



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 19, 2016

TO: Mayor and Councilmembers

FROM: Administration Division, Finance Department

SUBJECT: Fiscal Year 2017 Recommended Operating And Capital Budget

RECOMMENDATION: That Council:

- A. Accept the Fiscal Year 2017 Recommended Operating and Capital Budget;
- B. Hear a report from staff in connection with the filing of the Fiscal Year 2017 Recommended Budget; and
- C. Approve the proposed Schedule of Council Budget Review Meetings and Public Hearings related to the Fiscal Year 2017 Recommended Budget.

DISCUSSION:

In accordance with the City Charter, the Fiscal Year 2017 Recommended Budget has been filed with the City Clerk's Office and is being submitted to Council today.

In June of 2015, the City Council adopted a Two-Year Plan that included the adopted Fiscal Year 2016 budget and the proposed plan for Fiscal Year 2017. The purpose of preparing a two-year plan is to minimize the workload impacts associated with developing and producing a budget each year. Accordingly, major changes to the second year of the two year plan are avoided if possible, with the goal being to produce a "status quo" budget in relation to the previous year – at least on the appropriations side of the ledger.

In that context, the Fiscal Year 2017 Recommended Budget does not include significant changes to programs, services, or staffing. However, the recommended budget does reflect lower revenue projections in key tax revenues, including sales taxes, transient occupancy taxes and utility users' taxes, in relation to the projections included in the two-year financial plan. As a result, the recommended budget no longer contains a budgeted surplus and contains a few balancing measures to offset a small deficit created by the reduced revenues.

The measures include minor reductions to the capital program and implementing a “hiring slowdown” whereby vacant positions will require approval from the City Administrator before moving forward with recruitment; and in some cases, slowing down the recruitment process in order to capture additional savings from the vacancy. These savings are reflected in the Anticipated Year-End Variance account which is established to recognize salary and benefit savings during the year that occur naturally with turnover in staff.

Over the next two months, staff has scheduled special budget work sessions during which the details of the Recommended Budget will be presented and discussed as part of the public hearing process. Over the course of the public hearings, each City department will present their respective recommended budget. In keeping with the theme of “status quo,” a focus of the presentations will be on changes to the budget in relation to the originally proposed plan, including proposed changes to performance measures and objectives.

The first of these special budget work sessions will be held on Wednesday, May 4th, from 3:00 p.m. to 6:00 p.m. in Council Chambers. The proposed schedule for the special budget work sessions, during which the public hearings on the budget will be held, is included as an attachment to this report for Council’s approval.

In addition to the public review by Council, staff recommends that the Finance Committee review certain elements of the Recommended Budget in more detail. The proposed Finance Committee Review Schedule will be presented to the Finance Committee for approval on April 26, 2016 at 12:30 p.m. in the David Gebhard Room, just prior to the City Council meeting.

A copy of the Recommended Plan will be available for public review on April 19 in the City Clerk’s Office and the Public Library’s main and eastside branches. It will also be available on the City’s website at www.SantaBarbaraCA.gov.

ATTACHMENT: Schedule of Proposed Council Budget Review Meetings and Public Hearings

PREPARED BY: Robert Samario, Finance Director

SUBMITTED BY: Robert Samario, Finance Director

APPROVED BY: City Administrator's Office

CITY OF SANTA BARBARA
Mid-Cycle Budget for Fiscal Year 2017

**Schedule of Proposed Council Budget Review Meetings
and Public Hearings**

MEETING	DATE	BUDGET AGENDA ITEM(S)
REGULAR CITY COUNCIL MEETING	Tues., April 19, 2016 Afternoon session Council Chambers	<ul style="list-style-type: none"> ➤ Filing of the Recommended Mid-Cycle Budget for Fiscal Year 2017 ➤ Schedule of Special Budget Work Sessions and Public Hearings Approved ➤ Overview of Recommended Budget ➤ General Fund Balancing Strategy
SPECIAL BUDGET WORK SESSION AND PUBLIC HEARING #1	Wed., May 4, 2016 3:00 – 6:00 pm Council Chambers	<ul style="list-style-type: none"> ➤ Open Budget Public Hearing ➤ <u>Department Budget Presentations for:</u> <ul style="list-style-type: none"> - Finance - General Government - Administrative Services - City Administrator's Office - Mayor & Council
SPECIAL BUDGET WORK SESSION AND PUBLIC HEARING #2	Mon., May 9, 2016 3:00 – 6:00 pm Council Chambers	<ul style="list-style-type: none"> ➤ <u>Department Budget Presentations for:</u> <ul style="list-style-type: none"> - City Attorney's Office - Community Development/ Successor Agency - Library
SPECIAL BUDGET WORK SESSION AND PUBLIC HEARING #3	Wed., May 11, 2016 3:00 – 6:00 pm Council Chambers	<ul style="list-style-type: none"> ➤ <u>Department Budget Presentations for:</u> <ul style="list-style-type: none"> - Airport - Waterfront - Solid Waste Fund (Finance)
SPECIAL BUDGET WORK SESSION AND PUBLIC HEARING #4	Mon., May 16, 2016 3:00 – 6:00 pm Council Chambers	<ul style="list-style-type: none"> ➤ <u>Department Budget Presentation for:</u> <ul style="list-style-type: none"> - Parks & Recreation (including Creeks and Golf Funds)
SPECIAL BUDGET WORK SESSION AND PUBLIC HEARING #5	Mon., May 23, 2016 3:00 – 6:00 pm Council Chambers	<ul style="list-style-type: none"> ➤ <u>Department Budget Presentation for:</u> <ul style="list-style-type: none"> - Public Works
SPECIAL BUDGET WORK SESSION AND PUBLIC HEARING #6	Thurs., May 26, 2016 9:00 am – 12:00 pm Council Chambers	<ul style="list-style-type: none"> ➤ <u>Department Budget Presentation for:</u> <ul style="list-style-type: none"> - Fire - Police

SPECIAL BUDGET WORK SESSION AND PUBLIC HEARING #7	Wed., June 1, 2016 4:00 – 7:00 pm Council Chambers	<ul style="list-style-type: none"> ➤ Finance Committee Budget Recommendations to Council ➤ Council Budget Deliberations ➤ Final Council Budget Direction to Staff ➤ Planned Close of Budget Public Hearings (unless additional Work Sessions needed)
SPECIAL BUDGET WORK SESSION AND PUBLIC HEARING #8	Mon., June 13, 2016 3:00 – 6:00 pm Council Chambers	<ul style="list-style-type: none"> ➤ Continue Council Budget Deliberations (if needed)
REGULAR CITY COUNCIL MEETING	Tues., June 14, 2016 Afternoon session Council Chambers	<ul style="list-style-type: none"> ➤ Prop. 218 Hearing on Proposed Increases to Water, Wastewater and Solid Waste Rates
REGULAR CITY COUNCIL MEETING	Tues., June 21, 2016 Afternoon session Council Chambers	<ul style="list-style-type: none"> ➤ Budget Adoption

Note: No Council meeting on May 31, 2016.