



CITY OF SANTA MARIA

Section I Appendices

APPENDICES

OVERVIEW

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FINANCIAL AND BUDGET POLICIES

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 30th.

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.

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- 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.

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.

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- **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.
- **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 or man-made 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.

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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.
- 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.

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- 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.

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.

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- 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.

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.

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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.

Contract Change-Orders: When circumstances dictate that it is in the best interests of the City for cost efficiency purposes to deliver a project or to provide unanticipated like services within current appropriation authority, contract change-orders may be executed. Contract change-orders, for like services, often take advantage of economies of scale, cost-effectiveness, or may be desirable when time is of the essence. Contract change-order funding must be available within existing budgeted authority, supported by proper justification, and approved by the City Manager on a case-by-case basis.

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

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 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

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

The following is a description of the budget process used in developing the 2014-16 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 departments’ proposed budgets. 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 status quo appropriations, using the existing budget amounts from the mid-cycle 2013-14 budget. Departments were required to justify all requested contractual services and travel/training account appropriations. The predetermined status quo budget was based on the fact that while some revenues are moving slightly upwards, additional expenses and significant decreases in other revenues are placing the City in a projected multi-million dollar deficit. Consequently, the 2014-16 budget will be one of maintaining operational costs to come within funding constraints. In previous years, dwindling revenues necessitated the need to reduce operational expenses for five years in a row.

This year, unlike in years past, staff engaged the services of an outside facilitator to assist the City Council in establishing overall City-wide goals for the 2014-16 fiscal years. The Facilitator came highly recommended by other cities. The Facilitator conducted one-on-one, in-person interviews with each member of the City Council in January, learning norms, practices and expectations. At a subsequent one-day Council Goal Setting Exercise held February 13th at an off-site facility, those in attendance included the Mayor and City Council, department heads, and the Facilitator, all of whom discussed current City goals and objectives- with an understanding of the need for a status quo budget for the next two years. The City Council agreed on ten City-wide goals at this meeting, five of which were deemed “essential priorities” during the next two-year period. On March 4, 2014, the City Council received a presentation from City staff on the proposed City-wide goals and after those were approved, each department then developed and submitted its 2014-16 budgets for review by the Budget Review Team.

The Budget Review Team was comprised of the Deputy City Manager and the Director of Administrative Services 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 and Director of Administrative Services 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.

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BUDGET PREPARATION AND PROCESS

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 2014-16 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.

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 2014-16 budget process.

The City Council has the authority to amend the budget by motion during the two-year period, while the City Manager is authorized to transfer the budgeted funds among departments or functions within the same fund without seeking approval by the City Council. However, any revisions altering the total balance must be approved by the City Council.

KEY DATES IN THE PREPARATION PROCESS

DATES

Capital Project requests due to Budget Review Team	01/23/14	
Budget Instructions distributed to City departments staff	02/10/14	
Budget Review Team evaluates Capital Projects with departments	02/03/14	03/06/14
City Council 2014-16 Goal Setting Exercise	02/13/14	
Departments submit budget requests to Budget Review Team	03/12/14	
Budget Review Team evaluates budget requests with departments	03/13/14	- 03/23/14
Budget Review Team compiles and assembles the draft proposed budget	04/02/14	- 04/11/14
Budget Review Team completes the draft proposed budget for the City Manager's review	04/18/14	- 04/25/14
Budget Review Team to incorporate and finalize proposed budget document	05/05/14	- 05/06/14
Proposed budget presented to City Council	06/03/14	
Budget Review Team and City Council to meet to review proposed budget	06/06/14	- 06/15/14
Public Hearing and City Council adoption of final budget	06/17/14	

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SUMMARY OF KEY REVENUE ASSUMPTIONS

The calculation of revenue estimates is the first step in the preparation of the 2014-16 Budget. Revenue estimates are prepared separately for each of the two fiscal years. For 2014-15, projections were based on 2013-14 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 60 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 many 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 (County) forecast data developed by the University of California-Santa Barbara Economic 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 2014. These estimates consider the City's local economy, the City's current revenue, and a realistic estimate of what the future holds. Ultimately, 2014-16 revenue projections reflect staff's estimate of local economic trends over the next two years and the effect on City revenues. Based on all available information, the City is projecting that 2014-15 General Fund revenues will fall short of its on-going operational expenses by about \$1.7 million. The City will use one-time reserves to bridge this budget gap.

GENERAL ASSUMPTIONS

Dogged by uncertainty about the pace of the recovery, companies have kept a tight rein on spending since the Great Recession officially ended in 2009. Now some of that doubt has cleared, with the U.S. economy showing signs of improvement. The risk of repeated disruptions in government operations and funding has diminished with Congress' agreement on a two-year budget deal. This should lift companies' spirits especially with economic growth forecast to rise to an average of 2.7 percent this year (2014) from 1.8 percent in calendar year 2013.

The Congressional Budget Office (CBO) estimates that the economy is projected to grow 3.4 percent per year in 2015 and 2016. Nonetheless, the CBO estimates that the economy will continue to have considerable unused labor and capital resources or "slack" for the next few years. According to the CBO's projections, the unemployment rate will decline gradually but remain above six percent until late 2016. The labor force participation rate (the percentage of people in the civilian non-institutionalized population age 16 or older who are either working or are available for and actively seeking work), which has been pushed down by an unusually large number of people deciding not to look for work because of a lack of job opportunities, will move slowly back toward the level it would be without the cyclical weakness in the economy. The substantial slack remaining in the labor market and elsewhere in the economy will help to keep the projected rate of inflation below two percent annually during the next few years.

At the State level, California's budget is improving. The Legislative Analyst's Office, LAO (the non-partisan government agency that has been providing fiscal and policy advice to the California Legislature since 1941), forecasts \$6.4 billion in higher revenues for 2012-13 and 2013-14 combined. These higher revenues are offset by \$5 billion in increased expenditures, primarily due to increased required spending for schools and community colleges. Combined with a projected \$3.2 billion operating surplus for the State in 2014-15, these factors lead the LAO to project that, absent any changes to current laws and policies, the State would end 2014-15 with a \$5.6 billion reserve. The State adopted its 2013-14 budget on time, including a continuing source of funds from the Governor-sponsored Proposition 30 tax initiative. The improving condition of State finances is helping the City's own effort to balance its budget.

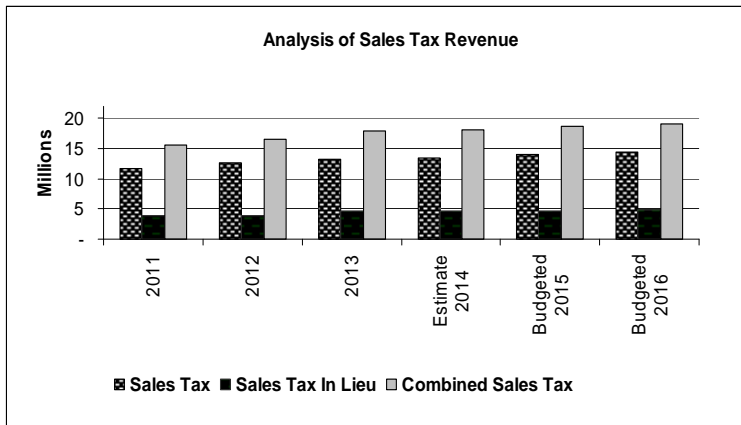
There have been 18 straight quarters of positive growth in the gross domestic product and unemployment is now at 6.3 percent at the National level. In the City, the unemployment rate in April 2014 was 8.6 percent and

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SUMMARY OF KEY REVENUE ASSUMPTIONS

economic growth appears to be improving. After several years of decline, the housing market has stabilized and now appears to be in recovery. The City's gross assessed property value has increased from a low of \$6.7 billion in 2011 to the current \$7.3 billion. The median sale price of a home in Santa Maria has risen from a low of \$190,000 in 2011 to \$275,000 in 2014. In 2013, 814 properties received reductions in assessed value from the prior year of an average of 18.09 percent per parcel due to continuing Proposition 8 reviews, devalued sales transactions and assessment appeal activity. This is 3.4 percent of the parcels in the City. In 2011, 1,704 parcels received similar downward adjustments.

The City's sales tax revenue has experienced increases in recent years. Consumers have loosened their purse strings with greater retail purchases. In 2012-13, sales tax revenue was \$18.2 million and is projected at \$18.3 million for 2013-14. This compares to a low of \$14.2 million in 2009-10, a 21 percent decline. In 2012-13, County-wide sales tax increased by 5.6 percent over the comparable time period, while the Central Coast region, as a whole, was up 2.4 percent. New and used auto sales and leases grew at double digit rates and were the primary contributor to the growth. Recovering building and construction activity was also significant with a 9.7 percent gain. The County expects taxable sales to grow by three percent for 2013-14 over 2012-13. Beginning in 2014-15, the County expects sales tax to experience an approximate four percent growth annually through 2017-18.



This chart represents history and future projections of sales tax revenue.

(TOT). TOT revenue reached its peak in 2007-08 at \$2.4 million before declining to \$2.1 million in 2009-10. Since then, TOT has been increasing, reaching \$2.5 million in 2012-13. The County expects more tourism as the economy continues to improve and consumer discretionary spending increases. The County anticipates 1.5 percent growth in tourism spending in 2013-14 and five percent growth annually thereafter through 2017-18.

The construction industry is showing signs of recovery. There is increased activity in both residential and commercial construction. In 2013, 1,311 City building permits were issued valued at \$90 million versus 1,157 permits issued in 2012 valued at \$33 million. Building permit revenue is increasing from a low of \$622,000 in 2011-12 to a projected \$1.6 million in 2013-14.

The State Legislature's ability to finally make progress towards fiscal stability is a positive note for the City's own finances. One of the biggest challenges is trying to anticipate what actions the State might take against the City's revenue sources, such as sales and gasoline taxes, which pass-through the State before being disbursed to other entities. For example, as part of the 2011-12 State budget package, the Legislature and Governor passed the Redevelopment Agency Dissolution Act. Under the Redevelopment Agency Dissolution Act, each of California's redevelopment agencies (RDA) were dissolved as of February 1, 2012. The cities and counties that formed the original RDAs initiated a complex process to unwind the affairs of the RDAs. The process is now in its third fiscal year and will continue until all debt of the former RDA's are retired and all assets are disposed. In the County, there were six city RDA's and one County RDA. The State estimates that once agencies are completely dissolved, over \$5 billion in taxes will revert to local tax agencies Statewide. In the County, the amount of taxes is currently estimated at \$37.6 million annually that will revert to the taxing agencies. The City lost \$1.3 million in RDA tax increment that was replaced by approximately \$100,000 in secured property taxes. Because the State's budget is on a stronger footing, the City is currently not anticipating further reductions in City revenue sources from State action, at least for the current budget cycle. However, the additional tax revenue from the Proposition 30 tax measure will expire in approximately three years. Hopefully, the State will take the wise steps and build much-needed reserves with the enhanced revenue.

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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 2014-16 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, vitally 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: 5.75 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 and regional transportation purposes (Measure A) for a total County sales tax rate of 7.75 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 the County, as sales tax in-lieu.

United States retail sales have been increasing as of late. The United States' Census Bureau announced that the United States' retail sales in calendar 2013 increased 4.2 percent over 2012. California retail sales are forecast to increase by 3.4 percent over 2012-13. Vehicle sales are anticipated to increase five percent. Though the pace of growth will continue to slow from the double-digit tempo of 2011 and 2012, the trend remains upward and the total sales in 2014 will likely reach 16.3 million units, up from about 15.6 million in 2013 and the best showing for the industry since 2007.

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 plunge. Over the past few years, however, consumer spending has been on the mend, resulting in greater sales tax receipts for the City. Receipts year-to-date are about three percent greater than last fiscal year. Building construction is expected to generate six percent in sales tax growth. Sales of construction materials are outpacing most other retail segments. Residential price appreciation, new home construction and turnover of existing homes will provide continued sales momentum into 2015. The fuel and service station category is expected to decline by five percent as gasoline consumption is declining from more fuel efficient autos and fewer miles being driven each year. Strong growth in domestic oil production has also helped ease upward pressure on oil prices.

With this in mind and based on the analysis of the City's sales tax consultant, the City is projecting an increase in 2014-15 sales tax revenue at \$18.9 million, a three percent increase over 2013-14. The budgeted sales tax revenue for 2014-15, a general tax, represents approximately 33 percent of the General Fund revenues.

Measure U2012 Transaction and Use Tax

On June 5, 2012, City voters approved Measure U2012 which provided an additional .25 percent transaction and use tax for a period of nine years. The use tax became effective October 1, 2012 with initial revenue received in January 2013.

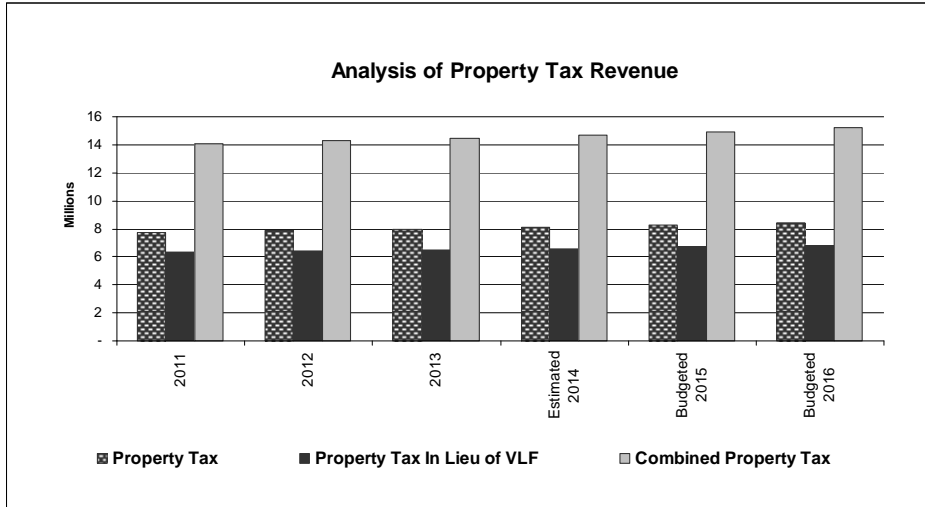
Initial estimates for 2013-14 was \$4.013 million. However, the use tax has been tracking at about 20 percent of sales tax. Therefore, the City anticipates receiving \$3.774 million in 2013-14 and \$3.891 million in 2014-15. The tax only applies to residents of the City. Therefore, when a person residing outside the City limits comes to town to purchase a vehicle, they are not charged the added quarter percent. In addition, the City receives no County pool revenue from the use tax.

APPENDICES

SUMMARY OF KEY REVENUE ASSUMPTIONS

Property Tax

Proposition 13, approved by voters Statewide 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 County. According to the County's report "Property Tax Highlights for Fiscal Year July 1, 2013 to June 30, 2014", overall County property tax growth was the best in four years with County-wide locally assessed property tax increases of \$25.5 million, a 4.08 percent increase from the prior year. On December 11, 2013, the State Assessor determined that the consumer price index factor to be used for the Proposition 13 Inflation Factor for 2014-15 is 0.454 percent. The past two fiscal years, the factor has been two percent. Therefore, Proposition 13 value homes will be multiplied by a factor of 1.00454 rather than 1.02 percent. Non-Proposition 13 Value Changes are anticipated to provide .4 percent growth. Continued growth in both ownership changes and new construction is expected to generate about a one percent increase in property tax revenue.



The chart above represents history and future projections of property tax revenue.

Sales of properties are tepid with sales of 152 single family dwellings in the fourth quarter of 2013 versus 191 homes in the fourth quarter of 2012. Therefore, the City is expecting a modest two percent increase in property tax receipts in 2013-14. Property tax, in 2014-15, is projected at \$15.0 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. There are currently 30 hotels/motels in town generating TOT revenue. Due primarily to the recent recession, the City experienced an 11.7 percent drop in revenue from \$2.4 million in 2008 to \$2.1 million in 2010. Since then, however, TOT has increased from \$2.3 million in 2010-11 to a projected \$2.6 million in 2013-14. According to the County's "Annual Transient Occupancy Tax Report," TOT revenues are expected to increase 6.5 percent County-wide in 2013-14. This report is predicting the beginning of a healthy recovery for 2014-15 and 2015-16. Staff is forecasting an eight percent increase each year for the budget cycle. TOT represents approximately five percent of the City's General Fund revenues.

Construction Permits

Construction permits are required for all new structures built within the City, as well as for additions or upgrades to existing buildings. In December 2013, the City issued 67 single-family dwelling permits in comparison to 35 in 2012 and 23 in 2011. Total permits issued for 2013 were 1,311 valued at \$90 million resulting in revenue of \$1.07 million. This compares to 2012 when 1,157 permits were issued valued at \$33 million resulting in permit revenue of \$622,000. The increase in building activity is expected to continue through the budget cycle. There are currently 2,272 dwelling units approved or pending approval from the Planning Commission.

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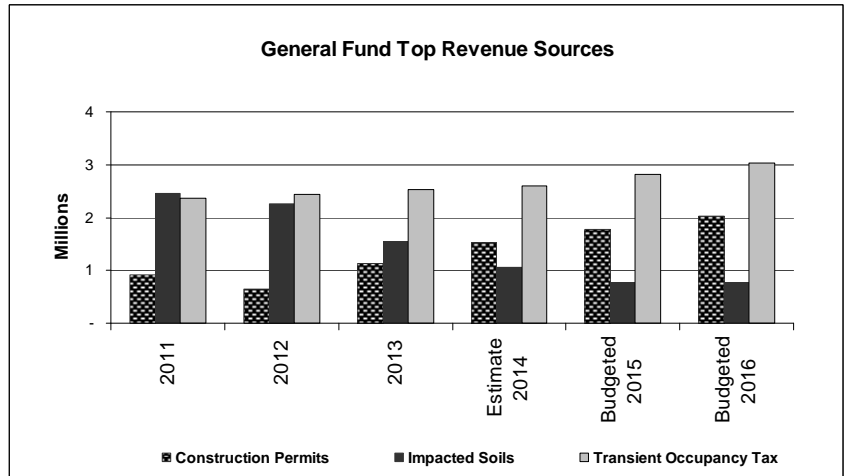
SUMMARY OF KEY REVENUE ASSUMPTIONS

Many economists agree that the recession is over and the recovery process is gaining momentum. Building permit revenue reached a peak in 2007-08 at \$2.5 million, then declined to \$622,000 in 2011-12. Revenue of \$1.6 million is projected for 2013-14 and is expected to increase to \$2.2 million for 2014-15.

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 2014-15 is projected at \$700,000, which represents approximately 1.3 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.



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

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 groundwater basin into City wells. Water is billed on a four-tiered system, based on meter size and water consumption. The Santa Maria Municipal Code (Municipal Code) provides for a rate increase of five percent on July 1st of each year. These annual rate increases and the growth in housing development, within 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 Public 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. The Municipal Code provides for a rate increase of five percent on July 1st of each year for all wastewater fees. Even with these anticipated increases, Santa Maria's sewer rates will remain the lowest in the area.

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SUMMARY OF KEY REVENUE ASSUMPTIONS

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. The Municipal Code provides for a rate increase of five percent on January 1st of each year. Staff recommended suspending the annual rate increase nine out of the last 10 years. However, a recent Solid Waste rate study was completed and five percent rate increases were 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 1st 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, a portion of 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 Department of Public Works/Engineering 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 utilizing each jurisdiction's available State and Federal transit funding.

In January 2013, the City rolled out the Breeze 200 service providing bus service from Santa Maria to Los Alamos, Buellton and Solvang with three trips daily.

SPECIAL REVENUE FUNDS

Library Fund

The Library Fund accounts for all activity related to the main Library and branch libraries located in Guadalupe, Orcutt, Cuyama and the newly opened Los Alamos branch. 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 eliminated 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. For 2014-15, the City will increase the General Fund contribution to \$1.55 million. County grants make up 29 percent of the revenues, and the remainder is from charges for services and other revenues 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 the 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

APPENDICES

SUMMARY OF KEY REVENUE ASSUMPTIONS

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. An update to the City's mitigation fees is scheduled to occur in fiscal year 2015.

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 revenue, 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. An update to the City's mitigation fees is scheduled to occur in fiscal year 2015.

Measure D/Measure A Fund

The Measure A Fund accounts for the one-half percent sales tax passed by 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 local and regional transportation facilities and services. The City uses this revenue source to fund the Public Works Department, Streets Maintenance Division and to implement the Pavement Maintenance System with chip seal, asphalt overlays, and street reconstructions. The local share of the annual revenues generated by Measure A, however, 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, provided for an increase each year based on the consumer price index. This local franchise agreement expires in December 2014. The cable operator will transition to a State-issued franchise. 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 City's 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.

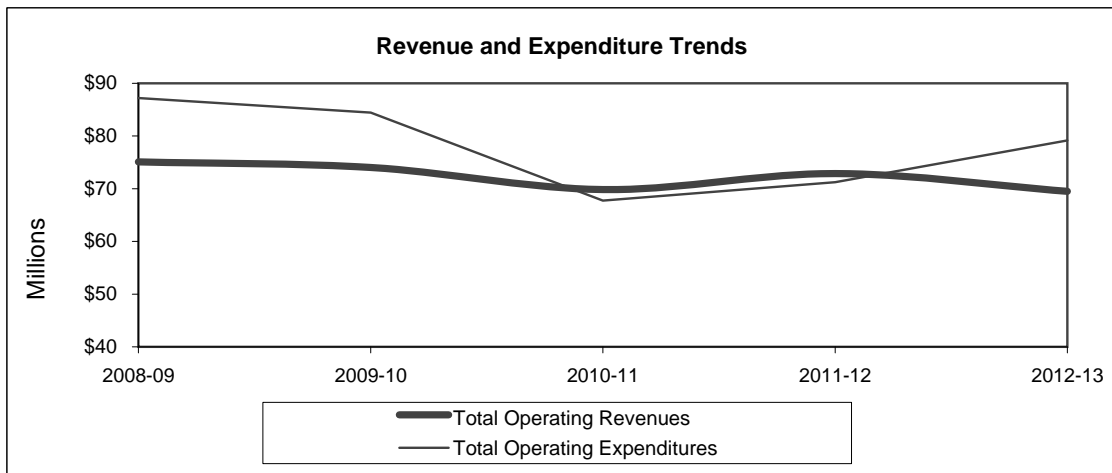
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FINANCIAL AND STATISTICAL TABLES

REVENUE AND EXPENDITURE TRENDS - LAST FIVE COMPLETED YEARS

ALL Governmental Funds

	Actual 2008-09	Actual 2009-10	Actual 2010-11	Actual 2011-12	Actual 2012-13
Operating Revenues:					
Taxes					
Property	\$ 15,947,946	\$ 15,285,664	\$ 15,305,659	\$ 14,926,979	\$ 14,535,784
Sales & Use	22,102,943	19,737,766	21,711,665	23,644,020	24,989,833
Measure U Transaction & Use Tax					2,616,358
Transient Occupancy	2,201,546	2,116,310	2,363,467	2,440,980	2,532,032
Business Licenses	325,920	317,940	313,717	301,335	304,168
Franchise Fees	3,427,069	3,366,190	3,578,754	3,787,686	3,849,977
Other Taxes	171,368	50,833	272,583	192,648	52,103
Supplemental Tax	330,866	155,339	198,878	174,716	144,838
Total Taxes	44,507,658	41,030,042	43,744,723	45,468,364	49,025,093
Permits, Fines & Forfeitures	1,964,835	2,032,625	1,368,214	1,103,627	1,467,439
Revenues from Use of Money/Property	3,623,715	3,657,552	2,530,588	2,193,493	1,335,811
Aid from Governmental Agencies	8,635,230	15,424,318	9,690,422	11,020,727	6,623,511
Charges for Current Services	15,500,558	10,769,671	12,175,204	12,561,301	9,719,735
Other Revenues	871,480	1,125,411	334,376	527,117	1,347,451
Total Operating Revenues	\$ 75,103,476	\$ 74,039,619	\$ 69,843,527	\$ 72,874,629	\$ 69,519,040
Operating Expenditures:					
Current:					
Public Safety	\$ 29,289,806	\$ 28,553,613	\$ 27,848,391	\$ 28,465,201	\$ 30,375,414
Public Works	5,056,695	5,227,336	5,001,666	4,811,965	4,403,858
Community Development	3,911,112	4,872,363	4,650,157	4,520,096	4,399,670
Recreation and Parks	10,269,522	9,982,054	9,757,902	9,661,463	10,740,875
Library	3,019,728	3,121,202	2,698,807	2,425,505	2,632,917
Non-Dept. (PERS Side Fund)					5,572,242
General	8,262,292	7,067,465	7,182,507	7,206,265	6,970,704
Capital Outlay	24,615,828	22,830,682	7,906,084	11,379,276	11,367,748
Debt Service:					
Principal	1,920,000	2,010,000	2,110,000	2,215,000	2,325,000
Interest and Other Expense	870,895	790,277	589,811	550,064	370,725
Total Operating Expenditures	\$ 87,215,878	\$ 84,454,992	\$ 67,745,325	\$ 71,234,835	\$ 79,159,153



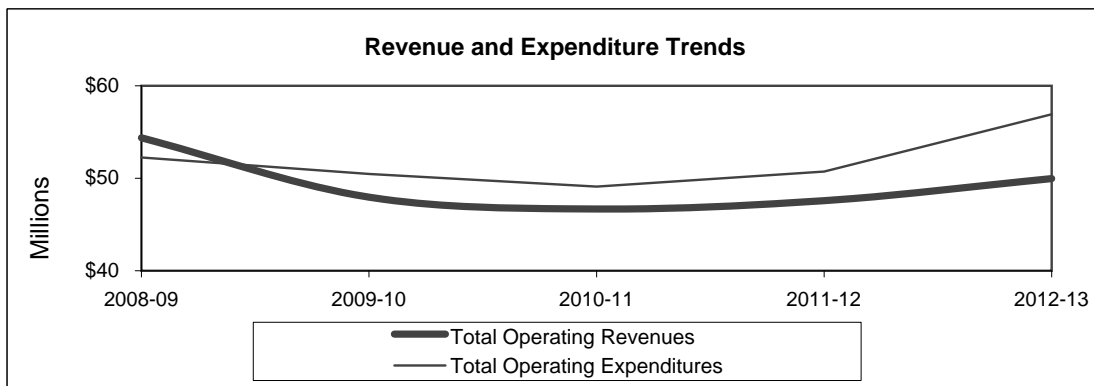
APPENDICES

FINANCIAL AND STATISTICAL TABLES

REVENUE AND EXPENDITURE TRENDS - LAST FIVE COMPLETED YEARS

General Fund Excluding Measure U2012

	Actual 2008-09	Actual 2009-10	Actual 2010-11	Actual 2011-12	Actual 2012-13
Operating Revenues:					
Taxes					
Property	\$ 14,743,294	\$ 13,948,568	\$ 14,031,579	\$ 14,252,476	\$ 14,535,784
Sales & Use	15,906,435	14,146,555	15,703,090	16,766,934	18,170,819
Transient Occupancy	2,201,546	2,116,310	2,363,467	2,440,980	2,532,032
Business Licenses	325,920	317,940	313,717	301,335	304,168
Franchise Fees	3,427,069	3,366,190	3,578,754	3,787,686	3,849,977
Supplemental Tax	330,866	155,339	198,878	174,416	144,838
Total Taxes	36,935,130	34,050,902	36,189,485	37,723,827	39,537,618
Permits, Fines & Forfeitures	1,464,519	1,553,229	973,062	764,380	1,181,654
Revenues from Use of Money/Property	2,693,614	2,855,432	1,223,878	947,799	988,590
Aid from Governmental Agencies	2,399,146	1,994,427	1,772,649	1,208,531	1,643,755
Charges for Current Services	10,086,527	6,638,607	6,394,253	6,703,064	5,323,246
Other Revenues	794,914	867,578	128,874	235,825	1,291,954
Total Operating Revenues	\$ 54,373,850	\$ 47,960,175	\$ 46,682,201	\$ 47,583,426	\$ 49,966,817
Operating Expenditures:					
Current:					
Public Safety	\$ 29,159,756	\$ 28,421,806	\$ 27,752,125	\$ 28,401,051	\$ 28,804,420
Public Works	2,504,886	2,470,223	2,516,854	2,440,982	2,253,959
Community Development	2,621,092	2,710,500	2,628,446	2,510,376	2,549,800
Recreation and Parks	7,848,478	7,821,164	7,453,377	7,234,062	7,743,048
Non-Dept. (PERS Side Fund)					5,572,242
General	8,262,292	7,067,465	7,182,507	7,206,265	6,950,669
Capital Outlay	406,370	357,800	203,330	246,551	358,806
Debt Service:					
Principal	1,033,000	1,218,000	1,066,000	2,215,000	2,325,000
Interest	413,025	408,658	289,698	466,325	355,575
Total Operating Expenditures	\$ 52,248,899	\$ 50,475,616	\$ 49,092,337	\$ 50,720,612	\$ 56,913,519



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

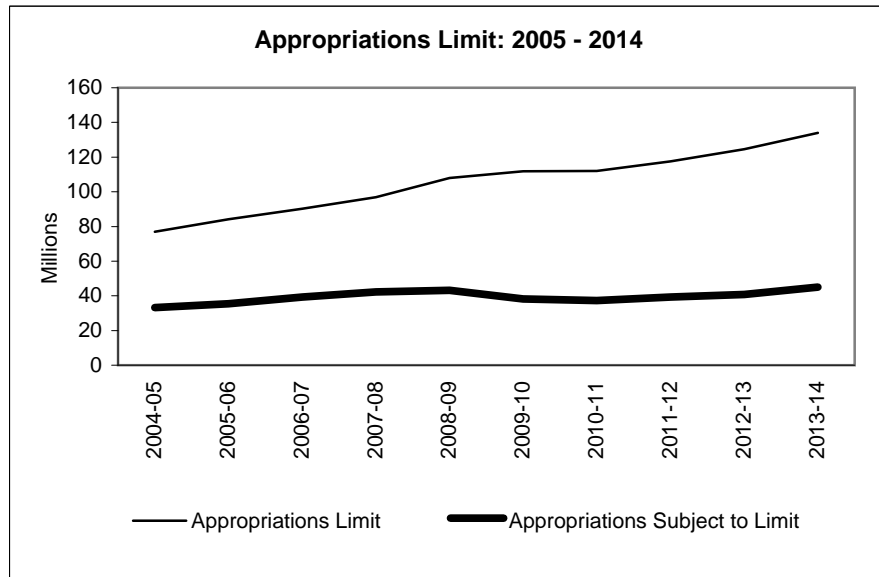
APPENDICES

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 2013-14 subject to limitation was \$45,062,422 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
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
2012-13	117,534,220	3.77%	2.16%	124,586,273	40,771,989	83,814,284
2013-14	124,586,273	5.12%	2.38%	134,054,830	45,062,422	88,992,408

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LIST OF FUNDS

<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
011	Measure U2012	General
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
085	Maintenance Annuity	Fiduciary Agency
087	Twitchell Management Authority Trust	Fiduciary Agency

APPENDICES

LIST OF FUNDS

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

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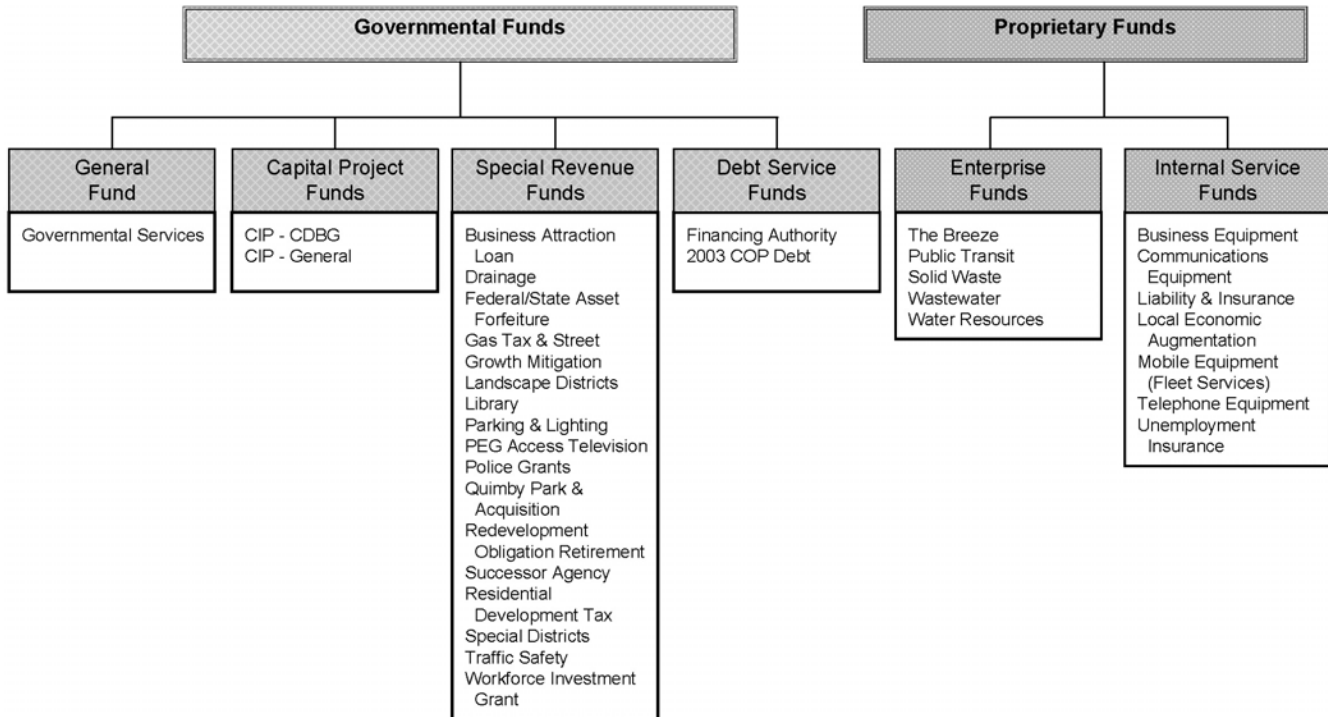
DESCRIPTION OF FUNDS

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.

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DESCRIPTION OF FUNDS

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.

Measure U2012 Fund

The Measure U2012 Fund is a quarter-cent transaction and use tax passed by the voters on June 5, 2012. This general purpose tax has a nine year duration and is used primarily to fund services such as police and fire, recreation and parks, library and code compliance. The Measure U2012 Fund is combined with the General Fund for financial reporting purposes.

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

DESCRIPTION OF FUNDS

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.

Measure U2012 Fund

The Measure U2012 Fund is a quarter-cent transaction and use tax passed by the voters on June 5, 2012. This general purpose tax has a nine year duration and is used primarily to fund services such as police and fire, recreation and parks, library and code compliance. The Measure U2012 Fund is combined with the General Fund for financial reporting purposes.

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.

APPENDICES

DESCRIPTION OF FUNDS

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.

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.

APPENDICES

DESCRIPTION OF FUNDS

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.

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

APPENDICES

DESCRIPTION OF FUNDS

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.

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.

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

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DESCRIPTION OF FUNDS

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 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

APPENDICES

DESCRIPTION OF FUNDS

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.

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.

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LIST OF EXPENDITURE CATEGORIES

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

LIST OF EXPENDITURE CATEGORIES

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

LIST OF EXPENDITURE CATEGORIES

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

LIST OF EXPENDITURE CATEGORIES

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

SCHEMATIC LIST OF CLASSES

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, 2014

Position

Number Job Code Administrative Classes

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
009	A	Deputy City Manager
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

Position

Number Job Code Management Classes

138	A	Accounting and Budget Manager
008	B	Assistant to the City Manager
140	A	Building Division Manager
364	A	Business Services Manager
130	A	Chief Deputy City Clerk
211	A	Community Programs Manager
373	F	Deputy City Clerk
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

APPENDICES

SCHEMATIC LIST OF CLASSES

A. DEPARTMENT & DIVISION HEADS, continued

<u>Position Number</u>	<u>Job Code</u>	<u>Management Classes, continued</u>
269	A	PEG Station Manager
278	B	Plan Check Engineer
124	A	Planning Division Manager
152	A	Police Commander
151	A	Police Division Commander
293	A	Principal Civil Engineer
374	B	Public Information Officer/Management Analyst II
335	B	Revenue Technician
148	B	Principal Librarian
158	A	Recreation Services Manager
154	A	Solid Waste Manager
288	B	Transit Services Manager
134	A	Water Resources Manager
375	A	Utilities Business 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</u>	<u>Job Code</u>	<u>Clerical & 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

APPENDICES

SCHEMATIC LIST OF CLASSES

B. DEPARTMENTAL, continued

Position Job Code Clerical & Fiscal Classes, continued

354	E	Library Assistant II
351	E	Library Clerk
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	Utility Billing Lead Clerk
356	F	Word Processor

Position Job Code Fire Classes

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

Position Job Code Police Classes

422	D	Police Corporal
416	B	Police Lieutenant
413	D	Police Officer
410	D	Police Sergeant
390	D	Police Trainee

APPENDICES

SCHEMATIC LIST OF CLASSES

B. DEPARTMENTAL, continued

<u>Position</u>		
<u>Number</u>	<u>Job Code</u>	<u>Technical & Maintenance Classes</u>
338	C	Assistant Identification Technician I
339	C	Assistant Identification Technician II
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
260	A	Code Compliance Supervisor
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
302	B	Engineer I
303	B	Engineer 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
286	C	Laboratory Coordinator
275	G	Landfill Heavy Equipment Lead Operator
274	G	Landfill Heavy Equipment Operator
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

APPENDICES

SCHEMATIC LIST OF CLASSES

B. DEPARTMENTAL, continued

<u>Position</u>		
<u>Number</u>	<u>Job Code</u>	<u>Technical & Maintenance Classes, continued</u>
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
252	C	Regulatory Compliance Specialist
284	E	Regulatory Compliance Supervisor
292	B	Senior Civil Engineer
267	G	Senior Crew Leader/Maintenance Specialist
237	G	Senior Park Services Officer
210	B	Senior Systems Analyst
195	G	Solid Waste Collections Supervisor
246	G	Solid Waste Equipment Lead Operator
196	G	Solid Waste Equipment Crew Leader
222	H	Solid Waste Equipment Operator I
224	H	Solid Waste Equipment Operator II
197	G	Solid Waste Landfill 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
207	C	Utilities Technology Analyst
223	G	Utility Billing Supervisor
233	G	Waste Water Plant Operator
198	G	Waste Water 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
199	G	Water Supervisor
243	H	Water System Operator I
249	H	Water System Operator II
245	H	Water System Operator Trainee

APPENDICES

SCHEMATIC LIST OF CLASSES

LEGEND

E Limited Service

Z Part-Time

Reserves

Proposed July 1, 2014

<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 – Under 1,000 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
ES	E	Emergency Services Coordinator
FP	E	Fire Prevention Aide
LO	E	General Laborer
HR	E	Human Resources Specialist
D1	E	Interim Director I
D2	E	Interim Director II
D3	E	Interim Director III
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
-	E	Program Manager
PO	E	Provisional Officer
PM	E	Provisional Police Manager
PP	E	Provisional Police Supervisor
PW	E	Public Works Aide
RE	E	Recreation Leader II
SE	E	Security Aide

APPENDICES

SCHEMATIC LIST OF CLASSES

Limited Service – Under 1,000 Hours Per Fiscal Year, continued

<u>Position Code</u>	<u>Group Code</u>	<u>Classification</u>
SL	E	Skilled Laborer
SA	E	Staff Aide - Facilities
SI	E	Swim Instructor
SC	E	Swim Pool Clerk
T1	E	Technical Aide I
T2	E	Technical Aide II
T3	E	Technical Aide III
TP	E	Temporary Planner
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
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
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
ZZ	Z	Senior Lifeguard
ZT	Z	Staff Assistant
ZR	Z	Transit Technician
ZJ	Z	Utilities Outreach Coordinator

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 2014-15 equates to \$19,598,590. The cost of these two benefits represents 19.7 percent of the total operating costs (\$99 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.

	Actual 2012-13	Adopted 2013-14	Proposed 2014-15	Proposed 2015-16
<u>Employee Compensation and Benefits</u>				
Health Benefits	\$ 5,387,890	\$ 6,217,600	\$ 6,997,270	\$ 7,026,770
Retirement	10,118,390	11,999,090	12,601,320	13,326,920
Retirement – Fire Side Fund	5,572,240			
Compensated Absences	5,573,150	6,488,530	6,664,630	6,729,280
Other Post Employment Benefits	536,400	689,010	689,010	689,010

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 \$119 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 \$119 per month per retiree. The balance of premiums, which average approximately \$721 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 a percent of their annual covered salary toward the CalPERS pension plan. The City's CalPERS plan has a three-tier structure and is applicable to full-time and part-time employees. Employees hired on or before July 1, 2011 are in Tier I, employees hired after July 1, 2011, but before January 1, 2013 are in Tier II and employees hired on or after January 1, 2013 are in Tier III. 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 or Tier III employees. However, the City is required to make annual contributions, for all tiers, at an actuarially determined rate.

The chart on the following page shows required contribution rates for 2014-15 and estimated rates for 2015-16:

APPENDICES

SUMMARY OF EMPLOYEE COMPENSATION AND BENEFITS

		Required Contribution Rates					
		2014-15			2015-16		
		Tier I	Tier II	Tier III	Tier I	Tier II	Tier III
Police							
Employee		9.00%	9.00%	12.00%	9.00%	9.00%	12.00%
City		30.48%	16.60%	11.00%	32.40%	18.90%	11.00%
Fire							
Employee		9.00%	9.00%	12.25%	9.00%	9.00%	12.25%
City		29.56%	23.07%	12.25%	31.60%	25.11%	12.25%
General							
Employee		8.00%	7.00%	6.75%	8.00%	7.00%	6.75%
City		20.02%	20.02%	20.02%	21.30%	21.30%	21.30%

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.

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, 2013 for current employees and retirees is \$9,665,018. 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 2013-14 and 2014-15 is \$689,010. The OPEB expense for 2015-16 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 \$9,665,018 value of all benefits or the \$689,010 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 2014-15

	Santa Barbara	Lompoc	San Luis Obispo	Santa Maria
General Fund				
Revenues	\$ 116,573,596	\$ 28,744,313	\$ 56,922,700	\$ 57,116,080
Appropriations	114,314,835	28,744,313	56,822,700	57,056,970
All Operating Funds				
Revenues	274,688,660	76,855,161	122,167,300	141,508,330
Appropriations	255,783,868	76,855,161	129,108,000	150,719,280
Revenue Per Capita	3,040	1,774	2,687	1,400
Revenue Analysis				
Property Tax	26,260,452	6,666,934	12,438,112	15,009,790
Sales Tax	20,990,314	4,327,802	14,431,500	18,960,500
Sales Tax Add-On *			6,684,000	3,891,000
Transient Occupancy Tax	16,598,534	1,348,387	5,898,309	2,808,000
Utility Users Tax **	7,231,177		4,874,900	
Parking Revenue & Fines	12,724,928		4,923,800	
TOTAL	\$ 83,805,405	\$ 12,343,123	\$ 49,250,621	\$ 40,669,290

* Reflects Santa Maria's Measure U2012. The City of San Luis Obispo's sales tax add-on will expire in March 2015 unless reauthorized by voters in the November 2014 general election.

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

Population (as of January 1, 2014)	90,365	43,314	45,473	101,103
Personnel ⁺				
Full-time Employees	879	318	390	480
Employees Per 1,000 ratio	9.72	7.34	8.57	4.75
Sworn Fire Employees	97	31	44	58
Fire Fighters Per 1,000 Ratio	1.08	0.72	0.97	0.57
Sworn Police Officers	139	55	59	121
Officers Per 1,000 Ratio	1.56	1.27	1.30	1.20

⁺ The complement reflects full-time employees in other cities with comparable services provided. Services not comparable are excluded from these calculations. The complement of Santa Maria employees reflects authorized positions. It should be noted that three sworn police positions and three sworn fire positions in the Lompoc employee count are authorized but not funded.

APPENDICES

HIGHLIGHTS OF RECENT ACCOMPLISHMENTS

The City of Santa Maria (City) successfully completed many projects in 2013-14 to improve the community's quality of life. Six of those larger projects are highlighted as follows:

Flood Protection

The City was at the forefront of efforts to protect Santa Maria against flooding and to help property owners avoid paying costly flood insurance, by supporting efforts to rehabilitate the Santa Maria River Levee (designed and built in 1959 to 1963) to modern standards. Lobbying efforts including several trips to elected officials in Washington, D.C., began in 2006. The City Council, City Manager's Office and Utilities and Public Works Departments teamed with County government to successfully lobby for Federal funds for repairs to nearly seven miles of levee. The City also contributed funds from Measure U2012. The City does not own or maintain the levee; the levee's maintenance is the County's responsibility. Rehabilitation work began in 2009 and the final stretch was completed by May 2014.

Regional Transportation

After nearly 45 years of discussion and planning, the City and its partner agencies successfully completed the Union Valley Parkway extension project, connecting Blosser Road to US Highway 101. This new east-west arterial roadway and its \$10.8 million interchange instantly improved regional traffic circulation, relieved congestion, and now provides a new freeway access route for the planned Santa Maria Airport Business Park. This project was a cooperative effort among the City, Santa Barbara County (County), CalTrans, and the Santa Barbara County Association of Governments.

Streetlight Retrofit

The entire City's nightscape permanently changed in late 2013, with streets illuminated in clear, white light from state-of-the-art light emitting diode (LED) street lights that replaced the yellow lights cast by 1970s-era low-pressure sodium fixtures. This ambitious project significantly improved visibility and safety. The Public Works Department coordinated the project in which nearly 5,700 street lights were retrofitted with LED fixtures at a cost that will be paid off with energy savings within eight years or less, and then the funds will be available for eligible City capital projects. This project is estimated to save the City \$240,000 annually.

Educational Film

The Santa Maria Police Department in early 2014 completed a much-anticipated juvenile gang prevention documentary titled *Life Facing Bars*. This 40-minute film features local gang members exposing the lies and telling the truth about their experience with the street gang subculture. The Department intends to use this film to raise gang awareness, and deter at-risk youth from gang involvement. The documentary premiered before a large audience at the new Edwards Theaters 14 at the Town Center East Mall. Many copies of the documentary are being distributed to the City's law enforcement and education partners so the documentary may be shared with those most in need. The first two months on YouTube, this documentary received more than 56,000 views.

Downtown Revitalization

City departments, that included the City Manager's Office and the Community Development, Police and Fire Departments, successfully worked for several consecutive years with the owner of the Town Center East Mall to approve construction of a beautiful 14-screen cineplex. The City invested in new, brighter lighting, landscape and other upgrades to its parking structures. Departments worked with the developers on revisions to the plans as the developer sought financing and weathered the recession. The new cineplex opened in November 2013, with large, enthusiastic crowds, as the cornerstone of the City's efforts to rejuvenate its downtown into a regional attraction.

Future Landfill

After the General Fund purchased the land at Los Flores Ranch Park (Los Flores), staff worked hundreds of hours to ready portions of the land for passive recreational use. Since Los Flores' opening, in June 2009, and subsequent management by the Recreation and Parks Department, well over 4,000 persons have registered to access Los Flores, with records indicating that an average of 340 persons per month visit the site. This 2.8-square-mile park offers a rare mix of environmental education, recreation, and approximately eight miles of hiking/equestrian/mountain biking trails. In 2013, an Open Space Management Plan was developed for Los Flores, after a detailed study was conducted by a qualified team of consultants, and the City's Recreation and Parks and Utilities Departments. This plan is a blueprint for the future planning and recreational, solid waste, and other uses of Los Flores. A portion of the 1,774-acre property will become the City's future landfill with operations projected to commence in the year 2020 when the current landfill closes.

APPENDICES

STATUS OF THE 2013-14 CITY-WIDE GOALS

Improve nighttime roadway visibility and neighborhood safety City-wide by completing the installation of light emitting diode (LED) retrofit street lighting fixtures for over 5,500 existing street lights while also significantly reducing annual electrical utility expenses. **(COMPLETED)**

Complete the structural retrofit of the future Police facility at 1111 W. Betteravia Road enabling the Police Department to proceed with move-in. **(COMPLETED)**

Successfully work with the owner of the Town Center mall to bring fruition renovations to the mall to include the opening of the new theater, way finder signage and new parking orientations in selected lots. **(COMPLETED)**

In an effort to curb youth violence and gang affiliation, complete a Police Department-sponsored educational video program for school presentations and for the government access television channel, featuring interviews with convicted gang members from the community who explain the consequences of their poor life choices and gang-related violence. **(COMPLETED)**

Successfully complete the long-anticipated Union Valley Parkway extension project connecting Blosser Road to Highway 101 to improve the regional traffic circulation and relieve congestion and to provide a new freeway access route for the planned Santa Maria Business Park. **(COMPLETED)**

Evaluate Solid Waste Collection and Disposal rates for long-term financial stability, sustaining financial stability of the fund and minimizing future rate increases. **(COMPLETED)**

Reconstruct the Police Department's special weapons team (SWAT) and Crisis Negotiations Team by way of extensive training and completely restructuring related policies to provide a comprehensive approach for resolution of critical incidents with an emphasis on life-saving and limited liability. **(COMPLETED)**

Implement reconfiguration of residential collection route boundaries and service days to maximize route efficiency, improve energy conservation, and prolong equipment life. **(COMPLETED)**

Adopt the 2013 Community Leisure Assessment and Action Plan and present recommendations to the Recreation and Parks Commission and the City Council, then follow-up with the associated budget requests and fees for some of the top attainable priorities in the Assessment with timelines for implementation. **(COMPLETED)**

Prepare a Long Range Property Management Plan for properties previously owned by the dissolved Redevelopment Agency and submit, for approval, to the Oversight Board of the Successor Agency. **(COMPLETED)**

Develop a strategy to implement requirements of the Affordable Care Act (ACA) to minimize the City's potential exposure to the Employer Tax Penalty. **(COMPLETED)**

Enhance and promote library resources on the website for a more usable virtual library experience for remote users and explore the feasibility of partially translating the Library's web pages into Spanish. **(COMPLETED)**

Make significant progress on the Open Space Management Plan for the Integrated Waste Management Facility at Los Flores Ranch Park in an effort to identify long-term passive uses before and during commencement of on-site landfill operations and to identify sites and methods to mitigate the Landfill's environmental affects. **(COMPLETED)**

Develop and implement payroll procedures in preparation for the implementation of the ACA tracking and reporting requirements. **(COMPLETED)**

Develop a Youth Vision and Mission Statement to guide the Recreation and Parks Department in implementing the priorities of the Leisure Assessment. **(COMPLETED)**

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Implement a Critical Incident Assessment Review process using the open systems perspective to understand critical incidents in an effort to provide more holistic understanding of critical incidents and facilitate a more thorough understanding of these incidents. **(COMPLETED)**

Evaluate zoning districts and propose amendments to City Council in order to address current and future needs of the economy to foster job growth. **(COMPLETED)**

Collaborate with community organizations to add digitized photographs of local interest to enhance the Library's catalog for research and leisure. **(COMPLETED)**

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. **(COMPLETED)**

With the implementation of the 2013 Building Codes, in January 2014, continue to update Building Division forms and exhibits to reflect the most recent building code amendments. **(COMPLETED)**

Initiate and conduct quarterly "Brown Bag" meetings with CDBG sub-recipient agencies to provide the opportunity for networking and collaboration on programs and projects of joint interest and to better the quality of life in the community. **(COMPLETED)**

Coordinate the final phase of the Santa Maria River Levee Reinforcement Construction Project with the Army Corps of Engineers. **(COMPLETED)**

Completely outfit and train all sworn Fire Department personnel in the operation and maintenance of the new Type I engines before taking delivery of the engines. **(COMPLETED)**

Continue to offer a wide variety of recreational, information and educational programs in the Main and branch Libraries (i.e., downloading eBooks and eAudiobooks, instructing in the use of library databases and computer use) through outreach efforts for children, teens, adults, and seniors with the purpose of attracting new users and retaining current Library users. **(COMPLETED)**

Improve the efficiency and performance of the City's fuel supply system by completing three additional installations of a completely automated fuel accounting system bringing the network to five sites. **(COMPLETED)**

Work with volunteers and local community agencies to augment and/or initiate the provision of library programs for children and adults and technology resources in the branch library services areas of Cuyama, Guadalupe, and Orcutt. **(COMPLETED)**

Co-coordinate the acquisition of advanced budgeting software with the City Manager's Office and collaborate to ensure training and implementation for selected employees across all departments. **(COMPLETED)**

Completely outfit and train all sworn personnel in the operation and maintenance of the new Aircraft Rescue Fire Fighting vehicle for dedicated use at the Santa Maria Public Airport. **(COMPLETED)**

Develop and implement a policy in the Building Division for Storm Water Management that will be used for plan check and inspection verification. **(COMPLETED)**

Continue to seek grant-funding opportunities to improve the materials collection and services provided at the Main Library as well as the equipment, furnishings, and materials at the various County-funded, City-operated branch libraries. **(COMPLETED)**

Update all map books aboard fire engines, Battalion Chief trucks, and at each fire station with geographic information systems data depicting the redrawn fire response zones matched to the street index in an effort to assist in call deployment. **(COMPLETED)**

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Facilitate an enhanced budget preparation process and budget query system by successfully transitioning to advanced budgeting software with training. **(COMPLETED)**

Improve energy conservation by designing and constructing additional landfill gas collection wells, which will minimize gas migration and maximize the landfill gas to energy projects. **(COMPLETED)**

Begin to improve the accuracy of the document imaging system by replacing selected older black and white images with scanned color images when warranted. **(COMPLETED)**

Work collaboratively with Santa Barbara County Public Health Department on the transition of the Certified Unified Program Agency administration from the County Fire Department to the County Public Health Department. **(COMPLETED)**

Prepare, for consideration, revisions to the Santa Maria Municipal Code or new ordinances as needed to address concerns of the community. **(COMPLETED)**

Complete the Utility Master Plan Update, now known as the Utility Strategic Scoping Study, to properly assess water and wastewater infrastructure needs that will support the City's vision as defined in the General Plan. **(COMPLETED)**

Continue to offer children's programs including early childhood "baby and me", preschool and school age story times, class tours and school visits, special monthly programs for children, tweens, and teens, and continue to form ties with area teens through programs and volunteerism. **(COMPLETED)**

Update the City Council agenda flow procedure and the agenda packet preparation process to improve staff efficiencies and project prioritization within the City Clerk's Office. **(COMPLETED)**

Begin design of the Integrated Waste Management Facility at Los Flores Ranch Park and successfully appear before the Regional Water Quality Control Board to negotiate waste discharge requirements for the facility. **(COMPLETED)**

Research the feasibility of online performance evaluations to assist supervisors and the Human Resources Division with efficiencies, accountability, and reliability. **(COMPLETED)**

Work closely with other departments such as the Utilities and Police Departments and the County Public Health Department to develop innovative and effective methods to address mobile car washers and unlicensed food establishments. **(COMPLETED)**

Complete the initial design phase of a fiber optic loop from City Hall to the future Police Department headquarters near the Blosser and Betteravia intersection, and back on another route, for the purpose of serving multiple City facilities. **(COMPLETED)**

Development a new format for the "Maddy Book" of City boards, commissions, and committees to make the content more informative and user-friendly.

Assist the Police Department to research and prepare an ordinance regulating mobile car wash and detailing businesses and present to City Council for its consideration. **(COMPLETED)**

Amend and adopt the 2013 California Fire Code to ensure protection of life and property within the community. **(COMPLETED)**

Improve public infrastructure and provide customers with a safe and well-maintained travel way for Landfill services by rehabilitating the main Landfill access roads to the Household Hazardous Waste Facility, Scalehouse and Utilities Administration building. **(COMPLETED)**

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

Evaluate and revise year-end fixed asset procedures to eliminate unnecessary tasks and streamline the process. **(COMPLETED)**

Further develop the Library's Facebook page and other social media to attract library users to programs, collections, and activities at the Main and branch libraries. **(COMPLETED)**

Achieve higher staff efficiency and productivity by constructing a new wash rack system at the Landfill, thereby allowing multiple trucks to be washed at the same time, using less staff time and prolonging equipment life. **(COMPLETED)**

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. **(COMPLETED)**

Identify Library staff training needs and explore the feasibility of developing an annual staff training day for focusing on team building, customer service and library training. **(COMPLETED)**

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

Develop written accounts receivable processing procedures to incorporate recent changes to the Finance Division's roles and responsibilities. **(COMPLETED)**

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

Develop and administer a "structurally balanced" General Fund budget and continue to maintain adequate reserves for future years' financing as well as identify appropriate financing strategies to fund future capital projects. **(PARTIALLY COMPLETED)**

Update the City's Multi-Hazard Functional Plan to comply with Federal, State, and local planning guidelines and obtain draft plan approval from the Santa Barbara County Office of Emergency Services. **(PARTIALLY COMPLETED)**

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

Merge public electrical utility and Public Works' street light data into CRW TRAKit for electronic access to GIS layers and maintenance records. **(COMPLETED)**

Complete the planning for the move-in at the Betteravia police facility to include an orderly transition of personnel and equipment, while at the same time, providing seamless public safety services to the community. **(ONGOING)**

Systematically, restore special assignment positions such as School Resource Officers, D.A.R.E., Gang Suppression, and Traffic Bureau personnel to enhance deployment. **(ONGOING)**

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Promote more convenient downtown shopping and tourism and business retention and attraction by purchasing two new trolley transit vehicles and develop routes with cooperation of the Downtown Merchants Association. **(ONGOING)**

Continue economic development, by working in conjunction with the Chamber of Commerce, to attract more mid-size light manufacturing, research, and other clean businesses to Santa Maria; help retain and expand existing local businesses in order to keep down the vacancy rate in local commercial and retail storefronts; and work with the Chamber of Commerce and the Community Development Department to identify opportunities in the development and review process to aid in economic development. **(ONGOING)**

Continue the "Walk and Talk" public relations program designed to educate and inform residents about Code Compliance rules and expand the program to include information about pet owners' responsibilities, licensing, spaying/neutering, and vaccinations. **(ONGOING)**

Continue the Listos/Ready and CERT programs to effectively engage and strengthen the non-English speaking (Hispanic) population's understanding about public safety/disaster preparedness and to promote trust in local government and foster civic participation. **(ONGOING)**

Develop and complete a strong and vibrant Active Aging Program to address the leisure needs of seniors in the community. **(ONGOING)**

Continue to plan for needed transit services within community by completing the next update of the Short-Range Transit Plan. **(ONGOING)**

Continue to be an active and engaged member of the Santa Maria Valley Economic Development Commission while developing additional public/private partnerships. **(ONGOING)**

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

Continue to prepare for evaluation and rating by the Insurance Services Office, which determines fire insurance rates within city limits. **(ONGOING)**

Respond to public safety concerns by completing the pedestrian safety improvements, consisting of a pedestrian refuge island with the existing flashing beacon, near Santa Maria High School at Stowell Road and Entrada Way. **(ONGOING)**

Implement a computerized Early Intervention System as a proactive management tool useful for identifying potential training opportunities and liability as well as ensuring Fire Department employee accountability. **(ONGOING)**

Continue working with various departments on the tenant improvement plans, inclusive of the technological infrastructure, required for the relocation of the Police headquarters to include the relocation of the Dispatch Center. **(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 of Office Traffic Safety grants funding to conduct DUI/Drivers License checkpoints and saturation patrols. **(ONGOING)**

Re-establish roadway integrity by completing the Depot Street Overlay from Main to Fesler and reduce traffic accidents by completing the traffic safety enhancements at Depot/Fesler/Railroad. **(ONGOING)**

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Actively participate in Serve Santa Maria as well as collaborate with various non-profits and faith-based groups to cultivate and foster social capital. **(ONGOING)**

Strive to maintain the highest level of service to the public while maintaining strong fiscal control over expenses by utilizing a prioritization service delivery system to efficiently and effectively maintain parks and community buildings operated by the Recreation and Parks Department. **(ONGOING)**

Facilitate Windows 7 and Office 13 software upgrades across all departments with City-wide training customized to the needs of each department, while ensuring continuity of communications. **(ONGOING)**

Generate more SMCTV staff-produced videos about City programs and services for the government access channel to enhance government transparency and provide civic value for viewers as well as contribute in-house projects such as safety public service announcements and an employee orientation video to assist departments. **(ONGOING)**

Expand marketing efforts and fund-raising opportunities in the community through the People for Leisure and Youth, (PLAY) Inc. as well as assist in the development of one new PLAY fundraiser. **(ONGOING)**

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

Continue to proactively investigate foreclosures to maintain property values and neighborhood integrity. **(ONGOING)**

Increase departmental-sponsored educational programs and presentations targeting local high school students about the danger of driving distractions such as texting and/or drinking. **(ONGOING)**

Maintain the agreement with the Santa Maria Joint Union High School District (SMJUHS) for the operation and maintenance of SMJUHS' three swimming pools and public access to the pools at Santa Maria and Pioneer Valley High Schools. **(ONGOING)**

Implement a computerized Early Intervention System as a proactive management tool useful for identifying potential training opportunities and liability concerns as well as ensuring employee accountability. **(ONGOING)**

Complete the Entrada Specific Plan update, covers the Broadway and Main Street corridors (State Highways 135 and 166). **(ONGOING)**

Expand opportunities for Recreation and Parks Department staff development through training, health and wellness, mentoring and reviewing Department goals. **(ONGOING)**

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

Provide an organizational atmosphere that fosters partnerships with local school districts, non-profits agencies, service groups and special interest organizations. **(ONGOING)**

Examine the Recreation and Parks Department's current operations and structure with a goal of making necessary changes to maintain quality mission-critical programs and services to the community. **(ONGOING)**

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

Ensure installation and implementation of advanced audio/visual system controls and state-of-the-art equipment in the Library's public meeting rooms. **(ONGOING)**

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Establish an expanded Code Compliance Volunteer Program, contingent on securing sufficient resources, that include the volunteers participating in the ongoing "Walk and Talk" outreach program, investigation of requests for service involving neighborhood blight issues and to provide administrative support to full-time officers. **(NOT COMPLETED)**

Reduce ongoing energy expenses and improve facility visibility by retrofitting the lighting in Parking Structure B at the Town Center Mall with energy-efficient LED lighting. **(NOT COMPLETED)**

Improve traffic congestion by calling for bids on the Blosser Road/Main Street (State Highway 166) Right Turn Lane Project then constructing a left-hand turn lane and two through lanes. **(NOT COMPLETED)**

To aid in department-related recruitments, successfully create a recruitment video showing the multiple career opportunities available within the Police Department and place the video on the City's website. **(NOT COMPLETED)**

Continue to work with representatives of the Firefighters Union Local 2020 to develop a program guide for a viable Risk Management Prevention Program. **(NOT COMPLETED)**

Improve customer service management through Trakit software to process customer service requests in a more efficient manner. **(NOT COMPLETED)**

Prepare and present an ordinance prohibiting the distribution of medical marijuana in any City zoning district. **(NOT COMPLETED)**

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The Fire Department provides fire prevention services through public education and regular fire inspections of businesses and places of assembly. This is accomplished through a community-based partnership where the department provides fire safety and disaster preparedness education and awareness, and community members apply those principles in their daily lives. The focus of this partnership includes school programs, participation in community events, and advisory visits to businesses.