



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: June 23, 2015

TO: Mayor and Councilmembers

FROM: Administration Division, Finance Department

SUBJECT: Adoption Of The Two Year Financial Plan For Fiscal Years 2016 And 2017 And The Operating And Capital Budget For Fiscal Year 2016

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

- A. A Resolution of the Council of the City of Santa Barbara Adopting the Two-Year Financial Plan for Fiscal Years 2016 and 2017;
- B. A Resolution of the Council of the City of Santa Barbara Adopting the Budget for the Fiscal Year 2016 by Appropriating Moneys for the Use and Support of Said City from the Funds and to the Purposes Herein Specified;
- C. A Resolution of the Council of the City of Santa Barbara Establishing the City's Appropriation Limitation for Fiscal Year 2016;
- D. A Resolution of the Council of the City of Santa Barbara Establishing Certain City Fees and Rescinding Resolution Nos. 14-045 and 14-058;
- E. A Resolution of the Council of the City of Santa Barbara Establishing Waterfront Harbor Slip, Mooring and User Fees and Rescinding Resolution Nos. 14-048 and 15-001;
- F. A Resolution of the Council of the City of Santa Barbara Authorizing Classified and Unclassified Positions in the City's Service Effective July 1, 2015, and Providing a Schedule of Classifications and Salaries for the Same in Accordance with the Operating Budget for the 2016 Fiscal Year; and
- G. A Resolution of the Council of the City of Santa Barbara Authorizing the Continuation of Capital and Special Project Appropriations to Fiscal Year 2016.

EXECUTIVE SUMMARY

Staff is recommending the adoption of seven resolutions that, among other things, will officially adopt the Fiscal Year 2016 budget, which begins on July 1, 2015. This action is the culmination of seven public hearings during which Council reviewed in detail the City Administrator's recommended budget filed on April 21, 2015.

DISCUSSION:

Since the April 21, 2015 filing of the Recommended Two-Year Financial Plan for Fiscal Years 2016 and 2017 and the Recommended Operating and Capital Budget for Fiscal Year 2016, 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 six separate meetings to review various aspects of the recommended budget in greater detail.

At the June 1, 2015 Special Council Meeting and Public Hearing, Council gave direction to staff with regards to the following:

1. Funding requests from outside organizations
2. Staff-Recommended adjustments

In addition, on June 16, 2015, City Council gave final direction to close the gap in General Fund reserves relative to policy requirements within two years; that is, by the end of Fiscal Year 2017. This will be achieved by reducing the originally proposed General Fund capital program for Fiscal Year 2016 by \$450,000. All of the projects relate to Parks & Recreation and primarily involve study efforts versus construction or improvements to facilities. It also includes removing a total of \$194,880 in service enhancements contained in the recommended General Fund budget. The balance of the gap will be closed by allocating portions of the expected surpluses in Fiscal Year 2015 through 2017 that would otherwise be allocated to capital projects per City reserve policies, as shown below. The current policy calls for a 50%/50% allocation of surpluses to operating reserves and capital reserves.

- 75% of Fiscal Year 2015 Expected Surplus to Operating Reserves (25% Allocated to Capital)
- 100% of Fiscal Year 2016 Budgeted Surplus to Operating Reserves
- 75% Fiscal Year 2017 Budgeted Surplus to Operating Reserves (25% Allocated to Capital)

The Attachment to this report contains all of the adjustments to the recommended budget based on the direction from Council.

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 Two-Year Financial Plan for Fiscal Years 2016 and 2017;
2. Adopt the annual operating and capital budget for Fiscal Year 2016;

3. Adopt the City's appropriation limit for Fiscal Year 2016 pursuant to Article XIII B of the California Constitution;
4. Adopt the master fee resolution for Fiscal Year 2016 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 January 2015 (water rates) and March 2015 (wastewater and solid waste), and posted on the City's website. Waterfront harbor slip, mooring and user fees are shown on a separate resolution. As of June 11, 2015, two written protests were received.
5. Approve the authorized positions for Fiscal Year 2016, including the position changes presented in the budget and the corresponding salary ranges; and
6. Authorize the City Administrator to carryover Fiscal Year 2015 appropriations into Fiscal Year 2016 for capital and special projects that will not be completed before the end of the current fiscal year.

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, Proposed Two-Year Financial Plan for Fiscal Years 2016 and 2017

PREPARED BY: Michael Pease, Budget Manager

SUBMITTED BY: Robert Samario, Finance Director/Acting Assistant City Administrator

APPROVED BY: City Administrator's Office

CITY OF SANTA BARBARA
Summary of Adjustments
Two-Year Financial Plan for Fiscal Years 2016 and 2017

ATTACHMENT

| | Estimated Revenue* | Appropriations* | Add to/ (Use of) Reserves |
|--|-----------------------------------|-----------------------|---------------------------------|
| Other Adjustments By City Council (continued) | | | |
| <u>Additional Funding to Outside Organizations</u> | | | |
| - Casa Esperanza | \$ - | \$ 125,000 | |
| - Community Choice Aggregation Study (Comm Environ Council) | Funded in Water Fund Below | | |
| - Jr. High School After School Sports Program (SB School District) | - | 12,830 | |
| - Police Activities League - Reduction in Rent | (9,599) | - | |
| - Common Ground - Downtown Project (Legal Aid Foundation) | - | 25,000 | |
| - Increase Appropriated Reserves to Balance | - | 548,096 | |
| Sub-Total | \$ 232,076 | \$ 229,076 | \$ 3,000 |
| GENERAL FUND - FINAL BUDGET FOR ADOPTION | \$ 124,596,535 | \$ 124,596,535 | \$ - |

SPECIAL AND ENTERPRISE FUNDS

| | Estimated Revenue | Appropriations | Add to/ (Use of) Reserves |
|--|--------------------|--------------------|---------------------------------|
| ADJUSTMENTS APPROVED BY COUNCIL | | | |
| Finance Committee Adjustments | | | |
| Capital Outlay Fund | | | |
| - Increase transfer in from the General Fund for the City TV PEG Fee capital project reserve, as described above. | \$ 3,000 | \$ - | |
| Capital Outlay Fund Total | \$ 3,000 | \$ - | \$ 3,000 |
| Creeks Fund | | | |
| - Reduce transfer of Measure B funds to the Street Sweeping Fund due to reduced costs in the Street Sweeping Fund, as described below. | \$ - | \$ (43,480) | |
| Creeks Fund Total | \$ - | \$ (43,480) | \$ 43,480 |
| Street Sweeping Fund | | | |
| Move costs for the City's general NPDES permit to the Streets Fund. This was requested by Public Works staff, Creeks staff, and the Creeks Advisory Committee to reduce the amount of Measure B revenue funding needed to help support the Street Sweeping Fund. The transfer of Measure B funds from the Creeks Fund is adjusted to reflect the reduced costs for the NPDES permit and other supplies/services, and moving costs between the residential and commercial programs in the Street Sweeping Fund to better align program revenues with program costs. | \$ (43,480) | \$ (55,000) | |
| Street Sweeping Fund Total | \$ (43,480) | \$ (55,000) | \$ 11,520 |

CITY OF SANTA BARBARA
Summary of Adjustments
Two-Year Financial Plan for Fiscal Years 2016 and 2017

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| | Estimated Revenue* | Appropriations* | Add to/ (Use of) Reserves |
|---|-----------------------|---------------------|---------------------------------|
| Finance Committee Adjustments (continued) | | | |
| Streets Fund | | | |
| Move costs for the City's general National Pollutant Discharge Elimination System (NPDES) permit from the Street Sweeping Fund, as described above. | - | 30,000 | |
| Streets Fund Total | \$ - | \$ 30,000 | \$ (30,000) |
| Other Adjustments By City Council | | | |
| Airport Fund | | | |
| - Restore 3 Fire Engineer Positions Providing ARFF Services at the Airport | \$ - | \$ 242,104 | |
| - Adjust Overhead Charge from General Fund Departments with Restoration of ARFF positions | - | 5,122 | |
| Airport Fund Total | \$ - | \$ 247,226 | \$ (247,226) |
| Capital Outlay Fund | | | |
| - Reduce Capital Funding (see projects in General Fund above) | \$ (500,000) | \$ (500,000) | |
| Capital Outlay Fund Total | \$ (500,000) | \$ (500,000) | \$ - |
| Streets Fund | | | |
| - Move Transportation Planner From General Fund, per Council D | \$ - | \$ 122,018 | |
| Streets Fund Total | \$ - | \$ 122,018 | \$ (122,018) |
| Water Fund | | | |
| - Community Choice Aggregation Study (Comm Environ Council) | \$ - | \$ 50,000 | |
| - Adjust Overhead Charge from General Fund Departments with Restoration of ARFF positions | - | (1,301) | |
| Water Fund Total | \$ - | \$ 48,699 | \$ (48,699) |

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Summary of Adjustments
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| | Estimated Revenue* | Appropriations* | Add to/ (Use of) Reserves |
|--|-----------------------|-----------------|---------------------------------|
| Other Adjustments By City Council (continued) | | | |
| <u>Adjust Overhead Charges from General Fund Departments to Various Funds with Restoration of ARFF positions:</u> | | | |
| - County Library Fund | \$ - | \$ (159) | \$ 159 |
| - Creeks Fund | \$ - | \$ (235) | \$ 235 |
| - Fleet Management Fund | \$ - | \$ (326) | \$ 326 |
| - Golf Fund | \$ - | \$ (129) | \$ 129 |
| - Solid Waste Fund | \$ - | \$ (165) | \$ 165 |
| - Street Sweeping Fund | \$ - | \$ (6) | \$ 6 |
| - Wastewater Fund | \$ - | \$ (849) | \$ 849 |
| - Waterfront Fund | \$ - | \$ (750) | \$ 750 |

* Note: Amounts shown above are for FY 2016, however similar adjustments are also proposed for the second year of the Proposed Two-Year Financial Plan (FY 2017).



CITY OF SANTA BARBARA



ADOPTION OF FISCAL YEAR 2016 OPERATING AND CAPITAL BUDGET



BACKGROUND

- ◆ FY 2016 Recommended Budget filed on April 21, 2015
- ◆ 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, 2015

June 1st and 16th Work Sessions

- ◆ Council took the following actions
 - Approved the contents of the recommended budget filed on April 21st
 - Approved staff recommended adjustments
 - Directed staff to increase funding for outside organizations totaling \$222,813 (\$172,813 in the General Fund; \$50k in the Water Fund)
 - Directed staff to close funding gap in General Fund reserves by 6/30/2017, primarily through re-allocation of capital reserves

FY 2016 BUDGET ADOPTION

Summary of Adopting Resolutions

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

FY 2016 BUDGET ADOPTION

Recommended Actions

- ◆ Adopt all budget resolutions related to Fiscal Year 2016 Operating and Capital Budget
- ◆ Item E (Waterfront fee resolution) requires separate approval due to potential conflicts of interest
 - Councilmember White and Rowse