



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: June 19, 2012

TO: Mayor and Councilmembers

FROM: Administration Division, Finance Department

SUBJECT: Adoption Of The Operating And Capital Budget For Fiscal Year 2013

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 Fiscal Year 2013 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 2013;
- C. A Resolution of the Council of the City of Santa Barbara Revising the City's Appropriation Limitation for Fiscal Year 2012;
- D. A Resolution of the Council of the City of Santa Barbara Establishing Certain City Fees and Rescinding Resolution Nos. 11-048, 11-066, and 11-067;
- E. A Resolution of the Council of the City of Santa Barbara Authorizing Classified and Unclassified Positions in the City's Service Effective July 1, 2012, and Providing a Schedule of Classifications and Salaries for the Same in Accordance with the Operating Budget for the 2013 Fiscal Year;
- F. A Resolution of the Council of the City of Santa Barbara Authorizing the Continuation of Capital and Special Project Appropriations to Fiscal Year 2013;
- G. 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 16, 2012; and
- H. A Resolution of the Council of the City of Santa Barbara for Employer-Paid Member Contributions for Hourly Employees Effective June 16, 2012.

EXECUTIVE SUMMARY

Staff is recommending the adoption of eight resolutions that, among other things, will officially adopt the Fiscal Year 2013 budget, which begins on July 1, 2012. This action is the culmination of seven public hearings during which Council reviewed in detail the City Administrator's recommended budget filed on April 17, 2012 and authorized certain adjustments.

DISCUSSION:

Since the April 17, 2012 filing of the Recommended Operating and Capital Budget for Fiscal Year 2013, the City Council held seven special budget review meetings and public hearings to hear presentations from departments on their respective proposed budgets. In addition, the Finance Committee held four separate meetings to review various aspects of the recommended budget in greater detail, including the General Fund balancing strategy, General Fund revenues and growth assumptions, Citywide reserve balances and policies, and departmental fees and service charges. At the May 22, 2012 Finance Committee meeting, the Committee approved staff recommended adjustments to the recommended budget and forwarded these budget recommendations to Council for consideration at the June 6, 2012 Special Council Meeting and Public Hearing.

At the June 6, 2012 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, which are included in the attached Summary of Adjustments.

BUDGET IMPACT OF LABOR NEGOTIATIONS

In addition to the items mentioned above, the costs resulting from new labor agreements approved by the City Council on June 5, 2012 and the estimated costs of pending labor negotiations are included in the final budget numbers for all funds. The budget impacts of these changes for Special and Enterprise Funds are not reflected on the attached Summary of Adjustments, however, due to the voluminous number of changes in those funds.

FINAL BUDGET ADJUSTMENTS

In addition to the adjustments recommended by staff and the Finance Committee, Council approved the following adjustments to the recommended budget at the Special Council Meeting and Public Hearing held on June 6, 2012. These additional items are funded from increased sales tax and transient occupancy tax revenue estimates (\$124,000) based upon our most recent data, savings from the reduction of a Community Development Project Planner to part-time status (\$60,544), and the General Fund appropriated reserve (\$356,693). This leaves \$298,691 in the Fiscal Year 2013 General Fund appropriated reserve to cover unanticipated expenses during the year. Each of these items is discussed below, and they are also contained in the attached Summary of Adjustments.

Restorative Policing Program (\$322,243)

Funding provides for current service levels, including 1 Police Officer, 3 hourly Outreach Workers, 6 hourly Community Services Officers, and other annual costs.

Rental Housing Mediation Task Force (\$64,129)

Funding is provided to make it possible for the program to continue operating at its current level. Staffing includes one full-time and three part-time hourly employees. Services include information and consultation, telephone mediations, office mediations and outreach.

Reopening the Central Library on Mondays (\$154,865)

The Central Library will reopen on Mondays with a minimum level of staffing that still allows essential functions to be performed. Funding does not include the addition of permanent staff, but rather the use of hourly staff and one permanent part-time Building Monitor position for a total of \$175,710. The cost was reduced by an additional \$20,345 by closing the Central Library an hour earlier on Mondays through Thursdays (at 7:00 p.m. daily), resulting in 55 total open hours each week compared to the current 49 hours.

BUDGET RESOLUTIONS FOR COUNCIL ADOPTION

Adoption of the eight budget related resolutions, as reflected in the staff recommendation, will accomplish the following:

1. Adopt the annual operating and capital budget for Fiscal Year 2013;
2. Adopt the City's appropriation limit for Fiscal Year 2013 pursuant to Article XIIB of the California Constitution;
3. Revise the City's appropriation limit for Fiscal Year 2012 pursuant to Article XIIB of the California Constitution. This change revises the City's appropriation limit established for Fiscal Year 2012 (originally established by City Council Resolution 11-047 on June 21, 2011) to reflect the appropriate inflation adjustment.
4. Adopt the master fee resolution for Fiscal Year 2013 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 2012 and posted on the City's website. As of June 11, 2012, the day before the Proposition 218 hearing, only 20 written protests were received;
5. Approve the authorized positions for Fiscal Year 2013, including the position changes presented in the budget and the corresponding salary ranges;

6. Authorize the City Administrator to carryover Fiscal Year 2012 appropriations into Fiscal Year 2013 for capital and special projects that will not be completed before the end of the current fiscal year; and,
7. Establish, through two separate resolutions, the portion of the employee's required PERS contribution to be paid by the City ("Employer-Paid Member Contribution") for authorized regular and hourly Miscellaneous (non-safety) PERS employees. This cost-sharing arrangement was established by labor agreement and is adjusted annually based on changes to the City's employer contribution rate.

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.

ATTACHMENT: Summary of Adjustments, Recommended Budget for Fiscal Year 2013

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 2013

Attachment

GENERAL FUND

	Estimated Revenue	Appropriations	Surplus/ (Deficit)
GF RECOMMENDED SUMMARY OF SOURCES AND USES	\$ 106,008,997	\$106,373,763	\$ (364,766)
ADJUSTMENTS APPROVED BY COUNCIL			
Finance Committee Adjustments			
- Transfer Library Gift Funds from John & Peggy Maximus Trust Increase Hourly Salaries for Children's Library Project	\$ 50,000	\$ -	\$ 50,000
- Development Director	-	50,000	(50,000)
- Increase County Per Capita Revenue	9,818	-	9,818
- Increase County Library Administration Fee	2,253	-	2,253
- Increase Library Department Hourly Salaries		12,071	(12,071)
Sub-Total	\$ 62,071	\$ 62,071	\$ -
Other Adjustments By City Council			
- Redevelopment Funding of Restorative Policing Eliminated	(352,070)	(352,070)	-
- Fund Restorative Policing Prog (less FY12 one-time costs)	-	322,243	(322,243)
- Restore Monday Library Hours (10AM to 7PM)	-	175,710	(175,710)
- Close One Hour Early on Weekdays (Mon-Thurs at 7PM)	-	(20,845)	20,845
- Fund Rental Housing Mediation Task Force	-	64,129	(64,129)
- Savings from Half-Time Project Planner	-	(60,544)	60,544
- Increase Sales Tax & TOT revenue estimates	124,000	-	124,000
- Reduce Appropriated Reserves to Balance	-	(356,693)	356,693
- Budget Impact of Completed Labor Negotiations	-	72,905	(72,905)
- Budget Impact of Pending Labor Negotiations	-	100,000	(100,000)
- Workers Comp. Premium Rebate for Labor Negotiation Costs	172,905	-	172,905
Sub-Total	\$ (55,165)	\$ (55,165)	\$ -
GENERAL FUND - FINAL BUDGET FOR ADOPTION	\$ 106,015,903	\$106,380,669	\$ (364,766)

CITY OF SANTA BARBARA
Summary of Adjustments
Recommended Budget for Fiscal Year 2013

Attachment

SPECIAL AND ENTERPRISE FUNDS

ADJUSTMENTS APPROVED BY COUNCIL	Estimated Revenue	Appropriations	Surplus/ (Deficit)
Finance Committee Adjustments			
County Library Fund			
- Increase County Per Capita Revenue	\$ 14,217	\$ -	\$ 14,217
- Increase Goleta Library Parcel Tax Revenue	10,806	-	10,806
- Increase Library Administration Fee to General Fund	-	2,253	(2,253)
County Library Fund Total	\$ 25,023	\$ 2,253	\$ 22,770
Additional Staff Recommended Adjustments			
County Library Fund			
- Increase Contribution from City of Carpinteria for Carpinteria Library	\$ 17,000	\$ -	\$ 17,000
- Increase Hourly Budget for Carpinteria Library	-	17,000	(17,000)
County Library Fund Total	\$ 17,000	\$ 17,000	\$ -
Other Adjustments By City Council			
Miscellaneous Grants Fund			
- Fund Rental Housing Mediation Task Force from Gen. Fund	\$ 64,129	\$ 64,129	\$ -
Miscellaneous Grants Fund Total	\$ 64,129	\$ 64,129	\$ -
Redevelopment Obligation Retirement Fund			
- Eliminate RDA Funding for the Restorative Policing Program	\$ -	\$ (352,070)	\$ 352,070
- Eliminate RDA Funding for the Downtown/Waterfront Shuttle	\$ -	\$ (300,000)	\$ 300,000
- Reduced Property Tax revenue	(652,070)	-	(652,070)
Redev. Obligation Retirement Fund Total	\$ (652,070)	\$ (652,070)	\$ -
Streets Fund			
- Redevelopment Funding of MTD Contract (Downtown/Waterfront Shuttle) Eliminated	\$ (300,000)	\$ -	\$ (300,000)
- Reduce MTD contract budget costs due to fare increase & elimination of underutilized Carrillo commuter lot shuttle service and reduction of middday service on the Crosstown Shuttle	\$ -	\$ (300,000)	\$ 300,000
Streets Fund Total	\$ (300,000)	\$ (300,000)	\$ -
Facilities Management Fund			
- Custodial Service for Restoring Monday Library Hours	\$ 21,391	\$ 21,391	\$ -
Facilities Management Fund Total	\$ 21,391	\$ 21,391	\$ -
Self Insurance Fund			
- Workers Comp. Premium Rebate to the General Fund	\$ -	\$ 172,905	\$ (172,905)
Self Insurance Fund Total	\$ -	\$ 172,905	\$ (172,905)



CITY OF SANTA BARBARA



FISCAL YEAR 2013 OPERATING AND CAPITAL BUDGET

FISCAL YEAR 2013 BUDGET

Summary of Adopting Resolutions

- ◆ Adopt Operating & Capital Budget
- ◆ Adopt Article XIIIB Appropriation (Gann) Limit
 - Proposition 4 approved in 1980 (P. Gann)
 - Proposition 111 approved in 1990 (J. Garamendi)
- ◆ Master Fee Resolution
- ◆ Approve Authorized Positions and Salary Ranges
- ◆ Authorize “Carryovers” – Capital and Special Projects
- ◆ Set City-Paid Portion of Employee PERS Contribution (“Miscellaneous” Group)

FISCAL YEAR 2013 BUDGET

Changes Based on Council Direction

- ◆ Additional Funded Added For:
 - Restorative Policing (\$322,243) previously funded by RDA
 - Restoring Library hours (\$154,865)
 - Open on Mondays
 - Close at 7:00 p.m. versus 8:00 p.m. Monday – Thursdays
 - Continued Funding of Rental Housing Mediation (\$64,129)
 - 3 part-time, hourly staff
 - Continued full service
- ◆ Funding Sources:
 - Increase in estimate tax revenues (\$124,000)
 - Savings from 50% of a Project Planner (\$60,544)
 - Appropriated reserves (\$356,693)

FISCAL YEAR 2013 BUDGET

Other Changes to Recomm'd Budget

- ◆ Staff Recommended Adjustments
 - \$300,000 reduction in funding to MTD previously funded by RDA
 - Affects new Redevelopment Obligations Fund and Streets Fund
 - Adjustments to Library
 - Adjust County funding based on updated per capita and parcel tax information
 - Add \$50,000 in funding from Library Trust for Development Director (fundraising for Children's Library)
- ◆ Adjustments Related to Negotiated and Pending Labor Agreements
 - \$172,905 increase in General Fund appropriations funded from Workers Comp Premium Rebate

FISCAL YEAR 2013 BUDGET

Other Changes to Recomm'd Budget

- ◆ Change to Fees Per Council Direction at Prop 218 Hearing:
 - Agriculture Water Rate: Reflects the exemption of Agriculture from the water rate increase (Section 1C 6a. under Water – page 108)
- ◆ Correction for Sewer Rates (Resolution Only):
 - Updated Wastewater section of the fee resolution reflecting the 10% rate increase instead of a 4% that currently appears in the resolution
 - Mailed Prop 218 notices correct (10%)
 - All discussions and department presentations to Finance Committee and Council noted 10% increase

CITYWIDE TOTALS

Sources & Uses of Funds

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Totals</u>
Use of Reserves	\$364,766	\$2,023,404	\$4,254,891	\$774,768	\$7,417,829
Revenue	<u>106,015,903</u>	<u>32,373,276</u>	<u>109,717,120</u>	<u>19,713,161</u>	<u>267,819,460</u>
Total Sources	<u>\$106,380,669</u>	<u>\$34,396,680</u>	<u>\$113,972,011</u>	<u>\$20,487,929</u>	<u>\$275,237,289</u>
Recommended Budget	\$105,748,763	\$29,542,128	\$100,428,284	\$16,610,923	\$252,330,098
Operating Budget	\$105,755,669	\$28,705,305	\$100,497,289	\$16,843,994	\$251,802,257
Capital	<u>625,000</u>	<u>5,626,499</u>	<u>11,065,328</u>	<u>2,468,200</u>	<u>19,785,027</u>
Total Uses	<u>\$106,380,669</u>	<u>\$34,331,804</u>	<u>\$111,562,617</u>	<u>\$19,312,194</u>	<u>\$271,587,284</u>
Surplus	<u>\$0</u>	<u>\$64,876</u>	<u>\$2,409,394</u>	<u>\$1,175,735</u>	<u>\$3,650,005</u>

FISCAL YEAR 2013 BUDGET

Recommended Actions

- ◆ Adopt all budget resolutions related to Fiscal Year 2013 Operating and Capital Budget
- ◆ Item D (fee resolutions) requires separate approval due to potential conflicts of interest
 - Councilmember Rowse - PBIA fees
 - Councilmember White – Slip Fees