



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** June 21, 2016

**TO:** Mayor and Councilmembers

**FROM:** Administration Division, Finance Department

**SUBJECT:** Adoption Of The Operating And Capital Budget For Fiscal Year 2017

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

- A. A Resolution of the Council of the City of Santa Barbara Adopting the Budget for the Fiscal Year 2017 by Appropriating Moneys for the Use and Support of Said City from the Funds and to the Purposes Herein Specified;
- B. A Resolution of the Council of the City of Santa Barbara Establishing the City's Appropriation Limitation for Fiscal Year 2017;
- C. A Resolution of the Council of the City of Santa Barbara Establishing Certain City Fees and Rescinding Resolution No. 15-053;
- D. A Resolution of the Council of the City of Santa Barbara Authorizing Classified and Unclassified Positions in the City's Service Effective June 21, 2016, and Providing a Schedule of Classifications and Salaries for the Same in Accordance with the Operating Budget for the 2017 Fiscal Year;
- E. A Resolution of the Council of the City of Santa Barbara Authorizing the Continuation of Capital and Special Project Appropriations to Fiscal Year 2017;
- F. A Resolution of the Council of the City of Santa Barbara Establishing Administrative Guidelines and Fines for Noise Violations Pursuant to Sections 9.16.020 and 9.16.030 of the Santa Barbara Municipal Code; and
- G. A Resolution of the Council of the City of Santa Barbara Establishing Waterfront Harbor Slip, Mooring and User Fees and Rescinding Resolution No. 15-055.

### EXECUTIVE SUMMARY

Staff is recommending the adoption of seven resolutions that, among other things, will officially adopt the Fiscal Year 2017 budget, which begins on July 1, 2016. This action is the culmination of seven public hearings during which Council reviewed in detail the City Administrator's recommended budget filed on April 19, 2016.

### DISCUSSION:

Since the April 19, 2016 filing of the Recommended Operating and Capital Budget for Fiscal Year 2017, the City Council held seven special budget review meetings and public

hearings to hear presentations from departments on their respective proposed budgets. In addition, Finance Committee held four separate meetings to review various aspects of the recommended budget in greater detail.

At the June 1, 2016 Special Council Meeting and public hearing, City Council gave final direction to staff, which included approval of the staff recommended adjustments previously supported by the Finance Committee along with Council's own adjustments to the budget. These adjustments include approval of:

1. Funding requests from community organizations.
2. Higher cost recovery for planning and other development-related fees.
3. Administrative fines for noise disturbances.
4. Reprogramming General Fund Capital for street pavement maintenance.
5. Funding for a new Analyst-level position in the Water Fund for grant writing, financial management, and rate making.

The budget that is scheduled for adoption incorporates all of these adjustments approved by Council, which are included in the attached Summary of Adjustments.

### **Budget Resolutions Subject to Adoption**

Adoption of the seven budget-related resolutions, as contained in the staff recommendation to this agenda report, will accomplish the following:

1. Adopt the annual operating and capital budget for Fiscal Year 2017;
2. Adopt the City's appropriation limit for Fiscal Year 2017 pursuant to Article XIII B of the California Constitution;
3. Adopt the master fee resolution for Fiscal Year 2017 establishing citywide fees in the various departments and funds. Included in the fee resolution for adoption are increases to the City's wastewater and solid waste rates (water rate hearing postponed to August 2016). Pursuant to Proposition 218, notice of the proposed increases was sent to utility customers in late April 2016, including water, wastewater, and solid waste, and posted on the City's website. Note that the implementation of new water rates will be reconsidered on August 9, 2016. As of June 8, 2016, eight written protests were received;
4. Approve the authorized positions for Fiscal Year 2017, including position changes presented in the budget and the salary ranges for each City classification. Included in these ranges are:
  - a. Salary increases, already negotiated and authorized, effective on or before June 21, 2016. Negotiated and authorized salary increases effective after June 21, 2016 are not included in this resolution, but the salary schedules

that are available to the public and posted online are amended throughout the year so that they are always current.

- b. Recommended recruitment and retention adjustments to the salaries of the Finance Director (approximately 5.6%, placing it in the same salary range as the Community Development Director), and the Public Safety Communications Manager (approximately 3%);
5. Authorize the City Administrator to carryover Fiscal Year 2016 appropriations into Fiscal Year 2017 for capital and special projects that will not be completed before the end of the current fiscal year; and
6. Adopt administrative guidelines and fines for noise violations pursuant to Section 9.16.020 and 9.16.030 of the Santa Barbara Municipal Code. The new administrative fines associated with the Noise Ordinance enforcement are a key implementation measure recommended by the Santa Barbara City College Neighborhood Improvement Task Force in 2015. Modeled after a successful program in San Luis Obispo and supported by the Santa Barbara Rental Property Association, fines will be preceded by a warning and then progressively escalate if violations occur within a nine-month window.

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, Recommended Budget for Fiscal Year 2017

**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**  
**Recommended Budget for Fiscal Year 2017**

**Attachment**

**GENERAL FUND**

	Estimated Revenue	Appropriations	Add to/ (Use of) Reserves
<b>GF RECOMMENDED SUMMARY OF SOURCES AND USES</b>	\$ 127,138,043	\$127,138,043	\$ -

**ADJUSTMENTS APPROVED BY COUNCIL**

**Finance Committee Adjustments**

**Library**

<ul style="list-style-type: none"> <li>- Increase estimated revenue and appropriations by \$41,827 for the revised City administration fee charged to County branches. The administration fee is currently 9% of each County library's share of the County per capita revenue and beginning in FY 2017 will be charged at 9% of total expenditures, which is a better reflection of the cost to provide services to each branch library.</li> </ul>	\$ 41,827	\$ 41,827	\$ -
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**Mayor & Council (Arts & Community Promotions)**

<ul style="list-style-type: none"> <li>- Increase appropriations (net) for a couple minor changes:                (1) appropriation of TVSB's portion (50%) of additional PEG revenues received (after filing of the FY17 recommended budget) from a Franchise fee audit performed by consultants on Cox cable this year, and (2) update appropriations for TVSB in the FY17 recommended budget to match TVSB's share (50%) of the anticipated FY17 PEG fee revenue.</li> </ul>	-	2,436	(2,436)
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**General Government**

<ul style="list-style-type: none"> <li>- Decrease appropriated reserves to balance the General Fund.</li> </ul>	-	(2,436)	2,436
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**Sub-Total**

\$ 41,827	\$ 41,827	\$ -
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**Other Adjustments By City Council**

- Increase cost recovery for planning and other development-related fees and use revenue to enhance customer service.

Community Development	\$ 42,485	\$ 42,485	\$ -
Fire Department	1,464	1,464	-
Public Works Department (additional funds in Streets Fund below)	3,432	3,432	-

**Community Development**

- New administrative fines/fees for noise disturbances

**No changes yet to revenues/appropriations**

**CITY OF SANTA BARBARA**  
**Summary of Adjustments**  
**Recommended Budget for Fiscal Year 2017**

**Attachment**

	<u>Estimated Revenue</u>	<u>Appropriations</u>	<u>Add to/ (Use of) Reserves</u>
<b>Other Adjustments By City Council (continued)</b>			
<b><u>General Government</u></b>			
<b><u>Reprogramming General Fund capital funding for street pavement maintenance</u></b>			
<b>(Reduce transfer to the Capital Outlay Fund to reduce funding for the below capital projects)</b>			
- Cabrillo Ball Field Renovation (FY 2016)	<b>See Capital Outlay Fund below</b>		
- Municipal Tennis Ctr Playground & Old Coast Highway Crosswalk	\$ -	\$ (300,000)	\$ 300,000
- Median and Parkway Landscape Renovation (FY 2016)	<b>See Capital Outlay Fund below</b>		
- Parks & Recreation Facilities Master Plan (FY 2016)	<b>See Capital Outlay Fund below</b>		
- Increase transfer to Streets Fund for street pavement maintenance		300,000	\$ (300,000)
<b><u>Additional funding to outside organizations (budgeted in various departments)</u></b>			
- PATH (Casa Esperanza) - one-time (funded from \$25k of interest earned [in General Fund reserves] on overnight accommodation mitigation funds paid by the La Entrada developer & \$100k from the General Fund's share of anticipated project savings from the Financial Management System replacement project.	\$ 100,000	\$ 125,000	\$ (25,000)
- Downtown Santa Barbara (one-time) - plaza maintenance services (funded by a transfer from the Downtown Parking Fund)	33,700	33,700	-
- Coalition Against Gun Violence (SB Gun Buyback) - \$10k one-time	<b>Funded from anticip'd savings in Police bgt</b>		
- County of Santa Barbara - 211 Helpline (one-time)	-	11,000	(11,000)
- BEACON (Beach Erosion Authority for Clean Oceans and Nourishment) - \$4,500 increase in annual dues (ongoing)	<b>Paid by Waterfront Fund below</b>		
- Decrease appropriated reserves to balance	-	(11,000)	11,000
<b>Sub-Total</b>	<u>\$ 181,081</u>	<u>\$ 206,081</u>	<u>\$ (25,000)</u>
<b>GENERAL FUND - FINAL BUDGET FOR ADOPTION</b>	<u><b>\$ 127,360,951</b></u>	<u><b>\$ 127,385,951</b></u>	<u><b>\$ (25,000)</b></u>

**SPECIAL AND ENTERPRISE FUNDS**

	<u>Estimated Revenue</u>	<u>Appropriations</u>	<u>Add to/ (Use of) Reserves</u>
<b>ADJUSTMENTS APPROVED BY COUNCIL</b>			
<b>Finance Committee Adjustments</b>			
<b>County Library Fund</b>			
- Increase the administration fee for the City to operate the County Library branches, including Carpinteria, Montecito, Buellton, and Solvang.	\$ -	\$ 41,827	\$ -
<b>County Library Fund Total</b>	<u><b>\$ -</b></u>	<u><b>\$ 41,827</b></u>	<u><b>\$ (41,827)</b></u>

**CITY OF SANTA BARBARA**  
**Summary of Adjustments**  
**Recommended Budget for Fiscal Year 2017**

**Attachment**

	Estimated Revenue	Appropriations	Add to/ (Use of) Reserves
<b>Finance Committee Adjustments (continued)</b>			
<b>Creeks Restoration &amp; Water Quality Fund</b>			
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Due to re-prioritization of Creeks capital projects since budget filing, Creeks staff recommends moving \$200,000 originally planned for the Mid-Arroyo Burro Restoration to the Lower Arroyo Burro Restoration Project (at the newly acquired Arroyo Burro Open Space Park). This funding will be used for planning, outreach, technical studies, and conceptual restoration design work. The total FY 17 capital program transfer will remain at \$1,475,000, as the \$200,000 for the Lower Arroyo Burro Project will replace the \$200,000 originally proposed for the Mid-Arroyo Burro Restoration Project.			
Mid-Arroyo Burro Restoration Capital Project	\$ -	\$ (200,000)	\$ 200,000
Lower Arroyo Burro Restoration Capital Project	-	200,000	(200,000)
<b>Creeks Restoration &amp; Water Quality Fund Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Other Adjustments By City Council**

**Capital Outlay Fund**

**Reprogramming General Fund capital funding for street pavement maintenance**

**(Reduce funding for the below capital projects)**

- Municipal Tennis Ctr Playground & Old Coast Highway Crosswalk (includes reduction of transfer from General Fund for this project)	\$ (300,000)	\$ (300,000)	\$ -
- Cabrillo Ball Field Renovation (\$159,659)			
- Median and Parkway Landscape Renovation (\$150,000)			
- Parks & Recreation Facilities Master Plan (\$200,000)			
- Increase transfer to Streets Fund for street pavement maintenance	-	509,659	(509,659)
<b>Capital Outlay Fund Total</b>	<b>\$ (300,000)</b>	<b>\$ 209,659</b>	<b>\$ (509,659)</b>

**Funding to be reduced in Fiscal Year 2016**

**Funding to be reduced in Fiscal Year 2016**

**Funding to be reduced in Fiscal Year 2016**

**Downtown Parking Fund**

Increase transfer to the General Fund for the additional funding to			
- Downtown Santa Barbara (one-time) - in support of plaza maintenance services	\$ -	\$ 33,700	\$ (33,700)
<b>Downtown Parking Fund Total</b>	<b>\$ -</b>	<b>\$ 33,700</b>	<b>\$ (33,700)</b>

**Information Technology Fund**

Increase transfer to the General Fund from anticipated savings from			
- Financial Management System replacement project (one-time)	\$ -	\$ 100,000	\$ (100,000)
<b>Information Technology Fund Total</b>	<b>\$ -</b>	<b>\$ 100,000</b>	<b>\$ (100,000)</b>

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**Attachment**

	<u>Estimated Revenue</u>	<u>Appropriations</u>	<u>Add to/ (Use of) Reserves</u>
<b>Other Adjustments By City Council (continued)</b>			
<b>Streets Fund</b>			
- Increase cost recovery for planning and other development-related fees and use revenue to enhance customer service	\$ 6,109	\$ 6,109	\$ -
- Increase transfer in from the General Fund and the Capital Outlay Fund and appropriate for street pavement maintenance (capital project)	809,659	809,659	-
<b>Streets Fund Total</b>	<b><u>\$ 815,768</u></b>	<b><u>\$ 815,768</u></b>	<b><u>\$ -</u></b>
<b>Waterfront Fund</b>			
- BEACON (Beach Erosion Authority for Clean Oceans and Nourishment) - increase in annual dues (ongoing)	\$ -	\$ 4,500	\$ (4,500)
<b>Waterfront Fund Total</b>	<b><u>\$ -</u></b>	<b><u>\$ 4,500</u></b>	<b><u>\$ (4,500)</u></b>
<b>Other Adjustments Supported By City Council</b>			
<b>Water Fund</b>			
- Add 1.0 FTE Administrative Analyst II for grant writing, financial management, and rate making.	\$ -	\$ 150,000	\$ (150,000)
<b>Water Fund Total</b>	<b><u>\$ -</u></b>	<b><u>\$ 150,000</u></b>	<b><u>\$ (150,000)</u></b>



FINANCE DEPARTMENT

# ADOPTION OF FISCAL YEAR 2017 RECOMMENDED BUDGET

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June 21, 2016

# BACKGROUND

- FY 2017 Recommended Budget filed on April 19, 2016
- Seven public hearings/budget work sessions
  - Each City department presented their respective budgets
  - City Council received public comment
- Finance Committee concurrently reviewed certain elements of budget in more detail
  - FC Recommendations presented to CC on June 1, 2016

# June 1<sup>st</sup> Work Session

- Council took the following actions
  - Approved staff recommended adjustments
  - Approved an increase to certain planning and related development fees totaling \$47,381
  - Approved reductions to the General Fund capital program to fund additional streets capital totaling \$809,659

# June 1<sup>st</sup> Work Session (Cont'd)

- Approved the addition of a position in the Water Fund (Administrative Analyst II) to assist with grant writing, financial management and rate making
- Approved funding for outside organizations totaling \$179,700
  - \$33,700 out of Downtown Parking (DSB)
  - \$10,000 for CAGV absorbed into Police budget
  - \$11,000 for 211 Hotline from appropriated reserves
  - \$125,000 for Path from existing capital (\$100k) and additional revenues (\$25k from RHMF)

# Summary of Adopting Resolutions

- A. Adopt Operating & Capital Budget for FY 2017
- B. Establish the Article XIII B Appropriation (Gann) Limit
- C. Approve Master Fee Resolution (Citywide fees)
- D. Approve Authorized Positions and Salary Ranges
- E. Authorize City Administrator to approve the carryovers of certain appropriations from FY 2015 to FY 2016
- F. Establishing fees and fines for Noise Disturbances
- G. Approve Waterfront Fees

## Recommended Actions

- Adopt all budget resolutions related to Fiscal Year 2017 Operating and Capital Budget
- Item G (Waterfront fee resolution) requires separate approval due to potential conflicts of interest
  - Councilmember White and Rowse