



CITY OF SANTA BARBARA

FINANCE COMMITTEE AGENDA REPORT

AGENDA DATE: May 28, 2008

TO: Finance Committee

FROM: Administration Division, Finance Department

SUBJECT: Finance Committee Review Of The Recommended Budget for Fiscal Year 2009

RECOMMENDATION: That the Finance Committee:

- A. Review the staff-recommended adjustments to the Fiscal Year 2009 recommended budget; and
- B. Formulate the Committee's budget recommendations to the City Council.

DISCUSSION:

On April 15, 2008, the Fiscal Year 2009 Recommended Operating and Capital Budget was filed with the City Council. Since the budget filing, the Finance Committee has held five meetings to review various topics and issues related to the recommended budget. The following budget items have been reviewed by the Committee:

April 22, 2008: General Fund balancing strategy and proposed adjustments

April 28, 2008:

1. General Fund appropriations and proposed adjustments by department
2. General Fund revenue assumptions and estimates
3. The updated General Fund Multi-Year Forecast

May 6, 2008: Community Development fees and revenues.

May 13, 2008:

1. Parks and Recreation and Police departments on youth programs; and
2. Public Works department on streets, circulation, and transportation funding and projects.

May 20, 2008:

1. Potential impacts of State, County and School District budget issues on public safety (police and fire) operations and the General Fund budget
2. Parks Forestry operations and recommended budget adjustments

At this meeting, the Committee will review staff's proposed adjustments to the fiscal year 2009 recommended budget. Additionally, with City Council scheduled to give final budget direction to staff on June 10, 2008 and budget adoption scheduled on June 24, 2008, this is the final meeting for the Committee to formulate and decide its own budget recommendations to Council.

Staff Recommended Adjustments

Staff has identified several adjustments to the fiscal year 2009 budget as a result of new information received since the recommended budget was filed on April 15, 2008. The following list describes staff's recommended adjustments:

1. General Fund Transfer to the Downtown Parking Fund for the RV Overnight Parking Program – In the current fiscal year, Council approved funding for an agreement with New Beginnings Counseling Center to manage the city's new RV Overnight Parking Program. The program has been very successful this past year and staff recommends adding funding to next year's budget to continue the program. To fund the program in FY 09, \$43,400 would be transferred from the General Fund appropriated reserve to the Downtown Parking Fund.
2. Reduce City Council Salaries and Benefits in the General Fund - City Charter Section 502, passed by voters as Measure A in November 2004, sets the annual compensation for the Mayor and City Councilmembers. The Mayor's annual salary is set at 100% of the annual area median income (AMI) and Councilmembers' salaries at 80% of the AMI, with the salaries adjusting on April 1 of each year. Staff included a 2% assumed increase for the April 1, 2008, AMI adjustment as part of the recommended budget; however, the actual AMI figure came in 2.894% below the previous AMI. This will result in \$19,093 in General Fund salary and benefits savings in the Mayor and Council program.
3. Reduce Appropriations for the Parking Revenue Control Project in the Downtown Parking Fund Capital Program – Staff initially proposed the addition of \$850,000 to an existing multi-year capital project to replace the revenue control system in the downtown parking lots and garages. Staff now recommends breaking the project into phases with \$410,000 needed to complete the work planned for next fiscal year, not the \$850,000 budgeted in the recommended budget. This would result in a reduction of \$440,000 in the Downtown Parking Fund capital program for fiscal year 2009. Remaining funding for the project would be included in the next two-year financial plan.
4. Additional Funding for Increased Water Treatment Costs in the Water Fund – As discussed at the May 7, 2008 Council worksession, Water Fund staff has seen a substantial increase in costs to treat city water due to high levels of water contaminants caused by debris run off from the Zaca Fire last summer. Based on the Cater Plant treatment costs incurred in the current fiscal year and a recent staff analysis of next year's anticipated costs, the recommended budget does not have enough budgeted for water treatment chemicals. This adjustment would result in an increase of \$1.5 million for chemical supplies in the Water Fund budget, funded from available reserves.

However, staff currently is working with the State OES department to secure a \$4 million reimbursement for additional chemical costs and de-sludging at Gibraltar Dam which, if received, the chemical reimbursement portion would be returned to fund's reserves.

5. Additional Funding for Alternative Transportation in Measure D Fund – Staff proposes additional funding for estimated CPI increases associated with the contracts with MTD for the Electric and Commuter Shuttles and Enhanced Transit programs. Additionally, the costs associated with MTD Bus Lines 6 and 11 were not included in the recommended budget because implementation of these lines was dependent upon support from other agencies, which has now been secured. The total adjustment for Alternative Transportation proposed by staff is \$200,000 in the Measure D Fund and would be funded from available reserves.
6. Add City Hall Computer Room HVAC, Power Replacement, and Fire Detection and Suppression System Project in the Information Systems Fund – As discussed during the Administrative Services budget presentation at the Council worksession on May 12, 2008, staff proposes the addition of a new project to replace the City Hall computer room HVAC system and install uninterruptible power supply and distribution equipment and a fire detection and suppression system in order to protect the city's computer network. Appropriations totaling \$85,000 would be added to the Information Systems Fund budget to cover the cost of this new project. The majority of the project would be funded from a \$50,000 Microsoft settlement check that was received in the current year and the balance of funding would come from Information Systems Fund reserves.

Other Item for Committee Discussion

In addition to the staff recommended adjustments discussed above, staff is reviewing the request by two Councilmembers to consider redirecting the \$1.25 million workers' compensation rebate to the General Fund only, rather than to all city funds as contained in the recommended budget, and will have additional information for the Committee at this meeting.

Summary

The Finance Committee committed significant time and effort to its review of the fiscal year 2009 recommended budget and budget-related policy issues. Today's meeting is the culmination of this effort, where the Committee will decide its budget recommendations to the City Council. The full Council will consider the Committee's recommendations and then give final budget direction to staff at the June 10, 2008 City Council meeting. The June 10, 2008 meeting is also the final budget public hearing where members of the public are invited to speak on any aspect of the recommended budget. The budget is scheduled for adoption by Council on June 24, 2008.

ATTACHMENT(S): Staff Recommended Adjustments

PREPARED BY: Jill Taura, Budget Manager

SUBMITTED BY: Robert Peirson, Finance Director

APPROVED BY: City Administrator's Office

CITY OF SANTA BARBARA
Recommended Budget for Fiscal Year 2009
STAFF RECOMMENDED ADJUSTMENTS

	<u>Appropriations</u>	<u>Revenues</u>	<u>Use of Reserves</u>
GENERAL FUND			
Decrease Salaries & Benefits in Mayor and Council	(19,093)	-	(19,093)
Transfer Out For RV Overnight Parking Program	43,500	-	43,500
Reduce Appropriated Reserve to Balance Fund	(24,407)	-	(24,407)
TOTAL GENERAL FUND	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DOWNTOWN PARKING FUND			
Funding for RV Overnight Parking Program	\$ 43,500	\$ 43,500	\$ -
Reduce Revenue Control System Capital Project	(440,000)	-	(440,000)
TOTAL DOWNTOWN PARKING FUND	<u>\$ (396,500)</u>	<u>\$ 43,500</u>	<u>\$ (440,000)</u>
WATER FUND			
Increase for Cater Water Treatment Chemicals	\$ 1,500,000	\$ -	\$ 1,500,000
TOTAL WATER FUND	<u>\$ 1,500,000</u>	<u>\$ -</u>	<u>\$ 1,500,000</u>
MEASURE D (TRANSPORTATION SALES TAX) FUND			
Increase Alternative Transportation funding	\$ 200,000	\$ -	\$ 200,000
TOTAL MEASURE D FUND	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 200,000</u>
INFORMATION SYSTEMS FUND			
Add City Hall Computer Room Project	\$ 85,000	\$ -	\$ 85,000
TOTAL INFORMATION SYSTEMS FUND	<u>\$ 85,000</u>	<u>\$ -</u>	<u>\$ 85,000</u>