



Action Item C.4
DISCUSSION/ACTION ITEM
Meeting Date: June 3, 2008

TO: Mayor and Councilmembers
Redevelopment Agency Chair and Agency Members

FROM: Daniel Singer, City Manager/Executive Director

SUBJECT: Modifications to Fiscal Year 08-09 Budget

RECOMMENDATION:

As the City Council:

- A. Adopt Resolution No. 08-__ entitled "A Resolution of the City Council of the City of Goleta, California, Amending the City's Operating and CIP Budget for Fiscal Year 2008-09"
- B. Adopt Resolution No. 08-__ entitled "A Resolution of the City Council of the City of Goleta, California, Adopting the City's GANN Limit for Fiscal Year 2008-09"
- C. Approve the Recommended Changes in Accounting Practices.

As the Redevelopment Agency:

- A. Adopt Resolution No. 08-__ entitled "A Resolution of the Redevelopment Agency of the City of Goleta, California, Amending the Operating Budget for Fiscal Year 2008-09"

BACKGROUND:

On June 25, 2007, the City Council and Redevelopment Agency adopted the City's first two year budget for Fiscal Years 2007-08 and 2008-09. Throughout the current fiscal year various modifications have been made to the FY 2007-08 budget. Some of these modifications were of an ongoing nature and consequently impact the FY 2008-09 budget figures. While for the most part projections for the FY 2008-09 remain the same, staff has performed a thorough analysis of both revenue and expenditure projections.

Each department has reviewed revenue projections as well as the resources required for their departments. The departmental revenue projections were reviewed by the City Manager and Finance Director and are the basis for modifications incorporated in this report. Revenue modifications for the City's main revenue sources (Property, Sales,

and TOT taxes) were based on current year's actual receipts and the most recent forecast information available.

Requests for changes in resources were submitted by each department. These requests were then reviewed by the City Manager and Finance Director. The items recommended for funding, as well as those not recommended for funding at this time, are recapped in this report.

DISCUSSION:

Attached to this report are the proposed changes to the General Fund budget in table format, including one-time and ongoing revenues and expenditures over the current year budget. Keep in mind that these numbers do not represent the total budget, but rather the "difference" from the adopted fiscal year budget.

In addition to the attached tables, staff has prepared this narrative to the Council that may be useful in forming a final revised budget. The narrative focuses on five categories: noteworthy items included in the adopted FY 2008-09 budget; proposed budget modifications; unfunded items; Reserve Level recommendations; and miscellaneous Personnel Changes.

Adopted FY 2008-09 Budget

For reference, the adopted 2008-09 Budget for next year includes some of the following information:

- A cost-of-living (COLA) increase for all salaried employees of 3%. This increase enables the City to keep salary levels competitive while enabling current employees to keep pace with inflation.
- Of significant budgetary consequence are the expenses correlated with potential revisions to the City's General Plan. In the 08/09 fiscal year, funding has been earmarked for the initiation of the City's zoning code.
- The facilities maintenance budget includes funding air conditioning units and roof repairs at the Library and Stow guest house, some of which has already been completed.
- There are a few studies or professional services aimed at the following objectives: updating the City's personnel rules, redesigning the City's web site, and establishing City CEQA thresholds.
- The adopted budget continues modest set-asides for various reserve funds and works to maintain the 33% General Fund Reserve as discussed in more detail below.
- And lastly, the FY 08-09 budget will include any unexpended allocations from FY 07-08.

Modification Proposals

The following modifications are proposed by staff for inclusion in the 2008-09 Budget. These and other recommended changes have also been reviewed by the Council's Finance Committee.

General Fund Revenues:

- Building Permits, Planning and Plan Check fees. Planning staff has taken an in depth look at these revenue sources and determined that while there has been a significant (33%) drop in the day-to-day home remodel projects, there are significant large scale development projects underway. Staff therefore recommends decreasing the ongoing revenues to accurately reflect the slow-down in the housing market, and increasing the one-time revenues by 70% of the estimated revenues to be generated by large projects. Staff has also built into the ongoing revenue projections a 20% increase in fees which is a conservative estimate of the anticipated fee increase recommendations of the User Fee study currently underway.
- Planning Deposits Earned are expected to increase by \$15,000 as a result of more staff time devoted to reimbursable development projects while Public Works fees are expected to decrease by \$24,000 as a result of less staff involvement in development projects.
- Reimbursements from CIP projects are not only expected to double the original projections, but also to become an ongoing revenue source. These changes are recommended with the realization that much of the Public Works staff time is devoted directly to the oversight of the CIP program. Staff is recommending the creation of a CIP division within the Community Services department. This division is proposed to redistribute existing personnel and operational resources currently allocated in the Engineering division, along with changes in personnel described in the RDA personnel section below.
- Towing fines are expected to increase by \$34,200. This anticipated increase is attributed to two factors. The first is the recent increase in tow fines administration fees, which went from \$45 to \$130 for regular tows and to \$160 for tows with 30-day holds as of April 1, 2008. The second is the City filling a full-time code compliance officer position to adequately enforce the City's parking ordinances and to respond to complaints.
- The property tax category is expected to increase by \$83,852. This increase was derived by taking current year projections with a modest 3% increase and eliminating the projected pass thru from the Isla Vista RDA. The City was recently notified that the Isla Vista RDA is not required to issue a pass thru to the City of Goleta. An independent study was performed and a legal opinion issued on this matter, which will result in a shortfall of \$14,000 in the current fiscal year and a reduction of \$15,000 for FY 08-09.
- The slowdown of the economy has impacted the City of Goleta most noticeably in the Business to Business and Construction sales categories which have seen declines from the previous year. Staff anticipates further drops in these

categories, as well as in the retail sales category resulting from sluggish car sales and the temporary vacancy of the CompUSA site. Staff is therefore recommending a reduction in Sales Tax of \$40,800 for FY 08-09.

- Projections for Franchise Fees are also expected to decrease approximately \$80,000 in large part do to a misclassification of revenues used to derive the original projections.
- Also proposed is a reduction in the transfer from the Building Maintenance Reserve of \$50,000 in order to begin replenishing that reserve.

General Fund Personnel Changes:

With the adoption of a two year budget, few changes in personnel were recommended for the second fiscal year. As Goleta continues to grow and adjust as a young organization, review of various positions and divisions becomes helpful and necessary. The 2008-09 Budget now includes a series of minor personnel modifications as further described below. If approved by the City Council, these changes would be effective with the new fiscal year.

- Allocation for ½ of an Administrative Assistant position in the Planning Department to create one full-time position devoted to the Planning Department. The cost of this half position is \$37,833 in the first year and will increase to \$44,795 when top step is reached. This support is justified as a part of the department's heavy workload and the opportunity to have administrative tasks performed by someone at the appropriate classification.
- Extending funding for the Senior Planner position in the Advanced Planning Division by an additional year, at a cost of \$110,860.
- Elimination of funding for a vacant Associate Planner position in Current Planning generating a savings of \$91,810 in order to support funding for the Senior Planner position identified above.
- Increase in the cell phone allowance, by \$20 per month, for "smart phone" capabilities for Department Heads and the City Clerk at a total annual cost of \$1,248.
- Add a cell phone allowance for the Management Analyst (Public Information Officer) position within the City Manager division at an annual cost of \$480.
- Salary reclassification of Executive Assistant. The cost of this reclassification is \$3,350 in the first year and will increase to \$11,810 when top step is reached in three years. The Executive Assistant classification has been compensated at the same range as the Administrative Assistant classification, yet maintains a higher and more critical set of responsibilities, more similar to the Deputy City Clerk position.
- Special Certification Pay of 5% for the City Engineer position, above existing levels of compensation. The full cost of this additional certification pay is \$9,530. The Community Services Director also serves as the City Engineer. As such, the position requires the Director to be a California licensed professional engineer, which is also a statutory position with specific responsibilities identified in the State Government and Vehicle Codes. Since the City has chosen to keep all Director position salaries in the same pay range, the proposed City Engineer

license allowance allows for 5% in additional compensation for the dual nature of the position and brings the CSD Director position closer to the target salary of other surveyed agencies. Should the Director at some future point in time cease acting as the City Engineer, the certification pay would be eliminated.

- Public Employee Retirement System (PERS) retirement benefit modifications have been identified by staff as an important recruitment and retention tool for employees. The City Council considered this matter last year and while not budgeting for any retirement changes, did request that staff return with further actuarial numbers. The latest actuarial study indicates the cost of upgrading the retirement from the 2.0%@55 to a 2.5%@55 formula will be approximately \$102,000, which represents a 2.57% increase above the existing rate of 16.894% paid by the City. Staff is recommending that the employees pay the 1% increase in the employee share. This would limit the City's cost for the upgrade to approximately \$61,000 annually. If the proposed change in retirement were approved by Council, a formal contract change and ordinance would be required as would an employee election, with an anticipated effective date of January 2009.

General Fund Expenditure Changes:

- An additional \$11,000 is requested in the City Council budget to enable the Council to stay actively engaged in representing Goleta on regional and statewide issues. Further recommendations regarding City Council travel are addressed in the Changes in Accounting Practices section of this report.
- A \$100,000 allocation is also requested for further implementation of the Strategic Plan objectives, providing the City Council and City Manager with funding for yet-anticipated project priorities established by the City Council.
- An ongoing \$10,000 allocation for media streaming is requested. Media Streaming is a comprehensive software program that allows the live streaming of audio or video broadcasts to the internet and archives content for future viewing and reference. This would allow the City of Goleta to broadcast City Council and other meetings live on the internet.
- The Council's recent decision to provide legal services in-house is conservatively estimated to generate a savings of \$80,000. That reduction is reflected in the proposed modifications.
- There are a handful of funding requests for items not within staff's control, such as increases in Liability, Property, and Worker's Compensation insurance; the animal control contract; and the fees paid to the Sales Tax consultants for revenue recoveries made. The items total \$58,624 of which \$30,000 is one-time and \$28,624 is of an ongoing nature.
- The Finance Committee is currently engaged in discussion with the library service provider, the City of Santa Barbara, to address operational deficits. While a complete and permanent solution to the deficit has not yet been reached, a minimum reduction in the contribution required from the City for FY 08-09 of \$12,000 has been determined feasible. A reduction in that amount is being recommended with the understanding that a permanent solution will need to be

developed as the City is unable to dedicate ongoing revenues to the library operations without reductions in current City services or an increase in revenues.

- Staff is also proposing to reduce contract services by \$10,000 in the Building & Safety division by having staff perform more of the building inspections.
- As anticipated large scale development projects get underway generating Plan Check Fee revenues, so will the need to contract out this work. The City anticipates on outsourcing of large scale project plan checks, at a cost of 80% of the fees generated by these projects. The \$282,800 in projected revenues requires an allocation of \$226,240 for contract services. [Note: this percentage is anticipated to be reduced once the City adopts new user fees].
- Of significant budgetary consequence are the expenses correlated with potential revisions to the City's General Plan. Additional funds are requested to continue work on the General Plan and the Sphere of Influence. Related to the significant development issues Goleta is addressing, the Planning Commission is anticipated to hold more public meetings than previously budgeted. These meetings will require additional resources for the minute keeping as well as recording and broadcasting functions. In total, staff is requesting \$84,700 in one-time allocations to cover these items.
- In the area of public safety there is a one-time request of \$10,000 for additional patrol services (through overtime) to address specific public safety concerns (like beach and bluff surveillance of illegal activity), as well as a request for an ongoing allocation of \$5,000 to cover the annual service cost of the Connect-CTY notification program.
- Staff is recommending that the City contract with the District Attorney's office to correspond on the City's behalf on ordinance compliance matters. The annual cost of this service is estimated at \$4,000, which is proposed to be split equally among the RDA and the City's General Fund.
- Finally, proposed is to maintain the revised FY 07-08 current levels of funding support for the after school program at Goleta Valley Jr. High School.

Overall, the General Fund budget proposed for FY 2008-09 is not only balanced, but more importantly, structurally balanced, as ongoing revenues exceed expenditures by over \$807,600 or 5.2% of ongoing revenues. As a matter of sound fiscal policy, the Finance Committee and staff strongly recommend maintaining such a buffer between ongoing revenues and ongoing expenditures. The purpose of this buffer is to provide the agency time to react when expenditures are increasing at a faster rate than expenditures or when there is a sudden drop in ongoing revenues. As a result of the buffer, the City would be able to plan and implement organizational changes that would prevent operating in a structurally unbalanced condition. Staff believes an appropriate buffer would be within the range of 5% to 10% of ongoing revenues.

As compared to the adopted FY 2008/09 budget, the recommended revisions increase revenues by \$563,341 composed of a \$567,289 increase in one-time revenues and a drop of \$3,948 for ongoing. The allocations recommended represent an increase of \$571,060 of which \$579,800 is one-time and ongoing expenses decrease \$8,740.

SOLID WASTE FUND

Staff is requesting an allocation of \$32,500 be made for implementation of a stormwater management program.

LIBRARY ASSESSMENT FUND

The current year assessment revenues came in \$10,000 higher than anticipated. Staff has modified revenue projections for FY 2008-09 to reflect that growth. Since Goleta contracts with the City of Santa Barbara for library services at a cost that exceeds the assessment revenues received, it is recommended that this increase in revenues be allocated to contract services.

RDA FUNDS

Revenues:

- The RDA has seen significant tax increment growth in the current year. In recognition of the development activity in the RDA project area, staff has modified revenue projections to reflect a 4% growth from projected current year figure. This represents an increase of \$610,000 in tax increment revenues.

Expenditure Changes:

- RDA law requires the Agency to set-a-side 20% of tax increment revenues for Low to Moderate Housing projects and another 20% passed to other agencies. Increased allocations totaling \$244,000 or 40% of the projected growth in tax increment revenues are projected.
- Staff has recognized that approximately half of the City's Code Compliance Official's time is spent in the RDA project area. In light of this information, it is recommended that the RDA pay for half of the maintenance and fueling costs for the vehicle assigned to this position.
- Staff is recommending that the City contract with the District Attorney's office for correspondence on the City's behalf on all significant ordinance compliance matters. The annual cost of this service is estimated at \$4,000, which is proposed to be split equally among the RDA and the City fund.

Personnel Changes:

- Reclassification of RDA Management Analyst to Sr. Management Analyst. The cost of this reclassification is \$5,060 in the first year and will increase to \$20,850 when top step is reached. This change would be funded in its entirety by the RDA.
- Creation of a CIP division within the Community Services department by shifting staff and resources from the Engineering Division. This would require the reclassification of the Sr. Project Manager position to that of a CIP Manager. The cost of this reclassification is \$5,890 in the first year and will increase to \$37,720 when top step is reached. Because a significant amount of this position's time is devoted to projects within the RDA area, it is proposed that the RDA pay 15% of

this position, which equates to \$19,788 in FY 08-09. This change will not require any additional resources from the General Fund.

- Increase cell phone allowance by \$20 per month for “smart phone” capabilities for RDA Director at a total annual cost of \$192 since this position is partially funded by the General Fund.

Reserve Funds

As previously directed during FY2007-09 Budget deliberation, the City Council requested that the Finance Committee look into the existing reserve policies. The Finance Committee has completed its review of the General Fund Reserve policies and is recommending modifications to the existing reserve policies as follows:

Compensated leave: Compensated leave is paid accrued time and is a liability that needs to be accounted for on the City’s books. The liability occurs when employees carry over their balance of paid time. These individual balances increase in value as salaries are adjusted for cost of living, step increases and promotions. The addition of new employees may also impact the value of the compensated leave balance at year-end. Employees can cash out some unused accrued leave times at separation from employment. Setting aside funds mitigates the impact of cash out payments on operating budgets.

The current policy requires funding of 50% of outstanding leave balances at the end of each fiscal year. The City’s liability for compensated leave at June 30, 2007 was \$169,600, thus requiring a reserve balance of \$84,800. The City’s current reserve balance is \$95,290.

The Finance Committee recommends maintaining the 50% funding of leave balance but also looks to limit compensated leave exposure by establishing policies that cap vacation and compensated leave balances through modifications to the Personnel Rules and Regulations. This could include a combination of cash-out provisions and/or a mandatory use component.

Capital Equipment Reserve: It was previously established that funds be set aside for the replacement of vehicles and equipment. The designation was established at 50% of the total replacement value of the City’s fleet as of June 30th of each year. Staff’s current replacement cost of all City vehicles is \$204,000, thus requiring \$102,000 in this reserve. The City’s current reserve balance is \$69,700.

Recommendation:

1. Fund the reserve to levels that ensure funds are available to replace each piece of equipment at the end of its useful life. Example, if a 5-year life vehicle has been in service 3-years and a replacement cost of \$25,000, the reserve level for that equipment at the end of the 3rd year would be \$15,000.
2. Furthermore it is recommended that additional equipment or vehicles needs be included in determining the funding level. A vehicle replacement and acquisition schedule would be updated annually. Based on that schedule, the

reserve would be funded in the same manner to ensure full funding is available on the anticipated acquisition dates.

Building Maintenance Reserve: This reserve fund was set aside to fund major repairs to the City's buildings and facilities, i.e. roof repairs to the Goleta Library and the Stow House, tennis court repairs, etc. Previous allocations to this fund were made in amounts varying from \$50K to \$100K.

Staff has developed a preliminary upkeep schedule for all City-owned facilities. This schedule demonstrates a significant under-funding for facilities up-keep.

It is recommended that regular review by staff and Council of the upkeep schedule be performed to determine the annual contribution amount to the reserve. Consideration will be given to the fiscal constraints and prioritization/importance of projects.

Risk Management Reserve: While the Risk Management Reserve was setup specifically to reflect clean-up costs at the Comstock homes site, the Finance Committee recommends maintaining this reserve for future needs. Furthermore, it recommends annual \$25,000 contributions be placed in the fund until a balance of \$200,000 is reached. Insurance reimbursements received this year for expenses related to the Comstock site have now replenished this reserve to the \$200,000 full funding level, thereby eliminating the need to transfer the \$20,000 included in the FY 2007/08 budget.

City Hall Acquisition Reserve: As part of the FY 2007/08 midyear budget review the City Hall Acquisition Reserve was established with a \$1,000,000 transfer from the Cash Flow Reserve. No further modification is recommended at this time.

Cash Flow Reserve: There is currently a balance of \$1,580,530 of which \$20,000 and \$58,435 is expected to be used in FY 2007/08 and 2008/09 respectively to balance the budget. The Committee is recommending that the balance in this reserve be designated to fully fund the Building Maintenance Reserve and to initiate an Employee Housing Assistance program.

Contingency Reserve: The City has an adopted policy to maintain a reserve level of 33% of the General Fund operating budget, less the transfer to reserve for Long Term Debt. Based on the proposed budget figures, no additional transfer into this reserve is necessary for FY 2007/08, while a transfer of \$48,600 is projected in FY 2008/09. No change to the reserve policy is recommended at this time.

Long Term Debt Reserve: The Long Term Debt Reserve was setup to accumulate funds necessary to repay the initial loan from the County of Santa Barbara of \$1,500,000, payable in 2012. The Committee recommends continued funding at the previously established level of \$150,000 per fiscal year.

Unfunded Items

The City budget represents the priorities that are valued by the Council and the organization. As important to what is being funded and supported in the budget are those Council priorities that have not been provided funding support at this time. Below are some key items that the Council has expressed interest in, but that have not yet been identified for funding. Some or all of these items could be funded by the Council in the FY 2008-09 budget or could be revisited at a future time should the City find itself in a more favorable revenue position. Further direction from Council on these items will be important.

- Full funding for outside agencies. The adopted budget contains allocations of over \$164,000 in support to other agencies including the Community Grant Program and a \$3,000 increase to the After School Program at the Jr. High School is being recommended. Not included in the FY 08-09 budget is support for the Boys & Girls Club within a \$5,000 to \$10,000 range or increasing the Community Grant Program by \$10,000 (\$32,000 currently funded).
- Over \$9,000 in funding requests for miscellaneous supplies, services and projects made by City staff have not been funded.
- The budget does not support the request for an Engineering Technician position that was requested by the Community Services department. This entry level position in the Engineering Division of the Community Services Department would perform various technical tasks, oversee encroachment permit issuance and assist in the implementation of the City's Storm Water Management Plan
- There is no funding for an additional Motor Officer or motorcycle.
- The budget does not provide funding for an additional Management Analyst or similar position in the City Manager or Administrative Services Department. This position would be helpful to the City in carrying out various one-time projects or initiatives identified by the City Council as top priorities. Such a position would require around \$93,000 per year.
- Longevity pay. Staff has researched pay incentives for long-term employment commitments to the City and has created a series of recommendations related to a longevity pay program recognizing employees with an additional 5% of compensation following certain criteria for performance and tenure with the City. The financial impact of such a program would begin at approximately \$47,500 per year, but could grow as additional employees become eligible for such an incentive.
- Finally, funding support to initiate recreational programs and services, even smaller ones identified in the Recreation Study, has not been budgeted at this time.

GANN APPROPRIATIONS LIMIT

Article XIII B (Proposition 4) of the California State Constitution, more commonly referred to as the Gann Initiative or Gann Limit, was approved by the California voters in 1980. The purpose of the constitutional provisions and the implementing legislation is to

restrict growth of tax-funded programs and services by limiting the appropriations of the proceeds of taxes to the 1978-79 base year limit, adjusted annually for changes in the population and inflation. Proceeds of taxes in excess of the limit, with limited exceptions, must be returned to the taxpayers within two years by refund or reduction in tax rates unless extension of the limit is approved by majority popular vote.

Proceeds of taxes include (1) all tax revenues, (2) proceeds from licenses and user fees to the extent that such fees exceed costs of providing services, (3) interest earnings from investment of tax revenues, and (4) discretionary state subventions. All other revenues, i.e. federal funds, enterprise fund revenues, and user fees that do not exceed the cost of providing services are excluded from the limit.

The voters approved Proposition 111 in June 1990. This proposition allows for new adjustment formulas for the required appropriations limit that are more responsive of local growth issues. The proposition also requires review by an independent auditor in conjunction with the annual financial report of the limit calculations.

The significant changes to the original Article XIIB (Proposition 4) and its implementing legislation (Chapter 1205/80) as modified by Proposition 111 and SB 88 (chapter 60/90) are as follows:

- A. Beginning with the 1990-91 Appropriations Limit, the annual adjustment factors changed. Instead of using the lesser of the California Per Capita Income or U.S. CPI to measure inflation, each city may choose:
 - a) Growth in the California Per Capita Personal Income, or
 - b) Growth in the non-residential assessed valuation due to new construction within the city.
- B. Additionally, instead of using only the population growth of the city, each city may choose to use the population growth within its county.

These changes in population and inflation are changes made on an annual basis.

A provisional limit in the amount of \$24,100,000 was established for the City of Goleta upon incorporation. New cities are required to submit a permanent appropriations limit to the electorate at the first general municipal election after the first full year of incorporation. For the City of Goleta, this election was held on November 2, 2004, and the voters approved an appropriations limit of \$22,545,410.

Using the appropriations limit for FY 2007-08 as the starting point, staff has calculated the appropriations limit for FY 2008-09 at \$28,058,710. Calculated as follows:

2007-08 Appropriations Limit	\$26,583,335
2007-08 Appropriations Subject to the Limit	\$11,768,580

2007-08 Limit in Excess of Appropriations	\$14,814,755
2008-09 Appropriations Limit Adjustment Factors:	
Increase in Per Capita Personal Income	1.0429
Population Change (County Factor)	1.0121
Calculation Factor	1.0555
2008-09 Appropriations Limit	\$28,058,710
2008-09 Appropriations Subject to the Limit	\$12,040,685
2008-09 Limit in Excess of Appropriations	\$16,018,025

CHANGES TO ACCOUNTING PRACTICES

Currently each division has two line items labeled “Conferences Meetings, & Travel, “ and “Training”. Staff is recommends combining these two line items throughout the organization, with the exception of the Administrative Services Department which provides for City-wide training.

Per direction given by the City Council, the Finance Committee studied methods of allocating the travel and training budget amongst the Councilmembers. It is recommended that each member receive an annual allocation of \$4,500 and the Mayor receive an additional \$2,000 annually, prorated for each Mayor’s term. This adjustment would allow each Councilmember to choose which conferences, seminars and meetings they prefer to attend, while maintaining overall line-item spending. In addition, Councilmembers would be free to give unused balances to other Councilmembers wishing or needing to participate in regional or statewide activities of importance to the City.

Staff also recommends the segregation and redistribution of vehicle maintenance and fueling costs. Currently all vehicle maintenance and fueling costs are accounted for in one line item in the Street Maintenance program. In order to more adequately reflect operating costs of each department, staff recommends the following two accounting changes. The first is the creation of a line item specific to fuel costs. The second is the allocation of vehicle maintenance and fuel budgets to the divisions in which the vehicles are used. This change ensures that the Parks and Open Space, Neighborhood Services, Building and Safety, Engineering, and the Administrative divisions reflect vehicle maintenance and fueling costs incurred in those divisions. This change is a redistribution of existing allocations and would require no additional allocations other than as described in the RDA Funds section of this report.

ALTERNATIVES:

The Council has three primary options: a) accept the budget recommendations as presented; b) make line item alterations to the budget recommendations; c) deny all recommendations made for modification of the FY 08-09 Budget, in which case staff would adhere to the previously adopted budget.

Submitted By:

Reviewed By:

Approved By:

Tina Rivera
Finance Director

Michelle Greene
Administrative Services
Director

Daniel Singer
City Manager

Attachments:

1. Revised Tables of Proposed Changes to the General Fund for the 2008/09 Fiscal Year
2. Resolution No. 08-__ entitled "A Resolution of the City Council of the City of Goleta, California, Amending the City's Operating and CIP Budget for Fiscal Year 2008-09"
3. Resolution No. 08-__ entitled "A Resolution for the Redevelopment Agency for the City of Goleta, California, Amending the Operating Budget for Fiscal Year 2008-09".
4. Resolution No. 08-__ entitled "A Resolution of the City Council of the City of Goleta, California, Adopting the City's GANN Limit for Fiscal Year 2008-09".

ATTACHMENT 1

PROPOSED CHANGES TO THE GENERAL FUND

FY 2008/09
Proposed Changes to General Fund Budget

	DESCRIPTION	ONE-TIME	ONGOING	TOTAL
REVENUES				
	FY 2008/09 Adopted Revenues	255,000		15,502,690
	Adjustments Recommended:			
1	Building Permits	384,489	(42,400)	
2	Plan Check Fees	282,800	(6,900)	
3	Planning Fees		(15,000)	
4	Planning Deposits Earned		15,000	
5	Public Work Fees		(24,000)	
6	Towing Fines		34,200	
7	Property Tax		39,352	
8	Isla Vista Pass Thrus		(15,000)	
9	Property Tax in Lieu of Sales Tax		(25,800)	
10	Sales Tax		(42,900)	
11	Property Tax in Lieu of MVLF		59,500	
12	Franchise Tax Fees		(80,000)	
13	Reimbursement from CIP	(50,000)	100,000	
14	Use of Building Maintenance Reserve	(50,000)		
	Total Revenue Adjustments	567,289	(3,948)	563,341
	Total Revenues	822,289	15,498,742	16,321,031
EXPENSES				
	FY 2008/09 Adopted Expenses	1,041,629		14,699,811
	Ongoing Approved in FY 07/08			12,100
Personnel:				
1	50% Administrative Assistant - Current Planning			37,833
2	Senior Planner - Advance Planning	110,860		
3	Eliminate Associate Planner-Current Planning		(91,810)	
4	Executive Assistant Reclass - 5%		3,350	
5	Phone Allowance -City Manager Dpt.		480	
6	Cell Phone Allowance for Smart Phone		1,248	
7	PERS 2.5% w/employee making 1% contribution		61,005	
8	Special Certification Pay		9,530	
Services & Supplies:				
1	City Council - Travel & Training			10,000
2	City Council - Mileage			1,000
3	City Manager - Professional Services (Strat Plan)	100,000		
4	City Manager - Professional Services (Rev. Neutrality)	30,000		
5	City Clerk - Media Streaming			10,000
6	City Attorney - Reorganization			(80,000)
7	Risk Management - Liability, Property & Bonding			6,418
8	Risk Management - Worker's Comp.			17,506
9	Contribution to Library	(12,000)		
10	Finance - Professional Services	30,000		
11	Building & Safety - Building			(10,000)
12	Building & Safety - Plan Check Contract Services	226,240		
13	Advance Planning - General Plan	35,200		
14	Advance Planning - Sphere of Influence	22,000		

FY 2008/09
Proposed Changes to General Fund Budget

DESCRIPTION		ONE-TIME	ONGOING	TOTAL
15	Planning Commission - Professional Services	15,000		
16	Planning Commission - Temporary Staff	12,500		
17	Neighborhood Services - Animal Control Contract		4,700	
18	Neighborhood Services - Contract with D/A		2,000	
19	Public Safety - Connect CTY		5,000	
20	Public Safety - Contract Services Misc.	10,000		
Support to Other Agencies:				
1	Afterschool Program		3,000	
Total Expenditure Adjustments		579,800	(8,740)	571,060
Total Expenses		1,621,429	14,703,171	16,324,600
Net of Revenues over Expenditures		(799,140)	807,671	8,531

ATTACHMENT 2

**RESOLUTION AMENDING THE CITY'S OPERATING AND CIP BUDGET FOR
FY 08-09**

RESOLUTION NO. 08-____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GOLETA, CALIFORNIA, AMENDING THE CITY'S OPERATING AND CIP BUDGET FOR FISCAL YEAR 2008-09

WHEREAS, the City Council of the City of Goleta adopted an Operating Budget and Capital Improvement Program for Fiscal Year 2008-09 on June 25, 2007; and

WHEREAS, The City Manager has proposed the budget adjustments as described in the Council report dated June 3, 2008 for Fiscal Year 2008-09 based on the determination by the Department Directors that these adjustments are essential to the City's operations; and

WHEREAS, The City Council has reviewed the proposed budget adjustment for the period of July 1, 2008 through June 30, 2009 and does hereby find the recommendation to be necessary and in the City's best interest.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GOLETA AS FOLLOWS:

SECTION 1.

The City of Goleta Operating Budget for Fiscal Year 2008-09 is hereby amended as follows:

101-4-4200-501	Building Permits	\$ 342,089
101-4-4200-515	Planning Fees	\$ (15,000)
101-4-4200-516	Planning Deposits Earned	\$ 15,000
101-4-5000-518	P.W. Deposits Earned	\$ (15,000)
101-4-5000-530	P.W. Engineering Fee	\$ (9,000)
101-4-5000-615	Other Reimbursements	\$ 50,000
101-4-7000-320	Towing Fines	\$ 34,200
101-4-8500-001	Property Tax Secured	\$ 39,352
101-4-8500-011	Property Tax In-Lieu of VL	\$ 59,500
101-4-8500-096	Isla Vista RDA Pass-Thru	\$(15,000)
101-4-8500-110	Sales Tax	\$(42,900)
101-4-8500-111	Sales Tax In-Lieu	\$(25,800)
101-4-8500-142	Franchise – Electric	\$(15,000)
101-4-8500-143	Franchise – Gas	\$ (5,000)
101-4-8500-144	Franchise – Solid Waste	\$ (60,000)
101-4-8500-520	Plan Check Fees	\$275,900
101-4-8500-905	Transfer in from Reserves	\$(50,000)
501-4-8500-190	Library Special Tax	\$10,000
101-5-1200-001	Regular Salaries	\$2,800

101-5-1200-050	Retirement	\$ 500
101-5-1200-051	Medicare	\$ 40
101-5-1200-057	Long Term Disability	\$10
101-5-1200-061	Phone Allowance	\$ 480
101-5-4100-001	Regular Salaries	\$ 27,050
101-5-4100-050	Retirement	\$ 4,570
101-5-4100-051	Medicare	\$ 463
101-5-4100-056	Life Insurance	\$ 80
101-5-4100-057	Long Term Disability	\$ 220
101-5-4100-058	Benefit	\$ 5,550
101-5-4300-001	Regular Salaries	\$83,700
101-5-4300-050	Retirement	\$14,100
101-5-4300-051	Medicare	\$1,370
101-5-4300-056	Life Insurance	\$ 250
101-5-4300-057	Long Term Disability	\$ 340
101-5-4300-058	Benefit	\$11,100
101-5-1300-061	Phone Allowance	\$240
101-5-2100-061	Phone Allowance	\$240
101-5-3100-061	Phone Allowance	\$240
101-5-4100-061	Phone Allowance	\$120
101-5-4200-061	Phone Allowance	\$24
101-5-4300-061	Phone Allowance	\$96
101-5-5100-061	Phone Allowance	\$240
101-5-6100-050	Phone Allowance	\$ 48
101-5-****-050	Retirement	\$ 61,005
101-5-5100-001	Regular Salaries	\$ 8,000
101-5-5100-050	Retirement	\$ 1,400
101-5-5100-051	Medicare	\$ 110
101-5-5100-056	Life Insurance	\$ 20
101-5-1100-102	Travel & Training	\$10,000
101-5-1100-104	Mileage	\$1,000
101-5-1200-500	Professional Services	\$130,000
101-5-1300-500	Professional Services	\$10,000
101-5-1400-502	Professional Services-Legal	\$ (80,000)
101-5-2300-150	Property & Liability, Ins.	\$6,418
101-5-2300-132	Workers Compensation	\$ 17,506
101-5-2400-550	Contract Services- Other	\$ (12,000)
101-5-3100-500	Professional Services	\$30,000
101-5-4200-554	Contract Services -Building	\$(10,000)
101-5-4200-555	Cont. Svcs.- Building Plan Ck	\$226,240
101-5-4300-504	Prof. Svcs.- General Plan	\$35,200
101-5-4300-550	Contract Services - Other	\$22,000
101-5-4400-500	Professional Services	\$15,000
101-5-4400-501	Prof. Svcs.- Temp Staff	\$12,500

101-5-1400-550	Professional Services-Other	\$2,000
101-5-6100-559	Professional Services- Misc	\$4,700
101-5-7100-550	Contract Services	\$5,000
101-5-7100-559	Contract Services – Misc	\$10,000
101-5-1100-223	Community Projects	\$3,000
211-5-5900-557	Contr. Svcs. – Storm Water	\$32,500
501-5-2400-550	Contract Services – Library	\$10,000

SECTION 2.

The City Clerk shall certify to the adoption of the resolution.

PASSED, APPROVED, AND ADOPTED this 3rd day of June, 2008.

MICHAEL T. BENNETT, MAYOR

ATTEST:

APPROVED AS TO FORM:

DEBORAH CONSTANTINO
CITY CLERK

JULIE HAYWARD BIGGS
CITY ATTORNEY

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

I, DEBORAH CONSTANTINO, City Clerk of the City of Goleta, California,
DO HEREBY CERTIFY that the foregoing Resolution No. 08-___ was duly
adopted by the City Council of the City of Goleta at a regular meeting held on the
3rd day of June, 2008, by the following vote of the Council:

AYES: COUNCILMEMBERS

NOES: COUNCILMEMBERS

ABSENT: COUNCILMEMBERS

(SEAL)

DEBORAH CONSTANTINO
CITY CLERK

ATTACHMENT 3

**RESOLUTION AMENDING THE REDEVELOPMENT AGENCY'S OPERATING
BUDGET FOR FY 08-09**

RESOLUTION NO. 08-____

**A RESOLUTION OF THE REDEVELOPMENT AGENCY
FOR THE CITY OF GOLETA, CALIFORNIA, AMENDING
THE OPERATING BUDGET FOR FISCAL YEAR 2008-09**

WHEREAS, the Redevelopment Agency of the City of Goleta adopted an Operating Budget for Fiscal Year 2008-09 on June 25, 2007; and

WHEREAS, The Executive Director has proposed the budget adjustments as described in the report dated June 3, 2008 for Fiscal Year 2008–09 based on the determination by Staff that these adjustments are essential to the City’s operations; and

WHEREAS, The Agency Members have reviewed the proposed budget adjustments for the period of July 1, 2008 through June 30, 2009 and do hereby find the recommendation to be necessary and in the Agency’s best interest.

**NOW, THEREFORE, BE IT RESOLVED BY THE REDEVELOPMENT
AGENCY OF THE CITY OF GOLETA AS FOLLOWS:**

SECTION 1.

The Redevelopment Agency Operating Budget for Fiscal Year 2008-09 is hereby amended as follows:

601-5-6100-001	Regular Salaries	\$	16,630
601-5-6100-050	Retirement	\$	2,809
601-5-6100-051	Medicare	\$	241
601-5-6100-056	Life Insurance	\$	41
601-5-6100-057	Long Term Disability	\$	67
601-5-6100-001	Regular Salaries	\$	3,189
601-5-6100-050	Retirement	\$	539
601-5-6100-051	Medicare	\$	46
601-5-6100-056	Life Insurance	\$	8
601-5-6100-057	Long Term Disability	\$	13
601-5-6100-144	Vehicles - Fuel	\$	425
601-5-6100-061	Phone Allowance	\$	192
601-5-6100-401	Vehicles - Maintenance	\$	375
602-5-6100-001	Regular Salaries	\$	1,063
602-5-6100-050	Retirement	\$	180
602-5-6100-051	Medicare	\$	15
602-5-6100-056	Life Insurance	\$	3
602-5-6100-057	Long Term Disability	\$	4
602-5-6100-550	Contract Services	\$	2,000
602-4-8500-900	Transfer In from RDA Debt Service	\$	122,000
603-5-6100-803	RDA TI Pass-Thru	\$	122,000

603-5-8500-901	Transfer to RDA LMI	\$ 122,000
603-4-8500-001	Tax Increment Secured	\$ 510,000
603-4-8500-040	Tax Increment Supplemental	\$ 100,000

SECTION 2.

The Agency Secretary shall certify to the adoption of the resolution.

PASSED, APPROVED, AND ADOPTED this 3rd day of June, 2008.

ROGER ACEVES, AGENCY CHAIR

ATTEST:

APPROVED AS TO FORM:

DEBORAH CONSTANTINO
AGENCY SECRETARY

JULIE HAYWARD BIGGS
CITY ATTORNEY STATE OF

CALIFORNIA)
COUNTY OF SANTA BARBARA) ss.
CITY OF GOLETA)

I, DEBORAH CONSTANTINO, City Clerk of the City of Goleta, California, DO
HEREBY CERTIFY that the foregoing Resolution No. 08-___ was duly adopted by the
Redevelopment Agency of the City of Goleta at a regular meeting held on the 3rd day of
June, 2008, by the following vote of the Council:

AYES:

NOES:

ABSENT:

(SEAL)

DEBORAH CONSTANTINO
AGENCY SECRETARY

ATTACHMENT 4

RESOLUTION AMENDING THE CITY'S GANN LIMIT FOR FY 08-09

RESOLUTION NO. 08-__

A RESOLUTION ESTABLISHING THE APPROPRIATIONS LIMIT FOR FISCAL YEAR 2008-09 FOR THE CITY OF GOLETA.

WHEREAS, Article XIII B of the California Constitution requires the City to set its Appropriations Limit on an annual basis; and

WHEREAS, the City's Appropriations Limit may be adjusted annually based upon inflation and population growth; and

WHEREAS, the City Council may choose the method of calculating adjustments to the City's Appropriations Limit on an annual basis. For inflation, pursuant to Article XIII B, § 8(e)(2), adjustments to the Appropriations Limit may be calculated using the percentage change in per capita personal income from the preceding year because of local nonresidential new construction. For population growth, pursuant to Government Code § 7901(b), the City may use the percentage growth in its jurisdiction or from the surrounding county.

WHEREAS, pursuant to Article XIII B of the California Constitution, and those Government Code sections adopted pursuant to Article XIII B, § 8(f), the City Council chooses to adjust the City's Appropriations Limit by calculating inflation using the percentage change in per capita personal income from the preceding year and calculating population growth by using the percentage change in population in Santa Barbara County.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF GOLETA DOES RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1:

APPROPRIATIONS LIMIT

As a result of the adjustments made to the City's Appropriations Limit, the City Council sets the Appropriations Limit for fiscal year 2008-2009 at \$28,058,710. Calculated as follows:

2007-08 Appropriations Limit	\$26,583,335
2007-08 Appropriations Subject to the Limit	\$11,768,580
2007-08 Limit in Excess of Appropriations	\$14,814,755
2008-09 Appropriations Limit Adjustment Factors:	
Increase in Per Capita Personal Income	1.0429
Population Change (County Factor)	1.0121
Calculation Factor	1.0555
2008-09 Appropriations Limit	\$28,058,710
2008-09 Appropriations Subject to the Limit	\$12,040,685
2008-09 Limit in Excess of Appropriations	\$16,018,025

SECTION 2.

The City Clerk shall certify to the adoption of the resolution.

PASSED, APPROVED, AND ADOPTED this 3rd day of June, 2008.

MICHAEL T. BENNETT, MAYOR

ATTEST:

APPROVED AS TO FORM:

DEBORAH CONSTANTINO
CITY CLERK

JULIE HAYWARD BIGGS
CITY ATTORNEY

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

I, DEBORAH CONSTANTINO, City Clerk of the City of Goleta, California, DO
HEREBY CERTIFY that the foregoing Resolution No. 08-___ was duly adopted by the
City Council of the City of Goleta at a regular meeting held on the 3rd day of June, 2008,
by the following vote of the Council:

AYES: COUNCILMEMBERS

NOES: COUNCILMEMBERS

ABSENT: COUNCILMEMBERS

(SEAL)

DEBORAH CONSTANTINO
CITY CLERK