

# PREFACE

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## HOW TO USE THE BUDGET DOCUMENT

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This document reflects the City's continued use of a two-year financial plan, which emphasizes long-range planning and effective program management. The benefits of a two-year plan include:

- Ability to maintain long-range planning efforts;
- Ability to focus on developing and budgeting for significant objectives;
- Encourage more orderly spending patterns;
- Ability to set realistic schedules for completing program objectives; and
- Save time and resources allocated to preparing annual budgets.

This document represents a proposal for the City's two-year budget, covering the period July 1, 2018 through June 30, 2020. As in the past, staff concentrated on the first year of the two-year budget (2018-19). The second year of the two-year budget has been developed from the first year's funding and revenue levels.

This budget is proposed as "two one-year budgets." Amendments to this document may be necessary, at the end of 2018-19, depending on economic circumstances, and will be addressed during the Mid-Cycle Budget Review in June 2019. For that reason, the budget summary schedules, financial tables, and graphic presentations in this document only show proposals for the 2018-19 budget year. In 2018-20, each department and budget unit that is proposed is shown in the Proposed Department Budgets – Section C.

The City's two-year budget document serves four primary roles:

1. Policy Guide;
2. Financial Plan;
3. Operations Guide; and
4. Communications Device.

To meet these roles, the budget document is organized into the following sections:

### ***Section A: Budget Message***

The City Manager's Budget Message provides an overview of the 2018-20 financial plan, a summary of the major operating program changes, and policy issues requiring City Council determination.

### ***Section B: Graphics and Budget Summary Schedules***

The Graphics and Budget Summary Schedules section provides charts and tables, which highlight key financial relationships and summarize the overall budget document.

### ***Section C: Proposed Department Budgets***

The Proposed Department Budgets section presents the proposed budget for each department, grouped along the following programmatic and functional lines:

- Public Safety and Measure U2012;
- Utilities;
- Public Ways and Facilities;
- Leisure and Cultural Services;
- Community and Economic Development; and
- General Government.

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### Section C: Proposed Department Budgets, continued

Below is an illustration on how to read the Department Budget:

**Title** → Indicates department, division, and the major source of funding. Descriptions of funds are in the Appendices.

**Program Expenses/Revenues** → Four years of historical and projected expenditure and (if applicable) revenue information. All costs for salaries and benefits, as well as related costs of services and supplies are reflected.

**Employee Count** → Four years of full-time and part-time and/or limited-service position staffing levels by job classification.

**Program Description** → A narrative of fundamental programs and services.

**Subprograms and Their Objectives** → Specific activities of the program and their stated objectives.

**Performance/Workload Measures** → Performance/workload measures are categorized in two forms: the activities associated with service demand or workload; and any tangible, specific actions, quantitative results or effectiveness and efficiencies of providing that service. Three budget years of performance measures are provided to identify trends.

**Goals and Objectives** → Goals are stated desirable outcomes in specific program areas. Objectives are specific, well-defined, measurable attainments that are achievable within a specific timeframe.

#### INTERNAL SERVICE FUNDS

DEPARTMENT: City Manager  
 DIVISION: Liability, Workers' Compensation Insurance, and Unemployment Insurance  
 PROGRAM: Risk Management  
 FUND: Insurance Funds

	Actual 2016-17	Adopted 2017-18	Year-End Estimated 2017-18	Proposed 2018-19	Proposed 2019-20
<b>PROGRAM EXPENSE/REVENUES</b>					
Salaries & Benefits	\$ 222,420	\$ 295,730	\$ 277,570	\$ 241,315	\$ 245,720
Services & Supplies	5,941,582	2,805,910	3,439,470	3,718,549	3,718,849
Total Operating Cost	6,164,002	3,101,640	3,717,040	3,959,864	3,964,569
Capital					
Debt Service					
Transfers	106,370	106,500	106,500	206,280	206,280
Total Cost	\$6,270,372	\$3,210,140	\$3,823,540	\$4,166,144	\$4,170,849
<b>SUMMARY OF SERVICE PROGRAMS</b>					
Liability Program	\$2,342,990	\$1,612,620	\$1,941,410	\$2,383,744	\$2,388,449
Workers' Compensation Program	3,927,782	1,597,520	1,884,130	1,782,400	1,782,400
Total Service Programs	\$6,270,772	\$3,210,140	\$3,825,540	\$4,166,144	\$4,170,849
<b>SUMMARY OF POSITIONS</b>					
<b>FULL-TIME</b>					
Risk Manager	1	1	1	1	1
TOTAL	1	1	1	1	1
<b>GRAND TOTAL</b>					
	1	1	1	1	1

#### PROGRAM DESCRIPTION

The City Manager's Office administers the Insurance Funds. Funding for the various programs is generated by allocations to operating departments based on historical use of insurance resources and exposure to risk. These appropriations do not represent additional costs to the City, but rather report the manner in which departmental allocations will be spent.

#### SUBPROGRAMS AND THEIR OBJECTIVES

##### Risk Management

Analyze general liability claims experience and ensure that adequate reserves are maintained.

PERFORMANCE/WORKLOAD MEASURES	ACTUAL 2014-15	ESTIMATED 2015-16	PROJECTED 2016-17
<b>DEMAND/WORKLOAD</b>			
Workers' Compensation Claims Processed	204	201	175
<b>EFFECTIVENESS/EFFICIENCIES</b>			
Safety Inspections/Ergonomic Evaluations	12	15	15
Wellness Workshops	8	8	8

#### GOALS AND OBJECTIVES

- In addition to Web-based training options (video streaming and webinars) for safety-related training, include on-site training programs for multiple participants at one site to enhance employee group communication and feedback.
- Conduct a comprehensive review and update of City's Injury and Illness Prevention Programs.
- Provide workshops on understanding Post Traumatic Stress Disorder for Police and Fire safety personnel.

#### NOTEWORTHY BUDGET HIGHLIGHTS

- In August 2015, an actuarial study of the Liability Fund indicated greater claims expense projections than previously anticipated. The study estimated that ultimate costs of liability claims and expenses incurred at June 30, 2015 was \$2,990,804.

#### Noteworthy Budget Highlights

Noteworthy Budget Highlights may identify major service reorganizations; the curtailment or expansion of services and/or programs; any increases or decreases in regular positions; significant one-time costs; major changes in the method of delivering services; operational changes that will impact other departments or customer service; and changes that affect current policies or noteworthy capital projects.

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### ***Section D: Special Revenue Funds***

The Special Revenue Funds section presents the proposed budget for programs and assessment districts, which are funded through special revenue funds. These budgets are grouped along the following programmatic and functional lines:

- Growth Mitigation Capital Improvements;
- Landscape Maintenance Services;
- Park Acquisition and Development Services;
- Santa Maria Community Television;
- Parking & Lighting Maintenance.

### ***Section E: Internal Service Funds***

The Internal Service Funds section summarizes the budgets for internal funds providing service to City departments, such as fleet services; business, communications, telephone equipment replacement; and liability, workers' compensation and unemployment insurance services.

### ***Section F: Capital Projects***

The Capital Projects section presents the City's Capital Improvement Plan (CIP), which includes all of the City's construction and maintenance projects financed by various funding sources. The section summarizes on-going operational costs associated with the projects. Through the CIP, the City systematically plans, schedules, and finances capital projects to ensure cost-effectiveness and conformance with policy. This section is designed to provide appropriation authority for the first two fiscal years as well as provide an indication of what the planned Capital Projects are for years three and four.

### ***Section G: Debt Service Schedules***

The Debt Service Schedules section summarizes the City's debt obligations and outlines the repayment periods.

### ***Section H: Glossary***

The Glossary section lists acronyms, specialized words and definitions to aid the reviewer in understanding this budget document.

### ***Section I: Appendices***

The Appendices section contains supplementary material that has corresponding significance to information provided within this budget document.

### ***Section J: Index and Notes***

The Index and Notes section is an alphabetical list of subjects that can be found in this budget document. The Index is intended to aid the reviewer in locating an item on subject matter in the budget document. The Notes page provides the reviewer space to record budget-related notes.

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## READER'S GUIDE

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The City of Santa Maria's budget is a plan that allocates available resources to meet the direction of the City's mission, vision and values, and the priorities of the City Council. The budget balances the planned expenditures with the projected revenues.

The 2018-20 Budget is intended to serve four purposes:

1. ***The Budget as a Policy Guide***

As a policy document, the biennial budget indicates the services that the City will provide during the two, 12-month periods beginning July 1, 2018 and July 1, 2019, and why those services are provided. A matrix of the City Council's short-term and long-term City-wide goals and objectives, with the department(s) responsible for carrying out the priorities associated with the goal and objective, is found immediately before the Budget Message. Within the Proposed Department Budgets section are narratives about the specific major goals and objectives that each department intends to pursue over the next two-year period. The Budget Message summarizes the challenges facing Santa Maria and how the budget addresses those challenges, as well as highlighting any priorities, initiatives and issues, and significant changes and/or programs over the next two-year period. Within the Appendices section, descriptions of all Operating Funds are provided, as are the budgetary and financial policies of the City.

2. ***The Budget as a Financial Plan***

As a financial plan, the budget outlines the cost of City services and how those services will be funded. The Budget Message and the Graphics and Budget Schedules sections provide an overview of the budget, including major revenue and expenditure categories. The Summary of Key Revenue Assumptions provides detailed information such as revenue sources and trends. Within the Appendices section, there is a discussion of the City's accounting structure, budgetary policies, and descriptions of each individual major fund. The Capital Projects and Debt Service Schedules sections provide additional information on the cost of City services and how those services will be funded.

3. ***The Budget as an Operations Guide***

As an operations guide, the budget indicates how services will be delivered to the community. The Proposed Department Budgets section outlines the number of authorized full-time and part-time positions and department appropriations approved by the City Council for the provision of services by each department. An organizational chart is provided for each department to show how the City is structured for efficient performance. Performance/workload measures provide historical and projected indicators, showing the activities required to achieve the department's goals and objectives, as well as to provide a scope of tasks.

4. ***The Budget as a Communications Device***

The budget is designed to be user-friendly with summary information in text, tables, charts, and graphs. A glossary of budget acronyms and terms, as well as an index, is included for the reader's reference. In addition to this Reader's Guide, the following Table of Contents provides a listing of the various topics in the budget document. The City Profile describes the community and population. The Budget Message provides the reader with a condensed analysis of the City's financial plan for the next two fiscal years. The City also produces a separate Budget-in-Brief document. The budget explains the budget preparation, reviewing, and adoption process and the process to amend the budget after adoption.

The City's fiscal year begins July 1<sup>st</sup> and ends June 30<sup>th</sup>. This is the same time frame used by the State of California and all other local government budgets. The City Manager has the power and duty to prepare the annual budget and submit it to the City Council with a message describing the important features. The City Manager is responsible for administration and implementation of the budget following its adoption by the City Council.

City monies are budgeted and accounted for in a number of different "funds." This allows monies, which must be spent for certain purposes to be separated, and helps to show the full cost of certain City operations. The main types of funds in the City's budget are explained in the Appendices section, under Description of Funds.

Budget documents are available online at [www.cityofsantamaria.org/budgets](http://www.cityofsantamaria.org/budgets) and copies of the budget are available for review at the Main Public Library.