



CITY OF SANTA MARIA

# **Section I Appendices**

# APPENDICES

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## OVERVIEW

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## **FINANCIAL AND BUDGET POLICIES**

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### **INTRODUCTION**

#### **Summary:**

The financial integrity of any City is of utmost importance. A key element in maintaining this integrity is the development of a comprehensive set of budget and financial policies to guide city action. The City operates under a variety of budget and financial policies that can be found in many different sources, such as City Council Resolutions, budget documents, as well as other Council and administrative policies. The following Budget and Financial Policies are designed to bring together all existing policies; to formalize those undocumented policies currently being used; and to develop financial policies in compliance with the National Advisory Council on State and Local Budgeting and the Government Finance Officers Association (GFOA) recommendations.

Written, adopted financial policies have many benefits, such as assisting the City Council and City Manager in the financial management of the City, saving time and energy when discussing financial matters, increasing public confidence, and providing continuity over time as City Council and staff members change.

#### **Responsibility:**

The Budget and Financial Policies are and may be periodically amended. The following policies are designed to promote sound financial management and guide the City in maintaining financial stability, efficiency, and effectiveness.

### **BUDGET POLICIES**

#### **Summary:**

The adoption of a budget is one of the most important actions taken by the City Council, as the budget establishes the City's priorities and goals. The budget determines how resources are assigned to the goals, objectives, and priorities set forth by the City Council. The budget is, in reality, the financial work plan, translated into appropriations and supported by revenues. The following policies guide the development and management of the budget.

#### **Two-Year Budget:**

The City uses a two-year financial plan, which emphasizes long-range planning and effective program management. The City began preparing a two-year budget with the development of the 1986-88 Two-Year Budget. Preparing a two-year budget reinforces the importance of long-range planning, promotes more orderly spending patterns, and significantly reduces the amount of time and resources allocated to preparing annual budgets.

The City Council adopts a two-year budget that consists of two, one-year budgets. This format means that each year, of the two-year budget, is a separate spending guide and that unused appropriations will lapse at the end of the first fiscal year unless specifically carried forward into the second fiscal year. All unexpended appropriations lapse at the end of the two-year fiscal year period unless encumbered. Lease contracts entered into by the City are subject to annual appropriation by the City Council; hence the leases are legally one-fiscal year contracts with an option for renewal for another fiscal year.

#### **Budget Administration:**

The City Council may amend the budget by a majority vote of the City Council at any time during the two-year period. The City Manager is authorized to make administrative adjustments to the budget as long as those changes do not significantly impact policy or affect budgeted year-end fund balances. Any revisions that alter the fund balance of a fund must be approved by the City Council. The level at which expenditures may not legally exceed appropriations is, therefore, established at the fund level.

#### **Mid-Year Budget Review:**

At the end of the first budget year, a Mid-Year Budget Review is conducted and recommended budget amendments for the second budget year are presented for City Council consideration.

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### **Measurable Goals and Objectives:**

Each fiscal year, measurable program goals and objectives are developed by each City department. In addition to publication of the Two-Year Budget, a separate document entitled "Goals and Objectives," is annually published by the City Manager's Office. The status of these goals and objectives are then formally reported, during the fiscal year, to the City Council.

### **Quarterly Budget Reviews:**

Reports on the City's fiscal condition are presented to the City Council four times per year. If necessary, budget amendments required to maintain ongoing operations are presented to the City Council for consideration at that time.

### **Balanced Budget:**

Unless otherwise authorized by the City Council, the City will adopt a balanced budget whereas operating revenues are equal to, or exceed, operating expenditures during each year of the two-year budget period. Any increase in expenses, decrease in revenues, or combination of the two that results in a budget imbalance requires a budget revision, rather than spending unappropriated surpluses or designated reserves to support ongoing operations. Any year-end operating surplus will revert to unappropriated fund balances for use in maintaining reserve levels set by policy or the balance to the capital projects fund for "one-time only" General Fund expenditures.

Under this policy, it is allowable for total expenditures to exceed revenues in a given year; however, in this situation, beginning fund balance can only be used to fund capital improvement projects, or other "one-time," non-recurring expenditures.

## **FINANCIAL REPORTING POLICIES**

### **Annual Reporting:**

The City will prepare annual financial statements in accordance with generally accepted accounting principles (GAAP) requirements. The City will contract for an annual audit to be performed by a qualified independent certified public accountant and will strive for an unqualified opinion from the independent auditors.

The City will issue a request for proposal (RFP) at least every five years to evaluate replacement of the current auditors – this is to ensure that internal controls are freshly examined. Due to the frequent lack of qualified audit firms in the public sector, the current auditors are allowed to respond to the RFP.

The City will use GAAP in preparing the annual financial statements with the intent of meeting the requirements of the GFOA's Award for Excellence in Financial Reporting Program. The City will issue audited financial statements within 180 days of the year-end date of June 30<sup>th</sup>.

### **Interim Reporting:**

The City will prepare, and issue timely, interim reports on the City's fiscal status to the City Council and staff. These reports will include, but are not limited to, the following:

- On-line access to the City's financial management system.
- Updated, computerized financial reports available to City departments within five working days of month-end.
- Quarterly, departmental analysis of revenues and expenditures; including a comparison of budget to actual, for revenues and expenditures, and an explanation of variances greater than five percent of major categories (Salaries, Materials, Equipment, and Contracts); with departments explaining variances, on the division level, greater than ten percent of their total budget.
- Quarterly Financial Reports to the City Council, outlining current economic conditions, the financial status of major funds, and if needed, budget amendments required to maintain ongoing operations.
- At the end of the first budget year, a Mid-Year Budget Review to assess revenues to-date, projected revenues, the adequacy of the second-year budget, and identifying any needed adjustments. This report recommends budget amendments to the City Council for consideration for the second-year budget.

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### **Diversified and Stable Revenue Base:**

The City seeks to maintain a diversified and stable revenue base to protect from short-term fluctuations in any one revenue source.

### **Current Revenues for Current Uses:**

The City will expend all current expenditures utilizing current revenues; and avoid procedures that balance current budgets by postponing needed expenditures, accruing future revenues, or rolling over short-term debt.

### **Interfund Transfers and Loans:**

In adherence with grant requirements, GAAP, and public policy goals, the City has established various special revenue, capital project, debt service, and enterprise funds to account for revenues that are restricted to certain activities. Accordingly, each fund exists as a separate financing entity from other funds, with its own revenue sources, expenditures, and fund equity.

Transfers among funds for operating purposes are set forth in the two-year budget document and can only be made by the Director of Administrative Services in accordance with the adopted budget. These operating transfers, under which financial resources are transferred from one fund to another, are distinctly different from interfund borrowing, which are customarily made for temporary cash flow reasons, and are not intended to result in a transfer of financial resources by the end of the fiscal year. In summary, interfund transfers result in a change in fund equity; interfund borrowings do not, as the intent is to repay the loan in the near term.

From time-to-time, interfund borrowings may be appropriate; however, these are subject to the following criteria to ensure that the fiduciary purpose of the fund is met:

- The Director of Administrative Services is authorized to approve temporary interfund borrowings for cash flow purposes whenever the cash flow is expected to be resolved within 45 days. The most common use of this type of interfund borrowing is for grant programs such as Local Law Enforcement Block Grant Funds, where costs are incurred before drawdowns are initiated and received; and the receipt of funds is typically received shortly after the request for funds was made.
- Other interfund borrowings, for cash flow or other purposes, are dealt with by a case-by-case review by the Director of Administrative Services.

## **REVENUE MANAGEMENT POLICIES**

### **Revenue Distribution:**

The City Council recognizes that GAAP, for State and local governments, discourage the “earmarking” of General Fund revenues. Though there may be occasions when specific revenue may be needed to fund an activity, the practice of designating General Fund revenues for specific programs should be minimized in the City’s management of its fiscal affairs. Approval of the following revenue distribution policies does not prevent the City Council from directing General Fund resources to other functions and programs, as necessary.

- **Property Taxes:** With the passage of Proposition 13 in 1978, California cities cannot set individual property tax rates. In addition to limiting annual increases in market value, placing a ceiling on voter-approved indebtedness, and redefining assessed valuations, Proposition 13 established a maximum County-wide levy for general revenue purposes of one percent of market value. Subsequent State legislation adopted formulas for the distribution of a County-wide levy of property taxes. The City now receives a percentage of total property tax revenues collected County-wide as determined by the County Auditor-Controller. General property tax remitted from the County is deposited into the General Fund as discretionary revenue.
- **Gasoline Tax Subventions:** All gasoline tax revenues restricted by the State for street-related purposes will be used for maintenance activities. Because the City’s total expenditures for gas tax eligible programs and projects are much greater than this revenue source, operating transfers will be made between the Gas Tax fund and the General Fund. This approach significantly reduces the accounting efforts required in meeting State reporting requirements.

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- **Transportation Development Act (TDA) Revenues:** TDA revenues are allocated to transportation programs, including regional and municipal transit systems, pedestrian and bikeway improvements, and street and road construction.
- **Proposition 218:** Pursuant to the terms of Proposition 218 passed by the voters in November 1996, tax revenues cannot be initiated or increased without a majority vote of the populace. Therefore, the City property tax, sales tax, business license tax, and transient occupancy tax revenues cannot be increased without a community vote.

## DEBT POLICIES

The City's debt management policy requires full disclosure on all financial reports. The City's practice is to pay for capital projects and capital improvements on a pay-as-you-go basis using current revenues whenever possible. If a project or improvement cannot be financed with current revenues, long-term debt will be considered. The City will consider refinancing outstanding debt after comparing the cost of refinancing with the savings from reduced interest expense. Every effort will be made to limit the amount of general obligation debt. All general obligation debt will be used only for public purposes.

The following are those factors the City will take into consideration when incurring debt:

- The City will adhere to its debt covenants.
- The City will periodically review its debt capacity.
- The City will issue bonds only for capital improvements and general obligations. Long-term debt will not be used to fund operating activities.
- The City will publish and distribute an official statement for each bond and rate issue.
- The City will not issue long-term debt with maturity longer than the useful life of the project or item funded.
- If the City utilizes long-term debt financing, staff will ensure that the debt is soundly financed by determining that the cost/benefit ratio of the improvement is positive and the revenue sources used to repay the debt are conservatively projected.
- Where possible and feasible, the City will use special assessment, revenue, or other self-supporting bonds and avoid the use of general obligation debt.
- The City will maintain solid relationships and communications with bond rating agencies and will strive for improvements in the City's bond rating.

## FUND BALANCE RESERVES

### **Background:**

To protect City operations from downturns in the economy, State reductions of local revenues, natural disasters, and the City's credit worthiness, the City Council desires that the City maintains specific fund balance levels for the General and Enterprise Funds. These minimum balances will adequately provide for cash flow requirements and provide a contingency for unanticipated operating or capital needs.

### **Minimum Balances:**

**General Fund:** The City's General Fund will endeavor to maintain a minimum unassigned fund balance of at least 25 percent of operating appropriations. These reserves are needed to insulate the General Fund programs and current service levels from large and unanticipated one-time expenditure requirements, a revenue reduction due to a change in State or Federal legislation, and other unforeseen circumstances.

In 2010-11, the City adopted a General Fund Prudent Reserve under Governmental Accounting Standards Board (GASB) Statement Number 54. The prudent reserve amount is \$19.8 million. Appropriations from the reserve can only be made by formal City Council action and are limited to emergency situations such as:

- An unplanned, major event such as a catastrophic disaster requiring expenditures over five percent of the adopted General Fund Budget.

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- Budgeted revenue taken over by another entity.
- A drop in projected/actual revenue of more than five percent of the adopted General Fund revenue budget.

Should the prudent reserve commitment be used, and its level falls below the minimum amount as described herein, the goal is to replenish the fund within three fiscal years.

**Enterprise Funds:** The Enterprise Funds of Water Resources, Solid Waste, and Transit, will endeavor to fund and maintain a minimum working capital balance of 20 percent of operating appropriations.

**Vehicle and Equipment Replacement Funds:** The City maintains three "Internal Service Funds" to provide for the timely replacement of vehicle and related equipment, business equipment, and communication equipment. The City will endeavor to maintain a minimum fund balance in each of these funds equal to 20 percent of the original purchase cost of the items accounted for in the fund.

As an Internal Service Fund, revenues are received by charging the other City funds utilizing vehicle and related equipment, business equipment, and communication equipment. The annual contribution to this fund will be based on a use allowance. The use allowance is calculated by the original cost of the item plus a four percent cost growth, divided by the estimated life of the vehicle or equipment. In addition, funds are charged for actual incurred maintenance costs plus overhead.

## APPROPRIATIONS LIMITATION

### **Background:**

Proposition 4 (*Gann Initiative*) requires that all local governments calculate and report the annual appropriations limits, i.e., the maximum appropriation, allowed by law, that the municipality may spend. Article XIII-B of the State Constitution Senate Bill 1352, passed in August 1980, requires each local government to establish, by resolution, an annual appropriations limit. In June 1990, the voters of the State of California approved Proposition 111, which subsequently modified the adjustment formula.

Under Proposition 4, if a local government ends the fiscal year with more proceeds of taxes than the appropriations limit allows, the municipality is required to return the excess to the taxpayers within two years (by reducing taxes or fees). Municipalities may use that two-year period to request voters to approve an override increasing the appropriations limit.

### **Reporting Requirements:**

- Annually, in July, the City Council will adopt a resolution establishing the City's appropriations limit calculated in accordance with Article XIII-B of the Constitution of the State of California, Section 7900 of the State of California Government Code, and any other voter approved amendments or State legislation that affect the City's appropriations limit.
- The supporting documentation used in calculating the City's appropriations limit and, projected appropriations subject to the limit, will be available for public and City Council review at least ten days before City Council's consideration of a resolution to adopt an appropriations limit. The City Council will generally consider this resolution in connection with final approval of the budget.
- The City will strive to develop revenue sources, new and existing, which are considered non-tax proceeds in calculating its appropriations subject to limitation.
- The City will actively support legislation or initiatives sponsored or approved by the League of California Cities that would modify Article XIII-B of the Constitution in a manner which allows the City to retain projected tax revenues that result from growth in the local economy for use as determined by the City Council.
- The City will seek voter approval to amend the appropriations limit if the tax proceeds are in excess of allowable limits.

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### CAPITAL MAINTENANCE EQUIPMENT PROJECT

#### **Other Designations and Reserves:**

In addition to the designations noted above, fund balance levels will be sufficient to meet funding requirements for projects approved in prior years, which are carried forward into the new year; debt service reserve requirements; reserves for encumbrances; and other reserves or designation required by contractual obligations, State law, or GAAP requirements.

#### **Capital Maintenance Equipment Project (CMEP) purpose:**

The purpose of the CMEP is to systematically plan, schedule, budget, and finance capital projects to ensure cost-effectiveness and efficiency of construction.

General Fund CMEPs will be budgeted in the General Fund Capital Projects Fund, while Enterprise and Internal Service Fund CMEPs will be budgeted in the individual funds. Account numbers ending in .52 (Structures and Improvements) and .53 (Equipment) will be used to budget and account for expenditures in each fund.

The CMEP is a four-year plan organized into the same functional groupings used for the operating programs. Because the four-year plan is a planning tool rather than a budgeting tool, only two years of CMEPs are reported in the two-year Capital Project section of the budget. The CMEP, reported in the two-year budget, reports the responsible fund, the year funding will be appropriated, funding sources, and totals by category (Public Safety, Public Utilities, Public Ways and Facilities, etc.).

#### **CMEP - \$5,000 or More:**

Construction projects and equipment purchases, that cost \$5,000 or more, will be included in the Capital Projects section of the budget; while minor capital outlays of less than \$5,000 will be included within the operating program budgets.

#### **CMEP Review:**

The City Manager's Office, in combination with the Public Works and Administrative Services Departments, will review the project proposals and determine a listing of projects for the two-year budget document.

#### **Definitions:**

The following definitions are provided to clarify the difference between a capital project (outlay) and a capital/maintenance equipment project.

**Capital Outlay:** A capital project must include one or more of the following:

- **Betterment:** The replacement of an asset, by an improved or superior asset, results in a productive, efficient and long lived property. Betterment is considered capital outlay when the amount expended is "significant," generally 20 percent or greater than the market value of the assets.
- **Addition:** Attached or separate units, which are extensions of an existing unit.
- **Acquisition, Construction, Right-of-Way, etc:** The acquisition of new tangible assets, which are generally classified as land, structures, and improvements.

**Maintenance:** An expenditure for repair or alteration to a facility, which neither materially adds to the value of the facility nor appreciably prolongs its life.

**Capital Equipment:** The acquisition of capital equipment that is classified as Fixed Assets. Generally, the equipment is valued at \$5,000 or more plus any computers, communications, or technical equipment that attach to the City's network are classed as fixed assets. Other equipment under \$5,000 may be acquired from operating funds.



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### **CMEP Appropriation:**

Departmental requests for Capital/Maintenance Equipment Project funding are reviewed against the following criteria:

- Are additional funds needed to complete projects in progress;
- Is the project required to meet a legal or policy mandate;
- Is the project required to improve unacceptable health and/or safety conditions;
- Is the project required to maintain existing facilities or assets;
- Is the project required to maintain existing service levels;
- Will the project reduce other City costs;
- Will the project enhance and maximize operational efficiencies.

Generally, project appropriations are made when the two-year budget is approved. If project costs at the time of bid award are less than the budgeted amount, the balance will be unappropriated and returned to fund balance or, with the approval of the City Manager, allocated to another project. If project costs at the time of bid award are greater than budget amounts, the following options are available:

- Eliminate the project from the CMEP listing;
- Defer the project for consideration to the next budget period;
- Redesign or change the phase of the project to meet the existing budget;
- Transfer funding from another specified lower priority project;
- Request City Council approval to appropriate additional resources from fund balance.

### **Budget Carryover:**

To ensure that appropriations for uncompleted capital projects, grants, and professional services, from the fiscal year that is being closed, are available in the new fiscal year, departments follow a carry-over process. This process requires departmental review of appropriations and expenditures as of the last day of the fiscal year; identification of purchase orders rolled over to the new fiscal year; determination of uncompleted grants, contracts, and capital projects; and, finally, the preparation of a "carry-over form."

Carry-over budget amounts are unused appropriations in the previous fiscal year and additions to the new fiscal year budget. These are grants, agreements, or projects that received City Council approval, but purchase orders were not issued nor were the projects/contracts/grants completed at year-end. Qualifying carry-over appropriations are requests for bids, requests for proposals, grants spanning multiple fiscal years, and approved, uncompleted capital projects.

Prior to any budget carryover departments submit a listing of the unused appropriations/budget carry over request to the Department of Administrative Services for consideration and recommendation to the City Manager's Office.

## **CONTRACT SERVICES POLICY**

### **General Policy Guidelines:**

**Purpose:** Contracting with the private sector, for the delivery of services, provides the City with a significant opportunity for cost containment and productivity increases. In some instances, the City uses private sector resources in delivering municipal services as a key element in the City's continuing efforts to provide cost-effective programs.

**Types:** The City uses private sector contracting for construction projects, professional services, outside employment agencies, and for other ongoing operating and maintenance services.

**Evaluating Costs:** Indirect, direct, and contract administration costs of the City are to be identified and considered when evaluating and comparing the costs of private sector contracts with in-house services.

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**Conversion to Contract Services:** Programs and activities that are currently provided by City employees may be converted to contract services when attrition, reassignment or absorption of City staff occurs. However, such conversion would not happen until the proper notification requirements are made to the affected employees.

**Evaluation Criteria:** The cost-effectiveness of using contract services to meet established service levels will be evaluated using the general policy guidelines stated above and on a case-by-case basis using the following criteria:

**Available Vendors:** Is there a sufficient private sector market that can competitively deliver the service and offer a reasonable choice of alternative service providers?

**Contract Administration:** Can the contract be effectively and efficiently administered by City staff?

**Contract Provisions:** Can the contract contain provisions to compensate the City for damages should the contractor fail to perform?

**Staffing Levels:** Can a private sector contractor respond to expansions, contractions, or other special requirements of the service by rapidly adjusting staffing levels?

**Scope of Work:** Can the scope of work be sufficiently defined to ensure that competing proposals are fairly and fully evaluated, and can the contractor's performance be fairly evaluated after the bid award?

**Service Levels:** Does the use of contract services provide the City with an opportunity to redefine service levels?

**Emergency Services:** Will the contract limit the City's ability to deliver emergency or other high priority services?

**Accountability and Responsibility:** Overall, can the City successfully delegate the performance of the service and still retain accountability and responsibility for the service delivery?

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## BUDGETARY ACCOUNTING

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Budgetary accounting is a management tool to assist in controlling expenditures. Budgetary accounting is an important control tool because the annual budget is a legal compliance standard against which the operations of all funds are evaluated.

Budgetary accounts include appropriation, encumbrances, and estimated revenues. Appropriations are the authorizations granted by the City Council to make expenditures or incur obligations for specific programs. Appropriations are made by specific program and fund type. Encumbrances reserve a portion of an appropriation representing a current fiscal year obligation that has not been paid, or commitments related to unperformed contracts for goods and services. Estimated revenues are the anticipated resources the City expects to receive from various funding sources throughout the fiscal year.

The City Council has the responsibility for adoption of the City's budget, which is prepared by City staff. Budgets are adopted for all general, special revenue, and proprietary funds. The budget adopted by the City Council is for a two-year period, which consists of two one-year budgets. From the effective date of the budget, the amounts stated as proposed expenditures are reflected as appropriations or authorization for the various City departments to expend City resources. The City Council may amend the budget by motion any time during the two-year period. At the end of the first budget year, a Mid-Year Budget Review will take place, with recommended budget amendments presented to the City Council for the second budget year. The City Manager may transfer funds from one major expenditure category to another within the same fund. Any revisions that alter the total fund balance must be approved by the City Council. Therefore, the level at which expenditures may not legally exceed appropriations is established at fund level.

For the General Fund, the City Council establishes an appropriation limit pursuant to Article XIII B of the State Constitution. This appropriation limit is a spending limit for proceeds of taxes to be spent. This limit is based on the prior year's limit, adjusted by the change in California Per Capita Income and by the change in the City population.

Appropriations remaining at the end of the first year are eligible to be carried forward to the second year. All appropriations lapse at the end of the two-year period to the extent that the appropriations have not been expended or encumbered. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations, are employed as an extension of formal budgetary integration in the governmental fund types. Lease contracts entered into by the City are subject to annual review by the City Council; hence, lease contracts are legally one-year contracts with an option for renewal for another fiscal year.

Generally, expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Governmental funds are used to account for the government's general governmental activities. Governmental fund types use the flow of current financial resources and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when revenues are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Revenues are recorded when received in cash, except for revenues subject to accrual (generally 60 days after fiscal year-end) are recognized when due. Property taxes, charges for services, and interest associated with the current fiscal period are all considered susceptible to accrual and as such have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available when received by the government.

Budget amounts, reported for governmental funds of the City are adopted on a basis consistent with United States of America Generally Accepted accounting (USGAAP) principles. Effective fiscal control for debt service funds is achieved through bond indenture provisions and other management controls. While budgets are prepared for City capital projects funds, capital projects generally span more than one year and are effectively controlled at the project level. The City adopts legal budgets for the General Fund and all special revenue funds.

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## USE OF COST ACCOUNTING

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Cost accounting is the process of tracking, recording, analyzing, and allocating costs associated with activity provided by the City, which benefits multiple funds and departments within the City. The City incurs direct and indirect costs in the provision of City services and programs. The City recovers the costs of City central administrative and support activities (central services) through the development and application of indirect cost rates. The City also uses Internal Service Funds to allocate cost for services such as Fleet Services, Business, Communication, and Telephone Equipment, and Insurance Services through rental rates.

A central services cost allocation plan identifies indirect costs incurred by the City to support and administer identified programs. Identifying the indirect cost of various programs is integral to determining the full cost of supporting these programs and is valuable when seeking reimbursement. The City's cost allocation plan has been prepared in compliance with generally accepted accounting principles (GAAP) as recognized by the Governmental Accounting Standards Board (GASB).

The City defines direct costs as those costs, which can be specifically or readily identified with a specific cost objective or program. Indirect costs are defined as those costs necessary for the effective and efficient operation of City programs, which cannot be readily identified to a specific cost objective or program without effort disproportionate to results achieved.

Incorporated within GAAP are three basic principles related to the allocation of central service support costs to operating departments, which have been adhered to in the preparation of the central services costs allocation plan. First, costs should be necessary and reasonable for proper performance of a program. Second, costs should be charged or allocated to programs in accordance with relative benefits received. A program should only be charged for services it utilizes or benefits from, and should only be charged in relation to benefits derived from the service. Third, costs should be accorded consistent treatment as either direct or indirect. A cost should not be charged to a program as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the program as indirect costs.

Central services cost allocation plans come in two varieties, a full cost allocation plan, and an Office of Management and Budget (OMB) A-87 cost allocation plan. The major difference between the OMB A-87 plan and the full cost allocation plan are the costs that are allowable under each variety. Since there are indirect costs, which the Federal government is not willing to pay for, the allowable costs under OMB A-87 guidelines are more limited than the full cost allocation plan.

The OMB A-87 cost allocation plan identifies the allowable indirect costs under the OMB A-87 guidelines and allocates them to various programs, funds, and departments. As a result, the OMB A-87 cost allocation plan determines the indirect costs associated with various forms of Federal or State funding. Many forms of funding require an OMB A-87 cost allocation plan when charging indirect costs to them.

The full cost allocation plan includes all indirect costs and is used for internal charging purposes. The full cost allocation plan can be used in the budgeting process by determining how much to charge non-General Fund activities for General Fund central services such as payroll, accounting, and the City Council. The full cost allocation plan is also very useful in determining and justifying the indirect cost associated with providing services for which a user fee is charged (e.g. planning fees).

Internal service funds are specifically designed to function as cost-reimbursement devices. Internal service funds are simply a mechanism to accumulate costs related to a particular activity on an accrual basis so that the costs can subsequently be allocated to the benefiting funds in the form of a fee. Accordingly, the City utilizes internal service funds to collect costs associated with maintenance and replacement of the City's fleet, business and communication equipment, and liability insurance and determine rental rates to be charged to the benefiting funds.

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## BUDGET PREPARATION AND PROCESS

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The following is a description of the budget process used in developing the 2012-14 Biennial Budget. The City operates under a biennial budget spanning two fiscal years (a fiscal year is July 1 through June 30). The budget document consists of two, one-year budgets.

The preparation of the two-year budget is not simply a “number crunching” process, but rather one of the most, if not the most important and significant policy documents that the City Council takes action on and adopts. The budget preparation process establishes how resources are assigned to the goals, objectives, and priorities set forth by the City Council.

The preparation of the City’s two-year budget starts six months before the budget document is presented to the City Council for review and adoption. The budget preparation process begins, in earnest, at the staff level around the January-February timeframe when the Department of Administrative Services develops preliminary revenue forecasts based on the most recent revenue data. After these preliminary revenue forecasts are developed, capital projects requests, as well as budget instructions, are distributed to City departments to compile the department’s proposed budget. The budget instructions explain the financial plan, budget calendar, and materials included with the instructions, as well as required budget forms to be completed by each operating department. Each department is provided the historical budget information of salaries and benefits, services and supplies, and revenues.

This year, each department was requested to develop a proposed budget with one and two percent appropriation reductions. Departments were required to justify all requested contractual services and travel account appropriations. The predetermined budget reduction amounts were based on the fact that dwindling revenues have necessitated the need to reduce operational expenses for the **fifth** year in a row.

In concert with the distribution of the budget instructions, staff presented the City Council with a Budget Preview City Council Staff Report. The report provided the City Council with a brief preview of what the City’s financial status is going into the 2012-14 budget process. The Budget Preview Report afforded the City Council with an opportunity to provide direction to staff on which elements of the proposed multi-faceted budget reduction plan the City Council would support. After receiving direction from City Council, each department then developed and submitted 2012-14 draft budgets to the Budget Review Team. After the Budget Preview report was presented, staff then assisted City Council in determining the City-wide 2012-14 goals.

The Budget Review Team was comprised of the Acting Assistant City Manager and the Director of Administrative Services who met with each department to review their respective budget submissions. The Budget Review Team validated the revenue assumptions, reduced operating expenses, assessed capital and maintenance requests, and identified warranted personnel changes. The Budget Review Team then met with the City Manager to discuss budget submittals and review operating, capital, and personnel recommendations. Once all requests were reviewed, the City Manager provided the Budget Review Team with direction on items for inclusion in the budget. The Budget Review Team, with the assistance of staff from the Department of Administrative Services and the City Manager’s Office, then commenced the extensive and laborious process of assimilating and compiling the budget document for presentation to, and consideration by, the City Council. During this time, the City Manager composed the Budget Message to the City Council.

The City Manager submitted, for City Council’s consideration, a balanced budget proposal (using one-time reserves to balance the budget) during the first week of June. Copies of the proposed budget were then made public; thereafter. During the second City Council meeting in June, a public hearing is held prior to the formal budget adoption by the City Council.

At the next regularly scheduled City Council meeting, after the City Council adopts the budget, staff brings forward personnel-related resolutions for City Council’s consideration. These resolutions address and put into practice all personnel-related actions associated with the 2012-14 Biennial Budget.

A month after the budget is adopted, the Budget Review Team holds a critique meeting to discuss the budget process. The purpose of this meeting is to determine what budget preparation and process worked well and what process have been done better.

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## BUDGET PREPARATION AND PROCESS

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The two-year budget allows time to effectively integrate goal-setting and policy-making processes, with the establishment of performance targets and the allocation of resources. Short-term program and service objectives are developed and resources to meet these objectives are appropriately allocated through the budget process. To complete the cycle, performance measures are used to evaluate if services were effective and policy goals met.

Before the second year of the two-year cycle, the City Manager and City Council will review progress on the pre-established goals during the first year of the budget cycle, make adjustments as necessary and authorize amendments to the second year of the 2012-14 budget process.

<b>KEY DATES IN THE PREPARATION PROCESS</b>	<b>DATES</b>
Budget Instructions distributed to City staff	02/10/12
Capital Project requests due to Budget Review Team	01/23/12
City Council Budget Preview Meeting	03/06/12
Departments submit budget requests to Budget Review Team	03/12/12
Budget Review Team evaluates budget requests	03/13/12 - 04/02/12
Development of the 2012-14 City-wide Goals by the City Council	03/20/12
Budget Review Team meets with City Manager	04/03/12
Budget Review Team compiles and assembles the draft proposed budget	04/03/12 - 04/27/12
Budget Review Team completes the draft proposed budget for the City Manager's review	04/30/12 - 05/09/12
Budget Review Team to incorporate and finalize proposed budget document	05/10/12 - 05/18/12
Proposed budget presented to City Council	06/05/12
Budget Review Team and City Council to meet to review proposed budget	06/06/12 - 06/15/12
<b>Public Hearing and City Council adoption of final budget</b>	<b>06/19/12</b>

# **APPENDICES**

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## **SUMMARY OF KEY REVENUE ASSUMPTIONS**

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The calculation of revenue estimates is the first step in the preparation of the 2012-14 Budget. Revenue estimates are prepared separately for each of the two fiscal years. For the first fiscal year, 2012-13, projections were based on 2011-12 mid-year revenues to-date and emerging financial trends. The projection of revenues is not simply a calculation, but is rather an estimation based on current revenues and key revenue assumptions, such as population growth, changes in the consumer price index and other economic growth factors. The City paid close attention to the two major revenue sources controlled by the State of California, sales tax and property tax (which includes the property tax in-lieu of motor vehicle license fees), because these two revenues represent approximately 54 percent of the City's General Fund revenues. The estimates of these two revenues are done in conjunction with the assistance of the City's sales tax and property tax auditors, as well as taking a lot of economic factors into consideration.

The art of financial forecasting is, at best, an inexact science. Many experts and studies offer varied opinions and forecasts, each entirely logical and reasonable. The City relied on a variety of information to guide the development of revenue projections. The City studied economic trends reported by the National media; California economic information developed by the State Legislative Analyst and the State Department of Finance; Santa Barbara County forecast data developed by the University of California-Santa Barbara (UCSB) Forecast Project; the League of California Cities bulletins, and outside perspective from financial experts. Staff developed revenue estimates based on trends and forecasts available as of April 2012. These estimates consider the City's local economy, the City's current revenue, and a realistic estimate of what the future holds. Ultimately, 2012-14 revenue projections reflect staff's estimate of local economic trends over the next two years and the affect on City revenues. Based on all available information, the City is projecting that 2012-13 General Fund revenues will fall short of its on-going operational expenses by about \$5 million. The City will use a combination of one-time reserves, cuts to operating departments and employee concessions to bridge this budget gap.

### **GENERAL ASSUMPTIONS**

Over the past two and a half years, the U.S. economy has been gradually recovering from the recent deep recession. While conditions have certainly improved over this period, the pace of the recovery has been slow, particularly from the perspective of the millions of workers who remain unemployed or underemployed. Moreover, the sluggish expansion has left the economy vulnerable to shocks. Indeed, last year, supply chain disruptions stemming from the earthquake in Japan, a surge in prices of oil and other commodities, and spillovers from the European debt crisis risked derailing the recovery. Fortunately, over the past few months, indicators of spending, production, and job market activity have shown some signs of improvement; and, in economic projections, the Federal Open Market Committee expect somewhat stronger growth this year than in 2011. And while, the financial outlook seems uncertain, close monitoring of economic developments will remain necessary.

As is often the case, the ability and willingness of households to spend will be an important determinant of the pace at which the economy expands in coming quarters. Household spending will depend heavily on developments in the labor market. The National unemployment rate recently declined to 8.2 percent, the lowest in nearly three years. Nevertheless, the economy still has a long way to go before the labor market can be said to be operating normally. Particularly troubling is the unusually high level of long-term unemployment: more than 40 percent of the unemployed have been jobless for longer than six months, roughly double the fraction during the economic expansion of the previous decade.

At the State level, California's economy is slowly improving. A year ago, the State faced an immediate \$26.6 billion shortfall and future estimated annual gaps of \$20 billion. This year, the State faces a \$9.2 billion budget problem and future annual budget gaps of \$5 billion or less. These continuing deficits could result in further significant loss of revenue to the City.

The City is not sheltered from the State or National economy. The so-called Great Recession, which began in December 2007 and officially ended in June 2009 resulted in elevated unemployment rates and severe declines in property and sales tax revenue. The crash of the housing market resulted in the City's gross assessed value declining from a high of \$7.1 billion in 2008 to a low of \$6.4 billion in 2011. New home construction is at its lowest level in a decade and sales of homes more than \$500,000 remain slow due to restrictions on jumbo loans. With

# APPENDICES

## SUMMARY OF KEY REVENUE ASSUMPTIONS

economic uncertainty likely to keep prices low, buyers don't see urgency to rush into the market. The median sale price of a home in Santa Maria declined from a high of \$445,000 in 2005 to a low of \$200,000 in 2011. In 2011, 1,704 properties received reductions in assessed value from the prior year of an average of 12.5 percent per parcel due to continuing Proposition 8 reviews, devalued sales transactions and assessment appeal activity. This is 7.1 percent of the parcels in the City.

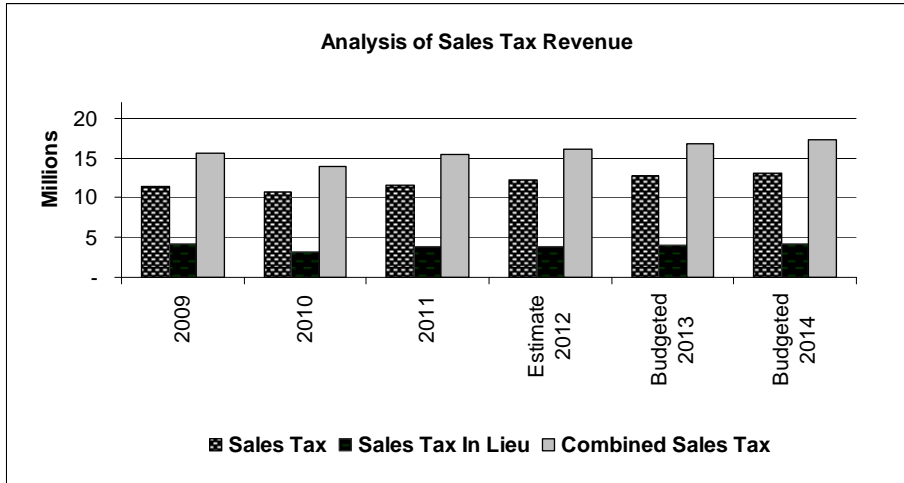


Chart represents history and future projections of sales tax revenues.

The City's sales tax revenue has experienced significant decline. Over the past few years, consumers have been more concerned with reducing household debt and increasing savings rather than retail purchases. Sales tax revenue declined from high of \$18.1 million in 2008 to a low of \$14.2 million in 2010, a 21 percent decline. Only over the past two years have consumers begun to loosen their purse strings. Through April, sales tax receipts are approximately 6.5 percent higher than in the previous year. For 2011-12, sales tax is projected to reach \$16.3 million,

still ten percent less than receipts in 2008. In 2010-11, county-wide sales tax increased 7.9 percent from \$5.17 billion to \$5.58 billion. This was the first time since 2006-07 that the County's combined sales tax revenues increased. Even the business group, Construction, saw its first increase in four years. Despite the gains seen in 2010-11, fuel and construction were down 14 percent and 30 percent respectively when compared to pre-recession revenues of 2007-08. The County expects taxable sales to grow between four to five percent in 2011-12 and continue a similar growth rate in 2012-13.

Another key revenue source negatively affected by the economy is the City's transient occupancy tax (TOT). TOT revenue reached its peak in 2008 at \$2.4 million before declining to \$2.1 million in 2010. Since then, TOT has been increasing, reaching \$2.36 million in 2011. Santa Barbara County reported in its annual TOT report that TOT revenues county-wide experienced a 10.4 percent increase in 2010-11. In 2011-12, TOT is projected to reach pre-recession levels at \$2.4 million. While it appears that the economy will continue on a slow recovery, the City is projecting slight increases in 2012-13.

The construction industry continues to experience a weak recovery. There is minimal activity in residential and commercial construction. Building permit revenue has decreased from a high of \$2.5 million in 2007 to a projected \$831,000 in 2011-12.

The State Legislature's inability to make progress towards fiscal stability continues to be a concern for the City. One of the biggest challenges is trying to anticipate what actions the State might take against the City's revenue sources, such as sales tax, motor vehicle license fees, and gasoline taxes which pass-through the State before being disbursed to the other entities. Because of the uncertainty of the State's budget and the slowly recovering economic conditions, staff is proceeding with caution into the economic future.



# APPENDICES

## SUMMARY OF KEY REVENUE ASSUMPTIONS

### TOP FIVE GENERAL FUND REVENUES

Following is a brief description of the City's top five General Fund revenue sources and the general assumptions used in preparing the revenue projections for the 2012-14 Budget. These five revenue sources account for approximately 67 percent of total General Fund revenues. The remaining 33 percent of General Fund revenues are comprised of departmental services and program revenues, franchise fees, permits and licenses, property transfer taxes, fines and penalties, interest earnings, grants, revenues from other agencies, and other miscellaneous revenue sources.

#### Sales Tax

Sales tax is the General Fund's single largest revenue source, therefore, important to the City's future. The City receives one percent of the seven and three-quarter percent sales tax (7.75) collected from retail sales occurring within the city limits. The State collects and remits the sales tax to the following benefiting agencies: five and three-quarter percent to the State for the General Fund and various programs, one percent to the City's General Fund, one-half percent to the Local Public Safety Fund, one-half percent for local transportation purposes (Measure A) for a total Santa Barbara County sales tax rate of seven and three-quarter percent. In 2004-05, the State enacted legislation known as the "Triple Flip" (sales tax in-lieu). This legislation effectively traded property tax for sales tax by exchanging one-quarter of the City's one-percent of sales tax for an equivalent amount of property tax. The City recognizes this exchanged revenue, flowing from Santa Barbara County, as sales tax in-lieu.

United States retail sales have been on the uptick as of late. The U.S. Census Bureau recently announced that the retail and food service sales, adjusted for seasonal variations, were 6.5 percent greater than in 2010. Retail sales are up 20.4 percent from the bottom during the recession and now 5.9 percent above the pre-recession peak. Retail sales, excluding gasoline, have increased by 6.1 percent from the prior year. During the recession, retail sales declined by ten percent versus a long-term growth rate of four to six percent.

Sales tax revenue is one of the most volatile revenue components. Economic factors can contribute to wide swings in receipts. During the peak of the recent recession, City sales tax revenue declined from \$18.1 million in 2007-08 to \$14.1 in 2009-10, a 21 percent decline. However, over the past two years, consumer spending has been on the mend resulting in greater sales tax receipts for the City. Receipts year-to-date are about 6.5 percent greater than last fiscal year. The auto and transportation business group have been experiencing strong sales due to pent up demand as purchases declined significantly during the recent recession. Fuel station receipts have also been increasing due to high gas prices.

With this in mind and based on the analysis of the City's sales tax consultant, the City is projecting an increase in 2012-13 sales tax revenue over the current year's expected revenue. The sales tax revenue for 2012-13 is projected at \$17.2 million, a 5.5 percent increase. The budgeted sales tax revenue for 2012-13 represents approximately 32 percent of the General Fund revenues.

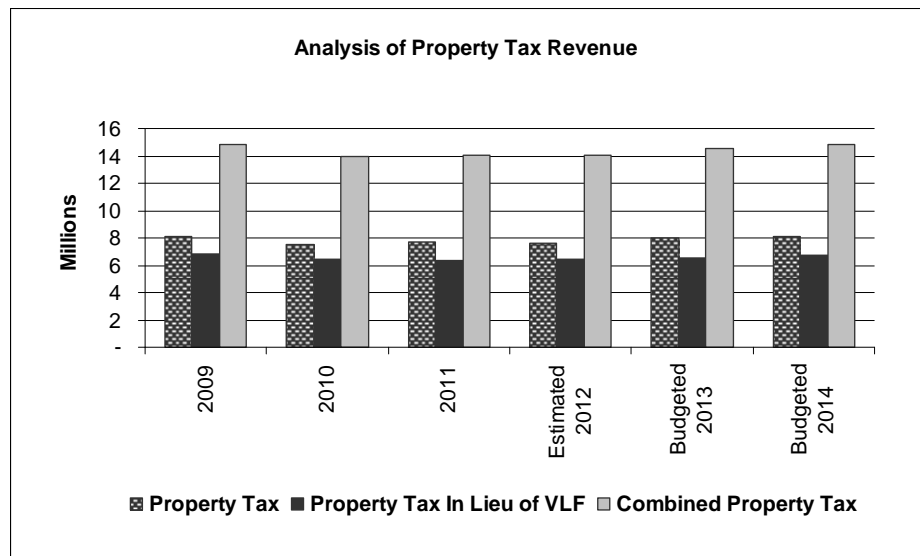


Chart represents history and future projections of property tax revenue.

# APPENDICES

## SUMMARY OF KEY REVENUE ASSUMPTIONS

### Property Tax

Proposition 13, approved by voters in June 1978, limits general purpose property taxes to one percent of market value and limited the growth of property tax assessments to two percent growth per year. Assessments are increased to reflect current market value when property ownership changes or improvements are made to the property; otherwise, assessed values are limited to annual two percent increases. Property tax assessment, collection, and apportionment are performed by Santa Barbara County. According to the County's report "Property Tax Highlights for Fiscal Year July 1, 2011 to June 30, 2012", overall County property tax growth was tepid. County-wide locally assessed property taxes increased \$8.1 million, representing a 1.3 percent increase from the prior year. The property tax revenue outlook for 2012-13 is expected to be better than 2011-12. Based on an analysis of the major categories of roll growth, county-wide property tax growth is anticipated to be in the range of 1.5 to 2.5 percent. For 2012-13, the Board of Equalization released their inflation factor of two percent for those properties not affected by transfers or new construction. During the prior two years, the inflation factor was 0.753 and (-0.237) percent.

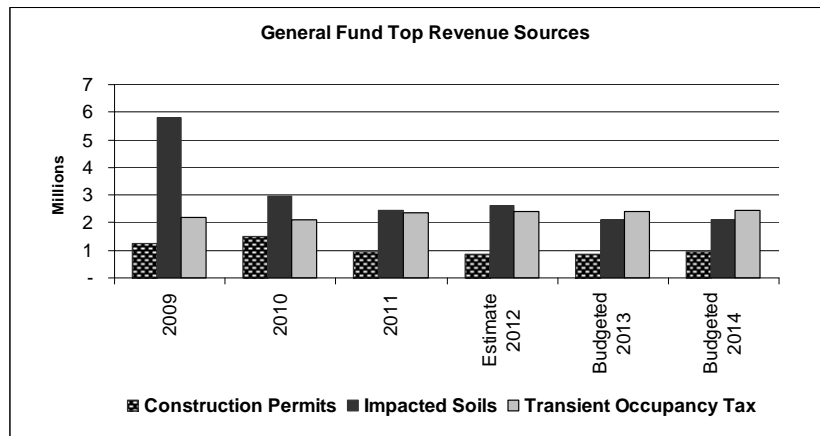
Sales of properties continue to be down and no significant construction activity is anticipated. Therefore, the City is expecting a modest two percent increase in property tax receipts in 2012-13. Property tax, in 2012-13, is projected at \$14.4 million, which represents approximately 26 percent of General Fund revenues.

### Transient Occupancy Tax

Transient Occupancy Tax (TOT) is levied on individuals occupying a hotel or motel for 30 days or less. The TOT rate is assessed at ten percent of the room rental rate. Although TOT is collected for the City by the hotel/motel operators, it is a tax on the occupant not the hotel/motel. In 2009, two new hotels, the Fairfield and the Candlewood Inn, opened for business making a total of 29 hotels/motels that operate within the City's limits. Another hotel, the Hampton Inn, has been approved by the Planning Commission. Although the number of hotels/motels has increased, the City experienced an 11.7 percent drop in revenue from \$2.4 million in 2008 to \$2.1 million in 2010. However, TOT increased in 2010-11 to \$2.3 million and is projected to reach \$2.4 million in 2011-12. According to Santa Barbara County's "Annual Transient Occupancy Tax Report," TOT revenues increased county-wide in 2010-11 by 10.4 percent. This report is predicting the beginning of a modest recovery for 2011-12 and 2012-13. Staff conservatively forecasted a slight increase to \$2.4 million in 2012-13. TOT represents approximately 4.4 percent of General Fund revenues.

### Construction Permits

A construction permit is required for all new structures built within the City, as well as for additions or upgrades to existing buildings. The UCSB Economic Forecast Project Economic Outlook 2011 reported that north Santa Barbara County's building activity would continue at low levels in 2011 and 2012. In 2011, Santa Barbara County and its eight cities issued 347 new residential permits, a drop of 24.6 percent from the number issued in 2010. That was 63 percent below the average of 918 permits issued annually since 1990. For the City in 2011, 23 permits for single-family dwellings and 21 permits for multi-family dwellings were issued. Eleven non-residential permits were issued in 2011. Many agree that the recession appears to be over but that recovery will be a very slow process, especially in the housing market, as developers wait for improved market conditions before moving forward with projects. In forecasting new construction in Santa Maria, one key measuring point is the price per square foot. Presently, it is still less



This chart represents history and future projections of construction permits, impacted soil revenue, and transient occupancy tax revenue.

# APPENDICES

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## SUMMARY OF KEY REVENUE ASSUMPTIONS

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expensive to buy the median priced home than to build one. Consequently, the Santa Maria housing market is still continuing to work through the debt burdened assets.

Building permit revenue reached a peak in 2007-08 at \$2.5 million and has since declined to \$876,000 in 2010-11. Revenue of \$815,000 is projected for 2011-12 and is expected to remain steady at \$831,000 for 2012-13.

### ***Impacted Soil***

Impacted soil, known as Non-Hazardous Hydrocarbon Impacted Soil (NHIS), is soil impacted with oil. Revenues from NHIS are generated when the City accepts NHIS materials, which primarily come from oil field sumps, tank farm locations, pipeline leaks, or petroleum product spills onto property. By offering an approved, safe, and affordable waste facility program in the local project region, disposal costs are substantially reduced to the NHIS material generators. Acceptable NHIS is utilized as a resource by providing the foundation layer material for the landfill closure plan. The City began receiving NHIS revenues in 2002-03 after entering into a long-term agreement with a local corporation to manage the NHIS Program. Revenue from NHIS for 2012-13 is projected at \$2.1 million, which represents approximately 3.6 percent of General Fund revenues. The NHIS revenue has been declining from a high of \$5.5 million in 2008-09 and is not considered a long-term revenue source.

## ENTERPRISE FUNDS

The City's Enterprise Funds account for water, wastewater, solid waste collections and disposal, and transit services. Annually, City staff determines the adequacy of the rate structures for each of these enterprises taking into account expected operations, maintenance, and capital costs. The following is a brief overview of the Enterprise Fund revenues and the issues affecting rates.

### ***Water Fund***

The City is the sole provider of water service within the City's boundaries, except for three subdivisions, Sunrise Hills, Old Country Club Estates, and Rolling Hills Estates, which receive water from Golden State Water Company. The City's water supply comes from its participation in the State Water Project and from water pumped from the local ground water basin into City wells. Water is billed on a four-tiered system, based on meter size and water consumption. The Santa Maria Municipal Code (SMMC) provides for a rate increase of five percent on July 1<sup>st</sup> of each year. These annual rate increases and the growth in housing development in the City have provided the financing necessary to meet the debt service obligation associated with the State Water Project.

### ***Wastewater Fund***

The City's wastewater system consists of a sewer collection system and a wastewater treatment plant. The City provides all sewage collection and treatment within the City limits, except for limited areas near the Santa Maria Airport that have exchange agreements with Laguna County Sanitation District. Residential customers are billed a flat rate while commercial customers are billed on a consumption base rate structure. The City has a septage receiving program that receives and treats non-sewered septage through the wastewater treatment plant. Septage sources include local farmers and pumping from septic systems in unincorporated areas of San Luis Obispo and Santa Barbara counties. The program includes a grease recycling program for use by local restaurants. SMMC provides for a rate increase of five percent on July 1<sup>st</sup> of each year for all wastewater fees. Even with these anticipated increases, Santa Maria's sewer rates will remain the lowest in the area.

### ***Solid Waste Collection***

The City provides mandatory solid waste (garbage) collection for all City residential and commercial customers. Residential customers receive once-a-week solid waste collection service for automated 60 or 90 gallon containers. Commercial customers are offered automated 60 or 90 gallon containers or dumpster service. The City provides a voluntary, no-charge recycling service. After successfully completing a six-month pilot green waste program, the City implemented a residential curbside green waste recycling program at a cost of \$3.17 per month effective July 1, 2011. SMMC provides for a rate increase of five percent on January 1<sup>st</sup> of each year. Staff recommended suspending the annual rate increase nine out of the last ten years. However, a recent Solid

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## SUMMARY OF KEY REVENUE ASSUMPTIONS

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Waste rate study was completed and five percent rate increases have been approved effective January 1, 2012, 2013 and 2014.

### ***Solid Waste Disposal***

The City landfill, located at 2065 East Main Street, operates seven days-a-week. Charges for services are generated from two revenue sources: 1) individuals and businesses transporting solid waste disposal loads to the landfill; and 2) from disposal charges incurred by the City's Solid Waste Collection Fund for disposal of loads. The Municipal Code provides for a rate increase of five percent on July 1<sup>st</sup> of each year, which affects both revenue sources. In May 2012, the City Council approved landfill gate rate increases. This results in a proportional increase in revenue for the landfill. Looking towards the future, in 2006, the City acquired Los Flores Ranch, which is proposed for use as a new landfill site.

### ***Public Transit Fund***

The City provides public transportation under the name of Santa Maria Area Transit (SMAT). The Public Works/Engineering Department provides SMAT system administration, planning, and oversight while outsourcing bus operations, maintenance, bus stop janitorial, and SMAT marketing and advertising to private contractors. SMAT receives funding from the Federal Transit Administration, Local Transportation Fund, Measure A allocations, Proposition 1B funds, and fares. At this time, these revenue sources adequately fund current transit service operating levels without scheduling transit fare increases. The City also administers an intercommunity transit service called "The Breeze", which provides commuter service to Santa Maria, Vandenberg Air Force Base, and Lompoc. Funding of this service is shared equally among the cities of Santa Maria and Lompoc and Santa Barbara County, therefore, utilizing each jurisdiction's available State and Federal transit funding.

On July 1, 2010, the Transit Fund took over operations of the Clean Air Express, a commuter bus service from Santa Maria to the south coast. Measure A, a voter approved half-cent sales tax in 2008, will fund 100 percent of the Clean Air Express operational costs. The Measure A revenue comes from the receipts of Santa Barbara County Association of Governments, the regional transportation authority.

## SPECIAL REVENUE FUNDS

### ***Library Fund***

The Library Fund accounts for all activity related to the main Library and branch libraries located in Guadalupe, Orcutt, and Cuyama. The primary funding sources include a per capita allocation by Santa Barbara County and a contribution from the City's General Fund. In 2011-12, the State cut its public library funding which accounted for approximately \$81,000 or three percent of revenue. The General Fund contributes about 51 percent or \$1.45 million. County grants make up 29 percent of the revenues and the remainder from charges for services and other revenue such as copy machine revenue, rental income, fines and delinquent collections.

### ***Traffic Safety Fund***

Traffic Safety revenues are fines and penalties received for vehicle code violations and parking citations written by City police officers. Monies collected and submitted to the City, by Santa Barbara County, for vehicle code infractions account for approximately 73 percent of revenues in this fund, while the remaining 27 percent is attributed to citation fines.

### ***Quimby Park & Acquisition Development Fees Fund***

Quimby Park & Acquisition Development fees are collected from developers through the payment of recreation and parks growth mitigation fees. Forty-two percent of this fee is deposited to this fund for the specific use of funding for park land and/or recreational facilities. The City Council approved a decrease to most of the City's mitigation fees in June 2009, with an August 2009 effective date. Staff anticipates no increase to the fees during this budget cycle.

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### **SUMMARY OF KEY REVENUE ASSUMPTIONS**

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#### ***Residential Development Tax Fund***

Residential Development Tax revenues are collected from residential developers for each new unit in which a building permit is issued. In addition to this, 41 percent of the funds collected for recreation and parks growth mitigation fees are deposited to this fund. The City Council approved a decrease to most of the City's mitigation fees in June 2009, with an August 2009 effective date. All fees deposited to this fund provide for the development and rehabilitation of City parks.

#### ***Measure D/Measure A Fund***

The Measure A Fund accounts for the one-half percent sales tax passed by Santa Barbara County voters in 2008 for a 30-year period. This sales tax replaced the Measure D tax originally passed in 1989. The tax provides funds to improve transportation facilities and services. The City uses this revenue source to fund the Public Works Department, Streets Maintenance Division and implement the Pavement Maintenance System with chip seal, asphalt overlays, and street reconstructions. However, the local share of the annual revenues generated by Measure A will be less than what the City previously received in Measure D funds due to trade-offs for regional project priorities. The Measure A ordinance requires that the City dedicate 15 percent of Measure A local funds toward alternative transportation expenditures such as bicycle and pedestrian facilities.

#### ***Public, Education, and Government (PEG) Access Television Fund***

PEG Access Television receives funding from Comcast Cablevision, the cable television service provider. Contract terms require Comcast Cablevision to provide money for PEG programming. The 12-year franchise agreement with Comcast, signed in December 2002, provides for an increase each year based on the consumer price index. A minimal amount of revenue is generated by memberships and classes held at the PEG media center. Due to the passage of the Digital Infrastructure and Video Competition Act of 2006 any new State video franchise holders serving the Santa Maria community will be subject to a three percent of gross revenues PEG fee.

### **CAPITAL PROJECT FUNDS**

#### ***Community Development Block Grant Fund (CDBG)***

The Community Development Block Grant (CDBG) funds are allocated by the Federal government to eligible local agencies for housing and community development purposes. The Block Grants Advisory Committee determines community needs and priorities, within Federal program goals. The Committee provides funding allocation recommendations to the City Council. In addition to grant funding, program income is generated through the Housing and Economic Development Revolving Loan fund programs.

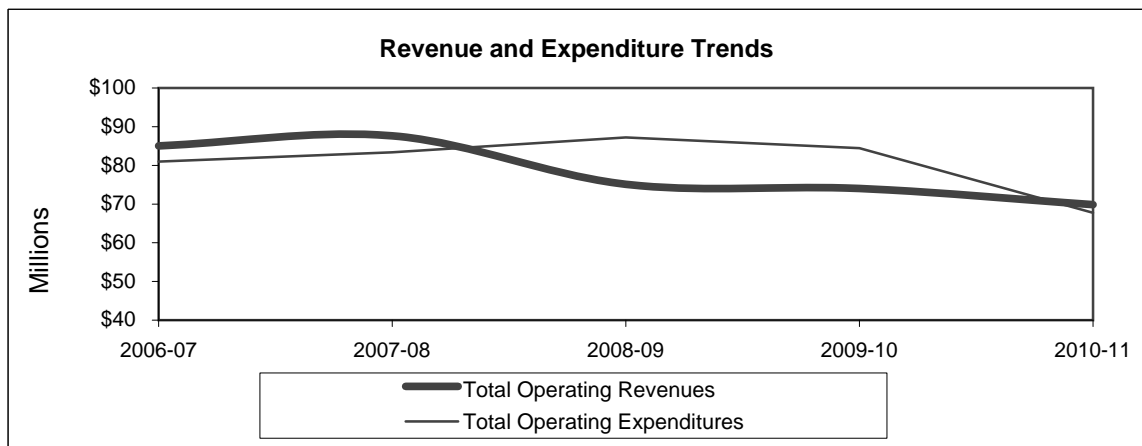
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## FINANCIAL AND STATISTICAL TABLES

### REVENUE AND EXPENDITURE TRENDS - LAST FIVE COMPLETED YEARS

*Includes All Governmental Fund Types*

	Actual 2006-07	Actual 2007-08	Actual 2008-09	Actual 2009-10	Actual 2010-11
<b>Operating Revenues:</b>					
Taxes					
Property	\$ 15,092,032	\$ 16,297,730	\$ 15,947,946	\$ 15,285,664	\$ 15,305,659
Sales & Use	26,187,366	25,687,746	22,102,943	19,737,766	21,711,665
Transient Occupancy	2,373,910	2,396,491	2,201,546	2,116,310	2,363,467
Business Licenses	327,780	327,983	325,920	317,940	313,717
Franchise Fees	3,443,105	3,600,993	3,427,069	3,366,190	3,578,754
Other Taxes	518,558	500,093	171,368	50,833	272,583
Supplemental Tax	633,835	529,182	330,866	155,339	198,878
<b>Total Taxes</b>	<b>48,576,586</b>	<b>49,340,218</b>	<b>44,507,658</b>	<b>41,030,042</b>	<b>43,744,723</b>
Permits, Fines & Forfeitures	3,020,855	2,258,146	1,964,835	2,032,625	1,368,214
Revenues from Use of Money/Property	5,704,531	4,692,725	3,623,715	3,657,552	2,530,588
Aid from Governmental Agencies	10,859,231	13,829,701	8,635,230	15,424,318	9,690,422
Charges for Current Services	15,415,768	16,390,103	15,500,558	10,769,671	12,175,206
Other Revenues	1,470,302	1,106,376	871,480	1,125,411	334,376
<b>Total Operating Revenues</b>	<b>\$ 85,047,273</b>	<b>\$ 87,617,269</b>	<b>\$ 75,103,476</b>	<b>\$ 74,039,619</b>	<b>\$ 69,843,529</b>
<b>Operating Expenditures:</b>					
Current:					
Public Safety	\$ 26,697,389	\$ 29,388,999	\$ 29,289,806	\$ 28,553,613	\$ 27,848,391
Public Works	4,755,772	4,980,324	5,056,695	5,227,336	5,001,666
Community Development	4,158,854	4,756,217	3,911,112	4,872,363	4,650,157
Recreation and Parks	8,727,125	9,731,596	10,269,522	9,982,054	9,757,902
Library	2,062,596	2,217,526	3,019,728	3,121,202	2,698,807
General	7,199,453	7,766,778	8,262,292	7,067,465	7,182,507
Capital Outlay	24,282,030	21,801,353	24,615,828	22,830,682	7,906,084
Debt Service:					
Principal	1,755,000	1,830,000	1,920,000	2,010,000	2,110,000
Interest and Other Expense	1,356,691	915,550	870,895	790,277	589,811
<b>Total Operating Expenditures</b>	<b>\$ 80,994,910</b>	<b>\$ 83,388,343</b>	<b>\$ 87,215,878</b>	<b>\$ 84,454,992</b>	<b>\$ 67,745,325</b>



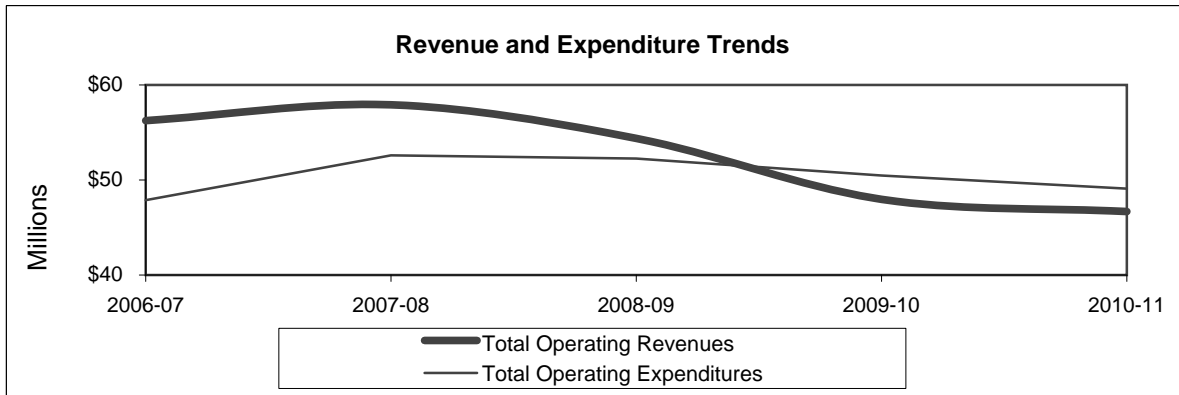
# APPENDICES

## FINANCIAL AND STATISTICAL TABLES

### REVENUE AND EXPENDITURE TRENDS - LAST FIVE COMPLETED YEARS

#### General Fund

	Actual 2006-07	Actual 2007-08	Actual 2008-09	Actual 2009-10	Actual 2010-11
<b>Operating Revenues:</b>					
Taxes					
Property	\$ 13,957,560	\$ 15,066,814	\$ 14,743,294	\$ 13,948,568	\$ 14,031,579
Sales & Use	17,672,381	18,060,497	15,906,435	14,146,555	15,703,090
Transient Occupancy	2,373,910	2,396,491	2,201,546	2,116,310	2,363,467
Business Licenses	327,780	327,983	325,920	317,940	313,717
Franchise Fees	3,443,105	3,600,993	3,427,069	3,366,190	3,578,754
Supplemental Tax	633,835	529,182	330,866	155,339	198,878
<b>Total Taxes</b>	<b>38,408,571</b>	<b>39,981,960</b>	<b>36,935,130</b>	<b>34,050,902</b>	<b>36,189,485</b>
Permits, Fines & Forfeitures	2,694,285	1,873,405	1,464,519	1,553,229	973,062
Revenues from Use of Money/Property	4,236,184	3,539,897	2,693,614	2,855,432	1,223,878
Aid from Governmental Agencies	1,510,811	1,493,920	2,399,146	1,994,427	1,772,649
Charges for Current Services	8,519,028	9,985,767	10,086,527	6,638,607	6,394,253
Other Revenues	872,941	1,029,581	794,914	867,578	128,874
<b>Total Operating Revenues</b>	<b>\$ 56,241,820</b>	<b>\$ 57,904,530</b>	<b>\$ 54,373,850</b>	<b>\$ 47,960,175</b>	<b>\$ 46,682,201</b>
<b>Operating Expenditures:</b>					
Current:					
Public Safety	\$ 26,609,244	\$ 29,306,831	\$ 29,159,756	\$ 28,421,806	\$ 27,752,125
Public Works	2,241,999	2,254,345	2,504,886	2,470,223	2,516,854
Community Development	2,636,334	2,762,384	2,621,092	2,710,500	2,628,446
Recreation and Parks	7,012,327	7,911,616	7,848,478	7,821,164	7,453,377
General	7,199,453	7,766,778	8,262,292	7,067,465	7,182,507
Capital Outlay	678,560	1,036,801	406,370	357,800	203,330
Debt Service:					
Principal	985,000	1,051,000	1,033,000	1,218,000	1,066,000
Interest	523,248	495,219	413,025	408,658	289,698
<b>Total Operating Expenditures</b>	<b>\$ 47,886,165</b>	<b>\$ 52,584,974</b>	<b>\$ 52,248,899</b>	<b>\$ 50,475,616</b>	<b>\$ 49,092,337</b>



This chart shows the change in the revenues and expenses of the City's General Fund over the last five years.

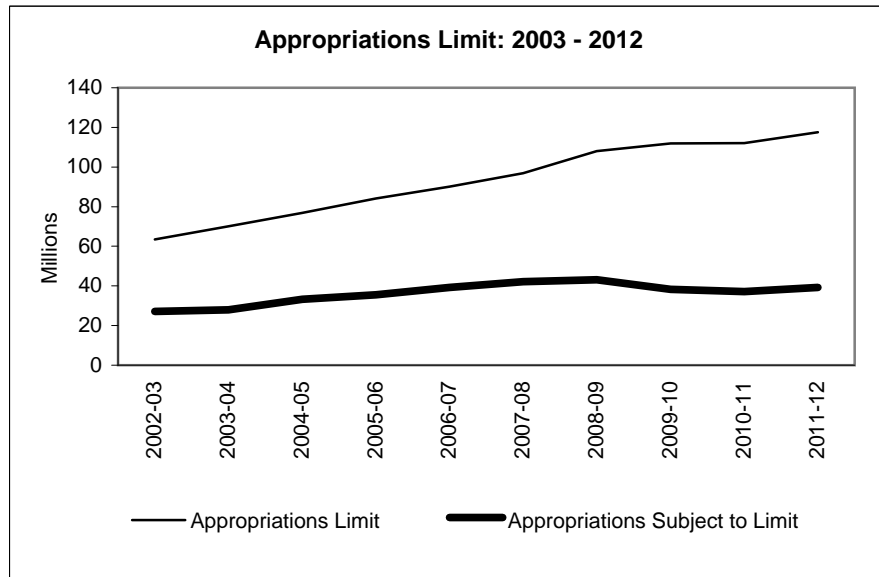
# APPENDICES

## FINANCIAL AND STATISTICAL TABLES

### APPROPRIATIONS LIMIT HISTORY

The Gann spending limit initiative, which was adopted by the voters on June 6, 1979, creates a restriction on the amount of revenue, from tax proceeds, that can be appropriated in any fiscal year. Under the provisions of this initiative, a city may not appropriate any proceeds of taxes in excess of its "appropriations limit." If excess funds are received in any one year, the excess funds may be carried over into the subsequent year. Any excess funds remaining after the second year must be returned to the taxpayers by reducing tax rates or fees. As an alternative, a majority of the voters may approve an override to increase the limit.

The chart is a summary of the changes, over the past ten years, in the City's appropriations limit and appropriations subject to the limit. This summary reflects modifications approved by Proposition 111 in June 1990, which changed the methodology for determining the appropriations limit, as well as the appropriations subject to the limit. In general, the City's appropriations limit can increase annually by compound changes in cost-of-living and population.



Summary of Changes over Past Ten Years

The amount titled "Appropriations Subject to Limit" should always be less than the amount in the "Appropriations Limit" column.

The appropriation limit has no significant implication in the City's budgeting, nor will it in the foreseeable future, based on current trend analysis. The City's actual budget subject to limitation has been running at more than 50 percent lower than the appropriation limit for the past ten years. Based on the current calculation, the City's actual budget in 2011-12 subject to limitation was \$39,281,381 which is about 67 percent lower than the City's limit.

Fiscal Year	Limit Base	Inflation Factor	Population Factor	Appropriations Limit	Appropriations Subject to Limit	Variance
2002-03	\$ 57,835,350	6.20%	3.45%	\$ 63,540,229	\$ 27,207,348	\$ 36,332,881
2003-04	63,540,229	6.87%	3.26%	70,119,184	27,913,604	42,205,580
2004-05	70,119,184	5.35%	4.15%	76,936,171	33,309,527	43,626,644
2005-06	76,936,171	5.26%	3.95%	84,182,020	35,453,455	48,728,565
2006-07	84,182,020	3.96%	3.02%	90,158,943	39,280,148	50,878,795
2007-08	90,158,943	4.42%	2.93%	96,902,832	42,201,004	54,701,828
2008-09	96,902,832	4.29%	1.31%	107,982,702	43,150,635	64,832,067
2009-10	107,982,702	0.62%	2.99%	111,900,895	38,271,379	73,629,516
2010-11	111,900,895	-2.54%	2.78%	112,090,008	37,207,199	74,882,809
2011-12	112,090,008	2.51%	2.29%	117,534,220	39,281,381	78,252,839



# APPENDICES

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## LIST OF FUNDS

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<u>Number</u>	<u>Name</u>	<u>Type</u>
001	General	General
002	Water	Enterprise
003	Solid Waste Collection	Enterprise
004	Wastewater	Enterprise
007	Mobile Equipment	Internal Service
009	Library	Special Revenue
010	Solid Waste Disposal	Enterprise
013	Traffic Safety	Special Revenue
016	Quimby Park and Acquisition Development Fees	Special Revenue
017	Inger Basin Drainage	Special Revenue
018	Blosser Road Drainage	Special Revenue
019	Battles Road Drainage	Special Revenue
021	Business Equipment	Internal Service
022	Communications Equipment	Internal Service
027	Growth Mitigation	Special Revenue
028	Residential Development Tax	Special Revenue
031	Northwest Landscape District	Special Revenue
032	Northeast Landscape District	Special Revenue
033	Southwest Landscape District	Special Revenue
036	Stowell Parking and Lighting	Special Revenue
038	Southeast Landscape District	Special Revenue
039	Crossroads Special District	Special Revenue
040	Business Attraction Loan	Special Revenue
041	Payroll	General
043	Police - Donations/Grants	Special Revenue
046	Federal/State Asset Forfeiture	Special Revenue
047	Grant Non-Recurring	Special Revenue
063	Gas Tax and Transportation Development Act	Special Revenue
064	Developer / Grant Street Projects	Special Revenue
066	Public Transit	Enterprise
067	Breeze	Enterprise
068	Measure A	Special Revenue
070	Liability and Multi-Peril Insurance	Internal Service
072	Unemployment Insurance	Internal Service
073	Self Insurance Workers' Compensation	Internal Service
076	Local Economic Augmentation	Internal Service
078	Telephone	Internal Service
081	Treasurer's Trust	Fiduciary Agency
083	Landfill Closure/Postclosure	Fiduciary Agency
084	Convention Center Trust	Fiduciary Agency
085	Maintenance Annuity	Fiduciary Agency
087	Twitchell Management Authority Trust	Fiduciary Agency

# APPENDICES

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## LIST OF FUNDS

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<u>Number</u>	<u>Name</u>	<u>Type</u>
801	Capital Projects – General	Capital Projects
946	Workforce Investment Act Grant	Special Revenue
948	Capital Projects - Community Development	Capital Projects
951	2003 Redevelopment Refunding Bonds	Debt Service
958	Redevelopment Obligation Retirement Fund	Special Revenue
959	Successor Agency	Special Revenue
974	Santa Maria Public Financing Authority	Debt Service
998	Public, Education, and Government Access Television	Special Revenue

# APPENDICES

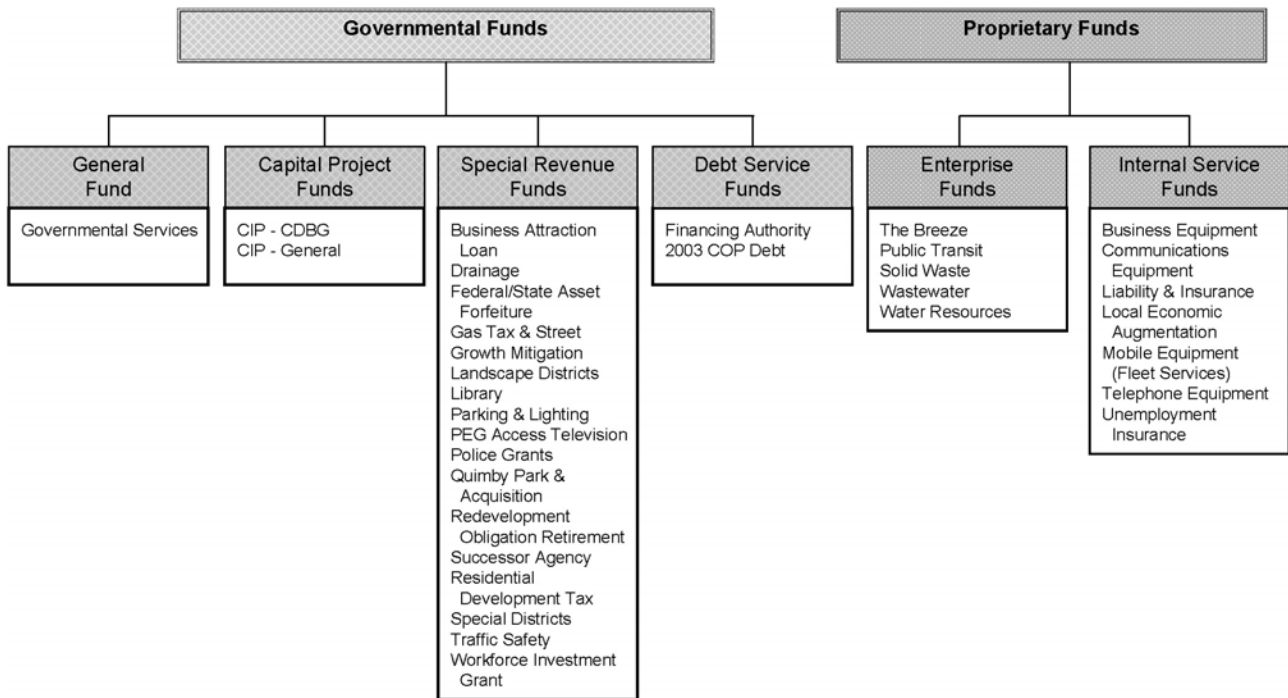
## DESCRIPTION OF FUNDS

### A LOOK AT THE BUDGET BY FUND

The City of Santa Maria's (City) budget is made up of numerous funds. A fund is a separate accounting entity with a self-balancing set of accounts, created to track specific revenue and expense activity.

All of the City's funds are classified into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Agency Funds. Each category, in turn, is divided into separate "fund types." Below is a graphical depiction of the budget fund structure:

**CITY of SANTA MARIA**  
Budget Fund Category Structure



The following is a description of all accounting funds used by the City.

### FUND CATEGORIES

#### Governmental Funds

Governmental funds are generally used to account for tax-supported activities. Because the focus for governmental funds is on current spendable resources, the balance sheets include only current assets and current liabilities. Governmental funds are accounted for on a modified accrual basis, thus revenues are recognized when measurable and available, and expenditures are recorded when the related liability is incurred. Available means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Examples of such revenues include property tax, sales tax, and interest earnings. Expenditures are recognized when the fund liability is incurred. There are four different types of governmental funds used by the City.

# APPENDICES

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## DESCRIPTION OF FUNDS

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### General Fund

The General Fund is the City's primary fund and accounts for all revenues and expenditures applicable to the general operations of city government, which are not properly accounted for in another fund. These are activities and services traditionally associated with governments, such as police and fire, recreation and parks, and city administration that are financed primarily through tax-generated revenues.

### Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Debt service revenues are derived from property taxes and other operating revenues. The City uses debt service funds to account for the debt of the Redevelopment Agency.

### Special Revenue Funds

Special revenue funds are operating funds for which the use of revenues is restricted or designated by outside sources. These funds are used to account for the revenue derived from specific taxes or other earmarked revenue sources such as intergovernmental grants and contracts (other than for major capital projects) that are restricted by law or administrative action to expenditures for specific purposes.

### Capital Project Funds

Capital project funds are used to account for construction or acquisition of general fixed assets and major improvements other than those financed by special assessments. Capital project funds of the City include general fund capital projects, gas tax, local transportation, growth mitigation, and developer/grant street projects.

### **Proprietary Funds**

Proprietary funds are financed and operated in a manner similar to private business enterprises where the intent is to recover the costs of providing goods and services from user charges. Proprietary funds focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. Proprietary fund revenues and expenses are budgeted and accounted for on an accrual basis. Revenues are recognized in the period when earned and expenses are recognized when incurred. There are two different types of proprietary funds used by the City - enterprise funds and internal service funds.

### Enterprise Funds

Enterprise funds are used to account for the operations and financing of self-supporting activities of the City that renders services on a user charge basis to the general public, similar to private business enterprises. Enterprise funds of the City include water resources (covering water and wastewater services), refuse collections and disposal, and public transit operations.

### Internal Service Funds

Internal service funds are used to account for the financing of centralized services to different funds and City departments on a cost reimbursement basis (including replacement costs). Internal service funds of the City include fleet maintenance and replacement, business equipment, liability and workers' compensation insurance costs.

### **Fiduciary Agency Funds**

The City uses fiduciary agency funds to account for assets held by the City as trustee or agent for the benefit of individuals, other governments, and/or other funds outside of the City. Fiduciary agency funds are custodial in nature, are not used to support City programs, and do not require measurement of results of operations. As such, fiduciary agency funds are not budgeted.

# APPENDICES

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## DESCRIPTION OF FUNDS

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### DESCRIPTIONS OF FUNDS

#### General Fund

##### General Fund - 001

The General Fund is used to account for resources traditionally associated with general government, which are not required to be accounted for in a separate fund including sales tax, property tax, transient occupancy tax, licenses and permits, and fines and forfeitures. The General Fund is used to finance most of the basic municipal functions, such as general administration, public safety, recreation and parks, and community development.

##### Payroll Fund - 041

The Payroll Fund is a clearing fund, which processes payroll for the City's employees. The clearing fund accounts for the liabilities and payments for income taxes, deferred compensation contributions, contributions to retirement plans, and other payments from employees' compensation. Clearing funds must have a zero balance at the end of the fiscal year. The Payroll Fund is combined with the General Fund for reporting purposes and no budget is established for the Payroll Fund.

##### Police – Donations/Grants Fund - 043

The Police – Donations/Grants Fund accounts for donations from the public and businesses and grant money to the Police Department for specific purposes, such as the K-9 (police dog) Program, supplies for the honor guard and the Drug Abuse and Resistance Education (DARE) Program. The Police – Donations/Grants Fund is combined with the General Fund for reporting purposes and no budget is established for this fund.

#### Debt Service Funds

##### 2003 Refunding Bonds Fund - 951

The 2003 Refunding Bonds Fund provides interest and principal payments on the 2003 Redevelopment Agency Refunding bonds. Payments are paid from tax increment revenues paid to the City and/or Successor Agency. The fund also accounts for advances payable from the General Fund.

##### Santa Maria Public Financing Authority Fund - 974

The Santa Maria Public Financing Authority Fund represents the City's debt requirements for the Public Financing Authority.

#### Special Revenue Funds

##### Library Fund - 009

The Library Fund accounts for resources used to provide public library services to northern Santa Barbara County residents in the communities of Santa Maria, Cuyama, Guadalupe, and Orcutt. All activities necessary to provide the library operations at the Main Library and at branch libraries are accounted for in this fund, including, but not limited to, administration, operations, maintenance, and acquisition of materials for the collections. Separate divisions within this fund track costs for the individual branch libraries.

##### Traffic Safety Fund - 013

The Traffic Safety Fund accounts for all fines and penalties received as a result of arrests, by City police officers, for Vehicle Code violations. This fund is used for traffic control devices, maintenance of equipment and supplies for traffic law enforcement, and traffic accident prevention.

##### Quimby Park and Acquisition Development Fees Fund - 016

The Quimby Park and Acquisition Development Fees Fund accounts for revenues collected from developments to provide the community's basic recreation and park needs. The Quimby Act, first established in 1965 by the California Legislature, allows local agencies, such as the City, to establish ordinances requiring residential subdivision developers to provide impact fees for land and/or recreational facilities. Currently, this fund is collected under the authority of the City's Growth Mitigation Fee Program – Park Development.

# APPENDICES

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## DESCRIPTION OF FUNDS

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### Inger Basin Drainage Fund - 017

The Inger Basin Drainage Fund accounts for resources used to provide drainage around the Inger Basin.

### Blosser Road Drainage Fund - 018

The Blosser Road Drainage Fund accounts for resources used to provide drainage along Blosser Road.

### Battles Road Drainage Fund - 019

The Battles Road Drainage Fund accounts for resources used to provide drainage along Battles Road.

### Growth Mitigation Fund - 027

The Growth Mitigation Fund accounts for the receipt of developer fees as approved under State of California Assembly Bill (AB) 1600. AB 1600 allows public agencies to charge developers for the incremental cost of services required by the new development. The use of AB 1600 fees and the need for the public improvement must be related to the development. The City's AB 1600 fees are "growth mitigation fees," and are to pay for traffic, recreation and parks facilities, public safety facilities, library facilities, and water/wastewater infrastructure.

### Residential Development Tax Fund - 028

The Residential Development Tax Fund accounts for the acquisition, improvement, and expansion of public park, playground or recreation facilities thereon. An amount equal to this tax is collected through the City's Growth Mitigation Fee Program.

### Northwest Landscape District Fund - 031

The Northwest Landscape District Fund accounts for property tax revenues that are restricted to providing landscaping-related services in public easements in the northwest section of the City. Costs accounted for in this fund include administration, operations, maintenance, renovation, materials, and equipment.

### Northeast Landscape District Fund - 032

The Northeast Landscape District Fund accounts for property tax revenues that are restricted to providing landscaping-related services in public easements in the northeast section of the City. Costs accounted for in this fund include administration, operations, maintenance, renovation, materials, and equipment.

### Southwest Landscape District Fund - 033

The Southwest Landscape District Fund accounts for property tax revenues that are restricted to providing landscaping-related services in public easements in the southwest section of the City. Costs accounted for in this fund include administration, operations, maintenance, renovation, materials, and equipment.

### Stowell Parking and Lighting Fund - 036

The Stowell Parking and Lighting Fund is used to account for property tax revenues that are restricted to providing lighting and landscaping services to the Stowell Plaza Shopping Center. The Stowell Parking and Lighting Maintenance District was formed in 1961 for the purpose of parking lot and landscaping maintenance of the Stowell Plaza Shopping Center. The maintenance work is performed by an independent contractor, with the City's Recreation and Parks Department monitoring the contract and maintenance work. Stowell Plaza Shopping Center's property owners pay an ad valorem tax.

### Southeast Landscape District Fund - 038

The Southeast Landscape District Fund accounts for property tax revenues that are restricted to providing landscaping-related services in public easements in the southeast section of the City. Costs accounted for in this fund include administration, operations, maintenance, renovation, materials, and equipment.

### Crossroads Special District Fund - 039

The Crossroads Special District Fund accounts for property tax revenues that are restricted to providing landscaping-related services in public easements in portions of the southeast section of the City. Costs accounted for in this fund include administration, operations, maintenance, renovation, materials, and equipment.

# APPENDICES

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## DESCRIPTION OF FUNDS

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### Business Attraction Loan Fund - 040

The Business Attraction Loan Fund is used to account for an economic development revolving loan program aimed at attracting new businesses and expanding and retaining existing businesses in the community.

### Supplemental Law Enforcement Service – Citizens Option for Public Safety (COPS) Fund - 045

The Supplemental Law Enforcement Service – COPS Fund accounts for the State of California's COPS grant fund revenue that is restricted to support front-line law enforcement services with an emphasis on supporting salary and benefits. The City uses this revenue to match a federal grant to pay for three police officers.

### Grant Non-Recurring Fund – 047

The Grant Non-Recurring Fund tracks revenues, expenditures and matching fund requirements for non-recurring grants awarded to the City that do not “fit” within other grant or enterprise funds.

### Federal/State Asset Forfeiture Fund - 046

The Federal/State Asset Forfeiture Fund accounts for all funds received through State and federal agencies for drug seizures in which the City participates. These funds must be used to supplement, not supplant, the Police Department's normal operating budget. The amount of revenue varies from year-to-year based on activity levels.

### Gas Tax and Transportation Development Act Fund - 063

The Gas Tax and Transportation Development Act Fund is used to account for the City's share of State and Santa Barbara County gasoline tax collected in accordance with the provisions of the State's Streets and Highway Code. Revenues are disbursed by the State based on population and used toward the maintenance and repair of City streets that serve as State and County thoroughfares. This fund is used for preventative annual maintenance of streets and appurtenant facilities, and for the construction of new public infrastructure within public rights-of-way. It is used for administrative, operational, materials, equipment, and labor costs for the construction of public infrastructure.

Examples of public infrastructure built with gas tax funds include street maintenance, street lighting, concrete repair, and roadway operational improvements.

### Developer / Grant Street Projects - Fund - 064

The Developer / Grant Street Projects – Fund is supported by specific street type grants and contributions by developers for the construction of streets and appurtenant facilities. Administrative, materials, equipment, and labor costs associated with street-related projects funded by sources other than gas tax or sales tax revenues are paid from this fund. Examples of public infrastructure built with developer and grant funds include roadway extensions, new bikeways, roadway operational improvements, and roadway safety enhancements.

### Measure D Fund - 065

The Measure D Fund is used for various City streets and public rights-of-way capital projects. In November 1989, voters in Santa Barbara County approved Measure D, a half-cent increase in local sales tax for a period of 20 years, with revenues used for transportation projects. Seventy percent of the revenues are allocated, annually, to Santa Barbara County and each of the County's cities on a formula basis for use on eligible transportation projects. The remaining 30 percent are allocated for transit services and to implement 15 regional highway improvement projects. In 2008, voters replaced the expired Measure D with a similar proposal called Measure A noted below.

### Measure A - 068

Measure A was passed by the voters of Santa Barbara County in November, 2008. This extends, for 30 years, the existing half-cent sales tax used to fund local transportation projects that has been in place since approval of Measure D in 1989. Measure A Fund is used for various City streets and rights-of-way capital projects. Measure A also requires that the City dedicate 15 percent of Measure A local funds toward alternative transportation expenditures such as bicycle and pedestrian facilities.

# APPENDICES

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## DESCRIPTION OF FUNDS

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### Workforce Investment Act Grant Fund - 946

The Workforce Investment Act Grant Fund is used to account for grant proceeds aimed at providing training to at-risk students.

### Redevelopment Obligation Retirement Fund - 958

The Redevelopment Obligation Retirement Fund was formed upon dissolution of the Redevelopment Agency Fund and provides for payment of recognized obligations of the dissolved redevelopment agency. Revenues are derived from property tax increment collected by the County and transferred to the Successor Agency to the Redevelopment Agency of the City of Santa Maria to pay enforceable obligations.

### Successor Agency Fund – 959

The Successor Fund was established upon dissolution of the former Redevelopment Agency (RDA) on February 1, 2012. The Successor Agency is responsible for winding down the affairs of the former RDA and includes payment of enforceable obligations and disposal of assets.

### Public, Education, and Government Access Television Fund - 998

The Public Education and Government Television Fund accounts for annual grant proceeds from the City's cable television provider, Comcast Cablevision, used for the operation of public, education, and government public access television. The annual grant, indexed for inflation, runs the term of the City's franchise agreement with Comcast Cablevision. All activities necessary to provide for the operation of the public, education, and government public access television are accounted for in this fund, including, but not limited to, administration, operations, maintenance, and capital acquisition and construction of the media center, equipment, and personnel.

## **Capital Projects Funds**

### Capital Projects – General Fund - 801

The Capital Projects – General Fund is used to account for the purchase and construction of capital assets for the General Fund. Appropriations are made annually from the fund.

### Capital Projects – Community Development Fund - 948

The Capital Project – Community Development Fund accounts for receipts from Federal Community Development Block Grant Funds for special projects in the City.

## **Enterprise Funds**

### Water Fund - 002

The Water Fund accounts for all resources used to provide water service to the City, including but not limited to, administration, operations, maintenance, capital acquisition and construction, debt service on the State Water Project, utility billing operations, water distribution costs, and other water-related operations.

### Solid Waste Collection Fund - 003

The Solid Waste Collection Fund accounts for all resources used for residential, commercial, agricultural, industrial solid waste collections, and recycling operations including, but not limited to, administration, maintenance and capital acquisition.

### Wastewater Fund - 004

The Wastewater Fund accounts for all resources used to provide sewer service to residents and businesses within the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, capital acquisition and construction, and the billing and collection of fees associated with sewer-related services.



# APPENDICES

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## DESCRIPTION OF FUNDS

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### Solid Waste Disposal Fund - 010

The Solid Waste Disposal Fund accounts for all resources used to provide solid waste disposal for residential, commercial, agricultural, and industrial users. This fund also supports the household hazardous waste collection operation at the City's landfill.

### Public Transit Fund - 066

The Public Transit Fund accounts for all resources, including State and federal funds, used to provide a regional public transportation service known as Santa Maria Area Transit. All activities necessary to provide such transit-related services are accounted for in this fund, including, but not limited to, administration, operations, fixed-route and paratransit, facilities, maintenance, and capital acquisition and construction.

### Breeze Fund - 067

The Breeze Fund accounts for all resources, including State and federal funds, used to provide Breeze public transit service between Santa Maria and Lompoc. All activities necessary to provide Breeze services are accounted for in this fund, including, but not limited to, administration, operations, fixed-route, facilities, maintenance, and capital acquisition and construction.

### Landfill Closure/Post Closure Fund - 083

The Landfill Closure/Post Closure Fund accounts for the money necessary to close the City's 247-acre landfill. The City is required by State and federal laws and regulations to provide assurance that the City will complete the closure and post-closure requirements of its landfill site. The City is required to report a portion of closure and post-closure costs as an operating expense. Operation of the landfill requires that the rolling closure of the landfill (closure in phases) continue on an annual basis.

### Landfill Closure/Corrective Action Fund – 088

The Landfill Closure/Corrective Action Fund is used for the closure/post-closure corrective action for the Santa Maria Integrated Waste Management Facility (SMIWMF) at Los Flores Ranch, and fund operational and reporting requirements per CalRecycle.

## **Internal Service Funds**

### Mobile Equipment Fund - 007

The Mobile Equipment Fund is used to finance and account for the maintenance and replacement of mobile equipment and rolling stock used by various City departments.

### Business Equipment Fund - 021

The Business Equipment Fund is used to finance and account for the maintenance and replacement of business equipment used by various City departments.

### Communication Equipment Fund - 022

The Communication Equipment Fund is used to finance and account for the maintenance and replacement of city-wide communication systems including the public safety dispatch system.

### Liability and Multi-Peril Insurance Fund - 070

The Liability and Multi-Peril Insurance Fund accounts for finances relating to commercial insurance, bonds, self-insurance, and excess liability insurance. This fund includes costs for administration and liability claims expense, and costs associated with the Employee Assistance Program and Loss Control Services (employee training).

### Unemployment Insurance Fund - 072

The Unemployment Insurance Fund monitors unemployment costs associated with City personnel.

### Self Insurance Workers' Compensation Fund - 073

The Self Insurance Workers' Compensation Fund accounts for the expenses of worker's compensation claims, the claims administration, and any excess workers' compensation insurance on a citywide basis. The

# APPENDICES

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## DESCRIPTION OF FUNDS

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City began self-insuring the workers' compensation program in 2004-05 while still retaining a catastrophic excess policy.

### Local Economic Augmentation Fund (LEAF) Fund - 076

The Local Economic Augmentation Fund is a reserve fund established in 2000-01 to be used as the primary financing mechanism to address any potential revenue shortfalls during times of economic downturns or severe State action, so as not to significantly impact the operating budget and service levels of the General Fund. The City Council set aside General Fund proceeds into this account. The intent of this fund is to be used as a "gap financing" mechanism during downturns in the local economy.

### Telephone Fund - 078

The Telephone Fund accounts for all citywide expenses associated with telephone hardware. The City tracks equipment used by each department, and departments are charged for equipment replacement.

## **Fiduciary Agency Funds**

### Treasurer's Trust Fund - 081

The Treasurer's Trust Fund accounts for the receipt and disposition of deposits held for others, such as developers posting funds until the developer fulfills conditions of development.

### Convention Center Trust Fund - 084

The Convention Center Trust Fund has money set aside for researching the future development of a convention center in the City. This fund was created in 2000.

### Maintenance Annuity Fund - 085

The Maintenance Annuity Fund accounts for developer deposits on new annexed property. Developments earn interest income and this interest-income helps subsidize property tax revenue to pay for City services.

### Twitchell Management Authority Trust - 087

The Twitchell Management Authority Trust Fund is a court-mandated committee formed to administer relevant provisions of a stipulation water agreement regarding the groundwater basin in the Santa Maria Valley Management Area.

# APPENDICES

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## LIST OF EXPENDITURE CATEGORIES

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### 10 – SALARIES

- |                      |   |
|----------------------|---|
| 11 - Regular         | Full-time employees.  |
| 12 - Part-time       | Part-time employees who work up to 32 hours per week in a budgeted position or limited service employees who work up to 19 hours per week (shown in full-time equivalency - FTE). |
| 13 - Overtime        | Covers non-scheduled work hours in excess of 40 hours per week (excluding fire shift personnel who earn overtime for working in excess of 56 hours per workweek).                 |
| 14 - Leave Cash Outs | Payment of vacation, floating holiday and compensatory time cashed out in accordance with memoranda of understanding and labor laws.  |

### 16 - FRINGE BENEFITS

- |                        |  |
|------------------------|--|
| 16.1 - Retirement      | Contributions to either the Public Employees' Retirement System (CalPERS) or the Public Agency Retirement System (PARS) for all full-time and part-time employees. The rate of contribution is set annually by CalPERS based upon an actuarial study; the PARS contribution is 3.75 percent. Employees hired after 1986 are required to pay Medicare tax of 1.45 percent. Contributions also include deferred compensation and costs associated with other post employment benefits. |
| 16.2 - Group Insurance | City contributions toward employee health, dental and life insurance, and workers' compensation and post employment health plans.  |

### 20 - MATERIALS & SUPPLIES

- |                              |   |
|------------------------------|---|
| 21 - Utilities – Gas         | Cost associated with natural gas used and/or consumed in general operations.  |
| 22 - Utilities – Electricity | Cost associated with electrical consumption used in general operations.   |
| 23 - Utilities – Telephone   | Charges for telephone service, message unit charges, long distance telephone calls, faxes, pagers, and cellular telephone services. |

# APPENDICES

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## LIST OF EXPENDITURE CATEGORIES

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### 20 - MATERIALS & SUPPLIES, continued

24 - Office Supplies & Materials	Charges for articles used in the course of office work. Such articles may be consumed in the course of normal use, have a short life, or be of nominal value; such as: pens, pencils, paper clips, stationery, postage, small furniture, and fixture items.
25 - Special Departmental Supplies	Charges for miscellaneous items used and/or consumed in normal work operations and not attributed to any other account.
26 - Utilities – Water	Charges for water, sewer, or refuse services.
27 - Reprographics	Costs related to services, photocopies, printing and/or binding City publications, special reports, and annual reports.

### 30 - EQUIPMENT MAINTENANCE & OPERATIONS

31 - Rental – Fleet Services	Internal charges associated with fleet vehicles and equipment. A portion of these charges is required to fund future equipment replacement. Also included is vehicle rental from outside agencies.
32 - Maintenance Agreements	Charges related to service agreements for the maintenance and repair of City-owned equipment.
33 - Other Maintenance & Operations	Charges for miscellaneous equipment used in normal work operations and not attributed to any other account for work performed in the areas of electrical, heating, air conditioning, plumbing, landscaping, minor construction, and automotive.
34 - Rental – Business Equipment	Interfund charges associated with the use of business and/or office equipment used in normal work operations. These charges are required to fund future equipment replacement.
35 - Automotive Reimbursement	Charges for auto allowance and mileage reimbursement.
36 - Rental – Communication	Interfund charges associated with the use of communications equipment used in normal work operations. These charges are required to fund future equipment replacement.
37 - Non-Structural Maintenance	Charges for work performed by City staff to existing facilities.

# APPENDICES

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## LIST OF EXPENDITURE CATEGORIES

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### 40 - CONTRACTS & SERVICES

41 - Advertising & Publication	Costs associated with advertising, placing ads in publications, or posting notices in newspapers, professional journals, and brochures.
42 - Promotion & Publicity	Costs associated with promoting City events and/or services.
43 - Contractual & Professional Services	Charges for professional services of a technical or specialized nature, such as appraisers, planners, auditors, data processing, and consultants retained on a per-diem or per-job basis.
44 - Rentals	Charges resulting from the rental or leasing of property or equipment.
45 - Insurance & Surety Bonds	Cost of services related to the City's liability insurance program, either direct or through a joint powers authority.
46 - Business Expense & Training	Charges for approved travel and conference expenditures related to training, seminars and other educational activities which aid City employees in performing their duties.
47 - Memberships, Dues & Manuals	Charges for memberships and dues in recognized professional organizations. Also includes subscriptions to magazines, periodicals, directories, and technical publications that assist City officials in the performance of prescribed duties.
48 - Professional & Central Services	Charges for indirect costs associated with grants and other non-General Fund programs.
49 - Reimbursement Programs	Charges related to programs that will be reimbursed to the City.

### 50 - CAPITAL OUTLAY

51 - Land	Costs associated with the acquisition of real property.
52 - Structures & Improvements	Costs associated with the improvement or modification to facilities.
53 - Equipment	Capital items costing \$5,000 or more, with an expected useful life of one year or more.

# APPENDICES

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## LIST OF EXPENDITURE CATEGORIES

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### 50 - CAPITAL OUTLAY, continued

- |                       |   |
|-----------------------|---|
| 55 - Special Payments | Annual payments made to such organizations as the Chamber of Commerce, Museum of Flight, Economic Development Association, and Historical Society. Also includes costs associated with extraordinary litigation claims. |
| 56 - State Water      | Annual and quarterly purchases of State Water from the Central Coast Water Authority.   |

### 60 - DEBT REDEMPTION AND FUND TRANSFERS

- |                              |   |
|------------------------------|---|
| 61 - Retirement of Principal | Amounts repaid on principal balance of borrowed funds.  |
| 62 - Interest Expenses       | Cost of money borrowed for short or long periods.   |
| 63 - Bond Issue Expenses     | Costs related to financing issues of bonds, notes, etc.   |
| 66 - Fund Transfers          | Transactions recorded to report operating and capital costs incurred by one fund for the benefit of another fund. |

### 70 - RESERVES

- |                                      |  |
|--------------------------------------|--|
| 71 - Appropriated Reserve            | The segregation of the portion of fund balance reserved for encumbrances outstanding at year-end which would result in subsequent year expenditures. |
| 72 - Emergency Reserve               | Reserve created for the purpose of providing for economic uncertainty.   |
| 73 - Capital Outlay Reserve          | Reserve created for the purchase of land, structures, and improvements.  |
| 74 - Fixed Asset Replacement Reserve | Provision is made for the costs of deterioration of fixed assets over the life of the assets.  |

# APPENDICES

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## SCHEMATIC LIST OF CLASSES

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### LEGEND

A	Officials and Administrators	E	Para Professionals
B	Professional	F	Administrative Support
C	Technicians	G	Skilled Craft
D	Protective Services	H	Service Maintenance

### A. DEPARTMENT & DIVISION HEADS

Proposed July 1, 2012

<u>Position Number</u>	<u>Job Code</u>	<u>Administrative Classes</u>
126	B	Assistant City Attorney
110	A	Assistant City Manager
115	A	Chief of Police
111	A	City Attorney
120	A	City Librarian
005	A	City Manager
122	B	Deputy City Attorney I
128	B	Deputy City Attorney II
142	A	Deputy Fire Chief
119	A	Director of Administrative Services
112	A	Director of Community Development
114	A	Director of Public Works-City Engineer
117	A	Director of Recreation & Parks
144	A	Director of Utilities
116	A	Fire Chief
129	A	Human Resources Manager
123	B	Risk Manager/Business License Inspector
125	B	Senior Assistant City Attorney/Utilities Counsel

<u>Position Number</u>	<u>Job Code</u>	<u>Management Classes</u>
138	A	Accounting and Budget Manager
140	A	Building Division Manager
364	A	Business Services Manager
130	A	Chief Deputy City Clerk
211	A	Community Programs Manager
190	F	Executive Assistant
449	B	Fire Battalion Chief
299	A	GIS Manager
133	A	Information Technology Manager
147	A	Librarian III
365	B	Management Analyst I
366	B	Management Analyst II
156	A	Parks Services Manager
269	A	PEG Station Manager
278	B	Plan Check Engineer

# APPENDICES

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## SCHEMATIC LIST OF CLASSES

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### A. DEPARTMENT & DIVISION HEADS, continued

<u>Position Number</u>	<u>Job Code</u>	<u>Management Classes, continued</u>
124	A	Planning Division Manager
151	A	Police Division Commander
293	A	Principal Civil Engineer
360	F	Records Coordinator/Deputy City Clerk
148	B	Principal Librarian
158	A	Recreation Services Manager
154	A	Solid Waste Manager
288	B	Transit Services Manager
208	B	Treasury Manager
134	A	Water Resources Manager
153	A	Utilities Engineer

<u>Position Number</u>	<u>Job Code</u>	<u>Confidential Classes</u>
363	D	Dispatch Supervisor
194	F	Human Resources Assistant
345	F	Human Resources Clerk

### B. DEPARTMENTAL

<u>Position Number</u>	<u>Job Code</u>	<u>Clerical &amp; Fiscal Classes</u>
324	F	Account Clerk I
323	F	Account Clerk II
322	F	Account Clerk - Scale House
221	F	Accountant
370	F	Accounting Technician I
371	F	Accounting Technician II
367	F	Administrative Assistant
368	F	Administrative Assistant – Budget
359	F	Building Permit Technician
361	F	Code Compliance Technician
331	F	Customer Service Clerk
242	F	Customer Service Representative
319	F	Dispatcher I
320	F	Dispatcher II
332	F	Finance Clerk I
333	F	Finance Clerk II
352	E	Library Assistant I
354	E	Library Assistant II
351	E	Library Clerk



# APPENDICES

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## SCHEMATIC LIST OF CLASSES

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### B. DEPARTMENTAL, continued

<u>Position Number</u>	<u>Job Code</u>	<u>Clerical &amp; Fiscal Classes, continued</u>
330	F	Office Assistant I
328	F	Office Assistant II
357	F	Permit Processing Supervisor
355	D	Police Records Supervisor
325	F	Police Records Technician I
326	F	Police Records Technician II
327	F	Police Records Technician - Detectives
362	F	Property/Evidence Clerk
312	F	Secretary
313	F	Secretary to the City Manager
321	F	Senior Dispatcher
337	F	Senior Police Records Technician
336	F	Training Coordinator
219	E	Utilities Analyst
334	F	Finance Lead Clerk
356	F	Word Processor

<u>Position Number</u>	<u>Job Code</u>	<u>Fire Classes</u>
447	D	ARFF Specialist I
448	D	ARFF Specialist II
450	B	Fire Captain
451	D	Fire Engineer
452	D	Fire Fighter
453	D	Fire Fighter In Training
295	C	Fire Prevention Officer I
296	C	Fire Prevention Officer II

<u>Position Number</u>	<u>Job Code</u>	<u>Police Classes</u>
422	D	Police Corporal
416	B	Police Lieutenant
413	D	Police Officer
410	D	Police Sergeant
390	D	Police Trainee

<u>Position Number</u>	<u>Job Code</u>	<u>Technical &amp; Maintenance Classes</u>
300	B	Advance Planner
338	C	Assistant Identification Technician I
339	C	Assistant Identification Technician II

# APPENDICES

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## SCHEMATIC LIST OF CLASSES

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### B. DEPARTMENTAL, continued

<u>Position Number</u>	<u>Job Code</u>	<u>Technical &amp; Maintenance Classes, continued</u>
217	A	Building Inspector I
220	A	Building Inspector II
264	A	Chief Building Inspector
262	A	Code Compliance Officer I
255	A	Code Compliance Officer II
230	C	Computer Aided Drafting Technician
265	G	Crew Leader/Maintenance Specialist
298	D	Crime Analyst
280	D	Crime Prevention Technician
239	G	Electrician I
227	G	Electrician II
231	C	Engineering Technician II
232	C	Engineering Technician III
228	G	Equipment Mechanic I
225	G	Equipment Mechanic II
281	G	Field Mechanic
254	B	Fleet Services Supervisor
342	C	GIS Technician
372	E	Grants Specialist
209	C	Groundskeeper
420	C	Identification Technician
275	G	Landfill Heavy Equipment Lead Operator
274	G	Landfill Heavy Equipment Operator
276	G	Landfill Heavy Equipment Operator II
282	G	Lead Mechanic
350	B	Librarian I
248	B	Librarian II
353	C	Library Technician
244	H	Maintenance Worker I
240	H	Maintenance Worker II
268	C	Park & Forest Supervisor
238	D	Park Services Officer II
283	D	Park Services Officer III
212	B	Planner I
213	B	Planner II
294	B	Planner III
216	C	Planning Technician
297	C	Plans Examiner
256	D	Police Services Technician
241	A	Public Works Inspector
257	B	Recreation Coordinator
285	E	Recreation Supervisor
259	C	Recreation Technician
315	C	Regulatory Compliance Assistant
277	C	Regulatory Compliance Coordinator

# APPENDICES

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## SCHEMATIC LIST OF CLASSES

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### B. DEPARTMENTAL, continued

<u>Position Number</u>	<u>Job Code</u>	<u>Technical &amp; Maintenance Classes, continued</u>
252	C	Regulatory Compliance Specialist
284	E	Regulatory Compliance Supervisor
292	B	Senior Civil Engineer
261	A	Senior Code Compliance Officer
267	G	Senior Crew Leader/Maintenance Specialist
237	G	Senior Park Services Officer
210	B	Senior Systems Analyst
246	G	Solid Waste Equipment Lead Operator
234	H	Solid Waste Equipment Operator
273	G	Solid Waste Operations Supervisor
381	C	Special Districts Coordinator
358	C	Special Districts Supervisor
380	C	Special Districts Technician
270	C	Streets & Facilities Supervisor
271	C	Street Maintenance Supervisor
214	C	Systems Analyst I
215	C	Systems Analyst II
289	G	Traffic Operations Coordinator
290	G	Traffic Signal Technician
229	B	Transit Coordinator
291	B	Utilities Project Coordinator
207	C	Utilities Technology Analyst
223	G	Utility Billing Supervisor
247	G	Water Conservation Specialist
251	G	Water Distribution Supervisor
218	H	Water Meter Reader
258	G	Water Resources Lead Operator
263	G	Water Resources Operator
279	G	Water Resources Operator Trainee
272	G	Water Resources Supervisor
243	H	Water System Operator I
249	H	Water System Operator II
245	H	Water System Operator Trainee

# APPENDICES

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## SCHMATIC LIST OF CLASSES

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### LEGEND

E Limited Service

Z Part-Time

### Reserves

Proposed July 1, 2012

<u>Position Code</u>	<u>Group Code</u>	<u>Classification</u>
YF	E	Reserve Command Chief
AO	E	Reserve Police Officer Level 1
BO	E	Reserve Police Officer Level 2

### Limited Service – 999 Hours Per Fiscal Year

<u>Position Code</u>	<u>Group Code</u>	<u>Classification</u>
AC	E	Administrative Aide I
AB	E	Administrative Aide II
AA	E	Administrative Aide III
AL	E	Assistant Library Technician
AS	E	Assistant Clerk - Office
CD	E	Certified Dispatch Aide
C1	E	Consultant I
C2	E	Consultant II
C3	E	Consultant III
FP	E	Fire Prevention Aide
LO	E	General Laborer
ID	E	Interim Director
CI	E	Intern - General
EI	E	Intern - Profession
I1	E	Investigative Officer I
I2	E	Investigative Officer II
LP	E	Library Page
LG	E	Lifeguard
MT	E	Maintenance Technician
PS	E	Park Services Aide
PO	E	Provisional Officer
PW	E	Public Works Aide
RE	E	Recreation Leader II
SE	E	Security Aide
SL	E	Skilled Laborer
SA	E	Staff Aide - Facilities
SI	E	Swim Instructor
SC	E	Swim Pool Clerk
T1	E	Technical Aide I

# APPENDICES

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## SCHEMATIC LIST OF CLASSES

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### Limited Service – 999 Hours Per Fiscal Year, continued

<u>Position Code</u>	<u>Group Code</u>	<u>Classification</u>
T2	E	Technical Aide II
T3	E	Technical Aide III
TP	E	Temporary Planner
UT	E	Utilities Technician
WA	E	Work Aide/Police Intern

### Part-Time – 32 Hours Per Week

<u>Position Code</u>	<u>Group Code</u>	<u>Classification</u>
ZA	Z	Account Clerk Aide
ZJ	Z	Clerk I
ZC	Z	Clerk II
ZN	Z	Code Compliance Coordinator
ZO	Z	Code Compliance Inspector
ZX	Z	Community Outreach Coordinator
ZH	Z	Crime Prevention Aide
ZP	Z	Facility Specialist II
ZQ	Z	Facility Specialist III
ZU	Z	Fire Inspector
ZL	Z	Graphics Technician
ZE	Z	Laborer II
ZF	Z	Laborer III
ZG	Z	Library Technical Assistant
ZY	Z	Park Services Coordinator
ZV	Z	Park Services Officer
ZW	Z	PEG Specialist
ZI	Z	Police Records Clerk
ZK	Z	Program Coordinator
ZD	Z	Senior Library Page
ZT	Z	Staff Assistant

# APPENDICES

## UNFUNDED POSITIONS BY YEAR

The below depicts those positions that the City could not fund in prior fiscal years due to budget constraints. Five additional positions are proposed to be authorized, but not funded in their entirety in 2012-13, bringing the total City-wide unfunded position count to 15.

	YE Actual 2010-11	YE Actual 2011-12	Proposed 2012-13	Total Unfunded
<b><u>SUMMARY OF POSITIONS</u></b>				
<b><u>POLICE DEPARTMENT</u></b>				
Crime Analyst	1	0	0	1
Crime Prevention Technician	0	1	0	1
Dispatcher I	1	0	0	1
Police Lieutenant	0	0	1	1
Police Officer	3	3	0	6
<b>TOTAL</b>	<b>5</b>	<b>4</b>	<b>1</b>	<b>10</b>
<b><u>FIRE DEPARTMENT</u></b>				
Deputy Fire Chief	1	0	0	1
<b>TOTAL</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b><u>COMMUNITY DEVELOPMENT</u></b>				
Advance Planner	0	0	1	1
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>
<b><u>RECREATION AND PARKS</u></b>				
Parks & Forest Supervisor*	0	0	1	1
Park Services Coordinator*	0	0	1	1
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>
<b><u>LIBRARY</u></b>				
Librarian III*	0	0	1	1
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>
<b>GRAND TOTAL</b>	<b>6</b>	<b>4</b>	<b>5</b>	<b>15</b>

\*Because of the need to reduce operational costs, the Parks & Forest Supervisor, Librarian III and Park Services Coordinator positions are funded for only half of the 2012-13 fiscal year, starting in January 2013.

# APPENDICES

## SUMMARY OF EMPLOYEE COMPENSATION AND BENEFITS

The purpose of this summary is to depict an historical overview of the total City cost for employee compensation and benefits. The total City estimated cost for employee health and retirement benefits in 2012-13 equates to \$16,814,830. The cost of these two benefits represents 18.5 percent of the total operating costs (\$91 million) of the entire City. This summary is provided to give the reviewer an understanding of the magnitude of the costs associated with the City paying a portion of employee compensation and benefits.

	<b>Actual 2010-11</b>	<b>Adopted 2011-12</b>	<b>Proposed 2012-13</b>	<b>Proposed 2013-14</b>
<b><u>Employee Compensation and Benefits</u></b>				
Health Benefits	\$ 5,077,660	\$ 5,303,550	\$ 5,647,750	\$ 5,589,980
Retirement	9,584,220	11,849,960	11,167,080	11,969,170
Compensated Absences	5,947,980	6,304,850	6,178,760	6,364,120
Other Post Employment Benefits	530,280	536,400	536,400	536,400

### **HEALTH BENEFITS**

The City provides a variety of health benefits including medical, dental, vision, and life insurance to its full-time and part-time employees. The City contributes \$112 per month toward the medical premiums and varying amounts for other health benefits as stipulated in current labor agreements. The City also provides post-retirement health benefits, in accordance with State statutes, to all employees retiring from the City who are enrolled in an insurance program under the California Public Employees' Medical and Hospital Act. For retirees, the City is required by the California Employees' Retirement System (CalPERS) to contribute \$112 per month per retiree. The balance of premiums, which average approximately \$706 per month, are paid by retirees. The City contributes a pre-established monthly contribution to the post-employment health benefits and the benefits are provided after separation from the City on a pay-as-you-go basis.

### **RETIREMENT**

The City contributes to the CalPERS, an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of CalPERS' annual financial report may be obtained from its Executive Office – 400 P Street, Sacramento, CA 95814.

Participants in CalPERS are required to contribute eight percent (nine percent for safety employees) of their annual covered salary toward the CalPERS pension plan. The City's CalPERS plan has a two-tier structure and is applicable to full-time and part-time employees. Employees hired on or before July 1, 2011 are in Tier I and employees hired after July 1, 2011 are in Tier II. The City makes the entire contributions required for Tier I employees with the exception of two percent for non-sworn police employees and one percent for part-time employees. The City does not contribute any portion of the employee required contribution for Tier II employees. However, the City is required to make annual contributions, for both tiers, at an actuarially determined rate. For 2011-12, the City's contribution rate was 17.15 percent for general employees, 27.36 percent for police and 35.8 percent for fire. The contribution requirements of plan members and the City are established and may be amended by CalPERS. The rates for 2012-13 will be 17.67 percent for general employees, 26.8 percent for police, and 37.51 percent for fire. The rates for 2013-14 will be 18 percent for general employees, 27.1 percent for police and 38 percent for fire.

All seasonal and temporary employees, and all other employees not covered by CalPERS are covered by the Public Agency Retirement System (PARS) pursuant to the requirements of 3121 (b)(7)(F) of the Internal Revenue Service Code (IRS). PARS is a Defined Contribution Plan qualifying under 401(a) and 501 of the IRS code.

# **APPENDICES**

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## **SUMMARY OF EMPLOYEE COMPENSATION AND BENEFITS**

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### **COMPENSATED ABSENCES**

It is the City's policy to record the cost of earned annual vacation, compensatory time, and fringe benefits. City employees accrue vacation and sick leave in varying amounts. Compensatory time is recorded as time earned by City employees for working overtime. In the event of termination, employees are reimbursed for the total value of their accumulated vacation days and compensatory time. Sick leave benefits are not vested to the employee; however, the City has a sick leave incentive program, which will normally compensate employees at a rate of 50 percent for accrued sick leave between a floor and ceiling amount. The maximum sick hours subject to be paid varies per bargaining group and is paid to employees upon regular retirement or death. The City's accrued amounts for the sick leave incentive program are based on historical trends and other relevant data.

The City records compensated absences in the governmental funds as expenditures for the amount accrued during the year that would normally be liquidated with expendable, available financial resources. The remainder of the liability is recorded as long-term debt. The proprietary funds accrue compensated absences in the period earned and are recorded as long-term liabilities in the applicable fund.

### **Other Post Employment Benefits**

The post-retirement health benefits described on the previous page are subject to GASB Statement Numbers 43 and 45. An actuarial valuation of Other Post Employment Benefits (OPEB) shows that the cost of these benefits at July 1, 2011 for current employees and retirees is \$6,909,711. This is the amount necessary to fund the cost of health insurance for all current and retired employees from the time of retirement until death. Each year the City records annual OPEB expense, which is the amount of health insurance subsidy earned, during the current year, by current and former employees. The annual OPEB expense for 2011-12 and 2012-13 is \$536,400. The OPEB expense for 2011-12 has not been determined but is expected to be at least \$536,400. It should be noted that the annual OPEB expense will be reflected in the City's Comprehensive Annual Financial Report (CAFR) but is not part of the appropriation authority.

GASB 43 and 45 does not require the City to fund (set monies aside) for the \$6,909,711 value of all benefits or the \$536,401 annual cost. However, any amounts not set aside must be recorded as a liability (debt) in the annual CAFR. The cumulative liability will increase as the expense for each year is recorded. The City has designated a portion of the fund balance for this future liability.



# APPENDICES

## FINANCIAL STATUS COMPARISON

### ANALYSIS OF BUDGETS FROM OTHER CENTRAL COAST CITIES 2012-13

	<u>Santa Barbara</u>	<u>Lompoc</u>	<u>San Luis Obispo</u>	<u>Santa Maria</u>
<b><u>General Fund</u></b>				
Revenues	\$ 106,008,997	\$ 25,628,831	\$ 52,440,900	\$ 53,774,850
Appropriations	105,748,763	25,138,345	50,459,500	54,669,440
<b><u>All Operating Funds</u></b>				
Revenues	\$ 233,034,861	\$ 75,630,825	\$ 99,276,000	\$ 125,420,780
Appropriations	236,727,878	75,630,825	99,276,000	133,994,090
<b>Revenue Per Capita</b>	\$ 2,616	\$ 1,765	\$ 2,191	\$ 1,252
<b><u>Revenue Analysis</u></b>				
Property Tax	\$ 24,626,561	\$ 6,688,337	\$ 12,531,400	\$ 14,400,020
Sales Tax	19,872,231	3,658,319	12,435,100	17,278,700
Sales Tax Add-On (half-cent)			5,772,200	
Transient Occupancy Tax	14,313,000	1,626,619	4,962,700	2,410,000
Utility Users Tax*	7,219,100		4,938,100	
Parking Revenue & Fines	11,313,252		8,654,500	
<b>TOTAL</b>	<b>\$ 84,383,244</b>	<b>\$ 11,973,275</b>	<b>\$ 49,294,000</b>	<b>\$ 34,088,720</b>

\*The City of Santa Barbara's Utility User Tax revenue shown above reflects only the amount generated for the General Fund, which is half of the total UUT revenues collected.

<b>Population (as of Jan. 1, 2012)</b>	89,082	42,854	45,308	100,199
<b><u>Personnel</u><sup>+</sup></b>				
Full-time Employees	861	316	380	456
Employees Per 1,000 ratio	9.66	7.37	8.38	4.55
Sworn Fire Employees	97	26	44	49
Fire Fighters Per 1,000 Ratio	1.08	0.60	0.97	0.49
Sworn Police Officers	141	51	57	111
Officers Per 1,000 Ratio	1.58	1.20	1.34	1.10

<sup>+</sup>The above complement reflects full-time employees in other cities with comparable services provided. Services not comparable are excluded from these calculations. The above complement of Santa Maria employees reflects authorized positions. It should be noted that eight sworn public safety positions (in the above Santa Maria employee count) are authorized but not funded.

## APPENDICES

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### STATUS OF THE 2011-12 CITYWIDE GOALS

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Assist the City Council in identifying fiscally sound financial strategies in an effort to put forward a “structurally balanced” General Fund budget. **(COMPLETED)**

Successfully facilitate the process of placing a revenue enhancement ballot measure before the electorate, in an attempt to secure additional revenues for the General Fund to be used for financing operational expenses. **(COMPLETED)**

Maintain the financial integrity of the Water Resources Fund by recommending various revenue sustainability options to the City Council. **(COMPLETED)**

Work with employee bargaining groups to garner concessions in an effort to reduce operational costs as part of the multi-faceted approach to balancing the General Fund budget. **(COMPLETED)**

Work with American Medical Response (AMR) and secure a use agreement to enable AMR to occupy the soon-to-be vacated Fire Station No. 3 at 1527 N. College Drive in an effort to enhance emergency medical response in the northern section of the City. **(COMPLETED)**

Assist the Community Development Department in preparation of the revised single-room occupancy ordinance. **(COMPLETED)**

Enhance traffic safety enforcement by assisting City traffic engineers in prioritizing signalized intersections to receive red light enforcer devices. **(COMPLETED)**

Expand the current High School District aquatic contract to assume operation and maintenance of the new Santa Maria High School pool in Spring 2012, in an effort to provide the public with access during non-school hours for community recreation programs and at the same time generate more revenue. **(COMPLETED)**

Coordinate with the Recreation and Parks Department to engage the community in preparation of a Los Flores Ranch Open Space Management Plan, in an effort to define and coordinate various uses for the property. **(COMPLETED)**

Implement an “e-distribution” system to serve the increasing number of patrons who prefer e-mail notifications for receiving library communication. **(COMPLETED)**

Enable shared database information and work efficiencies across multiple departments by completing the CRW TRAKIT implementation comprised of a land management software, GIS viewer, project management software, and citizen response modules. **(COMPLETED)**

Expand water safety education programs, provide low-cost venues for recreational swim activities, and promote health and wellness in the community. **(COMPLETED)**

Develop and implement a basic computer skills workshop series geared toward adult Library users. **(COMPLETED)**

Study and implement appropriate low-cost operational changes at the wastewater treatment plant to improve effluent water quality and plant operations. **(COMPLETED)**

Purchase three new buses for the Clean Air Express in an effort to improve customer service and reliability for commuters. **(COMPLETED)**

Evaluate a bar code scanning system on the residential utility bill, in place of the Free Landfill Pass card system, to provide better customer service and reduce program abuse. **(COMPLETED)**

Continue to work with the Public Works Department, Engineering Division to finalize the design of the new Orcutt Branch Library. **(COMPLETED)**

Optimize network storage and performance and improve overall operational efficiencies by completing the re-architecture of the City’s computer network, to include the replacement of all network end-of-life hardware components. **(COMPLETED)**

## APPENDICES

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### STATUS OF THE 2011-12 CITYWIDE GOALS

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Utilize the PC Reservation product on public computers at the branch libraries in Guadalupe and Orcutt to optimize and facilitate an equitable use of the Library's technological resources. **(COMPLETED)**

Reduce energy consumption and improve service performance by installing new high efficiency HVAC systems at the Ruffoni Building and the Atkinson Community Center. **(COMPLETED)**

Emphasize and reinforce the importance and benefit of good customer service by providing Library staff with additional customer service training and performance tools. **(COMPLETED)**

Implement the MyCalPERS system for health and retirement reporting in an effort to meet State reporting requirements and help streamline payroll functions. **(COMPLETED)**

Assist the two County branch libraries' Friends groups in identifying and securing grant funding, to augment library programs and services. **(COMPLETED)**

Improve "e-distribution" of public hearing notices and draft documents. by the Community Development Department, by updating and expanding the current e-mail distribution list. **(COMPLETED)**

Facilitate the rolling closure activity of the Santa Maria Landfill by constructing new landfill gas collection wells in the closed area of the landfill and perform modification upgrades to the gas collection line piping. **(COMPLETED)**

Expand marketing efforts and fund-raising opportunities in the community through PLAY, Incorporated. **(COMPLETED)**

Develop a GIS-based Land Use map layer for the City website and display maps. **(COMPLETED)**

Prepare a revised Closure and Post-Closure Plan for the existing Santa Maria Regional Landfill to comply with updated requirements from the Regional Water Quality Control Board. **(COMPLETED)**

Develop and utilize tools to better manage the collection development process. **(COMPLETED)**

Conduct employee training sessions jointly with the City Clerk's Office to enhance appropriate responses to public records requests as set forth in the City's Public Records policy. **(COMPLETED)**

Replace approximately 5,000 of the older, discontinued waste and recycling containers, with new equivalent-sized standardized containers. **(COMPLETED)**

Participate in seminars regarding medical marijuana regulation, monitor legal updates, and make recommendations for regulatory adjustments in Santa Maria should the need arise. **(COMPLETED)**

Represent the City on the Statewide Storm Water Coalition to lobby for changes in the State Regional Water Quality Board's proposed General Permit to regulate municipal small, separate storm water systems. **(COMPLETED)**

Improve "e-distribution" of public hearing notices and draft documents by the Community Development Department, by updating and expanding the current e-mail distribution list. **(COMPLETED)**

Systematically update a number of existing City Administrative Memos (CAMs) in an effort to address changes in the work environment and to streamline operations. **(COMPLETED)**

Continue to provide greater transparency by enhancing the City Clerk/Records Division's webpage to provide the public with greater ease in accessing records and general information. **(COMPLETED)**

Further enhance the "City-wide Development Activity Map" on the Community Development Department's webpage through collaboration with Information Technology staff. **(COMPLETED)**

Prepare and present an ordinance to the City Council making technical amendments to the Municipal Code to update changes in State law, new cases, and to clarify existing ordinances as required. **(COMPLETED)**

Provide periodic litigation, code compliance, and liability claim reports to the City Manager and Council in an ongoing effort to keep them informed about the issues and activities in these areas. **(COMPLETED)**

## APPENDICES

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### STATUS OF THE 2011-12 CITYWIDE GOALS

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Assess the structure of the Community Development Department and anticipated retirements, and develop a succession plan to ensure continuity of duties and departmental efficiencies. **(COMPLETED)**

Enhance public safety and emergency response times in the northern section of the City by working with the Public Works Department to complete the construction of the northwest and northeast fire stations. **(PARTIALLY COMPLETED)**

Enhance public safety and emergency response times in the northern section of the City by completing the construction of the northwest and northeast fire stations. **(PARTIALLY COMPLETED)**

Work in conjunction with other departments to identify and systematically plan for the structural and technological improvements needed for the future Police facility in anticipation of a 2012-13 move-in. **(PARTIALLY COMPLETED)**

Facilitate monthly preparation meetings with other departments to identify and prioritize logistics, and assist in preparing to advertise bids, for the structural and technological retrofitting of the future Police facility in advance of the anticipated 2012-13 move. **(PARTIALLY COMPLETED)**

Complete projects and closeout Federal economic stimulus (ARRA) grants, specifically the CDBG-Recovery Grant, the Homelessness Prevention & Rapid Re-Housing Program Grant, the Energy Efficiency & Conservation Block Grant and the Fire Station Construction Grant. **(PARTIALLY COMPLETED)**

Issue a request for proposal, and select a firm for a long term management contract for the operation of processing green waste to formulate a recycled product. **(PARTIALLY COMPLETED)**

Improve public safety, reduce energy utility costs, and long-term maintenance costs within the City street lighting system by calling for bids for a grant project to install retrofit induction street light fixtures on all existing street lights on Broadway and Main Street. **(PARTIALLY COMPLETED) could be ONGOING**

Integrate the California Joint Apprenticeship Committee guidelines into the Fire Department's training program to establish standards for departmental training and to provide supplemental training and equipment. **(PARTIALLY COMPLETED)**

Reduce traffic congestion and improve safety, by completing construction of a new lane on the eastern approach of Battles Road at Depot Street, construct a left-turn "refuge lane" at Donovan Road/Lynne Drive, and improve the traffic signal at Miller Street and Donovan Road. **(PARTIALLY COMPLETED) Battles project not done**

Continue to monitor, assess and respond to Santa Maria Area Transit riders' concerns, and make service adjustments, when feasible, to meet customers' needs. **(PARTIALLY COMPLETED)**

Implement a bus stop improvement program to provide more amenities for waiting passengers in an effort to improve customer service and increase the community's use in public transportation. **(PARTIALLY COMPLETED)**

Restore facility integrity and reduce utility service costs at the Veteran's Memorial Center by renovating the parking lot and replacing deteriorated sewer and water lines. **(PARTIALLY COMPLETED)**

Continue to improve access to City facilities for persons with disabilities by installing restroom upgrades at the Atkinson Community Center. **(PARTIALLY COMPLETED)**

Work in conjunction with the City Manager's Office to address budget balancing strategies to mitigate the anticipated ongoing multi-million dollar budget deficit. **(ONGOING)**

Continue to work with the Santa Barbara County Flood Control District, United States Army Corps of Engineers, and the City's elected representatives, to complete the rehabilitation of the 3,700 linear feet portion of the Santa Maria River Levee near the Bull Canyon confluence. **(ONGOING)**

Work in conjunction with the Police Department to identify and prioritize the future telecommunication and technological needs of the department for the anticipated move into the new Police facility. **(ONGOING)**

## **APPENDICES**

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### **STATUS OF THE 2011-12 CITYWIDE GOALS**

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Continue to work with the City Manager's Office to identify funding sources to finance the required personnel resources to staff and operate the northeast Fire Station. **(ONGOING)**

Work with the Fire Department and the Information Technology staff to identify, select and implement a compatible replacement for the Computer Aided Dispatch/Law Records Management System, including field based reporting and an automated vehicle locator system. **(ONGOING)**

Continue economic development efforts, by working with the Chamber of Commerce, to attract more mid-size light manufacturing, research and other clean businesses to Santa Maria, as well as help retain and expand existing local businesses. **(ONGOING)**

Continue to enhance working relationships with City community groups, volunteer organizations, and other City departments to help eliminate blighted properties and conduct a "Walk and Talk" program as a way of educating residents about City codes. **(ONGOING)**

Strive to maintain the highest levels of service to the public, while maintaining strong fiscal control over expenses, by utilize a prioritizing service delivery system to efficiently and effectively maintain parks and community buildings operated by the department. **(ONGOING)**

Revise and update the City's Multi-Hazard Functional Plan to comply with current Federal, State and local planning guidelines; and coordinate a City-wide exercise to test the plan and train employees assigned to Emergency Operations Center. **(ONGOING)**

Provide direct financial assistance, such as rental assistance, to families who are homeless or at risk of homelessness by applying for the new Federal Emergency Solutions grant program which will continue the non-profit agency collaborative established under the Homelessness Prevention & Rapid Re-Housing Program. **(ONGOING)**

Conduct joint enforcement operations with State Department of Motor Vehicles investigators and the Police Department to reduce the number of illegal vehicle sales within the City. **(ONGOING)**

Prepare for City Council's consideration, revisions to the Municipal Code and new ordinances as needed to address concerns of the community. **(ONGOING)**

Continue to operate the mobile home maintenance inspection program and distribute the recently revised staff-developed mobile home reference booklet to all mobile home parks within the City. **(ONGOING)**

Work with other departments to complete projects that directly impact the community's leisure experience; Fire Station construction at Preisker Park; Los Flores Ranch Development; as well as attempt to expand community participation in community events. **(ONGOING)**

Implement a software-based tracking system to prioritize criminal cases with workable leads, improving overall investigative efficiency and improving customer service. **(ONGOING)**

Through the Twitchell Management Authority (TMA), Santa Barbara County Water Agency, and the Santa Maria Valley Water Conservation District, work to coordinate and complete projects that will maximize groundwater recharge in the Santa Maria Valley Management Area, as required of the TMA in the Groundwater Litigation Stipulated Agreement. **(ONGOING)**

Enhance individual and community emergency preparedness for disasters through the continued presentation of the Listos and Ready Santa Maria public education programs, and by offering CERT programs in cooperation with Allan Hancock College. **(ONGOING)**

Configure and implement a records management system that integrates with and meets Federal, State and local reporting requirements related to emergency response, EMS and training. **(ONGOING)**

Participate as part of a multi-department collaborative task force to research and identify a Computer Automated Dispatch system that meets the needs of the City. **(ONGOING)**

## APPENDICES

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### STATUS OF THE 2011-12 CITYWIDE GOALS

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In anticipation of the planned retirement of the Treasury Manager, ensure the successful transition of the City's investment portfolio to a highly qualified investment firm. **(ONGOING)**

Provide training for all Building Inspectors to successfully pass the CASp (accessibility certification) exam so that the City is in full compliance with State regulations. **(ONGOING)**

Streamline the accounts payable operation by converting the paper check systems over to an electronic cash payment system, to reduce check volume and check fraud while improving payment terms. **(ONGOING)**

Work toward integrating risk management and human resource-related activities in an effort to address operational efficiencies and provide better service to operating departments. **(ONGOING)**

Continue to revise and update the Downtown Specific Plan to meet the needs of the community. **(ONGOING)**

Provide focused in-house training for supervisors relative to the performance appraisal system, as requested by operating department, and continue the City-wide customer service training series. **(ONGOING)**

Work in conjunction with the Recreation and Parks Department to finalize the procedures on the scheduling and use of the Redevelopment Agency and Civic Center's common use areas. **(ONGOING)**

Expand available public-education-government (PEG) television resources to local non-profits by recruiting volunteer television-production crews to assist non-profits in the taping of their program activities. **(ONGOING)**

Continue to promote accessibility at City facilities by coordinating efforts to obtain and use grant funding and other resources for accessibility upgrades, including recording progress made on upgrades in the Cartegraph system. **(ONGOING)**

Work toward reintroducing a fee enhancement/cost recovery program for the Building and Planning Divisions. **(ONGOING) shelf-ready**

Continue working with non-profit organizations, schools, health care providers, businesses, and funding partners throughout the Santa Maria Valley, in an effort to maintain quality, recreational opportunities to all City residents. **(ONGOING)**

Increase educational programs/presentations targeting our local high school students about the dangers driving while texting and/or drinking. **(ONGOING)**

Continue to monitor Recurring Performance Measures to ensure quality customer service. **(ONGOING)**

Continue to remove unlicensed and hazardous drivers from the community's streets, and strive to reduce the number of repeat offenders, by utilizing State Office of Traffic Safety (OTS) grant funding to conduct DUI/Drivers License checkpoints and saturation patrols. **(ONGOING)**

Begin to develop an action plan to deal with the changing certification requirements from the American Red Cross; as the requirements relate to instructional programs and services. **(ONGOING)**

Increase sponsorship opportunities for business and civic organizations by developing sponsorship "packages", replacing the current system of seeking individual event sponsors. **(ONGOING)**

Target families and groups who are not regular users of Recreation and Parks' departmental programs and services and assimilate the families and groups into participating in departmental-sponsored programs. **(ONGOING)**

Explore the feasibility and benefits of offering crime lab services to local neighboring agencies. **(ONGOING)**

Develop for City Council's consideration, a recommendation for proposed user fees and charges in an attempt to improve cost recovery of departmental services and activities. **(ONGOING)**

Continue to work with representatives of the Firefighters' Union Local 2020 to develop a program guide for a viable Risk Management Prevention Program. **(ONGOING)**

## **APPENDICES**

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### **STATUS OF THE 2011-12 CITYWIDE GOALS**

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Work toward achieving nationally recognized certification by improving proficiency testing in fingerprint identification by all Crime Lab personnel. **(ONGOING)**

Provide cross-training and assess restructuring of duties within the City Attorney's Office, in advance of upcoming retirements. **(ONGOING)**

Review and update the Fireworks Ordinance to introduce, for City Council's consideration and implementation in 2013, guidelines that define a systematic method to establish the number of permits and create an equitable distribution system for seller permits. **(ONGOING)**

Develop and implement a community online crime reporting system for certain non-emergency crimes within the City. **(NOT COMPLETED)**

Collaborate with Administrative Services to acquire pledged Federal funding to purchase and install advanced audio-visual equipment for Shepard Hall, and augment the Library's video surveillance and transceiver network. **(NOT COMPLETED)**

Strengthen collaborative efforts with the Sheriff's Department and California Highway Patrol in assessing deployment and transportation strategies related to the reduced hours of operation of the Santa Maria branch jail. **(NOT COMPLETED)**

Implement patron self-service printing at the relocated Orcutt Branch Library, enabling staff to perform other tasks requiring patron interaction. **(NOT COMPLETED)**

Develop a more hands-on method by which Library staff assigned on a rotating basis to "roaming duties" may assist patrons with their materials search. **(NOT COMPLETED)**

## RESOLUTION NO. 2012-73

### A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, ADOPTING THE BUDGET FOR FISCAL YEARS 2012-13 AND 2013-14 AND DELEGATING THE CITY MANAGER TO IMPLEMENT SAME

**WHEREAS**, the 2012-14 Proposed Budget representing two fiscal year budgets (2012-13 and 2013-14) of the City of Santa Maria have been submitted to this Council, have been considered and are in final form and substance satisfactory to this Council;

**NOW, THEREFORE, IT IS HEREBY RESOLVED** by the City Council of the City of Santa Maria, California as follows:

1. The budgets for the City of Santa Maria for fiscal years 2012-13 and 2013-14, and a summary (Exhibit A) setting forth the budget totals, hereby incorporated by reference fully set forth herein, is hereby adopted in the form on file with the Acting Chief Deputy City Clerk; and
2. All encumbrances as of June 30<sup>th</sup> of each year, as represented by outstanding purchase orders, and approved capital projects in process, are hereby authorized to be carried forward and appropriated into the next fiscal year budget; and
3. The City Manager is authorized to take all necessary actions to implement the provisions of said budget as adopted on this date, including future adjustments to: the budget for unanticipated expenditures offset by revenues, transfers of budget amounts within a Fund, and any other adjustments approved by Council prior to the adoption of this resolution; and
4. That the City Manager is also authorized, until otherwise directed, to continue to: under-fill classifications by existing classifications when warranted to address operational demands, continue the performance based pay program for management employees on employment contracts, and approve promotional opportunities for employees in established flexibility staffed positions based on merit and full journey-level experience; and
5. That the City Manager is authorized to approve the purchase of capital equipment and replacement equipment for the 2012-13 fiscal year, as delineated in Section "F" of the 2012-14 budget in conformance with the City's purchasing guidelines and any applicable State and Federal guidelines; and
6. That all Non-Hazardous Hydrocarbon Impacted Soil (NHIS) revenue received in excess of the adopted budgeted amounts in 2012-14 as of June 30<sup>th</sup> of each year as well as any significant one-time unanticipated revenue received in the General Fund, be appropriated into the Local Economic Augmentation Fund (LEAF); and
7. That all General Fund revenues (with the exception of Item 6 above) in excess of expenditures as of June 30<sup>th</sup> of each year be appropriated into the Local Economic Augmentation Fund and General Capital Reserve Funds.



**PASSED AND ADOPTED** at a regular meeting of the City Council of the City of Santa Maria on this 19<sup>th</sup> day of June, 2012.

**/S/ L. J. LAVAGNINO**

MAYOR


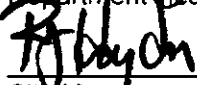
ATTEST:

**/s/ RHONDA M. GARIETZ, CMC**  
Acting Chief Deputy City Clerk

APPROVED AS TO FORM:

  
City Attorney

APPROVED AS TO CONTENT:

  
Department Head  
  
City Manager

**EXHIBIT A  
CITY OF SANTA MARIA  
BUDGET FOR FISCAL YEARS 2012-13 AND 2013-14**

	FISCAL YEAR	
	2012-13 BUDGET	2013-14 BUDGET
<b>PUBLIC SAFETY</b>		
Police	\$ 21,850,010	\$ 22,555,450
Traffic Safety	338,750	338,750
Fire	8,465,430	8,759,010
Total Public Safety	<u>30,654,190</u>	<u>31,653,210</u>
<b>UTILITIES</b>		
Water Resources	34,788,780	37,120,160
Solid Waste	19,264,200	19,890,690
Total Public Utilities	<u>54,052,980</u>	<u>57,010,850</u>
<b>PUBLIC WAYS &amp; MEANS</b>		
County Measure D/A	4,421,180	4,401,240
Public Transit	14,405,760	7,533,930
Total Public Ways & Means	<u>18,826,940</u>	<u>11,935,170</u>
<b>LEISURE &amp; CULTURAL SERVICES</b>		
Recreation & Parks	8,077,320	8,368,020
Park Acquisition & Development	460,100	261,500
Library	2,702,740	2,797,650
Total Leisure & Cultural Services	<u>11,240,160</u>	<u>11,427,170</u>
<b>COMMUNITY &amp; ECONOMIC DEVELOPMENT</b>		
Community Development Planning & Building	2,732,080	2,821,850
Community Development Block Grant	1,397,110	1,397,110
Successor Agency to the RDA	1,318,930	1,318,930
Total Community & Economic Development	<u>5,448,120</u>	<u>5,537,890</u>
<b>GENERAL GOVERNMENT</b>		
Mayor & City Council	178,630	176,590
City Attorney	1,064,510	1,103,520
City Manager	2,312,410	2,362,930
PEG Access	227,100	231,960
Administrative Services	7,614,490	7,725,310
Public Works - Non Enterprise	2,374,560	2,442,770
Total General Government	<u>13,771,700</u>	<u>14,043,080</u>
<b>TOTAL OPERATING FUNDS</b>	<u>133,994,090</u>	<u>131,607,370</u>
<b>OTHER FUNDS</b>		
Growth Mitigation / AB 1600 Fees	15,150	14,490
Landscape Maintenance Districts	4,660,590	4,465,260
Stowell Parking & Lighting District	234,400	19,410
Fleet Services	7,335,100	7,394,350
Business & Communication Equipment	1,918,480	1,489,950
Local Economy Augmentation Fund (LEAF)	2,500,000	2,500,000
Insurance & Workers' Compensation	2,994,050	3,042,970
Capital Projects - General Fund	5,492,070	4,935,190
Gas Tax & Local Transportation	3,462,810	3,162,810
Developer / Grant Street Projects	\$ 3,496,330	
Total Other Funds	<u>32,108,980</u>	<u>27,024,430</u>
<b>GRAND TOTAL</b>	<u>\$ 166,103,070</u>	<u>\$ 158,631,800</u>

STATE OF CALIFORNIA            )  
COUNTY OF SANTA BARBARA ) ss.  
CITY OF SANTA MARIA            )

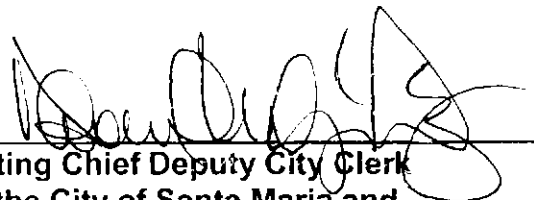
I, RHONDA M. GARIETZ, CMC, Acting Chief Deputy City Clerk of the City of Santa Maria and ex officio Clerk of the City Council DO HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution No. 2012-73 which was duly and regularly introduced and adopted by said City Council at a regular meeting held June 19, 2012, and carried on the following vote:

**AYES:**            Councilmembers Boysen, Cordero, Orach, and Patino, and Mayor Lavagnino.

**NOES:**            None.

**ABSENT:**        None.

**ABSTAIN:**       None.

  
\_\_\_\_\_  
Acting Chief Deputy City Clerk  
of the City of Santa Maria and  
ex officio Clerk of the City Council