

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 2018-20 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 (2018-19), a Mid-Cycle Budget Review will take place, with necessary budget amendments presented to the City Council for the second budget year (2019-20).

Preparation of the two-year budget is a forward-view policy document, identifying proposed service levels given funding constraints and competing demands. The City's budget is one of the most significant policy documents for consideration by the City Council. The budget process is driven by the policies, programs, and objectives of the City Council, which are financed by revenues received by the City.

The budget preparation process begins, in earnest, at the staff level around the January-February timeframe when the Department of Finance develops preliminary revenue forecasts based on the most recent revenue data. After these preliminary revenue forecasts are developed, 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. This year the instructions explained operating budget requests, supplemental budget requests, and all capital/maintenance/equipment project requests. Each department is provided the historical budget information of salaries and benefits, services and supplies, and revenues.

Budget instructions were distributed to departments in early February 2018. Each department was requested to develop a proposed budget with no increase to appropriations, using as a base the existing budget amounts from the adopted Mid-Cycle 2017-18 budget. Departments were further instructed to absorb their retirement cost increases of 11 percent in the first fiscal year, followed by an additional 11 percent retirement cost increase in 2019-20. Because the City anticipates rising retirement costs that will require service level reductions throughout the next six years, a new form was distributed to departments. The Service Level Reduction Form is for departments to describe the impacts of the reductions.

Departments were required to justify all requested contractual services and travel/training account appropriations. Additional personnel and pension-related expenses and decreases in some revenues are placing the City in a projected multi-million dollar deficit. Consequently, the 2018-20 budget will be one of reducing operational costs to come within funding constraints.

This year, as in 2014 and 2016, staff engaged the services of an outside facilitator to assist the City Council in establishing overall City-wide priorities and goals for the 2018-20 fiscal years. A one-day Goal Setting Exercise was held as a special, public City Council meeting on February 12th at a City facility. The Facilitator conducted a morning session about Council norms, as well as appropriate roles and responsibilities of both Council and City staff. The afternoon session included the Mayor and City Council, Department Directors, and the Facilitator, all of whom discussed City priorities for staff to work on during the upcoming two-year budget - with an understanding of the need for a modest budget. The City Council agreed the over-arching principle is: Maintain financial health, balanced budget, strong reserves, and address rising pension costs. The Council agreed on six City-wide goals at this meeting, three of which were deemed "tier one" during the next two-year period, and three more goals were deemed "tier two". These are shown in this Budget document on pages xx and xi. The Council also decided to adopt a policy statement regarding its intention to continue its practice of governing with a City-wide perspective following the shift to elections of councilmembers by Council districts. On March 6, 2018, 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 2018-20 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 City Manager and Director of Finance, 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 discussed 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

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BUDGET PREPARATION AND PROCESS

from the Department of Finance 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 Finance composed the Budget Message.

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 2018-20 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 could 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 2018-20 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

Budget Instructions distributed to City departments staff	02/09/18
City Council 2018-20 Goal Setting Exercise	02/12/18
Departments submit budget requests to Budget Review Team	03/21/18
Budget Review Team evaluates budget requests with departments	05/07/18 - 05/10/18
Budget Review Team compiles and assembles the draft proposed budget	04/02/18 - 05/18/18
Budget Review Team completes the draft proposed budget for the City Manager's review	05/19/18 - 05/20/18
Budget Review Team to incorporate and finalize proposed budget document	05/23/16 - 05/27/18
Proposed budget presented to City Council	06/05/18
Budget Review Team and City Council to meet to review proposed budget	06/06/18 - 06/15/18
Public Hearing and City Council adoption of final budget	06/19/18

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SUMMARY OF KEY REVENUE ASSUMPTIONS

The calculation of revenue estimates is the first step in the preparation of the 2018-20 Budget. Revenue estimates are prepared separately for each of the two fiscal years. For 2018-19, projections were based on 2017-18 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 63 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 May 2018. These estimates consider the City's local economy, the City's current revenue, and a realistic estimate of what the future holds. Staff also evaluated recent commercial construction projects bringing new retail stores to the community. Ultimately, 2018-20 revenue projections reflect staff's best judgment about local economic trends over the next two years and the effect on City revenues.

Based on all available information, the City is projecting that 2018-19 General Fund revenues will fall short of its on-going operational expenses by about \$8.46 million. Staff is seeking Council direction to begin appropriating - for the first time in City history outside of a recession - the General Fund economic reserves (presently \$19.8 million) to help balance the budget and cover public safety operational needs for one year, 2018-19. This action would be a spending bandage for one year and would do nothing to alleviate the City's longstanding multimillion-dollar structural deficit that has persisted since 2008-09. The City's position is dire, therefore staff is coming to Council with this request to add another tool to its multifaceted strategy of using one-time Local Economic Augmentation Fund (LEAF) reserves, Measure U2012 revenues, expenditure savings by keeping vacant positions unfilled, operating reductions in department budgets, suspension of capital projects and equipment purchases, employee concessions, and workforce reductions.

GENERAL ASSUMPTIONS

Some economists say we have a "Two Realities" economy in America, with one segment that has truly recovered from the Great Recession and is at full employment, and the other continuing to experience stagnating wages, involuntary part-time employment, inflexible work schedules and weather inferior access to health care. Nine years into a sustained economic recovery that has produced a record 91 straight months of job growth (as of May 2018), national unemployment is at a record low of under four percent and the lowest in 17 years, interest rates are up by still low by historical standards, and consumer spending and business investment are healthy. Consumer confidence is near 18-year highs. Federal tax cuts may be boosting the economy, and housing prices are rising. But there are clouds on the horizon. Then there is concern about the next recession, whose arrival is hard to predict. There are worries about global tensions and trade wars, and concerns that faster wage growth could lead to more inflation growth.

According to a recent UCLA Anderson Forecast (March 2017), business investment will drive the economy this year. With a \$1.5 trillion corporate tax cut over the next 10 years and a faster timetable to write down depreciation of capital equipment, the country's gross domestic product (which is the value of all goods and services produced) is expected to increase 2.9 percent this year, followed by 2.6 percent in 2019 and then a more sluggish 1.6 percent in 2020. The corporate income tax rate has been slashed to 21 percent from 35 percent, and taxes for households have also been lowered. A slower-moving economy in 2020 is because the country will be reaching full employment and businesses can't expand without more qualified workers, which leads to lower productivity, the Forecast team stated. Nevertheless, job growth in the country will continue with the unemployment rate in early 2019 hitting a low of 3.5 percent, which hasn't been that low since 1969. With lower unemployment, wages will undoubtedly rise,

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SUMMARY OF KEY REVENUE ASSUMPTIONS

leading to inflation growth that in the past has been moderate, the Forecast said. Last year, inflation was up 2.1 percent, which was on par with 2016 and the highest since 2011. It should continue to increase at that rate and even move up to see 3 percent growth by 2020.

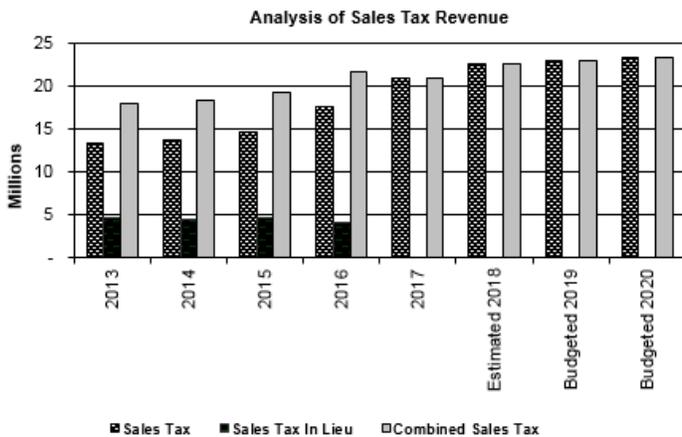
The Congressional Budget Office (CBO) estimates that real gross domestic product (GDP) will grow by 3.3 percent this calendar year and 2.4 percent in 2019. The rate was a weak 2.2 percent in the first quarter of 2018. The national economy grew by 2.3 percent in 2017, up from 1.5 percent in 2016. The CBO estimates GDP will average 1.7 percent from 2020 through 2026. The recently enacted 2017 tax act will boost the level of real GDP by an average of 0.7 percent and nonfarm payroll employment by an average of 900,000 jobs over the 2018-2028 period, according to the CBO.

The California economy has been robust, adding nearly 3 million jobs since the economic expansion began in February 2010. The state’s unemployment rate sank to 4.2 percent in April 2018, the lowest on record dating back to 1976 when the state started tracking the data, according to the Employment Development Department. The unemployment rate in Santa Barbara County was 3.5 percent in April 2018.

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), assessed in a mid-May 2018 report that the state budget situation through 2020-21 is decidedly positive. In 2018-19, the LAO projects that the State’s “Big Three” General Fund revenues – principally the personal income tax - will exceed budget assumptions by \$3 billion, with most of that gain to be deposited into the Proposition 2 rainy day fund. Governor Jerry Brown’s 2018-19 budget proposal would stash billions into a “rainy day” fund so California does not get soaked in the next recession. He projects the state will have a \$6 billion surplus, and wants to put part of that into the rainy day fund so that it will be filled to the maximum \$13.8 billion by July.

Since the end of the Great Recession, there have been nine years of positive, moderate growth in gross domestic product (GDP). The national unemployment rate is currently at under four percent. In the City, the unemployment rate in April 2018 was 3.3 percent versus 4.9 percent in April 2017. Economic growth appears to be continuing. The local housing market is improving. The housing market has inched back to normalcy in 2018 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.

The City’s sales tax revenue has experienced significant increases in the past 10 years, rebounding from depths of



the Great Recession. In 2017-18, sales tax revenue was \$22.0 million and is projected at \$23.2 million for 2018-19. Third quarter receipts were about 9.2 percent or \$1.46 million greater than one year ago, but this variance was due to continued growth in building and construction sales, and increases in fuel prices. In addition, the opening of businesses at Enos Ranch contributed to the jump in sales. Although the City expects to receive a steady stream of sales tax revenue from Enos Ranch, it is important to note that initially, those revenues will likely spike for the first six months to a year, before coming down to a more realistic level. The County expects taxable sales to have low growth (0.9 percent) for 2018-19 over 2017-18.

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

Another key revenue source with modest 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 \$3.5 million in 2017-18. The County expects more tourism as the economy continues to grow. The County recognizes that TOT

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SUMMARY OF KEY REVENUE ASSUMPTIONS

revenue is highly dependent upon tourism, and as a result of the Thomas Fire (the largest wildfire in state history) and the January 9, 2018 Debris Flow in Montecito, projects its TOT revenue will decrease for the first time in many years, by about five percent.

Residential and commercial development activity is brisk. Development activity jumped from \$37 million in valuation in 2009 to \$230 million in valuation in 2017. As of May 2018, more than 575 residential units are under construction. This does not include the 318 apartments proposed at the new Enos Ranch development.

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 2018-20 Budget. These five revenue sources account for approximately 72 percent of total General Fund revenues. The remaining 28 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 (nearly 34 percent), therefore, vitally important to the City's future. The City receives one percent of the 8.00 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) for a total County sales tax rate of 8.00 percent.

Calendar year 2018 saw continued growth in retail sales. The United States' Census Bureau announced that United States' retail sales through April 2018 increased 4.6 percent over April 2017. The National Retail Federation in its 2018 economic forecast projects that retail industry sales will grow between 3.8 percent and 4.4 percent over 2017. Online and other non-store sales, which are included in the overall number, are expected to increase between 10 and 12 percent. Retail sales grew 3.9 percent in 2017 over 2016 to \$3.53 trillion, according to the U.S. Census Bureau's preliminary estimate. New vehicle registrations in California could exceed two million for the fourth straight year in 2018, according to the California New Car Dealers Association. The organization stated that the market has plateaued after several years of big increases. The CBRE 2018 Southern California Lodging Forecast predicts a modest increase in occupied hotel rooms in Northern Santa Barbara County in 2018 at 72.8 percent, up 8 percent, and that the average daily rate will increase 4 percent to \$140.14.

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 for 2017-18 are estimated at \$22.0 million and are forecast to increase 5.45 percent in 2018-19 to \$23.2 million.

Statewide, according to the City's sales tax consultant, Building and Construction is expected to generate 6.0 percent increase in sales tax growth. Sales of construction materials are outpacing most other retail segments. Sales tax from fuel sales are predicted to rise by 5.8 percent. Sales tax from Restaurants and Hotels are expected to increase by 3.8 percent.

With this in mind and based on the analysis of the City's sales tax consultant, the City is projecting an increase in 2018-19 sales tax revenue at \$23.2 million, and to \$23.6 million in 2019-20.

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.

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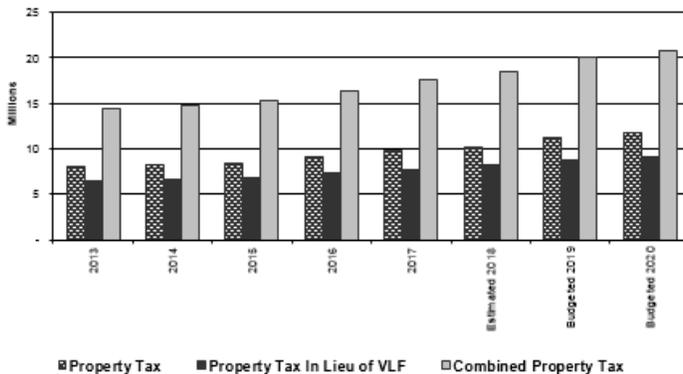
SUMMARY OF KEY REVENUE ASSUMPTIONS

Measure U2012 revenues were \$4.25 million 2016-17, and are estimated at \$4.62 million for 2017-18. The City anticipates receiving \$4.78 million from this supplement source in 2018-19. 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.

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 7.6 percent for the 2017-18 tax roll, which was somewhat more than the increase countywide at 5.3 percent. The Citywide increase in assessed value between 2016-17 and 2017-18 was \$585 million. Property tax assessment, collection, and apportionment are performed by the County.

Analysis of Property Tax Revenue



The two percent Proposition 13 inflation adjustment was \$109 million, which accounts for 19 percent of all growth experienced in the city. The majority of the gain was due to recapture of values reduced over the past several years due to market losses, and new construction.

Sales of properties are currently healthy. Median sales prices within Santa Maria rose by 10 percent in 2016. In 2017, median sales prices increased by another 5.7 percent. There were sales of 661 single family dwellings in the first nine months of 2017. Combined with other construction, the City is expecting a strong 10.2 percent increase in property tax receipts in 2018-19 at \$20.1 million. Property tax represents approximately 29 percent of General Fund revenues.

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

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 \$3.45 million in 2017-18 and a projected \$3.43 million in 2018-19. According to the County's "Annual Transient Occupancy Tax Report," for fiscal year 2016-17, TOT revenues increased to \$55.9 million or 5.4 percent greater the previous fiscal year. The County expects TOT revenue to continue to increase annually by a moderate rate consistent with the past five years. Staff, however, is forecasting a five percent decrease in City TOT 2018-19. 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. Predicted TOT income in 2018-19 is 5 percent of General Fund 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 2017 were 2,224 valued at \$230.9 million, compared to 2016 with 1,785 permits valued at \$105 million, compared to 2015 with 2,023 valued at \$120 million. The increase in building over the past two years is not expected to continue through the budget cycle. There are currently 575 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

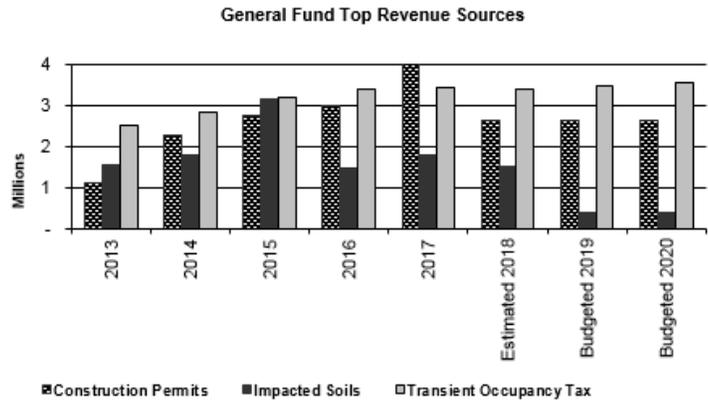
APPENDICES

SUMMARY OF KEY REVENUE ASSUMPTIONS

office and automobile dealerships that was built in 2016 to 2018. This project brought in significant building permit revenue. Anticipated construction permits revenue in 2018-19 is \$2.58 million or 3.7 percent of General Fund income.

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 2018-19 is \$410,000, which represents approximately 0.6 percent of General Fund revenues. In 2019-20, projected revenues are also \$410,000.



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. A rate study is underway.

Wastewater Fund

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

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SUMMARY OF KEY REVENUE ASSUMPTIONS

Solid Waste Collection

The City provides mandatory solid waste (garbage) collection for all City residential and commercial customers. Residential customers receive once-a-week solid waste collection service for automated 60- or 90-gallon containers. Commercial customers are offered automated 60- or 90-gallon containers or dumpster service. The City provides a voluntary, no-charge recycling service. 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. A rate study is underway.

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. SMAT's Dial-A-Ride fares will increase from \$2.00 to \$2.50 in 2018, and again in 2019, from \$2.50 to \$3.00, as approved by the City Council in August 2016. The SMAT fares are increasing for the first time since 2004, and only the second time since 1995.. 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 50 percent of the Library's overall revenue. For 2018-19, the City will maintain the General Fund contribution to \$1.74 million. County grants make up 37 percent of the revenues, and the remainder is from charges for services and other revenues such as copy machine revenue, rental income, fines and delinquent collections.

Traffic Safety Fund

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

Quimby Park & Acquisition Development Fees Fund

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

APPENDICES

SUMMARY OF KEY REVENUE ASSUMPTIONS

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 PEG fee. Operating transfers of \$50,000 from the General Fund are budgeted for 2018-19.

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.

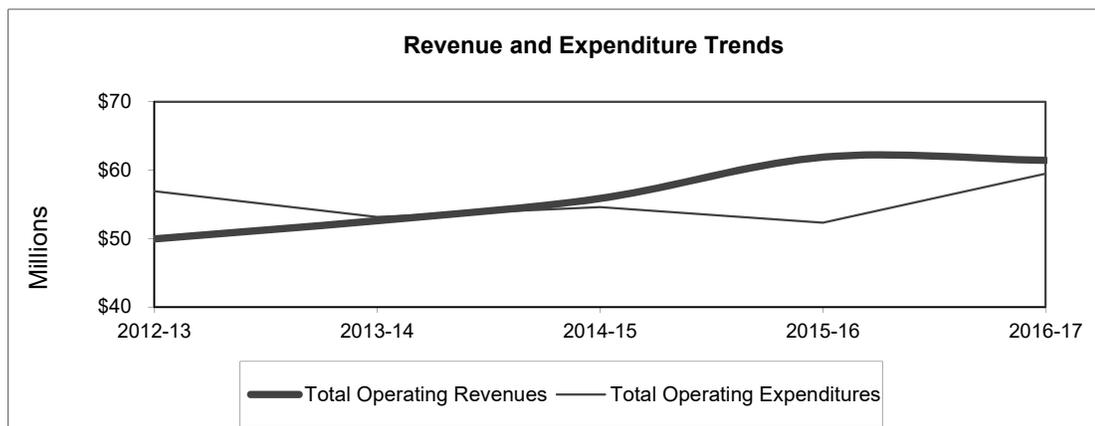
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FINANCIAL AND STATISTICAL TABLES

REVENUE AND EXPENDITURE TRENDS - LAST FIVE COMPLETED YEARS

General Fund Excluding Measure U2012

	Actual 2012-13	Actual 2013-14	Actual 2014-15	Actual 2015-16	Actual 2016-17
Operating Revenues:					
Taxes					
Property	\$ 14,344,979	\$ 14,560,426	\$ 15,255,770	\$ 16,254,272	\$ 17,298,548
Sales & Use	18,170,819	18,553,070	19,574,204	21,916,084	21,262,851
Transient Occupancy	2,532,032	2,844,497	3,224,413	3,395,321	3,462,237
Business Licenses	304,168	302,728	439,062	595,010	623,020
Franchise Fees	3,849,977	4,106,820	4,148,057	4,343,076	4,504,448
Supplemental Tax	144,838	270,517	143,058	177,628	223,282
Property Transfer Tax	190,805	176,106	217,645	290,921	337,686
Total Taxes	39,537,618	40,814,164	43,002,209	46,972,312	47,712,072
Permits, Fines & Forfeitures	1,181,654	2,418,307	2,886,764	3,245,093	5,865,281
Revenues from Use of Money/Property	988,590	1,018,030	923,465	1,725,427	338,183
Aid from Governmental Agencies	1,643,755	2,030,234	1,962,971	1,511,514	1,050,408
Charges for Current Services	5,323,246	6,028,385	6,947,588	6,198,708	6,217,730
Other Revenues	1,291,954	311,112	147,418	2,244,932	259,861
Total Operating Revenues	\$49,966,817	\$ 52,620,232	\$ 55,870,415	\$ 61,897,986	\$ 61,443,535
Operating Expenditures:					
Current:					
Public Safety	\$28,804,420	\$ 29,270,658	\$ 32,389,669	\$ 28,821,340	\$ 35,144,200
Public Works	2,253,959	2,338,877	2,283,113	2,407,040	2,677,480
Community Development	2,549,800	2,572,124	2,632,945	3,380,130	3,339,730
Recreation and Parks	7,743,048	8,346,713	8,510,781	8,920,290	9,554,070
Non-Dept. (PERS Side Fund)	5,572,242				
General	6,950,669	7,582,777	8,239,793	8,137,550	8,574,010
Capital Outlay	358,806	446,926	563,286	678,790	214,190
Debt Service:					
Principal	2,325,000	2,445,000			
Interest	355,575	138,828			
Total Operating Expenditures	\$56,913,519	\$ 53,141,903	\$ 54,619,587	\$ 52,345,140	\$ 59,503,680



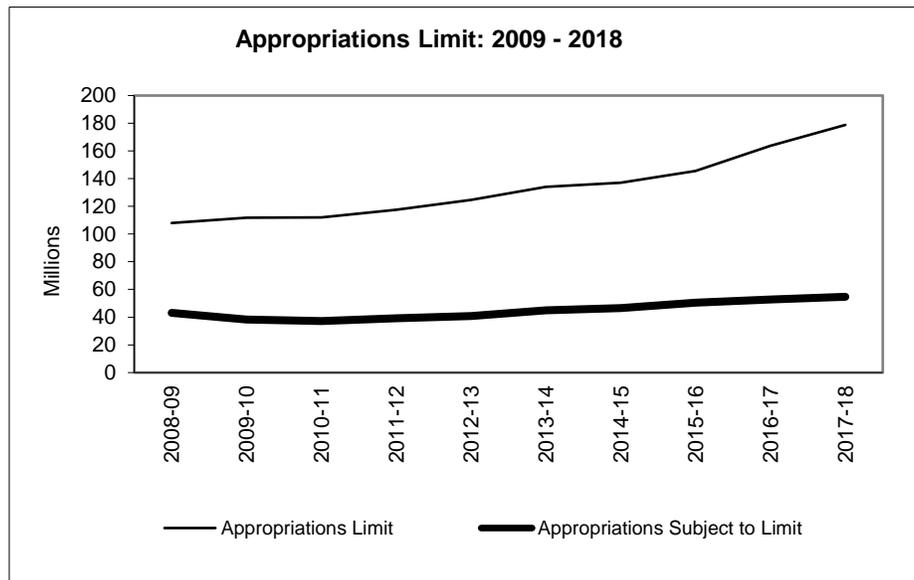
APPENDICES

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 2017-18 subject to limitation was \$54,724,484 which is about 69 percent lower than the City's limit.

Fiscal Year	Limit Base	Inflation Factor	Population Factor	Appropriations Limit	Appropriations Subject to Limit	Variance
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
2016-17	145,640,653	10.87%	1.41%	163,743,786	52,686,063	111,057,723
2017-18	163,743,786	7.43%	1.64%	178,791,840	54,724,484	124,067,356

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

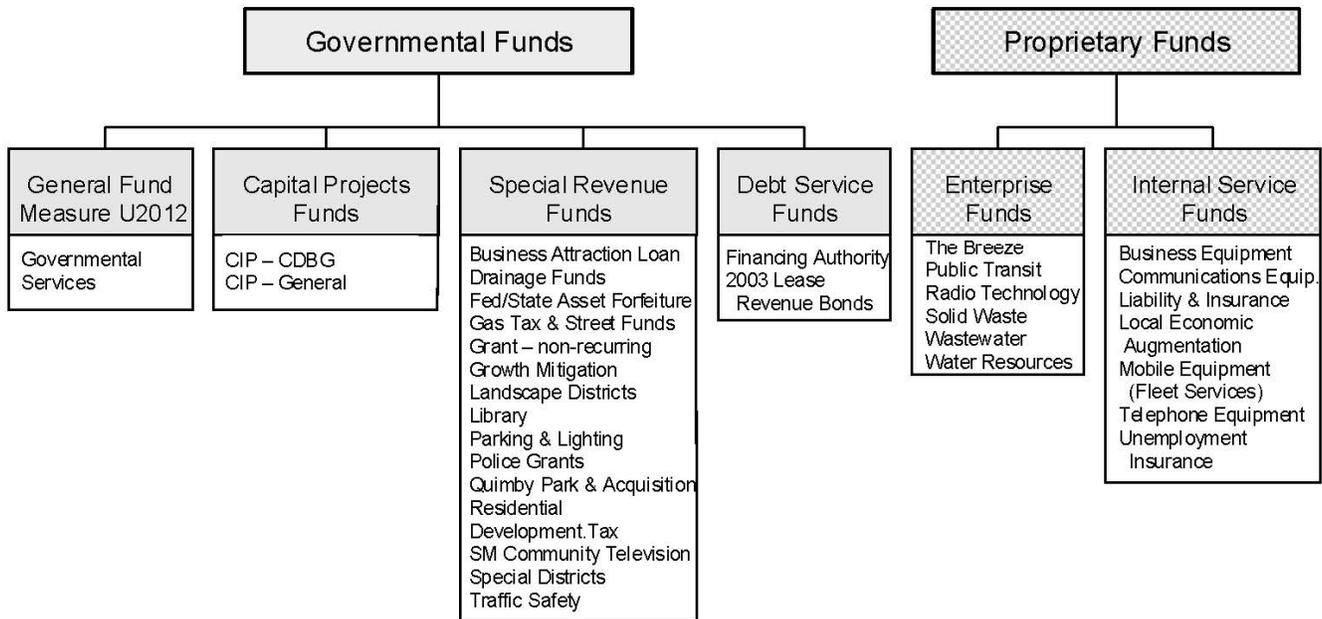
DESCRIPTION OF FUNDS

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.

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 the Crossroads Special Benefit Zone located in 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 grant runs the term of the State's franchise agreement with Comcast Cablevision for this region. The grant provides for the capital costs of the public, education, and government public access television.

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 MHz 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, and Santa Maria and Solvang. 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 Agency 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

SCHMATIC 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, 2018

<u>Position Number</u>	<u>Job Code</u>	<u>Administrative Classes</u>
126	B	Assistant City Attorney
110	A	Assistant City Manager
115	A	Chief of Police
111	A	City Attorney
120	A	City Librarian
005	A	City Manager
122	B	Deputy City Attorney I
128	B	Deputy City Attorney II
009	A	Deputy City Manager
112	A	Director of Community Development
118	A	Director of Finance
121	A	Director of Human Resources and Records
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

<u>Position Number</u>	<u>Job Code</u>	<u>Management Classes</u>
138	A	Accounting and Budget Manager
136	A	Accounting 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>
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
386	B	Public Information Manager
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
145	A	Utilities Manager/Deputy Director
153	A	Utilities Engineer
137	B	Utility Billing Manager

<u>Position Number</u>	<u>Job Code</u>	<u>Confidential Classes</u>
340	F	Confidential Office Clerk I
341	F	Confidential Office Clerk II
311	F	Confidential Secretary
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
347	F	Building Permit Technician I
348	F	Building Permit Technician II
361	F	Code Compliance Technician
331	F	Customer Service Clerk

APPENDICES

SCHEMATIC 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
329	F	Finance Lead Clerk
352	E	Library Assistant I
354	E	Library Assistant II
351	E	Library Clerk
330	F	Office Assistant I
328	F	Office Assistant II
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
349	F	Senior Building Permit Technician
321	F	Senior Dispatcher
337	F	Senior Police Records Technician
219	E	Utilities Analyst
383	F	Utilities Accounting Technician I
384	F	Utilities Accounting Technician II
385	F	Utilities Accounting Technician III
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>
203	B	Assistant Planner
204	B	Associate Planner
217	A	Building Inspector I
220	A	Building Inspector II
264	A	Chief Building Inspector
226	A	Chief Public Works 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
421	C	Crime Lab and Evidence Supervisor
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
307	G	Lead Wastewater Operator
308	G	Lead Water Operator
350	B	Librarian I
248	B	Librarian II
353	C	Library Technician
244	H	Maintenance Worker I
240	H	Maintenance Worker II

APPENDICES

SCHMATIC LIST OF CLASSES

382	E	Outreach Coordinator
238	D	Park Services Officer II
283	D	Park Services Officer III
268	C	Parks & Forest Supervisor
216	C	Planning Technician

B. DEPARTMENTAL, continued

<u>Position</u>		
<u>Number</u>	<u>Job Code</u>	<u>Technical & Maintenance Classes, continued</u>
297	C	Plans Examiner
256	D	Police Services Technician
241	A	Public Works Inspector
257	B	Recreation Coordinator
285	E	Recreation Supervisor
259	C	Recreation Technician
252	C	Regulatory Compliance Specialist
314	C	Regulatory Compliance Specialist II
284	E	Regulatory Compliance Supervisor
292	B	Senior Civil Engineer
267	G	Senior Crew Leader/Maintenance Specialist
237	G	Senior Park Services Officer
205	B	Senior Planner
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
387	E	Utilities Outreach Specialist
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
309	G	Water Operator
258	G	Water Resources Lead Operator

APPENDICES

SCHEMATIC LIST OF CLASSES

263	G	Water Resources Operator
199	G	Water Supervisor
243	H	Water System Operator I
249	H	Water System Operator II

APPENDICES

SCHEMATIC LIST OF CLASSES

LEGEND

E Limited Service

Z Part-Time

Reserves

Proposed July 1, 2018

<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
AS	E	Assistant Clerk - Office
AL	E	Assistant Library Technician
AP	E	Assistant Public Works Inspector
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
MA	E	Multimedia Assistant
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
PG	Z	PEG Production Manager
ZW	Z	PEG Specialist
PG	Z	PEG Production Manager
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

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 2018-19 equates to \$25,738,939. The cost of these two benefits represents 21.1 percent of the total operating costs (~\$122 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 2016-17	Adopted 2017-18	Proposed 2018-19	Proposed 2019-20
<u>Employee Compensation and Benefits</u>				
Health Benefits	\$ 7,448,676	\$ 8,358,721	\$ 9,196,336	\$ 9,243,832
Retirement	13,296,781	15,013,532	15,889,363	17,847,876
Retirement – Fire Side Fund	653,240	653,240	653,240	653,240
Compensated Absences	5,267,245	5,825,170	6,285,090	6,291,920
Other Post Employment Benefits	1,119,925	1,194,660	1,177,300	1,177,300

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 \$133 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 \$133 per month per retiree. The balance of premiums, which average approximately \$622 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 has negotiated cost sharing agreements with most of its bargaining groups. Once implemented employees will contribute between 2 percent and 9 percent of the contribution. The City does not contribute any portion of the employee required contribution for Tier II or Tier III employees. Approximately 50 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, as well as separate payments for unfunded liability.

APPENDICES

SUMMARY OF EMPLOYEE COMPENSATION AND BENEFITS

The chart on the following page shows required contribution rates (including unfunded liability) for 2017-18 and estimated rates for 2018-19:

	Required Contribution Rates					
	2017-18			2018-19		
	Tier I	Tier II	Tier III	Tier I	Tier II	Tier III
Police						
Employee	9.00%	9.00%	12.00%	9.00%	9.00%	12.00%
City*	42.69%	17.31%	11.54%	49.24%	17.97%	12.29%
Fire						
Employee	9.00%	9.00%	12.25%	9.00%	9.00%	12.25%
City*	64.30%	19.60%	13.23%	45.91%	20.96%	14.01%
General						
Employee	8.00%	7.00%	6.00%	8.00%	7.00%	6.00%
City*	26.65%	24.16%	24.16%	28.22%	26.75%	26.75%

*Includes unfunded liability payments converted to a percent of payroll.

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

COMPENSATED ABSENCES

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

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

Other Post Employment Benefits

The post-retirement health benefits described on the previous page are subject to GASB Statement Numbers 43 and 45. An actuarial valuation of Other Post Employment Benefits (OPEB) shows that the cost of these benefits at July 1, 2015 for current employees and retirees is \$17,284,740. This is the amount necessary to fund the cost of health insurance for all current and retired employees from the time of retirement until death. The cost of OPEB increased by \$4.5 million in 2016-17 due to changes in the standard actuarial procedures regarding the treatment of blended premiums for active employees and early retirees (those under age 65) that are inherent in PERS Health (PEMCHA) plans. Previously, the blended premium benefit or internal rate subsidy could be excluded from the actuarial valuation, however, beginning with July 1, 2015 all OPEB valuations must include the internal rate of subsidy. Each year the City records annual OPEB expense, which is the amount of health insurance subsidy earned, during the current year, by current and former employees. The annual OPEB expense for 2016-17 is \$1,119,925. The OPEB expense for 2017-18 and 2018-19 has not been determined but is expected to be at least the same amount if not more.

APPENDICES

SUMMARY OF EMPLOYEE COMPENSATION AND BENEFITS

GASB 43 and 45 does not require the City to fund (set monies aside) for the \$17,284,740 value of all benefits or the \$1,119,925 annual cost. However, any amounts not set aside must be recorded as a liability (debt) in the annual CAFR. The cumulative liability will increase as the expense for each year is recorded. The City has designated a portion of the fund balance for this future liability.

APPENDICES

FINANCIAL STATUS COMPARISON

ANALYSIS OF BUDGETS FROM OTHER CENTRAL COAST CITIES 2018-19

	Santa Barbara	Lompoc	San Luis Obispo	Santa Maria
General Fund				
Revenues	\$ 156,094,603	\$ 33,506,197	\$ 70,236,380	\$ 74,217,898
Appropriations	156,094,603	32,812,463	74,133,342	80,084,640
All Operating Funds				
Revenues	349,869,458	81,904,528	137,069,219	167,026,312
Appropriations	359,937,488	81,210,794	162,364,480	179,782,773
Revenue Per Capita	3,690	2,017	2,945	1,657
Revenue Analysis				
Property Tax	35,009,100	7,878,335	16,511,398	20,111,410
Sales Tax	22,426,000	4,685,374	17,619,608	23,281,650
Sales/Use Tax Add-On *	21,976,067		7,673,084	4,779,000
Transient Occupancy Tax	19,830,000	2,210,104	7,367,000	3,585,230
Utility Users Tax **	7,190,300		5,617,000	
Parking Revenue & Fines ***	18,740,705		6,017,400	
TOTAL	110,822,172	\$ 14,773,813	\$ 60,805,490	51,757,290

*Santa Barbara's sales tax add-on revenues are entirely for capital expenses. **Santa Barbara's Utility Users Tax reflects only the amount generated for the General Fund, which is half of the total UUT revenues collected. *** Enterprise Fund revenue, not General Fund revenue.

Population (as of January 1, 2018) ^	94,807	40,599	46,548	108,470
Personnel ⁺				
Full-time Employees	878	330	416	517
Employees Per 1,000 ratio	9.26	8.13	8.93	4.76
Sworn Fire Employees	92	30	45	58
Fire Fighters Per 1,000 Ratio	0.97	0.73	0.96	0.53
Sworn Police Officers	142	50	59	129
Officers Per 1,000 Ratio	1.49	1.28	1.26	1.19

⁺ 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 8.78 per thousand as compared to the 4.76 per thousand in Santa Maria. ^Lompoc's population excludes 3,000 inmates at the Federal prison complex.

APPENDICES

HIGHLIGHTS OF RECENT ACCOMPLISHMENTS

The City of Santa Maria (City) successfully completed many projects in 2017-18 to improve the community's quality of life. Four of those larger projects are highlighted as follows:

Mayor's Task Force on Youth Safety

Adopting a grass-roots strategic plan to end youth violence – after six months of public forums through the Mayor's Task Force on Youth Safety. Following a spike in violent crime, and to also overcome barriers to resources for at-risk families and children, the Santa Maria community came together through the inclusive Task Force. Committed partnerships blossomed among employers, nonprofits, schools, churches, law enforcement, and government. The adopted grass-roots strategic plan aims to reduce youth violence by mobilizing and aligning community resources and partnerships. The focus is on prevention, intervention, enforcement and re-entry, using ideas contributed by diverse community members. The ongoing efforts include summer youth programs, civic leadership programs, and multiple partnerships to assist those at-risk with valuable resources.

Enos Ranch

Staff from multiple departments assisted the developers of the 113-acre Enos Ranch development that fronts Highway 101, with new roads and utilities, enabling on-time opening of the regional shopping center. The Department of Public Works coordinated improvements along East Battles Road, the rebuilding and widening of College Drive, new traffic signals along Betteravia Road, and the realignment and construction of Bradley Road, all of which border the development. Planners, attorneys, and inspectors approved the multiple retail and office buildings. The new and larger Costco and its gas station with 24 pumps opened in 2017, as did Lowe's. Other stores now open are Dick's Sporting Goods, Old Navy, Ulta, HomeGoods, Chick-fil-A, Buffalo Wild Wings, Kirkland's, Petco, Carter's, OshKosh Kids, Urbane Café, Xfinity, and more. Under development are The Habit Burger Grill and Cracker Barrel. The development eventually will add a City park including the old Smith-Enos farm house, automobile dealerships, an elementary school, and 10 buildings containing 318 apartment units. Also coming is the three-story, 91,000-square-foot new headquarters of CoastHills Credit Union, bringing more than 150 jobs.

District Elections

Establishing a by-district elections process for future City Councilmembers, after significant public input, along with expert opinion from a consultant. Beginning with the November 2018 election, the City will transition from at-large elections to district elections for the four City Councilmembers. Voters may elect City Councilmembers only from those candidates who live in their district. The Mayor will still be elected at-large by all voters. The final map was adopted in May 2017, after the Council listened to the public during numerous public hearings and considered suggestions and draft maps submitted by the public and the City-hired demographer. The Council decided that the City's population had to be equally divided into four districts; the districts had to start their divisions at Broadway and Main (State Highways 135 and 166); a portion of each district had to contain a part of the City's Downtown Specific Plan; there had to be fair representation of renters in each district; and the districts had to adhere to the rules set by the Federal Voting Rights Act.

Communications

A blazing fast internet network to benefit the public is being built by the City and its partner company Wave Broadband, to bring reliable, high-speed Gigabit fiber-based connectivity services to its municipal departments, and eventually businesses, schools, and residents as a whole. This investment is designed to spark substantial economic growth in and around the City as businesses and public services take advantage of the public-private investment into the community. This is a priority for Santa Maria to attract new tech companies and employees who are choosing where to locate based on the availability of connectivity and high-speed Internet service. As the City and Wave Broadband build the core fiber network, the Santa Maria Area Transit (SMAT) and its technology partner, NewTel Consulting, will lay the foundation for the City's high-capacity Wi-Fi wireless network, by embarking on an On-Board Passenger Wi-Fi proof of concept. This concept will provide free high-speed connectivity to passengers of a selected City bus route starting this summer, with the goal of extending the connectivity to all routes in the future. The completion of the fiber ring this year will allow Santa Maria to upgrade the City's public safety network, become a regional emergency dispatch center, and future-proof the City. It will also allow the City to offer public Wi-Fi in its revitalizing downtown core, and for Wave to evaluate providing Wi-Fi in residential neighborhoods. Also, the City is conscious of the need to provide high-speed internet connectivity to disadvantaged residents and students, to improve their lives and provide opportunities, and therefore plans to offer free high-speed Wi-Fi in selected areas.

APPENDICES

STATUS OF THE 2017-18 CITY-WIDE GOALS

1. Complete the renovations at Buena Vista Park, to include new walkways, trees, lawn area, recreation facilities, and gathering areas, while incorporating the existing Camp Fire Cabin. **(COMPLETED)**
2. Begin the phased process of a comprehensive update to the City's General Plan, by hiring a consultant, and begin to identify adequate land inventory for residential growth and economic development, and chart potential new areas for annexations, to proactively guide growth patterns within the City's vision. **(ONGOING)**
3. Deploy Code Compliance operations during regular weekend shifts, and work in collaboration with the Police Department to focus primarily on neighborhood preservation, and to collaborate on projects with other departments. **(COMPLETED)**
4. Gain approval from Caltrans for the proposed traffic improvements, including realignments and extended turn lanes along East Betteravia Road near its intersection with Highway 101 and operational improvement to the southbound off-ramp, to improve traffic flow at the Enos Ranch and the Crossroads Center, and into the community. **(COMPLETED)**
5. Increase deployment of personnel in specialized Police units to enhance investigative and enforcement efforts relating to gang activity and property crimes. **(COMPLETED)**
6. In collaboration with the Department of Public Works, CalTrans, stakeholders, community residents, and the hired consultant, draft a Downtown Multimodal Streetscapes Plan with public outreach completed by January 2018 and draft design concepts by May 2018. **(COMPLETED)**
7. Persist in identifying and developing strategies to address homelessness in the downtown corridor, by collaborating with business and property owners, members of the community, non-profit organizations, and other City personnel such as City Rangers and Community Policing Unit. **(ONGOING)**
8. That the City Manager's Office coordinate with other departments the efforts of the Mayor's Task Force on Youth Safety, to collaborate with existing service providers and leverage existing resources to reduce youth violence and enhance youth safety. **(ONGOING)**
9. Finish the construction of the new fiber-optic loop to interconnect most City facilities, to facilitate access to high-capacity broadband communication for departments, reduce operational costs, and to promote economic development efforts. **(ONGOING)**
10. Continue to explore opportunities to increase the availability of water supplies for the City. **(ONGOING)**
11. Coordinate with the Community Development Department to engage the community on the development of a Downtown Multimodal Streetscape Plan and develop initial design concepts for Downtown multimodal circulation with Caltrans. **(COMPLETED)**
12. That the Police Department work in concert with the Mayor's Task Force on Youth Safety to enhance prevention and intervention efforts in an attempt to mitigate the effects of youth violence. **(ONGOING)**
13. That the Recreation and Parks Department play an active role in the organization and implementation of the Mayor's Task Force on Youth Safety. **(ONGOING)**
14. Finish construction of the 160-foot-tall radio tower at Los Flores Ranch Park, install the generator, and improve the road to an all-weather access road, to complete the City's 700 MHz radio system infrastructure. **(COMPLETED)**
15. Develop and administer a "structurally balanced" General Fund budget – responding to significant pension-related expense increases while still maintaining adequate reserves for future years' financing. **(COMPLETED)**
16. Implement the second phase of the "ActiveNet" software system for program registration, classes, and facilities rental reservations to provide more efficiencies. **(COMPLETED)**
17. Achieve the full conversion of all City-owned street lights to LED lighting, to improve street lighting, enhance public safety, and reduce ongoing energy costs. **(COMPLETED)**
18. Evaluate the results of the polling consultant's report to extend Measure U2012 as well as determine if there is support for a possible enhancement of Measure U. **(COMPLETED)**
19. Ensure that the development of Enos Ranch remains the Community Development Department's highest priority project for review and approval of discretionary and ministerial permits, because upon completion, property and sales tax revenues for the City will be enhanced. **(ONGOING)**
20. Prepare and present an ordinance to ban the sale of recreational and medical cannabis from retail establishments in the City for the City Council's consideration. **(COMPLETED)**
21. Reconfigure traffic control and road improvements on North Depot Street and Railroad Avenue from Main Street (Highway 166) north to Tunnell Drive, to enhance public safety. **(COMPLETED)**

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STATUS OF THE 2017-18 CITY-WIDE GOALS

22. Raise the library's profile in the community and increase library use by promoting the library with public service announcements funded by the Santa Barbara Foundation Express grant, and collaborate with other community organizations such as by participating in outreach events and partnering with local schools. **(COMPLETED)**
23. Maintain the Police Department's focus on traffic safety by employing a combination of strict enforcement, utilization of grant funded DUI and Drivers' License checkpoints, and focused saturation patrols. **(ONGOING)**
24. Solicit a RFP for the construction of a transfer station at the existing Santa Maria Regional Landfill to prepare for transportation of refuse to the future Los Flores Integrated Waste Management Facility. **(ONGOING)**
25. Research and identify solutions that will help securely managed access to, and efficient discovery of digital evidence. **(COMPLETED)**
26. Comply with new State trash regulations by developing an implementation plan to meet compliance milestones in selected neighborhoods. **(COMPLETED)**
27. Prepare and present an ordinance requiring containment of shopping carts on business premises for City Council's consideration. **(COMPLETED)**
28. Execute a RFQ to develop plans, specifications, and estimates for the design and construction of all equipment and systems necessary for the Main Street Subwatershed Improvement Project. **(COMPLETED)**
29. Complete the installation of concrete ADA ramps on Railroad Avenue between Morrison Avenue and Mariposa Way and on South Bradley Road in the area of Allan Hancock College, and also repair uplifted concrete sidewalk along North Broadway (Highway 135). **(COMPLETED)**
30. Prepare and present an ordinance that will update City's massage business regulations for the City Council's consideration. **(COMPLETED)**
31. Utilize a \$20,000 grant from the Santa Barbara Foundation to assist with the public outreach and design efforts for the Downtown Streetscape Plan. **(COMPLETED)**
32. Evaluate the overall condition of the aged electrical systems associated with the WWTP, including motor buckets, busing, wiring, and ductwork. **(COMPLETED)**
33. Assist the Community Development Department in preparing an ordinance regulating accessory dwelling units, to fulfill some affordable housing needs while also preserving quality of life in neighborhoods. **(COMPLETED)**
34. Complete the design and prepare documents to bid on the rehabilitation of the WWTP influent piping, including modifications to the septage receiving station. **(COMPLETED)**
35. Continue research on the feasibility of implementing an online business license renewal and application process to enhance customer service by allowing a business owner an electronic, 24/7 option, in addition to in-person service. **(COMPLETED)**
36. Complete a reorganization of the business license filing system to improve efficiencies in maintaining files and locating documents when needed, while keeping the history of the business license, including changes in business name, in one place and reduce the amount of time it takes to add documents to the file. **(COMPLETED)**
37. Continue education of neighborhood residents regarding the importance of community pride and quality of life issues through "Walk and Talk" programs, in both residential and commercial districts. **(COMPLETED)**
38. Explore technology and signage that will continue to help library customers serve themselves and enhance use of collections at the main and branch libraries. **(COMPLETED)**
39. Promote staff development, work efficiencies, team-building, and workplace pride by implementing a continuous cross training plan across library divisions, and launching an annual all staff training day. **(COMPLETED)**
40. Complete a comprehensive revision of the Police Department's Manual of Policy and Procedure, incorporating all standing General Orders (interim policies) that have been established in recent years. **(COMPLETED)**
41. Establish an Organics Recycling Program for commercial accounts in compliance with State mandates for waste diversion. **(ONGOING)**
42. Complete a forensic audit of the Police Department's reporting systems, from the initial patrol response, through assignment to the Detective Bureau and ultimately to the filing of charges with the District Attorney's Office, to improve efficiencies in workflow and the quality of the products and ultimately, enhance prosecutorial efforts. **(COMPLETED)**

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43. Continue economic development efforts, by working in conjunction with the Chamber of Commerce, to attract more mid-size light manufacturing, research, and other clean businesses to Santa Maria; help retain and expand existing local businesses; and continue to promote and pursue bringing a four-year university degree program to Santa Maria. **(COMPLETED)**
44. Nurture student success with programs and mobile technology such as the grant-funded Chromebooks that bolster school achievement, build self-confidence, and enhance social skills and life choices. **(COMPLETED)**
45. Through the City Manager's Office, implement a Communications Strategic Plan to improve and increase public awareness via traditional methods and expanded use of social media, ensuring consistency and coordinated messaging. **(COMPLETED)**
46. Develop and implement an ethics training for all employees, expanding such education beyond elected/appointed officials and employees, to further promote employees' roles as stewards of the public service. **(COMPLETED)**
47. Successfully partner with the County Elections Office to prepare for new City Council district elections in November 2018, and prepare for the nomination period which opens in July 2018 for Districts 3 and 4, by updating all election materials, candidate's packets, and providing new website content with each district. **(COMPLETED)**
48. Explore the feasibility of an automated agenda management system and platform for website posting that is retrievable, downloadable, searchable, machine readable, and is predominately linked on the homepage to the agendas for the City Council and all of the City's boards, committees, and commissions in accordance with State law. **(COMPLETED)**
49. Become the Smart City-Safe City; the first truly "Gigabit City" on the Central Coast, and emphasize economic development opportunities with the City's fiber optics infrastructure and carrier-grade high-speed internet services, plus business opportunities inside the regional data center. **(PARTIALLY COMPLETED)**
50. Complete the reconstruction of College Drive between Betteravia and Battles roads into a four-lane road with bicycle lanes, landscaped medians, curb, gutter, sidewalk, landscaped parkway and streetlights, as part of the Enos Ranch Project. **(PARTIALLY COMPLETED)**
51. Begin the phased design, installation, and operation of a new Fire / Police Computer Aided Dispatch system, and Police Records Management System. **(PARTIALLY COMPLETED)**
52. Complete the construction of a new well to provide adequate water for the Los Flores Integrated Waste Management Facility. **(PARTIALLY COMPLETED)**
53. Identify an area in Los Flores Ranch as the site of an outdoor firearms range facility for law enforcement, which when operational, will provide a safe and secure location for the training of Santa Maria Police Department personnel as well as law enforcement personnel from surrounding agencies. **(PARTIALLY COMPLETED)**
54. Conduct an analysis of the Fire Department's Fire and Life Safety sub-program for appropriateness of services provided; alternative delivery systems; opportunities for collaboration with other City departments; and, management oversight. **(COMPLETED)**
55. Review and redesign library webpages to streamline and improve aesthetics and access to information on topics such as parent and caregiver information, help for entrepreneurs and job seekers, health resources, and more. **(PARTIALLY COMPLETED)**
56. Streamline promotional testing processes for the ranks of Fire Engineer and Captain. Where appropriate, testing components would be implemented through the Acting qualification process thereby validating the program and providing a larger applicant pool for promotional tests. **(PARTIALLY COMPLETED)**
57. Utilize the Community Development Department's involvement with the Chamber and Economic Development Commission to identify ways to improve the local economy and attract higher paying jobs. **(ONGOING)**
58. Continue to work with the development community in implementing efficient processes for development review, including the formation of a development review committee for the purpose of effective communication with developers and applicants. **(ONGOING)**
59. Reduce operational expenditures through enhanced coordination of scheduling between the Training, Dispatch, Patrol, and Detective administrations, resulting in a reduction of paid overtime. **(ONGOING)**
60. Collaborately research regulations about H-2A housing with the City Attorney's Office to determine appropriate guidelines for such housing within the City. **(ONGOING)**

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61. Continue to participate as part of a multi-department collaborative taskforce to implement a Computer Automated Dispatch system and radio system that meets the ongoing needs of the various City departments. **(ONGOING)**
62. Implement the update to the City's TRAKiT permitting software to improve efficiency in permit processing, plan review, and inspection procedures, including the use of tablets for building code publications and electronic media. **(ONGOING)**
63. Identify, procure, and integrate a new comprehensive fleet software system to increase efficiency and enable comprehensive reports necessary for budgeting and analysis of the fleet equipment. **(ONGOING)**
64. Seek and secure new grants and outside funding sources to address downtown revitalization, public safety, neighborhood revitalization and youth development needs in the community. **(ONGOING)**
65. In conjunction with Public Works and Recreation and Parks, identify City projects that could be assisted with CDBG capital funding. **(ONGOING)**
66. Develop a process for prioritizing the inspection and cleaning of the storm drain system, and incorporate the cleaning requirements to meet the State permitting requirements for the discharge of stormwater. **(ONGOING)**
67. Continue a program of water conservation throughout the park system to include re-vegetation of landscape areas, rotation of scheduled watering, use of non-potable water for irrigation, and increase monitoring of water use using computer irrigation system. **(ONGOING)**
68. Continue to work proactively with the RWQCB on the implementation of the Integrated Plan for Water Quality to achieve numerous City water quality objectives. **(ONGOING)**
69. Seek out funding for the development of a youth sports complex to include more soccer fields, to enhance assets for recreational opportunities. **(ONGOING)**
70. Seek grant funding as well as increased sponsorship opportunities for the expansion of services to at-risk youth and those special events, marketing and education campaigns that foster community building. **(ONGOING OR COMPLETED)**
71. Work closely with schools to make school sites available for public use during non-school hours. **(ONGOING)**
72. Enhance the Police Department's outreach and recruiting efforts through expanded utilization of social media to feature Department accomplishments and highlight human interest stories about personnel and their many contributions to the community. **(ONGOING)**
73. Continue working with non-profit organizations, schools, health care providers, businesses, and funding partners throughout the Santa Maria Valley, in an effort to address the growing needs of families, youth, and the homeless. **(ONGOING)**
74. Proactively contact and prosecute known "slumlords" with nuisance properties evidencing uninhabitable conditions blighting the community, to reduce health and safety violations and other substandard living conditions that affect numerous tenants. **(COMPLETED)**
75. Broker participation by local non-profit agencies, schools, and government in addressing community-wide issues and concerns; i.e. youth violence, the impacts of homelessness in City parks and facilities. **(ONGOING)**
76. Update the Cash Handling Policy to meet current Payment Card Industry (PCI) Data Security Standards. **(PARTIALLY COMPLETED)**
77. Encourage a high-level of staff training and succession programs using techniques and opportunities provided by the City including regional training opportunities. Ongoing or Completed **(ONGOING)**
78. Provide parks, athletic fields and facilities that are safe, clean and inviting to our residents and visitors. **(ONGOING)**
79. Implement an award recognition program honoring property owners who improve and beautify properties that were once nuisance properties. **(COMPLETED)**
80. Research the feasibility of a secure, online employee portal for payroll and human resource needs, which would allow employees to access and update their forms online, provide higher level of customer service to City employees, and enable finance staff to address other tasks. **(PARTIALLY COMPLETED)**
81. Coordinate with other departments to implement the new cashiering system in four remaining City departments to streamline operations and improve overall customer service. **(PARTIALLY COMPLETED)**
82. Cultivate and promote parent/child interaction and learning with a variety of creative and innovative programs that foster the love of reading, writing, learning, and discovery through STEAM programs,

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- Cowboy poetry events, bilingual storytime, baby and me programs, and afterschool homework help. **(ONGOING)**
83. Develop a Fire Department Strategic Plan which provides short- and long-term direction and optimizes the use of resources, thereby setting goals and objectives while also creating an internal communications process that promotes and ensures the effectiveness of top-down/bottom-up communication. **(ONGOING)**
 84. Seek and apply for grant funding that augments the purchase of materials and funding of services that meet community needs of the Santa Maria Public Library and County-funded, City-operated branch libraries. **(ONGOING)**
 85. Encourage community connections, interaction, and engagement in the library learning center through Makerspace programming for all ages and conversational language clubs in partnership with Allan Hancock College and the Central Coast Literacy Council. **(ONGOING)**
 86. Automate service order process for Utility Billing accounts by utilizing the City's financial and GIS systems. **(ONGOING)**
 87. Provide a variety of literacy programs to all ages that enhance knowledge and awareness of library resources including digital resources, and enhance patrons' ability to use language, images, computers, and other tools to understand, communicate, and gain useful and accurate knowledge. **(ONGOING)**
 88. Engage the community by reaching out to diverse community groups to determine what matters to our residents, what their goals and aspirations for the community are, and how the library can help in addressing community challenges. **(ONGOING)**
 89. Update the Fire Department's Standards of Response Coverage encompassing the adoption of written policies and procedures that determine the distribution, concentration and reliability of fixed and mobile response forces necessary to provide services to an "all-risk" public safety agency. **(ONGOING)**
 90. Collaborate with Public Works/Facilities staff and possibly a local educational institution to evaluate and design a new department layout to maximize use of space, be more efficient, and better serve our customers. **(ONGOING)**
 91. Coordinate a City-wide exercise designed to familiarize City departments with the City's adopted Multi-hazard Functional Plan and position functions of the Emergency Operations Center. In addition, meet with EOC representatives from other agencies, including English Air, to coordinate response plans. **(PARTIALLY COMPLETED)**
 92. Coordinate with the Utilities Department to educate residents with commercial roll-off boxes about the State's hazardous waste regulations, and provide support for the implementation of the State mandated inspection program, to improve neighborhood aesthetics and safety. **(NOT COMPLETED)**
 93. Conduct a Fire Department analysis of the types of on-the-job injuries, their causes, apparatus or equipment involved, and cost related to loss of work and medical treatment, and develop strategies to reduce their occurrence and severity. **(ONGOING)**
 94. Continue the Speakers' Series, the training academies, as well as develop partnerships with the local schools in an effort to further expand employee training and succession planning efforts. **(ONGOING)**
 95. Integrate the Fire Department's current policies and procedures into Lexipol, evaluate the relevancy of each policy and revise as needed, and use Lexipol as the benchmark for all future policies. **(NOT COMPLETED)**
 96. Seek qualified auditing firms through the formal request for proposal (RFP) process to perform City Financial Services. Upon completion of the RFP staff will submit a report to City Council with the auditing firm that staff recommends awarding the contract. **(NOT COMPLETED)**
 97. Update the Procurement (Credit) Card Policy and Procedures to align with industry best practices, promote effective purchasing, and improve reporting requirements. **(NOT COMPLETED)**
 98. Formalize the Santa Maria Community Emergency Response Team (CERT) program and provide training to City employees during working hours in an effort to provide more resources during large-scale events. **(NOT COMPLETED)**
 99. Identify updates needed to modernize the overall accounts payable procedures and determine a schedule for implementation to align current practices with industry standards and improve the accuracy and efficiency of payments made to City vendors, contractors, and customers. **(NOT COMPLETED)**
 100. Develop a Fire Department Internship Program in collaboration with Allan Hancock College, providing students the opportunity to gain fire experience and college credit, and in doing so develop a new resource for the Santa Maria Fire Department. **(NOT COMPLETED)**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, ADOPTING THE BUDGET FOR FISCAL YEARS 2018-19 AND 2019-20, AND DELEGATING THE CITY MANAGER TO IMPLEMENT SAME

WHEREAS, the 2018-20 Proposed Budget representing two fiscal year budgets (2018-19 and 2019-20) of the City of Santa Maria have been submitted to the City Council, have been considered, and are in final form and substance satisfactory to this Council.

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

1. The budgets for the City of Santa Maria for fiscal years 2018-19 and 2019-20, and *Budget in Brief* setting forth the budget totals, are hereby incorporated herein by reference fully, and is hereby adopted in the form on file with the Chief Deputy City Clerk; and
2. All encumbrances as of June 30th of each year, as represented by outstanding purchase orders and approved capital projects in process, are hereby authorized to be carried forward and appropriated into the next fiscal year budget as determined by the Finance Director; and
3. The City Manager is authorized to take all necessary actions to implement the provisions of said budget as adopted on this date, including future adjustments to: the budget for unanticipated expenditures offset by revenues, transfers of budget amounts within a Fund, and any other adjustments approved by Council prior to the adoption of this Resolution, and approving change order requests for Council approved projects; and
4. That the City Manager is also authorized, until otherwise directed, to continue to: under-fill classifications by existing classifications when warranted to address operational demands, approve promotional opportunities for employees in established flexibility staffed positions based on merit and full journey-level experience; continue the performance-based pay program for management employees on employment contracts; entering into side letters of agreement with the employee bargaining groups to address operational issues when warranted; and
5. That the City Manager is authorized to approve the purchase of capital equipment and replacement equipment for the 2018-19 fiscal year, as delineated in Section "F" of the 2018-20 budget in conformance with the City's purchasing guidelines and any applicable State and Federal guidelines; and
6. That all General Fund revenues in excess of expenditures as of June 30th of each year be transferred equally between the General Capital Reserve Fund, Local

Economic Augmentation Fund (LEAF), and General Fund Assigned Fund Balance for Unfunded Pension Benefits; and

7. The Chief Deputy City Clerk is hereby authorized to make minor changes herein to address clerical errors, so long as substantial conformance of the intent of this document is maintained. In doing so, the Chief Deputy City Clerk shall consult with the City Manager and City Attorney concerning any changes deemed necessary.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Santa Maria on this 19th day of June 2018.

***/s/* ALICE M. PATINO**

Mayor

ATTEST:

***/s/* RHONDA M. GARIETZ, CMC**

Chief Deputy City Clerk

APPROVED AS TO FORM:

City Attorney

APPROVED AS TO CONTENT:

Department Director

City Manager

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

I, **M. Beth Cleary**, Deputy City Clerk of the City of Santa Maria and ex officio Clerk of the City Council **DO HEREBY CERTIFY** that the foregoing is a full, true and correct copy of **Resolution No. 2018-62** which was duly and regularly introduced and adopted by said City Council at a regular meeting held **June 19, 2018**, and carried on the following vote:

AYES: Councilmembers Boysen, Cordero, Moats, Waterfield,
 and Mayor Patino.

NOES: None.

ABSENT: None.

ABSTAIN: None.



Deputy City Clerk
City of Santa Maria

