



**Agenda Item B.1  
DISCUSSION/ACTION  
Meeting Date: June 2, 2009**

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**TO:** Mayor and Councilmembers

**FROM:** Daniel Singer, City Manager  
Tina Rivera, Director of Finance

**SUBJECT:** Budget Workshop Continuation Regarding the General Fund for Fiscal Years 2009-10 and 2010-11

**RECOMMENDATION:**

Continue the review of preliminary budget details for the next two fiscal years and provide direction to staff on a final budget for Fiscal Years 2009-10 and 2010-11.

**BACKGROUND:**

As Goleta's budget picture and economic outlook were being developed by staff this past March and April, it became apparent that the City would be facing its first truly challenging budget year since incorporation in 2002. Financial challenges were always anticipated with this budget cycle as with the next two fiscal years leading up to the tenth year of incorporation, but nobody could have predicted the sizeable reductions in revenues realized primarily as a result of the economic recession and terrible financial conditions at the State level. While Goleta has a healthy and diverse tax base and has fared comparatively well during this economic crisis, we are by no means immune from the downturn in such revenue categories as sales tax, development activities, transient occupancy tax, and vehicle license fees. As just one example, permit activity at our front planning counter is down approximately 40% year-to-date versus last year at this time.

Therefore, to tackle the expected overall reduction in revenues of about 10%, staff began a careful review of all City expenditures concluding that widespread reductions would be necessary throughout the organization, including contracts and outside services, supplies, personnel expenses, and one-time expenditures.

These recommendations were then presented to the Council over a series of three separate budget workshops. In total the City Council has spent more than 13 hours reviewing budget policies, program and line-item requests, revenue outlooks and the examination of revenue augmentations, in order to arrive at a structurally balanced budget recommendation.

Now, based on the direction provided by the Council at your budget workshop of May 26, 2009 the Finance Department has updated the budget worksheets. These worksheets will be used to prepare the proposed budget for the 2009 thru 2011 fiscal years. The proposed budget will include budget projections for the Redevelopment Agency and all other special funds. Given that some decisions and discussion were left pending at the end of the workshop held on May 26, 2009, there simply was not enough direction or time between the last budget workshop and the date of this meeting to compile a preliminary budget document of all funds. The preliminary document will be brought before the Council and Redevelopment Agency at the June 16, 2009 meeting.

## **DISCUSSION:**

The continued budget workshop provides the Council an opportunity to review the updated worksheets, for each of the next two fiscal years, based on specific direction provided by the Council at the last workshop along with a few new items further detailed below. Decisions made at this meeting in regard to the accompanying attachments (Attachment #6 - Revised; and Attachment #7 - Revised) will be used to craft the budget coming before the City Council and Redevelopment Agency on June 16, 2009 under a posted public notice and hearing.

Since the Council's May 26, 2009 workshop, four items have changed which require Council's further input. These items are reflected in the worksheets accompanying this report and are further detailed below:

1. Following the careful evaluation of the work furlough proposal and due in large part to both voluntary work week reductions and the transfer of a handful of employee salaries into special funds, the one-time cost savings associated with the furlough have been reduced to \$95,754 (versus our earlier report of \$118,751). In addition, further refinement of the voluntary work week reductions resulted in a \$72,573 savings, not the \$75,000 savings previously reported.
2. The CDBG sub-committee and Neighborhood Services staff have worked to identify a significant cost savings opportunity which will formally be brought to Council on June 16, 2009 involving a change in administration of our fair housing mediation program. The current contract for this service with the City of Santa Barbara is for \$20,000 annually, whereas a proposal from the Legal Aid Foundation (which already serves Goleta with an office at the Community Center), will provide the same service for \$7,500 annually. Should Council officially endorse this change, an annual savings of on-going expenditures could be realized in the amount of \$12,500 for each of the next two fiscal years.
3. Funding support for COAST, which coordinates bicycle and pedestrian education programs for elementary school students in our City known as the Safe Route to Schools Program (SR2S), was omitted from your outside agency funding requests due to the late submittal of a request by COAST. Over the past three years the City has contributed \$2,860

annually to this program, thus Council will need to determine whether or not you want to continue that contribution and/or some other amount of funding.

4. Following a meeting this week with U.S. Census representatives it has become clear that we would benefit by putting some one-time monies aside in the budget for outreach efforts. Since this is Goleta's first Census count, obtaining an accurate count is critical for a number of reasons, none the least of which includes hundreds of thousands of dollars in population-based revenue formulas through the state and federal government. Staff would recommend allocating around \$7,000 for public outreach and information pertaining to the U.S. Census count campaign.

In addition, staff has incorporated both the recommended transfers from the Risk Management and Vehicle Maintenance reserves as well as the expenditure items associated with the Ellwood Mesa Fire Mitigation project and the vehicle replacement purchase into the worksheets for FY 2009-10. These changes, along with those made to FY 2010-11, are highlighted in pink in Attachment 1 for your convenience.

Finally, it may be useful to conclude this report with a brief summary of the direction provided by the Council at your last workshop. This includes the following budget principles and revenue and expenditure actions:

- The Council seeks to maintain a structurally balanced budget with the goal of being at the 95% level, but a willingness to keep on-going expenses to within revenue projections up to 100%.
- The Council is willing to utilize General Fund Contingency Reserves, if needed, but only for one-time expenditures.
- The Council seeks to maintain partial library hours on Mondays based on a donation of funds of \$50,000 per year from the Friends of the Library. Council authorized the use of \$50,000 of library reserves to be placed toward the book budget for next fiscal year. Council supported the exploration of an overlay library assessment district to achieve the structural budget balance needed to sustain library services at current levels.
- Council authorized a Sheriff's Department budget for each of the next two fiscal years which reduces the City's contract by two full-time-equivalent positions while providing \$10,000 on an ongoing basis to special enforcement efforts. Comments were provided regarding the dramatic increase in administrative expenses and direction was provided to staff to continue discussions with the Sheriff's Department about the overhead formula and costs related to administrative expenses.
- Council eliminated the entire Community Project Grant Program budget for each of the next two fiscal years. Council still needs to determine whether or not to allocate or carry over the remaining \$10,000 in the current fiscal year budget.
- The Council reduced its Travel & Training budget by \$1,000 per person per year and reduced remaining travel expenses on an organization-wide basis by 10%.
- The Monarch Press was cut from 4 issues per year to 3 issues per year.

- The Council elected to eliminate the City's membership in BEACON, saving \$6,000 in existing allocations.
- The Council supported the proposed work furlough program for one year (next fiscal year only), by closing City Hall during the entire Thanksgiving week and Christmas-to-New Year's week, involving a total of 6.5 unpaid work days.
- Council backed a proposal to reduce the City's total personnel costs by approximately \$265,000 with a portion being achieved by voluntary work reductions on a one-time basis.
- Council directed staff to return with a Business License Fee proposal and ordinance amendment which relates to a projected revenue increase of \$230,000 next fiscal year.
- The Council asked for further investigation and discussion by Council of a change in the City's Transient Occupancy Tax to 12%. [Note: associated revenues would not be realized until the successful results of a ballot measure in November 2010 were known and implemented].

The Council may want to turn to the attached worksheets for further detail on these and other Council-backed initiatives. Following a review and discussion by the Council on the revised General Fund worksheets, the Council should direct staff to return on June 16, 2009 with a final budget including the Redevelopment Agency and all other special funds.

Legal Review By:

Reviewed By:

Approved By:

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Tim W. Giles  
City Attorney

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Michelle Greene  
Administrative Services  
Director

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Daniel Singer  
City Manager

**Attachments:**

1. Revised Budget Worksheet "Attachment #6"
2. Revised Budget Worksheet "Attachment #7"

**ATTACHMENT #7 - REVISED**  
**FY 2010/11**  
**Proposed Changes to General Fund Budget**

	DESCRIPTION	ONGOING	ONE-TIME	TOTAL
<b>REVENUES</b>				
	FY 2009/10 Adopted Revenues	14,231,852	-	14,231,852
<b>Adjustments Recommended:</b>				
1	Building Permits	(15,000)	-	
2	Planning Deposits Earned	(53,125)	-	
3	Reimbursement from CIP	7,000	-	
4	Parking & Traffic Fines	1,200	-	
5	Donations	5,513	-	
6	Property Tax	73,800	-	
7	Sales Tax	74,000	-	
8	Franchise Tax Fees	27,250	-	
9	MVLF	2,400	-	
10	Interest Income	(82,500)	-	
11	Rent Income	384,000	-	
12	Transfer from CDBG	(5,000)	-	
13	FY 2009/10 Carry-Overs	-	44,851	
14	Use of Reserves	-	83,816	
	<b>Total Revenue Adjustments</b>	<b>419,538</b>	<b>128,667</b>	<b>548,205</b>
	<b>Total Revenues</b>	<b>14,651,390</b>	<b>128,667</b>	<b>14,780,057</b>
<b>EXPENSES</b>				
	FY 2009/10 Base Expenses	14,740,556		
	Ongoing Approved in FY 09/10	(820,994)		
	NonDiscretionary Personnel Increases	38,956		
<b>Personnel:</b>				
1	City Council - Stipend	2,400	(1,000)	
2	Senior Planner - Advance Planning		71,346	
3	Deputy City Attorney		39,570	
4	WorkFurlough		-	
5	Voluntary Reduced Work-Schedule		(45,000)	
<b>Services &amp; Supplies:</b>				
1	City Council - Community Projects	-		
2	City Manager - Professional Services (Strat Plan)		45,000	
3	City Manager - Memberships & Dues	500		
4	City Clerk - Code Services	4,000		
5	City Clerk - Election Costs		15,000	
6	City Clerk - Video Services	2,220		
7	Community Outreach - State of the City		2,000	
8	Admin. Services - Training Costs	(400)		
9	Support Services - City Hall Lease	(434,765)		
10	Support Services - City Hall Maintenance	40,000		
11	Support Services - Printing & Copying	(600)		
12	Support Services - Computer Leases		16,429	
13	Support Services - MS Office Licenses		11,319	
14	Risk Management - Liability, Property & Bonding	10,000		
15	Risk Management - Worker's Comp.	500		
16	Finance - Professional Services	2,080		
17	Building & Safety - Uniforms & Safety Equip.	(200)		
18	Advance Planning - Professional Services		21,500	
19	Advance Planning - General Plan		30,000	
20	Advance Planning - Public Workshops		2,000	
21	Street Maintenance- Maintenance of Streets		(50,000)	
22	Street Maintenance- Pavement Rehab		(50,000)	
23	Neighborhood Services - Animal Control Contract 3.5%	6,490		
24	Public Safety - Sheriff Contract 5%	303,037		
25	Public Safety - Bluff Enforcement		10,000	
26	NonDepartmental- County Admin. Charges	7,344		
27	NonDepartmental- C.H.Debt Service	646,700		
28	NonDepartmental- C.H.Line of Credit		20,000	
29	NonDepartmental- Com Center Debt Service	3,343		
<b>Support to Other Agencies:</b>				
1	Support to Girsh Park		\$ 60,000	
2	Support to Stowe House		\$ -	
3	Support to Chamber		\$ 11,000	
4	Support to GV Beautiful		\$ 6,750	
5	Support to Junior High		\$ 13,000	
6	Support to Railroad Museum		\$ -	
7	Support to Boys & Girls Club - \$10k Request		\$ -	
	<b>Total Expenditure Adjustments</b>	<b>592,649</b>	<b>228,914</b>	<b>821,563</b>
	<b>Total Expenses</b>	<b>14,551,167</b>	<b>228,914</b>	<b>14,780,081</b>
	<b>Net of Revenues over Expenditures</b>	<b>100,222</b>	<b>(100,247)</b>	<b>(25)</b>
	Contingency Requirement of 33% Equals	4,877,427		
	Deficit or Excess in Reserve	\$ 324,173		

**ATTACHMENT #6 - Revised  
STAFF'S RECOMMENDATION FOR A BALANCED BUDGET**

	Ongoing	One-Time	Total
Revenues	\$ 14,001,852	\$	14,001,852
Less Services & Supplies	\$ (9,445,669)	\$	(9,445,669)
Add Reduction to Services and Supplies	\$ 360,802	\$	360,802
Less Personnel Costs	\$ (5,294,887)	\$	(5,294,887)
Add Work Furlough		\$ 95,754	95,754
Add Personnel Transfer to Other Funds	\$ 369,200	\$	369,200
Add Reduction to Personnel	\$ 200,000	\$	200,000
Available	\$ 191,298	\$ 95,754	287,052
Transfer-In from Risk Management Rsv		\$ 135,000	
Transfer-In from Veh. Maintenance Rsv		\$ 25,000	
Use of Reserves		\$ -	
Business License Fee Revenue	\$ 230,000	\$	230,000
Revised Available	\$ 421,298	\$ 255,754	677,052

REMAINING				\$ 312,290	\$ (267,439)	\$ 44,851	
Disc. Level	Program/Division	Line Item Description	Original Ongoing	Original One Time	Recommended Ongoing	Recommended One Time	Explanation
		<b>PERSONNEL</b>					
1	None	All		\$ 103,172		\$ 103,172	
1a		Reduced Work Schedule				\$ (70,562)	
1b		Personnel Reduction Costs			\$ 5,000	\$ 69,000	
2	Full	City Attorney	\$ 34,000			\$ 34,000	
3	Some	Parks & Open Spaces	\$ 5,000		\$ 5,000		
4	Full	Advanced Planning		\$ 72,390		\$ 72,390	
		TOTAL PERSONNEL	\$ 39,000	\$ 175,562	\$ 10,000	\$ 208,000	
		<b>SERVICES &amp; SUPPLIES</b>					
5	Full	City Council	\$ 3,000		\$ (6,000)		
5a	Full	City Council	\$ -	\$ -	\$ (5,000)		
5a1	Full	All			\$ (5,270)		
5b	Full	City Council			\$ (40,000)		
6	Full	City Council		\$ 100,000		\$ 60,000	
7	Full	City Council		\$ 50,000		\$ -	
8	Full	City Council		\$ 27,000		\$ 11,000	
9	Full	City Council		\$ 6,750		\$ 6,750	
10	Full	City Council		\$ 15,000		\$ 13,000	
11	Full	City Council		\$ 40,000		\$ -	
11a	Full	City Council				\$ 2,860	
12	Full	City Manager		\$ 50,000		\$ 40,000	
13	Some	City Clerk	\$ 2,220		\$ -		
14	Full	City Attorney	\$ 2,500		\$ 1,500		
15	Full	City Attorney	\$ 1,000		\$ -		
16	Full	Community Outreach	\$ 1,000		\$ -		
17	Full	Community Outreach	\$ 4,000		\$ 1,500	\$ 2,000	
18	Full	Community Outreach	\$ 4,000		\$ -		
19	Full	Community Outreach	\$ 4,000		\$ (6,000)		
20	Full	Community Outreach	\$ 1,500		\$ -		
21	Full	Pers. & Support Services	\$ 1,684		\$ 1,411		
21a	Full	Pers. & Support Services			\$ 273		
22	Some	Pers. & Support Services	\$ 11,625		\$ 11,625		
23	Some	Pers. & Support Services	\$ 6,530		\$ 6,530		
24	None	Pers. & Support Services		\$ 4,335		\$ 14,335	
25	None	Pers. & Support Services		\$ 16,429		\$ 13,429	
26	None	Pers. & Support Services		\$ 11,319		\$ 11,319	
27	None	Risk Management	\$ 412		\$ 412		
28	None	Risk Management	\$ 12,605		\$ 12,605		
28a	Full	Library Services				\$ -	
28b	Full	Building & Safety				\$ 25,000	
29	Some	Advanced Planning	\$ 6,000		\$ -	\$ 2,000	
30	Full	Advanced Planning	\$ 1,000		\$ 1,000		
31	Full	Advanced Planning		\$ 41,500		\$ 21,500	
31a	Full	Advanced Planning				\$ 7,000	
32	Full	Advanced Planning		\$ 80,000		\$ 30,000	
32a	Full	Advanced Planning				\$ 135,000	
33	Some	Planning Commission	\$ 7,400		\$ 3,400		
34	Some	Planning Commission	\$ 10,000		\$ 7,460		
35	Some	Planning Commission	\$ 4,000		\$ -		
36	None	Neighborhood Services	\$ 1,200		\$ 1,200		
37	None	Neighborhood Services	\$ 1,600		\$ 1,600		
38	Some	Neighborhood Services	\$ 1,778		\$ 1,778		
39	None	Neighborhood Services	\$ 1,125		\$ 1,125		
40	None	Neighborhood Services	\$ 2,500		\$ 2,500		
41	None	Neighborhood Services	\$ 6,227		\$ 6,227		
41a	Some	Neighborhood Services			\$ (12,500)		
42	Some	Public Safety	\$ 328,918		\$ 34,989		Proposed Contract is \$355,162
42a	Full	Public Safety			\$ 10,000	\$ -	
43	Full	Public Safety	\$ 2,000		\$ 2,000		
44	Some	Public Safety	\$ 19,600		\$ 19,600		
45	Full	Facilities Maintenance	\$ 5,000		\$ 5,000		
46	Full	Facilities Maintenance	\$ 2,000		\$ 2,000		
47	Full	Parks & Open Spaces		\$ 13,000		\$ -	Urban Forest Management Pl.
48	None	Capital Improvement Pro	\$ 3,200		\$ 3,200		
49	Some	Street Lighting	\$ 25,000		\$ 25,000		
49a	Full	Street Maintenance				\$ (50,000)	Use Carry-over
49b	Full	Street Maintenance				\$ (50,000)	Use Carry-over
50	None	Debt Service/Operations	\$ 6,800		\$ 6,800		
51	None	Debt Service/Operations	\$ 3,043		\$ 3,043		
52	Some	Debt Service/Operations		\$ 150,000		\$ -	FY 09 Ending Fund Balance
53	None	Debt Service/Operations		\$ 20,000		\$ 20,000	
		TOTAL SERVICES & SUPPLIES	\$ 494,467	\$ 625,333	\$ 99,008	\$ 315,193	
		TOTAL REQUESTS	\$ 533,467	\$ 800,895	\$ 109,008	\$ 523,193	\$ 632,201
		Remaining	\$ (342,169)	\$ (705,141)	\$ 312,290	\$ (267,439)	\$ 44,851

Contingency Requirement of 33% Equals  
Deficit or Excess in Reserve

\$ 4,734,510  
\$ 467,089.67