



Municipal Service Review

City of Sonoma

Sonoma LAFCO

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ACRONYMS

ABAG	Association of Bay Area Governments
AC	asbestos-cement
ADA	Americans with Disabilities Act
ADWF	average dry weather flow
AFY	acre feet per year
ALS	advanced life support
CalPERS	California Public Employees Retirement System
CFAC	Cultural & Fine Arts Commission
CKH	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
CIP	capital improvement project
CREB	Clean Renewable Energy Bonds
DUC	Disadvantaged Unincorporated Community
DWR	CA Department of Water Resources
EOP	Emergency Operations Plan
ESD	equivalent single-family dwelling unit
FISH	Friends in Sonoma Helping
FTE	full-time equivalent employees
FY	fiscal year
GPM	gallons per minute
IRS	Internal Revenue Service
ISO	International Standards Organization
JPA	Joint Exercise of Powers Agreement
MGD	million gallons per day
MG	million gallons
MHI	Median Household Income
MOE	Maintenance of Effort
PCI	Pavement Condition Index

PG&E	Pacific Gas and Electric
POB	Pension Obligation Bond
RDA	Sonoma Community Development Agency
SCOPE	Sonoma Citizens Organized to Prepare for Emergencies
SCWA	Sonoma County Water Agency
SOI	Sphere of Influence
SUAS	small unmanned aircraft system
SVCSD	Sonoma Valley County Sanitation District
SVFD	Sonoma Valley Fire District
SVFRA	Sonoma Valley Fire and Rescue Authority
SVGSA	Sonoma Valley Groundwater Sustainability Agency
SVHS	Sonoma Valley High School
SVVB	Sonoma Valley Visitor's Bureau
TOT	Transient Occupancy Tax
UGB	Urban Growth Boundary
UWMP	Urban Water Management Plan
VIPS	Volunteer in Policing Services
VMFPD	Valley of the Moon Fire Protection District
VMWD	Valley of the Moon Water District

1.INTRODUCTION

The fundamental role of a Local Agency Formation Commission (LAFCO) is to implement the Cortese-Knox-Hertzberg (CKH) Local Government Reorganization Act of 2000 (Government Code Section 56000, et seq.), providing for the logical, efficient, and most appropriate formation of local municipalities, service areas, and special districts. The CKH requires all LAFCOs, including Sonoma County LAFCO, to conduct a Municipal Service Review (MSR).

According to CKH the LAFCO Commission must make a determination for each of the following seven elements:

Growth and Population Projections for the Affected Area. This section reviews projected growth within the existing service boundaries of the City and analyzes the City's plans to accommodate future growth.

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence. A disadvantaged community is defined as one with a median household income of 80 percent or less of the statewide median income.

Present and Planned Capacity of Public Facilities and Adequacy of Public Services Including Infrastructure Needs or Deficiencies. This section discusses the services provided including the quality and the ability of the City to provide those services, will include a discussion of capital improvement projects currently underway, and projects planned for the future where applicable.

Financial Ability of Agencies to Provide Services. This section reviews the City's fiscal data and rate structure to determine viability and ability to meet service demands. It also addresses funding for capital improvement projects.

Status of and Opportunities for Shared Facilities. This section examines efficiencies in service delivery that could include sharing facilities with other agencies to reduce costs by avoiding duplication.

Accountability for Community Service Needs, Including Government Structure and Operational Efficiencies. This section examines the City's current government structure and considers the overall managerial practices. It also examines how well each agency makes its processes transparent to the public by inviting and encouraging public participation.

Matters Related to Effective or Efficient Service Delivery, as Required by Commission Policy. This section includes a discussion of any Sonoma LAFCO policies that may affect the ability to provide efficient services.

1.1. Purpose of the Municipal Service Review

This MSR will provide Sonoma LAFCO with an informational document that analyses current service provision by the City of Sonoma. Exhibit 1-1 shows the boundaries of the City of Sonoma.

CKH requires an MSR to precede the SOI so that an MSR is needed in order to establish the SOI for the City. Key sources for this study include agency-specific information gathered through a questionnaire, strategic plans, general plans, websites, financial reports, agency audits, research, personal communication, and the Municipal Service Review Guidelines published by the Governor's Office of Planning and Research.

1.2. Sphere of Influence

This report will also include an analysis of the sphere of influence (SOI) for the City. There are five determinations which must be made to update the SOI. The Commission must consider:

Present and planned land uses in the area, including agricultural and open space lands - This consists of a review of current and planned land uses based on planning documents to include agricultural and open-space lands.

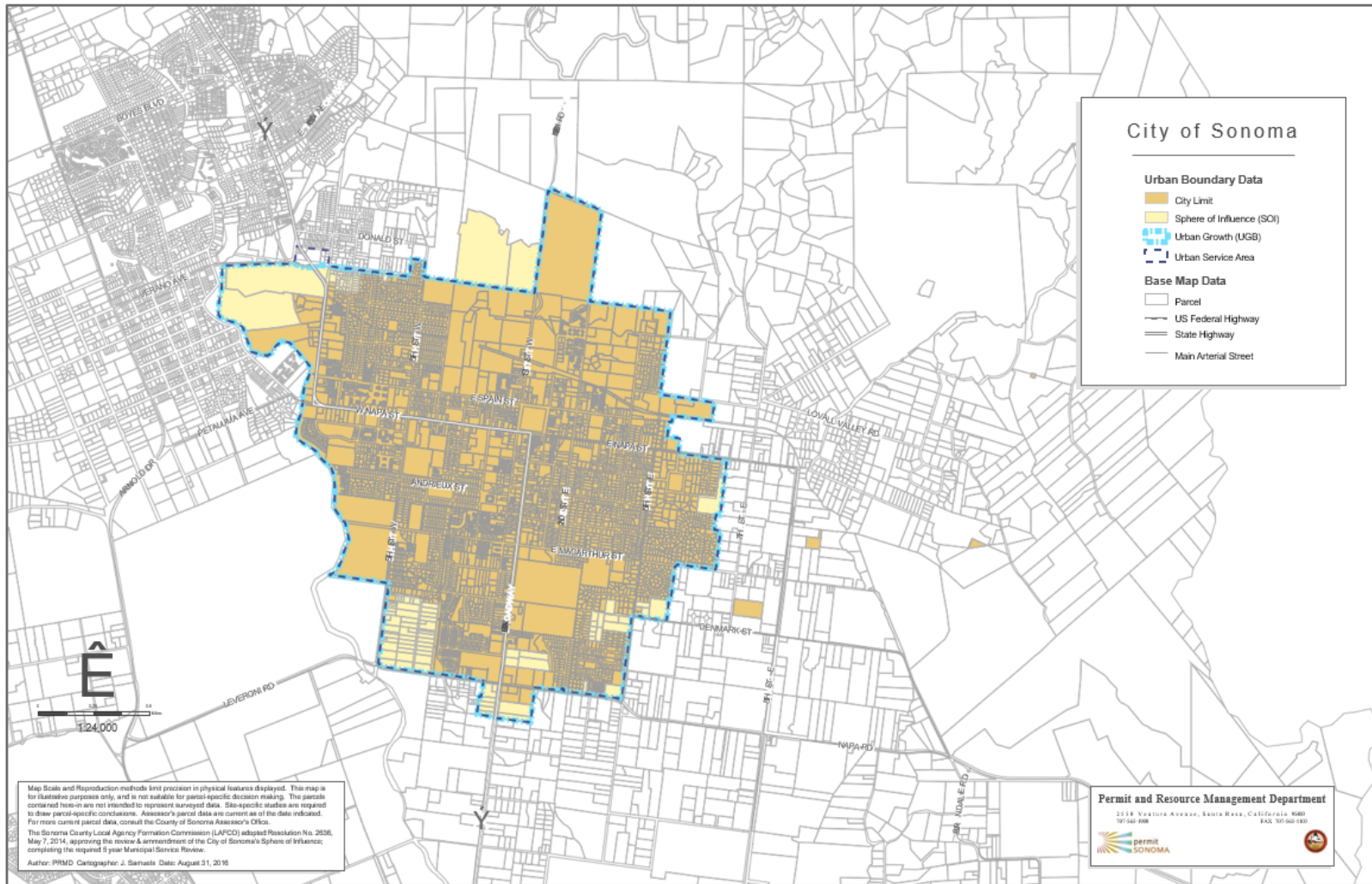
Present and probable need for public facilities and services - This includes a review of the services available in the area and the need for additional services.

Present capacity of public facilities and adequacy of public services provided by the agency - This section includes an analysis of the capacity of public facilities and the adequacy of public services that the City provides or is authorized to provide.

Social or economic communities of interest - This section discusses the existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the City. These are areas that may be affected by services provided by the City or may be receiving services in the future.

Present and probable need for services to disadvantaged communities - Beginning July 1, 2012 the commission must also consider services to disadvantaged communities which are defined as populated areas within the SOI whose median household income is less than or equal to 80 percent of the statewide median income.

Exhibit 1-1: City of Sonoma Boundary Map



File No.: S:\GIS\DATA\PRMD_BASE\Index Map\City of Sonoma Urban Boundaries Index.mxd

1.3. California Environmental Quality Act (CEQA)

Actions taken by LAFCO require review under CEQA. Municipal service reviews are exempt under Class 6, since the MSR is a data collection study. CEQA Guidelines Section 15306 states that “Class 6 consists of basic data collection, research, experimental management, and resource evaluation activities that do not result in a serious or major disturbance to an environmental resource.”

In contrast a sphere of influence is subject to CEQA. In many cases, LAFCO is the responsible agency, but when LAFCO initiates the project, it is the lead agency. For example, LAFCO is often the lead agency for the adoption of a sphere of influence or an update to a sphere of influence. However, in this case it is likely the City of Sonoma will be the lead agency if they initiate the SOI update and LAFCO will be the responsible agency. If the Commission finds that the update results in no changes in regulation, no changes in land use, or that no development will occur as a result of adopting the sphere, then the update would qualify for the commonsense exemption under CEQA.

1.4. Uses of the Municipal Service Review

The MSR is used to shed light on the operations of a local agency, identify agencies unable to perform their mandated services, or identify ways to provide more effective, efficient services. Government Code Section 56375 allows LAFCO to take action on recommendations found in the MSR, such as initiating studies for changes of organization, updating the SOI, or originating a change of organization.

Studies in anticipation of a change of organization are useful to identify potential issues that may arise during the process. Issues can range from legal barriers to fiscal constraints to concerns of residents and landowners. A study would allow more focused analysis and the opportunity to resolve issues or options before beginning the process.

The MSR also provides the necessary information to help LAFCO make decisions on the proposed SOI update. In evaluating the proposed SOI, the MSR provides the information necessary to determine if the agency has the capability to serve a larger area. The MSR discusses the financial condition of each agency, source of revenues, and projected expenses. It also includes a discussion of the projected infrastructure needs that would allow for expansion of those services.

Alternatively, the MSR can recommend changes of organization: consolidation, dissolution, merger, establishment of a subsidiary district, or the creation of a new agency that typically involves a consolidation of agencies. Those changes of organization may also require an environmental review, a property tax sharing agreement, and an election.

1.5. City Profile

The City of Sonoma, incorporated in 1883, has a Council-Manager form of government. The City of Sonoma, with a population of approximately 11,000 residents, serves as the center of economic activity for the rural Sonoma Valley, with a total population of about 40,000.

The City of Sonoma includes 2.74 square miles within the Sonoma Valley. The Mayacamas and Sonoma Mountain ranges frame the valley and allows the climate to be influenced by marine air from the San Francisco Bay which provides an ideal climate for wine grapes.

The City has more than 1,300 business establishments and serves as the economic hub for the larger Sonoma Valley. Tourism drives the economy so that sales tax and transient occupancy tax account for nearly half of the City's revenue. Those sources made the city vulnerable to the pandemic.

The City contracts or partners with other agencies for many of its services. The City has a contract with the Sonoma County Sheriff Department for law enforcement. The City is a member of the Sonoma Valley Fire and Rescue Authority, a JPA designed to provide fire and emergency medical services. The City maintains 79 acres of parks, a bike trail network and two open space preserves for a total of 99 acres. The City contracts with non-profits to provide recreational services.

The City does provide potable water to 4400 connections both within the City as well as an area east of the city with 300 connections as an out of area service extension. In addition, the City maintains three cemeteries. Both of these services are enterprise functions supported by charges.

The City contracts with the Sonoma Valley County Sanitation District (SVCSD), which has one treatment plant, located on Eighth Street East. The SVCSD is operated and maintained by the Sonoma County Water Agency (SCWA). Since the City does not directly provide service the SVCSD will not be part of this MSR. However, the estimated maximum capacity of the treatment plant is 20 million gallons per day (MGD), the NPDES permit limits the permitted average dry weather flow (ADWF) of the treatment plant to 3.0 MGD. The District complies with NPDES by limiting effluent discharge through water conservation and exporting recycled water.

This NPDES permit does not directly cover wet weather flows, which are difficult to estimate due to stormwater infiltration. During the wet weather months, the plant discharges treated water into Schell Slough. In addition, the plant has several detention basins, which can store excess wastewater during wet weather flows. During wet weather months, discharges from the plant are currently limited to approximately 11 MGD by the capacity of the pumps that release water into Schell Slough. Because the detention basins allow the plant to store excess flows

until they can be treated, the plant is currently able to adequately treat all of the wet weather flows.

Like most cities in Sonoma County expansion of the City of Sonoma is constrained by the Urban Growth Boundary (UGB). The UGB represents the furthest extent of growth of the urban area. Exhibit 1-1 shows the UGB along with the City boundaries and the SOI. By definition, the SOI is a plan for the probable physical boundaries and service area. Exhibit 1-1 shows that most of the SOI is contained within the UGB which would allow the City to eventually annex the territory. The area outside the UGB could remain in the SOI but could not be annexed unless the voters approve a change in the UGB.

2.EXECUTIVE SUMMARY

2.1.Role and Responsibility of LAFCO

The fundamental role of a Local Agency Formation Commission (LAFCO) is to implement the Cortese-Knox-Hertzberg (CKH) Local Government Reorganization Act of 2000 (Government Code Section 56000, et seq.), providing for the logical, efficient, and most appropriate formation of local municipalities, service areas, and special districts. CKH requires all LAFCOs, including Sonoma County LAFCO, to conduct a Municipal Service Review (MSR) prior to updating the spheres of influence (SOIs) of the various cities and special districts in the County (Government Code Section 56430). CKH requires an MSR and SOI update to be completed periodically.

The focus of this MSR is to provide Sonoma County LAFCO with all necessary and relevant information related to the City of Sonoma. It will allow Sonoma County LAFCO to make determinations in each of the seven areas prescribed by CKH. This MSR evaluates the structure and operation of each of the agencies and discusses possible areas for improvement and coordination. The report contains one section for each of the following seven elements as prescribed by CKH:

1. Growth and Population Projections for the Affected Area
2. The Location and Characteristics of Any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence
3. Present and Planned Capacity of Public Facilities and Adequacy of Public Services Including Infrastructure Needs or Deficiencies
4. Financial Ability of Agencies to Provide Services
5. Status of and Opportunities for Shared Facilities
6. Accountability for Community Service Needs, Including Government Structure and Operational Efficiencies
7. Matters Related to Effective or Efficient Service Delivery Required by Commission Policy

The MSR is used to shed light on the operations of each local agency, identify agencies unable to perform their mandated services, or identify ways to provide more effective, efficient services. Government Code Section 56375 allows LAFCO to take action on recommendations found in the MSR, such as initiating studies for changes of organization, updating the SOI, or initiating a change of organization.

This report also includes sphere of influence recommendations. CKH requires LAFCO to adopt a sphere of influence and map for each city and each special district in the County. The sphere of influence is defined by CKH in Government Code Section 56076 as “a plan for the probable physical boundary and service area of a local agency or municipality as determined by the Commission.”

The LAFCO Commission must make determinations with respect to the following factors when establishing or reviewing a sphere of influence:

1. Present and planned land uses in the area, including agricultural and open space lands
2. Present and probable need for public facilities and services
3. Present capacity of public facilities and adequacy of public services provided by the agency
4. Social or economic communities of interest
5. Present and probable need for services to disadvantaged communities

A sphere of influence may be amended or updated. An amendment is a relatively limited change to the sphere or map to accommodate a specific project. An update is a comprehensive review of the sphere that includes the map and relevant portions of one or more MSRs. CKH requires updates at least every five years or as needed.

2.2. City Profile

The City of Sonoma, incorporated in 1883, has a Council-Manager form of government. The City of Sonoma, with a population of approximately 11,000 residents serves as the center of economic activity for the rural Sonoma Valley, with a total population of about 40,000.

The City of Sonoma includes 2.74 square miles within the Sonoma Valley. The Mayacamas and Sonoma Mountain ranges frame the valley and allows the climate to be influenced by marine air from the San Francisco Bay which provides an ideal climate for wine grapes.

The City has more than 1,300 business establishments and serves as the economic hub for the larger Sonoma Valley. Tourism drives the economy so that sales tax and transient occupancy tax account for nearly half of the City’s revenue. Those sources made the city vulnerable to the pandemic.

The City contracts or partners with other agencies for many of its services. The City has a contract with the Sonoma County Sheriff Department for law enforcement. The City is a member of the Sonoma Valley Fire and Rescue Authority, a JPA designed to provide fire and emergency medical services. The City maintains 79 acres of parks, a bike trail network and two

open space preserves for a total of 99 acres. The City contracts with non-profits to provide recreational services.

The City does provide potable water to 4400 connections both within the City and an area east of the city as an out of area service extension. In addition, the City maintains three cemeteries. Both of these services are enterprise functions supported by charges.

Like most cities in Sonoma County expansion of the City of Sonoma is constrained by the Urban Growth Boundary (UGB). The UGB represents the furthest extent of growth of the urban area.

2.3. Population Projections

Demographic data shows Sonoma with an aging population. It is estimated that by 2023 the 65+ population will represent 33.4% of the City's population.

Vacancy rates in Sonoma are high compared to elsewhere in the county and the state. Between 2014 and 2017 they doubled from 6% to 12%. The elevated vacancy rates are indicative of lower housing demand.

The population of the City of Sonoma on January 1, 2021 was estimated as 10,924. It is the second year in a row that Sonoma's population has declined. Between 2019 and 2020 the City lost 114 people. Never-the-less population trends indicate a slight increase in population between 2018 and 2023. The population is expected to grow at an average rate of 0.4% per year through 2045 when the estimated population would be around 13,000. Based on this information the population is expected to range between 11,000 and 13,000.

2.4. Disadvantaged Unincorporated Communities

Disadvantaged Unincorporated Communities (DUC)s are defined as areas outside city limits whose median household income is less than 80% of the statewide median household income. For 2018 that figure is \$56,982. The DWR mapping tool identified two areas that fell below 80% of the statewide MHI. One area is within city limits so not a DUC by definition. The other area is the northwest portion of the City's SOI. It already receives city water and sewer services. The Sonoma Valley Fire and Rescue Authority provides fire protection.

2.5. Present and Planned Capacity of Public Facilities

Water and Wastewater - The City maintains 4,404 water service connections/meters, 1,437 valves, 476 fire hydrants, six water tanks, eight wells, two booster pump stations, and 58 miles of underground water main pipes. The City receives most of its water from Sonoma County Water Agency (SCWA). The City's wells contribute approximately 9% of the total demand.

In 2020 total demand was 2,174 acre feet per year (AFY). In the next 25 years demand is expected to grow to 2,283 AFY, which represents an increase of 5%. Future year water supply and demand estimates for normal year single dry year and multiple dry years show an excess of supply over demand.

The Sonoma Valley County Sanitation District (SVCS D) provides wastewater collection, treatment, disposal, and water recycling services for the City's service area. The SVCS D has a treatment plant on Eighth Street East. Current permitted capacity is 3 MGD which is greater than the current average dry-weather flow of 2.7 MGD.

Cemeteries - The City operates and maintains three cemeteries, Mountain Cemetery, Valley Cemetery and Veterans Cemetery. The Veteran's cemetery is reserved for veterans only. All the cemeteries are at capacity. Only one burial site is available in the Valley Cemetery, however in ground cremains placement is available in the Mountain and Valley Cemeteries. In addition, there are full crypt burial sites available in Mausoleum #11 in Mountain Cemetery.

Public Works - The Public Works department operates, maintains, and upgrades the City of Sonoma's water and transportation systems, parks, facilities, and cemeteries. Public Works has three divisions: Parks, Cemeteries & Facilities; Streets; and Water. The Streets Division maintains the City's streets, bridges, sidewalks, and right-of-way. The Streets Division maintains 33.8 miles of streets, 11 bridges, 40 miles of storm drainage piping, three miles of roadside ditches, and 485 catch basins.

The Department routinely surveys the condition of its streets to determine maintenance requirements. There are three classes of streets in Sonoma, arterial, collector, and residential. The condition is rated by a Pavement Condition Index (PCI). The PCI for arterials averages 74, for collectors 76, and residential 70, The total system average is 72. A PCI of 70 to 90 is considered very good. Public works is also responsible for maintaining the storm drain system. Storm water collected in the storm drain system is discharged untreated into Nathanson Creek, Sonoma Creek, or Fryer Creek.

Law Enforcement - The City has a long-standing contract for law enforcement services with the Sonoma County Sheriff's Office. The Police Department has a staff of 16 employees, which consists of a Police Chief, two Police Sergeants, 10 Deputy Sheriffs, two Community Service Officers and one Administrative Clerk (City employee). That translates to 1.1 sworn officers per thousand population, generally considered good for a community the size of Sonoma. The contract allows administrative and managerial functions to be handled by the Sheriff's main office in Santa Rosa. This arrangement allows the City to determine the level of service that is desired. Capacity is limited by what the City determines it needs and resources available in the budget.

In FY 2019-20 the Sheriff's department responded to 10,854 calls for service in the City of Sonoma. That lead to 447 arrests. The City does not have a jail. The Sheriff's Office operates two in the vicinity of Santa Rosa.

Fire Protection - The City contracts for fire protection service with Valley of the Moon Fire Protection District (VMFPD). The City formed the Sonoma Valley Fire and Rescue Authority to share expenses with VMFPD. Although the VMFPD recently reorganized as the Sonoma Valley Fire District (SVFD) the contract with the City remains intact.

The SVFD Station 1 is in the City of Sonoma. It operates three engines, a ladder truck, an ambulance, and a command vehicle out of the station. Station 1 also handles administration, features living quarters and a vehicle maintenance and repair building.

The Fire Department responded to average of 1961 calls per year over the last five years, with the highest call volume of 2242 in 2019. The range indicates the department has the capacity to handle at least 2200 calls per year. Two thirds of the calls are for emergency medical services. Response time goal has been set at 7 minutes. The City department has an ISO rating of 1, the highest rating possible.

Parks and Recreation - The City owns and operates 17 parks and partners with several non-profits and other agencies for maintenance and recreation programs. Through its partnerships and sponsorships, the City is able to tailor park and recreation activities to the needs of its residents and has the capacity to expand or reduce services as desired.

2.6. Financial Ability of Agencies to Provide Service

In FY 21/22 the City Council allocated a budget of \$21.7 million. The City's economy depends on tourism, so the major revenue sources are sales tax, 20%, and transient occupancy tax, 24%. Property tax adds another 19% of the revenues. Nearly 60% of expenses are allocated for law enforcement and fire protection.

The City also delivers water and maintains three cemeteries as enterprise activities. The City provides potable water to some 4,400 connections. The water fund revenues averaged nearly \$6 million over the past three fiscal years.

In 2018 the City conducted a water rate study and determined the need to raise rates over a five-year period to cover anticipated cost increases in purchased water. Residential rates depend on the size of the meter along with a usage fee. The current rate for a residential meter is \$30.46 base rate plus the usage fee based on consumption of 1000 gallons per month.

The City operates and maintains three cemeteries. The FY 21/22 budget estimates Cemetery Fund revenues as \$371,000 which includes transfers in from other funds of \$120,900. The transfers consist of a \$50,000 transfer from the Cemetery Endowment Fund, \$30,000 transfer in from the General Fund for completion of a cemetery fiscal and operational analysis, and a

\$41,000 transfer from the Water Fund for the lease of a water tank which sits on Cemetery property. Expenses for cemetery operations are \$354,000.

The City has adopted a five-year capital improvement plan, extending from FY 21/22 to FY 25/26. The plan identifies 22 projects at a cost of \$19.5 million.

The City maintains reserves that are used to address shortfalls in operating expenses. The City has established policies to maintain reserves. Current reserves are approximately \$7.3 million.

The City has one outstanding long-term debt. In 2007 the City was awarded \$1,156,000 to finance a solar paneling project at four different municipal facilities within the City limits. Their share, in the form of a bond, requires payments of \$41,749 due on December 15 of each year, with the final installment due on December 15, 2024.

Sonoma addressed its pension obligations for current and retired employees by issuing a bond to pay unfunded liabilities through the CalPERS. The bond allowed the City to cover its pension obligations at a lower interest rate. The bond required an annual payment of approximately \$400,000 and was paid off in FY 2020 so that the City is current with pension obligations.

The City of Sonoma is the successor agency of the former Sonoma Community Development Agency, the Sonoma redevelopment agency.

2.7. Status of and Opportunities for Shared Facilities

The City works cooperatively with a number of agencies to provide services. The City contracts out for law enforcement, fire protection, wastewater services, and the city attorney. The City works cooperatively with the Chamber of Commerce and the Sonoma Valley Visitor's Bureau (SVVB). Although the City operates and maintains parks and community facilities, the City contracts for recreation programs and community activities.

Management efficiencies contribute to cost reduction and more efficient service delivery. Management efficiencies can be measured through planning activities. The City has its General Plan, Water Master Plan, Urban Water Management Plan, and Emergency Operations Plan (EOP). In addition, the City adopts an annual spending plan, the budget, supported by a five-year financial plan.

2.8. Accountability, Government Structure, and Operational Efficiencies.

The City is a general law city governed by a five-member city council elected to four-year staggered terms. City Council members are eligible for a stipend of \$300 per month and healthcare for themselves and their dependents. The City Council meets on the first and third Wednesday of each month at 6:00 p.m. in council chambers. Meetings are noticed and held according to the Brown Act.

The City encourages resident involvement on a number of city committees and commissions as well as regional committees and commissions.

The city communicates with its residents via its weekly e-newsletter “About Town”. It also encourages residents to subscribe to electronic agendas and minutes of the Council as well as its committees and commissions.

The city is staffed by 41 full time employees and some part time employees. It provides many key services through contracts. The City contracts for law enforcement, fire, economic development, solid waste collection, wastewater, the City Attorney, code enforcement, and recreational services.

2.9. Matters Related to Effective or Efficient Service Delivery Required by Commission Policy.

Expansion of the City is pretty well limited by the Urban Growth Boundary (UGB). There are some areas in the SOI that are between the city limits and the UGB. Those areas could be annexed so Sonoma LAFCO’s annexation policies would apply. In addition, there could be modifications of the SOI, so SOI policies would apply. The areas to the east that receive water from the City could be affected by the out of area service policies. In addition, LAFCO’s island annexation policies would apply should the City wish to annex islands in the southern portion of the City. An example is the Train Town unincorporated island. It can be annexed if the City applies to LAFCO and follows provisions in the state code and LAFCO island annexation policies, with or without property owner consent.

2.10. Sphere of Influence Considerations

In addition, the City of Sonoma is constrained by the UGB. The UGB puts a limit on how far the city can expand and was created to prevent urban sprawl and encourage sustainable growth.

There are seven areas within the City’s sphere of influence and Urban Growth Boundary that have not yet been annexed to the City. These areas are:

Maxwell Farms Regional Park – A County Regional Park at the northwestern corner of the City’s SOI.

Montini Open Space Preserve – A preserved open space area that includes active farming and open space developed with hiking trails, to the north of the City straddling 1st Street West.

Denmark Street/Garry Lane – A “notch” of unannexed area to the east of the City, substantially developed with suburban/rural residential uses.

Four Corners – Unannexed properties primarily at the intersection of Highway 12/Broadway and Napa Road, including a parcel at Napa Road and 5th Street East.

Train Town – An island of unannexed property that is developed with an amusement park, on Highway 12/Broadway at the south end of the City.

Harrington Drive – A set of unannexed parcels on either side of Harrington Drive, north of the Napa Road and 5th Street West intersection. This area is substantially developed with suburban rural residential development, with many properties receiving municipal services (water and/or sanitary sewer) through Outside Service Area Authorizations.

While not subject to specific policies, it is recommended the City take action to facilitate annexations in several of these areas, or otherwise consider seeking removal of territory from the City's sphere of influence.

There is one area north of the city limits and outside the UGB. The land use designation is Resources-Rural. By definition, the area is not intended for urban development. Since that area is not likely to be developed or be part of the City in the near future, it should be dropped from the SOI. The SOI should then be limited to the area between city limits and the UGB.

2.11. Recommendations

The City is encouraged to consider actions taken in concert with other local agencies to improve the effectiveness and efficiency of providing municipal services in the Sonoma Valley region. The City should consider the possibility of expanding City boundaries to include areas in the Valley that are largely developed and urbanized.

The City should review its position regarding the potential annexation of the two park areas, either seeking annexation or removal of the territory from the sphere of influence. The City should consider directly supporting appropriate annexations in the Denmark Street, Four Corners, and Harrington Drive areas. Potential actions could include annexation proposals made directly by the City, preparation of a specific area plan, and subsequent annexation of the Four Corners area.

The City is encouraged to work with the landowner to affect an annexation of the Train Town island. The City can also apply to LAFCO to annex the Train Town island under the island annexation provisions in Cortes- Knox-Hertzberg, in tandem with the Master Property Tax Exchange Agreement in place in Sonoma County, to cause the annexation absent property owner support.

3. POPULATION PROJECTIONS

Sonoma's 2018 population ranked as Sonoma County's fourth smallest city with 11,253 residents. Although the City experienced growth between 2010 and 2018, averaging 0.7% annually, in 2019 and 2020 the City lost population. Based on data from the California Department of Finance Demographic Research Unit Sonoma has an estimated population of 10,924 (January 1, 2021). This represents a decrease in population from the same date in 2019 of -0.08% (89 people). It is the second year in a row that Sonoma's population has declined. Between 2019 and 2020 the City lost 114 people. Never-the-less countywide trends predict an increase in population between 2018 and 2023 to 11,286.

There are 10 new development projects in various stages of planning and construction within the City. These projects include 208 Single Family Residential units, 84 Multi-Family Residential units, and 12 accessory dwelling units.

In addition, a 6-unit condominium development, referred to as the Murray Condos, was recently constructed in 2020.

Demographics

Sonoma City's age distribution contained a significantly greater proportion of Late-Career and Older Adults, and a lower proportion of adults aged 35 and below. Sonoma's 2018 median age increased to 51.1 years, up 0.3 years from 2017. Sonoma's median age ranked oldest among Sonoma County cities, significantly above Sonoma County (41 years), California (36 years) and the U.S. (38 years). Forecasts project Sonoma's median age to grow to 53 by 2023. Most of the increase is expected in the 65+ age bracket which is forecast to represent 33.4% of the population by 2023.

Other indications of an aging population are seen in the unemployment rate and the labor participation rate. In 2018 the unemployment rate was 3.77%, which was lower than the statewide rate. At the same time Sonoma experienced a labor force participation rate of 48% which is lower than the county rate. A low unemployment rate paired with a relatively low labor force participation rate indicates an aging population.

Another demographic metric is to evaluate residential property vacancy rates. Vacancies can occur for a variety of reasons, including second-home ownership, conversion of homes to short-term rental properties, passive investment (unoccupied) properties, and reconstruction projects. Although vacancy rates are difficult to assess, it appears that Sonoma rates are high compared to elsewhere in the county and the state. Between 2014 and 2017 they doubled from 6% to 12%, according to one study.

These data suggest a slow or no growth rate over the next 25 years. Table 3-1 shows projected population from 2020 to 2045. Population projections estimate 2% growth over a 5-year period or 0.4% per year.

This data suggests that in crafting a recreation program for the city activities should focus on older adults.

Table 3-1: Population Estimates 2020 to 2045

Year	2020	2025	2030	2035	2040	2045
Population	11,725	12,108	12,469	12,582	12,830	13,082

Source: EKI Environmental and Water. 2021.

Determinations:

3.1 Demographic data shows Sonoma with an aging population. It is estimated that by 2023 the 65+ population will represent 33.4% of the City's population.

3.2 Vacancy rates in Sonoma are comparatively high compared to elsewhere in the county and the state, exacerbating a housing availability imbalance. Between 2014 and 2017 they doubled from 6% to 12%.

3.3 The population of the City of Sonoma on January 1, 2021 was estimated as 10,924. It is the second year in a row that Sonoma's population has declined. Between 2019 and 2020 the City lost 114 people. Never-the-less population trends indicate a slight increase in population. The population is expected to grow at an average rate of 0.4% per year through 2045 when the estimated population would be around 13,000. Based on this information the population is expected to range between 11,000 and 13,000.

4.DISADVANTAGED UNINCORPORATED COMMUNITIES

Senate Bill 244 was a significant piece of LAFCO-related legislation passed in 2011. This bill required LAFCO to make determinations regarding disadvantaged unincorporated communities (DUC)s. DUCs are defined as inhabited, unincorporated territory that constitutes all or a portion of a community with an annual median household income that is less than 80 percent of the statewide median household income (MHI). CKH defines inhabited as “territory within which reside 12 or more registered voters.” In 2018, 80% of the statewide median household income was \$56,982.

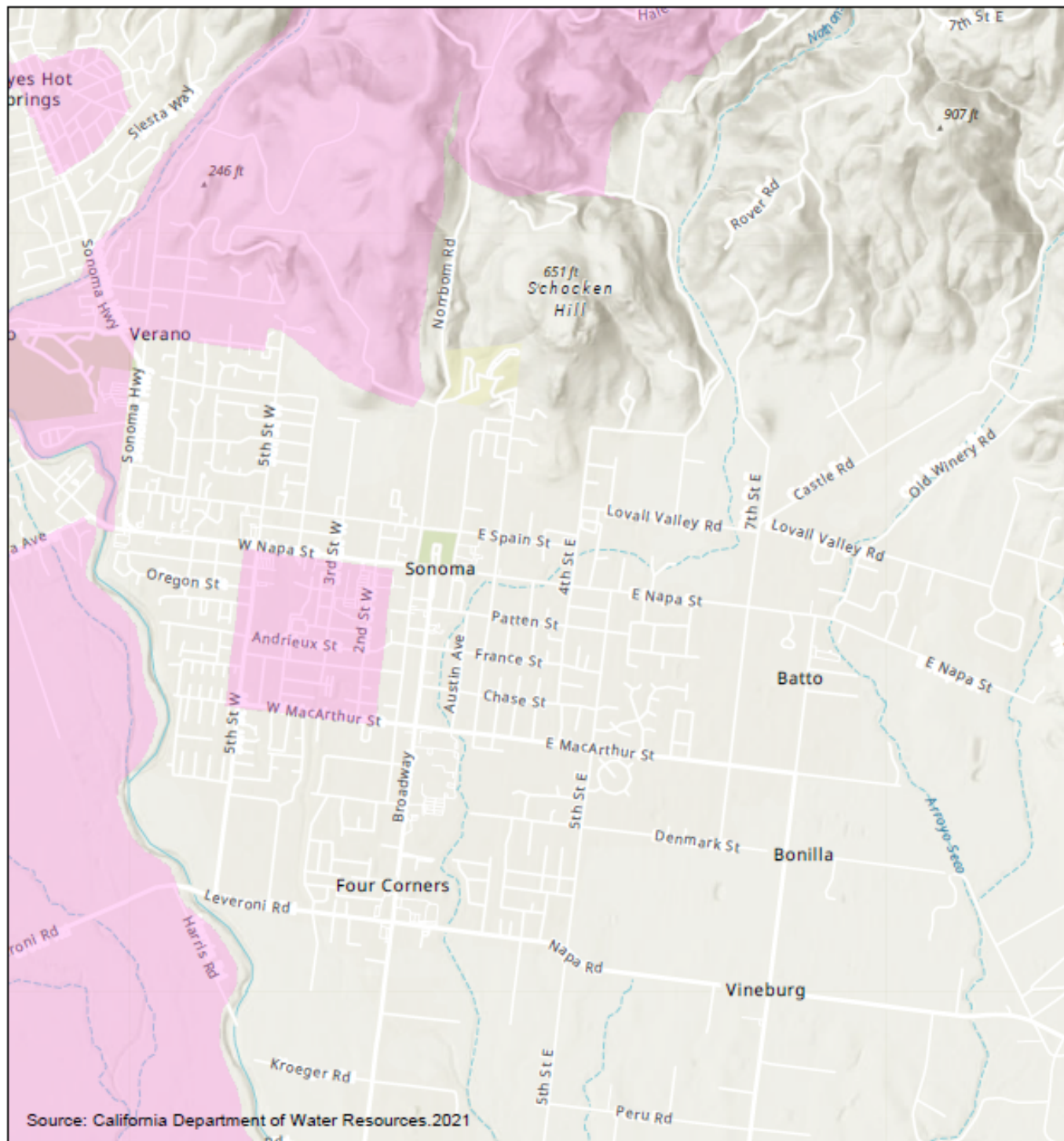
In 2018 median household income in Sonoma was \$76,015 which is greater than 80% of the statewide MHI. Therefore, the City cannot be considered a DUC. Further, any lower income areas within the City cannot be classified as DUCs by definition because the areas are incorporated.

Exhibit 4-1, the DWR mapping tool for disadvantaged communities showed two lower MHI areas. One area bounded by 5th St. on the west, Napa St. on the north, Broadway on the east, and E. Macarthur St. on the south is within City limits so it is not a DUC. However, an area to the northwest inside the SOI and the UGB does qualify. The area is within the urban service area, so it receives City services of water and wastewater. Fire protection is provided by the Sonoma Valley Fire District.

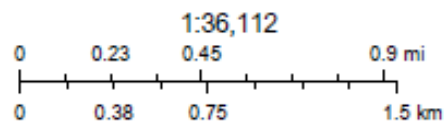
Determinations:

4.1 Disadvantaged Unincorporated Communities are defined as inhabited unincorporated areas whose median household income is less than 80% of the statewide median household income. For 2018 that figure is \$56,982. The DWR mapping tool identified two areas that fell below 80% of the statewide MHI. One area is within city limits so is not a DUC by definition. The other area is within the northwest portion of the City’s SOI. It already receives city water and sewer services. Fire protection is provided by the Sonoma Valley Fire District.

Exhibit 4-1: DUCs in the Vicinity of Sonoma



- California Counties
- Disadvantaged Communities - Places 2018
- Data Not Available
- Severely Disadvantaged Communities (MHI < \$42,737)
- Disadvantaged Communities (\$42,737 ≤ MHI < \$56,982)



County of Marin, County of Napa, Esri, HERE, Garmin, SafeGraph, INCREMENT P, MET/NASA, USGS, Bureau of Land Management, EPA, NPS, US Census Bureau, USDA, U.S. Census Bureau. Contact: gis@water.ca.gov, Esri, NASA, NGA, USGS, FEMA, U.S. Bureau of

5. PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES

The City contracts or partners with other agencies for many of its services. The city provides water, cemeteries, parks, and public works directly. Sonoma contracts out for law enforcement, fire and emergency services, wastewater services, and recreation. Contracting out allows the City to determine its own service needs and is limited only by resources available.

Table 5-1 shows the services the City provides directly and those provided by contract with other agencies.

Table 5-1: Sonoma Service Providers

Service	Provider	Source
Water	City	Contract with Sonoma County Water Agency for Water
Wastewater	Contract	Sonoma Valley County Sanitation District
Cemeteries	City	City staff
Storm Water	City	Public Works Department
Street Maintenance	City	Public Works Department
Law Enforcement	Contract	Sonoma County Sheriff
Fire and EMS	Contract	Contract Valley of the Moon Fire Protection District, JPA SVFRA
Parks	Contract	Public Works Department and/or Contract for Maintenance
Recreation	Contract	Various Non-profits

Source: City of Sonoma. 2021e.

The following sections describe in more detail the level of services provided and the capacity or need for expansion of services based on projected population.

5.1. Water Facilities

The Water Utility’s primary responsibility is to deliver safe and reliable water to City residents and the outside service area, while seeking to improve water supply reliability and water conservation. The City operates and maintains 4,404 water service connections/meters, 1,437 valves, 476 fire hydrants, six water tanks, eight wells, two booster pump stations, and 58 miles of underground water main pipes. In 2018, over 574 million gallons of water were delivered to customers.

The City receives most of its water from Sonoma County Water Agency (SCWA). Potable water from SCWA is delivered to two SCWA tanks located north of the distribution system (referred to as “Sonoma Tank 1” and “Sonoma Tank 2”), which feed Zone 1 via a 16-inch aqueduct. The distribution system is shown on Exhibit 5-1. The Exhibit also shows the locations of the eight existing groundwater supply wells that serve the City. The City’s wells are a critical local water source during emergencies and provide cost-effective water for the community.

The water distribution system contains three pressure zones. There are three City-owned steel storage tanks within the distribution system, each serving one of the three zones in the system. Storage facilities include the Napa Street Tank (2.0 million gallon [MG] capacity), the Thornsberry Tank (0.5 MG capacity) and the Norrbom Tank (3.0 MG capacity).

The principal water mains in the distribution system range in diameter from 4 to 14 inches. Most of the distribution grid piping in the older sections of the City range in diameter from 1.5 to 4 inches, while the newer areas are served by pipes 6 to 8 inches in diameter. City maintained water mains are asbestos-cement (AC), polyvinylchloride, polyethylene, ductile iron, and steel. Approximately half of the water system pipelines are AC pipe.

5.1.1. Water Demand

The City provides water to 4,400 connections including single family multi-family, commercial, irrigation customers. Table 5-2 shows the number of accounts by service category for the five-year period of 2015-2019. The Table shows slow growth or no growth in the number of connections. It also shows Single Family Residential, and Multi-Family Residential customers represent an average of 3,520 of a total of 4,386 or 86% of the total. Commercial customers account for an average of 297 of the total or 7%, with landscaping accounting for 84 or 2%.

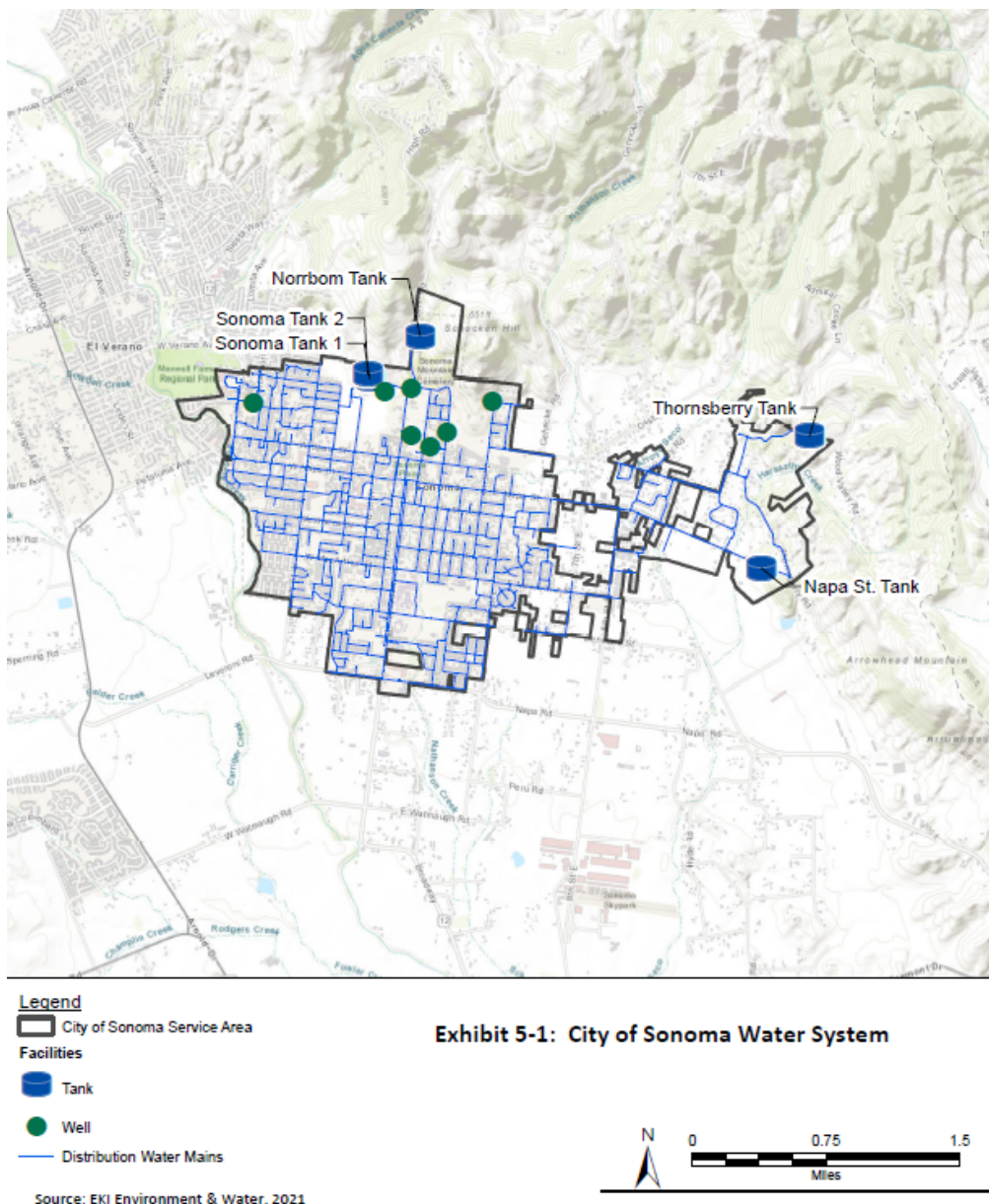
Table 5-2: Distribution of Accounts by Customer Category 2015-2019

Water Use Sector	Number of Accounts					
	2015	2016	2017	2018	2019	Average
Single Family Residential	3,493	3,505	3,505	3,545	3,550	3,520

Multi-Family Residential	277	279	279	278	278	278
Commercial/Institutional	300	298	298	294	293	297
Landscape/Irrigation	89	91	91	72	76	84
Other	209	214	214	200	203	208
TotalAccounts	4,368	4,387	4,387	4,389	4,400	4,386

Source: EKI Environment & Water. 2021.

Exhibit 5-1: City of Sonoma Water System



In general demand is consistent with service area population. It should be noted that service area population includes some areas outside city limits. Table 5-3 shows current and projected potable water demand from 2020-2045 for all use sectors. The table shows modest increases for residential consistent with anticipated growth. Single Family Residential demand is expected to increase 5% over the 25-year period. Additional recycled water for non-potable uses is expected to remain constant at 55 AFY.

Table 5-3: Current and Projected Water Demand 2020-2045 (AFY)

Water Use Sector	2020 Actual	2025	2030	2035	2040	2045
Single Family Residential	1,223	1,178	1,213	1,224	1,248	1,273
Multi-Family Residential	306	325	325	328	334	341
Commercial/Institutional	371	261	271	277	278	278
Landscape Irrigation	136	149	154	158	158	158
Other	1	173	179	180	184	187
Total Potable Demand	2174	2,218	2,244	2,247	2,263	2,283

Source: EKI Environment & Water. 2021.

5.1.2. Water Supply

The City's water supply comes from a combination of imported water from Sonoma County Water Agency (SCWA) and local groundwater wells. The City receives its primary water supply from SCWA's Russian River Project. The Russian River flows are augmented by Pacific Gas and Electric's (PG&E's) Potter Valley Project, which diverts a portion of the Eel River flows to the East Fork of the Russian River. Water is diverted and extracted from the stretch of the Russian River located just upstream of Wohler Bridge via six radial wells known as "Ranney collectors." The diverted river water percolates through sand and gravel and only needs the addition of chlorine to meet drinking water quality standards. The SCWA supply also includes a relatively small amount of groundwater from groundwater supply wells located in the central Santa Rosa Plain Subbasin. SCWA uses the groundwater during drought periods. In 2015 this source contributed approximately 2% of SCWA's supply.

Actual supply for the period 2016-2020 is shown in Table 5-4. The City's purchased water supply is supplemented by local groundwater. In a normal water year, approximately 9 percent of the City's water supply is from local groundwater wells. The total estimated capacity of the City's wells is projected to be 367 AFY and the total safe yield of the City's wells is projected to be 238 AFY.

Table 5-4: Potable Water Supply 2016-2020

Source	Potable Water (AF)				
Year	2016	2017	2018	2019	2020
Purchased/Imported Water from SCWA	1,542	1,852	2,012	1,795	1,965
Groundwater - not desalinated	196	147	63	276	209
Total	1,738	1,999	2,075	2,071	2,174

Source: EKI Environment & Water. 2021.

5.1.3. Recycled Water

The City does not currently use recycled water, but a recycled water distribution system is being constructed and is expected to be online during the first half of 2021. The City will use recycled water produced by the Sonoma Valley County Sanitation District (SVCSD).

The first phase of the new recycled water program will be to supply approximately 50 AFY to the Sonoma Valley Unified School District for irrigation use in 2021. By 2025, it is anticipated that an additional 5 AFY, for a total of 55 AFY, will be used by city parks for irrigation purposes.

Extension of recycled water pipelines to other properties is anticipated to be a later phase of the project, but the schedule and volumes associated with this expansion are not currently known.

The City has been in discussion with various agencies regarding the potential use of recycled water in the City's service area. Those agencies include the SCWA, the SVCSD, and the Valley of the Moon Water District. Current reuse of wastewater treated by SVCSD includes vineyard and pasture irrigation, water for construction, and a small amount of water used for residential landscape irrigation. In recent years, the SVCSD has explored the feasibility of expanding recycled water use to offset local groundwater pumping or imported Russian River water in addition to reducing or eliminating discharges to San Pablo Bay.

5.1.4. Water Demand and Supply Assessment

Typically, the Urban Water Management Plan (UWMP) must evaluate supply and demand for three scenarios, a normal water year, a dry water year and multiple dry years. The supply and

demand for those scenarios is shown in Table 5-5. The Table shows the City has the capacity to serve its anticipated future population with potable water.

5.1.1. Groundwater Sustainability

The Sonoma Valley Groundwater Sustainability Agency (SVGSA) was created in 2017 when the participating agencies entered into a Joint Exercise of Powers Agreement (JPA). The purpose of the SVGSA is to secure groundwater sustainability for the Sonoma Valley groundwater basin. Member agencies include the City of Sonoma, Sonoma County, the North Bay Water District, the Sonoma Resource Conservation District, Sonoma County Water Agency, and Valley of the Moon Water District (VOMWD).

Table 5-5: Future Water Supply/Demand Normal Year, Single Dry Year, Multiple Dry Years

Scenario	2025	2030	2035	2040	2045
Normal Year (AF)					
Supply totals	3,293	3,293	3,293	3,293	3,293
Demand totals	2,273	2,299	2,302	2,318	2,338
Difference	1,020	994	991	975	955
Single Dry Year (AF)					
Supply totals	3,293	2,816	2,791	2,764	2,734
Demand totals	2,273	2,299	2,302	2,318	2,338
Difference	1,020	517	489	446	396
Multiple Dry Years (AF)					
Supply totals	3,293	3,293	3,293	3,293	3,293
Demand totals	2,273	2,299	2,302	2,318	2,338
Difference	1,020	994	991	975	955

Source: EKI Environment & Water. 2021.

The JPA establishes groundwater sustainability agency (GSA) Board membership, initial funding, voting and other governance issues. The GSA Board of Directors and the Advisory Committee includes one representative from each member agency. The GSA is funded by member agencies through fees established by the SVGSA Board of Directors.

The City also participated in the Groundwater Sustainability Plan, and a pilot study of groundwater recharge.

Determinations

5.1 The City operates and maintains 4,404 water service connections/meters, 1,437 valves, 476 fire hydrants, six water tanks, eight wells, two booster pump stations, and 58 miles of underground water main pipes.

5.2 The City receives most of its water from Sonoma County Water Agency (SCWA). The City's wells contribute approximately 9% of the total demand.

5.3 In 2020 total demand was 2,174 AFY. In the next 25 years demand is expected to grow to 2,283 AFY, which represents an increase of 5%.

5.4 Future year water supply and demand estimates for normal year single dry year and multiple dry years shows an excess of supply over demand.

5.5 The City plans to begin using 55 AFY recycled water for some of its non-potable demands by 2025.

5.2. Wastewater

The City does not provide sanitary sewer service. The Sonoma Valley County Sanitation District (SVCSD) serves the City of Sonoma with wastewater collection, treatment, disposal, and water recycling services for the City's service area. SVCSD operates a treatment plant located on Eighth Street East. The SVCSD is operated and maintained by the Sonoma County Water Agency (SCWA).

Since the City does not directly provide service the SVCSD will not be part of this MSR. SVCSD provides wastewater collection, treatment, disposal, and water recycling services for the City and other areas in the Sonoma Valley. The SVCSD reclamation facility provides tertiary treatment for a permitted average dry-weather flow capacity of 3 MGD. The current average dry-weather flow of the SVCSD reclamation facility is 2.7 MGD, and the average winter peak flow is 22 MGD.

Determinations:

5.6 The Sonoma Valley County Sanitation District (SVCSD) provides wastewater collection, treatment, disposal, and water recycling services for the City's service area. The SVCSD has a treatment plant on Eighth Street East. Current permitted capacity is 3 MGD which is greater than the current average dry-weather flow of 2.7 MGD.

5.3.Cemeteries

The City operates and maintains three cemeteries as an enterprise function. As with other enterprise functions the service is supported by charges and shortfalls are covered by reserves. Table 5-6 shows the size of each cemetery and the availability of each interment type.

Although the Mountain Cemetery is 60 acres not all of it is useable.

The Table shows that the cemeteries are essentially at capacity for full burial ground plots. However, both Mountain and Valley Cemeteries offer in-ground cremains placement. In addition, there is a mausoleum at Mountain Cemetery. Mausoleum#11 has available space for niches and full burial crypts.

Cemeteries in effect provide some history of the area based on who is laid to rest there. The City publishes a walking tour of the Mountain Cemetery identifying graves of key figures in Sonoma History. General Mariano Vallejo, founder of Sonoma, is probably the most famous burial site.

Table 5-6: Sonoma Cemeteries Available Inventory as of October 2021

Type	Mountain Cemetery	Valley Cemetery	Veterans Cemetery
Size (acres)	60	4	1.6
Ground Burials	0	1	0
Earth Cremains	61	14	4
Crypts	4		
Niches/ Columbarium	136	3	
Babyland	27		
Total	242	18	4

Source: Rita Gipson. 2021b.

The Mountain Cemetery contains many well-known winemaking, farming, and long-time valley resident families, such as Sebastiani, McTaggart, Riboni, Ruggles, Dolcini, Bundschu, and Mulas. Captain H.E. Boyes, George Feters, Franklin Sears and two Donner Party survivors. are interned in Mountain Cemetery. The Sons of the American Revolutionary War claim that a veteran from that era, Captain William Smith of Flowerdew Hundred, Virginia, is buried in an unmarked grave at Mountain Cemetery, making the cemetery one of the oldest continually operated cemeteries in the western United States.

Determinations:

5.7 The City operates and maintains three cemeteries, Mountain Cemetery, Valley Cemetery and Veterans Cemetery. The Veteran's Cemetery is reserved for veterans only.

5.8 All the cemeteries are at capacity. Only one burial site is available in the Valley Cemetery, however in-ground cremains placement is available in the Mountain and Valley Cemeteries. In addition, there are full crypt burial sites available in Mausoleum #11 in Mountain Cemetery.

5.4. Public Works – Street Maintenance and Storm Drainage

The Public Works Department operates, maintains, and upgrades the City of Sonoma's water and transportation systems, parks, facilities, and cemeteries. Public Works has three divisions, Parks Cemeteries & Facilities, Water, and Streets. Wastewater collection and treatment services in Sonoma are provided by the Sonoma Valley County Sanitation District. Parks, cemeteries and water will be reviewed in other sections. This section will focus on the Streets Division.

The Streets Division maintains the City's streets, bridges, sidewalks, and right-of-way. The Streets Division maintains 33.8 miles of streets, 11 bridges, 40 miles of storm drainage piping, 3 miles of roadside ditches, and 485 catch basins. Right-of-way code enforcement is a major responsibility that includes streets, sidewalks, drainage, trees, and signage. This Division keeps the City right-of-way in a safe and functional condition for multi-modal circulation. The Division operates a street sweeper to prevent debris from clogging or passing through the storm drain system to local streets.

The Department routinely surveys the condition of its streets to determine maintenance requirements. There are three classes of streets in Sonoma, arterial, collector, and residential. The condition is rated by a Pavement Condition Index (PCI). There are five pavement condition categories and PCI breakpoints, which are critical decision points at which different treatments would be

applied to the pavement sections for maintenance purposes. Table 5-7 shows the PCI categories and the treatment needed to maintain a PCI of 90. It is much more cost effective to do annual maintenance than to wait until the street has a PCI below 50.

Table 5-7: Typical Maintenance Treatments to Reach a PCI of 90

Pavement	PCI	Typical Maintenance Treatment
Excellent	100-90	Do Nothing
Very Good	89-70	Seal Cracks, Slurry Seal
Good	69-50	Crack Seal and Slurry Seal, Edge Grind & 2 Inch Overlay with Fabric
Poor	49-25	3 Inch Overlay with Fabric and 33% Dig out
Very Poor	0-24	Reconstruct Structure

Source: Fugro. 2020.

Table 5-8 shows the PCI for Sonoma’s streets by functional class, the number of miles and the percent of the network for each category. That Table shows that total PCI for the City is 72. A PCI of 70 to 90 is considered very good.

Table 5-8: PCI for Sonoma’s Streets by Functional Class

Functional Class	Sections	Centerline Miles	Lane Miles	% of the Entire	PCI	Pavement Condition
Arterial	34	5.13	10.81	17.5%	74	Very Good
Collector	48	6.51	13.02	19.5%	76	Very Good
Residential	218	22.21	44.48	63.0%	70	Very Good
Total	300	33.85	68.31	100.0%	72	Very Good

Source: Fugro. 2020.

The City has indicated that the expected budget will be \$500,000 for each year (25% is preventive maintenance) for a total of \$2.5 million over five years. The result shows that by 2024 the deferred maintenance will increase from \$7.1 million to \$10.2 million, and the overall

PCI will decrease to 69. In order to maintain the PCI at 72 the City will have to budget \$3.85 million over 5 years in addition to deferred maintenance.

Public works is also responsible for maintaining the storm drain system. Storm water collected in the storm drain system is discharged untreated into Nathanson Creek, Sonoma Creek, or Fryer Creek. Pollutants commonly found in stormwater runoff are soil, pesticides, litter, pet waste, and automotive products such as oil and grease. In 2017 the City completed a Storm Drain Master Plan that outlines services and plans for future needs.

Determinations:

5.9 The Public Works Department operates, maintains, and upgrades the City of Sonoma's water and transportation systems, parks, facilities, and cemeteries. Public Works has three divisions: Parks, Cemeteries & Facilities; Streets; and Water. The Streets Division maintains the City's streets, bridges, sidewalks, and right-of-way. The Streets Division maintains 33.8 miles of streets, 11 bridges, 40 miles of storm drainage piping, 3 miles of roadside ditches, and 485 catch basins.

5.10 The Department routinely surveys the condition of its streets to determine maintenance requirements. There are three classes of streets in Sonoma, arterial, collector, and residential. The condition is rated by a Pavement Condition Index. The PCI for arterials averages 74, for collectors 76, and residential 70. The total system average is 72. A PCI of 70 to 90 is considered very good.

5.11 Public works is also responsible for maintaining the storm drain system. Storm water collected in the storm drain system is discharged untreated into Nathanson Creek, Sonoma Creek, or Fryer Creek.

5.5. Law Enforcement

Since 2004, the City has contracted with the Sonoma County Sheriff's Office for law enforcement services. The Chief provides the city with a "Service Plan" each year, which outlines the level of service to be provided including, the staffing plan, position descriptions, and training and equipment needed to perform services. The contract was due to expire in June 2020 but has been extended through 2021 while the City negotiates a new contract. The contract allows the City to adjust the staffing as needed and as resources permit.

Under the law enforcement contract, many professional administrative and managerial functions, such as dispatch, investigations, fiscal and records management, and property/evidence are handled by experts located at the Sheriff's main office in Santa Rosa.

The Police Department has a staff of 16 employees, which consists of a Police Chief, two Police Sergeants, 10 Deputy Sheriffs, two Community Service Officers and one Administrative Clerk

(City employee). That translates to 1.1 sworn officers per thousand population, generally considered good for a community the size of Sonoma. One of the Community Service Officers positions was eliminated because of fiscal constraints imposed by COVID but is expected to be reinstated in January 2022.

The Police Department also uses dedicated volunteers through the Sheriff's Volunteer in Policing Services (VIPs) program. In addition to the 16 employees there are two additional personnel, lieutenants, who are part of the Sheriff's office and manage officers assigned to the City. In total the County Sheriff's department includes 635 full time and 95 extra help positions. The portion allocated to the City represents approximately 3% of the total positions.

The FY 19/20 contract with the Sheriff's Office was \$4,642,010, which is a \$311,083 increase from the adopted FY 18/19 contract of \$4,549,731. This includes compensation adjustments for the FY 18/19 budget that were not budgeted in prior years. The Sheriff's Office labor unions negotiated a 3% wage increase that was included as an assumption in the FY 19/20 budget.

Due to budget constraints, proposed FY 20-21 contract cost increases, and the COVID-19 economic effects to the community, Sonoma City Council eliminated an Administrative Assistant position, a K9 Officer, and School Resource Officer. They also reduced a Deputy and Community Service Officer positions. Through these reductions, cost savings to the FY 20-21 Sonoma Police Department budget totals \$632,895, including overhead costs of \$124,357. The FY 21-22 budget will add a Deputy Sheriff position and in January of 2022 will add a Community Service Officer position.

In FY 2019-2020 the Sheriff's department responded to 10,854 calls for service in the City of Sonoma. That lead to 447 arrests. The Sheriff's department operates two jails, the Main Adult Detention Facility, in Santa Rosa, and the North County Detention Facility, 7 miles northwest of Santa Rosa. Neither are in the City of Sonoma.

Determinations:

5.12 The City has a long-standing contract for law enforcement services with the Sonoma County Sheriff's Office. The contract allows administrative and managerial functions to be handled by the Sheriff's main office in Santa Rosa. The Police Department has a staff of 16 employees, translating to 1.1 sworn officers per thousand population, which is generally considered good for a community the size of Sonoma. The contract arrangement allows the City to determine the level of service that is desired. Capacity is limited by what the City determines it needs and resources available in the budget.

5.13 In FY 2019-20 the Sheriff's department responded to 10,854 calls for service in the City of Sonoma. That lead to 447 arrests. The City does not have a jail. The Sheriff's Office operates two in the vicinity of Santa Rosa.

5.6. Fire and Emergency Medical Services

The City's Fire Department is operated through a collaborative partnership with the Sonoma Valley Fire and Rescue Authority (SVFRA), formerly the Valley of the Moon Fire Protection District (VMFPD). SVFRA is now known as the Sonoma Valley Fire District after a recent reorganization.

From 2001 through 2011, the SVFRA operated under a joint-powers agreement between the City of Sonoma and the VMFPD for joint purchasing, training, and staffing. Through collaborative discussions between the two agencies, it was determined that the most strategic and cost-effective model for sustainability of all-risk fire services was for the City of Sonoma to contract with the VMFPD.

On December 19, 2011, the City Council approved a Contract for Services with the Valley of the Moon Fire District for five years with an initial term that ended on February 1, 2017. In January 2017, the City Council and the VMFPD approved a contract term for an additional five years.

Under the terms of the contract for services, the expenditures of the historic SVFRA are split between the City (57%) and the Fire District (43%). The City receives 100% of the Emergency Medical Services revenues, including governmental reimbursement programs. Each agency retains financial responsibility for its own buildings and vehicles. All City fire employees were transitioned to the VMFPD in 2012. The City is still required to pay the unfunded liability for the prior employees' retirement costs.

In addition to fire suppression and prevention the Fire Department provides advanced life support (ALS) medical services. All staffed engines and ambulances are ALS equipped and staffed with at least one paramedic, and often two or three. The SVFRA also offers citizens emergency preparedness training through the Sonoma Citizens Organized to Prepare for Emergencies (SCOPE) program. The SVFRA also maintains a drone program to assist the incident commander with a view of the incident and to aid in service to remote areas.

Table 5-9 shows the territory covered by the SVFRA. The City comprises a small area and about one quarter of the population served.

Table 5-9: Service Area and Population of SVFRA

Service Recipients	Valley of the Moon FD	Glen Ellen Fire District	City of Sonoma	Total
Area Covered	31.5 sq. mi.	27.0 sq. mi	2.74 sq. mi	58.5 sq. mi

Population Served	33,000	4,000	11,000	47,100
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Source: Sonoma Valley Fire and Rescue. 2018

SVFRA operates with five full time and four volunteer stations. Station #1, the Al Mazza Fire Station, named for the former Fire Chief and Mayor, is located in the City of Sonoma. The Al Mazza station was constructed in 2002 and is wholly compliant with codes and standards that were in place at that time. The station features living quarters and a vehicle maintenance and repair building.

It also serves as the administrative headquarters for SVFRA and houses the local fire history museum. Station 1 houses a Type 1 Pumper, three engines, a Type 1 Ladder Truck, and an advanced life support ambulance. Daily staffing for SVFRA includes four engine companies, two ambulances, and a command vehicle. In total the Fire Department now consists of 61 full-time staff, one part-time staff member, and 47 volunteer firefighters who supplement daily staffing.

The Sonoma Valley Volunteers have been a major part of SVFRA since 1888. They perform many roles from fund raising, to sponsoring community events, to working as the third Firefighter on the staffed engines. They respond on strike teams throughout the state, as well as responding to all fires and major calls in the district.

The Volunteers are required to train for a minimum of two hours each week. They must meet state and federally mandated training. There is additional training for those Volunteers who wish to become an Engineer or Captain. Many Volunteer Firefighters have successfully become career Firefighters.

In July of 2020, the Valley of the Moon, and Glen Ellen Fire Districts along with the Mayacamas Fire Department formally consolidated with SVFRA, becoming the Sonoma Valley Fire District. Although the City has not consolidated with the Sonoma Valley Fire District, it maintains its contract with Valley of the Moon Fire District and participation in the SVFRA.

Response Times and International Standards Organization (ISO) Rating

The International Standards Organization (ISO) is the industry standard that measures the agency's emergency service delivery system and effectiveness of services. ISO classifications range from 1 to 10 with Class 1 representing the best public protection and Class 10 no recognized protection. The ISO rating acts as a guide to the insurance industry for establishing premium rates for residential and commercial properties. The City has a rating of 1, which is the highest attainable level, indicating superior property fire protection.

Table 5-10 Shows calls for service over the five-year period from 2016 to 2020. Calls for service averaged just under 2000 with a steady increase over the 5-year period. The range indicates the department has the capacity to handle at least 2200 calls per year.

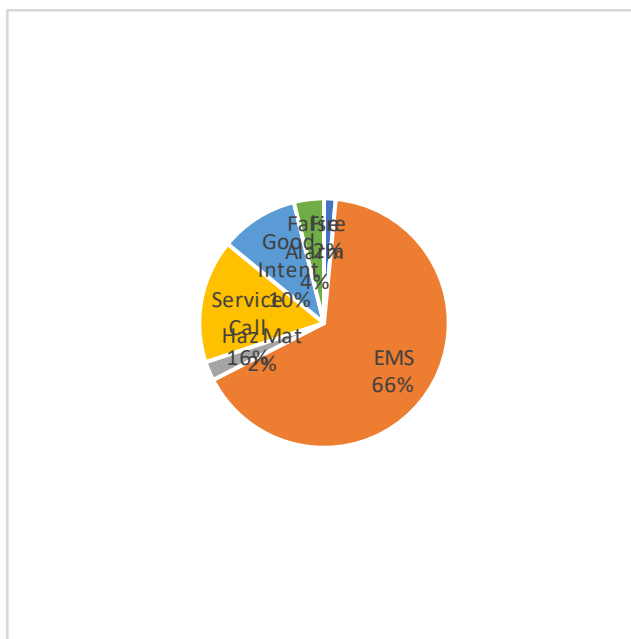
Table 5-10: Calls for service 2016-2020

Year	Calls
2016	1822
2017	1873
2018	1884
2019	2242
2020	1986
Average	1961

Source: Sonoma LAFCO. 2019. Lacy, Sean. 2021a.

The incidents by alarm type are shown in Exhibit 5-2.

Exhibit 5-2: 2020 Incidents by Alarm Type



Source: Lacy. 2021a.

Like most fire districts, in 2020 nearly 67% of calls were for emergency medical services. Response time goal has been set at 7 minutes.

Determinations:

5.14 The City contracts for fire protection service with Valley of the Moon Fire Protection District (VMFPD), which is now the Sonoma Valley Fire District. The City formed the Sonoma Valley Fire and Rescue Authority to share expenses with VMFPD. Although the VMFPD recently consolidated to form the Sonoma Valley Fire District the contract with the City remains intact.

5.15 The SVFRA Station 1 is in the City of Sonoma. It operates three engines, a ladder truck, an ambulance, and a command vehicle out of the station. Station 1 also handles administration, features living quarters and a vehicle maintenance and repair building.

5.16 The Fire Department responded to average of 1961 calls per year over the last five years, with the highest call volume of 2242 in 2019. The range indicates the department has the capacity to handle at least 2200 calls per year. Two thirds of the calls are for emergency medical services. Response time goal has been set at 7 minutes. The City department has an ISO rating of 1, the highest rating possible.

5.7.Parks and Recreation

The City is responsible for operation and maintenance of 17 parks encompassing 40 acres, nine play structures, two public restrooms, class 1 bike trails, hiking trails, a duck pond, and a rose garden. City staff also performs vandalism abatement and works with non-profits on special events held in Sonoma Plaza Park and Depot Park.

The City also partners with the Sonoma Overlook Trail Stewards for maintenance of the Sonoma Overlook Trail, and with the Sonoma Ecology Center, for maintenance and operation of Sonoma Garden Park, the Montini Preserve, the Nathanson Creek Preserve, and Fryer Creek East Fork Trail-way. In addition, the City, along with the help of volunteers, maintains over four miles of Class I bike paths.

Although the City does not have recreation programs, residents enjoy programs provided by non-profit organizations. The City has provided annual grant funding to key non-profits which over time became known as the “Tier 1” non-profits. In 2017, the City Council reviewed and updated the Community Fund Program to create multi-year contracts with key non-profits that support recreation and community activities. Through these long-term partnerships, the City and its residents have experienced cost savings through the avoidance of creating a City department with appropriate staffing devoted to recreational and community programs. Through leveraging the talents, skills, networks, and resources already available in the community, the City has invested in recreation and community programs for decades. This approach has been proven to be cost effective, efficient, and flexible to meet the changing needs of the community. Non-profit organizations which provide these programs are expert at delivering the same traditional services other cities provide.

The City has adopted a policy to support recreation and community service programs. The policy includes fee waivers and financial support for events related to the community’s heritage and history as well as seasonal events that bring the community together. The City also makes available discretionary funding to support unique projects that are impactful to the community. The city communicates with residents through its “Recreation and Community Services” webpage on the City’s website to provide information and links to available programs.

The City has selected four key non-profits to contract with for their delivery of core recreation and community services on behalf of the City. They are Sonoma Valley Boys and Girls Club, Sonoma Community Center, Vintage House, and the Sonoma Ecology Center. In addition, the City has recreation and community partnerships with the Sebastiani Theater, the Sonoma Valley Health and Recreation Association & Swimming Pool, Sonoma Valley Field of Dreams for sports fields, and Sonoma Overnight Support Homeless Shelter. The types of programs and the non-profit provider are summarized in Table 5-11.

Table 5-11: Recreation Services Programs and Service Providers

Services	Programs	Location and Service Provider
Community Facilities	Community center, banquet and meeting rooms, teen center, senior center, swimming pool, theaters, playing fields, skatepark, gardens, playfields	Vintage House, Sonoma Community Center, Sonoma Ecology Center Provider: Sonoma Valley Field of Dreams
Youth Programs	For toddlers through high school students - after school programs, summer camps, youth sports, art, media, video, environmental education	Boys and Girls Club, Sonoma Ecology Center, Sonoma Community Center Provider: Sonoma Valley Field of Dreams and Sebastiani Theater
Senior Programs	Senior classes, social activities, physical fitness courses	Vintage House
Adult Programs	Adult sport leagues, adult general learning	Sonoma Ecology Center, Sonoma Community Center
Cultural Arts and Theater	Theater facilities arts programs and classes, public art programs	Sonoma Community Center Provider: Sonoma Valley Museum of Art, Sebastiani Theater

Source: City of Sonoma. 2018.

The City sponsors several “heritage events” that celebrate the heritage of the City or County. They include the financial sponsor for 4th of July Celebration and Fireworks, Valley of the Moon Vintage Festival, Bear Flag Celebration, and Mexican Independence Day. In addition, the City sponsors several “community events” such as Sonoma City Party, Cinco de Mayo, Plaza Lighting Celebration, Spring Egg Hunt, Hot Chocolate with Santa, and Sonoma Valley High School Homecoming Rally and Parade.

Owing to its many partnerships and sponsorships the City is able to address the needs of its residents for parks and recreation activities. This service model allows the city to meet the needs of its residents and to expand or reduce services as required.

Determinations:

5.17 The City owns and operates 17 parks and partners with several non-profits for recreational programs.

5.18 The City does not provide recreational activities directly but partners with and financially supports activities of several non-profits at its facilities.

5.19 Through its partnerships and sponsorships the City is able to tailor park and recreation activities to the needs of its residents and has the capacity to expand or reduce services as needed.

6.FINANCIAL ABILITY TO PROVIDE SERVICE

The City of Sonoma provides both governmental services and enterprise services.

Governmental services include public works, fire, police, planning and building permit services, and parks. Governmental services are funded by a variety of taxes, most notably sales tax, property tax, and transient occupancy tax. Enterprise services, water and cemeteries, are funded directly by charges for services.

Revenues and expenses are detailed in audits and the budget. Audits represent actual amounts certified by an auditing firm. The most recent audit, completed in February 2021, was for FY18/19, just before the onset of COVID-19. While the audit numbers are the most reliable the effects of COVID-19 may be seen in the FY21/22 budget.

The proposed FY 21/22 budget for the City of Sonoma includes a combined Operating and Capital Improvement Program (CIP) Budget of \$39,876,288. The proposed General Fund budget is \$21,749,189 including transfers. With FY 21/22 General Fund revenues projected to be \$20,324,330. still showing a loss of transient occupancy taxes and sales taxes, the general fund deficit is calculated to be \$1,424,860. The American Rescue Plan will provide the City of Sonoma with approximately \$1.32 million for FY 21/22, with a second equal payment for FY 22/23. With the one-time Federal Relief Funding the City will have a projected FY 21/22 General Fund Operating deficit of \$178,000.

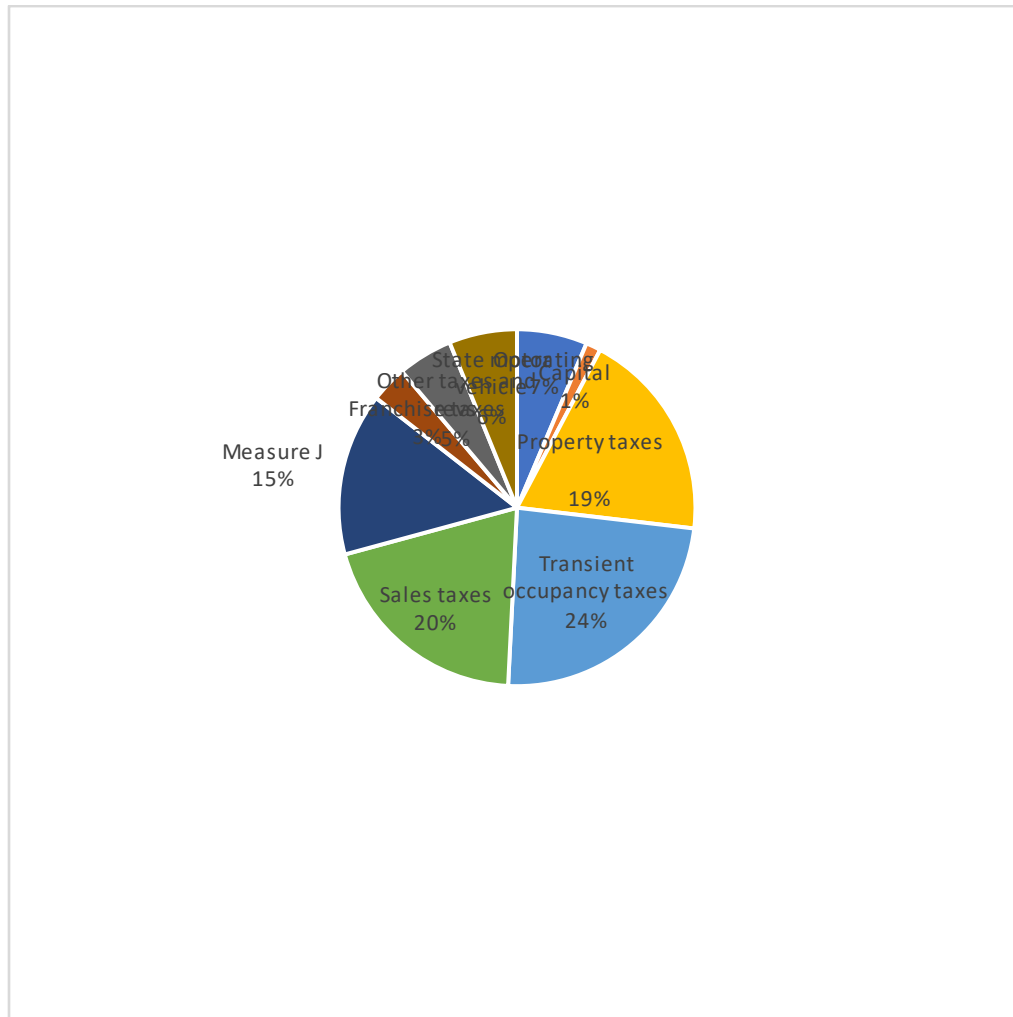
This analysis will compare the average revenue and cost allocations of the five years from FY 15 through FY19 to the most recent budget that will show how the City adjusted its finances to accommodate COVID-19.

6.1. General Fund

The FY 21/22 budget allocates \$21.7 for the government activities operating expenses, and \$3.4 million for capital projects. Prior to the Covid-19 pandemic Government activity revenue sources were as shown in Exhibit 6-1. The exhibit shows that a majority of the revenues, approximately 63%, were split between Transient Occupancy Tax (TOT), 24%, Sales Tax, 20% and Property Tax 19%.

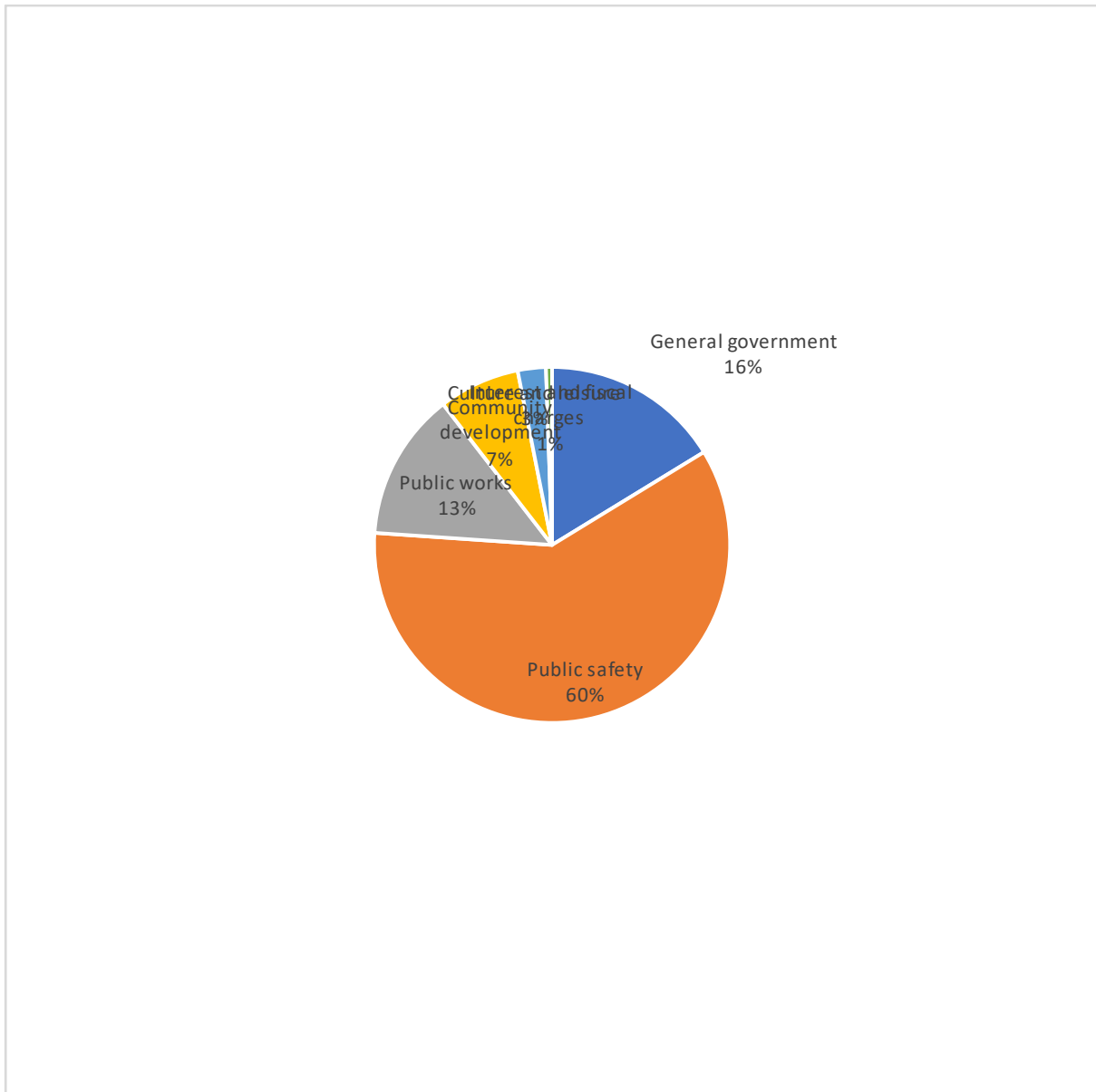
Exhibit 6-2 shows the allocation of expenses for the same five-year period. As expected, public safety expenses are the highest at 60%. In succeeding years, the proportions of expenses have stayed relatively constant. For example, the FY 21/22 budget allocated 59% of all expenses for law enforcement and fire protection.

Exhibit 6-1: Average Revenue Sources General Fund FY 15-FY 19



Source: City of Sonoma. 2016,2017,2019a,2020a,2021a.

Exhibit 6-2: Average Expenditure Allocation FY 15-FY 19



Source: City of Sonoma. 2016,2017,2019a,2020a,2021a.

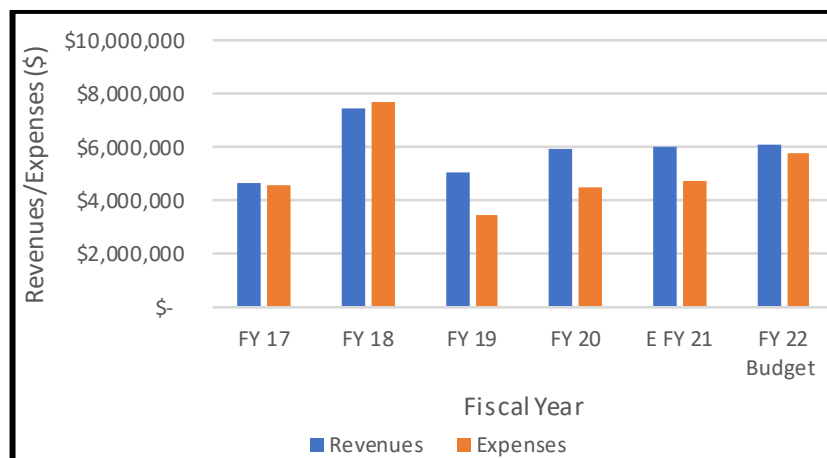
6.2. Enterprise Funds

The FY 21/22 budget also allocates approximately \$400,000 for cemeteries and \$5.8 million for the Water Utility Operating budget.

6.2.1. Water Fund

Exhibit 6-3 shows charges and expenses for water fund. All but FY 21/22 values represent actual numbers; the data beyond FY 19/20 are unaudited, as the FY 18/19 audit was not published until early 2021. The exhibit shows the revenues exceeded expenses.

Exhibit 6-3: Revenues and Expenses Water Fund FY 17-FY 22



Source: City of Sonoma. 2020b, 2021e.

Water Rates

As part of preparation of the Fiscal Year 17/18 Water Utility budget, staff analyzed water rates and the finances of the Water Utility, as well as changes in laws governing water rates in California. The analysis showed that water purchase expenses were expected to increase by approximately six per cent a year between FY 19/20 and FY 22/23.

Purchased water represents approximately 38% of Water Utility expenses. In addition, operating and maintenance expenses were anticipated to increase four to five percent annually between FY 19/20 and FY 22/23.

The water rate adjustment study was completed in 2018. The study recommended a 7.5% annual rate increases beginning in FY 19/20 and continuing through FY 22/23. The increases ensured that the Water Fund would have adequate revenues through FY 22/23.

The recommended rates are shown in Table 6-1. The table shows rates for a single-family residence, assuming the meter is either 5/8" or 3/4". The rate consists of a base charge, based on the size of the water meter, and a consumption charge.

The City initially adopted the rates proposed in the Water Study. However, the City found that due to the COVID-19 pandemic and the drought revenues would be reduced from the forecasted revenues in the water study. Consequently, in May of 2021 the City adopted

increased rates shown in Table 6-1 and Table 6-2. The two-part rate consists of a rate by meter size and a separate rate for consumption. Table 6-1 shows the residential rate based on meter size.

Table 6-1: Single Family Water Rates– Monthly Service Charges

Meter Size	FY 2021	FY 2022
5/8"	\$28.33	\$30.46
3/4"	\$28.33	\$30.46

Source: City of Sonoma. 2021b.

Table 6-2 shows rates based on consumption units of one thousand gallons used. The rates are effective on July 1, 2021 for Fiscal Year 2022 and July 1, 2022 for Fiscal Year 2023.

Table 6-2: Single Family Water Rates– Water Consumption Rates(\$/kgal)

Tier	FY 2021	FY 2022
Tier 1 0-2 kgal	\$5.75	\$6.19
Tier 2 2-7 kgal	\$7.78	\$8.37
Tier 3 > 7 kgal	\$9.17	\$9.86

Note: 1 kgal = 1,000 gallons

Source: City of Sonoma. 2021b.

6.2.2. Cemetery Fund

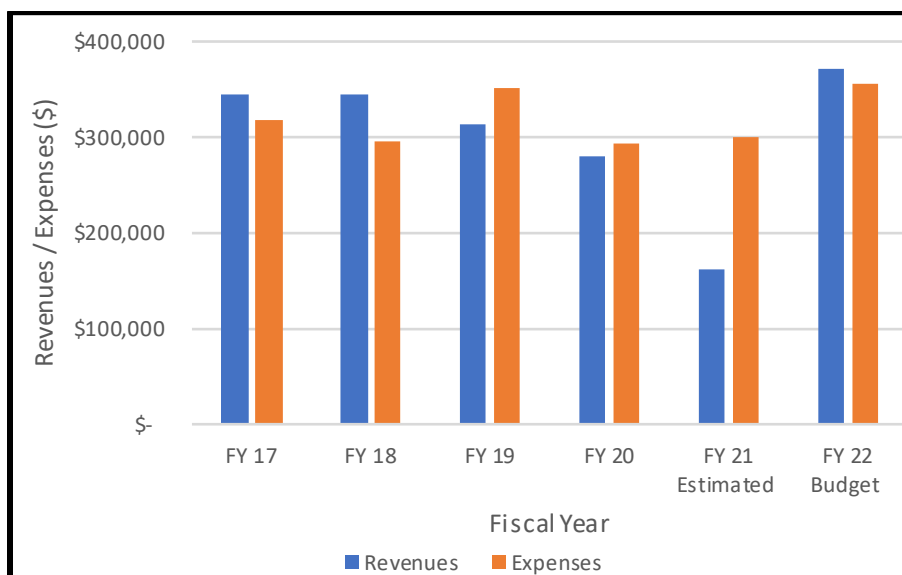
Maintenance of the cemeteries is funded through an endowment fund dedicated to record the income received from Cemetery sales that is designated as endowment care. Each year the budget allocates \$50,000 for maintenance of the City's three cemeteries. Maintenance includes

the planting, cutting, watering, and care of lawns, trees, and shrubs; the cleaning and upkeep of buildings; and the maintenance of utilities, walls, roadways, and walks.

The primary challenge for cemeteries is the lack of available space for additional burials. Another challenge, as the condition of the City's cemeteries degrade, is additional maintenance needed every year. City staff resources for cemetery maintenance are limited to one maintenance worker, with some assistance by other Public Works staff as needed. All cemeteries are constrained by financial limitations.

Exhibit 6-4 shows revenues and expenses for the Cemetery Fund from FY17/18 to FY 22/23. Values represent actual revenues and expenses published in the adopted budgets but unaudited. The most recent available audit is for FY 18/19 was released in early 2021. Values for FY 22/23 are budget estimates.

Exhibit 6-4: Cemetery Fund Revenues and Expenses FY 17-FY22



Source: City of Sonoma. 2021e.

The exhibit shows that expenses often exceed revenues. The fund addresses deficits through transfers from the General Fund. In FY 19/20 and FY 20/21 transfers in were approximately \$90,000. The FY 21/22 budget has allocated \$30,000 for a financial analysis of the Cemetery Fund to develop a plan for resolution of its deficit.

6.3. Capital Improvement Plans (CIP)

The CIP includes projects to improve the City's streets, sidewalks, bikeways, and storm drainage, water system, parks and open space, cemeteries, and City buildings. Many of the

water CIPs were identified in the 2018 Water Master Plan Update. The plan identified projects to:

- strengthen the City's ability to reliably supply potable water;
- protect the City's potable water supply against emergencies;
- promote public safety by addressing system pressure and fire flow deficiencies; and
- minimize life-cycle costs by planning for the cost-effective renewal and replacement of aging water system components.

Due to the fiscal crisis associated with the coronavirus pandemic, the near-term CIP budget minimizes City general funds and reflects reduced estimates for other funding sources. Funding for projects in Year 1 of the CIP is part of the City's annual budget process. Projects with funding in years 2-5 of the CIP are approved on a planning basis only.

In FY 21/22 the City anticipates funding \$3.76 million in five areas. They include transportation, creeks and drainage, water, parks, and buildings and facilities. Proposed projects include \$2 million for water meter system upgrades, which is expected to be offset from other financing, and \$70,000 for electric vehicle charging stations.

The City also has a five-year Capital improvement Plan, beginning in FY 21/22 and extending to FY 25/26. The Table 6-3 shows the number of projects in each category and the total 5 year estimated cost.

Table 6-3: Summary of FY 21/22 to – FY 25/26 Capital Improvement Projects.

Funding Type	Number of Projects	5 Year Cost
<i>Transportation</i>	7	<i>\$5,008,833</i>
<i>CREEKS & DRAINAGE</i>	4	<i>\$5,128,800</i>
<i>WATER</i>	1	<i>\$5,128,800</i>
<i>PARKS</i>	6	<i>\$625,921</i>
<i>BUILDINGS & FACILITIES</i>	4	<i>\$1,336,400</i>

<i>TOTAL</i>	22	<i>\$19,485,487</i>
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Source: City of Sonoma. 2021e.

Table 6-4 shows the funding sources for capital improvement projects. It identifies funding that is restricted as well as requiring a local match.

Table 6-4: Summary of Capital Improvement Funding Sources

Funding Source ³⁴	Revenue Source	Restricted Uses	Maintenance of Effort (MOE) or Local Match?
General Fund	General taxes and fees	Unrestricted	No
Measure M Traffic Relief Act for Sonoma County	County-wide 1/4 cent sales tax for transportation. Ends in	Maintenance of local streets and roads	Yes, MOE. 6.33% of local fund expenditures must <i>be</i> for transportation purposes. City is
Gas Taxes	Revenue allocated by the State	Any street or road purpose. It is best practice to focus on maintenance and rehabilitation costs only.	No
Road Maintenance and Rehabilitation Account (RMRA): Senate Bill [SR] 1	Revenue allocated by the State	Road maintenance and rehabilitation, safety projects, "complete street" components, and traffic control devices	Yes, MOE. Must spend at least \$250,663 of General Fund annually for street, road, and highway purposes. City is not proposing to meet the MOE in
Water Fund	City water customers	Water system operations,	No
Community Development Block Grant (CDBG)	Federal Housing and Urban Development	ADA Self-Evaluation, Transition Plan, and	Yes, local match of \$20,000 of General Fund.

Proposition 68: California Parks, Environment, and Water Bond	Per Capita Grant Program	Local park rehabilitation, creation, and improvement	Yes, MOE. Generally, the City is required to not reduce the amount of funding otherwise available to be spent on parks based on the past three fiscal
Sonoma County Parks Improvement, Water Quality	County-wide 1/8 cent sales tax for parks	Parks related maintenance and projects	Yes, MOE.
Quimby Act Funds	Development fees for park improvements	New and rehabilitation of existing parks and recreational facilities	No. Fees must be returned if not "committed" within 5 years.

Source: City of Sonoma. 2021e.

6.4. Long-Term Liabilities – Employee Retirement Benefits

The City's net pension liability in FY 18/19 decreased to \$14.5 million. This obligation remains larger than the sum of all other bond and long-term liabilities combined.

In 2012, the City sold pension obligations bonds to pay off unfunded pension liability from CalPERS. The bonds were recently paid off, allowing the City to allocate \$400,000 to remaining pension liabilities or a pension prepayment program.

6.5. Reserves

In 2019, the City Council updated the City's Financial Reserve Policy to maintain stable reserve levels for the General Fund and formalized reserve policies for the Water Fund. The following summarizes the General Fund and Water Fund reserve policies.

6.5.1. General Fund Reserves

General Fund Operating Reserve – The operating reserve represents two months annual operating expenses, roughly 17% of annual operating expenses. The purpose is to provide funding to evaluate alternatives in the event of financial hardships, provide resources in times of economic uncertainties and downturns, and to provide funding due to unexpected expenditures and/or reductions in revenues.

General Fund Emergency Reserve – The Emergency reserve is funded at a minimum of \$1.5 million. The purpose is to provide operating and/or repair funds in the event of a local disaster or catastrophic event.

General Fund Special Projects Reserve - The special projects reserve has no dedicated funding source. Funding is at the discretion of City Council and financial resources. This reserve funds capital improvements, special studies, updates to the General Plan, and special transportation projects.

General Fund Unassigned Reserve – The fund consists of residual General Fund balance not classified above and available for spending. These funds are unassigned.

Although the City was required to use reserves to cover shortfalls in FY 20/21 and again in FY 21/22. The FY 21/22 budget anticipates a reserve fund balance of \$8.6 million. That includes a contribution of \$1.3 million from Federal relief funds.

6.5.2. Water Utility Fund Reserves

The Water Utility has three categories of reserves. They include an operating reserve, a capital reserve, and a rate stabilization reserve.

Water Utility Fund Operating Reserve - The purpose of the Water Utility Fund Operating Reserve is to provide working capital to support the operation, maintenance, and administration of the City's Water Utility Fund, ensuring that cash flow needs of normal operations are met. Beginning with fiscal year 2018/19, the City established an Operating Reserve target level equal to two months or 17% of operating and maintenance expenditures. The Water Utility Fund Operating Reserve can cover any significant unanticipated or mandated expenditures which cannot be deferred or efficiently funded by borrowing.

Water Utility Capital Reserve - The purpose of the Capital Reserve is to cover any unexpected and unplanned infrastructure repairs and replacements not included in the Capital Improvement Plan (CIP) annual budget.

Water Utility Fund Rate Stabilization Reserve - The Water Utility Fund Rate Stabilization Reserve is to be used during periods of short-term revenue shortages due to economic recession, drought, or other causes, to alleviate the need to quickly implement substantial rate increases. Beginning in Fiscal Year 2018/19 the Water Utility Rate Stabilization Reserve target level is 11% of annual Volumetric Charge revenue. The Water Utility Rate Stabilization Reserve will be increased by 1% every year, until it reaches a targeted 15% percent of the annual Volumetric Charge revenue.

Use of the Water Utility Fund Rate Stabilization Reserve requires a simple majority vote of the City Council. The City must reimburse the Reserve as soon as fiscally possible.

6.6. Debt Service

In addition to the debt financing associated with the former Community Development Agency, the City has responsibility for the following:

2008 Clean Renewable Energy Bonds – They are used for photovoltaic (solar) projects at the Police Station and Corporation Yard. In 2007, the City submitted applications to the United States Internal Revenue Service (IRS) for allocation of Clean Renewable Energy Bonds (CREBs). The IRS awarded the City \$1,156,000 to finance the solar paneling project at four different municipal facilities within the City limits. Principal installments of \$41,749 are made on December 15 of each year, with the final installment due on December 15, 2024.

2012 Pension Obligation Bond – These bonds were used to purchase unfunded pension liability and to finance them at a lower cost than charged by CalPERS. The issuance of a POB was a method of fulfilling the City's existing obligation to California Public Employees Retirement System (CalPERS) in a more cost-effective manner at a lower interest rate than paying at the CalPERS interest rate of 7.5%. In late 2012, the City issued Taxable Pension Obligation Bonds in the amount of \$2,925,000. These bonds allowed the City to reduce the payoff period by 5 years, reduce the interest rate from 7.5% to 3.8% (average rate over 9 years), and reduce the CalPERS employer rate from 15.350% of payroll to 12.330% of payroll. As a result, the City saw an overall cost savings of approximately \$469,000 over a nine-year period. The Pension Obligation Bond was paid off in FY 20/21.

6.7. Redevelopment Agency

The City of Sonoma is the successor agency of the former Sonoma Community Development Agency, the Sonoma redevelopment agency (RDA). The successor agency is responsible for winding down the dissolved RDA's affairs, including making payments due for enforceable obligations such as bond debt and performing obligations required by enforceable obligations, disposing of the dissolved RDA's assets, and remitting unencumbered balances off the dissolved RDA to the County Auditor-Controller for distribution to the affected taxing entities.

The City allocates a separate fund in its budget for successor agency expenditures. All expenditures must be approved by the state Department of Finance as an approved obligation prior to disbursement. Approval of the annual Recognized Obligation Payment Schedule accomplishes this requirement. For FY21-22 the City allocated \$3.3 million.

6.8. COVID-19 Impacts

The onset of COVID-19 had a profound effect on the City's finances. The COVID-19 pandemic is significantly impacting the local economy, City revenues, and the services provided. The City's economy is tourist based so COVID-19 caused a big drop in hotel and sales taxes for the 4th

quarter of FY 19/20 that resulted in a budget shortfall of over \$2 million. The shortfall was addressed with steep spending cuts and the deferral of one-time capital projects. Those changes reduced the operating deficit to \$650,000 which was funded by reserves.

The pandemic also forced the City to look beyond the most recent budget year. Beginning with the FY 20/21 budget, staff presented a five-year forecast for the general fund to help to assist the City Council with its budget deliberations. The five-year forecast is used to assess the need to use reserves and determine when the City will begin to see a recovery with a return to a balanced operating budget.

Determinations:

6.1 In FY 21/22 the City Council allocated a budget of \$21.7 million. The City's economy depends on tourism, so the major revenue sources are sales tax, 20%, and transient occupancy tax, 24%. Property tax adds another 19% of the revenues. Nearly 60% of expenses are allocated for law enforcement and fire protection.

6.2 The City also operates two enterprise funds, water and cemeteries, whose main source of revenue is charges. The City provides potable water to some 4,400 connections. The water fund revenues average nearly \$6 million. The City operates and maintains three cemeteries. The FY 21/22 budget estimates Cemetery Fund revenues as \$371,000 and expenses as \$354,000.

6.3 In 2018 the City conducted a water rate study and determined the need to raise rates over a five-year period to cover anticipated cost increases in purchased water. Residential rates depend on the size of the meter along with a usage fee. The current rate for a residential meter is \$30.46 base rate plus the usage fee based on consumption of 1000 gallons per month.

6.4 The City has adopted a five-year capital improvement plan, extending from FY 21/22 to FY 25/26. The plan identifies 22 projects at a cost of \$19.5 million.

6.5 The City maintains reserves that are used to address shortfalls in operating expenses. The City has established policies to maintain reserves. Current reserves are approximately \$7.3 million.

6.6 The City has one outstanding long-term debt. In 2007 the City was awarded \$1,156,000 to finance a solar paneling project at four different municipal facilities within the City limits. Their share, in the form of a bond, requires payments of \$41,749 due on December 15 of each year, with the final installment due on December 15, 2024.

6.7 Sonoma addressed a portion of its employee pension obligations through the issuance of a bond. The bond allowed the City to cover its pension obligations at a lower interest rate. The bond required an annual payment of approximately \$400,000. It was paid off in FY 20/21.

6.8 The City of Sonoma is the successor agency of the former Sonoma Community Development Agency, the Sonoma redevelopment agency.

7.STATUS OF AND OPPORTUNITIES FOR SHARED FACILITIES

This section discusses shared facilities with other agencies as well as management efficiencies. The City works cooperatively with a number of agencies to provide services. The City contracts out for law enforcement, fire protection, wastewater collection and treatment, and the city attorney. Although the City operates and maintains parks and community facilities, the City contracts for recreation programs and community activities.

The City receives EMS services as a member of the Sonoma Valley Fire and Rescue Authority (SVFRA). The SVFRA is funded by the Valley of the Moon Fire Protection District and the City of Sonoma. The costs are split 57% for the City and 43% for the District. Each agency maintains its respective capital and replacement budgets for facilities and large equipment.

Although the City does not have recreation programs, residents enjoy programs provided by non-profit organizations. The City has provided annual grant funding to key non-profits which over time became known as the “Tier 1” non-profits. Through these long-term partnerships, the City and its residents have experienced cost savings through the avoidance of creating a City department with appropriate staffing devoted to recreational and community programs.

In addition, the City partnered with the Sonoma Valley Chamber of Commerce on a Tuesday Night Market. Owing to the pandemic an added challenge was how to comply with public health guidelines. The City was able to meet that challenge and residents now attend a Tuesday Night Market.

Other partnerships include Sonoma Overnight Support to seek a long-term strategic approach and solutions to homelessness in Sonoma. The City works with the Sonoma Valley High School (SVHS) Support group to fund Crossing Guard Services and Grad Night at SVHS. The City also supports the Sebastiani Theatre and funds a contract to make the theater ADA accessible.

The City also works cooperatively on economic development. The City has an agreement with the Chamber of Commerce for Business and Economic Vitality Services. In addition, the City has an agreement with the Sonoma Valley Visitor's Bureau (SVVB) at an annual cost of \$100,000. The agreement is being renewed for a three-year term beginning July 1, 2021.

7.1.Management Efficiencies

Management efficiencies contribute to cost reduction and more efficient service delivery. Management efficiencies can be measured through planning activities. The City has its General Plan, Urban Water Management Plan (UWMP), and Emergency Operations Plan (EOP). It is in the process of developing a strategic plan and passes an annual budget, which is a financial plan.

In 2018 the City retained a consultant to update the City's existing 2011 Water Master Plan by incorporating water system projects that the City has completed since 2011; revising water supply and demand data; and identifying proposed water system improvement projects for inclusion in the City's Capital Improvement Program.

The Water Master Plan report includes an evaluation of the City's water distribution system, infrastructure based on available data, and planning information for current and future conditions. Generally, the Water Master Plan Update provided the City with a roadmap for the management of its potable water system. As a result of the plan the City was able to schedule rate increases through FY 22/23 to ensure there were sufficient revenues to operate the water system.

The City develops the EOP with support from the fire department. It establishes policies, procedures, and assigns responsibilities to ensure the effective management of emergency operations within the City of Sonoma. It provides information on the City of Sonoma emergency management structure and how the emergency management team is activated.

The City also adopts an annual budget, which is the spending plan for the upcoming fiscal year. Like most agencies the pandemic caused the City to reassess their emergency financial planning. As part of the budget process city staff now produces a five-year financial forecast that supports the proposed budget.

Determinations:

7.1 The City works cooperatively with a number of agencies to provide services. The City contracts out for law enforcement, fire protection, wastewater services, and the city attorney. The City works cooperatively with the Chamber of Commerce and the SVVB. Although the City owns and operates parks within its jurisdictional boundaries, the City contracts for recreation programs and community activities.

7.2 Management efficiencies contribute to cost reduction and more efficient service delivery. Management efficiencies can be measured through planning activities. The City has its General Plan, Water Master Plan, Urban Water Management Plan, and Emergency Operations Plan. In addition, the City adopts an annual spending plan, the budget, supported by a five-year financial plan.

8.ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES

The City of Sonoma is a General Law city formed in 1883. It operates under the Council/Manager form of government. An elected City Council oversees all municipal operations. The five members of the Council are elected to four-year staggered terms. Each member of the City Council is offered a stipend of \$300 per month. In addition, council members are eligible for full health, dental, and vision care for themselves and their dependents.

The City Council meets on the first and third Wednesday of each month at 6:00 p.m. in council chambers. City Council meetings are conducted in person and on Zoom. Persons attending the meeting in person are required to wear face coverings over their nose and mouth for the duration of the meeting regardless of vaccination status.

City Council meetings are also broadcast live on Sonoma TV Channel 27 and streamed live on the website. Meetings are noticed and held according to the Brown Act.

The City communicates with residents via its weekly e-newsletter “About Town” and its website. It also encourages residents to subscribe to meeting agendas and minutes for the City Council and City Commissions via its Civic Web portal (<https://sonomacity.civicweb.net/Portal>). Through the Portal residents can subscribe to the General City Updates and City E-Newsletters, private development projects updates, special events at Plaza and Depot Park, Housing Our Community, E-News Updates for Cannabis Regulation and Cannabis Retail RFP, Public Works Department Updates and Fryer Creek Pedestrian & Bicycle Bridge. Residents can also communicate with the City via Facebook as the City maintains a Facebook account.

In addition, residents can participate on a number of commissions and committees. They include the Community Services & Environmental Commission, the Cultural & Fine Arts Commission (CFAC), the Design Review & Historic Preservation Commission, the Traffic Safety Committee, and the Planning Commission. Residents are appointed by the City Council to these commissions. In addition, the Community Services & Environment Commission appoints residents to the Tree Committee.

The Community Services and Environment Commission advises the City Council on matters related to the preservation and enhancement of parks, recreational facilities, open space and the natural environment and reviews major Plaza Use applications.

The Commission appoints two of its members to the Tree Committee. The Tree Committee consists of three members total, one of which is a certified arborist. The role of the Tree Committee is to preserve and properly maintain both public and private trees within the City as set forth in the Sonoma Municipal Code.

The role of the CFAC is to develop and establish a balanced arts and cultural program that promotes, enriches, and advances the cultural and fine arts community.

The goal of the Design Review and Historic Preservation Commission is to protect the architectural heritage of Sonoma and promote excellence in town design through its review of proposed projects and developments.

The Traffic Safety committee reviews proposed solutions to neighborhood traffic safety issues by City residents. It advises the City Council on physical improvements proposed as solutions to those issues.

The Planning commission prepares, revises, and implements the comprehensive long-term General Plan for the physical development of the City and surrounding areas. It conducts hearings and makes decisions and/or recommendations on a variety of land use applications.

Table 8-1 summarizes the commission, committee memberships, and meeting times.

Table 8-1: Commission and Committees of the City of Sonoma

Committee/Commission	Members	Meets	Restrictions
Community Services & Environment Commission	7 + Alternate	6 P.M. 2 nd Wednesday	6 must be city residents
Cultural & Fine Arts Commission	7 + Alternate	As needed	
Design Review & Historic Preservation Commission	5	6 p.m. 3 rd Tuesday	4 must be city residents
Traffic Safety Committee	5	As needed	4 must be city residents
Planning Commission	7	6 p.m. 2 nd Thursday	6 must be city residents
Tree Committee	3 includes Arborist		Appointed by Community Services & Environmental Commission

Source: City of Sonoma.2021d.

In addition, there are a number of regional/valley committees and commissions. The City Council is authorized to make appointments to the following regional committees and commissions.

- Sonoma Valley Business Advisory Commission
- Oversight Board of the Successor Agency of the Former Redevelopment Agency of the City of Sonoma
- Sonoma Community Housing Corporation Board
- Sonoma County Library Commission
- Marin/Sonoma Mosquito and Vector Control District Board
- County-Wide Bicycle and Pedestrian Advisory Commission
- Sonoma County Sustainable Groundwater Management Advisory Committee
- Sonoma Valley Citizens Advisory Committee

The City is staffed by 41.88 full-time equivalent employees (FTE's). Exhibit 8-1 shows an organizational chart for the city. The Exhibit shows the services provided by the City as well as those that are provided by contract. Contract services include City Attorney, fire, law enforcement, code enforcement, economic development, and recreation activities.

The City Manager serves as the Chief Executive Officer of the City, providing management and direction for all City programs and administration. Specific City Manager responsibilities include preparing City budgets and City Council agendas, analyzing legislation, providing intergovernmental representation, and implementing City Council policies.

Determinations:

8.1 The City is a general law city governed by a five-member city council elected to four-year staggered terms. City Council members are eligible for a stipend of \$300 per month and healthcare for themselves and their dependents.

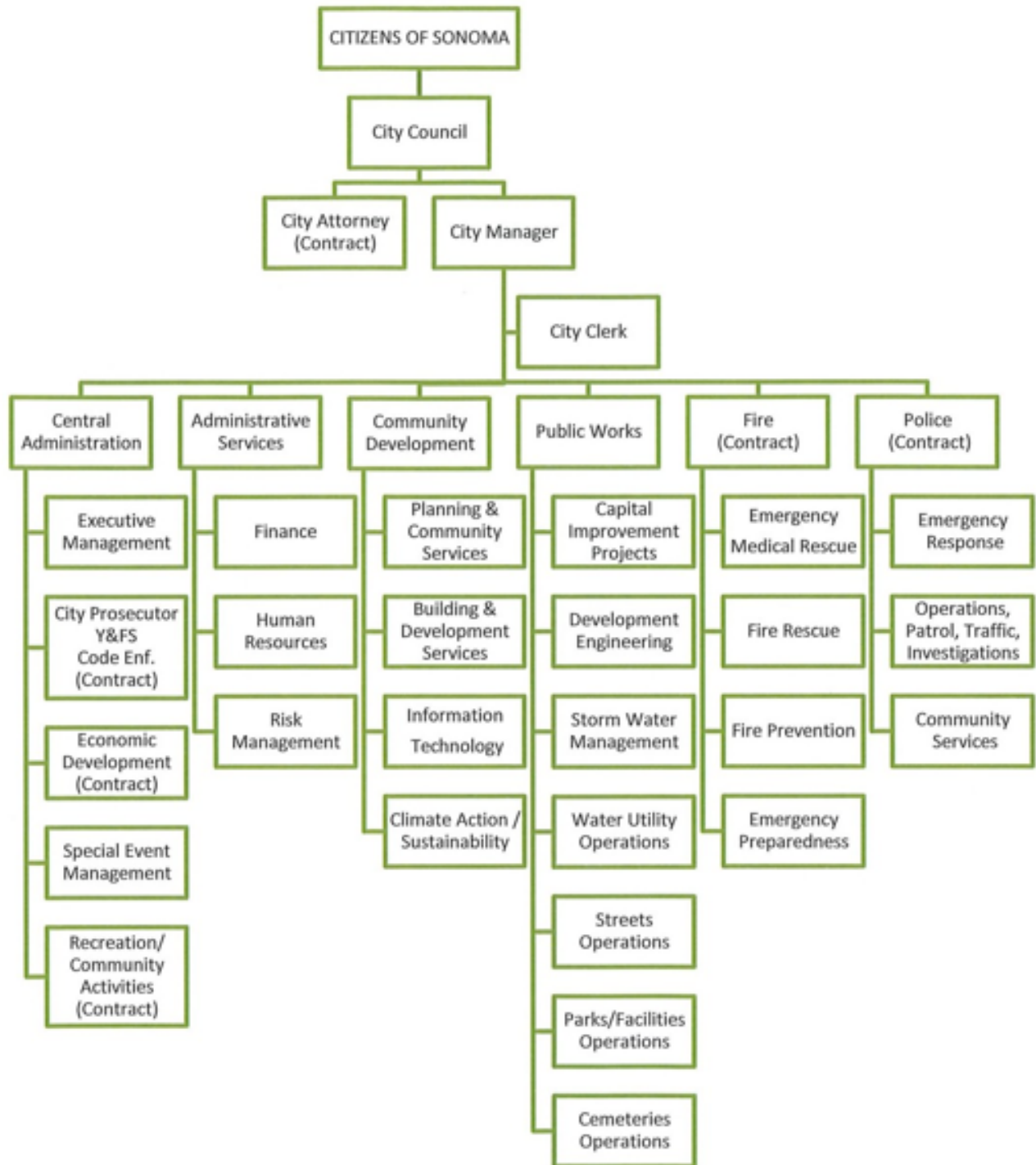
8.2 The City Council meets on the first and third Wednesday of each month at 6:00 p.m. in council chambers. Meetings are noticed and held according to the Brown Act.

8.3 The City encourages resident involvement on a number of city committees and commissions as well as regional committees and commissions.

8.4 The city communicates with its residents via its weekly e-newsletter "About Town". It also encourages residents to subscribe to electronic agendas and minutes of the Council as well as its committees and commissions.

8.5 The city is staffed by 41 full time employees and some part time employees. It provides many key services through contracts. The City contracts for law enforcement, fire, economic development, wastewater, solid waste collection, the City Attorney, code enforcement, and recreational services.

Exhibit 8-1: City of Sonoma Organizational Chart



Source: City of Sonoma. 2021d

9.MATTERS RELATED TO EFFECTIVE/EFFICIENT SERVICE DELIVERY, AS REQUIRED BY COMMISSION POLICY

In Sonoma County, City boundaries are limited by voter-approved Urban Growth Boundaries (UGBs). Sonoma LAFCO policy generally sets City spheres as coterminous with UGBs.

The City of Sonoma has a number of areas that are currently within the sphere and the UGB that have yet to be annexed to the City. These include two parks; several areas that are substantially developed with suburban/rural residential development; a large, developed unincorporated island; and one area with larger parcels suitable for new development (at the City's southern gateway). Should the City choose to annex them, Commission policies regarding annexations would apply.

There is one additional area in the sphere but outside the UGB. Since the area does not fit the definition of a sphere, because the city will not likely serve that area, Sonoma LAFCO sphere policies would apply to remove the area from the sphere.

There is also the area outside the eastern boundary of the City that receives water service from the City. The area is subject to the out of area service policies of LAFCO, as well as City policies regarding extension of services outside of City limits.

The City has expressed interest in annexing an island in the south part of the city. If so, then LAFCO's island annexation policy would apply. To qualify, the island must be 150 acres or less, and substantially surrounded by the City (75%), with fewer than 12 registered voters.

A prime candidate is Train Town, an island of un-annexed property that is developed with an amusement park on Highway 12/Broadway at the south end of the City. While it is clearly preferable to have the property owner consent to annexation, the annexation could proceed absent property owner support if the City requests annexation using the island annexation provision in Cortes-Knox-Hertzberg, in tandem with the Master Property Tax Exchange Agreement in place in Sonoma County.

Determinations:

9.1 Expansion of the City is limited by the voter-approved Urban Growth Boundary ordinance. Sonoma LAFCO policy generally sets City spheres as coterminous with UGBs.

9.2 The City of Sonoma has a number of areas that are currently within the sphere and the UGB that have yet to be annexed to the City. These include two parks; several areas that are substantially developed with suburban/rural residential development; a large, developed unincorporated island; and one area with larger parcels suitable for new development (at the

City's southern gateway). Should the City choose to annex them, Commission policies regarding annexations would apply. LAFCO sphere policies apply to remove areas from the sphere that are not likely to be served.

9.4 Out of area service policies apply to the area outside the eastern boundary of the City that receives water service from the City.

9.5 The Train Town unincorporated island can be annexed if the City applies to LAFCO and follows provisions in the state code and LAFCO island annexation policies, with or without property owner consent.

10.SPHERE OF INFLUENCE CONSIDERATIONS

The Sphere of Influence (SOI) is defined as the plan for the probable physical boundaries and service area of a local agency. CKH provides for a review of the sphere of influence every five years as necessary. The Commission is required to make determinations in five specific areas.

Present and planned land uses in the area, including agricultural and open space

lands: This consists of a review of current and planned land uses based on planning documents to include agricultural and open-space lands.

Present and probable need for public facilities and services: This includes a review of the services available in the area and the need for additional services.

Present capacity of public facilities and adequacy of public services provided by the agency: This section includes an analysis of the capacity of public facilities and the adequacy of public services that the City provides or is authorized to provide.

Social or economic communities of interest: This section discusses the existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the City. These are areas that may be affected by services provided by the City or may be receiving services in the future.

Present and probable need for services to disadvantaged communities: Beginning July 1, 2012, the commission must also consider services to disadvantaged communities which are defined as populated areas within the SOI whose median household income is less than or equal to 80 percent of the statewide median income.

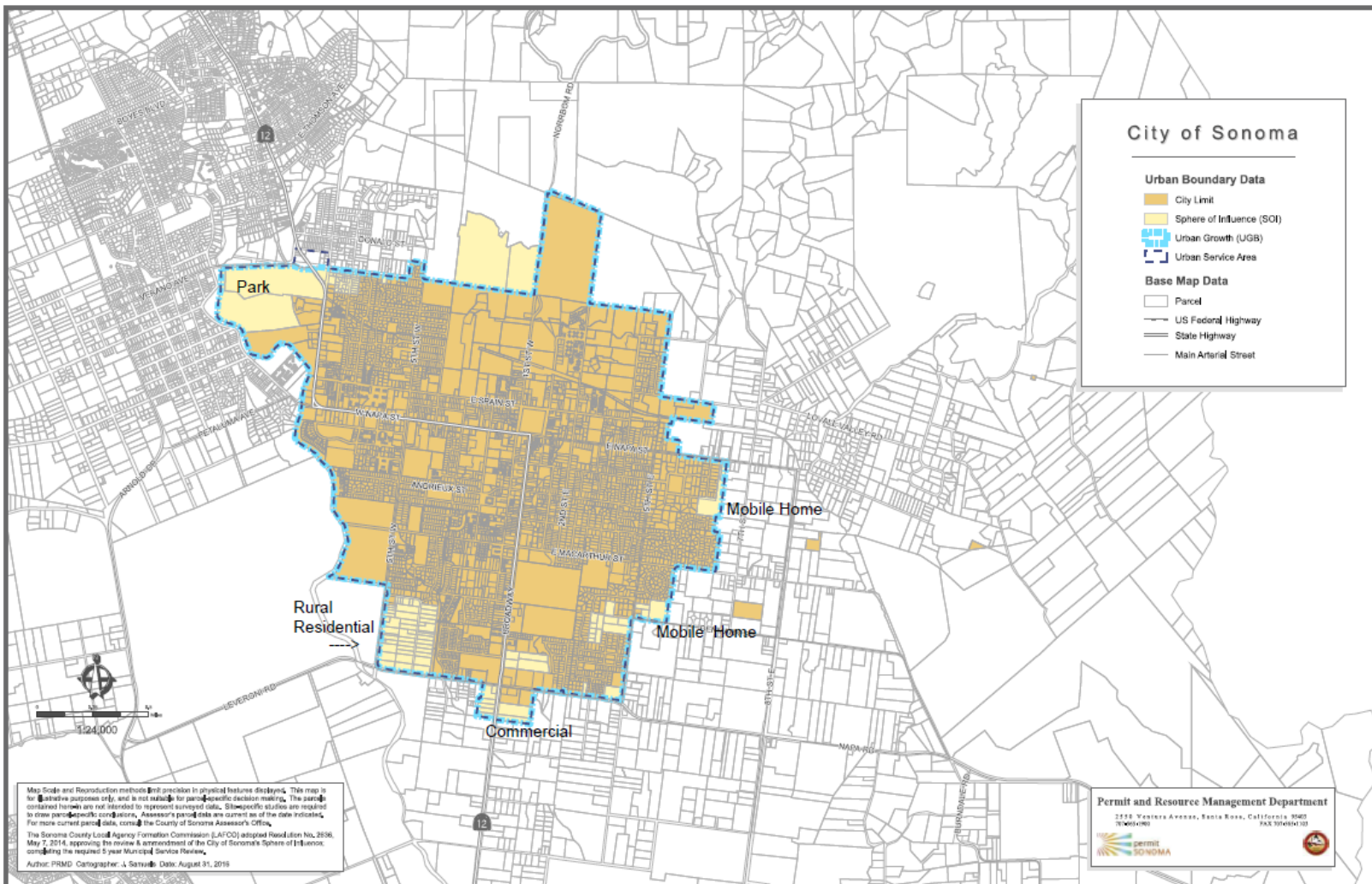
In addition, the City of Sonoma is constrained by the urban growth boundary (UGB). The UGB puts a limit on how far the city can expand and was created to prevent urban sprawl and encourage sustainable growth. Sonoma's UGB was established by voters on November 7, 2000, for a 20-year period. In 2020 voters agreed to extend it until 2040. Exhibit 10-1 shows the current UGB, city boundary, and SOI. As shown the SOI extends from the City limit to the UGB in most areas.

There are several areas that are eligible for annexation within the existing SOI/UGB boundaries. These include two parks; several areas that are substantially developed with suburban/rural residential development; a large, developed unincorporated island; and one area with larger parcels suitable for new development at the City's southern gateway.

More specifically, there are seven areas within the City's sphere of influence and Urban Growth Boundary that have not yet been annexed to the City. These areas are:

Maxwell Farms Regional Park – A County Regional Park at the northwestern corner of the City's SOI.

Exhibit 10-1: Sphere of Influence Land Use Designations



Source: City of Sonoma.2006, City of Sonoma.2021i

Montini Open Space Preserve – A preserved open space area that includes active farming and open space developed with hiking trails, to the north of the City straddling 1st Street West.

Denmark Street/Garry Lane – A “notch” of un-annexed area to the east of the City, substantially developed with suburban/rural residential uses.

Four Corners – Un-annexed properties primarily at the intersection of Highway 12/Broadway and Napa Road, including a parcel at Napa Road and 5th Street East.

Train Town – An island of un-annexed property that is developed with an amusement park, on Highway 12/Broadway at the south end of the City.

Harrington Drive – A set of un-annexed parcels on either side of Harrington Drive, north of the Napa Road and 5th Street West intersection. This area is substantially developed with suburban rural residential development, with many properties receiving municipal services (water and/or sanitary sewer) through Outside Service Area Authorizations.

There is one area north of the city limits and outside the UGB. The land use designation is Resources-Rural. By definition, the area is not intended for urban development. The UGB would also limit the expansion of the City to that area. In order to annex that area, the City would have to revise the UGB or wait until 2040 when the UGB is up for reaffirmation. Since that area is not likely to be developed or be part of the City in the near future, it could be dropped from the SOI. The SOI would then be limited to the area between city limits and the UGB unless the City can demonstrate some specific interests in retaining the area in the SOI.

Discussion of factors:

Present and planned land uses in the area, including agricultural and open space lands:

Exhibit 10-1 shows the current land uses in the sphere. The area to the northwest is designated as Park, in the southwest the sphere is designated as Rural Residential, to the south the sphere includes Commercial development, and to the east the sphere areas are designated as Mobile Home Park.

Present and probable need for public facilities and services: The area designated as “Park” is a valuable addition to the City’s need for parks and open space. None of the areas within the current SOI receive municipal services. All of the areas are adjacent to City territory and the water service area. If annexed these areas would all require municipal services.

Present capacity of public facilities and adequacy of public services provided by the agency:

As indicated in previous sections the City has the capacity to provide adequate services to these areas.

Social or economic communities of interest: Since all the areas are adjacent to the City of Sonoma, the City would be considered a community of interest.

Present and probable need for services to disadvantaged communities: As discussed in Chapter 4 the disadvantaged communities lie within the City and receive the full complement of city services.

It is recommended that Sonoma LAFCO reaffirm the current SOI as it adequately represents the probable extent of the City and city services. As there is no change in the sphere the action of the commission to reaffirm the current SOI is exempt from CEQA by way of the commonsense exemption.

Determinations:

10.1 The Sphere of Influence of the City, which is coterminous with the City's Urban Growth Boundary, is not recommended for amendment.

11.RECOMMENDATIONS

The City is unique in that it partners with several other agencies to provide urban services. Most notably recreation programs are provided through a partnership with non-profit organizations. In addition, the City contracts for fire and emergency medical services, and for public safety services (police).

Given these circumstances, the City might consider other partnerships in the Sonoma Valley region that might prove beneficial to both City and Valley residents. These partnerships could take the form of other contracts for services, reorganizations with other existing local government agencies, or a grander expansion of the City's territory to include parts of the Valley that are largely developed as urban/suburban areas. Expansion beyond the UGB would require approval of the voters to expand the UGB to include those areas.

For example, some level of partnership between the City, the Valley of the Moon Water District, and the Sonoma Valley Sanitation District, and the Sonoma Valley Groundwater Sustainability Authority might prove valuable in effectively and efficiently managing water resources region wide.

There are seven areas within the City's sphere of influence and Urban Growth Boundary that have not yet been annexed to the City as identified in the Sphere section. It is recommended that the City take action to facilitate annexations in several of these areas, or otherwise consider seeking removal of territory from the City's Sphere of Influence. Specific recommendations include:

Maxwell Farms Park and Montini Open Space Preserve areas: The City is unlikely to annex the Maxwell Farms Park absent a broader reorganization involving addition of substantial areas of The Springs communities to the City. If so, the area could be removed from the sphere of influence or left in place in anticipation of the consideration of a reorganization.

The Montini Open Space Preserve should be annexed to the City and added to its holdings of parks and recreational land. Given that the City has not pursued annexation for many years, after seeking a sphere amendment to add the Open Space Preserve, the City should consider filing for annexation, or seeking a sphere amendment to remove the Preserve from the SOI.

Denmark Street and Harrington Drive areas: Given that these areas are largely developed, with only limited new development potential, the City has not generally pursued annexations in either area, absent those sought by individual property owners. Given the prevalence of existing and requested Outside Service Area Authorizations

from property owners, the City should consider supporting area-wide annexations of each territory.

Four Corners: These areas can be included in a specific area plan or individual annexation proposals for the un-annexed properties at the southern gateway to the City.

Train Town: The City should seriously consider proposing the annexation of this unincorporated island of territory fully surrounded by the City. While it is clearly preferable to have the property owner consent to annexation, the City could request application of the island annexation provision in Cortes-Knox-Hertzberg, in tandem with the Master Property Tax Exchange Agreement in place in Sonoma County, to cause the annexation absent property owner support.

An expansion of the City's boundaries to include developed areas such as the Springs (El Verano, Agua Caliente, Fetters Hot Springs, and Boyes Hot Springs) might provide the basis for a more diverse economic base, more comprehensive and cohesive land use planning, and opportunities to address broad, regional needs such as housing availability and cost.

Although this Municipal Service Review does not recommend amendments to the City's Sphere of Influence, the City remains well-positioned to consider partnerships with other local agencies, up to and including an expansion of the City's territory.

Determinations:

11.1 The City is encouraged to continue discussions with the County, community, and other local public agencies to consider improvements to the effectiveness and efficiency of providing municipal services in the Sonoma Valley region. There may be a possibility in the future of expansion of City boundaries through Sphere of Influence amendments and subsequent annexations to include areas in the Valley that are largely developed and urbanized.

11.2 The City should review its intentions regarding the potential annexation of two park areas (Maxwell Farms and Montini Preserve), which would inform amendments to the City's Sphere of Influence.

11.3 The City should consider directly supporting appropriate annexations in the Denmark Street, Four Corners, and Harrington Drive areas. Potential actions could include annexation proposals made directly by the City, preparation of a specific area plan, and subsequent annexation of the Four Corners area.

11.4 The City should engage in discussions with the owners of Train Town, which constitutes an unincorporated island wholly surrounded by the City, seeking agreement to annex the island. The City could request the annexation under the island annexation provisions in Cortes- Knox-

Hertzberg, in tandem with the Master Property Tax Exchange Agreement in place in Sonoma County, to cause the annexation absent property owner support.

12.SUMMARY OF DETERMINATIONS

12.1.Municipal Service Review Factors

The following is a summary of determinations for each of the seven areas.

Growth and Population Projections for the Affected Area.

3.1 Demographic data shows Sonoma with an aging population. It is estimated that by 2023 the 65 and over population will represent 33.4% of the City’s population.

3.2 Vacancy rates in Sonoma are comparatively high compared to elsewhere in the county and the state, exacerbating a housing availability imbalance. Between 2014 and 2017 they doubled from 6% to 12%.

3.3 The population of the City of Sonoma on January 1, 2021 was estimated as 10,924. It is the second year in a row that Sonoma’s population has declined. Between 2019 and 2020 the City lost 114 people. Never-the-less population trends indicate a slight increase in population. The population is expected to grow at an average rate of 0.4% per year through 2045 when the estimated population would be around 13,000. Based on this information the population is expected to range between 11,000 and 13,000.

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

4.1 Disadvantaged Unincorporated Communities are defined as inhabited unincorporated areas whose median household income is less than 80% of the statewide median household income. For 2018 that figure is \$56,982. The DWR mapping tool identified two areas that fell below 80% of the statewide MHI. One area is within city limits so is not a DUC by definition. The other area is within the northwest portion of the City’s SOI. It already receives city water and sewer services. Fire protection is provided by the Sonoma Valley Fire District.

Present and Planned Capacity of Public Facilities and Adequacy of Public Services Including Infrastructure Needs or Deficiencies.

Water

5.1 The City operates and maintains 4,404 water service connections/meters, 1,437 valves, 476 fire hydrants, six water tanks, eight wells, two booster pump stations, and 58 miles of underground water main pipes.

5.2 The City receives most of its water from Sonoma County Water Agency (SCWA). The City’s wells contribute approximately 9% of the total demand.

5.3 In 2020 total demand was 2,174 AFY. In the next 25 years demand is expected to grow to 2,283 AFY, which represents an increase of 5%.

5.4 Future year water supply and demand estimates for normal year single dry year and multiple dry years shows an excess of supply over demand.

5.5 The City plans to begin using 55 AFY recycled water for some of its non-potable demands by 2025.

Wastewater

5.6 The Sonoma Valley County Sanitation District (SVCSD) provides wastewater collection, treatment, disposal, and water recycling services for the City's service area. The SVCSD has a treatment plant on Eighth Street East. Current permitted capacity is 3 MGD which is greater than the current average dry-weather flow of 2.7 MGD.

Cemeteries

5.7 The City operates and maintains three cemeteries, Mountain Cemetery, Valley Cemetery and Veterans Cemetery. The Veteran's cemetery is reserved for veterans only.

5.8 All the cemeteries are at capacity. Only one burial site is available in the Valley Cemetery, however in ground cremains placement is available in the Mountain and Valley Cemeteries. In addition, there are full crypt burial sites available in Mausoleum #11 in Mountain Cemetery.

Public Works

5.9 The Public Works Department operates, maintains, and upgrades the City of Sonoma's water and transportation systems, parks, and cemeteries. Public Works has three divisions: Parks, Cemeteries & Facilities; Streets; and Water. The Streets Division maintains the City's streets, bridges, sidewalks, and right-of-way. The Streets Division maintains 33.8 miles of streets, 11 bridges, 40 miles of storm drainage piping, 3 miles of roadside ditches, and 485 catch basins.

5.10 The Department routinely surveys the condition of its streets to determine maintenance requirements. There are three classes of streets in Sonoma, arterial, collector, and residential. The condition is rated by a Pavement Condition Index. The PCI for arterials averages 74, for collectors 76, and residential 70. The total system average is 72. A PCI of 70 to 90 is considered very good.

5.11 Public works is also responsible for maintaining the storm drain system. Storm water collected in the storm drain system is discharged untreated into Nathanson Creek, Sonoma Creek, or Fryer Creek.

Law Enforcement

5.12 The City has a long-standing contract for law enforcement services with the Sonoma County Sheriff's Office. The contract allows administrative and managerial functions to be handled by the Sheriff's main office in Santa Rosa. The Police Department has a staff of 16

employees, translating to 1.1 sworn officers per thousand population, which is generally considered good for a community the size of Sonoma. The contract arrangement allows the City to determine the level of service that is desired. Capacity is limited by what the City determines it needs and resources available in the budget.

5.13 In FY 2019-20 the Sheriff's department responded to 10,854 calls for service in the City of Sonoma. That lead to 447 arrests. The City does not have a jail. The Sheriff's Office operates two in the vicinity of Santa Rosa.

Fire and Emergency Medical Services

5.14 The City contracts for fire protection service with Valley of the Moon Fire Protection District (VMFPD), which is now the Sonoma Valley Fire District. The City formed the Sonoma Valley Fire and Rescue Authority to share expenses with VMFPD. Although the VMFPD recently consolidated to form the Sonoma Valley Fire District the contract with the City remains intact.

5.15 The SVFRA Station 1 is in the City of Sonoma. It operates three engines, a ladder truck, an ambulance, and a command vehicle out of the station. Station 1 also handles administration, features living quarters and a vehicle maintenance and repair building.

5.16 The Fire Department responded to average of 1961 calls per year over the last five years, with the highest call volume of 2242 in 2019. The range indicates the department has the capacity to handle at least 2200 calls per year. Two thirds of the calls are for emergency medical services. Response time goal has been set at 7 minutes. The City department has an ISO rating of 1, the highest rating possible.

Parks and Recreation

5.17 The City owns and operates 17 parks and partners with several non-profits and other agencies for maintenance.

5.18 The City does not provide recreational activities itself but partners with and financially supports activities of several non-profits at its facilities.

5.19 Through its partnerships and sponsorships the City is able to tailor park and recreation activities to the needs of its residents and has the capacity to expand or reduce services as needed.

Financial Ability of Agencies to Provide Services.

6.1 In FY 21/22 the City Council allocated a budget of \$21.7 million. The City's economy depends on tourism, so the major revenue sources are sales tax, 20%, and transient occupancy tax, 24%. Property tax adds another 19% of the revenues. Nearly 60% of expenses are allocated for law enforcement and fire protection.

6.2 The City also operates two enterprise funds, water and cemeteries, whose main source of revenue is charges. The City provides potable water to some 4,400 connections. The water fund revenues average nearly \$6 million. The City operates and maintains three cemeteries. The FY 21/22 budget estimates Cemetery Fund revenues as \$371,000 and expenses as \$354,000.

6.3 In 2018 the City conducted a water rate study and determined the need to raise rates over a five-year period to cover anticipated cost increases in purchased water. Residential rates depend on the size of the meter along with a usage fee. The current rate for a residential meter is \$30.46 base rate plus the usage fee based on consumption of 1000 gallons per month.

6.4 The City has adopted a five-year capital improvement plan, extending from FY 21/22 to FY 25/26. The plan identifies 22 projects at a cost of \$19.5 million.

6.5 The City maintains reserves that are used to address shortfalls in operating expenses. The City has established policies to maintain reserves. Current reserves are approximately \$7.3 million.

6.6 The City has one outstanding long-term debt. In 2007 the City was awarded \$1,156,000 to finance a solar paneling project at four different municipal facilities within the City limits. Their share, in the form of a bond, requires payments of \$41,749 due on December 15 of each year, with the final installment due on December 15, 2024.

6.7 Sonoma addressed a portion of its employee pension obligations through the issuance of a bond. The bond allowed the City to cover its pension obligations at a lower interest rate. The bond required an annual payment of approximately \$400,000. It was paid off in FY 20/21.

6.8 The City of Sonoma is the successor agency of the former Sonoma Community Development Agency, the Sonoma redevelopment agency.

Status of and Opportunities for Shared Facilities.

7.1 The City works cooperatively with a number of agencies to provide services. The City contracts out for law enforcement, fire protection, wastewater services, and the city attorney. The City works cooperatively with the Chamber of Commerce and the SVVB. Although the City owns and operates parks within its jurisdictional boundaries, the City contracts for recreation programs and community activities.

7.2 Management efficiencies contribute to cost reduction and more efficient service delivery. Management efficiencies can be measured through planning activities. The City has its General Plan, Water Master Plan, Urban Water Management Plan, and Emergency Operations Plan. In addition, the City adopts an annual spending plan, the budget, supported by a five-year financial plan.

Accountability for Community Service Needs, Including Government Structure and Operational Efficiencies.

8.1 The City is a general law city governed by a five-member city council elected to four-year staggered terms. City Council members are eligible for a stipend of \$300 per month and healthcare for themselves and their dependents.

8.2 The City Council meets on the first and third Wednesday of each month at 6:00 p.m. in council chambers. Meetings are noticed and held according to the Brown Act.

8.3 The City encourages resident involvement on a number of city committees and commissions as well as regional committees and commissions.

8.4 The city communicates with its residents via its weekly e-newsletter “About Town”. It also encourages residents to subscribe to electronic agendas and minutes of the Council as well as its committees and commissions.

8.5 The city is staffed by 41 full time employees and some part time employees. It provides many key services through contracts. The City contracts for law enforcement, fire, economic development, wastewater, solid waste collection, the City Attorney, code enforcement, and recreational services.

Matters Related to Effective or Efficient Service Delivery, as Required by Commission Policy.

9.1 Expansion of the City is limited by the voter-approved Urban Growth Boundary ordinance. Sonoma LAFCO policy generally sets City spheres as coterminous with UGBs.

9.2 The City of Sonoma has a number of areas that are currently within the sphere and the UGB that have yet to be annexed to the City. These include two parks; several areas that are substantially developed with suburban/rural residential development; a large, developed unincorporated island; and one area with larger parcels suitable for new development (at the City’s southern gateway). Should the City choose to annex them, Commission policies regarding annexations would apply. LAFCO sphere policies would apply to areas in the sphere that are not likely to be served.

9.4 Out of area service policies apply to the area outside the eastern boundary of the City that receives water service from the City.

9.2 There are several areas that are eligible for annexation within the existing SOI/UGB boundaries. These include two parks; several areas that are substantially developed with suburban/rural residential development; a large, developed unincorporated island; and one area with larger parcels suitable for new development (at the City’s southern gateway).

12.2.Sphere of Influence Factors

10.1 The Sphere of Influence of the City, which is coterminous with the City's Urban Growth Boundary, is not recommended for amendment at this time.

12.3.Recommendations

11.1 The City is encouraged to continue discussions with the County, community, and other local public agencies to consider improvements to the effectiveness and efficiency of providing municipal services in the Sonoma Valley region. There may be a possibility in the future of expansion of City boundaries through Sphere of Influence amendments and subsequent annexations to include areas in the Valley that are largely developed and urbanized.

11.2 The City should review its intentions regarding the potential annexation of two park areas (Maxwell Farms and Montini Preserve), which would inform amendments to the City's Sphere of Influence.

11.3 The City should consider directly supporting appropriate annexations in the Denmark Street, Four Corners, and Harrington Drive areas. Potential actions could include annexation proposals made directly by the City, and preparation of a specific area plan, and subsequent annexation of the Four Corners area.

11.4 The City should engage in discussions with the owners of Train Town, which constitutes an unincorporated island wholly surrounded by the City, seeking agreement to annex the island. The City could request the annexation under the island annexation provisions in Cortes- Knox-Hertzberg, in tandem with the Master Property Tax Exchange Agreement in place in Sonoma County, to cause the annexation absent property owner support.

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