

# FY 2019/20 & 2020/21 PROPOSED OPERATING AND CAPITAL IMPROVEMENT PROGRAM BUDGETS

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City of Goleta  
Council Meeting  
June 18, 2019



# Public Hearing Format

- **Staff Presentation**
  - Budget Approach
  - General Fund Summary
  - Department Updates (*as needed*)
  - Recommended Personnel Changes
  - Fund Balance and Five-Year Forecast
  - Other Special Revenue Funds and Capital Improvement Program
  - Gann Appropriations Limit for FY 19/20
- **Questions**
- **Public Comments**
- **City Council Deliberation and Decision Making**
- **Recommended Actions**

# Budget Approach

- **Revenue Assumptions**
  - Conservative projections
  - Adjusted for activity levels
  - Does not include cannabis tax projections
- **Expenditure Requests**
  - Status quo except for policy direction
  - Personnel changes
  - Annual Work Programs
  - Two Budget Workshops held (*input from Council*)
    - *May 23, 2019 – Operating Budget Workshop*
    - *June 3, 2019 – CIP Budget Workshop*

# General Fund Summary

	FY 2018/19 AMENDED	FY 2019/20 PRELIMINARY	% CHANGE	FY 2020/21 PRELIMINARY	% CHANGE
<b>Operating Revenues</b>	<b>\$27,151,876</b>	<b>\$28,355,500</b>	<b>4%</b>	<b>\$28,800,738</b>	<b>2%</b>
Operating Expenditures	\$29,096,686	\$26,631,167	-8%	\$27,183,706	2%
Capital Expenditures	\$3,536,289	\$30,000	-99%	\$400,000	1233%
<b>Total Expenditures</b>	<b>\$32,632,974</b>	<b>\$26,661,167</b>	<b>-18%</b>	<b>\$27,583,706</b>	<b>3%</b>
<b>Net Revenues Over Expenditures</b>	<b>(\$5,481,098)</b>	<b>\$1,694,333</b>	<b>131%</b>	<b>\$1,217,032</b>	<b>-28%</b>
DOF Settlement Payment		\$776,000		\$776,000	
<b>Net Change in Fund Balance</b>	<b>(\$5,481,098)</b>	<b>\$918,333</b>	<b>117%</b>	<b>\$441,032</b>	<b>-52%</b>
<b>Beginning Fund Balance</b>	<b>\$19,502,475</b>	<b>\$14,021,377</b>	<b>-28%</b>	<b>\$14,939,710</b>	<b>7%</b>
<b>Ending Fund Balance</b>	<b>\$14,021,377</b>	<b>\$14,939,710</b>	<b>7%</b>	<b>\$15,380,742</b>	<b>3%</b>

*Net Revenues over Expenditures = Capacity of City to take on new ongoing programs, maintenance, personnel, debt and adjust to shifts in revenues*

# General Fund Summary - Revenues

- **FY 2019/20**
  - Overall General Fund Revenues at \$28.35 million
- **FY 2020/21**
  - Overall General Fund Revenues at \$28.80 million

	FY 2018/19 AMENDED	FY 2019/20 PRELIMINARY	% CHANGE	FY 2020/21 PRELIMINARY	% CHANGE
Operating Revenues	\$27,151,876	\$28,355,500	4%	\$28,800,738	2%

# General Fund Summary - Revenues

General Fund Revenues	FY 2017/18 Actual	FY 2018/19 Amended	FY2019/20 Preliminary	% Change	FY2020/21 Preliminary	% Change
Property Tax	\$ 6,931,398.94	\$ 6,915,120	\$ 7,354,700	6%	\$ 7,587,300	3%
Sales Tax	6,424,757	6,644,300	6,815,200	3%	6,907,500	1%
Transient Occupancy Tax	10,117,460	9,812,000	10,367,600	6%	10,471,300	1%
Franchise Fee Tax	1,252,771	1,228,500	1,276,800	4%	1,292,438	1%
Licenses & Service Charges	1,630,946	1,483,718	1,418,600	-4%	1,415,600	0%
Fines and Penalties	157,573	216,150	182,900	-15%	182,900	0%
Investment Income	264,565	415,340	440,100	6%	440,100	0%
Reimbursements	430,963	284,320	401,600	41%	405,600	1%
Other Revenues	279,357	129,456	67,000	-48%	67,000	0%
Transfers In	19,919	22,972	31,000	35%	31,000	0%
<b>Total</b>	<b>\$ 27,509,710</b>	<b>\$ 27,151,876</b>	<b>\$ 28,355,500</b>	<b>4%</b>	<b>\$ 28,800,738</b>	<b>2%</b>

*Decreases are attributable to one-time revenues, adjustments for activities levels, changes in process and are discussed further in detail throughout the presentation*

# General Fund Summary - Expenditures

- **FY 2019/20**
  - Overall General Fund Expenditures at \$27.4 million<sup>1,2</sup>
- **FY 2020/21**
  - Overall General Fund Expenditures at \$28.3 million<sup>1,2,3</sup>

<sup>1</sup>*Expenditures include Council direction from Budget Workshops, Annual Work Programs, and recommended personnel changes*

<sup>2</sup>*City reserves replenished based on Council policy and City Manager discretion*

<sup>3</sup>*Experiences full impact of recommended personnel changes and 3% cost of living adjustment. Council salary to be adjusted first pay period December 2020 (FY 20/21).*

# General Fund Summary - Expenditures

Department	FY 2017/18 Actual	FY 2018/19 Current Budget	FY 2019/20 Proposed Budget	% Change	FY 2020/21 Proposed Budget	% Change
General Government	\$ 5,427,918	\$ 6,271,547	\$ 6,026,359	-3.9%	\$ 6,177,639	2.5%
Library	288,046	399,004	410,160	2.8%	466,060	13.6%
Finance	693,907	892,911	968,870	8.5%	1,030,820	6.4%
Planning & Env. Review	3,151,195	4,771,696	3,606,791	-24.4%	3,247,480	-10.0%
Public works	7,443,320	5,991,148	5,567,264	-7.1%	5,986,764	7.5%
Neighborhood Services	1,279,672	1,568,730	2,312,170	47.4%	2,305,270	-0.3%
Public Safety	8,315,526	7,872,650	7,665,253	-2.6%	7,894,673	3.0%
Non-Departmental	59,761	1,329,000	850,300	-36.0%	851,000	0.1%
Capital Improvement Programs	2,786,574	3,536,289	30,000	-99.2%	400,000	1233.3%
<b>TOTAL</b>	<b>\$ 29,445,919</b>	<b>\$ 32,632,974</b>	<b>\$ 27,437,167</b>	<b>-15.9%</b>	<b>\$ 28,359,706</b>	<b>3.4%</b>

*Does not account for FY 18/19 year-end carryovers. Carryovers to be projected in 4<sup>th</sup> Quarter Financial Review in September 2019, and made final in 1<sup>st</sup> Quarter Financial Review for FY 19/20 in December 2019 after completion of FY 18/19 audit.*



# Recommended Personnel Changes

- **Full Time Equivalents (FTEs)**
  - Current Positions 74.93 FTEs
  - Net changes of 9.50 FTEs proposed
  - Proposed budget of 84.43 FTEs in 2019/20
  - Proposed budget of 85.43 FTEs in 2020/21
- **Types of Personnel Changes**
  - Reclassifications
  - Addition of new positions
    - Class specifications provided for Sr. Library Technician, Facilities Maintenance Technician, and Parks and Open Space Manager (Attachment 3 – Exhibit A)
  - Limited term to permanent, non-exempt to exempt, and redistribution

# Recommended Personnel Changes

## Summary of Recommended New Positions:

Program	Position	Change	FY 2019/20	FY 2020/21
Library (Goleta)	Library Page	Addition*	0.38	0.38
Library (Goleta)	Management Assistant	Addition	1.00	1.00
Library - Buellton	Senior Library Technician	Addition	1.00	1.00
Library - Buellton	Library Technician	Addition	0.75	0.75
Library - Buellton	Library Assistant I	Addition	0.75	0.75
Library - Solvang	Senior Library Technician	Addition	1.00	1.00
Library - Solvang	Library Technician	Addition	1.50	1.50
Library - Solvang	Library Page	Addition*	0.38	0.38
Current Planning	Office Specialist	Addition	0.50	0.50
Facilities Maintenance	Facilities Maintenance Technician	Addition	-	1.00
Capital Improvement Program	Assistant Engineer	Addition	1.00	1.00
Parks & Open Space	Parks & Open Space Manager	Addition	1.00	1.00
Neighborhood Services	Management Assistant	Addition	1.00	1.00
		<b>Net Positions</b>	<b>10.25</b>	<b>11.25</b>
<b>Changes Included in the Authorized Schedule of Positions</b>			<b>9.50</b>	<b>10.50</b>

\*Position is not included in the Authorized Schedule of Positions

Fiscal Impact to General Fund: Approximately \$356,871

# Recommended Personnel Changes

## Summary of Recommended Reclassifications:

Program	Current Position	New Position
City Manager	City Hall Receptionist	Office Specialist
City Attorney	Senior Legal Analyst	Management Assistant

Fiscal Impact to General Fund: Approximately (\$12,147)

## Summary of Recommended Other Changes:

Program	Position	Change
City Manager	Executive Assistant	Non-exempt to Exempt
Current Planning	Associate Planner	Limited Term is now Permanent
Solid Waste	Assistant Engineer	50% is distributed to General Fund - Capital Improvement Program

Fiscal Impact to General Fund: Approximately \$51,700 for Assistant Engineer and \$137,200 for permanent Associate Planner.

Total General Fund impact approximately \$396,424

# Fund Balance Projections

Classification	FY 18/19 Ending Balance	Increases or (Decreases)	FY 19/20 Projected Ending Balance	Increases or (Decreases)	FY 20/21 Projected Ending Balance	Policy
Contingency	8,083,918	448,287	8,532,205	182,338	8,714,543	Set at 33% of Current budgeted appropriations Less Non-CIP Carryovers from Prior Year & Less Current Year CIP Budget
Public Facilities	830,108	-	830,108	-	830,108	Management Discretion
Capital Equipment	452,122	-	452,122	-	452,122	Set at accumulated depreciation YE
Compensated Leave	206,995	-	206,995	-	206,995	Set at 50% of the total accumulated leave time for the Fiscal Year that just ended
Risk Management	195,000	5,000	200,000	-	200,000	Set at \$200,000 tpy: unless there are city financials constraints
OPEB UAL	333,500	-	333,500	-	333,500	Management Discretion - ideally linked to figures obtained from Actuarial study
CalPERS UAL	170,000	-	170,000	-	170,000	Management Discretion
CIP Project Funding	-	-	-	-	-	Year End CIP Carryover (Dependent on Year-End Balances)
Encumbrances	-	-	-	-	-	Year End Encumbrances (Dependent on Year-End Balances and Policy)
Litigation Defense Fund	300,000	-	300,000	-	300,000	Set at \$300,000
Sustainability	-	300,000	300,000	-	300,000	Management Discretion
Prepays and Deposit	-	-	-	-	-	Set with Prepays and Deposits in General Fund (update)
Unassigned Fund Balance	3,449,734	165,045	3,614,779	258,695	3,873,474	Moving number. Dependent on expenditures and revenue actuals
<b>TOTAL</b>	<b>\$ 14,021,377</b>	<b>\$ 918,333</b>	<b>\$ 14,939,710</b>	<b>\$ 441,032</b>	<b>\$ 15,380,742</b>	

*Unassigned Fund Balance = Funds available for one time costs. Used to address unanticipated expenditures throughout fiscal year. Constantly adjusted based on revenue and expenditure activity*

# Five Year Forecast

- **Positive Revenues over Expenditures each year**
- **Revenue assumptions**
  - Conservative forecasting
  - No cannabis tax revenues
- **Expenditures**
  - Salaries adjusted for COLA and projected CalPERS employer rate
  - Operating costs adjusted for known one-time special projects, DOF settlement payment, and election costs
  - Provided in Attachment 1 – Exhibit D

# Five Year Forecast

- Net revenues over expenditures and unassigned fund balance in future years will change pending Council direction
- Additional net revenues could support additional capital projects or debt service for future infrastructure projects
- Development of a Comprehensive Five-Year Financial Plan in progress that further enhances Five-Year Forecast

# 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 2019/20 payments = \$6.4 million
  - FY 2020/21 payments = \$6.5 million

**Estimated total contribution \$128.1 million through FY20/21**

# Other Funds

- **All Special Revenue Funds reviewed and updated**
- **Complete summary provided in Attachment 1 – Exhibit A and B**
- **Gas Tax (Fund 201)**
  - Department of Finance (DOF) latest release (May 2019) for FY 2019/20: \$821,500
  - Majority programmed to Pavement Rehabilitation Program and recommendation of \$150,000 for capital equipment purchase of an asphalt pothole patcher
- **RMRA – SB 1 (Fund 203)**
  - Programmed at \$528,000 per year for FY 19/20 and FY 20/21



# Other Funds

- **Measure A (Fund 205)**

- FY 2019/20 - \$1,553,114
- FY 2020/21 - \$1,541,269
- Used to fund City capital projects, street maintenance and repairs, and traffic signal maintenance and replacement

- **Solid Waste (Fund 211)**

- FY 2019/20 - \$882,356
- FY 2020/21 - \$982,056
- Five-Year Forecast being developed

# Other Funds

- **Goleta Library Reserves (Fund 501):**
- **Library**
  - FY 19/20 includes replacement of three kiosks at a cost of appx \$43,700.
  - Reserves and Measure L transfer from City of Santa Barbra received , approx. \$643,435
- **Estimated Library Reserves (Fund 501):**

Classification	FY 2018/19 Projected Ending Fund Balance	Increase or (Decreases)	FY 2019/20 Projected Ending Fund Balance	Increase or (Decreases)	FY 2020/21 Projected Ending Fund Balance
Library Strategic Plan Implementation	200,000		200,000		200,000
Capital Equipment	43,700	(43,700)	-	-	-
Library Reserves	399,735		399,735		399,735
<b>Total</b>	<b>\$ 643,435</b>	<b>\$ (43,700)</b>	<b>\$ 599,735</b>	<b>\$ -</b>	<b>\$ 599,735</b>

*Funds available for one time costs, restricted for Library operations. Amounts may be adjusted in future years based on actual revenue and expenditure activity.*

# Capital Improvement Program (CIP)

- **Updated Five Year CIP includes total of 62 projects**
- **Total Revenues Estimated \$96.56 million**
- **Total Project Costs Estimated \$151.87 million**
  - Project sheets updated and includes 10 new projects (June 3<sup>rd</sup> Workshop)
- **Five Year CIP Program Budget provided as Attachment 1 – Exhibit C**
  - CIP Project Listing, Five Year Summary by Project, Five Year Summary by Fund and Project Sheets
- **General Fund CIP Contribution:**
  - FY 19/20: \$30,000
  - FY 20/21: \$400,000

*Project budget status update are provided each quarter with Quarterly Financials*

# Gann Appropriations Limit

- **Gann Limit required to be adopted every fiscal year by resolution**
  - Provided as Attachment 2 with worksheet
- **Gann Limit sets ceiling amount for tax-funded government services**
  - Amount adjusted annually depending on changes in population and inflation, per capita personal income or percentage change in the local assessment roll from preceding year for addition of local nonresidential new construction
- **City Gann Limit calculated on growth in non-residential assessed valuation and City population growth factor, resulting in a FY 2019/20 Gann Limit of \$60,187,739**
  - 13.71% increase from prior year
  - \$24,920,895 appropriations subject to the limit
  - Currently \$35,266,845 under the limit

# Recommendations

- Adopt the Two Year Budget Plan for FY 2019/20 and FY 2020/21
- Adopt the City's Gann Appropriation Limit for FY 2019/20
- Adopt a Schedule of Authorized Positions and the Salary Schedule and Classification Plan for FY 2019/20 and FY 2020/21

*Updated Strategic Plan along with narratives and performance measures to be brought to Council as a separate item*