



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** June 2, 2011  
**TO:** Mayor and Councilmembers  
**FROM:** Administration Division, Finance Department  
**SUBJECT:** Proposed Two-Year Financial Plan For Fiscal Years 2012 And 2013

**RECOMMENDATION:** That Council:

- A. Hear a report from staff regarding the Finance Committee's review and recommendations of various elements of the Fiscal Year 2012 Recommended Budget;
- B. Consider staff adjustments to the Proposed Two-Year Financial Plan for Fiscal Years 2012 and 2013 summarized in the Schedule of Proposed Adjustments based on new information and/or changes to circumstances since the filing of the budget on April 19, 2011; and
- C. Provide direction to staff in order to prepare the Fiscal Year 2012 budget for adoption on Tuesday, June 21, 2011.

### **DISCUSSION:**

In connection with the City Council's review of the Proposed Two-Year Financial Plan for Fiscal Years 2012 and 2013, filed with the City Council on April 19, 2011, seven public hearing dates were held during which City departments presented their respective budgets. Staff is now seeking direction from Council regarding additional adjustments the Council may wish to make prior to adoption of the budget on June 21, 2011.

Staff will present the following items at the meeting: (1) Finance Committee's recommendations based on their separate review of certain elements of the recommended budget, including proposed fees and capital; (2) Staff proposed changes to the Proposed Two-Year Financial Plan for Fiscal Years 2012 and 2013; and (3) Proposed changes to the budget based upon Council deliberations during Department presentations.

### **Finance Committee Recommendations**

The Finance Committee has held five meetings between April 26<sup>th</sup> and May 24<sup>th</sup> during which the Committee reviewed certain elements of the budget in more detail than is normally reviewed by Council as part of the departmental budget presentations. The key elements reviewed by the Committee included proposed changes to fees and utility rates, the proposed

capital program, General Fund revenue estimates, City-wide reserve balances, and staff-recommended adjustments to the proposed budget.

The key recommendations of the Finance Committee include the following:

- Proposed Fee and Rate Adjustments – The Finance Committee concurred by a 2-1 vote with all proposed fee and utility rate adjustments with the exception of the proposed rate increases for solid waste. The Committee did not recommend the proposed rate increases for solid waste in recognition that there would be further discussion at the Council level, which is scheduled for Monday, June 6, 2011, at 2:00 p.m.
- General Fund Reserves – The Finance Committee recommended current reserves policies be examined in more detail. The Committee recommended this item be brought to the full Council for discussion and direction to the Finance Committee to identify ways to improve existing policies. This item is scheduled for City Council discussion on July 12, 2011.

### **Staff-Proposed Changes to the Recommended Budget**

New information has come to light since the filing of the Two-Year Financial Plan for Fiscal Years 2012 and 2013 that necessitate changes to the estimated revenues and appropriations contained within that document. This occurs every year. As such, staff proposes changes to the recommended budget to reflect this new information. These changes are summarized in the attached Schedule of Proposed Adjustments.

### **Council Deliberations and Direction to Staff**

Staff will provide Council with a summary of the recommended budget and propose changes to the document designed to respond to Council's direction during the review of the Department presentations. Staff will also present a summary of the fiscal challenges facing the City in future fiscal years.

The purpose of this special council meeting is for staff to receive direction from Council on any additional changes to be made to the budget document so that a final proposed budget can be presented to Council for adoption on June 21, 2011.

**ATTACHMENT:** Schedule of Proposed Adjustments to the Proposed Two-Year Financial Plan for Fiscal Years 2012 and 2013

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

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

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

**CITY OF SANTA BARBARA**  
**Schedule of Proposed Adjustments**  
**Two-Year Financial Plan for Fiscal Years 2012 and 2013**

	Estimated Revenue	Appropriations	Addition to/ (Use of) Reserves
<b>GENERAL FUND</b>			
<b>City Administrator's Office</b>			
Additional Revenue for Taping of SB City College Meetings	\$ 6,500	\$ -	
Hourly Salaries for Taping of SB City College Meetings	<u>-</u>	<u>6,500</u>	
<b>Fire Department</b>			
Shift Police share of Mobile Data Computer (MDC) Replacement Allocation to Police Department	<u>\$ -</u>	<u>\$ (53,032)</u>	
<b>Non-Departmental</b>			
Increase Appropriated Reserves to Rebalance General Fund	<u>\$ -</u>	<u>\$ 43,232</u>	
<b>Police Department</b>			
Increase Redevelopment Funding for Restorative Policing Efforts	\$ 217,070	\$ 217,070	
Shift Police share of MDC Replacement Allocation from Fire Dept.	<u>-</u>	<u>53,032</u>	
<b>Public Works Department</b>			
Shift 20% of Assistant Public Works Director to Streets Fund	<u>\$ -</u>	<u>\$ (43,232)</u>	
<b>General Fund Total</b>	<b><u>\$ 223,570</u></b>	<b><u>\$ 223,570</u></b>	<b><u>\$ -</u></b>
<b>COUNTY LIBRARY FUND</b>			
<b>Library Department</b>			
Reduced Funding from Carpinteria Friends of the Library	\$ (15,000)	\$ -	
Reduce Book Acquisitions Budget at Carpinteria Library	-	(7,500)	
Reduce Hourly Salaries Budget at Carpinteria Library		(7,500)	
Reduced Funding from Goleta Friends of the Library	(11,700)	-	
Updated Estimate for Goleta Library Parcel Tax	<u>7,847</u>	<u>-</u>	
<b>County Library Fund Total</b>	<b><u>\$ (18,853)</u></b>	<b><u>\$ (15,000)</u></b>	<b><u>\$ (3,853)</u></b>
<b>REDEVELOPMENT AGENCY (RDA) FUND</b>			
<b>Community Development Department</b>			
Increase Redevelopment Funding for Restorative Policing Efforts	\$ -	\$ 217,070	
Reduce Project Contingency to Rebalance RDA Fund Budget	<u>-</u>	<u>(217,070)</u>	
<b>Redevelopment Agency Fund Total</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>STREETS FUND</b>			
<b>Public Works Department</b>			
Shift 20% of Assistant Public Works Director from General Fund	\$ -	\$ 43,232	
Reduce Resurfacing Program to Rebalance Streets Fund Budget	<u>-</u>	<u>(43,232)</u>	
<b>Streets Fund Total</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>