

FY 2018/19 MID-CYCLE BUDGET

City of Goleta
Council Meeting
June 5, 2018



Revised Operating Budget Overview

- ▶ Fiscal Year 17/18 & 18/19 Two Year Budget Plan adopted June 6, 2017
- ▶ Revised Revenues, Expenditures and recommended Personnel Changes
- ▶ Library Budget Update
- ▶ Updated General Fund Balance Projections (Reserves)
- ▶ Revised Five Year Forecast
- ▶ Capital Improvement Program (CIP) Update

Operating Budget Overview

► Revenue Projections:

- **Original adopted budget of \$26,654,559**
- **Revised revenues increase of \$480,719 or 1.8%**
 - Property Tax
 - Charges for services
 - Investment income
 - Library revenues
- **Revised FY 2018/19 revenue budget of \$27,135,278**

Operating Budget Overview

► Expenditure Requests:

- **Original adopted budget of \$25,661,620**
- **Additional requests of \$238,744 or 0.9%**
 - MOU approved in May 2018
 - Recommended personnel changes
 - Additional operating expenditures of \$199,921
 - Additional capital expenditures of \$38,823
- **One workshop held with input from Council (May 7, 2018)**
- **Revised FY 2018/19 budget of \$25,900,364**

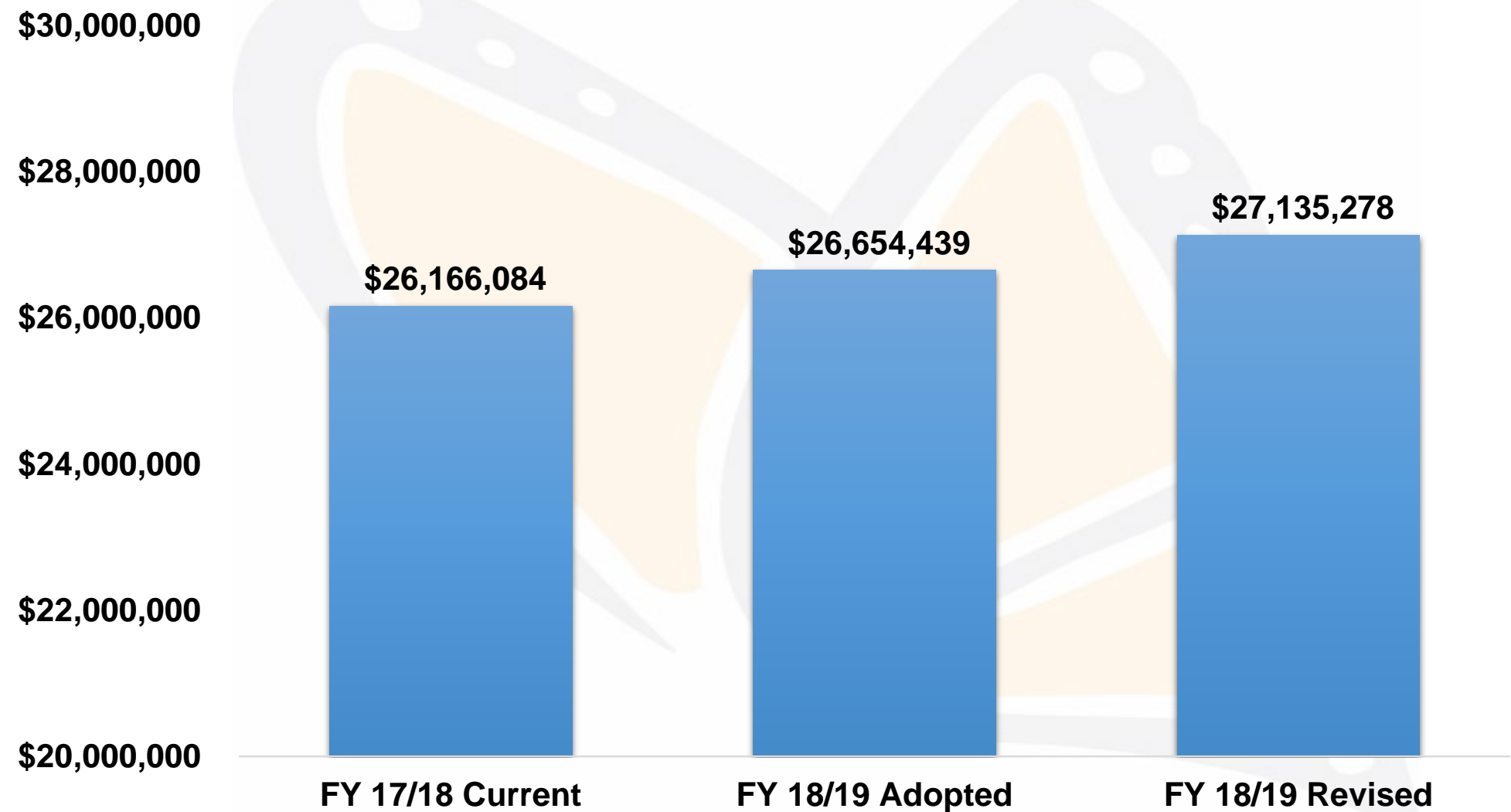
General Fund Summary

GENERAL FUND	2017/18 CURRENT BUDGET	2018/19 ADOPTED BUDGET	% CHANGE	2018/19 REVISED BUDGET	REVISED % CHANGE	AMOUNT CHANGE
Operating Revenues	\$ 26,166,084	\$ 26,654,559	1.9%	\$ 27,135,278	1.8%	\$ 480,719
Operating Expenditures	30,232,533	24,880,782	-17.7%	25,080,703	0.8%	199,921
Capital Expenditures	4,624,503	780,838	-83.1%	819,661	5.0%	38,823
Total Expenditures	34,857,036	25,661,620	-26.4%	25,900,364	0.9%	238,744
Net Change	\$ (8,690,952)	992,939	111.4%	1,234,914	24.4%	241,975

FY 18/19 Revised Budget in comparison to FY 17/18 Current Budget:

- Revenues - overall increase of 3.7% or \$969K
- Expenditures – overall decrease of 25.7% or \$8.96M, primarily related to FY 16/17 carryovers in FY 17/18 for CIP and special projects

General Fund Revenues



General Fund Revenues

REVENUES	2017/18 CURRENT BUDGET	2018/19 ADOPTED BUDGET	% CHANGE	2018/19 REVISED BUDGET	2018/19 REVISED % CHANGE	2018/19 REVISED CHANGE	17/18 & 18/19 % CHANGE	17/18 & 18/19 CHANGE
Property Tax	\$ 6,490,218	\$ 6,363,965	-1.9%	\$ 6,598,220	3.7%	\$ 234,255	1.7%	\$ 108,002
Sales Tax	6,556,870	6,675,880	1.8%	6,644,300	-0.5%	(31,580)	1.3%	87,430
Transient Occupancy Tax	9,246,046	9,812,079	6.1%	9,812,000	0.0%	(79)	6.1%	565,954
Franchise Fees	1,245,500	1,245,500	0.0%	1,228,500	-1.4%	(17,000)	-1.4%	(17,000)
Charges for Services	1,855,115	1,858,268	0.2%	1,900,268	2.3%	42,000	2.4%	45,153
Fines and Penalties	135,000	135,600	0.4%	135,600	0.0%	-	0.4%	600
Investment Income	212,000	147,580	-30.4%	337,340	128.6%	189,760	59.1%	125,340
Reimbursements	377,200	377,200	0.0%	377,320	0.0%	120	0.0%	120
Other Revenue	14,000	14,000	0.0%	67,000	378.6%	53,000	378.6%	53,000
Intergovernmental	34,135	24,367	-28.6%	34,730	42.5%	10,363	1.7%	595
TOTAL	\$ 26,166,084	\$ 26,654,439	1.9%	\$ 27,135,278	1.8%	\$ 480,839	3.7%	\$ 969,194

General Fund Revenues

Property Tax

FY 18/19 Adopted: \$6,363,965

FY 18/19 Revised: \$6,598,220

- Overall increase of \$234 K or 3.7%
- Increased in assessed valuations, additional properties on tax roll
- Applicable property taxes shared 50% with the County

Sales Tax

FY 18/19 Adopted: \$6,675,880

FY 18/19 Revised: \$6,644,300

- Revised budget decrease of \$31 K or 0.5%
- Adjusted for corrections to misallocations, projected to remain flat
- Staff meets with sales tax consultants on quarterly basis
- City receives 70% of the 1% sales tax normally allocated, with 30% shared with the County

Transient Occupancy Tax

FY 18/19 Adopted: \$9,812,079

FY 18/19 Revised: \$9,812,000

- No recommended adjustments at this time
- Largest revenue source
- Anticipated to increase 6.1% in FY 18/19 from FY 17/18

General Fund Revenues

Franchise Fees

FY 18/19 Adopted: \$1,245,500

FY 18/19 Revised: \$1,228,500

- Overall decrease of approximately \$17 K or 1.4%
- Revised based on trends
- Four main service providers: Cable, Electric, Gas, and Solid Waste

Charges for Services

FY 18/19 Adopted: \$1,858,268

FY 18/19 Revised: \$1,900,268

- Overall increase of approximately \$42 K or 2.3%
- New fees and charges included for Library
- CPI adjustment to user fee schedule of 5.6% - Adopted May 15th

Fines and Penalties

FY 18/19 Adopted: \$135,600

FY 18/19 Revised: \$135,600

- No recommended adjustments at this time
- Includes parking violation fees, traffic fines, and towing charges.

General Fund Revenues

Investment Income

FY 18/19 Adopted: \$147,580

FY 18/19 Revised: \$337,340

- Overall increase of approximately \$190 K or 128.6%
- Increase investment income – rising interest rates
- Rental income – 27 S. La Patera and Library meeting room space

Reimbursements

FY 18/19 Adopted: \$377,320

FY 18/19 Revised: \$377,320

- No recommended adjustments at this time
- Staff time reimbursements for CIP projects and admin costs for RDA successor agency

Other Revenues

FY 18/19 Adopted: \$14,000

FY 18/19 Revised: \$67,000

- Overall increase of approximately \$53 K or 378.6%
- Increase due to donations related to the Goleta Valley Library

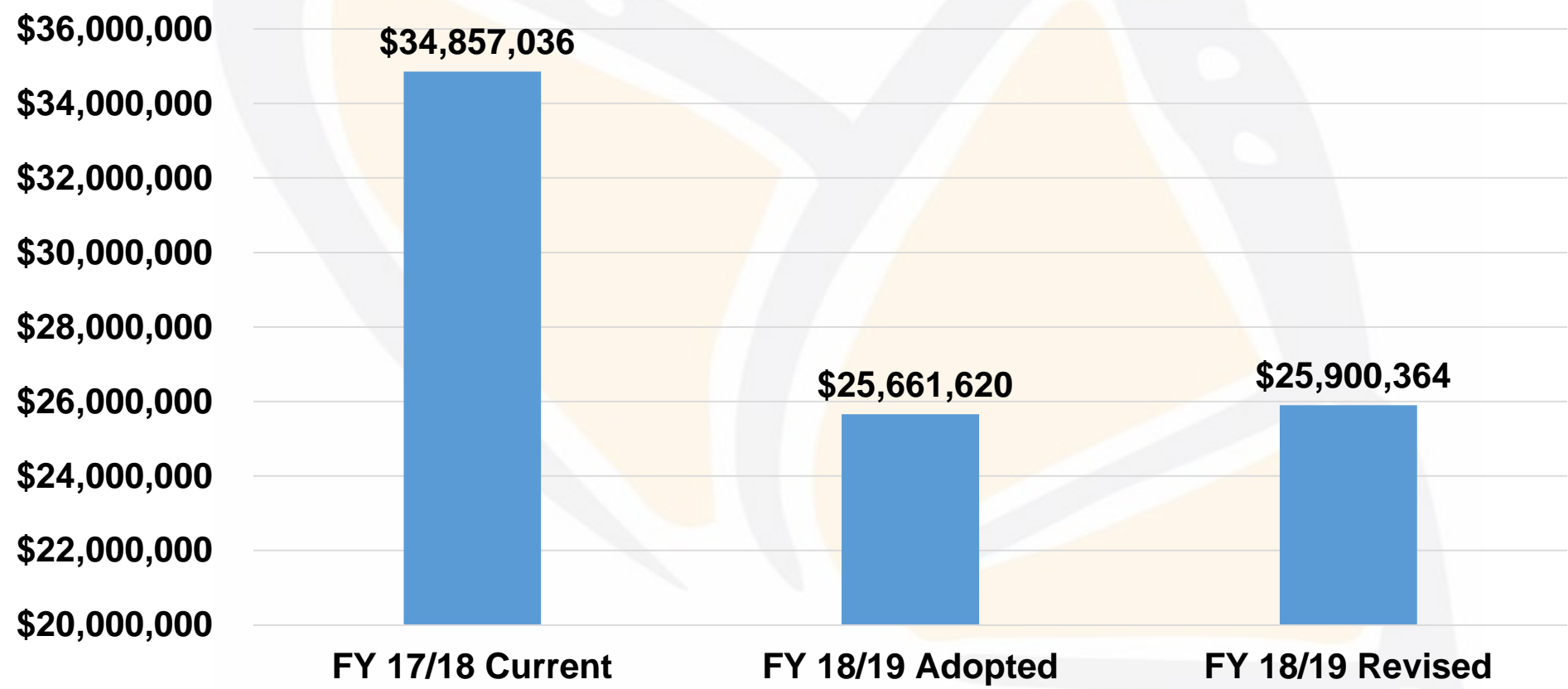
Intergovernmental

FY 18/19 Adopted: \$24,367

FY 18/19 Revised: \$34,730

- Revised increase of \$10 K or 42.5%
- CDBG staff time
- Based on recent information, has increased

General Fund Expenditures



Expenditures — General Government

Total FY 18/19 Revised Expenditures - \$25.9 million

All departments had salary and benefit adjustments due to cleanup and reflect COLA adjustments per recent adopted MOU. Attachment 2 – Exhibit B provides line item budget details for all departments and programs.

DEPARTMENT	2017/18 CURRENT BUDGET	2018/19 ADOPTED BUDGET	% CHANGE	2018/19 REVISED BUDGET	2018/19 REVISED % CHANGE	2018/19 REVISED CHANGE	17/18 & 18/19 % CHANGE	17/18 & 18/19 CHANGE
General Government	\$ 5,812,020	\$ 5,712,627	-1.7%	\$ 5,848,324	2.4%	\$ 135,697	0.6%	\$ 36,304
Library (General Gov)	336,150	216,500	-35.6%	399,004	84.3%	182,504	18.7%	62,854
Finance	840,681	843,361	0.3%	873,315	3.6%	29,954	3.9%	32,634
Planning & Env. Review	4,361,176	3,573,159	-18.1%	3,909,040	9.4%	335,881	-10.4%	(452,136)
Public Works	8,823,296	4,213,192	-52.2%	4,632,340	9.9%	419,148	-47.5%	(4,190,956)
Neighborhood Services	1,504,215	1,524,860	1.4%	1,481,030	-2.9%	(43,830)	-1.5%	(23,185)
Public Safety	8,494,995	8,740,433	2.9%	7,872,650	-9.9%	(867,783)	-7.3%	(622,345)
Non-Departmental	60,000	56,650	-5.6%	65,000	14.7%	8,350	8.3%	5,000
CIP Projects	4,624,503	780,838	-83.1%	819,661	5.0%	38,823	-82.3%	(3,804,842)
TOTAL	\$ 34,857,036	\$ 25,661,620	-26.4%	\$ 25,900,364	0.9%	\$ 238,744	-25.7%	\$ (8,956,672)

Personnel Changes

Current Full Time Equivalents (FTEs)

- ▶ 73.68 FTEs

Recommended Full Time Equivalents (FTEs)

- ▶ 74.93 FTEs (increase of 1.25 FTEs)

Types of Personnel Changes

- ▶ Reclassifications
- ▶ Modifications
- ▶ Two new positions

Personnel Changes

Recommended Reclassifications:

- ▶ City Attorney - Reclass Deputy City Attorney to Assistant City Attorney
- ▶ Library - Reclass Library Assistant I to Library Technician I
- ▶ Neighborhood Services & Public Safety:
 - Reclass vacant Management Assistant to Emergency Services Coordinator
 - Reclass Economic Development Coordinator to Senior Project Manager
 - Reclass vacant Senior Project Manager to Management Analyst

Recommended Modifications:

- ▶ City Manager's Office - Reallocate 20% of Management Assistant position from Finance
- ▶ City Attorney - Remove City Attorney position, to reflect use of City Attorney contract services
- ▶ Community Relations - Increase Admin Assistant position from 20 hours to 30 hours

Personnel Changes

Recommended New Positions:

- ▶ Finance – Budget Analyst
- ▶ Public Works – Maintenance Worker I

Fiscal Impacts:

Recommended personnel changes results in overall net decrease of \$(132,783) or (1.5%) for a total of \$8.86 million to the General Fund's salary and benefit accounts, in comparison to originally adopted FY 18/19 budget of \$8.89 million

Personnel Changes

PROGRAM	POSITION	DESCRIPTION	FY 18/19 FTE ADJUSTMENT
City Manager's Office	Management Assistant	Reallocate 20% from Finance to City Manager's Office	0.20
City Attorney	City Attorney	Use of Contract Services	(1.00)
City Attorney	Deputy City Attorney	Reclass to Assistant City Attorney	(1.00)
City Attorney	Assistant City Attorney	Reclass from Deputy City Attorney	1.00
Community Relations	Admin Assistant	Increased 20 hrs to 30 hrs / week	0.25
Library	Library Assistant I	Reclass to Library Technician I	(1.00)
Library	Library Technician I	Reclass from Library Assistant I	1.00
Finance	Budget Analyst	New position	1.00
Finance	Management Assistant	Reallocate 20% from Finance to City Managers Office	(0.20)
Public Works	Maintenance Worker 1	New position	1.00
Neighborhood Services	Management Assistant	Reclass to Management Analyst (Emergency Services Coordinator)	(1.00)
Neighborhood Services	Emergency Services Coordinator	Reclass from Management Assistant	1.00
Neighborhood Services	Economic Development Coordinator	Reclass to Senior Project Manager	(1.00)
Neighborhood Services	Senior Project Manager	Reclass from Economic Development Coordinator	1.00
Neighborhood Services	Senior Project Manager	Reclass to Management Analyst	(1.00)
Neighborhood Services	Management Analyst	Reclass from Senior Project Manager	1.00
NET FTE - ADJUSTMENTS			1.25

Fund Balance Projections

CLASSIFICATION	FY 2017/18 PROJECTED ENDING BALANCE	INCREASE (DECREASE)	FY 2018/19 PROJECTED ENDING BALANCE	POLICY
Contingency	\$ 8,083,918	\$ 192,714	\$ 8,276,632	Set at 33% of Operating
Public Facilities	1,453,828	-	1,453,828	Management Discretion
Capital Equipment	472,722	-	472,722	Set at accumulated depreciation
Compensated Leave	172,144	-	172,144	Set at 50% of the total accumulated leave at YE
Building Maintenance	-	-	-	Management Discretion
Risk Management	184,800	15,200	200,000	Set at \$200,000
OPEB UAL	333,500	-	333,500	Management Discretion - ideally actuary level
CalPERS UAL	170,000	-	170,000	Management Discretion
CIP Project Funding	-	-	-	Year End CIP Carryover
Encumbrances	-	-	-	Year-End Encumbrances
Street Maintenance	-	-	-	Management Discretion
Litigation Defense Fund	300,000	-	300,000	Set at \$300,000
Prepays and Deposit	-	-	-	Set with Prepays and Deposits
Unassigned Fund Balance	1,576,820	1,027,000	2,603,820	Moving number. Dependent on Rev and Exp
TOTAL	\$ 12,747,732	\$ 1,234,914	\$ 13,982,646	

Revenue Neutrality Agreement

Revenue Neutrality Agreement

- ▶ Allocates City revenues to the County of Santa Barbara
 - Sales Tax at 30% of 1% revenues
 - Property Tax shared equally
- ▶ FY 2017/18 payments = \$5.7 million
- ▶ FY 2018/19 payments = \$5.8 million
 - Sales Tax = \$2.8 million
 - Property Tax = \$3.0 million

Estimated total contribution \$114.9 million since 2002

Other Funds

Gas Tax Update

- FY 2018/19 Revised Budget includes total Gas Tax related funds estimated at \$1,318,644 (based on DOF Projections provided in January 2018)
- Updated information provided May 30, 2018, after date of issuing the mid-cycle budget report. Gas Tax estimates have been revised totaling \$1,209,037, a decrease of \$(109,608) or 8.31%

	DOF Projections January 2018	FY 18/19 Revised Budget	DOF Revised Projections May 2018	% Change	Amount Change
Gas Tax (HUTA) Fund 201	\$ 791,236	\$ 791,237	\$ 677,628	-14.36%	\$(113,609)
SB1 (RMRA) Fund 203	527,408	527,408	531,409	0	4,001
Total	\$ 1,318,644	\$ 1,318,645	\$ 1,209,037	-8.31%	\$(109,608)

During the First Quarter Financial Review in November 2018, staff will be recommending decreases to the Gas Tax related accounts. The decrease is due to the original estimates made by the DOF, had factored in a staff recommendation to the Board of Equalization (BOE) and raising the variable gasoline tax rate by 4 cents per gallon, in which the BOE failed to take action in February 2018. Staff was made aware of the revised projections on May 30, after issuance of the report. Gas Tax primarily supports the Pavement Rehabilitation Program.

Other Funds

Street Improvements – Pavement Rehabilitation Program

- Total approximate funds of \$2,044,541 available for FY 18/19 Pavement Rehab Project
 - Accounts for reduction of \$(113,609) in Gas Tax revenues described above
 - Additional funds of \$116,710 may be available from LSTP
 - More information to be provided later from Public Works about the FY18/19 Pavement Rehabilitation project scope and estimated costs

Other Funds

Measure A Fund

- Revenues for FY 2018/19 currently projected at \$1.5 million
- Used to fund City capital projects, street maintenance and repairs, and traffic signal maintenance and replacement
- Balance of funds to be programmed to CIP transportation projects and pavement

Solid Waste Fund

- Operating budget for FY 2018/19 at \$1,000,325
- Increase of \$16,000 for Postage & Mailing related to Prop 218 noticing in late FY 18/19
- Additional \$30,000 for contract services related to trash amendment track 2 compliance plan

Library Special Funds

Library Development Impact Fee (DIF) Fund

- Increased \$56,006 for book acquisitions for total of \$158,006
- Shared with General Fund of \$92,094, total book acquisition budget \$250,100

Library Services Fund – (Special Tax)

- \$472,390 combined City and County Measure L for Operations
 - City Measure L Revenues: \$274,500
 - County Measure L Revenues: \$197,800

County Per Capita Fund

- \$700,580 programmed mostly to Salaries & Benefits

Total Special Revenue funding sources for the Library is estimated at \$1,330,886, with the use of General Fund of \$399,004 for a total of \$1,729,980.

Library Funding Sources

Assumes 5% reduction, without reduction
Goleta will receive an additional \$36.8K,
for a total of \$737K

REVENUES	General Fund Fund 101	County Per Capita Fund 208	Library DIF Fund 223	Measure L 501	Total
COUNTY PER CAPITA	\$ -	\$ 700,580	\$ -	\$ -	\$ 700,580
MEASURE L (COUNTY)	-	-	-	197,890	197,890
MEASURE L (CITY)	-	-	-	274,500	274,500
LIBRARY DIF	-	-	158,006	-	158,006
GENERAL FUND SUBSIDY	290,104	-	-	-	290,104
FINES AND FEES	36,550	-	-	-	36,550
COPY FEES	3,750	-	-	-	3,750
MEETING ROOM RENTALS	15,000	-	-	-	15,000
INTEREST	600	-	-	-	600
DONATIONS - OTHER	5,000	-	-	-	5,000
DONATIONS - FRIENDS	48,000	-	-	-	48,000
OTHER REVENUE	-	-	-	-	-
TOTAL REVENUES	\$ 399,004	\$ 700,580	\$ 158,006	\$ 472,390	\$ 1,729,980

- Library Department generates \$108,900 from operations, that is included in the General Fund
- Library DIF revenues projected to be available through FY 21/22

Library Funding Uses

EXPENDITURES	General Fund Fund 101	County Per Capita Fund 208	Library DIF Fund 223	Measure L 501	Total
SALARIES & BENEFITS	\$ -	\$ 614,800	\$ -	\$ 411,900	\$ 1,026,700
STIPENDS FOR MEETINGS	-	-	-	3,000	3,000
MEMBERSHIPS AND DUES	-	750	-	-	750
CONFERENCES, MEETINGS AND T	-	-	-	5,000	5,000
SPECIAL DEPARTMENT SUPPLIES	-	46,000	-	-	46,000
BOOKS AND SUBSCRIPTIONS	92,094	-	158,006	-	250,100
PRINTING & COPYING	-	-	-	4,000	4,000
POSTAGE & MAILING	-	-	-	700	700
ADVERTISING	-	-	-	2,000	2,000
PERMITS & FEES	-	-	-	3,160	3,160
UTILITIES - TELEPHONE	-	-	-	8,200	8,200
UTILITIES - WATER	-	4,200	-	-	4,200
UTILITIES - ELECTRIC	34,000	-	-	-	34,000
MAINTENANCE - COMPUTERS	23,500	-	-	-	23,500
MAINTENANCE - FACILITIES	43,000	-	-	-	43,000
PROF SERVICES - BLACK GOLD FI	111,110	-	-	-	111,110
PROF SERVICES - HOOPLA	43,000	-	-	-	43,000
PROF SERVICES - RFID (BIBLIOTH	-	-	-	230	230
PROF SERVICES - UNIQUE FEES	7,000	-	-	-	7,000
PROF SERVICES - WEB MAINTENA	2,000	-	-	-	2,000
PROF SERVICES - BOOK PROCESS	43,000	-	-	4,000	47,000
PROF SERVICES - PC RESERVATIC	300	-	-	-	300
CONTRACT SERVICES - CUSTODIA	-	34,830	-	20,870	55,700
COUNTY ADMIN FEES	-	-	-	9,330	9,330
SUPPLIES & SERVICES	\$ 399,004	\$ 85,780	\$ 158,006	\$ 60,490	\$ 703,280
TOTAL EXPENDITURES	\$ 399,004	\$ 700,580	\$ 158,006	\$ 472,390	\$ 1,729,980

Salaries and benefits represent 6 Full-time staff, 9 Part-time and 6 Part-time Pages, for a total of 21 employees. This results in 9.38 FTEs, not counting the Pages. Staffing levels and hours to be evaluated by Library Director in the first half of the FY 18/19.

Indirect costs are estimated to be approximately \$192K in FY 18/19 and are absorbed in the support program budgets. Impacts are expected to be felt primarily by General Government and Finance. Staff will monitor time and track costs associated, to further define costs associated with operating a municipal library.

Five Year Forecast

Revenues over Expenditures are positive each year

- ▶ Revenue assumptions
 - Updated and conservative forecasting for all revenues
 - To be further developed later in FY 18/19
- ▶ Expenditures
 - Adjusted for limited-term staff, cleanup and projected CalPERS employer normal cost rate
 - Operating costs adjusted for one-time contracts
 - Does not adjust for possible DOF litigation results
 - Net revenues over expenditures at \$1,234,914
 - Unassigned Fund Balance projected at \$2.6 million
- ▶ Five Year Forecast Provided in packet as Attachment 2 – Exhibit C

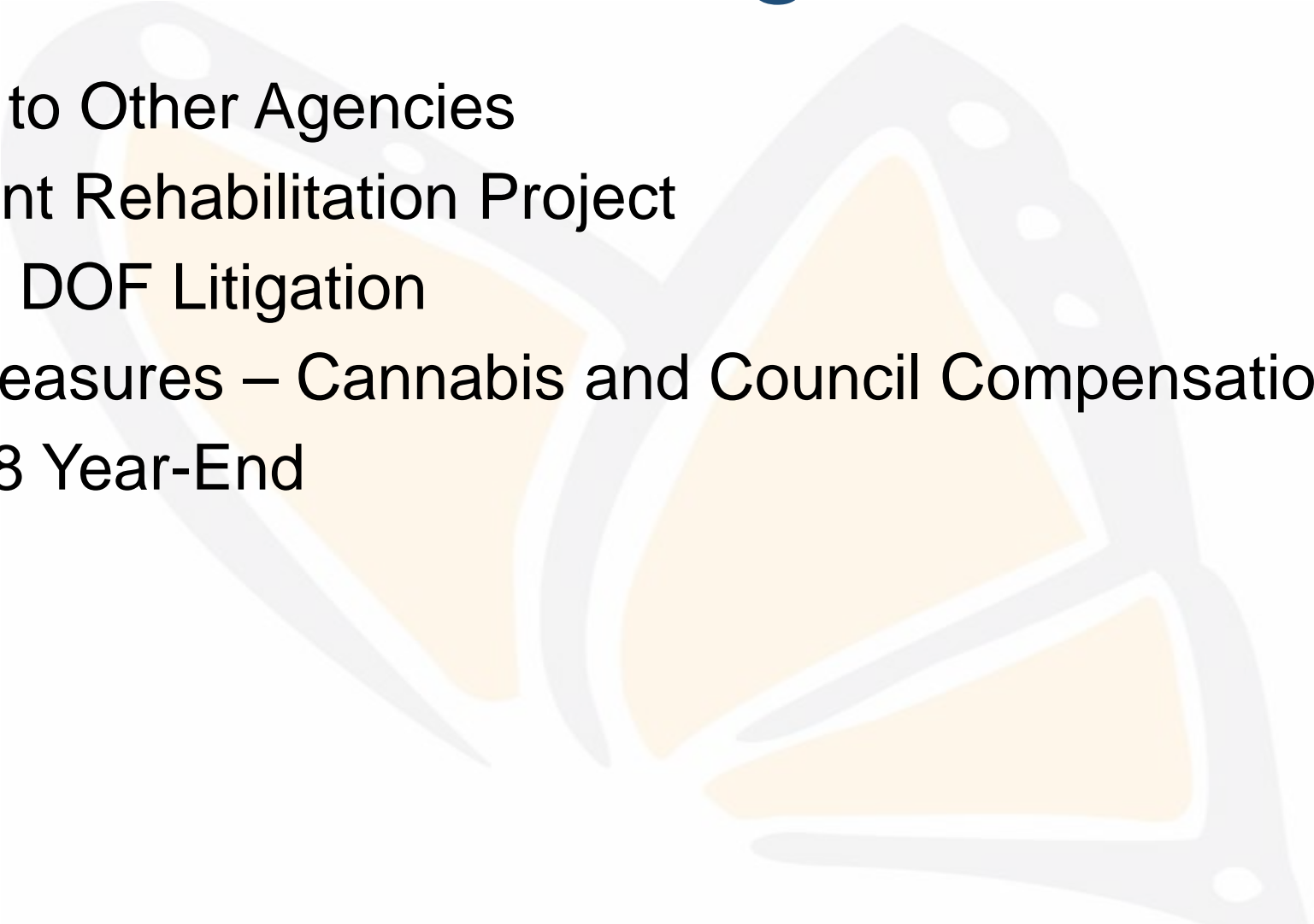
Capital Improvement Program

- ▶ Project sheets updated and include 55 active CIP projects
- ▶ Five additional project sheets:
 - Project 9096 – Orange Avenue Parking Lot
 - Project 9097 – Fairview Corridor Study
 - Project 9098 – Mid-Block Crosswalk at S. Kellogg Ave
 - Project 9099 – Mid-Block Crosswalk at Calle Real/Fairview
 - Project 9100 – Fairview Ave and Hollister Roundabout (not presented at time of workshop)
- ▶ General Fund FY 18/19 CIP Contribution of \$819,661
- ▶ CIP updated to include new information
 - Transit and Intercity Rail Capital Program (TIRCP) Grant of \$13.3 million for Project 9079- Amtrak Depot
 - Infrastructure financing options and other funding sources to continue to be evaluated

Project 9100 – Hollister Ave and Fairview Ave Roundabout



Other Items Pending for FY 18/19

- ▶ Support to Other Agencies
 - ▶ Pavement Rehabilitation Project
 - ▶ Pending DOF Litigation
 - ▶ Ballot Measures – Cannabis and Council Compensation
 - ▶ FY 17/18 Year-End
- 

Gann Appropriations Limit

- ▶ **Gann Limit required to be calculated and adopted every fiscal year by resolution**
 - Provided as Attachment 3 to packet
- ▶ Gann Limit sets ceiling amount for tax-funded government services
- ▶ Amount adjusted annually depending on changes in population, inflation, per capita personal income or percentage change in the local assessment roll from preceding year for addition of local nonresidential new construction
- ▶ FY 2018/19 Gann Limit - \$52,932,069
 - 34.67% increase
 - \$23,222,565 appropriations subject to the limit
 - Currently \$29,709,504 under the limit

Recommendations

- ▶ Adopt the revised Operating and Capital Improvement Program Budget for FY 2018/19
- ▶ Adopt the City's Gann Appropriation Limit for FY 2018/19
- ▶ Adopt the revised Salary Schedule and Classification Plan and Schedule of Authorized Positions for FY 2018/19