



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** June 18, 2013

**TO:** Mayor and Councilmembers

**FROM:** Administration Division, Finance Department

**SUBJECT:** Adoption Of The Two Year Financial Plan For Fiscal Years 2014 And 2015 And The Operating And Capital Budget For Fiscal Year 2014

**RECOMMENDATION:** That Council adopt, by reading of title only:

- A. A Resolution of the Council of the City of Santa Barbara Adopting the Two-Year Financial Plan for Fiscal Years 2014 and 2015;
- B. A Resolution of the Council of the City of Santa Barbara Adopting the Budget for the Fiscal Year 2014 by Appropriating Moneys for the Use and Support of Said City from the Funds and to the Purposes Herein Specified;
- C. A Resolution of the Council of the City of Santa Barbara Establishing the City's Appropriation Limitation for Fiscal Year 2014;
- D. A Resolution of the Council of the City of Santa Barbara Establishing Certain City Fees, and Rescinding Resolution No. 12-041;
- E. A Resolution of the Council of the City of Santa Barbara Establishing A Public, Education, And Government Access Fee On State Franchised Video Service Providers For Use In Providing Public, Educational, And Government Access Video Services And Rescinding Resolution No. 10-100;
- F. A Resolution of the Council of the City of Santa Barbara Authorizing Classified and Unclassified Positions in the City's Service Effective July 1, 2013, and Providing a Schedule of Classifications and Salaries for the Same in Accordance with the Operating Budget for the 2014 Fiscal Year;
- G. A Resolution of the Council of the City of Santa Barbara Authorizing the Continuation of Capital and Special Project Appropriations to Fiscal Year 2014;
- H. A Resolution of the Council of the City of Santa Barbara for Paying and Reporting the Value of Employer-Paid Member Contributions (EPMC) for Regular Miscellaneous Employees Effective June 15, 2013;
- I. A Resolution of the Council of the City of Santa Barbara for Employer-Paid Member Contributions for Hourly Employees Effective June 15, 2013; and
- J. Introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Extending the Terms of the 2012-2013 Memorandum of Understanding Between the City of Santa Barbara and the Santa Barbara City Supervisory Employees' Bargaining Unit (Supervisors' Unit), the 2012-2013 Salary Plan Applicable to Unrepresented Managers and Professional Attorneys (Including the City Administrator and City Attorney), and the 2012-2013 Salary Plan Applicable to Certain Unrepresented Safety

Managers, Adopted By Ordinance No. 5587, Until June 30, 2015 and Providing Salary Increases Consistent with the Two-Year Financial Plan.

## **EXECUTIVE SUMMARY**

Staff is recommending the adoption of nine resolutions and an ordinance that, among other things, will officially adopt the Fiscal Year 2014 operating and capital budget totaling \$304.9 million (\$111.2 million for the General Fund), which begins on July 1, 2013. This action is the culmination of six public hearings during which Council reviewed in detail the City Administrator's recommended budget filed on April 16, 2013.

## **DISCUSSION:**

Since the April 16, 2013 filing of the Recommended Two-Year Financial Plan for Fiscal Years 2014 and 2015 and the Recommended Operating and Capital Budget for Fiscal Year 2014, the City Council held six special budget review meetings and public hearings to hear presentations from departments on their respective proposed budgets. In addition, Finance Committee held five separate meetings to review various aspects of the recommended budget in greater detail, including:

- General Fund multi-year forecast and balancing strategy;
- General Fund revenues and growth assumptions;
- Citywide reserve balances;
- Citywide unfunded liabilities;
- Long-term impacts of recently approved increases to retirement contribution rates, effective July 1, 2015;
- Timing of human services funding decisions;
- Changes to unfunded infrastructure over the last 20 years; and
- Departmental fees and service charges.

At the May 21, 2013 Finance Committee meeting, the Committee approved staff recommended adjustments to the proposed budget and forwarded these budget recommendations to Council for consideration at the June 3, 2013 Special Council Meeting and Public Hearing.

At the June 3, 2013 Special Council Meeting and Public Hearing, Council gave final direction to staff, which included a vote to approve the staff recommended adjustments, previously approved by the Finance Committee, along with Council's own adjustments to the budget. The budget that is scheduled for adoption incorporates all of these adjustments approved by Council.

As discussed below, there are a few additional items reflecting new information that have also been included into the budget for adoption. These items were not approved at the June 3, 2013 special Council meeting, but staff recommends including them since they have no net impact to the budget: (1) revised CDBG & HOME grant revenue allocations; (2) revision to approved request for a Librarian II position to Senior Library Technician position; and (3) delete Library Assistant I position.

Also related to the budget adoption, included with this report, and discussed below are the: (1) extension of the Supervisors Association Memorandum of Understanding (MOU) for two years; and (2) extension of existing management salary plans for two years.

## **FINAL BUDGET ADJUSTMENTS**

As mentioned above, Council approved adjustments recommended by staff and made its own additional adjustments to the two-year financial plan at the budget work session held on June 3, 2013. These budget adjustments are summarized in the attachment and discussed briefly below.

### **Staff-Recommended Changes Approved by Council**

Since filing the Two-Year Financial Plan for Fiscal Years 2014 and 2015 in April, there were a few budget related developments that necessitated changes to the estimated revenues and appropriations contained in the recommended budget. This occurs nearly every year because of the length of time between the development of the recommended budget and the final date of budget adoption. As such, staff proposed changes to the recommended budget to reflect this new information which has an impact on revenues and appropriations for next fiscal year.

### **Other Adjustments Approved By Council**

At the June 3, 2013 budget work session, Council directed staff to make other adjustments to the Proposed Two-Year Financial Plan for Fiscal Years 2014 and 2015. The items are listed in the attached summary.

## **ADDITIONAL ADJUSTMENTS NEEDING COUNCIL APPROVAL**

### Updated Community Development Block Grant (CDBG) and HOME allocations

During their Fiscal Year 2014 Budget presentation, the Community Development Department presented a 17% reduction in revenues from the Department of Housing and Urban Development (HUD) HOME and Community Development Block Grant (CDBG) programs. This projection was based on annual reductions averaging 28% for HOME and 18% for CDBG during the past two years. HUD has now posted the actual 2013-2014 grant amounts. The City's actual HOME allocation equals an 8% reduction

and the actual CDBG allocation equals only a .5% reduction. We have updated the budget to reflect the new information received from HUD; therefore revenues and expenses have increased by \$38,483 for HOME and \$131,638 for CDBG in the final budget document.

#### Change to Approved Librarian II Request

At the budget work session held on June 3, 2013, Council approved adding a Librarian II position to the Fiscal Year 2014 Recommended Budget. Since there is an existing Librarian II position that is currently underfilled by a Senior Library Technician at the Eastside Library, the request was revised to a Senior Library Technician position. The existing Senior Library Technician will be moved into the new position, creating the vacancy to hire a Librarian II for Reference and Youth Services at Central Library.

#### Delete Vacant Library Assistant I

The Fiscal Year 2014 Recommended Budget includes a vacant Library Assistant I position which has not been filled for nearly all of fiscal year 2013. Staff have been utilizing the funds for hourly staff and propose to do the same in fiscal year 2014 by deleting the Library Assistant I position. The deletion of this position was meant to be included in the Fiscal Year 2014 Recommended Budget but the change was not communicated to Finance.

### **EXTENSION OF SUPERVISORS LABOR AGREEMENT AND MANAGEMENT SALARY PLANS**

The Supervisors Association has agreed to extend their existing agreement for two years, until June 30, 2015, with the salary increases that were included in the proposed Two Year Financial Plan. They will receive a 2% salary increase for Fiscal Year 2014, and a 2% salary increase for Fiscal Year 2015. The new agreement also has a provision to apply pension reform requirements to new employees, and extends existing no cost agreements (e.g., pertaining to holiday closures, compensation surveys, retirement health savings accounts, and an equity clause with the General Unit) into the future with slight modifications. The existing Management Salary Plans applicable to unrepresented management will also be extended by two years with the same salary increases in each year as the Supervisors Association. The salary schedules reflected in the Position and Salary Control resolution will be amended to reflect the Fiscal Year 2014 increase following adoption of the proposed ordinance.”

### **BUDGET RESOLUTIONS FOR COUNCIL ADOPTION**

Adoption of the ten budget related items, as contained in the staff recommendation to this agenda report, will accomplish the following:

1. Adopt the Two-Year Financial Plan for Fiscal Years 2014 and 2015;

2. Adopt the annual operating and capital budget for Fiscal Year 2014;
3. Adopt the City's appropriation limit for Fiscal Year 2014 pursuant to Article XIIB of the California Constitution;
4. Adopt the master fee resolution for Fiscal Year 2014 establishing citywide fees in the various departments and funds. Included in the fee resolution for adoption are increases to the City's water, wastewater, and solid waste rates. Pursuant to Proposition 218, notice of the proposed increases was sent to utility customers in March and April 2013 and posted on the City's website. As of June 11, 2013, the date of the Proposition 218 hearing, one written protest was received.
5. Adopt the resolution establishing the Public, Education, And Government (PEG) Access Fee On State Franchised Video Service Providers For Use In Providing Public, Educational, And Government Access Video Services;
6. Approve the authorized positions for Fiscal Year 2014, including the position changes presented in the budget and the corresponding salary ranges;
7. Authorize the City Administrator to carryover Fiscal Year 2013 appropriations into Fiscal Year 2014 for capital and special projects that will not be completed before the end of the current fiscal year; and,
8. Establish the portion of the Employee PERS contribution rate to be paid by the City ("Employer-Paid Member Contribution") for the City's authorized and hourly Miscellaneous (non-safety) PERS employees. This cost-sharing agreement was established by labor agreement and is adjusted annually based on changes to the City's employer contribution rate.
9. Extend the terms of the existing memorandum of understanding with the Santa Barbara City Supervisory Employees' Bargaining Unit (Supervisors' Unit), the existing Salary Plan for unrepresented managers and professional attorneys (Including the City Administrator and City Attorney) and unrepresented safety managers until June 30, 2015. This ordinance also provides for the salary increases consistent with the Two-Year Financial Plan.

Copies of all budget resolutions are available for public review in the Finance Department and available on the City's website as part of the Council Agenda Packet.

**ATTACHMENTS:** Summary of Adjustments, Proposed Two-Year Financial Plan for Fiscal Years 2014 and 2015

**PREPARED BY:** Michael Pease, Budget Manager

**SUBMITTED BY:** Robert Samario, Finance Director

**APPROVED BY:** City Administrator's Office

**CITY OF SANTA BARBARA**  
**Summary of Adjustments**  
**Two-Year Financial Plan for Fiscal Years 2014 and 2015**

**Attachment**

**GENERAL FUND**

	<u>Estimated Revenue</u>	<u>Appropriations</u>	<u>Surplus/ (Deficit)</u>
<b>GF RECOMMENDED SUMMARY OF SOURCES AND USES</b>	<b>\$ 111,232,179</b>	<b>\$ 110,802,263</b>	<b>\$ 429,916</b>
<b>ADJUSTMENTS APPROVED BY COUNCIL</b>			
- Zoning Enforcement Hourly Help	\$ -	\$ 15,000	\$ (15,000)
- City Arts Advisory Program	-	10,000	(10,000)
- Full-time Librarian II (Reference & Youth Services) - Adds Senior Library Technician to vacate an existing, under filled Librarian II position	-	57,163	(57,163)
- Library: Expanded Collection Budget	-	43,000	(43,000)
- Expanded Park Maintenance Services (includes Full-time Senior Grounds Maintenance Worker)	-	115,000	(115,000)
- Recreation Hourly Staff	-	20,000	(20,000)
- Youth Job Apprentice Program	-	25,000	(25,000)
- Add One Police Officer (Motorized Foot Patrol)	-	145,000	(145,000)
- Round Up Community Promotions Funding	-	1,317	(1,317)
- Visitors Information Center Funding	-	5,478	(5,478)
- Restoration of the Courthouse Mural Room	-	10,000	(10,000)
- Reduce Appropriated Reserves to Balance	-	(17,042)	17,042
<b>Sub-Total</b>	<u>\$ -</u>	<u>\$ 429,916</u>	<u>\$ (429,916)</u>
<b>GENERAL FUND - FINAL BUDGET FOR ADOPTION</b>	<u><u>\$ 111,232,179</u></u>	<u><u>\$ 111,232,179</u></u>	<u><u>\$ -</u></u>

**SPECIAL AND ENTERPRISE FUNDS**

	<u>Estimated Revenue</u>	<u>Appropriations</u>	<u>Surplus/ (Deficit)</u>
<b>ADJUSTMENTS APPROVED BY COUNCIL</b>			
<b>Staff Recommended Adjustments</b>			
<b>Fleet Replacement Fund</b>			
- Update Revenue Estimate for repayment of New Golf Equipment Loan	\$ 60,048	\$ -	\$ 60,048
- Reduce Appropriation since Parking Enforcement Vehicle Replaced in FY2013 instead	-	(35,000)	35,000
<b>Fleet Replacement Fund Total</b>	<u><u>\$ 60,048</u></u>	<u><u>\$ (35,000)</u></u>	<u><u>\$ 95,048</u></u>

**CITY OF SANTA BARBARA**  
**Summary of Adjustments**  
**Two-Year Financial Plan for Fiscal Years 2014 and 2015**

**Attachment**

**Streets Fund**

- Updated Revenue Estimate for new General Plan update Land Dev fee (Project-Specific Impact Analysis Fee)	\$ 5,500	\$ 5,500	\$ -
- Updated Revenue Estimate for new Traffic Plan Check Fees (Traffic Adaptive Management Program {AMP} Benchmark Update fees)	8,000	-	8,000
<b>Streets Fund Total</b>	<b>\$ 13,500</b>	<b>\$ 5,500</b>	<b>\$ 8,000</b>

**Other Adjustments By City Council**

**Miscellaneous Grants Fund**

- Expand Free Summer Fun Drop-in Program	\$ 37,000	\$ 37,000	\$ -
<b>Miscellaneous Grants Fund Total</b>	<b>\$ 37,000</b>	<b>\$ 37,000</b>	<b>\$ -</b>

**OTHER ADJUSTMENTS**

**Community Devel. Block Grant (CDBG) Fund**

- Updated CDBG Revenue Allocation from HUD	<u>\$ 131,638</u>	<u>\$ 131,638</u>	<u>\$ -</u>
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**HOME Grant Fund**

- Updated HOME Grant Revenue Allocation from HUD	<u>\$ 38,463</u>	<u>\$ 38,463</u>	<u>\$ -</u>
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# CITY OF SANTA BARBARA



## ADOPTION OF FISCAL YEAR 2014 OPERATING AND CAPITAL BUDGET



# FISCAL YEAR 2014 BUDGET

## Summary of Adopting Resolutions

- ◆ A. Adopt Two-Year Plan
- ◆ B. Adopt Operating & Capital Budget for FY 2014
- ◆ C. Adopt Article XIIIB Appropriation (Gann) Limit
  - Proposition 4 approved in 1980 (P. Gann)
  - Proposition 111 approved in 1990 (J. Garamendi)
- ◆ D. Approve Master Fee Resolution (Citywide fees)
- ◆ E. Approve resolution adopting 1% PEG fee on Cox
- ◆ F. Approve Authorized Positions and Salary Ranges

# FISCAL YEAR 2014 BUDGET

## Summary of Adopting Resolutions

- ◆ G. Authorize City Administrator to approve Carryovers
- ◆ H. Approve resolution establishing employer-paid PERS contributions on behalf of employee (Miscellaneous group)
- ◆ I. Same as “ H” for Hourly Employees
- ◆ J. Introduce ordinance to extend existing MOU (or salary plan) from 2012-13 to June 30, 2015
  - Supervisors, unrepresented managers, and certain unrepresented safety managers
  - Includes salary increases for FY 2014 and 2015 consistent with two-year plan

# FISCAL YEAR 2014 BUDGET

## Changes Based on Council Direction

- ◆ Allocation of \$429,916 budgeted surplus
  - Zoning Enforcement – Hourly staff
  - Increased funding for City Arts Advisory Program
  - Expanded park maint. services (& 1 F/T Sr. Grounds Maint Wkr)
  - 1 Police Officer (Motorized Foot Patrol)
  - Addition of F/T Librarian II (reference & youth services) and increased \$ for books
  - Increased funding for Youth Apprenticeship Program and recreation hourly staff
  - Funding for restoration of Courthouse mural room
  - Rounding up of certain Comm. Prom. funding and increased funding for Visitor Center

# FISCAL YEAR 2014 BUDGET

## Other Changes to Budget

- ◆ Increased funding for CDBG (\$131,968) and HOME (\$38,483) programs
- ◆ Adjustments to Library Budget
  - Eliminate Librarian II position
    - Replace with Sr. Library Technician – no \$ impact
  - Eliminate Library Assistant I position
    - Vacant for 9 months
    - Monies moved to hourly salaries
    - Consistent with FY 2013

# FISCAL YEAR 2014 BUDGET

## Recommended Actions

- ◆ Adopt all budget resolutions related to Fiscal Year 2014 Operating and Capital Budget
- ◆ Item D (fee resolutions) requires separate approval due to potential conflicts of interest
  - Councilmember White and Rowse – Slip Fees