

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 strives to 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 either unappropriated fund balances for use in maintaining reserve levels set by policy or 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 should 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, or otherwise being referred to as Director of Finance, 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 Finance 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 Finance.

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, Rights-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

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appropriations are requests for bids, requests for proposals, grants spanning multiple fiscal years, and approved, uncompleted capital projects.

Prior to any budget carryover departments submit a listing of the unused appropriations/budget carry over request to the Department of Finance 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 2016-18 Biennial Budget. The City operates under a biennial budget spanning two fiscal years (a fiscal year is July 1st through June 30th). The budget document consists of two, one-year budgets. At the end of the first budget year (2016-17), a Mid-Cycle Budget Review will take place, with necessary budget amendments presented to the City Council for the second budget year (2017-18).

The preparation of the two-year budget is not simply a “number crunching” process, but rather a process of allocations based on competing service demands, representing 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 seven months before the budget document is presented to the City Council for review and adoption. This time, starting in December 2015, departments were asked to submit their requests for capital, maintenance and equipment. 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 a two percent increase to appropriations for operating expenses, to address increases associated with the cost of doing business, using as a base the existing budget amounts from the adopted Mid-Cycle 2015-16 budget. Departments were required to justify all requested contractual services and travel/training account appropriations. The predetermined modest two percent increase to the budget was eliminated subsequently based on the fact that additional personnel and pension-related expenses and decreases in some revenues are placing the City in a projected multi-million dollar deficit. Consequently, the 2016-18 budget will be one of maintaining operational costs to come within funding constraints.

This year, as in 2014, staff engaged the services of an outside facilitator to assist the City Council in establishing overall City-wide priorities and goals for the 2016-18 fiscal years. At a one-day Council Goal Setting Exercise held March 10th at an off-site facility, the Facilitator conducted one-on-one, in-person interviews with each member of the City Council, learning norms, practices and expectations. The afternoon session 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 modest budget for the next two fiscal years. The City Council agreed on seven City-wide goals at this meeting, four of which were deemed “essential priorities” during the next two-year period, a majority of the Council agreed three more items were important for staff to address during the next two-year period. On April 5, 2016, the City Council received a presentation from City staff on the proposed City-wide goals and took action to adopt the goals. After approval, the Budget Review Team then guided each department to assure its submitted 2016-18 budgets contained a nexus to the overall City-wide goals, for review by the Budget Review Team.

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

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BUDGET PREPARATION AND PROCESS

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

At the next regularly scheduled City Council meeting, after the City Council adopts the budget, staff brings forward personnel-related resolutions for City Council's consideration. These resolutions address and put into practice all personnel-related actions associated with the 2016-18 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 2016-18 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	12/07/15	
Budget Instructions distributed to City departments staff	02/08/16	
Budget Review Team evaluates Capital Projects with departments	02/03/16	03/06/16
City Council 2014-16 Goal Setting Exercise	03/10/16	
Departments submit budget requests to Budget Review Team	03/14/16	
Budget Review Team evaluates budget requests with departments	03/17/16	- 03/30/16
Budget Review Team compiles and assembles the draft proposed budget	04/02/16	- 05/18/16
Budget Review Team completes the draft proposed budget for the City Manager's review	05/19/16	- 05/20/16
Budget Review Team to incorporate and finalize proposed budget document	05/23/16	- 05/27/16
Proposed budget presented to City Council	06/07/16	
Budget Review Team and City Council to meet to review proposed budget	06/06/16	- 06/15/16
Public Hearing and City Council adoption of final budget	06/21/16	

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SUMMARY OF KEY REVENUE ASSUMPTIONS

The calculation of revenue estimates is the first step in the preparation of the 2016-18 Budget. Revenue estimates are prepared separately for each of the two fiscal years. For 2016-17, projections were based on 2015-16 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 2016. These estimates consider the City's local economy, the City's current revenue, and a realistic estimate of what the future holds. Ultimately, 2016-18 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 2016-17 General Fund revenues will fall short of its on-going operational expenses by about \$4.4 million. The City will use one-time reserves and anticipated expenditure savings to bridge this budget gap.

GENERAL ASSUMPTIONS

According to a recent UCLA Anderson Forecast, with the national unemployment rate at five percent, the economy is operating at or very close to the traditional definition of full employment. However, because the employment to population ratio of 59.3 percent is four percentage points below that recorded prior to the start of the financial crisis in 2006, for more than a few Americans, the economy does not feel anywhere close to full employment. Most job growth is in the low-paying retail and food service industries. Many people have been out of work so long that they'll never return to the high-paying jobs they used to have. That means structural unemployment increased. Federal Reserve Chair Janet Yellen admits many workers are part-time and would prefer full-time work. That makes the unemployment rate seem artificially low. Yellen considers the real unemployment rate to be more accurate. That rate is usually double the official rate. Nevertheless, employment growth remains healthy with the economy generating jobs at a 200,000 a month clip that will bring with it further declines in the unemployment rate to 4.6 percent.

The Congressional Budget Office (CBO) estimates that real gross domestic product (GDP) will grow by 2.7 percent this calendar year and 2.5 percent in 2017. The CBO anticipates that consumer spending will be the largest single component of that growth, as it has been in the past. However, the pickup in the growth of output from 2015 to 2016 and 2017 is likely to stem largely from growth in investment in business capital and housing. The CBO expects that solid economic growth will put upward pressure on inflation and interest rates. The CBO anticipates moderate economic growth in subsequent years, constrained by relatively slow growth in the labor force.

The California economy has been humming along with rates of growth in excess of the U.S. and with employment growth pushing the unemployment rate, currently at 5.4 percent, towards full employment (around five percent). The current forecast is for continued steady gains in employment through 2017. The increase in U.S. growth rates will continue to fuel the State economy. This should result in a steady decrease in the unemployment rate in California over the next few years.

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), has assessed that the state budget situation through 2016-17 is decidedly positive. The State budget is better prepared for an economic downturn than it has been at any

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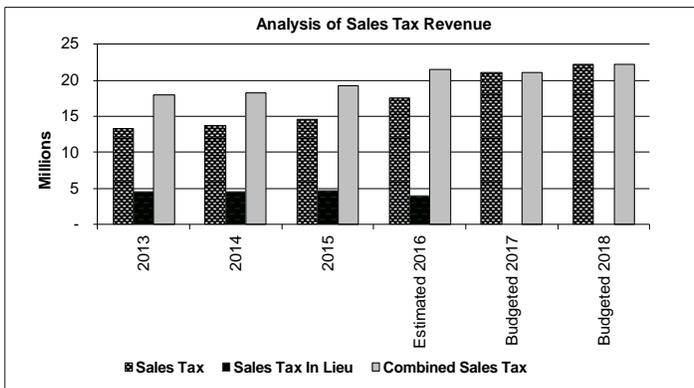
SUMMARY OF KEY REVENUE ASSUMPTIONS

point in decades. In 2015-16, the LAO projects that the State’s “Big Three” General Fund revenues – principally the personal income tax - will exceed budget assumptions by \$3.6 billion, with most of that gain to be deposited into the Proposition 2 rainy day fund. In 2016-17, the LAO projects revenues will exceed spending under current policies, resulting in further improvement in the state’s fiscal situation. Assuming no new budget commitments are made, the estimate is that 2016-17 would end with reserves of \$11.5 billion. Of this total, the Legislature would have control over \$4.3 billion in the Special Fund for Economic Uncertainties, the state’s traditional budget reserve, with the rest of the reserves held for future budget emergencies by Proposition 2.

An issue the State will need to address is the expiration of the increase in personal income taxes (PIT) and sales taxes from the passage of Proposition 30 in 2012. The increase in PIT for high income earners is set to expire at the end of 2018, but the State Legislature is currently developing proposals to extend and permanently increase the PIT under Proposition 30. However, the current proposals allow the additional quarter-cent increase in sales tax to expire as originally intended at the end of 2016.

Since the end of the Great Recession, there have been seven years of positive, moderate growth in gross domestic product (GDP). The national unemployment rate is currently at five percent. In the City, the unemployment rate in April 2016 was 6.4 percent versus 8.6 percent in April 2014. Economic growth appears to be continuing. The local housing market is improving. The City’s gross assessed property value has increased from a low of \$6.7 billion in 2011 to the current \$8 billion. The housing market has inched back to normalcy in 2015 with more owner occupied sales and less distressed and investor purchases. Median sales prices for real estate have continued to increase steadily year over year while the number of sales transactions remains healthy with some expected seasonal dips. There were 661 sales of single family homes in 2015 with a median home price of \$300,000 versus 826 sales at a median price of \$195,000 in 2011.

The City’s sales tax revenue has experienced significant increases and is greater than pre-recessionary levels. In 2014-15, sales tax revenue was \$19.5 million and is projected at \$21.8 million for 2015-16. However, the \$21.8 million includes the one-time settle up of approximately \$1.3 million due to the end of the State’s “Triple Flip”



program that occurred with the payoff of the State’s Economic Recovery Bonds. This compares to a low of \$14.2 million in 2009-10. In 2014-15, County-wide sales tax increased by 3.5 percent over the comparable time period. 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 an eight percent gain. The County expects taxable sales to grow by four to six percent for 2015-16 over 2014-15. Beginning in 2016-17, 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.

Another key revenue source with positive growth is the City’s transient occupancy tax (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 \$3.2 million in 2014-15. The County expects more tourism as the economy continues to grow. The County anticipates 8.2 percent growth in tourism spending in 2015-16 and 3.6 percent growth for fiscal year 2016-17.

The construction industry continues to show positive growth. There is increased activity in both residential and commercial construction. In 2015, 2,023 City building permits were issued valued at \$120 million versus 1,449 permits issued in 2014 valued at \$133 million. Building permit revenue is increasing from a low of \$622,000 in 2011-12 to a projected \$2.5 million in 2015-16.

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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 2016-18 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 8.25 percent sales tax 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, 1.25 percent to the City's General Fund (one percent General Fund and 0.25 percent Measure U), one-half percent to the Local Public Safety Fund, one-half percent for local and regional transportation purposes (Measure A) as well as a quarter percent collected by the State (Transportation Development Act) used for local transportation for a total County sales tax rate of 8.25 percent. The total rate is expected to decline at the end of 2016 to 8 percent with expiration of the State's temporary quarter-cent increase which was passed in 2012 through Proposition 30.

Calendar year 2015 saw continued growth in retail sales. The United States' Census Bureau announced that United States' retail sales in calendar 2015 increased 6.5 percent over 2014. California retail sales are forecast to increase by 4.6 percent over 2015-16 led by Building and Construction at 7.0 percent. Vehicle sales are anticipated to decrease from 8.8 percent in 2015-16 to 4.5 percent in 2016-17. Sales tax from Restaurant and Hotels are expected to increase by 5.8 percent in 2016-17 due to rising employment, fuel savings and a robust travel/tourism industry.

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 million in 2009-10, a 21 percent plunge. However, since the Great Recession ended in June 2009, consumer spending has continued to increase, resulting in greater sales tax receipts for the City. Receipts year-to-date are about five percent greater than last fiscal year. Building and Construction is expected to generate seven percent increase 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 2017. Sales tax from Restaurants and Hotels are expected to increase by 5.8 percent due to increasing employment, higher wages, low gas prices and increased tourism. Californians now spend more money in restaurants than on taxable goods at grocery stores. Recent surveys show that 48 percent of consumers would like to dine out more often than they are currently.

With this in mind and based on the analysis of the City's sales tax consultant, the City is projecting an increase in 2016-17 sales tax revenue at \$21.3 million, a four percent increase over 2015-16. Fiscal year 2015-16 includes the one-time settle-up receipt of approximately \$1.3 million from the termination of the State's "Triple Flip", which occurred with the payoff of the State's deficit reduction bonds last August. The budgeted sales tax revenue for 2016-17, 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 0.25 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 2015-16 was \$4.177 million. However, the use tax has been tracking at about 21 percent of sales tax. Therefore, the City anticipates receiving \$4.235 million in 2015-16 and \$4.408 million in 2016-17. 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.

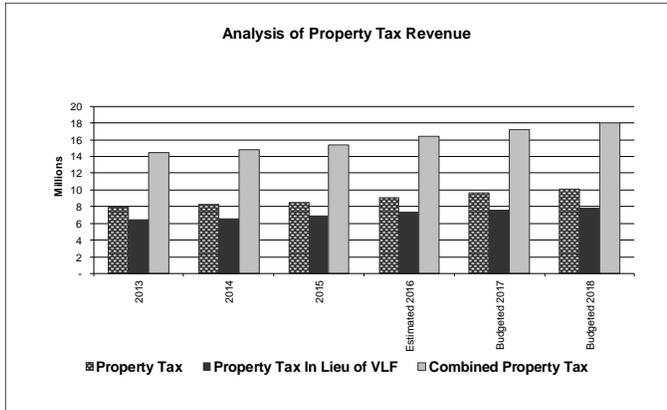
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SUMMARY OF KEY REVENUE ASSUMPTIONS

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. According to Hinderliter de Llamas (HDL), the City's property tax consultant, net taxable assessed value increased by 5.8 percent for the 2015-16 tax roll, which was somewhat more than the increase countywide at 1.8 percent. The Citywide increase in assessed value between 2014-15 and 2015-16 was \$402 million. Property tax assessment, collection, and

apportionment are performed by the County. On December 4, 2015, the State Assessor determined that the consumer price index factor to be used for the Proposition 13 Inflation Factor for 2016-17 is 1.525 percent. The past two fiscal years, the factor has been below the maximum two percent at 1.998 and 0.454 percent. Therefore, Proposition 13 value homes will be multiplied by a factor of 1.01525 rather than 1.02 percent. Non-Proposition 13 Value Changes are anticipated to provide two percent growth. Continued growth in both ownership changes and new construction is expected to generate about a 1.5 percent increase in property tax revenue.



Sales of properties are currently healthy with sales of 661 single family dwellings in calendar 2015. The median sales price rose 9.5 percent over last year. Therefore, the City is expecting a strong six percent increase in property tax receipts in 2015-16 at \$16.4 million. Property tax, in 2016-17, is projected at \$17.2 million, a 5.2 percent increase over last year. Property tax 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. Since the recession ended in 2009, however, TOT has increased from \$2.1 million in 2009-10 to \$3.2 million in 2014-15 and a projected \$3.4 million in 2015-16. According to the County's "Annual Transient Occupancy Tax Report," for fiscal year 2014-15, TOT revenues increased to \$51.8 million or 11.8 percent greater the previous fiscal year. The County expects TOT revenue to continue to increase annually by at least four percent. Staff is forecasting a six percent increase in fiscal year 2016-17. In addition, in February 2016, the Chamber of Commerce created a Tourism Improvement District, which resulted in increasing the TOT rate by two percent. The added revenue generated from the 2 percent can only be used to facilitate increased tourism resulting in increased TOT revenue.

Construction Permits

Construction permits are required for all new structures built within the City, as well as for additions or upgrades to existing buildings. Total permits issued for 2015 were 2,023 valued at \$120 million compared to 2014 when 1,149 permits were issued valued at \$133 million. The increase in building over the past two years is expected to continue through the budget cycle. There are currently 2,272 dwelling units approved or pending approval from the Planning Commission. A major development occurred with the approval of the Enos Ranchos Project which is a 113 acre development plan with a mix of retail, warehouse retail, corporate office and automobile dealerships that is scheduled for construction in 2016-17. This project will bring in significant building permit revenue.

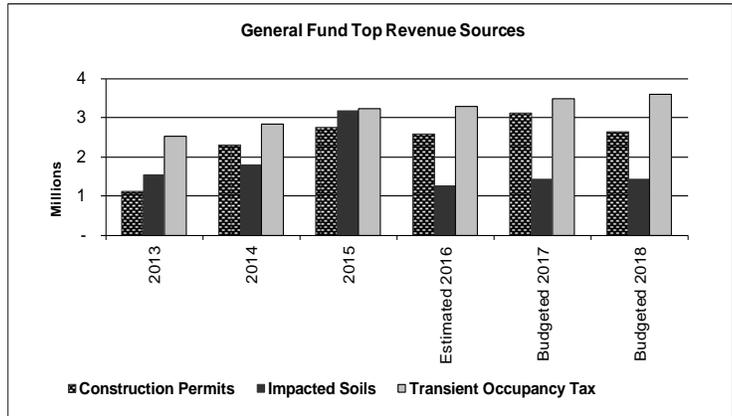
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SUMMARY OF KEY REVENUE ASSUMPTIONS

Building permit revenue reached a peak in 2007-08 at \$2.5 million, then declined to \$622,000 in 2011-12. However, with an improving economy and declining unemployment, residential and commercial construction is expected to remain strong. Revenue of \$2.5 million is projected for 2015-16 and is expected to increase to \$3 million for 2016-17 primarily due to the Enos Ranchos project.

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. 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. The City received \$3.2 million in 2014-15. However, with declining oil prices, oil companies are not allocating significant resources to cleaning sites as in prior years. Therefore, the revenue projection from NHIS for 2016-17 is \$1.3 million, which represents approximately two percent of General Fund revenues.



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. However, under a State Executive Order, the City was required to reduce water consumption by 16 percent for the period July 2015 through February 2016. This is the result of the continuing drought in the State. The City does not believe that such reductions will have a material adverse effect on the ability of the City to make its contract payments for the State Water Project or continue funding of operating costs.

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

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SUMMARY OF KEY REVENUE ASSUMPTIONS

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.

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. The Municipal Code provides for a rate increase of five percent on January 1st of each year. However, on November 18, 2014, the City Council approved three percent rate increases effective January 1, 2015, 2016 and 2017.

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. In May 2012, the City Council approved landfill gate rate increases. This results in a proportional increase in revenue for the landfill. The Utilities Department is currently undergoing a cost and fee study to analyze the adequacy of current landfill rates. 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. It is anticipated that use of the current landfill will expire in 2020 and transition to the Los Flores Landfill.

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 55 percent or \$1.66 million. For 2016-17, the City will increase the General Fund contribution to \$1.74 million. This will aid in stemming increasing deficits in the Library Fund. County grants make up 38 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.

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SUMMARY OF KEY REVENUE ASSUMPTIONS

Quimby Park & Acquisition Development Fees Fund

Quimby Park & Acquisition Development fees are collected from developers through the payment of recreation and parks growth mitigation fees. Forty-two percent of this fee is deposited to this fund for the specific use of funding for park land and/or recreational facilities. An update to the City's mitigation fees occurred in October 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. All fees deposited to this fund provide for the development and rehabilitation of City parks. An update to the City's mitigation fees occurred in October 2015.

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, is 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 expired in December 2014. The cable operator has transitioned 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. Operating transfers of \$50,000 from the General Fund are budgeted for 2016-17.

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.

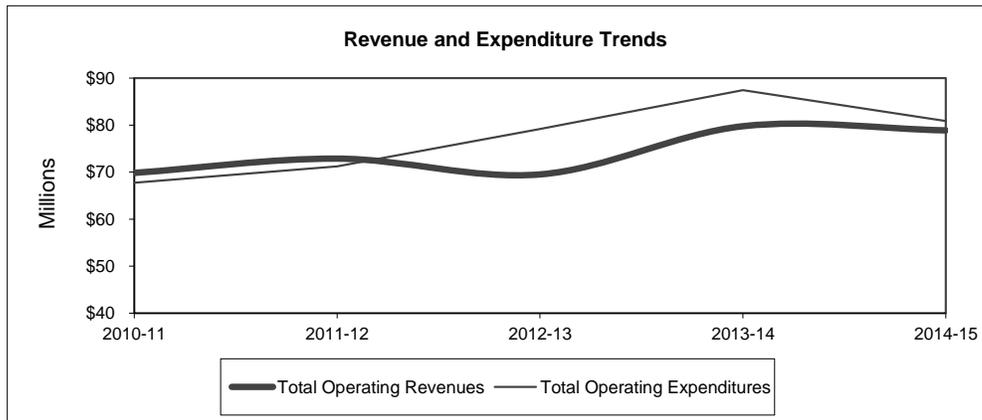
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FINANCIAL AND STATISTICAL TABLES

REVENUE AND EXPENDITURE TRENDS - LAST FIVE COMPLETED YEARS

ALL Governmental Funds

	Actual 2010-11	Actual 2011-12	Actual 2012-13	Actual 2013-14	Actual 2014-15
Operating Revenues:					
Taxes					
Property	\$ 15,305,659	\$ 14,926,979	\$ 14,535,784	\$ 14,560,426	\$ 15,255,770
Sales & Use	21,711,665	23,644,020	24,989,833	26,257,503	27,746,698
Measure U Transaction & Use Tax			2,616,358	3,767,979	4,230,578
Transient Occupancy	2,363,467	2,440,980	2,532,032	2,844,497	3,224,413
Business Licenses	313,717	301,335	304,168	302,728	439,062
Franchise Fees	3,578,754	3,787,686	3,849,977	4,106,820	4,148,057
Other Taxes	272,583	192,948	52,103	350,547	370,348
Supplemental Tax	198,878	174,416	144,838	270,517	143,058
Total Taxes	43,744,723	45,468,364	49,025,093	52,461,017	55,557,984
Permits, Fines & Forfeitures	1,368,214	1,103,627	1,467,439	2,717,608	3,111,841
Revenues from Use of Money/Property	2,530,588	2,193,493	1,335,811	1,482,149	1,186,557
Aid from Governmental Agencies	9,690,422	11,020,727	6,623,511	8,555,455	4,825,050
Charges for Current Services	12,175,204	12,561,301	9,719,735	12,033,721	13,747,994
Contributions				1,976,386	
Other Revenues	334,376	527,117	1,347,451	539,828	450,310
Total Operating Revenues	\$ 69,843,527	\$ 72,874,629	\$ 69,519,040	\$ 79,766,164	\$ 78,879,736
Operating Expenditures:					
Current:					
Public Safety	\$ 27,848,391	\$ 28,465,201	\$ 30,375,414	\$ 32,894,813	\$ 38,715,224
Public Works	5,001,666	4,811,965	4,403,858	4,288,768	4,237,326
Community Development	4,650,157	4,520,096	4,399,670	3,904,460	3,489,725
Recreation and Parks	9,757,902	9,661,463	10,740,875	11,726,183	11,776,433
Library	2,698,807	2,425,505	2,632,917	2,790,293	2,794,617
Non-Dept. (PERS Side Fund)			5,572,242		
General	7,182,507	7,206,265	6,970,704	7,650,954	8,318,070
Capital Outlay	7,906,084	11,379,276	11,367,748	19,368,989	11,378,697
Debt Service:					
Principal	2,110,000	2,215,000	2,325,000	4,675,000	163,904
Interest and Other Expense	589,811	550,064	370,725	138,828	23,258
Total Operating Expenditures	\$ 67,745,325	\$ 71,234,835	\$ 79,159,153	\$ 87,438,288	\$ 80,897,254



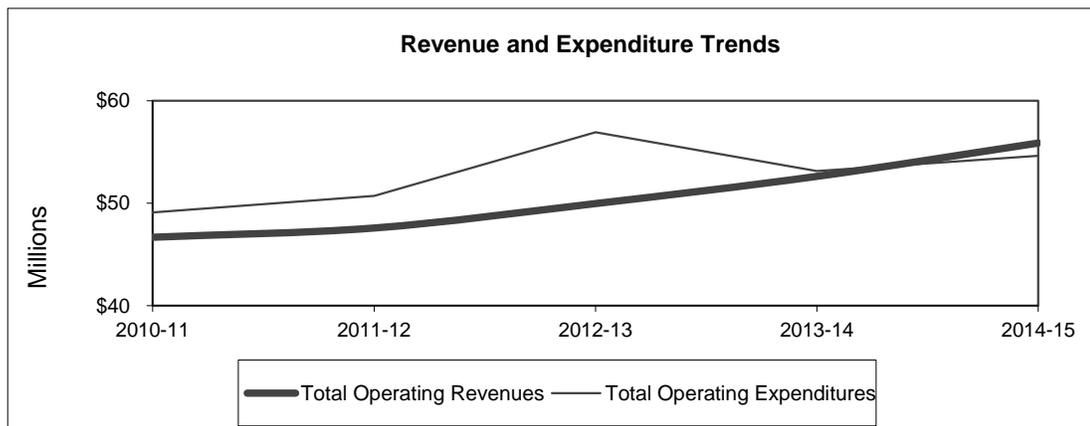
APPENDICES

FINANCIAL AND STATISTICAL TABLES

REVENUE AND EXPENDITURE TRENDS - LAST FIVE COMPLETED YEARS

General Fund Excluding Measure U2012

	Actual 2010-11	Actual 2011-12	Actual 2012-13	Actual 2013-14	Actual 2014-15
Operating Revenues:					
Taxes					
Property	\$13,884,845	\$14,079,966	\$14,344,979	\$14,560,426	\$15,255,770
Sales & Use	15,703,090	16,766,934	18,170,819	18,553,070	19,574,204
Transient Occupancy	2,363,467	2,440,980	2,532,032	2,844,497	3,224,413
Business Licenses	313,717	301,335	304,168	302,728	439,062
Franchise Fees	3,578,754	3,787,686	3,849,977	4,106,820	4,148,057
Supplemental Tax	198,878	174,416	144,838	270,517	143,058
Property Transfer Tax	146,734	172,510	190,805	176,106	217,645
Total Taxes	36,189,485	37,723,827	39,537,618	40,814,164	43,002,209
Permits, Fines & Forfeitures	973,062	764,380	1,181,654	2,418,307	2,886,764
Revenues from Use of Money/Property	1,223,878	947,799	988,590	1,018,030	923,465
Aid from Governmental Agencies	1,772,649	1,208,531	1,643,755	2,030,234	1,962,971
Charges for Current Services	6,394,253	6,703,064	5,323,246	6,028,385	6,947,588
Other Revenues	128,874	235,825	1,291,954	311,112	147,418
Total Operating Revenues	\$46,682,201	\$47,583,426	\$49,966,817	\$52,620,232	\$55,870,415
Operating Expenditures:					
Current:					
Public Safety	\$27,752,125	\$28,401,051	\$28,804,420	29,270,658	\$32,389,669
Public Works	2,516,854	2,440,982	2,253,959	2,338,877	2,283,113
Community Development	2,628,446	2,510,376	2,549,800	2,572,124	2,632,945
Recreation and Parks	7,453,377	7,234,062	7,743,048	8,346,713	8,510,781
Non-Dept. (PERS Side Fund)			5,572,242		
General	7,182,507	7,206,265	6,950,669	7,582,777	8,239,793
Capital Outlay	203,330	246,551	358,806	446,926	563,286
Debt Service:					
Principal	1,066,000	2,215,000	2,325,000	2,445,000	
Interest	289,698	466,325	355,575	138,828	
Total Operating Expenditures	\$49,092,337	\$50,720,612	\$56,913,519	\$53,141,903	\$54,619,587



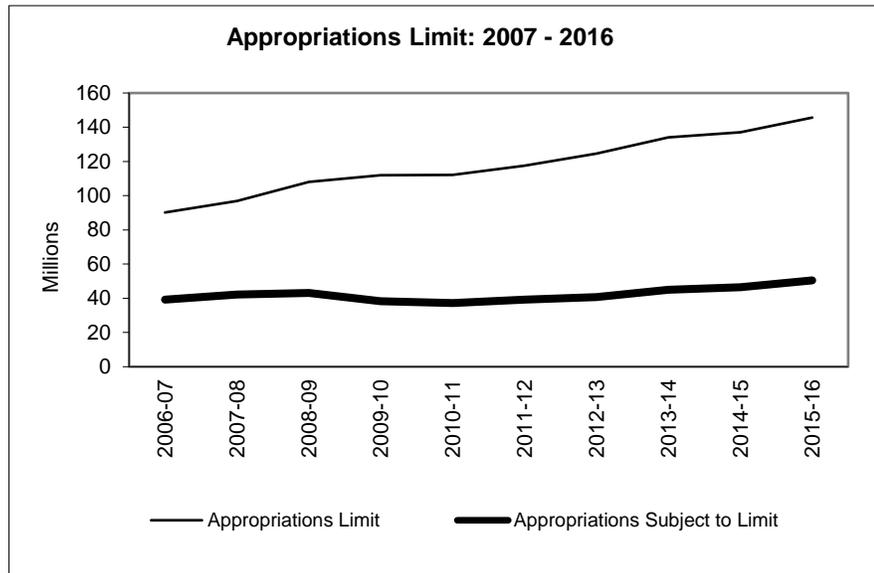
APPENDICES

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 2015-16 subject to limitation was \$50,468,676 which is about 65 percent lower than the City's limit.

Fiscal Year	Limit Base	Inflation Factor	Population Factor	Appropriations Limit	Appropriations Subject to Limit	Variance
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
2014-15	134,054,830	-0.23%	2.54%	137,138,091	46,545,755	90,592,336
2015-16	137,138,091	3.82%	2.33%	145,640,653	50,468,676	95,171,977

APPENDICES

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
023	Radio/Technology	Enterprise
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

APPENDICES

LIST OF FUNDS

<u>Number</u>	<u>Name</u>	<u>Type</u>
087	Twitchell Management Authority Trust	Fiduciary Agency
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

APPENDICES

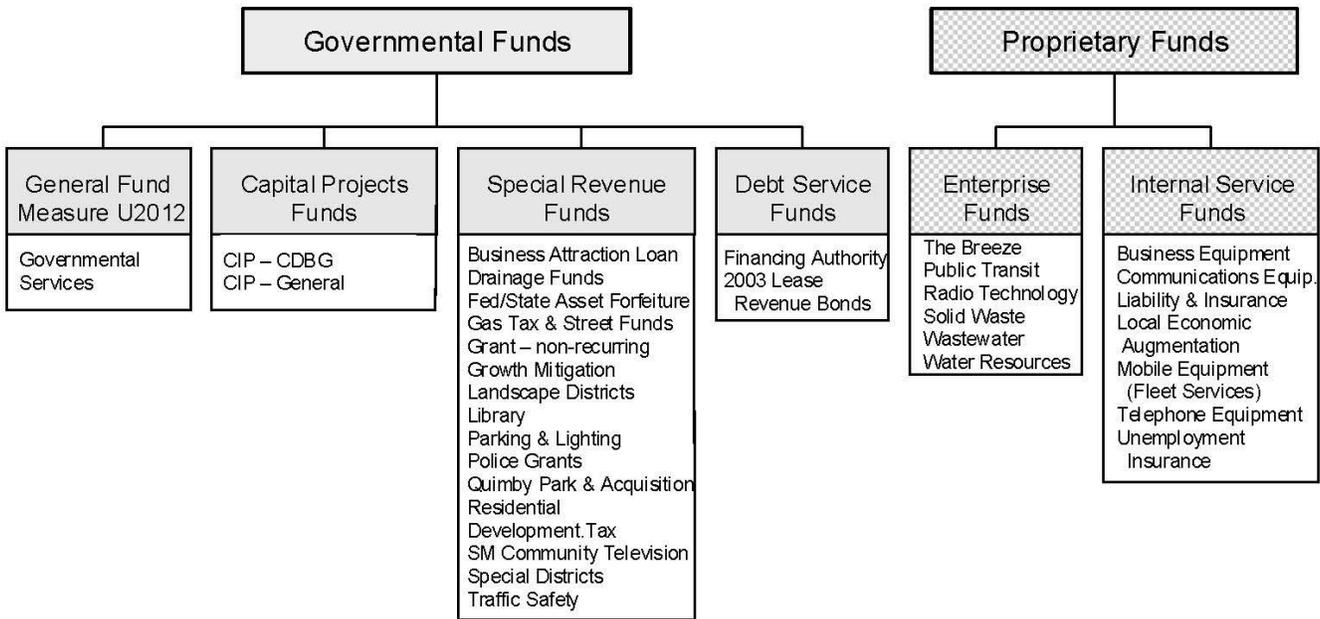
DESCRIPTION OF FUNDS

A LOOK AT THE BUDGET BY FUND

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

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

City of Santa Maria Budget Fund Category Structure



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

FUND CATEGORIES

Governmental Funds

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

APPENDICES

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 and radio technology.

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, Orcutt and Los Alamos. 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 A - 068

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

APPENDICES

DESCRIPTION OF FUNDS

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.

Radio/Technology Fund – 023

The Radio/Technology Fund accounts, and houses in one location, the cost and anticipated revenues associated with the City's 700 Hhz trunked radio communication system and other technology-related equipment that can be utilized by partnering with other municipalities and school districts.

Public Transit Fund - 066

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

APPENDICES

DESCRIPTION OF FUNDS

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 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.

APPENDICES

DESCRIPTION OF FUNDS

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.

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.

APPENDICES

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, 2016

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
009	A	Deputy City Manager
112	A	Director of Community Development
118	A	Director of Finance
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

Position

Number Job Code Management Classes

138	A	Accounting and Budget Manager
008	B	Assistant to the City Manager
140	A	Building Division 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
446	B	Fire Marshal
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
148	B	Principal Librarian
127	B	Principal Planner
374	B	Public Information Officer/Management Analyst II
135	B	Public Works Operations Manager
335	B	Revenue Technician
158	A	Recreation Services Manager
154	A	Solid Waste Manager
288	B	Transit Services Manager
155	A	Water Quality Programs Manager
134	A	Water Resources Manager
375	A	Utilities Business Manager
145	A	Utilities Manager/Deputy Director
137	B	Utility Billing Manager

<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
374	F	Accounting Technician III
367	F	Administrative Assistant
368	F	Administrative Assistant – Budget
359	F	Building Permit Technician
361	F	Code Compliance Technician
340	F	Confidential Office Clerk I
341	F	Confidential Office Clerk II
331	F	Customer Service Clerk

APPENDICES

SCHMATIC LIST OF CLASSES

B. DEPARTMENTAL, continued

<u>Position</u>	<u>Job Code</u>	<u>Clerical & Fiscal Classes, continued</u>
242	F	Customer Service Representative
318	F	Dispatch Call Taker
319	F	Dispatcher I
320	F	Dispatcher II
332	F	Finance Clerk I
333	F	Finance Clerk II
352	E	Library Assistant I
354	E	Library Assistant II
351	E	Library Clerk
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
219	E	Utilities Analyst
334	F	Utility Billing Lead Clerk

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

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

APPENDICES

SCHEMATIC LIST OF CLASSES

B. DEPARTMENTAL, continued

<u>Position Number</u>	<u>Job Code</u>	<u>Technical & Maintenance Classes</u>
217	A	Building Inspector I
220	A	Building Inspector II
264	A	Chief Building Inspector
262	A	Code Compliance Officer I
255	A	Code Compliance Officer II
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
417	C	Criminalistics Technician I
418	C	Criminalistics Technician II
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
253	C	Facilities Supervisor
281	G	Field Mechanic
254	B	Fleet Services Supervisor
342	C	GIS Technician
372	E	Grants Specialist I
378	E	Grants Specialist II
209	C	Groundskeeper
286	C	Laboratory Coordinator
275	G	Landfill Heavy Equipment Lead Operator
274	G	Landfill Heavy Equipment Operator
276	G	Landfill Heavy Equipment Operator II
282	G	Lead Mechanic
350	B	Librarian I
248	B	Librarian II
353	C	Library Technician
244	H	Maintenance Worker I
240	H	Maintenance Worker II
238	D	Park Services Officer II
283	D	Park Services Officer III
268	C	Parks & Forest Supervisor
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 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
252	C	Regulatory Compliance Specialist
284	E	Regulatory Compliance Supervisor
292	B	Senior Civil Engineer
267	G	Senior Crew Leader/Maintenance Specialist
419	C	Senior Criminalistics Technician
237	G	Senior Park Services Officer
210	B	Senior Systems Analyst
304	G	Senior Traffic Signal Technician
195	G	Solid Waste Collections Supervisor
196	G	Solid Waste Equipment Crew Leader
246	G	Solid Waste Equipment Lead Operator
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
271	C	Street Maintenance Supervisor
214	C	Systems Analyst I
215	C	Systems Analyst II
290	G	Traffic Signal Technician
229	B	Transit Coordinator
207	C	Utilities Technology Analyst
233	G	Waste Water Plant Operator
305	G	Wastewater Operator Trainee
306	G	Wastewater Operator
198	G	Wastewater Supervisor
247	G	Water Conservation Specialist
218	H	Water Meter Reader
258	G	Water Resources Lead Operator
263	G	Water Resources Operator
279	G	Water Resources Operator Trainee
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, 2016

<u>Position Code</u>	<u>Group Code</u>	<u>Classification</u>
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
CP	E	Customer Service Phone Operator
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
PA	E	Police Work Aide
-	E	Project 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

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>
SE	E	Security Aide
SL	E	Skilled Laborer
SA	E	Staff Aide - Facilities
SI	E	Swim Instructor
SC	E	Swim Pool Clerk
T1	E	Technical Aide I
T2	E	Technical Aide II
T3	E	Technical Aide III
TP	E	Temporary Planner

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
ZO	Z	Code Compliance Inspector
ZX	Z	Community Outreach Coordinator
ZH	Z	Crime Prevention Aide
YA	Z	Emergency Services Specialist
ZP	Z	Facility Specialist II
ZQ	Z	Facility Specialist III
ZU	Z	Fire Inspector
ZL	Z	Graphics Technician
YB	Z	Human Resources Assistant - PT
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
YC	Z	Regulatory Compliance Clerk
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 2016-17 equates to \$23,452,167. The cost of these two benefits represents 20.7 percent of the total operating costs (\$113 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 2014-15	Adopted 2015-16	Proposed 2016-17	Proposed 2017-18
<u>Employee Compensation and Benefits</u>				
Health Benefits	\$ 7,000,039	\$ 7,937,830	\$ 7,992,674	\$ 8,304,459
Retirement	11,295,903	13,923,200	15,459,493	16,616,894
Retirement – Fire Side Fund	653,240	653,240	653,240	653,240
Compensated Absences	6,153,070	7,045,902	7,334,186	7,512,685
Other Post Employment Benefits	689,010	689,010	1,194,660	1,194,660

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 \$125 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 \$125 per month per retiree. The balance of premiums, which average approximately \$610 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 (the employee's share) 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. Approximately 20 percent of full-time and part-time employees are in Tier II and III. However, the City is required to make annual contributions (the employer's share), for all tiers, at an actuarially determined rate.

The chart on the following page shows required contribution rates for 2016-17 and estimated rates for 2017-18:

APPENDICES

FINANCIAL STATUS COMPARISON

ANALYSIS OF BUDGETS FROM OTHER CENTRAL COAST CITIES 2016-17

	Santa Barbara	Lompoc	San Luis Obispo	Santa Maria
General Fund				
Revenues	\$ 127,138,043	\$ 34,288,822	\$ 69,062,000	\$ 69,551,560
Appropriations	126,210,018	34,536,958	73,946,000	71,473,660
All Operating Funds				
Revenues	287,404,667	100,195,096	123,778,867	156,347,560
Appropriations	285,831,068	100,443,232	211,931,932	157,868,964
Revenue Per Capita	3,084	2,437	2,684	1,498
Revenue Analysis				
Property Tax	30,839,600	7,837,757	14,305,000	17,246,670
Sales Tax	22,810,515	4,829,501	17,547,000	21,343,320
Sales/Use Tax Add-On			7,003,000	4,408,100
Transient Occupancy Tax	19,766,200	1,909,270	7,170,000	3,600,000
Utility Users Tax *	7,072,200		5,671,000	
Parking Revenue & Fines **	14,350,000		7,212,300	
TOTAL	\$ 94,838,515	\$ 14,576,528	\$ 58,908,300	\$ 46,598,090

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

** Enterprise Fund revenue, not General Fund revenue.

Population (as of January 1, 2016)	93,190	41,244	46,117	104,404
Personnel ⁺				
Full-time Employees	901	330	410	498
Employees Per 1,000 ratio	9.66	8.00	8.89	4.77
Sworn Fire Employees	92	30	48	59
Fire Fighters Per 1,000 Ratio	0.98	0.73	1.01	0.57
Sworn Police Officers	143	52	60	128
Officers Per 1,000 Ratio	1.53	1.26	1.30	1.22

⁺ The complement reflects authorized full-time employees in other cities with comparable services provided. Services not comparable are excluded from these calculations. Services provided by Santa Maria but not by San Luis Obispo and Santa Barbara are included. It should be noted that the average employee per thousand residents (employee to population) ratio for the above three municipalities (excluding Santa Maria) is 8.55 per thousand as compared to the 4.77 per thousand in Santa Maria.

APPENDICES

HIGHLIGHTS OF RECENT ACCOMPLISHMENTS

The City of Santa Maria (City) successfully completed many projects in 2015-16 to improve the community's quality of life. Five of those larger projects are highlighted as follows:

Oakley Park

The City renovated the four-acre Oakley Park, one of its oldest and heavily used parks. The improvements include two new Little League baseball fields, a fitness trail, security lighting, a basketball court, parking lots, a snack bar, restrooms, and security cameras. Much of the funding came from Federal Community Development Block Grant funds. The idea for the project took shape after the City Council hosted a town hall meeting in October 2012 in which residents were asked to voice their concerns and desires for the northwest neighborhoods. The renovations give the community more recreation, leisure, social and fitness opportunities, and the nearly 200 participants in the Santa Maria Westside Little League beautiful new fields.

Downtown Revitalization

Shortly after adoption of the City's Downtown Specific Plan in November 2015, a new and popular weekly downtown event was launched. Downtown Friday Nights is a direct result and outgrowth of the City's Downtown Specific Plan, a strategy formulated and approved by City leaders to pump new life into Santa Maria's downtown core. Downtown Friday Nights is the place to be for families, fun, and community camaraderie. The weekly event features a certified farmer's market, live music, food booths, food trucks, arts and crafts, kids' activities, novelty items, and a beer and wine tent. The Downtown Specific Plan boundary encompasses approximately 50 square blocks. The plan provides a road map of the elements necessary to encourage development and improvements to the downtown, including a new streetscape plan and more flexible regulations that allow for a more broad mixture of uses, activities and business opportunities. This follows successful City efforts with the owner of Town Center East Mall to construct and open a beautiful 14-screen Cineplex and the Towbes Group's unveiling of their 272 apartment complex make downtown in to a regional attraction.

Community-Based Policing

Increased staffing at the Santa Maria Police Department enabled improved community-based policing and building trust with residents and businesses through the launch of bike patrols, and special deployments to specific geographic areas. Gone are the days when officers are only driving through the City in police cruisers. In the past year, the Police Department's bike patrol grew from two officers to 27 officers. Officers are sent out on bike patrol three times a week, and can cover up to 30 miles. On the bicycles, officers are able to hear and see things and pay more attention to what's happening in neighborhoods. Also, more officers are going out into the community, including several assigned to special details with the Santa Barbara County Housing Authority. That enables officers the opportunity to meet with residents, even play soccer or basketball with them, to build relationships and build trust.

Communications

The City is investing in new technologies for its public safety departments, as well as Public Works, Utilities, and Recreation and Parks departments. An upgraded 700 megahertz frequency radio system will work with broadband Internet support. With these infrastructure investments made by Santa Maria – and its geographic location between San Francisco and Los Angeles – Santa Maria will be able to help other local agencies upgrade, too. The new system has the potential to serve the Central Coast region of California. Additionally, the City invested in a state-of-the-art Police Department facility with a modern computer server farm. This server farm venue is being marketed to businesses who seek reliable and secure server facilities, and in turn, this service generates off-setting revenues for City operations.

Water Conservation

In 2015, Governor Brown declared a state of emergency in California due to severe drought conditions, and called on every city, community and resident to conserve water in every way possible. The City has long recognized water conservation as a major goal for managing its water portfolio. In the past year, the City enhanced its water conservation outreach campaign, developed a water conservation hotline, removed more than 19,000-square-feet of water consuming turf and installed drought-tolerant landscaping, drip systems, and participated in a showerhead exchange program with the County of Santa Barbara.

APPENDICES

STATUS OF THE 2015-16 CITY-WIDE GOALS

Complete the construction of the Oakley Park Renovation Project to provide improved recreational opportunities for residents in the northwest part of town. **(COMPLETED)**

Finalize and implement updates to the Downtown Specific Plan as directed by the City Council, with a focus on reducing the complexity of permit processing to better assist landlords and merchants with priority processing for projects within the downtown area. **(COMPLETED)**

Reinstate full-time Beat Coordinators to address “quality of life” type of issues affecting the community, to further support the Department’s philosophy on Community Based Policing. **(COMPLETED)**

Implement a systematic approach to water conservation in the park system, including re-vegetation of landscape areas, rotation of scheduled watering, use of non-potable water for irrigation, and creation of a public education program about water conservation efforts. **(COMPLETED)**

Implement a Police Bicycle Patrol Program, deploying numerous officers on a rotation basis, to enhance proactive and interactive policing. **(COMPLETED)**

Develop strategies for short-term and long-term solutions to the homelessness situation in the downtown corridor, by meeting on a regular basis with business and property owners, members of the community, nonprofit organizations, and other City departments. **(ONGOING)**

Restore public counter hours for the Planning and Building divisions back to the pre-recession hours of 8:00 a.m. to 4:00 p.m. after staffing vacancies are backfilled in an effort to better serve the public. **(COMPLETED)**

Expand Code Compliance operations to regular weekend shifts, to focus primarily on neighborhood preservation, and to collaborate on projects with other departments. **(COMPLETED)**

Improve customer service in the Building Division by extending office hours, developing a mini conference/plan review space away from the public counter, and cross-train Building Inspectors with Permit Technicians to provide continuity of service. **(COMPLETED)**

Improve neighborhood aesthetics by continuing to conduct “Walk and Talk” programs as a way of educating residents about City code violations and quality of life issues. **(COMPLETED)**

Start up and re-establish branch library operations in Los Alamos in a leased building, and work with the Friends of the Los Alamos Library to systematically build the collection. **(COMPLETED)**

Implement an upgraded, modern cashiering module to enhance the speed of processing credit cards for utility bill payments, and to expedite customer service at the utility billing counter. **(COMPLETED)**

Initiate a leadership academy for succession planning for lead workers and supervisors, middle managers, and executive managers, to include a mentoring program to develop the City’s workforce. **(COMPLETED)**

Develop and administer a "structurally balanced" General Fund budget, as well as continue to identify alternative revenue sources and rebuild the General Capital Fund as discretionary revenue opportunities become available. **(COMPLETED)**

In conjunction with the Police Department and Department of Administrative Services, identify a systematic plan to upgrade the public safety Computer Aided Dispatch system, in an effort to increase first responder safety, maximize deployment of public safety personnel, and improve public safety response times. **(ONGOING)**

Improve efficiencies and reduce billing errors by completing the Commercial Collections financial and operational audit, identifying deficiencies and formulating streamlined processes for commercial accounts. **(COMPLETED)**

APPENDICES

STATUS OF THE 2015-16 CITY-WIDE GOALS

Develop proposed new class and facilities fees and operational policies to continue Recreation and Parks services to the community, bring forth for the City Council's consideration and approval. **(COMPLETED)**

Continue to process zoning ordinance amendments, including correcting and verifying the City's zoning map in order to improve readability and to simplify rules and regulations. **(COMPLETED)**

Initiate a pilot project of split containers to determine the feasibility and benefits of commingling refuse and recycling in a single container. **(PARTIALLY COMPLETED)**

Institute a new procedure to track approved Development Agreements and provide annual reports to the City Council, to ensure the development is in compliance with all agreement requirements. **(COMPLETED)**

Continue to be an active and engaged member of the Chamber of Commerce's Economic Development Commission while developing additional public and private partnerships. **(COMPLETED)**

Strive to maintain the highest levels of service to the public, while maintaining strong fiscal control over expenses. **(COMPLETED)**

Seek grant funding as well as increased sponsorship opportunities for special events, marketing and education campaigns and expand marketing and programming efforts to attract new customers from diverse backgrounds to the Recreation and Parks Department's programs and services. **(COMPLETED)**

Conduct two joint study sessions with the City Council and Block Grants Advisory Committee, one as a primer training on the regulations and criteria of the programs, and one to discuss and determine priorities for funding. **(COMPLETED)**

Enhance customer service by providing an on-call Building Inspector or Plans Examiner for all hours that the public counter is open. **(COMPLETED)**

Increase user-friendliness by continuing to improve the Department's various electronic data collection tools, and improve public access to planning reports and other documents. **(COMPLETED)**

Implement an in-house customer-service training program geared toward improving customer service at public counters in special operating departments. **(COMPLETED)**

Develop a Request for Proposal (RFP) for third-party Investment Safekeeping Services, to explore better customer service. **(COMPLETED)**

Host two-day grant training workshops with Grant Writing USA, one on grant writing and one on grants management. **(COMPLETED)**

Expand upon the existing application-via-facsimile program to include online/e-mail permitting and processing, as well as identify methods to allow for inspection requests and field entry of inspection data. **(COMPLETED)**

Create numerous City-specific videos, to be shown on the public access channel, the City website, and lobby monitors, to help educate viewers about public transportation options, trash and recycling programs, water conservation, and other municipal programs and services. **(COMPLETED)**

Successfully transition the workers compensation program to the new Workers Compensation third party claims administrator, including providing training to all department heads, managers and supervisors on claims completion process and return to work coordination with the claims administrator. **(COMPLETED)**

Implement with full configuration and training, new Emergency Medical Services reporting solution (electronic tablets), for all medical responses within the City. **(COMPLETED)**

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STATUS OF THE 2015-16 CITY-WIDE GOALS

Reduce the number of cover crews required for mandatory training by implementing a software program that provides online training in multiple subject areas and tracks training hours. **(COMPLETED)**

Evaluate current processes for making changes in Solid Waste services, which affect fees charged; prepare, test and implement new standard operating procedures to ensure that fees charged accurately reflect changes in service. **(COMPLETED)**

Complete training Code Compliance volunteers and then implement a neighborhood compliance program to address quality of life and blight issues. **(COMPLETED)**

Finish revisions to the Storm Water Pollution Prevention Plan to comply with new industrial storm water regulations. **(COMPLETED)**

Complete performance metrics standards for Solid Waste Collections and Disposal to encourage performance improvement, effectiveness, efficiency, and appropriate levels of internal controls. **(COMPLETED)**

Evaluate and implement mandatory water restrictions to ensure compliance with the Governor's Executive Order and subsequent State Water Board legislation. **(COMPLETED)**

Initiate an organizational analysis in the Water Resources Division for succession planning. **(COMPLETED)**

Identify a third-party independent contractor to develop a Fire Service Master Plan that will review existing departmental operations and bring forward a recommendation for efficiencies. **(COMPLETED)**

Complete the hiring process for Deputy Fire Chief, Battalion Chief and Engineer ranks, to ensure effective operations and succession planning. **(COMPLETED)**

Evaluate and review the library's current state of technology and equipment to determine future needs, and develop a plan for meeting those needs to ensure that the library offers staff and patrons state-of-the-art equipment. **(COMPLETED)**

Purchase and install a new breathing air compressor at Fire Station No. 3 utilizing Assistance to Firefighters grant funding. **(COMPLETED)**

Collaborate with community organizations and groups in the City and County service areas to collect and build the libraries' collection of digitized photographs and other local historical information. **(COMPLETED)**

Begin training staff in individual departments in the concepts of the National Incident Management System (NIMS) so that in the event of a disaster, employees may better understand their roles and assist in the City's Emergency Operations Center (EOC). **(PARTIALLY COMPLETED)**

Coordinate with the Utilities Department to educate the public about the State's mandatory water reduction regulations, and provide support by investigating instances of water waste throughout the City. **(COMPLETED)**

Complete the installation of a Diesel Exhaust Fluid dispensing system at the Cypress Street fueling facility to accommodate the new diesel emission compliant vehicles. **(COMPLETED)**

Commence improvement project for street lights and fencing at a public alley for the neighborhood between West Stowell Road and West Morrison Avenue, near South Railroad Street, with Community Development Block Grant funds approved by the City Council. **(COMPLETED)**

Attend community outreach events and participate in radio spots to educate residents about the City's Municipal Codes, especially the Property Nuisance Ordinance. **(COMPLETED)**

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Implement the Downtown Trolley service, using input from downtown merchants and the public, to expand public transit, promote business activity, and economic revitalization. **(COMPLETED)**

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

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

Successfully implement a systematic and orderly phased move-in of personnel and equipment into the new Police Facility, located at 1111 West Betteravia Road, by ensuring uninterrupted public safety service to the community. **(PARTIALLY COMPLETED)**

In conjunction with Information Technology, implement within the Police Department the Federally mandated 700 MHz Shared Radio System designed to improve radio coverage and allow first responders to communicate with each other during emergency operations. **(PARTIALLY COMPLETED)**

Prepare, test, and distribute the state-of-the-art 700 MHz trunked radio communications system radios to departments and the City's partners once the radio towers are installed. **(ONGOING)**

Complete the construction of the radio towers at Los Flores Ranch and at the new Police Department facility to allow for state-of-the-art radio communication for the City and its partner agencies, and to enable the relocation of public safety dispatch center into the new Police Facility. **(NOT COMPLETED)**

Partner with the Human Resources Division to implement a wellness program, in an effort to reduce injuries associated with public safety service, and to promote overall better health and fitness. **(COMPLETED)**

Develop the Library Plan of Service based on community demographics, library use data, and feedback from the public to include a review and revision of the library's mission statement, development of a vision statement, and also three- to five-year goals for each division. **(PARTIALLY COMPLETED)**

Complete the updates to the Short Range Transit Plan by hosting public workshops, bring the updated plan to the City Council, and then implement the approved changes. **(PARTIALLY COMPLETED)**

Initiate construction of the new fiber optic loop to facilitate access to broadband communications to improve the ability to attract businesses and generate additional revenue, and reduce operational expenses to the City. **(PARTIALLY COMPLETED)**

Evaluate the Library's self-service capabilities, reposition the self-service kiosks to a more user friendly location, as well as determine any other needed changes or enhancements that will facilitate and increase library usability and navigation by library users. **(PARTIALLY COMPLETED)**

Complete construction of the Santa Maria Area Transit yard bus washer and expand the parking area. **(PARTIALLY COMPLETED)**

Enhance pedestrian and accessibility for persons with disabilities along Broadway (State Highway 135), through removal and replacement of broken and lifted sidewalk and curb and gutter, and installing ADA ramps with truncated domes, drainage improvements and street trees. **(ONGOING)**

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Work with the City Manager's Office to cablecast a community access television program that will depict and discuss common Municipal Code violations, address preventative enforcement, and the City departments to contact when suspected violations are observed. **(PARTIALLY COMPLETED)**

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

Utilizing the Director's Development Advisory Council, work with members to address issues that impede development-related public service. **(COMPLETED)**

Enhance crime prevention by deploying public safety cameras throughout the City as well as contracting with the Housing Authority to provide supplemental law enforcement services to various housing developments within the City. **(COMPLETED)**

Identify and implement a modern software reservation program for parks and facilities, to replace the outdated system, with the objective of enhancing customer service and generating rental income. **(ONGOING)**

Address "quality of life" issues regarding homelessness and panhandling by coordinating the installation of more donation meters at strategic locations and continuing community awareness campaign strategies, as well as increase participation in the Adopt-A-Road litter control program in the City. **(COMPLETED)**

Explore the purchase of business licensing software that incorporates an online feature to streamline the process, by enabling online applications or renewal on a 24/7 basis, and also reducing customer wait times. **(ONGOING)**

Submit and receive approvals for environmental permits from the California Department of Fish & Wildlife, Regional Water Quality Control Board, and Army Corp of Engineers for the Integrated Waste Management Facility at Los Flores. **(ONGOING)**

Continue to provide technical assistance for the fiber-optic loop project linking the new Police Department to City Hall, and will activate the loop upon completion. **(ONGOING)**

Prepare and release a Request for Proposals for Processing Commingled Recyclables in order to achieve a long-term, self-sustaining agreement in line with industry standards. **(ONGOING)**

Design, bid, and install new LED lighting within Parking Structure "B" on the north side of the Town Center East mall, with a PG&E no-interest loan, to improve safety, and reduce City expenses by attaining greater energy efficiency. **(ONGOING)**

Identify and reach out to underserved populations by attending community events, partnering with local groups and organizations, and actively promoting the library through the use of bilingual brochures, public service announcements, and public speaking engagements. **(ONGOING)**

Continue to collaborate with State and Federal agencies on the development and implementation of an Integrated Plan in an effort to achieve numerous water quality objectives. **(ONGOING)**

Continue the implementation of recommendations from the 2013 Community Leisure Assessment and Action Plan, to respond to growth, changing demographics and evolving recreation patterns. **(ONGOING)**

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Improve traffic circulation and safety by bidding and constructing both the Fesler/Railroad/Depot Intersection Improvements, and the Stowell/Entrada Pedestrian Safety Improvements. **(ONGOING)**

Continue economic development efforts and work with the Chamber of Commerce and the Airport District to attract more businesses to Santa Maria; help retain and expand existing local businesses; and work with the Chamber of Commerce and the Community Development Department to identify opportunities in the development and review process. **(ONGOING)**

Seek grant funding as well as local partnerships to help fund the library's materials, equipment, furnishings, and services at the Main Library and at branch libraries. **(ONGOING)**

Engage the public by establishing a regular schedule of patron surveys to identify customer satisfaction with current services and solicit input regarding desired services. **(ONGOING)**

Determine a new use for the second floor career center area that will attract more users to that area while maintaining the quiet zone designation. **(COMPLETED)**

Review and redesign library webpages to make information better organized and easier to locate. **(COMPLETED)**

Seek and provide unique training opportunities for supervision and management with an emphasis on ethics, risk management and succession planning, to implement industry best management practices. **(ONGOING)**

Work with Public Works and Community Development on streetscape improvements, including downtown and other areas, to beautify the community. **(PARTIALLY COMPLETED)**

Enhance transparency and community relations by posting end-of-the-year Part One crimes data on the City's website, and also include updates posted each month. **(PARTIALLY COMPLETED)**

Explore the feasibility of potential Fire Department cost recovery solutions and services for significant events. **(ONGOING)**

Form a Community Organizations Active in Disasters (COAD), to bring together local nonprofit and faith-based stakeholders interested in responding to disasters in an effort to build better preparedness in an emergency. **(ONGOING)**

Work with the newly re-established Amateur Radio Emergency Service (ARES) in the City to integrate this group into the City's emergency plan. **(ONGOING)**

Continue improving the budget processes by incorporating departmental submittals of Supplemental Budget Requests through the advanced software budgeting module. **(ONGOING)**

Develop an action plan to meet new IRS data tracking and reporting requirements established through the Affordable Care Act (ACA). **(ONGOING)**

Provide an organizational atmosphere that fosters partnerships with local school districts, non-profit agencies, service groups and special interest groups in focusing on downtown activities, an effort to maintain quality recreational opportunities to residents. **(ONGOING)**

Expand opportunities for financial and in-kind donations from residents, businesses and others, to supplement the department's revenues in an effort to offer more recreational and leisure opportunities to City residents. **(ONGOING)**

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Partner with the Recreation and Parks Department to improve the existing wellness program for City employees, and regular health screenings and information workshops. **(ONGOING)**

Coordinate the activities of the All-America City Committee to provide a conduit for community input on solutions to community issues with an emphasis on community engagement and education. **(COMPLETED)**

Explore the feasibility of developing a digital document management system to reduce onsite storage and provide improved internal staff access to documents. **(ONGOING)**

Continue to refine the agenda management process with the distribution of a new Agenda Procedures Manual, and provide training to staff and as new users become involved in the agenda process. **(ONGOING)**

Complete a recruitment video showing the multiple career opportunities available within the Police Department, and place the video on the City's website and government cable Channel 23. **(NOT COMPLETED)**

Continue the implementation of a Citywide online performance evaluation system to assist supervisors and the Human Resources Division with timely performance evaluations. **(NOT COMPLETED)**



Photo courtesy of the Santa Maria Times

Staff routinely assists the City Council in developing a list of overall Citywide priorities and/or goals to be addressed during the next two-year budget. On March 10, 2016, the City Council, City Manager, and an outside facilitator formulated priorities for the 2016-18 Budget.