



FINANCE DEPARTMENT

FISCAL YEAR 2025 MID-CYCLE UPDATE

May 7, 2024

Request to Finance Committee

Hear a report from staff, in connection with the Recommended Budget for Fiscal Year 2025 on General Fund, Enterprise Funds, and Internal Services Funds.

Agenda

1. Budget Calendar
2. General Fund Mid-cycle Department Updates
3. Enterprise Funds & Internal Services Mid-cycle Department Updates
4. Questions, Public Comment, & Discussion of any additional topics

Budget Hearing Schedule

DATE	TYPE	TOPIC
11/30/23	City Council Retreat	Budget hearing schedule
2/27/24	Finance Committee meeting	Water & Wastewater rates – revenue requirement
2/27/24	City Council regular meeting	Water & Wastewater rates – revenue requirement
3/5/24	City Council special meeting	Work session
4/9/24	Finance Committee meeting	Review proposed Water, Wastewater & Solid Waste rate changes
4/9/24	City Council regular meeting	Approval for Final Rate Notice (including Solid Waste)
4/23/24	City Council regular meeting	Budget introduction
4/30/24	Finance Committee meeting	Downtown Parking rate restructure proposal

DATE	TYPE	TOPIC
5/7/24	Finance Committee meeting	Budget review and recommendations
5/14/24	City Council regular meeting	General Fund budget (department operating budgets, fees, projects, capital, major changes)
5/15/24	City Council special meeting	Downtown Parking Fund including proposed rate structure
5/21/24	City Council regular meeting	All Other Funds budget (department operating budgets, fees, projects, capital, major changes)
6/4/24	City Council regular meeting	Budget deliberations
6/11/24	City Council regular meeting	Budget adoption
6/25/24	City Council regular meeting	Rate hearing on proposed Water, Wastewater, & Solid Waste
7/2/24	City Council regular meeting	Water, Wastewater & Solid Waste rate adoption

General Fund Mid-Cycle Department Updates

General Fund

Departments

- City Administrator
- City Attorney
- Community Development
- Finance
- Fire
- Human Resources
- Library
- Mayor & Council
- Parks & Recreation
- Police
- Public Works

Material Changes

Fee Changes

Capital

Fiscal & Budgetary Challenges

- Retention & Recruitment
- Affording labor wage increases
- Healthcare cost increases
- Pension cost increases & unfunded liability
- Economic uncertainty
- High inflation
- Reserve policy
- Self-insurance program funding

City Administrator

- FTE: 14
- Budget: \$4.5M (General Fund)



FY25 Material Changes

- On-going costs for contracting legislative lobbyists: \$60K



FY25 Measure C

- Daytime Navigation Center: \$203.7K



FY25 Fee Changes

- Commercial Cannabis Business Fees – Increased by 5%



FY25 Projects

- Canto Integration of Digital Picture Database: \$10K
- Boards, Commissions, Committees Software: \$16K

City Attorney

- FTE: 15
- Budget: \$5.4M (General Fund)

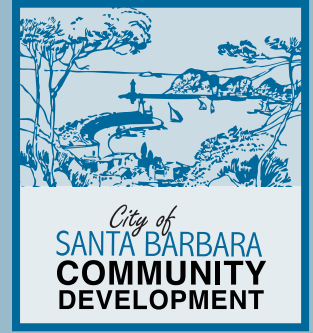


FY25 Material Changes

- Transfer prior year settlement from General Fund into new Local Housing Trust Fund: \$250K
- Potential position to support Housing Element Implementation: \$200K (Pending)
- Staff Recommended Adjustment for Permanent STVR Enforcement Program: \$443K
 - Includes \$121.4K cost for one .5 FTE Assistant City Attorney V addition to Position Control

Community Development

- FTE: 83.5 Recommended (includes 2 proposed positions)
- Budget: \$17.7M (General Fund) / \$4.3M (Other Funds)



FY25 Material Changes

- Add 2 Project Planners for Housing Element implementation: \$350K
 - Funded through expenditure reductions & revenue growth
- Transfer \$100K of in-lieu fees to Local Housing Trust Fund
- Affordable Housing Fund revenue adjustment due to large loan payoff



FY25 Fee Changes

- Most Planning and Building & Safety fees increased 5%, approx. \$340K
- New fees added in Planning & Building & Safety



FY25 Measure C

- State Street Master Planning & Redesign: \$500K

Finance

- FTE: 40
- Budget: \$8.2M (General Fund) / \$22.6M (Self Insurance Fund)



FY25 Material Changes

- Utility billing late fee revenue lower by \$200K
- Inflationary cost increases for professional services including auditor, actuarial reports, financial advisory services, budget tools, banking fees, & tax audits



FY25 Fee Changes

- Up to 4% credit card processing fee applied to credit card purchases effective July 1
- In line with cost recovery & revenue policy
- In FY24, citywide cost of fees: \$1.3M

Fire

- FTE: 105 Authorized (6 current vacancies)
- Budget: \$40M (General Fund) / \$1.7M (Other Funds)



FY25 Material Changes

- 8.5% increase to Operations salaries for station coverage overtime & FLSA: \$1.2M



FY25 Fee Changes

- 5% CPI increase across all sections of Fee Schedule



FY25 Measure C

- Emergency Response Equipment Replacement: \$370K
- Regional Dispatch: \$850K

Human Resources

- FTE: 11
- Budget: \$2.8M (General Fund)



FY25 Material Changes

- Legal Services: \$100K
- Hourly Staff Support: \$20K

Library

- FTE: 48.6
- Budget: \$9.0M (General Fund) / \$1.2M (Other Funds)



FY25 Material Changes

Adult Physical Collection: \$188K



FY25 Fee Changes

- Library of Things tiers added
- Update to venue rental fees
- Update to language for use of exhibit space fees



FY25 Measure C

- Library Technology Replacement: \$263K
- Central Library Lobby Update: \$200K
- Central Library Roof Terrace Renovation: \$200K

Mayor & Council

- FTE: 8
- Budget: \$3.5M (General Fund)



FY25 Material Changes

- Existing 5% (FY24) reduction to outside organizational grant funding

Parks & Recreation

- FTE: 82 permanent / 235 hourly
- Budget: \$25.5M (General Fund) / \$10M (Golf Fund)



FY25 Material Changes

- COLA, compaction, & minimum wage increases: \$259K
 - Funded with expenditure reductions & revenue growth



FY25 Fee Changes

- Fee changes in response to higher services costs
- Consistent with City cost recovery policy
- Most 3-5% increases
- 10% increase to private venue rentals
- \$25/month for Recreation After School (RAP)
- \$4/month for Community Garden plots



FY25 Measure C

- New project: Franklin Neighborhood Center Parking Lot: \$250K

Police

- FTE: 210
- Budget: \$56.8M (General Fund) / \$2.0M (Other Funds)



FY25 Measure C

- Police equipment replacement: \$450K
- New Police Station: \$700K

Public Works – Operations



- Operations consist of Public Works Administration, Engineering, Streets, & Infrastructure
- FTE: 311 (total includes all PW employees, not just operations)
- Budget: \$14.5M (General Fund) / \$44.9M (Other Funds)



FY25 Material Changes

- Facilities Engineering FTEs to Engineering



FY25 Capital

- Overlays (SB1) Resurfacing Program: \$2.2M



FY25 Fee Changes

- Updated Engineering & Transportation Planning Fees



FY25 Measure A Capital

- Traffic Safety / Capacity Improvements: \$50K
- Post Bridge Construction Monitoring: \$50K
- Bridge Preventative Maintenance Program: \$50K
- Street Engineering: \$201.9K

Public Works – Operations

(CONTINUED)

- Measure C Proposed Adjustments: \$3.7M



FY25 Measure C

- Cliff Drive: Urban Highway to Complete Street Transformation Project: \$1M (\$27.2M total ATP grant funding)
- Milpas Street Crosswalk Safety & Sidewalk Widening Project: \$250K (\$8M total ATP grant funding)
- Westside & Lower West Active Transportation Plan Implementation: \$500K (\$19.2M total ATP grant funding)
- Plaza De la Guerra Revitalization: \$200K
- Laguna Pump Station (FEMA match): \$1.2M
- Drainage Improvements: \$400K
- Corporate Yard Repaving: \$100K
- Drainage: Citywide Drainage Assessment: \$300K
- Gibraltar & Skofield: \$250K

General Fund Reductions

General Fund Reductions

FISCAL YEARS 2024/2025		ACCEPTED REDUCTIONS		ADDITIONAL PROPOSED
		FY2024	FY2025	FY2025
Department	Program / Service	Amount	Amount	Amount
City Administrator	Visit SB	\$50,000	\$50,000	
	TV Santa Barbara	\$15,655	\$15,655	
	Old Spanish Days	\$5,205	\$5,205	
	Juneteenth Celebration	\$1,750	\$1,750	
	Summer Solstice	\$3,400	\$3,400	
	Film Festival	\$4,035	\$4,035	
	Community Arts/Events	\$23,755	\$23,755	
		\$103,800	\$103,800	
		\$207,600		
City Attorney	Elimination of Paralegal II Position	\$141,901	\$153,135	
		\$141,901	\$153,135	
		\$295,036		
Community Development	Subsidy reduction through increased revenues	\$89,990	\$178,774	
	Eliminate Economic Development Manager & add Ombudsperson	\$120,000		
		\$209,990	\$178,774	
		\$388,764		
Finance	Increase Utility Billing late fee from \$8 to \$15.	\$300,000	\$300,000	
	Hold one position vacant upon attrition.	\$101,407	\$105,463	
		\$401,407	\$405,463	
		\$806,870		



General Fund Reductions (continued)

FISCAL YEARS 2024/2025		ACCEPTED REDUCTIONS		ADDITIONAL PROPOSED
		FY2024	FY2025	FY2025
Department	Program / Service	Amount	Amount	Amount
Fire	Warehouse Specialist	\$92,806		
	Shift equipment replacement schedule to Measure C	\$162,000		
	Cancel custodial work	\$29,167		
	Stop use of take-home vehicles by prevention staff	\$15,000		
	Reduce fleet by 1 Ford Focus	\$2,800		
	Eliminating the computer aided dispatch fee with the transition to regional dispatch in FY2025		\$96,000	
	Fire Inspector II/III held open			\$196,284
	Shift MDC replacement to Measure C			\$34,850
	Return MDC Reserve balance (one time)			\$196,300
	Reduction to operations training budget			\$12,500
	Reduction to training overtime budget			\$40,000
		\$301,773	\$96,000	
		\$397,773		\$479,934
Human Resources	Hourly Support Staff	\$7,976	\$7,980	
	Reduction of Professional Services Agreements	\$65,607	\$65,607	
		\$73,583	\$73,587	
		\$147,170		

General Fund Reductions (continued)

FISCAL YEARS 2024/2025		ACCEPTED REDUCTIONS		ADDITIONAL PROPOSED
		FY2024	FY2025	FY2025
Department	Program / Service	Amount	Amount	Amount
Information Technology	Reducing or Eliminating Enhanced Support, Existing Licenses, or Software Deployment	\$71,820	\$97,475	
	Reduction in Professional Services or Equipment	\$5,200	\$5,000	
	Reduction in Staff Training	\$30,000	\$0	
		\$107,020	\$102,475	
		\$209,495		
Library	Remove the vehicle replacement allocation	\$39,820	\$39,820	
	Reduce the digital collection budget.	\$87,016	\$154,112	
	Restore Eastside Library to 6 days/week*	(\$86,000)	(\$86,000)	
	Restore Central Library to 7 days/week*	(\$600,000)	(\$600,000)	
	Reduce print & digital collections budgets			\$59,431
		(\$559,164)	(\$492,068)	
		(\$1,051,232)		\$59,451

General Fund Reductions (continued)

FISCAL YEARS 2024/2025		ACCEPTED REDUCTIONS		ADDITIONAL PROPOSED
		FY2024	FY2025	FY2025
Department	Program / Service	Amount	Amount	Amount
Parks & Recreation	RAP, Summer Fun, After School Sports, utilize new revenue	\$289,824	\$445,428	
	Restore RAP at Monroe for one year*	(\$63,371)		
	Restore youth services for one year*	(\$83,680)		
	Increases for some recreation programs & services			\$126,816
	Suspend Jr. High After School Sports program (dept. sourcing funds)			\$32,000
		\$142,773	\$445,428	
		\$588,201		\$158,816
Police	Continue to hold 3 officer positions		\$509,486	
	Eliminate hours for Records hourly positions		\$86,928	
	Eliminate Range Master position		\$149,961	
	Hold 1 Specialty Sergeant position vacant		\$299,385	
	Hold 2 Specialty Officer positions vacant		\$472,434	
		\$986,718	\$1,518,195	
		\$2,504,913		
Public Works	Administration	\$27,622	\$45,775	
	Engineering	\$37,500	\$62,145	
		\$65,122	\$107,920	
		\$173,042		
		\$1,947,923	\$2,692,709	
TOTAL REDUCTIONS		\$4,667,632		\$698,181

Enterprise Funds & Internal Service Mid-Cycle Department Updates

Enterprise & Internal Service Funds

Enterprise Funds

- Airport
- Golf
- Public Works – Downtown Parking
- Public Works – Water Resources
- Sustainability & Resilience
- Waterfront

Material Changes

Fee Changes

Capital

Internal Services Funds

- Information Technology
- Public Works – Facilities
- Public Works – Fleet
- Self Insurance
- S&R – Energy Revolving Fund

Enterprise Funds

Airport

- Including Airport Operating, Capital, Passenger Facility, Customer Facility Funds
- FTE: 73
- Budget: \$39.6M (Enterprise)



FY25 Material Changes

- \$1.55M increase to revenue projections
- Expenditure increase of \$1.89M includes:
 - Salaries & benefits: \$1.1M
 - Capital expenditures: \$594K
 - Supplies & services & equipment budget: \$215K



FY25 Fee Changes

- Update to:
 - Ground Transportation Program Fee Schedule,
 - Airport Parking Fees
 - Minor update to Airport Department Permit Fees



FY25 Capital \$2.96M

- \$594K net increase to the Capital Program as follows:
 - South Airfield Redev.: -\$475K
 - 495 Fairview Hangars: \$250K
 - Terminal Improvements & IT Integration Projects: \$225K
 - Master Drainage Plan: \$200K
 - Airport share of AIP: \$194K
 - Botello remodel & Terminal Crosswalk: \$200K

Golf Fund

- FTE: 1
- \$10M (Golf Fund)



FY25 Fee Changes

- Fee changes in response to higher services costs
- Consistent with City cost recovery policy



FY25 Capital

- Player Course Improvements: \$65K
- Power Turf Equipment: \$150K
- Golf-Course Improvement Plan: \$235K
- Golf Club Infrastructure Renewal: \$150K

Public Works – Downtown Parking

- This group consists of Downtown Parking & Plaza & Transportation Planning (PW Downtown Team)
- FTE: 30
- Budget: \$15.1M (Enterprise Funds)



FY25 Material Changes

- Credit Card Fees: \$390K
- Utilities – Electric: \$375K
- Revenue projections are lower, & expenditures are higher than the 2nd year of the two-year plan



FY25 Fee Changes

- Option 1:
 - Garages: 60 min. subsidized, \$2/hr, \$10 daily max
 - Surface Lots: 15 min. free, \$1.50/30 min.
 - Street: 15 min. subsidized, \$0.75/15 min.
 - Employee permits: \$70/month
- Option 2:
 - No changes to rates
 - Move Outdoor Business Facility License fees & Plaza Support to General Fund
 - Move all capital projects to Measure C

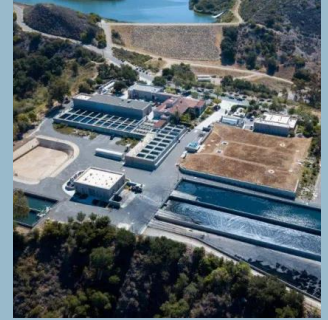


FY25 Capital

- On-Street Parking: \$1.1M
- Revenue Control System

Public Works – Water Resources

- This group consists of Water & Wastewater
- FTE: 132
- Budget: \$117M (Enterprise Funds)



FY25 Material Changes

- Chemical, Electrical, Insurance, internal services, & Construction cost escalations due to above average inflation



FY25 Fee Changes

- A 5% increase to all fees is proposed
- Water & Wastewater rates are proposed to increase over the next 4 years to address rising costs due to above average inflation in all sectors of the water industry



FY25 Capital

- Award of construction of the Cater Reservoir Resiliency Project
- Continue with 2% water main replacement program & 1% sewer main rehabilitation program
- Award of construction of the El Estero Water Resource Center Electrical Project

Sustainability & Resilience

- Consists of Clean Community (formerly Environmental Services), Creeks & Water Quality, SBCE, Community Engagement Divisions
- FTE: 30
- Budget: \$352,576 (General Fund) / \$107M (Enterprise / Special Funds)



FY25 Material Changes

- SBCE Power Supply Contracts: \$9.1M
- SBCE Community Programs
- Community Resilience Projects: \$750K
- Repayment of GF SBCE startup loan: \$2.2M
- County ReSource Center MDA compensation: \$1.0M
- Centralize & increase education & outreach funding



FY25 Fee Changes

- Update to Solid Waste Rates: 1.9% net increase



FY25 Capital

- Electric Vehicle Infrastructure for Public Locations (Charger Stations, Zero Emission Policy): \$150K (included in Measure C projects)
- Creeks Capital Projects: \$2.65M (including new urban creeks trails & access projects)

Waterfront

- The department consists of Harbor Operations, Facilities Management, & Business Operations
- FTE: 46
- Budget: \$23M (Enterprise)



FY25 Material Changes

- Property insurance cost increases of over \$1M
- Increased cost for storm response & SLR mitigation
- Uncertain economic times impacting tenant revenues
- Cruise Ship Program modifications
- Elimination of one (1) FTE



FY25 Fee Changes

- 10% Monthly Slip Fee Increase
- Hourly Parking Increase: \$0.50/hr. (Harbor Commission Recommendation)
- Visiting Vessel Fee Increase
- Various inflationary fee increases for parking permits, recreational permits, & licenses



FY25 Capital

- Stearns Wharf Piles & Decking
- Marina Utilities & Infrastructure
- Building Roof Replacements
- Commercial Area Improvements
- Parking Lot Repave
- Fire Safety Alarm Upgrades
- Coastal resiliency planning

Internal Service Funds

Information Technology

- FTE: 35
- Budget: \$10.7M (ICS Fund)



FY25 Material Changes

- Add Network Analyst position (from Library): \$178K
- Network Analyst (Library) & vacant Electronic Communications Tech reclassified to needed Administrative Analyst & GIS Supervisor
- ICS Communications / Equipment: \$140K
- Computer Software Maintenance & Support: \$190k



FY25 Capital

- Telecommunications System Review & Update: \$265K
- Travel Module: \$30K
- Business Application Bridge: \$60K
- Application Business Continuity Cloud Upgrade: \$60K
- Fire Station 1 Data Center Upgrade: \$60K
- Desktop Computer Replacement: \$243K
- Network Infrastructure: \$220K

Public Works – Facilities

- FTE: 31
- Budget: \$6.5M (ICS Fund)
- Provide operations, maintenance, custodial, & construction services to City-owned facilities to maintain a clean, safe, & functional environment in which to conduct City business



FY25 Material Changes

- Storm remediation & recovery projects: \$700K
- New HVAC Technician position starting FY24
- Electronics and Facilities Capital FTEs moved to IT & Engineering budgets respectively



FY25 Measure C

- Facilities Master Plan: \$160K including asset management software upgrade
- P&R & Purchasing buildings remediation & minor renewal project: \$380K



FY25 Capital

- 3 Facilities Capital GLs moved to Measure C:
 - HVAC Maintenance & Replacement: \$300K
 - Facilities Flooring Paint & Finish: \$100K
 - Building Improvements: \$20K

Public Works – Fleet Maintenance & Replacement

- FTE: 14
- Budget: \$8.4M (ICS Fund)
- Manage the motorized fleet, fleet support services, and 13 generators to cost-effectively provide safe, reliable vehicles and equipment for all City departments



FY25 Material Changes

- AssetWorks software upgrade: \$60K
- Pool reservation system change: \$40K
- Auto Shop lift replacements: \$400K



FY25 Measure C

- Generators Assessment & Maintenance: \$100K

Self-Insurance Fund

- FTE: 4.18
- Budget: \$22.6M (ICS Fund)

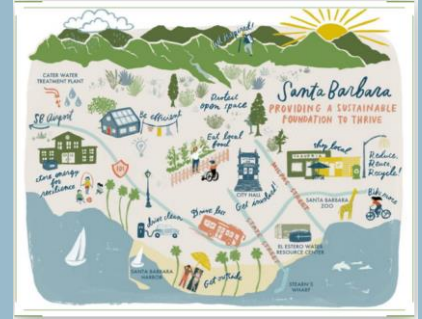


FY25 Material Changes

- Rising workers' compensation, general liability, & other claim payments & large increase in insurance premiums: \$1.27M or 19%
- Required to increase cost recovery from operating departments to pay for additional increases
- Self-Insurance Fund actuarial recommend reserve level of \$25M; only \$7M projected reserves at the end of FY24

Sustainability & Resilience – Energy Revolving Fund

- Energy Management Fund
- FTE: 0.5
- Budget: \$2.3M ICS Fund



FY25 Material Changes

- Most personnel costs moving to the SB Clean Energy Fund
- Only 0.5 FTE will remain for managing WorkTrip program



FY25 Fee Changes

- Internal charge for utility management is increasing 3%
- Internal charge for employee alternative transportation is increasing 3%
- Internal charge for Energy Management is being eliminated
- Charge for employees Rideshare is increase from \$0.30/mile to \$0.50/mile
- EV charging license fees will be increased by CPI

Important Links

City Budget Web Page

<https://SantaBarbaraCA.gov/Budget>

Online Budget Book

<https://stories.opengov.com/santabarbara/4d633189-031c-4457-b338-4356748b2aac/published/MiCoXdJXi?currentPageId=TOC>

Master Fee Schedule

[https://SantaBarbaraCA.gov/sites/default/files/2024-04/Recommended Combined Fee Schedule.pdf](https://SantaBarbaraCA.gov/sites/default/files/2024-04/Recommended_Combined_Fee_Schedule.pdf)

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Questions, Public Comment, & Discussion