

City of Healdsburg



Barbieri Park



Operating Budget

Fiscal Year 2005-2006



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CITY OF HEALDSBURG ADMINISTRATION

401 Grove Street
Healdsburg, CA 95448-4723
Phone: (707) 431-3317
Fax: (707) 431-3321

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Budget Adoption

The City Council conducted three public budget study sessions in May 2005 to review the City's proposed budget. As a result of those reviews, the following appropriations and revenues recapped below were added to the proposed budget for public safety needs.

On June 6, 2005, the City Council adopted Resolution 63-2005, which approved the 2005-2006 proposed Operating, Service and Debt, and Capital Budgets totaling \$65,811,544.

City Council adopted a balanced general fund budget by using one-time revenue sources and contingency reserves to fund the City Council's goal for public safety. Total appropriations added to the budget to maintain existing service levels and to implement City Council goals for public safety totaled \$689,115. The City Council decided to wait until Fall 2005 for the review of the June 30, 2005 financial results before pursuing permanent revenue sources to replace any future use of one-time revenue sources.

Recap of Added Appropriations:

Police Department

Restructure Staff	\$ 5,000
Training	<u>5,000</u>
Total Police needs	\$ 10,000 (A)

Fire Department

Training Officer	\$179,573
Office Assistant (32 Hrs)	29,366
Reserve Fire Fighter (40 Hrs)	28,889
Inspector (40 Hrs)	34,905
Training	<u>5,000</u>
Total Fire needs	\$277,733 (B)

Total Public Safety Needs (A)+(B)	\$287,733
Budgetary General Fund deficit	<u>\$401,382</u>

Total Authorized Appropriations \$ 689,115

Recap of One-Time Revenues & Reserves:

Indian Gaming Grant Awarded- Police	\$ 74,265
Indian Gaming Grant Awarded-Fire	63,692
Proceeds from sale of Land	200,000
Use of General Fund Contingency Reserves	<u>351,158</u>

Total One-Time Revenues & Reserves \$689,115

This budget publication has been updated to reflect the final adopted budget.

On June 6, 2005 the City Council adopted Resolution 3-2005 for the Redevelopment Agency. The Council approved the 2005-2006 Work Program and Budget totaling \$10,848,031.

CITY OF HEALDSBURG
RESOLUTION NO. 63-2005

A RESOLUTION OF THE CITY COUNCIL OF THE CITY HEALDSBURG: (a) ADOPTING THE RECOMMENDED 2005-2006 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 17, 18 and 19, 2005; and

WHEREAS, the City Council has reviewed the proposed 2005-2006 Capital Improvement Program in a study session on May 17 and 18, 2005; and

WHEREAS, the Planning Commission in a meeting held on May 24, 2005 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 2005-2006 Operating, Service & Debt, and Capital Budget falls within the CEQA Categorical Exemption #15301.

BE IT FURTHER RESOLVED, that the City Council approves the 2005-2006 proposed Operating, Service & Debt Funds, and Capital Budget totaling \$65,811,544 as summarized on Attachment "A" and a carry-over of unspent capital budget project appropriations from 2004-2005. A complete copy of the FY 2005-2006 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 and other convenient public places.

BE IT FURTHER RESOLVED, that the City Council approves the 2005-2006 appropriation limit as required by Article XIII B of the State Constitution as shown on Attachment B.

DATED: June 6, 2005

VOTE upon the foregoing resolution was as follows:

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

NOES: Councilmembers: (0) None

ABSENT: Councilmembers: (0) None

ABSTAINING: Councilmembers: (0) None

SO ORDERED:

/S/ JASON LILES
Jason Liles, Mayor

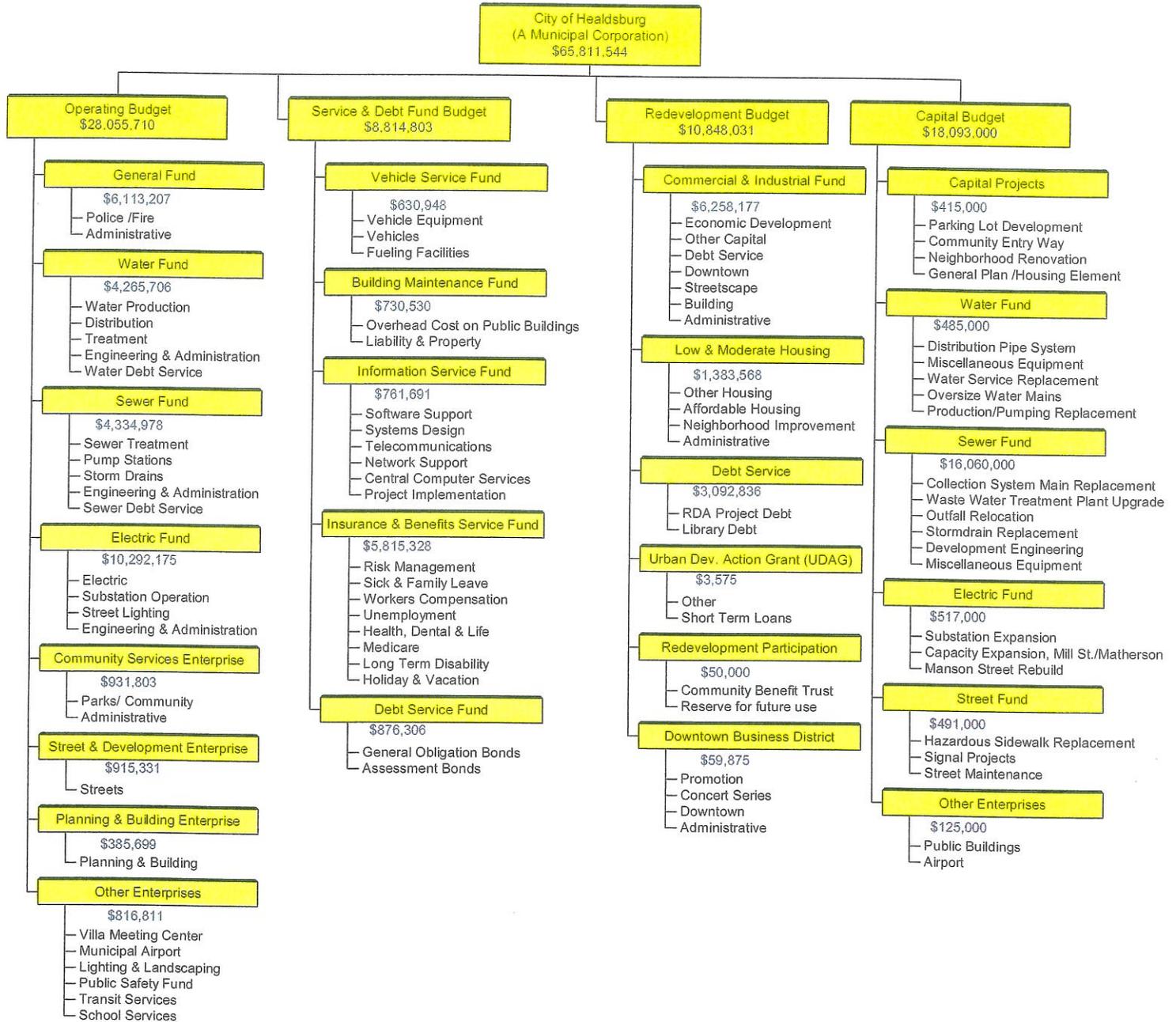
ATTEST:

/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 6th day of June 2005.



Total City Spending Budget for Fiscal Year 2005-2006



REDEVELOPMENT AGENCY OF THE CITY OF HEALDSBURG

RESOLUTION NO. 3-2005

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF THE CITY OF HEALDSBURG FINDING THE 2005-2006 ANNUAL WORK PROGRAM CONSISTENT WITH THE ADOPTED 5-YEAR IMPLEMENTATION PROGRAM AND PROJECT AREA PLAN AND ADOPTING THE 2005-2006 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 2005-2006 Work Program and Budget totaling \$10,848,031 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 Community Development and State Controller as required by State Law.

DATED: June 6, 2005

VOTE upon the foregoing resolution was as follows:

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

NOES: Directors: (0) None

ABSENT: Directors: (0) None

ABSTAINING: Directors: (0) None

SO ORDERED:

ATTEST:

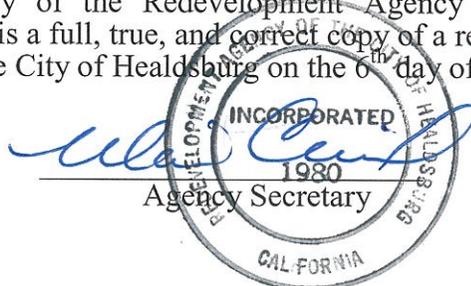
/S/ JASON LILES

Jason Liles, Chairperson

/S/ MARIA CUIEL

Maria Curiel, Agency Secretary

I, MARIA CUIEL, 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 6th day of June 2005.



APPROPRIATION LIMIT WORKSHEET

For the year ending June 30, 2006

Appropriations limit for fiscal year ended June 30, 2005			\$17,109,430
Adjustment factors for the fiscal year ending June 30, 2006:			
Inflation Factor	1.0526		
Population Factor	<u>1.0074</u>		
Combined Factor		x	<u>1.0604</u>
Appropriations limit for fiscal year ending June 30, 2006			\$18,142,840
Appropriation from the proceeds of taxes			\$8,585,151

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 2005-2006 it is 47% of the appropriation limit.

CITY OF HEALDSBURG

Fiscal Year 2005-2006 Adopted Budget

CITY COUNCIL

Jason Liles, Mayor

Mike McGuire, Vice-Mayor

Kent Mitchell

Lisa Wittke Schaffner

Gary Plass

CITY MANAGER

Chet J. Wystepek

CITY OF HEALDSBURG

Commissions and Staff

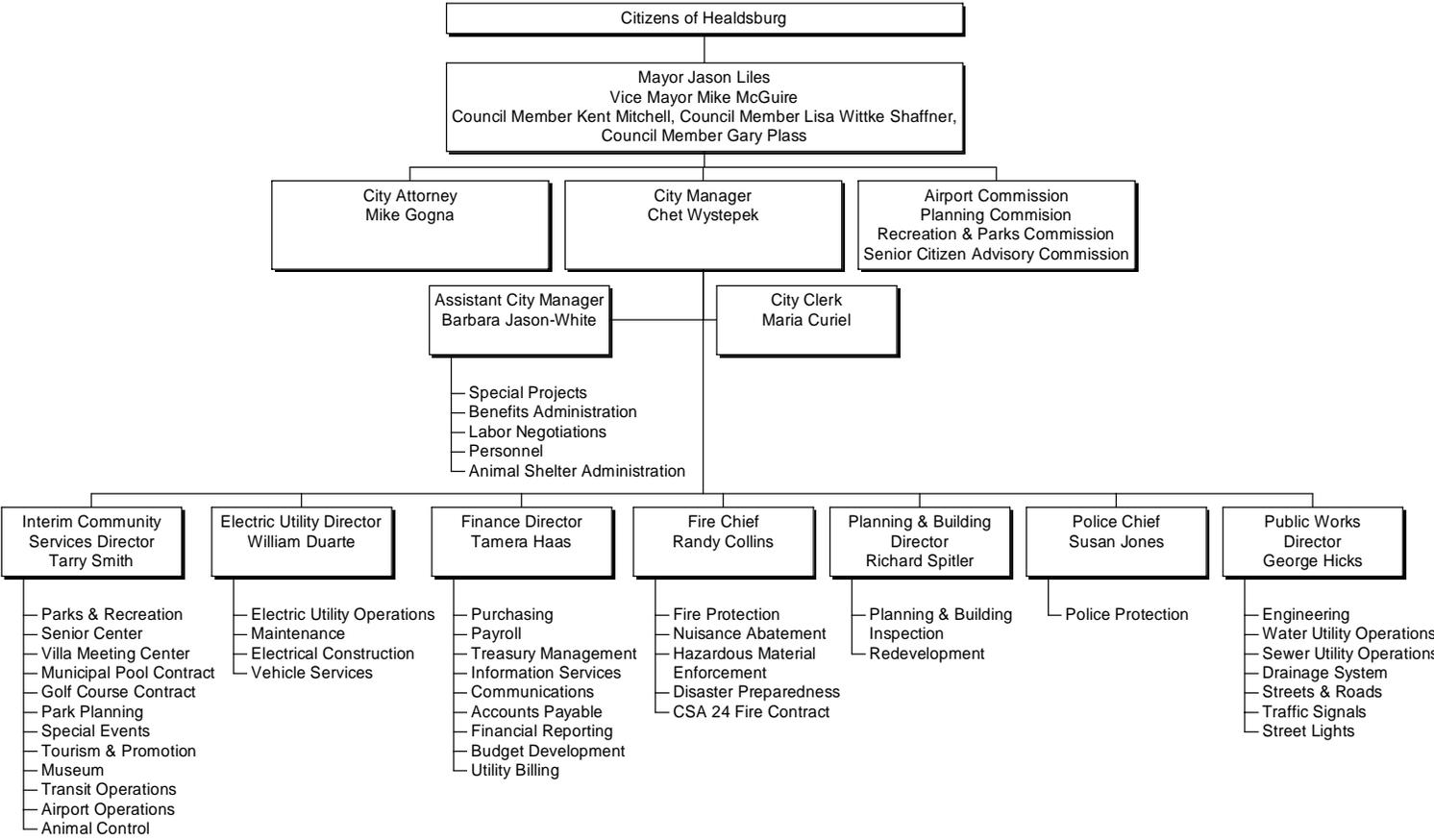
Advisory Commissions:

- 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
- Interim Director of Community Services Tarry Smith
- 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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June 6, 2005

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

SUBJECT: Adopted FY 2005-2006 Budget

Honorable Mayor and Councilmembers:

This budget message has been updated to reflect changes made during the three study sessions in May with City Council prior to its adoption on June 6, 2005. The adopted 2005-2006 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 budget, shown in the first section of this document, reflect revenue challenges facing the City. 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 2005-2006 budget for all City funds, including the Redevelopment Agency and Capital budget totals \$65,811,544. The budget is comprised of an Operating budget of \$28,055,710, a Service and Debt Fund budget of \$8,814,803, the Redevelopment Agency budget of \$10,848,031, and a Capital budget of \$18,093,000. The capital budget is larger than normal this year reflecting the appropriation of a \$15 million bond sale for wastewater treatment and disposal plant upgrade. Excluding the bond sale, the City's total budget is \$50,811,544. The organization of the City's budget can be most clearly understood by referring to page 25.

ECONOMIC OUTLOOK:

This budget was developed against the backdrop of a slowing economy, rapidly rising Cal PERS retirement rates, and the State's budget and cash flow crisis. The State's fiscal difficulties are more than a budget that is severely out of balance. They are compounded by a potential cash flow crisis that must be managed as the State solves its budget problems. The State's government has seen its budget deficit balloon as it has continued to wrestle to find solutions to its perilous fiscal position. The Governor has approved several solutions to address the immediate budget crisis. In March 2004 the voters approved two State ballot measures, Proposition 57 for \$15 billion in deficit financing bonds and Proposition 58 for balanced budget requirements. Proposition 57 includes a mechanism called a "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 cents to improve its cash flow requirement for repayment of the bond measure. Last year's State budget included two years of assistance from local governments to make a contribution of \$1.3 billion each year, as a means to help solve the \$17 billion shortfall problem. In exchange for local assistance, the Governor lead a campaign to secure legislation known as Proposition 1A to protect local government revenues in the future from State raids.

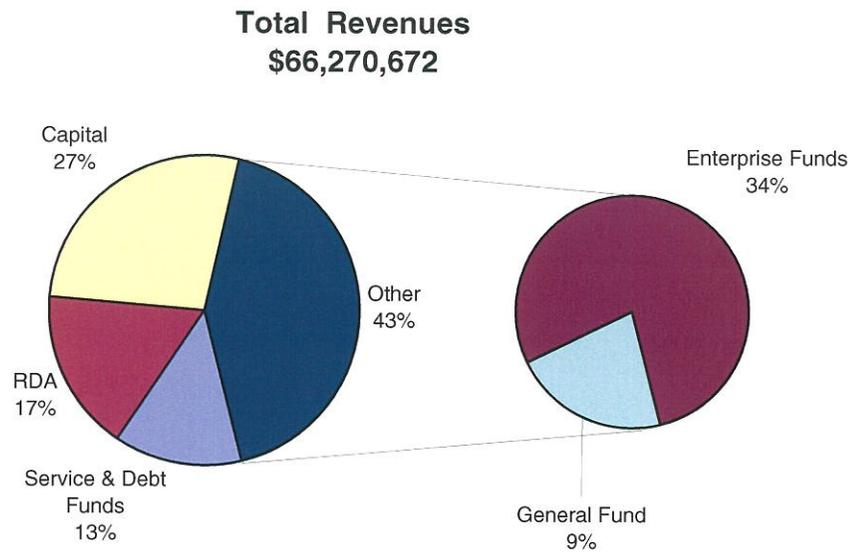
This budget has been prepared assuming the revenue actions as proposed by the Governor in his May revised budget document. Because of the enormous size of the State budget deficit, and the uncertainty in obtaining the needed cooperation between the Governor and Legislature to adopt a budget, it may be a number of months before the actual solutions to the State budget problem are known. Adverse State budget trends, which have been accelerating since 2000, are expected to persist for 3 to 4 more additional years. Depending on the extent of State raids on local revenues, the City may be faced with continued years of budget cuts similar to the early 1990's when the City had 50% of its property tax revenue stream taken away by the State.

As a City of 11,711 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 several years through the Council’s prudent financial policies. What we are less able to prepare for, or defend against, are the State raids of City revenues that are permanently disabling cities’ abilities to pay for city services.

At the local level, the growth of retail sales has slowed significantly, and the growth of other revenue sources has been at lower 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 there are slowing trends for revenue growth in the General Fund, which has made it extremely difficult to cover the increasing costs necessary to fund continuing service levels for General Fund supported services. The challenge will be maintaining a balanced budget in the wake of the unpredictable State raids that will come with the adoption of the State budget later this year. 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 2005-2006 budget includes, \$66,270,672 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.

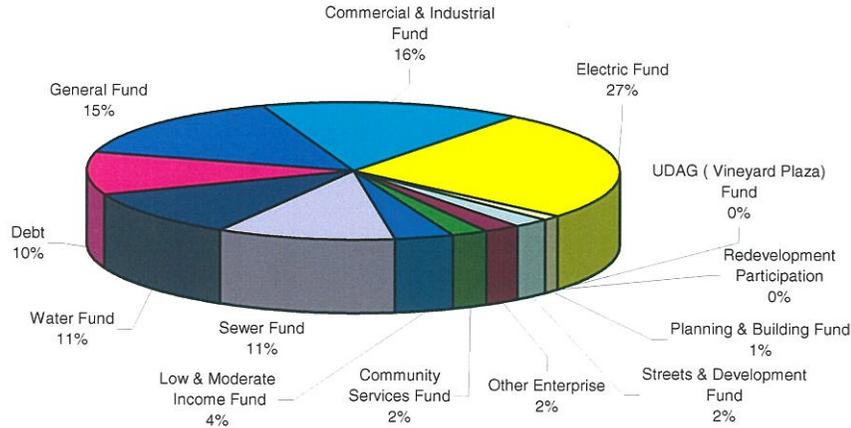


As shown on the graph, 43% of City revenues are available to fund department operating budgets, with the remaining 57% restricted to fund the Capital, RDA, and Service and Debt Fund budgets. The revenues available to fund the operating budgets are further restricted with a significant portion available 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 9% 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 \$39,720,172 Operating budget is \$1,610,061 (4%) more than the 2004-2005 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 - \$39,720,172



The \$1,610,061 increase in the operating budget reflects a \$683,001 (6%) decrease in the Redevelopment Agency Budget, a 773,470 (14%) increase in the General Fund, a \$244,847 (6%) increase in the Water Fund, a \$471,400 (12%) increase in the Sewer Fund, a \$349,383 (4%) increase in the Electric Fund, a \$98,134 (12%) increase in Community Services Fund, a \$12,094 (3%) increase in the Planning and Building Fund, and a \$143,007 (19%) 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***

Department	2004-2005 Budget	2005-2006 Budget	\$ Difference	% Difference
Administration	\$ 1,439,430	\$ 1,413,794	\$ (25,636)	(2.0)%
Finance	1,500,016	1,729,045	229,029	15.0%
Community Services	1,744,546	1,893,102	148,556	9.0%
Electric-Operations	2,233,267	2,696,636	463,369	21.0%
Electric-Power Costs	6,510,436	6,489,592	(20,844)	(0.0)%
Fire	1,453,222	2,036,146	582,924	40.0%
Planning & Building	770,401	758,664	(11,737)	(2.0)%
Police	3,729,110	4,183,001	453,891	12.0%
Public Works	4,418,732	5,032,055	613,323	14.0%
Non-Departmental	14,310,951	13,488,137	(855,249)	(6.0)%
Total	\$ 38,110,111	\$ 39,720,172	\$ 1,610,061	4.0%

* Includes RDA

Significant factors impacting expenditures include increases in contracted maintenance costs, labor contract increases, and increases in PERS and health insurance costs. Increases in Electric and Public Works are primarily due to the requests for ten additional positions. Electric is requesting three positions for succession

planning due to the retirement of key personnel. Public Works is requesting seven positions to train in operation of the new Wastewater Treatment Facility.

Personnel requests (non General Fund) in the adopted budget include:

Electric-

- * 1 Electric Technician
- * 2 Electric Apprentice Linemen

Public Works-

- * 1 Wastewater Systems Supervisor
- * 4 Utility Operators
- * 1 Industrial Machinist
- * 1 Instrument Technician

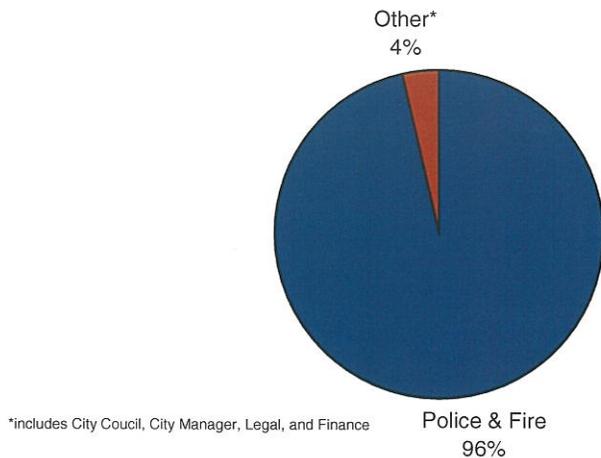
General Fund Personnel requests in the adopted budget include:

- * FT Fire Training Officer
- * Office Assistant increase to 32 hours
- * Reserve Fire Fighter increase to 40 hours
- * Inspector increase to 40 hours
- * Unfunded Police Officer to facilitate recruitment needs. This addition does not increase expenditures since it is unfunded.

GENERAL FUND:

The budget for the General Fund is \$6,113,207. 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.

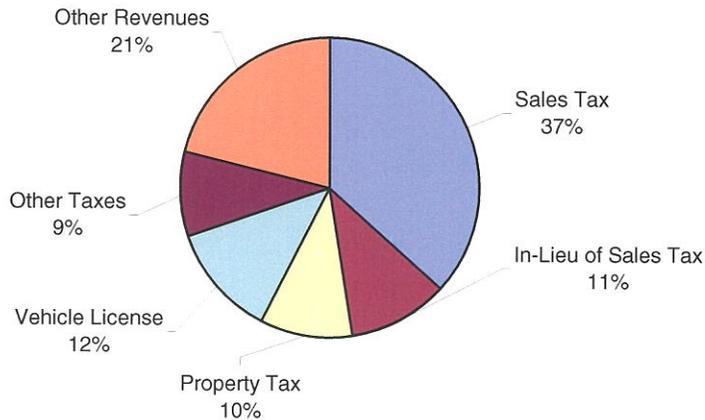
General Fund By Department



Over the past years with State reductions and slow revenue growth both Public Safety Departments have had to make significant personnel and service cuts. Last year the budget deficit was cured with one-time revenue sources. This year the budget was developed to maintain existing authorized staffing and service levels that were approved in fiscal year 2005. This reflects the lower projected revenues resulting from the second year ERAF property tax shift to the State of \$142,000, and includes the \$175,000 in one-time revenues from the sale of the Motor vehicle license fees (VLF) due from the State. During the budget sessions, City Council authorized additional appropriations and additional use of one-time revenue sources and contingency reserves to fund public safety needs.

The revenues available to finance General Fund services consist primarily of taxes, service fees and revenues from other governmental agencies. The \$6,113,207 of revenues by major source is shown in the graph below.

General Fund Revenues - \$6,113,207



Sales tax revenues continue to be the largest single General Fund revenue source. This revenue source is estimated to grow by a modest 2% in 2005-2006 as it faces a tenuous future. Proposition 57 includes a mechanism called a “Triple Flip” which suspends $\frac{1}{4}$ cent of cities’ sales tax revenue and replaces the lost revenue on a dollar-for-dollar basis with a supplemental property tax payment. The chart above shows the replaced revenue loss as “In-Lieu of Sales Tax revenue” of \$664,825 or 11% of the General Fund. This change in revenue stream will impact 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 subset of sales tax.

The single largest component of sales tax is from sales of motor vehicles. The forecast for next year assumes a flat volume of transactions, with an inflationary increase in prices causing an increase in revenues. No significant changes are expected to 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.

Property Tax revenue includes a reduction of \$142,000 as part of the second year ERAF shift included in the State budget. This is a permanent shift of local property tax from local governments to balance the State budget.

Motor vehicle license fees (VLF) have been at risk for several years due to the State decision to lower the fee rates. As part of the State budget this revenue was backfilled in “supplemental property tax in lieu of VLF” to replace the reduction in revenue. The future growth formula for this revenue is tied to assessed property values.

If State finances continue to deteriorate, other revenues will continue to be at risk in the future.

COMMUNITY SERVICES FUND:

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 Athletic Director. The meeting center fund is balanced with a subsidy transfer from Community Services Fund of \$19,739. All of these subsidies together total \$151,468. One of the Council’s goal is to re-establish community recreation programs which may be a challenge if subsidies for other programs continues to grow in the future.

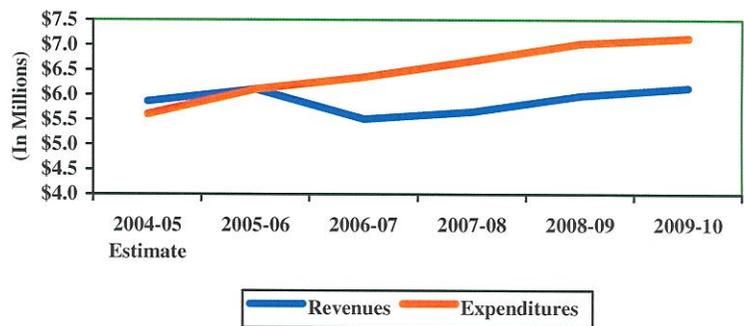
STREET & DEVELOPMENT ENTERPRISE FUND:

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 not 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 Governor's January budget proposes to continue the diversion for the next two fiscal years followed by his support for a constitutional amendment to make additional diversions more difficult. One of the rumors about the Governor's May budget revision is that the State's income tax receipts may be hundreds of millions of dollars more than anticipated. While there will likely be many demands on these dollars, the Governor has stated his interest in devoting some of the increased revenues to transportation. Finding revenue sources to fund the backlog of street maintenance will be an on going challenge for all cities in California.

KEY BUDGET ISSUE:

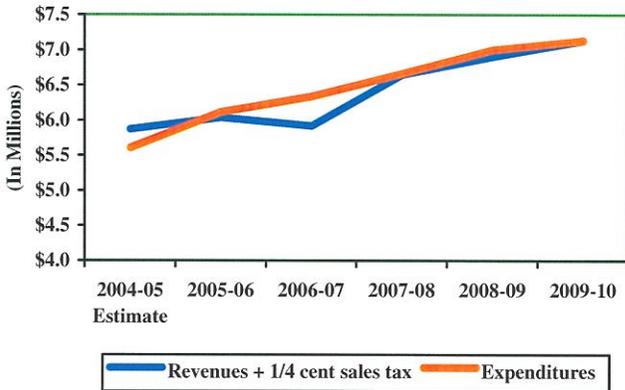
- *General Fund:* The adopted FY 2005-2006 General Fund budget is in balance with one-time revenue sources. The challenge will be to close the growing gap in future years. Over the past few years with State revenue raids and flat to slow growing revenues both public safety departments have had to make substantial budget cuts in personnel and service costs. The adopted 2005-2006 budget was developed to maintain current fiscal year 2004-2005 public safety service levels. Adopted expenditures are growing faster than anticipated revenues for the General Fund as shown in the 5-year forecast chart to the right. The adopted budget includes the second year State revenue ERAF shift of \$142,000. This shift was offset with the \$175,000 sale of the VLF receivable due from the State. Even with these actions taken, it is still not enough to close the gap. Fiscal year 2004-2005 budgetary gap was closed with the use of one-time revenues such as Indian gaming grants and land sale proceeds. These one-time revenue sources are again included in the adopted 2005-2006 budget and thus balance the budget for fiscal year 2005-2006. 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 was discussed by the City Council. The City Council considered scheduling a special meeting with lodging providers (as required as part of the passage of the ballot measure) for a General Fund briefing prior to budget approval to activate the voter approved 2% TOT increased on July 1 which would produce a projected on-going revenue stream of \$185,000-\$120,000 annually. In addition, the City Council considered another revenue generating option for a November 2006 ballot measure to increase sales tax by ¼ cent. This increase would produce a projected revenue stream of \$725,000 annually. The City Council decided to delay these decisions until they could review the 2004-2005 fiscal year end financial results in the Fall.

General Fund Forecast



General Fund Forecast*

Close Gap of \$689,115



The chart to the left is updated to include the \$401,382 General Fund deficit and \$287,733, needed to implement the Council’s goal for Public Safety Departments, which is to hire a Training Chief Officer, increase a part-time Office Assistant to full time, increase training, and provide Police staff restructuring. This brings the total gap to \$689,115. Both Police and Fire Departments have been awarded one-time Indian Gaming Grants in the amount of \$74,265 and \$63,692 respectively. Other one-time revenues to be for used are un-appropriated land sale proceeds received in fiscal year 2004-2005 and General Fund contingency reserves, estimated at \$200,000 and \$78,364 respectively. If the November 2006

sales tax measure passed, it would become effective April 1, 2007 and would only provide one quarter of revenue in 2006-2007, this would leave a gap that would likely need to be addressed with one-time revenues once again. For years thereafter, revenues and expenditures are more closely matched with only a slight gap.

***Includes 2% increase in TOT, 1/4 cent Sale Tax increase Ballot Measure, Indian Gaming Grants, Land Sale Proceeds, and use of Recession Reserves**

<u>Recap of General Fund actions:</u>	
Total Appropriations	\$689,115
One-Time Revenues:	
Indian Gaming Grants	\$137,957
Land Sale Proceeds	\$200,000
Contingency Reserves	<u>\$351,158</u>
Closure for Gap	\$689,115

Despite State raids on local revenues, the slowing growth of sales tax and increasing personnel costs over the last several years; the City’s General Fund has been able to post year-end surpluses over the last six years. The City’s ability to continue to post year-end surpluses in light of these continuing financial challenges becomes more questionable over time without creating permanent revenues for these on going public safety expenditures.

MAJOR QUESTIONS TO CONSIDER:

- Would the community be willing to support a locally collected tax to replace funds lost 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 falling revenues or State revenue take-aways?
- Do we have a clear vision or plan about what the quality and level of City services will be in 5 years?
- How do we best manage a reduction in City services over the next 3 – 4 years with the prospect of the State taking increasing amounts of City revenues?

FUTURE OUTLOOK:

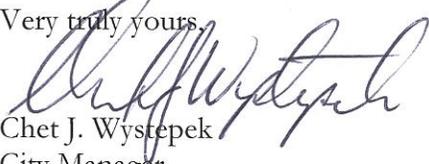
The adopted City budget for 2005-2006 was prepared at a time when the historically large State budget deficit has not been fully addressed. The problems faced by the State are expected to negatively impact the City in the future. This budget has been developed assuming reductions in property tax due 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. As a result it may be well after the City budget adoption before we know the real consequences of the State dealing with the budgetary gap. Fortunately, the City, through prior actions by the City Council, is prepared to react to adverse impacts of a State budget revenue reduction. The City has taken a proactive approach to finding ways to protect existing revenues and to generate new revenues to guard against the impacts of State raids. The following are some activities in place to protect the City's financial viability:

- Consideration for planning and preparing a November 2006 ballot measure for ¼ cent increase in sale tax for Public Safety
- Continue to monitor State legislation that impacts local government
- 2004 ballot measure passed by voters to increase lodging tax by 2% for public safety
- Participating on specially formed committee at the County level and submitted applications for a portion of available Indian gaming revenues
- Sold 210 Second Street properties for General Fund use
- Created a more elastic workforce with temporary staff hired to do work instead of permanent positions and outsourced work whenever cost effective
- Separated activities such as Public Works Streets, Planning and Building, and Community Services from the General Fund to make them reliant on specific revenue sources
- Created a \$1,400,000 recession reserve specifically for economic downturns and state budget takeaways
- Several years ago, issued \$40 million in redevelopment bonds to protect program funding in the Redevelopment Agency

These actions will make it possible for the City to have the potential flexibility to make up for revenue shortfalls as the State raids City revenues.

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. Wysteppek
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.
- 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 – 2005

Adopted February 1, 2005

1. WASTEWATER

Finalize EIR, select a preferred project, hire a consulting engineer to begin design work, and complete all financial tasks required to fund the construction and operation of the Council's preferred wastewater treatment and disposal project; publicize the financial impacts of the project to rate payers.

2. 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.

3. PUBLIC SAFETY (FIRE AND POLICE)

Hire Training/Chief Officer in Fire Department and increase Office Assistant to full-time status. Develop a three to five year strategic plan to address staffing and equipment issues in public safety departments.

4. FOSS CREEK PARKWAY

Release the Foss Creek Parkway master plan, including a possible revised alignment for the northern most segment, for public and agency comment and obtain Council approval. Complete pathway construction for the Downtown segment, between the five-way intersection and North Street, and prepare precise alignment plans from North Street to West Grant Street.

5. AREA "C"

Bring the 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, including development agreement. This would include the resort land use option, park site, trail development and exploration of more affordable housing sites.

6. ELECTRIC UTILITY

Work toward creating a new cost-based rate structure for the electric utility and discontinue ties to PG&E rate tiers. Create a succession/transition plan for all positions in the Electric Department. Hold public hearings on the public benefits' fund.

7. **ECONOMIC DEVELOPMENT**

Continue efforts to proactively assist current business and recruit new residential-based businesses. Seek removal of the blighted abandoned gas stations at City entrances located at Mill/Healdsburg Avenue and Exchange/Healdsburg Avenue, and complete Dry Creek property negotiations.

8. **OPEN SPACE (FITCH MOUNTAIN/AREA "B")**

Continue to pursue purchase by Open Space District and, upon acquisition, cooperate in management plan preparation and take lead to create funding and stewardship for Fitch Mountain and adjacent open space ridge lands.

9. **AIRPORT**

Continue with the Master Plan and develop ways to make the Airport financially independent, paying close attention to the safety, tenant and neighborhood issues involved.

10. **COMMUNITY SERVICES**

Hire new Community Services Director. Ensure that each park and trail system has a plan for operation and maintenance. Create a community activities plan, including a "Recreation Brochure", and explore feasibility of creating a Recreation Coordinator position. Create plan for reconstruction of Plaza Park in 2006 for consideration by City Council not later than September 2005.

GUIDE TO THE BUDGET

This budget document is for fiscal year FY 2005-2006. 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 2005-2006.

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 payment 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 a half 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. (Makes up the third largest source of unrestricted revenue to the General Fund.)
- **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%.
- **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.

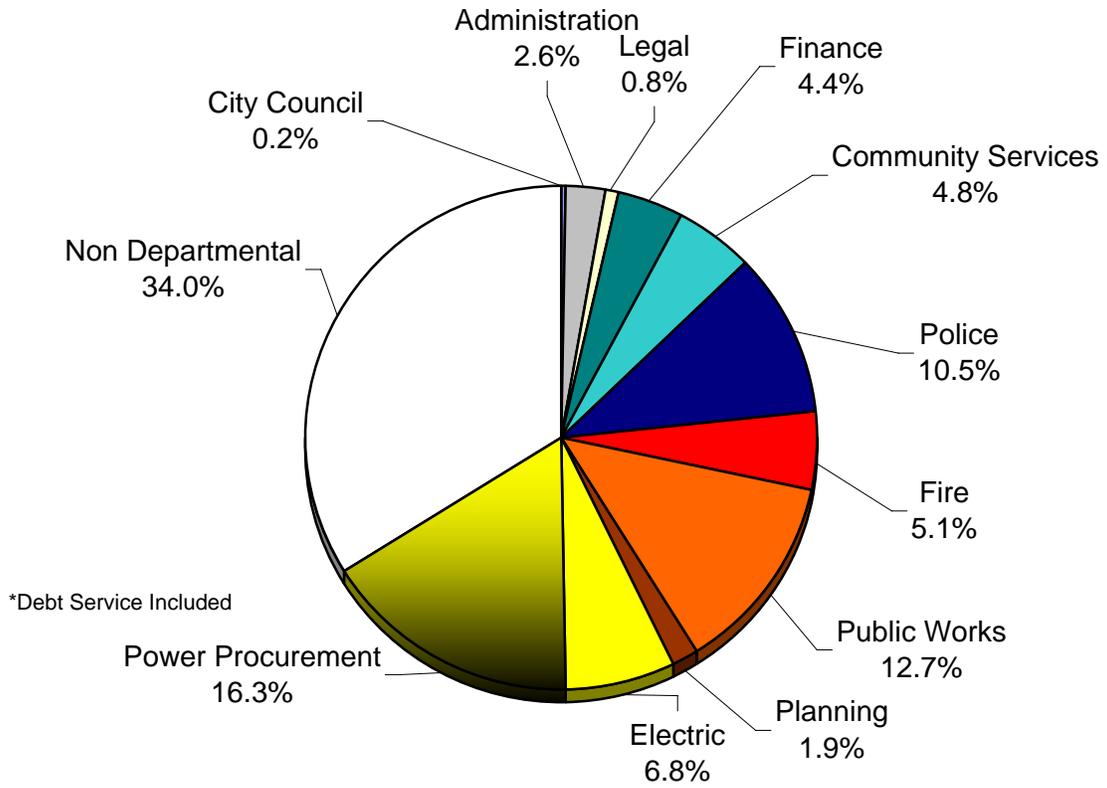
Service Fund Fees are used to maintain and replace City vehicles and information systems equipment, maintain City buildings, as well as for the payment of insurance and benefits.

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.

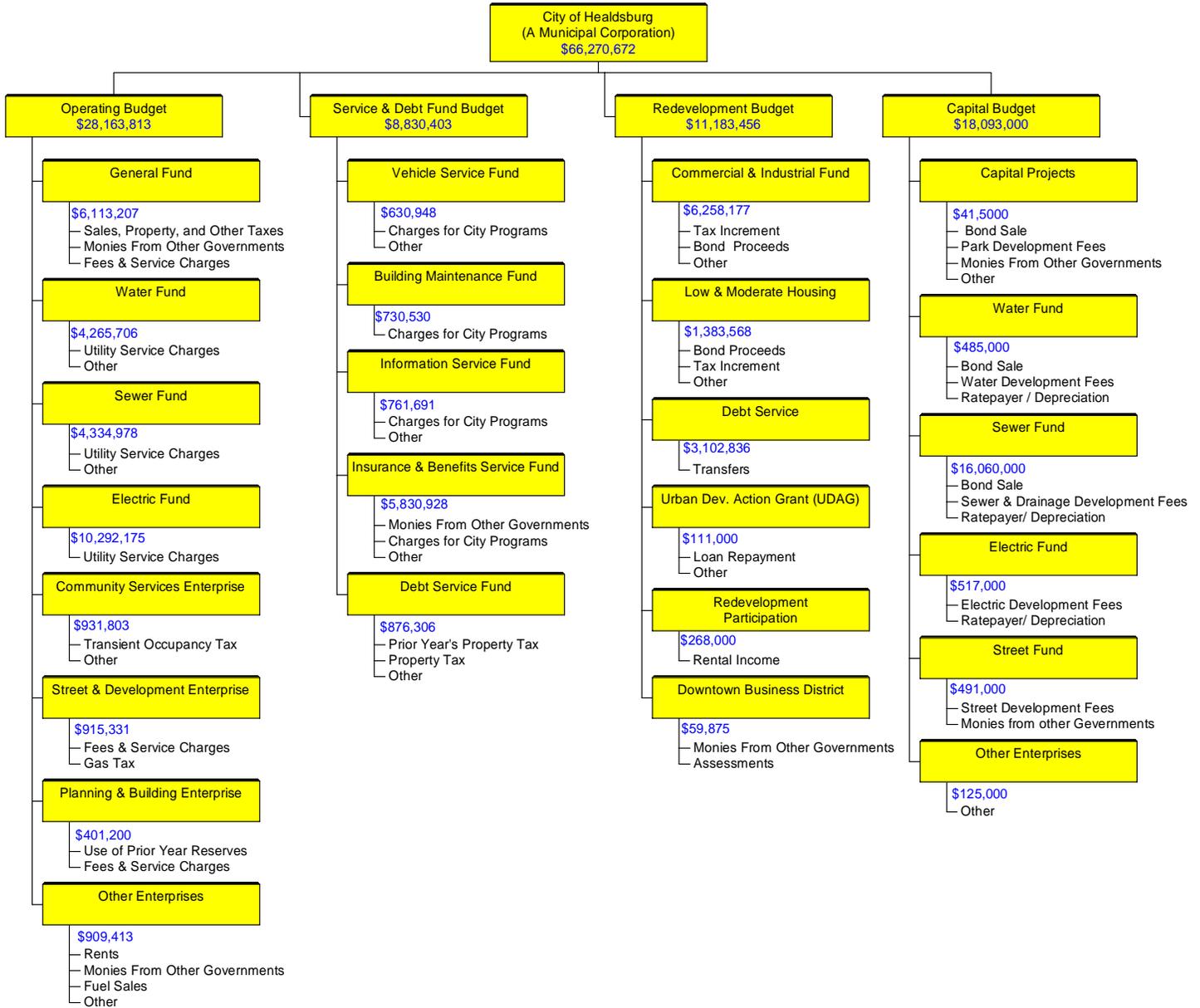
Notes:

Operating* Budgets FY 2005-2006
Total \$39,720,172

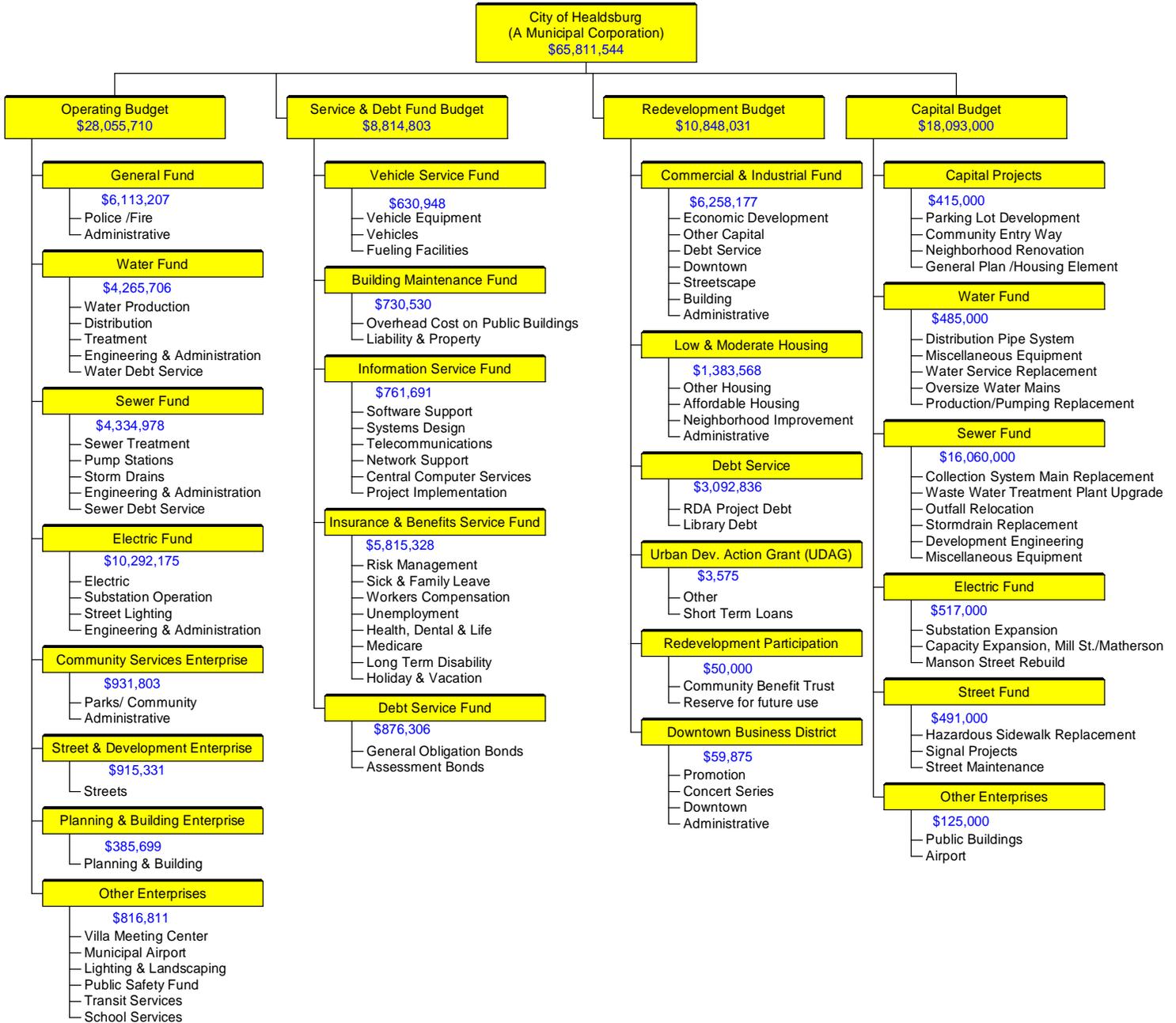


Total City Revenues

Budget for Fiscal Year 2005-2006



Total City Spending Budget for Fiscal Year 2005-2006



City of Healdsburg Annual Capital Budget by Project

Project No.	Project Title/Funding Source	Requested Funding 2005-06
Administration:		
<u>Public Buildings Projects:</u>		
PB0014	Repair Firehouse Underground Fuel Tanks	10,000
	Total	10,000
Community Services Department:		
<u>Park Projects:</u>		
PK0005	Plaza Park Renovation	75,000
PK0014	Villa Chanticleer Building Improvements	15,000
	Total	90,000
Airport Projects:		
AP0601	Airport Monitoring System	25,000
	Total	25,000
Electric Department:		
<u>Electric Projects</u>		
EL0002	Substation Expansion - 60KV Expansion	25,000
EL0005	Additional Substation Trans With 12 kV Switchgear	25,000
EL0094	Other Equipment	20,000
EL0101	Dry Creek OVD Rebuild	50,000
EL0157	Expand 12 KV Primary	14,000
EL0274	Replace Substation Equipment	30,000
EL0287	Replace Distribution Transformers	28,000
EL0298	Replace System Meters	20,000
EL0501	Hbg Ave 12 KV URD Capacity Expansion, Mill St. Matheson	80,000
EL0502	Secondary OVD AWAC Replacement	25,000
EL0507	Mason St. 12 KV OVD Rebuild	200,000
	Total	517,000
Planning and Building Department:		
<u>City Wide Projects:</u>		
CW0001	Community Entry Ways	100,000
CW0008	General Plan/Housing Element Update	20,000
CW0023	Downtown Parking Lot Extension	60,000
CW0024	Neighborhood Renovation Program	35,000
CW0502	Purity Parking Lot Development	200,000
	Total	415,000

City of Healdsburg Annual Capital Budget by Project

Public Works Department:

Water Projects:

PWW043	Production/Pumping Equipment Repl.	20,000
PWW045	Development Engineering	150,000
PWW201	Oversize Water Mains	10,000
PWW490	Water Service Replacement	255,000
PWW501	Treatment Equipment Replacement	50,000
Total		485,000

Sewer Projects:

PWS012	Collection System Main Replacement	360,000
PWS014	Outfall Relocation Project	210,000
PWS045	Development Engineering	90,000
PWS094	Miscellaneous Equipment	100,000
PWS445	WWTP Upgrade Projects	15,000,000 (1)
Total		15,760,000

Drainage Projects:

PWD009	Miscellaneous Storm Drain Replacement	200,000
PWD010	Phase II Stormwater Rule Compliance	50,000
PWD045	Development Engineering - Drainage	50,000
Total		300,000

Street Projects:

PWT002	Dry Creek Rd/HBG Ave Intersection	20,000
PWT006	Dry Creek Rd. Interchange - New Traffic Signals at Both Ramps	50,000
PWT012	Annual Reconstruction (PMS)	120,000
PWT016	Hazardous Sidewalk Replacement	116,000
PWT017	Annual Overlay (PMS)	130,000
PWT045	Street Development Engineering	40,000
PWT249	Annual Maintenance - Slurry Seal (PMS)	10,000
PWT332	Right-of-Way Tree Removal	5,000
Total		491,000

Total Public Works Department	17,036,000
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Total CIP	18,093,000
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New projects are shaded

(1) Bond sale of \$15 million for upgrade of Waste Water Treatment facility will be presented to Council for authorization and approval at the time of the bond sale.

SUMMARY OF POSITIONS/FULL TIME EQUIVALENTS

Department	Approved 2004-2005	Proposed 2005-2006	Request
<i>Administration</i>	4.85	4.85	0.00
<i>Finance</i>	14.00	14.00	0.00
<i>Community Services</i>	11.50	11.50	0.00
<i>Electric Utility</i>	15.00	18.00	3.00 (1)
<i>Fire</i>	7.00	10.75	3.75 (5)
<i>Planning & Building</i>	6.00	7.00	1.00 (2)
<i>Police</i>	29.00	30.00	1.00 (3)
<i>Public Works</i>	31.00	37.00	6.00 (4)
<i>Total Positions/Full Time Equivalents</i>	118.35	133.10	14.75

(1) 3 replacement positions added for retirement of key positions.

(2) Administrative position reports to Planning moved from Public Works.

(3) Unfunded sworn Officer position added to facilitate recruitment process.

(4) Public Works adding 7 positions, 1 position moved to Planning.

(5) City Council approved a Training Officer position and increased the Office Assistant and the Contract Fire Inspector positions to full time.

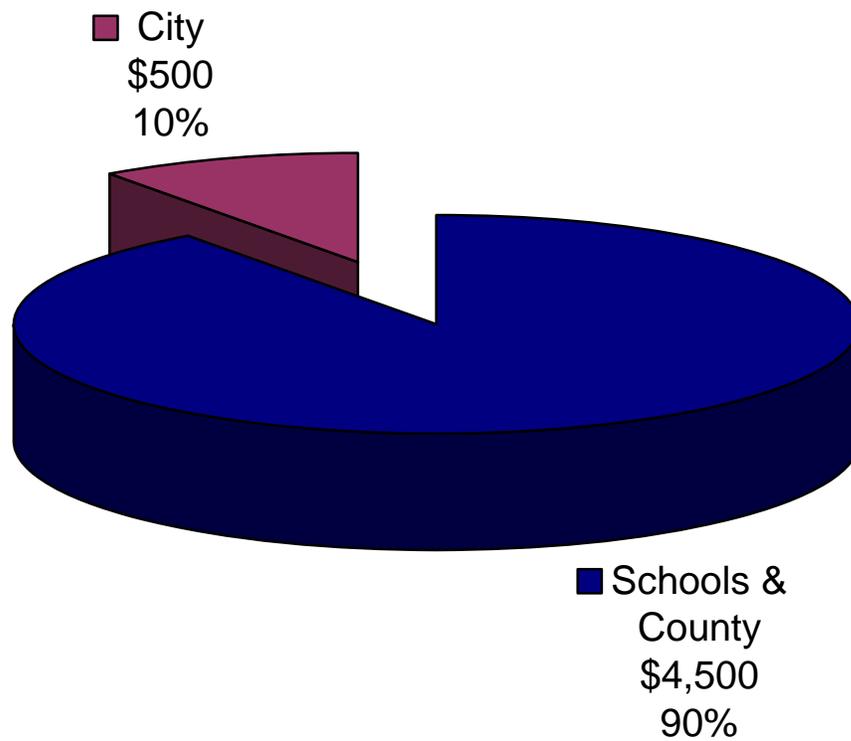
CITY OF HEALDSBURG
FINANCIAL STATUS OVERVIEW
Operating Budget & Debt Service

	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
<u>REVENUES & OTHER SOURCES</u>					
Property Tax - General Fund	\$ 662,888	\$ 527,456	613,699	\$ 86,243	16%
Property Tax - Bond Debt	984,109	842,920	876,306	33,386	4%
RDA Tax Increment	6,083,344	5,679,882	6,134,273	454,391	8%
Sales and Other Taxes	4,346,442	4,231,530	4,365,473	133,943	3%
Charges for Services	16,039,650	17,057,368	18,056,212	998,844	6%
Facility Rents	351,152	459,220	592,065	132,845	29%
Intergovernmental Revenues	1,583,670	1,409,356	1,911,797	502,441	36%
Investments	748,310	393,900	418,868	24,968	6%
Permits/Planning Fees	534,654	296,600	386,200	89,600	30%
Transfers	2,850,445	3,249,810	3,302,858	53,048	2%
Miscellaneous Revenues	588,303	269,465	388,648	119,183	44%
Bond Proceeds	5,687,985	2,199,696	1,380,259	(819,437)	-37%
Use of Reserves	85,811	1,117,860	1,532,471	414,611	37%
Other	1,854,628	618,816	209,571	(409,245)	-66%
TOTAL REVENUES	\$ 42,401,391	\$ 38,353,879	\$ 40,168,700	\$ 1,814,821	5%
<u>EXPENSES BY DEPARTMENT & OTHER USES</u>					
City Council	\$ 65,424	\$ 65,528	\$ 64,777	\$ (751)	-1%
Administration	839,514	1,049,430	1,039,017	(10,413)	-1%
Legal	295,261	324,472	310,000	(14,472)	-4%
Finance	1,392,725	1,500,016	1,729,045	229,029	15%
Community Services	1,560,766	1,744,546	1,893,102	148,556	9%
Police	3,382,145	3,729,110	4,183,001	453,891	12%
Fire	1,271,695	1,453,222	2,036,146	582,924	40%
Electric - Operating	1,857,498	2,233,267	2,696,636	463,369	21%
Electric Power Costs*	4,910,373	6,510,436	6,489,592	(20,844)	0%
Public Works	3,626,633	4,418,732	5,032,055	613,323	14%
Planning	683,889	770,401	758,664	(11,737)	-2%
Non Departmental	20,026,262	14,310,951	13,488,137	(822,814)	-6%
TOTAL EXPENSES	\$ 39,912,185	\$ 38,110,111	\$ 39,720,172	\$ 1,610,061	4%
Reserved for future use	2,489,206	243,768	480,963		
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 \$4,000
In City - Outside RDA Area



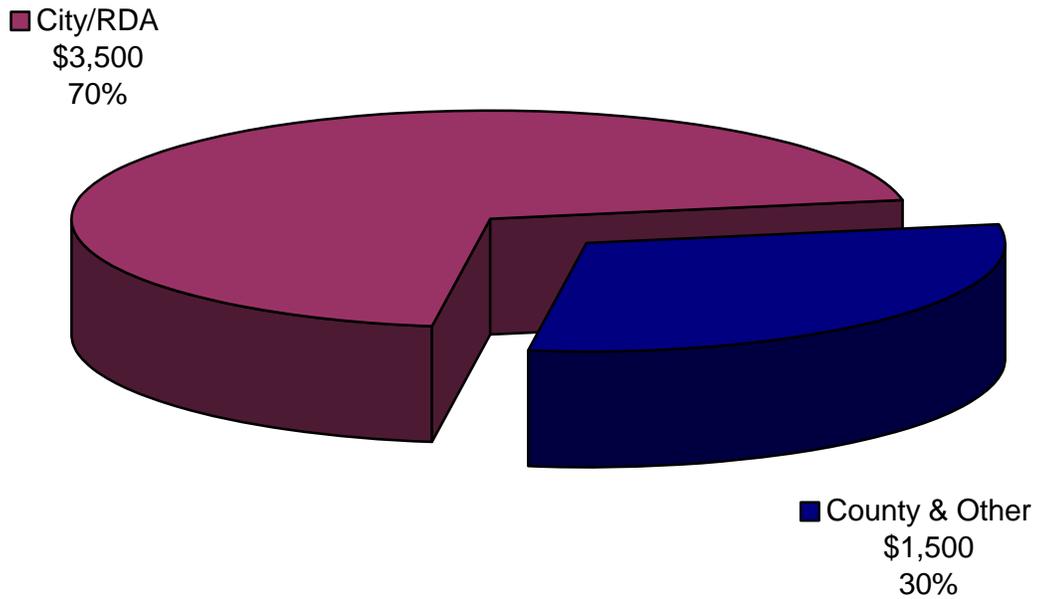
The City General Fund receives \$.10 of every local 1% property tax dollar collected on property **outside** the Redevelopment Agency (RDA) project area. This equals \$500.00 for a house valued at \$500,000 in 2004, to pay for Police, Fire, Parks and Recreation and general government services.

City of Healdsburg Comparative Property Tax Bills

2004 Home Purchased for \$500,000

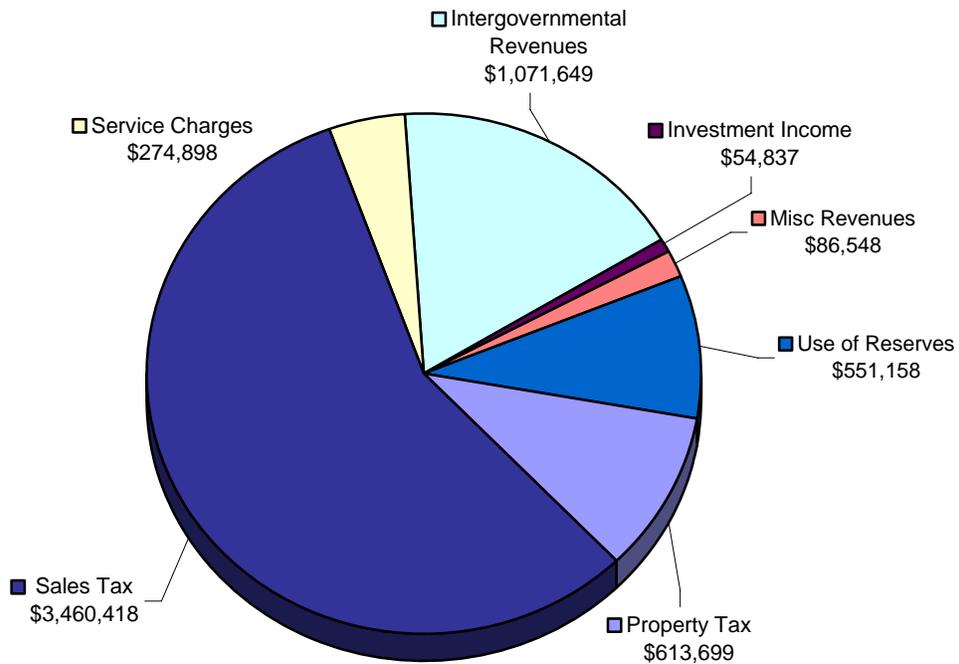
Local 1% Tax \$5,000

In City - Inside RDA Area

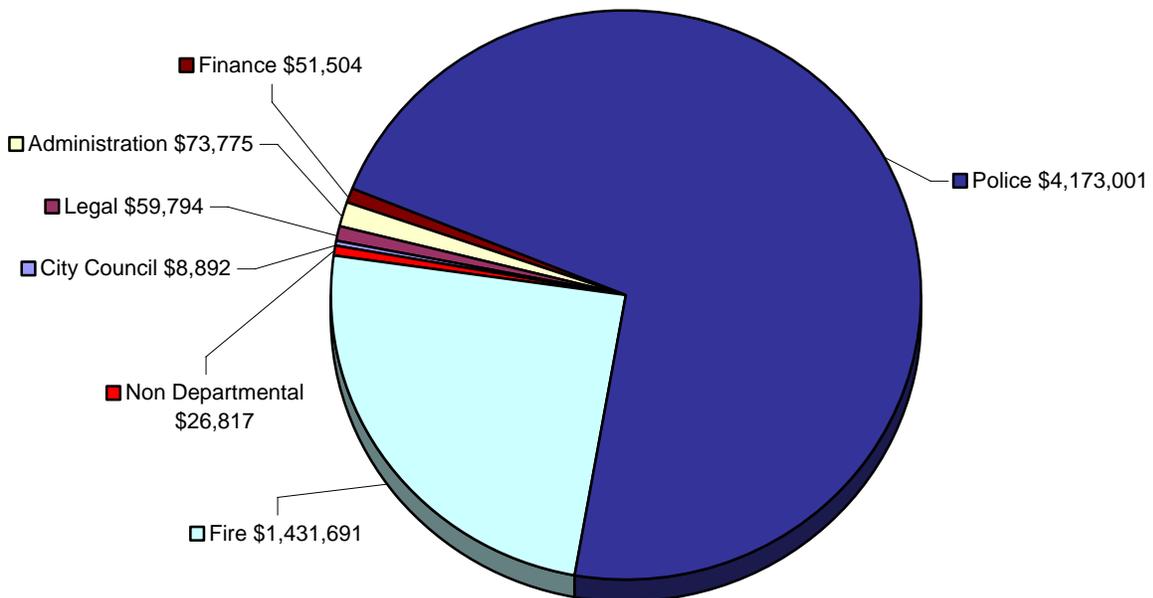


The same house, again valued at \$500,000 and the same local 1% property tax **inside** the Redevelopment Agency (RDA) project area, generates revenue equal to \$.70 of every dollar paid, or approximately more than seven times the property tax revenue collected outside the RDA area.

Revenues By Source - General Fund \$6,113,207



Expenditures By Department - General Fund \$5,825,474



GENERAL FUND

	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
<u>REVENUES</u>					
Property Taxes	\$ 662,888	\$ 527,456	\$ 613,699	\$ 86,243	16%
Sales and Other Taxes	3,414,603	3,410,970	3,460,418	49,448	1%
Service Charges	311,082	234,521	274,898	40,377	17%
Intergovernmental Revenues	904,009	716,832	1,071,649	(1) 354,817	49%
Interest Income	53,762	52,000	54,837	2,837	5%
Miscellaneous Revenues	175,913	397,958	86,548	(311,410)	-78%
Use of Reserves	-	-	551,158	(2) -	0%
TOTAL REVENUES	\$ 5,522,257	\$ 5,339,737	\$ 6,113,207	\$ 773,470	14%
<u>EXPENSES BY DEPARTMENT</u>					
City Council	\$ 17,020	\$ 9,542	\$ 8,892	\$ (650)	-7%
Legal	38,201	65,987	59,794	(6,193)	-9%
Administration	96,505	82,269	73,775	(8,494)	-10%
Finance	111,807	72,147	51,504	(20,643)	-29%
Police	3,378,103	3,729,110	4,183,001	453,891	12%
Fire	1,218,902	1,354,917	1,709,424	354,507	26%
Transfer to Capital Improvements	383,169	-	-	-	0%
Non Departmental	53,421	25,765	26,817	1,052	4%
TOTAL EXPENSES	\$ 5,297,128	\$ 5,339,737	\$ 6,113,207	\$ 773,470	14%
Reserved for future use	-	-			
RESULTING GAIN (LOSS)	\$ 225,129	\$ -	\$ -		

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

WATER ENTERPRISE

	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
<u>REVENUES</u>					
Service Charges	\$ 3,844,751	\$ 3,959,975	\$ 4,203,506	\$ 243,531	6%
Interest Income	27,654	60,000	61,200	1,200	2%
Miscellaneous Revenues	3,484	884	1,000	116	13%
Use of Reserves	-	-	-	-	0%
TOTAL REVENUES	\$ 3,875,889	\$ 4,020,859	\$ 4,265,706	\$ 244,847	6%
<u>EXPENSES BY DEPARTMENT</u>					
City Council	\$ 11,106	\$ 11,832	\$ 11,760	(72)	-1%
Legal	36,334	55,000	50,000	(5,000)	-9%
Administration	134,063	126,227	140,815	14,588	12%
Finance	298,069	323,710	416,731	93,021	29%
Public Works	1,539,928	2,107,624	2,244,107	136,483	6%
Fire	21,034	31,753	39,936	8,183	26%
Electric	17,914	17,116	19,959	2,843	17%
Transfer to Capital Projects*	954,423	58,000	255,000	197,000	340%
Non Departmental	1,013,999	1,289,597	1,087,398	(202,199)	-16%
TOTAL EXPENSES	\$ 4,026,870	\$ 4,020,859	\$ 4,265,706	\$ 244,847	6%
Reserved for future use					
RESULTING GAIN (LOSS)	\$ (150,981)	\$ -	\$ -		

* Replacement only

SEWER ENTERPRISE

	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
<u>REVENUES</u>					
Service Charges	\$ 3,517,024	\$ 3,813,578	\$ 4,284,078	\$ 470,500	12%
Interest Income	30,144	45,000	45,900	900	2%
Miscellaneous Revenues	54,119	5,000	5,000	-	0%
TOTAL REVENUES	\$ 3,601,287	\$ 3,863,578	\$ 4,334,978	\$ 471,400	12%
<u>EXPENSES BY DEPARTMENT</u>					
City Council	\$ 11,106	\$ 11,332	\$ 11,810	\$ 478	4%
Legal	79,283	55,000	55,000	-	0%
Administration	132,219	124,934	138,476	13,542	11%
Finance	260,635	309,650	364,134	54,484	18%
Public Works	1,371,947	1,632,703	1,934,119	301,416	18%
Planning & Building	-	-	-	-	0%
Fire	18,299	29,118	88,330	(2) 59,212	203%
Police	-	-	-	-	0%
Electric	13,908	17,116	19,959	2,843	17%
Transfer to Capital Projects**	887,083	928,868	577,500	(351,368)	-38%
Non Departmental	270,160	754,857	1,145,650	(1) 390,793	52%
TOTAL EXPENSES	\$ 3,044,640	\$ 3,863,578	\$ 4,334,978	\$ 471,400	12%
Reserved for future use	361,829		-		
RESULTING GAIN (LOSS)	\$ 194,818	\$ -	\$ -		

** Replacement only

(1) Includes \$900,000 for future debt service; bond sale of \$15 million for upgrade of Wastewater Treatment facility will be presented to Council for authorization and approval at the time of the bond sale.

(2) \$45,000 for CUPA program

ELECTRIC ENTERPRISE

	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
<u>REVENUES</u>					
Service Charges	\$ 8,158,043	\$ 8,364,820	\$ 8,564,832	\$ 200,012	2%
Electric Public Benefit	208,468	236,000	243,050	7,050	3%
Surplus Power Sales	-	431,972	466,193	34,221	8%
Interest Income	141,732	105,000	112,100	7,100	7%
Miscellaneous Revenues	29,444	5,000	6,000	1,000	20%
Use of Geothermal Reserves		800,000	900,000	100,000	13%
TOTAL REVENUES	\$ 8,537,687	\$ 9,942,792	\$ 10,292,175	\$ 349,383	4%
<u>EXPENSES BY DEPARTMENT</u>					
City Council	\$ 11,842	\$ 13,498	\$ 13,118	\$ (380)	-3%
Legal	55,059	63,058	62,206	(852)	-1%
Administration	158,009	142,111	163,077	20,966	15%
Finance	492,594	507,688	577,971	70,283	14%
Electric	1,770,594	1,985,454	2,637,718	652,264	33%
NCPA Power Costs*	4,127,406	6,284,436	6,238,140	(46,296)	-1%
Western Power Costs*	782,967	380,000	139,452	(240,548)	-63%
Western/PG&E Dispute*	-	-	112,000	112,000	0%
Emergency Generators*	-	-	-	-	0%
Public Works	34,481	9,130	4,950	(4,180)	-46%
Fire	10,516	20,917	22,848	1,931	9%
Transfer to Capital Projects**	606,085	529,000	311,400	(217,600)	-41%
Non Departmental	4,770	7,500	9,295	1,795	0%
TOTAL EXPENSES	\$ 8,054,323	\$ 9,942,792	\$ 10,292,175	\$ 349,383	4%
Reserved for future use					
RESULTING GAIN (LOSS)	\$ 483,364	\$ -	\$ -		

*Costs are part of the Electric Department.

** Replacement only

COMMUNITY SERVICES ENTERPRISE

	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
<u>REVENUES</u>					
Transient Occupancy Tax	\$ 931,839	\$ 820,560	\$ 905,055	\$ 84,495	10%
Intergovernmental	4,986	7,500	6,648	(1) \$ (852)	100%
Service Charges	3,725	3,000	3,000	\$ -	0%
Interest Income	4,456	-	5,000	\$ 5,000	100%
Miscellaneous Revenues	41,955	6,700	12,100	\$ 5,400	81%
Donations	40,823	-	-	-	100%
Use of Reserves	-	-	-	-	-
TOTAL REVENUES	\$ 1,027,784	\$ 837,760	\$ 931,803	\$ 94,043	11%
<u>EXPENSES BY DEPARTMENT</u>					
City Council	\$ 782	\$ 3,111	\$ 2,974	\$ (137)	-4%
Legal	12,386	14,167	12,000	(2,167)	-15%
Administration	12,972	27,297	24,756	(2,541)	-9%
Finance	27,210	32,148	48,296	16,148	50%
Community Services	677,574	692,561	764,313	(3) 71,752	10%
Fire	-	14,365	19,156	4,791	100%
Public Works	614	-	-	-	-
Transfer to Capital Projects	31,248	30,000	15,000	(4) (15,000)	-50%
Non Departmental	346	20,020	45,308	(2) 25,288	126%
TOTAL EXPENSES	\$ 763,132	\$ 833,669	\$ 931,803	\$ 98,134	12%
Reserved for future use		4,091			
RESULTING GAIN (LOSS)	\$ 264,652	\$ 4,091	\$ -		

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

(2) Transfer to School Enterprise \$23,729 represents 1/3 contribution
Transfer to Meeting Center Enterprise \$19,739

(3) Animal Shelter \$80,000
County Animal Control Services \$8,000
Boys & Girls Club Athletic Director \$20,000

(4) Villa Building Improvement

MEETING CENTER ENTERPRISE

	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
<u>REVENUES</u>					
Facility Rent	\$ 205,094	\$ 206,570	\$ 229,100	\$ 22,530	11%
Miscellaneous Revenues	29,095	26,700	25,000	(1,700)	-6%
Interest Income	45	-	-	-	0%
Transfer from Community Service Ent	-	-	19,739	19,739	0%
TOTAL REVENUES	\$ 234,234	\$ 233,270	\$ 273,839	\$ 40,569	17%
<u>EXPENSES BY DEPARTMENT</u>					
Community Services	221,716	231,118	267,387	36,269	16%
Fire	2,510	2,152	6,452	4,300	200%
Non Departmental	29,600	-	-	-	0%
TOTAL EXPENSES	\$ 253,826	\$ 233,270	\$ 273,839	\$ 40,569	17%
RESULTING GAIN (LOSS)	\$ (19,592)	\$ -	\$ -		

TRANSIT ENTERPRISE

	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
<u>REVENUES</u>					
Transfers (Grants)	\$ 139,746	\$ 165,002	\$ 166,554	\$ 1,552	1%
Income (Fares)	16,211	16,502	16,655	153	1%
Interest Income	-	2,500	2,500	-	0%
Transfer from Community Services Ent		8,501	-	(8,501)	-100%
TOTAL REVENUES	\$ 155,957	\$ 192,505	\$ 185,709	\$ (6,796)	-4%
<u>EXPENSES BY DEPARTMENT</u>					
Finance	\$ 6,600	\$ 4,870	\$ 7,318	\$ 2,448	50%
Community Services	155,505	185,545	155,501	(30,044)	-16%
Non Departmental	-	2,090	1,950	-	0%
TOTAL EXPENSES	\$ 162,105	\$ 192,505	\$ 164,769	\$ (27,596)	-14%
Reserved for future use			20,940		
RESULTING GAIN (LOSS)	\$ (6,148)	\$ -	\$ -		

PLANNING & BUILDING ENTERPRISE

	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
<u>REVENUES</u>					
Permits/Planning Fees	534,654	296,600	386,200	89,600	30%
Interest Income	12,543	5,000	15,000	10,000	200%
Use of Reserves	-	72,005	-	(72,005)	-100%
TOTAL REVENUES	\$ 547,197	\$ 373,605	\$ 401,200	\$ 27,595	7%
<u>EXPENSES BY DEPARTMENT</u>					
City Council	\$ 1,107	\$ 1,154	\$ 1,099	\$ (55)	-5%
Legal	8,882	630	500	(130)	-21%
Administration	10,017	14,402	12,779	(1,623)	-11%
Finance	11,558	13,289	15,544	2,255	17%
Public Works	409	-	3,895	3,895	100%
Planning & Building	366,739	343,810	351,362	7,552	2%
Non Departmental	1,186	320	520	200	63%
TOTAL EXPENSES	\$ 399,898	\$ 373,605	\$ 385,699	\$ 12,094	3%
Reserved for future use			\$ 15,501		
RESULTING GAIN (LOSS)	\$ 147,299	\$ -	\$ -		

LIGHTING & LANDSCAPING DISTRICT AREA A

	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
<u>REVENUES</u>					
Special Assessments	\$ 131,921	\$ 138,399	\$ 144,131	\$ 5,732	4%
Interest Income	3,355	2,200	1,100	(1,100)	-50%
Use of Reserves	85,811	-	-	-	100%
TOTAL REVENUES	\$ 221,087	\$ 140,599	\$ 145,231	\$ 4,632	3%
<u>EXPENSES BY DEPARTMENT</u>					
Community Services	\$ 29,160	\$ 81,113	\$ 72,012	\$ (9,101)	-11%
Non Departmental	191,927	36,800	3,500	(33,300)	-90%
TOTAL EXPENSES	\$ 221,087	\$ 117,913	\$ 75,512	\$ (42,401)	-36%
Reserved for future use	-	22,686	69,719		
RESULTING GAIN (LOSS)	\$ -	\$ -	\$ -		

STREET & DEVELOPMENT ENTERPRISE

	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
REVENUES					
Intergovernmental Revenues	674,675	662,324	768,500	106,176	16%
Miscellaneous Revenues	147,897	100,000	138,000	38,000	38%
Interest Income	11,638	10,000	8,831	(1,169)	-12%
Use of Reserves	-	-	-	-	0%
TOTAL REVENUES	\$ 834,210	\$ 772,324	\$ 915,331	\$ 143,007	19%
EXPENSES BY DEPARTMENT					
City Council	\$ 1,479	\$ 3,255	\$ 3,117	\$ (138)	-4%
Legal	1,269	630	500	(130)	-21%
Administration	14,771	24,123	23,508	(615)	-3%
Finance	13,897	13,960	21,997	8,037	58%
Electric	55,082	59,581	19,000	(40,581) ⁽¹⁾	-68%
Public Works	679,066	669,275	844,984	175,709 ⁽¹⁾	26%
Non Departmental	2,601	1,500	2,225	725	0%
TOTAL EXPENSES	\$ 768,165	\$ 772,324	\$ 915,331	\$ 143,007	19%
RESULTING GAIN (LOSS)	\$ 66,045	\$ -	\$ -		

(1) A decrease of \$40,000 is due to Signal maintenance shifted to Public Works.

Public Works has an increase of \$70,250 for signal maintenance & \$100,000 for existing wages and benefits.

AIRPORT ENTERPRISE

	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
<u>REVENUES</u>					
Rents	\$ 93,340	\$ 92,650	\$ 94,965	\$ 2,315	2%
Fuel Sales	117,075	115,000	115,000	-	0%
Grant	-	-	-	-	0%
Interest Income	-	-	-	-	0%
TOTAL REVENUES	\$ 210,415	\$ 207,650	\$ 209,965	\$ 2,315	1%
<u>EXPENSES BY DEPARTMENT</u>					
Finance	\$ 5,722	\$ 6,395	\$ 5,635	\$ (760)	-12%
Community Services	161,545	141,432	160,987	19,555	14%
Transfer to Capital Project	46,836	51,543	25,000	(26,543)	-51%
Non Departmental	-	8,280	16,400	8,120	98%
TOTAL EXPENSES	\$ 214,103	\$ 207,650	\$ 208,022	\$ 372	0%
Reserved for future reserves			1,943		
RESULTING GAIN (LOSS)	\$ (3,688)	\$ -	\$ -		

BENJAMIN WAY MAINTENANCE DISTRICT

	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
<u>REVENUES</u>					
Maintenance fees	\$ 440	\$ 440	\$ 440	\$ -	0%
Interest Income	56	-	-	-	0%
TOTAL REVENUES	\$ 496	\$ 440	\$ 440	\$ -	0%
<u>EXPENSES BY DEPARTMENT</u>					
Finance	\$ -	\$ 440	\$ 440	\$ -	0%
TOTAL EXPENSES	\$ -	\$ 440	\$ 440	\$ -	0%
RESULTING GAIN (LOSS)	\$ 496	\$ -	\$ -		

SCHOOL SERVICES ENTERPRISE

	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
<u>REVENUES</u>					
Interest Income	\$ 355	\$ 1,200	\$ 500	\$ (700)	-58%
Healdsburg Unified School District	35,414	62,700	65,000	2,300	4%
Transfer from Community Service Ent.	-	10,519	23,729	(1) -	0%
School Fees	4,999	5,000	5,000	-	0%
TOTAL REVENUES	\$ 40,768	\$ 79,419	\$ 94,229	\$ 1,600	2%
<u>EXPENSES BY DEPARTMENT</u>					
Community Services	\$ 49,163	\$ 71,919	\$ 94,229	\$ 22,310	31%
Public Works	\$ 138	\$ -	\$ -	\$ -	0%
Non Departmental	\$ 34	\$ 7,500	\$ -	\$ (7,500)	-100%
TOTAL EXPENSES	\$ 49,335	\$ 79,419	\$ 94,229	\$ 14,810	19%
RESULTING GAIN (LOSS)	\$ (8,567)	\$ -	\$ -		

(1) 1/3 Golden Gate Maintenance Contract

MISCELLANEOUS FUNDS

	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% 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%
RESULTING GAIN (LOSS)	\$ -	\$ -	\$ -		

COMMERCIAL & INDUSTRIAL FUND

	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
<u>REVENUES</u>					
Increment	\$ 4,866,356	\$ 4,603,482	\$ 4,907,418	\$ 303,936	7%
Interest Income	251,030	25,000	25,500	500	2%
Use of Taxable Bond Proceeds	2,067,985	1,328,971	1,325,259	(3,712)	0%
Use of Bond Proceeds	-	-	-	-	0%
Donations	1,509,930	-	-	-	0%
TOTAL REVENUES	\$ 8,695,301	\$ 5,957,453	\$ 6,258,177	\$ 300,724	5%
<u>EXPENSES BY DEPARTMENT</u>					
City Council	\$ 10,982	\$ 11,804	\$ 12,007	\$ 203	2%
Legal	63,847	30,000	30,000	-	0%
Administration	176,436	466,649	422,806	(43,843)	-9%
Finance	118,647	159,770	162,612	2,842	2%
Community Services	189,148	249,285	302,591	53,306	21%
Fire	-	-	150,000	150,000	100%
Planning & Building	165,200	199,761	163,377	(36,384)	-18%
Public Works	70	-	-	-	0%
Financing	5,631,539	4,100,144	4,198,681	98,537	2%
Projects	7,620,796	611,000	611,000	-	0%
Non Departmental	117,194	129,040	205,103	76,063	59%
TOTAL EXPENSES	\$ 14,093,859	\$ 5,957,453	\$ 6,258,177	\$ 300,724	5%
Reserved for future use	-	-	-		
RESULTING GAIN (LOSS)	\$ (5,398,558)	\$ -	\$ -		

LOW & MODERATE INCOME HOUSING FUND

	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
<u>REVENUES</u>					
Increment	\$ 1,216,988	\$ 1,076,400	\$ 1,226,855	\$ 150,455	14%
Interest Income	147,350	20,000	20,400	400	2%
Other Income	-	-	-	-	0%
Use of Taxable Bond Proceeds	45,113	400,000	55,000	(345,000)	-86%
Use of Non Taxable Bond Proceeds	-	655,000	-	(655,000)	100%
Use of Reserves	-	230,055	81,313	(148,742)	-65%
TOTAL REVENUES	\$ 1,409,451	\$ 2,381,455	\$ 1,383,568	\$ (997,887)	-42%
<u>EXPENSES BY DEPARTMENT</u>					
Legal	\$ -	\$ 40,000	\$ 40,000	\$ -	0%
Administration	35,160	41,418	39,025	(2,393)	-6%
Finance	45,728	52,940	53,288	348	1%
Community Services	57,155	91,573	76,082	(15,491)	-17%
Planning & Building	151,950	226,830	243,925	17,095	8%
Financing	749,000	832,644	832,555	(89)	0%
Projects	874,299	1,055,000	55,000	(1,000,000)	-95%
Non Departmental	33,458	41,050	43,693	2,643	6%
TOTAL EXPENSES	\$ 1,946,750	\$ 2,381,455	\$ 1,383,568	\$ (997,887)	-42%
Reserved for future use	-	-	-		
RESULTING GAIN (LOSS)	\$ (537,299)	\$ -	\$ -		

UDAG FUND

	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
<u>REVENUES</u>					
Developer Loan Interest Payments	\$ 49,440	\$ 60,000	\$ 60,000	\$ -	0%
Interest Income	42,252	50,000	51,000	1,000	2%
Use of Reserves	-	-	-	-	0%
TOTAL REVENUES	\$ 91,692	\$ 110,000	\$ 111,000	\$ 1,000	1%
<u>EXPENSES BY DEPARTMENT</u>					
Finance	\$ 2,069	\$ 3,009	\$ 3,575	\$ 566	19%
Non Departmental	-	-	-	-	0%
Economic Development Loan	-	-	-	-	0%
TOTAL EXPENSES	\$ 2,069	\$ 3,009	\$ 3,575	\$ 566	19%
Reserved for future use	89,623	106,991	107,425		
RESULTING GAIN (LOSS)	\$ -	\$ -	\$ -		

PROJECT PARTICIPATION FUND

	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
<u>REVENUES</u>					
Rental Income	\$ 2,718	\$ 160,000	\$ 268,000 (1)	\$ 108,000	68%
TOTAL REVENUES	\$ 2,718	\$ 160,000	\$ 268,000	\$ 108,000	68%
<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		110,000	218,000		
RESULTING GAIN (LOSS)	\$ (47,282)	\$ -	\$ -		

(1) Includes Vineyard Plaza Rent \$50,000.

(2) Transfer to Community Benefit Trust.

INSURANCE & BENEFITS

	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
<u>REVENUES</u>					
Service Fees	\$ 3,678,267	\$ 4,040,308	\$ 5,800,928	\$ 1,760,620	44%
Interest Income	32,363	50,000	30,000	(20,000)	-40%
REMIF Refunds	102,000	-	-	-	0%
Use of Reserves	-	135,203	-	(135,203)	-100%
TOTAL REVENUES	\$ 3,812,630	\$ 4,225,511	\$ 5,830,928	\$ 1,605,417	38%
<u>EXPENSES BY DEPARTMENT</u>					
Non Departmental:					
Public Employee Retirement	\$ 1,196,413	\$ 1,764,430	\$ 2,390,438	\$ 626,008	35%
Health & Life Insurance	1,002,667	1,056,085	1,380,379	324,294	31%
Medicare	85,016	74,861	96,518	21,657	29%
Long Term Disability	50,830	75,454	76,880	1,426	2%
State Unemployment Insurance	6,998	58,563	68,398	9,835	17%
Workers' Compensation Leave	29,578	-	63,126	63,126	0%
Workers' Compensation	289,244	120,903	325,566	204,663	169%
Compensation Time	80,647	-	-	-	0%
Public Safety Leave	190,544	85,125	162,551	77,426	91%
Holiday Leave	339,098	145,378	344,461	199,083	137%
Vacation Leave	502,563	538,352	550,522	12,170	2%
Management Leave	65,220	73,302	81,508	8,206	11%
Sick Leave	325,754	233,058	274,981	41,923	18%
Other	91,706	-	-	-	0%
	\$ 4,256,278	\$ 4,225,511	\$ 5,815,328	\$ 1,589,817	38%
Reserved for future use	-	-	15,600		
RESULTING GAIN (LOSS)	\$ (443,648)	\$ -	\$ -		

INFORMATION SYSTEMS REPLACEMENT & SERVICES

	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
REVENUES					
Service Fees	\$ 356,896	\$ 356,884	\$ 374,728	\$ 17,844	5%
Replacement Fees	258,604	258,554	271,484	12,930	5%
Interest Income	14,530	26,500	15,000	(11,500)	-43%
Use of Reserves	60,099	236,173	100,479	(135,694)	-57%
Other	77,936	-	-	-	0%
TOTAL REVENUES	\$ 768,065	\$ 878,111	\$ 761,691	\$ (116,420)	-13%
EXPENSES BY DEPARTMENT					
Administration	\$ 2,338	\$ 5,252	\$ 1,292	\$ (3,960)	-75%
Finance	259,121	443,201	363,134	(80,067)	-18%
Community Services	12,199	5,170	3,620	(1,550)	-30%
Planning & Building	3,983	58,105	23,294	(34,811)	-60%
Police	142,302	28,356	39,760	11,404	40%
Fire	16,122	7,445	3,960	(3,485)	-47%
Public Works	73,161	20,900	14,340	(6,560)	-31%
Electric	26,791	49,765	30,612	(19,153)	-38%
Non Departmental	232,048	259,917	281,679	21,762	8%
TOTAL EXPENSES	\$ 768,065	\$ 878,111	\$ 761,691	\$ (116,420)	-13%
Reserved for future replacement	-	-	-		
RESULTING GAIN (LOSS)	\$ -	\$ -	\$ -		

INFORMATION SYSTEMS PURCHASES FOR FY 2005-2006

Replace Laptops	8,760
Replace Workstations	1,780
Replace PC's	8,020
Replace UPS	2,800
Replace Printers	1,200
Network Equipment	
Wireless Bridge for AS400 270	25,000
Replace Email Server	14,000
Upgrade Exchange Server Software	23,000
Miscellaneous Network Equipment Upgrades	13,000
Hirsch Building Security System Upgrade	6,300
UPS for Com Rack	1,100
Software	
Upgrade AutoCad Software	4,000
Upgrade UDS Software*	15,000
TOTAL PURCHASES	123,960

*This item was rolled over from FY2004-2005 Budget

BUILDING MAINTENANCE - SERVICE FUND

	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
<u>REVENUES</u>					
Service Fees	\$ 694,660	\$ 693,199	\$ 695,530	\$ 2,331	0%
Other	43,773	35,000	35,000	-	0%
TOTAL REVENUES	\$ 738,433	\$ 728,199	\$ 730,530	\$ 2,331	0%
<u>EXPENSES BY DEPARTMENT</u>					
Community Services	\$ 2,681	\$ 5,786	\$ 6,467	\$ 681	12%
Public Works	6,017	-	-	-	0%
Non Departmental	715,417	722,413	724,063	1,650	0%
TOTAL EXPENSES	\$ 724,115	\$ 728,199	\$ 730,530	\$ 2,331	0%
RESULTING GAIN (LOSS)	\$ 14,318	\$ -	\$ -		

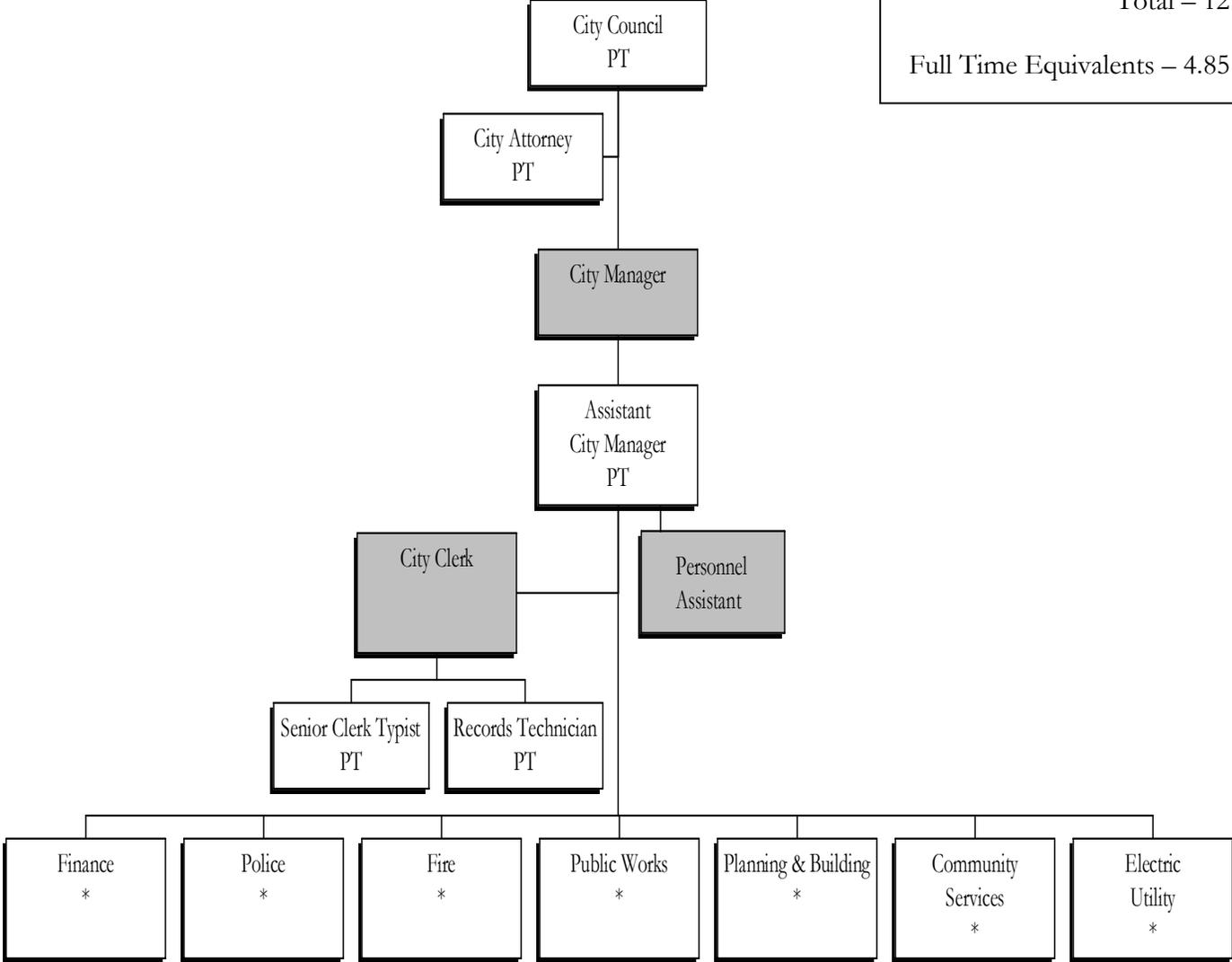
OTHER DEBT SERVICE

	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
<u>REVENUES</u>					
Transfers	\$ 2,651,878	\$ 3,065,788	\$ 3,092,836	\$ 27,048	1%
Property Tax	984,109	842,920	876,306	33,386	4%
Interest Income	19,184	16,000	15,000	(1,000)	-6%
Bond Proceeds	3,620,000	-	-	-	0%
TOTAL REVENUES	\$ 7,275,171	\$ 3,924,708	\$ 3,984,142	\$ 59,434	2%
<u>EXPENSES BY DEPARTMENT</u>					
Non Departmental	\$ 7,059,926	\$ 3,924,708	3,969,142	\$ 44,434	1%
TOTAL EXPENSES	\$ 7,059,926	\$ 3,924,708	\$ 3,969,142	\$ 44,434	1%
Reserved for future use	215,245		15,000		
RESULTING GAIN (LOSS)	\$ -	\$ -	\$ -		

Notes:

ADMINISTRATION

Full Time - 3.0
Part Time - 2
Elected PT - 5
Contracted PT - 2
Total - 12
Full Time Equivalents - 4.85



*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 2004-2005

- Completed purchase of Purity Chemical parking lot and demolished house
- Completed 15 unit Palomino Court housing project, developer selected for 20 West Grant and finalized plans for additional housing at 308 East Street
- Completed negotiations to renew labor contracts with IBEW and IAFF
- Completed RFP for codification of the Municipal Code
- Completed citywide awareness level IIPP and related Safety Programs training
- Completed citywide fire extinguisher training as required by the IIPP

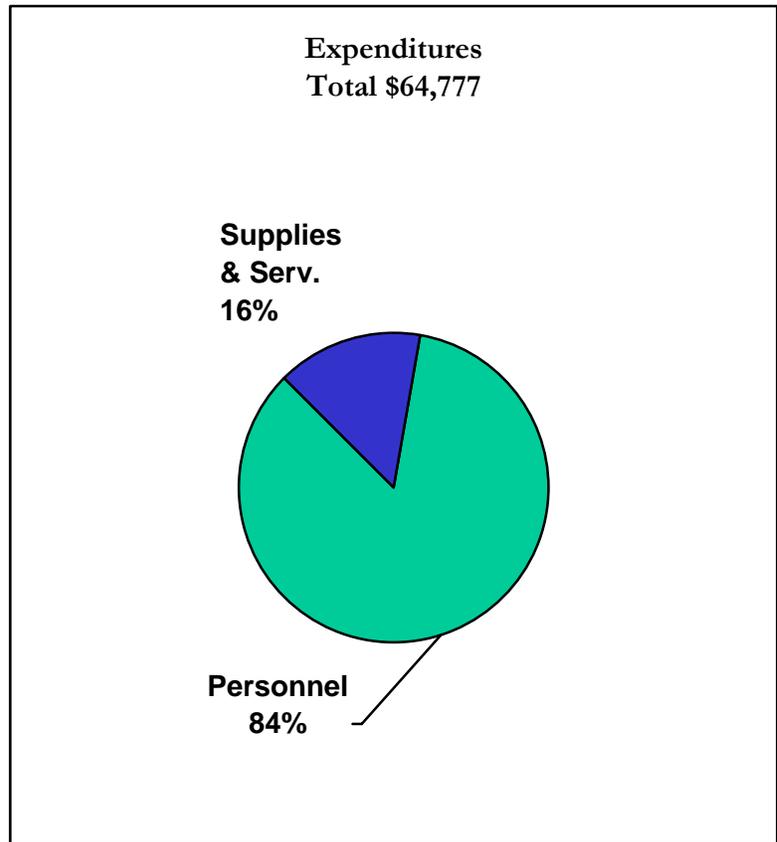
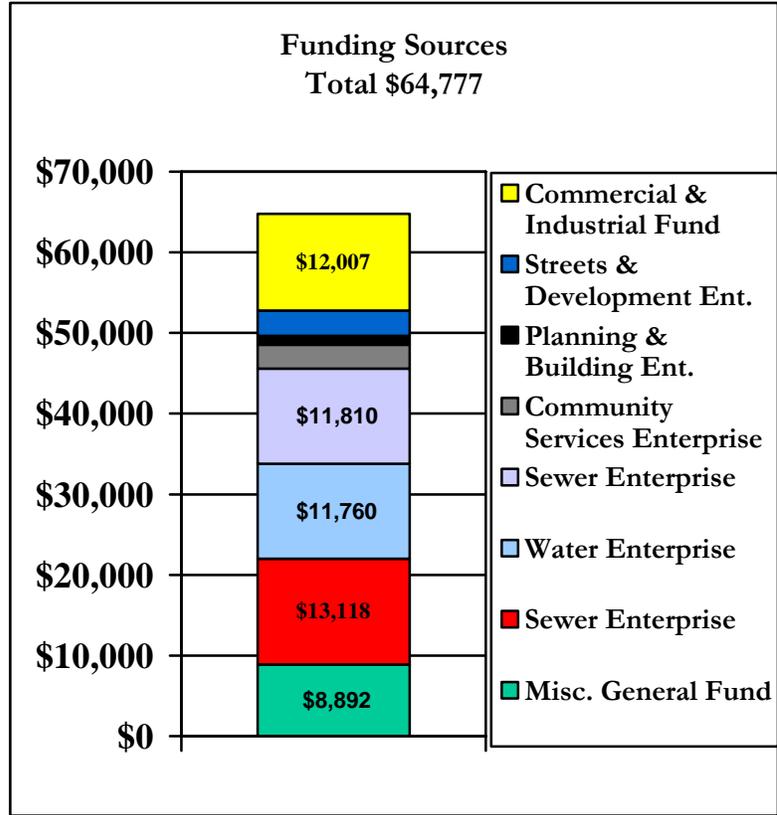
MAJOR DEPARTMENTAL TASKS FOR FISCAL YEAR 2005-2006

- ◆ With the purchase of Fitch Mountain by the Open Space District cooperate in development of a management plan for public access.
- ◆ Complete negotiations to renew labor contracts with IBEW and IAFF for multiple years.
- ◆ Complete recruitment and hire new Community Services Director.
- ◆ Implement WiFi network for Plaza linking it to a wider strategy for the downtown area.
- ◆ Select firm to complete codification of Municipal Code including “automatic updates” process.
- ◆ Complete citywide training on all IIPP Safety Programs at the “user level”.

FUTURE OBJECTIVES

Over the last few years the overriding concern has been the City’s financial viability. Despite that the City continues to see its General Fund budget balanced and its enterprise funds remain in viable condition while continuing to be vigilant of the economic consequences on cities of a state budget system that is still dysfunctional and unresponsive to the overall needs of a growing state and its municipalities. Additional local sources of General Fund revenue to maintain adequate police and fire services may be required. Such revenue sources might include the implementation of the 2% TOT for public safety, a sales tax increase, or other voter approved revenue.

ADMINISTRATION - City Council

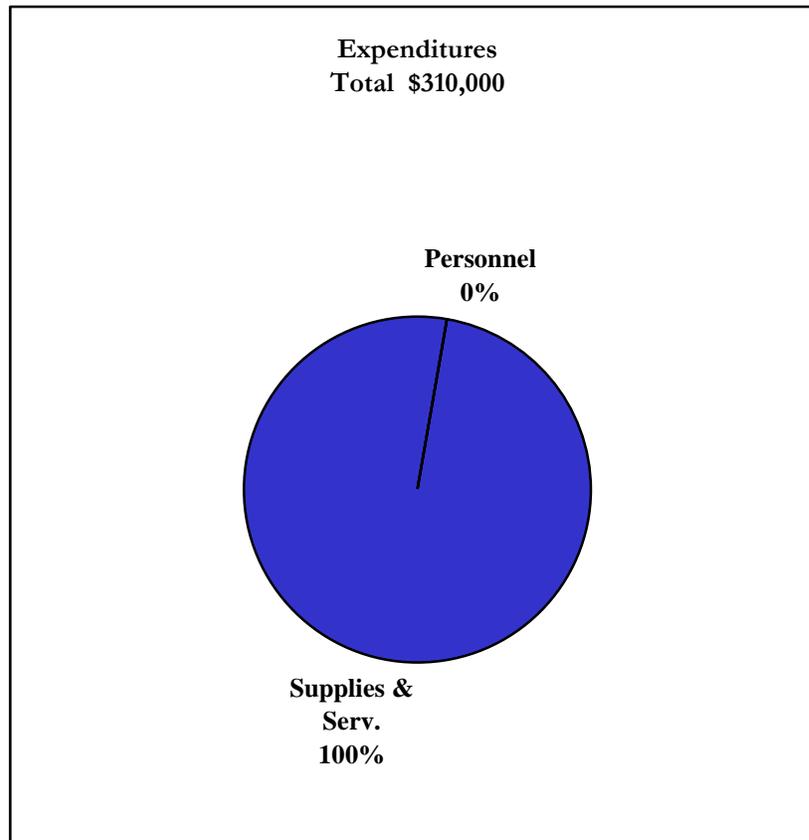
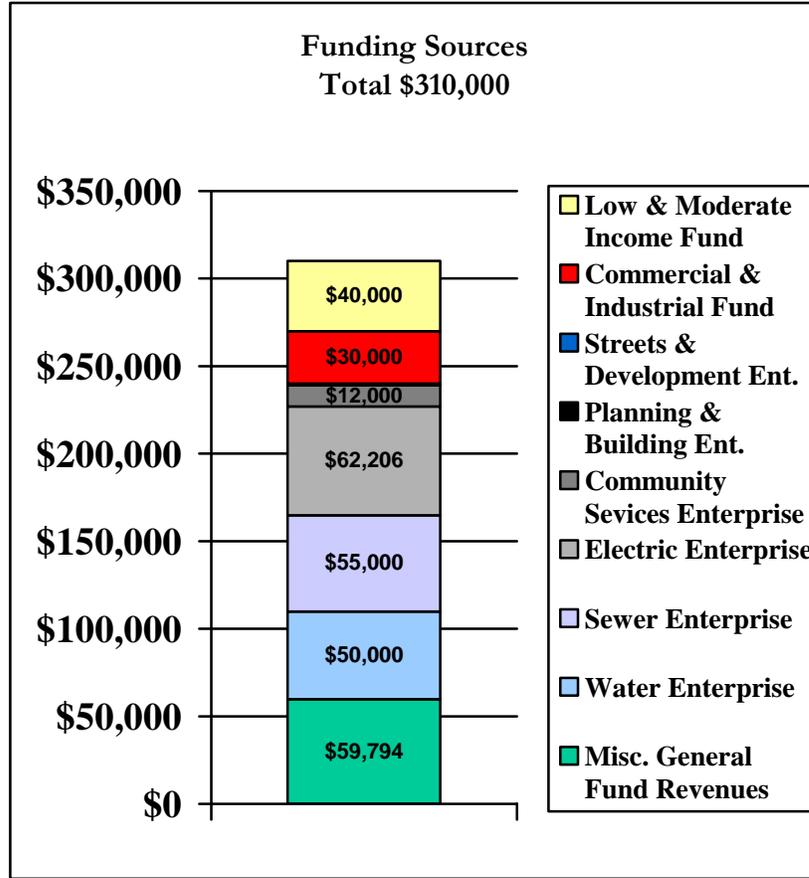


ADMINISTRATION - City Council

FUNDING SOURCES	FUNDING SOURCES 2005-2006
MISC.GENERAL FUND REVENUES	\$ 8,892
WATER ENTERPRISE	11,760
SEWER ENTERPRISE	11,810
ELECTRIC ENTERPRISE	13,118
COMMUNITY SERVICES ENTERPRISE	2,974
PLANNING & BUILDING ENTERPRISE	1,099
STREETS & DEVELOPMENT ENT.	3,117
COMMERCIAL & INDUSTRIAL FUND	12,007
TOTAL REVENUES	\$ 64,777

EXPENSES	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
WAGES & FRINGE BENEFITS	\$ 55,405	\$ 57,695	\$ 54,944	\$ (2,751)	-5%
CONTRACTED SERVICES	3,585	-	-	-	0%
SERVICE FEES	3,684	3,672	3,672	-	0%
TELECOMMUNICATION SERVICE	586	600	600	-	0%
PRINTING & BINDING	-	-	-	-	0%
SUPPLIES	435	300	300	-	0%
MEETINGS	1,729	3,000	3,000	-	0%
MEMBERSHIPS & DUES	-	261	261	-	0%
TRAINING	-	-	2,000	2,000	100%
TOTAL EXPENSES	\$ 65,424	\$ 65,528	\$ 64,777	\$ (751)	-1%

ADMINISTRATION - Legal

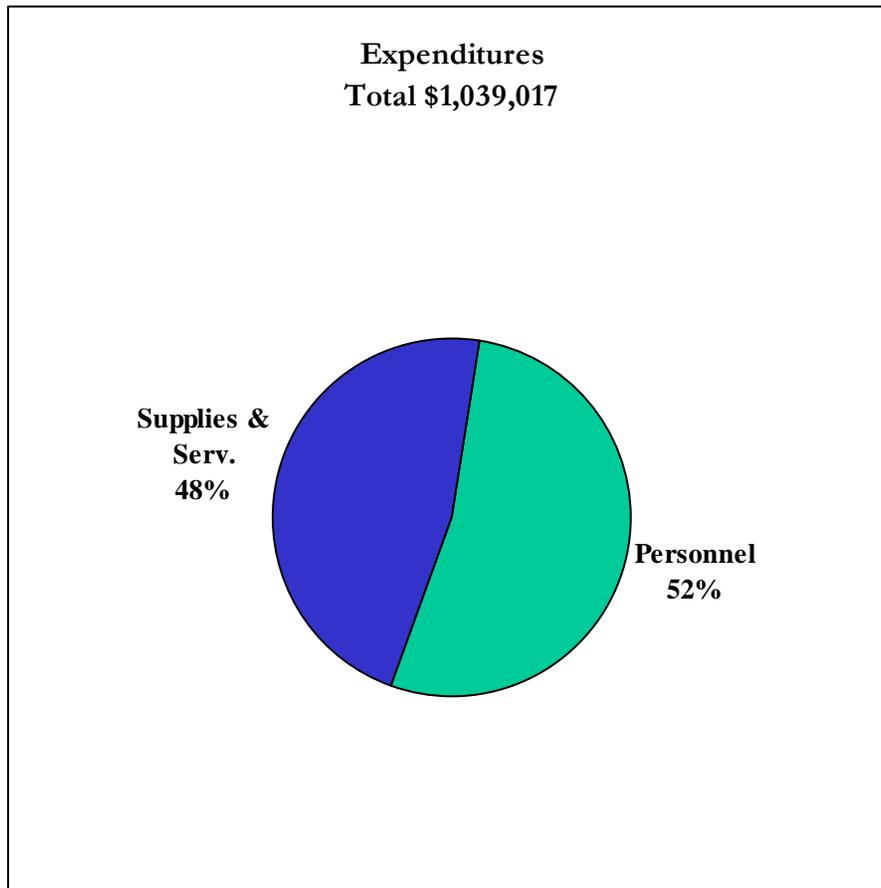
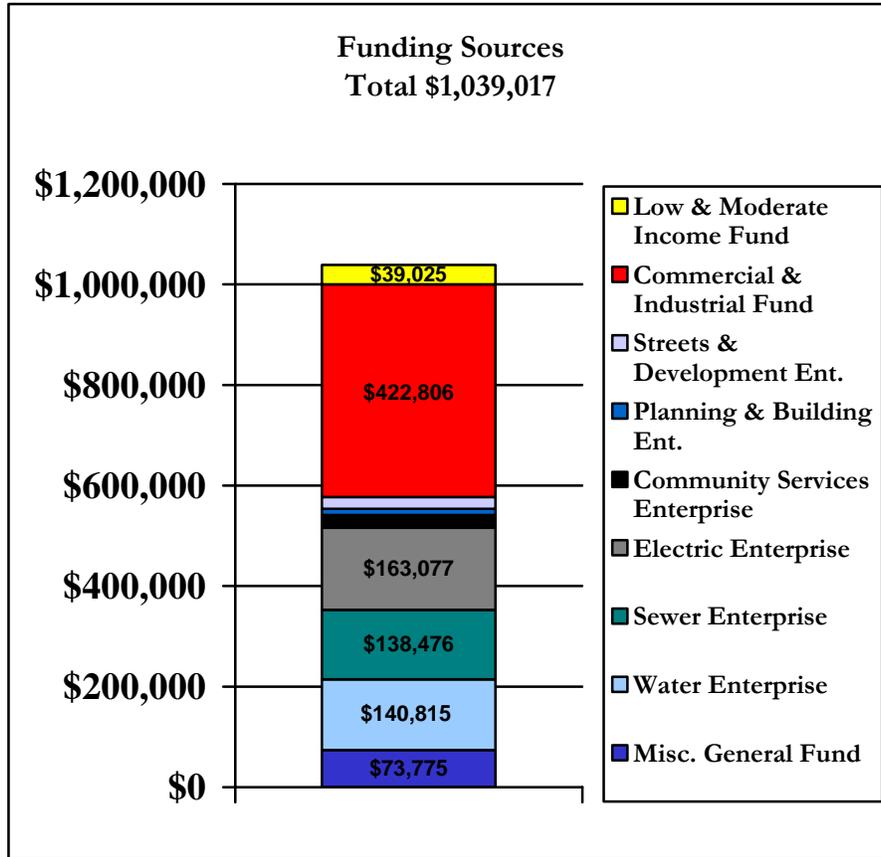


ADMINISTRATION - Legal

FUNDING SOURCES	FUNDING SOURCES 2005-2006
MISC.GENERAL FUND REVENUES	\$ 59,794
WATER ENTERPRISE	50,000
SEWER ENTERPRISE	55,000
ELECTRIC ENTERPRISE	62,206
COMMUNITY SERVICES ENTERPRISE	12,000
PLANNING & BUILDING ENTERPRISE	500
STREETS & DEVELOPMENT ENTERPRISE	500
COMMERCIAL & INDUSTRIAL FUND	30,000
LOW & MODERATE INCOME FUND	40,000
	<hr/>
TOTAL REVENUES	\$ 310,000

EXPENSES	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
WAGES & FRINGE BENEFITS	\$ 28,426	\$ -	\$ -	\$ -	0%
CONTRACTED SERVICES	265,211	322,752	310,000	(12,752)	-4%
SERVICE FEES	1,624	1,620	-	(1,620)	-100%
MEETINGS	-	100	-	(100)	-100%
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	\$ 295,261	\$ 324,472	\$ 310,000	\$ (14,472)	-4%

ADMINISTRATION - City Manager's Office



ADMINISTRATION - City Manager's Office

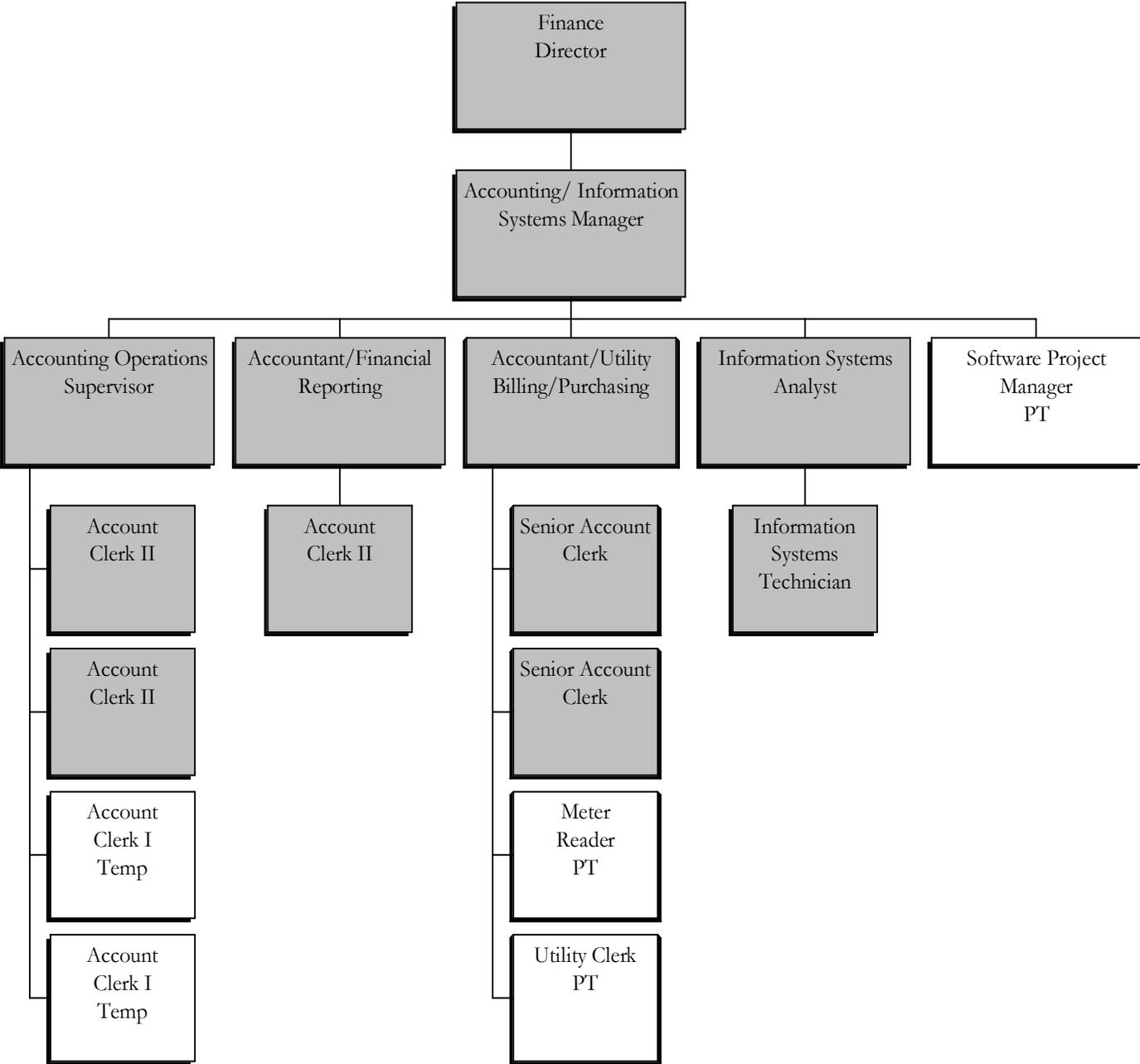
FUNDING SOURCES	FUNDING SOURCES 2005-2006
MISC.GENERAL FUND REVENUES	\$ 73,775
WATER ENTERPRISE	140,815
SEWER ENTERPRISE	138,476
ELECTRIC ENTERPRISE	163,077
COMMUNITY SERVICES ENTERPRISE	24,756
PLANNING & BUILDING ENTERPRISE	12,779
STREETS & DEVELOPMENT ENTERPRISE	23,508
COMMERCIAL & INDUSTRIAL FUND	422,806
LOW & MODERATE INCOME FUND	39,025
CAPITAL PROJECT FUNDING	10,000
TOTAL REVENUES	\$ 1,049,017

EXPENSES	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
WAGES & FRINGE BENEFITS	\$ 523,277	\$ 495,367	\$ 546,747	\$ 51,380	10%
OVERTIME	-	-	-	-	0%
SUPPORT TO ORGANIZATIONS	29,574	2,300	11,898	9,598	417%
CONTRACTED SERVICES	43,660	100,529	19,000	(81,529)	-81%
INSURANCE	3,900	3,400	4,500	1,100	32%
GOVERNMENT FEES	4,647	-	-	-	0%
ELECTION EXPENSE	12	14,000	-	(14,000)	-100%
PROJECT PARTICIPATION	82,251	296,950	296,250	(700)	0%
PROPERTY SERVICES	-	-	-	-	0%
ADDITIONAL PAY	11,042	7,800	9,000	1,200	15%
RENTALS	3,791	1,800	1,800	-	0%
SERVICE FEES	55,904	55,893	56,921	1,028	2%
REPLACEMENT FEES	16,996	16,184	16,994	810	5%
LOAN REPAYMENT- GENERAL FUND	-	-	-	-	0%
TELECOMMUNICATION SERVICE	2,961	3,102	3,102	-	0%
ADVERTISING & PUBLICATION	32,965	25,000	45,000	20,000	80%
PRINTING & BINDING	-	2,000	-	(2,000)	-100%
SUPPLIES	8,318	8,805	8,805	-	0%
MEETINGS	3,738	8,000	8,000	-	0%
MEMBERSHIPS & DUES	14,827	6,000	6,000	-	0%
TRAINING	1,651	2,300	5,000	2,700	117%
CAPITAL ITEMS	1,860,077	-	-	-	0%
TOTAL OPERATING EXPENSES	2,699,591	1,049,430	1,039,017	(10,413)	-1%
CAPITAL PROJECTS		110,000	10,000		
GRAND TOTAL EXPENSES		\$ 1,159,430	\$ 1,049,017		

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 and the network of personal computers. 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 system. The Department maintains and administers a network of 120 personal computers and 16 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 DEPARTMENT TASKS COMPLETED IN FISCAL YEAR 2004-05

- ☑ Hired Information Systems Technician and formed a city wide technical users group to meet the growing needs for information systems resources to maintain the City's network computer systems
- ☑ Filled all existing vacancies in the Department after a two-year period of turnover
- ☑ Developed standardized forms for purchasing and made them available on the network
- ☑ Completed 5 year Implementation Plan for Redevelopment Agency
- ☑ Completed advance refunding of 1995 Area A Assessment District Bonds resulting in a savings for property owners responsible for bond payments
- ☑ Sold VLF Gap Loan receivable for 90%, rather than wait for State to pay in FY 2007. This transferred the risk of nonpayment from the City to the bondholders and created financial flexibility by allowing proceeds to be used to offset state ERAF reduction for FY 2006.
- ☑ Participated in public process, including meeting with lodging providers, to gain approval to increase TOT by 2% to fund Public Safety.
- ☑ Responded to electric under billing by developing procedures to successfully recover 100% of unbilled charges caused by lower winter rates not being updated to higher summer rates during the 2004 summer rate billing cycle.

MAJOR DEPARTMENT GOALS FOR FISCAL YEAR 2005-06

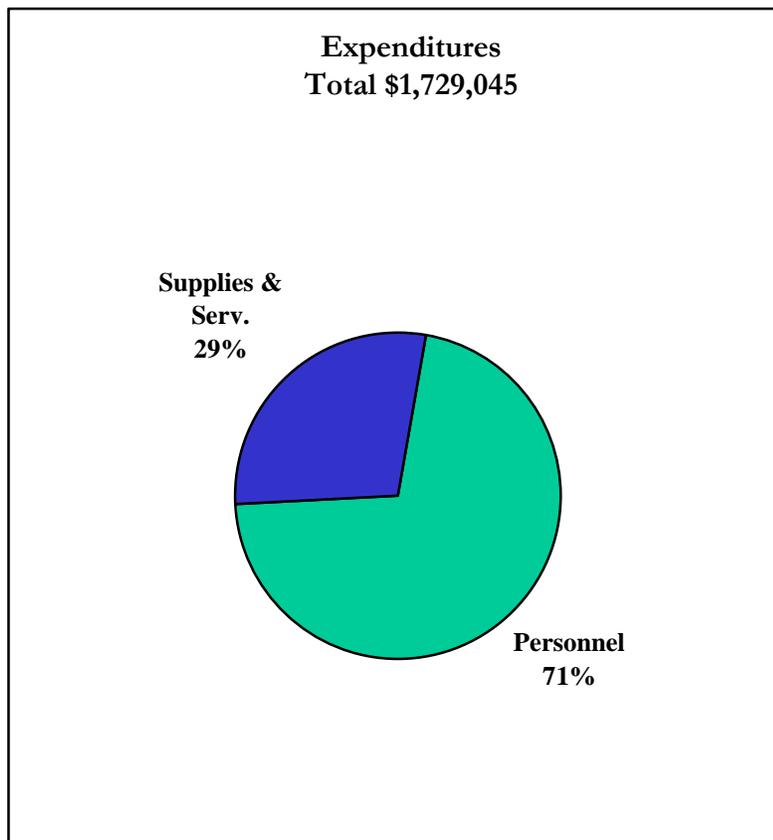
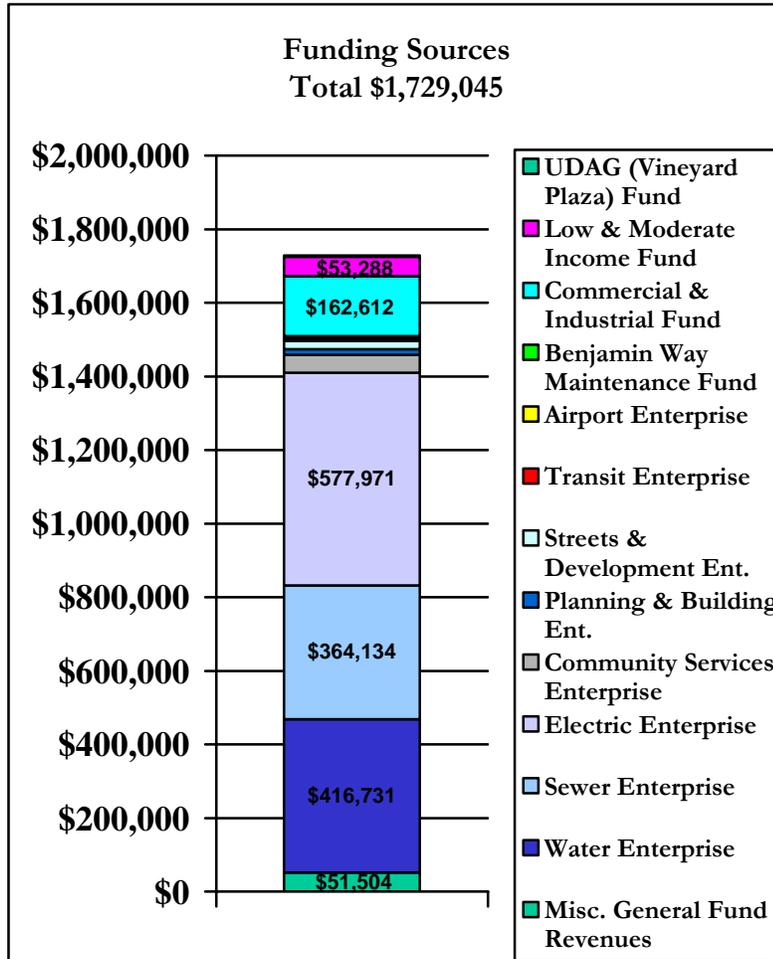
- ◆ Engineer and install public WiFi access in the Town Plaza by summer 2005.
- ◆ Complete upgrade of website software and redesign website to be user friendly with an emphasis on customer service
- ◆ Contract for cost of service study to be used in setting electric utility rates to replace the PUC rate structure that has been used in the past
- ◆ Develop new three year rate schedule for water and sewer and present for adoption by the end of the calendar year
- ◆ Continue review and update of purchasing ordinance and manual to accommodate departments' operating requirements
- ◆ Continue a project to convert water and electric meters to remote read capability
- ◆ Review options available to automate the requisition portion of the purchasing procedure
- ◆ Upgrade the utility billing, business license and community development software
- ◆ Continue to implement an investment strategy to maximize revenue and limit risk in the City's investment portfolio

FUTURE OBJECTIVES

The Department has made a number of changes over the last two years, and while all positions are currently filled, staff will benefit from training in areas such as systems, software, accounting, and customer service. The Department is also working to develop protocol for network file management and shared files. As staff continue to learn and grow in their regular job assignments, this will facilitate sharing of information and cross training.

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.

FINANCE



FUNDING SOURCES	FUNDING SOURCES 2005-2006
MISC.GENERAL FUND REVENUES	\$ 51,504
WATER ENTERPRISE	416,731
SEWER ENTERPRISE	364,134
ELECTRIC ENTERPRISE	577,971
COMMUNITY SERVICES ENTERPRISE	48,296
PLANNING & BUILDING ENTERPRISE	15,544
STREETS & DEVELOPMENT ENTERPRISE	21,997
TRANSIT ENTERPRISE	7,318
AIRPORT ENTERPRISE	5,635
BENJAMIN WAY MAINTENANCE DIST.	440
COMMERCIAL & INDUSTRIAL FUND	162,612
LOW & MODERATE INCOME FUND	53,288
UDAG (VINEYARD PLAZA) FUND	3,575
TOTAL REVENUES	\$ 1,729,045

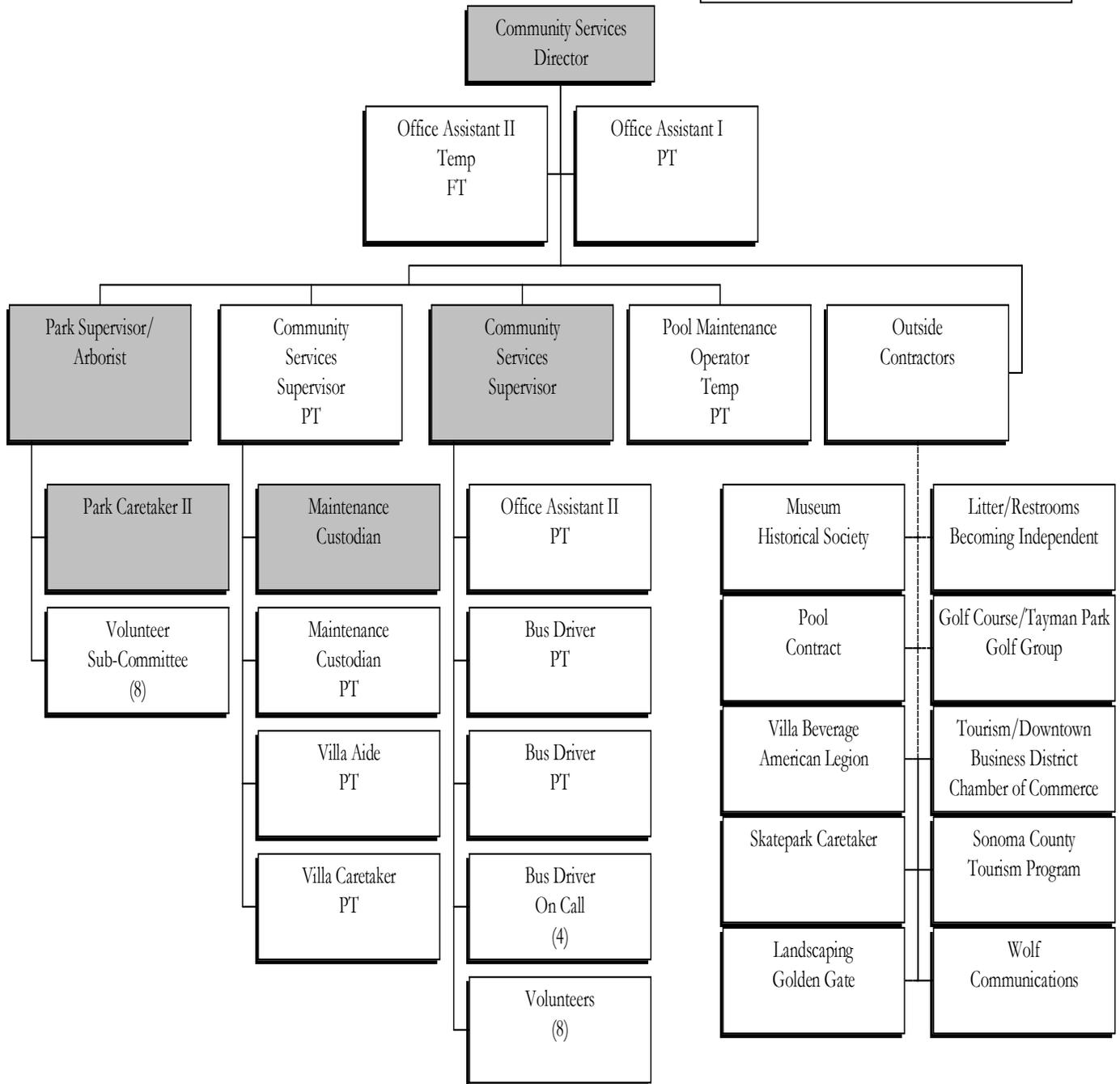
EXPENSES	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
WAGES & FRINGE BENEFITS	\$ 787,720	\$ 1,010,992	\$ 1,227,440	\$ 216,448	21%
OVERTIME	22,155	5,000	5,000	-	0%
CONTRACTED SERVICES	137,520	29,067	29,067	-	0%
GOVERNMENT FEES	100	-	-	-	0%
ADDITIONAL PAY	1,975	4,200	4,200	-	0%
UNIFORM ALLOWANCE	-	-	-	-	0%
RENTALS	120	36,936	36,936	-	0%
SERVICE FEES	247,256	247,244	255,075	7,831	3%
REPLACEMENT FEES	94,216	95,000	99,750	4,750	5%
TELECOMMUNICATION SERVICE	6,629	7,127	7,127	-	0%
ADVERTISING & PUBLICATION	-	-	-	-	0%
PRINTING & BINDING	976	600	1,350	750	125%
SUPPLIES	71,273	51,450	50,700	(750)	-1%
MEETINGS	575	2,750	2,750	-	0%
MEMBERSHIPS & DUES	1,054	950	950	-	0%
TRAINING	1,802	8,200	8,200	-	0%
EDUCATIONAL REIMBURSEMENT	-	500	500	-	0%
BAD DEBT EXPENSE	19,354	-	-	-	0%
TOTAL EXPENSES	\$ 1,392,725	\$ 1,500,016	\$ 1,729,045	\$ 229,029	15%

COMMUNITY SERVICES

Notes:

COMMUNITY SERVICES

Full Time - 5
Part Time - 8
Temp - 2
On Call - 4
Volunteer - 16
Total - 35
Full Time Equivalents – 11.50



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, 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.

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 DEPARTMENT TASKS COMPLETED IN FISCAL YEAR 2004-2005

- ☑ Completed Barbieri Brothers Park within budget
- ☑ Completed renovation of Gibbs Park Playground
- ☑ Designed and installed a new entryway landscape plan into Parkland Farms as part of the Lighting and Landscaping District
- ☑ Designed and constructed initial Airport improvements using FAA grant received in fiscal year 2004
- ☑ Started planning and gathering public input to create an Airport Master Plan
- ☑ Made Airport and Parks & Recreation Commissions Agendas and Minutes available on the City's website

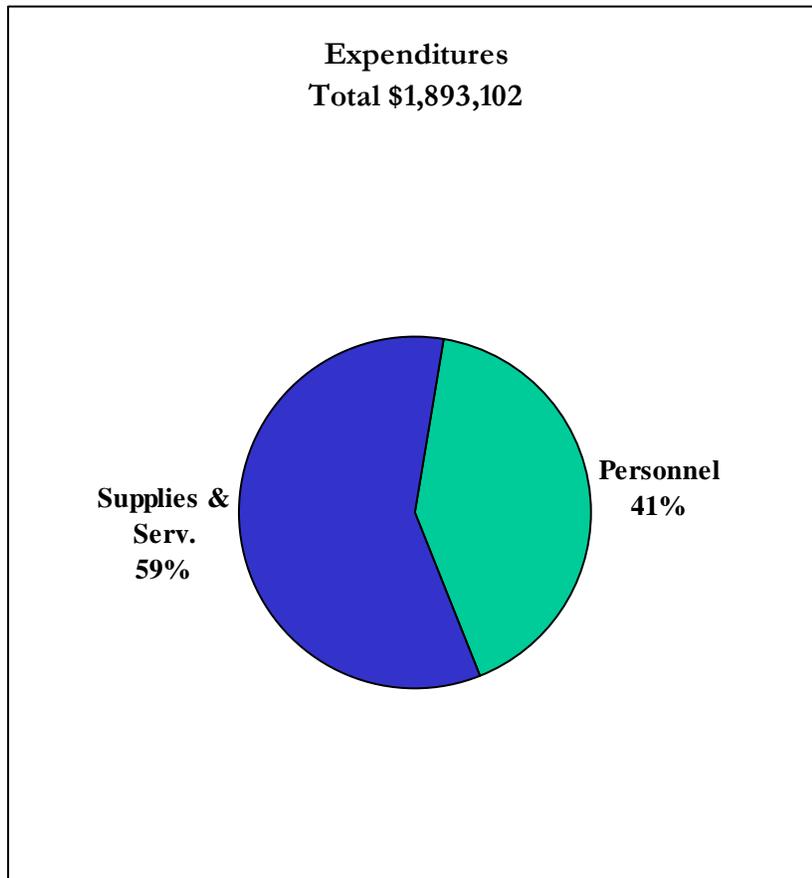
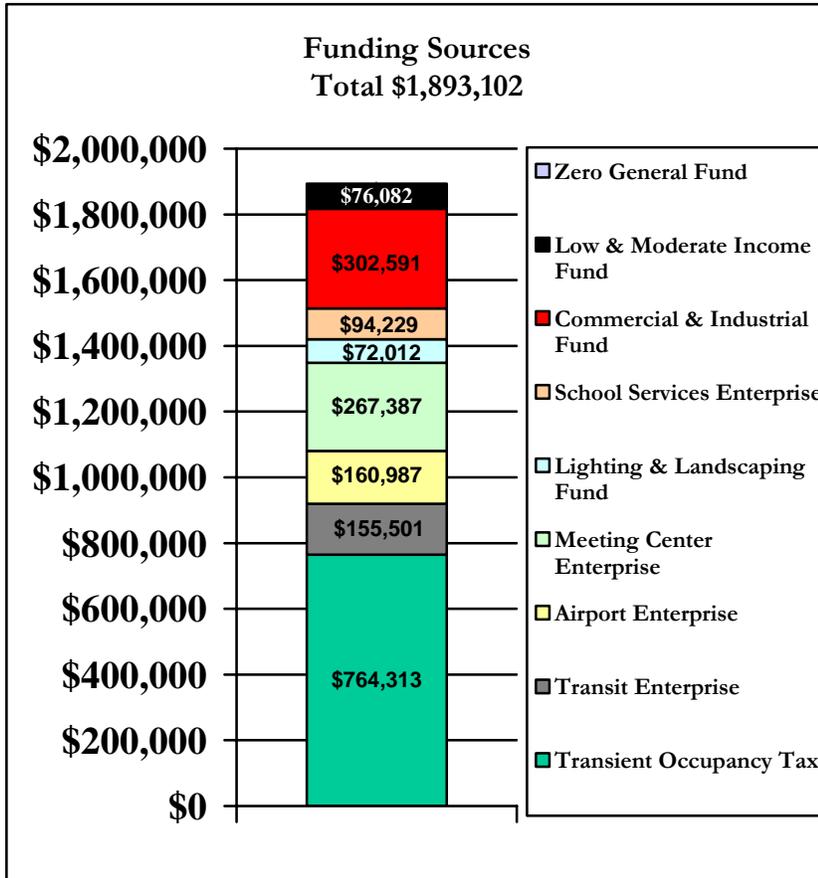
MAJOR DEPARTMENT GOALS FOR FISCAL YEAR 2005-2006

- ◆ Hire new permanent Community Services Director
- ◆ Upon retirement of current Senior Center Community Services Supervisor, begin recruitment for replacement
- ◆ Create a community activities plan and develop a recreation brochure
- ◆ Explore the feasibility of creating a Recreation Coordinator position
- ◆ Create plan for reconstruction of Plaza Park in 2006 for consideration by City council no later than September 2005
- ◆ Continue progress on current FAA Airport grants
- ◆ Assist Healdsburg Future Farmers Fair Board with their proposal to update Recreation Park FFA facilities and to construct a new storage building
- ◆ Determine public interest in a Healdsburg Sesquicentennial Celebration
- ◆ Re-establish Community Recreation Programs

FUTURE OBJECTIVES

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. Take advantage of opportunities to reorganize the Department due to attrition, state budget cuts, and part-time staff.

COMMUNITY SERVICES



COMMUNITY SERVICES

FUNDING SOURCES	FUNDING SOURCES 2005-2006
TRANSIENT OCCUPANCY TAX	\$ 764,313
TRANSIT ENTERPRISE	155,501
AIRPORT ENTERPRISE	160,987
MEETING CENTER ENTERPRISE	267,387
LIGHTING & LANDSCAPING FUND	72,012
SCHOOL SERVICES ENTERPRISE	94,229
COMMERCIAL & INDUSTRIAL FUND	302,591
LOW & MODERATE INCOME FUND	76,082
CAPITAL PROJECT FUNDING	90,000
TOTAL REVENUES	\$ 1,983,102

EXPENSES	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
WAGES & FRINGE BENEFITS	\$ 650,358	\$ 751,058	\$ 775,482	\$ 24,424	3%
OVERTIME	7,884	1,000	1,000	-	0%
SUPPORT TO OUTSIDE ORGANIZATIONS	29,005	19,400	19,400	-	0%
CONTRACTED SERVICES	269,640	407,800	497,722	89,922	22%
INSURANCE	8,942	8,942	8,942	-	0%
GOVERNMENT FEES	2,344	1,750	1,750	-	0%
EMPLOYMENT SERVICES	82	-	-	-	0%
PROJECT PARTICIPATION	74,732	66,000	68,250	2,250	3%
PROPERTY SERVICES	113,166	124,100	136,600	12,500	10%
ADDITIONAL PAY	4,250	4,200	4,200	-	0%
UNIFORM ALLOWANCE	1,489	1,850	2,200	350	19%
RENTALS	20,648	17,550	17,550	-	0%
SERVICE FEES	153,756	153,746	155,772	2,026	1%
REPLACEMENT FEES	17,188	17,184	22,348	5,164	30%
LOAN REPAYMENT- GENERAL FUND	1,668	1,666	1,666	-	0%
TELECOMMUNICATION SERVICE	10,465	9,220	10,040	820	9%
ADVERTISING & PUBLICATION	6,045	6,500	6,500	-	0%
PRINTING & BINDING	3,500	2,300	3,450	1,150	50%
SUPPLIES	172,880	144,390	153,730	9,340	6%
MEETINGS	3,299	3,600	4,500	900	25%
MEMBERSHIPS & DUES	1,170	1,140	850	(290)	-25%
TRAINING	869	1,150	1,150	-	0%
SHORT/OVER	7,386	-	-	-	0%
TOTAL OPERATING EXPENSES	1,560,766	1,744,546	1,893,102	148,556	9%
CAPITAL PROJECTS		560,134	90,000		
GRAND TOTAL EXPENSES		\$ 2,304,680	\$ 1,983,102		

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

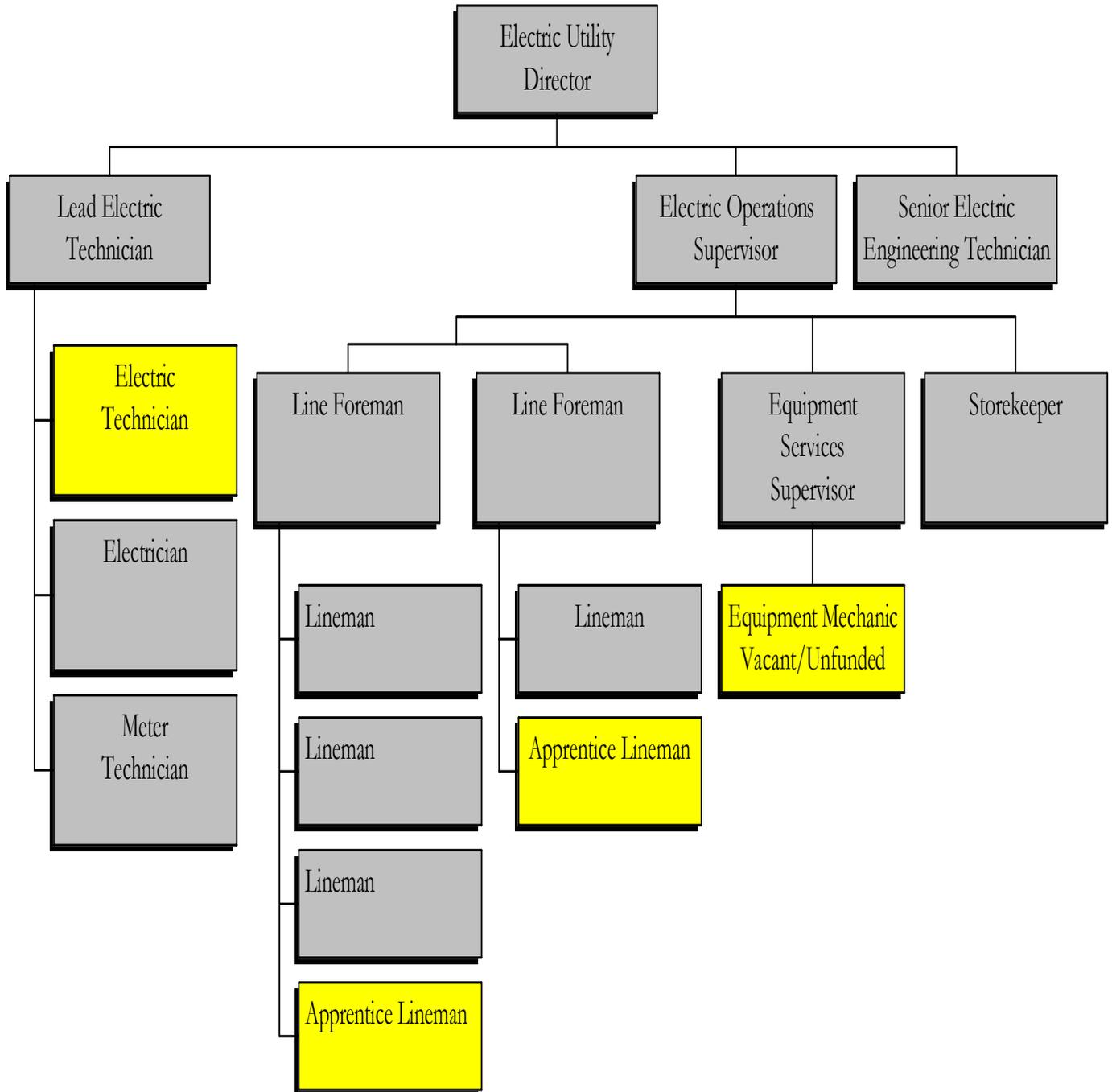
<u>Field Name</u>	<u>Location</u>
Fitch Mountain School - Multi Use Fields	565 Sanns Lane
Foss Creek School – Multi Use Fields, Basketball Courts	1557 Healdsburg Avenue
Giorgi Park-(2) Tennis Courts	600 University Street
Healdsburg Elementary School - Multi Use Fields	400 First Street
Healdsburg High 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 - 18
Total - 18
Full Time Equivalents - 18.0



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 and traffic signal systems. 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 customer 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 IN FISCAL YEAR 2004-2005

- Initiated succession-process due to retirement of key departmental positions.
- Initiated comprehensive pole replacement program.
- Initiated second phase of capacity expansion and reliability improvement to the City's Waste Water Treatment Facilities.
 - Magnolia Lift Station to WWTP 12 kV OVD Upgrade.
 - Healdsburg Ave-Palm 12 kV OVD Upgrade.
- Initiated expansive street light replacement program in the Powell Street area west of University due to extensive rusting of existing 40 year old plus streetlights.
- Completed LED traffic signal conversion project resulting in a 90% energy savings.
- Acquired several seasonal power contracts to meet City's short term power needs.

MAJOR DEPARTMENTAL GOALS FOR FISCAL YEAR 2005-2006

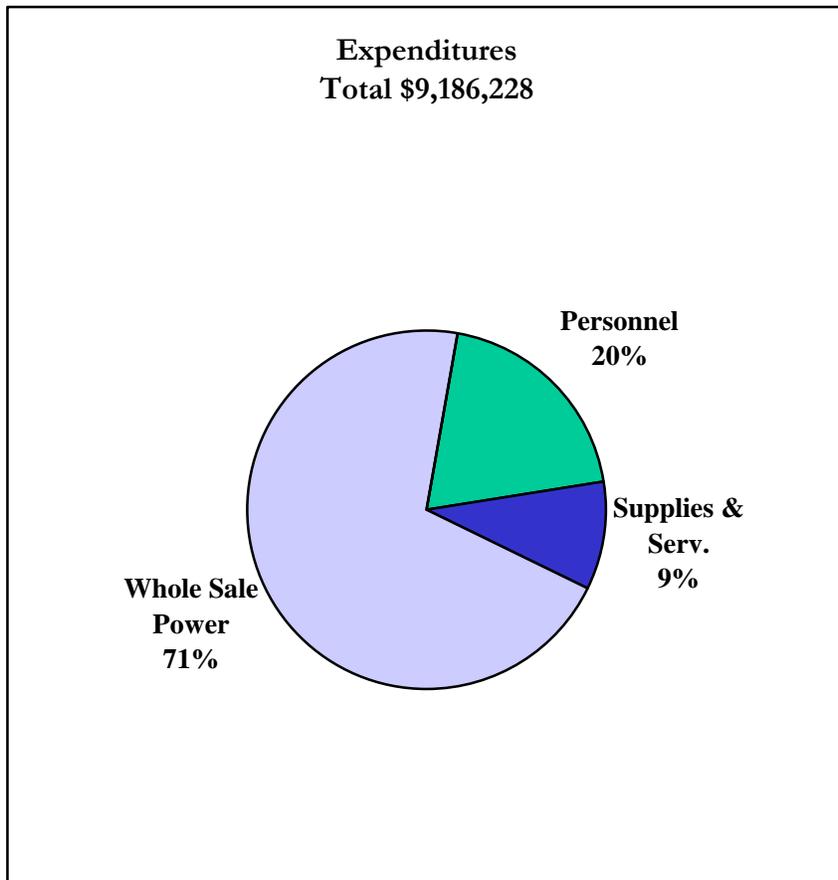
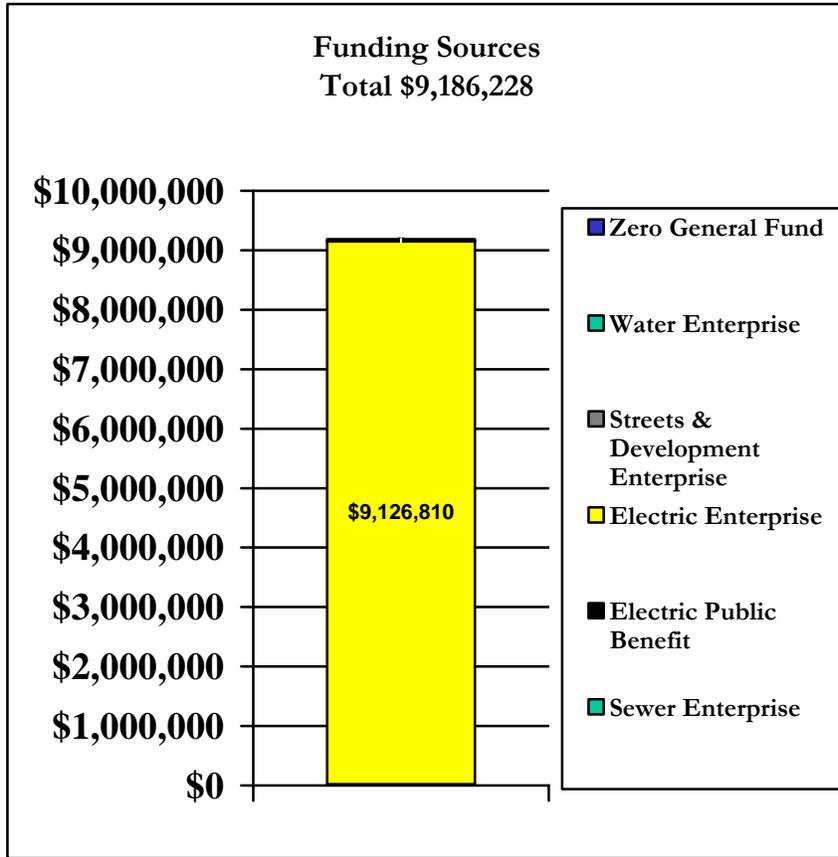
Electric Operations:

- ◆ Complete succession-process due to retirement of key departmental positions.
- ◆ Implement competitive actions in order to maintain financial stability.
- ◆ Continued investigation of new future generation sources through NCPA.
- ◆ Complete work toward creating a new cost-based rate structure for the electric utility and discontinue ties to PG&E rate tiers.
- ◆ Complete transfer of traffic signal maintenance to Public Works.
- ◆ Initiate and complete hot glove training of line crew personnel.
- ◆ Investigate competitive actions in order to provide responsiveness and local control over the community's needs and to provide additional sources of revenues for the General Fund.

Capital Construction:

- ◆ Continue replacement of 30-year-old plus equipment at Badger Electric Substation.
- ◆ Initiate Second major 12 kV feed into downtown area at Mill Street/Matheson area in order to handle increased load and improve system reliability in down town area due to new construction.
- ◆ Install Underground Freeway Crossing from Healdsburg Avenue to Kinley Drive near south entrance into City as part of on going capacity expansion and system reliability improvement of 12 kV feed to the City's Waste Water Treatment Facilities.
- ◆ As a follow up to a comprehensive power pole-testing program, continue expansive power pole replacement program.
- ◆ Continue expansive street light replacement program in the Powell Street area west of University due to extensive rusting of existing 40 year old plus streetlights.
- ◆ 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 2005-2006
MISC. GENERAL FUND REVENUES	\$ -
WATER ENTERPRISE	19,959
SEWER ENTERPRISE	19,959
ELECTRIC ENTERPRISE	9,126,810
ELECTRIC PUBLIC BENEFIT	500
STREETS & DEVELOPMENT ENTERPRISE	19,000
CAPITAL PROJECT FUNDING	517,000
TOTAL REVENUES	\$ 9,703,228

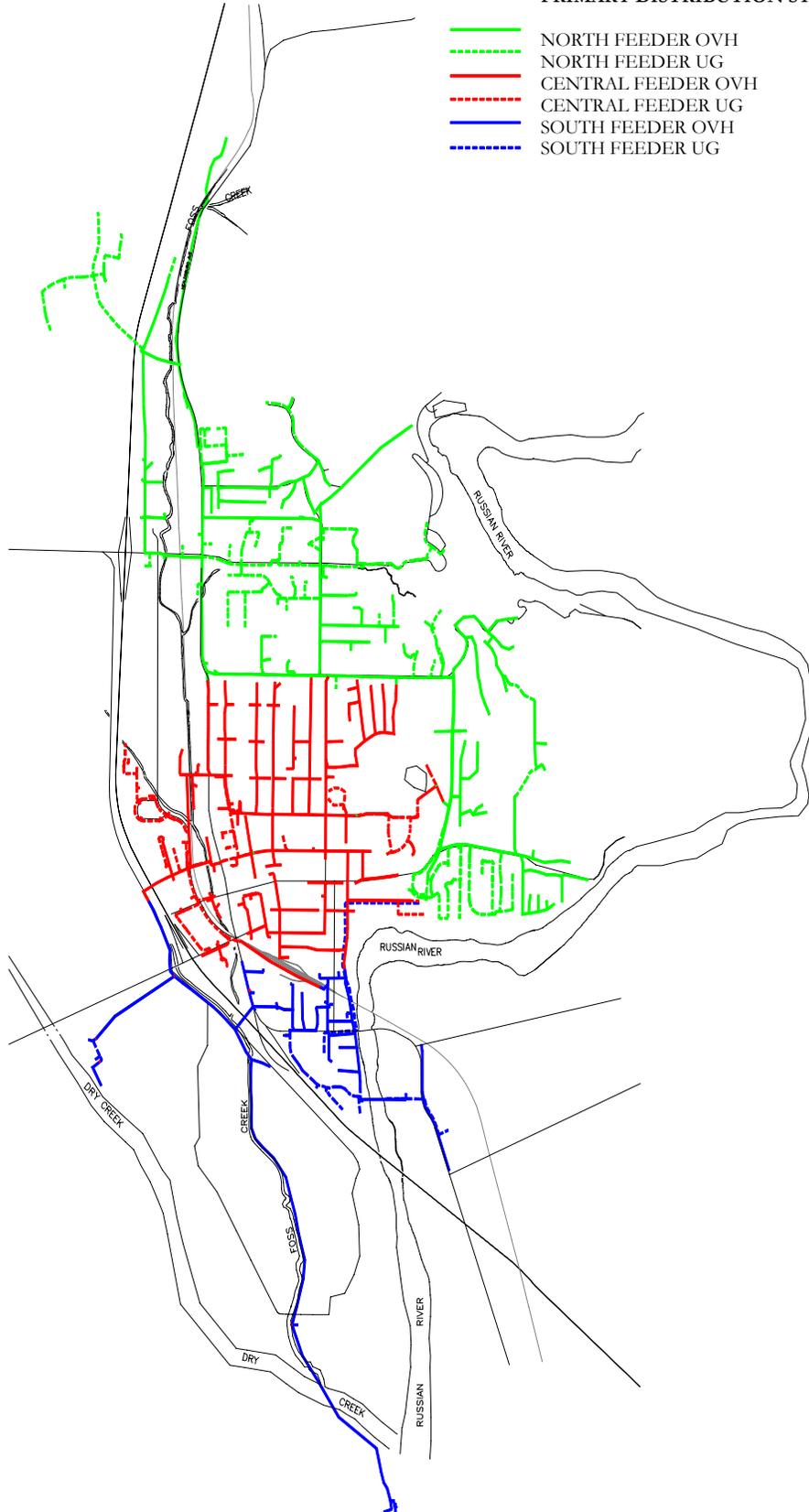
EXPENSES	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
WAGES & FRINGE BENEFITS	\$ 906,528	\$ 1,177,452	\$ 1,757,988	\$ 580,536	49%
OVERTIME & STAND BY	19,409	42,095	42,000	(95)	0%
CONTRACTED SERVICES	97,420	180,300	180,300	-	0%
GOVERNMENT FEES	339	800	800	-	0%
EMPLOYMENT SERVICES	-	-	-	-	0%
PROPERTY SERVICES	56,808	56,800	56,800	-	0%
ADDITIONAL PAY	-	4,200	4,200	-	0%
UNIFORM ALLOWANCE	4,164	4,000	5,000	1,000	25%
RENTALS	24	-	500	500	0%
SERVICE FEES	199,312	199,308	201,822	2,514	1%
REPLACEMENT FEES	85,048	85,046	103,795	18,749	22%
USE FEES	155,000	150,000	150,000	-	0%
TRENCH CUT FEES	-	5,000	5,000	-	0%
LOAN REPAYMENT- GENERAL FUND	9,268	9,266	9,266	-	0%
LEASE RENTALS	4,482	4,500	4,635	135	3%
TELECOMMUNICATION SERVICE	5,274	21,000	21,000	-	0%
ADVERTISING & PUBLICATION	264	350	350	-	0%
PRINTING & BINDING	-	-	-	-	0%
SUPPLIES	235,328	113,150	116,180	3,030	3%
NCPA POWER COST	4,910,373	6,664,436	6,489,592	(174,844)	-3%
MEETINGS	2,399	10,000	10,000	-	0%
MEMBERSHIPS & DUES	2,598	5,000	5,500	500	10%
TRAINING	3,866	10,000	20,000	10,000	100%
OTHER EMPLOYEE EXPENSES	348	1,000	1,500	500	0%
LOSS IN DISPOSAL	8,545	-	-	-	0%
SHORT/OVER	61,074	-	-	-	0%
TOTAL OPERATING EXPENSES	6,767,871	8,743,703	9,186,228	442,525	5%
CAPITAL PROJECTS		1,043,000	517,000		
GRAND TOTAL EXPENSES		\$ 9,786,703	\$ 9,703,228		

ELECTRIC UTILITY

Notes:

ELECTRIC UTILITY

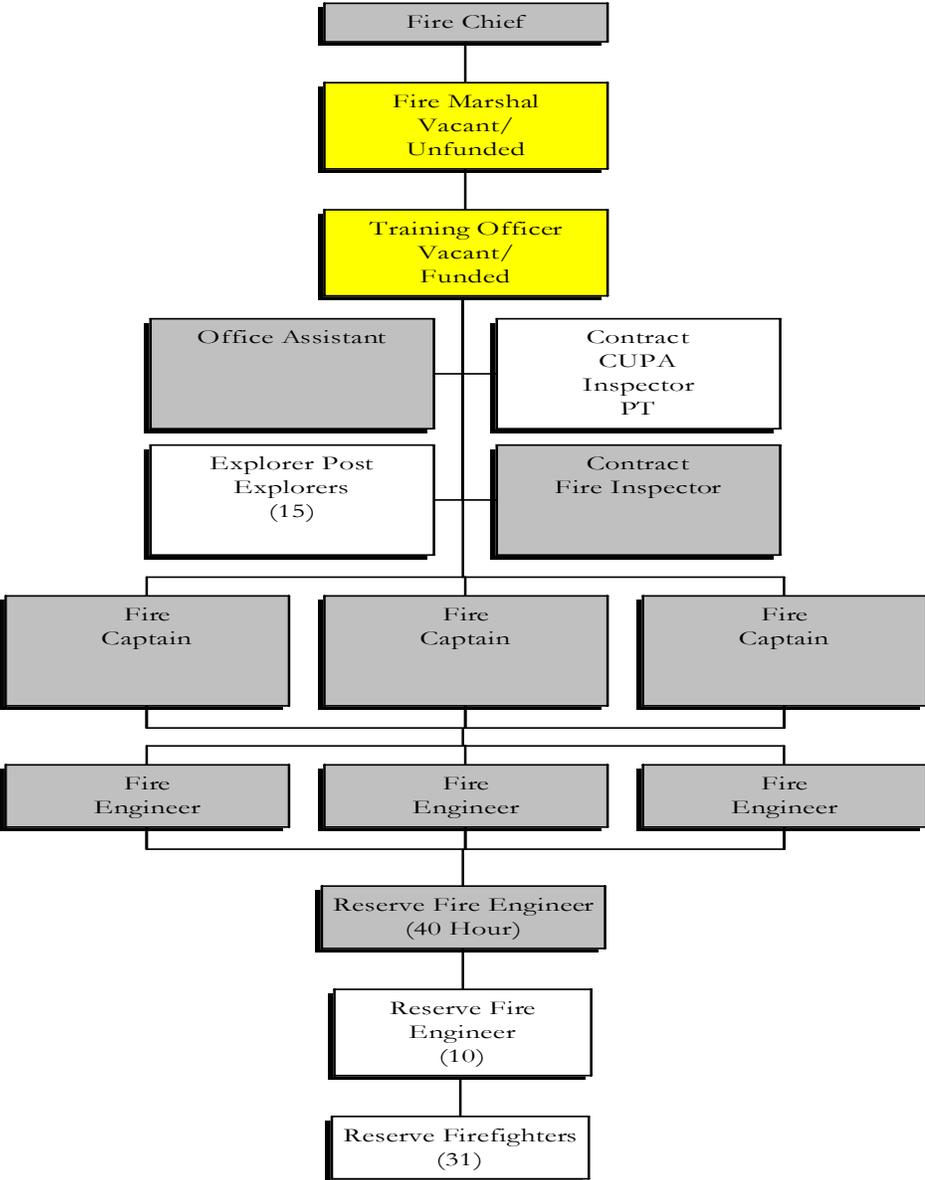
CITY OF HEALDSBURG PRIMARY DISTRIBUTION SYSTEM



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 providing emergency & first aid response to medical emergencies and vehicle accidents. Additionally, fire prevention, disaster preparedness, weed abatement and hazardous materials management are important programs under their jurisdiction. As a combination fire agency with 38 reserves, the department uses seven full time staff to support the volunteers and to 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, assisting in 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 ill. Staff is dispatched on all life threatening emergencies as a "First Responder" at the Emergency Medical Technician I (EMT-I) level. 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 DEPARTMENT TASKS COMPLETED FY 2004-2005

- Responded to a record number of 1426 incidents, a 6.4% increase over the previous year and a 68% increase over the last 10 years.
- Equipped and placed in service a Multi-Casualty Incident Trailer.
- Recruited and trained five new reserve firefighters.

- ☑ Hired and trained a part-time Fire Inspector.
- ☑ Obtained 8 Digital Radio/Pagers through a County Fire Chief's communications grant.
- ☑ Implemented a low interest loan program to retrofit high fire flow buildings with fire sprinkler systems.
- ☑ Implemented a Smoke Detector Education and Installation Program for the Hispanic Community.
- ☑ Implemented an "On-Call" shift program to augment evening staffing to assist handling increasing simultaneous call volume.
- ☑ Conducted a promotional test for the position of Fire Engineer to establish a list of qualified candidates.
- ☑ Conducted a joint promotional test for the position of Fire Captain with Windsor and Rincon Valley Fire Districts to fill the vacant Captain's position.
- ☑ Successfully completed a State triennial audit of the department's CUPA Program.
- ☑ Participated in the 2005 California Fire Explorer Academy in Chula Vista.
- ☑ Conducted 22 CPR Classes including two Spanish Language Classes
- ☑ Conducted a cost recovery analysis of and amended the department's fee schedule to reflect the true cost of providing those services provided by the department.
- ☑ Brought all Underground Storage Tank (UST) sites into compliance with new UST regulations.
- ☑ Conducted over 2800 hours of volunteer training.
- ☑ Performed over 1030 fire code and hazardous materials inspections & re-inspections.
- ☑ Performed over 52 hours of public education activities.
- ☑ Began efforts toward developing a 3 & 5 year Strategic Plans to address staffing and equipment issues.
- ☑ Updated a draft of the City's Emergency Plan and Recovery Manual.
- ☑ Set-up and partially activated the City's Emergency Operation's Center during the Geysers Fire.
- ☑ Prepared and opened the Healdsburg Armory for use as the Geysers Fire Evacuation shelter.
- ☑ Committed an engine and crew to the Geysers Fire for five days.

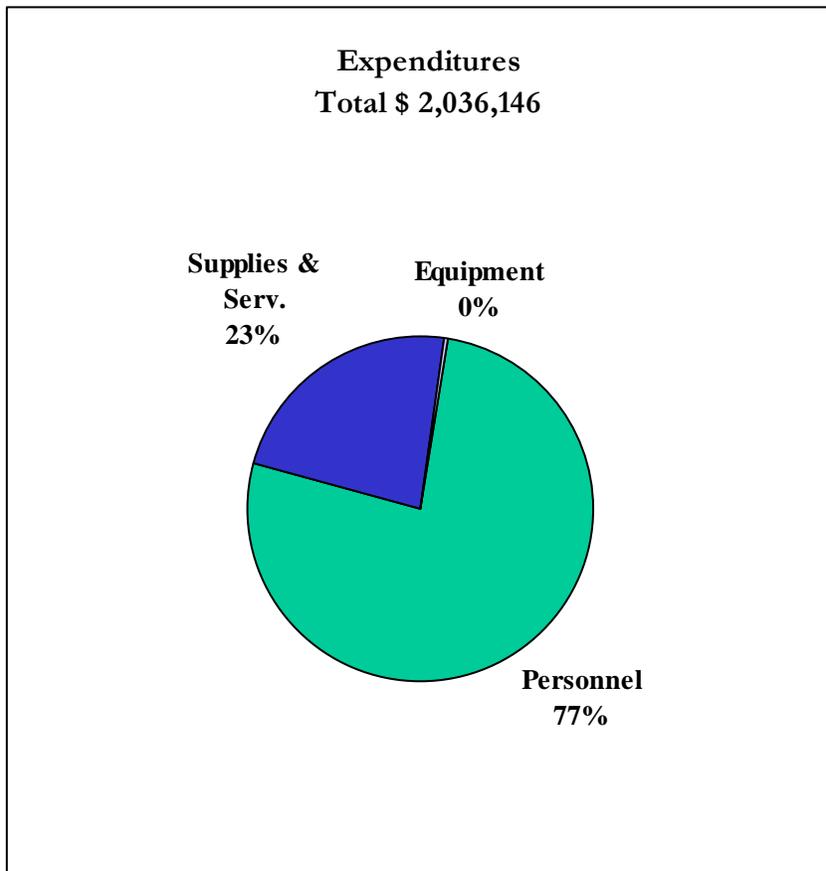
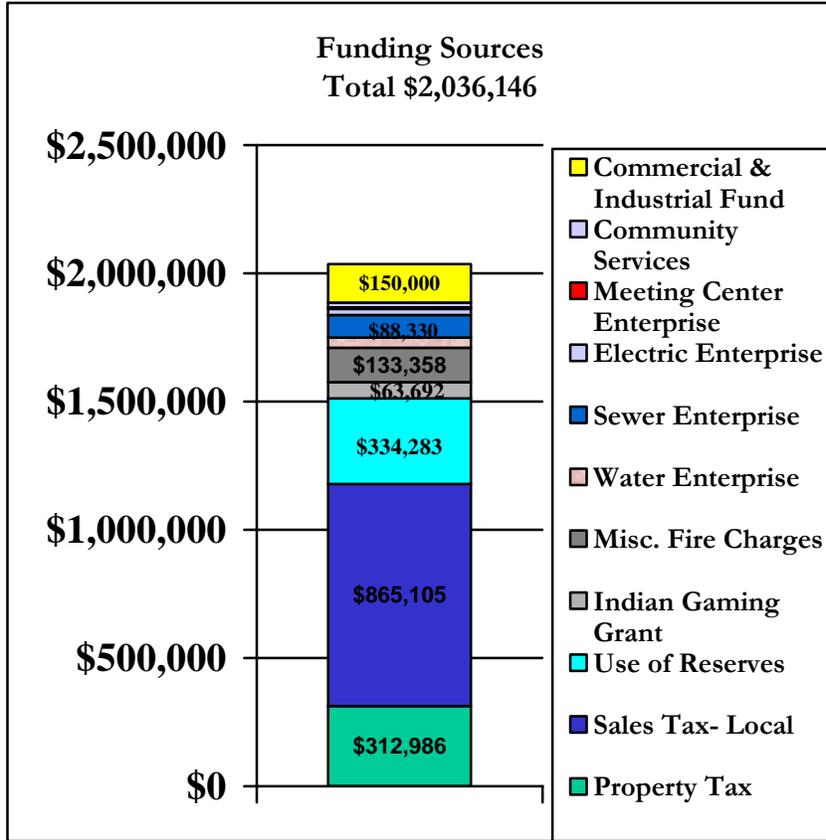
MAJOR DEPARTMENT GOALS FOR FISCAL YEAR 2005-2006

- ◆ Complete the Strategic Plan for the department to address future staffing and equipment issues.
- ◆ Fill the vacant Fire Captain's position.
- ◆ Fill anticipated vacancy for the position of Fire Engineer.
- ◆ Establish a 40 Hr Training Officer's position to address increased turnover and Training requirements.
- ◆ Increase the Part Time Office Assistant position to Full Time Status.
- ◆ Continue to implement the loan program to retrofit target buildings with fire sprinkler systems.
- ◆ Secure FEMA Grant to fund purchase of alarm devices for breathing apparatus and portable radios.
- ◆ Complete and secure FEMA approval of the City's *Disaster Hazard Mitigation Plan*.
- ◆ Complete the adoption and implementation process for the City's Emergency Plan, Recovery Manual, and other associated documents and conduct City-wide training on the plan.
- ◆ Explore ways to motivate Reserve Firefighters given increasing commitment required.
- ◆ In conjunction with CDF, re-evaluate and modify as needed, the City's High Fire Severity (Bates) Zone.

FUTURE OBJECTIVES

Given the transition the Department is experiencing, its efforts will be focused on implementing those measures identified in the Strategic Plan necessary to maintain existing service levels and meet the expectations of the community. Past cuts continue to limit the capabilities of the department and without an increase in existing staffing levels, the Department anticipates no ability to make significant improvements to keep pace with community growth. With recent retirements of several long time employees, the department will continue to emphasize training and career development to facilitate a smooth transition for the department including long term plans to restore the Fire Marshal's position. The Department will also explore the feasibility of providing subsidized housing for Fire personnel.

FIRE



FUNDING SOURCES	FUNDING SOURCES 2005-2006
SALES TAX	865,105
PROPERTY TAX	312,986
INDIAN GAMING GRANT	63,692
COMMUNITY SERVICES	19,156
MISCELLANEOUS FIRE CHARGES	133,358
WATER ENTERPRISE	39,936
SEWER ENTERPRISE	88,330
ELECTRIC ENTERPRISE	22,848
MEETING CENTER ENTERPRISE	6,452
COMMERCIAL & INDUSTRIAL FUND	150,000
USE OF RESERVES	334,283
TOTAL REVENUES	\$ 2,036,146

EXPENSES	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
WAGES & FRINGE BENEFITS	\$ 878,585	\$ 1,019,680	\$ 1,454,454	\$ 434,774	43%
OVERTIME	108,842	107,000	103,000	(4,000)	-4%
CONTRACTED SERVICES	25,362	60,600	214,600	154,000	254%
PROPERTY SERVICES	31,485	3,000	3,000	-	0%
ADDITIONAL PAY	4,250	4,200	4,200	-	0%
UNIFORM ALLOWANCE	8,478	6,243	6,243	-	0%
RENTALS	221	1,600	1,600	-	0%
SERVICE FEES	134,728	134,723	135,588	865	1%
REPLACEMENT FEES	27,956	27,955	28,261	306	1%
TELECOMMUNICATION SERVICE	8,271	9,100	9,100	-	0%
ADVERTISING & PUBLICATION	-	300	300	-	100%
PRINTING & BINDING	451	750	750	-	0%
SUPPLIES	33,826	45,250	45,250	-	0%
MEETINGS	367	800	800	-	0%
MEMBERSHIPS & DUES	2,656	3,000	3,000	-	0%
TRAINING	6,217	14,281	19,000	4,719	33%
CAPITAL ITEMS	-	14,740	7,000	(7,740)	-53%
BAD DEBT	-	-	-	-	0%
TOTAL EXPENSES	\$ 1,271,695	\$ 1,453,222	\$ 2,036,146	\$ 582,924	40%

FIRE

2000 to 2004 EMERGENCY RESPONSES

Emergency Responses:	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Structure Fires	34	24	28	27	72
Vehicle Fires	13	11	21	24	15
Vegetation Fires	27	49	43	55	39
Other Fires	22	18	26	51	12
Emergency Medical	492	563	555	572	594
Hazardous Material/Condition	31	17	91	80	102
Vehicle Accidents	84	73	71	97	110
Other	<u>544</u>	<u>561</u>	<u>452</u>	<u>456</u>	<u>482</u>
TOTALS	1,247	1,316	1,287	1,342	1,426

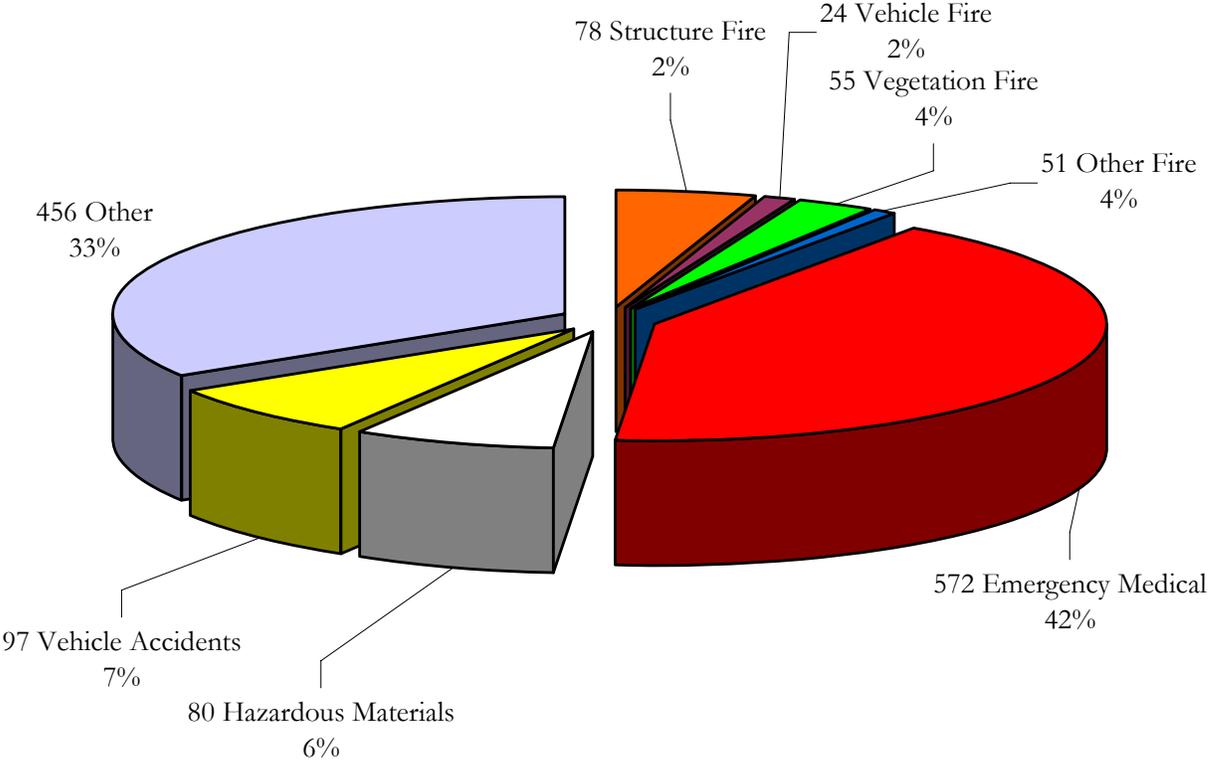
FIRE, EXPLOSION Includes fires out on arrival and combustible explosion with no fire. Excluded are overheated or excessive heat, unauthorized burning and controlled burning.

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 arcing, radioactive conditions and attempted burning.

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

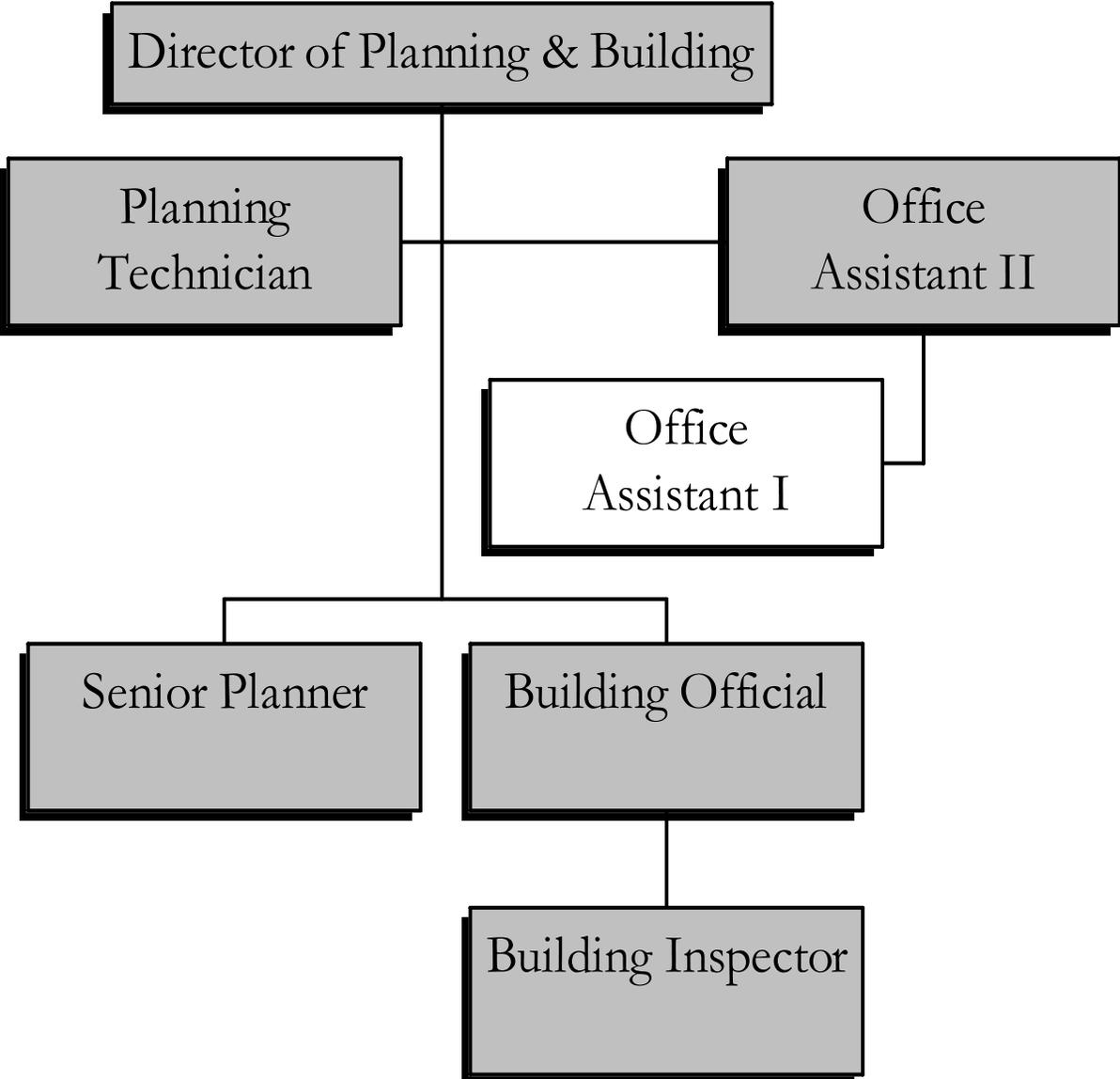
**Fire Service Calls
Number of Calls By Type for Calendar Year 2004**



PLANNING & BUILDING

Notes:

Full Time - 6
Temp - 1
Total - 7
Full Time Equivalents - 7.0



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 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 Palomino Court and 20 W. Grant Street apartment projects and 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.

MAJOR DEPARTMENT TASKS COMPLETED IN FISCAL YEAR 2004- 2005

- Implemented the downtown sign program and winery directional program
- Administered the Foss Creek Pathway Project and associated grants
- Initiated a possible expansion to the 308 East Street transitional housing project
- 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 and completion of the Palomino Court Subdivision
- Coordinated the Railroad Depot renovation with Sonoma County Transit District and other City Departments
- Completed Phase I Housing Element Implementation Program

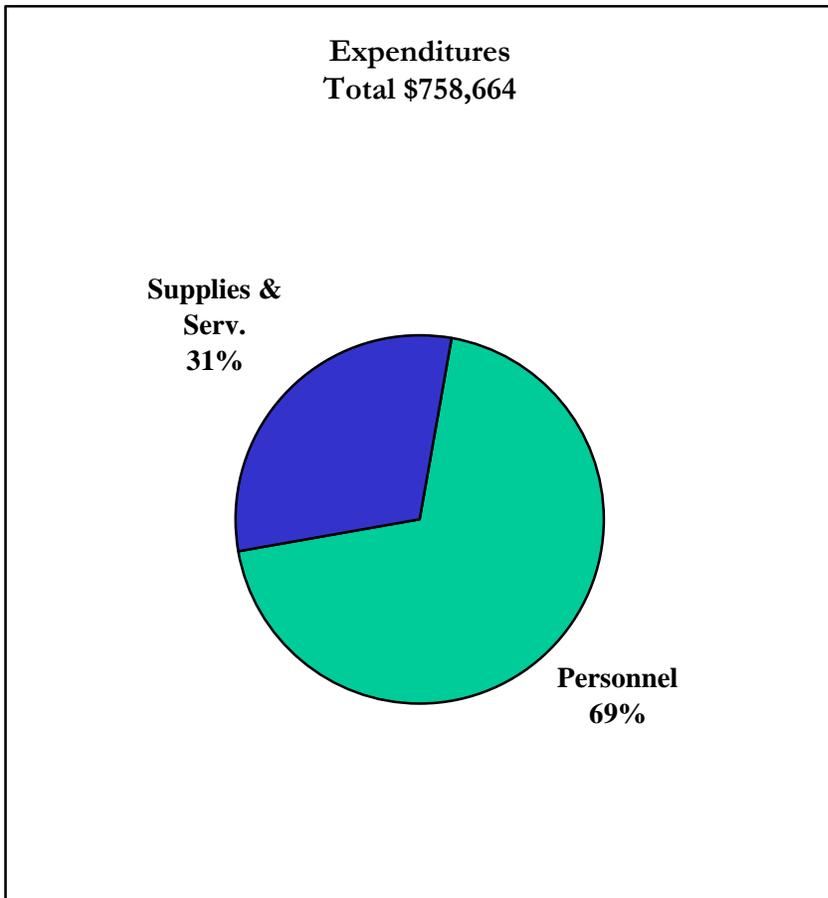
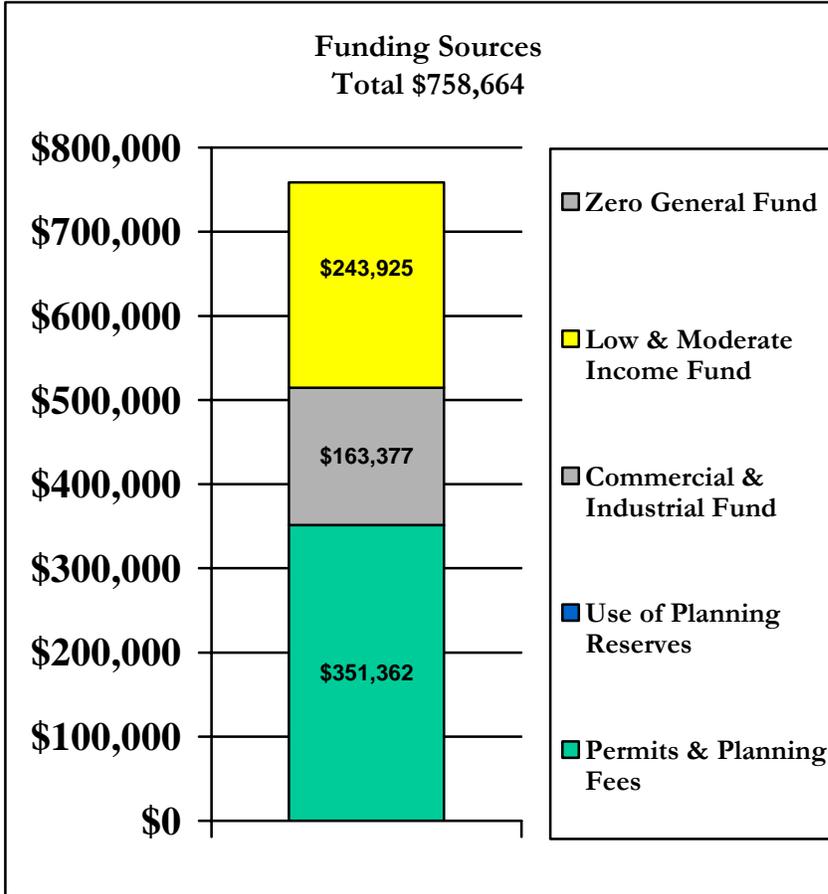
MAJOR DEPARTMENTAL TASKS FOR FISCAL YEAR 2005- 2006

- Complete update of all elements of the General Plan
- Implement a computerized permit processing system for planning and building
- Complete Foss Creek Pathway Plan
- Complete Phase II of the Housing Element Implementation program
- Re-initiate the City Entryways planning effort
- Complete permit processing for the expansion of the 308 East Street transitional housing project
- 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



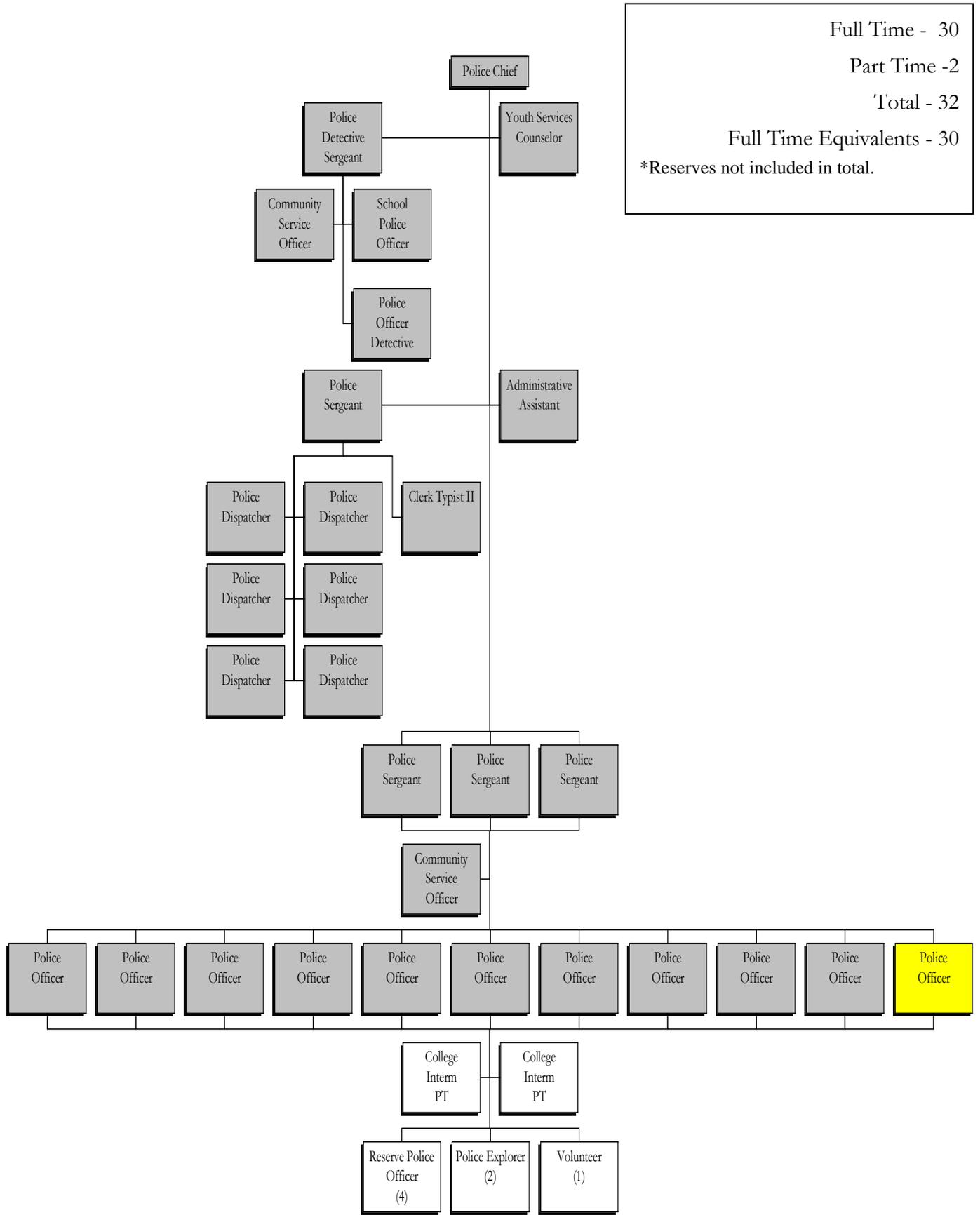
PLANNING & BUILDING

FUNDING SOURCES	FUNDING SOURCES 2005-2006
PERMITS & PLANNING FEES	\$ 351,362
COMMERCIAL & INDUSTRIAL FUND	163,377
LOW & MODERATE INCOME FUND	243,925
CAPITAL PROJECT FUNDING	415,000
TOTAL REVENUES	\$ 1,173,664

EXPENSES	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
WAGES & FRINGE BENEFITS	\$ 432,330	\$ 529,978	\$ 525,436	\$ (4,542)	-1%
OVERTIME	2,138	500	2,000	1,500	300%
CONTRACTED SERVICES	138,897	124,449	126,500	2,051	2%
GOVERNMENT FEES	140	125	-	(125)	100%
PROJECT BUDGET	2,423	-	-	-	0%
PROJECT PARTICIPATION	9,827	5,000	-	(5,000)	-100%
ADDITIONAL PAY	4,250	4,200	4,200	-	0%
UNIFORM ALLOWANCE	-	100	-	(100)	-100%
RENTALS	-	-	-	-	0%
SERVICE FEES	52,828	52,826	51,696	(1,130)	-2%
REPLACEMENT FEES	16,460	16,453	17,127	674	4%
TELECOMMUNICATION SERVICE	3,151	5,700	4,200	(1,500)	-26%
ADVERTISING & PUBLICATION	6,640	8,800	8,800	-	0%
PRINTING & BINDING	-	500	-	(500)	-100%
SUPPLIES	7,455	10,700	7,400	(3,300)	-31%
MEETINGS	5,534	7,420	7,855	435	6%
MEMBERSHIPS & DUES	735	950	750	(200)	-21%
TRAINING	1,081	2,700	2,700	-	0%
TOTAL OPERATING EXPENSES	683,889	770,401	758,664	(11,737)	-2%
CAPITAL PROJECTS		1,415,000	415,000		
GRAND TOTAL EXPENSES		\$ 2,185,401	\$ 1,173,664		

POLICE

Notes:



Full Time - 30
 Part Time - 2
 Total - 32
 Full Time Equivalents - 30
 *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 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.

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 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." PAC raises 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.

MAJOR DEPARTMENTAL TASKS COMPLETED IN FISCAL YEAR 2004-2005

- ☑ New Officer deployment strategies were developed that enabled Officers the opportunity to conduct problem solving strategies for chronic problems. This was done by dividing the city geographically and assigning area responsibility to each officer, as well as deploying officers based on number of incidents occurring and time of day/day of week of the occurrence.
- ☑ By reorganizing the structure of the department, we were able to assign two detectives to investigations rather than one. This will allow for a more timely response to lengthy investigations.
- ☑ Healdsburg is sharing 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 2004
- ☑ The Communications Software Upgrade was completed
- ☑ The following grants were awarded to the Police Department
 - Alcohol Beverage Control grant, \$16,938
 - Minor Decoy Program to reduce the number of minors purchasing alcohol
 - Office of Traffic Safety Seatbelt Grant, \$13,252
 - Pays for all the overtime costs used to enforce California's seatbelt law
 - Office of Traffic Safety DUI Enforcement Grant, \$75,000
 - Pays for all the overtime costs used to enforce California's driving while intoxicated laws. It also pays for digital video cameras mounted in the patrol cars.
 - Indian Gaming Special Distribution Funds, \$110,000
 - Pays for traffic enforcement efforts toward making the City safer for our visitors and residents
 - Explorers were paid \$1,000 for Passport Weekend parking enforcement
 - Automated External Defibrillators, \$30,000
 - All vehicles are equipped with AED's
- ☑ Twenty-three employees and six citizens were recognized for their exemplary contribution to the community and the Department

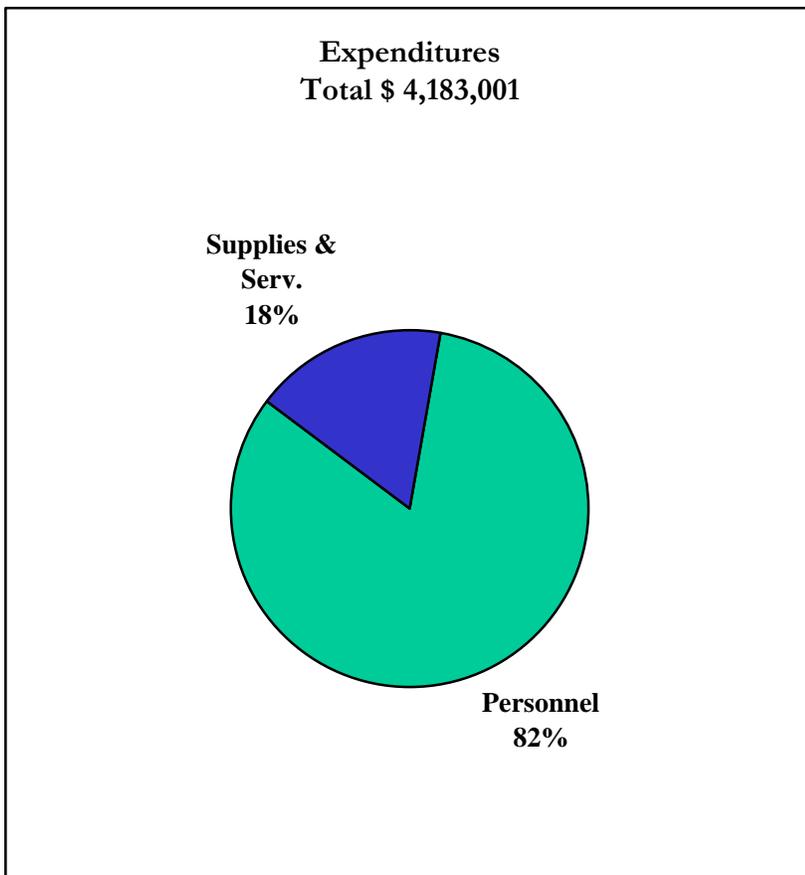
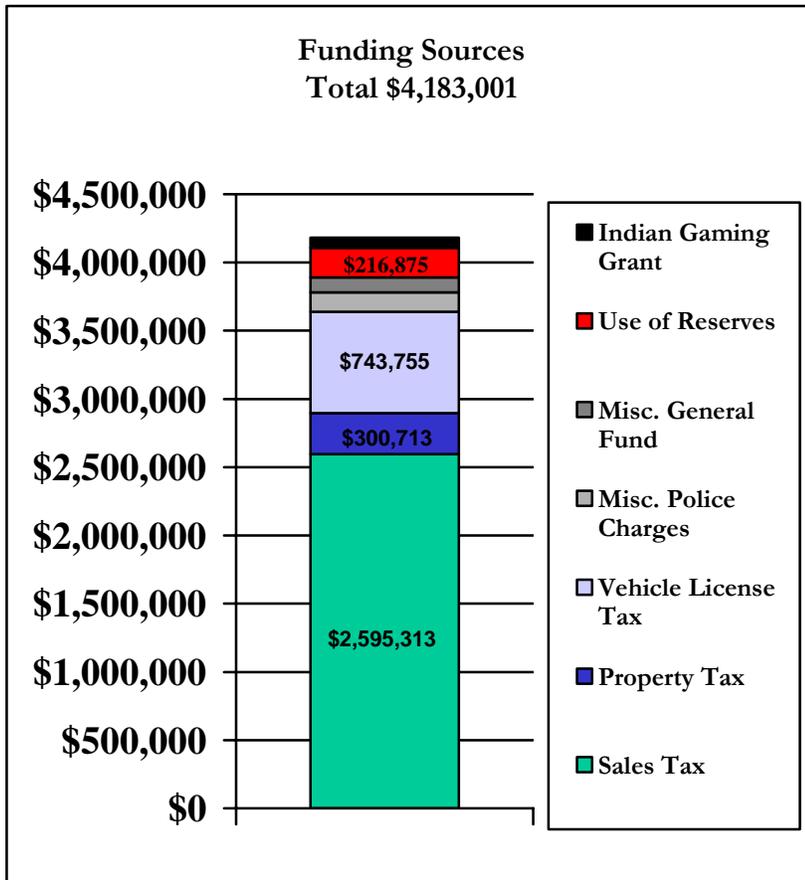
MAJOR POLICE DEPARTMENT GOALS FOR FISCAL YEAR 2005-2006

- Develop a 5-year Strategic Plan for the Department considering community growth and Department staffing
- Reduce overtime expenditures
- 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 2005-2006
SALES TAX	\$ 2,595,313
PROPERTY TAX	300,713
INDIAN GAMING GRANT	74,265
VEHICLE LICENSE FEES	743,755
MISC.GENERAL FUND REVENUES	110,592
MISCELLANEOUS POLICE CHARGES	141,488
USE OF RESERVES	216,875
TOTAL REVENUES	\$ 4,183,001

EXPENSES	ACTUAL	ADOPTED	BUDGET	DIFFERENCE	%
	2003-2004	2004-2005	2005-2006	FROM 2004-2005	DIFFERENCE
WAGES & FRINGE BENEFITS	\$ 2,544,242	\$ 3,044,838	3,448,207	\$ 403,369	13%
OVERTIME	214,594	140,000	200,000	60,000	43%
CONTRACTED SERVICES	182,053	100,200	101,450	1,250	1%
ADDITIONAL PAY	-	-	-	-	0%
UNIFORM ALLOWANCE	18,350	18,000	18,000	-	0%
RENTALS	-	-	200	200	0%
SERVICE FEES	272,152	272,149	264,061	(8,088)	-3%
REPLACEMENT FEES	63,544	63,541	69,103	5,562	9%
TELECOMMUNICATION SERVICE	12,830	12,100	14,800	2,700	22%
ADVERTISING & PUBLICATION	-	-	300	300	0%
PRINTING & BINDING	1,402	2,000	500	(1,500)	-75%
SUPPLIES	50,032	50,582	39,080	(11,502)	-23%
EXPENDABLE EQUIPMENT	-	-	-	-	0%
MEETINGS	1,030	800	1,000	200	25%
MEMBERSHIPS & DUES	1,117	1,300	1,500	200	15%
TRAINING	20,799	23,600	24,800	1,200	5%
CAPITAL ITEMS	-	-	-	-	0%
TOTAL OPERATING EXPENSE	3,382,145	3,729,110	4,183,001	453,891	12%

PUBLIC WORKS

Notes:

PUBLIC WORKS

The Public Works Department is responsible for construction, operations, and maintenance of most of the City's infrastructure. Specific areas of responsibility include public streets (including sidewalks, street and traffic 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), and the storm drainage system (including maintenance of storm drain pipes, creeks, and storm water detention basins). 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, three engineers, one engineering technician, and one administrative assistant who are responsible for all traffic, water, sewer, drainage, and development engineering. Most of the staff time is devoted to answering inquiries from the public, processing and inspecting development projects 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.

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. Emergency call-out and related overtime averages approximately 2,700 hours per year for this group.

The Wastewater section was previously combined with the Water section. This year it is being separated and expanded to prepare for the operation of the City's new wastewater treatment plant, which is scheduled to be operational 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 so that they can work in whichever area they are most needed. This group's top priority is the operation and maintenance of the water and wastewater systems to protect public health and the environment.

MAJOR DEPARTMENT TASKS COMPLETED IN FY 2004-2005

- ☑ Completed the Draft EIR 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 installation of new pedestrian bridge to Badger Park
- ☑ Completed construction of pedestrian improvements to provide access between the Healdsburg Hospital and the Alliance medical center
- ☑ Made significant progress toward completing the remediation of failing water services in Area "A" and accepting the public improvements for affected subdivisions
- ☑ Completed the overhaul of the electrical service and control equipment for the Gauntlett Well field
- ☑ Processed 220 building permits, 38 Planning Commission items, 6 subdivision final/parcel maps, 9 subdivision tentative maps, 5 sets of subdivision improvement plans, 8 agreements, and 65 encroachment permits
- ☑ Completed the upgrade of the City SCADA system to improve the reliability and decrease the cost to operate the City's water and sewer utilities

MAJOR DEPARTMENTAL GOALS FOR FISCAL YEAR 2005-2006

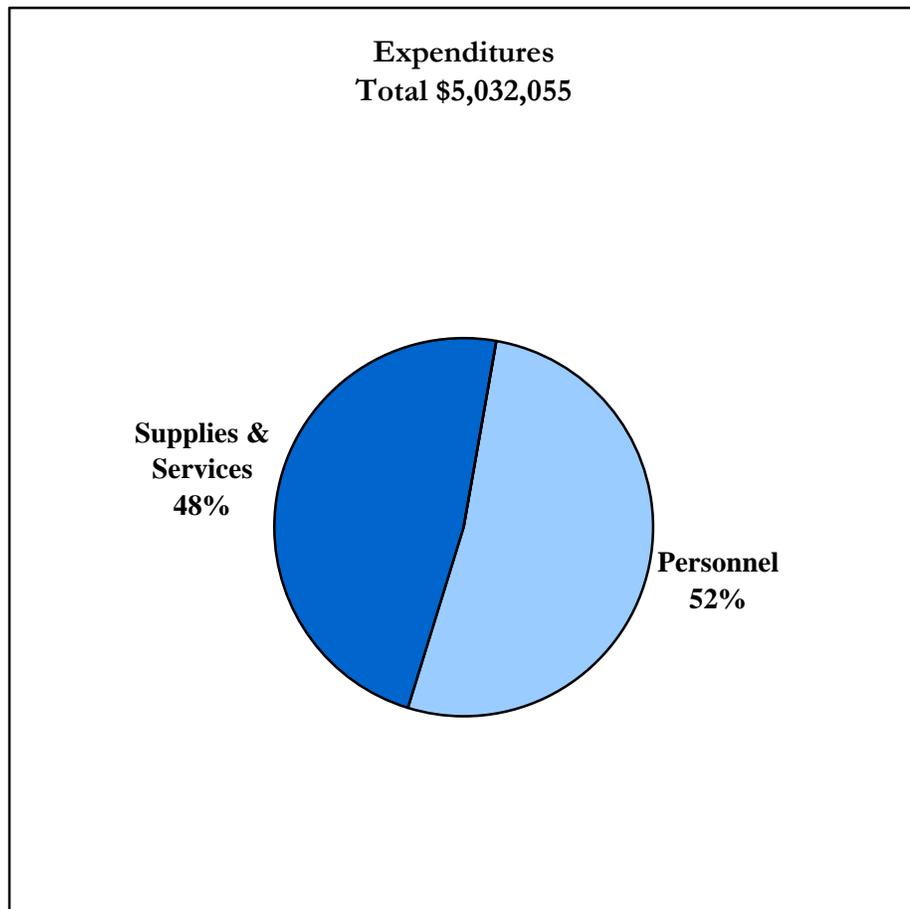
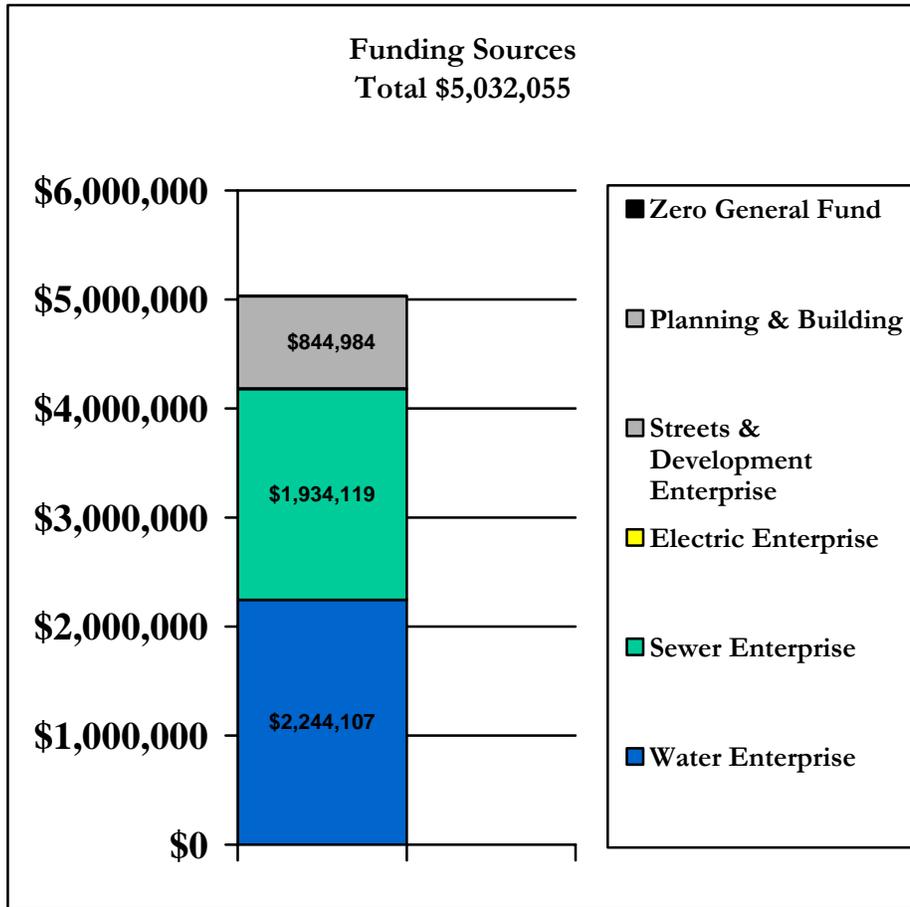
- ◆ Complete the design and secure the funding for the Wastewater Treatment Plant Upgrades Project
- ◆ Update Development Impact Fees for water, sewer, and streets to fully fund infrastructure needs
- ◆ Secure a revised Flood Insurance Rate Map from FEMA
- ◆ Formulate and implement programs, policies, and procedures to comply with the City's new phase II stormwater NPDES permit
- ◆ Revise City Ordinances and design and construction standards to help encourage infill development while protecting adjoining properties from new impacts
- ◆ Complete the installation of the first phase of the Foss Creek Trail project
- ◆ Seek permits and other approvals for the construction of phases two and three 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



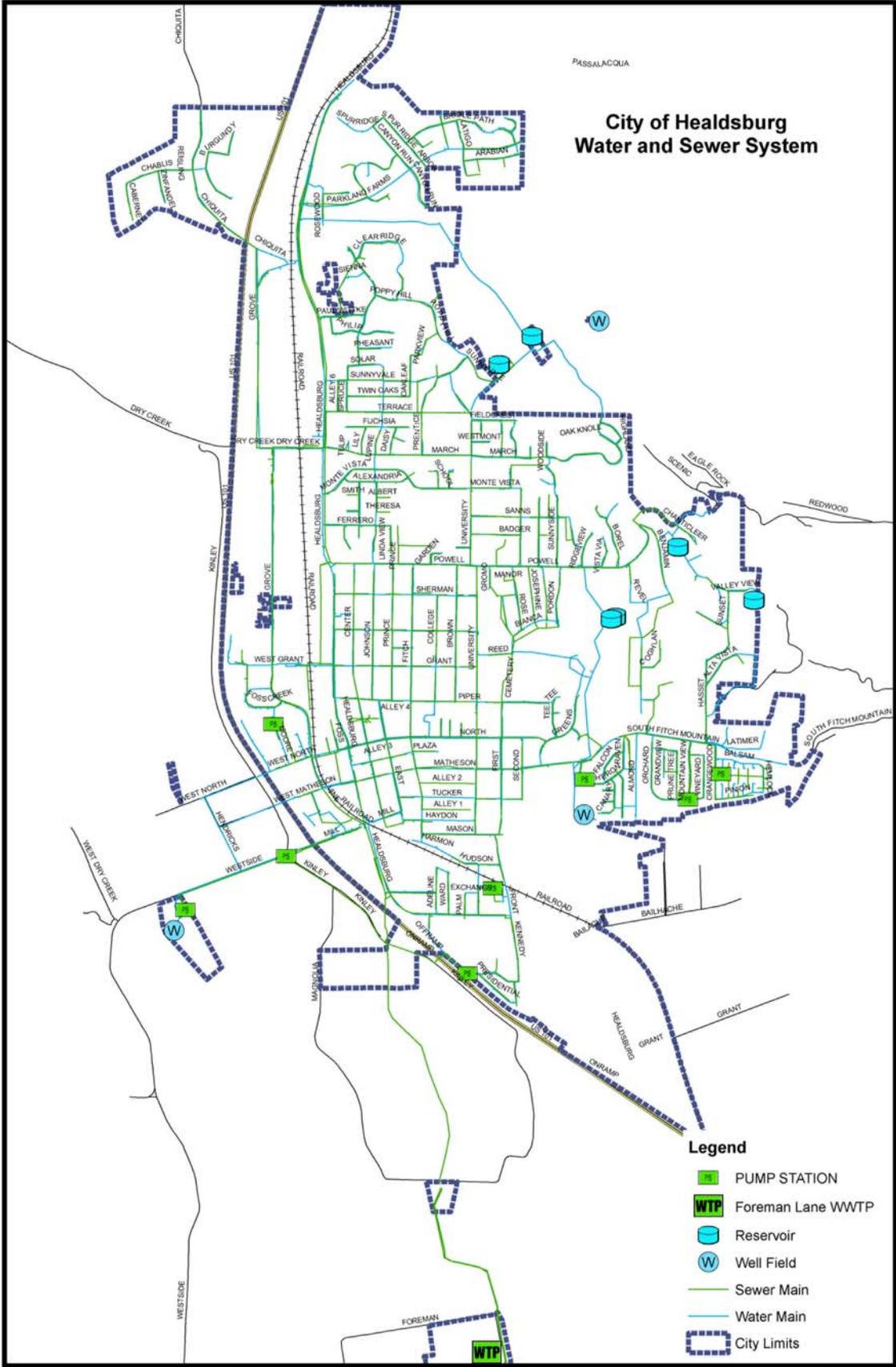
PUBLIC WORKS

FUNDING SOURCES	FUNDING SOURCES 2005-2006
WATER ENTERPRISE	\$ 2,244,107
SEWER ENTERPRISE	1,934,119
ELECTRIC ENTERPRISE	4,950
PLANNING & BUILDING ENTERPRISE	3,895
STREETS & DEVELOPMENT ENTERPRISE	844,984
CAPITAL PROJECTS	<u>17,035,000</u>
TOTAL REVENUES	<u>\$ 22,067,055</u>

EXPENSES	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
WAGES & FRINGE BENEFITS	\$ 1,719,126	\$ 2,201,300	\$ 2,610,070	\$ 408,770	19%
OVERTIME & STAND BY	112,652	115,000	115,000	-	0%
CONTRACTED SERVICES	181,127	196,000	261,469	65,469	33%
GOVERNMENT FEES	61,924	70,000	81,410	11,410	16%
EMPLOYMENT SERVICES	-	-	-	-	0%
PROPERTY SERVICES	290,316	466,700	476,000	9,300	2%
ADDITIONAL PAY	9,107	9,000	9,000	-	0%
UNIFORM ALLOWANCE	6,648	10,000	16,200	6,200	62%
RENTALS	6,873	5,000	5,900	900	18%
SERVICE FEES	303,008	308,006	311,403	3,397	1%
REPLACEMENT FEES	121,676	124,666	165,740	41,074	33%
USE FEES	375,000	375,000	375,000	-	0%
TRENCH CUT FEES	25,000	25,000	25,000	-	0%
LOAN REPAYMENT- GENERAL FUND	55,060	55,060	55,060	-	0%
TELECOMMUNICATION SERVICE	46,973	48,500	49,213	713	1%
ADVERTISING & PUBLICATION	1,114	2,000	2,500	500	25%
PRINTING & BINDING	-	500	650	150	30%
TRAVEL EXPENSE	73	500	500	-	0%
SUPPLIES	271,245	350,000	391,925	41,925	12%
MEETINGS	1,281	1,500	1,865	365	24%
MEMBERSHIPS & DUES	15,300	13,000	45,900	32,900	253%
TRAINING	11,785	27,000	22,250	(4,750)	-18%
CAPITAL ITEMS	5,874	15,000	10,000	(5,000)	-33%
LOSS IN DISPOSAL	5,471	-	-	-	0%
TOTAL OPERATING EXPENSE	<u>3,626,633</u>	<u>4,418,732</u>	<u>5,032,055</u>	<u>613,323</u>	<u>14%</u>
CAPITAL PROJECTS		2,147,941	17,036,000		
GRAND TOTAL EXPENSES		<u>\$ 6,566,673</u>	<u>\$ 22,068,055</u>		

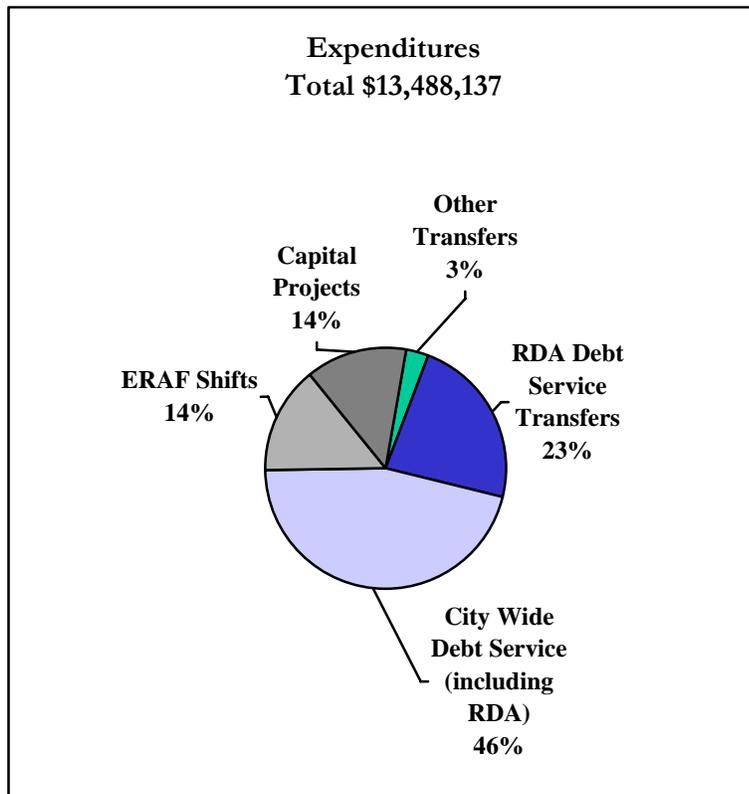
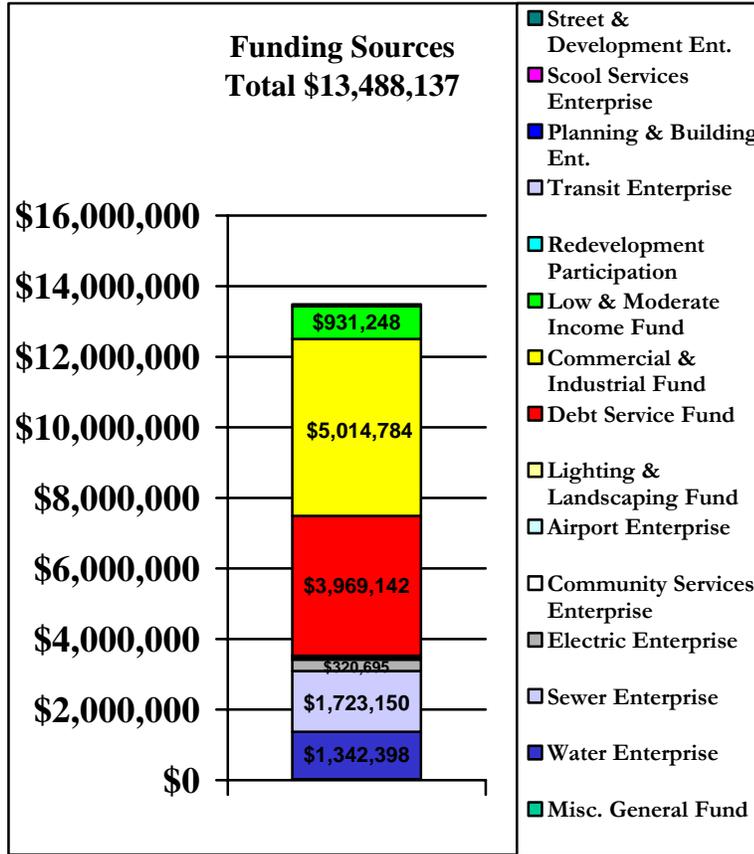
PUBLIC WORKS

Notes:



NON DEPARTMENTAL

Non-Departmental includes items related to the city as a whole that cannot be easily allocated to the various departments.



NON DEPARTMENTAL

FUNDING SOURCES	FUNDING SOURCES 2005-2006
MISC.GENERAL FUND REVENUES	\$ 26,817
WATER ENTERPRISE	1,342,398
SEWER ENTERPRISE	1,723,150 (1)
ELECTRIC ENTERPRISE	320,695
COMMUNITY SERVICES ENTERPRISE	60,308
TRANSIT ENTERPRISE	1,950
PLANNING & BUILDING ENTERPRISE	520
AIRPORT ENTERPRISE	41,400
MEETING CENTER ENTERPRISE	-
SCHOOL SERVICE ENTERPRISE	-
LIGHTING & LANDSCAPING FUND	3,500
STREET & DEVELOPMENT ENTERPRISE	2,225
DEBT SERVICE FUND	3,969,142
COMMERCIAL & INDUSTRIAL FUND	5,014,784
LOW & MODERATE INCOME FUND	931,248
REDEVELOPMENT PARTICIPATION FUND	50,000
TOTAL REVENUES	\$ 13,488,137

EXPENSES	ACTUAL 2003-2004	ADOPTED 2004-2005	BUDGET 2005-2006	DIFFERENCE FROM 2004-2005	% DIFFERENCE
TRANSFERS:					
RDA DEBT SERVICE	\$ 2,651,878	\$ 3,077,788	\$ 3,092,836	\$ 15,048	0%
CITY WIDE DEBT SERVICE INTEREST & FEES	3,211,301	4,014,518	4,264,836	250,318	6%
CITY WIDE DEBT SERVICE PRINCIPAL	1,655,000	1,789,100	1,913,200	124,100	7%
ENTERPRISE FUNDS	139,746	193,994	43,468	(150,526)	-78%
COMMUNITY BENEFIT TRUST FUND	50,000	50,000	50,000	-	0%
CAPITAL PROJECTS	10,050,108	3,263,411	1,849,900 (1)	(1,413,511)	-43%
COUNTY PASS THROUGH TO STATE/ERAF SHIFTS	1,868,584	1,670,725	1,938,400	267,675	16%
PROPERTY TAX	14,786	15,250	16,950	1,700	11%
TAX COLLECTION FEES	-	-	118,120	118,120	100%
CONTRACTED SERVICES	292,245	178,465	67,927	(110,538)	-62%
SUPPORT OF OUTSIDE ORGANIZATIONS	-	-	75,000	75,000	100%
SERVICE FUNDS	23,600	15,000	15,000	-	0%
AMORTIZATION WATER & SEWER	42,931	18,500	18,500	-	0%
RENTALS	22,546	20,000	20,000	-	0%
SUPPLIES	3,537	4,000	4,000	-	0%
TOTAL OPERATING EXPENSES	20,026,262	14,310,751	13,488,137	(822,614)	-6%

(1) Bond Sale of \$15 million for upgrade of Waste Water Treatment facility will be presented to Council for authorization and approval at the time of the bond sale.

NON-DEPARTMENTAL

Notes:

CITY OF HEALDSBURG
Redevelopment Agency
2005-2006 Work Plan and Adopted Budget

Board Members

Jason Liles, Chair

Mike McGuire, Vice-Chair

Kent Mitchell

Lisa Wittke Schaffner

Gary Plass

Executive Director

Chet J. Wystepek

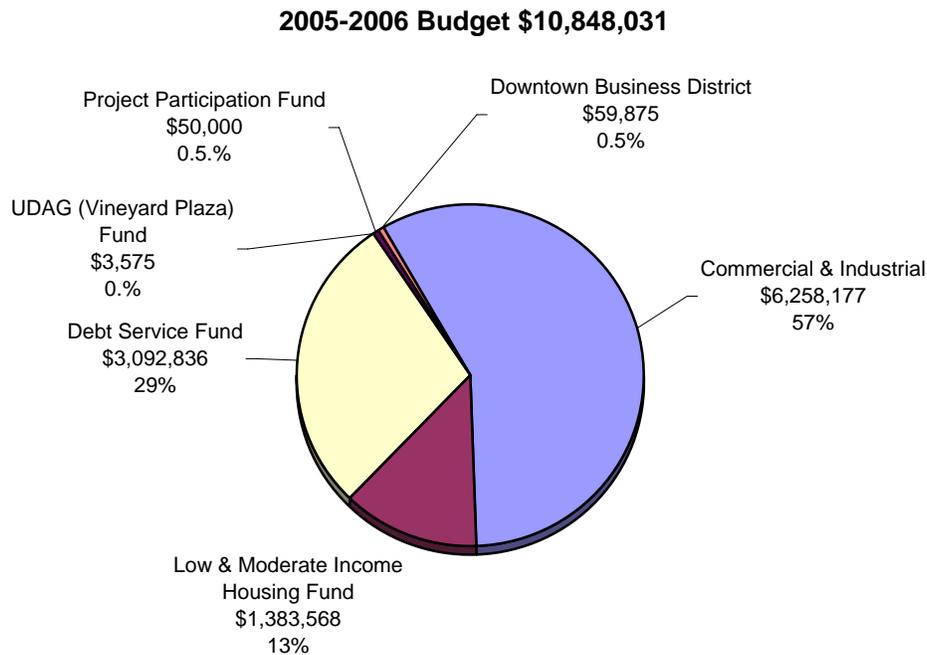
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REDEVELOPMENT AGENCY WORK PROGRAM AND BUDGET SUMMARY

The Redevelopment Agency (Agency) 2005-2006 Work Plan and adopted Budget is outlined in the following sections of this document. The adopted 2005-2006 budget for the Agency is \$10,848,031. The work program is consistent with the 5-Year Implementation Plan that was adopted in November 2004.

Budget

The \$10,848,031 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, 57%, of the Agency budget is in the Commercial and Industrial Fund. The \$6,258,177 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 29% of the Agency budget. The \$3,092,836 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 \$1,383,568 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 \$3,575 is made up primarily of economic development loans.

The Project Participation Fund is 0.5% and represents funds for the Community Benefit Trust.

The remaining 0.5% of the budget is funding the Downtown Business District. The \$59,875 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 adopted budget includes \$666,000 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 adopted new funding, there are projects budgeted in 2005-2006 as part of the Capital Improvement Program, for which carry-over appropriation authority will be requested as part of the budget adoption. The planned State ERAF take away of \$465,000 and debt service for the 2003 Tax Allocation Bonds have reduced funding for 2005-2006 projects.

FUNDING FOR PROGRAMS

The adopted budget includes \$1,944,509 of funding for programs. Funding in the Commercial and Industrial Fund for programs is \$1,448,496 and program funding in the Low and Moderate Income Housing Fund is \$469,013. The programs funded include:

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

AGENCY ACCOMPLISHMENTS DURING 2004-2005

The Agency successfully completed and funded a number of projects and programs in the 2004-2005 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
- Completed construction and sale of 15 affordable housing units at Palomino Court
- Implemented marketing strategy for the Dry Creek site

AGENCY GOALS FOR 2005-2006

- ◆ 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

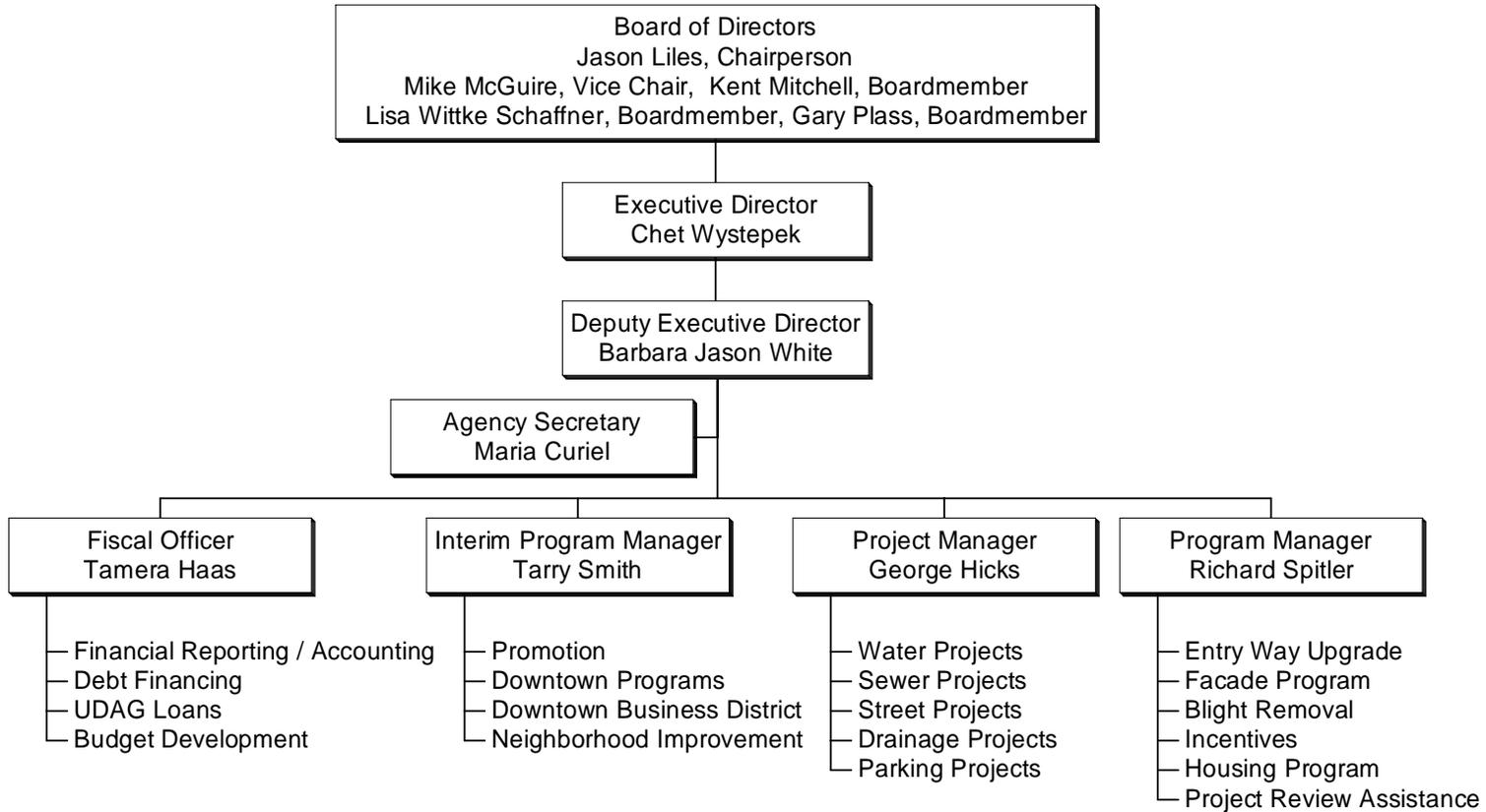
AB 1290 requires a detailed statement of blighting influences reflected in the Sotoyome Community Development Plan adopted in June of 1981, as well as subsequent efforts to mitigate such blighting influences. The blighting influences were updated in 2001 as a result of a Plan Amendment process.

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:

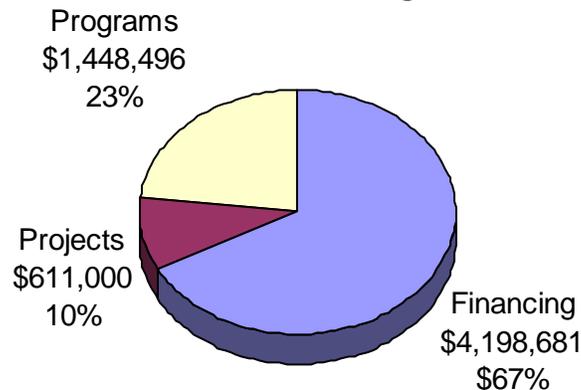
1. Prepare and design construction plans for downtown parking lot in Purity Chemical site
2. Plan for construction of Foss Creek Pathway, including downtown segment and release of overall design plan
3. Continue development of an entryway upgrade program, which includes demolition of the abandoned gas 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 2005- 2006 Budget \$6,258,177



Commercial & Industrial

Revenue & Expense Statement

	<u>Actual 2003-2004</u>	<u>Adopted 2004-2005</u>	<u>Budget 2005-2006</u>	<u>Difference from 2004-2005</u>	<u>% Diff</u>
Budgeted Fund Balance	\$ 24,243,150	\$ 18,844,592	\$ 18,844,592		
Revenues					
Increment	4,866,356	4,603,482	4,907,418	303,936	6.60%
Interest Income	251,030	25,000	25,500	500	2.00%
2002 TAB A	2,067,985	1,328,971	360,000	(968,971)	-72.91%
2003 TAB A	-	-	965,259	965,259	0.00%
Donations	1,509,930 (2)	-	-	-	0.00%
Total Revenues	\$ 8,695,301	\$ 5,957,453	\$ 6,258,177	\$ 300,724	5.05%
Financing					
Pass Thru To County	\$ 1,421,724	\$ 1,230,000	\$ 1,303,800	\$ 73,800	6.00%
Tier One Pass Through	166,135	160,000	169,600	9,600	6.00%
ERAF	280,725	465,000	465,000	-	0.00%
1995 TAB	248,259	253,193	254,430	1,237	0.49%
2002 TAB A	919,879	914,964	914,026	(938)	-0.10%
2002 TAB B-USDA	1,860,077	110,800	126,950	16,150	14.58%
2003 TAB A	734,740	966,187	964,875	(1,312)	-0.14%
Total Financing	\$ 5,631,539	\$ 4,100,144	\$ 4,198,681	\$ 98,537	2.40%
Project Costs					
Water Projects	\$ -	\$ -	\$ -	-	100.00%
Parking Projects	1,737,840	-	260,000	-	-
Street Projects	190	156,000	241,000	85,000	54.49%
Entry Way Upgrade	-	-	100,000	-	-
Public Facilities	3,895,689	10,000	10,000	-	0.00%
Other Projects	1,860,077	445,000	-	-	-
Park Projects	127,000	-	-	-	100.00%
Project Total	\$ 7,620,796	\$ 611,000	\$ 611,000	\$ -	0.00%
Program Costs					
Economic Development	\$ 165,200	\$ 496,711	\$ 609,627	\$ 112,916	22.73%
Promotion & Other Programs	208,948	249,285	377,591	128,306	51.47%
Admin. & Board Of Directors	355,266	391,273	351,175	(40,098)	-10.25%
Tax Collection Fee	112,110	109,040	110,103	1,063	0.97%
Program Total	\$ 841,524	\$ 1,246,309	\$ 1,448,496	\$ 202,187	16.22%
Total Costs	\$ 14,093,859	\$ 5,957,453	\$ 6,258,177	\$ 300,724	5.05%
Ending Fund Balance	\$ 18,844,592 (1)	\$ 18,844,592	\$ 18,844,592		

(1) Ending available balance

(2) Donations for Alliance Medical Clinic

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 2005-2006

No new funding is provided in this budget.

2005-2006 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
- ◆ 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 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 2005-2006

No new funding provided in this budget.

2005-2006 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 2005-2006:

Project funding totaling \$241,000 proposed for 2005 – 2006 includes:

- ◆ Annual Overlay \$35,000
- ◆ Reconstruction of City streets rated at 25 or below, per PMS, in connection with proposed annual maintenance program - \$90,000
- ◆ Install and replace hazardous public sidewalks - \$116,000

2005-2006 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 2005-2006:

No additional project funding is proposed in this budget.

2005-2006 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:

- ◆ Initial design for informative Kiosks in downtown
- ◆ Plan for installation of middle segment of the Foss Creek Pathway and design for the Front Street and Railroad Depot segments. Complete comprehensive Foss Creek Plan
- ◆ 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 2005-2006:

Project funding totaling \$10,000 proposed for 2005-2006 includes:

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

2005-2006 Work Program:

- ◆ Plan for construction 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 2005-2006:

No new funding is included in this budget.

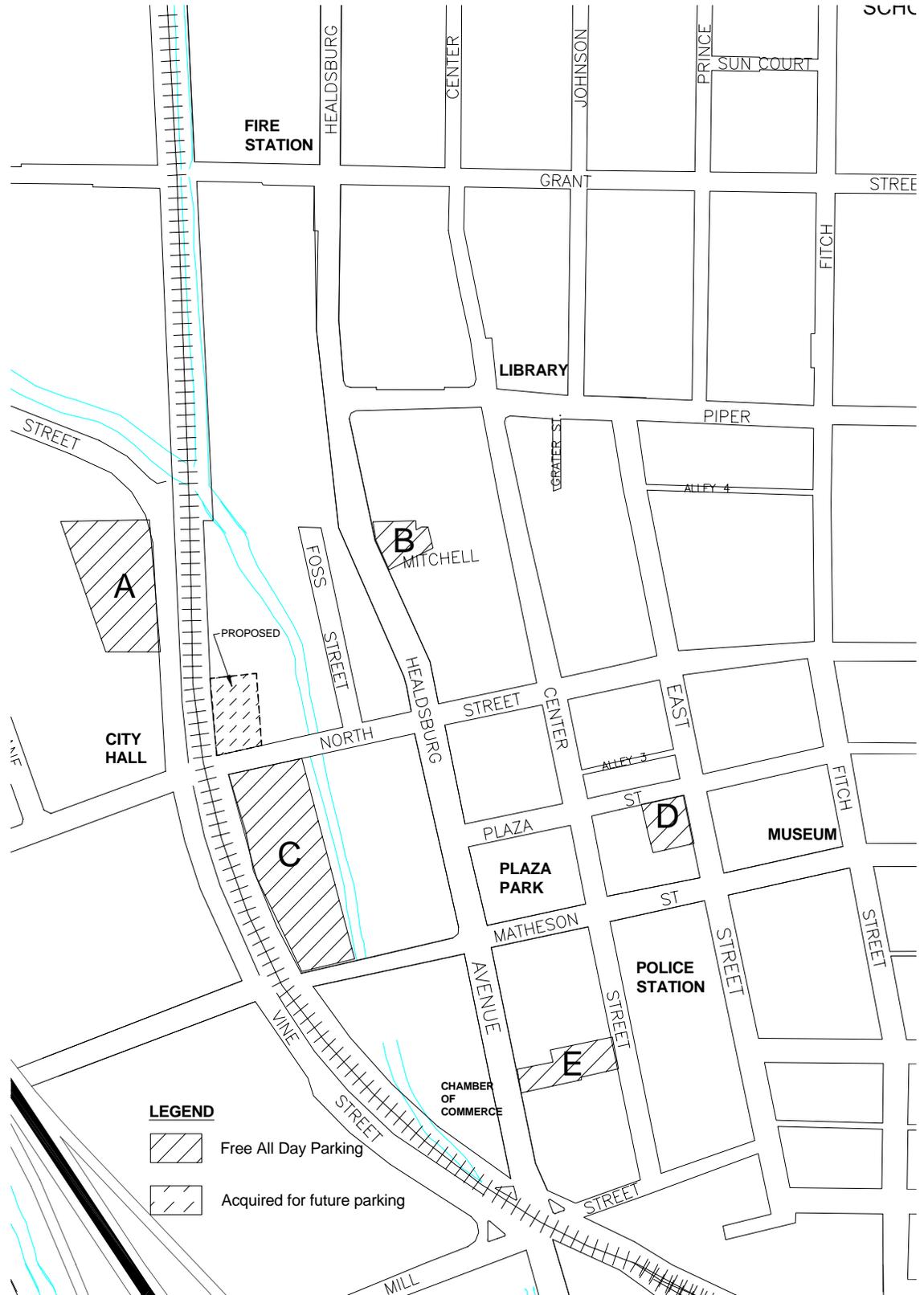
2005-2006 Work Program:

- ◆ Prepare plan for Plaza Park upgrade project



Plaza Park

Public 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 2005-2006:

Project funding totaling \$260,000 proposed for 2005-2006 includes:

- ◆ Purity parking lot development - \$200,0000
- ◆ Parking lot extensions - \$60,000

2005-2006 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 2005-2006:

No new funding is included in this budget.

2005-2006 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 2005-2006:

- ◆ Entry way upgrade Plan - \$100,000

2005-2006 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 2005-2006: \$609,627

2005-2006 Work Program:

- ◆ Continue the cooperative EDO program with the Chamber of Commerce to encourage business retention, expansion and attraction
- ◆ Continued the Fire Sprinkler Retrofit program

PROMOTION AND DOWNTOWN PROGRAM

Promotion Program

Continuation of ongoing promotional program that:

- ◆ Provides approximately \$20,000 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 2005-2006: \$377,591

2005-2006 Work Program:

- ◆ Participate with County efforts to promote tourism
- ◆ Promote downtown through advertising
- ◆ Develop 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 2005-2006: \$351,175

2005-2006 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.

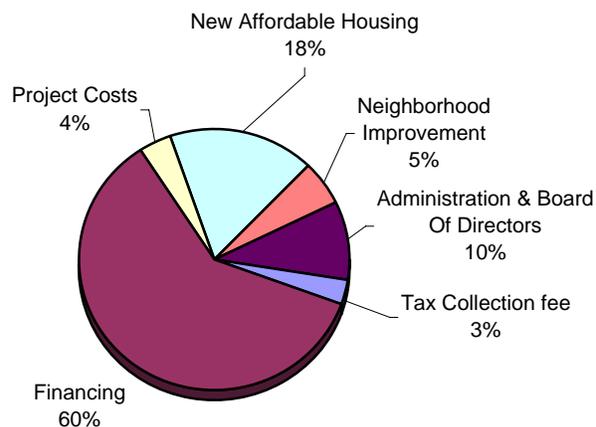
Budget Trends and Changes:

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. Implement mobile home park rent stabilization ordinance
6. Seek additional land acquisitions for affordable housing

2005-2006 Budget \$1,383,568



Low & Moderate Income Housing Fund

Revenue & Expense Statement

	<u>Actual 2003-2004</u>	<u>Adopted 2004-2005</u>	<u>Budget 2005-2006</u>	<u>Difference from 2004-2005</u>	<u>% Diff</u>
Fund Balance	\$ 11,028,499	\$ 10,491,200	\$ 10,491,200		
Revenues					
Increment	1,216,988	1,076,400	1,226,855	150,455	14%
Interest Income	147,350	20,000	20,400	400	2%
Bond Proceeds	45,113	1,285,055	136,313	(1,148,742)	0%
Other Income	-	-	-	-	0%
Total Revenues	<u>\$ 1,409,451</u>	<u>\$ 2,381,455</u>	<u>\$ 1,383,568</u>	<u>\$ (997,887)</u>	<u>-42%</u>
Financing					
Transfer To Debt Service Fund	<u>\$ 749,000</u>	<u>\$ 832,644</u>	<u>\$ 832,555</u>	<u>\$ (89)</u>	<u>0%</u>
Total Financing	<u>\$ 749,000</u>	<u>\$ 832,644</u>	<u>\$ 832,555</u>	<u>\$ (89)</u>	<u>0%</u>
Project Costs					
Affordable Housing Project	\$ -	\$ -	\$ -	\$ -	0%
Site Acquisition	-	-	-	-	0%
Other Projects	<u>874,299</u>	<u>1,055,000</u>	<u>55,000</u>	<u>(1,000,000)</u>	<u>-95%</u>
Total Project Costs	<u>\$ 874,299</u>	<u>\$ 1,055,000</u>	<u>\$ 55,000</u>	<u>\$ (1,000,000)</u>	<u>-95%</u>
Program Costs					
New Affordable Housing	\$ 151,950	\$ 226,830	\$ 243,925	\$ 17,095	8%
Neighborhood Improvement	57,155	91,573	76,082	(15,491)	-17%
Administration & Board Of Directors	80,888	134,358	132,313	(2,045)	-2%
Tax Collection Fee	<u>33,458</u>	<u>41,050</u>	<u>43,693</u>	<u>2,643</u>	<u>6%</u>
Total Program Costs	<u>\$ 323,451</u>	<u>\$ 493,811</u>	<u>\$ 496,013</u>	<u>\$ 2,202</u>	<u>0%</u>
Total Costs	<u>\$ 1,946,750</u>	<u>\$ 2,381,455</u>	<u>\$ 1,383,568</u>	<u>\$ (997,887)</u>	<u>-42%</u>
Ending Fund Balance	<u>\$ 10,491,200</u>	<u>\$ 10,491,200</u>	<u>\$ 10,491,200</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 2005-2006: \$243,925

2005-2006 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



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 2005-2006 - \$76,082

2005-2006 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 2005-2006: \$132,313

2005-2006 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 2005-2006 is \$43,693 for the housing fund collection.

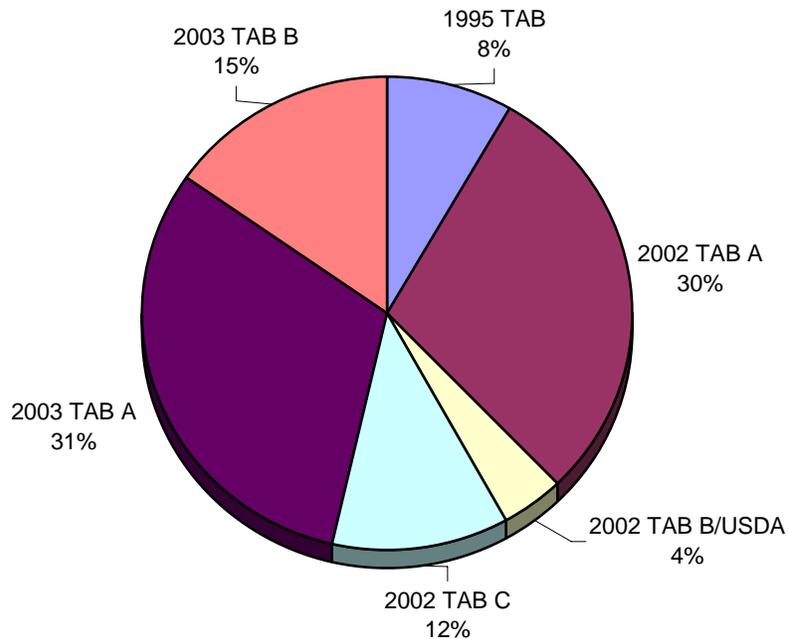
DEBT SERVICE

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

2005-2006 Budget \$3,092,836



DEBT SERVICE FUND

Revenue & Expense Statement

	Actual 2003-2004	Adopted 2004-2005	Budget 2005-2006	Difference from 2004-2005	% Diff
Fund Balance	\$ 2,863,260	\$ 2,867,754	\$ 2,867,754		
Revenues					
Transfers In:					
REFA II 1983	-	-	-	-	0%
TAB A Refunding	-	-	-	-	0%
REFA III 1992	-	-	-	-	0%
1995 TAB	70,000	253,193	254,430	1,237	0%
2002 TAB A	270,000	914,964	914,026	(938)	0%
2002 TAB B/USDA	-	110,800	126,950	16,150	15%
2002 TAB C	105,000	348,303	363,376	15,073	4%
2003 TAB A	210,000	966,187	964,875	(1,312)	0%
2003 TAB B	125,000	472,341	469,179	(3,162)	-1%
Bond Proceeds	-	-	-	-	0%
Interest Income	4,494	12,000	10,000	(2,000)	-17%
Total Revenues	\$ 784,494	\$ 3,077,788	\$ 3,102,836	\$ 25,048	1%
Debt Service Expense					
REFA II 1983	\$ -	\$ -	\$ -	-	0%
TAB A Refunding	-	-	-	-	0%
1995 TAB	70,000	253,193	254,430	1,237	0%
2002 TAB A	270,000	914,964	914,026	(938)	0%
2002 TAB B/USDA	-	110,800	126,950	16,150	15%
2002 TAB C	105,000	360,303	363,376	3,073	1%
2003 TAB A	210,000	966,187	964,875	(1,312)	0%
2003 TAB B	125,000	472,341	469,179	(3,162)	-1%
Other financing sources	-	-	-	-	0%
Bond issue cost	-	-	-	-	0%
Total Expenses	\$ 780,000	\$ 3,077,788	\$ 3,092,836	\$ 15,048	0%
Ending Fund Balance	<u>\$ 2,867,754</u>	<u>\$ 2,867,754</u>	<u>\$ 2,877,754</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

	<u>Actual</u> <u>2003-2004</u>	<u>Adopted</u> <u>2004-2005</u>	<u>Budget</u> <u>2005-2006</u>	<u>Difference</u> <u>from</u> <u>2004-2005</u>	<u>%</u> <u>Diff</u>
Revenues					
Developer Loan Interest Payments	\$ 49,440	\$ 60,000	\$ 60,000	\$ -	0%
Vineyard Plaza Rental Income	82,930	-	-	-	0%
Other Interest Income	42,252	50,000	51,000	1,000	2%
Use of Fund Balance	-	-	-	-	0%
Total Revenues	<u>\$ 174,622</u>	<u>\$ 110,000</u>	<u>\$ 111,000</u>	<u>\$ 1,000</u>	<u>1%</u>
Financing					
Economic Development Loans	\$ 375,000	\$ -	\$ -	\$ -	0%
Other	2,069	3,009	3,575	566	19%
Total Financing	<u>\$ 377,069</u>	<u>\$ 3,009</u>	<u>\$ 3,575</u>	<u>\$ 566</u>	<u>19%</u>
Reserved for future use					
Resulting Gain (Loss)	<u>\$ (202,447)</u>	<u>\$ 106,991</u>	<u>\$ 107,425</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 2003-2004</u>	<u>Adopted 2004-2005</u>	<u>Budget 2005-2006</u>	<u>Difference from 2004-2005</u>	<u>% Diff</u>
Fund Balance	\$ 121,585	\$ 74,303	\$ 184,303		
Revenues					
Rental Income	2,718	160,000	268,000	108,000	68%
Housing Bonds	-	-	-	-	0%
Total Revenues	<u>\$ 2,718</u>	<u>\$ 160,000</u>	<u>\$ 268,000</u>	<u>\$ 108,000</u>	<u>68%</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>\$ 74,303</u></u>	<u><u>\$ 184,303</u></u>	<u><u>\$ 402,303</u></u>		

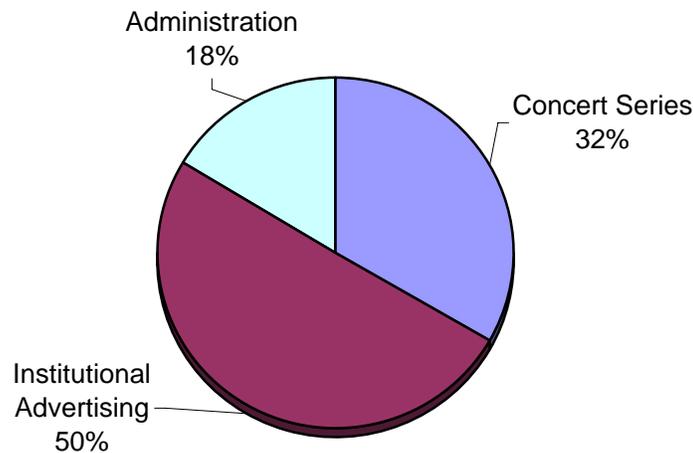
DOWNTOWN BUSINESS DISTRICT

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.

2005-2006 Budget \$59,875



Downtown Business District

Revenue & Expense Statement

	<u>Actual</u> <u>2003-2004</u>	<u>Adopted</u> <u>2004-2005</u>	<u>Budget</u> <u>2005-2006</u>	<u>Difference</u> <u>from</u> <u>2004-2005</u>	<u>%</u> <u>Diff</u>
Fund Balance	\$ 27,038	\$ 25,926	\$ 25,926		
Revenues					
Downtown Business District Assessments	31,418	31,000	31,700	700	2%
Contribution From RDA	20,000	20,000	25,000	5,000	25%
Interest Income / Other	75	1,811	3,175	1,364	100%
Total Revenues	<u>\$ 51,493</u>	<u>\$ 52,811</u>	<u>\$ 59,875</u>	<u>\$ 7,064</u>	<u>13%</u>
Expenses					
Concert Series	\$ 15,000	\$ 15,000	\$ 20,000	5,000	33%
Beautification	-	-	-	-	0%
Institutional Advertising	30,000	30,000	30,000	-	0%
Administration	7,596	7,811	9,875	2,064	26%
Non-Departmental	9	-	-	-	0%
Total Expenses	<u>\$ 52,605</u>	<u>\$ 52,811</u>	<u>\$ 59,875</u>	<u>\$ 7,064</u>	<u>13%</u>
Ending Fund Balance	<u><u>\$ 25,926</u></u>	<u><u>\$ 25,926</u></u>	<u><u>\$ 25,926</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, 2006

Appropriations limit for fiscal year ended June 30, 2005		\$17,109,430
Adjustment factors for the fiscal year ending June 30, 2006:		
Inflation Factor	1.0526	
Population Factor	<u>1.0074</u>	
Combined Factor		x <u>1.0604</u>
Appropriations limit for fiscal year ending June 30, 2006		\$18,142,840
Appropriation from the proceeds of taxes		\$8,585,151

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 2005-2006 it is 47% of the appropriation limit.