters approved Prop 42 Transportation funding. The latest development on the legislative front is a constitutional amendment that will “fix” Proposition 42 by “locking down” the sales tax on gasoline for transportation purposes. This will be on the November 2006 ballot and will appear as Proposition 1A. The Governor has followed through with his plan to devote funding for transportation. Finding revenue sources to fund the backlog of street maintenance will be an on-going challenge for all cities in California.

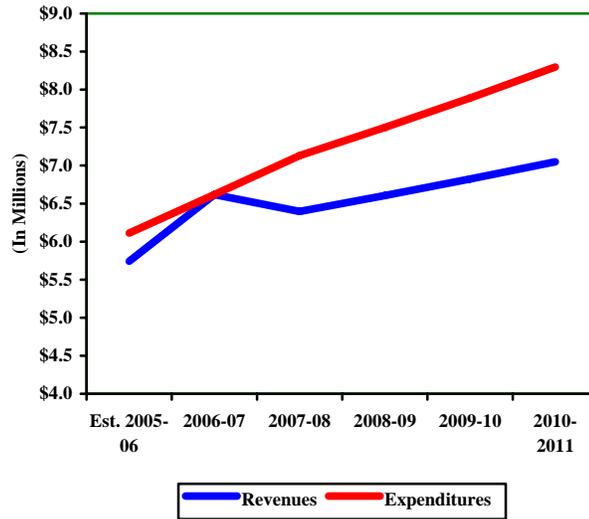
EQUIPMENT AND SERVICE REPLACEMENT CHARGES:

This year’s budget attempts to re-establish equipment and service replacement charges to reflect true costs for departments. Due to budget constraints in the General Fund, the replacement and service fees are being held to a 5% growth level. A total of \$953,478 is being collected for vehicles, \$818,870 for computers and \$803,623 for buildings. The full funding of the equipment replacement & services in these funds will make it possible for City staff to have reliable vehicles, equipment, and appropriate work spaces to continue to provide an efficient and high level of service to the community.

KEY BUDGET ISSUE:

- *General Fund:* The proposed FY 2006-2007 General Fund budget is in balance with the use of reserves. The challenge will be to close the growing gap in future years. Over the past few years with State revenue raids and flat to slow growing revenues both Police and Fire departments have had to make substantial budget cuts in personnel and service costs. The proposed 2006-2007 budget was developed to maintain current public safety service levels. Proposed expenditures are growing faster than anticipated revenues for the General Fund as shown in the 5-year forecast chart to the right. The proposed budget shows the end of the State revenue ERAF shift of \$142,000, the enactment of the 2% 'TOT' revenues, and a gradual increase in sales tax revenues. Even with these positive offsets, it is still not enough to close the gap. Fiscal year 2005-2006 budgetary gap was closed with the use of one-time revenues such as Indian gaming grants, land sale proceeds and contingency reserves. These one-time revenue sources have not materialized for proposed 2006-2007 budget and thus to balance the budget for fiscal year 2006-2007 requires the use of contingency reserves. The trends in the forecast demonstrate the need to seek and secure on-going permanent revenue sources to cover recurring expenditures for public safety. The need to secure permanent on-going General Fund revenues requires a plan and a commitment. The recommendation is to have a work plan for revenue generating options for a November 2008 ballot. The recommendation is to pursue a sales tax of up to 1/2-cent increase to fill the gap of the loss of the car dealership and the structural deficit within the General Fund. This increase would produce a projected revenue stream of \$1.4 annually and could be available for the beginning of FY2009-2010.

General Fund Forecast



MAJOR QUESTIONS TO CONSIDER:

- Would the community be willing to support a locally collected tax to replace prior year lost funds to the State in order to continue to provide current levels of public safety services?
- How do we effectively use reserve funds to transition to lower revenues in the future?
- How do we minimize the impact to City services while balancing the budget in the face of rising expenses that out-strip revenue growth?
- Do we have a clear vision or plan about what the quality and level of City services will be in 5 years and a long term funding plan to match on-going expenses to on-going revenues?

FUTURE OUTLOOK:

The proposed City budget for 2006-2007 was prepared at a time when the State was completing its restructure of City's revenues to help solve the States' budget crisis. If the State does not have a plan that solves the future deficit situation then the impact to the City's revenue base will be a negative one in the future. This budget has been developed assuming no reductions to property tax due to additional ERAF shifts. The risk in losing other revenues is unknown at this time. These "at risk revenues" all currently support public safety services. The State has been late in adopting a budget in previous fiscal years and this year may likely be the same. The City needs to create new revenue sources to maintain the high level of service desired in the Community. This includes finding ways to protect existing revenues and to create new revenues to mitigate against changes in the local economic structure (i.e. future car dealership loss). To fund Police and Fire the Council might:

- Consider preparing a November 2008 ballot measure for up to a 1/2 cent increase in sale tax for Public Safety!
- Consider 911 fees!!
- Consider parking meters!!!

I would like to acknowledge the special efforts of Kathleen Bradbury, Accounting Manager and Cathy Orme, Budget Analyst, who performed most of the budget coordination. Roger Cathey, Accountant, who prepared the Five Year Capital Improvement Program. Tamera Haas, Finance Director who managed the overall preparation of this year's City Budget.

Very truly yours,



Chet J. Wystemek
City Manager

CITY OF HEALDSBURG

Budget Principles

- The budget is the City Council's primary decision and policy making tool.
- Budget information should be understandable to the public despite the complexities of accounting and legal requirements.
- The budget should reflect a bottom up multi-year look at all expenses and revenues.
- Labor costs must reflect productive labor costs and all associated fringe benefits from existing contracts, as well as management forecasts for the future for those individuals working on particular projects and programs.
- Expenses should reflect changes in operations, market conditions and forecast rate changes, not just a cost of living escalation.
- The difference between one time or non-recurring costs and on-going and recurring costs should be acknowledged. (For example an on-going revenue should be recurring for at least five consecutive years.)
- Revenues should reflect those projected to be generated from existing businesses, from plans for expansion under existing laws, not desired changes.
- Reserves should be maintained at appropriate levels as established by policy.

Utilizing these principles we attempt to present a realistic forecast of both revenues and expenses that offer a relative picture of the coming fiscal year and future years regardless of whether a deficit or surplus is forecast.

Neither optimistic assumptions as to new grants nor pessimistic forecasts of new revenue losses are reflected. Forecast expenditures only identify authorized service expansions and consensus growth assumptions.

It is hoped that the budget offers a valid base to measure the performance of City departments against their best plans, as well as the various funds and enterprises against the policies and direction provided by the City Council.



CITY COUNCIL GOALS – 2006

Adopted February 06, 2006

1. **WASTEWATER**

Complete sewer plant design for phase one and all financial tasks required to fund the construction and operation of the wastewater treatment and disposal project; publicize the financial impacts of the project to rate payers, sell bonds and begin construction of phase one by the May 2006 deadline.

2. **AREA “C”**

Bring the revised Saggio Hills Planned Development project before the Planning Commission and City Council for final action including public review of the final EIR and the various permit entitlements, the development agreement, including the resort land use, park site, trail development and affordable housing

3. **BUDGET STABILITY**

Develop budget strategy to stabilize revenue resources that includes community input regarding a possible tax increase with a specific focus on the areas of street maintenance and repair, and police and fire. Create a Parks and Recreation Department recession reserve from new lodging revenues created by the Saggio Hills resort.

4. **PUBLIC SAFETY**

Develop sustainable source of funding to ensure financial stability for police and fire services.

5. **FOSS CREEK PATHWAY**

Complete construction of next phase of pathway. Develop phasing, timeline and funding plan for entire project and identify permit, right of way and regulatory constraints.

6. **AIRPORT**

Complete Master Plan by spring, rewrite Airport Ordinance; seek economic viability and fill a part-time Airport Manager position; implement grants projects and make determination in regard to shade/T hangars.

7. **PARKS AND RECREATION**

Complete negotiations with the school district in regard to execution of a joint use agreement; complete Plaza Park renovation; develop Parks Master Plan and determine funding viability of recreation programming.

8. **ELECTRIC UTILITY**

Develop new billing structure, prepare succession plan to ensure stability of staffing, install renewable energy (photovoltaic) project, and work to secure long-term electric power resources.

9. AFFORDABLE HOUSING

Enter into a Disposition and Development Agreement with a developer for the 20 West Grant Street family rental housing project and initiate the preliminary site and building design process with the neighborhood and Planning Commission. Complete the entitlement process for the 308 East Street 7-plex transitional housing project and seek CDBG and other funding sources. Continue RDA's land acquisition program to identify and seek to purchase properties that would fit into the City's plans for affordable housing projects, including additional for-sale, moderate rate housing.

GUIDE TO THE BUDGET

This budget document is for fiscal year FY 2006-2007. It is organized into five parts: (1) Overview, (2) Operating, Service, Community Redevelopment, and Debt Budgets Summaries (Summaries), (3) Department Summaries, (4) Redevelopment Agency, and (5) Glossary.

The **Overview** section contains the City Manager's Budget message, an Organizational Chart of the City, a Summary of City Positions, and a Guide to the Budget that includes a description of funds, revenues and expenditures.

The **Summaries** section includes tables of total City revenues and total City spending, as well as a Summary of all budgets by fund for FY 2006-2007.

The **Department Summaries** include a separate total budget from **all sources of funding** (see Definition of Funds below) for each of the seven (7) City departments in table and graph forms, along with a brief explanation of their areas of responsibility, accomplishments of the past year, goals for the future and an organizational chart. A list of job classifications and salary information for each is also included in this section.

A Non-departmental budget summary, which includes items related to the City as a whole that cannot be easily allocated to the various departments, such as debt service, inter-fund transfers, depreciation, etc., is included in this section as well.

The Redevelopment Agency section provides budgets for Redevelopment Agency Funds.

The Operating Budget is developed by Fund on a Generally Accepted Accounting Principles (GAAP) basis except that depreciation and amortization are not budgeted. Principal and interest payments on debt in the Enterprise and RDA Funds are budgeted as an expense.

General, Service and Debt Services and RDA Funds are budgeted on a modified accrual basis. All Enterprise Funds are budgeted on an accrual basis.

The **Glossary** section provides an explanation of terms used in the budget.

DESCRIPTION OF FUNDS

City of Healdsburg services are funded from various revenue sources. These funding entities or enterprises are listed below:

General Fund: The General Fund is the most versatile of all the City's funds because it has no specific legal restrictions as to its use. General Fund revenues include property taxes, sales and use taxes, licenses, permits, franchise fees, fines and forfeitures, fees for services and for the use of money and property. General Fund revenues are primarily used to support the public safety departments and a small portion of administration.

Enterprise Funds: Revenues derived from the City's Water, Sewer, Electric, Streets, Planning & Building and Community Services are restricted to certain purposes and can only be spent to

provide these services to utility customers including construction and maintenance of the distribution systems, utility billing, and administration. Revenues derived from the Villa Chanticleer Meeting Center are also restricted in this manner.

Service Funds: The City has several service funds including the Insurance & Benefits Service Fund, Information Systems Service Fund, Vehicle Service Fund, and the Building Maintenance Service Fund. These funds provide for the maintenance and periodic replacement of data processing hardware and software, telecommunications equipment, as well as vehicles and mobile equipment and maintenance services. The Insurance and Benefit Service Fund covers retirement and medical premiums, Workers' Compensation, State Unemployment Insurance and leave time. Information Systems Service Funds show an increase throughout this budget due to the City's need to upgrade its computer and communications system in keeping with its service objectives.

Internal Service Fund Transfers: These funds become a source of revenue to finance appropriations in the budget when monies are transferred from one specific fund to another fund.

DESCRIPTION OF REVENUES

Property Taxes: This revenue is derived from the tax imposed on real property and tangible personal property. The amount of property taxes currently coming to the City of Healdsburg is ten (\$.10) cents of every one dollar paid.

Other Taxes:

- **Sales Tax** is revenue derived from the sales tax paid by consumers who purchase items within the City. Approximately one cent of the seven and three quarter cent State Sales Tax Levy comes back to the City on a dollar of sales.
- **Business License** taxes are collected on retail, professional, semi-professional, general contractors, sub-contractors, wholesalers, and other enterprises doing business in Healdsburg.
- **Vehicle License Fees (VLF)** received from the State for registration of motor vehicles.
- **Transient Occupancy Tax (TOT)** is a visitors' lodging service fee collected on room rentals at hotels, motels and Bed and Breakfast inns within Healdsburg. Currently the City's TOT is 10% and effective June 1, 2006 will increase to 12%.
- **Property Transfer Tax** is a documentary transfer tax imposed on real estate transactions and collected for the City by the County.
- **Franchise Fees** are collected from utilities such as gas and cable TV and from the waste hauler for the use of the City's rights-of-way.

Charges for Service include water, sewer, and electric utility service fees and charges, as well as park fees, weed clearing fees and liens, various public safety fees, hazardous materials storage fees, and transit fares.

Intergovernmental Revenues include the City's third largest source of unrestricted funds, Vehicle License Fees, as well as an apportionment of the Highway Users Tax, ½% State Sales Tax for Public Safety, and various State grants.

Development Fees and Permits include revenues from building permits; plan checks, and various developer fees.

Oversizing Contributions are incremental grants reflecting the cost difference between standard water or sewer pipe, for example, paid for by the developer and a larger one required by the City because of the needs of the area.

Service Fund Fees are used to maintain and replace City vehicles and information systems equipment, as well as for the payment of insurance and benefits.

Utility Services fees cover the cost of electricity and water used by each department.

Investment Income is earned by the City on all idle monies. Investments are strictly limited by law to those deemed safe and prudent. The City makes only low risk investments based on an adopted Investment Policy which is approved by the City Council and reviewed annually.

Miscellaneous Fees and Charges include bond proceeds, rental income on parks and facilities such as the Villa Meeting Center, Airport fuel sales and leases, sale of property and promotions income.

DESCRIPTION OF EXPENDITURES

Labor and Benefits account for all payroll related expenses including wages, medical/dental/vision premiums and retirement costs for employees of the City.

Liability insurance costs on City property, equipment and vehicles.

Contracted Construction is construction of infrastructure within the City, such as street expansion and repair, sewer lines, etc., not performed by City staff but by various companies whose services are contracted by the City.

Contracted Maintenance includes all maintenance of City buildings, parks, rights-of-way and equipment performed by contract.

Contracted Professional Services are services such as structural engineering firms for water, sewer and street expansion, consultants for specific one-time only projects. Also included is the cost for advertising and employee medical examinations.

Debt Service is an expenditure used to account for payments of debts owed by the City including interest.

Depreciation is the expense over a period of time for the use of equipment and facilities and provides for their replacement.

Equipment, Tools and Supplies required to perform department functions, including capital equipment and office supplies. It should be noted that capital equipment varies greatly from year to year due to the size and complexity of capital projects, while other items such as office supplies remain fairly constant.

Government Fees are fees the City is required to pay to another government agency, such as the County of Sonoma for property tax collection, and to the State for permits and other services.

Grants and Loans are made from time to time by the City to various agencies and to developers for payment of City fees.

Land Acquisition includes, for example, property purchased for the City's low and moderate housing, the detention basin in the north area, as well as for the widening of Healdsburg Avenue.

Meetings, Training and Travel necessary to do the City's business include mileage reimbursement or car allowances for department heads and City Manager, staff safety and technical training, and participation in professional organizations.

Oversizing Contributions incremental grants reflecting the cost difference between standard water or sewer pipe, for example, paid for by the developer and a larger one required by the City because of the needs of the area.

Service Fund Fees are used to maintain and replace City vehicles and information systems equipment, maintain City buildings, as well as for the payment of insurance and benefits.

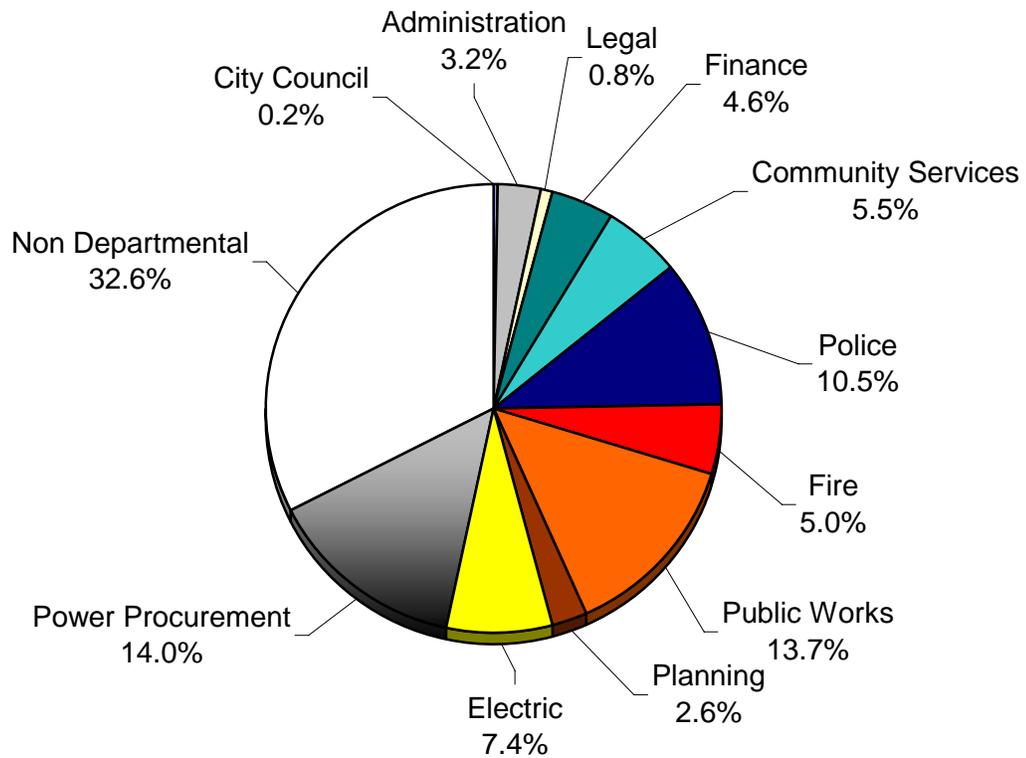
Utility Services account for the cost of electricity and water used by each department.

Wholesale Power represents the cost of buying power to provide electricity for the City.

Notes:

Operating* Budgets FY 2006-2007

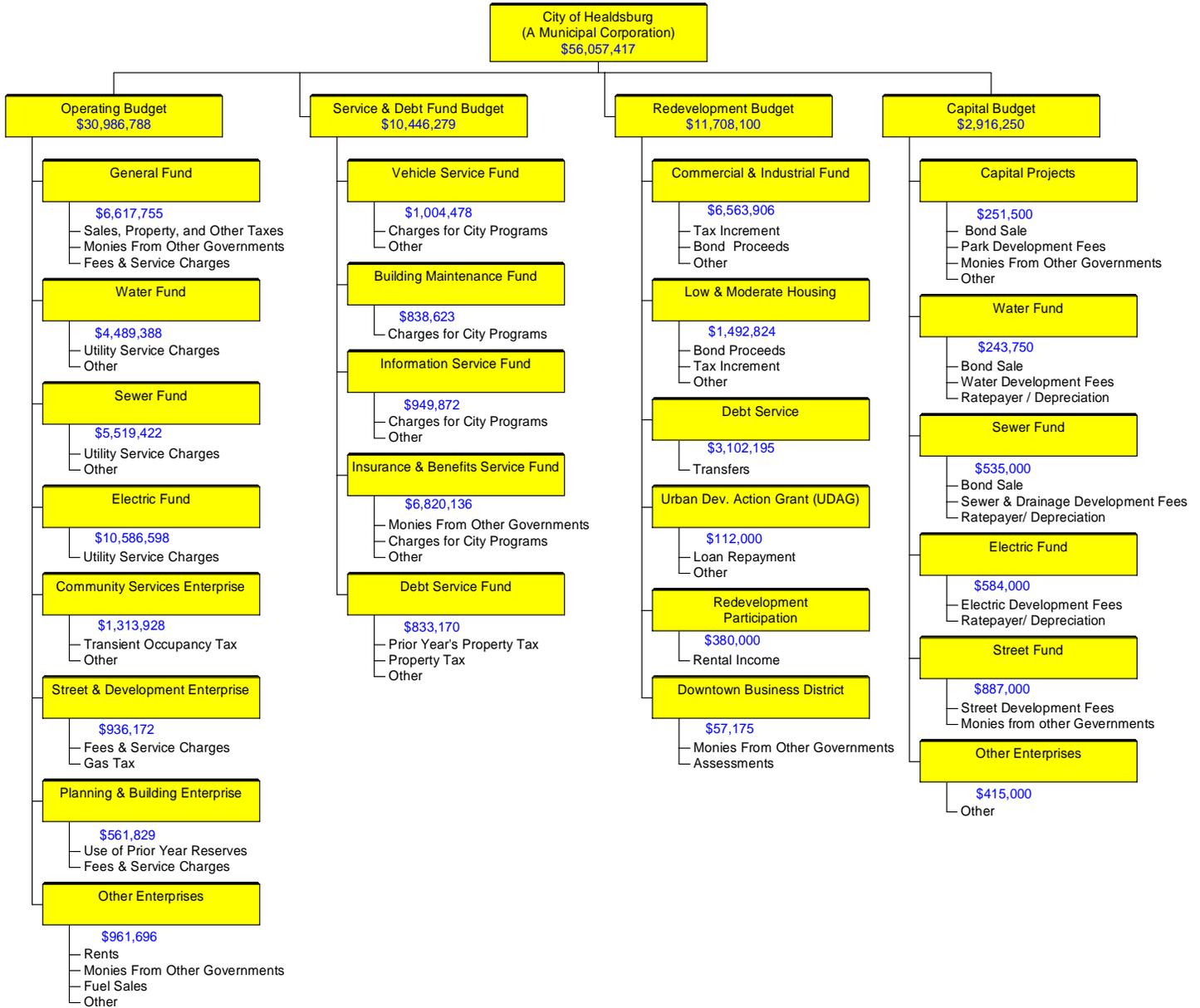
Total \$42,906,397



*Debt Service Included

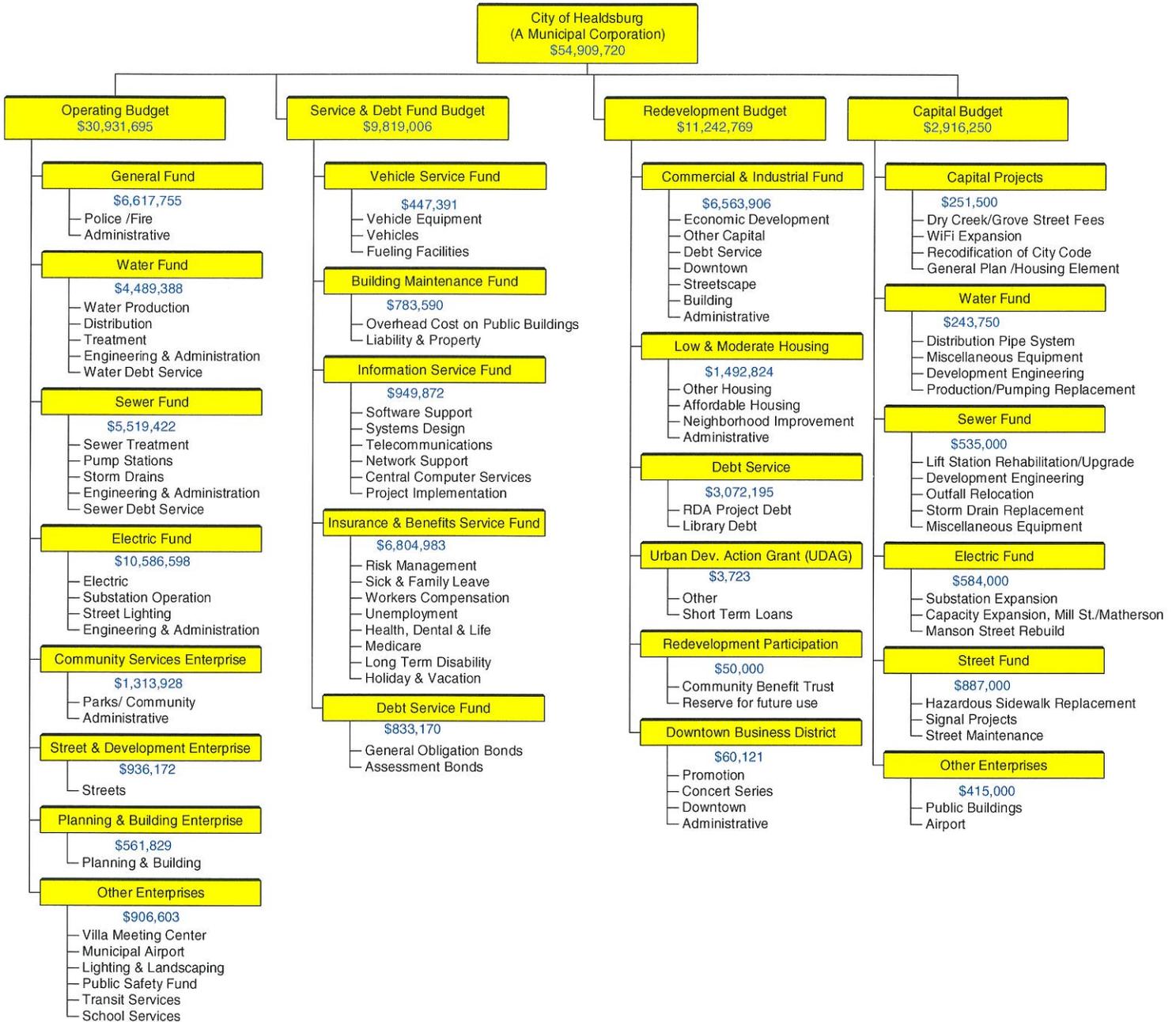
Total City Revenues

Budget for Fiscal Year 2006-2007



Total City Spending

Budget for Fiscal Year 2006-2007



City of Healdsburg Annual Capital Budget by Project

Project No.	Project Title/Funding Source	Requested Funding 2006-07
Administration:		
<u>Public Buildings Projects:</u>		
PB0014	Replacement Firehouse Underground Fuel Tanks	10,000
	Total	10,000
Community Services Department:		
PK0014	Villa Chanticleer Building Improvements	300,000
PK0701	Swimming Pool Improvements	30,000
PK0702	Parks Master Plan	45,000
PK0703	Citywide Streetscape	30,000
	Total	405,000
Electric Department:		
<u>Electric Projects:</u>		
EL0002	Substation Expansion - 60KV Expansion	75,000
EL0005	Additional Substation Trans With 12 kV Switchgear	75,000
EL0015	Replace Street Lights	30,000
EL0094	Other Equipment	26,000
EL0157	Expand 12 KV Primary	14,000
EL0274	Replace Substation Equipment	15,000
EL0285	Nostalgic Street Light Project	50,000
EL0287	Replace Distribution Transformers	28,000
EL0296	Replace Poles, Capacitors, Arms, Insulator	50,000
EL0298	Replace System Meters	20,000
EL0355	Magnolia LS Feed OVD Rebuild	30,000
EL0366	Public Safety Lighting	20,000
EL0501	Hbg Ave 12 KV URD Capacity Expansion, Mill St. Matheson	26,000
EL0502	Secondary OVD AWAC Replacement	25,000
EL0503	12 KV URD Primary Replacement	50,000
EL0506	Grove Street 12 KV URD Capacity Extension	20,000
EL0702	University OVD Express Feed, Powell to Terrace	30,000
	Total	584,000
Planning and Building Department:		
<u>Citywide Projects:</u>		
CW0008	General Plan/Housing Element Update	100,000
CW0010	Recodification of City Code	7,000
CW0506	WiFi Expansion	55,800
CW0702	Dry Creek/Grove Street Fees	88,700
	Total	251,500

City of Healdsburg Annual Capital Budget by Project

Public Works Department

Water Projects:

PWW020	Distribution Pipe System Replacement	25,000
PWW043	Production/Pumping Equipment Replacement	43,750
PWW045	Development Engineering	150,000
PWW501	Treatment Equipment Replacement	25,000
Total		243,750

Sewer Projects:

PWS029	Lift Station Sewer Rebuilds	75,000
PWS045	Development Engineering	90,000
PWS094	Miscellaneous Equipment	60,000
PWS405	Magnolia Lift Station Rehabilitation/Upgrade	140,000
Total		365,000

Drainage Projects:

PWD009	Miscellaneous Storm Drain Replacement	50,000
PWD010	Phase II Stormwater Rule Compliance	20,000
PWD045	Development Engineering - Drainage	50,000
PWD194	North Foss Creek Improvements	50,000
Total		170,000

Street Projects:

PWT002	Dry Creek Rd/HBG Ave Intersection	20,000
PWT006	Dry Creek Rd. Interchange - New Traffic Signals at Both Ramps	70,000
PWT012	Annual Reconstruction (PMS)	150,000
PWT013	New Sidewalk Installation	85,000
PWT016	Hazardous Sidewalk Replacement	116,000
PWT017	Annual Overlay (PMS)	271,000
PWT045	Street Development Engineering	100,000
PWT249	Annual Maintenance - Slurry Seal (PMS)	50,000
PWT329	Railroad Crossing - Street Replacement	10,000
PWT331	Signal Controller Replacement	10,000
PWT332	Right-of-Way Tree Removal	5,000
Total		887,000

Total Public Works Department	1,665,750
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Total CIP	2,916,250
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New projects are shaded

SUMMARY OF POSITIONS/FULL TIME EQUIVALENTS

Department	Original Adopted 2005-2006	Proposed 2006-2007	Request
<i>Administration</i>	4.85	5.35	0.50
<i>Finance</i>	14.00	14.00	0.00
<i>Community Services</i>	11.50	14.50	3.00 (1)
<i>Electric Utility</i>	18.00	19.00	1.00
<i>Fire</i>	10.75	10.75	0.00
<i>Planning & Building</i>	7.00	8.00	1.00
<i>Police</i>	30.00	30.00	0.00
<i>Public Works</i>	37.00	38.00	1.00
<i>Total Positions/Full Time Equivalents</i>	133.10	139.60	6.50 (2)

(1) Council approved 2.5 FTE positions mid-year as part of the restructure and development of new recreation programs: added 2 part-time parks & facility aides, one full-time recreation supervisor, and changed one part-time Event Coordinator to full-time.

(2) Proposed 2006-2007 position budget request is 4.00 FTEs. 2.5 EFTs were added mid-year for a total change of 6.50 FTEs from 2005-2006 originally adopted positions.

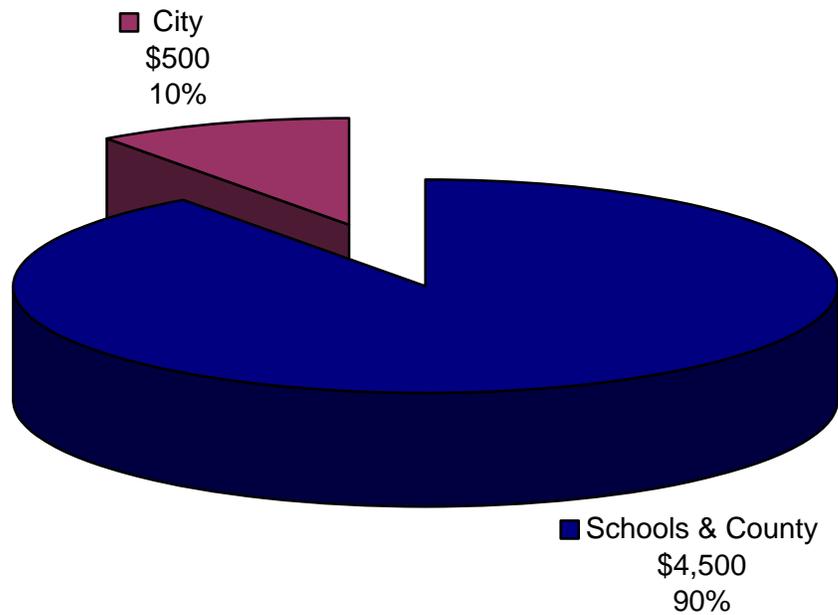
CITY OF HEALDSBURG
FINANCIAL STATUS OVERVIEW
Operating Budget & Debt Service

	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	%DIFFERENCE
<u>REVENUES & OTHER SOURCES</u>					
Property Tax - General Fund	\$ 1,257,416	\$ 1,268,979	\$ 1,652,502	\$ 383,523	30%
Property Tax - Bond Debt	942,976	876,306	833,170	(43,136)	-5%
RDA Tax Increment	6,487,314	6,134,273	7,274,227	1,139,954	19%
Sales and Other Taxes	4,374,261	4,365,473	4,946,282	580,809	13%
Charges for Services	17,122,679	18,056,212	18,462,318	406,106	2%
Facility Rents	724,483	592,065	736,612	144,547	24%
Intergovernmental Revenues	1,638,614	1,256,517	1,110,298	(146,219)	-12%
Investments	1,190,905	418,868	484,508	65,640	16%
Permits/Planning Fees	493,493	386,200	384,200	(2,000)	-1%
Transfers	3,471,506	3,302,858	3,272,657	(30,201)	-1%
Miscellaneous Revenues	938,494	388,648	414,257	25,609	7%
Bond Proceeds	3,075,159	1,380,259	735,695	(644,564)	-47%
Use of Reserves	-	1,532,471	2,902,645	1,370,174	89%
Other	146,292	209,571	274,572	65,001	31%
TOTAL REVENUES	\$ 41,863,592	\$ 40,168,700	\$ 43,483,943	\$ 3,315,243	8%
<u>EXPENSES BY DEPARTMENT & OTHER USES</u>					
City Council	\$ 67,261	\$ 64,777	\$ 79,654	\$ 14,877	23%
Administration	991,824	1,039,017	1,357,802	318,785	31%
Legal	276,487	310,000	350,000	40,000	13%
Finance	1,710,157	1,729,045	1,959,930	230,885	13%
Community Services	1,773,302	1,893,102	2,344,196	451,094	24%
Police	3,949,740	4,183,001	4,508,380	325,379	8%
Fire	1,640,195	2,036,146	2,144,113	107,967	5%
Electric - Operating	2,164,194	2,696,636	3,171,251	474,615	18%
Electric Power Costs*	5,888,039	6,489,592	6,022,898	(466,694)	-7%
Public Works	4,124,303	5,032,055	5,860,165	828,110	16%
Planning	704,171	758,664	1,113,159	354,495	47%
Non Departmental	16,654,483	13,488,137	13,994,849	506,712	4%
TOTAL EXPENSES	\$ 39,944,156	\$ 39,720,172	\$ 42,906,397	\$ 3,186,225	8%
Reserved for future use	1,919,436	448,528	577,546		
RESULTING GAIN (LOSS)	\$ -	\$ -	\$ -		

* Costs are part of the Electric Department.

City of Healdsburg Comparative Property Tax Bills

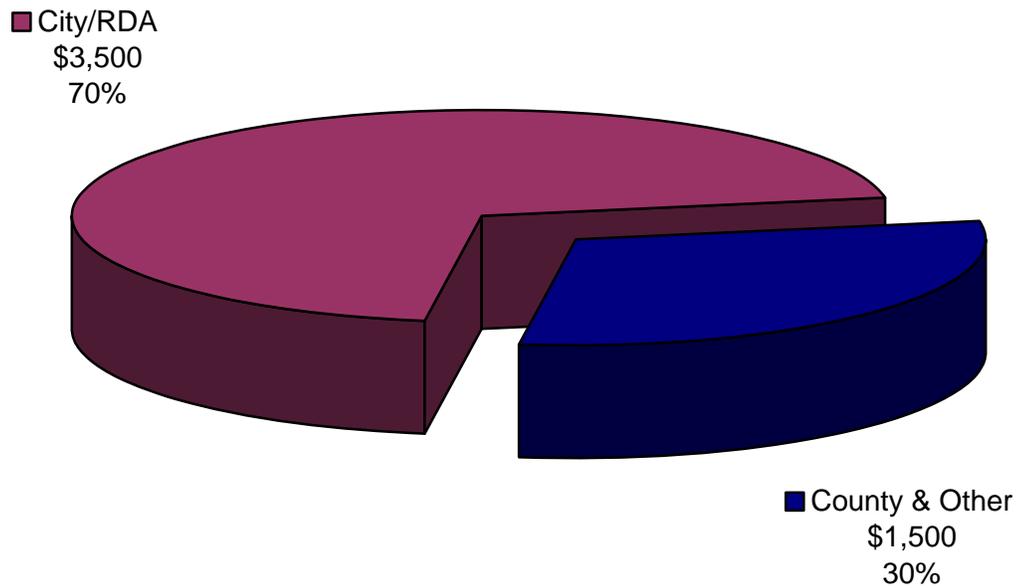
2004 Home Purchased for \$500,000
Local 1% Tax \$5,000
In City - Outside RDA Area



The City General Fund receives \$.10 of every local 1% property tax dollar collected on property **outside** the Redevelopment Agency (RDA) project area. This equals \$500.00 for a house valued at \$500,000 in 2004, to pay for Police, Fire, Parks and Recreation and general government services.

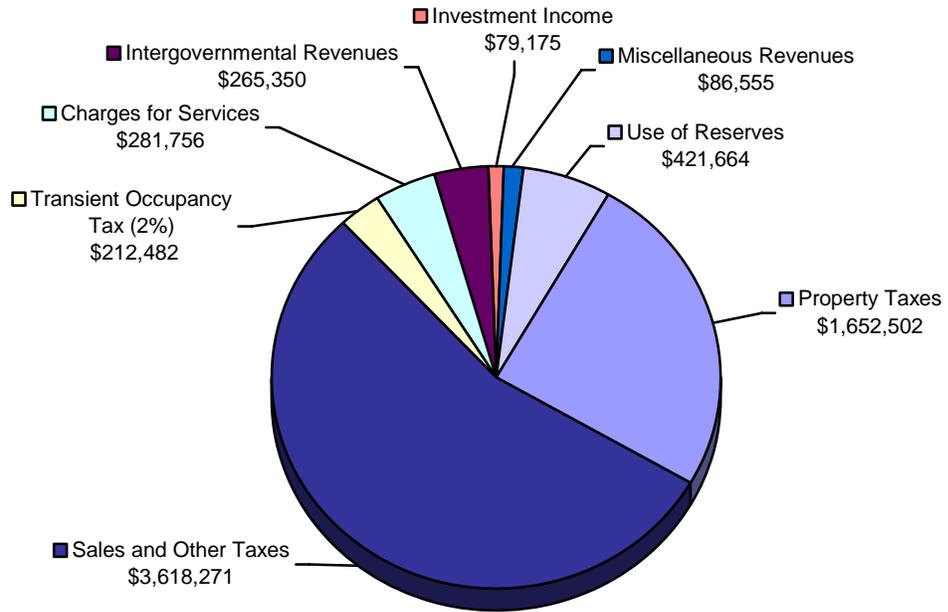
City of Healdsburg Comparative Property Tax Bills

2004 Home Purchased for \$500,000
Local 1% Tax \$5,000
In City - Inside RDA Area

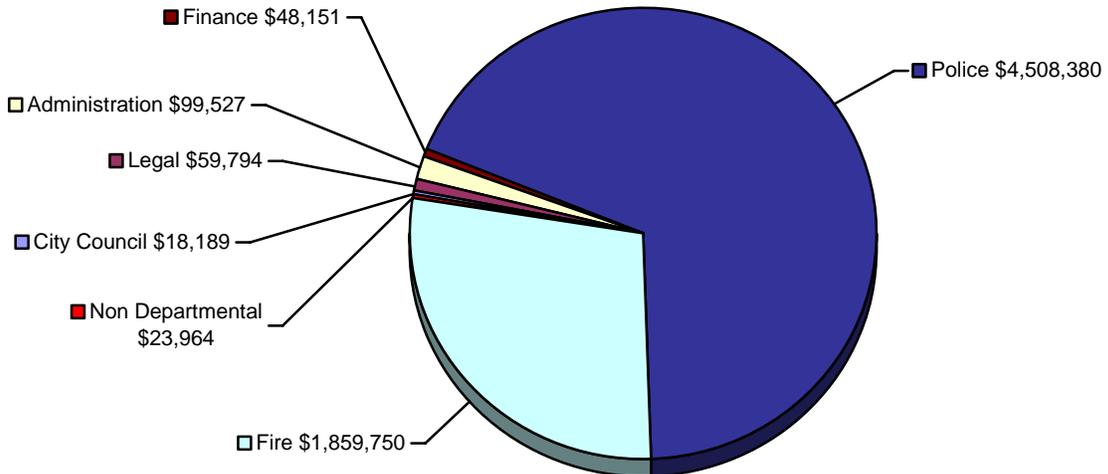


The same house, again valued at \$500,000 and the same local 1% property tax **inside** the Redevelopment Agency (RDA) project area, generates revenue equal to \$.70 of every dollar paid, or approximately more than seven times the property tax revenue collected outside the RDA area.

Revenues By Source - General Fund \$6,617,755



Expenditures By Department - General Fund \$6,617,755



GENERAL FUND

	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
<u>REVENUES</u>					
Property Taxes	\$ 1,257,416	\$ 1,268,979 (3)	\$ 1,652,502 (3)	\$ 383,523	30%
Sales and Other Taxes	3,352,339	3,460,418	3,618,271 (4)	157,853	5%
Transient Occupancy Tax (2%)	-	-	212,482	212,482	100%
Service Charges	327,293	274,898	281,756	6,858	2%
Intergovernmental Revenues	817,425	416,369 (1)	265,350	(151,019)	-36%
Interest Income	97,310	54,837	79,175	24,338	44%
Miscellaneous Revenues	124,817 (5)	86,548	86,555	7	0%
Use of Reserves	562,802	551,158 (2)	421,664	(129,494)	-23%
TOTAL REVENUES	\$ 6,539,402	\$ 6,113,207	\$ 6,617,755	\$ 504,548	8%
<u>EXPENSES BY DEPARTMENT</u>					
City Council	\$ 19,776	\$ 8,892	\$ 18,189	\$ 9,297	105%
Legal	31,840	59,794	59,794	-	0%
Administration	116,359	73,775	99,527	25,752	35%
Finance	79,004	51,504	48,151	(3,353)	-7%
Police	3,949,740	4,183,001	4,508,380	325,379	8%
Fire	1,573,410	1,709,424	1,859,750	150,326	9%
Public Works	213	-	-	-	0%
Transfer to Capital Improvements	15,000	-	15,000	15,000	100%
Non Departmental	52,505	26,817	8,964	(17,853)	-67%
TOTAL EXPENSES	\$ 5,837,847	\$ 6,113,207	\$ 6,617,755	\$ 504,548	8%
Reserved for future use	701,555	-	-		
RESULTING GAIN (LOSS)	\$ -	\$ -	\$ -		

BLUE - Indicates Operating Fund

GREEN - Indicates Service or Debt Funds

(1) Includes Indian Gaming Grants totaling \$137,957.

(2) Includes \$200,000 Land Sale Proceeds and \$351,158 General Fund Contingency Reserves.

(3) Includes VLF in lieu property tax and an additional \$144,000 in property tax, no shift of property tax to State in FY 2007.

(4) 2% increase TOT effective June 1, 2006.

(5) Includes land sale for \$562,802.

WATER ENTERPRISE

	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
<u>REVENUES</u>					
Service Charges	\$ 3,709,403	\$ 4,203,506 (2)	\$ 4,203,506 (1)	\$ -	0%
Interest Income	40,951	61,200	61,400	200	0%
Miscellaneous Revenues	5,088	1,000	1,500	500	50%
Rate Stabilization Reserves	-	-	222,982	222,982	100%
TOTAL REVENUES	\$ 3,755,442	\$ 4,265,706	\$ 4,489,388	\$ 223,682	5%
<u>EXPENSES BY DEPARTMENT</u>					
City Council	\$ 10,475	\$ 11,760	\$ 12,851	\$ 1,091	9%
Legal	50,343	50,000	50,000	-	0%
Administration	131,795	140,815	195,714	54,899	39%
Finance	407,484	416,731	478,882	62,151	15%
Fire	25,168	39,936	40,207	271	1%
Public Works	1,778,345	2,244,107	2,607,143	363,036	16%
Electric	14,212	19,959	200	(19,759)	-99%
Transfer to Capital Projects*	575,746	255,000	-	(255,000)	-100%
Non Departmental	723,673	1,087,398	1,104,391	16,993	2%
TOTAL EXPENSES	\$ 3,717,241	\$ 4,265,706	\$ 4,489,388	\$ 223,682	5%
Reserved for future use	38,201	-	-		
RESULTING GAIN (LOSS)	\$ -	\$ -	\$ -		

* Replacement only

(1) Based on a normal water usage year. Fiscal year 2005 & 2006 had substantial rain fall and low water usage.

(2) Actual results will be below adopted budget due to low water usage.

SEWER ENTERPRISE

	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
<u>REVENUES</u>					
Service Charges	\$ 3,784,084	\$ 4,284,078 (3)	\$ 4,883,407	\$ 599,329	14%
Interest Income	49,573	45,900	56,015	10,115	22%
Miscellaneous Revenues	31,114	5,000	5,000	-	0%
Rate Stabilization Reserves	-	-	575,000	575,000	100%
Use of Reserves	-	-	-	-	0%
TOTAL REVENUES	\$ 3,864,771	\$ 4,334,978	\$ 5,519,422	\$ 1,184,444	27%
<u>EXPENSES BY DEPARTMENT</u>					
City Council	\$ 10,433	\$ 11,810	\$ 12,901	\$ 1,091	9%
Legal	53,453	55,000	55,000	-	0%
Administration	129,499	138,476	197,373	58,897	43%
Finance	354,877	364,134	424,912	60,778	17%
Fire	25,540	88,330	44,886 (2)	(43,444)	-49%
Planning & Building	-	-	-	-	0%
Police	-	-	-	-	0%
Public Works	1,512,872	1,934,119	2,350,050	415,931	22%
Electric	12,400	19,959	-	(19,959)	-100%
Transfer to Capital Projects**	1,113,294	577,500	165,000	(412,500)	-71%
Non Departmental	277,828	1,145,650	2,269,300 (1)	1,123,650	98%
TOTAL EXPENSES	\$ 3,490,196	\$ 4,334,978	\$ 5,519,422	\$ 1,184,444	27%
Reserved for future use	374,575	-	-		
RESULTING GAIN (LOSS)	\$ -	\$ -	\$ -		

** Replacement only

(1) Includes debt service payment for \$30 million wastewater treatment upgrade project.

(2) \$45,000 for CUPA program

(3) Actual results will be lower than adopted budget due to lower water usage by commercial industrial users.

ELECTRIC ENTERPRISE

	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
<u>REVENUES</u>					
Service Charges	\$ 9,046,306 ⁽¹⁾	\$ 8,564,832	\$ 8,564,832	\$ -	0%
Electric Public Benefit	233,501	243,050	245,474	2,424	1%
Surplus Power Sales	-	466,193	156,143	(310,050)	-67%
Interest Income	108,108	112,100	108,100	(4,000)	-4%
Miscellaneous Revenues	3,052	6,000	7,000	1,000	17%
Use of Geothermal Reserves	-	900,000	1,505,049	605,049	67%
TOTAL REVENUES	\$ 9,390,967	\$ 10,292,175	\$ 10,586,598	\$ 294,423	3%
<u>EXPENSES BY DEPARTMENT</u>					
City Council	\$ 11,621	\$ 13,118	\$ 14,148	\$ 1,030	8%
Legal	70,274	62,206	62,206	-	0%
Administration	172,578	163,077	209,449	46,372	28%
Finance	603,684	577,971	674,734	96,763	17%
Planning	-	-	15,331	15,331	100%
Fire	12,551	22,848	23,139	291	1%
Public Works	12,806	4,950	45,819	40,869	826%
Electric	2,117,108	2,637,718	3,150,920	513,202	19%
NCPA Power Costs*	5,888,039	6,238,140	5,954,195	(283,945)	-5%
Western Power Costs*	-	139,452	-	(139,452)	-100%
Western/PG&E Dispute*	-	112,000	-	(112,000)	-100%
NCPA Green Project-Phase II	-	-	17,240	17,240	100%
NCPA New Lodi-Phase II	-	-	46,963	46,963	100%
Sutter Project-Phase II	-	-	4,500	4,500	100%
Transfer to Capital Projects**	930,991	311,400	358,400	47,000	15%
Non Departmental	20,720	9,295	9,554	259	3%
TOTAL EXPENSES	\$ 9,840,372	\$ 10,292,175	\$ 10,586,598	\$ 294,423	3%
Reserved for future use	-	-	-		
RESULTING GAIN (LOSS)	\$ (449,405)	\$ -	\$ -		

(1) Includes \$744K of under billing.

*Costs are part of the Electric Department.

COMMUNITY SERVICES ENTERPRISE

	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
<u>REVENUES</u>					
Transient Occupancy Tax	\$ 1,021,922	\$ 905,055	\$ 1,115,529	\$ 210,474	23%
Intergovernmental	6,094	6,648	6,648	(1) -	0%
Service Charges	3,458	3,000	110,500	(2) 107,500	3583%
Interest Income	7,428	5,000	6,000	1,000	20%
Miscellaneous Revenues	65,521	12,100	12,202	102	1%
Use of Reserves	-	-	63,049	(3) 63,049	100%
TOTAL REVENUES	\$ 1,104,423	\$ 931,803	\$ 1,313,928	\$ 382,125	41%
<u>EXPENSES BY DEPARTMENT</u>					
City Council	\$ 1,489	\$ 2,974	\$ 3,521	\$ 547	18%
Legal	10,354	12,000	32,000	20,000	167%
Administration	22,445	24,756	34,442	9,686	39%
Finance	41,321	48,296	52,187	3,891	8%
Community Services	752,960	764,313	1,133,151	(4) 368,838	48%
Fire	68	19,156	18,779	(377)	-2%
Public Works	1,838	-	-	-	0%
Transfer to Capital Projects	55,494	15,000	-	(5) (15,000)	-100%
Non Departmental	5,001	45,308	39,848	(6) (5,460)	-12%
TOTAL EXPENSES	\$ 890,970	\$ 931,803	\$ 1,313,928	\$ 382,125	41%
Reserved for future use	213,453	-	-		
RESULTING GAIN (LOSS)	\$ -	\$ -	\$ -		

(1) On going pass through county AAA grant for Senior Center

(2) New Recreation program revenues 44% recovery rate

(3) Seed money

(4) New recreation programs

(5) Villa Building Improvement

(6) Joint use agreement with School District

MEETING CENTER ENTERPRISE

	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
<u>REVENUES</u>					
Facility Rent	\$ 224,213	\$ 229,100	\$ 238,800	\$ 9,700	4%
Miscellaneous Revenues	33,089	25,000	25,000	-	0%
Interest Income	-	-	-	-	0%
Transfer from Community Service Ent	-	19,739	-	(19,739)	-100%
TOTAL REVENUES	\$ 257,302	\$ 273,839	\$ 263,800	\$ (10,039)	-4%
<u>EXPENSES BY DEPARTMENT</u>					
Community Services	\$ 245,382	\$ 267,387	\$ 219,672	\$ (47,715)	-18%
Fire	3,126	6,452	7,352	900	14%
Non Departmental	25,129	-	20,165	20,165	100%
TOTAL EXPENSES	\$ 273,637	\$ 273,839	\$ 247,189	\$ (26,650)	-10%
Reserved for future use	-	-	16,611		
RESULTING GAIN (LOSS)	\$ (16,335)	\$ -	\$ -		

(1) Transfer to School Service Fund

TRANSIT ENTERPRISE

	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
<u>REVENUES</u>					
Transfers (Grants)	\$ 163,851	\$ 166,554	\$ 172,451	\$ 5,897	4%
Income (Fares)	18,634	16,655	16,700	45	0%
Interest Income	-	2,500	2,550	50	2%
Transfer from Community Services Ent	1,656	-	2,935	2,935	100%
TOTAL REVENUES	\$ 184,141	\$ 185,709	\$ 194,636	\$ 8,927	5%
<u>EXPENSES BY DEPARTMENT</u>					
Finance	\$ 6,357	\$ 7,318	\$ 8,074	\$ 756	10%
Community Services	177,784	155,501	183,627	28,126	18%
Non Departmental	-	1,950	2,935	-	0%
TOTAL EXPENSES	\$ 184,141	\$ 164,769	\$ 194,636	\$ 28,882	18%
Reserved for future use	-	20,940	-		
RESULTING GAIN (LOSS)	\$ -	\$ -	\$ -		

PLANNING & BUILDING ENTERPRISE

	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
<u>REVENUES</u>					
Permits/Planning Fees	493,493	336,200	384,200	48,000	14%
Interest Income	23,853	15,000	16,000	1,000	7%
Misc Building	107,014	50,000	50,000	-	0%
Use of Reserves	-	-	111,629	111,629	100%
TOTAL REVENUES	\$ 624,360	\$ 401,200	\$ 561,829	\$ 160,629	40%
<u>EXPENSES BY DEPARTMENT</u>					
City Council	\$ 1,063	\$ 1,099	\$ 1,397	\$ 298	27%
Legal	19,005	500	20,500	20,000	4000%
Administration	11,283	12,779	22,987	10,208	80%
Finance	13,971	15,544	17,377	1,833	12%
Planning & Building	354,603	351,362	494,920	143,558	41%
Public Works	627	3,895	4,393	498	13%
Non Departmental	5,516	520	255	(265)	-51%
TOTAL EXPENSES	\$ 406,068	\$ 385,699	\$ 561,829	\$ 176,130	46%
Reserved for future use	218,292	15,501	-		
RESULTING GAIN (LOSS)	\$ -	\$ -	\$ -		

LIGHTING & LANDSCAPING DISTRICT AREA A

	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
<u>REVENUES</u>					
Special Assessments	\$ 75,833	\$ 144,131	\$ 144,132	\$ 1	0%
Interest Income	70,659	1,100	1,900	800	73%
Use of Reserves	-	-	-	-	0%
TOTAL REVENUES	\$ 146,492	\$ 145,231	\$ 146,032	\$ 801	1%
<u>EXPENSES BY DEPARTMENT</u>					
Community Services	\$ 57,791	\$ 72,012	\$ 104,050	\$ 32,038	44%
Non Departmental	75,012	3,500	3,500	-	0%
TOTAL EXPENSES	\$ 132,803	\$ 75,512	\$ 107,550	\$ 32,038	42%
Reserved for future use	13,689	69,719	38,482		
RESULTING GAIN (LOSS)	\$ -	\$ -	\$ -		

STREET & DEVELOPMENT ENTERPRISE

	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
<u>REVENUES</u>					
Intergovernmental Revenues	-	768,500	764,900	(3,600)	0%
Miscellaneous Revenues	761,518	138,000	157,000	19,000	14%
Interest Income	14,348	8,831	11,000	2,169	25%
Use of Reserves	-	-	3,272	3,272	100%
TOTAL REVENUES	\$ 775,866	\$ 915,331	\$ 936,172	\$ 20,841	2%
<u>EXPENSES BY DEPARTMENT</u>					
City Council	\$ 1,999	\$ 3,117	\$ 3,521	\$ 404	13%
Legal	278	500	500	-	0%
Administration	21,423	23,508	32,435	8,927	38%
Finance	19,498	21,997	26,866	4,869	22%
Public Works	816,576	844,984	852,760	7,776	1%
Electric	28,122	19,000	19,000	-	0%
Non Departmental	1,343	\$ 2,225	1,090	(1,135)	-51%
TOTAL EXPENSES	\$ 889,239	\$ 915,331	\$ 936,172	\$ 20,841	2%
Reserved for future use		-	-		
RESULTING GAIN (LOSS)	\$ (113,373)	\$ -	\$ -		

AIRPORT ENTERPRISE

	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
<u>REVENUES</u>					
Rents	\$ 100,488	\$ 94,965	\$ 117,812	(1) \$ 22,847	24%
Fuel Sales	113,011	115,000	120,000	5,000	4%
Grant	53,965	-	-	-	0%
Transfer from Community Service Ent.	-	-	4,911	4,911	100%
Interest Income	6,413	-	-	-	0%
TOTAL REVENUES	\$ 273,877	\$ 209,965	\$ 242,723	\$ 32,758	16%
<u>EXPENSES BY DEPARTMENT</u>					
Finance	\$ 5,239	\$ 5,635	\$ 14,329	\$ 8,694	154%
Community Services	177,412	160,987	214,505	(2) 53,518	33%
Planning	-	-	10,473	10,473	100%
Public Works	767	-	-	-	0%
Transfer to Capital Project	51,543	25,000	-	(25,000)	-100%
Non Departmental	8,943	16,400	3,416	(12,984)	-79%
TOTAL EXPENSES	\$ 243,904	\$ 208,022	\$ 242,723	\$ 34,701	17%
Reserved for future use	29,973	1,943	-		
RESULTING GAIN (LOSS)	\$ -	\$ -	\$ -		

(1) Includes Metro PCS cell tower lease \$18,000

(2) Includes \$50K for new PT Airport Manager. Position will not be filled until a funding source is secured.

BENJAMIN WAY MAINTENANCE DISTRICT

	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
<u>REVENUES</u>					
Maintenance fees	\$ 440	\$ 440	\$ 440	\$ -	0%
Interest Income	92	-	-	-	0%
TOTAL REVENUES	\$ 532	\$ 440	\$ 440	\$ -	0%
<u>EXPENSES BY DEPARTMENT</u>					
Finance	\$ -	\$ 440	\$ 440	\$ -	0%
Non Departmental	6	-	-	-	0%
TOTAL EXPENSES	\$ 6	\$ 440	\$ 440	\$ -	0%
Reserved for future use	526	-	-		
RESULTING GAIN (LOSS)	\$ -	\$ -	\$ -		

SCHOOL SERVICES ENTERPRISE

	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
<u>REVENUES</u>					
Interest Income	\$ 323	\$ 500	\$ 500	\$ -	0%
Healdsburg Unified School District	53,577	65,000	42,300	(2) (22,700)	-35%
Transfer from Community Service Ent.	-	23,729	31,100	(1) 7,371	31%
Transfer from Meeting Center Ent.	-	-	20,165	(4) 20,165	0%
School Fees	17,867	5,000	20,000	(3) 15,000	300%
TOTAL REVENUES	\$ 71,767	\$ 94,229	\$ 114,065	\$ 19,836	21%
<u>EXPENSES BY DEPARTMENT</u>					
Community Services	\$ 61,665	\$ 94,229	\$ 114,065	\$ 19,836	21%
Public Works	-	-	-	-	0%
Non Departmental	1,799	-	-	-	0%
TOTAL EXPENSES	\$ 63,464	\$ 94,229	\$ 114,065	\$ 19,836	21%
Reserved for future use	8,303	-	-		
RESULTING GAIN (LOSS)	\$ -	\$ -	\$ -		

(1) 1/3 Golden Gate Maintenance Contract

(2) Joint use agreement

(3) User fees for use of school fields. Fee increased from \$3.00 to \$20.00 per player.

(4) Transfer from Meeting Center to cover deficit.

MISCELLANEOUS FUNDS

	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
<u>REVENUES</u>					
Other Revenues	\$ -	\$ -	\$ -	\$ -	0%
Transfer	-	-	-	-	0%
Interest Income	-	-	-	-	0%
Use of Reserves	-	-	-	-	0%
TOTAL REVENUES	\$ -	\$ -	\$ -	\$ -	0%
<u>EXPENSES BY DEPARTMENT</u>					
Administration	\$ -	\$ -	\$ -	\$ -	0%
Police Department	-	-	-	-	0%
Non Departmental	-	-	-	-	0%
TOTAL EXPENSES	\$ -	\$ -	\$ -	\$ -	0%
Reserved for future use	-	-	-		
RESULTING GAIN (LOSS)	\$ -	\$ -	\$ -		

No activity in miscellaneous funds for FY2007

COMMERCIAL & INDUSTRIAL FUND

	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
<u>REVENUES</u>					
Increment	\$ 5,189,851	\$ 5,372,418	\$ 5,802,211	\$ 429,793	8%
Interest Income	390,103	25,500	26,000	500	2%
Note Proceeds	-	-	-	-	0%
RDA Rental Income	-	-	-	-	0%
Use of Taxable Bond Proceeds	1,275,159	360,000	685,695	325,695	90%
Use of Bond Proceeds	1,800,000	500,259	50,000	(450,259)	-90%
Transfers	-	-	-	-	0%
TOTAL REVENUES	\$ 8,655,113	\$ 6,258,177	\$ 6,563,906	\$ 305,729	5%
<u>EXPENSES BY DEPARTMENT</u>					
City Council	\$ 10,405	\$ 12,007	\$ 13,126	\$ 1,119	9%
Legal	21,990	30,000	30,000	-	0%
Administration	139,659	422,806	497,892	75,086	18%
Finance	128,909	162,612	149,994	(12,618)	-8%
Community Services	241,021	302,591	301,219	(1,372)	0%
Planning & Building	189,107	163,377	230,100	66,723	41%
Fire	332	150,000	150,000	-	0%
Public Works	259	-	-	-	0%
Financing	4,094,963	4,198,681	4,269,263	70,582	2%
Projects	3,250,911	611,000	710,500	99,500	16%
Non Departmental	642,191	205,103	211,812	6,709	3%
TOTAL EXPENSES	\$ 8,719,747	\$ 6,258,177	\$ 6,563,906	\$ 305,729	5%
Reserved for future use		-	-		
RESULTING GAIN (LOSS)	\$ (64,634)	\$ -	\$ -		

LOW & MODERATE INCOME HOUSING FUND

	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
<u>REVENUES</u>					
Increment	\$ 1,297,463	\$ 1,363,168	\$ 1,472,016	\$ 108,848	8%
Interest Income	264,632	20,400	20,808	408	2%
Other Income	-	-	-	-	0%
Use of Taxable Bond Proceeds	-	-	-	-	0%
TOTAL REVENUES	\$ 1,562,095	\$ 1,383,568	\$ 1,492,824	\$ 109,256	8%
<u>EXPENSES BY DEPARTMENT</u>					
Legal	\$ 5,048	\$ 40,000	\$ 40,000	\$ -	0%
Administration	34,875	39,025	67,983	28,958	74%
Finance	46,748	53,288	60,261	6,973	13%
Community Services	59,287	76,082	73,907	(2,175)	-3%
Planning & Building	160,461	243,925	362,335	118,410	49%
Financing	899,729	832,555	830,750	(1,805)	0%
Projects	1,978,574	55,000	25,000	(30,000)	-55%
Non Departmental	35,450	43,693	32,588	(11,105)	-25%
TOTAL EXPENSES	\$ 3,220,172	\$ 1,383,568	\$ 1,492,824	\$ 109,256	8%
Reserved for future use	-	-	-		
RESULTING GAIN (LOSS)	\$ (1,658,077)	\$ -	\$ -		

UDAG FUND

	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
<u>REVENUES</u>					
Developer Loan Interest Payments	\$ 52,152	\$ 60,000	\$ 60,000	\$ -	0%
Interest Income	62,160	51,000	52,000	1,000	2%
Use of Reserves	-	-	-	-	0%
TOTAL REVENUES	\$ 114,312	\$ 111,000	\$ 112,000	\$ 1,000	1%
<u>EXPENSES BY DEPARTMENT</u>					
Finance	\$ 3,065	\$ 3,575	\$ 3,723	\$ 148	4%
Non Departmental	4,037	-	-	-	0%
Economic Development Loan	-	-	-	-	0%
TOTAL EXPENSES	\$ 7,102	\$ 3,575	\$ 3,723	\$ 148	4%
Reserved for future use	107,210	107,425	108,277		
RESULTING GAIN (LOSS)	\$ -	\$ -	\$ -		

PROJECT PARTICIPATION FUND

	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
<u>REVENUES</u>					
Rental Income	\$ 399,782	\$ 268,000	\$ 380,000 (1)	\$ 112,000	42%
TOTAL REVENUES	\$ 399,782	\$ 268,000	\$ 380,000	\$ 112,000	42%
<u>EXPENSES BY DEPARTMENT</u>					
Non Departmental	\$ 50,000	\$ 50,000	\$ 50,000 (2)	\$ -	0%
TOTAL EXPENSES	\$ 50,000	\$ 50,000	\$ 50,000	\$ -	0%
Reserved for future use	349,782	218,000	330,000		
RESULTING GAIN (LOSS)	\$ -	\$ -	\$ -		

(1) Includes Vineyard Plaza, Purity, Swenson and Healdsburg phase II rents.

(2) Transfer to Community Benefit Trust.

INSURANCE & BENEFITS

	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
<u>REVENUES</u>					
Service Fees	\$ 5,169,156	\$ 5,800,928	\$ 6,789,536	\$ 988,608	17%
Interest Income	33,326	30,000	30,600	600	2%
TOTAL REVENUES	\$ 5,202,482	5,830,928	\$ 6,820,136	\$ 989,208	17%
<u>EXPENSES BY DEPARTMENT</u>					
Non Departmental:					
Public Employee Retirement	\$ 1,896,807	\$ 2,390,438	\$ 2,773,597	\$ 383,159	16%
Health & Life Insurance	1,038,586	1,380,379	1,658,450	278,071	20%
Medicare	85,741	96,518	112,557	16,039	17%
Long Term Disability	44,983	76,880	50,694	(26,186)	-34%
State Unemployment Insurance	12,576	68,398	76,771	8,373	12%
Workers' Compensation Leave	43,407	63,126	74,021	10,895	17%
Workers' Compensation	471,266	325,566	397,676	72,110	22%
Compensation Time	77,067	-	-	-	0%
Public Safety Leave	114,474	162,551	31,438	(131,113)	-81%
Holiday Leave	351,648	344,461	471,079	126,618	37%
Vacation Leave	501,610	550,522	707,159	156,637	28%
Management Leave	63,846	81,508	125,254	43,746	54%
Sick Leave	267,054	274,981	306,287	31,306	11%
Other	11,975	-	20,000	20,000	100%
TOTAL EXPENSES	\$ 4,981,040	5,815,328	\$ 6,804,983	\$ 989,655	17%
Reserved for future use	221,442	15,600	15,153		
RESULTING GAIN (LOSS)	\$ -	\$ -	\$ -		

VEHICLE REPLACEMENT & SERVICES

	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
<u>REVENUES</u>					
Service Fees	\$ 379,104	\$ 328,314	\$ 438,836	(1) \$ 110,522	34%
Replacement Fees	187,475	251,634	514,642	(1) 263,008	105%
Interest Income	41,518	51,000	51,000	-	0%
Transfers & Other Revenues	87,888	-	-	-	0%
TOTAL REVENUES	\$ 695,985	\$ 630,948	\$ 1,004,478	\$ 373,530	59%
<u>EXPENSES BY DEPARTMENT</u>					
Finance	\$ 11,620	\$ 11,696	\$ 14,657	\$ 2,961	25%
Community Services	36,324	70,100	34,858	(35,242)	-50%
Planning & Building	1,313	2,300	2,500	200	9%
Police	70,271	85,764	45,400	(40,364)	-47%
Fire	48,023	44,841	50,739	5,898	13%
Public Works	81,732	115,850	226,827	(2) 110,977	96%
Electric	122,719	152,302	34,000	(2) (118,302)	-78%
Non Departmental	306,191	27,775	38,410	10,635	38%
TOTAL EXPENSES	\$ 678,193	\$ 510,628	\$ 447,391	\$ (63,237)	-12%
Reserve for future replacement	17,792	120,320	557,087		
RESULTING GAIN (LOSS)	\$ -	\$ -	\$ -		

VEHICLE RETIREMENTS FOR FY 2006-2007

Public Works

Vehicle # 17 '86 Chevy 1 Ton Pick-up
 Vehicle # 26 '96 Dodge 3/4 Ton Pick-up
 Vehicle #113 '94 GMC Vandura

No purchases scheduled for 2007

- (1) Due to budget constraints, service and replacement fees for Police & Fire held to a growth rate of 5%. Budget 2007 reflects true costs for all other departments.
 (2) The mechanic and shop moved from Electric Department to Public Works.

INFORMATION SYSTEMS REPLACEMENT & SERVICES

	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
<u>REVENUES</u>					
Service Fees	\$ 614,788	\$ 374,728	\$ 556,530	(1) \$ 181,802	49%
Replacement Fees	258,554	271,484	262,340	(1) (9,144)	-3%
Interest Income	17,812	15,000	15,000	-	0%
Use of Reserves	185,460	100,479	116,002	15,523	15%
Other	13,334	-	-	-	0%
TOTAL REVENUES	\$ 1,089,948	\$ 761,691	\$ 949,872	\$ 188,181	25%
<u>EXPENSES BY DEPARTMENT</u>					
Administration	\$ 3,598	\$ 1,292	\$ 7,323	\$ 6,031	467%
Finance	432,636	363,134	448,018	84,884	23%
Community Services	7,510	3,620	4,881	1,261	35%
Planning & Building	80,570	23,294	7,390	(15,904)	-68%
Police	107,583	39,760	72,733	32,973	83%
Fire	9,844	3,960	19,880	15,920	402%
Public Works	31,971	14,340	38,330	23,990	167%
Electric	17,627	30,612	8,160	(22,452)	-73%
Non Departmental-Central Services	398,609	281,679	343,157	61,478	22%
TOTAL EXPENSES	\$ 1,089,948	\$ 761,691	\$ 949,872	\$ 188,181	25%
Reserved for future replacements	-	-	-		
RESULTING GAIN (LOSS)	\$ -	\$ -	\$ -		

INFORMATION SYSTEMS PURCHASES FOR FY 2006-2007

Desktop Computers	18,700
Workstations	14,800
Laptops	20,000
Monitors	9,800
Printers	10,800
Scanner	900
UPS Systems	15,440
Wireless Handhelds	300
<u>Network Equipment</u>	
Server for Utility Billing System	5,000
Server for Police Department	1,100
GIS Server	13,000
Application/Database Server	13,000
File/Storage Server	10,000
Backup Tape Drive	9,000
<u>Software</u>	
Upgrade to Office Pro 2003	44,800
Windows Client Access Licensing	18,000
TOTAL PURCHASES	204,640

(1) Due to budget constraints, service and replacement fees for Police & Fire held to a growth rate of 5%.

BUILDING MAINTENANCE - SERVICE FUND

	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
<u>REVENUES</u>					
Service Fees	\$ 694,609	\$ 695,530	\$ 803,623	\$ 108,093	16%
Other	37,607	35,000	35,000	-	0%
TOTAL REVENUES	\$ 732,216	\$ 730,530	\$ 838,623	\$ 108,093	15%
<u>EXPENSES BY DEPARTMENT</u>					
Community Services	\$ 14,987	\$ 6,467	\$ 7,519	\$ 1,052	16%
Public Works	23,071	-	8,085	8,085	100%
Non Departmental	583,263	724,063	767,986	43,923	6%
TOTAL EXPENSES	\$ 621,321	\$ 730,530	\$ 783,590	\$ 53,060	7%
Reserve for future use	110,895	-	55,033		
RESULTING GAIN (LOSS)	\$ -	\$ -	\$ -		

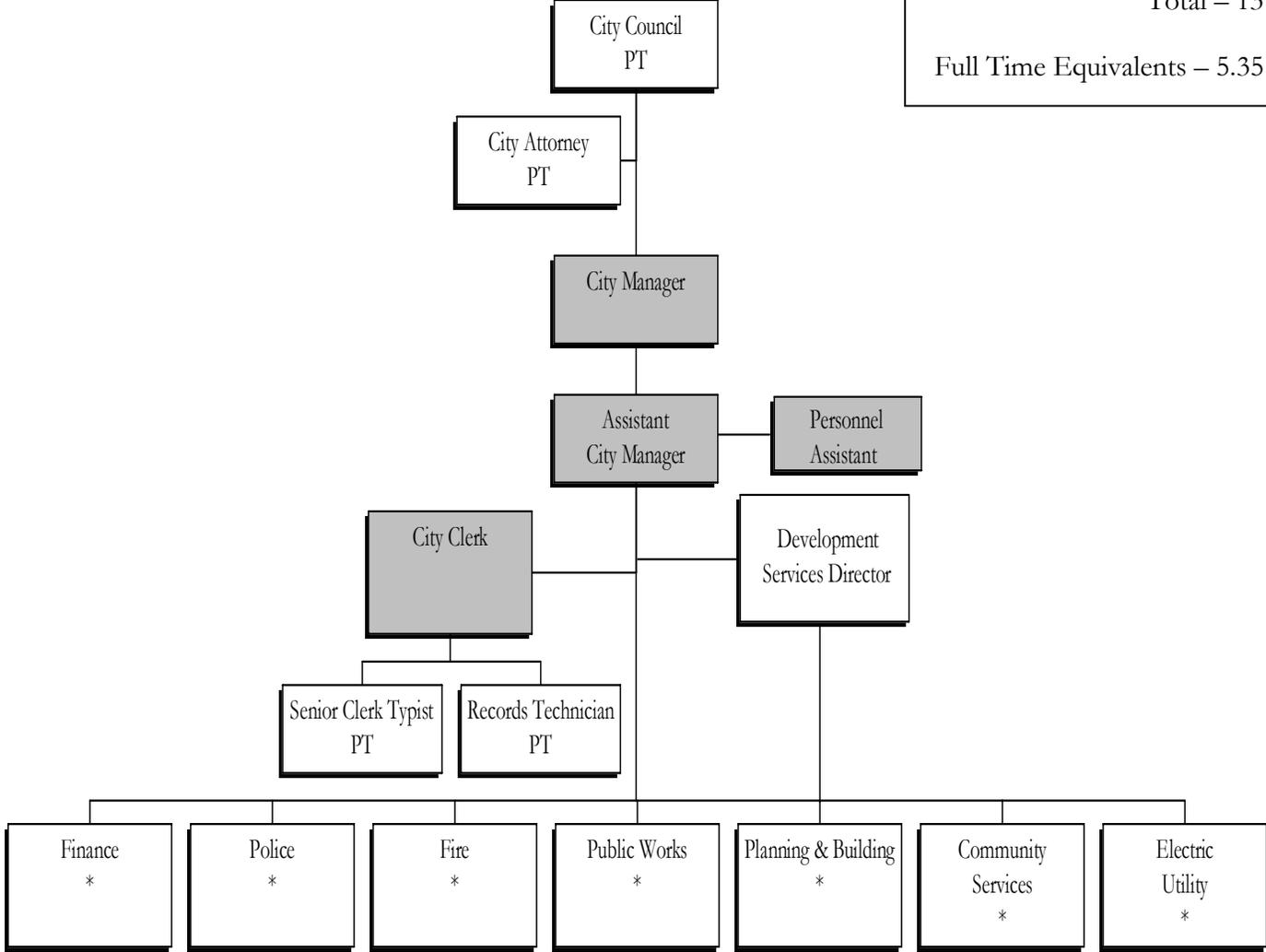
OTHER DEBT SERVICE

	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
<u>REVENUES</u>					
Transfers	\$ 3,252,034	\$ 3,092,836	\$ 3,072,195	\$ (20,641)	-1%
Property Tax	942,976	876,306	833,170	(43,136)	-5%
Interest Income	55,067	15,000	43,060	28,060	187%
Bond Proceeds	-	-	-	-	0%
TOTAL REVENUES	\$ 4,250,077	\$ 3,984,142	\$ 3,948,425	\$ (35,717)	-1%
<u>EXPENSES BY DEPARTMENT</u>					
Non Departmental	\$ 3,891,776	3,969,142	3,863,118	\$ (106,024)	-3%
TOTAL EXPENSES	\$ 3,891,776	\$ 3,969,142	\$ 3,863,118	\$ (106,024)	-3%
Reserved for future use	358,301	15,000	85,307		
RESULTING GAIN (LOSS)	\$ -	\$ -	\$ -		

Notes:

ADMINISTRATION

Full Time - 4
Part Time - 2
Elected PT - 5
Contracted PT - 1
Total – 13
Full Time Equivalents – 5.35



*Department Heads are listed by department.

ADMINISTRATION

The legislative and central administration functions of the City are coordinated by the Administration department, which includes the City Council, City Manager, City Attorney, City Clerk, and Employee Relations and Personnel Services.

City Council

The City Council is the governing body of the City. The five Council members are elected at large by the voters of Healdsburg for four-year terms. Each year the Mayor is elected by a majority vote of the City Council. The City Council sets policy for the City and adopts an annual budget. The positions of City Manager, City Attorney and City Clerk are appointed by the Council.

City Manager

The City Manager's office is responsible for the management and coordination of the day-to-day operations of the City. With the assistance of the Assistant City Manager, responsibilities include overall supervision of all City departments and direct coordination with the City Council, as well as public information, intergovernmental relations, economic development, and franchise management.

City Attorney

The City Attorney is the primary legal advisor to the City Council, its Commissions and City departments. Major activities include providing accurate legal advice and direction to ensure that the City's operations conform with all federal, state, and City laws, as well as representing the City in legal proceedings. These services are provided on a contract basis by an outside legal firm.

City Clerk

The City Clerk's office is responsible for all official record keeping for the City, legislative history management, preparation and management of City Council agendas, noticing of public hearings for the City Council and the coordination of City elections. The City Clerk also coordinates the City's Injury and Illness Prevention Program (IIPP).

Personnel Services

Personnel Services is responsible for administering the City's human resources management system, including labor relations and negotiations, benefits administration, and staff development, and for providing personnel support services to all City departments.

MAJOR DEPARTMENTAL TASKS COMPLETED FISCAL YEAR 2005-2006

- Completed negotiations to renew labor contract with IAFF for multiple years
- Completed recruitment and hired new Community Services Director
- Implemented WiFi network for the Plaza
- Selected firm to complete codification of Municipal Code including "automatic updates" process
- Completed citywide training on all IIPP Safety Programs and initiated safety meetings for all employees

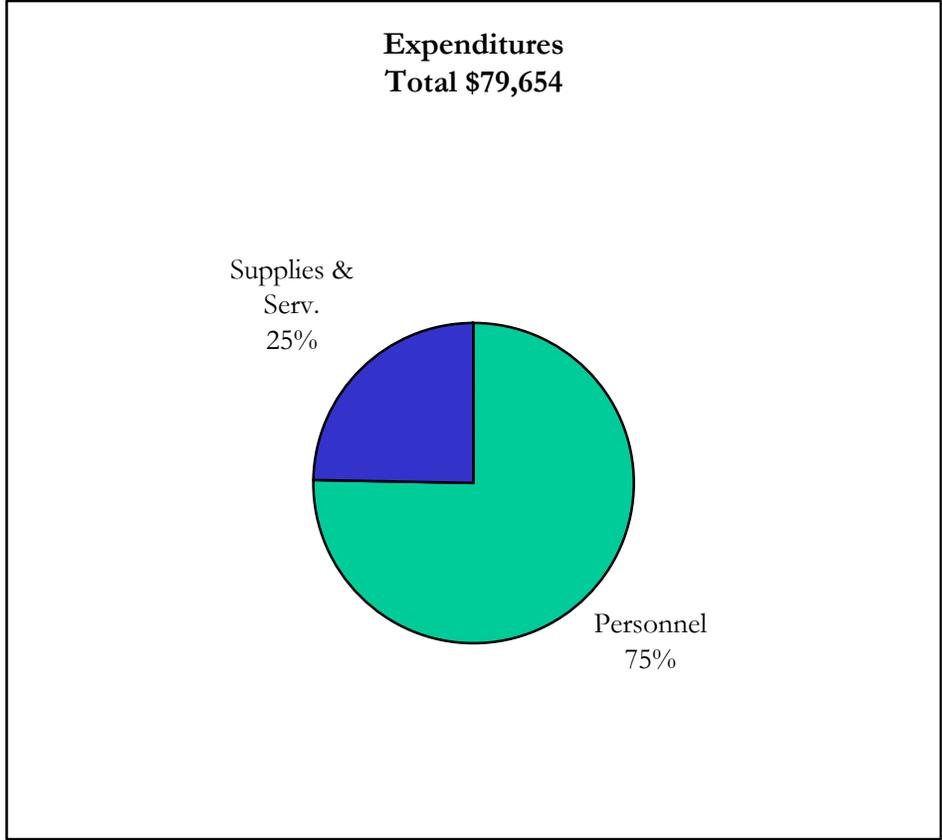
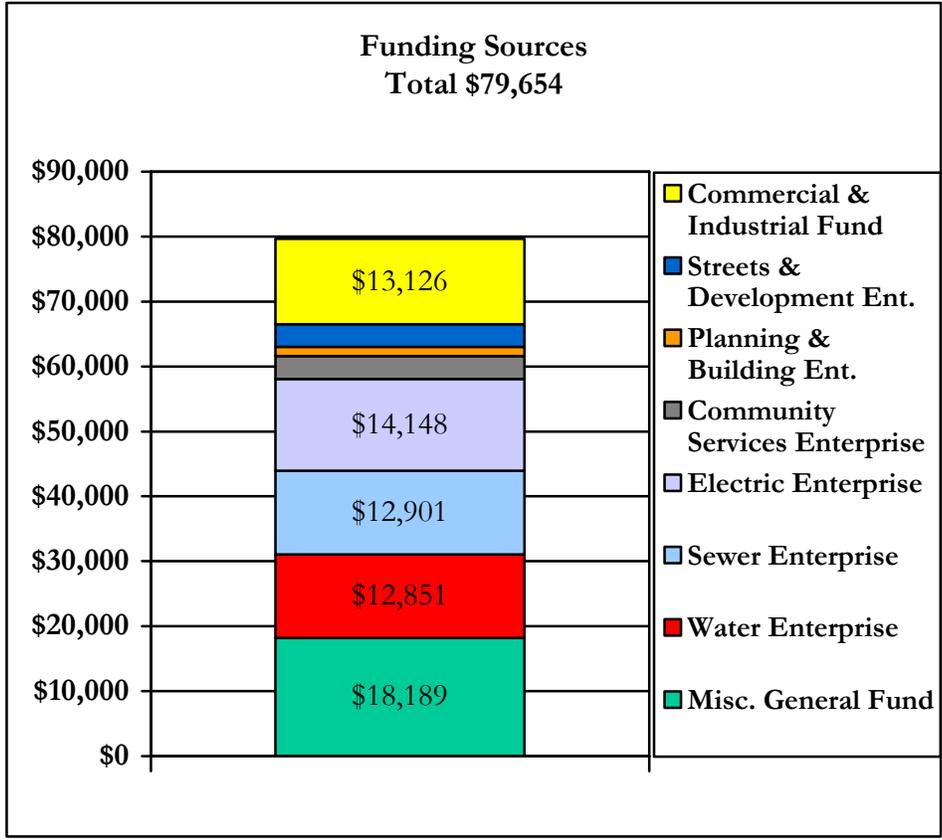
MAJOR DEPARTMENTAL GOALS FOR FISCAL YEAR 2006-2007

- ◆ Expand WiFi network from the Plaza
- ◆ Complete hiring of new Assistant City Manager and Planning/Building Director
- ◆ Add another segment to the Foss Creek Trail
- ◆ Design a parking lot plan for the Purity Chemical site and demolish existing structure
- ◆ Move the Saggio Hills project through Planning Commission and City Council approvals
- ◆ Explore financial mitigation for desirable business projects that might otherwise be excluded from participating in the economic development of the City by higher sewer impact fees

FUTURE OBJECTIVES

Overwhelming voter approval (over 80%) in support of proposition 1A will provide safeguards for some city revenues into the future. Ongoing State budget problems (the inability to spend within revenues) will mean continued risks to local revenues. Closer to home, Sanderson Ford's announcement to seek approval once again for a Windsor relocation of its car dealership and the loss of sales tax revenue to Healdsburg poses financial problems for funding the Police and Fire departments, which currently comprise 96% of the general fund. Replacement revenues in the form of 9-1-1 telephone fees, a sales tax increase and perhaps other taxpayer-approved measures may be required in order to maintain existing public safety service levels. A similar revenue plan is also needed to respond to the city's large backlog of street repair needs. Due to a strong local tourism economy and voter approved allocation of 10% of the lodging tax revenue in 2002, a new "Parks and Recreation Department" will offer recreation programs once again to the community after a 15-year lapse. The Saggio Hills Resort project proposal offers opportunities for enhanced revenue to support both Police and Fire and an increase in Parks and Recreation services.

ADMINISTRATION - City Council

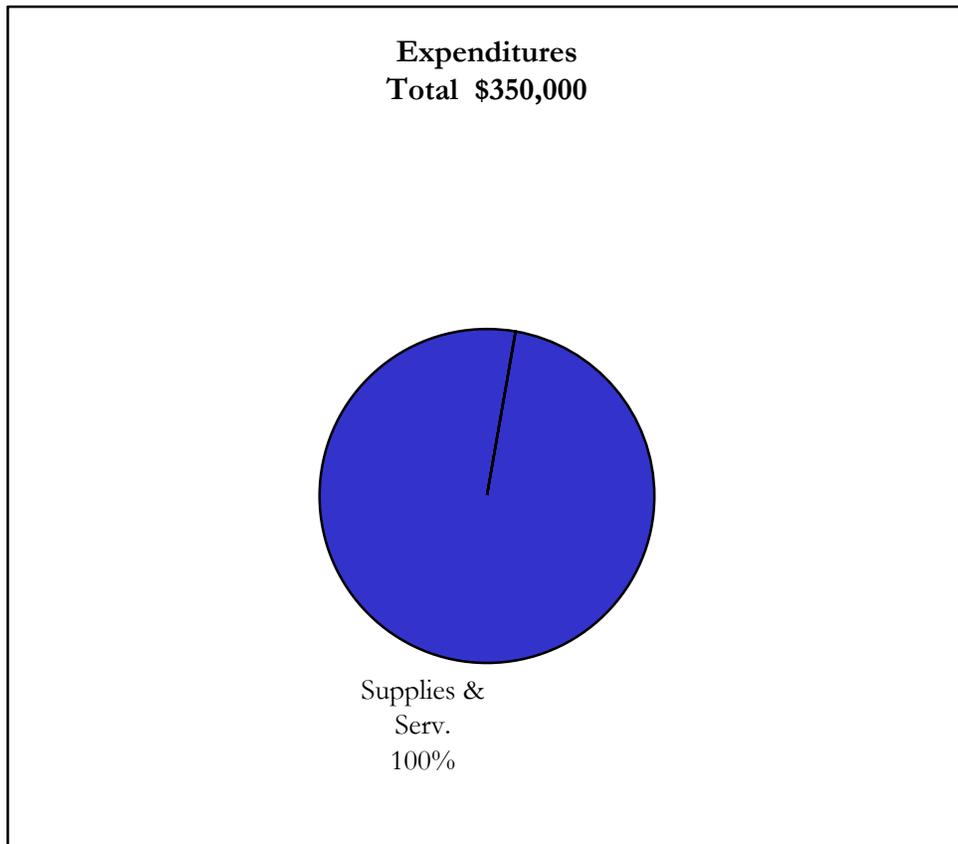
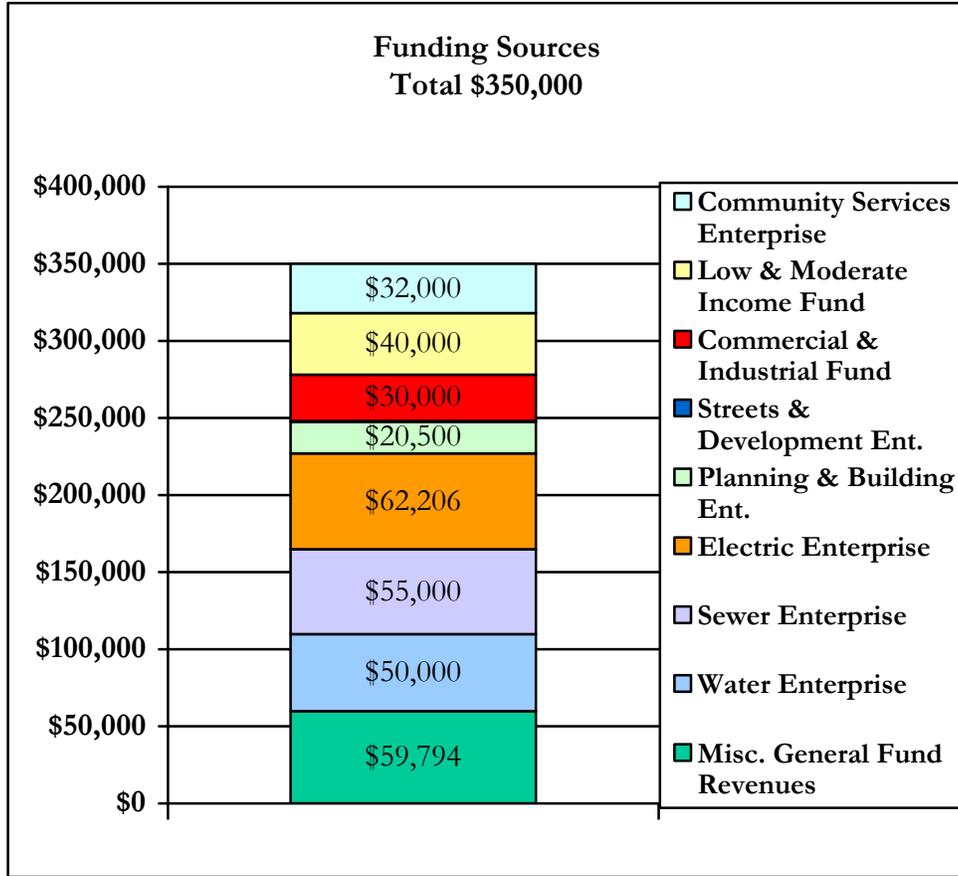


ADMINISTRATION - City Council

FUNDING SOURCES	FUNDING SOURCES 2006-2007
MISC.GENERAL FUND REVENUES	\$ 18,189
WATER ENTERPRISE	12,851
SEWER ENTERPRISE	12,901
ELECTRIC ENTERPRISE	14,148
COMMUNITY SERVICES ENTERPRISE	3,521
PLANNING & BUILDING ENTERPRISE	1,397
STREETS & DEVELOPMENT ENT.	3,521
COMMERCIAL & INDUSTRIAL FUND	13,126
TOTAL REVENUES	\$ 79,654

EXPENSES	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
WAGES & FRINGE BENEFITS	\$ 52,575	\$ 54,944	\$ 59,858	\$ 4,914	9%
CONTRACTED SERVICES	3,677	-	5,000	5,000	100%
SERVICE FEES	3,672	3,672	3,696	24	1%
TELECOMMUNICATION SERVICE	603	600	600	-	0%
PRINTING & BINDING	-	-	-	-	0%
SUPPLIES	1,218	300	500	200	67%
MEETINGS	4,741	3,000	8,000	5,000	167%
MEMBERSHIPS & DUES	-	261	-	(261)	-100%
TRAINING	775	2,000	2,000	-	0%
TOTAL EXPENSES	\$ 67,261	\$ 64,777	\$ 79,654	\$ 14,877	23%

ADMINISTRATION - Legal

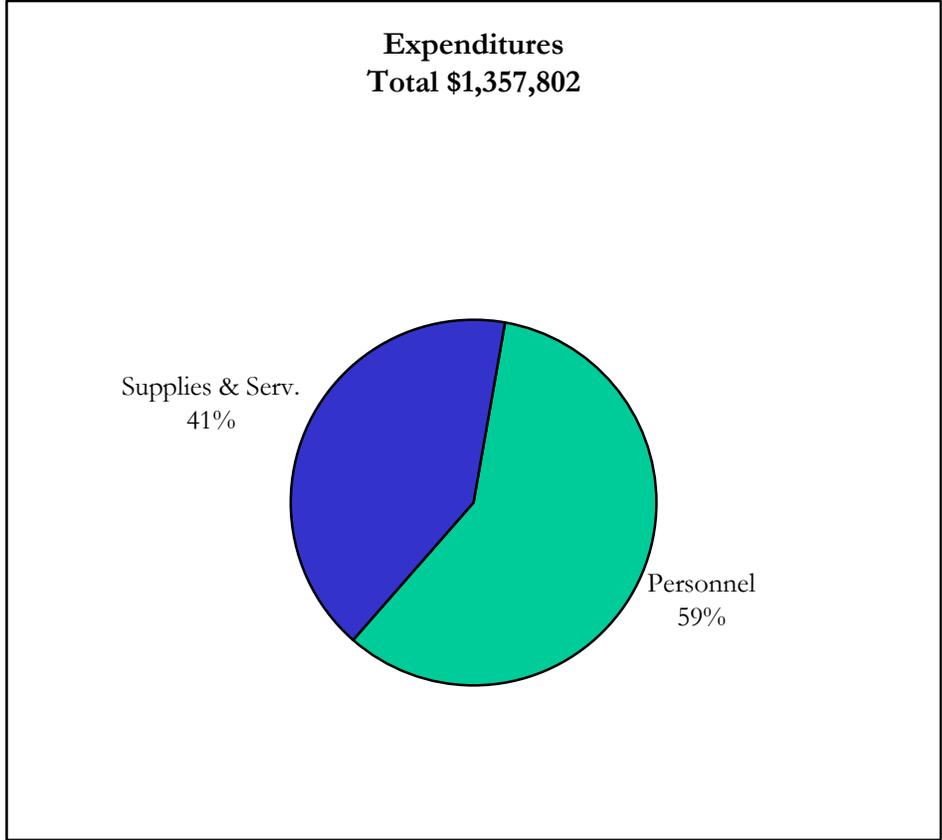
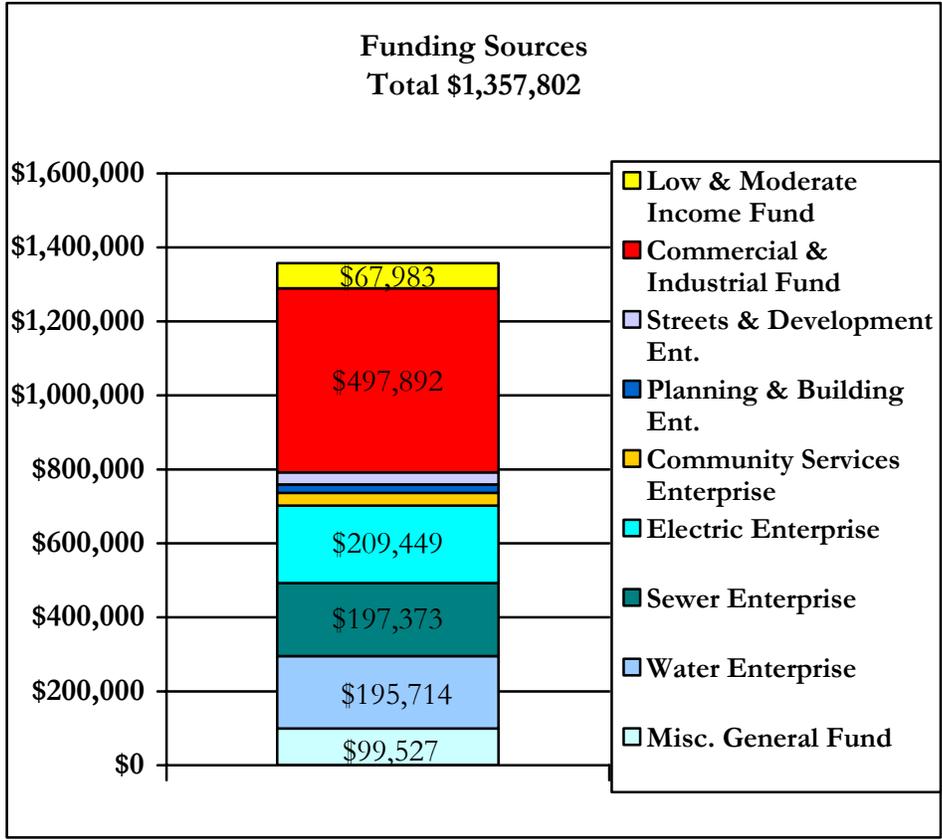


ADMINISTRATION - Legal

<u>FUNDING SOURCES</u>	FUNDING SOURCES 2006-2007
MISC.GENERAL FUND REVENUES	\$ 59,794
WATER ENTERPRISE	50,000
SEWER ENTERPRISE	55,000
ELECTRIC ENTERPRISE	62,206
COMMUNITY SERVICES ENTERPRISE	32,000
PLANNING & BUILDING ENTERPRISE	20,500
STREETS & DEVELOPMENT ENTERPRISE	500
COMMERCIAL & INDUSTRIAL FUND	30,000
LOW & MODERATE INCOME FUND	<u>40,000</u>
 TOTAL REVENUES	 <u>\$ 350,000</u>

<u>EXPENSES</u>	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
WAGES & FRINGE BENEFITS	\$ -	\$ -	\$ -	\$ -	0%
CONTRACTED SERVICES	260,743	310,000	350,000	40,000	13%
SERVICE FEES	1,620	-	-	-	0%
MEETINGS	<u>222</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0%</u>
 TOTAL EXPENSES	 <u>\$ 262,585</u>	 <u>\$ 310,000</u>	 <u>\$ 350,000</u>	 <u>\$ 40,000</u>	 <u>13%</u>

ADMINISTRATION - City Manager's Office



ADMINISTRATION - City Manager's Office

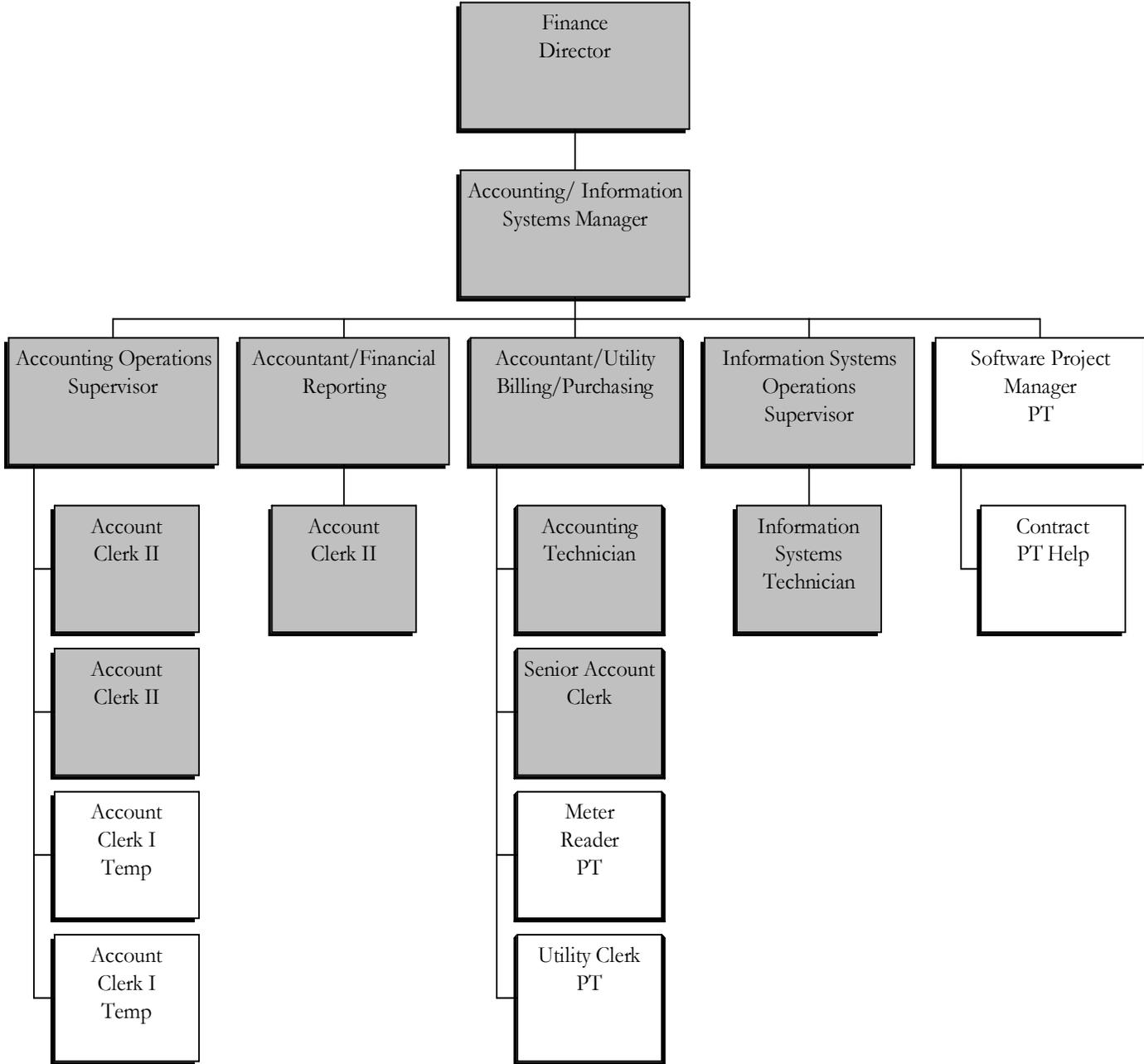
FUNDING SOURCES	FUNDING SOURCES 2006-2007
MISC.GENERAL FUND REVENUES	\$ 99,527
WATER ENTERPRISE	195,714
SEWER ENTERPRISE	197,373
ELECTRIC ENTERPRISE	209,449
COMMUNITY SERVICES ENTERPRISE	34,442
PLANNING & BUILDING ENTERPRISE	22,987
STREETS & DEVELOPMENT ENTERPRISE	32,435
COMMERCIAL & INDUSTRIAL FUND	497,892
LOW & MODERATE INCOME FUND	67,983
CAPITAL PROJECT FUNDING	10,000
TOTAL REVENUES	\$ 1,367,802

EXPENSES	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
WAGES & FRINGE BENEFITS	\$ 515,483	\$ 546,747	\$ 796,903	\$ 250,156	46%
OVERTIME	73	-	-	-	0%
SUPPORT TO ORGANIZATIONS	38,464	11,898	11,898	-	0%
CONTRACTED SERVICES	37,028	19,000	63,500	44,500	234%
INSURANCE	4,323	4,500	-	(4,500)	-100%
GOVERNMENT FEES	-	-	-	-	0%
ELECTION EXPENSE	8,418	-	16,000	16,000	100%
PROJECT PARTICIPATION	211,908	296,250	296,250	-	0%
PROPERTY SERVICES	-	-	-	-	0%
ADDITIONAL PAY	8,616	9,000	13,200	4,200	47%
RENTALS	-	1,800	-	(1,800)	-100%
SERVICE FEES	61,812	56,921	63,644	6,723	12%
REPLACEMENT FEES	16,979	16,994	7,105	(9,889)	-58%
TELECOMMUNICATION SERVICE	2,960	3,102	3,302	200	6%
ADVERTISING & PUBLICATION	54,429	45,000	55,000	10,000	22%
SUPPLIES	6,966	8,805	8,000	(805)	-9%
MEETINGS	4,002	8,000	10,000	2,000	25%
MEMBERSHIPS & DUES	14,833	6,000	8,000	2,000	33%
TRAINING	5,530	5,000	5,000	-	0%
CAPITAL ITEMS	-	-	-	-	0%
TOTAL OPERATING EXPENSES	\$ 991,824	\$ 1,039,017	\$ 1,357,802	\$ 318,785	31%
CAPITAL PROJECTS		10,000	10,000		
GRAND TOTAL EXPENSES		\$ 1,049,017	\$ 1,367,802		

FINANCE

Notes:

Full Time - 12
Part Time - 3
Temp - 2
Total - 17
Full Time Equivalents - 14.0



FINANCE

The Finance Department is responsible for financial management of all City funds and for providing central support services to other City departments. Services provided include: purchasing, risk management, payroll, accounts payable, utility billing, revenue collections, budget development, treasury management, grant administration, financial reporting and information services. Financial services are also provided for the Redevelopment Agency, as well as for various Trust and Agency Funds.

General Fiscal Services

The general fiscal services provided include: payroll, accounts payable, revenue collection, treasury management, grants administration, budget development, and financial reporting. Payroll services include providing biweekly payments for the entire city workforce of permanent and temporary employees as well as filing all required reports with the Federal and State government and with the retirement system. Accounts payable services consist of making all disbursements for the City, Redevelopment Agency and Trust Funds. Revenue and collections include collection of all general government revenues such as business and transient occupancy taxes, and collection of all enterprise fund revenues such as water, sewer, electric and transit. Treasury management includes investment of funds, cash management and debt management. Grant administration consists of preparation of and billing for transit, infrastructure and disaster relief funds from other government agencies. Budget development involves coordination of departmental budget preparation and the publication of the operating and capital improvement budgets. Financial reporting consists of preparation of the Comprehensive Annual Financial Report, coordination of annual audits, filing of required statutory reports and providing operational information to departments during the year.

Utility Billing

The Department is responsible for utility billing services for all three utilities: water, sewer and electric, and the management of 6,100 resident and business utility customer accounts. The Department reads meters and bills all customers monthly and maintains a payment service counter and a drive-up payment drop box. The Department is also responsible for preparing rate studies to identify appropriate billing rates. The Department is currently utilizing a lock-box service to process mail payments.

Information Services

Information services consist of the operation and maintenance of the central computer and software, the network of personal computers, and the downtown WiFi access. The Department currently maintains two IBM AS/400 central computers, one runs financial and utility billing programs and the other runs the public safety CAD/RMS system. The Department maintains and administers a network of 136 personal computers and 27 related servers. The Information Systems Operations Supervisor and an Information Systems Technician provide network system maintenance and support.

Other Central Services

Other central services provided by the Department include, communications and office equipment services, purchasing and risk management. Communication and office equipment services include managing the contracts and replacement fund for telephone, voice mail, copy machines and other office equipment. Purchasing coordinates all procurement activities in the city. The Department coordinates with the Redwood Empire Municipal Insurance Fund to provide risk management services for the City.

MAJOR DEPARTMENTAL TASKS COMPLETED FISCAL YEAR 2005-2006

- ☑ Engineered and installed public WiFi access in the Town Plaza, creating a free hotspot in the downtown area
- ☑ Selected Harris Northstar to provide upgrade to utility billing/CIS system after reviewing proposals from several vendors, conducting demonstrations and site visits
- ☑ Refinanced 1996 Series B Sewer Certificates of Participation & 2000B Water & Wastewater Revenue Bonds saving the City approximately \$0.5 million over the life of the debt
- ☑ Completed upgrade of website content management software and held training workshops for departments
- ☑ Assumed additional duties related to Airport, including lease/insurance management, maintaining tenant waiting list, resolving disputes and referring legal matters to city attorney
- ☑ Completed documentation required by OES & FEMA to claim reimbursement for New Year's storm damage
- ☑ Developed a 4 year wastewater rate schedule & coordinated with Public Works to notify customers & property owners
- ☑ Completed issuance of revenue bonds to fund the State mandated upgrade of the wastewater treatment plant, estimated cost to be \$30 million.

MAJOR DEPARTMENTAL GOALS FOR FISCAL YEAR 2006-2007

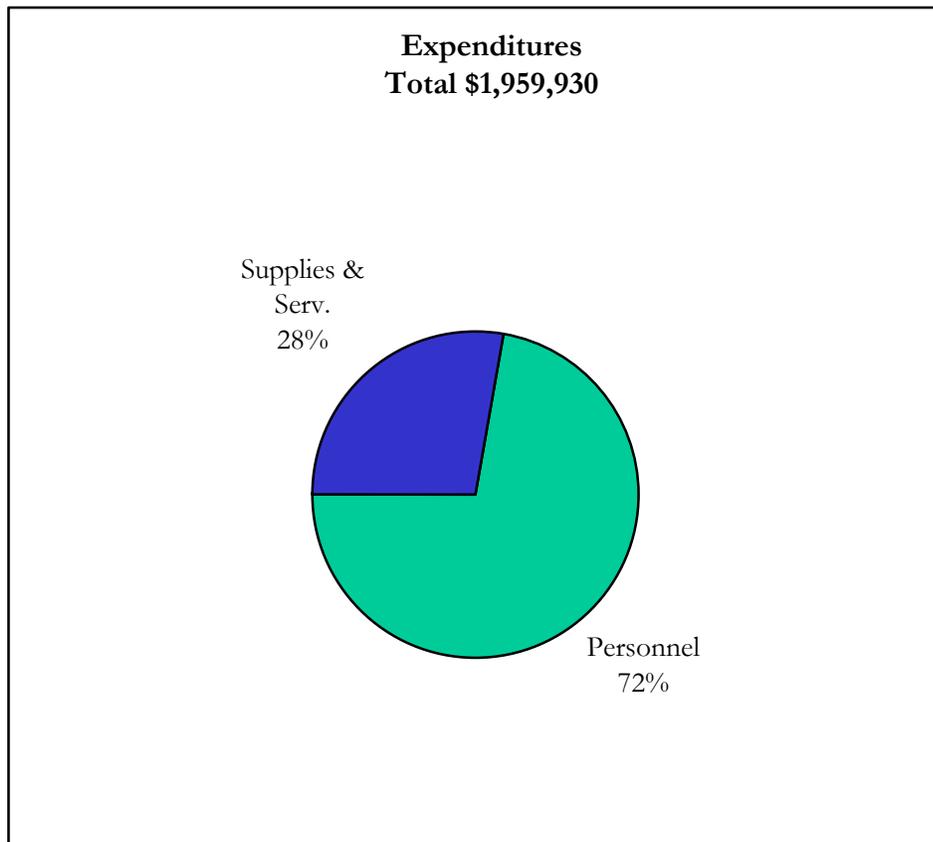
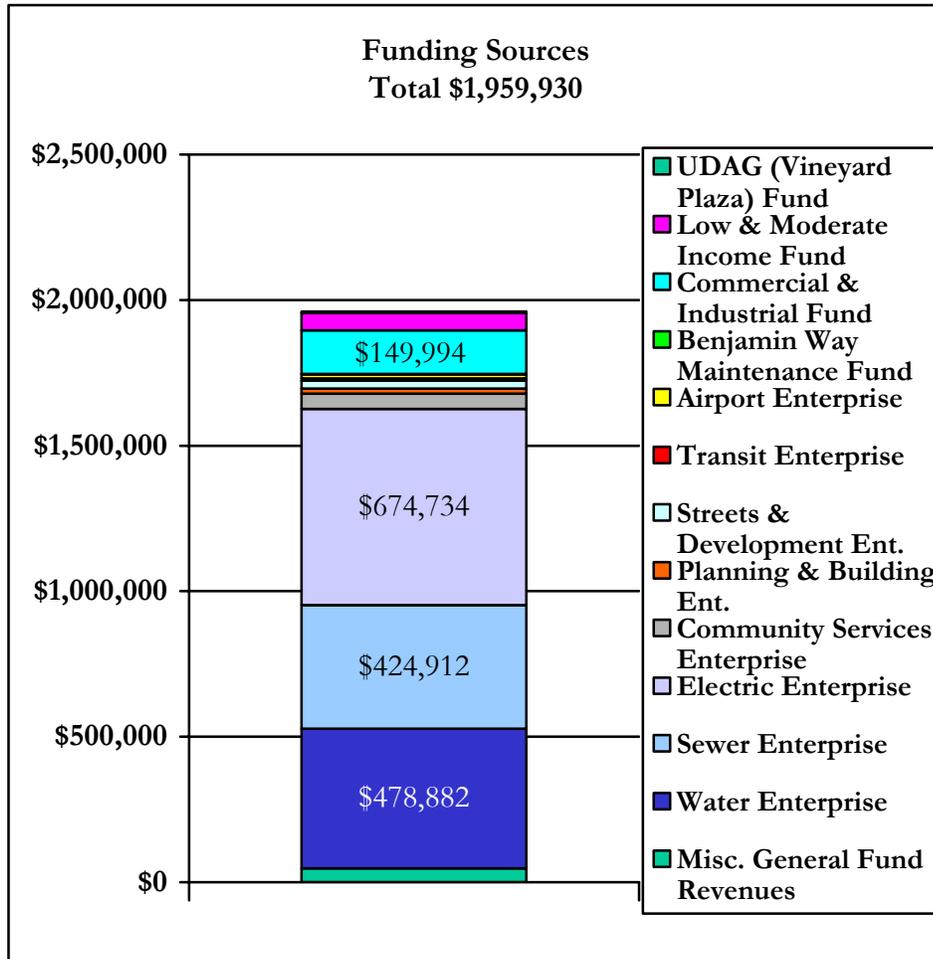
- ◆ Successful conversion of utility billing/CIS system to Harris Northstar software
- ◆ Install wireless connectivity between City facilities to enhance bandwidth and increase network functionality
- ◆ Continue development and redesign of website to be user friendly with an emphasis on customer service
- ◆ Work with Electric Department & consultant to complete cost of service study to be used in setting electric utility rates and bring recommendations to Council for review and adoption
- ◆ Develop new four year rate schedule for water and present for adoption
- ◆ Continue review and update of purchasing ordinance and manual to accommodate departments' operating requirements
- ◆ Continue to implement an investment strategy to maximize revenue and limit risk in the City's investment portfolio

FUTURE OBJECTIVES

The Finance Department continues to prepare for ongoing financial reporting changes mandated by the Governmental Accounting Standards Board. These changes include a total revision to the statistical section of the CAFR (Comprehensive Annual Financial Report) and the method of accounting for other post-employment benefits.

The Department will continue to promote staff training in areas such as systems, software, accounting, and customer service. The Department will also continue cross training of existing staff to allow for professional growth and efficient use of resources. The Department is also working to develop protocol for network file management and shared files.

The Department is continually faced with the challenge of looking for additional ways to automate processes and to use technology to provide services to the community's citizens as efficiently as possible. The Department will also continue to respond to the financial challenges facing the City.



FUNDING SOURCES	FUNDING SOURCES 2006-2007
MISC.GENERAL FUND REVENUES	\$ 48,151
WATER ENTERPRISE	478,882
SEWER ENTERPRISE	424,912
ELECTRIC ENTERPRISE	674,734
COMMUNITY SERVICES ENTERPRISE	52,187
TRANSIT ENTERPRISE	8,074
PLANNING & BUILDING ENTERPRISE	17,377
STREETS & DEVELOPMENT ENTERPRISE	26,866
AIRPORT ENTERPRISE	14,329
BENJAMIN WAY MAINTENANCE DIST.	440
COMMERCIAL & INDUSTRIAL FUND	149,994
LOW & MODERATE INCOME FUND	60,261
UDAG (VINEYARD PLAZA) FUND	3,723
TOTAL REVENUES	\$ 1,959,930

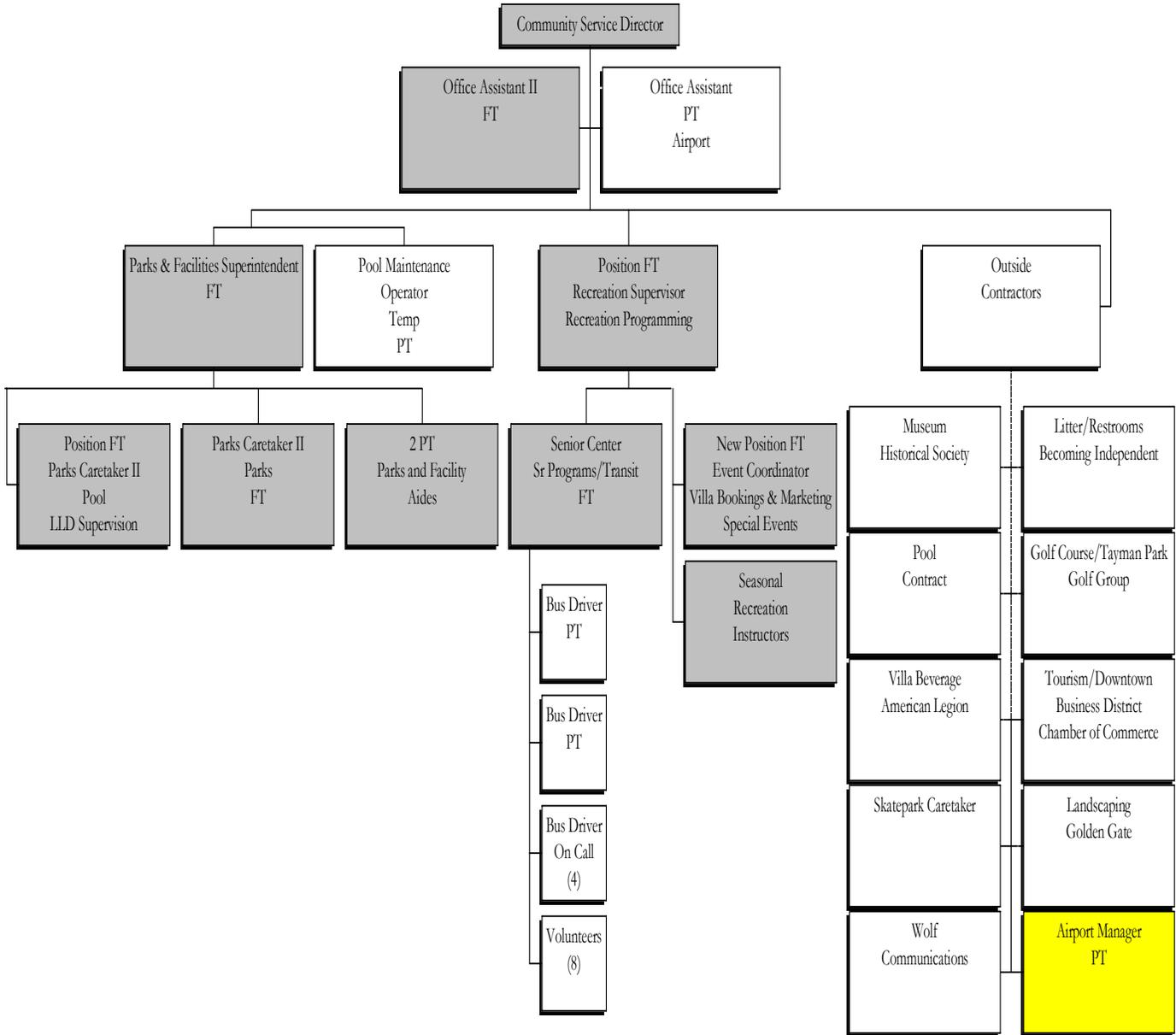
EXPENSES	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
WAGES & FRINGE BENEFITS	\$ 1,063,315	\$ 1,227,440	\$ 1,379,008	\$ 151,568	12%
OVERTIME	49,319	5,000	35,000	30,000	600%
CONTRACTED SERVICES	31,595	29,067	42,976	13,909	48%
GOVERNMENT FEES	100	-	100	100	100%
ADDITIONAL PAY	4,037	4,200	4,200	-	0%
RENTALS	37,062	36,936	1,740	(35,196)	-95%
SERVICE FEES	363,108	255,075	317,888	62,813	25%
REPLACEMENT FEES	94,205	99,750	96,134	(3,616)	-4%
TELECOMMUNICATION SERVICE	7,754	7,127	7,709	582	8%
PRINTING & BINDING	2,452	1,350	2,500	1,150	85%
SUPPLIES	45,191	50,700	58,475	7,775	15%
MEETINGS	2,113	2,750	2,750	-	0%
MEMBERSHIPS & DUES	1,236	950	950	-	0%
TRAINING	5,101	8,200	10,000	1,800	22%
EDUCATIONAL REIMBURSEMENT	296	500	500	-	0%
BAD DEBT EXPENSE	3,273	-	-	-	0%
TOTAL EXPENSES	\$ 1,710,157	\$ 1,729,045	\$ 1,959,930	\$ 230,885	13%

COMMUNITY SERVICES

Notes:

COMMUNITY SERVICES

Full Time - 8
 Part Time - 6
 Temp - 0
 On Call - 4
 Volunteer - 8
 Total - 38
 Full Time Equivalents - 14.50



COMMUNITY SERVICES

The Community Services Department is responsible for the management and operation of parks and recreation facilities, senior services, transit services, tourism promotion, Senior Center, the Villa Chanticleer conference center, Airport Management, recreation programming as well as Neighborhood Improvement Programs, Lighting and Landscaping District, special event coordination and film permits. Contract administration includes the municipal pool, Tayman Park Golf Course, school landscaping, Healdsburg Museum, Animal Shelter, and facility caretaker contracts.

DEPARTMENT SERVICES AND ROLES:

Administration and Contract Coordination: Support the work of the Department and City Council, Parks and Recreation Commission, Senior Advisory Commission, Airport Commission and other special committees and local organizations. Contract administration includes the school-park program; landscape and maintenance operations; and contracted service providers at the pool, museum, Chamber of Commerce visitor center and golf course, and Animal Shelter.

Information, Referral and Department Coordination: Provide public information concerning community services and other informational requests. Based on a customer service approach, information is provided through phone and fax communications, written and graphic materials, web site, and personal contact.

Parks and Maintenance: Maintain and operate public parks, open space and public facilities. Maintenance levels and services are based on providing safe and healthy areas at the best possible level to make them enjoyable to the community and safe to use. Trees and landscaping services are provided by participating in the planning and environmental review processes.

Park Planning and Capital Improvements: Plan, design, engineer and perform environmental review for all projects. Park planning process includes the coordination of each project from conceptual design, financial considerations, plans and specifications, construction and operational use.

Promotions and Downtown Business District (DBD): Assist with the coordination of the DBD, Chamber of Commerce and collaborative promotional efforts with the County of Sonoma.

Recreation Programming: Plan, maintain and provide recreation programming to City residents of all ages. Programming includes youth and adult sports, senior programs and cultural arts activities.

Scheduling and Event Coordination: Schedule and coordinate outdoor area usage at local schools, parks, and community facilities. Permits and scheduling also include special event coordination, commercial film permits, and Villa Chanticleer reservations.

Senior and Transit Services: The Senior Center provides recreational and social programs, as well as nutritional services, for seniors in the community. Transit Services are provided through a new dial-a-ride system and innovative route schedule to accommodate all ages, those with special needs, and interaction with Sonoma County transportation systems.

Municipal Airport Services: Manage a 50-acre municipal airport with 46 hangars, 20 tie-downs, 5 businesses and a 24-hour avgas fuel service, which serves the greater Healdsburg area.

MAJOR DEPARTMENTAL TASKS COMPLETED FISCAL YEAR 2005-2006

- ☑ Hired new permanent Community Services Director
- ☑ Created a community activities plan and developed new recreation brochure
- ☑ Recruited new Recreation Supervisor
- ☑ Created plans for reconstruction of Plaza Park. Reconstruction bid accepted
- ☑ Re-established recreation programming
- ☑ Completed community wide recreation needs assessment
- ☑ Completed Saggio Hills park site master plan
- ☑ Implemented Airport Master Plan
- ☑ Department has taken the lead in the planning of the Sesquicentennial of Plaza Park
- ☑ Department has worked with Healdsburg Unified School District in creating a Joint Use Agreement that will allow City sponsored recreation programming to take place in District facilities
- ☑ Department has implemented on-line recreation programming guide

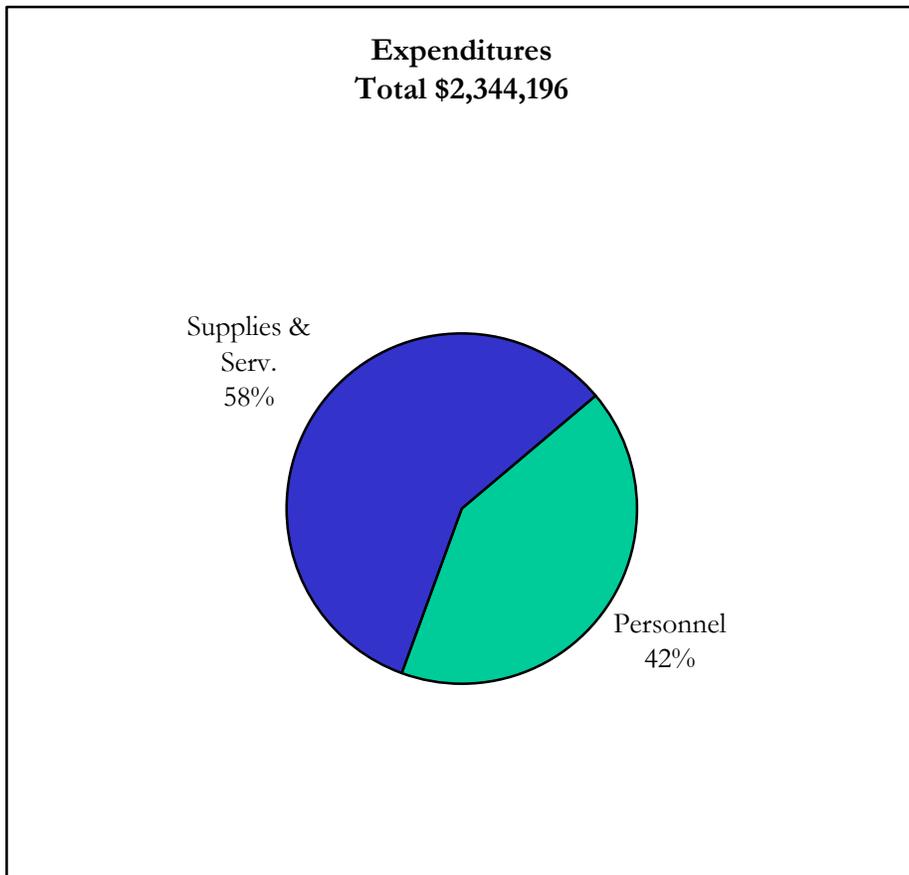
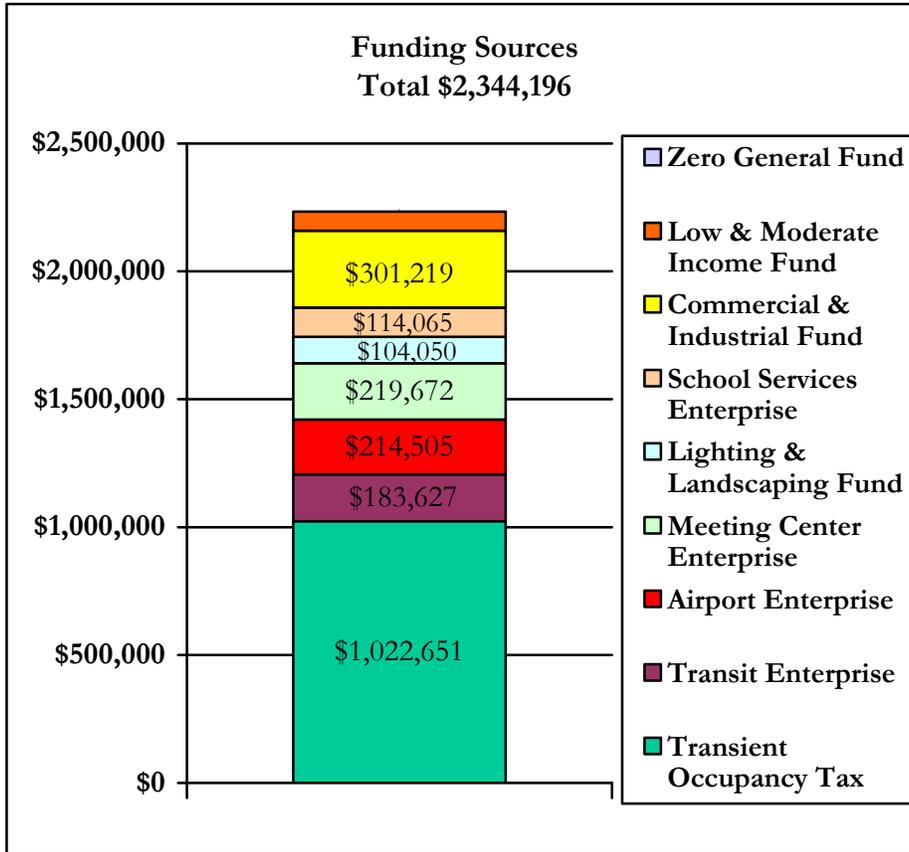
MAJOR DEPARTMENTAL GOALS FOR FISCAL YEAR 2006-2007

- ◆ Create a 15 to 20 year Parks and Recreation Master Plan for the City of Healdsburg
- ◆ Continue to develop recreation programming
- ◆ Complete Joint Use Agreement with Healdsburg Unified School District
- ◆ Reconstruction of Plaza Park to be completed
- ◆ Determine long-term operational plan for the City Pool
- ◆ Re-organize and increase staffing for Parks division
- ◆ Revitalize the Villa Chanticleer by improving the arbor, Villa floors and update Wisteria room
- ◆ Continue progress on current FAA Airport grants
- ◆ Department to implement Sesquicentennial Celebration for Community
- ◆ Create MOU and secure funding to manage Healdsburg Ridge Open Space Preserve from Sonoma County Open Space District
- ◆ Implement on-line program registration on City website

FUTURE OBJECTIVES

Continue to increase the level of recreation services that are available to the community. Continue to secure additional and dedicated funding to upgrade existing City parks and facilities and maintain basic service levels regardless of economic conditions. Continue to re-evaluate the Department's priorities and methods of service delivery. Continue to use opportunities to reorganize the Department due to attrition, demand for services, state budget cuts, and part-time staff.

COMMUNITY SERVICES



COMMUNITY SERVICES

FUNDING SOURCES	FUNDING SOURCES 2006-2007
TRANSIENT OCCUPANCY TAX	\$ 1,022,651
RECREATION PROGRAM FEES	110,500
MEETING CENTER ENTERPRISE	219,672
TRANSIT ENTERPRISE	183,627
LIGHTING & LANDSCAPING FUND	104,050
AIRPORT ENTERPRISE	214,505
SCHOOL SERVICES ENTERPRISE	114,065
COMMERCIAL & INDUSTRIAL FUND	301,219
LOW & MODERATE INCOME FUND	73,907
CAPITAL PROJECT FUNDING	405,000
TOTAL REVENUES	\$ 2,749,196

EXPENSES	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
WAGES & FRINGE BENEFITS	\$ 725,861	\$ 775,482	\$ 979,960	\$ 204,478	26%
OVERTIME	7,214	1,000	-	(1,000)	-100%
SUPPORT TO OUTSIDE ORGANIZATIONS	15,466	19,400	19,400	-	0%
CONTRACTED SERVICES	416,028	497,722	535,470	37,748	8%
INSURANCE	8,000	8,942	8,000	(942)	-11%
GOVERNMENT FEES	6,126	1,750	5,365	3,615	207%
EMPLOYMENT SERVICES	3,298	-	-	-	0%
PROJECT PARTICIPATION	48,536	68,250	68,500	250	0%
PROPERTY SERVICES	123,388	136,600	179,550	42,950	31%
ADDITIONAL PAY	3,450	4,200	4,200	-	0%
UNIFORM ALLOWANCE	2,387	2,200	2,950	750	34%
RENTALS	19,562	17,550	22,400	4,850	28%
SERVICE FEES	159,650	155,772	223,284	67,512	43%
REPLACEMENT FEES	17,184	22,348	26,872	4,524	20%
LOAN REPAYMENT- GENERAL FUND	1,666	1,666	1,700	34	2%
TELECOMMUNICATION SERVICE	9,275	10,040	9,540	(500)	-5%
ADVERTISING & PUBLICATION	7,848	6,500	14,400	7,900	122%
PRINTING & BINDING	3,130	3,450	20,300	16,850	488%
SUPPLIES	179,557	153,730	211,880	58,150	38%
MEETINGS	4,356	4,500	6,075	1,575	35%
MEMBERSHIPS & DUES	911	850	1,900	1,050	124%
TRAINING	953	1,150	2,450	1,300	113%
SHORT/OVER	9,456	-	-	-	0%
TOTAL OPERATING EXPENSES	\$ 1,773,302	\$ 1,893,102	\$ 2,344,196	\$ 451,094	24%
CAPITAL PROJECTS		90,000	405,000		
GRAND TOTAL EXPENSES		\$ 1,983,102	\$ 2,749,196		

COMMUNITY SERVICES

PARKS & OPEN SPACE

<u>Park Name</u>	<u>Location</u>
Barbieri Brothers Park	325 Bridle Path
Badger Park	780 Heron Drive
Carson Warner Skate Park	15070 Grove Street
Gibbs Park	1529 Prentice
Giorgi Park	600 University Street
Grove Street Detention Basin	Grove Street (Adjacent to Skate Park)
Parkland Farms Blvd. Open Space	
Plaza Park	100 Matheson Street
Railroad Park	22 Front Street
Recreation Park	525 Piper Street
Tilly Grove Open Space	543 Tucker Street
Villa Chanticleer Playground	1248 N. Fitch Mountain Road

ATHLETIC FIELDS, TENNIS COURTS & SCHOOL-PARK SITES

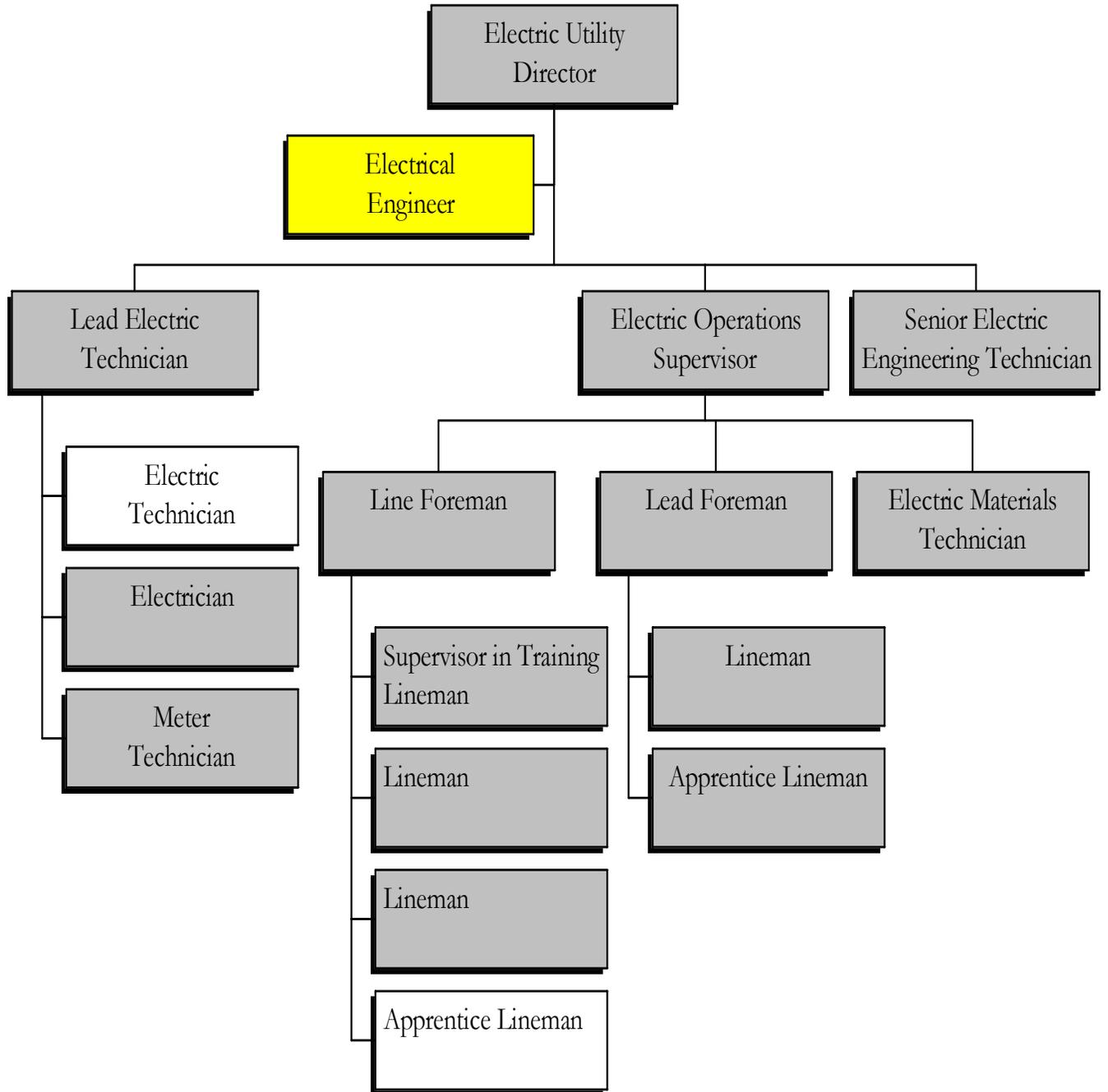
<u>Field Name</u>	<u>Location</u>
Fitch Mountain School - Multi Use Fields	565 Sanns Lane
Foss Creek School – Multi Use Fields, Basketball Courts	1557 Healdsburg Avenue
Giorgi Park-(2) Tennis Courts	600 University Street
Healdsburg Elementary School - Multi Use Fields	400 First Street
Healdsburg High School –Multi Use Fields, (4) Tennis Courts, All Weather Track, 2 Sprint Courts, 1 Baseball Field, 2 Softball Fields, 1 Football/Soccer Field, Several small overlay Soccer Fields, Basketball Courts	1024 Prince Street (Off Monte Vista Ave.)
Healdsburg Junior High School-Multi Use Fields, Walking Track	315 Grant Street
Recreation Park Field-Multi Use Fields – Football, Baseball, Soccer, Special Events	525 Piper Street

PUBLIC FACILITIES

<u>Facility</u>	<u>Location</u>
Administration & Reservations (Community Services)	401 Grove Street
Badger Dog Park	780 Heron Drive (New in 2003)
Healdsburg Municipal Airport (Community Services)	1580 Lytton Springs Road
Healdsburg Museum (Healdsburg Museum and Historical Society)	221 Matheson Street
Healdsburg Municipal Pool (Rohnert Park Swim Club, Inc.)	360 Monte Vista Avenue
Senior Center & Transit Services (Community Services)	133 Matheson Street
Tayman Park Golf Course (Tayman Park Golf Group, Inc.)	927 S. Fitch Mountain Road
Villa Chanticleer (Community Services)	1248 N. Fitch Mountain Road
Villa Dog Park	1248 N. Fitch Mountain Rd (New in 2004)
Visitor Information Center (Chamber of Commerce)	217 Healdsburg Avenue

ELECTRIC UTILITY

Full Time - 17
Total - 17
Full Time Equivalents - 17.0



ELECTRIC UTILITY

The City's Electric Department oversees the procurement of wholesale electric power; maintains and operates the City's electric distribution system; plans, engineers, and constructs system capital replacement and capacity expansion projects; plans, engineers, and constructs electric and street light facilities for new residential and commercial development; and maintains and operates the City's street light system. Excluding Power Procurement, the Electric Department's Operational Budget is structured around the basic day-to-day business functions of operating an electric utility. Present focus is on new commercial construction, capacity expansion and system replacements, which are augmented through the Department's Capital Budgets.

Power Procurement

The Electric Department is responsible for power procurement, which represents 70% of the Department's Budget, for use within the City. This includes management of the City's share of debt, generation assets and power resources as part of the Northern California Power Agency (NCPA), a Federal Central Valley Project allocation through the Western Area Power Administration (Western), the City's share of the California/Oregon Transmission Project (COTP) and well as other various long and short-term power contracts.

Over 80% of the City's generation assets and power resources are renewable.

The City's electric utility finds itself solvent, reliable, and focused on the current and future service needs of Healdsburg's residents and customers.

Distribution System

The Electric Department is responsible for the operation and maintenance associated with the distribution of electricity from the City's interconnection with the transmission system of PG&E at Badger Electric Substation located on Heron Drive to electric distribution facilities located within the City limits of Healdsburg.

MAJOR DEPARTMENTAL TASKS COMPLETED FISCAL YEAR 2005-2006

- ☑ Initiated succession plan of key departmental positions
- ☑ Implemented investigation of new future generation sources through NCPA
- ☑ Initiated work toward creating a new cost-based rate structure for the electric utility
- ☑ Completed transfer of traffic signal maintenance to Public Works
- ☑ Completed hot glove training of line crew personnel
- ☑ Initiated replacement of 30-year-old equipment at Badger Electric Substation
- ☑ Held public meeting concerning Electric Public Benefits Fund
- ☑ Initiated design and planning work for expansion of Badger Electric Substation
- ☑ Initiated preliminary and design for a demonstration roof-top photovoltaic electric program For City Hall

ELECTRIC UTILITY

MAJOR DEPARTMENTAL GOALS FOR FISCAL YEAR 2006-2007

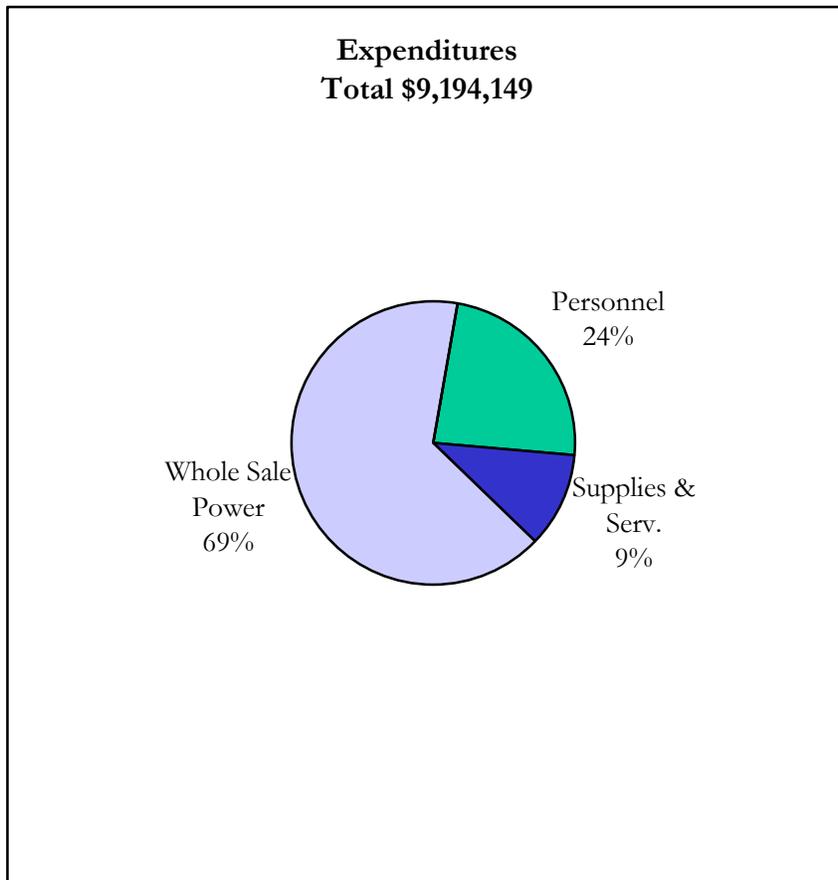
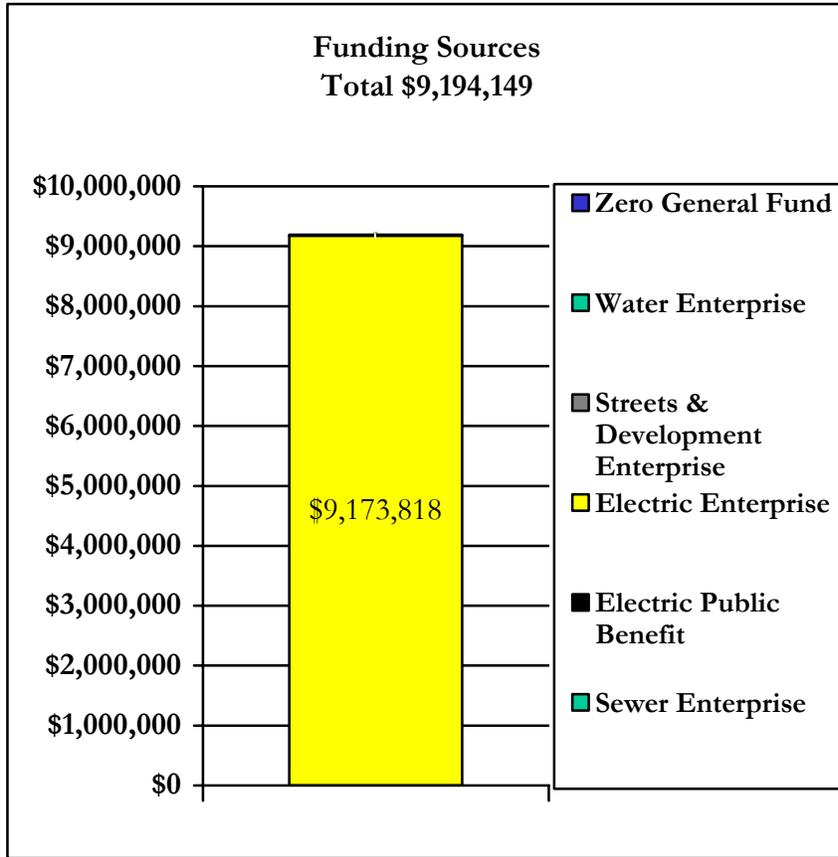
Electric Operations:

- ◆ Secure new electric generation resources
- ◆ Complete succession plan of key departmental positions
- ◆ Complete work toward creating a new cost-based rate structure for the electric utility
- ◆ Install renewable energy (photovoltaic) project
- ◆ Implement a comprehensive Electric Public Benefits Program
- ◆ Hire an Electric Engineer

Capital Construction:

- ◆ Continue replacement of 30-year-old plus equipment at Badger Electric Substation
- ◆ Initiate second major 12 kV feed into downtown area in order to handle increased electric load and improve system reliability
- ◆ As a follow up to a comprehensive power pole-testing program, continue power pole replacement program
- ◆ Create an electric underground district as part of entryway project
- ◆ Continue various projects to shift load from two existing feeders that feed the City's north and downtown areas to the City's new South Fitch Mountain feeder

ELECTRIC UTILITY



ELECTRIC UTILITY

FUNDING SOURCES	FUNDING SOURCES 2006-2007
WATER ENTERPRISE	200
ELECTRIC ENTERPRISE	9,173,818
ELECTRIC PUBLIC BENEFIT	1,131
STREETS & DEVELOPMENT ENTERPRISE	19,000
CAPITAL PROJECT FUNDING	<u>584,000</u>
 TOTAL REVENUES	 <u>\$ 9,778,149</u>

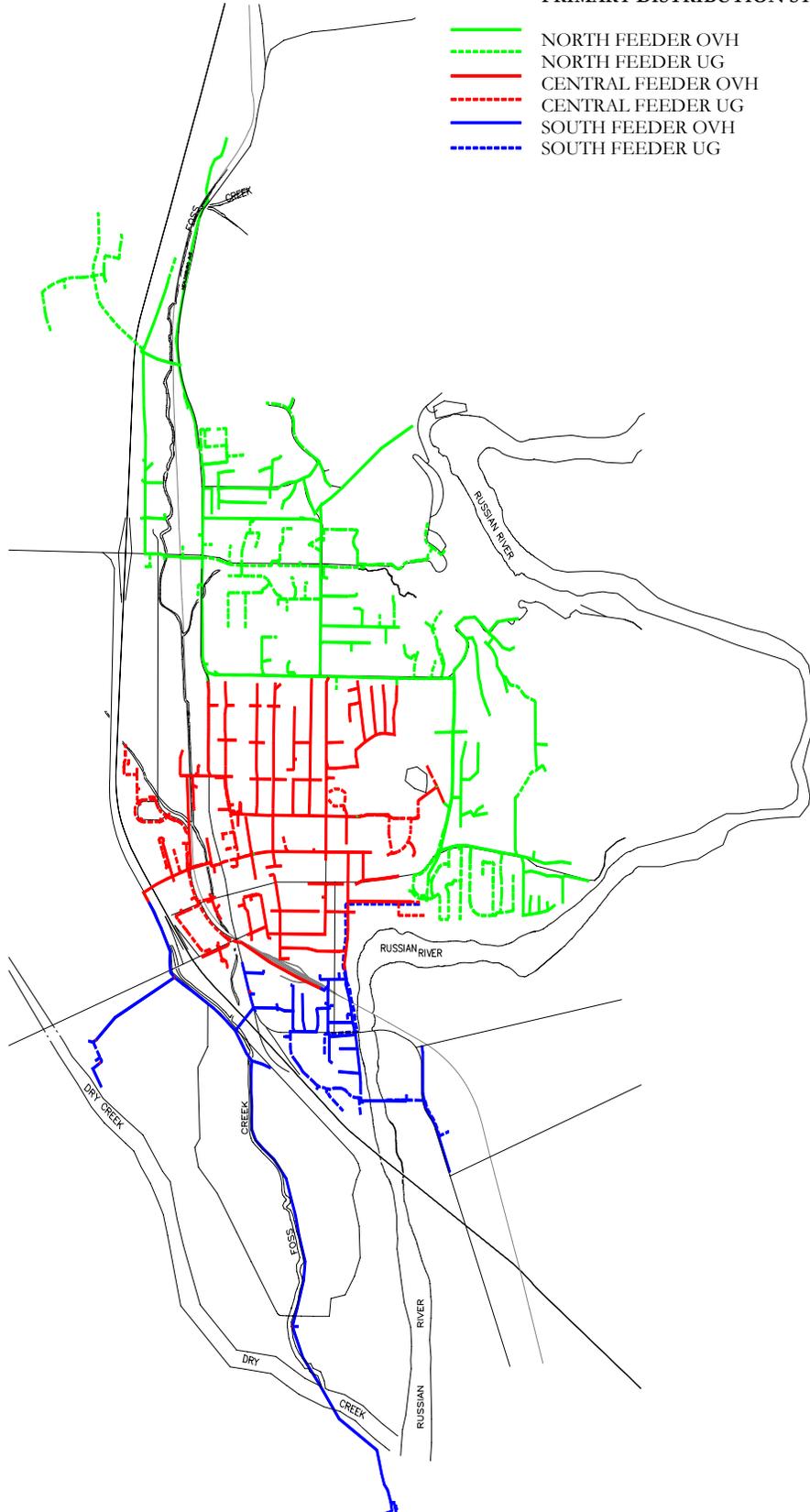
EXPENSES	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
WAGES & FRINGE BENEFITS	\$ 1,041,248	\$ 1,757,988	\$ 2,106,417	\$ 348,429	20%
OVERTIME & STAND BY	44,597	42,000	58,567	16,567	39%
CONTRACTED SERVICES	260,493	180,300	206,600	26,300	15%
GOVERNMENT FEES	369	800	800	-	0%
EMPLOYMENT SERVICES	6,072	-	-	-	0%
PROPERTY SERVICES	43,277	56,800	56,800	-	0%
ADDITIONAL PAY	-	4,200	4,200	-	0%
UNIFORM ALLOWANCE	7,391	5,000	10,000	5,000	100%
RENTALS	172	500	1,000	500	100%
SERVICE FEES	219,264	201,822	202,615	793	0%
REPLACEMENT FEES	85,046	103,795	162,721	58,926	57%
USE FEES	150,000	150,000	150,000	-	0%
TRENCH CUT FEES	5,000	5,000	5,000	-	0%
LOAN REPAYMENT- GENERAL FUND	9,266	9,266	9,266	-	0%
LEASE RENTALS	4,544	4,635	4,635	-	0%
TELECOMMUNICATION SERVICE	6,331	21,000	22,100	1,100	5%
ADVERTISING & PUBLICATION	1,004	350	850	500	143%
SUPPLIES	255,790	116,180	126,880	10,700	9%
NCPA POWER COST	5,888,039	6,489,592	6,022,898	(466,694)	-7%
MEETINGS	6,924	10,000	10,100	100	1%
MEMBERSHIPS & DUES	2,807	5,500	6,200	700	13%
TRAINING	3,030	20,000	25,000	5,000	25%
OTHER EMPLOYEE EXPENSES	-	1,500	1,500	-	0%
SHORT/OVER	11,569	-	-	-	0%
 TOTAL OPERATING EXPENSES	 <u>\$ 8,052,233</u>	 <u>\$ 9,186,228</u>	 <u>\$ 9,194,149</u>	 <u>\$ 7,921</u>	 <u>0%</u>
CAPITAL PROJECTS		517,000	584,000		
GRAND TOTAL EXPENSES		<u>\$ 9,703,228</u>	<u>\$ 9,778,149</u>		

ELECTRIC UTILITY

Notes:

ELECTRIC UTILITY

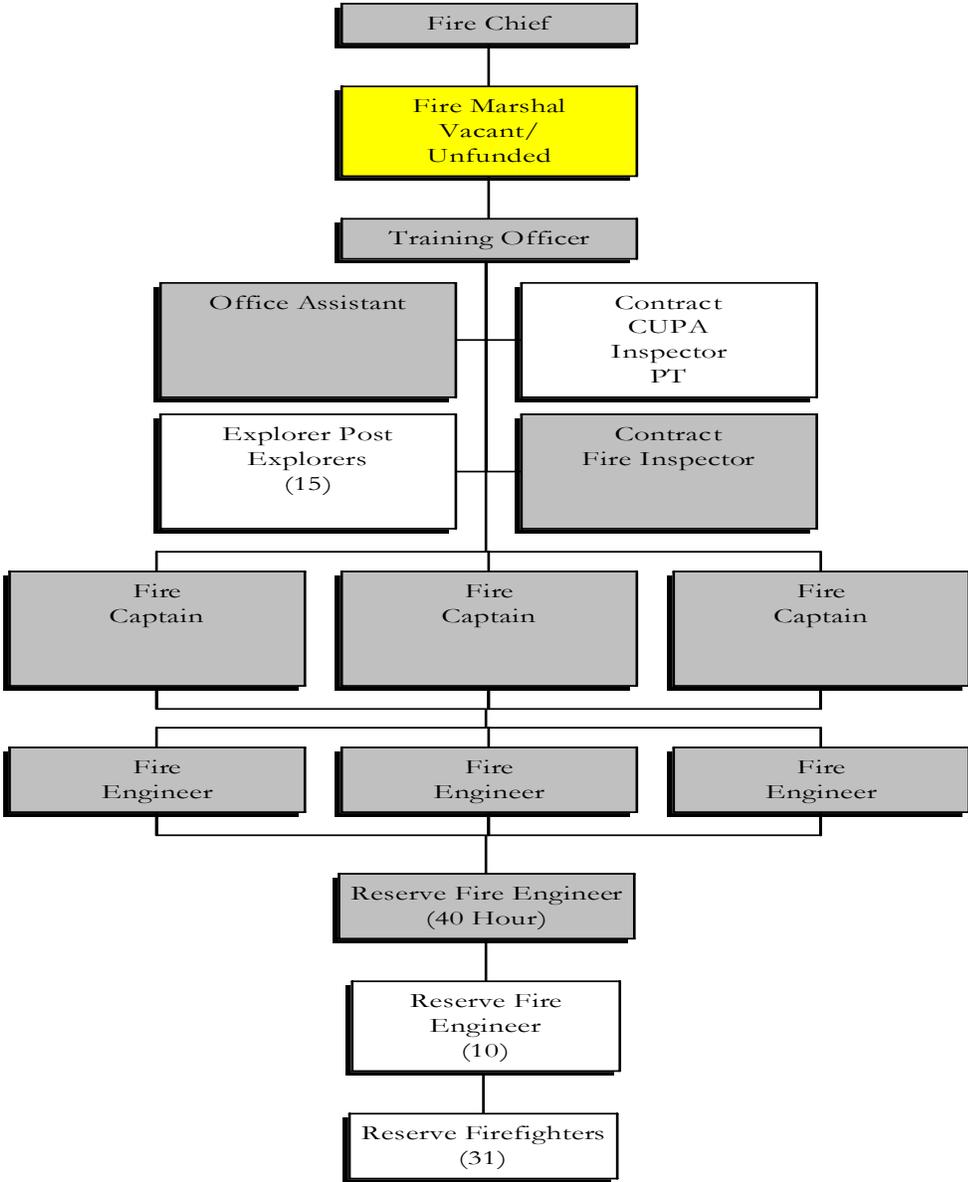
CITY OF HEALDSBURG PRIMARY DISTRIBUTION SYSTEM



FIRE

Notes:

Full Time - 10
Part Time - 1
Volunteer Reserves - 41
Total - 52
Full Time Equivalents – 10.75
*Reserve Firefighter not included in Full Time Equivalents



FIRE

The Fire Department is responsible for protecting life, property and the environment from the dangers of fire, explosion and hazardous materials incidents, and responding to, and providing basic life support & first aid response to medical emergencies and vehicle accidents. The department also provides fire prevention, disaster preparedness, weed abatement and hazardous materials management programs to the City. As a combination fire agency with 38 reserves, the department uses eleven full time staff to support the volunteers and provide immediate emergency response.

Fire Suppression

The basic organization and orientation of the Department is directed to fire suppression and emergency service delivery. While the Fire Department places an emphasis on fire prevention, public education, risk reduction and hazard abatement programs, the ability to respond and control fires is an overriding operational priority. In addition to serving the City, the Department also provides contracted emergency services to Fitch Mountain and the lower Dry Creek Valley.

Fire Prevention

The Fire Prevention division is responsible for enforcing the Uniform Fire Code and portions of the State Health and Safety Code. Major activities include reviewing projects at the planning stages of development, conducting plan checks and inspection of new construction and fire protection systems, conducting Fire Safety Education programs and inspection of target hazards. The division is also responsible for conducting fire investigations of all suspicious fires. Historically, the weed abatement program has been administered by the Prevention Bureau, which currently is being performed by a Contract position due to the Fire Marshal's position being unfunded.

Emergency Medical Services (EMS)

The Fire Department performs rescue work and provides emergency medical services to persons injured or suffering illness. Staff is dispatched to all life threatening emergencies and maintain certification as Emergency Medical Technician I (EMT-I). Enhanced services include Early Defibrillators on all apparatus.

Hazardous Materials/CUPA

The Fire Department has the primary responsibility for the management of hazardous materials emergencies. In addition, the Department has received certification as a Certified Unified Program Agency (CUPA) for Healdsburg and the City of Sebastopol and is responsible for administering six state regulatory programs designed to minimize the risks to the communities resulting from the storage, use, transportation and disposal of hazardous materials.

Disaster Planning

The Fire Department is responsible for developing comprehensive disaster response plans for the City and for providing coordination of all public and private services responding to emergency situations.

MAJOR DEPARTMENTAL TASKS COMPLETED FISCAL YEAR 2005-2006

- Responded to a record number of 1455 incidents, a 1.4% increase over the previous year
- Appointed a full-time Training Officer/Division Chief to meet increase in training requirements
- Obtained an Indian Benefit Gaming Grant to partial fund the Training Officer's position and conduct a full scale Multi-Casualty Exercise
- Appointed a Fire Captain to fill a vacancy created by a promotion
- Appointed two Fire Engineer's to fill vacancies created by retirements and promotions
- Hired a "40 Hour" Fire Engineer to augment staffing during peak call periods

FIRE

- ☑ Brought the Part-Time Office Assistant position to Full-Time Status
- ☑ Implemented a low interest loan program to retrofit high fire flow buildings with fire sprinkler systems
- ☑ Obtained a \$29,100 FEMA grant to fund the purchase of alarm devices for breathing apparatus and exercise equipment
- ☑ Obtained 23 Bendix-King portable radios through a County Fire Chief's radio grant
- ☑ Obtained a \$3500 Homeland Security Grant for medical supplies
- ☑ Participated in the 2006 California Fire Explorer Academy in Modesto
- ☑ Conducted 16 CPR Classes including two Spanish Language Classes
- ☑ Conducted over 2800 hours of volunteer training
- ☑ Performed over 1198 fire code and hazardous materials inspections & re-inspections
- ☑ Performed over 276 hours of public education activities including an Open House
- ☑ Became certified as an approved "*Child Car Seat Installation*" station by the *Safe Kid's Program*
- ☑ Installed over 60 Smoke Detectors to Seniors and the Latino Community
- ☑ Conducted a department planning workshop and adopted a 3 Year Strategic Plan
- ☑ Updated and adopted the City's Emergency Plan and Recovery Manual
- ☑ Developed an Emergency Communications Plan for use in disasters and updated and modernized the EOC Communications Room
- ☑ Implemented the National Incident Management System (NIMS) through training for all Supervisor's and Department Heads
- ☑ Obtained FEMA approval of the City's *Local Hazard Mitigation Plan*
- ☑ Activated the City's Emergency Operation's Center during the New Year's Flood
- ☑ Prepared and opened the Healdsburg Armory for use as an Evacuation shelter
- ☑ Committed an engine and crew to the Topanga Fire in Ventura County for four days

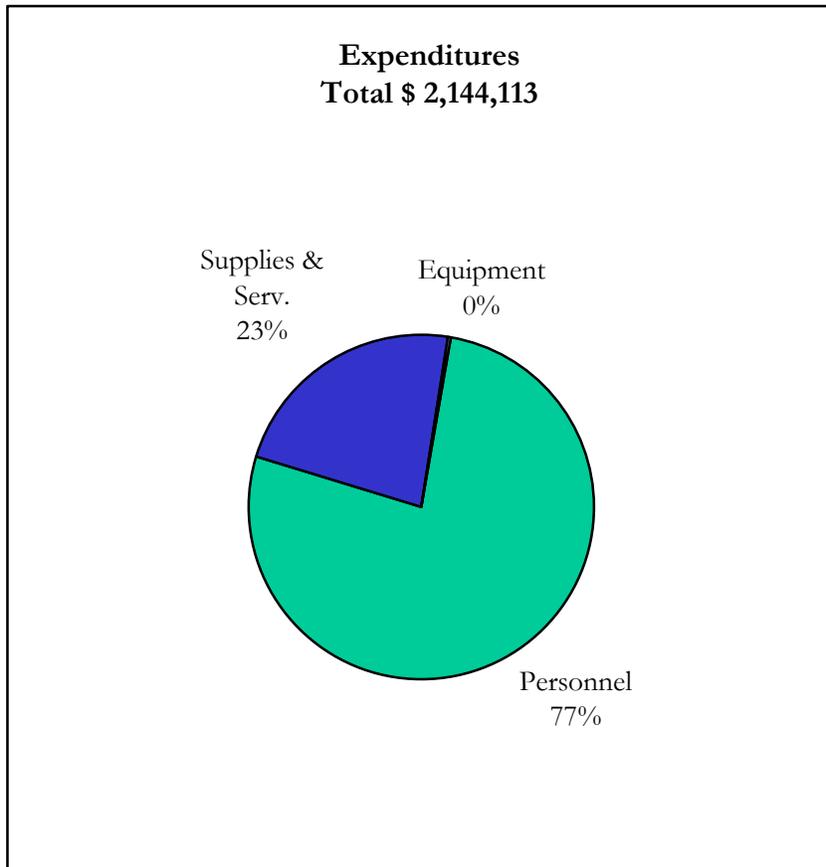
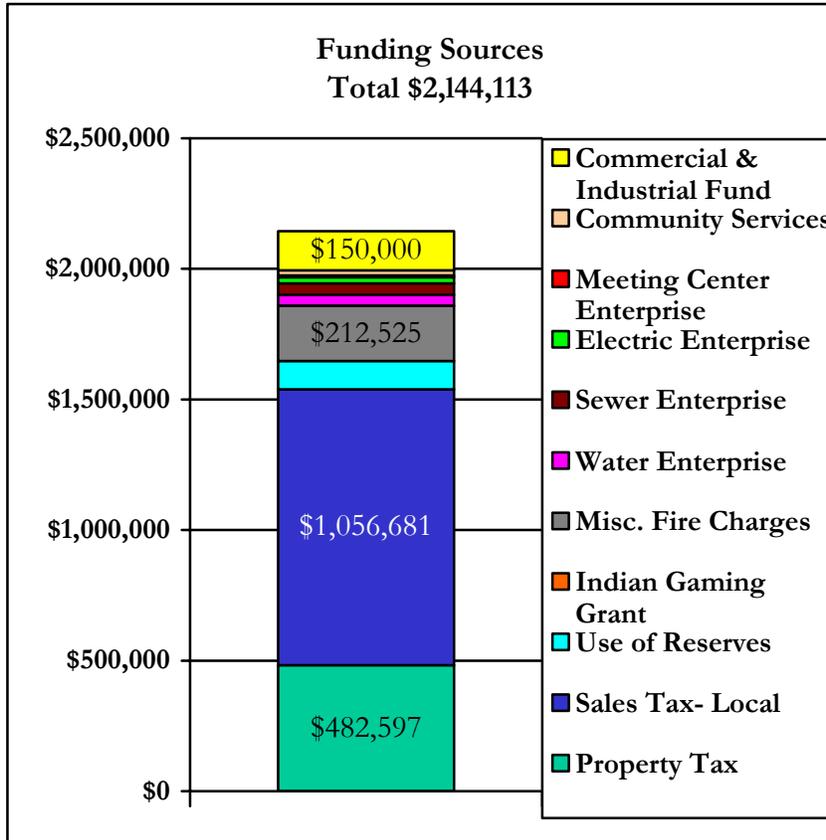
MAJOR DEPARTMENTAL GOALS FOR FISCAL YEAR 2006-2007

- ◆ Continue to implement the provisions of the Department Strategic Plan including developing; a *Community Emergency Response Team* Program, a Customer Service plan and updating the department *Mission and Values* statements
- ◆ Fill the vacant Fire Marshal's position
- ◆ Continue to work towards developing a north area Fire Substation with living accommodations for three Reserve Firefighters
- ◆ Continue to work toward developing other housing opportunities for Reserve Firefighters
- ◆ Hire and conduct a "recruit training academy" for 7 Reserve Firefighters
- ◆ Program and put into service portable and mobile radios obtained through the County Fire Chief's radio grant
- ◆ Prepare and assemble an emergency medical supply cache for use during disasters
- ◆ Continue to implement the loan program to retrofit target buildings with fire sprinkler systems
- ◆ Apply for and secure FEMA Grant for the purchase of EOC furniture and communications equipment
- ◆ Continue to implement and train City Staff on NIMS
- ◆ Update the City's Disaster Ordinance to comply with NIMS
- ◆ Apply for and secure an Indian Gaming Grant to fund the purchase of a utility vehicle
- ◆ Explore ways to motivate Reserve Firefighters given increase in training requirements and call volume

FUTURE OBJECTIVES

Given the transition state the Department is experiencing, it will continue to focus on training and obtaining those certifications for staff to effectively perform their duties. The Department will also continue to work towards implementing those measures identified in its Strategic Plan and explore developing funding sources for the replacement of capital equipment. Pursuing housing for reserve firefighters will continue to be an important department priority, as well as working towards improving the City's ISO rating.

FIRE



FUNDING SOURCES	FUNDING SOURCES 2006-2007
PROPERTY TAX	\$ 482,597
SALES TAX	1,056,681
INDIAN GAMING GRANT	-
COMMUNITY SERVICES	18,779
MISCELLANEOUS FIRE CHARGES	212,525
WATER ENTERPRISE	40,207
SEWER ENTERPRISE	44,886
ELECTRIC ENTERPRISE	23,139
MEETING CENTER ENTERPRISE	7,352
COMMERCIAL & INDUSTRIAL FUND	150,000
USE OF RESERVES	107,967
TOTAL REVENUES	\$ 2,144,133

EXPENSES	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
WAGES & FRINGE BENEFITS	\$ 1,182,165	\$ 1,454,454	\$ 1,543,845	\$ 89,391	6%
OVERTIME	117,004	103,000	108,800	5,800	6%
CONTRACTED SERVICES	62,969	214,600	218,000	3,400	2%
GOVERNMENT FEES/FINES	5,000	-	-	-	0%
PROPERTY SERVICES	75	3,000	3,000	-	0%
ADDITIONAL PAY	3,800	4,200	4,200	-	0%
UNIFORM ALLOWANCE	6,182	6,243	8,000	1,757	28%
RENTALS	287	1,600	1,600	-	0%
SERVICE FEES	142,043	135,588	138,979	3,391	3%
REPLACEMENT FEES	27,955	28,261	29,674	1,413	5%
TELECOMMUNICATION SERVICE	8,165	9,100	9,100	-	0%
ADVERTISING & PUBLICATION	859	300	300	-	0%
PRINTING & BINDING	131	750	750	-	0%
SUPPLIES	55,151	45,250	46,850	1,600	4%
MEETINGS	398	800	800	-	0%
MEMBERSHIPS & DUES	3,175	3,000	3,150	150	5%
TRAINING	13,455	19,000	20,065	1,065	6%
CAPITAL ITEMS	11,381	7,000	7,000	-	0%
TOTAL EXPENSES	\$ 1,640,195	\$ 2,036,146	\$ 2,144,113	\$ 107,967	5%

FIRE

2001 to 2005 EMERGENCY RESPONSES

Emergency Responses:	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Structure Fires	24	28	27	72	60
Vehicle Fires	11	21	24	15	25
Vegetation Fires	49	43	55	39	32
Other Fires	18	26	51	12	8
Emergency Medical	563	555	572	594	617
Hazardous Material/Condition	17	91	80	102	157
Vehicle Accidents	73	71	97	110	128
Other	<u>561</u>	<u>452</u>	<u>456</u>	<u>482</u>	<u>428</u>
TOTALS	1,316	1,287	1,342	1,426	1,455

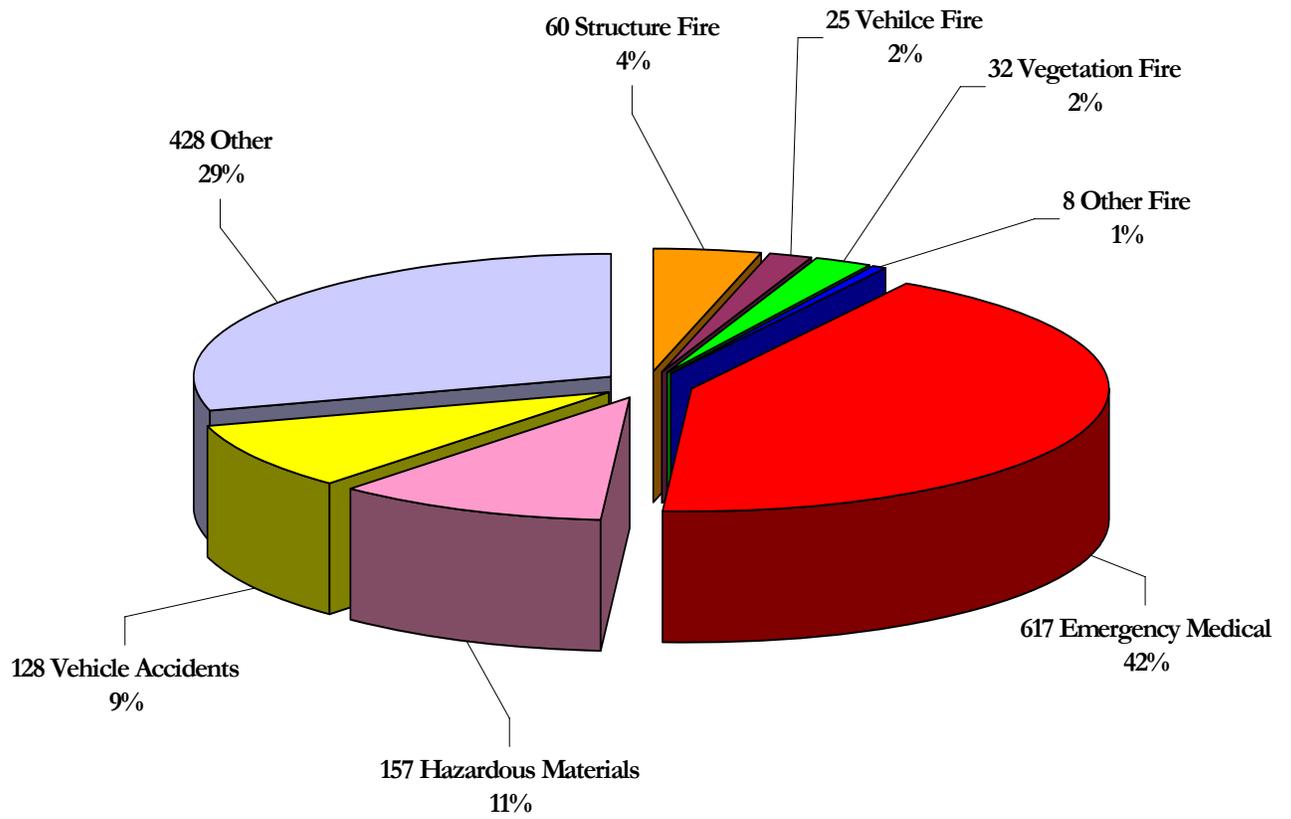
FIRE, EXPLOSION Includes fires out on arrival and combustible explosion with no fire. Excluded are overhear or excessive heat, unauthorized burning and controlled burning.

RESCUE, EMERGENCY MEDICAL Includes responses for medical assistance, drowning, lock-ins requiring medical care, electrocutions and persons trapped caught or buried.

HAZARDOUS MATERIALS Includes flammable or toxic conditions, electrical arching, radioactive conditions and attempted burning.

OTHER Includes persons in distress, water problems, animal problems, false calls and public service assistance.

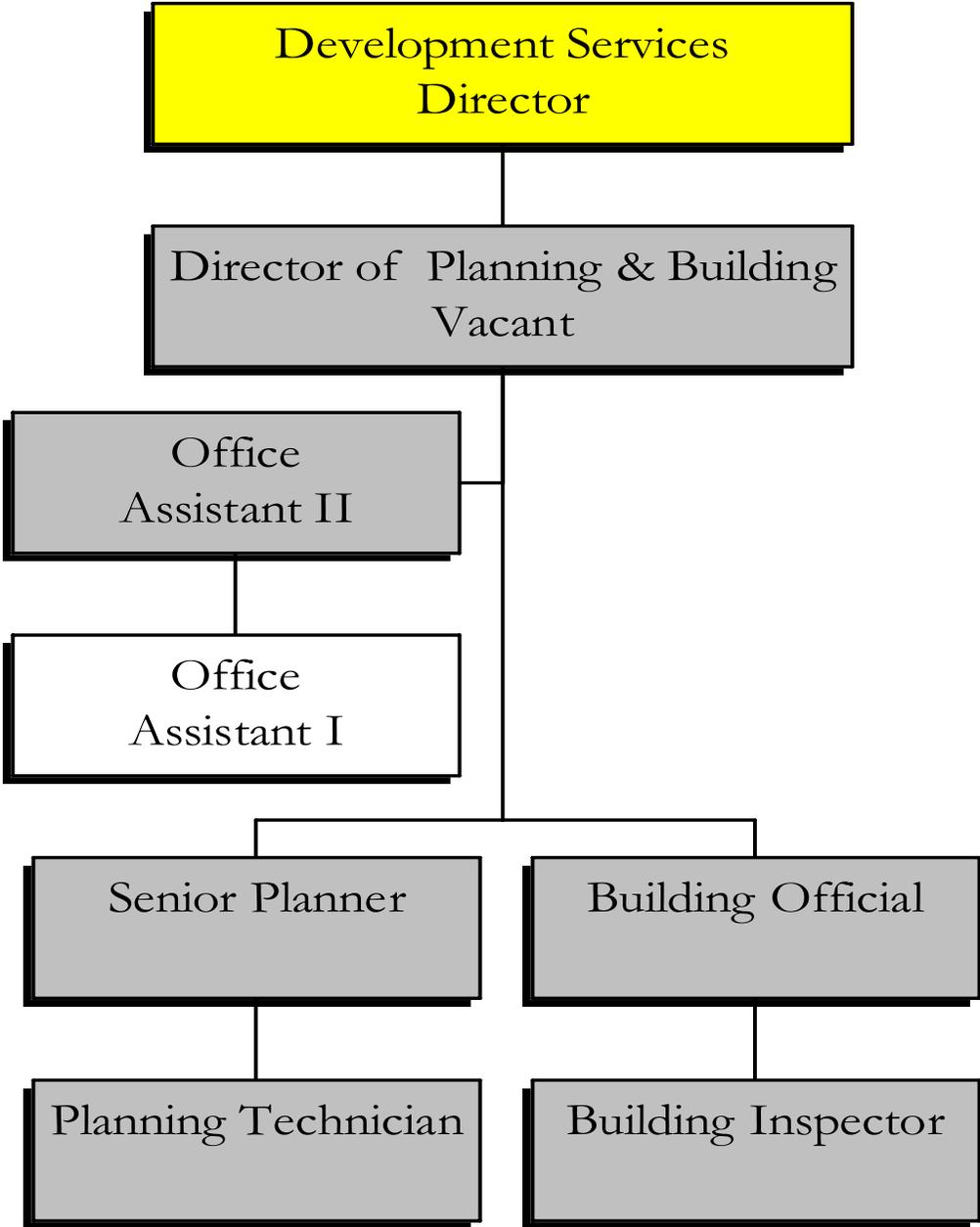
**Fire Service Calls
Number of Calls By Type for Calendar Year 2005**



PLANNING & BUILDING

Notes:

Full Time - 7
Temp - 1
Total - 8
Full Time Equivalents - 8.0



PLANNING & BUILDING

The Planning and Building Department is responsible for overseeing and guiding private development activities in the City of Healdsburg during a period of sustained economic activity. Major tasks include administration of building and planning regulations, assistance to the public and to private developers on City permit applications; conducting environmental reviews under CEQA and providing staff assistance to the Planning Commission and City Council on development-related permits. The Department is also an active participant on the City's economic development and affordable housing redevelopment programs team and is responsible for advanced planning.

Zoning and Subdivision Administration

Planning staff administers the Zoning and Subdivision Ordinances. It responds to public inquires, provides interpretations on development projects, prepares staff reports on land use, design review and subdivision projects for Planning Commission and City Council review, and attends public hearings. Revisions to these ordinances are also prepared. The Planning staff continues to find ways to make the application process easier to understand and required information more accessible to the public.

Advanced Planning

All public and private development activities are reviewed for consistency with the Healdsburg General Plan and adopted specific plans such as the Area A Specific Plan. Amendments are also processed by the Planning Staff. Special planning studies are prepared such as the Foss Creek bicycle/trail plan, Community Entryways Plan, and the update to the General Plan. There is continued need to update existing regulations to be more responsive such as the Zoning and Subdivision Ordinances, and Design Review Guidelines. Staff is also involved in activities of the Healdsburg Redevelopment Agency. This includes the production of new affordable housing such as development of Victory Cottages transitional housing project and 20 W. Grant Street apartment projects as well as economic development activities.

Environmental Review

Environmental review under the CEQA guidelines is conducted by the Planning staff for all discretionary projects. This involves determination of the appropriate level of environmental review such as whether an environmental impact review is needed. All new projects, public or private, must be reviewed against the City's CEQA Guidelines.

Building Inspection Services

The Building staff accepts permits, reviews plans and inspects all building related activities within the City to ensure compliance with adopted codes. Public assistance is also given to facilitate proper plan submittals and understanding. Challenges include continued administration of the Unreinforced Masonry requirements, and providing an easy transition with the adoption of the new Building and Fire Codes. Enforcement of code compliance for both zoning and building rests with this division.

Healdsburg Municipal Airport

The departments assists the Airport Commission and other departments in oversight of the municipal airport and administration of state and federal grants for airport improvements.

MAJOR DEPARTMENTAL TASKS COMPLETED FISCAL YEAR 2005-2006

- ☑ Implemented the winery directional program
- ☑ Completed the Foss Creek Pathway plan
- ☑ Obtained Planning Commission approval of the Victory Cottages, a transitional housing project to be located at 308 East Street
- ☑ Administered the preparation of an EIR and entitlement process for the Area C (Saggio Hills) Annexation project
- ☑ Participated and coordinated affordable housing projects, including 20 W. Grant Street
- ☑ Coordinated the Railroad Depot renovation with Sonoma County Transit District and other City Departments
- ☑ Completed Phase I and most of Phase II of the Housing Element Implementation Program
- ☑ Completed Job Center project
- ☑ Completed Airport Master Plan
- ☑ Assumed staff assistance function to the Airport Commission and grant administration duties

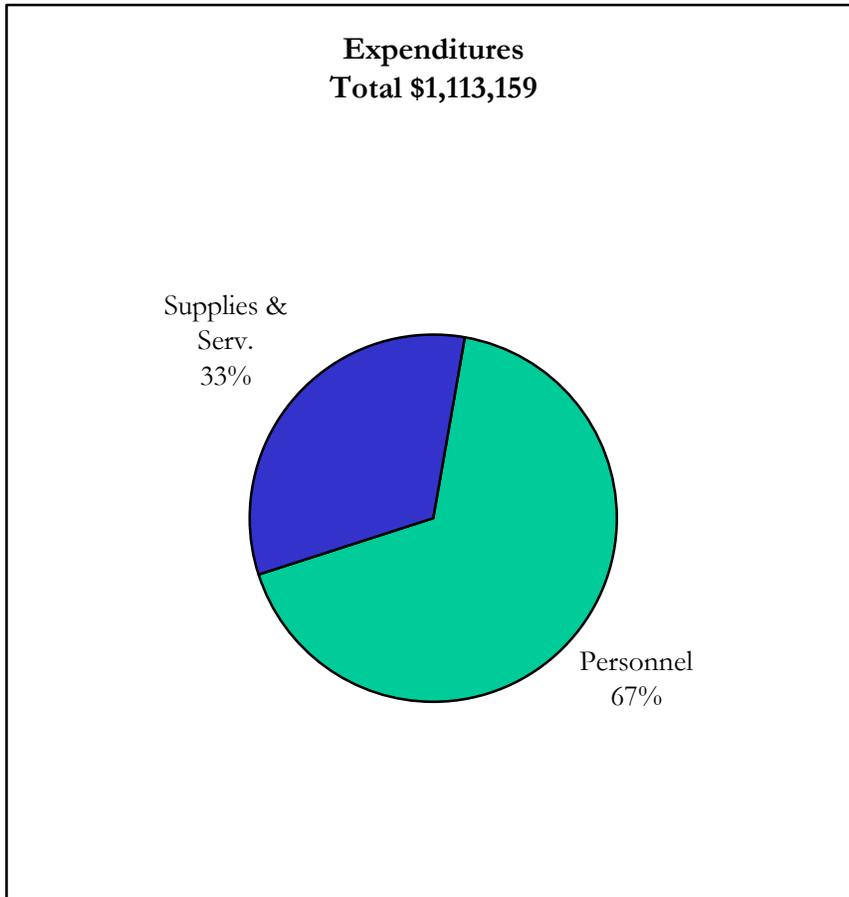
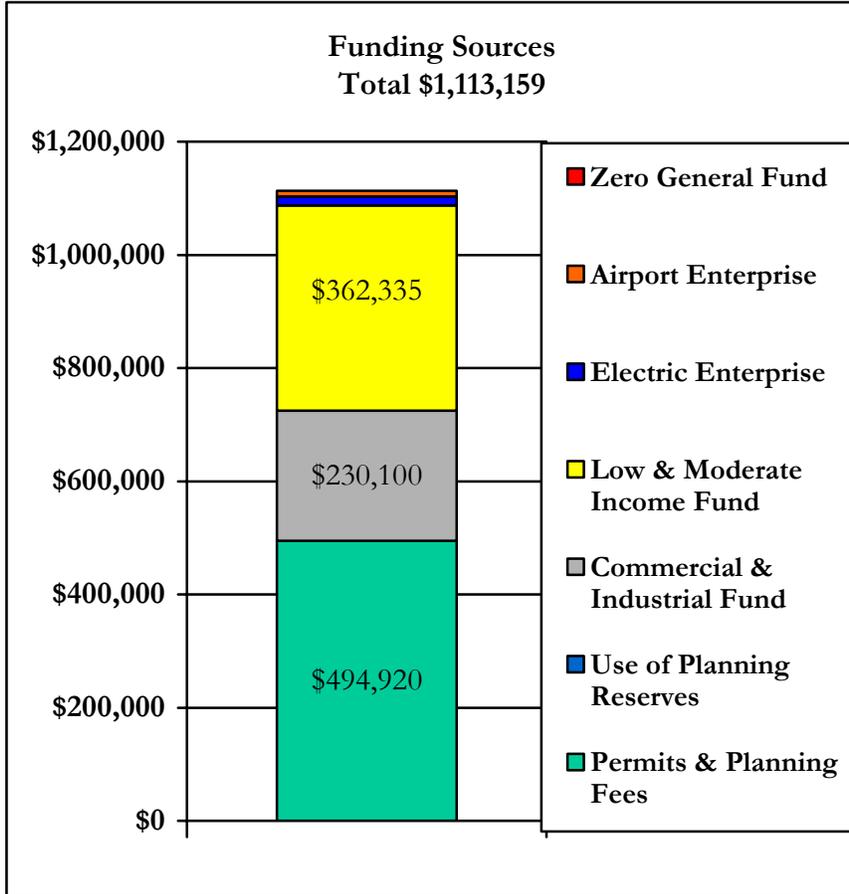
MAJOR DEPARTMENTAL TASKS FOR FISCAL YEAR 2006- 2007

- Complete update of all elements of the General Plan
- Implement various airport grants
- Complete Phase II of the Housing Element Implementation program
- Re-initiate the City Entryways planning effort
- Obtain funds and builder for the Victory Cottages transitional housing project located at 308 East Street
- Complete EIR and entitlement process for the Area C (Saggio Hills) Annexation project
- Begin entitlement process for 20 W. Grant Street affordable housing project

FUTURE OBJECTIVES

- Update the Subdivision Ordinance
- Rewrite the Design Review Guidelines

PLANNING & BUILDING



PLANNING & BUILDING

FUNDING SOURCES	FUNDING SOURCES 2006-2007
PERMITS & PLANNING FEES	\$ 494,920
ELECTRIC ENTERPRISE	15,331
AIRPORT ENTERPRISE	10,473
COMMERCIAL & INDUSTRIAL FUND	230,100
LOW & MODERATE INCOME FUND	362,335
CAPITAL PROJECT FUNDING	<u>251,500</u>
 TOTAL REVENUES	 <u>\$ 1,364,659</u>

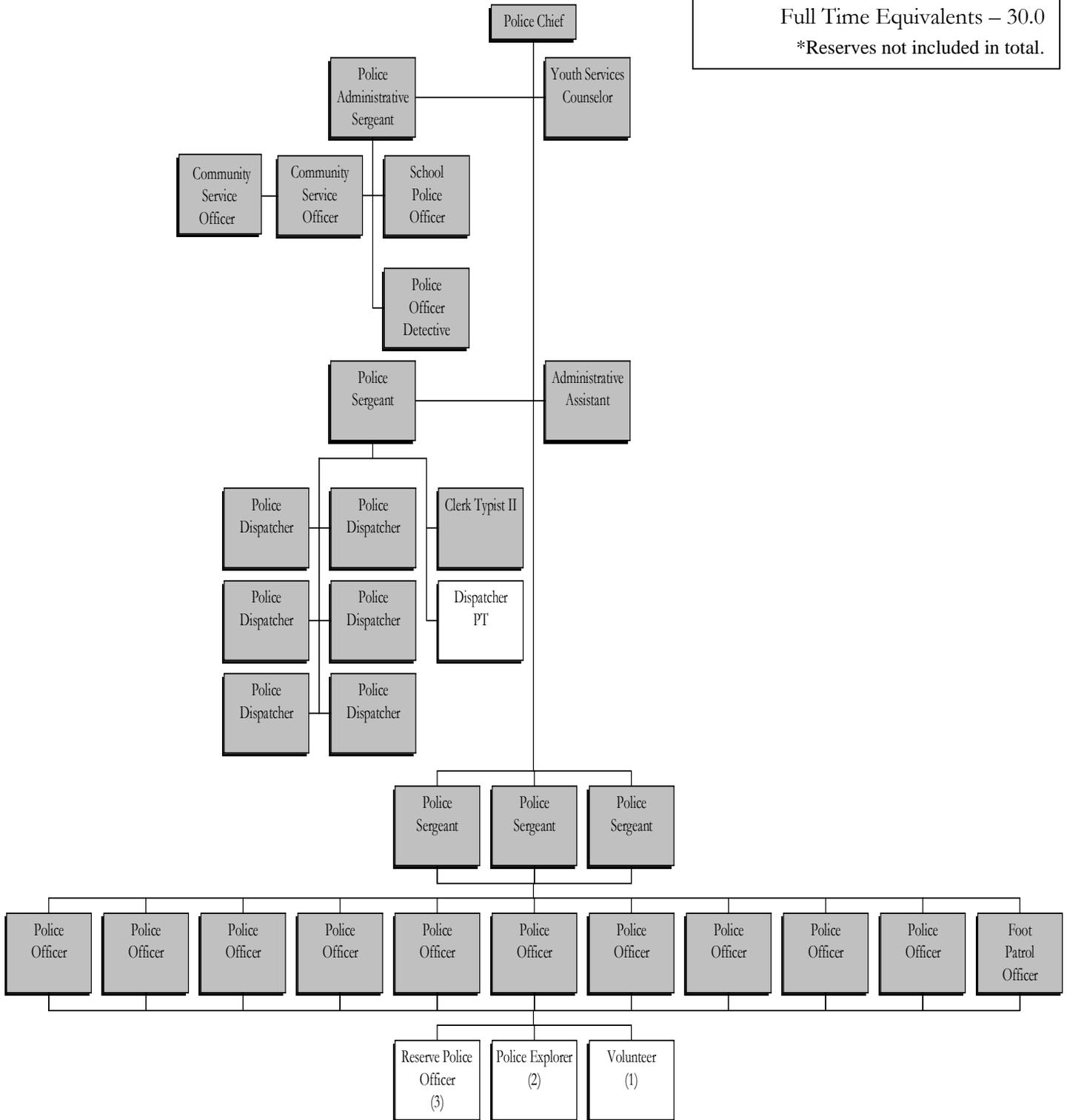
EXPENSES	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
WAGES & FRINGE BENEFITS	\$ 441,429	\$ 525,436	\$ 747,044	\$ 221,608	42%
OVERTIME	1,457	2,000	2,000	-	0%
CONTRACTED SERVICES	103,771	126,500	174,500	48,000	38%
GOVERNMENT FEES	70	-	-	-	0%
PROJECT BUDGET	38,869	-	-	-	0%
PROJECT PARTICIPATION	2,590	-	-	-	0%
ADDITIONAL PAY	4,037	4,200	8,400	4,200	100%
UNIFORM ALLOWANCE	-	-	100	100	0%
SERVICE FEES	71,409	51,696	104,076	52,380	101%
REPLACEMENT FEES	16,453	17,127	41,210	24,083	141%
TELECOMMUNICATION SERVICE	2,884	4,200	5,200	1,000	24%
ADVERTISING & PUBLICATION	6,511	8,800	8,800	-	0%
SUPPLIES	8,134	7,400	9,024	1,624	22%
MEETINGS	4,267	7,855	7,305	(550)	-7%
MEMBERSHIPS & DUES	1,273	750	1,500	750	100%
TRAINING	<u>1,017</u>	<u>2,700</u>	<u>4,000</u>	<u>1,300</u>	<u>48%</u>
 TOTAL OPERATING EXPENSES	 <u>\$ 704,171</u>	 <u>\$ 758,664</u>	 <u>\$ 1,113,159</u>	 <u>\$ 354,495</u>	 <u>47%</u>
 CAPITAL PROJECTS		 415,000	 251,500		
GRAND TOTAL EXPENSES		<u>\$ 1,173,664</u>	<u>\$ 1,364,659</u>		

POLICE

Notes:

POLICE

Full Time - 30
 Part Time - 1
 Total - 31
 Full Time Equivalents – 30.0
 *Reserves not included in total.



POLICE

The Healdsburg Police Department is responsible for the protection of life and property, the maintenance of order, the control and prevention of crime, and the enforcement of motor vehicle laws and regulations. Activities related to these responsibilities include law enforcement; criminal investigations; apprehension of criminals, the use of volunteers and problem solving strategies involving all stakeholders in the community.

Patrol Services

Patrol is responsible for providing effective and efficient police services by an officer in uniform or in civilian clothing. Functions of patrol include, but are not limited to, routine patrol and observation, preservation of public peace, answering calls and processing of complaints; identifying and implementing crime prevention strategies; investigations of crimes and accidents, collection and preservation of evidence, the arrest of criminal and traffic offenders; preparation of reports and testifying in court. Patrol also includes the planning and coordination for special events, the control of public gatherings, the downtown foot patrol officer, the protection of life and property, the examination of doors and windows of commercial and industrial establishments, and the performance of miscellaneous services relative to public health and safety.

Investigations

The responsibilities of Investigations are to investigate major crime scenes and collect evidence. They analyze fingerprints and other physical evidence, maintain court evidence, process and destroy contraband evidence; monitor activities of individuals on probation and parole, provide legal update training and crime prevention presentations to the community, and conduct major investigations with crimes requiring out-of-town follow-up. Additionally, this division maintains gang tracking and participates on countywide task forces including high profile drug cases. The School Resource Officer of also a part of the Investigations Bureau.

Technical Services

The responsibilities of this division are to maintain/operate a full 911-dispatch center for Police. Technical Services coordinate call-outs for ambulance, Public Works, Electric Utility and animal control as required and they maintain all information covered under the public records act, as well as all department statistical information. Additionally, they oversee found/abandoned property, parking enforcement, abandoned vehicle abatements and coordinate subpoenas and the warrant system. Computer aided dispatch is also maintained by Technical Services staff, including RMS (Records Management System) Jail System, Integrated Justice System, Central Warrant System, California Law Enforcement Teletype System (CLETS) and National Crime Information Center (NCIC). Technical Services answers all business lines and provides information to the public.

Community Support

The Healdsburg Police Department participates in the county-wide Multi-Agency Gang Task Force (MAGNET). We have Youth Services Diversion, Adopt-A-Cop, Officer in the Classroom, Drug/Alcohol Awareness, Bicycle Safety, Graffiti Abatement, Bicycle Rodeo, Project Graduation, Avoid the 13, Domestic Violence Advocate, a Citizens Academy and we have done the "Every 15 Minutes" Program for Drinking Driver Awareness in conjunction with CHP, ABC, HHS and several community groups. The police non-profit group known as PAC (Parent Awareness Coalition) that involves police, schools and private citizens has continued to offer programs for our "at risk youth." We raise monies for youth programs and focus "at risk youth" into sports programs such as Little League, Pop Warner Football, Youth Soccer, Boys & Girls Club memberships and several private youth related activities such as swimming programs, pottery, ballet, etc.

POLICE

MAJOR DEPARTMENTAL TASKS COMPLETED FISCAL YEAR 2005-2006

- ☑ An Anti-camping Ordinance was adopted that allows the city to take immediate enforcement action for illegal camping and expedite the process of cleaning up the campsites. This will help lower the impact the campsites have on public health and safety.
- ☑ Several years worth, dating back to the 1960's, of old police records were purged.
- ☑ HPD entered into an agreement with the American Medical Response West (AMR), that allows Healdsburg Officers to collect the necessary blood samples needed from suspects to prove their cases. In addition, the prisoner can be housed at the Healdsburg Police Temporary Holding facility while waiting for AMR's phlebotomist or paramedic to arrive to take the sample, allowing the officer to remain in the City and available for emergency calls if needed.
- ☑ HPD's old livescan was upgraded and replaced with a new livescan that will save us approximately \$600 annually in landline costs.
- ☑ HPD donated two used patrol cars to the Santa Rosa Criminal Justice Training Center in exchange for range time for biannual firearms qualifications.
- ☑ Healdsburg is continuing to share resources (i.e., training, investigations, personnel, etc.) with the three other smaller cities, Cloverdale, Cotati and Sebastopol, in an effort to cut costs.
- ☑ The Peace Officers Standards and Training deemed staff in compliance during their annual inspection in 2005.
- ☑ A POST Audit of the Department, focusing on Property and Evidence and Management, was initiated and the results will be publicized mid-year 2006.
- ☑ The following grant was awarded to the Police Department.
 - Indian Gaming Special Distribution Funds, \$74,265.
 - Pays for traffic enforcement efforts toward making the City safer for our visitors and residents.
- ☑ Five employees and one citizen were recognized for their exemplary contribution to the community and the department.
- ☑ A twelve-hour shift for Patrol Sergeants was implemented resulting in 24-hour supervision on the weekends and a reduction of overtime costs.
- ☑ Chief Susan Jones was appointed to the Small Agencies Committee of the California Police Chiefs Association. Their purpose is to encourage and support small municipal police departments by providing a forum for communication needs, assessment, training, and mentoring to assist in carrying out their responsibilities and achieving their goals and objectives.
- ☑ HPD is applying for a \$500,000/5-year grant that will pay for the School Resource Officer beginning July 1, 2006.
- ☑ The two unfinished areas on the second floor of the police department are in the process of being completed. They will be an Equipment Room and a large Office Area.

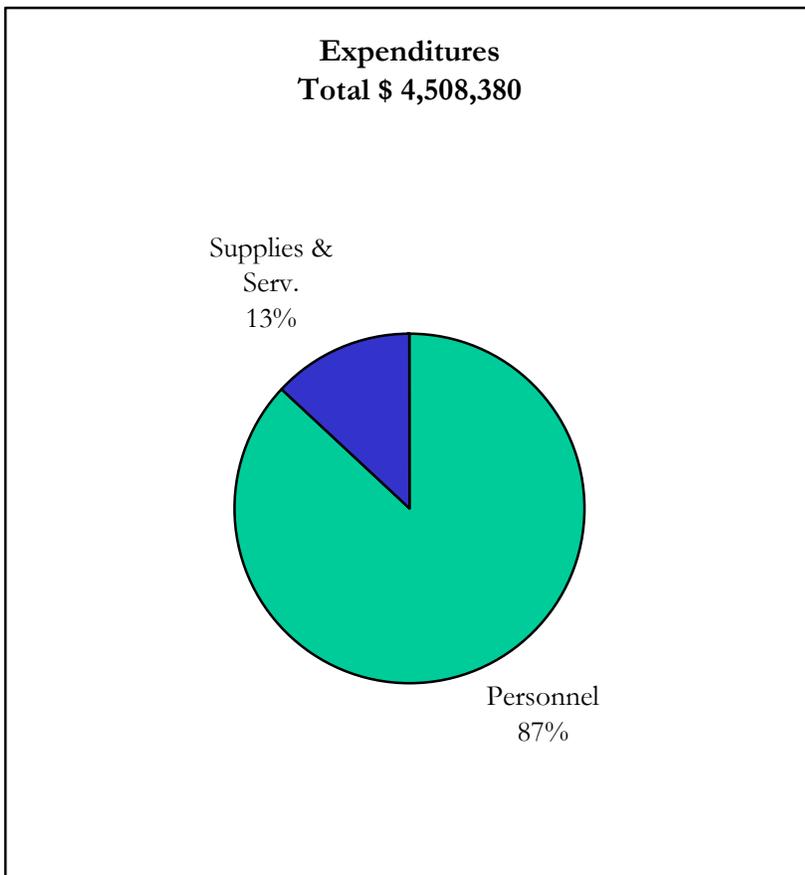
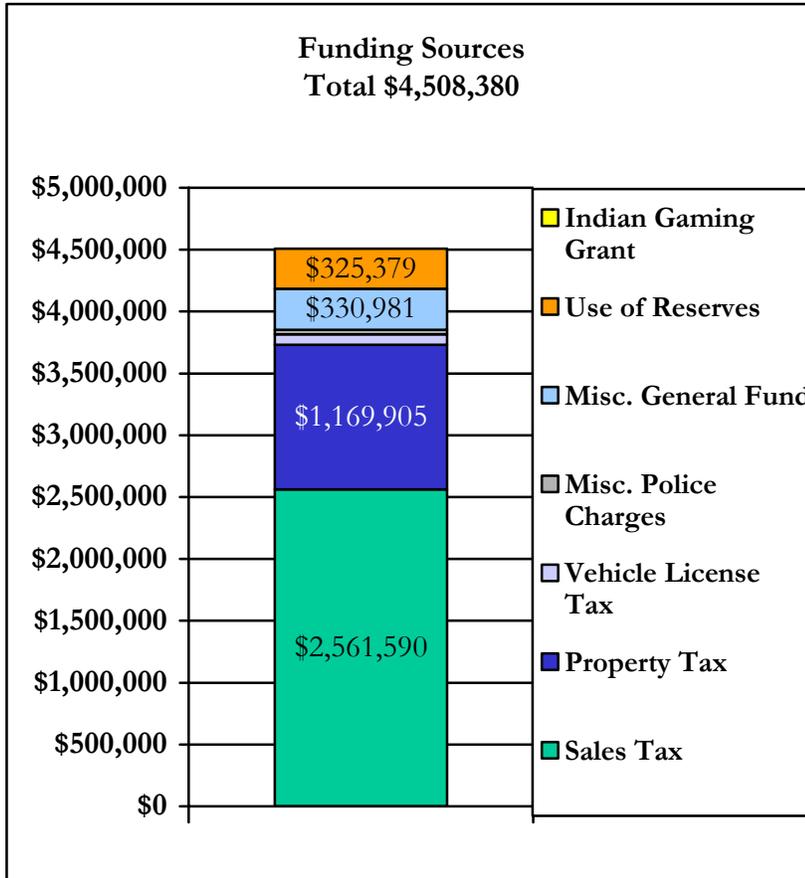
MAJOR POLICE DEPARTMENT GOALS FOR FISCAL YEAR 2006-2007

- Finalize the 5-year Strategic Plan for the Department
- Reduce overtime expenditures and continue to research alternative funding sources

FUTURE POLICE OBJECTIVES

HPD will continue working with Sonoma County law enforcement agencies to better pool our resources and to work closely with each other in cooperative ventures. The department will also focus on developing our employees through police related training either in-house or outside POST courses. In addition, emphasis continues to be placed on employees completing their college degrees for future promotional opportunities, and to better reflect the community that we serve.

POLICE



FUNDING SOURCES	FUNDING SOURCES 2006-2007
PROPERTY TAX	\$ 1,169,905
SALES TAX	2,561,590
INDIAN GAMING GRANT	-
VEHICLE LICENSE FEES	83,455
MISC.GENERAL FUND REVENUES	330,981
MISCELLANEOUS POLICE CHARGES	37,070
USE OF RESERVES	325,379
TOTAL REVENUES	\$ 4,508,380

EXPENSES	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
WAGES & FRINGE BENEFITS	\$ 3,090,223	3,448,207	3,718,656	\$ 270,449	8%
OVERTIME	233,508	200,000	200,000	-	0%
CONTRACTED SERVICES	122,051	101,450	118,450	17,000	17%
ADDITIONAL PAY	87	-	-	-	0%
UNIFORM ALLOWANCE	8,879	18,000	20,950	2,950	16%
RENTALS	131	200	400	200	100%
SERVICE FEES	333,157	264,061	262,141	(1,920)	-1%
REPLACEMENT FEES	63,541	69,103	72,558	3,455	5%
TELECOMMUNICATION SERVICE	15,820	14,800	19,350	4,550	31%
ADVERTISING & PUBLICATION	144	300	1,000	700	233%
PRINTING & BINDING	604	500	2,500	2,000	400%
SUPPLIES	57,529	39,080	66,300	27,220	70%
MEETINGS	2,216	1,000	1,275	275	28%
MEMBERSHIPS & DUES	2,130	1,500	1,500	-	0%
TRAINING	19,720	24,800	23,300	(1,500)	-6%
CAPITAL ITEMS	-	-	-	-	0%
TOTAL OPERATING EXPENSES	\$ 3,949,740	\$ 4,183,001	\$ 4,508,380	\$ 325,379	8%

PUBLIC WORKS

Notes:

PUBLIC WORKS

The Public Works Department is responsible for construction, operation, and maintenance of most of the City's infrastructure. Specific areas of responsibility include public streets (including sidewalks, street and traffic signals and signs and pavement markings), the water system (including production, treatment, storage and distribution), the sewer system (including collection, pumping, treatment and disposal/reclamation of wastewater), the storm drainage system (including maintenance of storm drain pipes, creeks, and storm water detention basins), and the City's vehicle fleet, public buildings, and warehouse. The Public Works Department also provides engineering review and inspection of public improvements in new development projects and in public capital and replacement projects.

Engineering Staff: The Engineering Division is comprised of the Director, four engineers, one engineering technician, and one administrative assistant who are responsible for all traffic, water, sewer, drainage, and development engineering services. Most of the staff time is devoted to answering inquiries from the public, processing and inspecting development projects, encroachment and building permits, and the design and construction of maintenance and capital improvement projects. Other significant areas of effort include street maintenance projects, implementation of Industrial Wastewater Discharger, Phase II Stormwater NPDES permitting, wastewater discharge permits, and modernization of City Codes relating to Public Works.

Operations and Maintenance Staff: The Public Works Operations and Maintenance Division consists of thirty employees who are responsible for the inspection, operation, maintenance, and repair of the City's streets, water, sewer, and drainage infrastructure as well as the maintenance of public buildings. There are three primary sections within the O&M Division: Streets/Drainage, Water, and Wastewater. The Division is managed by the Public Works Operations and Maintenance Manager. There are also two inspectors in the O&M Division who are responsible for the inspection of all of the public facilities constructed in the City. Responsibility for the City Garage as well as Central Stores was recently transferred to Public Works and these functions are managed under the O&M Division.

The Streets/Drainage section has nine full-time and two temporary employees working on such things as patching potholes, placing regulatory, warning and informational signs, maintaining all pavement delineations and markings, performing graffiti removal within public rights-of-way, maintenance of the City's storm drainage system, creeks, channels, and detention basins, cleaning and repairing sewer mains and laterals, replacing broken water mains and services, performing weed abatement on City properties, maintenance of City buildings, and other related activities. The Department augments its staff in these areas by contracting out most striping, paving, and concrete work. The replacement of failed water services continues to be a major effort for the maintenance crews, who average approximately 125 replacements per year.

The Water section has seven employees who are responsible for operating and maintaining the City's water wells, chlorination, fluoridation, and other treatment systems, the City's seven storage reservoirs, Cross-Connection Control Program, and the City's new state-of-the-art water treatment plant. The employees in the Water section often must work seven days per week. Standby, emergency call-out and related overtime averages approximately 2,700 hours per year for this group.

The Wastewater section has been expanding to prepare for the completion of the City's new tertiary treatment plant in 2007. In addition to the operation of the existing treatment plant and collection system, this section will be involved in a great deal of training and design and construction support for the new treatment plant. The employees in the Water and Wastewater sections often must work seven days per week and will be cross-trained and licensed so that they can work in whichever area they are most needed. Operation and maintenance of the water and wastewater systems to protect public health and the environment are these group's top priority.

MAJOR DEPARTMENTAL TASKS COMPLETED FISCAL YEAR 2005-2006

- ☑ Completed the Design and Rate Structure for the City's Wastewater Treatment Plant Upgrades Project
- ☑ Completed construction of the Panorama Water Treatment Plant, which removed seasonal restrictions of the use of much of the City's water supply
- ☑ Completed construction of the first phase of the Foss Creek Pathway Project
- ☑ Updated Development Impact Fees for water and sewer to fully fund infrastructure needs
- ☑ Secured a revised Flood Insurance Rate Map for the Russian River from FEMA
- ☑ Revised Public Works design and construction standards to help encourage infill development while protecting adjoining properties from new impacts
- ☑ Made significant progress toward completing the remediation of failing water services in Area "A" and accepting the public improvements for affected subdivisions
- ☑ Processed 240 building permits, 43 Planning Commission items, 9 subdivision final/parcel maps, 10 subdivision tentative maps, 4 sets of subdivision improvement plans, 6 agreements, and 110 encroachment permits
- ☑ Completed the installation of new sidewalk along Matheson Street between Greens Drive and Almond Way using CDBG monies

MAJOR DEPARTMENTAL GOALS FOR FISCAL YEAR 2006-2007

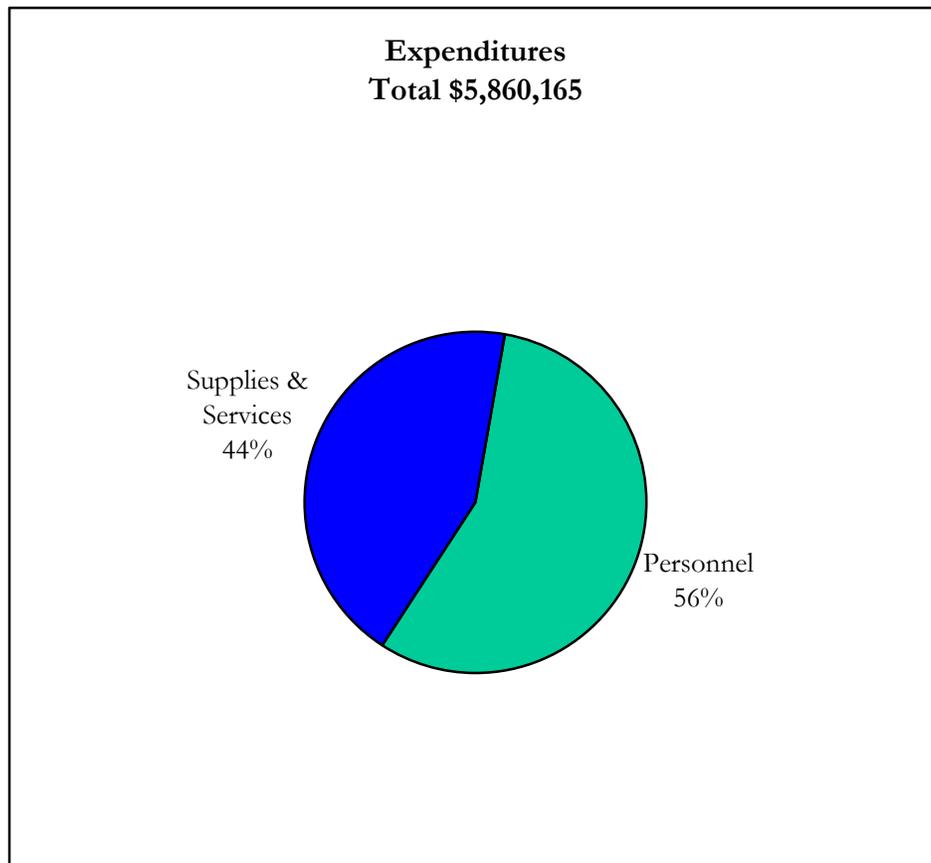
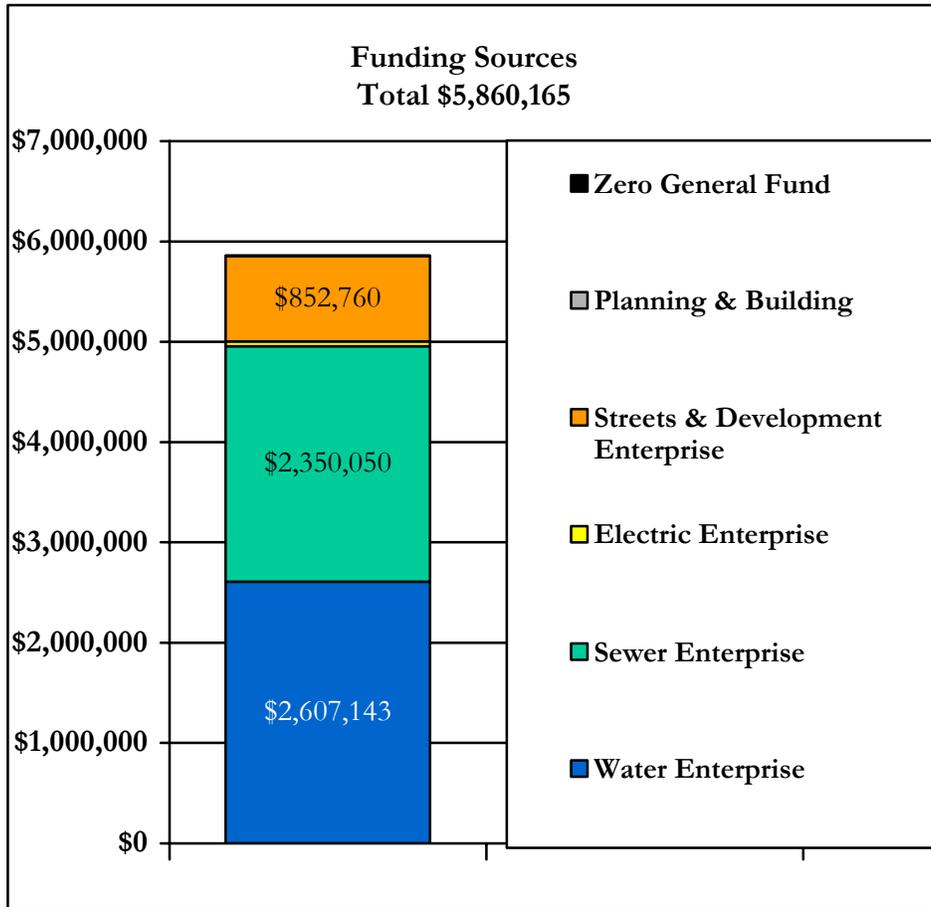
- ◆ Complete construction of the Wastewater Treatment Plant Upgrades Project
- ◆ Complete Letter of Map Revision with FEMA for Foss Creek Drainage to reduce flood insurance premiums paid by property owners
- ◆ Formulate and implement programs, policies, and procedures to comply with the City's new phase II stormwater NPDES permit
- ◆ Complete the installation of the second phase of the Foss Creek Trail project
- ◆ Complete comprehensive plan to identify segments, timing, and cost estimates for future phases of the Foss Creek Trail

FUTURE OBJECTIVES

Over the next several years, major effort will be concentrated on the following projects:

- Investigate ways to fully fund the City's transportation infrastructure maintenance needs.
- Make the City's GIS and automated mapping system available to the public through the internet.
- Develop a plan to solve drainage problems in the Ward/Palm area and along Piper Street.

PUBLIC WORKS



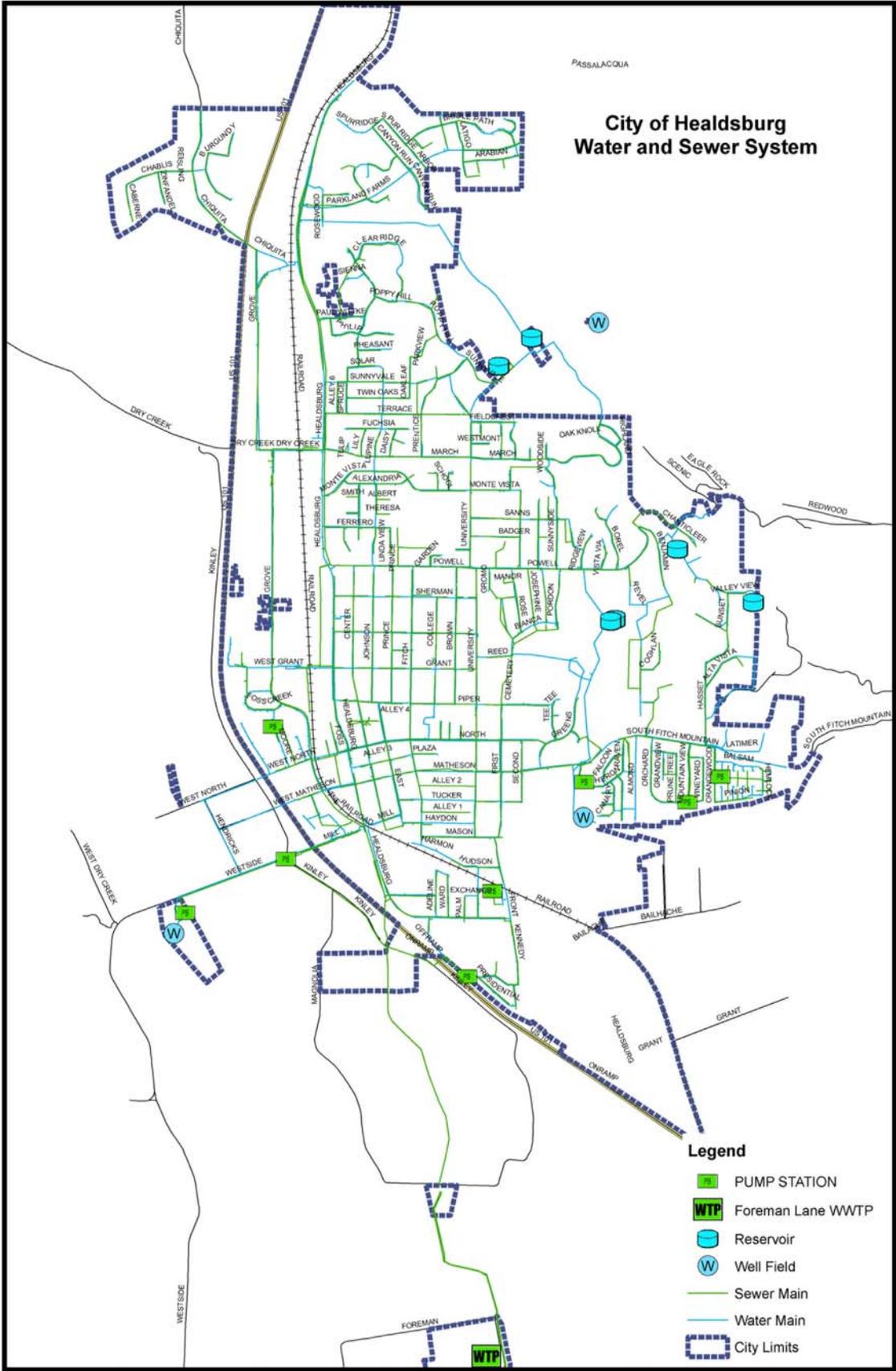
PUBLIC WORKS

FUNDING SOURCES	FUNDING SOURCES 2006-2007
WATER ENTERPRISE	\$ 2,607,143
SEWER ENTERPRISE	2,350,050
ELECTRIC ENTERPRISE	45,819
PLANNING & BUILDING ENTERPRISE	4,393
STREETS & DEVELOPMENT ENTERPRISE	852,760
CAPITAL PROJECTS	1,665,750
TOTAL REVENUES	\$ 7,525,915

EXPENSES	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
WAGES & FRINGE BENEFITS	\$ 1,986,671	\$ 2,610,070	\$ 3,007,800	397,730	15%
OVERTIME & STAND BY	154,755	115,000	200,000	85,000	74%
CONTRACTED SERVICES	248,607	261,469	277,200	15,731	6%
GOVERNMENT FEES	25,083	81,410	82,300	890	1%
EMPLOYMENT SERVICES	12,144	-	-	-	0%
PROPERTY SERVICES	334,549	476,000	389,693	(86,307)	-18%
ADDITIONAL PAY	8,651	9,000	9,000	-	0%
UNIFORM ALLOWANCE	18,192	16,200	20,900	4,700	29%
RENTALS	11,482	5,900	15,550	9,650	164%
SERVICE FEES	331,454	311,403	481,255	169,852	55%
REPLACEMENT FEES	124,666	165,740	340,708	174,968	106%
USE FEES	400,300	375,000	375,000	-	0%
TRENCH CUT FEES	-	25,000	25,000	-	0%
LOAN REPAYMENT- GENERAL FUND	55,060	55,060	55,060	-	0%
TELECOMMUNICATION SERVICE	44,077	49,213	47,704	(1,509)	-3%
ADVERTISING & PUBLICATION	2,025	2,500	3,250	750	30%
PRINTING & BINDING	2,401	650	950	300	46%
TRAVEL EXPENSE	-	500	250	(250)	-50%
SUPPLIES	317,699	391,925	438,875	46,950	12%
MEETINGS	1,167	1,865	2,270	405	22%
MEMBERSHIPS & DUES	23,389	45,900	45,750	(150)	0%
TRAINING	15,629	22,250	22,650	400	2%
EDUCATIONAL REIMBURSEMENT	-	-	9,000	9,000	100%
CAPITAL ITEMS	-	10,000	10,000	-	0%
LOSS IN DISPOSAL	6,208	-	-	-	0%
SHORT/OVER	94	-	-	-	0%
TOTAL OPERATING EXPENSE	\$ 4,124,303	\$ 5,032,055	\$ 5,860,165	\$ 828,110	16%
CAPITAL PROJECTS		17,036,000	1,665,750		
GRAND TOTAL EXPENSES		\$ 22,068,055	\$ 7,525,915		

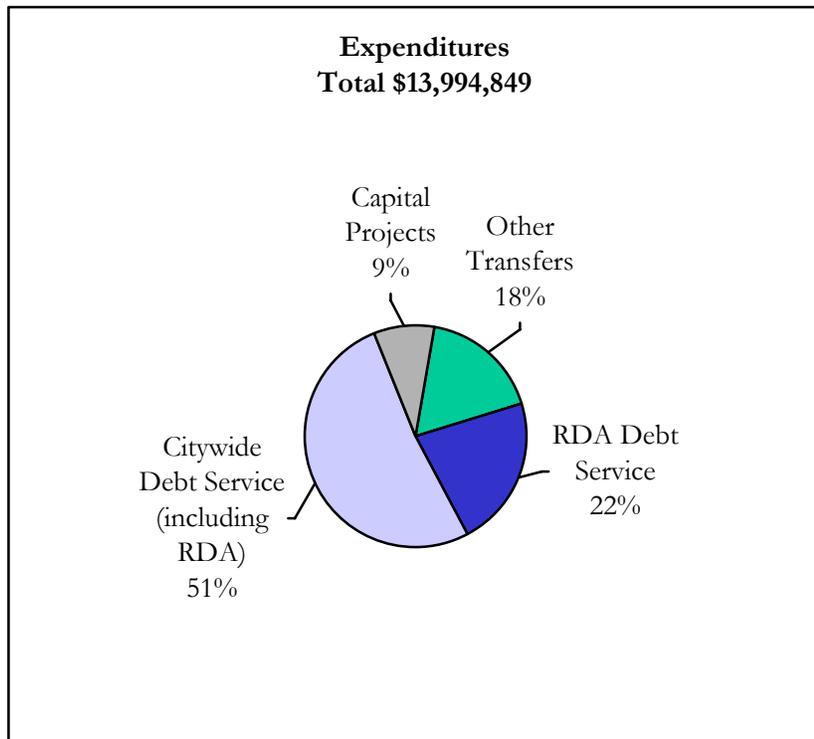
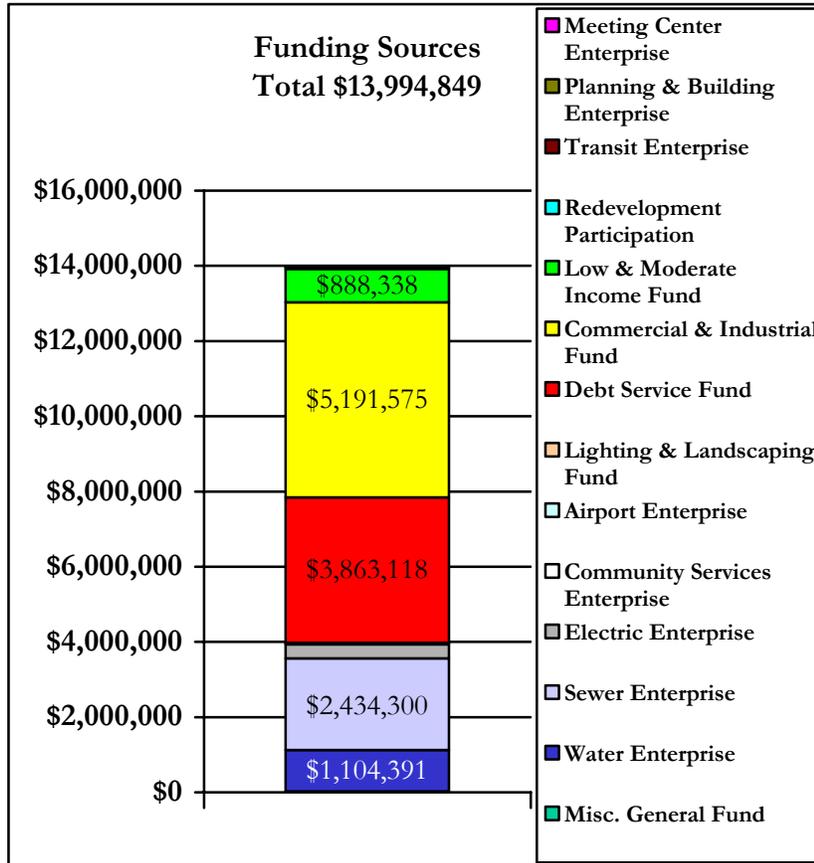
PUBLIC WORKS

Notes:



NON DEPARTMENTAL

Non-Departmental includes items related to the city as a whole that cannot be easily allocated to the various departments such as transfers, debt service, Community Benefit Trust Fund, County pass through to State/ERAF shifts and capital projects.



FUNDING SOURCES	FUNDING SOURCES 2006-2007
MISC.GENERAL FUND REVENUES	\$ 23,964
WATER ENTERPRISE	1,104,391
SEWER ENTERPRISE	2,434,300
ELECTRIC ENTERPRISE	367,954
COMMUNITY SERVICES ENTERPRISE	39,848
TRANSIT ENTERPRISE	2,935
PLANNING & BUILDING ENTERPRISE	255
AIRPORT ENTERPRISE	3,416
MEETING CENTER ENTERPRISE	20,165
SCHOOL SERVICE ENTERPRISE	-
LIGHTING & LANDSCAPING FUND	3,500
SERVICE FUND	-
STREET & DEVELOPMENT ENTERPRISE	1,090
DEBT SERVICE FUND	3,863,118
COMMERCIAL & INDUSTRIAL FUND	5,191,575
LOW & MODERATE INCOME FUND	888,338
REDEVELOPMENT PARTICIPATION FUND	50,000
TOTAL REVENUES	\$ 13,994,849

EXPENSES	ACTUAL 2004-2005	ADOPTED 2005-2006	BUDGET 2006-2007	DIFFERENCE FROM 2005-2006	% DIFFERENCE
TRANSFERS:					
RDA DEBT SERVICE	\$ 3,252,034	\$ 3,092,836	\$ 3,072,195	\$ (20,641)	-1%
CITY WIDE DEBT SERVICE INTEREST & FEES	3,362,381	4,264,836	5,161,295	896,459	21%
CITY WIDE DEBT SERVICE PRINCIPAL	1,790,874	1,913,200	2,036,708	123,508	6%
ENTERPRISE FUNDS	163,851	43,468	59,111	15,643	36%
COMMUNITY BENEFIT TRUST FUND	50,000	50,000	50,000	-	0%
CAPITAL PROJECTS	4,839,951	1,849,900 ⁽¹⁾	1,258,900 ⁽²⁾	(591,000)	-32%
COUNTY PASS THROUGH TO STATE/ERAF SHIFTS	2,207,469	1,938,400	2,027,818	89,418	5%
PROPERTY TAX	1,899	16,950	3,500	(13,450)	-79%
TAX COLLECTION FEES	107,786	118,120	121,822	3,702	3%
CONTRACTED SERVICES	210,591	67,927	71,000	3,073	5%
SUPPORT OF OUTSIDE ORGANIZATIONS	59,377	75,000	75,000	-	0%
SERVICE FUNDS	53,000	15,000	15,000	-	0%
AMORTIZATION WATER & SEWER	42,932	18,500	18,500	-	0%
RENTALS	20,221	20,000	20,000	-	0%
SUPPLIES	492,117 ⁽¹⁾	4,000	4,000	-	0%
TOTAL OPERATING EXPENSES	\$ 16,654,483	\$ 13,488,137	\$ 13,994,849	506,712	4%

(1) 1st Time Home Buyer Assistance Program \$443K & Access Healdsburg Production Equipment \$30K.

NON-DEPARTMENTAL

Notes:

CITY OF HEALDSBURG

Redevelopment Agency

2006-2007 Work Plan and Proposed Budget

Board Members

Mike McGuire, Chair

Gary Plass, Vice-Chair

Jason Liles

Lisa Wittke Schaffner

Kent Mitchell

Executive Director

Chet J. Wystepek

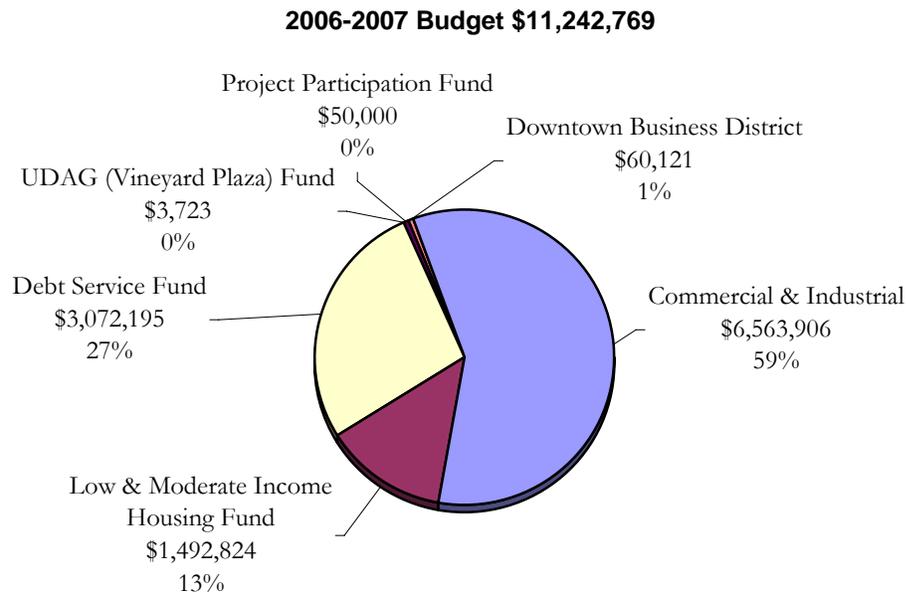
Notes:

REDEVELOPMENT AGENCY WORK PROGRAM AND BUDGET SUMMARY

The Redevelopment Agency (Agency) 2006-2007 Work Plan and Proposed Budget is outlined in the following sections of this document. The proposed 2006-2007 budget for the Agency is \$11,242,769. The work program is consistent with the 5-Year Implementation Plan that was adopted in November 2004.

Budget

The \$11,242,769 budget consists of funding for the Low and Moderate Income Housing Fund, the Commercial and Industrial Fund, the Debt Service Fund, the UDAG Fund, the Project Participation Fund and the Downtown Business District. The graph below shows how the budget is allocated amongst the fund groups.



The largest portion, 59%, of the Agency budget is in the Commercial and Industrial Fund. The \$6,563,906 budget in this Fund consists of funding for various projects, use of bond sale proceeds, programs and debt service. This Fund also receives the largest portion of Agency revenues primarily from property tax increment.

The Debt Service Fund accounts for 27% of the Agency budget. The \$3,072,195 budget in this fund consists of various debt payment obligations related to previous Agency projects. The revenues received by this Fund are debt service transfers from the Commercial and Industrial Fund and the Low and Moderate Income Housing Fund.

The Low and Moderate Income Housing Fund represents 13% of the Agency budget. The \$1,492,824 budget in this Fund consists of debt service and various affordable housing, use of bond proceeds, and neighborhood improvement projects. The revenues received by this Fund are primarily from property tax increment.

The UDAG (Vineyard Plaza) Fund is less than 1% of the Agency budget. The \$3,723 is made up primarily of economic development loans.

The Project Participation Fund is less than 1% and represents funds for the Community Benefit Trust.

The remaining 1% of the budget is funding the Downtown Business District. The \$60,121 budget consists of various promotional programs benefiting the downtown. Revenues received by this Fund are from a contribution by the Agency and by assessments of downtown businesses.

FUNDING FOR PROJECTS

The proposed budget includes \$735,500 of new project funding. Most projects were funded as a budget amendment in the 2002-2003 year following the 2003 Tax Allocation Bond sale. The primary means for funding the projects is utilization of some of the uncommitted tax increment and proceeds from the 2003 Tax Allocation Bond sale. In addition to the proposed new funding, there are projects budgeted in 2006-2007 as part of the Capital Improvement Program, for which carry-over appropriation authority will be requested as part of the proposed budget. Debt service for the 2003 Tax Allocation Bonds have reduced funding for 2006-2007 projects.

FUNDING FOR PROGRAMS

The proposed budget includes \$2,221,217 of funding for programs. Funding in the Commercial and Industrial Fund for programs is \$1,584,143 and program funding in the Low and Moderate Income Housing Fund is \$637,074. The programs funded include:

- ◆ Economic Development
- ◆ Promotion
- ◆ New Affordable Housing
- ◆ Administration and Board of Directors
- ◆ Neighborhood Improvement

AGENCY ACCOMPLISHMENTS DURING FISCAL YEAR 2005-2006

The Agency successfully completed and funded a number of projects and programs in the 2005-2006 year. These included:

- Solicited potential developer for 20 West Grant Street for low to moderate affordable housing
- Continued the successful Neighborhood Improvement Program
- Implemented a strategy for dealing with the State ERAF raids
- Completed informal neighborhood planning & design for additional affordable housing units at 308 East Street
- Assisted efforts of non-profits in creating a job center next to City Hall
- Implemented marketing strategy for the 155 Dry Creek Road site
- Implemented the Fire Sprinkler Retrofit Loan Program and Awarded the first loan to install a Fire Sprinkler System at 1345 Healdsburg Avenue

AGENCY GOALS FOR FISCAL YEAR 2006-2007

- ◆ Assist in relocation of Purity Chemical to new location within City
- ◆ Prepare and design construction plans for downtown parking lot in Purity Chemical site
- ◆ Plan for construction of Foss Creek Pathway, including completion of downtown segment and release of overall design plan
- ◆ Plan for upgrade to Railroad Depot project, addressing drainage problem
- ◆ Purchase additional land for development of low-moderate income housing
- ◆ Continue development of an entryway upgrade program, which includes demolition of the abandoned gas station downtown
- ◆ Enter into a development agreement with developer for the construction of 60 affordable family apartments at 20 West Grant Street

HISTORY OF AGENCY

In 1980, the Healdsburg Redevelopment Agency was established. The adoption of the Sotoyome Community Development Plan occurred in 1981. The Agency's purpose was defined to provide a tool to eliminate blighting conditions and thus ensure that the City economic base would grow and remain healthy through provision of new public improvements, commercial development and affordable housing.

The Healdsburg Redevelopment Agency, like many other agencies in the State, established the City Council as its Board of Directors and established the existing City staff as the Agency's staff. Specifically, the City Manager is the Agency's Executive Director, the City Clerk is the Agency's Secretary, the Finance Director is the Agency's Fiscal Officer, and other City staff performs a variety of Agency responsibilities. The City's Department Heads serve as Program Managers in the implementation of the Plan.

The Sotoyome Community Development Plan sets forth the Project Area or limits of jurisdiction of the Agency and its tax increment spending authority generally. An exception exists in the area of low and moderate-income housing funds, which, under certain circumstances, can be used within the City, and non tax increment funds, such as UDAG loan repayment proceeds, which are restricted as to purpose, not geographically.

The Redevelopment Agency of the City of Healdsburg Project Area includes approximately 90 percent of the western half of the City, including virtually all-commercial and industrial areas and 30 percent of the eastern half of the City, including virtually all-older residential areas. The total Project Area is approximately 1,000 acres.

With adoption of major redevelopment reform legislation, AB 1290, the Agency was mandated to adopt a 5-Year Implementation Plan, which it did in December 1994. In December of 1999, the Agency adopted a new five-year implementation plan, which was amended in November of 2004.

The Agency completed the process of adopting a Plan Amendment that became effective in July 2001, which increased the tax increment and debt limit and extended the time period to incur new debt. In 2004 the Agency extended the financial life of the Agency by one year from 2021 to 2022 per State law.

LIMITATIONS AND REQUIREMENTS OF THE REDEVELOPMENT PLAN

Pursuant to the Redevelopment Plan, as amended, the total tax increment revenues received by the Agency over the life of the Redevelopment Plan cannot exceed \$307 million. The Redevelopment Plan also established a limit of \$100 million on the amount of bonded indebtedness that can be outstanding at one time. Pursuant to AB 1290, the City Council adopted Ordinance No. 904 on December 19, 1994, which provides that the Agency shall not pay indebtedness or receive property taxes after June 16, 2032, or 10 years after the termination of the effectiveness of the Plan.

Recent legislation, SB1045 authorizes a local legislative body to extend these time limits by adopting an ordinance without following the procedures typically required for plan amendments when the Agency is required to make ERAF payments. Effective September 1, 2003, the Agency was required to make a payment during fiscal year 2004 in the amount of \$280,725 into the Educational Revenue Augmentation Fund (ERAF). Pursuant to SB 1045 the City's legislative body amended the Plan to extend both the Plan effectiveness date and the time limit on receipt of tax increment for repayment of debt by one year. Last year's State budget included two years of assistance from Agencies to make ERAF contributions as a means to help solve the \$17 billion short fall problem. The Agency's ERAF payments for both fiscal year 2005 and 2006 are \$465,000.

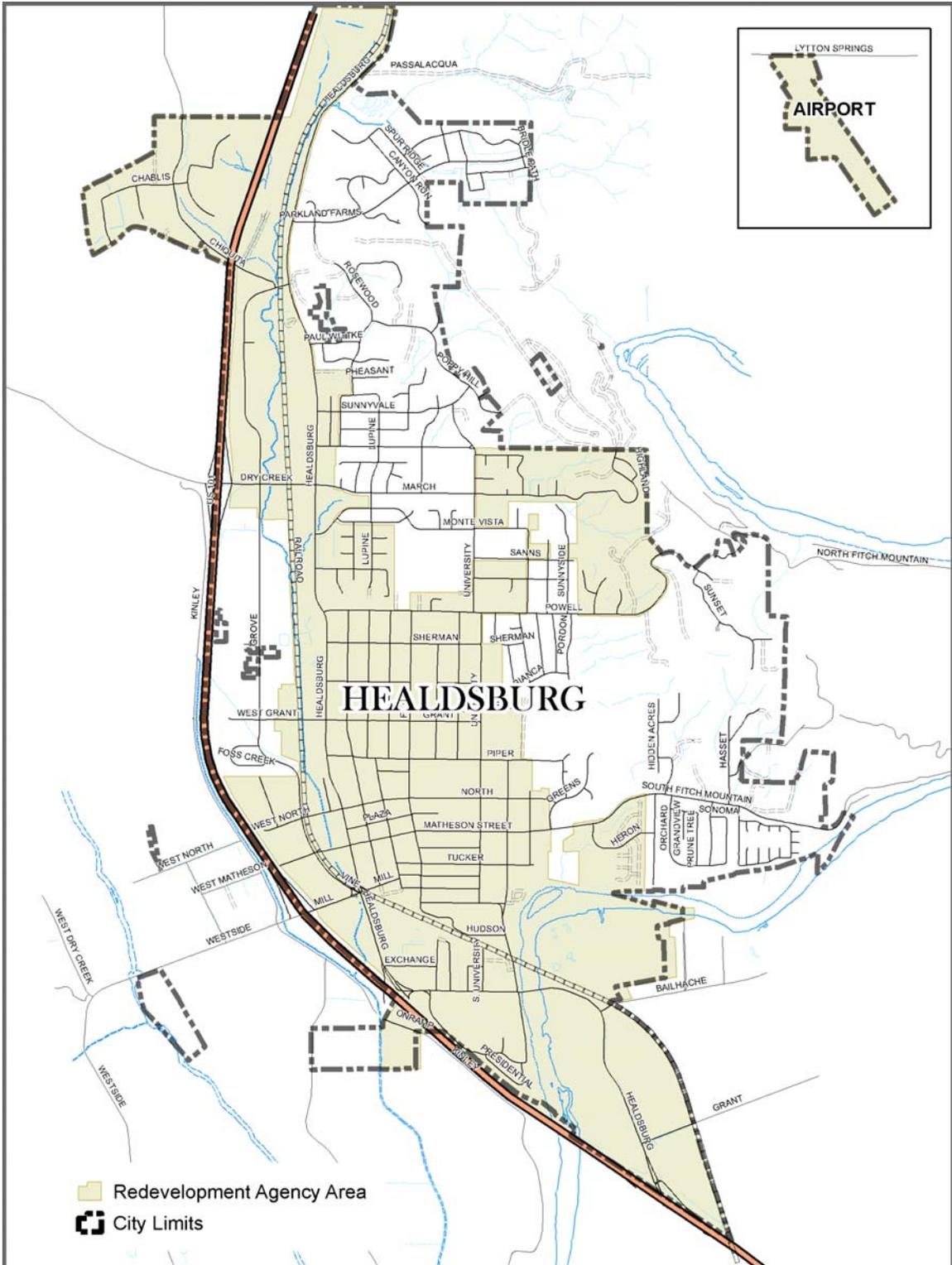
The effectiveness of the Redevelopment Plan, as amended, is currently 31 years, or through 2022. The Agency, through amendment of its plan, extended the period in which it can incur indebtedness through 2014. At the end of that period as amended, the Agency is limited to receipt of increment to pay debt service through 2032 and to undertake housing programs.

IDENTIFICATION OF BLIGHT AND PROJECT AREA GOALS, OBJECTIVES AND LINES OF ACTION

AB 1290 requires a detailed statement of blighting influences reflected in the Sotoyome Community Development Plan adopted in June of 1981, as well as subsequent efforts to mitigate such blighting influences. The blighting influences were updated in 2001 as a result of a Plan Amendment process.

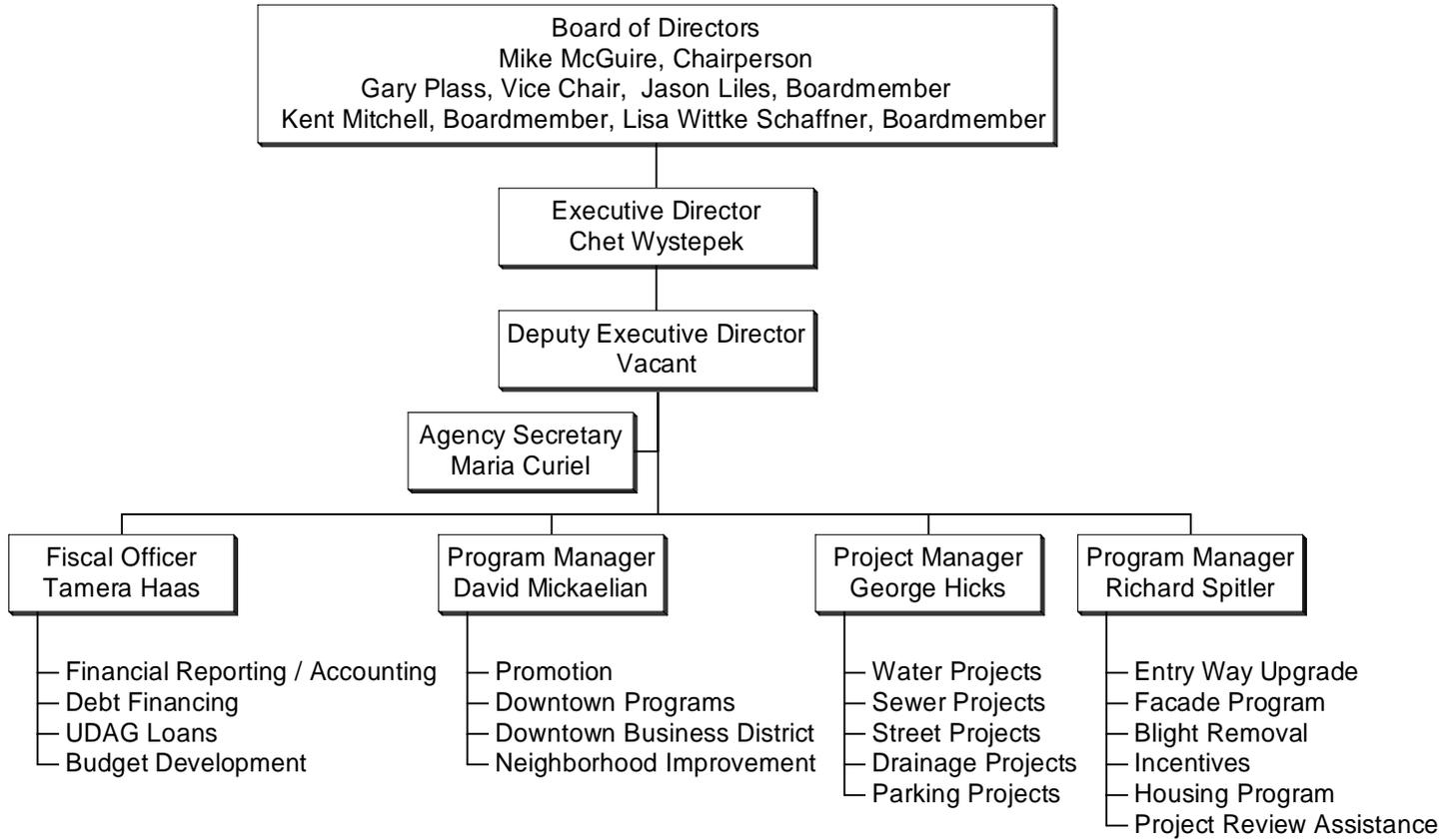
Additionally, the 5-Year Implementation Plan adopted in December 1999 and amended in November 2004 contains a detailed listing of Project Area Plan Objectives and authorized lines of action.

Similar requirements are imposed in legislation specifying the requirements of the Annual Work Program. The Implementation Plan is incorporated into this work program by reference.



Notes:

REDEVELOPMENT AGENCY



COMMERCIAL AND INDUSTRIAL FUND

The Health and Safety Code stipulates that the primary responsibility of a Redevelopment Agency is Economic Development. A Redevelopment Agency typically undertakes a variety of public works to assist business development and revitalization as well as direct services and assistance to business. All expenditures must be in or to the benefit of the Project Area and stimulate business development, expansion or retention.

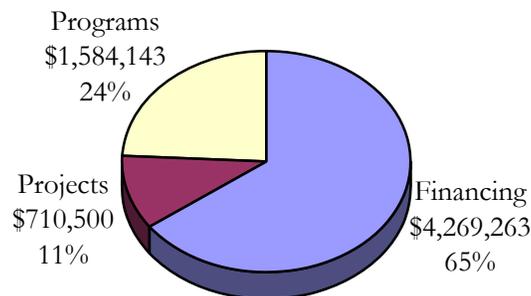
Budget Trends and Changes:

1. Prepare and design construction plans for downtown parking lot in Purity Chemical site
2. Plan for construction of Foss Creek Pathway, including downtown segment and release of overall design plan
3. Continue development of an entryway upgrade program, which includes demolition of the abandoned gas station downtown
4. Established retrofit sprinkler program for designated buildings

Major Goals and Objectives:

1. Assist in relocation of Purity Chemical to new location within City
2. Undertake Street & Sidewalk reconstruction work
3. Develop additional downtown parking
4. Continue entry upgrade project
5. Acquire land for affordable housing, community center and park
6. Plan for construction of pedestrian and bike pathway along Railroad right-of-way at Foss Creek Corridor
7. Prepare and design construction plans for downtown parking lot on Purity Chemical site
8. Continue installation of directional pole signs in downtown Plaza area
9. Provide local match to federal grant for upgrade of existing historic railroad depot property into a multimodal transit facility
10. Assist efforts of non-profits in creating a job center downtown

Commercial & Industrial Fund Expense Summary Fiscal Year 2006- 2007 Budget \$6,563,906



Commercial & Industrial

Revenue & Expense Statement

	Actual 2004-2005	Adopted 2005-2006	Budget 2006-2007	Difference from 2005-2006	% Diff
Budgeted Fund Balance	\$ 18,702,008	\$ 18,779,958	\$ 18,779,958		
Revenues					
Increment	5,189,851	5,372,418	5,802,211	429,793	8.00%
Interest Income	381,189	25,500	26,000	500	1.96%
2002 TAB A	1,275,159	360,000	685,695	325,695	90.47%
2003 TAB A	-	500,259	50,000	(450,259)	0.00%
2002 TAB B-USDA	1,800,000	-	-	-	0.00%
Donations	-	-	-	-	0.00%
Total Revenues	<u>\$ 8,646,199</u>	<u>\$ 6,258,177</u>	<u>\$ 6,563,906</u>	<u>\$ 305,729</u>	<u>4.89%</u>
Financing					
Pass Thru To County	\$ 1,538,663	\$ 1,303,800	\$ 1,650,135	\$ 346,335	26.56%
Tier One Pass Through	203,995	169,600	377,683	208,083	122.69%
ERAF	464,811	465,000	-	(465,000)	-100.00%
1995 TAB	250,693	254,430	255,069	639	0.25%
2002 TAB A	918,484	914,026	916,056	2,030	0.22%
2002 TAB B-USDA	50,239	126,950	117,769	(9,181)	-7.23%
2003 TAB A	965,542	964,875	952,552	(12,324)	-1.28%
Total Financing	<u>\$ 4,392,426</u>	<u>\$ 4,198,681</u>	<u>\$ 4,269,263</u>	<u>\$ 70,582</u>	<u>1.68%</u>
Project Costs					
Water Projects	\$ 25,000	\$ -	\$ -	-	0.00%
Parking Projects	-	260,000	-	(260,000)	-100.00%
Street Projects	156,000	241,000	176,000	(65,000)	-26.97%
Entry Way Upgrade	-	100,000	-	(100,000)	-100.00%
Drainage Projects	-	-	50,000	50,000	0.00%
Public Facilities	3,014,911	10,000	10,000	-	0.00%
Other Projects	55,000	-	144,500	144,500	0.00%
Park Projects	-	-	330,000	330,000	0.00%
Project Total	<u>\$ 3,250,911</u>	<u>\$ 611,000</u>	<u>\$ 710,500</u>	<u>99,500</u>	<u>16.28%</u>
Program Costs					
Economic Development	\$ 235,063	\$ 639,627	\$ 726,350	\$ 86,723	13.56%
Promotion & Other Programs	300,398	377,591	376,219	(1,372)	-0.36%
Admin. & Board Of Directors	275,339	321,175	364,762	43,587	13.57%
Tax Collection Fee	114,112	110,103	116,812	6,709	6.09%
Program Total	<u>\$ 924,912</u>	<u>\$ 1,448,496</u>	<u>\$ 1,584,143</u>	<u>\$ 135,647</u>	<u>9.36%</u>
Total Costs	<u>\$ 8,568,249</u>	<u>\$ 6,258,177</u>	<u>\$ 6,563,906</u>	<u>\$ 305,729</u>	<u>4.89%</u>
Ending Fund Balance	<u>\$ 18,779,958</u> (1)	<u>\$ 18,779,958</u>	<u>\$ 18,779,958</u>		

(1) Ending available balance

Notes:

SEWER PROJECTS

Implementation Plan:

Continue the support of sewer infrastructure to:

- ◆ Initiate planning to extend sewer services to the Old Redwood Highway area south of Memorial Beach
- ◆ Assist businesses with any extraordinary sewer requirements or expenses
- ◆ Explore provision of loans for on-site pretreatment when such a program may assist in attracting new businesses or creating desired jobs
- ◆ Assist in addressing the new wastewater collection and treatment requirements for the Project Area beyond the fiscal capability of developer fees and utility rate payers

Project Funding 2006-2007

No new funding is proposed in this budget.

2006-2007 Work Program:

- ◆ Explore provision of loans for on-site pretreatment to assist businesses
- ◆ Examine ways to assist in financing the upgrade of the wastewater treatment facility



Aerial of Sewer Treatment Plant

WATER PROJECTS

Implementation Plan:

Continue the funding of projects to replace undersized water lines in the Project Area. Program components include:

- ◆ Complete replacements of water lines and services
- ◆ Assist in funding any extraordinary water line extension or improvement costs required to mitigate low water pressure or insufficient fire flows for new businesses
- ◆ Initiate planning for extension of water services to the Old Redwood Highway Area
- ◆ Assist in addressing Project Area water supply and infrastructure deficiencies beyond the financial capabilities of the City to fund
- ◆ Install new and upgrade existing water treatment storage and distribution facilities required to serve and improve fire protection within the area

Project Funding 2006-2007

No new funding is proposed in this budget.

2006-2007 Work Program:

- ◆ Undertake replacements of water main, water services, production, pumping, storage and treatment equipment which serves the Project Area
- ◆ Continue replacement of water meters to new remote read meters

STREET PROJECTS

Implementation Plan:

Continue to perform infrastructure improvements in the downtown area, as well as other projects including:

- ◆ Reconstruction of Healdsburg Avenue from the Russian River Bridge to Mill Street
- ◆ Widening and completion of street improvements on Old Redwood Highway from the Russian River Bridge southerly to the U.S. 101 interchange
- ◆ Other street projects that will assist in the attraction of desired new business and industry including funding the required upgrades of curbs, gutters and sidewalks
- ◆ Projects that eliminate traffic congestion
- ◆ Street beautification at the entrances to the City
- ◆ Improvements to the Westside Road U.S. 101 interchange
- ◆ Improvements to the Dry Creek U.S. 101 interchange
- ◆ Freeway sound wall construction
- ◆ Bridge improvements
- ◆ State highway right-of-way requirements

Project Funding 2006-2007:

Project funding totaling \$176,000 proposed for 2006 – 2007 includes:

- ◆ Annual reconstruction - \$50,000
- ◆ Hazardous sidewalk replacement - \$116,000
- ◆ Railroad crossing – street replacement - \$10,000

2006-2007 Work Program:

- ◆ Continue planning an entryway upgrade for the entrance to Healdsburg from the south on Healdsburg Avenue
- ◆ Continue to pursue the feasibility of improving the Five-way intersection at Healdsburg Avenue/Mill Street/Vine Street
- ◆ Proceed with additional street reconstruction in the Project Area
- ◆ Proceed with additional overlays in the Project Area
- ◆ Proceed with sidewalk replacements and new installation in the Project Area

Notes:

DRAINAGE PROJECTS

Implementation Plan:

Continue to support infrastructure improvements that mitigate downtown flooding, install new storm drains to mitigate flooding in various neighborhoods within the Project Area, and replace undersized storm drains. Program goals include:

- ◆ Complete replacement of undersized storm drains in the Project Area
- ◆ Cooperate with the City in providing partial funding for extraordinary costs imposed on site drainage for new businesses and infill development
- ◆ Channelize or pipe portions of Foss Creek and its tributaries
- ◆ Install new drainage systems in various sub-areas (including the airport), to eliminate existing Project Area flooding
- ◆ Prepare and implement creek corridor plans
- ◆ Acquire necessary easements
- ◆ Acquire necessary riparian corridors

Project Funding 2006-2007:

Project funding totaling \$50,000 proposed for 2006-2007 includes:

- ◆ North Foss Creek improvements - \$50,000

2006-2007 Work Program:

- ◆ Reconstruct/rework crossings on Grant Street

Notes:

PUBLIC FACILITIES/PROJECTS

Implementation Plan:

The program assists in providing facilities to meet various community facility needs such as:

- ◆ Plan for installation of next segment of the Foss Creek Pathway and preliminary design for the remaining segments
- ◆ Acquisition of hangars and infrastructure rehabilitation at the Municipal Airport
- ◆ Support improvements to the historic Railroad Depot site as a multimodal transit center

Project Funding 2006-2007:

Project funding totaling \$10,000 proposed for 2006-2007 includes:

- ◆ Underground Fire tank replacement - \$10,000

2006-2007 Work Program:

- ◆ Plan for construction of next segment of Foss Creek Pathway
- ◆ Plan for upgrade to the Railroad Depot project, including drainage



Healdsburg Train Station

PARK PROJECTS

Implementation Plan:

The Public Facilities program assists in providing facilities to meet various community facility needs such as:

- ◆ Acquisition by the Agency or financial assistance to the City proportional to Project Area benefit to acquire a recreational field site outside the City, recognizing that there are no suitable sites within the Project Area or City limits
- ◆ Acquisition of land and construction of a Community Center

Project Funding 2006-2007:

Project funding totaling \$300,000 proposed for 2006-2007 includes:

- ◆ Villa Chanticleer building improvements - \$300,000

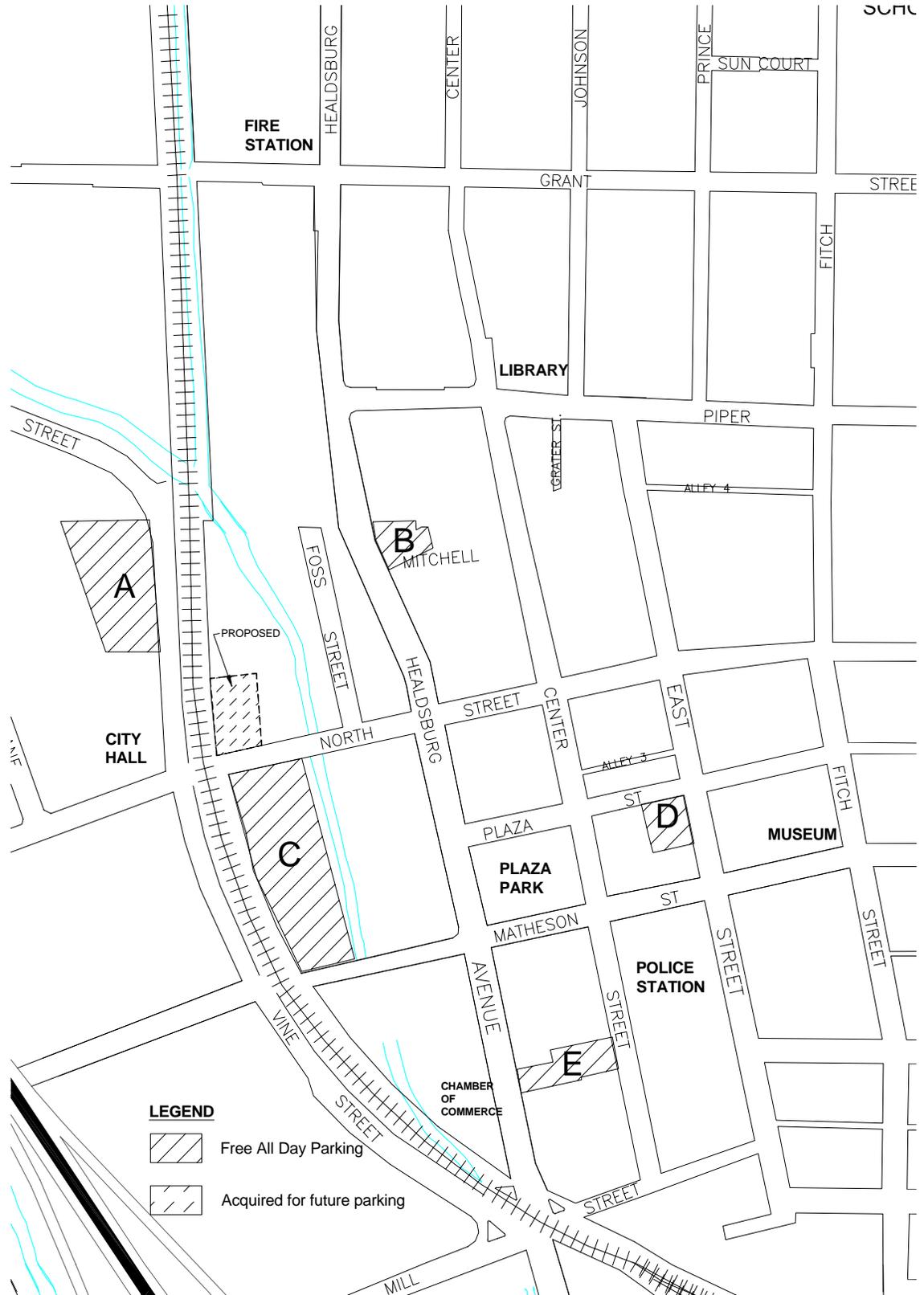
2006-2007 Work Program:

- ◆ Complete Plaza Park Upgrade



Plaza Park

Public Parking



LEGEND

-  Free All Day Parking
-  Acquired for future parking

PARKING PROJECTS

Implementation Plan:

The Agency evaluates the market acceptance and desirable locations for parking structures and surface level lots. The program implementation plan is designed to:

- ◆ Assist in the revision of regulations imposed on site parking requirements on small and medium sized underdeveloped parcels or developed parcels in the Downtown area
- ◆ Reallocate street space to accommodate higher density parking (such as diagonal parking)
- ◆ Acquire easements for existing privately owned off-street lots
- ◆ Acquire land for additional lots as required
- ◆ Develop parking structures on Agency owned land or acquired land
- ◆ Explore participation in joint use industrial parks through grants
- ◆ Provide effective and convenient parking, signage and lighting

Project Funding 2006-2007:

No new funding is proposed in this budget.

2006-2007 Work Program:

- ◆ Expand West Plaza parking lot by 25 spaces adjacent railroad rights-of-way
- ◆ Continue efforts to use existing streets for conversion to diagonal parking
- ◆ Explore purchase of additional land for public parking lots downtown



Parking lot west of the Plaza

STREETSCAPE PROJECTS

Implementation Plan:

The Agency assists business and property owners wishing to undertake streetscape improvements themselves with grants not to exceed the unit price of prior Agency projects. The program includes undertaking necessary repairs and maintenance on previously installed streetscape, including the replacement of street trees, grates, sidewalks and brickwork. In addition, streetscape work may be coordinated with other public improvements, or performed to solve health and safety problems, a typical health and safety problem that could be solved by the installation of safe sidewalks and pathways.

Project Funding 2006-2007:

Project funding totaling \$30,000 proposed for 2006-2007 includes:

- ◆ Citywide Streetscape - \$30,000

2006-2007 Work Program:

- ◆ Replacement of damaged street trees and grates
- ◆ Necessary sidewalk and brickwork repairs
- ◆ Continue planning community entryway upgrade



Corner of North and Center Streets

ENTRY WAY UPGRADE PROJECTS

Implementation Plan:

Support upgrades to the central Healdsburg and Dry Creek Road entrances.

Project Funding 2006-2007:

No new funding is proposed in this budget.

2006-2007 Work Plan:

- ◆ Complete entry way upgrade plan
- ◆ Identify right-of-way acquisition



Five-way intersection

ECONOMIC DEVELOPMENT

Industrial Development

The Agency proposes to continue the Economic Development Office (EDO) program with the Chamber of Commerce to:

- ◆ Assist existing businesses in retention and expansion
- ◆ Attract and assist new businesses
- ◆ Improve methods and procedures for City permit processing
- ◆ Improve coordination of marketing efforts between private and public sectors

Economic Development Office

The Agency has adopted a program in partnership with the Chamber of Commerce and initiated an Economic Development Office.

Financial Incentive Program

The Agency proposes to continue the program of financial incentives including:

- ◆ Loan guarantee programs and other incentives to assist business expansion
- ◆ Evaluating cooperative financing programs with NCPA member agencies to attract new businesses, which are desirable electric customers
- ◆ Use of UDAG funds to assist businesses and to provide short-term housing financing
- ◆ Assist new businesses in pre-development activities

Program funding for 2006-2007: \$726,350

2006-2007 Work Program:

- ◆ Continue the cooperative EDO program with the Chamber of Commerce to encourage business retention, expansion and attraction
- ◆ Continue the Fire Sprinkler Retrofit program
- ◆ New funding for Development Services Director to handle expansion of Redevelopment projects
- ◆ Continue project participation program to maximize opportunity whenever possible for retention of existing commercial enterprises

PROMOTION AND DOWNTOWN PROGRAM

Promotion Program

Continuation of ongoing promotional program that:

- ◆ Provides approximately \$25,000 of annual support for the Downtown Business District
- ◆ Support for visitor oriented advertising and publicity
- ◆ Support for the Chamber of Commerce weekend staffing and staff to handle external inquiries and the 800 Toll Free number
- ◆ Cooperative attendance at trade shows
- ◆ Advertising activities that go beyond tourism promotion
- ◆ Alternative marketing approaches be developed such as Internet web site promotion and off peak season community activities
- ◆ Cooperative support for promotion activities with Sonoma County and other agencies

Downtown Program

Continue the ongoing program to foster the revitalization of the downtown. The program components include:

- ◆ Projects designed to enhance the Plaza
- ◆ Projects that will further the revitalization
- ◆ Encourage special events and activities such as Farmers Markets and weekend & Tuesday concerts
- ◆ Market Agency incentive programs designed to assist downtown businesses
- ◆ Support and encourage DBD activities including a broader role in parking management and facility maintenance
- ◆ Address downtown restroom needs through grants to developers and leases

Program Funding 2006-2007: \$376,219

2006-2007 Work Program:

- ◆ Promote downtown through advertising
- ◆ Continue financial & advertising partnership with Healdsburg lodging industry to promote Healdsburg
- ◆ Provide Lodging Promotion Services under 2 year agreement funding a 2 to 1 basis up to \$150,000

ADMINISTRATION AND BOARD OF DIRECTORS

The Agency operates as a separate government entity even though staffed to a large part by City staff with augmentation by outside consultants. The Agency is obligated to provide a wide variety of reports to various agencies including the State Controller and the State Housing and Community Development Department. Agency staff supplies administrative support to project and program teams as well as to the Agency's Board of Directors for all non-housing programs.

Program Funding 2006-2007: \$364,762

2006-2007 Work Program:

- ◆ Continuation of administrative efforts

LOW AND MODERATE INCOME HOUSING FUND

State law requires that 20% of tax increments must be expended in developing or retaining affordable housing. The Agency typically acquires land, provides construction subsidies and works to preserve the existing affordable housing stock of the Project Area.

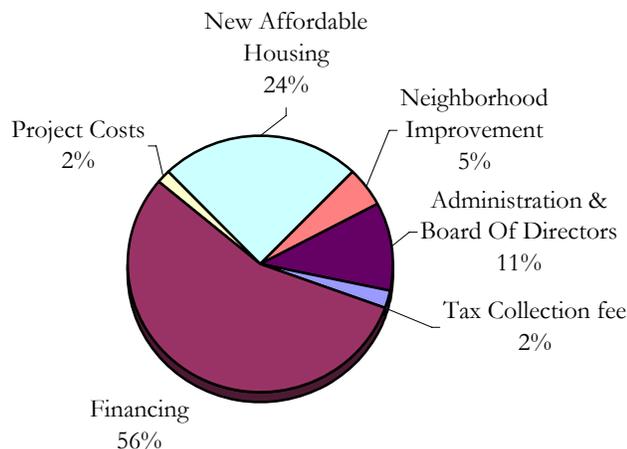
Budget Trends and Changes:

1. Continued financial assistance to facilitate construction of affordable housing projects
2. Seek funding of 20 West Grant Street family rental project for low to moderate affordable housing
3. Seek funding for 308 East Street, transitional housing
4. The Neighborhood Improvement Program will continue at current level

Major Goals and Objectives:

1. To sustain a multi-year program of affordable (low and very low income) housing, preserve affordable housing stock, and provide incentives to first time homebuyers
2. Provide up to 7 additional transitional housing units behind existing units at 308 East Street
3. Enter in agreement with developer to provide 60 additional low and moderate-income rental units at 20 West Grant Street
4. Continue to implement Housing Element Programs
5. Explore feasibility for moderate income housing at 320/328 East Street property
6. Seek additional land acquisitions for affordable housing

2006-2007 Budget \$1,492,824



Low & Moderate Income Housing Fund

Revenue & Expense Statement

	<u>Actual 2004-2005</u>	<u>Adopted 2005-2006</u>	<u>Budget 2006-2007</u>	<u>Difference from 2005-2006</u>	<u>% Diff</u>
Fund Balance	\$ 10,491,150	\$ 8,833,073	\$ 8,833,073		
Revenues					
Increment	1,297,463	1,363,168	1,472,016	108,848	8%
Interest Income	260,346	20,400	20,808	408	2%
Bond Proceeds		-	-	-	0%
Other Income	4,286	-	-	-	0%
Total Revenues	<u>\$ 1,562,095</u>	<u>\$ 1,383,568</u>	<u>\$ 1,492,824</u>	<u>\$ 109,256</u>	<u>8%</u>
Financing					
Transfer To Debt Service Fund	899,729	832,555	830,750	-1,805	0%
Total Financing	<u>\$ 899,729</u>	<u>\$ 832,555</u>	<u>\$ 830,750</u>	<u>\$ (1,805)</u>	<u>0%</u>
Project Costs					
Affordable Housing Project	\$ 443,000	\$ -	\$ -	\$ -	0%
Site Acquisition	1,535,574	-	-	-	0%
Other Projects		55,000	25,000	(30,000)	-55%
Total Project Costs	<u>\$ 1,978,574</u>	<u>\$ 55,000</u>	<u>\$ 25,000</u>	<u>\$ (30,000)</u>	<u>-55%</u>
Program Costs					
New Affordable Housing	\$ 160,461	\$ 243,925	\$ 362,335	\$ 118,410	49%
Neighborhood Improvement	59,287	76,082	73,907	(2,175)	-3%
Administration & Board Of Directors	86,671	132,313	168,244	35,931	27%
Tax Collection Fee	35,450	43,693	32,588	(11,105)	-25%
Total Program Costs	<u>\$ 341,869</u>	<u>\$ 496,013</u>	<u>\$ 637,074</u>	<u>\$ 141,061</u>	<u>28%</u>
Total Costs	<u>\$ 3,220,172</u>	<u>\$ 1,383,568</u>	<u>\$ 1,492,824</u>	<u>\$ 109,256</u>	<u>8%</u>
Ending Fund Balance	<u>\$ 8,833,073</u>	<u>\$ 8,833,073</u>	<u>\$ 8,833,073</u>		

NEW AFFORDABLE HOUSING

This program supports acquisition of land for the development of affordable housing and provides assistance to promote the development of affordable housing.

The RDA assisted units will be subject to a multi-year or longer affordability covenant.

Program Funding 2006-2007: \$362,335

2006-2007 Work Plan:

- ◆ Develop the Agency ground site behind the Fire Station
- ◆ Acquire additional sites for the development of affordable housing
- ◆ Design and construction of additional housing units at 308 East Street
- ◆ Design and construction of family rental housing at 20 West Grant Street
- ◆ Explore feasibility for moderate income housing at 320/328 East Street



308 East Street before and after remodel

NEIGHBORHOOD IMPROVEMENT PROGRAM

The Agency has assisted over 1,200 low and moderate income households in minor exterior rehabilitation as part of its efforts to preserve its existing affordable housing stock. Efforts have included repairs to porches and steps, window replacement, exterior debris removal and exterior paint for low-income seniors, and self-help assistance including Agency supplied debris boxes and paint vouchers for other low and moderate income households.

It is proposed that this program be continued with the objective of assisting 50 households per year.

Program Funding 2006-2007 - \$73,907

2006-2007 Work Plan:

- ◆ Agency Work Program contemplates a continuation of this successful program

ADMINISTRATION AND BOARD OF DIRECTORS

The Agency operates as a separate government entity even though staffed to a large part by City staff with augmentation by outside consultants. The Agency is obligated to provide a wide variety of reports to various agencies including the State Controller and the State Housing and Community Development Department. Agency staff supplies administrative support to project and program teams as well as to the Agency's Board of Directors for all housing programs.

Program Funding 2006-2007: \$168,244

2006-2007 Work Program:

- ◆ Continue efforts in promoting affordable housing
- ◆ Continue to defend Agency from lawsuits seeking to derail affordable housing projects

TAX COLLECTION FEE

The Agency must pay the County for property tax collection services as provided for under State law. The estimated cost in 2006-2007 is \$32,588 for the housing fund collection.

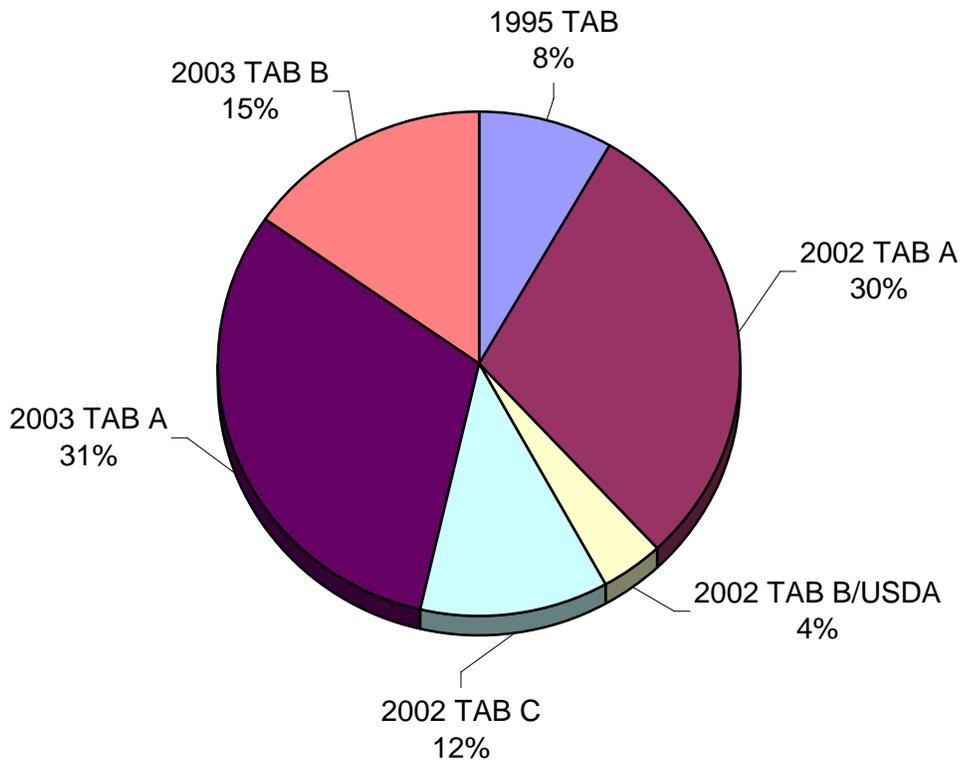
DEBT SERVICE

Redevelopment agencies are dependent on borrowing to operate programs and projects. Annually a statement of indebtedness becomes the basis of increments it receives. The Debt Service Fund is a statement of debt obligations.

The Agency's debt obligations include:

REFA II 1983	Detention Basin
REFA 1992	Refunding REFA 1985
TAB 1995	North/South Connector/Flood Control
2002 TAB A	Refunding parallel sewer, entry way upgrading, parking
2002 TAB B/USDA	Alliance Medical Clinic
2002 TAB C	Land for affordable housing
2003 TAB A	Funding for programs, administration, and projects
2003 TAB B	New affordable housing land and development

2006-2007 Budget \$3,072,195



DEBT SERVICE FUND

Revenue & Expense Statement

	Actual 2004-2005	Adopted 2005-2006	Budget 2006-2007	Difference from 2005-2006	% Diff
Fund Balance	\$ 3,094,783	\$ 3,127,524	\$ 3,137,524		
Revenues					
Transfers In:					
1995 TAB	250,693	254,430	255,069	639	0%
2002 TAB A	918,484	914,026	916,056	2,030	0%
2002 TAB B/USDA	50,239	126,950	117,769	(9,181)	-7%
2002 TAB C	363,858	363,376	360,008	(3,369)	-1%
2003 TAB A	965,542	964,875	952,552	(12,324)	-1%
2003 TAB B	471,696	469,179	470,743	1,564	0%
Interest Income	32,741	10,000	30,000	20,000	200%
Total Revenues	<u>\$ 3,053,252</u>	<u>\$ 3,102,836</u>	<u>\$ 3,102,195</u>	<u>\$ (641)</u>	<u>0%</u>
Debt Service Expense					
1995 TAB	250,693	254,430	255,069	639	0%
2002 TAB A	918,484	914,026	916,056	2,030	0%
2002 TAB B/USDA	50,239	126,950	117,769	(9,181)	-7%
2002 TAB C	363,858	363,376	360,008	(3,369)	-1%
2003 TAB A	965,542	964,875	952,552	(12,324)	-1%
2003 TAB B	471,696	469,179	470,743	1,564	0%
Total Expenses	<u>\$ 3,020,511</u>	<u>\$ 3,092,836</u>	<u>\$ 3,072,195</u>	<u>\$ (20,641)</u>	<u>-1%</u>
Ending Fund Balance	<u>\$ 3,127,524</u>	<u>\$ 3,137,524</u>	<u>\$ 3,167,524</u>		

UDAG FUND

The Agency receives income from its prior participation in the Vineyard Plaza Project. These revenues include [1] payments on the basic loan and interest; and [2] interest income from funds on hand.

It has been the Agency's policy to utilize funds on hand for short-term loans to assist Agency projects in the promotion of economic development.



Initiatives to fill vacancies in the Vineyard Plaza Shopping Center have succeeded.

UDAG Fund

Revenue & Expense Statement

	Actual 2004-2005	Adopted 2005-2006	Budget 2006-2007	Difference from 2005-2006	% Diff
Revenues					
Developer Loan Interest Payments	\$ 52,152	\$ 60,000	\$ 60,000	\$ -	0%
Vineyard Plaza Rental Income	-	-	-	-	0%
Other Interest Income	62,160	51,000	52,000	1,000	2%
Use of Fund Balance	-	-	-	-	0%
Total Revenues	\$ 114,312	\$ 111,000	\$ 112,000	\$ 1,000	1%
Financing					
Economic Development Loans	\$ -	\$ -	\$ -	\$ -	0%
Other	7,102	3,575	3,723	148	4%
Total Financing	\$ 7,102	\$ 3,575	\$ 3,723	\$ 148	4%
Reserved for future use	107,210	107,425	108,277		
Resulting Gain (Loss)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		

PROJECT PARTICIPATION FUND

This special revenue fund receives miscellaneous revenues from participation in projects, such as the Vineyard Plaza Shopping Center, the Swenson Commercial building, Alliance Medical Clinic and Purity Chemical. These revenues are used to support special items, such as the Community Benefit Trust program.



Swenson Building

Project Participation Fund

Revenue & Expense Statement

	<u>Actual 2004-2005</u>	<u>Adopted 2005-2006</u>	<u>Budget 2006-2007</u>	<u>Difference from 2005-2006</u>	<u>% Diff</u>
Fund Balance	\$ 228,178	\$ 577,960	\$ 795,960		
Revenues					
Rental Income	399,782	268,000	380,000	112,000	42%
Housing Bonds	-	-	-	-	0%
Total Revenues	<u>\$ 399,782</u>	<u>\$ 268,000</u>	<u>\$ 380,000</u>	<u>\$ 112,000</u>	<u>42%</u>
Project Costs					
Other	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>0%</u>
Total Project Costs	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>0%</u>
Ending Fund Balance	<u><u>\$ 577,960</u></u>	<u><u>\$ 795,960</u></u>	<u><u>\$ 1,125,960</u></u>		

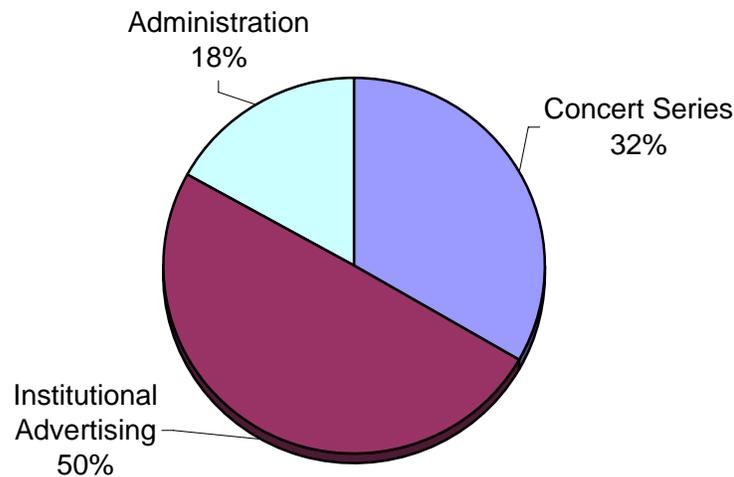
DOWNTOWN BUSINESS DISTRICT

The Agency administers the fiscal affairs of the Healdsburg Downtown Improvement and Parking District as an Agency fund. The District (DBD) is a separate special district, partially funded by business assessments along with partial funding from the RDA.

In the past its projects and programs as well as budget were developed by an Advisory Board, subject to affirmation by the Agency. The Advisory Board has been dissolved and the functions assumed by the Community Services Department and volunteers. Legal authority under the District law nevertheless rests with the City Council.

The areas of the District's assessments, projects and programs are under re-evaluation by the City and Agency. It is anticipated a variety of changes will occur in the coming months requiring budget changes.

2006-2007 Budget \$60,121



Downtown Business District

Revenue & Expense Statement

	<u>Actual</u> <u>2004-2005</u>	<u>Adopted</u> <u>2005-2006</u>	<u>Budget</u> <u>2006-2007</u>	<u>Difference</u> <u>from</u> <u>2005-2006</u>	<u>%</u> <u>Diff</u>
Fund Balance	\$ 21,475	\$ 17,022	\$ 17,022		
Revenues					
Downtown Business District Assessments	29,218	31,700	29,000	(2,700)	-9%
Contribution From RDA	20,000	25,000	25,000	-	0%
Interest Income / Other	2,743	3,175	3,175	-	0%
Total Revenues	<u>\$ 51,961</u>	<u>\$ 59,875</u>	<u>\$ 57,175</u>	<u>\$ (2,700)</u>	<u>-5%</u>
Expenses					
Concert Series	\$ 17,500	\$ 20,000	\$ 20,000	-	0%
Beautification	-	-	-	-	0%
Institutional Advertising	30,000	30,000	30,000	-	0%
Administration	8,876	9,875	10,121	246	2%
Non-Departmental	38	-	-	-	0%
Total Expenses	<u>\$ 56,414</u>	<u>\$ 59,875</u>	<u>\$ 60,121</u>	<u>\$ 246</u>	<u>0%</u>
Ending Fund Balance	<u><u>\$ 17,022</u></u>	<u><u>\$ 17,022</u></u>	<u><u>\$ 14,076</u></u>		

Notes:

Glossary

- AAA** **Area Agency on Aging** - A subsidiary of the state agency, which coordinates and provides partial funding for local senior programs.
- ADA BUS** **Americans with Disabilities Act** - The City's "ADA Bus" is a transit vehicle equipped to serve handicapped individuals, providing door-to-door service to the handicapped.
- APPROPRIATION** Funds set aside by the City Council for a specific purpose.
- AREA A** A portion of the City encompassing approximately 236 acres in the northern portion most of which has been annexed. Commencing June 2, 2005, the 1995 Bonds were advance refunding.
- CEQA** **California Environmental Quality Act** - A state law mandating environmental reviews on most public and private projects.
- CUPA** **Certified Unified Program Agency** - A state designation of a local agency certified to provide certain hazardous material management programs and enforce State laws with respect to same.
- DBD** **Downtown Business District** - A special district and subordinate City agency created under the State's Downtown Parking and Improvement Law which provides shopping center type promotional programs on behalf of downtown businesses.
- DEREGULATION** **Electric Utility Deregulation** - With deregulation of the electric utility industry, Healdsburg's Electric Utility is open to competition from other electricity providers. At the same time, the City's Electric Utility may now supply electricity to other service areas.
- EIR** **Environmental Impact Report** - A report pursuant to CEQA analyzing the environmental impacts of a project.
- ERAF III SHIFT** **Education Revenue Augmentation Fund III shift** - It is a shift of local property tax from local governments to balance the State budget for two years FY 2004-2005 and FY 2005-2006. As part of the State – local agreement, local government will make a two year contribution to each County's ERAF, similar to ERAF I and II. The contribution is an aggregate of \$1.3 billion for each of the two years. This is in addition to the present statute that requires ERAF I and II shifts. The main difference is that ERAF III does not include year-to-year growth and that in FY 2006-2007 the additional ERAF III is ended.
- EXPENDITURES** **Amounts authorized by the City Council** - to incur obligations and make payments out of City funds.
- FY** **Fiscal Year** - A local government accounting year beginning July 1st and ending June 30th.

Glossary

FEMA	Federal Emergency Management Agency - A Federal agency setup to provide assistance in the event of a federal emergency.
MOU	Memorandum of Understanding - A labor contract pursuant to state law, the Meyers, Millias and Brown Act, between the City and a labor union or organized group of employees under which all conditions of employment are negotiated.
OPERATING BUDGET	A plan of financial operations that provides a basis for the planning, controlling, and evaluating the operational portion of governmental activities.
NCPA	Northern California Power Agency - A joint action agency providing collective electric power generation, transmission, purchasing and dispatch services to its members, including the City of Healdsburg.
OUTSOURCING	Contracting certain services - previously performed by the City to an outside source.
PERS	Public Employees Retirement System - An independent state agency that administers retirement benefits for state and contracted local agency employees.
PROJECT AREA	RDA Project Area - The geographic area in which the RDA collects tax increment revenues and is permitted by law to undertake its programs. The RDA project area does not encompass the entire City.
PROP 1A	California Proposition 1A - Grants local governments long-term fiscal protection and stability by preventing the state from continuing its practice of raiding local government coffers for revenues during times of state fiscal crisis. While the state will be able to borrow revenues from local governments during fiscal emergencies, it can only do so with a two-thirds vote of the Legislature and the Governor's signature. Borrowing can only take place twice during a 10-year period, and only after the prior loan has been repaid.
PROP 218	California Proposition 218 - A state law passed by the voters in November of 1996, effective January 1, 1997, called "The Right to Vote on Taxes Act".
PROPERTY IN-LIEU TAX	As a result of the passage of Prop 218, the City may no longer charge the enterprise funds, i.e., water, sewer and electric, a "property in-lieu fee" for services provided by the various departments to the utilities. All charges are based on actual cost of service as direct charges.
RDA	Redevelopment Agency - A separate local agency providing housing and economic development funding and programs within portions of the City known as the project area. The City Council serves as the Board of Directors of the RDA; the City Manager as its Executive Director.

Glossary

REMIF	Redwood Empire Municipal Insurance Fund - A joint action agency providing pooling insurance, purchasing and self-insurance to its member cities, including Healdsburg.
RESTRICTED REVENUE	Revenue, which by law can only be spent on or in support of specific services.
REVENUE	Sources of funding such as service fees, taxes, grants, etc., to finance City expenditures.
SB 1096	Senate Bill 1096 - Legislation passed as part of FY 2004-2005 State budget adoption concerning funding provisions relative to local governments and RDA in connection with the State Budget. This includes provisions for Triple flip, VLF swap, ERAF III and ERAF shift for RDA.
SB 90	Senate Bill 90 - A state law requiring funding of state imposed mandates.
SCADA	Supervisory Control Data Acquisition System - A computer based real time control system which operates most City water, sewer and some electric utilities equipment and facilities.
TRIPLE FLIP	Triple Flip – In March 2005 the voters passed Proposition 57 for \$15 billion in deficit financing bonds. Prop 57 includes a mechanism called “Triple Flip,” which suspends ¼ cent of cities’ sales tax revenue and replaces the lost revenue on a dollar-for-dollar basis with a supplemental property tax payment. The State’s sales tax revenue is increased by ¼ cent to improve its cash flow requirement for repayment of the bond measure. Takes effect on July 1, 2004 and remains in effect until bonds are repaid.
VLF SWAP	Motor vehicle license fees (VLF) swap – As part of the 2004 Budget Act negotiations, an agreement was made between the State and local government officials (the “State-local governments agreement”) under which VLF rates were permanently reduced from 2% to 0.65%. In order to protect local governments, the reduction in VLF revenue is replaced by an increase in property tax received by the city. This is the exchange of discretionary VLF revenues for property taxes, “in lieu of VLF” to replace the reduction in revenue.
VLF GAP LOAN	VLF Gap Loan – In June 2003 the State suspended the VLF offset due to a determination that insufficient State General Fund moneys would be available for this purpose and beginning in October 2003, the VLF was restored to the 2% level. On November 17, 2003 Governor Schwarzenegger rescinded the offset suspension and the State resumed payments to local governments. Local government received “back fill” payments with the exception of the time lapse during the period between the suspension of the VLF offset and the implementation of the higher fees (approximately 3 months). This is known as the VLF Gap, which the State has promised to pay back to local governments in August 2006.

APPROPRIATION LIMIT WORKSHEET

For the year ending June 30, 2007

Appropriations limit for fiscal year ended June 30, 2006		\$18,142,840
Adjustment factors for the fiscal year ending June 30, 2007:		
Inflation	1.0396	
Factor		
Population Factor	<u>1.0047</u>	
Combined Factor		x <u>1.0444</u>
Appropriations limit for fiscal year ending June 30, 2007		\$18,949,834
Appropriation from the proceeds of taxes		\$10,050,104

Proposition 4 establishes a formula limiting the expenditure of the "proceeds of taxes" and is adjusted each year for inflation and population growth. This limit primarily applies to the General Fund. Healdsburg's appropriations are usually below fifty percent of the limit. In 2006-2007 it is 55% of the appropriation limit.