
City of Santa Barbara, California



Adopted 2001 - 2003 Financial Plan and Fiscal Year 2002 Operating & Capital Budget Volume I - Department Program Budget

CITY OF SANTA BARBARA, CALIFORNIA

**ADOPTED OPERATING AND CAPITAL
BUDGET**

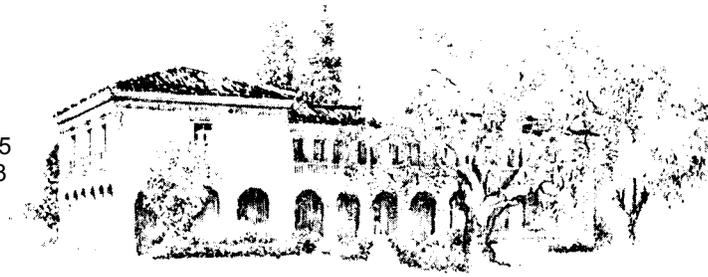
FISCAL YEARS 2002 AND 2003

VOLUME I

CITY OF SANTA BARBARA

CITY ADMINISTRATOR

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CALIFORNIA

June 26, 2001

Mayor and Members of City Council
City of Santa Barbara
Santa Barbara, California

Honorable Mayor and Members of City Council:

I proudly present the Adopted 2002 and 2003 Financial Plan including the Adopted Fiscal Year 2002 Operating & Capital Budget. The Budget for Fiscal Year 2002 was adopted on June 26, 2001 pursuant to Charter Section 1202.

As adopted, the Fiscal Year 2002 Budget for all funds, including the capital programs, totals \$208,800,727. The Budget reflects a balanced operating budget without the use of reserves, and an expansion of programs and services that began with the adoption of the Fiscal Year 1997 Budget.

The budget document follows the same format as previous financial plans and, as such, is presented in two volumes. Volume I includes the City Administrator's Budget Message, followed by summary schedules and department information for both Fiscal Years 2002 and 2003. It also includes Tables of Contents for both volumes so that the reader may reference more specific program information found in Volume II. Volume II details the City's 148 programs and the capital program. We believe this format makes the complex budget and program information accessible, as well as interesting and understandable. The Two-Year Financial Plan document should serve as a useful budget decision-making tool. We hope that the City Council, the Boards and Commissions, City staff and the public will find it so.

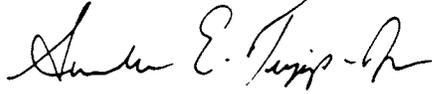
I would like to thank you, Madame Mayor and Members of Council, for your continuing leadership throughout the year, particularly in the development of the adopted financial plan. The goals and priorities embodied in this document are the result of a significant amount of time and effort on your part and demonstrate your sincere commitment to the community. In addition, your action plans are designed to achieve your goals and reflect an understanding of the constraints imposed by limited financial and human resources.

The Two-Year Financial Plan requires a tremendous amount of time and effort from many people in the organization to plan, develop and produce. I would like to thank all departments, particularly budget staff, for their hard work and dedication, without which this document would not be possible.

Honorable Mayor and Members of City Council
June 26, 2001
Page -2-

Madame Mayor and Members of Council, it is my opinion that the Adopted Budget for Fiscal Year 2002 included within the Adopted Two-Year Financial Plan, meets the requirements of the budget policies of the City Council and the principles of sound financial planning.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sandra E. Tripp-Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

Sandra E. Tripp-Jones
City Administrator

ST-J/rs



Table of Contents

**CITY OF SANTA BARBARA
ADOPTED OPERATING AND CAPITAL BUDGET
FISCAL YEARS 2002 and 2003**

**TABLE OF CONTENTS
VOLUME I**

Table of Contents, Volumes I and II.....	i
Distinguished Budget Presentation Award	x

INTRODUCTORY SECTION

City Administrator's Budget Message.....	1
Directory of City Officials.....	25
City of Santa Barbara Organizational Chart	26

SUMMARY SECTION

About the City of Santa Barbara	29
Summary of Sources and Uses of Funds	
Fiscal Year 2002	30
Fiscal Year 2003	32
Summary of Revenues by Fund	34
Summary of Appropriations by Fund	38
Capital Budget Summary	
Fiscal Year 2002	44
Fiscal Year 2003	53
Changes in Service	61
Council Goals and Implementation Plans.....	72
Summary of Authorized Positions	75
Schedule of Position Changes	
Fiscal Year 2002	76
Fiscal Year 2003	78

INDIVIDUAL FUND PRESENTATIONS

General Fund	81
Special Revenue Funds	
Community Development Block Grant	96
County Library	98
Creeks Restoration and Water Quality Improvement	99

**CITY OF SANTA BARBARA
ADOPTED OPERATING AND CAPITAL BUDGET
FISCAL YEARS 2002 and 2003**

**TABLE OF CONTENTS
VOLUME I (continued)**

INDIVIDUAL FUND PRESENTATIONS (continued)

Special Funds (continued)	
Gas Tax.....	101
Traffic Safety	102
Transportation Development Fund	103
Transportation Sales Tax.....	104
Enterprise Funds	
Airport Fund.....	106
Duplications Fund	108
Golf Fund.....	110
Intra-City Service Fund	112
Parking Fund.....	114
Self-Insurance Fund.....	116
Wastewater Fund	118
Water Fund	120
Waterfront Fund	123

DEPARTMENT PRESENTATIONS

Administrative Services Department.....	129
Airport Department.....	133
City Administrator	138
City Attorney	141
Community Development Department	144
Finance Department.....	148
Fire Department	154
Library Department	158
Mayor and Council	162
Non-Departmental.....	165
Parks and Recreation Department	168
Police Department.....	173
Public Works Department	177
Waterfront Department.....	184

**CITY OF SANTA BARBARA
ADOPTED OPERATING AND CAPITAL BUDGET
FISCAL YEARS 2002 and 2003**

**TABLE OF CONTENTS
VOLUME I (continued)**

**APPENDICES:
BUDGET REFERENCE MATERIALS**

Area Map	189
Demographics	190
Miscellaneous Statistics	192
Description of Funds	194
Management and Budget Policies	200
Legal Requirements and Budgetary Process	203
Master Budget Calendar	208
Article XIIB Appropriations (Gann) Limit	214
Debt Obligations	215
Glossary of Terms (with List of Acronyms)	219

**CITY OF SANTA BARBARA
ADOPTED OPERATING AND CAPITAL BUDGET
FISCAL YEARS 2002 AND 2003**

**TABLE OF CONTENTS
VOLUME II**

INTRODUCTION.....	i
TABLE OF CONTENTS	ii
SUMMARY OF SOURCES AND USES OF FUNDS	ix
PROGRAM PRESENTATIONS	
Administrative Services Department.....	2
City Clerk.....	8
Human Resources	11
Desktop Information Systems.....	14
Centralized Information Systems.....	17
Government Access Channel.....	20
Airport Department	24
Administration	30
Business and Property Management	32
Marketing and Community Relations.....	35
Facilities Maintenance	38
Air Operations Area Maintenance	41
Airport Security.....	44
Airport Certification and Operations	47
Facilities Planning and Development Support.....	50
City Administrator	54
Administration	58
Labor Relations	61
City Attorney	66
City Attorney.....	70

**CITY OF SANTA BARBARA
ADOPTED OPERATING AND CAPITAL BUDGET
FISCAL YEARS 2002 AND 2003**

**TABLE OF CONTENTS
VOLUME II (continued)**

Community Development Department.....	74
Administration	80
Economic Development.....	84
CDBG Administration.....	87
CDBG Rental Housing Mediation.....	90
CDBG Housing Rehabilitation	93
Human Services.....	96
Redevelopment Agency.....	98
Housing Development.....	102
Home Administration.....	105
Long Range Planning and Special Studies	108
Development and Design Review	112
Zoning: Ordinance, Information and Enforcement	117
Inspections and Enforcement	121
Records Center and Plan Archives	124
Plan Check and Counter Services.....	127
 Finance Department	 132
Administration	140
Revenue and Cash Management.....	143
Cashiering and Collections	145
Business Licenses and Permits.....	147
Accounting.....	149
Payroll	152
Accounts Payable	155
Utility and Miscellaneous Billing.....	158
Meter Reading.....	161
Purchasing	164
Central Stores	167
Duplicating.....	170
Mail Services	172
Workers' Compensation/Occupational Health and Safety.....	174
Property / Liability Insurance	177

**CITY OF SANTA BARBARA
ADOPTED OPERATING AND CAPITAL BUDGET
FISCAL YEARS 2002 AND 2003**

**TABLE OF CONTENTS
VOLUME II (continued)**

Fire Department.....	182
Administration	188
Prevention	190
Public Education	195
Operations.....	198
Aircraft Rescue and Firefighting	202
Library Department.....	206
Administration	212
Public Services.....	215
Support Services.....	219
Adult Literacy.....	222
County Branches	225
Mayor and City Council	230
Non-Departmental	234
Community Promotion	
Arts and Events.....	238
Fiesta.....	241
Marketing and Tourism.....	243
Zoological Gardens.....	247
General Government	249
Parks and Recreation Department.....	252
Parks and Recreation	
Administration	258
Business Services.....	261
Creeks Restoration and Water Quality Program Management	265
Creeks Restoration, Grants and Coordination	268
Creeks Restoration/Clean Water Public Education and Outreach Program.....	271

**CITY OF SANTA BARBARA
ADOPTED OPERATING AND CAPITAL BUDGET
FISCAL YEARS 2002 AND 2003**

**TABLE OF CONTENTS
VOLUME II (continued)**

Parks and Recreation Department (continued)	
Clean Water Enforcement, Testing, and Operations.....	273
Clean Water Street Sweeping Augmentation.....	277
Clean Water Storm Drain and Creeks Cleanup.....	279
Parks	
Parks Facilities and Project Management.....	282
Grounds Management.....	285
Forestry	289
Beach Maintenance	292
Parks Operations Management.....	294
Parks Contract Management.....	297
Chase Palm Park.....	299
Recreation	
Recreation Programs and Services Management	302
Facilities and Recreation Services	306
Cultural Arts	309
Youth Activities.....	312
Teen Programs	316
Adapted Recreation	320
Senior Recreation Services	323
Aquatics	327
Adult Sports.....	331
Tennis Services	334
Community Services.....	337
Municipal Golf Course.....	340
Police Department.....	344
Chief's Staff and Support Services Division	350
Information Technology	353
Community Services Division	356
Crime Analysis	359
Property Room.....	361
Training/Recruitment	364
DARE/School Resources	367
Beat Coordinators	370

**CITY OF SANTA BARBARA
ADOPTED OPERATING AND CAPITAL BUDGET
FISCAL YEARS 2002 AND 2003**

**TABLE OF CONTENTS
VOLUME II (continued)**

Police Department (continued)	
Investigative Division.....	373
Serious Habitual Offender	377
Patrol Division	380
Special Events	383
Tactical Patrol Force	385
Westside Neighborhood Bicycle Patrol	387
Host Program	388
Night Life Enforcement Team.....	390
Parking Enforcement	392
Combined Communications Center	394
Animal Control	397
Office of Emergency Services	400
Public Works Department	404
Administration	412
Engineering Services	415
Land Development and Public Right-of-Way	419
Environmental Programs	422
Transportation Operations	426
Transportation Planning.....	429
Alternative Transportation.....	432
Downtown Parking	436
Downtown Parking Management.....	439
Roadway Maintenance and Sidewalk Repair.....	442
Street Sweeping and Cleaning	445
Storm Drain Repair and Maintenance	447
Special Event Support	449
Traffic Markings and Signage	451
Street Capital Program	453
Building Maintenance.....	455
Motor Pool	459
Communications Systems	463
Traffic Signals (Streets)	466
Custodial Services	469

**CITY OF SANTA BARBARA
ADOPTED OPERATING AND CAPITAL BUDGET
FISCAL YEARS 2002 AND 2003**

**TABLE OF CONTENTS
VOLUME II (continued)**

Public Works Department (continued)	
Water and Wastewater Utilities Management	472
Water Supply Purchases	476
Water Reclamation	478
Water Distribution / Wastewater Collection	481
Water Treatment	485
Cater Water Treatment	488
Water Supply Management	491
Water Resources Laboratory	494
Water Capital Program	497
Wastewater Treatment.....	500
Wastewater Capital Program.....	504
Waterfront Department.....	508
Administrative Support and Community Relations.....	514
Waterfront Property and Financial Management	517
Waterfront Parking Services	520
Harbor Patrol Program.....	524
Marina Management	527
Dredge Operations.....	530
Facilities Maintenance	532
Facilities Design and Capital Programs.....	534
CAPITAL PROGRAM BUDGET	
Fiscal Year 2001-2002 Capital Budget.....	539
Fiscal Year 2002-2003 Capital Budget.....	561
LIST OF AUTHORIZED POSITIONS BY DEPARTMENT	583



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Santa Barbara,
California**

“An Outstanding Policy Document”

**For the Fiscal Year Beginning
July 1, 1999**


Cary Brueck
President


Jeffrey L. Essler
Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to City of Santa Barbara for its two-year financial plan for the fiscal year beginning July 1, 1999.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of two years. We believe our current budget continues to conform to program requirements, and we have submitted it to GFOA to determine its eligibility for another award.



Introductory Section

CITY ADMINISTRATOR'S BUDGET MESSAGE

I. INTRODUCTION

The last five years have been marked by tremendous success. Propelled by favorable economic conditions, local businesses have seen increased consumer spending in all sectors, including retail, restaurants, hotels and new automobiles. As a result, those City revenues tied to economic conditions have grown significantly, enabling the City to transfer these economic successes to the community as a whole. Specifically, during the last five years, the City has expanded programs and services, provided the public with more and improved facilities, and reached major milestones in its efforts to preserve the overall quality of life enjoyed by its residents.

One of the major successes of the community was the approval of Measure B by City voters in November of 2000. Measure B authorized an increase in the transient occupancy tax rate from 10% to 12%, which will raise an estimated \$2.1 million in each of the next two years. These funds will be used to fund the restoration of City creeks and improvements in the quality of water flowing through the City's creeks and into the ocean. This was a major accomplishment for the community as it provides ongoing funding to address fundamental quality of life issues. The funds, and the programs they support, are included in the newly created Creeks Restoration and Water Quality Improvement Fund.

The programs and activities contained in the Adopted Fiscal Year 2002 & 2003 Financial Plan reflect a priority of building on the recent successes. In addition, as discussed in more detail later in this message, the Plan incorporates other goals and priorities, such as improving neighborhoods; promoting and supporting regional cooperation and governance on issues such as solid waste management and transportation; and identifying creative solutions for increasing affordable housing in the community.

The operating budgets of \$147.9 million and \$150.4 million for fiscal years 2002 and 2003, respectively, are balanced with operating revenues, and provide for a full range of municipal services including:

- Police and fire protection
- Parks and recreation services
- Municipal golf course
- Library
- Community development (planning, building, housing and redevelopment)
- Public works and streets
- Creek restoration and water quality improvement
- Water supply and distribution
- Wastewater collection and treatment
- Downtown parking facilities
- Regional airport
- Harbor and waterfront.

In addition to these traditional services, the City provides support for the arts, human service agencies, and marketing activities promoting Santa Barbara as a tourist destination.

The adopted operating budget for fiscal year 2002 includes the net addition of thirteen full-time positions and two part-time positions, with three of the new positions created through conversions of existing temporary staff to permanent employee status. In the General Fund, seven new positions, net of the position reclassifications, have been added and one part-time position deleted. Three of the new General Fund positions, including a position reclassification, relate directly to Council Goals, as specified in the individual change in service summaries below. In fiscal year 2003, the recommended financial plan includes the addition of one full-time position and the deletion of three full-time "limited term" positions, for a net deletion of two positions in year two.

The adopted capital program for all funds is approximately \$60.9 million in fiscal year 2002. This represents more than a 100% increase from fiscal year 2001 (current year). This tremendous growth is primarily attributed to two large Water Fund projects. The first is the replacement of the Sheffield Reservoir with two 6.5 million gallon buried concrete reservoirs. The estimated cost of this project is over \$14 million, and will be financed by a low interest loan from the State of California Department of Water Resources. The second project involves major improvements to Cater Water Treatment Plant, including upgrades to most of the equipment and systems, and is expected to cost \$10.5 million. Approximately \$4.2 million of the project costs will be reimbursed from other South Coast Water Agencies; staff is working to secure a second loan from the State of California for the balance. Other highlights of the fiscal year 2002 capital program include continued funding for a number of projects associated with the City's new General Plan Circulation Element. Many of these projects fall under the description of "alternative transportation" projects as they promote pedestrian, bicycle and transit modes of transportation as alternatives to automobiles.

The capital program in fiscal year 2003 for all funds is approximately \$41.5 million. This includes approximately \$11 million to begin work on the large-scale Airport Facilities Plan, including the expansion of the existing airline terminal, a new terminal entrance road, expanded parking, and improvements to runway safety areas. This project is expected to be complete in fiscal year 2005, with a total estimated cost of over \$50 million. These related projects will be funded from a combination of passenger facility charges (PFC's), Federal Aviation Administration (FAA) grants and bond proceeds.

In fiscal year 2002, the General Fund's operating budget is balanced without the use of reserves, and the capital program for the General Fund, equaling \$2,490,924 in fiscal year 2002, is funded from available reserves. The General Fund's contribution to the Streets Capital Program is \$3.5 million in fiscal year 2002 and \$2.7 million in fiscal year 2003. This compares to a \$1.9 million annual contribution over the last several years. The General Fund contribution to the Streets Capital Program is based on the collection of restricted revenues, including Utility Users Tax, Gas Tax and Traffic Safety revenues. Beginning in fiscal year 2000, these revenues have increased substantially, providing additional funds available for capital. In fiscal year 2003, the General Fund operating budget is also balanced without the use of reserves. The \$2,427,730 capital program for fiscal year 2003 is funded from available reserves. Over the two-year period, a total of almost \$5.7 million in reserves will be spent for capital, consistent with City Council adopted and established budget policies with regard to funding the City's capital programs.

II. BUDGET FOUNDATION

The development of the budget incorporates relevant City budget policies, various revenue assumptions and current reserve levels. Together, they establish the framework and parameters (the “budget foundation”) for spending levels and the allocation of resources. All of the major elements that collectively make up the budget foundation are discussed below.

COUNCIL BUDGET POLICIES

In November of 1995, the City Council adopted a series of financial and budgetary policies directly affecting the development of the current and future budgets. These policies, contained in Resolutions No. 95-156 and No. 95-157, are summarized below.

- The budget will emphasize quality municipal services and will recognize the importance of public safety and well-maintained infrastructure.
- The budget will reflect a strong customer service orientation.
- The budget will provide for adequate maintenance and orderly replacement of infrastructure, capital plant and equipment.
- Deferring maintenance and repairs of existing facilities in favor of acquisitions of new facilities will be avoided.
- Productivity improvements resulting in cost reduction will remain an important budgetary goal.
- Fees and service charges supporting enterprise funds will be set at a level to achieve full cost recovery of direct and indirect capital costs.
- Ongoing operating expenditures will be financed with current revenues, to the exclusion of the use of reserves.
- Each fund will establish fund balance reserves under uniform standards as follows:

Reserve Account	Funding Level
Economic Contingency/Emergencies	15% of operating budget
Future Year's Budget	10% of operating budget
Capital	Average of last three years' capital budget or 5% of net assets
Appropriated Reserve	½ of 1% of operating budget

The budget reflects the spirit of each of the budget policy goals and priorities adopted by Council in November of 1995, and maintains reserves in each fund in accordance to policy.

PROGRAM BUDGETING

In fiscal year 1997, the City implemented program budgeting, which focuses on services provided to customers at the *functional* level (or “program”) level. A “program” is defined as a distinct functional unit within a department, consisting of a significant service provided using City resources. The “customers” of these services can be other programs, departments or members of the public.

The focus on programs provides the following benefits:

- Program budgeting communicates a more detailed and accurate picture to the public and elected officials of services offered by the City. It also identifies to what extent funds are allocated to these services.
- Program budgeting allows management to allocate resources more efficiently as individual programs will not be commingled.
- Program budgeting enables staff to accurately measure the performance and efficiency of specific functions performed within departments and divisions.

Organizationally, departments are divided into one or more operational divisions. For accounting and budgeting purposes, these divisions consist of one or more programs. Although each program is unique to a department and a division, a program may cross over more than one fund. For example, the Streets Capital Program, a program of the Public Works Department, has multiple funding sources, including Measure D (Transportation Sales Tax) revenues, General Fund (Utility Users Tax) revenues and Federal and State grant revenues. Therefore, this program spans three separate funds, but only one department. The vast majority of programs, however, are within a single fund.

Volume I of the Financial Plan contains budget summary information at primarily the fund and department level. Detailed descriptions of programs, as well as revenue and expenditure information, are provided in Volume II, by department. Refer to the Table of Contents for a listing of all programs, by department, and the page number where they may be found. In addition, within each department summary (contained in Volume I, and duplicated in Volume II), pie charts of revenues and expenditures are presented for each affected fund within that department.

REVENUE ASSUMPTIONS

The projection of revenues is a critical step in the development of any budget, as it establishes the parameters within which spending decisions and priorities must fall. Revenue projections inherently require the application of certain assumptions about future events affecting these revenues. The initial projections applicable to the proposed Two-Year Financial Plan, developed in November of 2000, were updated as necessary during the budget development process through March of 2001. The Overview by Fund section, contained in Volume I, provides a detailed discussion of revenue projections and assumptions for each fund. A summarized version is provided below.

General Fund:

General Fund revenues support the basic municipal services of Police, Fire, Library, Parks and Recreation, Streets and Transportation, and Community Development. These services are primarily funded by the General Fund's largest revenue sources: Sales Tax, Property Tax, Utility Users Tax (UUT) and Transient Occupancy Tax (TOT) revenues. Except for UUT revenues, these main revenue sources are directly affected by changes in economic conditions. Therefore, revenue projections are based on an analysis of where the economy has been and where it is now, and assumptions about what conditions might exist in the near term.

Since the end of the recession in fiscal year 1995, the City has enjoyed very favorable economic conditions, resulting in strong growth in the City's key revenues. Although current year revenues have shown moderate to strong growth in relation to prior years, general economic data at the national level suggest the U.S. economy may be slowing. When, and to what degree, this will impact the California and local economy is unclear. However, we remain watchful and cautious given the sensitivity of the City's largest revenue sources to economic swings. Accordingly, revenue estimates for the next two years are relatively conservative to minimize the risk of exposure if economic conditions take a dramatic shift for the worse. Whether local economic conditions experience any slowdown or a "hard landing" in the next two years is yet to be seen. However, given the extraordinary growth over the last few years and the cyclical nature of the economy, we anticipate some reduction in the growth of our major revenues within the next three to five years.

Revenue projections for each of the four major revenue sources are discussed below.

- ◆ **Sales Tax** revenues are projected to grow in the current year (fiscal year 2001) by roughly 7% in relation to fiscal year 2000. Long-term growth is uncertain, particularly in light of growing Internet sales and national debate on the application of State and local sales tax to Internet sales. In fiscal years 2002 and 2003, sales tax revenues are conservatively projected to grow 4% and 3%, respectively, in relation to fiscal year 2001 year-end projections.
- ◆ For the third year in a row, **property tax** revenues have shown strong growth. Property values have increased dramatically over this period, with median home prices increasing from the low \$300,000's to almost \$500,000. Although some reports indicate that the increase in property values is beginning to wane, it could take 2-3 years before this translates to reduced growth in property tax revenues given their lagging nature in response to changes in economic conditions, as noted above. In fact, property taxes provide some measure of stability as they run almost counter-cyclically to other more "elastic" revenues. We estimate a 6% growth in property tax revenues in the current fiscal year in relation to fiscal year 2000. In fiscal years 2002 and 2003, property tax revenues are conservatively budgeted to grow 4% and 3%, respectively, in relation to fiscal year 2001 year-end projections.
- ◆ **Utility Users Tax (UUT)** revenues, which are derived from a 6% tax on the consumption of utilities (gas, electric, cable TV, etc.), represent a fairly stable revenue source as it is applied to basic services. In the current year, UUT revenues are projected to grow slightly less than 4%. As with property tax revenues, in fiscal years 2002 and 2003, UUT revenues are conservatively budgeted to grow 4% in relation to fiscal year 2001.

However, recent actions of the State Public Utility Commission and future legislation in response to the energy crisis may have an impact on current UUT revenue estimates.

- ◆ **Transient Occupancy Tax (TOT)** revenues have outperformed all other General Fund revenues over the last two years. Once the General Fund's fourth largest revenue (as recently as fiscal year 1996), it is now second behind sale tax revenues. In the current year, TOT revenues are projected to grow over 8% in relation to fiscal year 2000; they are conservatively projected in both fiscal years 2002 and 2003 to grow an additional 4%.

Note that voter-approved Measure B raised the TOT rate from 10% to 12%. The additional 2% is restricted for creeks restoration and water quality improvement programs and projects. These funds are now accounted for in a separate fund. The assumptions used to estimate the TOT revenues in the Creeks Restoration & Water Quality Improvement Fund are essentially the same as those discussed above for the General Fund portion.

- ◆ With respect to **Interest Income**, the diversity of the City's investment portfolio and the "buy and hold" investment strategy help preserve the City's principal and have provided a fairly stable yield during the last several years. As a result of recent declines in yields of fixed-income securities, however, the City's yield, and thus interest revenue, is subject to decline as higher-yielding securities mature and are replaced with lower-yielding securities. The degree to which interest income is negatively impacted will be determined by how long lower interest rates prevail. Current year-end revenue estimates are projected at \$2.8 million, approximately 13% above prior year actual revenues. In the adopted plan, interest income is projected at \$2.35 million in year one and \$2.25 million in year two, reflective of expected lower yields.

Enterprise Funds:

Enterprise Funds are supported by user fees and charges. The Water, Wastewater, Airport, Golf, Downtown Parking and Waterfront Funds make up the Enterprise Funds.

- ◆ Revenues in the **Airport Fund** have been fairly stable over the last several years as a result of favorable economic conditions and thus a stable volume of passengers. Operating revenues in fiscal years 2002 and 2003 are projected at roughly \$9.1 million for each year, approximately \$800,000 above the fiscal year 2001 budget. In addition to its operating revenues, the Airport collects a \$3 Passenger Facility Charge (PFC) per enplanement, estimated at \$1 million in each year. These revenues are restricted to Federal Aviation Administration (FAA) approved projects, and will complement other FAA grant revenues that will finance aviation-related capital improvements totaling approximately \$3.25 million in fiscal year 2002. In fiscal year 2003, a total of \$13.7 million is proposed, including \$11 million for the commencement of the terminal expansion project, part of a major renovation to the existing terminal that will include roadway improvements, additional parking facilities and runway safety area improvements, as previously noted. In the longer term, the Airport is planning a number of capital improvement projects to its commercial/industrial areas, some of which are currently underway. Revenues generated from the lease of facilities and unimproved land in the commercial/industrial zone, fund a significant part of the Airport's operating

expenses. The improvements in these areas will generate higher lease rates for those facilities, and thus, add to the overall revenue base.

- ◆ **Water Fund** operating revenues continue to be stable. In the current year (fiscal year 2001), revenues are projected at \$26 million, over \$1 million higher than prior year. Water consumption levels, and thus revenues, are affected in large part by weather conditions. For example, the El Nino conditions during the winter and early spring of fiscal year 1998, resulted in a substantial decrease in water consumption and, therefore, a substantial decline in water revenues. Over the last few years, weather conditions have been normal, and revenues have been stable except for when fees have been increased, as they were in fiscal year 2000 and in the current year (2001). There will be no fee increases in either year of the two-year plan. Fiscal year 2002 revenues include estimated loan proceeds of \$14,071,000 for the Sheffield Reservoir project. In addition, a second major project, the Cater Water Treatment Plant Filter Rehabilitation Project, will be funded in part from other benefiting South Coast Water Agencies, in the amount of \$4.2 million. The balance will be funded from revenues and reserves, for a total cost of \$10.5 million. Both projects are expected to commence in fiscal year 2002.
- ◆ **Wastewater Fund** revenues, like those in the Water Fund, have been stable in recent years. There will be no rate increases in the upcoming two-year cycle, and overall revenues are consistent with fiscal year 2001 projections. Revenues are projected at \$10.2 million and \$10.175 million in fiscal years 2002 and 2003, respectively.
- ◆ In large part due to favorable economic conditions, which bring large numbers of visitors into the City, **Downtown Parking Fund** revenues increased steadily from fiscal year 1997 through the current year. Revenue projections in both fiscal years 2002 and 2003 are projected at approximately \$4.8 million, in line with current year budgeted revenues. There are no fee increases in either year.
- ◆ **Golf Fund** revenues continue to be strong as the demand for tee-times far exceeds the supply of time slots. Fiscal year 2000 revenues were strong due to favorable weather conditions. At \$2,020,000, revenue estimates in both fiscal years 2002 and 2003 are above the fiscal year 2001 adopted budget by \$280,000. This increase is largely due to fee increases and a new concession agreement with the on-site restaurant.
- ◆ Current year revenues in the **Waterfront Fund** are expected to exceed budget by roughly \$1 million, for an expected total of approximately \$9.2 million. Revenues are conservatively projected in fiscal year 2002 at \$8.5 million and \$8.6 million in fiscal year 2003. These revenue estimates reflect two concerns. First, approximately 40% of Waterfront Fund revenues are generated from leases with tenants on the harbor and the wharf, which are based on gross receipts. Given the potential for an economic recession, and the significant impact on lease revenues if such a downturn similar to that of the early 1990's does occur, these revenues have been projected at essentially the same level as the current year budget. In addition, interest income, which is a function of interest rates and cash balances, is expected to drop due to the general decline in interest rates and the aggressive capital program planned during the next two years. These downside impacts are partially offset by a 4% increase in slip fees in the first year of the financial plan.

Status of Reserves

As noted earlier, the City has adopted policies establishing reserve requirements for economic contingency, future years' budgets and capital. As of June 30, 2000, required reserves in accordance with policy totaled \$18,557,462. In addition, the City had \$6,339,084 in accumulated reserves above policy requirements at June 30, 2000.

It is the City's practice to use accumulated reserves above policy requirements to fund one-time costs, including capital. This is consistent with Council adopted budget policies. For example, as part of the adopted fiscal year 2001 budget, a total of \$2.2 million dollars in reserves were used for capital and other one-time costs. Historically, the use of reserves is replenished through favorable budget variances at year-end, which are added to reserve balances. Consequently, over the last several years, accumulated reserves above policy have remained fairly stable (in excess of \$5 million) as the favorable year-end budget variances have approximated the capital program funded.

Enterprise Funds have all met their required reserve levels. As with the General Fund, reserves above policy requirements are available and used to fund their respective capital programs. The use of reserves in Enterprise Funds is summarized under Section III: Budget Strategies.

III. BUDGET STRATEGIES

Staff has developed and implemented a comprehensive strategy in the development of its annual budgets and two-year financial plans. This strategy has been extremely effective in evaluating and implementing funding decisions and issues, and includes the elements discussed below.

SPENDING TARGETS

In connection with the development of each two-year financial plan, General Fund departments are assigned a spending target, within which their budgets must be submitted. In meeting targets, departments are given a significant amount of latitude within their departmental budget to allocate resources between line items and between programs. In addition, departments are encouraged to evaluate staffing patterns and workloads to find opportunities to cut costs through reorganizations and other measures that may improve the efficiency of operations.

Departments are given their respective targets in early December, giving them time to evaluate alternative staffing configurations and decide on the most effective allocation of resources. In general, targets are based on an assumed continuation of existing programs and services, adjusted as appropriate based on the overall availability of revenues and other funding sources. For the adopted fiscal year 2002 & 2003 financial plan, these targets were developed based on the current fiscal year 2001 amended budget, adjusted for the following:

- (1) Any and all *approved* salary and benefit increases effective within the two-year period;
- (2) a 2% inflationary increase for on-going supplies and services (year 1 only);
- (3) one-time costs;
- (4) an amount equal to the increase in fuel costs; and
- (5) an amount equal to the increase in Intra-City Services costs (facilities rent, vehicle maintenance, telephone, and insurance) allocated to General Fund departments.

Funding requests outside of budget targets (called “changes in service”), such as requests for new positions, are evaluated separately according to available resources and other funding priorities. In addition, any significant re-allocation of resources between programs, even those that are within the department’s spending target, are reported separately and are subject to individual review and consideration.

In addition to providing departments increased latitude and flexibility in developing their budgets, spending targets serve to streamline the budget process by focusing a large part of the decision-making on funding issues and requests above target. Nonetheless, a significant amount of review is performed on the “status quo” portion of department budget requests.

With respect to enterprise funds, targets are established based on revenue projections without any rate increases. Although enterprise funds are not subject to the same competing interests as General Fund departments, they are nonetheless accountable to rate payers and, thus, undergo the same level of review.

ONE-TIME FUNDING FOR ONE-TIME COSTS

As indicated earlier in the report, City Council adopted policies allow for “one-time” revenues, including reserves, to be used only for “one-time” costs, except under special circumstances. One-time capital costs represent an appropriate use of these funds. In the General Fund, accumulated reserves in excess of established policy reserve requirements will fund the City’s capital program in fiscal years 2002 and 2003, at \$2,490,924 and \$2,427,730, respectively. The capital program includes improvements to City facilities and the upgrade of computer equipment throughout the City. In addition, in fiscal year 2002, \$800,000 in reserves will be used for the Streets Capital Program. These reserves represent the expected surplus of restricted revenues (traffic safety, gas tax and 50% of utility users tax revenues) in relation to expected costs in the current fiscal year 2001. Therefore, the surplus is available to augment the streets capital fund in the first year for a total of \$3.5 million. (See the Capital Program Summary contained in this Volume, and a more detailed listing in Volume II).

Other funds that will draw upon significant available reserves for capital (i.e., one-time costs) include the following:

- The Airport Fund will use approximately \$600,000 and \$1.7 million in reserves above policy requirements in fiscal years 2002 and 2003, respectively. In addition to funding its ongoing capital maintenance program, roughly \$650,000 is planned for major repairs to the terminal, and over \$300,000 will go towards building improvements located in the commercial/industrial properties owned by the Airport.
- The Downtown Parking Fund will use \$1.5 million in reserves in year 1 only (fiscal year 2002) for mitigation costs associated with the construction of a parking structure on Lot 6, located on Anacapa Street near the County Administration building. These costs will include upgrades to existing lots adjacent to or near Lot 6, and may also include the lease of parking lots during the construction period.
- The Wastewater Fund will use \$3.3 million in reserves in fiscal year 2002, with the balance of the \$5.6 million capital program funded from operating revenues. Of this total capital program, \$2.9 million is planned for a number of improvements to equipment and systems at the City’s El Estero Wastewater Treatment Plant. In fiscal year 2003, an additional \$1.3 in reserves will partially fund the Wastewater Fund’s \$3.6 million capital program.
- As previously discussed, the Water Fund will use over \$4.4 million in reserves in fiscal year 2002 for its share of major facility improvements to the Cater Treatment Plan, costing an estimated \$10.5 million. In fiscal year 2003, both operating and capital costs will be funded entirely from operating revenues.
- In the Waterfront Fund, over \$1.7 million in reserves will be used in fiscal year 2002 to fund the nearly \$4 million capital program, including \$2.5 million for new Waterfront Department offices. A portion of the Waterfront office costs will be funded from a \$1.5 million loan from the General Fund. In year two, only \$312,298 in reserves will be used to partially fund the \$1 million capital program, with the balance funded from operating revenues.

LONG-TERM PLANNING EFFORTS

Long-Term Capital Improvement Planning:

The City develops and maintains a six-year Capital Improvement Plan, which is updated every two years, in conjunction with the development of the two-year financial plan. The Plan includes all proposed capital improvement and equipment replacement projects for the next six years, including proposed funding sources (i.e., grants, operating revenues, or reserves).

In connection with the development of the two-year financial plan, the General Fund funded projects, adopted for the two years covered by the financial plan, are subject to a ranking effort performed by an ad-hoc Capital Improvement Committee, consisting of management staff. The rankings are based upon criteria agreed to by Council and staff, and serve to guide the decisions of both the City Administrator and Council with respect to those projects proposed within the recommended budget, and subsequently, approved and funded in the adopted budget.

As discussed in other sections of this budget message, capital improvement projects are subject to funding availability. With respect to the General Fund capital improvement program, funding has historically come from accumulated reserves above policy requirements generated from budget surpluses of previous years. Although these available reserves can and do vary from year to year, they have been quite stable over the last several years. Nonetheless, this funding mechanism establishes a limit on the overall funding available, and thus generally falls short of many important and worthwhile projects.

With respect to Enterprise Funds, funding sources include current revenues and reserves. In general, fees and accumulated reserves above policy requirements are sufficient to fund most of the capital improvement needs included within the Capital Improvement Plan document each year.

Legislative Tracking & Multi-Year Financial Planning:

A critical element of the budget development process is the City's ongoing tracking of new legislation and emerging trends and issues. For example, enforcement of clean water standards will require the City to address the water quality at Sheffield Reservoir, involving approximately \$14.1 million in costs. In 1998, electric deregulation became effective, which was expected to result, on a long-term basis, in lower electricity costs to consumers, and thus lower utility users tax and franchise fee revenues collected by the City. However, the recent shortage in electricity has done just the opposite. Although it appears that conservation efforts and programs implemented state-wide have resulted in reduced consumption and, therefore, have offset the impact of rate increases, the City expects electricity costs to be higher over the next few years.

The City also monitors changes in technology and their potential impacts on City revenues. A clear example is the emergence of sales via the Internet. The growth in the sale of goods and services on the Internet has the potential of negatively impacting City sales tax revenues. As existing City laws and ordinances providing for certain revenues did not contemplate new and emerging ways of doing business (i.e., internet sales and cell phones), tracking changes in technology has become extremely important.

Additionally, the City is tracking the ongoing debate between local government and the State of California over the ability of the State to affect local revenues, such as with the shift of property taxes from local government to the Educational Revenue Augmentation Fund (ERAF). At this point, it appears highly unlikely that the State will return the property taxes taken from local government, which for the City of Santa Barbara amounts to an accumulated total of roughly \$13 million in lost revenues through fiscal year 2000. Several legislative bills have been proposed, albeit all unsuccessful to date, which would have capped the amount of property taxes allocated to ERAF so the loss to County and local governments would not continue to grow.

Other factors affecting long-term planning efforts include the state of the national, State and local economies. With a number of key revenues highly sensitive to fluctuations in economic conditions, a significant effort goes into tracking economic reports and data to determine the potential impacts on City revenues. Of current concern is the potential impact of the energy crisis on the California economy, which could ultimately affect City revenues.

Beyond tracking what goes on externally, the City evaluates trends within the City, primarily on the expenditure side, utilizing a multi-year financial planning model. This allows the City to assess the impact of approved or proposed costs into the future, thereby enabling better and more informed short-term decisions.

Workload Management Planning:

The City adopted a Workload Management Plan during fiscal year 1999 that, among other things, has served to ration workload over time and available resources. As such, it represents a major planning effort for large and highly visible projects, as well as a system by which future projects can be prioritized and scheduled.

Workload management has become well entrenched in the mindset of staff and Council. As a result, both Council and staff are sensitive to the impacts of new projects on staff workloads and thus have established a process whereby new projects are evaluated against existing projects and priorities. In addition, periodically during the year, existing projects are evaluated in relation to new information or changes in priorities.

The Workload Management Plan was an effort aimed at addressing the increasing workload of staff; its impact on the development of the two-year financial plan has been significant. Those same priorities established by the Workload Management Plan carried into the development of Council goals, the two-year financial plan and the annual budget.

PARTNERSHIPS

One of the most effective strategies used by the City to leverage its resources and expand services provided to the community is to partner with other governmental agencies, businesses and community groups.

Examples of recent and/or on going partnerships are listed below.

- Along with the Santa Barbara Housing Authority, the City creates affordable housing and provides an apprenticeship program that hires at-risk youth. Using funds from the Redevelopment Agency, Federal grant programs and Federal tax-credit programs, the City partners with a number of non-profit and for-profit developers to increase housing for seniors, low income families and people with special needs, such as the homeless and mentally ill.
- The City annually funds grants to non-profit agencies within the City that provide services to seniors, children and youth, the physically disabled, battered women and the homeless. These services are essential to the community and the funds granted by the City help to expand those services provided.
- The Conference and Visitors Bureau supplements City dollars with private funds from the hotel industry for a national advertising campaign to attract visitors to Santa Barbara. The City of Santa Barbara enjoys one of the highest hotel/motel occupancy rates in the State.
- The City partners with the Metropolitan Transit District to provide Downtown-Waterfront electric shuttles. As described later in this Budget Message, this partnership has led to a number of projects for the upcoming two years, designed to expand electric bus shuttle services in the community. The City also partners with Santa Barbara County and the Santa Barbara County Association of Governments to reduce congestion and air pollution in the South Coast through the Traffic Solutions Program and Clean Air Express commuter buses.
- In collaboration with the Interfaith Council, Downtown Merchant's Organization, County of Santa Barbara, the Redevelopment Agency, St. Vincent de Paul, Transition House, Community Kitchen, the Housing Authority, the Chamber of Commerce, local foundations, philanthropists, homeless persons and others, the City of Santa Barbara supported efforts that led to the development of a Homeless Day Center and Emergency Shelter.
- Capital funds to improve and establish new recreation fields will facilitate continuing partnerships with the School District, the County and non-profit organizations to provide better outdoor practice and game-level field space, particularly for youth.
- The City of Santa Barbara, the Santa Barbara Redevelopment Agency, local merchants and property owners have worked together to finance sidewalk replacement and landscaping improvements along State Street. This project will substantially improve the look and feel of this area to complement other sections of State Street.

Partnerships enable services and build community in ways that City government could not accomplish on its own. In every case described above, the City could not have afforded the full costs of these programs, nor would the programs have been as successful, without the leadership and interest of the organizations involved.

IV. COUNCIL GOALS AND PRIORITIES

The goals and priorities reflected in the Two-Year Financial Plan, and the process used to identify them, are discussed below.

At the beginning of each two-year budget cycle, City staff coordinates a series of facilitated work-sessions with the City Council, during which Councilmembers are given an opportunity to articulate their goals. In addition, Councilmembers communicate any issues having a high priority and, with the assistance of staff, develop specific action plans for implementation of the goals. The goal setting process and identification of priority issues are completed in the context of existing projects and workload, thus recognizing workload and funding limitations. The action plans set forth include those that are compelling, can be reasonably managed from a workload perspective, and are within funding limits agreed to by staff and Councilmembers.

It is important to note that many of the action plans represent existing and ongoing efforts of the City. In these cases, the action plans simply validate the importance and priority of current efforts. Others represent new efforts that carry funding requirements. In any case, goals and action plans are incorporated into the program and department budgets as presented in this two-year financial plan.

The Council-staff work sessions of November 2000 resulted in the broad goals listed below. A summary discussion of each goal is provided, including any ongoing efforts in support of the goals, as well as action plans for the next two-year period covered by this financial plan.

GOAL I – CONTINUE KEY GROWTH MANAGEMENT STRATEGIES

Councilmembers have expressed their desire (via the goal-setting process) to continue the City's support of the Impact of Growth Study. The original study, completed in 1974 by the Santa Barbara Planning Task Force, addressed issues surrounding the effects of growth in the City. More recently, the Economic Community Project (ECP) was formed to update the study, expanding the focus to the entire South Coast. The ECP consists of a group representing a cross-section of business, government and community leaders. The City, along with the County and the City of Carpinteria, has provided funding for the study.

GOAL II – IMPROVE NEIGHBORHOODS

The goal of improving neighborhoods includes a number of elements, as listed below.

- **Supporting Expanded Transit Services in Neighborhoods** – Staff is working with the Metropolitan Transit District (MTD) to implement the South Coast Transit Plan to provide additional transit services in and around the downtown area. For example, beginning July 1, 2001, electric shuttle bus service will be expanded to include shuttle services from the eastside into downtown.

- **Completing a Pedestrian and Paseo Master Plan** – Funding of \$200,000 is included in fiscal year 2002 as part of the Streets Capital Program. The study will identify opportunities and costs for pedestrian connections, revise pedestrian guidelines and standards, and create a Downtown Paseo Plan.
- **Developing a Neighborhood Traffic Management Plan** – A total of \$200,000 over the two-year period is included in the Streets Capital Program to develop and implement a comprehensive work program to improve neighborhood livability by reducing vehicle speeds and traffic volume, and identifying streets maintenance and improvement needs.
- **Creating Citizen Advisory Groups** - Promoting community involvement in neighborhood policing programs through the creation of citizen advisory groups.

GOAL III - PROMOTE REGIONAL PLANNING AND SERVICES THROUGH PARTNERSHIPS

One of the more pressing regional issues relates to solid waste management. Councilmembers have expressed their interest and goal for the City to participate in the discussions of the following:

- The County coordinated effort to discuss regional solid waste planning;
- The County's efforts to extend the use of the Tajiguas Landfill by fifteen years and efforts to study the siting of a new landfill within the County; and
- The Community Environmental Council (CEC) and County staff efforts regarding the CEC proposed "materials recovery facility" (MRF).

In recognition of the significant efforts required to address these and other local solid waste issues, the City Council has allocated funding for a new Principal Civil Engineer position in the Public Works Department's Engineering Services Program. This position was added in the current fiscal year (fiscal year 2001). In addition, a new Solid Waste Specialist position will also be added to the Engineering Services Program, beginning in year one of the Plan.

GOAL IV - IMPROVE AND EXPAND COMMUNITY FACILITIES, SERVICES AND PROGRAMS

Improving and expanding community facilities and services have always been goals and priorities of Council and the City. Over the last few years, a number of projects were completed in furtherance of these priorities. Current action plans include the following:

1. **Completing a Feasibility Study for a Major Aquatics Complex** – There is significant demand for swimming facilities in the City. The study will determine the feasibility of developing a second facility to complement Los Banos Pool, currently the only public pool in the City.
2. **Adding a New Public Restroom** – In addition to a new restroom recently completed near the beach (at the corner of Garden Street and Cabrillo Boulevard), a second new restroom is planned in the current year for the downtown area to accommodate the large number of visitors who come to the City annually.

3. **Proceed with the Development of Sports Fields** - In connection with the adopted financial plan, \$125,000 will be added to \$700,000 in accumulated funds for sports field development. Planned or anticipated projects this summer, to be paid from these accumulated funds, include renovation of both Santa Barbara Junior High School and Franklin School sports fields. Other projects include improvement and expansion of the Ortega Park play field and a study for a City/County soccer field on school district property.
4. **Address Backlog of Parks & Recreation Capital Improvement Projects** - The adopted financial plan provides over \$500,000 in funding from reserves for general capital improvements of parks and recreation facilities. Although each year the General Fund allocates some portion of its capital program funding to parks and recreation facilities, the \$500,000 represents augmented funding to address the backlog of projects deferred over the last several years as a result of competing interests over limited funding sources.
5. **Implement the Airport Facilities Plan** – As previously discussed, the Airport will begin development of an expanded airline terminal and other related improvements in fiscal year 2003.
6. **Meet and Discuss with Earl Warren Showgrounds Board of Directors** – The goal of the meeting and discussion with the Board is to identify future uses of the Showgrounds and possible opportunities for utilizing those facilities for expanded recreational services.

GOAL V - PROTECT AND DEVELOP AFFORDABLE HOUSING

Affordable housing is a major issue on the south coast, and has been for some time. In an effort to address this issue, Councilmembers and staff have established the following action plans:

1. Consider housing mitigation programs.
2. Review the “Granny Unit” Ordinance to determine opportunities for increasing affordable housing stock.
3. Purchase and landbank creekside properties for affordable housing in conjunction with creek restoration projects.
4. Publicize affordable housing achievements.
5. Preserve affordable housing as covenants expire.

GOAL VI - ENHANCE AND IMPROVE ENVIRONMENTAL QUALITY

1. **Implement the Creeks Restoration and Water Quality Improvement Program** - As discussed briefly in the Introduction Section of this budget message, voters approved Measure B, which is aimed at funding efforts to address creek and beach water contamination. This program was implemented in January of this year, the effective date of Measure B.

2. **Implement the Lower Mission Creek Flood Control Project** – This project will help protect residential and commercial structures from flooding. A total of \$1,200,000 will be established as partial funding for the City’s expected share of the costs. A large portion of the project costs will be borne by the Corps of Engineers.

GOAL VII - MAINTAIN AND ENHANCE THE CITY’S FINANCIAL STRENGTH

All action plans established for this goal are already in effect. The action plans include the following:

1. Using multi-year forecasting in the budget development process.
2. Implement the International City Managers Association (ICMA) performance measurement program. The City has recently initiated efforts to implement this program. Performance measures will be presented within program narratives beginning with the fiscal year 2004 & 2005 financial plan.
3. Support the League of California Cities’ “grass roots” project to recover property taxes lost in connection with the Educational Revenue Augmentation Fund (ERAF) shift.

GOAL VIII - EXPAND COMMUNITY INFORMATION AND PROMOTE CIVIC ENGAGEMENT

In order to increase public awareness and involvement, the City will be establishing a Council appointed public information committee, made up of City residents, who will develop specific recommendations for a public information program. This will be complemented with periodic reports to the community on the achievements accomplished during the reporting period.

Another action plan to be implemented involves the expanded use of the City’s government access channel. The financial plan includes funding for new digital equipment to increase playback capability, and for the purchase of pre-produced taped programming of local interest.

GOAL IX - PROMOTE PUBLIC SAFETY

The City employs a number of proactive measures to help reduce the risk of wildfires, one of which is controlling the growth of vegetation in high-risk areas. In connection with this two-year financial plan, \$25,000 per year has been allocated by Council to fund an expanded fuels management program to reduce brush and other vegetation on 7 miles of roads. Over a four-year period, this will fund vegetation reduction efforts on 28 miles of roads that have been identified as high fire hazard areas.

V. ONGOING CHALLENGES

FUNDING ONGOING PROGRAMS AND OPERATING COSTS

During the last five years of economic expansion, General Fund revenues grew at healthy rates, financing expanded services and programs. The expansion of City programs and services was in response to increased demand from the community and increased pressures to address larger issues, such as solid waste management and other regional concerns.

However, given the recent events in financial markets and the economic data at the national level, the City may again be faced in the near term with the challenge of dealing with an economic slowdown. As we saw during the early 1990's, the General Fund's key revenues are highly susceptible to changes in economic conditions. Specifically, the five largest revenue sources in the General Fund (sales taxes, transient occupancy taxes, utility users taxes, property taxes, and motor vehicle license fees) account for approximately 66% of total General Fund revenues. All of these revenues were negatively impacted during this economic recession, although to varying degrees. In contrast, expenditures are fairly fixed, with 70% of total General Fund expenditures attributed to salary and benefit costs. This structural imbalance presents the City with a significant challenge.

One of the fiscal strategies employed by the City in dealing with the cyclical nature of economic conditions, and its impact on key revenues, is its approach to revenue projection. Revenues are budgeted conservatively, even during periods of significant growth, for two primary reasons. First, it prevents a general over-reliance on continued growth of its key revenues at current levels in order to fund increases in ongoing costs. This is critically important because ongoing expenditures, as noted above, do not respond in the same manner as revenues, with respect to downturns in the economy. Secondly, estimating revenues conservatively typically generates favorable year-end budget variances, which in large part help fund the City's general capital improvement program. Another strategy includes the budgeting of salary and benefit costs based on a full complement of staff. Due to vacancies caused by normal turnover in staff, this strategy creates favorable budget variances that also support the funding requirements of capital and other one-time costs. Together, these strategies ensure that the City can sustain itself through the *normal* cycles of the economy. During periods of more extreme economic downturns, these strategies will help minimize the inescapable impact on operations.

Accordingly, a cost cutting plan has been developed in connection with this financial plan, which hinges upon the growth of the General Fund's key tax revenues. In the event of a significant slowdown, the cost cutting plan will help minimize the impacts on operations, and identify the extent to which cuts in programs and positions may be necessary.

KEEPING UP WITH CHANGING TECHNOLOGY

Internally, technology continues to play a significant role for staff in accomplishing the day-to-day work assignments. The City currently has over 560 workstations all operating in a Windows environment, using the latest version of Microsoft Office applications. This is a result of the continuing computer hardware and software replacement program, designed to keep the City's

desktop computers and network infrastructure up to current standards. City staff is all “connected” via the City’s recently upgraded Wide Area Network (WAN), which links all City facilities and users. This upgraded network, included as part of the City’s cable TV franchise agreement with Cox Communications, provides significantly greater network capacity and speed. These systems and tools are vital elements in the City’s operation, as they support virtually all City services provided to the public. The importance of these systems is demonstrated by the recommended capital program, which includes approximately \$705,000 over the next two years for desktop and network infrastructure upgrades.

Local governments are increasingly required to operate with the speed and efficiency of private business while facing ever more complex political and regulatory issues. Local governments must digest an immense amount of information to perform their duties in a fair and sound manner. A geographic information system (GIS) provides the data management tools for the map and spatial data needed to accomplish this task. GIS technology provides a flexible set of tools to perform the diverse functions of government. More importantly, it makes data sharing among departments possible, fostering work as a single enterprise. Recently, a number of City projects have resulted in the accumulation of an extensive library of digital maps and a number of related data items in various city departments. The adopted two-year financial plan includes the addition of a GIS Coordinator, and the hardware and software to support limited GIS functions. With these systems, the City will be able to install the foundation on which to build a Citywide, centralized, shared GIS capability.

Externally, the trend continues to show a demand for expanding electronic services to the public. During the past two years, the City has installed the hardware and software needed to enable the expansion of electronic services. In addition, the City’s building permitting system has been expanded to provide the ability to inquire into the system to check the status of permit applications. Recently the ability to submit and pay for certain permits has been added. Another service on the horizon is the ability to use the Internet to sign up and pay for recreation programs. In addition, the Recreation Department’s rental facilities are also being made available for access over the Internet. Employment applications are another area with significant activity with the public. Human Resources has plans to implement an online employment application system that will help reduce the need to come to City Hall until an interview is scheduled. In order to continue expanding services, \$200,000 is included in the two-year financial plan, which will enable Information Systems to launch an effort to locate an application system designed specifically for handling the remaining electronic service needs. These services can be identified as those where a citizen is obligated to pay a fee, request a service, or report an issue for follow-up action by some City operation. Traditionally these services are obtained either through the mail, over the phone, or at a City service counter.

PRESERVING THE COMMUNITY’S ECONOMIC BASE AND QUALITY OF LIFE

During the last five years, both the City and business community have reaped significant benefits as a result of a strong local economy. As such, both share a common interest in the continuation and further development of these favorable economic conditions. However, economic development can only be contemplated within the context of the needs and interests of other community groups and organizations, including the City, and the general citizenry.

For example, parking has been a long-standing problem in parts of the downtown area. Local merchants recognize the importance of adequate parking so that their customers and clients are not effectively drawn away due to an inability to find parking. As a result, local merchants, particularly those north of Carrillo Street along the State Street corridor, have expressed their need for new parking lots. In contrast, the recently updated General Plan Circulation Element calls for a number of alternative transportation and traffic mitigation programs and projects designed to reduce the number of cars coming into the downtown area. Yet, there are other interests in the community that call for affordable housing, a clean and safe community, and self-sustaining neighborhoods. This “triad”, consisting of economic, social and environmental interests, which seemly oppose one another, actually share one fundamental goal: the preservation of the community’s economic base. It is this vibrant and thriving economic base that enables these interests to flourish.

A number of projects and programs are either underway or planned, which collectively seek to balance the needs and interests of the community, with the overriding goal of preserving its richness and vitality.

- **Parking Management Program** - Major expansion of the City’s Parking Management Program (PMP) was implemented in July 1999 as part of a two-tiered plan to improve parking and circulation in the Downtown. The PMP is a direct outgrowth of the General Plan Circulation Element that was updated in 1998. The Circulation Element set a goal for balancing transportation options so that the use of the automobile is a choice and not a necessity. With that goal in mind, the City embarked on a process to increase the supply of downtown parking *and* increase options for coming downtown without a car.

Some of the elements of the PMP include:

- Free bus passes for employees of the downtown core. This program will be expanded to include a free SuperTicket bus pass system that will be available to 10,100 downtown employees.
- A Bike Station facility is proposed as part of the Lot 6 parking structure. The facility will allow commuters who bicycle to work to store their bicycles, and will offer minor repairs and adjustments.

In addition, in response to the growing demand for new and expanded parking facilities in the downtown area, particularly north of Carrillo Street, City Parking staff, working with the Parking Committee and Downtown Organization, identified a site for a new parking structure. The site is on Lot 6, located on Anacapa Street, across the street from the County Administration building. Lot No. 6 is currently a surface lot, upon which a multi-level structure is planned for construction.

- **State Street Sidewalk Improvement Project** - The goals of this project are to improve pedestrian circulation and safety, improve business visibility, maintain and enhance landscape diversity, acknowledge significant architectural features of buildings, provide amenities for the comforts and convenience of pedestrians, and thereby provide a pedestrian friendly State Street Plaza. Last year, the City completed Phase I of the project, covering the five block faces between Carrillo and Victoria Streets, with the

exclusion of the east block face of the 1100 block as this block was previously upgraded by an adjacent property owner. Phases II and III of the project have already begun, which include the 600, 700, 800 and 900 blocks of State Street.

- **Airport Specific Plan** - The Airport Specific Plan (a component of the Airport Master Plan) addresses the approximately 150 acres of commercial/industrial property of the Airport and its aviation-zoned property that serves general aviation uses. The Airport Specific Plan has been approved and is currently in the implementation phase.
- **Mercy Housing Project** - As previously discussed, this Redevelopment Agency project involves the development of a 170 unit, low-income and senior housing apartment complex. The project site is outside the City limits, on Calle Real, near Highway 154.

MANAGING THE CITY'S WORKLOAD

The workload of City staff can be negatively impacted in two ways. First, the continual expansion of services and activities increases the day-to-day workload activities of staff. Secondly, the addition of new special and major capital projects results in staff time and efforts being diverted from regular program responsibilities, thereby affecting the ability of staff to maintain a consistent level of quality for basic services. In particular, projects that are unanticipated, or stem from external versus internal priorities, have the most significant impact.

A primary influence in the increased staff workload over the last several years has been the improved economy, which has brought increased development activity and corresponding concerns about policies and ordinances intended to protect the quality of life. The improved economy has also generated additional revenues that have allowed funding of previously deferred capital projects and programs and the undertaking new ones. Other factors affecting workload include:

- Increased public involvement imposing additional efforts to address and mediate varying interests;
- New partnerships with schools, business organizations and community groups, which induce the City to provide financial and staff support; and
- The general complexity of current issues and projects requiring substantial advanced planning and more sophisticated analyses and solutions.

In response to this increased workload, the City has adopted a Workload Management Plan that provides the following strategies:

1. Rationing workload with time and additional resources focused on Council Priorities;
2. Strengthening the organization's capacity to support priority projects and to work efficiently and effectively; and
3. Adopting decision-making practices that include workload impacts when considering new projects and programs.

Overall, the cumulative impact on workload is tremendous. As suggested earlier, the general complexity and scope of the projects require significant advanced research, planning and consideration before the projects can even begin.

VI. CONCLUSION

The last several years have brought many accomplishments for the City. Programs have been expanded, new services have been added, and the City has made great strides in preserving the quality of life and the historical heritage the community enjoys. The demands for more and better services and facilities during these favorable times have been extremely high. The City has responded appropriately without overextending itself financially and by imposing a system to ensure workload does not extend beyond reasonable levels.

Even with the achievements of the last several years, the City does not propose to rest on its laurels. Although some uncertainty exists as to what the economic climate will be in the next few years, the demand for more services still exists, and the City must constantly strive for improvement. The adopted financial plan, therefore, reflects the City's priority of continued expansion and improvement of services.

Acknowledgements:

A budget is first and foremost a plan of service delivery, provided by dedicated, highly competent employees. This fiscal year 2002 and 2003 Financial Plan is dedicated to all the employees of the City of Santa Barbara in appreciation for their hard work and contribution to our quality of life.

We would like to acknowledge the tremendous efforts of budget staff throughout the departments whose cooperation and patience help make the budget development process much easier. In addition, many thanks are extended to the Finance Department staff for their long hours and commitment to excellence in coordinating the development and production of this financial plan, without which this document would not be possible.

CITY OF SANTA BARBARA
Directory of City Officials

Harriet Miller
Mayor

Dr. Dan Secord
Councilmember

H.P. "Rusty" Fairly
Councilmember

Gregg A. Hart
Councilmember

Marty Blum
Councilmember

Tom Roberts
Councilmember

Gilbert Garcia
Councilmember

Sandra Tripp-Jones
City Administrator/Clerk/Treasurer

Daniel J. Wallace
City Attorney

Peter K. Wilson
Deputy City Administrator

Robert D. Peirson
Finance Director

Karen S. Ramsdell
Airport Director

Richard C. Johns
Parks and Recreation Director

Carol L. Keator
Library Director

Camerino Sanchez
Police Chief

Warner McGrew
Fire Chief

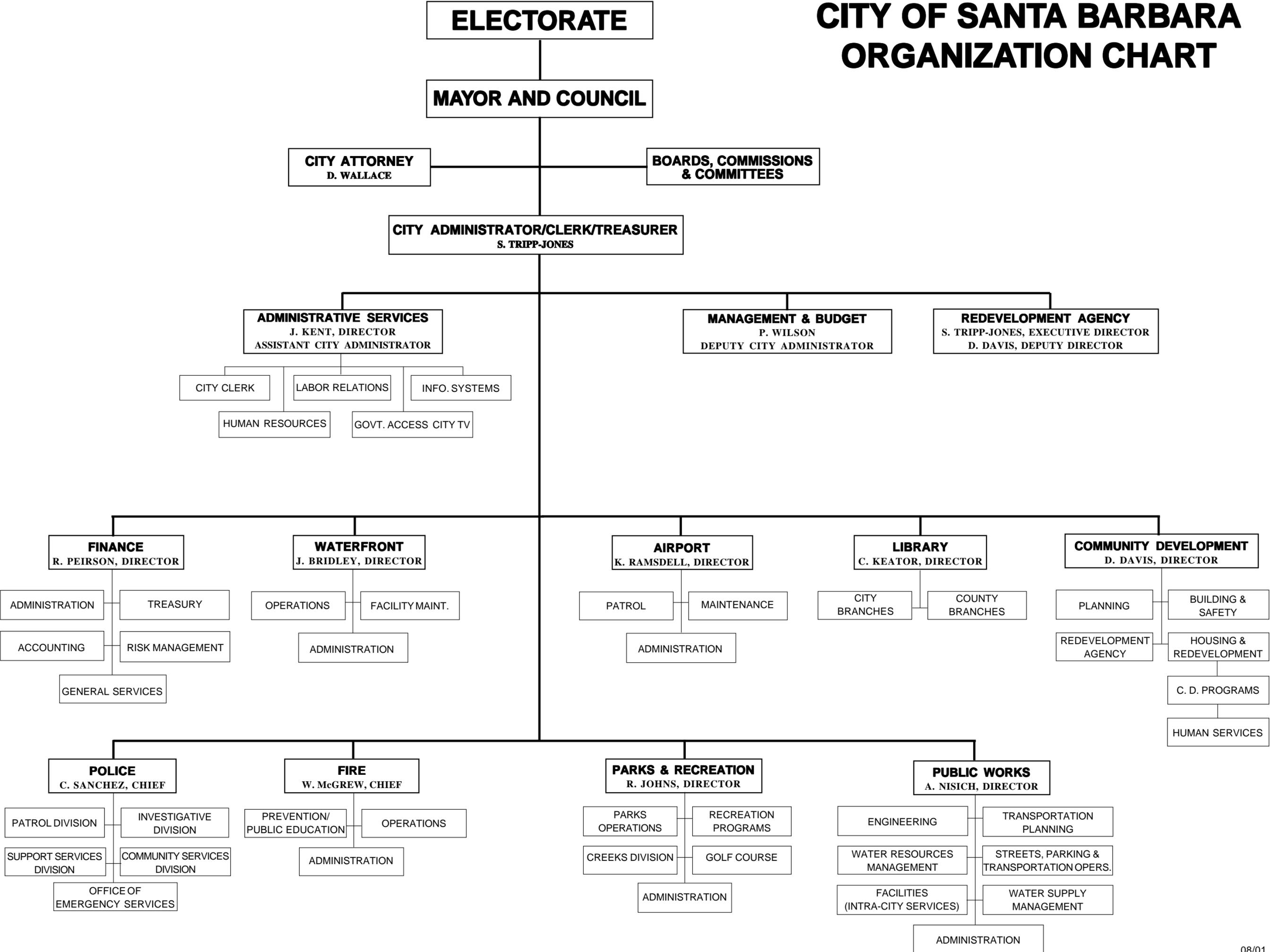
David D. Davis, Jr.
Community Development Director

Anthony J. Nisich
Public Works Director

Joan M. Kent
Assistant City Administrator

John N. Bridley
Waterfront Director

CITY OF SANTA BARBARA ORGANIZATION CHART





Summary Section

SUMMARY SECTION

CITY OF SANTA BARBARA

About The City Of Santa Barbara

The City of Santa Barbara is located approximately 90 miles north of Los Angeles off of Highway 101, and is geographically sheltered by mountains on the north and the Pacific Ocean on the south. The unincorporated areas of Montecito and Goleta border the City on the east and west, respectively.

Until the late 1700's, the area currently known as "Santa Barbara" was occupied by the Chumash Indians. The Chumash lived in small villages along the coast and on the Channel Islands, living comfortably for thousands of years thanks to the abundance of wildlife and natural resources.

In 1542, Portuguese explorer Juan Cabrillo entered the Channel and claimed the land for Spain. In 1602, three frigates under the command of Sebastian Vizcaino entered the Santa Barbara Channel. One of the Carmelite friars on board named the bay and nearby shore after Saint Barbara.

In 1782, a group led by Father Junipero Serra, Captain Jose Ortigas, and Governor Felipe de Neve established a military presidio and, three years later, a mission. Spain governed the area until 1822, when California became a Mexican territory. Just 24 years later, in 1846, Colonel John Fremont and his soldiers took Santa Barbara for the United States.

The City of Santa Barbara (the primary government) was incorporated on August 26, 1850. The City is a charter city under the laws of the State of California and operates under a Council-Administrator form of government. The Council consists of six council members and a mayor, all of whom are elected at-large. The current City Charter was adopted on May 2, 1967 and provides for the following services: public safety (police and fire), construction and maintenance of highways and streets, sanitation, culture and recreation, public improvements, planning, zoning and general administration. Enterprise funds, operated in a manner similar to a private business, include water, wastewater, airport, parking, golf and waterfront.

The Redevelopment Agency of the City of Santa Barbara (Agency), a blended component unit of the City, was established in 1968 and is a separate governmental entity as prescribed in the State of California's Community Redevelopment law as set forth in the State's Health and Safety Code.

The City Council of the City of Santa Barbara and the Board of Directors of the Agency are legally separate boards; however, they share common membership. The City also provides all support staff and performs all administrative functions for the Agency under the terms of a written agreement between the two entities.

CITY OF SANTA BARBARA
Summary of Sources and Uses of Funds
Fiscal Year 2002

	Sources		
	Use of Reserves	Estimated Revenues	Total Sources
General Fund			
Operating	\$ 2,490,924	\$ 78,218,198	\$ 80,709,122
Streets Capital	800,000	2,700,000	3,500,000
Special Revenue Funds:			
Community Devel. Block Grant	\$ -	\$ 1,921,000	1,921,000
County Library	171,747	1,149,700	1,321,447
Gas Tax	-	1,650,000	1,650,000
HOME Grant	-	833,000	833,000
Creeks Restoration & Water Quality	-	2,100,000	2,100,000
Miscellaneous Grants	-	473,841	473,841
Streets	-	3,915,000	3,915,000
Supplemental Law Enforcement	-	200,000	200,000
Traffic Safety	-	400,000	400,000
Transportation Development	-	55,000	55,000
Transportation Sales Tax	-	4,225,000	4,225,000
Enterprise Funds			
Airport	\$ 1,238,882	\$ 9,026,500	10,265,382
Airport Capital	-	4,096,810	4,096,810
Downtown Parking	1,500,000	4,825,000	6,325,000
Duplications	50,000	308,378	358,378
Golf	144,377	2,020,000	2,164,377
Intra-City Service	408,087	6,780,599	7,188,686
Self-Insurance	327,171	3,725,011	4,052,182
Wastewater	3,317,559	10,200,000	13,517,559
Water	331,979	25,785,000	26,116,979
Water Capital	4,095,998	18,236,308	22,332,306
Waterfront	1,724,764	8,510,804	10,235,568
Waterfront Capital	-	1,500,000	1,500,000
Subtotal	\$ 16,601,488	\$ 192,855,149	\$ 209,456,637
Less: Interfund Transfers	-	(20,382,506)	(20,382,506)
Total	\$ 16,601,488	\$ 172,472,643	\$ 189,074,131

CITY OF SANTA BARBARA
Summary of Sources and Uses of Funds
Fiscal Year 2002

	Uses			Estimated Surplus
	Operating Budget	Capital Program	Total Uses	
General Fund				
Operating	\$ 78,218,198	\$ 2,490,924	\$ 80,709,122	\$ -
Streets Capital	-	3,500,000	3,500,000	-
Special Revenue Funds:				
Community Devel. Block Grant	\$ 1,921,000	\$ -	1,921,000	\$ -
County Library	1,321,447	-	1,321,447	-
Gas Tax	1,650,000	-	1,650,000	-
HOME Grant	833,000	-	833,000	-
Creeks Restoration & Water Quality	1,169,000	931,000	2,100,000	-
Miscellaneous Grants	473,841	-	473,841	-
Streets	-	3,915,000	3,915,000	-
Supplemental Law Enforcement	200,000	-	200,000	-
Traffic Safety	400,000	-	400,000	-
Transportation Development	-	55,000	55,000	-
Transportation Sales Tax	2,019,600	2,205,400	4,225,000	-
Enterprise Funds				
Airport	\$ 8,661,775	\$ 1,603,607	10,265,382	\$ -
Airport Capital	-	3,440,900	3,440,900	655,910
Downtown Parking	4,275,000	2,050,000	6,325,000	-
Duplications	308,378	50,000	358,378	-
Golf	1,689,377	475,000	2,164,377	-
Intra-City Service	5,799,466	1,389,220	7,188,686	-
Self-Insurance	4,052,182	-	4,052,182	-
Wastewater	7,877,559	5,640,000	13,517,559	-
Water	19,324,248	6,792,731	26,116,979	-
Water Capital	-	22,332,306	22,332,306	-
Waterfront	7,755,568	2,480,000	10,235,568	-
Waterfront Capital	-	1,500,000	1,500,000	-
Subtotal	\$ 147,949,639	\$ 60,851,088	\$ 208,800,727	\$ 655,910
Less: Interfund Transfers	(20,382,506)	-	(20,382,506)	-
Total	\$ 127,567,133	\$ 60,851,088	\$ 188,418,221	\$ 655,910

CITY OF SANTA BARBARA
Summary of Sources and Uses of Funds
Fiscal Year 2003

	Sources		
	Use of Reserves	Estimated Revenues	Total Sources
General Fund			
Operating	\$ 2,427,730	\$ 80,257,071	\$ 82,684,801
Streets Capital	-	2,700,000	2,700,000
Special Revenue Funds:			
Community Devel. Block Grant	\$ -	\$ 1,921,000	1,921,000
County Library	216,278	1,149,700	1,365,978
Gas Tax	-	1,650,000	1,650,000
HOME Grant	-	833,000	833,000
Creeks Restoration & Water Quality	-	2,184,000	2,184,000
Miscellaneous Grants	-	390,575	390,575
Streets	-	200,000	200,000
Supplemental Law Enforcement	-	425,000	425,000
Traffic Safety	-	5,940,000	5,940,000
Transportation Development	-	55,000	55,000
Transportation Sales Tax	-	4,325,000	4,325,000
Enterprise Funds			
Airport	\$ 1,381,097	\$ 9,077,492	10,458,589
Airport Capital	370,253	13,332,278	13,702,531
Downtown Parking	-	4,800,000	4,800,000
Duplications	-	316,694	316,694
Golf	-	2,020,000	2,020,000
Intra-City Service	548,441	6,922,090	7,470,531
Self-Insurance	246,357	3,921,504	4,167,861
Wastewater	1,331,385	10,175,000	11,506,385
Water	-	25,785,000	25,785,000
Water Capital	-	-	-
Waterfront	312,298	8,644,441	8,956,739
Waterfront Capital	-	-	-
Subtotal	\$ 6,833,839	\$ 187,024,845	\$ 193,858,684
Less: Interfund Transfers	-	(20,785,882)	(20,785,882)
Total	\$ 6,833,839	\$ 166,238,963	\$ 173,072,802

CITY OF SANTA BARBARA
Summary of Sources and Uses of Funds
Fiscal Year 2003

	Uses			Estimated Surplus
	Operating Budget	Capital Program	Total Uses	
General Fund				
Operating	\$ 80,257,071	\$ 2,427,730	\$ 82,684,801	\$ -
Streets Capital	-	2,700,000	2,700,000	-
Special Revenue Funds:				
Community Devel. Block Grant	\$ 1,921,000	\$ -	1,921,000	\$ -
County Library	1,365,978	-	1,365,978	-
Gas Tax	1,650,000	-	1,650,000	-
HOME Grant	833,000	-	833,000	-
Creeks Restoration & Water Quality	1,291,000	893,000	2,184,000	-
Miscellaneous Grants	390,575	-	390,575	-
Streets	200,000	-	200,000	-
Supplemental Law Enforcement	425,000	-	425,000	-
Traffic Safety	-	5,940,000	5,940,000	-
Transportation Development	-	55,000	55,000	-
Transportation Sales Tax	2,225,000	2,100,000	4,325,000	-
Enterprise Funds				
Airport	\$ 7,974,934	\$ 2,483,655	10,458,589	\$ -
Airport Capital	-	13,702,531	13,702,531	-
Downtown Parking	4,350,000	450,000	4,800,000	-
Duplications	316,694	-	316,694	-
Golf	1,720,929	280,000	2,000,929	19,071
Intra-City Service	5,956,311	1,514,220	7,470,531	-
Self-Insurance	4,167,861	-	4,167,861	-
Wastewater	7,886,385	3,620,000	11,506,385	-
Water	19,628,035	4,270,000	23,898,035	1,886,965
Water Capital	-	-	-	-
Waterfront	7,911,739	1,045,000	8,956,739	-
Waterfront Capital	-	-	-	-
Subtotal	\$ 150,471,512	\$ 41,481,136	\$ 191,952,648	\$ 1,906,036
	(20,785,882)	-	(20,785,882)	-
Total	\$ 129,685,630	\$ 41,481,136	\$ 171,166,766	\$ 1,906,036

**CITY OF SANTA BARBARA
SUMMARY OF REVENUES BY FUND**

	Fiscal Year				
	2000 Actual	2001 Adopted	2001 Amended	2002 Adopted	2003 Proposed

GENERAL FUND

Taxes

Sales and Use	\$ 17,325,588	\$ 17,415,000	\$ 17,415,000	\$ 19,354,500	\$ 19,932,110
Utility Users	8,910,837	8,663,000	8,663,000	9,619,000	10,003,000
Property	8,126,664	8,139,000	8,539,000	8,959,000	9,227,000
Transient Occupancy	9,392,028	9,665,000	10,065,000	10,586,000	11,009,000
Franchise					
Electric	541,463	524,100	524,100	487,000	487,000
Gas	332,849	367,000	367,000	339,600	339,600
BFI	245,182	248,500	248,500	247,400	247,400
Cable Television	514,595	502,500	502,500	502,500	502,500
Business License	1,666,096	1,569,000	1,569,000	1,699,400	1,733,400
Real Property Transfer	372,180	300,000	300,000	392,000	392,000
Total Taxes	\$ 47,427,480	\$ 47,393,100	\$ 48,193,100	\$ 52,186,400	\$ 53,873,010

Fines and Forfeitures

Library	\$ 122,319	\$ 90,000	\$ 90,000	\$ 110,000	\$ 115,000
Parking Violations	1,310,618	1,300,000	1,300,000	1,396,200	1,445,000
Municipal Court Fines	169,378	102,000	102,000	185,400	189,100
Total Fines and Forfeitures	\$ 1,602,315	\$ 1,492,000	\$ 1,492,000	\$ 1,691,600	\$ 1,749,100

Use of Money and Property

Investment Income	\$ 2,253,368	\$ 1,863,000	\$ 2,081,946	\$ 2,350,000	\$ 2,250,000
Rents and Concessions	339,825	303,371	303,371	355,066	365,295
Total Use of Money and Property	\$ 2,593,193	\$ 2,166,371	\$ 2,385,317	\$ 2,705,066	\$ 2,615,295

Intergovernmental

Miscellaneous Grants	\$ 46,205	\$ -	\$ -	\$ -	\$ -
Library Grants	258,615	183,606	183,606	257,098	259,098
Motor Vehicle License Fee	4,443,051	4,250,000	4,650,000	5,053,000	5,205,000
Other	502,762	217,035	534,936	217,035	217,035
Total Intergovernmental	\$ 5,250,633	\$ 4,650,641	\$ 5,368,542	\$ 5,527,133	\$ 5,681,133

Service Charges

Finance	\$ 581,409	\$ 560,000	\$ 572,000	\$ 585,000	\$ 585,000
Community Development	2,596,542	2,399,881	2,399,881	2,503,479	2,528,689
Parks and Recreation	2,083,129	1,944,865	1,969,705	2,051,696	2,111,547
Fire	854,810	883,836	883,836	898,573	932,449
Police	488,644	445,427	445,427	462,524	482,824
Public Works	2,702,183	2,631,000	2,731,000	2,811,000	2,811,000
Library	492,824	546,276	546,276	589,535	615,350
Miscellaneous	1,021,600	767,897	1,194,427	1,112,207	1,121,929
Total Service Charges	\$ 10,821,141	\$ 10,179,182	\$ 10,742,552	\$ 11,014,014	\$ 11,188,788

**CITY OF SANTA BARBARA
SUMMARY OF REVENUES BY FUND**

	Fiscal Year				
	2000 Actual	2001 Adopted	2001 Amended	2002 Adopted	2003 Proposed

GENERAL FUND (continued)

Other Revenues

Overhead Allocation	\$ 3,594,733	\$ 3,751,107	\$ 3,689,000	\$ 4,684,945	\$ 4,826,761
Donations	289,955	147,500	138,000	84,000	84,000
Transfers in					
Gas Tax	1,618,372	1,600,000	1,600,000	1,650,000	1,650,000
Traffic Safety	524,280	360,000	360,000	375,000	400,000
Miscellaneous	50,000	-	-	188,360	76,680
Miscellaneous	1,653,700	419,038	765,098	811,680	812,304
Total Other Revenue	\$ 7,731,040	\$ 6,277,645	\$ 6,552,098	\$ 7,793,985	\$ 7,849,745

TOTAL GENERAL FUND	\$ 75,425,802	\$ 72,158,939	\$ 74,733,609	\$ 80,918,198	\$ 82,957,071
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SPECIAL REVENUE FUNDS

Community Develop. Block Grant	\$ 1,708,519	\$ 1,881,000	\$ 3,741,764	\$ 1,921,000	\$ 1,921,000
County Library	1,281,810	1,113,625	1,487,731	1,149,700	1,149,700
Home Administration	795,149	715,000	1,835,507	833,000	833,000
Gas Tax	1,618,372	1,600,000	1,600,000	1,650,000	1,650,000
Creeks Restoration & Water Quality*	-	-	-	2,100,000	2,184,000
Miscellaneous Grants Fund	625,418	393,032	1,426,448	473,841	390,575
Supplemental Law Enforcement	208,337	206,000	206,000	200,000	200,000
Traffic Safety	555,080	360,000	360,000	400,000	425,000
Streets Capital Fund	2,179,452	3,361,450	5,716,871	3,915,000	5,940,000
Transportation Development	61,087	50,000	50,000	55,000	55,000
Transportation Sales Tax	3,961,586	5,236,000	5,236,000	4,225,000	4,325,000

TOTAL SPECIAL REVENUE FUNDS	\$ 12,994,810	\$ 14,916,107	\$ 21,660,321	\$ 16,922,541	\$ 19,073,275
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ENTERPRISE FUNDS

AIRPORT FUND

Leases					
Commercial	\$ 2,990,317	\$ 2,575,000	\$ 2,575,000	\$ 3,110,000	\$ 3,148,875
Non-commercial	982,888	968,700	968,700	1,018,610	1,049,000
Terminal	2,711,759	3,121,300	3,121,300	3,133,255	3,133,255
Commercial Aviation	1,222,229	1,224,670	1,224,670	1,297,635	1,279,362
Interest income	538,176	300,000	300,000	400,000	400,000
Miscellaneous	384,300	48,000	48,000	67,000	67,000
Subtotal	\$ 8,829,669	\$ 8,237,670	\$ 8,237,670	\$ 9,026,500	\$ 9,077,492

AIRPORT CAPITAL FUND	\$ 5,503,470	\$ 3,880,000	\$ 5,948,699	\$ 4,096,810	\$ 13,332,278
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* Not budgeted prior to fiscal year 2002

**CITY OF SANTA BARBARA
SUMMARY OF REVENUES BY FUND**

	Fiscal Year				
	2000 Actual	2001 Adopted	2001 Amended	2002 Adopted	2003 Proposed

ENTERPRISE FUNDS (continued)

DOWNTOWN PARKING FUND

Improvement Tax	\$ 633,801	\$ 650,000	\$ 650,000	\$ 650,000	\$ 675,000
Hourly Parking	3,044,706	3,050,000	3,050,000	3,095,000	3,045,000
Other Parking Fees	584,684	425,000	425,000	380,000	380,000
Lobero Garage	132,854	125,000	125,000	125,000	125,000
Commuter Lots	187,699	275,000	275,000	250,000	250,000
Interest Income	271,892	250,000	250,000	300,000	300,000
Miscellaneous	72,208	25,000	25,000	25,000	25,000
Subtotal	\$ 4,927,844	\$ 4,800,000	\$ 4,800,000	\$ 4,825,000	\$ 4,800,000

DUPLICATIONS FUND

Service Charges	\$ 233,420	\$ 210,502	\$ 243,922	\$ 222,716	\$ 225,308
Allocation Receipts	72,052	81,627	48,207	85,662	91,386
Subtotal	\$ 305,472	\$ 292,129	\$ 292,129	\$ 308,378	\$ 316,694

GOLF FUND

Greens Fees	\$ 1,497,363	\$ 1,530,000	\$ 1,603,950	\$ 1,730,000	\$ 1,730,000
Food Concession	232,286	170,000	170,000	225,000	225,000
Interest Income	56,523	40,000	40,000	65,000	65,000
Miscellaneous	64,184	-	-	-	-
Subtotal	\$ 1,850,356	\$ 1,740,000	\$ 1,813,950	\$ 2,020,000	\$ 2,020,000

INTRA-CITY SERVICE FUND

Rents - equipment	\$ 828,604	\$ 1,103,577	\$ 1,103,577	\$ 1,139,220	\$ 1,139,220
Maintenance					
Equipment	2,234,124	2,453,389	3,013,389	2,669,187	2,749,262
Facilities	2,804,836	2,691,312	2,691,312	2,897,192	2,958,608
Miscellaneous	223,214	75,000	75,000	75,000	75,000
Subtotal	\$ 6,090,778	\$ 6,323,278	\$ 6,883,278	\$ 6,780,599	\$ 6,922,090

SELF-INSURANCE FUND

Property/Liability Ins. Premiums	\$ 1,082,664	\$ 1,136,795	\$ 1,741,184	\$ 1,250,475	\$ 1,375,523
Workers' Compensation Premiums	1,574,825	1,741,184	1,136,795	2,274,536	2,345,981
ACCEL Premium Rebate	250,419	150,000	150,000	200,000	200,000
Miscellaneous	989,253	-	-	-	-
Subtotal	\$ 3,897,161	\$ 3,027,979	\$ 3,027,979	\$ 3,725,011	\$ 3,921,504

WASTEWATER FUND

Service Charges	\$ 8,528,809	\$ 8,750,000	\$ 8,750,000	\$ 8,825,000	\$ 8,850,000
Connection Fees	80,592	200,000	200,000	150,000	150,000
Mission Canyon Charges	204,226	200,000	200,000	200,000	200,000
Interest Income	830,402	800,000	800,000	950,000	900,000
Miscellaneous	278,152	75,000	75,000	75,000	75,000
Subtotal	\$ 9,922,181	\$ 10,025,000	\$ 10,025,000	\$ 10,200,000	\$ 10,175,000

**CITY OF SANTA BARBARA
SUMMARY OF REVENUES BY FUND**

	Fiscal Year				
	2000 Actual	2001 Adopted	2001 Amended	2002 Adopted	2003 Proposed
ENTERPRISE FUNDS (continued)					
WATER FUND					
Metered Sales	\$ 20,898,596	\$ 20,500,000	\$ 20,500,000	\$ 22,000,000	\$ 22,000,000
New Service	109,623	250,000	250,000	200,000	200,000
Water Turn On Fees *	91,893	-	-	85,000	85,000
Water Tap Fees *	79,579	-	-	50,000	50,000
Utility Users Tax	560,641	600,000	600,000	650,000	650,000
J.P.A. Reimbursement	876,280	850,000	850,000	1,100,000	1,100,000
Interest Income	1,357,118	1,200,000	1,200,000	1,500,000	1,500,000
Miscellaneous	2,240,496	250,000	265,000	200,000	200,000
Subtotal	\$ 26,214,226	\$ 23,650,000	\$ 23,665,000	\$ 25,785,000	\$ 25,785,000
WATER CAPITAL FUND *	\$ -	\$ -	\$ -	\$ 18,236,308	\$ -
WATERFRONT FUND					
Leases					
Commercial	\$ 960,511	\$ 1,026,611	\$ 1,026,611	\$ 1,025,000	\$ 1,030,000
Food Service	1,939,613	2,089,657	2,089,657	2,200,000	2,300,000
Other	239,468	229,241	229,241	235,000	240,000
Interest Income	284,657	137,332	137,332	200,000	175,000
Parking Fees	880,890	818,344	825,844	898,000	927,400
Parking Permits	199,395	198,816	198,816	199,000	203,000
Slip Rentals	2,884,426	2,897,384	2,897,384	2,984,306	2,984,306
Visitor Fees	336,887	325,170	325,170	331,673	338,307
Slip Transfer Fees	207,355	202,889	202,889	289,898	289,898
Liveaboard Fees	72,352	81,837	81,837	95,000	100,000
Miscellaneous fees	38,668	61,184	61,184	37,927	39,030
Miscellaneous	302,711	10,000	10,000	15,000	17,500
Subtotal	\$ 8,346,932	\$ 8,078,465	\$ 8,085,965	\$ 8,510,804	\$ 8,644,441
WATERFRONT CAPITAL FUND*	\$ -	\$ -	\$ -	\$ 1,500,000	\$ -
TOTAL ENTERPRISE FUNDS	<u>\$ 75,888,088</u>	<u>\$ 70,054,521</u>	<u>\$ 72,779,670</u>	<u>\$ 95,014,410</u>	<u>\$ 84,994,499</u>
Total Revenues - All Funds	\$ 164,308,700	\$ 157,129,567	\$ 169,173,600	\$ 192,855,149	\$ 187,024,845
<i>Less Inter-Fund Transfers</i>	<u>(18,697,604)</u>	<u>(18,201,222)</u>	<u>(18,701,222)</u>	<u>(20,382,506)</u>	<u>(20,785,882)</u>
Net Revenues - All Funds	<u>\$ 145,611,096</u>	<u>\$ 138,928,345</u>	<u>\$ 150,472,378</u>	<u>\$ 172,472,643</u>	<u>\$ 166,238,963</u>

* Not budgeted prior to fiscal year 2002

CITY OF SANTA BARBARA
SUMMARY OF APPROPRIATIONS BY FUND

	Fiscal Year				
	2000 Actual	2001 Adopted	2001 Amended	2002 Adopted	2003 Proposed
GENERAL FUND					
Administrative Services					
City Clerk	\$ 613,611	\$ 525,080	\$ 557,771	\$ 610,636	\$ 546,622
Human Resources	670,129	707,773	749,786	814,245	824,896
Desktop Systems	714,462	788,955	828,651	1,193,529	1,029,621
Central Information Systems	322,858	339,570	355,915	384,586	396,767
Government Access Channel	156,859	260,988	265,658	339,792	298,885
Subtotal	\$ 2,477,919	\$ 2,622,366	\$ 2,757,781	\$ 3,342,788	\$ 3,096,791
City Administrator					
Administration	\$ 937,751	\$ 859,711	\$ 960,605	\$ 1,135,225	\$ 1,153,468
Labor Relations	127,176	187,135	191,805	177,694	179,663
Subtotal	\$ 1,064,927	\$ 1,046,846	\$ 1,152,410	\$ 1,312,919	\$ 1,333,131
City Attorney's Office	\$ 1,386,917	\$ 1,481,606	\$ 1,528,307	\$ 1,641,008	\$ 1,662,663
Community Development					
Administration	\$ 303,866	\$ 315,494	\$ 334,175	\$ 415,524	\$ 429,588
Economic Development	93,509	107,560	110,526	76,121	77,829
Excellence in Customer Service for Land Use	326,848	339,688	356,033	-	-
Human Services	577,910	629,396	631,731	646,667	647,555
Redevelopment Agency	393,599	412,126	436,308	456,292	478,559
Housing Development	218,765	202,080	210,572	244,685	252,067
Long Range Plan & Spec. Studies	515,052	554,056	523,868	622,552	655,114
Development and Design Review	1,259,004	1,400,678	1,440,263	1,600,050	1,711,867
Zoning: Ordin. Info. and Enforce.	562,955	580,684	589,872	668,032	694,873
Inspections and Enforcement	985,088	1,055,514	1,105,718	758,456	796,809
Records Center and Plan Archives	596,578	670,879	714,078	411,990	426,875
Plan Check and Counter Services *	-	-	-	695,131	727,778
Subtotal	\$ 5,833,174	\$ 6,268,155	\$ 6,453,144	\$ 6,595,500	\$ 6,898,914

* Not budgeted prior to fiscal year 2002

CITY OF SANTA BARBARA
SUMMARY OF APPROPRIATIONS BY FUND

	Fiscal Year				
	2000 Actual	2001 Adopted	2001 Amended	2002 Adopted	2003 Proposed

GENERAL FUND (continued)

Finance

Administration	\$ 541,389	\$ 434,461	\$ 519,315	\$ 521,197	\$ 529,506
Revenue and Cash Management	269,541	267,469	215,226	226,939	233,534
Cashiering and Collections*	-	-	260,095	258,529	265,034
Licenses and Permits*	-	-	179,228	172,421	176,564
Billing and Collection	253,321	293,134	-	-	-
Utility Billing	583,526	624,730	-	-	-
Business License and Permits	169,252	198,671	-	-	-
Accounting	198,876	192,917	179,365	229,997	234,176
Payroll	132,466	132,537	151,079	165,248	170,015
Accounts Payable	128,473	129,466	109,572	112,314	115,549
Utility and Miscellaneous Billing*	-	-	452,151	489,521	502,766
Meter Reading*	-	-	359,117	387,209	403,529
Purchasing	288,321	294,739	312,486	316,521	326,422
Central Stores	140,182	157,492	162,863	226,219	238,991
Subtotal	\$ 2,705,347	\$ 2,725,616	\$ 2,900,497	\$ 3,106,115	\$ 3,196,086

Fire

Administration	\$ 562,755	\$ 605,652	\$ 638,343	\$ 715,323	\$ 728,331
Prevention	752,181	714,731	728,741	890,267	1,035,640
Public Education	72,947	87,921	92,591	95,788	97,855
Operations	8,857,087	8,906,660	8,960,011	9,817,428	10,205,016
Aircraft Rescue and Firefighting	768,489	743,767	743,767	798,700	830,030
Subtotal	\$ 11,013,459	\$ 11,058,731	\$ 11,163,453	\$ 12,317,506	\$ 12,896,872

Library

Administration	\$ 212,929	\$ 210,988	\$ 224,998	\$ 236,353	\$ 239,570
Public Services	1,617,386	1,757,066	1,845,799	1,890,617	1,919,771
Support Services	913,793	951,150	1,007,192	1,087,565	1,127,993
Adult Literacy	61,554	71,596	76,266	75,334	78,007
Subtotal	\$ 2,805,662	\$ 2,990,800	\$ 3,154,255	\$ 3,289,869	\$ 3,365,341

Mayor and City Council

	\$ 374,558	\$ 415,042	\$ 424,382	\$ 453,985	\$ 458,923
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Nondepartmental

Community Promotion	\$ 1,954,006	\$ 2,076,498	\$ 2,101,498	\$ 2,530,773	\$ 2,530,773
General Government	1,779,190	2,778,284	2,749,796	2,711,694	2,861,410
Subtotal	\$ 3,733,196	\$ 4,854,782	\$ 4,851,294	\$ 5,242,467	\$ 5,392,183

* Not budgeted prior to fiscal year 2002

CITY OF SANTA BARBARA
SUMMARY OF APPROPRIATIONS BY FUND

	Fiscal Year				
	2000	2001	2001	2002	2003
	Actual	Adopted	Amended	Adopted	Proposed

GENERAL FUND (continued)

Parks and Recreation

Parks and Recreation Admin.	\$ 422,791	\$ 358,897	\$ 304,230	\$ 265,733	\$ 272,263
Operations Management	-	-	274,249	311,478	317,317

PARKS

Parks Facilities and Project Mgmt.	715,129	693,885	721,906	689,647	705,813
Grounds Management	1,599,587	1,574,237	1,687,459	1,849,159	1,903,525
Forestry	715,881	778,067	829,438	886,856	915,397
Beach Maintenance	96,523	107,801	112,471	89,787	93,513
Parks Operations and Mgmt.	384,163	378,403	421,217	447,195	462,053
Contract Management	539,828	581,835	581,835	633,004	686,787
Chase Palm Park Expansion	267,119	304,319	316,329	429,515	441,472

RECREATION

Program Mgmt. and Business Svcs.	285,571	406,193	296,054	275,508	285,084
Publicity and Facilities Services	135,503	456,417	(576)	-	-
Facilities and Registration	288,812	-	318,747	369,693	377,516
Cultural Arts	322,585	330,519	341,926	361,061	370,286
Youth Activities	790,932	758,898	785,507	784,069	790,439
Teen Programs	238,478	179,264	184,442	179,418	184,383
Adaptive Rec. and Developmental	199,447	193,954	198,702	211,645	214,573
Senior Recreation Services	367,611	430,022	431,692	457,872	464,731
Aquatics	884,741	838,770	888,768	938,627	956,300
Adult Sports	341,980	381,047	390,387	409,830	418,036
Tennis Services	162,156	179,084	186,676	188,603	192,618
Community Services	349,382	413,897	432,577	451,332	462,042
Subtotal	\$ 9,108,219	\$ 9,345,509	\$ 9,704,036	\$ 10,230,032	\$ 10,514,148

Police

Chief's Staff & Support Services	\$ 2,010,158	\$ 1,998,932	\$ 2,179,106	\$ 2,127,692	\$ 2,131,378
Information Technology	428,423	387,713	411,064	556,667	579,488
Community Services Division	737,068	779,143	838,740	850,525	864,309
Crime Analysis	151,536	152,139	152,257	119,401	125,379
Property Room	148,719	162,553	162,789	141,192	146,855
Training/Recruitment	345,819	339,399	360,783	376,592	380,727
DARE/SRO	343,324	352,942	353,414	203,656	204,640
Beat Coordinators	483,690	520,398	521,106	810,216	825,428
Investigative Division	2,735,821	2,830,112	2,882,194	3,215,301	3,276,885
Serious Habitual Offender	49,365	87,975	87,975	100,493	102,171
Patrol Operations	8,509,248	9,052,703	9,167,892	9,796,731	10,031,841
Special Events	275,078	115,848	180,899	154,737	156,332
Tactical Patrol Force	318,627	348,923	349,395	391,386	398,870
Westside Bike Patrol	44,962	47,743	47,743	46,921	46,921
Host Program	42,226	53,331	58,001	53,966	53,966
Night Life Enforcement *	-	-	-	279,996	292,848
Parking Enforcement	473,876	544,105	545,285	606,572	626,737
Combined Communications Center	1,046,734	1,234,691	1,255,968	1,322,756	1,418,915
Animal Control	305,166	311,739	311,739	372,662	387,128
Emergency Services	206,208	208,759	213,547	179,045	181,570
Subtotal	\$ 18,656,048	\$ 19,529,148	\$ 20,079,897	\$ 21,706,507	\$ 22,232,388

* Not budgeted prior to fiscal year 2002

**CITY OF SANTA BARBARA
SUMMARY OF APPROPRIATIONS BY FUND**

	Fiscal Year				
	2000 Actual	2001 Adopted	2001 Amended	2002 Adopted	2003 Proposed

GENERAL FUND (continued)

Public Works

Administration	\$ 451,306	\$ 418,113	\$ 432,123	\$ 524,937	\$ 476,409
Engineering Services	2,424,445	2,651,483	2,772,673	2,503,134	2,590,686
Land Development and Public Right-of-Way	477,691	488,412	513,164	739,043	762,170
Environmental	356,142	386,273	392,111	426,118	443,901
Transportation Operations	209,175	295,623	310,801	298,055	316,060
Transportation Planning	449,451	418,631	441,982	589,412	572,335
Alternative Transportation	294,092	305,226	305,226	307,175	307,618
Road Maint. and Sidewalk Repair	508,052	599,833	628,710	579,469	597,238
Commercial Street Sweeping	103,461	106,940	111,610	122,125	118,894
Storm Drain Repair and Maintenance	344,440	369,652	396,505	444,519	458,462
Special Event Support	31,998	47,668	52,338	52,233	70,919
Traffic Markings and Signage	421,011	428,146	456,167	462,617	478,892
Communications Systems	399,016	428,481	449,730	476,421	496,008
Traffic Signals	625,179	708,319	717,659	721,766	764,880
Custodial Services	629,267	618,446	674,721	732,478	755,159
Subtotal	\$ 7,724,726	\$ 8,271,246	\$ 8,655,520	\$ 8,979,502	\$ 9,209,631
TOTAL GENERAL FUND	\$ 66,884,152	\$ 70,609,847	\$ 72,824,976	\$ 78,218,198	\$ 80,257,071

SPECIAL REVENUE FUNDS

Community Develop. Block Grant	\$ 1,708,523	\$ 1,881,000	\$ 1,881,000	\$ 1,921,000	\$ 1,921,000
County Library	1,186,795	1,187,303	1,187,303	1,321,447	1,365,978
Creeks Restoration & Water Quality*	-	-	36,260	1,169,000	1,291,000
Gas Tax	1,618,372	1,600,000	1,600,000	1,650,000	1,650,000
HOME Grant Fund	783,333	715,000	715,000	833,000	833,000
Local Law Enforcement Block Grant	-	-	134,229	-	-
Miscellaneous Grants Fund	575,385	393,032	506,784	473,841	390,575
Supplemental Law Enforcement	232,249	206,000	206,000	200,000	200,000
Traffic Safety	555,080	360,000	360,000	400,000	425,000
Transportation Sales Tax	1,586,412	1,836,000	1,926,000	2,019,600	2,225,000
TOTAL SPECIAL REVENUE FUNDS	\$ 8,246,149	\$ 8,178,335	\$ 8,552,576	\$ 9,987,888	\$ 10,301,553

* Not budgeted prior to fiscal year 2002

**CITY OF SANTA BARBARA
SUMMARY OF APPROPRIATIONS BY FUND**

	Fiscal Year				
	2000 Actual	2001 Adopted	2001 Amended	2002 Adopted	2003 Proposed
ENTERPRISE FUNDS					
AIRPORT FUND					
Administration	\$ 801,540	\$ 1,217,767	\$ 1,318,947	\$ 2,261,120	\$ 1,625,544
Business and Property Mgt.	559,608	548,812	548,812	699,775	685,859
Marketing and Comm. Relations	251,595	356,929	356,929	350,741	278,394
Facilities Maintenance	1,631,806	1,796,117	1,796,117	1,924,621	1,971,433
Air Operations Area Maintenance	453,871	478,081	478,081	813,869	787,869
Airport Security	693,514	740,941	740,941	860,471	873,675
Airport Certification and Operations	1,051,792	1,108,059	1,108,059	1,243,910	1,267,687
Facility Planning and Development	371,890	405,752	405,752	507,268	484,473
Subtotal	\$ 5,815,616	\$ 6,652,458	\$ 6,753,638	\$ 8,661,775	\$ 7,974,934
DOWNTOWN PARKING FUND	3,509,972	4,597,500	4,597,500	4,275,000	4,350,000
DUPLICATIONS FUND					
Duplicating	\$ 214,138	\$ 255,820	\$ 255,820	\$ 260,899	\$ 266,440
Mail Services	33,925	36,309	36,309	47,479	50,254
Subtotal	\$ 248,063	\$ 292,129	\$ 292,129	\$ 308,378	\$ 316,694
MUNICIPAL GOLF COURSE FUND	\$ 1,755,888	\$ 1,540,000	\$ 1,579,600	\$ 1,689,377	\$ 1,720,929
INTRA-CITY SERVICE FUND					
Building Maintenance	\$ 2,664,740	\$ 2,585,882	\$ 2,585,882	\$ 2,989,484	\$ 3,061,703
Motorpool	1,901,313	2,494,003	2,494,003	2,809,982	2,894,608
Subtotal	\$ 4,566,053	\$ 5,079,885	\$ 5,079,885	\$ 5,799,466	\$ 5,956,311
SELF-INSURANCE FUND					
Workers' Compensation and Occupational Health and Safety	\$ 1,969,261	\$ 2,094,134	\$ 2,094,134	\$ 2,274,536	\$ 2,345,981
Property / Liability	1,561,053	2,011,250	2,011,250	1,777,646	1,821,880
Subtotal	\$ 3,530,314	\$ 4,105,384	\$ 4,105,384	\$ 4,052,182	\$ 4,167,861

CITY OF SANTA BARBARA
SUMMARY OF APPROPRIATIONS BY FUND

	Fiscal Year				
	2000 Actual	2001 Adopted	2001 Amended	2002 Adopted	2003 Proposed

ENTERPRISE FUNDS (continued)

WASTEWATER FUND

Wastewater Mgmt. and Support	\$ 1,329,358	\$ 1,473,911	\$ 1,473,911	\$ 1,782,499	\$ 1,718,222
Reclamation	86,984	84,151	84,151	92,811	96,389
Distribution and Collection	1,586,805	1,573,825	1,573,825	1,966,100	2,026,382
Wastewater Laboratory	228,480	316,336	316,336	355,511	370,798
Treatment	3,479,539	3,369,610	3,519,610	3,680,638	3,674,594
Subtotal	\$ 6,711,166	\$ 6,817,833	\$ 6,967,833	\$ 7,877,559	\$ 7,886,385

WATER FUND

Wtr. Resources Mgt. and Support	\$ 4,482,227	\$ 6,841,776	\$ 6,841,776	\$ 5,416,978	\$ 5,532,580
Water Supply Purchases	3,768,675	5,266,191	5,266,191	5,869,761	5,881,526
Reclamation	414,781	540,370	540,370	632,056	634,213
Distribution and Collection	3,409,395	3,390,352	3,390,352	4,118,661	4,208,355
Treatment	1,920,598	2,391,642	2,391,642	2,333,088	2,395,969
Water Supply Management	417,802	502,306	502,306	496,158	502,980
Water Resources Laboratory	342,550	428,363	428,363	457,546	472,412
Subtotal	\$ 14,756,028	\$ 19,361,000	\$ 19,361,000	\$ 19,324,248	\$ 19,628,035

WATERFRONT FUND

Admin Support and Comm. Relations	\$ 2,403,590	\$ 2,945,485	\$ 2,945,485	\$ 2,912,704	\$ 2,926,433
Waterfront Prop. and Financial Mgt.	234,788	240,148	240,148	299,430	308,007
Waterfront Parking Services	637,816	680,644	680,644	710,674	726,577
Harbor Patrol	863,138	885,885	885,885	1,060,841	1,097,226
Marina Management	149,219	166,003	166,003	218,244	215,998
Dredge Operation	4,885	4,737	4,737	5,211	5,211
Facilities Maintenance	2,059,258	2,159,485	2,159,485	2,330,922	2,406,151
Facilities Design and Capital Progs.	223,017	244,796	244,796	217,542	226,136
Subtotal	\$ 6,575,711	\$ 7,327,183	\$ 7,327,183	\$ 7,755,568	\$ 7,911,739

TOTAL ENTERPRISE FUNDS	\$ 47,468,811	\$ 55,773,372	\$ 56,064,152	\$ 59,743,553	\$ 59,912,888
Total Appropriations All Funds	\$ 122,599,112	\$ 134,561,554	\$ 137,441,704	\$ 147,949,639	\$ 150,471,512
<i>Less Inter-Fund Transfers</i>	<i>(18,697,604)</i>	<i>(18,201,222)</i>	<i>(18,701,222)</i>	<i>(20,382,506)</i>	<i>(20,785,882)</i>
TOTAL OPERATING BUDGET	\$ 103,901,508	\$ 116,360,332	\$ 118,740,482	\$ 127,567,133	\$ 129,685,630
Plus Capital Program (All Funds)	34,819,283	28,301,394	28,605,944	60,851,088	41,481,136
Net Appropriations All Funds	\$ 138,720,791	\$ 144,661,726	\$ 147,346,426	\$ 188,418,221	\$ 171,166,766

**CITY OF SANTA BARBARA
Capital Budget Summary
Fiscal Year 2002**

GENERAL FUND	
Project Title	Adopted FY 2002
Accessibility Improvements Program	\$ 50,000
Asbestos Encapsulation Program	50,000
Emergency Generator System at City Hall	318,000
Harding Recreation Center Remodel	40,500
Emergency Lighting for Restrooms and Hallways	35,000
Oak Park Wading Pool Deck Replacement	38,500
Carrillo Gym Floor Replacement	90,000
Carrillo Recreation Center Courtyard	30,000
Park Walkway Paving – Various Parks	30,000
Surveillance Camera Equipment	25,000
Mesa Lane Steps	75,000
Emergency Generator at Fire Station No. 5	40,000
Desktop Computer Replacement Program	175,370
Network Infrastructure Replacement	65,720
Network Backup Replacement	44,694
Computer Equipment Replacement	134,140
Upgrade/Remodel Fire Station 1 and Annex Structure	200,000
Ortega Park “Welcome House” Renovation	35,000
Oak Park Bridge Replacement	100,000
Playground Repairs Program	25,000
Park Restroom Replacement Program	150,000
City Parking Lots Maintenance	75,000
Franklin Community Center Renovation/ Expansion	30,000

CITY OF SANTA BARBARA
Capital Budget Summary
Fiscal Year 2002
(Continued)

GENERAL FUND	
Project Title	Adopted FY 2002
Franceschi House Rehabilitation	300,000
Geographic-Based Information System (GIS)	84,000
Youth Sports Field Improvements	125,000
Major Aquatic Complex Development Project (Feasibility Study)	75,000
Aquatic Pool Equipment Replacement Program	25,000
Tennis Court Resurfacing Program	25,000
TOTAL GENERAL FUND CAPITAL	\$ 2,490,924

STREET PROGRAM

STREET PROGRAM

Funds Available:	
Utility Users Tax	\$3,500,000
Transportation Development	55,000
Federal/State Grants	3,165,000
Other	750,000
Total:	\$ 7,470,000

STREET PROGRAM	
Project Title	Adopted FY 2002
Shoreline Drive Street Narrowing	\$ 675,000
Milpas Street Beautification	66,000
Yanonali Street Landscape Improvements	50,000
Mission Interchange Bicycle/ Pedestrian Improvements	100,000
Arroyo Burro Multi-Purpose Pathway	100,000
Citywide Bicycle Amenities/ Facilities	150,000
Laguna Pump Station Repairs	200,000

CITY OF SANTA BARBARA
Capital Budget Summary
Fiscal Year 2002
(Continued)

STREET PROGRAM	
Project Title	Adopted FY 2002
Lower Mission Creek Improvements	600,000
Haley/ De La Vina Bridge	200,000
Drainage System Maintenance	100,000
Carrillo St. Light Underground Circuits 6.6 Amp, Phase II	150,000
Street Light Installation Program	50,000
Regional Improvement Program Categorical Funds	1,450,000
City Wide Sidewalk Inventory	80,000
Replace Downtown Tile Crosswalks	75,000
Reconstruction Streets Program	348,000
Street Overlay Program	729,000
Slurry Sealing Program	1,017,000
Comprehensive Alternative Modes Marketing	75,000
Traffic Monitoring	50,000
Traffic Solutions	100,000
Traffic Signal Controller Replacement Program	25,000
Dual Railroad Tracks Study	125,000
Transit Projects	250,000
Carrillo Pedestrian Walkway	50,000
Pedestrian Sidewalk Links	455,000
Pedestrian Master Plan	200,000
TOTAL STREET PROGRAM CAPITAL	\$ 7,470,000

CITY OF SANTA BARBARA
Capital Budget Summary
Fiscal Year 2002
(Continued)

PARKS AND RECREATION – CREEKS RESTORATION AND WATER QUALITY IMPROVEMENT PROGRAM

Project Title	Adopted FY 2002
Stormwater Interceptor Project	\$ 50,000
City Facilities Water Quality Retrofit Project	150,000
Old Mission Creek Restoration Project/ Bohnett Park	425,000
Arroyo Burro Restoration at the Estuary	81,000
Storm Drain Water Quality Improvements	25,000
Public Works Yard Clarifier	150,000
Catch Basins	50,000
TOTAL CREEKS RESTORATION/ WATER QUALITY FUND CAPITAL	\$ 931,000

TRANSPORTATION SALES TAX (MEASURE D)

Project Title	Adopted FY 2002
Citywide Bicycle Amenities/ Facilities	\$ 50,000
Drainage System Maintenance	150,000
Storm Drain Alignment	50,000
Street Name Signage Replacement Program	50,000
Reconstruction Streets Program	52,400
Slurry Sealing Program	468,000
Neighbors for Livable Streets Program	50,000
APS/ Los Olivos Intersection Improvements	100,000
Traffic Monitoring Program	50,000
Traffic Calming Program	100,000
Transit Activities	260,000
Dual Railroad Tracks Study	25,000

CITY OF SANTA BARBARA
Capital Budget Summary
Fiscal Year 2002
(Continued)

TRANSPORTATION SALES TAX (MEASURE D)	
Project Title	Adopted FY 2002
Pedestrian Sidewalk Links	400,000
Sidewalk Replacement Program	250,000
Pedestrian Signal Upgrades	50,000
Access Ramp Installations	100,000
TOTAL TRANSPORTATION SALES TAX FUND CAPITAL	\$ 2,205,400

AIRPORT FUND	
Project Title	Adopted FY 2002
Airport Specific Plan Asbestos Removal	\$ 115,000
Las Vegas Creek Restoration	78,045
Ampersand Bridge Repairs	114,259
Airport Airline Terminal Repair Project	650,000
Buildings 224, 225 & 226 Improvements	303,607
Hangar Door and Window Replacement	35,000
Airfield Operations Area (AOA) Pavement Maintenance	100,000
Airport Infrastructure	50,000
Hazardous Materials Program	50,000
Leased Building Maintenance	125,000
Street Resurfacing Program	100,000
Building 255 Interior Remodel	75,000
Aircraft Rescue and Fire Fighting (ARFF) Vehicle	805,555
Airfield Drainage Implementation	1,416,667
Airfield Electrical Upgrade	1,026,374
TOTAL AIRPORT FUND CAPITAL	\$ 5,044,507

CITY OF SANTA BARBARA
Capital Budget Summary
Fiscal Year 2002
(Continued)

DOWNTOWN PARKING FUND AIRPORT FUND	
Project Title	Adopted FY 2002
Interior/Exterior Painting and Maintenance of Parking Structures	\$ 135,000
Utility & Safety System Update and Upgrades in Parking Facilities	75,000
Filtration Units in Parking Facilities	50,000
Pavement, Surface and Paseo Maintenance	100,000
Parking Landscaping Updates and Restoration	65,000
Compactor/Recycling Program in City Parking Lots	50,000
Seismic Study for Parking Lots No. 2 and 10	50,000
Preventative Maintenance Software (Maximo)	25,000
Lot 6 Construction Mitigation Costs	1,500,000
TOTAL DOWNTOWN PARKING FUND CAPITAL	\$ 2,050,000

DUPLICATIONS FUND	
Project Title	Adopted FY 2002
New Copier	\$ 50,000

GOLF FUND	
Project Title	Adopted FY 2002
Power Turf Equipment Replacement Program	\$ 80,000
Restroom Remodel Improved ADA Access	75,000
Parking Lot Renovation	45,000
Course Improvement Plan Projects	50,000
New Hole #3	225,000
TOTAL GOLF FUND CAPITAL	\$ 475,000

CITY OF SANTA BARBARA
Capital Budget Summary
Fiscal Year 2002
(Continued)

INTRA-CITY SERVICES (ICS) FUND	
Project Title	Adopted FY 2002
Fleet Replacement Program	\$ 1,139,220
Computerized Maximo Work Order System	40,000
City Hall Window Replacement	60,000
Citywide Roof Replacement	150,000
TOTAL INTRA-CITY SERVICE FUND CAPITAL	\$ 1,389,220

WASTEWATER FUND	
Project Title	Adopted FY 2002
El Estero Sludge Conveyor Replacement	\$ 360,000
El Estero Digester Mixing Improvements	816,000
El Estero Thickened Sludge Pumping Improvement	874,000
El Estero Influent Pump Improvement	560,000
El Estero Equipment Rehabilitation	290,000
Wastewater Lift Station Rehabilitation	100,000
Wastewater Main Replacement Program	1,400,000
Manhole Replacement Program	150,000
Wastewater Lift Station Emergency Generators	100,000
Collection System SCADA Upgrade & Maintenance Program	100,000
El Estero Biosolids Management Program	200,000
El Estero Landscape and Parking Improvements	400,000
Laboratory Equipment Replacement Program	25,000
Collection System Inflow & Infiltration Reduction Program	75,000
Automated Map Program	30,000
El Estero SCADA Upgrade & Maintenance Program	160,000
TOTAL WASTEWATER FUND CAPITAL	\$ 5,640,000

CITY OF SANTA BARBARA
Capital Budget Summary
Fiscal Year 2002
(Continued)

WATER FUND	
Project Title	Adopted FY 2002
Cater Strategic Plan Implementation	10,484,037
Cater Water Treatment Plant Equipment Rehabilitation	90,000
Cater SCADA Upgrade & Maintenance Program	100,000
Water Distribution System Hydraulic Model	100,000
Sheffield Water Quality Project	14,071,000
Water Main Replacement Program	2,400,000
Reservoir Roof Maintenance Program	400,000
Metron Meter Installation	1,000,000
Distribution SCADA Upgrade & Maintenance Program	100,000
Distribution Pump Station Rehabilitation	150,000
Distribution Reservoir Maintenance	50,000
Gibraltar Dam Maintenance	75,000
Laboratory Equipment Replacement Program	25,000
Water Reclamation Improvements	25,000
City Facilities Water Conservation Retrofit	25,000
Automated Map Program for Water Distribution System	30,000
TOTAL WATER FUND CAPITAL	\$ 29,125,037

WATERFRONT FUND	
Project Title	Adopted FY 2002
Waterfront Administrative Offices	\$ 2,500,000
Breakwater Cap Repair	300,000
Stearns Wharf - Annual Repair Program	300,000

CITY OF SANTA BARBARA
Capital Budget Summary
Fiscal Year 2002
(Continued)

WATERFRONT FUND	
Project Title	Adopted FY 2002
Marina Maintenance Annual Repair Program	250,000
West Beach Dredging	450,000
Parking Lot Maintenance Program	55,000
Asbestos - Building Inspection	35,000
Stearns Wharf Renovate Compressor Controls	30,000
Harbor Restroom Interior Repairs	60,000
TOTAL WATERFRONT FUND CAPITAL	\$ 3,980,000
TOTAL CAPITAL, ALL FUNDS	\$ 60,851,088

**CITY OF SANTA BARBARA
Capital Budget Summary
Fiscal Year 2003**

GENERAL FUND	
Project Title	Proposed FY 2003
Accessibility Improvements	\$ 50,000
Asbestos Encapsulation Program	50,000
Replace Hazardous Materials Vehicle	60,000
Emergency Lighting Restrooms and Hallways	35,000
Replace Local Government Control/ Base Station Radio/ Antenna	30,000
Las Positas Tennis Courts - Walkways and Seating Area	100,000
Park Walkway Paving – Various Parks	30,000
West Beach Wading Pool Resurface	30,000
Softball Bleacher Replacement	30,000
Dwight Murphy Soccer Field Bleacher Replacement	30,000
Desktop Computer Replacement Program	175,370
Network Infrastructure Replacement	63,720
Irrigation Upgrades	120,000
Computer Equipment Replacement Program	134,140
Ortega Park “Welcome House” Renovation	115,000
Playground Repairs Program	25,000
Park Restroom Replacement Program	100,000
City Parking Lots Maintenance	75,000
Franklin Community Center Renovation/ Expansion	300,000
Geographic-Based Information System (GIS)	142,000
Youth Sports Field Improvements	125,000
Major Aquatic Complex Development Project (Feasibility Study)	150,000
Cabrillo Pavilion Bathhouse Interior Renovation	60,000
Neighborhood Park Rehabilitation	50,000

CITY OF SANTA BARBARA
Capital Budget Summary
Fiscal Year 2003
(Continued)

GENERAL FUND	
Project Title	Proposed FY 2003
Aquatic Pool Equipment Replacement Program	25,000
Tennis Court Resurfacing Program	25,000
Park Regulatory Signage Replacement Program	35,000
Municipal Tennis Facility Design/ Remodel	60,000
Alameda Park East-Bandstand Rehabilitation	25,000
Mission Rose Garden Renovation	25,000
Parks Division Building Remodel	30,000
Municipal Tennis Lights	72,500
Mission Historical Park Rehabilitation	50,000
TOTAL GENERAL FUND CAPITAL	\$ 2,427,730

STREET PROGRAM

STREET PROGRAM	
Funds Available:	
Utility Users Tax	\$2,700,000
Transportation Development	55,000
Federal/State Grants	5,940,000
Total:	\$ 8,695,000

STREET PROGRAM	
Project Title	Proposed FY 2003
Milpas Street Beautification	\$ 660,000
Cacique Street Extension	1,200,000
Fairview Ave South Improvements	400,000
Mission Interchange Bicycle/ Pedestrian Improvements	900,000

CITY OF SANTA BARBARA
Capital Budget Summary
Fiscal Year 2003
(Continued)

STREET PROGRAM	
Project Title	Proposed FY 2003
Arroyo Burro Multi-Purpose Pathway	100,000
Citywide Bicycle Amenities/ Facilities	150,000
Lower Mission Creek Improvements	100,000
Storm Drain Alignment	300,000
Haley/De La Vina Bridge	800,000
Street Light and Traffic Signal Standard (Pole) Painting	50,000
Street Light Installation Program	50,000
Regional Improvement Program	1,450,000
Street Overlay Program	567,000
Slurry Sealing Program	663,000
Traffic Solutions	100,000
Comprehensive Alternative Modes Marketing Program	75,000
Traffic Signal Controller Replacement Program	25,000
Downtown Transit Corridor (Chapala/ Anacapa Streets)	400,000
Carrillo Pedestrian Walkway	650,000
Pedestrian Sidewalk Links	55,000
TOTAL STREET PROGRAM CAPITAL	\$ 8,695,000

PARKS AND RECREATION – CREEKS RESTORATION AND WATER QUALITY IMPROVEMENT PROGRAM	
Project Title	Proposed FY 2003
Stormwater Interceptor Project	\$ 250,000
City Facilities Water Quality Retrofit Project	150,000

CITY OF SANTA BARBARA
Capital Budget Summary
Fiscal Year 2003
(Continued)

PARKS AND RECREATION – CREEKS RESTORATION AND WATER QUALITY IMPROVEMENT PROGRAM

Project Title	Proposed FY 2003
Arroyo Burro Restoration at Las Positas Property	450,000
Catch Basins	43,000
TOTAL CREEKS RESTORATION/ WATER QUALITY FUND CAPITAL	\$ 893,000

TRANSPORTATION SALES TAX (MEASURE D)

Project Title	Proposed FY 2003
Citywide Bicycle Amenities/ Facilities	\$ 50,000
Drainage System Maintenance	250,000
Street Overlay Program	165,000
Slurry Sealing Program	400,000
Neighbors for Livable Streets Program	75,000
Traffic Calming Program	100,000
Transit Activities	260,000
Sidewalk Replacement Program	250,000
Access Ramp Installations	100,000
Pedestrian Sidewalk Links	400,000
Pedestrian Signal Upgrades	50,000
TOTAL TRANSPORTATION SALES TAX FUND CAPITAL	\$ 2,100,000

AIRPORT FUND

Project Title	Proposed FY 2003
Las Vegas Creek Restoration	\$ 310,000
Sewer Master Plan Implementation – Phase I	1,652,551

CITY OF SANTA BARBARA
Capital Budget Summary
Fiscal Year 2003
(Continued)

AIRPORT FUND	
Project Title	Proposed FY 2003
Reconstruct 2000 Feet of Firestone Road	100,000
General Aviation Development Plan Phase I	146,104
Hangar Door and Window Replacement	160,000
Airfield Operations Area (AOA) Pavement Maintenance	100,000
Airport Infrastructure	50,000
Hazardous Materials Program	50,000
Leased Building Maintenance	125,000
Street Resurfacing Program	100,000
Airline Terminal Expansion	7,719,627
Runway 7/25 Safety Areas	2,046,900
New Airline Terminal Road and Entrance	1,921,169
Terminal Expansion Airside Improvements	1,058,394
Taxiway A Extension and Safety Areas	258,460
Terminal Ramp Lighting	107,981
Security Fencing	280,000
TOTAL AIRPORT FUND CAPITAL	\$ 16,186,186

DOWNTOWN PARKING FUND	
Project Title	Proposed FY 2003
Interior/Exterior Painting and Maintenance of Parking Structures	\$ 115,000
Parking Structures	90,000
Utility & Safety System Update and Upgrades in Parking Facilities	75,000
Filtration Units in Parking Facilities	50,000

CITY OF SANTA BARBARA
Capital Budget Summary
Fiscal Year 2003
(Continued)

DOWNTOWN PARKING FUND	
Project Title	Proposed FY 2003
"Evacuator" Elevator Modification	35,000
Parking Landscaping Updates and Restoration	35,000
Compactor/Recycling Program in City Parking Lots	50,000
TOTAL DOWNTOWN PARKING FUND CAPITAL	\$ 450,000

GOLF FUND	
Project Title	Proposed FY 2003
Power Turf Equipment Replacement Program	\$ 80,000
Maintenance Building Addition	75,000
Course Improvement Plan Projects	100,000
Perimeter Safety Fence Enhancement	25,000
TOTAL GOLF FUND CAPITAL	\$ 280,000

INTRA-CITY SERVICES (ICS) FUND	
Project Title	Proposed FY 2003
Fleet Replacement Program	\$ 1,199,220
Update and Replace Motor Pool Shop Equipment	25,000
Install Replacement Hydraulic Hoists	80,000
City Hall Window Replacement	60,000
Citywide Roof Replacement	150,000
TOTAL INTRA-CITY SERVICE FUND CAPITAL	\$ 1,514,220

CITY OF SANTA BARBARA
Capital Budget Summary
Fiscal Year 2003
(Continued)

WASTEWATER FUND	
Project Title	Proposed FY 2003
El Estero Equipment Rehabilitation	\$ 285,000
Wastewater Lift Station Rehabilitation	100,000
Wastewater Main Replacement Program	1,450,000
Manhole Replacement Program	160,000
Wastewater Lift Station Emergency Generators	100,000
Collection System SCADA Upgrade & Maintenance Program	100,000
El Estero Biosolids Management Program	1,000,000
Laboratory Equipment Replacement Program	25,000
Collection System Inflow & Infiltration Reduction Program	75,000
Automated Map Program	30,000
El Estero SCADA Upgrade & Maintenance Program	150,000
El Estero Rag Removal System Upgrade	50,000
Equipment Storage Facility	95,000
TOTAL WASTEWATER FUND CAPITAL	\$ 3,620,000

WATER FUND	
Project Title	Proposed FY 2003
Cater Water Treatment Plant Equipment Rehabilitation	\$ 90,000
Cater SCADA Upgrade & Maintenance Program	100,000
Water Main Replacement Program	2,450,000
Metron Meter Installation	1,000,000
Distribution SCADA Upgrade & Maintenance Program	100,000
Distribution Pump Station Rehabilitation	150,000

CITY OF SANTA BARBARA
Capital Budget Summary
Fiscal Year 2003
(Continued)

WATER FUND	
Project Title	Proposed FY 2003
Distribution Reservoir Maintenance	50,000
Gibraltar Dam Maintenance	75,000
Laboratory Equipment Replacement Program	25,000
Water Reclamation Improvements	25,000
City Facilities Water Conservation Retrofit	25,000
Automated Map Program for Water Distribution System	30,000
Desalination Facility Reactivation Preparation	150,000
TOTAL WATER FUND CAPITAL	\$ 4,270,000
WATERFRONT FUND	
Project Title	Proposed FY 2003
Stearns Wharf - Annual Repair Program	\$ 350,000
Marina Maintenance Annual Repair Program	250,000
Parking Lot Maintenance Program	85,000
Breakwater Lights	225,000
Emergency Generator & Transfer Switches	85,000
Seawall Reconstruction	50,000
TOTAL WATERFRONT FUND CAPITAL	\$ 1,045,000
TOTAL CAPITAL, ALL FUNDS	\$ 41,481,136

**CITY OF SANTA BARBARA
Changes in Service
Fiscal Years 2002 and 2003**

The term “changes in service” was first introduced with the development of the Two-Year Financial Plan for Fiscal Years 1998 and 1999. The term is used to identify and present any proposed changes in the nature, type or level of service provided by a City program from those included in the amended budget for the current fiscal year, 2001. Changes in service create new or expanded services and typically result in additional funding requirements.

Changes in service stem from the specific needs and priorities of the City and the community. They also stem from federal and state mandates, a commitment to complete ongoing projects, the implementation of completed management audits, and staff priorities. Changes in service are reflected within existing programs and, in certain cases, have resulted in new programs.

Change in service data is presented in the Detail Schedule of Changes in Service.

CITY OF SANTA BARBARA
Detail Schedule of Changes in Service
Fiscal Years 2002 and 2003

DESCRIPTION		JUSTIFICATION	NET COSTS		ADD'L POSITIONS FT / PPT	
			FY2002	FY2003	FY2002	FY2003
GENERAL FUND						
Dept:	Administrative Services	To facilitate the existing on-line recruitment of job applicants, the on-line software application will allow potential job applicants to submit job applications on-line. The on-line job applications will be imported directly into the existing internal financial software for simplification in the processing of applications and statistical record keeping.	\$ 38,200	\$ 25,000	-	-
Program:	(1531) Human Resources					
Request:	On-line Job Application Tool					
Dept:	Administrative Services	The tremendous growth in Information Systems has corresponded to an increasing amount of administrative tasks. Redirecting these duties to appropriate clerical staff will avoid working Computer Specialists out of class and ensure that the clerical work, inventory cost tracking for equipment and other tasks are completed timely and efficiently, reducing the current backlog of administrative tasks. The temporary hours will be shared with Centralized Systems.	\$ 10,000	\$ 10,000	-	-
Program:	(1541) Desktop Systems					
Request:	Temporary Salaries for Clerical Support					
Dept:	Administrative Services	In continuation of the current Council Goal "Get Ready to Do Business on the Internet," Information Systems will acquire and implement a "Virtual City Hall" application to extend City services on the internet. This project will add interactive applications to the City's website and provide the capability to collect money and process payments into the existing internal financial software.	\$ 200,000	-	-	-
Program:	(1541) Desktop Systems					
Request:	"Do Business on the Internet" – Virtual City Hall					
Dept:	Administrative Services	The tremendous growth in Information Systems has corresponded to an increasing amount of administrative tasks. Redirecting these duties to appropriate clerical staff will avoid working Computer Specialists out of class and ensure that the clerical work, inventory cost tracking for equipment and other tasks are completed timely and efficiently, reducing the current backlog of administrative tasks. The temporary hours will be shared with Desktop Systems.	\$ 10,000	\$ 10,000	-	-
Program:	(1542) Centralized Systems					
Request:	Temporary Salaries for Clerical Support					

CITY OF SANTA BARBARA
Detail Schedule of Changes in Service
Fiscal Years 2002 and 2003

DESCRIPTION		JUSTIFICATION	NET COSTS		ADD'L POSITIONS FT / PPT	
			FY2002	FY2003	FY2002	FY2003
Dept:	Administrative Services	The Coordinator will provide GIS technical leadership, guidance, training, and support to City Staff and to the City's GIS Steering Committee. Also, the coordinator will develop and manage a centralized GIS Database of topographical and infrastructural mapped data of the City. A portion of the cost of the position will be recovered through overhead allocation to the Enterprise Funds.	\$ 37,346	\$ 39,912	1/0	1/0
Program:	(1542) Centralized Systems					
Request:	Add one full-time GIS Coordinator					
Dept:	Administrative Services	This will fund a second broadcast control station in order to videotape two meetings simultaneously. It will also fund the purchase of additional VCR's to increase playback capability. The on-going portion of the CIS will be used to purchase pre-produced taped programming of local interest. On-going costs are identified as a Council Goal for FY 2002 and FY 2003.	\$ 50,000	\$ 5,000	-	-
Program:	(1551) Government Access					
Request:	Minimize Scroll w/ Playback Equipment					
Dept:	City Administrator's Office	Provide monthly and annual reports to the public on City achievements and highlights of City programs and activities. The objective is to expand community information and promote civic engagement. Council Goal for FY 2002 and FY 2003.	\$ 25,000	\$ 25,000	-	-
Program:	(1311) City Administrator					
Request:	Monthly/Annual Reports					
Dept:	Community Development	In accordance with a management audit recommendation, a Sr. Planner II position be upgraded to a Principal Planner, providing management and supervisory level oversight of the comprehensive planning section and the development of a new long rang planning work plan for the City. This reclassification will also strengthen the accountability and management functions of the Planning Division.	\$ 5,517	\$ 9,650		
Program:	(2131) Long Range Planning					
Request:	Reclassify Senior Planner II to Principal Planner					

CITY OF SANTA BARBARA
Detail Schedule of Changes in Service
Fiscal Years 2002 and 2003

DESCRIPTION		JUSTIFICATION	NET COSTS		ADD'L POSITIONS FT / PPT	
			FY2002	FY2003	FY2002	FY2003
Dept:	Community Development	The Environmental Analyst/Project Planner will address workload management priorities for environmental review and undertake case planning on a number of City projects. The cost of the position will be recovered through work orders billed to Enterprise Funds for work on capital projects. Council Goal for FY 2002 and FY 2003.	\$ 12,000	\$ 5,000	1/0	1/0
Program:	(2132) Development and Design Review					
Request:	Add 1 full-time Environmental Analyst/Project Planner					
Dept:	Community Development	Council Goal 7.2 Project was conceptually approved by City Council on November 24, 1998. At that time, \$35,000 was budgeted in FY1999 for a professional services contract to prepare for implementation of the next phase of the City's Historic Architectural Resources Survey. This change in service is a continuation of the survey project.	-	\$ 50,000	-	-
Program:	(2132) Develop & Design Review					
Request:	Surveys to Identify the City's Historic Resources					
Dept:	Community Development	To provide enhanced customer service, plans review and permit issuance. The reorganization strengthens the services provided at the service counter, including the ability to process projects more expeditiously. Provides an equitable ratio of staff to supervisors and increases clerical support to the division. The reorganization results in net savings to the City.	\$ (25,289)	\$ (23,396)	-	-
Program:	(2141-43) Inspections & Enforcement, Records Center & Plan Archives, and Plan Check & Counter Services					
Request:	Building & Safety Reorganization					
Dept:	Finance	Provide funding for new and ongoing financial reporting requirements associated with Government Accounting Standards Board (GASB) Statement No. 34. The new requirements represent a major, and unprecedented, change to current accounting and reporting requirements, with the biggest impact on fixed asset accounting and reporting.	\$ 40,000	\$ 40,000	-	-
Program:	(1431) Accounting					
Request:	Professional Services – GASB 34 Implementation					

**CITY OF SANTA BARBARA
Detail Schedule of Changes in Service
Fiscal Years 2002 and 2003**

DESCRIPTION	JUSTIFICATION	NET COSTS		ADD'L POSITIONS FT / PPT	
		FY2002	FY2003	FY2002	FY2003
Dept: Finance Program: (1442) Central Stores Request: Temporary Salaries	To ensure the accuracy and reliability of the computerized Inventory System, a temporary clerical/data entry person is needed to post daily receipts, generate claims, and to draw, issue and reorder stock on a daily basis.	\$ 20,000	\$ 20,000	-	-
Dept: Fire Program: (3121) Prevention Request: Wildfire Mitigation - Road Vegetation Clearance	This on-going request is for the implementation of a road vegetation clearance program to prevent fire outbreaks and increase traffic visibility and safety on primary routes within the City's high fire hazard area. Council Goal for FY 2002 and FY 2003.	\$ 25,000	\$ 25,000	-	-
Dept: Fire Program: (3121) Prevention Request: Wildfire Mitigation – Environmental Review	This programmatic environmental review document will set direction for vegetation management projects and mitigation measures on City and public lands, helping to reduce the impact of wildfires. The review is a requirement of the CEQA for implementation of the City's Wildfire Mitigation Program.	-	\$ 125,000	-	-
Dept: Fire Program: (3131) Operations Request: Increase Overtime for Minimum Staffing Requirements	Increase the appropriation for overtime costs to match the expected overtime associated with Minimum Staffing Requirements for safety employees.	\$ 206,480	\$ 215,780	-	-
Dept: Fire Program: (3131) Operations Request: Wildland Interface Vehicle	Lease payments for the acquisition of a Wildland Interface Engine, in accordance with the current large apparatus replacement schedule of one apparatus every two years.	\$ 23,000	\$ 23,000	-	-

CITY OF SANTA BARBARA
Detail Schedule of Changes in Service
Fiscal Years 2002 and 2003

DESCRIPTION		JUSTIFICATION	NET COSTS		ADD'L POSITIONS FT / PPT	
			FY2002	FY2003	FY2002	FY2003
Dept:	Non-Departmental	Provides a 6% increase to the Arts Advisory Council for salary and benefit costs.	\$ 20,000	\$ 20,000	-	-
Program:	(9331) Community Promotion					
Request:	Increase Arts Advisory Council Funding					
Dept:	Non-Departmental	Increase the appropriations for Fiesta, 4 th of July, and Summer Solstice special events to bring them in line with actual costs.	\$ 200,000	\$ 200,000	-	-
Program:	(9331) Community Promotion					
Request:	Increase Special Events Support					
Dept:	Parks and Recreation	This self-funded position will monitor facility rental permits and events in parks. The \$ 16,000 annual cost is offset by increased Monitor Fees, charged directly to park site users. Creation of this temporary position will ensure site cleanliness, prevent conflicts over site use permits, and make permit holders responsible for the conditions of permit approval.	-	-	-	-
Program:	(6912) Grounds Management					
Request:	Temporary Salaries for Facilities Monitors					
Dept:	Parks and Recreation	The conversion of this position to permanent, full-time status will ensure that backlogged capital projects will be addressed and move forward in a timely manner. This position will continue to work in areas such as planning, project design and coordination of backlogged projects including permitting, environmental assessment processing, and construction oversight. Council Goal for FY 2002 and FY 2003.	\$ 62,873	\$ 67,746	1/0	1/0
Program:	(6915) Parks Operations & Management					
Request:	Convert temporary Associate Parks Planner to permanent full-time position					

**CITY OF SANTA BARBARA
Detail Schedule of Changes in Service
Fiscal Years 2002 and 2003**

DESCRIPTION		JUSTIFICATION	NET COSTS		ADD'L POSITIONS FT / PPT	
			FY2002	FY2003	FY2002	FY2003
Dept:	Parks and Recreation	This appropriation will provide labor and materials to maintain the new amenities in landscape improvements on seven blocks of State Street, including park benches, drinking fountains, and irrigation system repairs.	\$ 15,000	\$ 15,000	-	-
Program:	(6916) Contract Management					
Request:	Maintenance for New State Street Amenities					
Dept:	Parks and Recreation	This second installment of salary increases to the Downtown Organization (D.O.) compensates D.O. staff that is currently paid well below market rates. The increase brings salaries in line with comparable industry standards and compensates the Downtown Organization for increased insurance costs.	\$ 44,205	\$ 52,140	-	-
Program:	(6916) Contract Management					
Request:	Downtown Organization – Temporary Salaries					
Dept:	Parks and Recreation	The new restroom at Garden Street and Cabrillo Boulevard will require a high level of maintenance, as it is anticipated to be the highest used restroom in the park system. The position will provide cleaning seven days a week with an hourly cleaning schedule during peak use times.	\$ 82,670	\$ 85,414	1/0	1/0
Program:	(6917) Chase Palm Park					
Request:	Add one full-time Custodian, including Materials and Supplies					
Dept:	Parks and Recreation	Establishment of an equipment replacement fee will create a fund for the replacement of picnic tables and pads, barbeques, trashcans, and picnic-related improvements such as signage, path of travel and landscaping. The fee will be applicable to designated, reservable picnic and park areas. The amount of equipment replaced will be limited to the amount of revenue collected annually. Estimated annual revenue is \$4,000.	-	-	-	-
Program:	(6121) Recreation Facilities and (6917) Chase Palm Park					
Request:	5% Rental Surcharge for Equipment Replacement					
Dept:	Parks and Recreation	Lifeguards staffing will be provided during all program hours, including currently unguarded activities, in compliance with current industry standards. The cost associated with the increased staffing of lifeguards will be partially offset through increased program user fees.	\$ 2,975	\$ 3,062	-	-
Program:	(6171) Aquatics					
Request:	Temporary Salaries for Lifeguards					

CITY OF SANTA BARBARA
Detail Schedule of Changes in Service
Fiscal Years 2002 and 2003

DESCRIPTION		JUSTIFICATION	NET COSTS		ADD'L POSITIONS FT / PPT	
			FY2002	FY2003	FY2002	FY2003
Dept:	Police	This position will eliminate the backlog in reports which occur frequently during busy weekends, holidays and special events and help provide 24 hour a day, seven days a week coverage as needed. The rapid distribution of reports and timely information is critical to resolving crimes and will result in increased customer service to the public.	\$ 34,774	\$ 37,369	1/0	1/0
Program:	(3411) Chief's Staff & Support Services					
Request:	Add one full-time Office Specialist II-Transcriber					
Dept:	Police	To provide diversity training in the department, offsetting potential problems and concerns, perceived or factual. A consultant will design a training program tailored to the specific needs of the department.	\$ 25,000	-	-	-
Program:	(3411) Chief's Staff & Support Services					
Request:	Diversity Training					
Dept:	Police	Information Technology currently has a backlog of programming projects that approximates two years of effort at current staffing levels. Additional system improvements and new applications are requested each month. The addition of a new programmer analyst would help meet this workload demand.	\$ 67,384	\$ 68,146	1/0	1/0
Program:	(3412) Information Technology					
Request:	Add one full-time Programmer Analyst					
Dept:	Police	It has been noted by Police Officers that increased lighting on State Street results in a direct reduction of crimes during the nighttime hours. As a result, temporary overhead lighting equipment will be rented for use during holiday weekend nights and special events, as part of the implementation of the newly established Nightlife Enforcement Program.	\$ 5,200	-	-	-
Program:	(3448) Nightlife Enforcement					
Request:	State Street Temporary Night Lighting					
Dept:	Public Works	The addition of a full-time Solid Waste Specialist is required to assist with the newly added workload related to solid waste and meeting the deadline for State mandate AB939. The Solid Waste Specialist will implement, coordinate and monitor recycling and diversion programs citywide. Council Goal for FY 2002 and FY 2003.	\$ 41,308	\$ 46,707	1/0	1/0
Program:	(4213) Environmental Programs					
Request:	Add one full-time Solid Waste Specialist					

**CITY OF SANTA BARBARA
Detail Schedule of Changes in Service
Fiscal Years 2002 and 2003**

DESCRIPTION			JUSTIFICATION		NET COSTS		ADD'L POSITIONS FT / PPT	
					FY2002	FY2003	FY2002	FY2003
Dept:	Public Works	Circulation Element Goal 13 directs staff to apply land use planning strategies to support the City's mobility goals. To accommodate economic growth in downtown, this study would define ways in which housing and other services could be provided to reduce congestion and meet parking demand.	\$ 40,000	-	-	-		
Program:	(4312) Transportation Planning							
Request:	Traffic Mitigation Study							
Dept:	Public Works	This upgraded position will address the more difficult analysis and coordination required to implement the Council Goal of creating neighborhood mobility plans by utilizing the process outlined in the City's Traffic Management Plan and in conformance with Section 12.1.1 of the Circulation Element. The majority of costs are for consultant services in support of this effort. Council Goal for FY 2002 and FY 2003.	\$ 60,000	\$ 60,000	-	-		
Program:	(4312) Transportation Planning							
Request:	Reclassify Traffic Tech II to Assistant Transportation Planner							
ENTERPRISE FUNDS								
Dept:	Airport	There is a continuing and ongoing need for a Community Education Liaison to conduct public education activities, including Airport facility tours and schools outreach programs. The community education activities are a vital part of the Marketing and Community Relations Program activities. The cost of the position is shown net of temporary salary savings.	\$ 7,152	\$ 7,285	0/1	0/1		
Program:	<i>Airport Fund - (7413)</i> Marketing & Community Relations							
Request:	Convert temporary Community Education Liaison to permanent part-time							
Dept:	Airport	As part of a reorganization of the facilities maintenance activities, the creation of a second Maintenance Coordinator will increase the level of planning, monitoring and modification of maintenance measures. The joint positions will be assigned specific areas of responsibility and will assist the Maintenance Supervisor and Operations Manager in increasing the amount of programmed maintenance to avoid costly emergency maintenance.	\$ 50,329	\$ 54,144	1/0	1/0		
Program:	<i>Airport Fund - (7422)</i> Facility Maintenance							
Request:	Add one full-time Maintenance Coordinator							

CITY OF SANTA BARBARA
Detail Schedule of Changes in Service
Fiscal Years 2002 and 2003

DESCRIPTION		JUSTIFICATION	NET COSTS		ADD'L POSITIONS FT / PPT	
			FY2002	FY2003	FY2002	FY2003
Dept:	Airport	The ongoing need for technical support to the two engineers and one planner resulted in the conversion of the position from a temporary position to a permanent, part-time position. The position will provide support to the planning and implementation of the department's many capital projects, as well as undertake responsibilities related to the Airport's Pavement Management Program and the Digital Mapping Project. The cost of the position is shown net of temporary salary savings.	\$ 7,680	\$ 7,891	0/1	0/1
Program:	<i>Airport Fund - (7451)</i> Facilities Planning & Development					
Request:	Convert temporary Senior Engineering Tech to permanent part-time					
Dept:	Finance	The addition of a full-time Risk Analyst will increase the level of workplace safety by overseeing citywide departmental compliance with Cal-OSHA safety orders, mandated to ensure employers maintain a safe work environment, and training employees in safe workplace practices.	\$ 84,177	\$ 84,161	1/0	1/0
Program:	<i>Self-Insurance Fund - (1461)</i> Occupational Health & Safety					
Request:	Add one full-time Risk Analyst					
Dept:	Public Works	The Maintenance Worker II will be responsible for maintaining Parking Lot Structure 6. Parking Lot 6 is scheduled for completion in FY 2003 and the position will be hired at that time.	-	\$ 43,203	-	1/0
Program:	<i>Downtown Parking Fund - (4315)</i> Downtown parking					
Request:	Add one full-time Maintenance Worker II					
Dept:	Public Works	There is a growing demand for full-time project management services related to special building maintenance and capital improvement projects. Turnover in temporary Project Engineers can potentially delay project schedules and increase project costs. Further, many new project requests are on hold. Savings in temporary salaries offsets the cost of the new position, \$69,108 in Year 1 and \$74,507 in Year 2.	-	-	1/0	1/0
Program:	<i>ICS Fund - (4511)</i> Building Maintenance					
Request:	Add one full-time Project Engineer II					

**CITY OF SANTA BARBARA
Detail Schedule of Changes in Service
Fiscal Years 2002 and 2003**

DESCRIPTION	JUSTIFICATION	NET COSTS		ADD'L POSITIONS FT / PPT	
		FY2002	FY2003	FY2002	FY2003
Dept: Public Works Program: <i>ICS Fund - (4511)</i> Building Maintenance Request: Add one full-time Maintenance Worker II	Turnover in temporary staff has created problems with work order assignments. To increase work efficiency, reduce project backlog and retain adequately trained staff, conversion to a permanent position is necessary. The position will undertake independent projects as well as support trade groups as needed. The cost of the new position, \$41,618 in Year 1 and \$44,696 in Year 2, is offset by savings in temporary salaries.	-	-	1/0	1/0
Dept: Public Works Program: <i>Water Fund - (4661)</i> Water Resources Lab and <i>Wastewater Fund - (4661)</i> Water Resources Lab Request: Reclass 2 Lab Analysts I to 2 Lab Analysts II	Due to the technical nature of the Lab Analyst position, the high turnover in the laboratory staff has resulted in inefficiency, and thus increased costs. As a recommendation of the Center for Collaborative Management, this change in service will facilitate a collaborative laboratory team environment. The Water Resources Laboratory is funded jointly with the Wastewater Fund.	\$ 9,666	\$ 9,513	-	-
Dept: Public Works Program: <i>Wastewater Fund - (4631)</i> Water Distribution & Collection Request: Reclass Lab Analyst II to Lab Coordinator	Due to the technical nature of the Lab Analyst position, the high turnover in the laboratory staff has resulted in inefficiency, and thus increased costs. As a recommendation of the Center for Collaborative Management, this change in service will facilitate a collaborative laboratory team environment. The Water Resources Laboratory is funded jointly with the Wastewater Fund.	\$ 5,512	\$ 7,466	-	-
Dept: Waterfront Program: <i>Waterfront Fund - (8111)</i> Administration and Community Relations Request: Add one full-time Administrative Analyst I	This new position will provide necessary program and divisional support involving on-going projects, programs, planning, research and coordination of the department's major annual events. Currently, there is a backlog of administrative tasks related to the day-to-day operations of the department.	\$ 63,300	\$ 68,219	1/0	1/0

**CITY OF SANTA BARBARA
Council Goals and Implementation Plans
Fiscal Years 2002 and 2003**

Goal and Implementation Plans	Allocation From \$300,000 in Council Goals Reserves		Other Funding
	FY 2002	FY 2003	FY 02 & 03

Goal I: Continue Key Growth Management Strategies.

<input type="checkbox"/>	Support the Economic Community Project's Impact of Growth Study, designed to provide strategies for managing growth in the South Coast.	-	-	-
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Goal II: Improve Neighborhoods

<input type="checkbox"/>	Develop neighborhood management plans by working with neighborhoods and businesses to develop traffic management measures.	\$ 60,000	\$ 60,000	\$ 165,000 (Capital)
<input type="checkbox"/>	Support and expand transit services to provide increased alternative transportation within the neighborhoods and within and into the downtown area.	-	-	-
<input type="checkbox"/>	Complete a pedestrian and paseo master plan.	-	-	200,000 (Capital)
<input type="checkbox"/>	Coordinate and support the creation of a citizen advisory committee to the Police Department to increase community involvement in policing efforts to neighborhoods.	-	-	-

Goal III: Promote Regional Planning and Services Through Partnerships

<input type="checkbox"/>	Develop a long-term funding strategy for transportation and transit projects.	-	-	-
<input type="checkbox"/>	Add a Principal Civil Engineer and a Solid Waste Specialist to support: <ol style="list-style-type: none"> 1. Participation in County coordinated effort to discuss regional solid waste planning, the creation of a Joint Powers Authority (JPA) agreement. 2. Participation in discussions with Community Environmental Council (CEC) and County on proposed local materials recovery facility. 3. Participation in County's efforts to extend the use of the Tajiguas Landfill and study for the siting of a new landfill within the County. Provide comments on Environmental Impact Report. 	79,091	88,894	-
<input type="checkbox"/>	Initiate meetings of City and County officials on shared interests and concerns.	-	-	-

CITY OF SANTA BARBARA
Council Goals and Implementation Plans
Fiscal Years 2002 and 2003
(continued)

Goal and Implementation Plans	Allocation From \$300,000 in Council Goals Reserves		Other Funding
	FY 2002	FY 2003	FY 02 & 03

Goal IV: Improve and Expand Community Facilities, Services and Programs

<input type="checkbox"/>	Complete a feasibility study for a major aquatic complex to meet the current demand for pool use.	-	-	225,000 (Capital)
<input type="checkbox"/>	Add a new public restroom in the downtown area.	-	-	(FY 2001)
<input type="checkbox"/>	Meet and discuss with Earl Warren Showgrounds Board regarding future uses of their facilities.	-	-	-
<input type="checkbox"/>	Proceed with development of sports fields through the use of established matching funds, beginning in fiscal year 2000.	-	-	250,000 (Capital)
<input type="checkbox"/>	Implement the Airport Facilities Plan involving expansion of the terminal and other related infrastructure.	-	-	10,699,190 (Capital)
<input type="checkbox"/>	Address backlog of Parks & Recreation capital improvement needs, including the conversion of a temporary Planner position to permanent.	62,873	67,746	507,500 (Capital)

Goal V: Protect and Develop Affordable Housing

<input type="checkbox"/>	Consider housing mitigation programs.	-	-	-
<input type="checkbox"/>	Review "Granny Unit" Ordinance.	-	-	-
<input type="checkbox"/>	Purchase and landbank creekside properties for affordable housing in conjunction with creek restoration projects as they become available.	-	-	-
<input type="checkbox"/>	Publicize affordable housing achievements.	-	-	-
<input type="checkbox"/>	Preserve affordable housing as affordable covenants expire.	-	-	-

Goal VI: Enhance and Improve Environmental Quality

<input type="checkbox"/>	Implement the Creeks Restoration and Water Quality Improvement Program.	-	-	4,284,000 (Measure B)
<input type="checkbox"/>	Implement the Lower Mission Creek Flood Control Project. Funding includes \$500,000 in unappropriated reserves.	-	-	1,200,000 (Capital)

Goal VII: Maintain and Enhance City's Financial Strength

<input type="checkbox"/>	Direct the use of multi-year forecasting in budgeting process.	-	-	-
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CITY OF SANTA BARBARA
Council Goals and Implementation Plans
Fiscal Years 2002 and 2003
(continued)

Goal and Implementation Plans		Allocation From \$300,000 in Council Goals Reserves		Other Funding
		FY 2002	FY 2003	FY 02 & 03
<input type="checkbox"/>	Expand the use of International City Manager's Association (ICMA) Performance Measurement Program.	-	-	-
<input type="checkbox"/>	Support the League of California Cities' "grass roots" project to recover property tax revenues shifted away from local government by the State of California.	-	-	9,269 (City Administrator's Office)
Goal VIII: Expand Community Information and Promote Civic Engagement				
<input type="checkbox"/>	Establish a Council-appointed public information committee.	-	-	-
<input type="checkbox"/>	Implement a citizen satisfaction survey program.	-	25,000	-
<input type="checkbox"/>	Prepare monthly and annual reports to the public on City accomplishments and achievements.	25,000	25,000	
<input type="checkbox"/>	Televisе Airport Commission meetings.	-	-	22,000 (Airport Department)
<input type="checkbox"/>	Minimize scroll hours on Government Access Channel 18 using digital playback equipment.	5,000	5,000	45,000 (Administrative Services)
Goal IX: Promote Fire Safety				
<input type="checkbox"/>	Expand fuels management program of clearing brush and other vegetation to minimize risk to private and public property.	25,000	25,000	-
Total Proposed Funding		\$256,964	\$ 296,640	\$17,606,959
Council Goal Reserve Balance		\$43,036	\$3,360	N/A

CITY OF SANTA BARBARA
Summary of Authorized Positions
 Full-Time/Part-Time

Position Title	Adopted FY 2001	Amended FY 2001	Adopted FY 2002	Proposed FY 2003
Administrative Services	29 / 2	29 / 2	30 / 2	30 / 2
Airport	42	42	43 / 2	43 / 2
City Administrator's Office	9	10	10	10
City Attorney's Office	12	12 / 1	12 / 1	12 / 1
Community Development	83 / 3	83 / 3	84 / 3	84 / 3
Finance	48	48	49	49
Fire	124	124	124	124
Library	49 / 2	49 / 2	49 / 2	49 / 2
Mayor and City Council	9	9	9	9
Parks and Recreation	85 / 8	89 / 8	92 / 7	92 / 7
Police	234	239 / 1	240 / 1	237 / 1
Public Works	269 / 2	269 / 2	273 / 3	274 / 3
Waterfront	44	44	45	45
CITY TOTAL	1037 / 17	1047 / 19	1060 / 21	1058 / 21

CITY OF SANTA BARBARA
Schedule of Position Changes
Fiscal Year 2002

	2002		
	ADD	DELETE	NET
GENERAL FUND			
<i>Administrative Services</i>			
Systems Analyst (GIS Coordinator)	1/0	-	1/0
<i>Community Development</i>			
Project Planner/Environmental Analyst	1/0	-	1/0
Associate Plan Check Engineer	-	1/0	(1)/0
Senior Plans Examiner	1/0	-	1/0
Building Inspector	-	1/0	(1)/0
Building Inspector Aide	1/0	-	1/0
Building Inspector Coordinator	-	1/0	(1)/0
Senior Building Inspector	1/0	-	1/0
Office Specialist II	-	1/0	(1)/0
Senior Office Specialist	1/0	-	1/0
Clerical Coordinator	-	1/0	(1)/0
Administrative Clerical Supervisor	1/0	-	1/0
<i>Parks and Recreation</i>			
Associate Planner	1/0	-	1/0
Custodian	1/0	-	1/0
Park Ranger	1/0	0/1	1/(1)
<i>Police</i>			
Office Specialist II (Transcriber)	1/0	-	1/0
Programmer Analyst	1/0	-	1/0
Assistant Partnership for Youth Coordinator	-	1/0	(1)/0
Office Specialist II	-	1/0	(1)/0
Computer Specialist I	1/0	-	1/0
<i>Public Works</i>			
Solid Waste Specialist	1/0	-	1/0
Traffic Technician II	-	1/0	(1)/0
Assistant Transportation Planner	1/0	-	1/0
Engineering Technician II	-	1/0	(1)/0
Senior Engineering Technician	1/0	-	1/0
Traffic Technician II	-	1/0	(1)/0
Senior Traffic Technician	1/0	-	1/0
GENERAL FUND TOTAL	17/0	10/1	7/(1)

CITY OF SANTA BARBARA
Schedule of Position Changes
Fiscal Year 2002
(continued)

	<u>2002</u>		
	<u>ADD</u>	<u>DELETE</u>	<u>NET</u>
SPECIAL & ENTERPRISE FUNDS			
<i>Airport</i>			
Community Education Liaison	0/1	-	0/1
Maintenance Coordinator	1/0	-	1/0
Senior Engineering Technician	0/1	-	0/1
<i>Creek Restoration/Water Quality Improvement Program</i>			
Maintenance Worker II	1/0	-	1/0
Water Resources Specialist	0/1	-	0/1
<i>Intra-City Funds</i>			
Project Engineer II	1/0	-	1/0
Maintenance Worker II	1/0	-	1/0
<i>Self Insurance</i>			
Risk Analyst	1/0	-	1/0
<i>Water</i>			
Laboratory Analyst I	-	1/0	(1)/0
Laboratory Analyst II	1/0	-	1/0
<i>Wastewater</i>			
Laboratory Analyst I	-	1/0	(1)/0
Laboratory Analyst II	1/0	-	1/0
Laboratory Analyst I	-	1/0	(1)/0
Laboratory Coordinator	1/0	-	1/0
<i>Waterfront</i>			
Administrative Analyst	1/0	-	1/0
SPECIAL & ENTERPRISE FUND TOTAL	<u>9/3</u>	<u>3/0</u>	<u>6/3</u>
TOTAL ALL FUNDS	<u>26/3</u>	<u>13/1</u>	<u>13/2</u>

**CITY OF SANTA BARBARA
Schedule of Position Changes
Fiscal Year 2003**

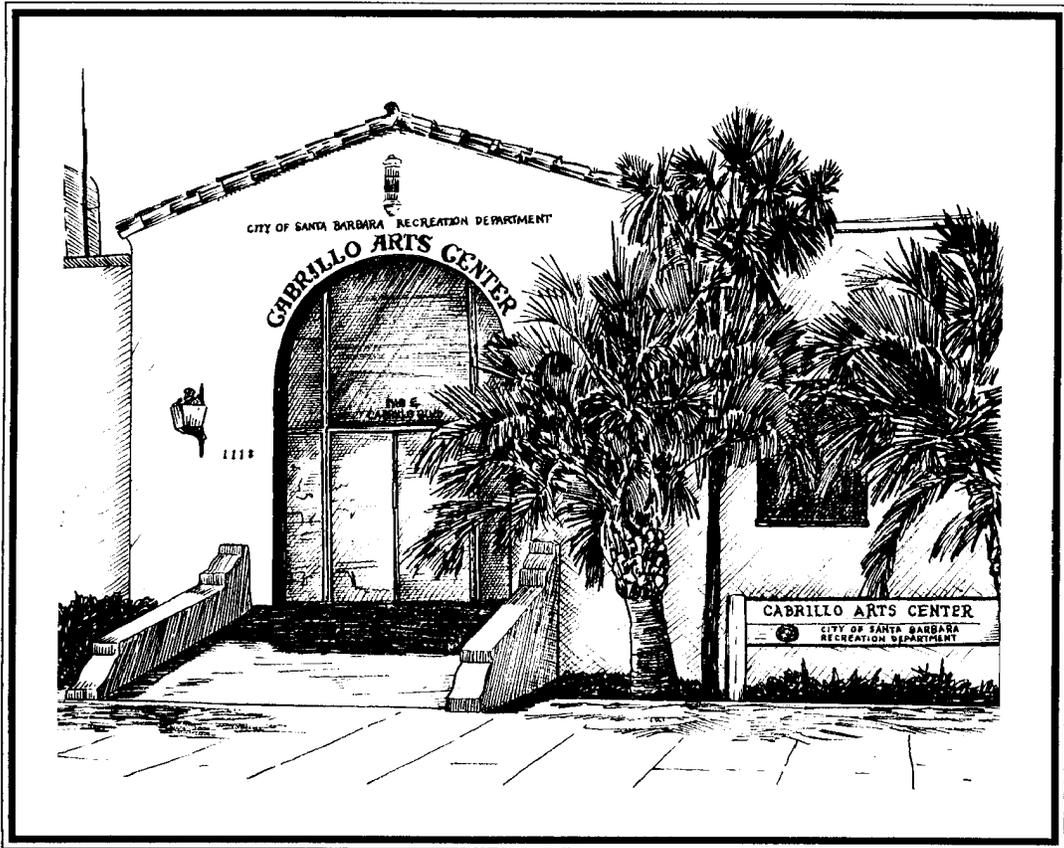
	2003		
	ADD	DELETE	NET
GENERAL FUND			
<i>Police</i>			
Police Officer *	-	1/0	(1)/0
Parking Enforcement Officer*	-	2/0	(2)/0
GENERAL FUND TOTAL	0/0	3/0	(3)/0
SPECIAL & ENTERPRISE FUNDS			
<i>Downtown Parking</i>			
Maintenance Worker II	1/0	-	1/0
SPECIAL & ENTERPRISE FUND TOTAL	1/0	0/0	1/0
 TOTAL ALL FUNDS	1/0	3/0	(2)/0

*Limited term position to end 6/30/02

Individual Fund Presentations



INDIVIDUAL FUND PRESENTATIONS



GENERAL FUND

	Fiscal Year				
	2000 Actual	2001 Adopted Budget	2001 Amended Budget	2002 Adopted	2003 Proposed
Revenue	\$ 75,425,802	\$ 72,158,939	\$ 74,733,609	\$ 80,918,198	\$ 82,957,071
Operating expenses	<u>66,884,152</u>	<u>70,609,847</u>	<u>72,824,976</u>	<u>78,218,198</u>	<u>80,257,071</u>
Operating surplus	8,541,650	1,549,092	1,908,633	2,700,000	2,700,000
Capital budget:					
Use of restricted streets capital reserves	-	-	-	800,000	-
Streets capital	<u>1,900,000</u>	<u>1,900,000</u>	<u>1,900,000</u>	<u>3,500,000</u>	<u>2,700,000</u>
Remaining surplus (deficit)	6,641,650	(350,908)	8,633	-	-
General capital	<u>3,057,667</u>	<u>1,884,867</u>	<u>1,926,519</u>	<u>2,490,924</u>	<u>2,427,730</u>
Net addition to (use of) reserves	<u>\$ 3,583,983</u>	<u>\$ (2,235,775)</u>	<u>\$ (1,917,886)</u>	<u>\$ (2,490,924)</u>	<u>\$ (2,427,730)</u>

The adopted two-year financial plan for the General Fund continues the achievement of recent years in that both years' operating budgets are balanced without the use of reserves. As the table above indicates, in the first year of the financial plan, operating revenues are sufficient to fund all operating costs and an ongoing \$2.7 million streets capital program. The \$2.5 million general capital program is funded with reserves in excess of policy requirements. There is also the planned use of \$800,000 of restricted streets capital reserves in the first year of the financial plan. In the second year of the financial plan, operating revenues are sufficient to fund all ongoing operating expenses and a \$2.7 million streets capital program, with the balance of funding for the \$2.4 million capital program from reserves in excess of policy requirements.

The two-year financial plan includes a General Fund capital program (non-streets) of approximately \$4.9 million over the two-year period. This is almost \$850,000 (21%) more than was adopted in the current two-year financial plan. As mentioned above, the financial plan incorporates the use of General Fund reserves accumulated in excess of policy requirements to fund the two-year capital program. This use of accumulated reserves is consistent with the policy statement adopted by the City Council in November 1995. That policy statement directed those one-time revenues be used only to support non-recurring expenditures such as capital and other one-time costs. The financial plan's substantial funding for General Fund capital projects continues the commitment renewed in fiscal year 1997. The General Fund did not fund a capital program from fiscal year 1992 through fiscal year 1996. This five-year hiatus in General Fund capital budget funding, caused by the impacts of the recession and the State's "reallocation" of City revenues, created a substantial backlog of projects. Although the \$4.9 million of capital funding still will not eliminate this backlog, it does represent significant and substantial progress. In fact, as the City Council developed their goals for the two-year financial plan, addressing the backlog of capital maintenance of City facilities was identified as a top priority. In response to this, an additional \$400,000 (included in the amounts above) was added to the capital program.

GENERAL FUND

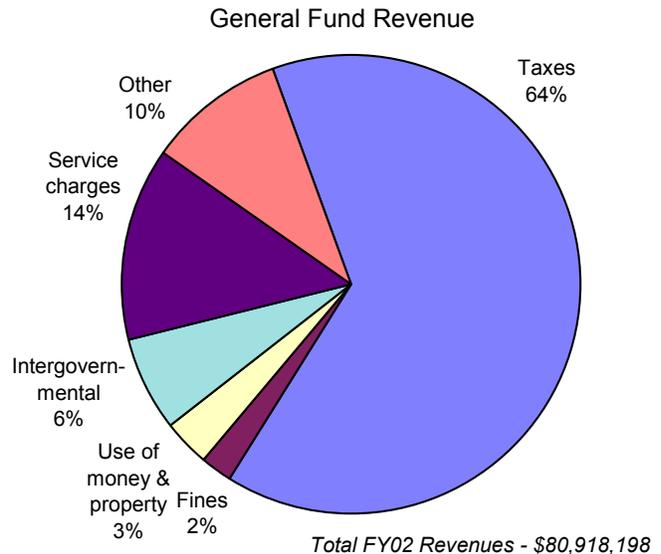
Overall, General Fund operating expenditures in the first year of the two-year financial plan are \$78,218,198, an increase of 10.8% from the adopted fiscal 2001 budget and an increase of 7.4% from the fiscal 2001 budget as amended through mid-year. The primary difference between the fiscal year 2001 budget as originally adopted and as amended through mid-year is an increase for approved salary and benefit increases contained in recently approved memoranda of understanding (MOU) with the City's various employee bargaining units. The mid-year adjustment for these salary and benefit increases totaled approximately \$1.8 million.

Operating expenditures in fiscal 2003, the second year of the two-year financial plan, are \$80,257,071, an increase of 2.6% above the operating budget for fiscal 2002, the first year of the adopted financial plan.

The balance of this General Fund overview will focus on revenue and expenditure issues affecting the General Fund overall. Details on operating expenditures by department and program can be found in the department summaries and program narratives elsewhere in this document and in Volume II.

REVENUE

In total, General Fund revenues are projected at \$80,918,198 for fiscal year 2002 and \$82,957,071 for fiscal year 2003. This represents growth of \$8.8 million (12.1%) in year one (from the adopted fiscal year 2001 budget) and approximately an additional \$2 million (2.5%) in year two. Although, at 12.1%, the revenue growth in the first year appears dramatic, much of that growth will actually be realized in the current fiscal year (2001). It is expected that revenue in the current fiscal year will exceed the adopted budget by over \$4 million. When compared to the year-end estimate for the current fiscal year (as opposed to the adopted budget), the first year revenue budget reflects a more modest 4% growth rate.



Overall, the revenue growth rate projections used to develop the two-year financial plan are consistent with recent experience and Staff believes they are reasonable. However, if the City experiences an economic slowdown with a corresponding impact on revenues, adjustments to the budget may be required.

The chart above displays the major revenue sources. As the chart indicates, taxes, at 64%, still constitute the largest source of General Fund revenue. The Service Charges category is the second largest category at 14%.

In developing the revenue estimates for the two-year financial plan, staff began by identifying those revenues susceptible to growth based upon economic activity. Certain revenues, such as investment income, fines and forfeitures, and most intergovernmental revenues are not affected by changes in economic activity levels. Estimates for these revenues were developed

GENERAL FUND

REVENUE (continued)

based upon historical experience and, in the case of State intergovernmental revenues, guidance provided by the State. In most cases, these revenues are anticipated to grow minimally, if at all. For revenues such as taxes and fees, which are tied to economic conditions, staff has traditionally used a moderate 3% to 4% growth rate for budgetary projections. However, since recent growth in the City's different tax revenues has varied widely depending on the particular tax, staff was not able to use an across-the-board growth factor.

Overall growth in General Fund revenues is being driven primarily by a small number of specific revenue sources. Most of the General Fund revenues subject to growth based upon economic activity levels continue to experience moderate growth. However, two of the City's tax revenues, sales and transient occupancy taxes, until recently, have grown at historically high rates. Because these are two of the largest revenue sources to the General Fund, the strong growth rates experienced for these two sources have a significant impact on overall revenue growth. It is important to keep in mind that the overall revenue growth is highly concentrated in these two areas. While the projected growth in these two key revenue sources is welcome, this concentration of revenue growth presents certain risks. If either sales tax or transient occupancy tax do not continue to grow at anticipated levels, the impact on the overall General Fund revenue outlook could be significant.

Additional detail on specific revenue sources is presented below.

Taxes

	Fiscal Year Budget		Percent Growth
	2001	2002	
Overall, the fiscal year 2002 budget for tax revenue is 10.1% above the adopted fiscal 2001 budget. As the table on the right indicates and as discussed above, there is a wide variation in the projected growth rates of individual taxes. While sales tax, transient occupancy tax, property tax and utility users tax are			
Sales and use	\$ 17,415,000	\$ 19,354,500	11.1%
Utility users	8,663,000	9,619,000	11.0%
Property	8,139,000	8,959,000	10.1%
Transient occupancy	9,665,000	10,586,000	9.5%
Franchise			
Electric	524,100	487,000	-7.1%
Gas	367,000	339,600	-7.5%
Refuse	248,500	247,400	-0.4%
Cable television	502,500	502,500	0.0%
Business license	1,569,000	1,699,400	8.3%
Real property transfer	300,000	392,000	30.7%
Total taxes	<u>\$ 47,393,100</u>	<u>\$ 52,186,400</u>	10.1%

anticipated to continue showing growth, the franchise tax revenue is budgeted at levels at or below the current year budget. Each of these revenue projections is based upon current year experience.

Although the comparison in the table is budget to budget, in developing the revenue projections for the two-year financial plan, staff began by evaluating fiscal year 2001 year-to-date amounts, which for sales, transient occupancy, utility user and property taxes are ahead of budget projections. For example, through almost three-quarters of fiscal year 2001, transient occupancy tax was ahead of prior year by 10.3%. Through two quarters of sales tax returns, this largest General Fund revenue was up 7.1% over the same period in the prior year. These actual

GENERAL FUND

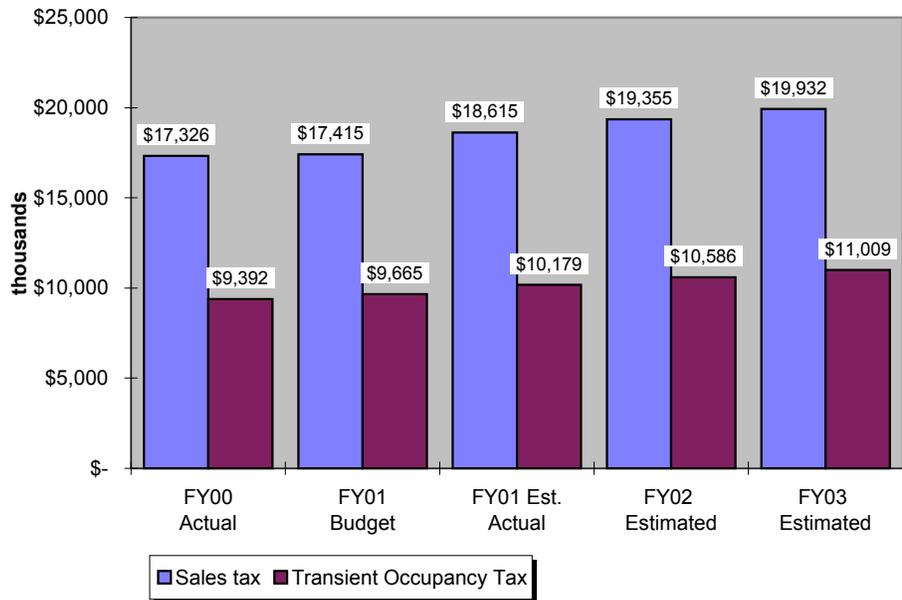
REVENUE (continued)

Taxes (continued)

growth rates compare favorably to the growth rates projected for the current year budget. Therefore, although on a budget-to-budget basis the projections for several of the tax revenues reflect aggressive growth, when compared to the estimated fiscal 2001 year-end actual amounts, the actual projected rate of growth is significantly less.

The chart below displays information on both sales tax and transient occupancy tax, including the estimated fiscal 2001 year-end balances. Based upon the estimated year-end amounts for the current fiscal year, staff has used a projected growth rate of 4% in year one and an additional 3% in year two for sales tax and 4% in both years for transient occupancy tax.

Revenue from the City's 6% utility users tax is projected to increase 11% from the current year adopted budget or 4% from the estimated actual year-end amount. The City's utility users tax revenue has been unusually volatile over the last two years. For some time, the City was



experiencing significant problems with the utility users tax collections from the largest electric service provider. In part, the difficulty was a change the service provider made in the method of remitting the City's utility users tax. The service provider switched from remitting utility users tax based upon amount billed to remitting based upon actual collections. This change had a one-time adverse impact on the City's utility users tax revenue. Neither year's estimated utility users tax revenue reflects any potential impact from rate increases on electric services.

Property tax continues to show good recovery from the impact of the recession. Although other taxes began recovering several years earlier, property tax did not begin its recovery until fiscal year 1999. Fiscal year 1999 property tax revenue grew 8.9% over fiscal year 1998. This growth continued in fiscal year 2000 with 8% growth. The current year (fiscal year 2001) is expected to exceed budget by over \$475,000, resulting in 6% growth. When calculated from the estimated year-end amount for fiscal 2001, staff has used a 4% growth rate for property tax for the first year of the financial plan and an additional 3% growth for the second year.

Franchise fees, in total, are projected to decline by approximately \$66,000 in the first year of the

GENERAL FUND

REVENUE (continued)

Taxes (continued)

two-year financial plan. This is based upon current year experience and is primarily the result of lower receipts from the electric utilities. In year two, franchise fees are projected to remain flat.

The budget for business license tax is increased just over 8.3% from the current year budget. This is a 2% increase from the projected year-end balance for the current fiscal year. An additional 2% growth is projected for the second year of the financial plan.

The final tax revenue type is real property transfer tax. Staff is projecting an increase from the adopted fiscal year 2001 budget of \$92,000 (31%). Once again, the substantial increase in the first year is based upon current year experience. Staff is projecting no additional growth in the second year of the financial plan.

Fines and Forfeitures

This revenue category is projected to provide almost \$1.7 million in General Fund revenue (2%). This is approximately \$200,000 higher than the current year budget. The largest item in this group is parking fines, which is anticipated to generate \$1.4 million of the \$1.7 million total. The parking fine revenue projection does reflect the recently approved increase in some parking fines. Staff is projecting only nominal growth (3%) in this revenue category for the second year of the two-year financial plan.

Use of Money and Property

This category, totaling \$2.7 million (3% of General Fund revenue) is comprised of two items. The first, and smaller, is the rents and leases earned on General Fund properties, primarily the three Community Centers. This provides approximately \$355,000.

The more significant revenue in this category is investment income. The fiscal year 2002 estimate for investment income is \$2.35 million. Although this is 26% above the amount in the originally adopted fiscal year 2001 (current year) budget, it is almost \$500,000 below the 2001 year-end actual. A further decline of \$100,000 (to \$2.25 million) is projected for the second year. These estimates are in recognition of two factors. First, the City's investment portfolio continues to be managed conservatively, which results in somewhat lower earnings. More importantly, the interest rate environment has deteriorated. Because of lower interest rates, the new investments purchased are not at the average 6% yield enjoyed by the City in previous years. As more of the City's older investments mature and are replaced with newer investments, the average yield on the City's portfolio is declining.

Intergovernmental

Intergovernmental revenues are projected to contribute approximately \$5.5 million (6%) to the General Fund budget. This is an increase of approximately \$876,000 (18.8%) from the current year adopted budget. By far the most significant individual revenue in this category is vehicle license fees (VLF). This revenue is paid to the City by the State and is projected to provide just over \$5 million, accounting for the entire projected increase in the intergovernmental revenue category. VLF is critical, unrestricted General Fund revenue. It provides over 5% of total

GENERAL FUND

REVENUE (continued)

Intergovernmental (continued)

General Fund revenue. Two years ago the State approved reductions in the VLF charged to vehicle owners. At the same time, the State also agreed to backfill this loss of revenue to cities with State General Fund dollars. Unfortunately, if the State experiences budgetary difficulties, there is no guarantee that the State General Fund appropriations necessary to continue this backfill will continue. For this reason, a significant portion of the City's VLF revenue is still considered vulnerable.

Intergovernmental revenue is projected to grow an additional \$154,000 (2.8%) in the second year of the financial plan.

Service Charges

After taxes, this is the second largest revenue category in the General Fund. In total, service charges are projected to provide approximately \$11 million (14%) of General Fund revenue. The adopted fiscal year 2002 amount is approximately \$835,000 (8.2%) above the current year adopted budget amount.

As the table indicates, the majority of the increase is in the miscellaneous category. This is attributed to first-time budgeting for reimbursements of state mandated costs (also known as SB 90). In past years, SB 90 amounts were not budgeted because the amounts and timing of receipt were more uncertain.

	Fiscal Year Budget		Percent Change
	2001	2002	
Finance	\$ 560,000	\$ 585,000	4.46%
Community Development	2,399,881	2,503,479	4.32%
Parks & Recreation	1,944,865	2,051,696	5.49%
Fire	883,836	898,573	1.67%
Police	445,427	462,524	3.84%
Public Works	2,631,000	2,811,000	6.84%
Library	546,276	589,535	7.92%
Miscellaneous	767,897	1,112,207	44.84%
	<u>\$ 10,179,182</u>	<u>\$ 11,014,014</u>	8.20%

Departmental fees and service charges are projected to grow modestly. This is generally attributed to a combination of projected modest growth in activity levels as well as modest increases in fee levels. In developing the budget, departments were directed to adjust fee levels in accordance with changes in the inflation rate. This translated into increases to some – but not all – fees and service charges of between 3% and 4%. In this way, the level of most of the City's fees and service charges can keep pace with growth in the City's own costs of providing the related services.

The following is a brief discussion of some of the departmental fee issues.

Finance

The only fee attributed to the Finance Department is the reimbursement from Browning Ferris Industries (BFI) for the costs of including the refuse billing on the City's consolidated water/sewer bills. This revenue is projected at \$585,000 for both years of the financial plan.

GENERAL FUND

REVENUE (continued)

Service Charges (continued)

Community Development

The Community Development Department generates nearly 23% of all General Fund service charges. These include all land use and building related fees. The 4.3% growth from the fiscal 2001 adopted budget amount is attributed to a 3% increase in planning fees as well as some adjustments to reflect current year experience. There is no change in the level of building fees, such as building permits.

Parks and Recreation

Parks and Recreation has budgeted a 3% increase in most, but not all, of the department's fees and service charges to be effective with the start of the new fiscal year. The department also expects some revenue growth from an increase in activity levels. It is anticipated that the department's programs and facilities rentals will generate just over \$2 million in revenue for the General Fund. The department is also proposing an additional 3% increase in most fees in year two.

Fire

Virtually all of the Fire Department's service charge revenue is attributed to the contract with the Airport Department for the Airport Rescue and Firefighting (ARFF) program. The amount to be charged to the Airport in fiscal year 2002 for this service is approximately \$839,000. The only other Fire Department fee revenue is generated by fire inspections on commercial property (\$60,000).

Police

The Police Department is proposing an increase to the fees charged for fingerprinting. Although not considered departmental fee revenue, there was also a recent increase in some of the City's parking fines. The projected 3.8% revenue growth is primarily attributed to adjustments based upon current year experience.

Police fees include vehicle release fees (\$105,000), dismissal fees (\$60,000), booking fee reimbursements (\$25,000), POST reimbursement (\$80,000) and recovery of costs associated with DUI arrests (\$25,000).

Public Works

Public Works fees and service charges total just over \$2.8 million. This is the largest fee total of any General Fund department - nearly 3.5% of total General Fund revenue. The largest single source, at just over \$2.2 million, is from engineering work orders. These are charges to the City's Special and Enterprise Funds for engineering services, particularly those associated with capital projects.

GENERAL FUND

REVENUE (continued)

Service Charges (continued)

Library

The Library's departmental fee revenue is projected to increase almost 8%. Since there are no changes to any Library fines or fees, the entire growth is based on expectations of increased funding and activity levels.

Miscellaneous

The miscellaneous category includes cost recovery items such as reimbursement from the City's Redevelopment Agency for staffing costs (\$681,310) and attorney's fees (\$51,500) and reimbursement from the State (\$328,000) for costs incurred in complying with State mandates (SB 90).

"Other" Revenue

Almost \$1 million of the growth is attributed to an increase in the overhead allocation charged to City's Special Revenue and Enterprise funds. Overhead allocation is paid to the General Fund by the City's Enterprise Funds as compensation for administrative services budgeted in, and paid for by, the General Fund. These administrative services include, but are not limited to, human resources, payroll, accounts payable, accounting, data processing, purchasing, legal services and overall management provided by the City Administrator's office. Each administrative service is individually allocated based upon usage. For example, payroll costs are allocated based upon the number of paychecks issued for each fund. Traditionally, the City has had the overhead allocation study updated every five or six years. Since the City's cost allocation plan has not been updated since 1994, the City recently contracted for and completed an update to the plan. As a result of the study, the amount of costs allocated to the Special Revenue and Enterprise funds has risen substantially. This has provided a corresponding increase in the General Fund revenue.

The other significant revenue source in the "other" category is "transfers in" from the Gas Tax and Traffic Safety Special Revenue Funds. The Gas Tax transfer provides \$1.65 million and the Traffic Safety transfer provides an additional \$375,000. Combined, these two transfers represent almost 2.5% of total General Fund revenue. Both of these revenue sources are legally restricted to use in the City's streets program.

Additional information on these two Special Revenue funds can be found later in the "Overview by Fund" section of this document.

EXPENDITURES

As mentioned at the beginning of this section, overall General Fund operating expenditures are \$78,218,198 in year one and \$80,257,071 in year two. Including capital, the total adopted General Fund budget is \$84,209,122 for year one and \$85,384,801 for year two.

As noted above, the General Fund operating budget in year one represents an increase of 10.8% over the current year adopted budget and an increase of 7.4% from the current year

GENERAL FUND

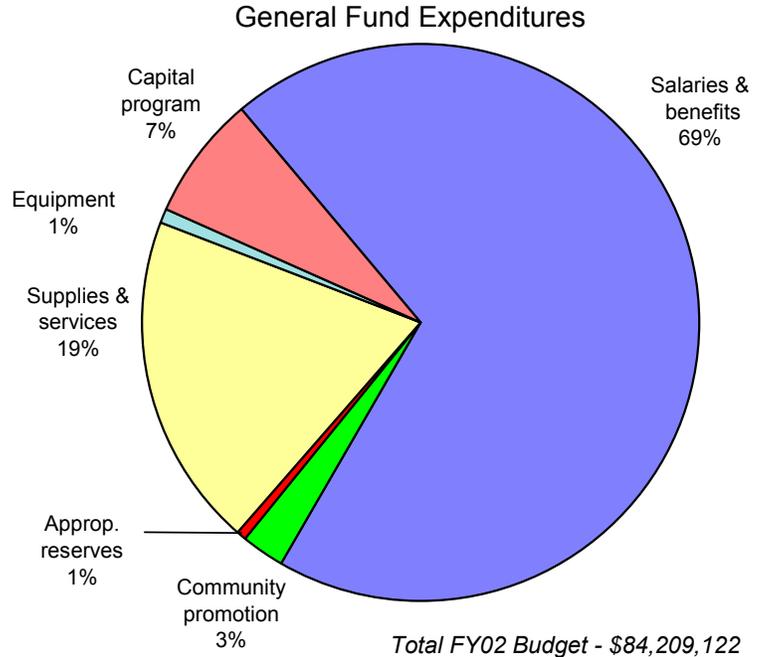
EXPENDITURES (continued)

budget as amended through mid-year. The second year operating budget represents an increase of approximately \$2 million (2.6%) over the adopted first year budget.

A significant portion of the operating budget increase, from the amended 2001 fiscal year budget to the two years of the financial plan, is attributed to increased salary and benefits and, to a lesser extent, changes in service.

In total, the impact of salary and benefit cost increases on the General Fund as a whole, total approximately \$4 million in year one and roughly \$1.7 million in year two. The increases are attributed to increased benefits costs such as PERS retirement and health insurance, as well as negotiated MOU increases. The budget of each and every General Fund department is affected.

The changes in service add approximately \$1.42 million to the year one budget, net of \$94,335 in revenue generated by the changes in service. The changes in service include the net addition of seven full-time positions.



The chart on the right displays the adopted fiscal year 2002 General Fund budget, including capital, by object of expenditure. As is always the case, salaries and benefits (69%) represent the largest portion of the General Fund budget. This is the same proportion as in the originally adopted fiscal year 2001 budget.

Capital expenditures represent 7% of the General Fund budget and include funding for both the street capital program (\$3.5 million) and the general capital program (\$2.5 million). Funding for the street capital program includes the one-time use of \$800,000 of restricted street program reserves. These reserves were accumulated from unspent prior year restricted street revenue.

As indicated in the chart, the Community Promotion budget comprises approximately 3% of the budget. The Community Promotion program accounts for City contributions to various civic events such as the 4th of July celebration, Old Spanish Days and Summer Solstice, as well as to organizations such as the Chamber of Commerce and the Conference and Visitors Bureau.

Another notable item affecting the entire General Fund is that all General Fund departments were allocated a 2% general "cost of living" increase to the supplies and services line items. This is only the second time since the start of the recession in 1991 that General Fund departments had been provided an across-the-board adjustment to the supplies and services line items. The 2% adjustment was allocated only to the first year of the financial plan. The second year of the financial plan does not contain an additional adjustment.

GENERAL FUND

EXPENDITURES (continued)

The table below summarizes General Fund expenditures by department for the adopted fiscal year 2001 budget, the fiscal 2001 budget as amended through mid-year and the fiscal years 2002 and 2003 budgets. The percentage change column is based on the change from the amended fiscal year 2001 budget to the adopted fiscal year 2002 budget.

	Fiscal Year Budget				Percent Change FY01 Amended to FY2002	
	2001		2002			2003
	Adopted	Amended	Adopted	Proposed		
Administrative Services	\$ 2,622,366	\$ 2,757,781	\$ 3,342,788	\$ 3,096,791	21.2%	
City Administrator	1,046,846	1,152,410	1,312,919	1,333,131	13.9%	
City Attorney	1,481,606	1,528,307	1,641,008	1,662,663	7.4%	
Community Development	6,268,155	6,302,367	6,595,500	6,898,914	4.7%	
Finance	2,725,616	2,900,497	3,106,115	3,196,086	7.1%	
Fire	11,058,731	11,163,453	12,317,506	12,896,872	10.3%	
Library	2,990,800	3,154,255	3,289,869	3,365,341	4.3%	
Mayor and Council	415,042	424,382	453,985	458,923	7.0%	
Non-Departmental	4,854,782	4,851,294	5,242,467	5,392,183	8.1%	
Parks and Recreation	9,345,509	9,704,036	10,230,032	10,514,148	5.4%	
Police	19,529,148	20,079,897	21,706,507	22,232,388	8.1%	
Public Works	8,271,246	8,806,297	8,979,502	9,209,631	2.0%	
Total budgeted expenditures	\$ 70,609,847	\$ 72,824,976	\$ 78,218,198	\$ 80,257,071	7.4%	

Details on expenditures by department and program can be found in Volume II of the budget. However, the following is a brief summary of some of the most notable changes in the departmental budgets. It is not intended to provide details on all adopted changes. Consolidated information on changes in service can be found in the *Detail Schedule of Changes in Service* in a previous section of this volume.

Administrative Services

The operating fiscal year 2002 budget for Administrative Services is approximately \$3.3 million or just over 4% of the adopted General Fund operating budget. This is \$585,000 (21.2%) above the amended fiscal year 2001 budget. Virtually all of the increase is found in the Information Systems programs and is in support of efforts to enhance the City's use of technology. Changes in service include the addition of a full-time Geographic Information Systems (GIS) Coordinator position to provide citywide support for the implementation of a citywide GIS system. An additional change in service has been included to fund the "Virtual City Hall" project (\$200,000). This project will expedite the City's efforts to extend City services to the Internet. The project will add interactive applications to the City's website and provide the capability to process payments into the City's existing financial management system. Portions of these additional Information Systems costs will be allocated to the City's Enterprise Funds.

In another effort to enhance technology, there is a change in service in the Human Resources program to acquire and implement an on-line job application tool (\$38,200). When implemented, applicants will be able to fully complete and submit employment applications online.

GENERAL FUND

EXPENDITURES

City Administrator

The adopted fiscal year 2002 budget for the City Administrator program is approximately \$1.3 million or 1.7% of the General Fund operating budget. This is approximately \$161,000 (13.9%) higher than the amended fiscal 2001 budget. Included in the budget is one change in service. \$25,000 has been added to fund development and production of periodic reports to citizens highlighting City programs, activities and achievements. This change in service was identified by the City Council as a Council Goal for the two-year financial plan. The balance of the increase in this department is attributed to the salary and benefit category.

Community Development

The adopted fiscal year 2002 budget for Community Development totals approximately \$6.6 million, over 8% of the General Fund operating budget. The adopted budget contains three changes in service. One of these is the addition of a full-time Environmental Analyst/Project Planner. The position will address workload management priorities for environmental review of selected City projects. Although the total annual cost of this position is approximately \$67,000, the budget reflects the fact that the entire cost of salaries and benefits of the position will be recovered by the General Fund through work orders charged to the various capital projects on which the position will work. Thus, the only cost to the General Fund will be the one-time cost of \$7,000 and an on-going cost of \$5,000. The addition of this position is directly related to an identified Council Goal for the two-year financial plan.

Another notable change in service is a reorganization of the Building and Safety programs. The reorganization will provide enhanced customer service relating to plan review and permit issuance. The reorganization will not add any new positions and will result in net savings to the department of just over \$25,000.

The second year of the two-year financial plan includes an additional \$50,000 to continue the surveys to identify the City's Historic Resources. This is a continuation of a Council Goal from the current two-year financial plan. No additional funding has been included in the first year of the two-year financial plan because the previously appropriated funds have yet to be fully expended.

Fire Department

The adopted fiscal year 2002 budget for the Fire Department is approximately \$12.3 million. This represents over 15.8% of the General Fund operating budget, the second largest in the General Fund, only behind the Police Department.

There are no new positions in the two-year financial plan. There are, however, a total of four changes in service. The first of these provides \$25,000 in each of the two years for vegetation clearance as wildfire mitigation. There is also just over \$200,000 per year added to the department's overtime budget. This increase will more closely align the overtime budget with actual experience.

The third change in service is the addition of \$23,000 in each year to fund payments on a new fire engine. The new engine is a Wildland Interface Engine, designed to attack fires on the border between the wildland areas and the more urban areas of the City.

GENERAL FUND

EXPENDITURES

Fire Department (continued)

The final change in service is the addition of \$125,000 to the second year of the two-year financial plan to fund an environmental review of the City's Wildfire Mitigation Program. This is a one-time expenditure.

Library

The adopted Library Department budget for fiscal year 2002 is almost \$3.3 million or just over 4% of the General Fund budget, and \$136,000 (4%) above the current year amended budget. There are no changes in service for the Library.

Non-Departmental

The Non-Departmental budget is comprised of two distinct categories – Community Promotion and General Government. The Community Promotion programs account for the City's contributions to marketing and tourism promotion as well as arts and special community events such as Fiesta, Summer Solstice and the City's Fourth of July celebrations. The General Government programs account for the General Fund's property and liability insurance, the planned maintenance program for General Fund facilities and the General Fund's appropriated reserves.

The fiscal year 2002 Non-Departmental budget is just over \$5.2 million, or over 6.7% of the General Fund operating budget. The adopted budget reflects an overall increase of approximately \$388,000 (8%) from the originally adopted fiscal year 2001 budget. The overall increase in the Non-Departmental budget is significantly less than the individual increases described below, due to the fact that the current year budget included a reserve of \$396,000, budgeted as a funding source for pending salary and benefit increases arising from labor negotiations. The two-year financial plan will see those pending salary and benefit increases realized.

A significant change in the Non-Departmental budget is an increase of \$200,000 in the accounts used to provide for City support of various major special events. These special events include Old Spanish Days (Fiesta), Summer Solstice and Fourth of July. The budgeted funds cover incremental costs of the Police, Fire, Public Works and Parks and Recreation departments in supporting these large civic events. Over the last several years, the funds budgeted for City support of these events has proven to be inadequate. Therefore, the amount has been increased from approximately \$96,000 in the current year budget to almost \$300,000.

Another notable adjustment in the Non-Departmental budget is a \$250,000 (23%) increase in the appropriation to the Santa Barbara Conference and Visitors Bureau and Film Commission (CVB). This will raise the City's CVB contribution from approximately \$1.1 million to approximately \$1.35 million. The CVB will use the additional funds to further enhance marketing and promotion of Santa Barbara.

In addition to the two significant items described above, there are several other notable changes including increases in the property/liability insurance (up \$53,000), the planned maintenance program for General Fund facilities (up \$50,000) and an increased contribution to the Santa Barbara Zoo for payment of its water bill (up \$62,500 to \$150,000).

GENERAL FUND

EXPENDITURES

Parks and Recreation

The adopted fiscal year 2002 Parks and Recreation Department budget is approximately \$10.2 million. This represents 13% of the General Fund operating budget. The Parks and Recreation budget is the third largest in the General Fund, behind only Police and Fire. Although the Public Works Department's total budget is the largest in the City, much of it is outside the General Fund in various Enterprise Funds. Fiscal year 2002 will be the first time that the Parks and Recreation Department's budget will exceed \$10 million.

The adopted Parks and Recreation budget for fiscal year 2002 contains several changes in service. Among these is the conversion of a temporary Parks Planner position to permanent full-time status at a cost of approximately \$63,000. The position will coordinate all departmental projects for open space and natural areas, including wetlands. Included in this will be the environmental review for the Douglas Family Preserve Management Plan. The addition of this position is consistent with an identified City Council Goal to address the backlog of capital improvements to existing Parks and Recreation facilities.

The new public restroom located at the intersection of Garden Street and Cabrillo Boulevard will require a high level of maintenance. In order to provide an appropriate level of daily maintenance, there is an addition of one full-time custodian position. Including the necessary supplies and equipment, this function will add approximately \$83,000 to the department's budget on an ongoing basis.

Approximately \$44,000 is included for an increase to the Downtown Organization's contract for the cleaning of the State Street sidewalks. The funds will be used by the Downtown Organization to increase the wages paid to the temporary workers performing the maintenance work. This is the second installment of the increases that were begun in the current year. Some of the funds will also be used by the Downtown Organization to pay for increased insurance costs relating to the maintenance contract with the City.

Fiscal year 2002 will also be the first full year of operation of Skater's Point, the City's new waterfront skateboard park.

Police Department

The adopted fiscal year 2002 Police Department budget is approximately \$21.7 million. It is by far the largest departmental budget in the General Fund, representing nearly 28% of the General Fund operating budget.

The Police Department has several changes in service, including the addition of two full-time positions. In addition, although it is not listed as a change in service because it was approved during the current fiscal year, the adopted fiscal year 2002 budget is the first to contain a full year of funding for the five additional patrol positions associated with the new Nightlife Enforcement Team.

One of the adopted changes in service is the addition of a Programmer/Analyst in the Police Department's Information Technology program. The new position, at an annual cost of approximately \$67,000, will help address the backlog of programming projects that has grown over the last several years. The Police Department is increasingly reliant on technology including the mobile data terminals installed in patrol cars.

GENERAL FUND

EXPENDITURES

Police Department (continued)

The other adopted new position is an Office Specialist/Transcriber at an annual cost of approximately \$35,000. The additional position will help eliminate the backlog in report production that often occurs during the busy periods of weekends, holidays and special events. The additional position will help provide coverage 24 hours a day, seven days per week. The timely production of incident reports is essential to resolving crimes and will also result in improved customer service to the public.

Finally, the adopted fiscal year 2002 budget contains \$25,000 for diversity training. A consultant will design a program specifically tailored to the needs of the department.

Public Works

The adopted fiscal year 2002 Public Works budget is almost \$9 million. This represents approximately 11.5% of the General Fund operating budget. Although in total, the Public Works Department budget is the City's largest, the majority of the departmental budget is not in the General Fund. It is in the City's various Enterprise Funds such as Water, Wastewater, Parking and the various capital funds. This section is limited to the Public Works General Fund budget. A review of the various Enterprise Funds can be found later in this section.

The Public Works adopted fiscal year 2002 budget contains three changes in service, including the addition of one full-time position.

The addition of a full-time Solid Waste Specialist position, at an annual cost of approximately \$41,000, is in support of an identified Council Goal. The position will assist in projects such as regional solid waste planning, including work on the future of the Tajiguas Landfill, the possible development of a joint powers authority agreement and feasibility evaluation of a materials recovery facility. In addition, the position will coordinate and monitor recycling and diversion programs citywide. In a related action, the addition of a Principal Civil Engineer position was approved during the current fiscal year.

The adopted budget also includes \$25,000 for a traffic mitigation study in support of the City's Circulation Element (Goal #13). In order to accommodate economic growth in the downtown area, this study will define ways in which housing and other services can be provided to reduce congestion and meet parking demand.

Finally, the budget contains the reclassification of an existing Traffic Technician position to an Assistant Transportation Planner level. This, too, is in support of an identified Council Goal. The position will address the more difficult analyses and coordination required to implement the Council Goal of creating neighborhood mobility plans in conformance with Section 12.1.1 of the Circulation Element. The majority of the \$60,000 cost of this change in service is for consultant services in support of this effort.

SUMMARY

The adopted fiscal year 2002 General Fund budget builds on the accomplishments of the current fiscal year. The operating budget is balanced without the use of reserves and provision has been made for a significantly expanded capital program. Although the City's tax revenue

GENERAL FUND

SUMMARY (continued)

continues to grow, preliminary signs indicate that the rate of growth is moderating. Over the course of the two-year financial plan, the most significant budget question may well be whether the economy – and consequently the City’s most critical tax revenues – continue to experience reasonable growth.

As stated earlier, additional details on the changes in service may be found in the summary schedules in this volume or in the department program narratives found in Volume II.

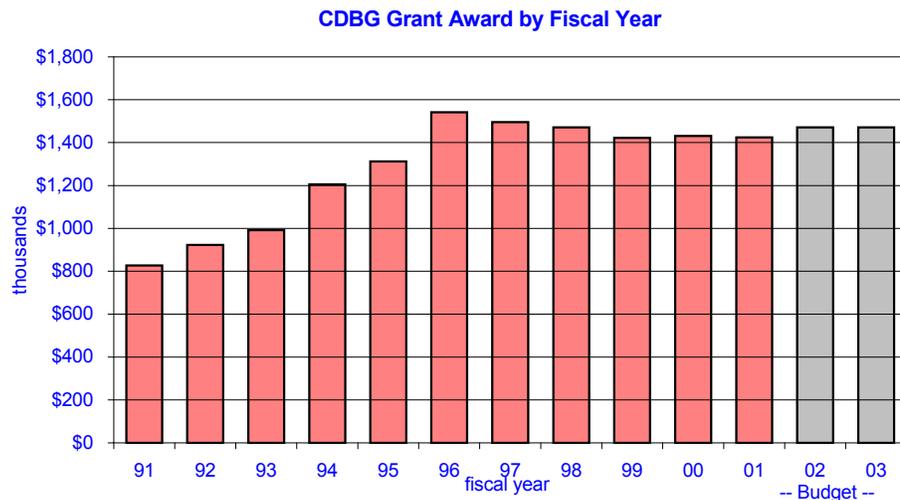
SPECIAL REVENUE FUNDS

Community Development Block Grant Fund

	Fiscal Year			
	2000 Actual	2001 Adopted	2002 Adopted	2003 Proposed
Revenue				
CDBG revenue	\$ 1,055,728	\$ 1,431,000	\$ 1,471,000	\$ 1,471,000
Program income	652,791	450,000	450,000	450,000
Total revenue	1,708,519	1,881,000	1,921,000	1,921,000
Operating expenditures	1,708,519	1,881,000	1,921,000	1,921,000
Net addition to (use of) reserves	\$ -	\$ -	\$ -	\$ -

The City's Community Development Block Grant (CDBG) Fund is used to account for the annual federal block grant received by the City from the U.S. Department of Housing and Urban Development. This annual grant supports programs including the City's Rental Housing Mediation Task Force, human service grants and a low and moderate income housing rehabilitation program.

Over the last several years, the City has been concerned that federal budget actions would adversely impact the City's annual CDBG award. Despite this concern, the chart to the right indicates that the City's grant award has increased significantly since fiscal year 1991. During this time, the City's annual grant has increased from just over \$800,000 to more



than \$1.4 million, an increase of over 75%. Although the City's grant award has declined slightly since the peak in fiscal year 1996, the City is still enjoying substantially greater CDBG funding than in the early 1990s. At almost \$1.5 million, the estimated amounts for fiscal years 2002 and 2003 are slightly greater than the current year grant award. Despite the apparent stability, the City remains concerned that federal budget actions may adversely affect the programs supported by the grant award.

Besides the annual federal grant award, the other major source of revenue in this fund comes from repayments of the housing loans issued under the housing rehabilitation program.

SPECIAL REVENUE FUNDS

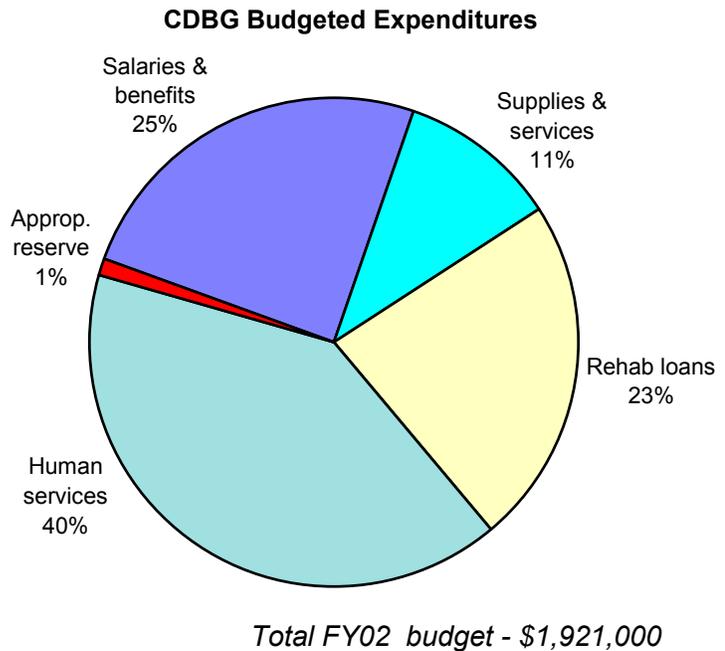
Community Development Block Grant Fund (continued)

As of June 30, 2000, the City had almost \$7.3 million in outstanding CDBG funded housing rehabilitation loans. The City maintains a “revolving” loan fund, so that, as loan repayments are received, the funds are reappropriated and loaned again. Fiscal year 1997 was the first time that loan repayments (also known as “program income”) have been included in the adopted budget. Previously, loan repayments had been brought to the Council as supplemental appropriations later in the fiscal year, after much of the year’s repayments had been received. However, since the routine repayments are quite predictable, they are now included in the adopted budget. As indicated in the table on the previous page, loan repayments for both fiscal years 2002 and 2003 are projected to be \$450,000. In some years, loan repayments significantly exceed expectations. For example, in fiscal year 2000, loan repayments totaled over \$650,000. The additional amounts represent unscheduled pre-payments of loan balances due to property sales or re-financings. Due to the indeterminate nature of these prepayments, no attempt is made to include them in the budget. In the event significant pre-payments are received during the year, a supplemental appropriation will be requested.

The chart on the right displays the CDBG budget by category of expense. Human service grants and housing rehabilitation loans represent 63% of the budget.

The CDBG human services grants are allocated, along with the General Fund human services funding, based upon recommendations submitted to the City Council by the City’s Community Development and Human Services Committee. The Committee’s recommendations for fiscal year 2001 were recently submitted to Council.

All requests for housing rehabilitation loans are evaluated by program staff and are submitted to the City’s Loan Committee for approval. The Loan Committee is comprised of the Deputy City Administrator, the Community Development Director and the Finance Director. The Loan Committee can approve loans of \$60,000 or less. Loans of more than \$60,000 require approval of City Council.



SPECIAL REVENUE FUNDS

County Library Fund

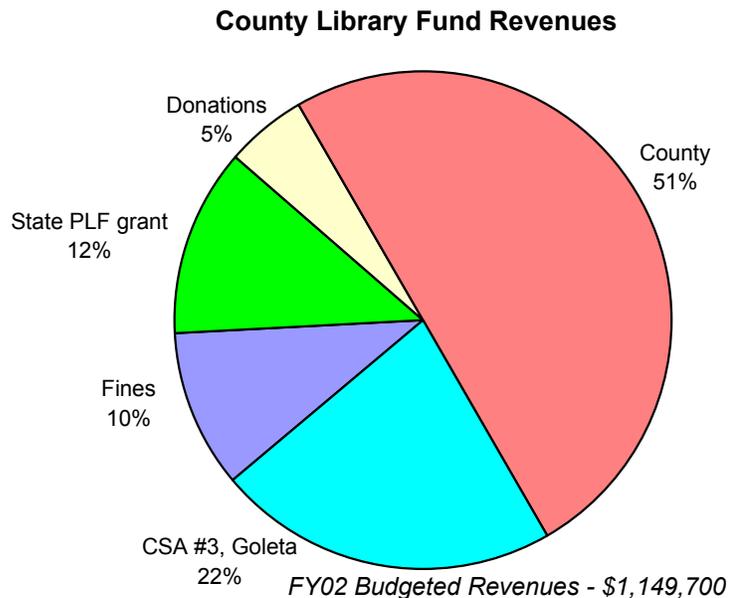
	Fiscal Year			
	2000 Actual	2001 Adopted	2002 Adopted	2003 Proposed
Revenue	\$ 1,281,810	\$ 1,113,625	1,149,700	\$ 1,149,700
Operating expenditures	1,186,794	1,187,303	1,321,447	1,365,978
Net addition to (use of) reserves	<u>95,016</u>	<u>(73,678)</u>	<u>(171,747)</u>	<u>(216,278)</u>

The County Library Fund accounts for the costs of providing a full range of library services to the residents of Solvang, Santa Ynez, Los Olivos, Carpinteria, Montecito and Goleta, under contract with the County of Santa Barbara. The chart below indicates that revenue to support these services comes from a variety of sources including the County, State Public Library Fund (PLF) Grant, fines, donations and contributions from other agencies. Although additional contributions from various "Friends of the Library" community groups are received occasionally, they are not budgeted because of the generally unpredictable nature of donations. No City of Santa Barbara funds are included in the County Library Fund budget.

Under the terms of the agreement between the City and the County, the City is compensated for managing these County library services. The City receives an administration fee amounting to 8% of the annual County appropriation for County (non-City) resident library services. This administration fee is recorded as revenue in the City's General Fund.

The adopted budget is based upon current fiscal year funding levels for both the County per capita contribution and the state PLF grant. Changes in the level of either of these revenue sources will require corresponding expenditure and program adjustments. Since neither the State nor the County generally adopt a budget prior to the July 1 start of the fiscal year, adjustments are generally brought before the Council in the autumn.

The budget includes \$155,000 for the acquisition of collection materials. The use of reserves reflected in the table at the top of this page is to support the acquisition of these collection materials as well as various programs and activities.



SPECIAL REVENUE FUNDS

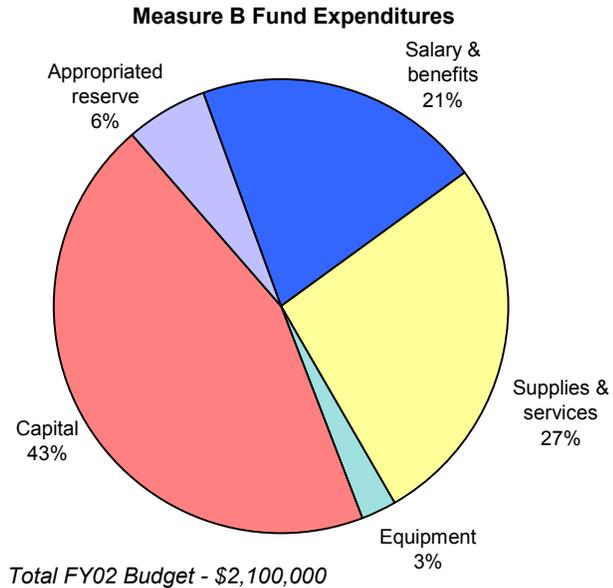
Creeks Restoration & Water Quality Improvement (Measure B) Fund

	Fiscal Year			
	2000 Actual	2001 Adopted	2002 Adopted	2003 Proposed
Revenue	\$ -	\$ -	\$ 2,100,000	\$ 2,184,000
Operating expenses	-	-	1,169,000	1,291,000
Operating surplus (deficit)	-	-	931,000	893,000
Capital budget	-	-	931,000	893,000
Net addition to (use of) reserve	\$ -	\$ -	\$ -	\$ -

In November 2000, the City's voters overwhelmingly approved Measure B, a two-percent increase in the City's transient occupancy tax, effective January 1, 2001. Under the terms of the measure, all proceeds from the tax increase are restricted for use in the City's Creeks Restoration and Water Quality Improvement Program. In order to meet the intent of the measure, the City opened a Special Revenue Fund to account solely for all revenues and expenditures associated with this program.

In February 2001, the City Council approved the transfer of \$668,290 from the City's General Fund into the Creeks and Water Quality Special Revenue Fund. These funds previously had been either appropriated or designated for the Creeks and Water Quality Program. In addition, it was estimated that in the six months between the effective date and the end of the current fiscal year, the two-percent transient occupancy tax would generate approximately \$900,000.

The Creeks Restoration and Water Quality Improvement Program is managed by the City's Parks and Recreation Department. Under the direction of the Parks and Recreation Director, the Creeks Restoration and Water Quality Improvement Manager will manage the program.



The adopted budget for fiscal year 2002 is balanced at \$2.1 million. All of the budgeted revenue is attributed to the two-percent transient occupancy tax (TOT). Although the City will be allocating interest to the fund, none has been budgeted because it is too early to make a

SPECIAL REVENUE FUNDS

Creeks Restoration & Water Quality Improvement (Measure B) Fund (continued)

reasonable estimate. In the second year of the adopted two-year financial plan, the transient occupancy tax is projected to grow by 4%. Both the \$2.1 million TOT estimate for fiscal year 2002 and the 4% projected growth rate are consistent with the assumptions used to budget the General Fund's TOT.

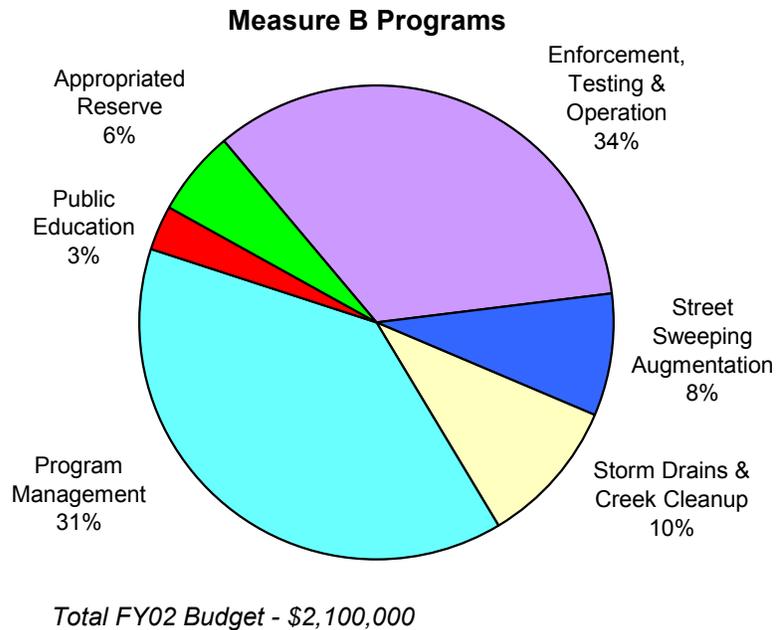
The chart on the previous page displays the expenditure budget by object of expenditure. As the chart indicates, 43% of the budget is dedicated to capital (\$931,000). Projects included in the adopted capital budget are the Stormwater Interceptor project (\$50,000), Old Mission Creek Restoration/Bohnett Park (\$425,000), and a clarifier at the City's Public Works Yard (\$150,000).

With salary and benefit costs representing only 21% of the budget, the Measure B Fund more closely resembles one of the City's Enterprise Funds rather than the General Fund. The budget also includes an appropriated reserve of \$123,000 (6%). These funds will be available for allocation to specific programs or activities during the fiscal year.

The chart on the right displays the adopted fiscal year 2002 budget by program. The appropriated reserve has been separated but the adopted capital budget items have been included in the related programs. One program not displayed, due to the small amount of the program budget, is the Grants and Contract

Coordination Program. It is expected that this program will be funded largely by grants. One of the primary goals of the entire Creeks Restoration and Water Quality Improvement Program will be to identify and obtain grants in order to augment the City's funding.

In summary, fiscal year 2002 will be the first full fiscal year of operation for the City's Creeks Restoration and Water Quality Improvement Program. During this first year, the City, along with a significant number of stakeholders, will establish and implement this critical long-term program.



SPECIAL REVENUE FUNDS

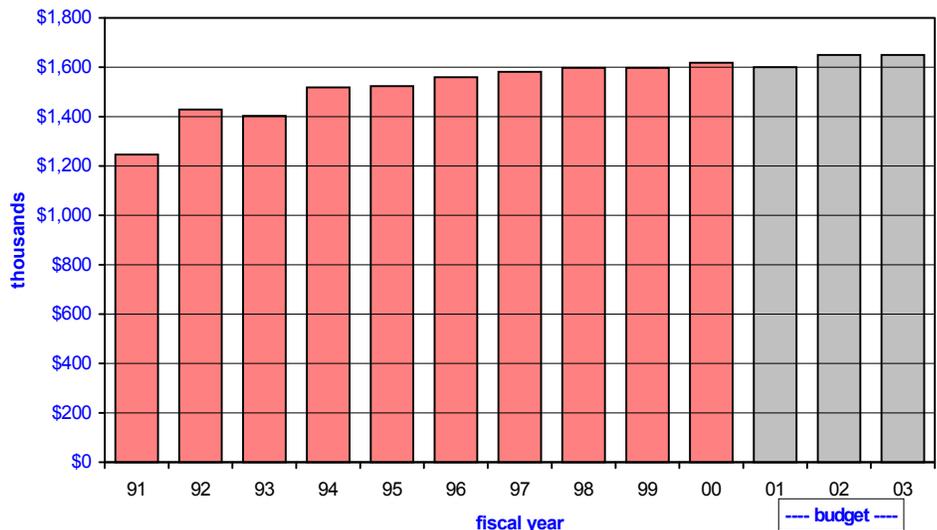
Gas Tax Fund

	Fiscal Year			
	2000	2001	2002	2003
	Actual	Adopted	Adopted	Proposed
Revenue	\$ 1,618,372	\$ 1,600,000	\$ 1,650,000	\$ 1,650,000
Operating expenditures	1,618,372	1,600,000	1,650,000	1,650,000
Net addition to (use of) reserves	\$ -	\$ -	\$ -	\$ -

The Gas Tax revenue received by the City is a portion of the state's 18 cent per gallon tax on fuel used to propel a motor vehicle or aircraft. Article XIX of the California Constitution restricts the use of gas tax revenue to research, planning, construction, improvement, maintenance and operation of public streets and highways or public mass transit. The funds are distributed by the state on a per capita basis. Since Santa Barbara's population has grown more slowly than other areas of the state, its proportional share of the gas tax has declined. Despite this, for reasons cited below, the City's total gas tax revenue has remained stable.

Paid to the City by the State, gas tax revenue is initially accounted for in the City's Gas Tax Special Revenue Fund. After receipt, all gas tax revenues are transferred to the General Fund for use in the City's street operations and maintenance activities. Each year, the City is audited by the State Controller's Office to ensure that the funds are used in accordance with state law.

Gas Tax Revenue by Fiscal Year



The City anticipates receiving approximately \$1.65 million in gas tax revenue in both fiscal years 2002 and 2003, which is consistent with current year experience.

As the chart above indicates, the City's gas tax revenue has grown moderately since 1991. This is due primarily to the passage of Proposition 111 in June 1990. Approved by the state's voters, this proposition doubled the gas tax rate from nine to eighteen cents a gallon over a five-year period. That phased increase was completed in January 1994. Cities receive approximately 11.5% of the additional nine cents tax.

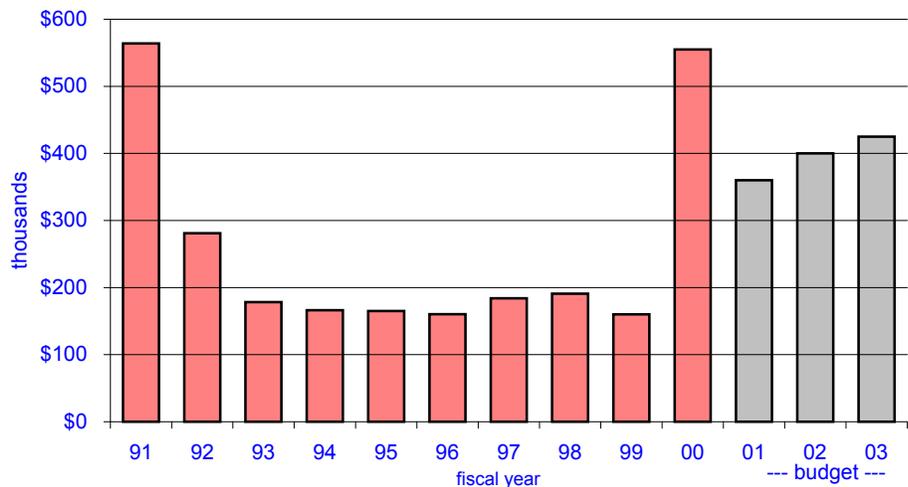
SPECIAL REVENUE FUNDS

Traffic Safety Fund

	Fiscal Year			
	2000	2001	2002	2003
	Actual	Adopted	Adopted	Proposed
Revenue	\$ 555,080	\$ 360,000	\$ 400,000	\$ 425,000
Operating expenditures	555,080	360,000	400,000	425,000
Net addition to (use of) reserves	\$ -	\$ -	\$ -	\$ -

Pursuant to state law, all fines and forfeitures received as a result of citations issued by City officers for Vehicle Code violations, must be deposited by the City into a special “Traffic Safety Fund.” These funds may be used solely for traffic control devices, maintenance of equipment and supplies for traffic law enforcement, traffic accident prevention, the maintenance, improvement or construction of public streets, bridges or culverts and the compensation of school crossing guards who are not regular, full-time employees of the City’s Police Department. These funds are paid to the City by the County. After being recorded in the City’s Traffic Safety Fund as required by law, the entire amount received is transferred to the General Fund, and is expended in the Public Works Traffic Signals program.

Traffic Safety Revenue by Fiscal Year



Traffic Safety revenue, like other City revenue sources including property tax, was reallocated by the State in 1991. As the chart on the right indicates, as recently as fiscal year 1991, the City was receiving over \$500,000 annually from this revenue source. As part of its fiscal 1992 budget settlement, the State took over half of all traffic safety funds allocated to cities. The reallocated funds were redistributed to the State and counties.

Then, effective with fiscal year 1999, State legislation changed the Vehicle Code to allocate to cities fees paid for “court supervised programs” (i.e., traffic schools) in lieu of base fines. The City did not begin receiving this additional revenue until fiscal year 2000, at which time two years worth of increases were received. Based upon this change in State law, the amounts included in the adopted financial plan for fiscal years 2002 and 2003 have been increased to \$400,000 and \$425,000, respectively.

SPECIAL REVENUE FUNDS

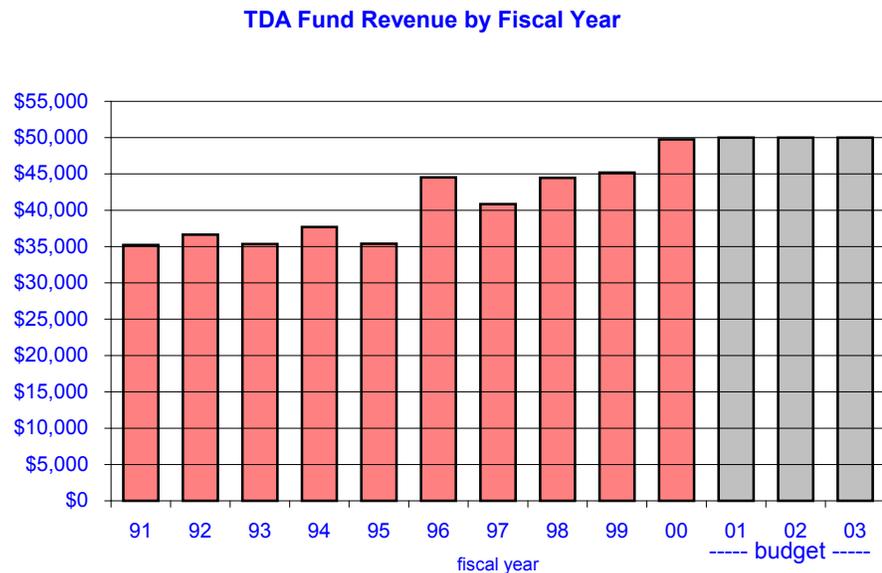
Transportation Development Fund

	Fiscal Year			
	2000 Actual	2001 Adopted	2002 Adopted	2003 Proposed
TDA revenue	\$ 49,775	\$ 50,000	\$ 50,000	\$ 50,000
Other revenue	11,312	-	5,000	5,000
Total revenue	61,087	50,000	55,000	55,000
Capital budget	39,781	50,000	55,000	55,000
Net addition to (use of) reserves	\$ 21,306	\$ -	\$ -	\$ -

Transportation Development Act (“TDA”) funds are restricted for use in support of alternative transportation including sidewalks and bikeways. Each year, the City receives approximately \$50,000 of TDA funds from the County. This revenue, along with the addition of approximately \$5,000 in annual interest income earned on accumulated balances, is appropriated each year to the Street Capital Program. Because of the relatively small amount of TDA revenue received annually, the proceeds are often accumulated over multiple years in order to fund specific projects. For example, in year 2000, TDA fund expenditures included the use of over \$45,000 of accumulated prior year balances for sidewalk repairs, and bikeway and pedestrian projects. Total expenditures of approximately \$95,000 represented almost two years of accumulated TDA revenues. This accumulation of prior year amounts also generates additional revenue in the form of interest income.

As the chart on the right indicates, the City’s annual TDA revenue has increased somewhat since 1995. Based upon this increase, the budget for TDA revenue was increased in fiscal year 1999 from \$25,000 to \$50,000 annually.

A summary list of the Streets Capital Program, which is funded in small part by TDA revenue, can be found in the summary section earlier in this document. A detailed listing of the Streets Capital Program can be found at the back of Volume II.



SPECIAL REVENUE FUNDS

Transportation Sales Tax (Measure D) Fund

	Fiscal Year			
	2000 Actual	2001 Adopted	2002 Adopted	2003 Proposed
Revenues				
Transportation sales tax	\$ 3,694,914	\$ 5,036,000	\$ 4,000,000	\$ 4,100,000
Interest income	266,672	200,000	225,000	225,000
Total revenue	3,961,586	5,236,000	4,225,000	4,325,000
Operating expenditures	1,586,418	1,836,000	2,019,600	2,225,000
Operating surplus	2,375,168	3,400,000	2,205,400	2,100,000
Capital budget	2,456,564	3,400,000	2,205,400	2,100,000
Net addition to (use of) reserves	\$ (81,396)	\$ -	\$ -	\$ -

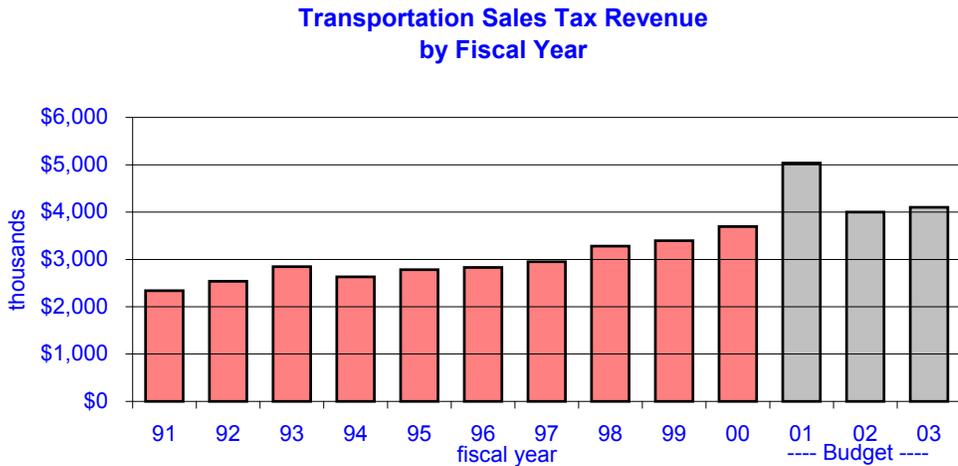
This fund is also known as the “Measure D” Fund, after the designation of the ballot proposition approved by Santa Barbara County voters in November 1989. The ballot measure enacted a twenty-year, one-half cent sales tax, proceeds of which are restricted for use in the City’s streets and transportation programs. The revenue generated by this tax is subject to an annual “maintenance of effort” requirement. This ensures that the proceeds of the sales tax will be used to supplement - not supplant - the City’s existing streets programs. For any year in which the City fails to maintain its discretionary General Fund street program (operating and capital) at or above the base year (fiscal 1987) level of \$2.7 million, the City is not entitled to the Measure D revenues. The City is audited each year to verify that the maintenance of effort has been met.

As indicated in the chart on the right, the City’s Measure D sales tax revenue has been growing modestly since its inception in fiscal year 1991.

As in the past, the revenue estimate, and therefore the budget, is based upon an estimate provided by the Santa Barbara County Association of Govern-

ments (SBCAG). SBCAG is the agency that oversees the Measure D program on a countywide basis. Traditionally, the revenue estimate provided by SBCAG has been conservative. This has resulted in actual revenue exceeding budget, often leaving a fiscal year-end budget surplus.

For example, in fiscal year 2000, actual revenue exceeded budget by over \$255,000. As a result of these prior year budgetary gains, the City had an unappropriated fund balance of almost \$545,000 in the Measure D Fund at the beginning of the current fiscal year (fiscal 2001).



SPECIAL REVENUE FUNDS

Transportation Sales Tax (Measure D) Fund (continued)

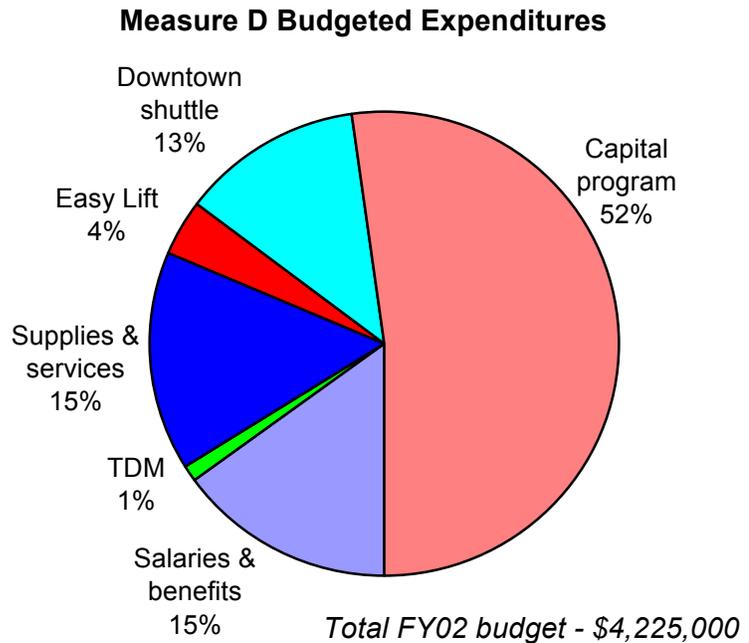
The Measure D Fund budget is developed based upon an annual and five year program of projects that is prepared by the City and submitted to SBCAG for approval. The adopted fiscal 2001 budget is consistent with those plans.

For the adopted fiscal year 2002 budget, just over \$2.2 million or 52% of the adopted Measure D Fund budget, is dedicated to the Street Capital Program. \$531,000 (13%) of the budget supports the Downtown Shuttle program, \$159,000 (4%) represents a transit grant to Easy Lift and \$50,000 (1%) supports the City's Transportation Demand Management program. The balance of the budget, approximately \$1,279,000 (30%) supports street maintenance activities.

The adopted budget for fiscal year 2001, totaling just over \$5.2 million, reflects a substantial increase over historical levels. The additional revenue of approximately \$1.6 million resulted from the reallocation of funds

previously allocated to regional projects. The adopted budget allocated the entire one-time increase to the City's streets capital program. Much of this one-time increase in capital will be used to implement projects associated with the City's recently updated Circulation Element.

The significant amount of funds provided by Measure D has been, and continues to be, an important component of the City's street operations and capital programs.



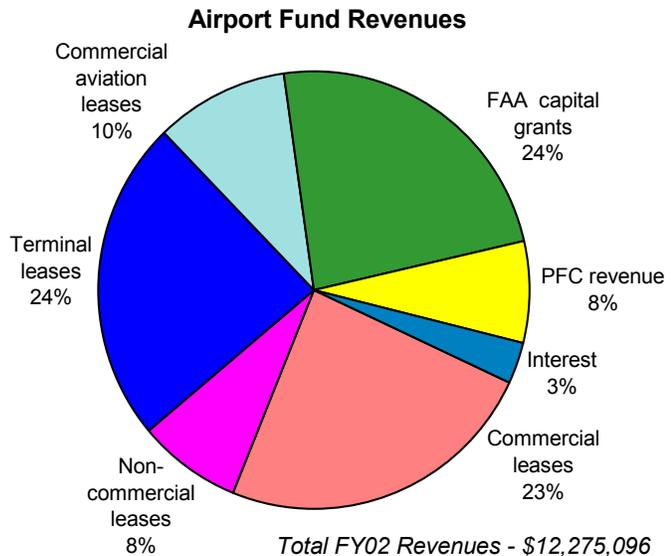
ENTERPRISE FUNDS

Airport Fund

	Fiscal Year			
	2000 Actual	2001 Adopted	2002 Adopted	2003 Proposed
Operating budget				
Revenue	\$ 10,014,667	\$ 8,237,670	\$ 9,026,500	\$ 9,077,492
Expenses	5,825,210	6,652,458	8,661,775	7,974,934
Operating surplus	\$ 4,189,457	\$ 1,585,212	\$ 364,725	\$ 1,102,558
Capital budget				
FAA grants/bond proceeds	\$ 4,408,267	\$ 2,920,000	\$ 3,096,810	\$ 12,332,278
PFC revenue	1,042,765	960,000	1,000,000	1,000,000
Capital expenses	9,408,660	6,852,000	5,044,507	16,186,186
Net addition to (use of) reserves	\$ 231,829	\$ (1,386,788)	\$ (582,972)	\$ (1,751,350)

The adopted fiscal 2002 Airport Fund budget reflects an operating surplus of nearly \$365,000, and a capital program of just over \$5 million, including the use of nearly \$583,000 in accumulated reserves for capital. For fiscal year 2003, the financial plan includes an operating surplus of over \$1.1 million, a significantly increased capital program of over \$16 million, over \$1.7 million of which will be funded from accumulated reserves in excess of policy requirements.

The chart below displays the fiscal 2002 revenues as contained in the adopted budget. As the chart indicates, virtually all of the Airport's operating revenue is derived from leases. Overall, the fiscal year 2002 operating revenue budget is approximately \$790,000 (9%) higher than the revenue contained in the adopted fiscal 2001 budget. The majority of the increase is in the commercial and industrial (non-aviation) lease income. Investment income is also projected to increase \$100,000.



The most significant item in the Airport's recommended two-year financial plan is the capital program.

While the first year's adopted capital budget (\$5 million) is generally consistent with prior years, the second year's adopted capital program exceeds \$16 million. This significant increase reflects the first year of the multi-year implementation of the Airport Facilities Master Plan. The implementation of this plan was identified by the City Council as a top priority in the Council goal setting process for the new financial plan. The largest project in the second year is the design and permitting of the terminal expansion project (\$7.7 million).

Funding for the Airport's capital program comes from three sources. The largest source is from Federal Aviation Administration (FAA) capital grants. FAA capital grants will fund a significant

ENTERPRISE FUNDS

Airport Fund (continued)

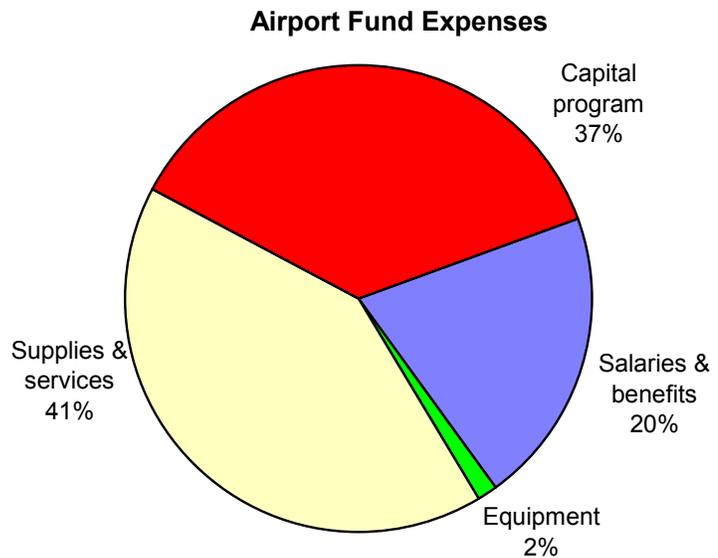
portion of the work associated with the Airport Facilities Master Plan. As the table above indicates, the Airport's FAA grants are estimated at \$3.1 million for year one of the financial plan, and together with bond proceeds, \$12.4 million for second year. In most cases, FAA grants fund 90% of approved project costs, with the Airport required to provide a 10% match.

The second source for capital funding is the Passenger Facility Charge (PFC). With the approval of the FAA, on January 1, 1998 the Airport began to levy and collect a PFC. The PFC is a fee of \$3 per airline passenger ticket with the proceeds restricted by Federal law to approved capital improvements. It is estimated that the PFC will generate approximately \$1 million per year for each of the two years.

The third source for capital funding comes from Airport Fund operating revenue in excess of operating expenses, and the fourth source of capital funding for the Airport Fund is from bond proceeds, as mentioned above.

The chart on the right displays expenses in the adopted fiscal year 2002 Airport budget by category. The capital program, at over \$5 million, represents 37% of the total budget. It includes \$1.6 million of projects supported with Airport funds, \$3.1 million with FAA funds and \$344,000 with PFC funds. As mentioned above, in the second year of the financial plan, the capital program increases substantially to \$16.2 million. Of the \$16.2 million, \$2.5 million will be Airport-funded, \$12.3 million will be funded by a combination of FAA grants and bond proceeds, and \$1.3 million will come from the PFC. The largest projects in the fiscal year 2002 capital budget include Airfield drainage improvements (\$1.4 million), Airfield electrical improvements (\$1 million) and the purchase of an aircraft rescue and fire fighting vehicle (\$800,000). In addition to the terminal work referenced above, significant year two projects include Runway 7/25 safety areas (\$2 million), new airline terminal road (\$1.9 million), and Phase I of the sewer master plan implementation (\$1.6 million). Additional details on the Airport's complete capital program for the two-year financial plan may be found in Volume II of the City's budget document.

At 41%, supplies and services represent a significant portion of the budget. The largest single item in this category is the cost of Airport Rescue and Firefighting (ARFF) services. ARFF services are provided to the Airport by the City's Fire Department with the Airport Fund reimbursing the City's General Fund for personnel costs. For fiscal year 2002, the Airport Fund budget contains \$839,000 for this required service. The adopted two-year financial plan also reflects significant increases (approximately \$412,000) in allocated costs such as vehicle maintenance and overhead allocation.



Total FY02 Budget - \$13,706,282

ENTERPRISE FUNDS

Duplications Fund

	Fiscal Year			
	2000 Actual	2001 Adopted	2002 Adopted	2003 Proposed
Revenue	\$ 305,472	\$ 292,129	\$ 308,378	\$ 316,694
Operating expenses	248,065	292,129	308,378	316,694
Operating surplus (deficit)	57,407	-	-	-
Capital budget	-	-	50,000	-
Net addition to (use of) reserves	\$ 57,407	\$ -	\$ (50,000)	\$ -

The adopted fiscal year 2002 Duplications Fund operating budget is balanced at \$308,378. There is also a \$50,000 capital budget to be funded from accumulated reserves. The adopted operating budget is approximately \$16,000 (6%) above the adopted fiscal 2001 budget.

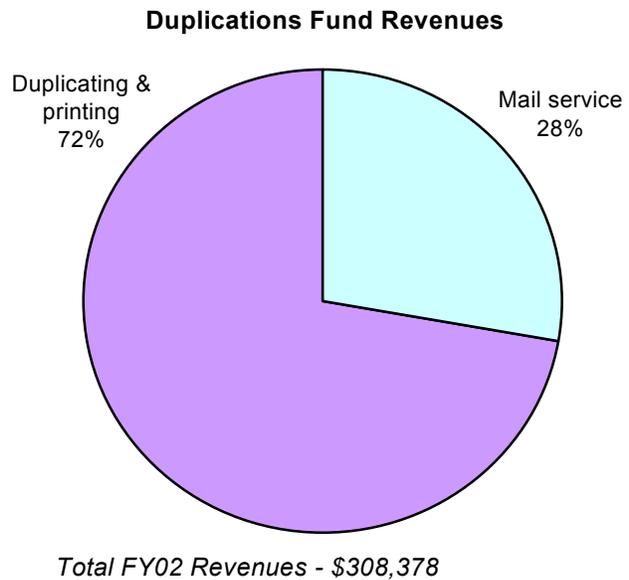
As an internal service fund, the fund's revenue is comprised of charges for services rendered to other City funds and departments. The services provided include printing and copying (72%) as well as interoffice and external mail (28%). The Duplications staff also processes and mails over 30,000 utility and accounts receivable billings monthly.

The entire operating budget is comprised of personnel costs and supplies and services. Budgeted expenses are almost evenly split between the two categories, with personnel costs comprising 51% of the operating budget, and supplies and services 49%. After factoring in capital (14%), the percentages for each are reduced to 44% and 42%, respectively.

The \$50,000 capital budget is attributable to the planned purchase of a replacement production photocopier. The current copier is almost seven years old and is becoming unreliable.

For each of the last four years, the Duplications Fund has enjoyed an operating surplus. This followed four consecutive years of operating losses.

While the use of reserves during that four-year period was relatively small, staff was committed to making changes to improve the situation. Since that time, Finance Department staff reduced some costs and implemented some nominal revenue enhancements. As a result of these changes and several significant billable projects (including the budget), the fund's situation has improved over the last two years.



ENTERPRISE FUNDS

Duplications Fund (continued)

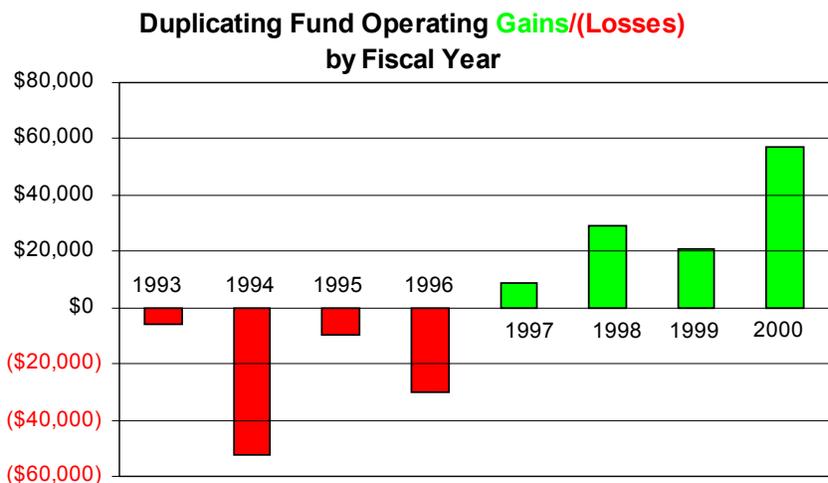
In addition, the General Fund has provided a small operating subsidy of approximately \$35,000 in each of the last two fiscal years. In fiscal year 1999, this operating subsidy turned what would have been a small operating loss into an operating gain. In fiscal year 2000 however, the Duplications Fund generated a small operating gain, even before the General Fund subsidy. The adopted two-year financial plan continues this General Fund operating subsidy. The intent of the subsidy, in part, is to allow the fund to accumulate enough resources to fund the replacement of required capital equipment. The photocopier budgeted in the first year is an example of this.

Sustaining the recent success will continue to be a challenge. Essentially, the Duplications Fund is, at best, a break-even operation. In the long run, the fund is unlikely to generate sufficient surplus to provide for capital replacement; thus, the rationale for the General Fund operating subsidy discussed above.

While virtually all of the services provided by the Duplications Fund can be

obtained from the private sector, staff believes there is a significant value to having this capability in-house. In addition to cost considerations, issues such as timeliness, responsiveness and confidentiality are important factors.

In summary, the adopted fiscal year 2002 Duplications Fund budget is balanced and the fund continues to have a sufficient reserve balance to maintain the status quo.



ENTERPRISE FUNDS

Golf Fund

	Fiscal Year			
	2000 Actual	2001 Adopted	2002 Adopted	2003 Proposed
Revenue	\$ 1,850,356	\$ 1,740,000	\$ 2,020,000	\$ 2,020,000
Operating expenses	1,683,966	1,540,000	1,689,377	1,720,929
Operating surplus	166,390	200,000	330,623	299,071
Use of reserves for capital	-	-	-	-
Capital budget	71,921	200,000	475,000	280,000
Net addition to (use of) reserves	\$ 94,469	\$ -	\$ (144,377)	\$ 19,071

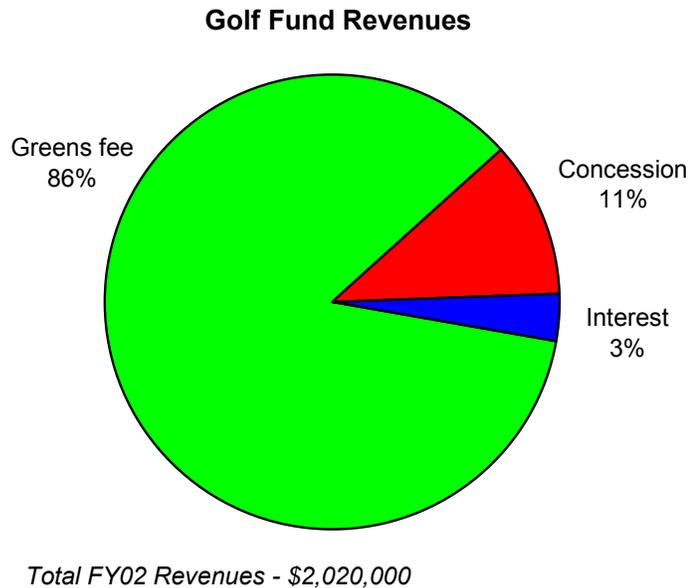
In both years of the financial plan, Golf Fund operating revenue is sufficient to support all operating costs and at least a portion of the capital program. The adopted fiscal year 2002 revenue budget reflects a 16% growth over the adopted fiscal year 2001 budget. Year two reflects no additional revenue growth.

Greens fees of various types comprise 86% (\$1.7 million) of the revenue budget. Included in this total is approximately \$38,000 in revenue generated from the non-resident fee category established in fiscal year 1996. Santa Barbara County residents can purchase a "resident card" for a nominal annual fee. With this card, area residents pay a rate below that charged non-residents.

The first year of the adopted financial plan includes a \$1 increase in all golf-related fees, except discount cards. It is estimated that this increase will provide an additional \$200,000 in annual revenue.

With the exception of a small amount of investment income, the balance of the Golf Fund revenue is from concession agreements with the golf professional and the clubhouse restaurant. A new concession agreement with the restaurant is expected to generate an additional \$50,000 per year in revenue.

There is a planned use of reserves in the first year for a portion of the capital program. The use of accumulated reserves in excess of policy requirements (\$144,377) is to pay for a portion of a revision and realignment of the course's third hole (\$225,000). The third hole is being reworked in order to further reduce the frequency of golf balls leaving the course along Calle Real and



ENTERPRISE FUNDS

Golf Fund (continued)

Highway 101. In the second year of the financial plan, the operating surplus is sufficient to cover operating costs and all planned capital projects; and leave a small surplus.

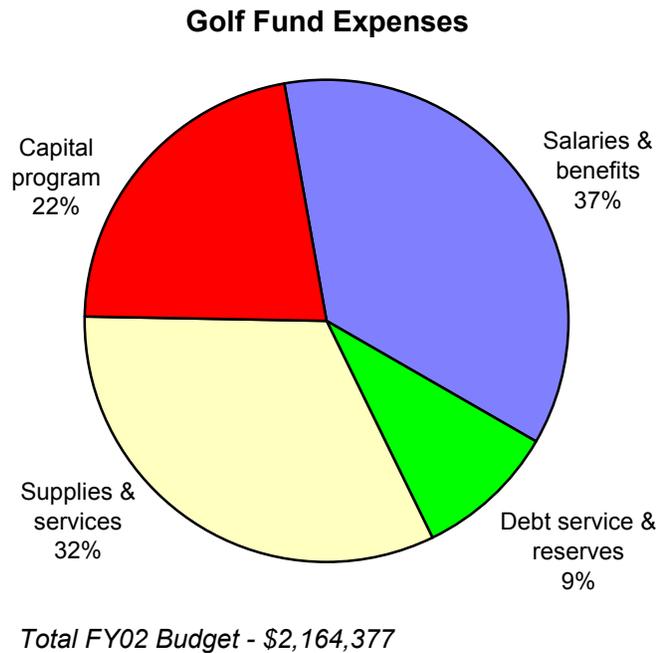
Expenses in the adopted fiscal year 2002 Golf Fund budget, including capital, total approximately \$2.2 million. The chart below indicates the distribution of total expenses.

Of the \$703,000 in the supplies and services category, \$145,000 (21%) is budgeted for water costs. In terms of acre-feet, the golf course is the largest water customer in the City's municipal water system.

The fund's debt service, at just over \$195,000, is principal and interest on the Golf Fund's share of the 1993 Municipal Refunding Certificates of Participation (COP). The 1993 certificates were issued to refund certificates originally sold in 1986, the proceeds of which were used to expand and renovate the clubhouse. The principal balance currently outstanding is approximately \$2 million. Final maturity of the certificates is in 2018.

In addition to reworking Hole Three as mentioned above, the adopted fiscal year 2002 capital program includes projects such as parking lot rehabilitation (\$45,000); a remodel of the restroom, including ADA accessibility (\$75,000) and replacement of power equipment (\$80,000).

Overall, the Golf Fund is in excellent financial condition. Operating revenues more than meet operating expenses, and the fund maintains reserve balances in accordance with the City's policy requirements.



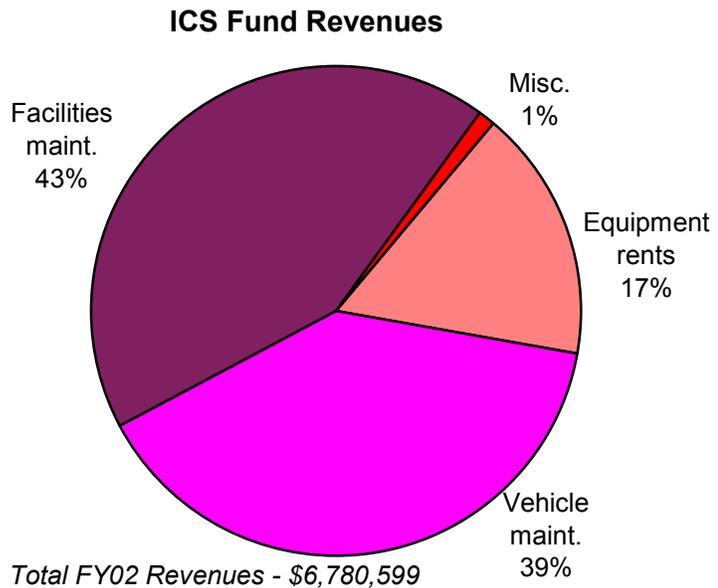
ENTERPRISE FUNDS

Intra-City Service Fund

	Fiscal Year			
	2000 <u>Actual</u>	2001 <u>Adopted</u>	2002 <u>Adopted</u>	2003 <u>Proposed</u>
Revenue	\$ 6,090,778	\$ 6,323,278	\$ 6,780,599	\$ 6,922,090
Operating expenses	<u>4,582,314</u>	<u>5,079,885</u>	<u>5,799,466</u>	<u>5,956,311</u>
Operating surplus	1,508,464	1,243,393	981,133	965,779
Capital budget	894,149	1,328,577	1,389,220	1,514,220
Net addition to (use of) reserves	<u>\$ 614,315</u>	<u>\$ (85,184)</u>	<u>\$ (408,087)</u>	<u>\$ (548,441)</u>

The Intra-City Service (ICS) Fund is comprised of two distinct operations. The facilities maintenance function provides on-call response for repairs and maintenance of facilities throughout the City, as well as managing the City's annual planned maintenance program. The facilities maintenance program also provides management of small and medium-sized improvements to various City facilities. The other function is the Motor Pool program, which provides vehicle and equipment maintenance, as well as managing the City's vehicle replacement program. As an internal service fund, all revenues are generated by charges to other City funds and departments.

The adopted fiscal year 2002 budget anticipates revenues sufficient to fund all operating expenses, as well as virtually the entire \$1.1 million vehicle replacement program. The use of reserves in each of the two years is for capital. The adopted capital program includes the citywide replacement of roofs on the City's metal "Butler" buildings (\$150,000 per year) and the replacement of all windows in City Hall (\$60,000 per year). These projects are above and beyond the annual citywide planned maintenance program. Also included in the second year, as part of a continuing program, is the replacement of a hydraulic hoist in the Motor Pool (\$80,000).



The chart above displays the various ICS Fund revenues for fiscal year 2002. As the chart indicates, the Motor Pool program revenues (56%) comprise the majority of the fund's revenues. The building maintenance function operates on a work order system. Each job is tracked and billed to the "customer" department. Facilities maintenance staff handles repairs and call-out response. The planned maintenance program is handled almost exclusively by contract.

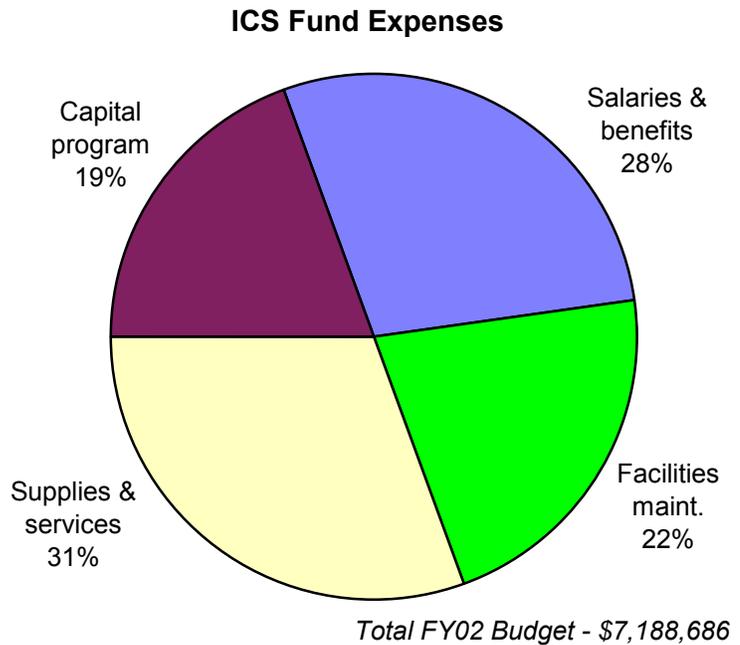
ENTERPRISE FUNDS

Intra-City Service Fund (continued)

Motorpool charges annual rental for each City vehicle in service. These rental payments are accumulated and used to replace vehicles in accordance with the City's replacement schedule. Each vehicle is also charged an annual maintenance fee, which covers all routine maintenance, and all repairs as needed. Since the maintenance charge is a flat annual fee, the ICS Fund can end up spending more on maintenance and repairs for individual vehicles than is recovered through the maintenance charge. On the whole however, sufficient funds are raised to keep the City's vehicles and equipment operating.

The above chart displays the ICS Fund expenses by category. The Fund expenses are almost evenly divided between the major categories.

Overall, the ICS Fund continues to generate sufficient revenue to fund all operating expenses, and a substantial vehicle replacement program.



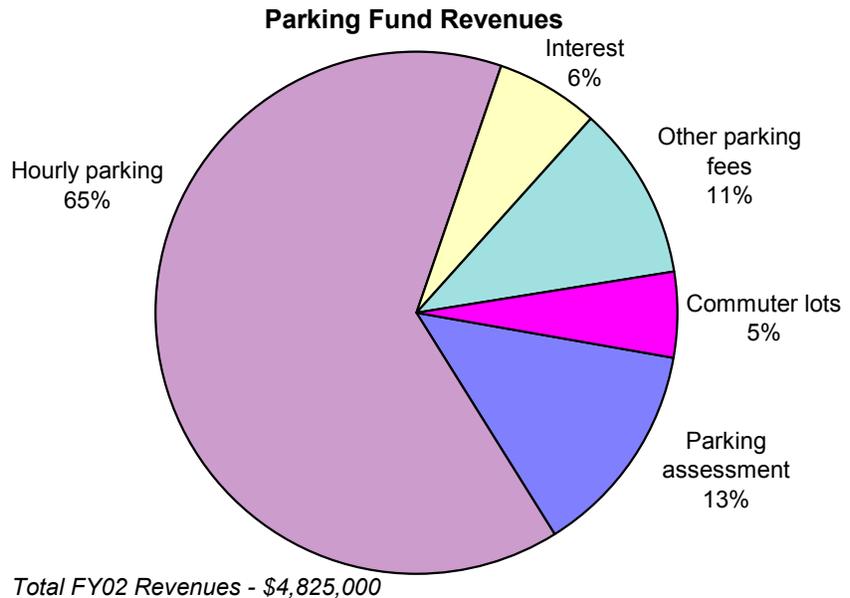
ENTERPRISE FUNDS

Downtown Parking Fund

	Fiscal Year			
	2000 Actual	2001 Adopted	2002 Adopted	2003 Proposed
Revenue	\$ 4,927,843	\$ 4,800,000	\$ 4,825,000	\$ 4,800,000
Operating expenses	3,108,819	4,597,500	4,275,000	4,350,000
Operating surplus	1,819,024	202,500	550,000	450,000
Capital budget	401,151	202,500	2,050,000	450,000
Net addition to (use of) reserves	\$ 1,417,873	\$ -	\$ (1,500,000)	\$ -

In both years of the financial plan, the Parking Fund is projected to generate an operating surplus sufficient to cover all routine capital needs. There is a use of reserves in the first year (\$1.5 million) to provide for construction mitigation of the Lot 6 project. Mitigation will be required to offset the loss of the existing Lot 6 parking spaces during construction. Although it is expected that the costs of designing and constructing the Lot 6 structure will be paid with the proceeds of debt issued by the City's Redevelopment Agency, the mitigation costs have been included in the Parking Fund.

As the chart below indicates, the various parking user fees provide the bulk of the Parking Fund's revenue. Combined, these fees represent 81% of total revenue. The parking assessment (PBIA) that supports the seventy-five minute free parking policy in the City's downtown lots is budgeted to provide \$650,000 (13%) of total revenues. The only other Parking Fund revenue is interest income, budgeted at \$300,000 (6%). As the table above indicates, Parking Fund revenue is projected to decline very slightly in the second year of the financial plan. This is due to the expected loss of some parking capacity during the construction of the Lot 6 structure.



The most significant issue facing the Parking Fund during the adopted two-year financial plan will be managing the construction

of the structure on Lot 6 and mitigating the associated impacts on both the parking inventory and on the neighboring businesses.

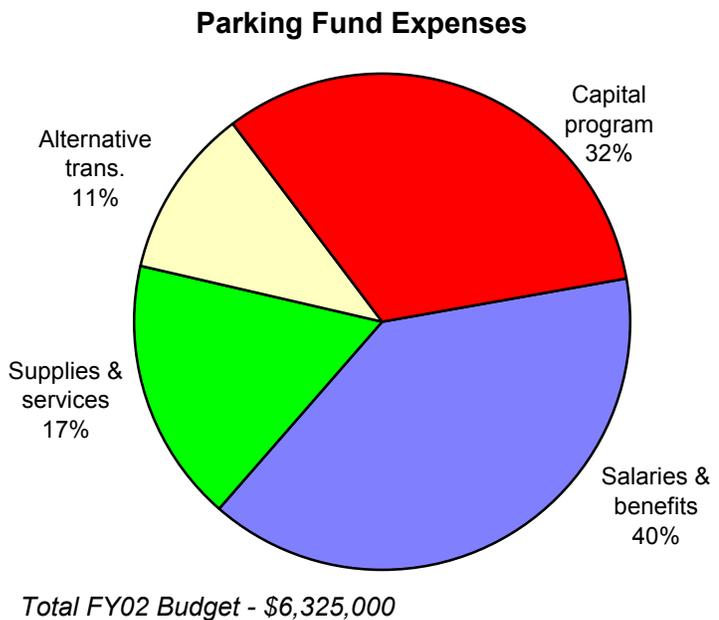
ENTERPRISE FUNDS

Downtown Parking Fund (continued)

As the chart on the right indicates, the largest segment of the Parking Fund's expense budget is salaries and benefits. Half of the \$2.5 million in salaries and benefits is temporary wages for staffing the City's various lots. The adopted budget also includes an appropriated reserve of \$146,000.

A new program was added to the Parking Fund during the budget development process two years ago. The Parking Management Program is intended to reduce the demand for commuter parking in the downtown area by encouraging the use of alternative transportation. The program funds educational efforts and incentives to encourage commuters to choose alternative means of transportation, as well as support for downtown transit services.

These programs, combined with the reduction two years ago in the free parking period from 90 minutes to 75 minutes, provide incentives to downtown workers to make use of alternative transportation. The adopted two-year financial plan provides for over \$850,000 per year for the Parking Management Program. Significant activities funded in the adopted budget include operation of the Crosstown Shuttle (\$375,000 per year) and other parking management activities (\$300,000 per year) including free bus passes for qualifying downtown workers and operating support for the Downtown Shuttle (\$35,000).



ENTERPRISE FUNDS

Self-Insurance Fund

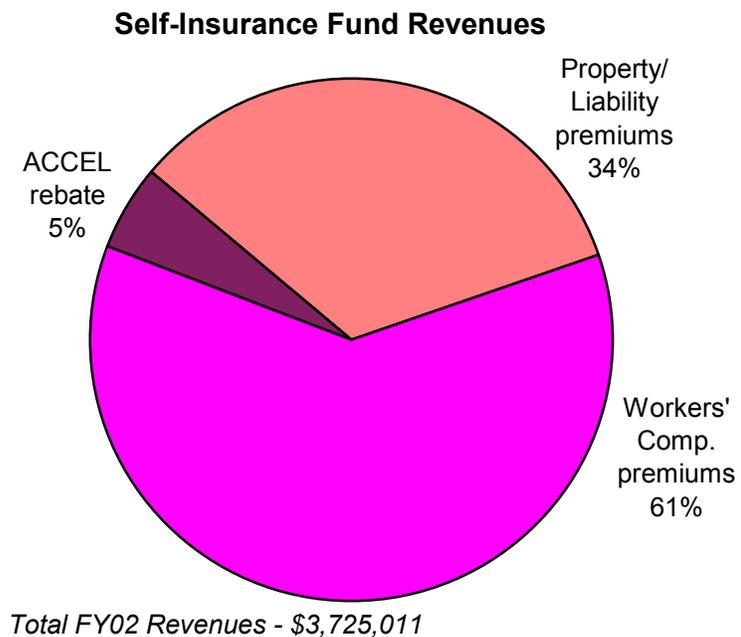
	Fiscal Year			
	2000 <u>Actual</u>	2001 <u>Adopted</u>	2002 <u>Adopted</u>	2003 <u>Proposed</u>
Revenue	\$ 3,897,161	\$ 3,027,979	\$ 3,725,011	\$ 3,921,504
Operating expenses	<u>3,530,308</u>	<u>4,105,384</u>	<u>4,052,182</u>	<u>4,167,861</u>
Operating surplus (deficit)	366,853	(1,077,405)	(327,171)	(246,357)
Capital budget	-	-	-	-
Net addition to (use of) reserves	<u>\$ 366,853</u>	<u>\$ (1,077,405)</u>	<u>\$ (327,171)</u>	<u>\$ (246,357)</u>

The City is partially self-insured for workers' compensation and general and automobile liability claims. The City's self-insured retention for workers' compensation is \$300,000 per claim. A commercial workers' compensation policy provides additional coverage above the City's self-insured retention. Insurable property is covered for all risks by commercial policies with a pooled aggregate limit of \$1 billion. These limits are shared with a group of other California public agencies. Earthquake and flood coverage with shared limits of \$50 million is included as well.

The revenue for the Self-Insurance Fund comes entirely from "premiums" charged to the City's other funds and departments for the coverage provided.

Both years of the adopted financial plan reflect expenses in excess of revenues by a nominal amount. However, this is somewhat misleading because what appears as "use of reserves" is really a "claims reserve" for the City's self-insured worker's compensation and liability programs.

Every two years, in conjunction with the budget development process, the City contracts for an actuarial study on its self-insurance programs. The actuarial study recommends both how much the City should have in its self-insurance reserves and how much the City should budget for claims expense for each of the next two years. The actuarial study is based upon a combination of the City's specific loss history and certain industry standards. It has been the City's experience over the years that the actuarial study over-estimates the amount needed by the



ENTERPRISE FUNDS

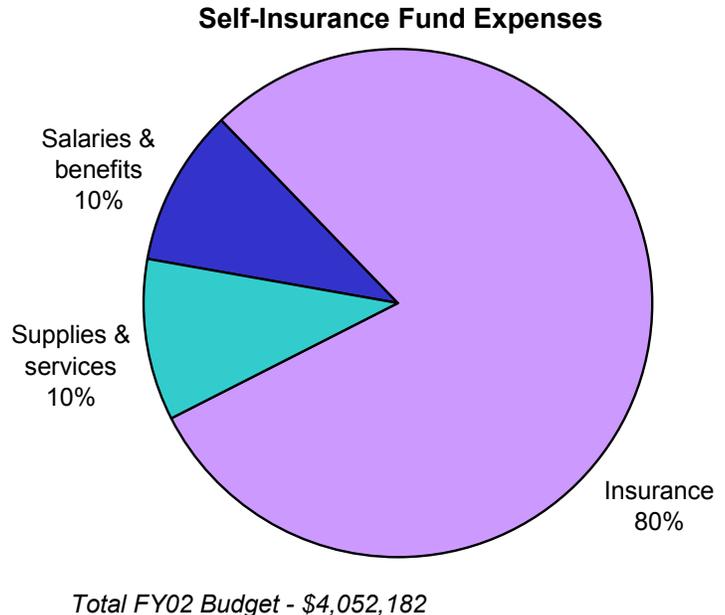
Self-Insurance Fund (continued)

City for annual claims expense. This is due to the generally conservative nature of the study and the fact that the City's loss experience continues to be much better than public agency industry standards. Based upon this experience, the City has traditionally set the premiums charged to the City's various funds and budgeted significantly less for claims expense than the actuarial study indicates. Despite an increase in the amount of workers' compensation claims over the last several years, this is once again true with the most recent actuarial study and the adopted two-year financial plan. If claims experience over the course of the adopted two-year financial plan holds to past experience, the use of reserves will likely not be necessary. If, however, the dollar amount of the claims continues to grow substantially, then it is possible that the use of the budgeted reserves will be necessary. This approach has been used for the last several years. As the table at the beginning of this section indicates, this funding strategy was used successfully in fiscal year 2000.

In addition to the premiums paid by the City's various funds, the Self-insurance Fund also is anticipating a \$200,000 premium rebate from the Authority of California Cities Excess Liability (ACCEL), the risk-sharing joint powers authority to which the City belongs. Since ACCEL effectively is the insurance company, if the premiums the City pays are not needed to pay claims, they are returned to the City with interest, instead of becoming insurance company profits. Since the City has been in ACCEL, over \$2 million in premium rebates have been returned to the City. This is an excellent indication that, to date, ACCEL has been a major success.

The chart to the right displays the Self-Insurance Fund's expense budget by category. Insurance costs represent over three-quarters of the budget. Insurance costs include premiums paid for commercial insurance (property insurance, for example), as well as the claims budget for the City's self-insured exposures such as liability and workers' compensation.

In addition to managing the City's insurance portfolio, staff from the Self-Insurance Fund also provides occupational safety services to the City's various departments. This includes a significant training program, as well as accident investigation, and working with departments to minimize the City's exposure to liability. The fact that the City's claims experience consistently runs below the actuarial projections is a testament to the effectiveness of the City's risk management program.



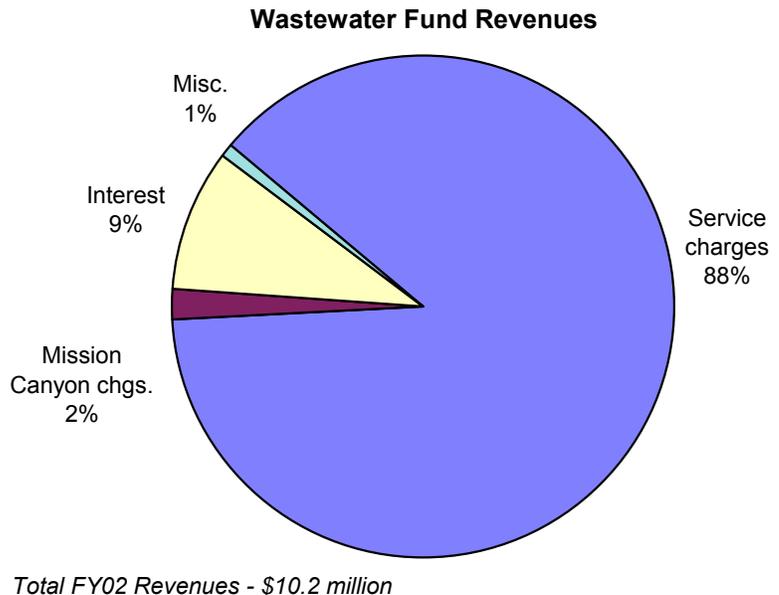
ENTERPRISE FUNDS

Wastewater Fund

	Fiscal Year			
	2000 Actual	2001 Adopted	2002 Adopted	2003 Proposed
Revenue	\$ 9,922,181	\$ 10,025,000	10,200,000	\$ 10,175,000
Operating expenses	6,728,960	6,817,833	7,877,559	7,886,385
Operating surplus	3,193,221	3,207,167	2,322,441	2,288,615
Capital budget	2,995,000	4,195,000	5,640,000	3,620,000
Net addition to (use of) reserves	\$ 198,221	\$ (987,833)	\$ (3,317,559)	\$ (1,331,385)

In both years of the adopted Wastewater Fund financial plan, revenue is sufficient to fund all operating costs and a sizeable portion of a significant capital program. The financial plan includes no changes to Wastewater Fund rates or charges in either year. As the table above indicates, budgeted revenues continue to be stable. Despite the financial pressures of increasing capital needs, the Wastewater Fund continues to maintain a solid financial position.

Wastewater Fund revenue is much more predictable and stable than the revenues in the Water Fund. Wastewater revenues are comprised almost entirely of the regular, monthly service charges. Because these are based upon the customer's water usage in the lower rate blocks, they are more stable and less susceptible to variations than metered water sales. Service charges provide \$9 million of the \$10.2 million revenue total (88%). Interest income, budgeted at \$950,000 (9%), is the second largest source of revenue. The significant amount of interest income is a reflection of the substantial reserve balances maintained by the Wastewater Fund. The only other revenue of note is the \$200,000 representing charges to Mission Canyon (non-city) residents.



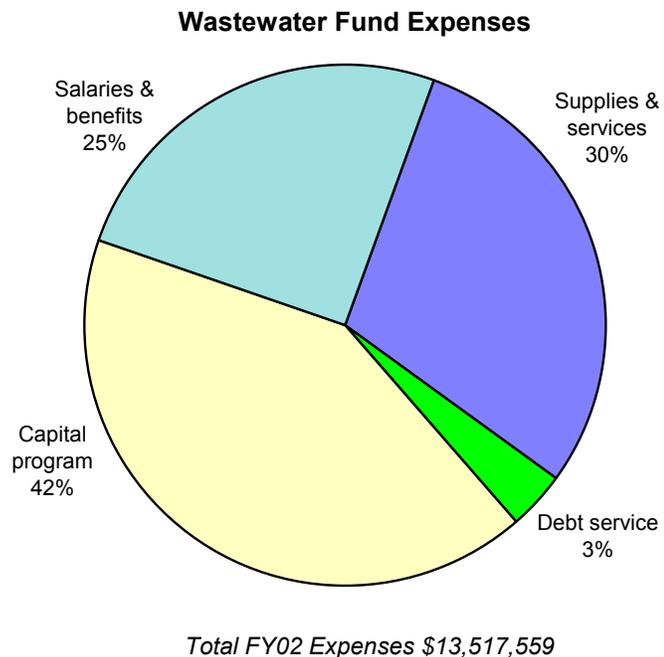
Wastewater Fund operating expenses are budgeted at just over \$7.8 million in both years of the financial plan. The adopted capital program is approximately \$5.6 million and \$3.6 million, in the first and second years, respectively. As the chart on the next page indicates, for fiscal year 2002, this is a full 42% of the entire budget.

ENTERPRISE FUNDS

Wastewater Fund (continued)

Debt service, at \$469,000, represents 3% of the budget. The Wastewater Fund has only one outstanding debt issue. The 1994 Wastewater Revenue Refunding Bonds were issued to refinance revenue bonds originally issued in 1974. As of June 30, 2000, the outstanding balance on the 1994 bonds was \$1.72 million. The final payment on the bonds will be on July 1, 2003.

While the fund's adopted operating budget is very much a status quo budget, the most noteworthy aspect of the two-year financial plan is the adopted capital budget. The two-year capital program totals almost \$9.3 million. Of this amount, \$4.6 will be funded from current revenue and almost \$4.7 million will be funded from accumulated reserves in excess of policy requirements. The use of reserves (one-time funds) for capital (one-time costs) is consistent with established City financial policies. The adopted fiscal year 2002 capital program, at \$5.6 million, is considerably larger than historical levels. In addition to the usual Main Replacement program (\$1.4 million) and other projects, the adopted capital program includes major renovation of, and improvements to, the El Estero Treatment Plant. Six separate El Estero improvement projects totaling \$3.3 million are included in the first year's adopted capital program. Detailed information on the adopted Wastewater capital program can be found in Volume II of the budget document.



In summary, the Wastewater Fund operating budget is balanced and a substantial capital program is planned. In conjunction with fund balance reserves that will continue to exceed the policy levels established by Council in November 1995, this fund is in an extremely strong financial position.

ENTERPRISE FUNDS

Water Fund

	Fiscal Year			
	2000 Actual	2001 Adopted	2002 Adopted	2003 Proposed
Revenue	\$ 26,214,225	\$ 23,650,000	\$ 25,785,000	\$ 25,785,000
Operating expenses	14,796,844	19,361,000	19,324,248	19,628,035
Operating surplus	11,417,381	4,289,000	6,460,752	6,156,965
Capital funding	-	-	18,236,308	-
Capital budget	5,315,000	4,289,000	29,125,037	4,270,000
Net addition to (use of) reserves	\$ 6,102,381	\$ -	\$ (4,427,977)	\$ 1,886,965

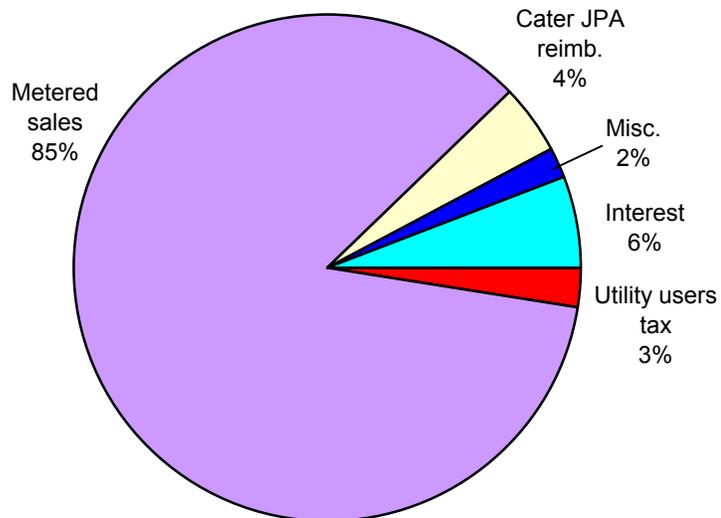
The adopted fiscal year 2002 Water Fund budget projects operating revenues sufficient to cover all operating expenses and \$6.5 million of the capital program. \$4.4 million of reserves in excess of policy requirements, along with \$18.2 million of external capital funding, funds the balance of a \$29 million capital program. The second year of the financial plan projects almost a \$1.9 million surplus, after funding all operating expenses, and a \$4.3 million capital program.

There are no rate increases in water rates in either year of the financial plan.

As the chart to the right indicates, 85% (\$22 million) of the estimated Water Fund revenue is provided by metered water sales. Interest income, budgeted at \$1.5 million, is derived from the investment of the Water Fund's substantial capital and operating reserves.

In fiscal year 2002, the budget contains an estimated \$650,000 from the City's 6% utility users tax levied on all metered water bills. The budgeted amount represents 50% of the total estimated utility users tax on metered water bills. The other half of the utility users tax on metered water sales accrues to the City's General Fund where, as required by Section 4.24.190 of the Municipal Code, half of it is dedicated to the City's streets programs.

Water Fund Operating Revenue



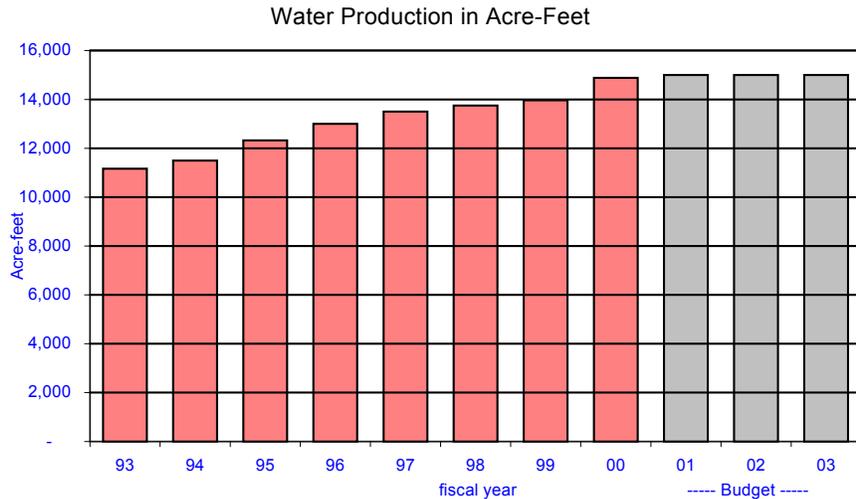
Total FY02 Operating Revenue - \$25,785,000

With 85% of the Water Fund revenue generated by metered water sales, one of the most critical elements of Water Fund revenue projections is the water production estimate in acre-feet. As the chart on the next page indicates, water production has been growing gradually since 1993. Metered sales revenue for both years of the adopted financial plan are based upon production

ENTERPRISE FUNDS

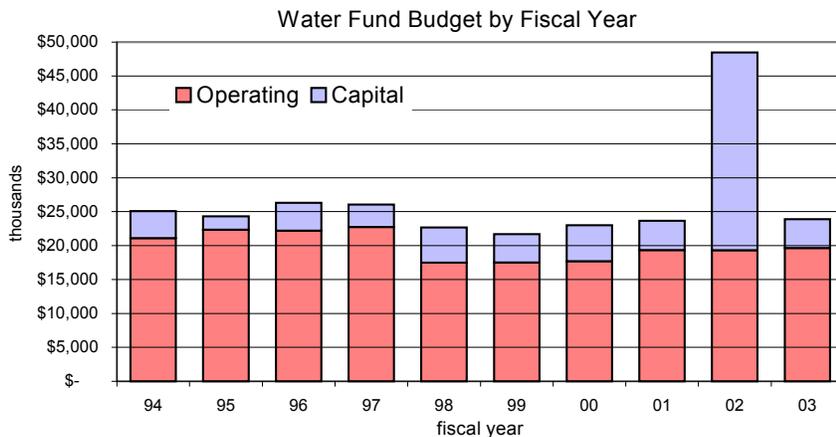
Water Fund (continued)

estimates of 15,000 acre-feet. This is a conservative estimate and is the same level as used for the current year budget (fiscal year 2001). Based upon recent experience, it is expected that the target will be met. However, even if actual production and sales fall somewhat below the budgeted target, the Water Fund expenditure budget can be controlled to ensure that a balance is maintained.



On the expenditure side, the Water Fund operating budget remains significantly lower than it was in the early 1990's. This is because of the completion of payments on the desalination plant in fiscal 1997. Beginning in fiscal 1998, the capital costs of the desalination plant were removed from the budget as were the payments received from Montecito and Goleta water districts for their participation in the project.

As the chart below suggests, the most significant issue in the Water Fund's financial plan is the \$29 million capital budget for fiscal year 2002. In addition to the usual capital projects, the capital program contains two very substantial projects. These are the Sheffield Reservoir Water Quality project (\$14.1 million) and the Cater Strategic Plan Implementation project (\$10.5 million). The \$14.1 million Sheffield project, which will replace the existing open reservoir with underground tanks, will be fully funded with a low-interest State Department of Water Resources loan. The \$10.5 million Cater Strategic Plan Implementation project will be funded with a combination of Water Fund resources and contributions from the



ENTERPRISE FUNDS

Water Fund (continued)

Montecito and Carpinteria water districts. Of the total project cost, the Montecito and Carpinteria water districts will be jointly responsible for \$4.1 million (40%). This percentage is based upon an existing joint powers agreement between the City and the water agencies under which the City provides treated water to the water agencies. The City's share of the project (\$6.3 million or 60%) will be funded from a combination of fiscal year 2002 current revenue (\$1.9 million) and capital reserves in excess of policy requirements (\$4.4 million).

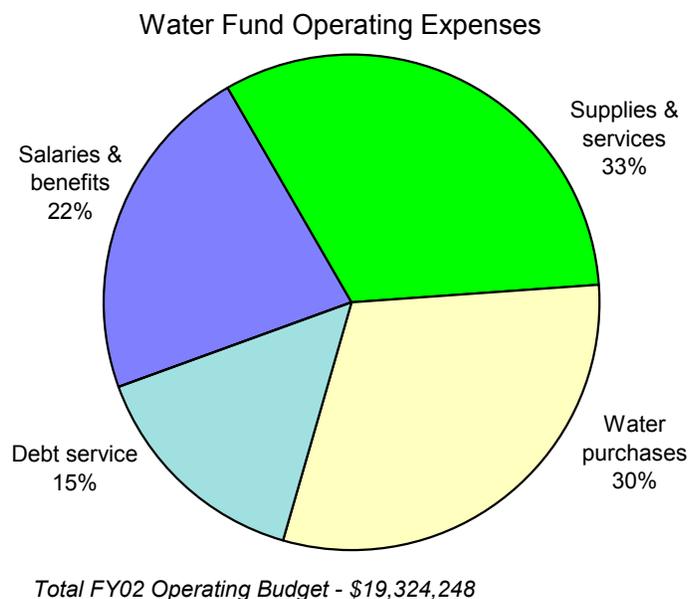
As mentioned above, the adopted fiscal year 2002 operating budget is essentially a status quo budget. In total, the fiscal year 2002 operating budget is actually slightly below the adopted fiscal year 2001 operating budget. In the second year of the financial plan, the operating budget is projected to grow less than 2% (\$303,787) from the adopted first year amount.

As always, two of the largest individual cost items in the budget are debt service (15%) and water purchases (30%).

The Water Fund has five outstanding debt obligations. As of June 30, 2000, the combined principal outstanding on these five debt issues totaled \$33 million. The debt issues include a 1994 revenue bond (\$7.8 million); a 1992 certificate of participation (\$20.7 million) and three loans from the State and federal government (\$4.4 million).

Water purchases represent \$5.9 million (30%) of the operating budget. This total is comprised of costs for Cachuma water (\$1.7 million), and for the State Water Project (\$4.1 million). As the chart below indicates, fixed costs, including water purchases and debt service, comprise 45% of Water Fund operating expenses. Because of the magnitude of these fixed costs, unlike most other City funds, salaries and benefits comprise only 22% of the Water Fund budget. Of the \$6.2 million of supplies and services, almost \$643,000 is for electricity, approximately \$1.1 million is for facilities maintenance, \$600,000 is for treatment chemicals, and an additional \$1.7 million is paid to the General Fund for overhead allocation. Other significant items include over \$400,000 for vehicle and equipment rents, and maintenance and fuel (paid to the City's Motorpool program). These items combined, amount to \$4.4 million, or 71% of the supplies and services budget.

In summary, the Water Fund continues to maintain a solid financial position. Both revenue and the operating budget are extremely stable and the focus during the two-year financial plan will be on completing the significant capital program.



ENTERPRISE FUNDS

Waterfront Fund

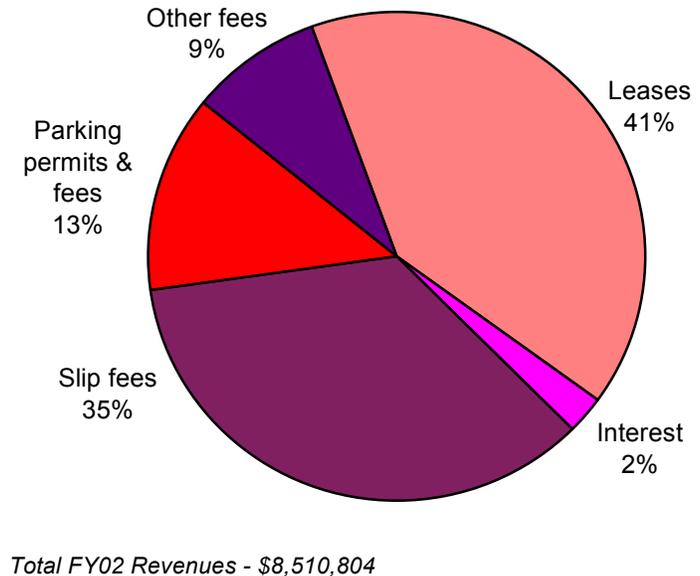
	Fiscal Year			
	2000 Actual	2001 Adopted	2002 Adopted	2003 Proposed
Revenue	\$ 8,346,933	\$ 8,078,465	\$ 8,510,804	\$ 8,644,441
Operating expenses	<u>6,585,282</u>	<u>7,327,183</u>	<u>7,755,568</u>	<u>7,911,739</u>
Operating surplus	1,761,651	751,282	755,236	732,702
Additional capital funding	-	-	1,500,000	-
Capital budget	308,410	638,000	3,980,000	1,045,000
Net addition to (use of) reserves	<u>\$ 1,453,241</u>	<u>\$ 113,282</u>	<u>\$ (1,724,764)</u>	<u>\$ (312,298)</u>

The Waterfront Fund budget for fiscal year 2002 projects sufficient operating revenue to fund all operating expenses and \$755,236 of a \$4 million capital program. The second year of the financial plan projects an operating surplus of \$732,702, funding all but \$312,298 of the \$1.045 million capital program. The use of reserves in both years represents use of funds from the Harbor Preservation Fund.

As with the City's other Enterprise Funds, the Waterfront Fund financial plan reflects a significant capital improvement program, particularly in the first year. The Waterfront Fund is in reasonably good financial position with fairly substantial accumulated reserves. In addition to the required reserves established by Council policy, there is the Harbor Preservation Fund, a dedicated capital reserve currently funded at approximately \$2.4 million.

The capital program for both years of the financial plan is significantly above the current year level. Significant projects in the adopted capital budget include the construction of new Waterfront Administrative Offices (\$2.5 million) and the dredging of West Beach (\$450,000). The additional capital funding for fiscal year 2002 of \$1.5 million represents the City's commitment to loan General Fund dollars to the Waterfront Fund for the Waterfront Administrative Offices project. The City Council has already given conceptual approval to the loan. The Waterfront Fund will be expected to repay the loan with interest as the results of its operations permit. The balance of the project will be funded from accumulated Waterfront reserves.

Waterfront Fund Revenue



ENTERPRISE FUNDS

Waterfront Fund (continued)

The first year of the financial plan includes a 4% increase in slip fees. The increase will generate approximately \$140,000 of additional revenue. There is no additional increase in slip fees planned for the second year of the financial plan.

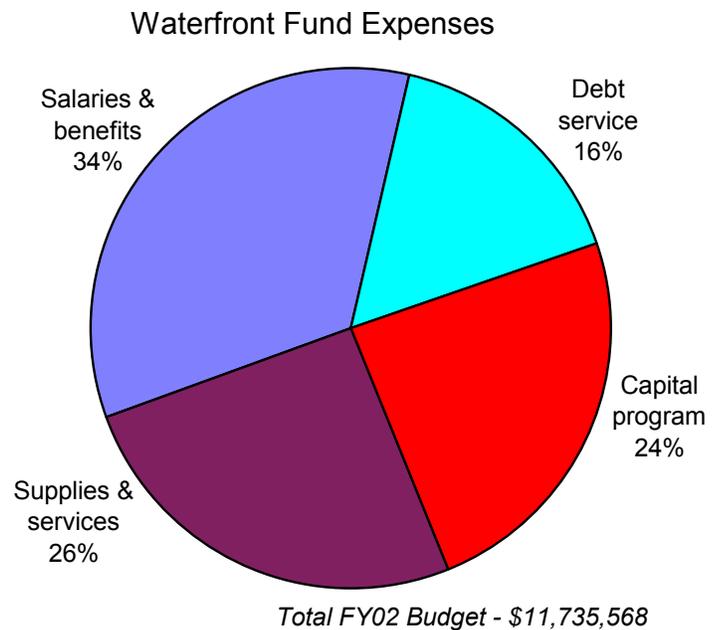
The chart on the preceding page displays the distribution of the Waterfront Fund's revenue. As the chart indicates, lease revenue provides 41% (\$3.4 million) of total revenue. The only other significant sources of income are parking fees and harbor-related fees such as slip fees, slip transfer fees and live-aboard fees. Most of the Waterfront leases are "percent of gross" leases. Therefore, as the businesses' revenues grow, so does the revenue to the Waterfront Fund. However, because the leases are generally long-term in nature, management has little control in the short or medium-term over the amount of lease revenue. Therefore, in the short-term, the only revenues over which management can exercise direct control are the parking and harbor-related fees.

The Waterfront Fund, in cooperation with the Finance Department, has established a formal lease audit program. Since many of the Waterfront leases are on a "percent of gross" basis, a regular audit program ensures that the City is receiving the revenue to which it is entitled. The Waterfront has already realized substantial additional revenues as a result of the lease audit program.

Interest income, at \$200,000, is budgeted slightly above the current year level, as the Waterfront has been able to rebuild a portion of the reserves upon which the interest is earned.

The chart to the right displays the Waterfront Fund's expenses by category for fiscal 2002. The capital program (24%) and debt service (16%) combined represent 40% of the total budget.

The Waterfront Fund currently has three outstanding debt obligations. As of June 30, 2000, the total principal due on these three obligations totaled \$20.9 million. In addition to the 1992 Refunding Certificates of Participation (\$18.1 million) and a federal loan (\$665,000), there is the balance of a previous City General Fund loan (\$2.1 million), the proceeds of which were used in the 1980s to make major repairs to Stearns Wharf. The Waterfront Fund is repaying the General Fund, without interest, at the rate of \$100,000 per year. At this rate it will be another twenty-one years before the loan is fully repaid.



ENTERPRISE FUNDS

Waterfront Fund (continued)

Another item that continues to be on the horizon is the issue of a dredge. Although it was assumed that, within the next several years, the U.S. Army Corps of Engineers (“Corps”) would transfer responsibility for the annual dredging of the channel to the City, there is as yet no clear indication of when that will happen. The Corps has recently committed to funding dredging costs for another year. Therefore, the adopted budget once again does not provide for matching capital funds for the construction of a dredge. At such time, if ever, as the City becomes responsible for the dredging operation, the Waterfront Fund will assume the dredging responsibility with an estimated annual operating cost of at least \$500,000. This is in addition to the local share of the cost of dredge acquisition.

In summary, the Waterfront Fund remains very strong operationally with revenues exceeding operating expenses. Although it continues to be necessary to spend a portion of the fund’s accumulated reserves for capital, including a large portion of the Harbor Preservation Fund, the Waterfront Fund remains in solid financial condition.





Department Presentations

DEPARTMENT PRESENTATIONS





DEPARTMENT SUMMARY

Department Description

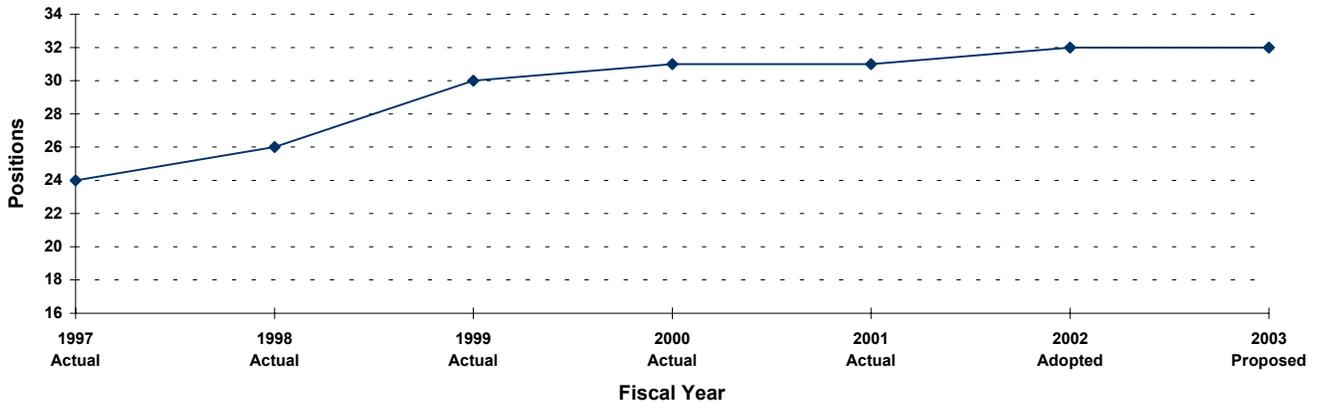
The Administrative Services Department consists of five major programs: City Clerk, Human Resources, Government Access Channel, Centralized Information Systems and Desktop Information Systems. The department provides a broad range of services to all City departments and the public. The mission of the department is to provide effective support services that encompass preparation of the official record, conduct of elections, human resources, information systems and management of Government Access Channel 18.

Department Programs

The Administrative Services Department consists of five programs as noted above. The program description section in Volume II includes a description of each program. The following is a summary by program of the revenues and expenditures for the Administrative Services Department.

Program Title	Fiscal Year 2002		Fiscal Year 2003	
	Revenues	Expenditures	Revenues	Expenditures
City Clerk	\$ -	\$ 610,636	\$ -	\$ 546,622
Human Resources	-	814,245	-	824,896
Desktop Information Systems	-	1,193,529	-	1,029,621
Centralized Information Systems	-	384,586	-	396,767
Government Access Channel	35,000	339,792	35,000	298,885
Totals	\$ <u>35,000</u>	\$ <u>3,342,788</u>	\$ <u>35,000</u>	\$ <u>3,096,791</u>

Authorized Positions at Beginning of Fiscal Year



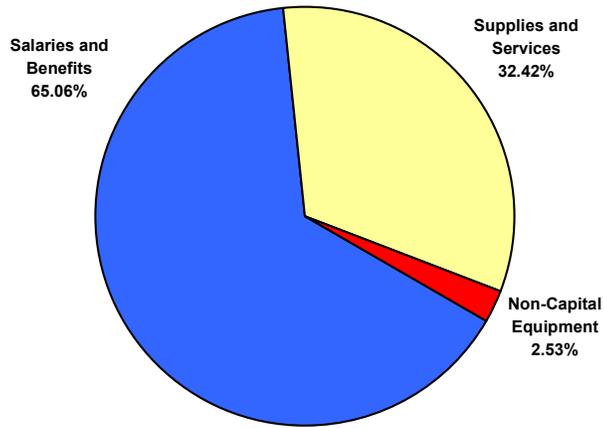
Revenues and Expenditures

	Adopted FY 2001	Adopted 2002	Proposed FY 2003
<u>Revenues</u>			
Grant (Cox Communications)	\$ 35,000	\$ 35,000	\$ 35,000
Total Revenues	\$ 35,000	\$ 35,000	\$ 35,000
<u>Expenditures</u>			
Salaries and Benefits	\$ 1,794,613	\$ 2,174,720	\$ 2,264,909
Supplies and Services	775,340	1,083,568	792,382
Non-Capital Equipment	52,413	84,500	39,500
Total Expenditures	\$ 2,622,366	\$ 3,342,788	\$ 3,096,791
General Fund Support	\$ (2,587,366)	\$ (3,307,788)	\$ (3,061,791)

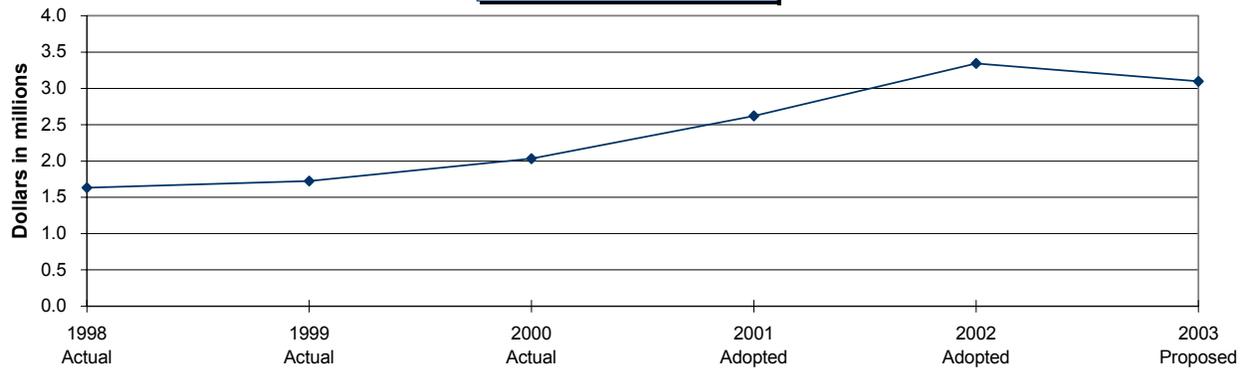
The \$35,000 of revenue is a grant from Cox Communications for equipment purchases in the City's Government Access Channel program.

A portion of the General Fund support is recovered through overhead allocation.

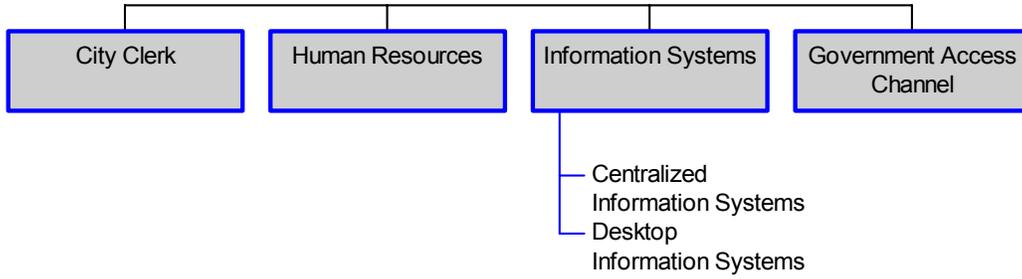
Fiscal Year 2002 Expenditures



Expenditures by Fiscal Year



Program Organizational Chart





DEPARTMENT SUMMARY

Department Description

Santa Barbara Municipal Airport is the busiest commercial service airport on the California coast between San Jose and Los Angeles, and has been owned and operated by the City since 1941.

The mission of the Airport Department is to provide the community with facilities necessary for access to the National Air Transportation System, to provide property management and maintenance services for the leased business/industrial facilities on the Airport, and to provide fiscal management of airport funding sources to sustain the Airport as a self-sufficient entity and a vital economic contributor to the community.

The Airport is composed of 950 acres: 400 acres are wetlands (Goleta Slough Ecological Reserve) and 95 acres have been established as the Airport's commercial/industrial area. The Airport is located approximately 10 miles from downtown Santa Barbara. The primary market area for the Airport encompasses Santa Barbara County.

The Airport is self-supporting and receives no local tax dollars for its operations. The revenues generated by the Airport are from tenant rents and user fees. These revenues are spent on Airport operations, maintenance, and capital/major construction projects as required by federal law. The Federal Aviation Administration (FAA) provides grant funding for capital improvements.

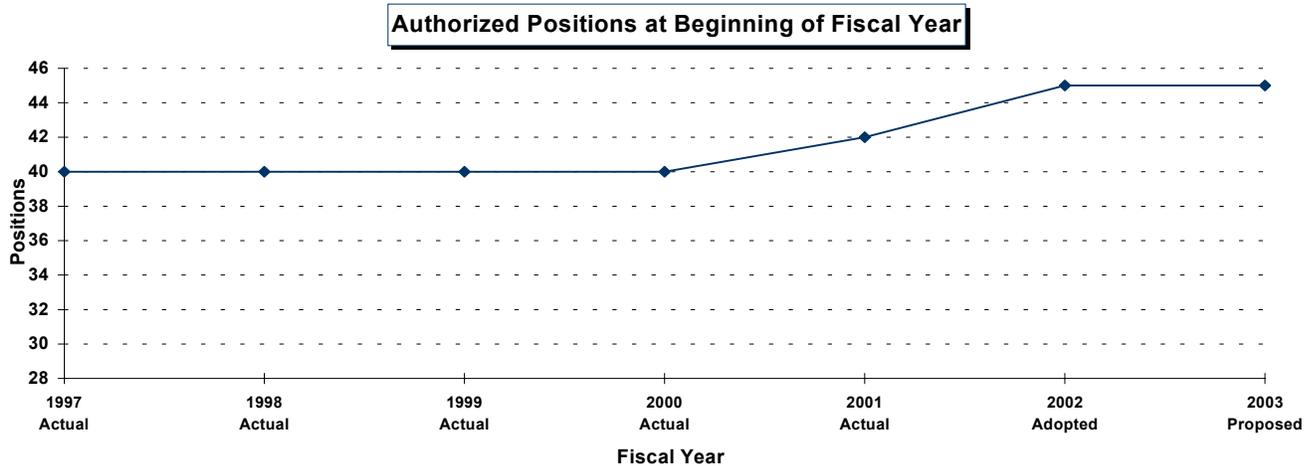


Department Programs

The Airport Department incorporates eight programs as listed below. The program description section in Volume II includes a description of each program. The following is a summary by program of the revenues and expenditures including capital for the Airport.

Program Title	Fiscal Year 2002		Fiscal Year 2003	
	Revenues	Expenditures	Revenues	Expenditures
Administration	\$ 4,496,810	\$ 5,702,020	\$ 13,732,278	\$ 15,328,075
Business & Property Management *	7,328,865	699,775	7,398,130	685,859
Marketing & Community Relations	-	350,741	-	278,394
Facilities Maintenance	-	3,528,228	-	4,455,088
Air Operations Area Maintenance	-	813,869	-	787,869
Airport Security	-	860,471	-	873,675
Airport Certification & Operations	1,297,635	1,243,910	1,279,362	1,267,687
Facilities Planning & Dev. Support	-	507,268	-	484,473
Totals	<u>\$ 13,123,310</u>	<u>\$ 13,706,282</u>	<u>\$ 22,409,770</u>	<u>\$ 24,161,120</u>

* Includes parking management contract expenses.





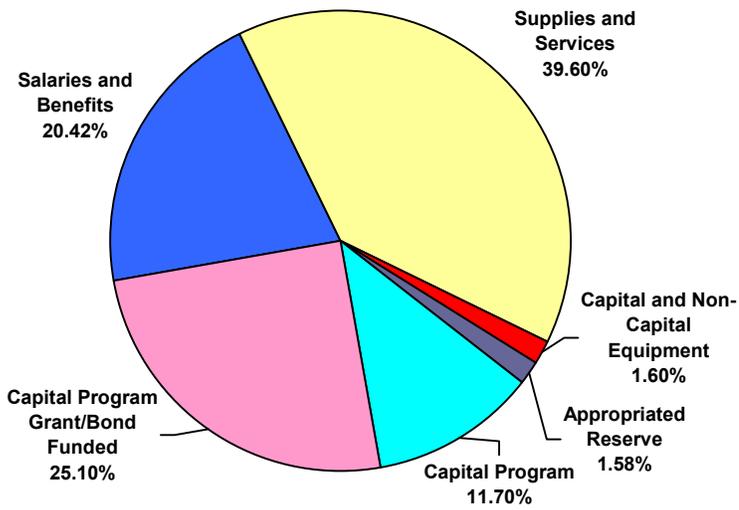
Part of the staffing within the Airport Certification and Operations (Aircraft Rescue and Firefighting) and Facilities Planning and Development Support (Engineering) is provided via inter-departmental agreements with the Fire Department and the Public Works Department, respectively.

Revenues and Expenditures

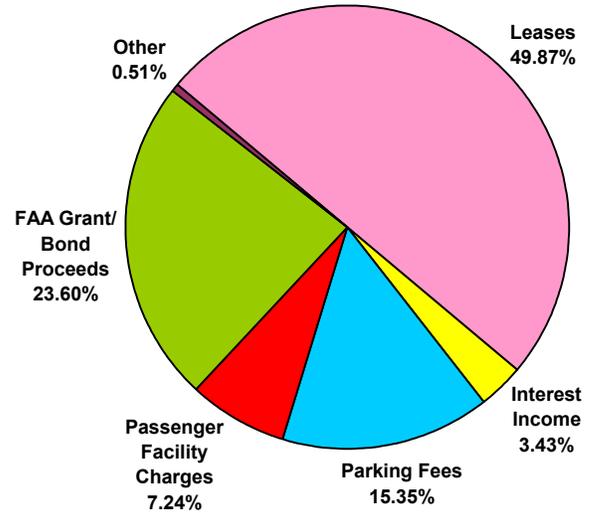
<u>Revenues</u>	Adopted FY 2001	Adopted FY 2002	Proposed FY 2003
Lease Income	\$ 5,858,370	\$ 6,544,500	\$ 6,595,492
Interest Income	300,000	450,000	450,000
Parking Fees	2,031,300	2,015,000	2,015,000
Passenger Facility Charges	960,000	950,000	950,000
FAA Grant/Bond Proceeds	-	3,096,810	12,332,278
Other	48,000	67,000	67,000
Total Revenues	\$ 9,197,670	\$ 13,123,310	\$ 22,409,770
 <u>Expenditures</u>			
Salaries and Benefits	\$ 2,431,048	\$ 2,798,735	\$ 2,903,105
Supplies and Services	4,023,339	5,427,411	4,617,586
Non-Capital Equipment	121,120	132,207	72,248
Capital	41,350	87,500	57,500
Appropriated Reserve	35,601	215,922	324,495
Operating Expenditures	\$ 6,652,458	\$ 8,661,775	\$ 7,974,934
Capital Program	3,932,000	1,603,607	2,483,655
Capital Program (Grant/Bond Funded)	-	3,440,900	13,702,531
Total Expenditures	\$ 10,584,458	\$ 13,706,282	\$ 24,161,120
Revenue Under Expenditures	\$ (1,386,788)	\$ (582,972)	\$ (1,751,350)



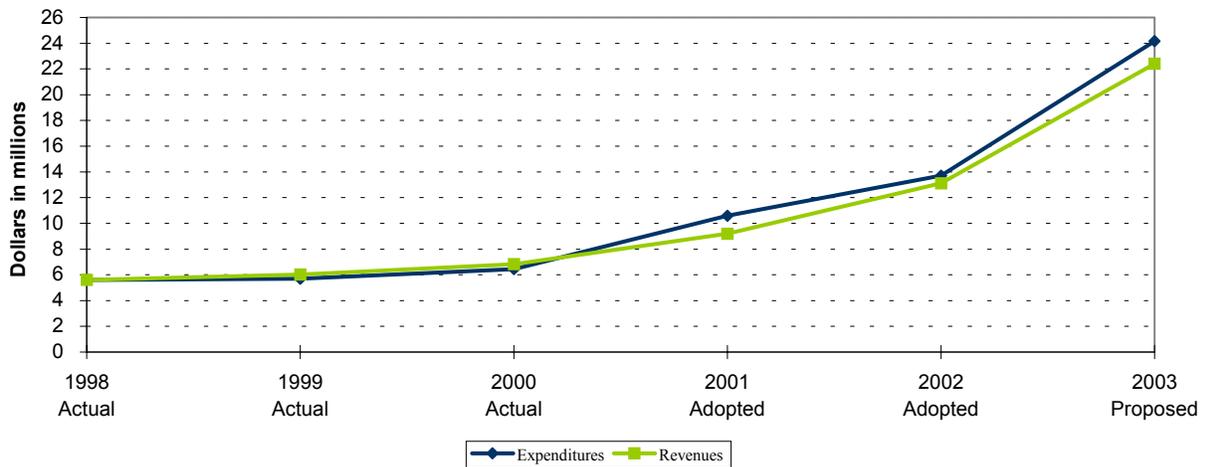
Fiscal Year 2002 Expenditures



Fiscal Year 2002 Revenues



Revenues and Expenditures by Fiscal Year





Program Organizational Chart





DEPARTMENT SUMMARY

Department Description

Based upon the City Charter and the policy direction provided by the City Council, the City Administrator's Office is responsible for the overall management and administration of the City of Santa Barbara. It does so through two program areas: Administration and Labor Relations. Administration provides for the management of all affairs of City government and services, direct control of the administrative branch of City government, and oversight of and direction to ten departments of the City. Labor relations provides for direct contact, through the City Administrator's Office, with the City's approximately 1,100 full and part-time permanent employees and their respective labor associations regarding labor relations, and employee contract negotiations.

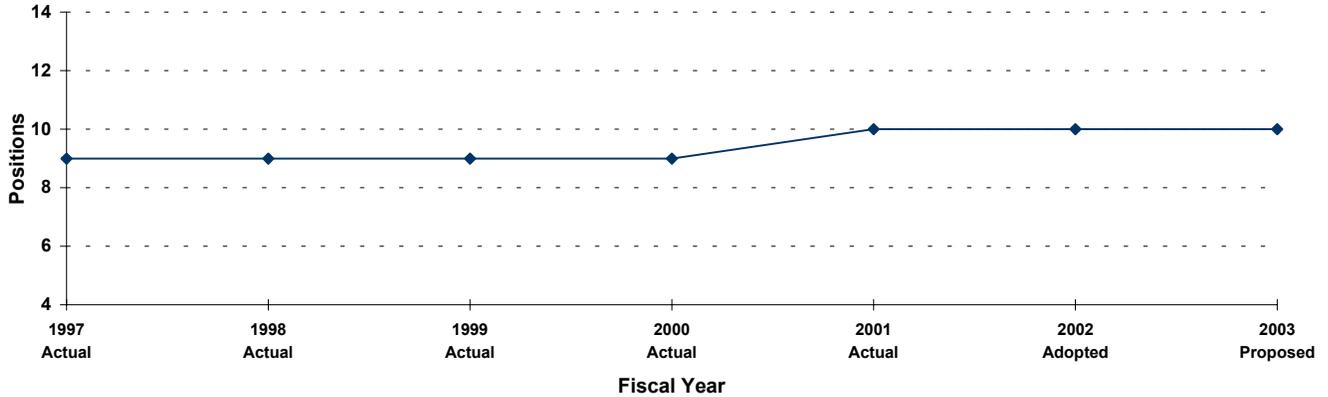
Department Programs

The City Administrator's Office consists of two programs. See Volume II for more detailed program descriptions.

Program Title	Fiscal Year 2002		Fiscal Year 2003	
	Revenues	Expenditures	Revenues	Expenditures
Administration	\$ -	\$ 1,135,225	\$ -	\$ 1,153,468
Labor Relations	-	177,694	-	179,663
Totals	\$ -	\$ 1,312,919	\$ -	\$ 1,333,131

Revenues and Expenditures

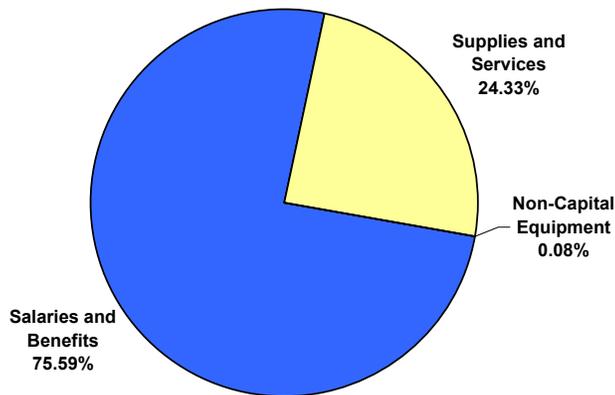
Authorized Positions at Beginning of Fiscal Year



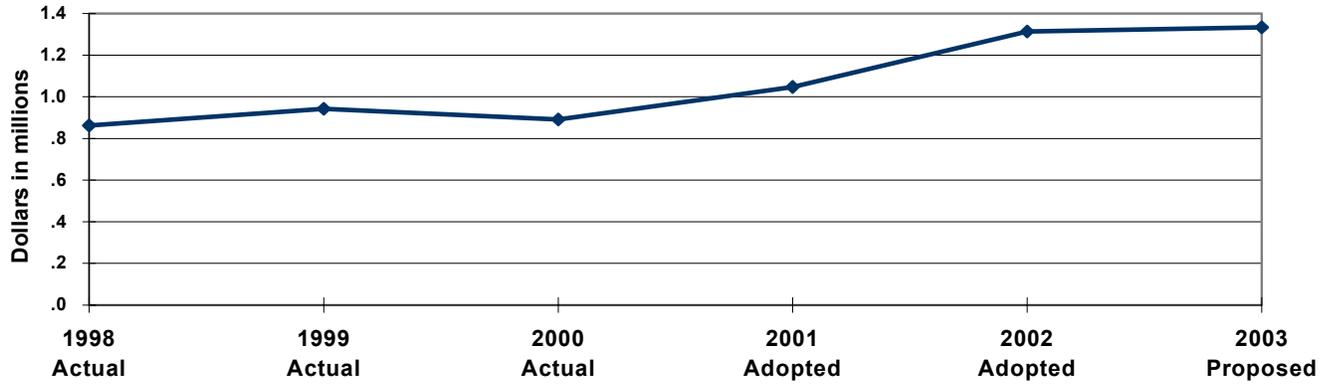
A portion of the General Fund support is recovered through overhead allocation.

Expenditures	Adopted FY 2001	Adopted FY 2002	Proposed FY 2003
Salaries and Benefits	\$ 782,714	\$ 992,446	\$ 1,012,023
Supplies and Services	263,132	319,473	320,108
Non-Capital Equipment	1,000	1,000	1,000
Total Expenditures	\$ 1,046,846	\$ 1,312,919	\$ 1,333,131
General Fund Support	\$ 1,046,846	\$ 1,312,919	\$ 1,333,131

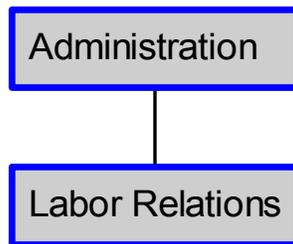
Fiscal Year 2002 Expenditures



Expenditures by Fiscal Year



Program Organizational Chart





DEPARTMENT SUMMARY

Department Description

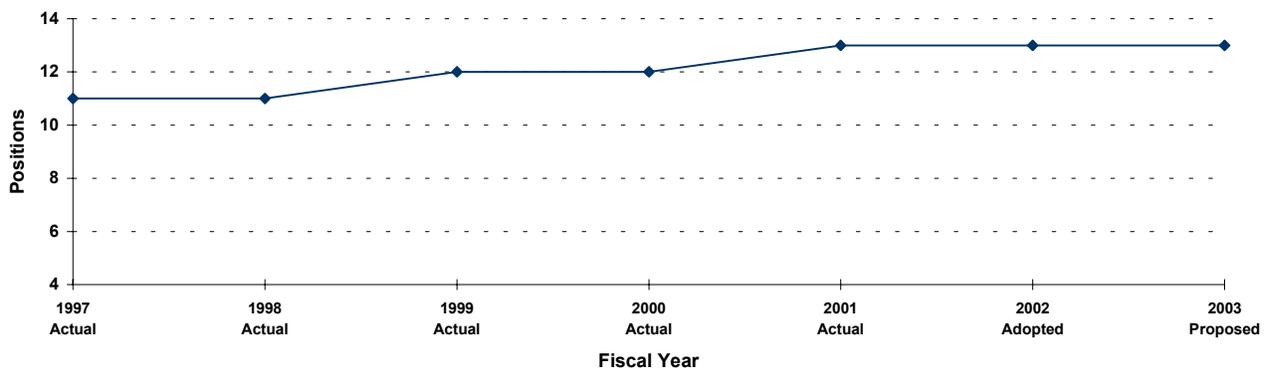
The City Attorney's Office provides legal advice to City officials and employees; drafts legal documents in order to protect the City's interests and advance its goals; represents the City and its officers and employees; enforces City laws; and encourages compliance with and respect for the law.

Department Programs

The office of the City Attorney is comprised of a single program, described in more detail in Volume II.

Program Title	Fiscal Year 2002		Fiscal Year 2003	
	Revenues	Expenditures	Revenues	Expenditures
City Attorney's Office	\$ -	\$ 1,641,008	\$ -	\$ 1,662,663
Totals	\$ -	\$ 1,641,008	\$ -	\$ 1,662,663

Authorized Positions at Beginning of Fiscal Year

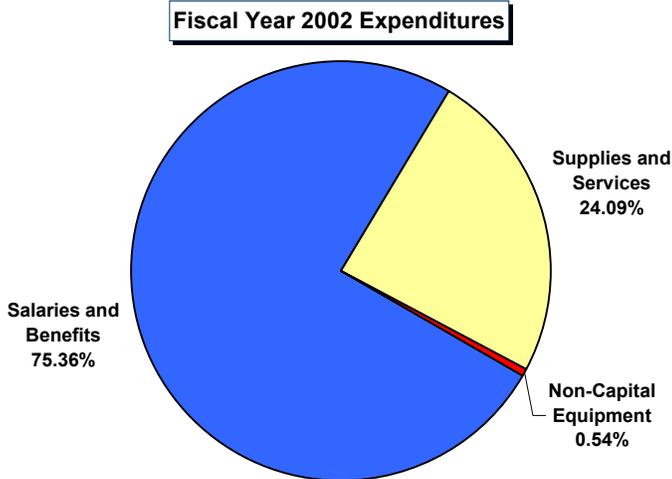




Revenues and Expenditures

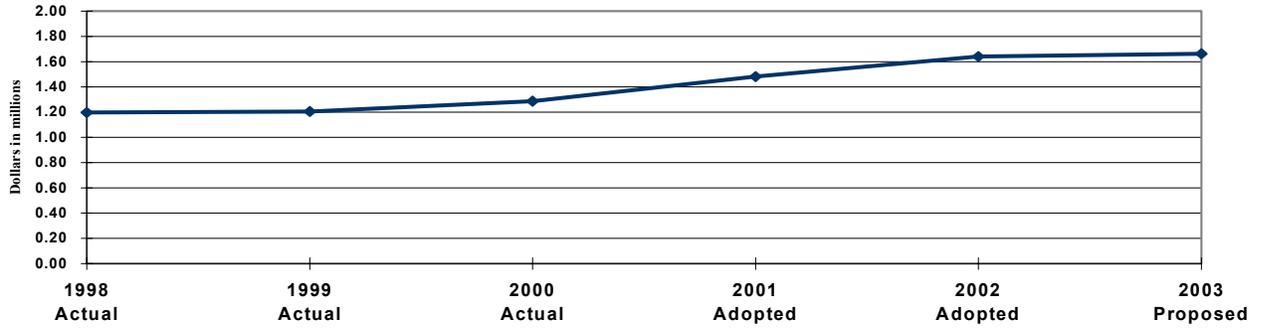
<u>Expenditures</u>	Adopted FY 2001	Adopted FY 2002	Proposed FY 2003
Salaries and Benefits	\$ 1,075,671	\$ 1,236,744	\$ 1,264,137
Supplies and Services	401,471	395,374	398,526
Non-Capital Equipment	4,464	8,890	-
Total Expenditures	\$ 1,481,606	\$ 1,641,008	\$ 1,662,663
General Fund Support	\$ 1,481,606	\$ 1,641,008	\$ 1,662,663

A portion of the General Fund support is recovered through overhead allocation.





Expenditures by Fiscal Year





DEPARTMENT SUMMARY

Department Description

The mission of the Community Development Department is to assist the public in managing the development of the community so that our unique quality of life is preserved, while maintaining a sound economic base, safe construction, and appropriate design: all of which must be accomplished within the constraints of the City's environment and resources.

In order to accomplish this mission, the Department has been divided into five functional divisions: Administration, Economic Development, Planning, Building and Safety, and Housing and Redevelopment. Several of these divisions consist of a number of programs as described in the program narratives contained in Volume II.

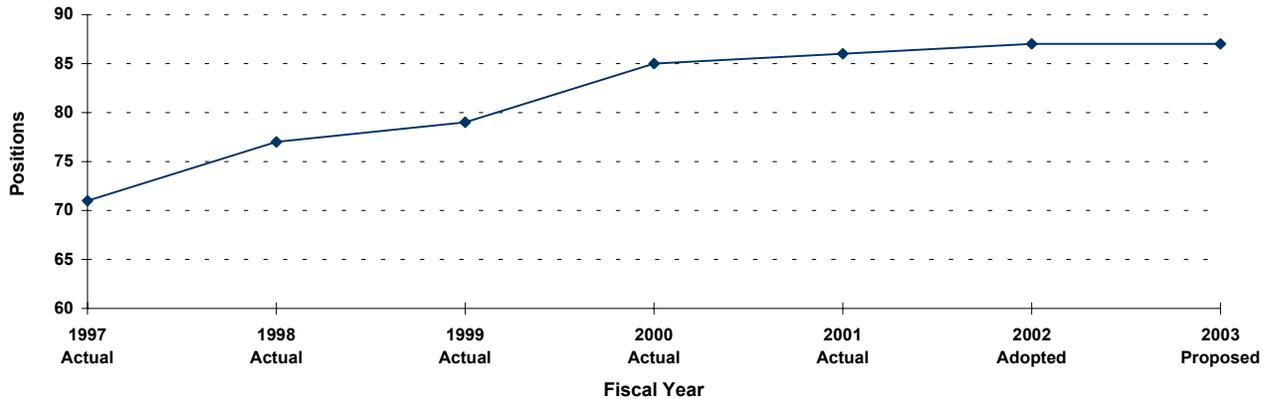
Department Programs

The Community Development Department consists of 15 programs. The following is a summary by program of the revenues and expenditures for the Community Development Department.

Program Title	Fiscal Year 2002		Fiscal Year 2003	
	Revenues	Expenditures	Revenues	Expenditures
Administration	\$ -	\$ 415,524	\$ -	\$ 429,588
Economic Development	-	76,121	-	77,829
CDBG				
Administration	-	1,004,461	-	1,002,456
Rental Housing Mediation	-	167,153	-	170,176
Housing Rehab. Loan Program	1,921,000	749,386	1,921,000	748,368
Human Services	-	646,667	-	647,555
Redevelopment Agency	-	456,292	-	478,559
Housing Development	-	244,685	-	252,067
Home Administration	833,000	833,000	833,000	833,000
Long Range Planning & Special Studies	-	622,552	-	655,114
Development & Design Review	370,668	1,600,050	388,036	1,711,867
Zoning: Ordinance, Information & Enforcement	199,120	668,032	207,084	694,873
Inspections & Enforcement	-	758,456	-	796,809
Records Center & Plan Archives	236,663	411,990	236,665	426,875
Plan Check & Counter Services	1,703,208	695,131	1,703,208	727,778
Totals	\$ 5,263,659	\$ 9,349,500	\$ 5,288,993	\$ 9,652,914



Authorized Positions at Beginning of Fiscal Year

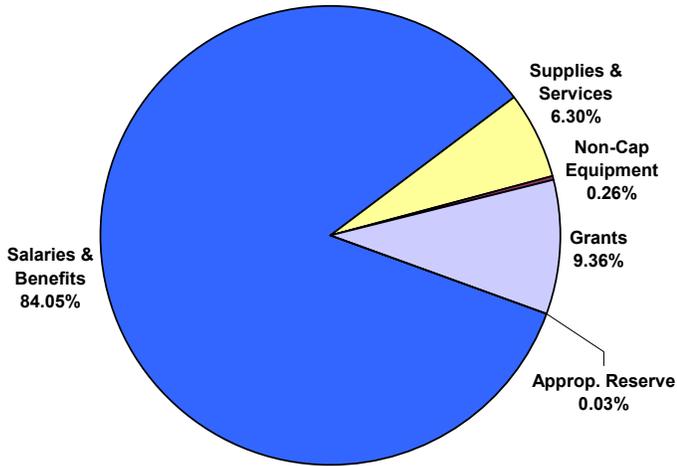


Revenues and Expenditures

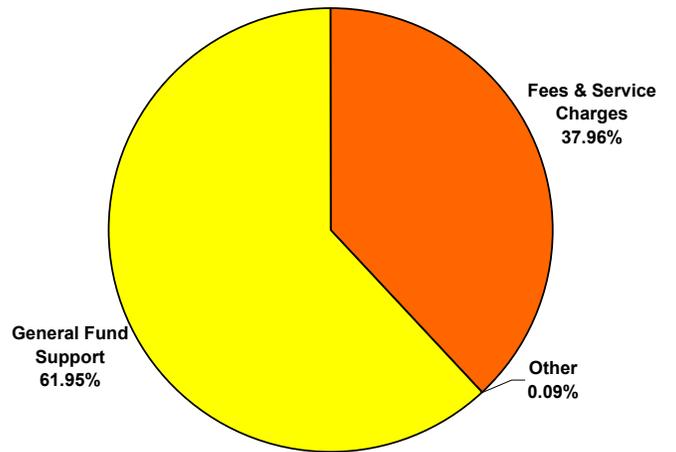
	Adopted FY 2001	Adpoted FY 2002	Proposed FY 2003
Revenues			
Fees	\$ 2,461,881	\$ 2,585,879	\$ 2,611,089
Intergovernmental	2,531,000	2,671,600	2,671,600
Other	6,090	6,180	6,304
Total Revenues	\$ 4,998,971	\$ 5,263,659	\$ 5,288,993
Expenditures			
Salaries and Benefits	\$ 5,478,380	\$ 6,105,696	\$ 6,378,764
Supplies and Services	1,447,719	617,183	672,170
Non-Capital Equipment	26,960	21,765	16,256
Grants and Rehabilitation Loans	1,856,074	2,583,061	2,576,365
Appropriated Reserve	55,022	21,795	9,359
Total Expenditures	\$ 8,864,155	\$ 9,349,500	\$ 9,652,914
Revenue Under Expenditures	\$ (3,865,184)	\$ (4,085,841)	\$ (4,363,921)

A portion of the General Fund support is recovered through overhead allocation.

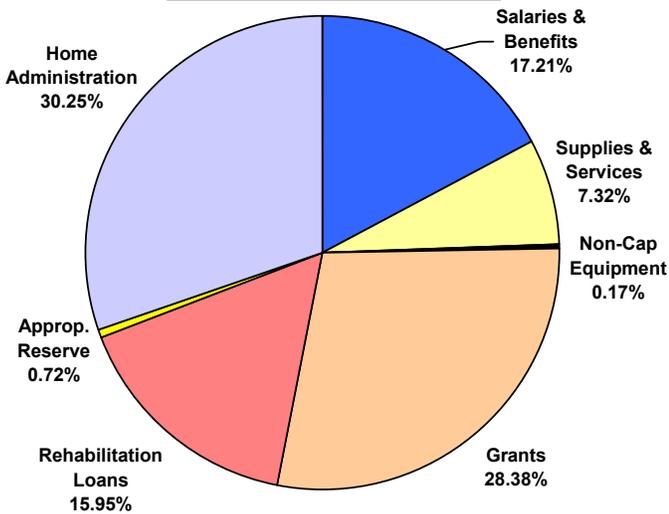
Fiscal Year 2002 Expenditures (General Fund)



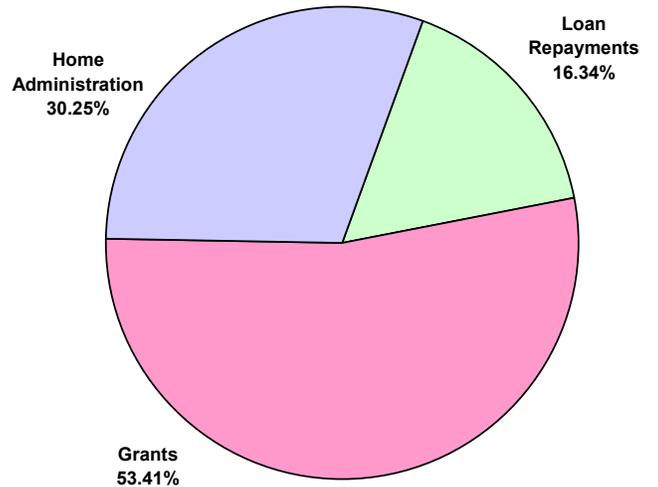
Fiscal Year 2002 Revenues (General Fund)



Fiscal Year 2002 Expenditures (CDBG & Home Funds)

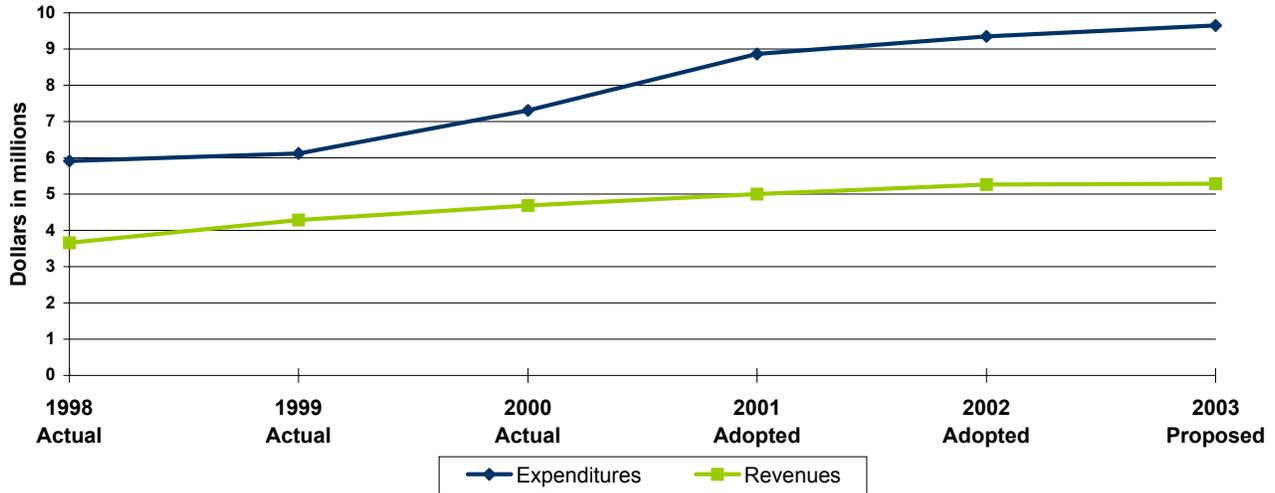


Fiscal Year 2002 Revenues (CDBG & Home Funds)

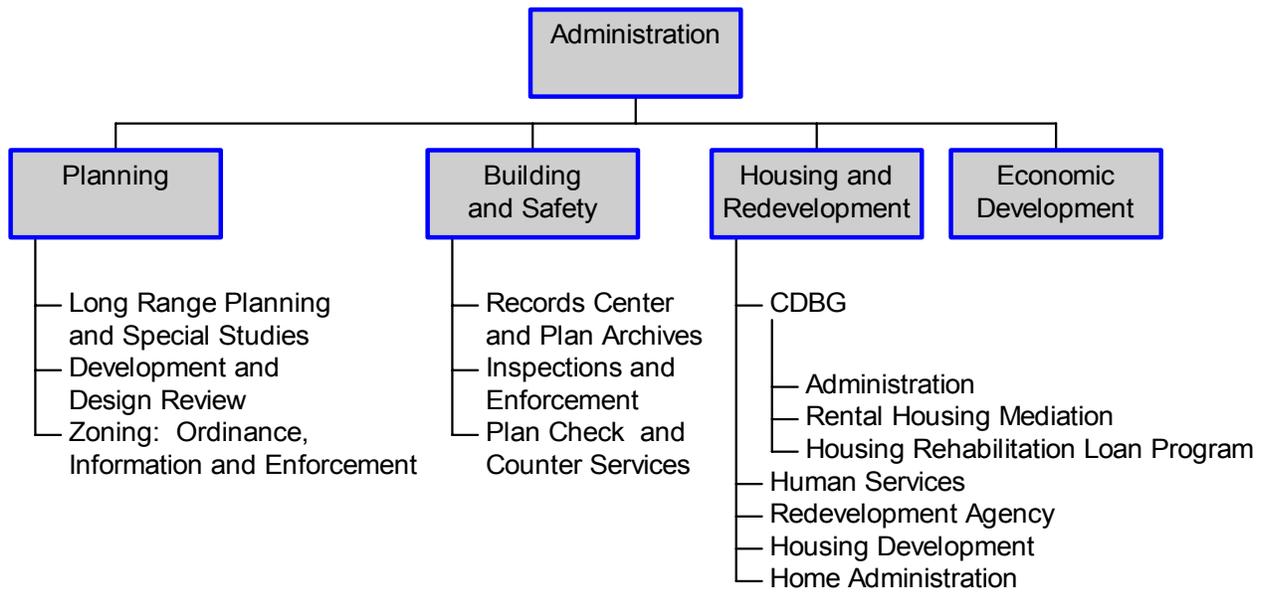




Revenues and Expenditures by Fiscal Year



Program Organizational Chart





DEPARTMENT SUMMARY

Department Description

The Finance Department is responsible for maintaining the financial integrity and managing the day-to-day financial operations of the City. The major functional areas within the department include budget, accounting, purchasing, and revenue/investment management. The department also administers two internal service funds, the Risk Management Fund and the Duplications/Mail Services Fund, and provides financial services to the California Law Enforcement Telecommunications System (CLETS).

Budget Highlights

Reflected in this two-year financial plan are a number of changes to the department that were implemented during the current year (fiscal year 2001). These changes include a reorganization of the department affecting two of the Department's five divisions: Treasury and Accounting.

The largest component of the reorganization was the separation of the Billing & Collection Division. Specifically, the billing function and staff were incorporated into the Accounting Division, and the collection function and staff were incorporated into the Treasury Division. This resulted not only in the elimination of a vacant management position, but also in better organization and oversight structure of the related functional areas.

This reorganization included some reworking and redefining of the programs within the Accounting and Treasury Divisions. These changes have been incorporated into the program presentations contained within Volume II.

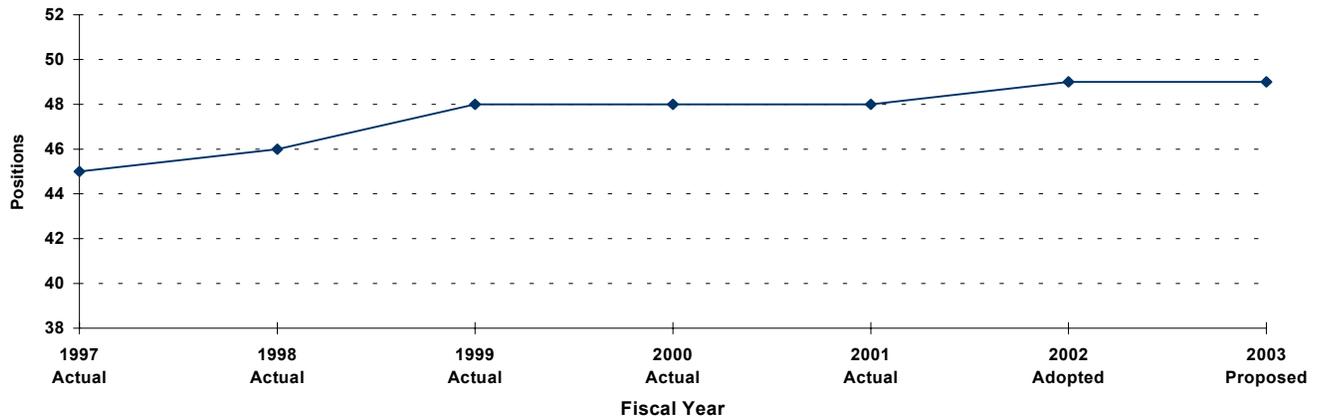


Department Programs

The Finance Department consists of 15 programs, which encompass all of the services offered by the department. See the corresponding program sections in Volume II for a more detailed description.

Program Title	Fiscal Year 2002		Fiscal Year 2003	
	Revenues	Expenditures	Revenues	Expenditures
Administration	\$ -	\$ 521,197	\$ -	\$ 529,506
Revenue & Cash Management	-	226,939	-	233,534
Cashiering and Collections	-	258,529	-	265,034
Business Licenses & Permits	-	172,421	-	176,564
Accounting	-	229,997	-	234,176
Payroll	-	165,248	-	170,015
Accounts Payable	-	112,314	-	115,549
Utility & Misc. Billing	585,000	489,521	585,000	502,766
Meter Reading	-	387,209	-	403,529
Purchasing	-	316,521	-	326,422
Central Stores	-	226,219	-	238,991
Duplicating	255,899	310,899	261,440	266,440
Mail Services	52,479	47,479	55,254	50,254
Workers' Comp./Health & Safety	2,274,536	2,274,536	2,345,981	2,345,981
Property/Liability	1,450,475	1,777,646	1,575,523	1,821,880
Totals	\$ 4,618,389	\$ 7,516,675	\$ 4,823,198	\$ 7,680,641

Authorized Positions at Beginning of Fiscal Year

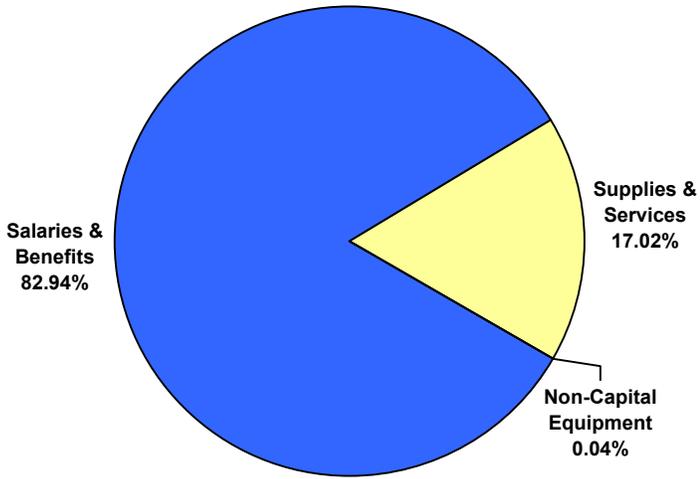


Revenues and Expenditures

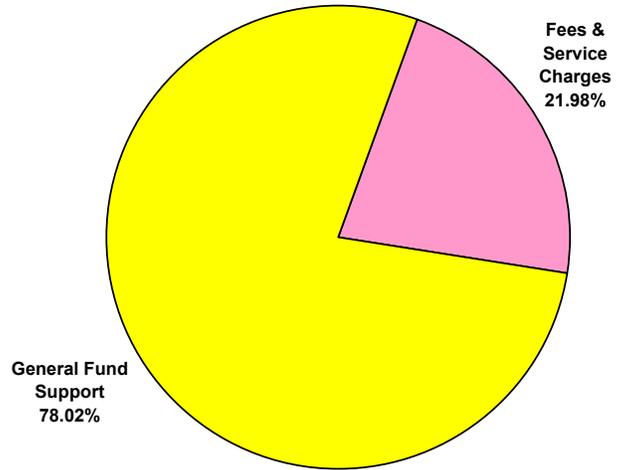
	Adopted FY 2001	Adopted FY 2002	Proposed FY 2003
Revenues			
Insurance Premiums	2,877,979	1,250,475	1,375,523
Fees and Service Charges	852,129	3,167,914	3,247,675
ACCEL - Return of Premium	150,000	200,000	200,000
Total Revenues	\$ 3,880,108	\$ 4,618,389	\$ 4,823,198
Expenditures			
Salaries and Benefits	\$ 2,652,380	\$ 3,136,935	\$ 3,239,744
Supplies and Services	1,389,679	1,085,629	1,088,942
Non-Capital Equipment	6,450	11,879	9,222
Capital	-	2,858	2,858
Capital Program	-	50,000	-
Insurance Premiums	3,074,620	3,229,374	3,339,875
Total Expenditures	\$ 7,123,129	\$ 7,516,675	\$ 7,680,641
Revenue Under Expenditures	\$ (3,243,021)	\$ (2,898,286)	\$ (2,857,443)

The Premium Refund is a rebate from ACCEL, the public-entity self-insurance pool to which the City belongs.

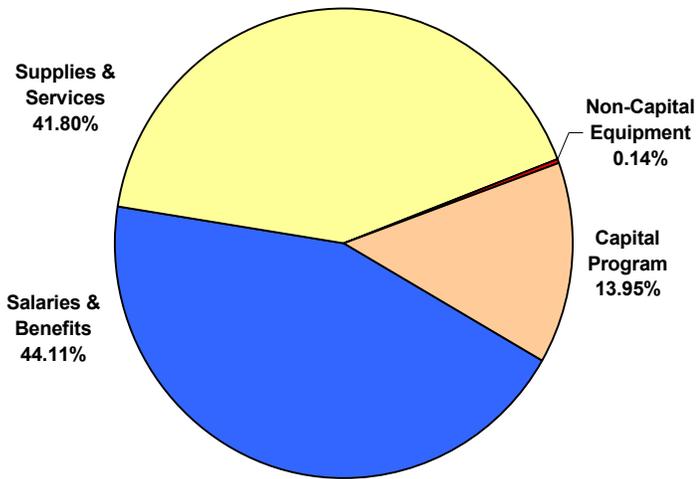
**Fiscal Year 2002 Expenditures
(General Fund)**



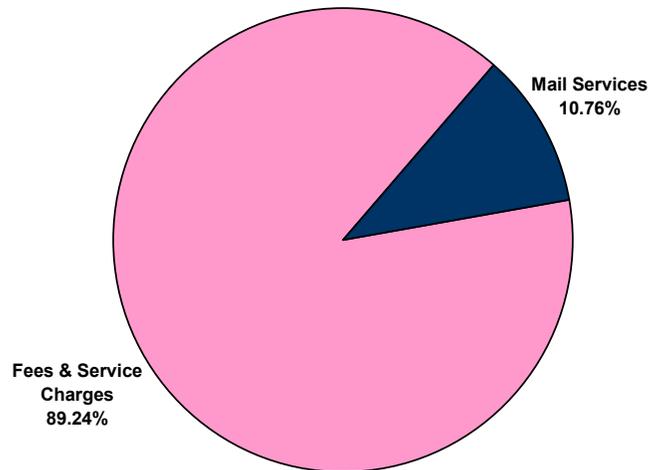
**Fiscal Year 2002 Revenues
(General Fund)**



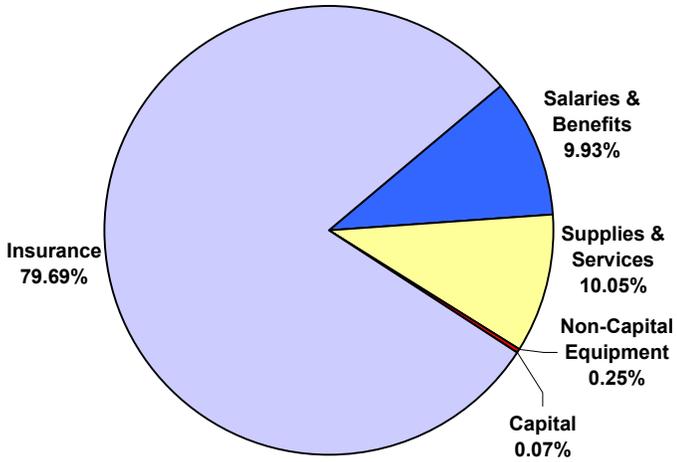
**Fiscal Year 2002 Expenditures
(Duplications Fund)**



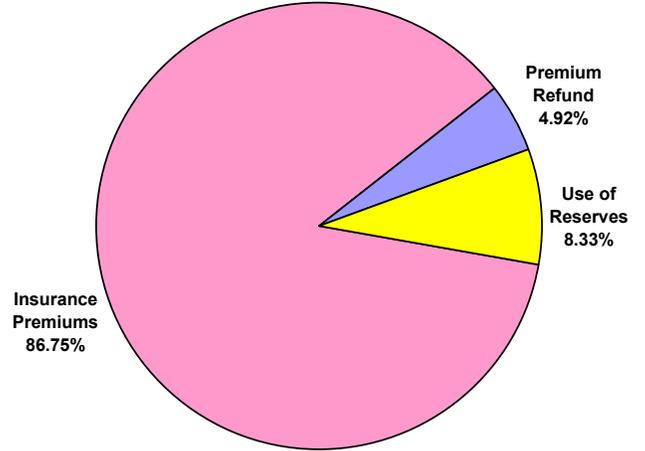
**Fiscal Year 2002 Revenues
(Duplications Fund)**



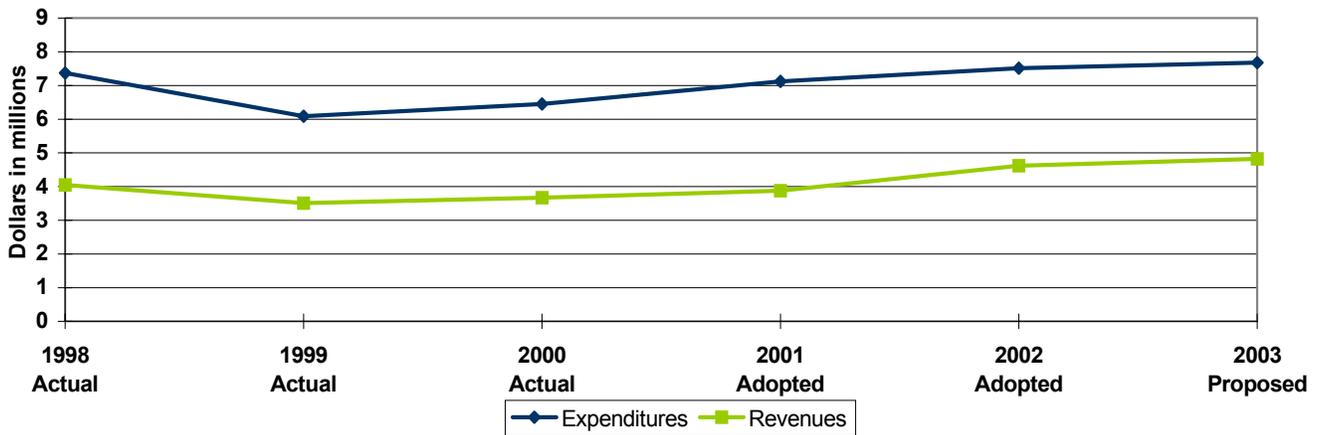
**Fiscal Year 2002 Expenditures
(Self-Insurance Fund)**



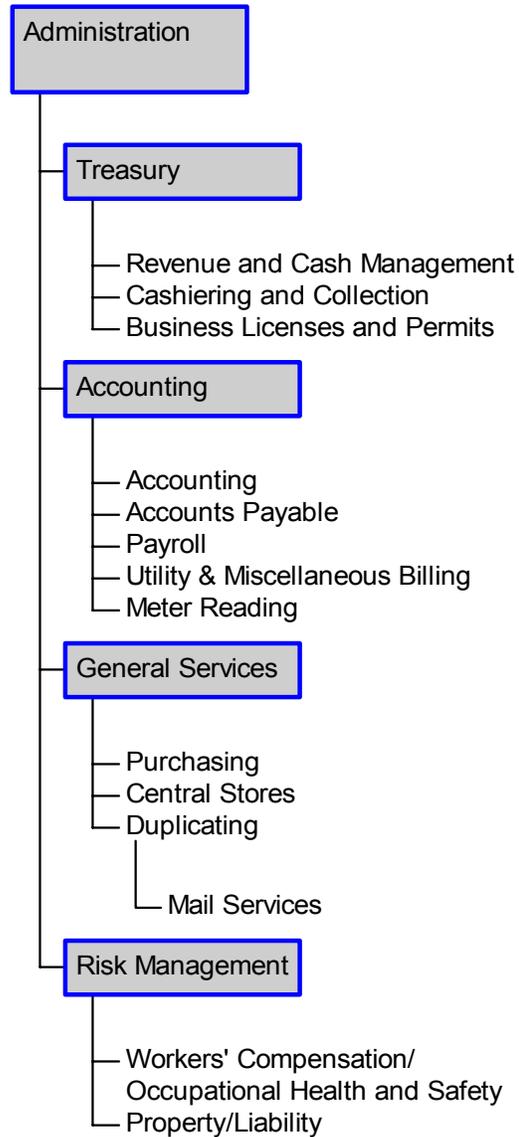
**Fiscal Year 2002 Revenues
(Self-Insurance Fund)**

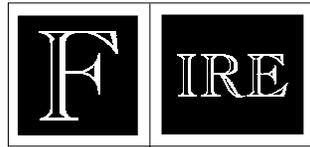


Revenues and Expenditures by Fiscal Year



Program Organizational Chart





DEPARTMENT SUMMARY

Department Description

The mission of the Fire Department is to protect life and property, control and extinguish fires, effect rescue, contain and control hazardous materials incidents, provide emergency medical assistance, and respond to other community threatening emergencies as required. This mission is accomplished utilizing a comprehensive approach that maintains response capability and mitigates identified hazards.

The Fire Department has provided continuous, uninterrupted service for 117 years. Service is currently provided from 8 stations located throughout the City. The Department protects a resident population of approximately 90,000 people. On high tourism weekends, the number swells considerably. The Department responds to an average of 7,000 emergency incidents each year.

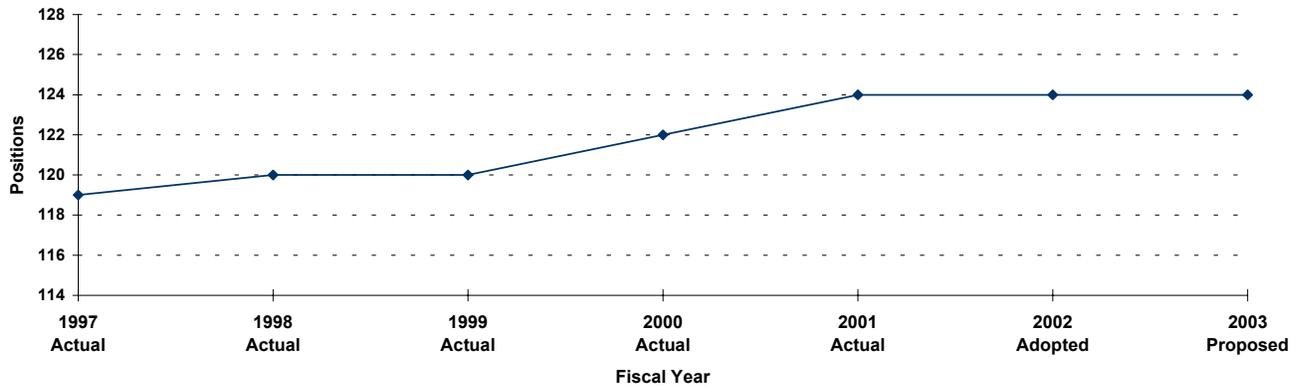
Department Programs

The Fire Department consists of five programs. The following summarizes the revenues and expenditures by program for the Fire Department.

Program Title	Fiscal Year 2002		Fiscal Year 2003	
	Revenues	Expenditures	Revenues	Expenditures
Administration	\$ -	\$ 715,323	\$ -	\$ 728,331
Prevention	60,000	890,267	61,800	1,035,640
Public Education	-	95,788	-	97,855
Operations	-	9,817,428	-	10,205,016
Aircraft Rescue & Firefighting	838,573	798,700	870,649	830,030
Totals	\$ 898,573	\$ 12,317,506	\$ 932,449	\$ 12,896,872



Authorized Positions at Beginning of Fiscal Year

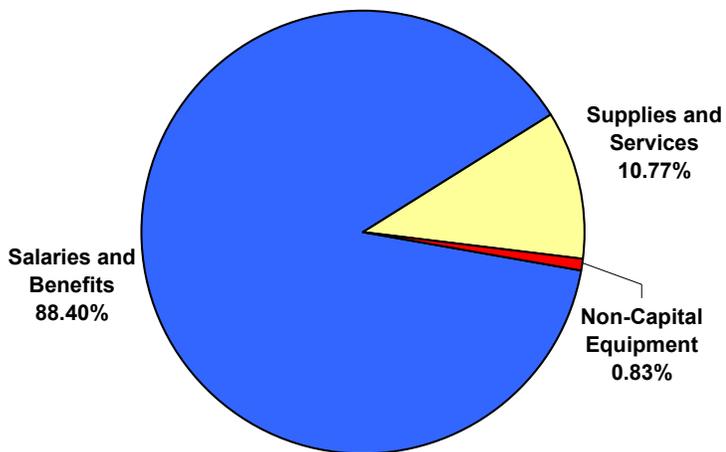


Revenues and Expenditures

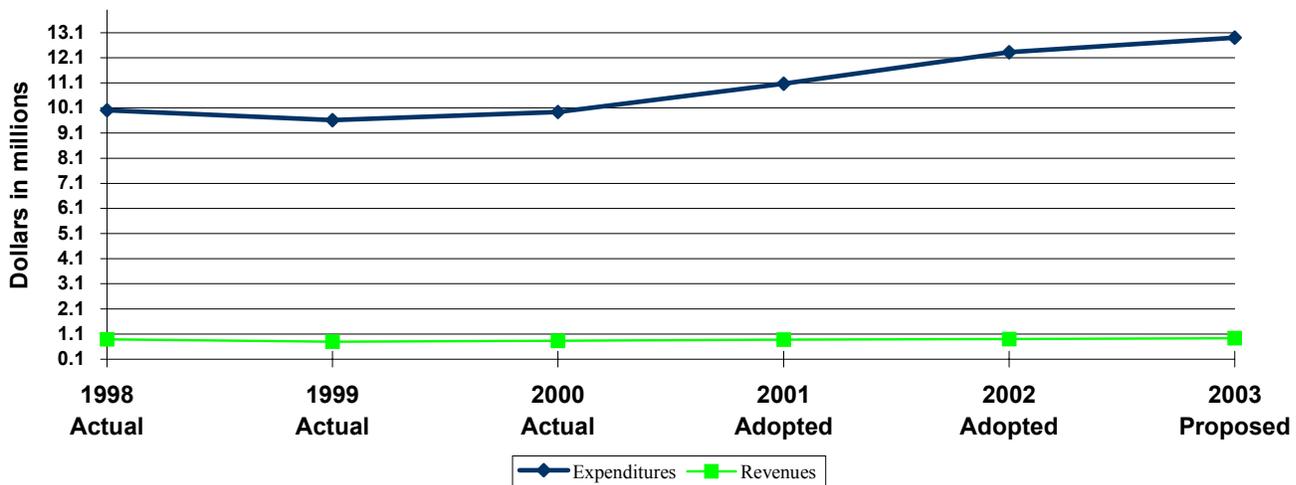
	Adopted FY 2001	Adopted FY 2002	Proposed FY 2003
Revenues			
Fees & Service Charges	\$ 883,836	\$ 898,573	\$ 932,449
Total Revenues	\$ 883,836	\$ 898,573	\$ 932,449
Expenditures			
Salaries and Benefits	\$ 9,739,927	\$ 10,888,935	\$ 11,327,870
Supplies and Services	1,219,054	1,326,176	1,464,798
Non-Capital Equipment	99,750	102,395	104,204
Total Expenditures	\$ 11,058,731	\$ 12,317,506	\$ 12,896,872
General Fund Support	\$ (10,174,895)	\$ (11,418,933)	\$ (11,964,423)



Fiscal Year 2002 Expenditures

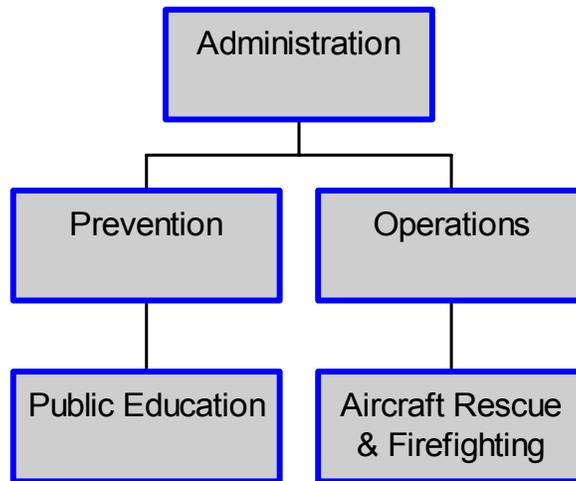


Revenues and Expenditures by Fiscal Year





Program Organizational Chart





DEPARTMENT SUMMARY

Department Description

The Library Department provides information services, reading materials, and educational resources to residents of all ages from the Santa Ynez Valley through Carpinteria. The largest components of the department are areas of public service in the Central Library including circulation, reference, youth services and periodicals, and the branches of the Library system which are owned and funded by the County of Santa Barbara and administered under an agreement with the City. Additional activities include interlibrary loan and borrowing, acquisition, cataloging, and processing of collection materials, delivery of materials and supplies throughout the system, and maintenance of the Library's automated computer system.

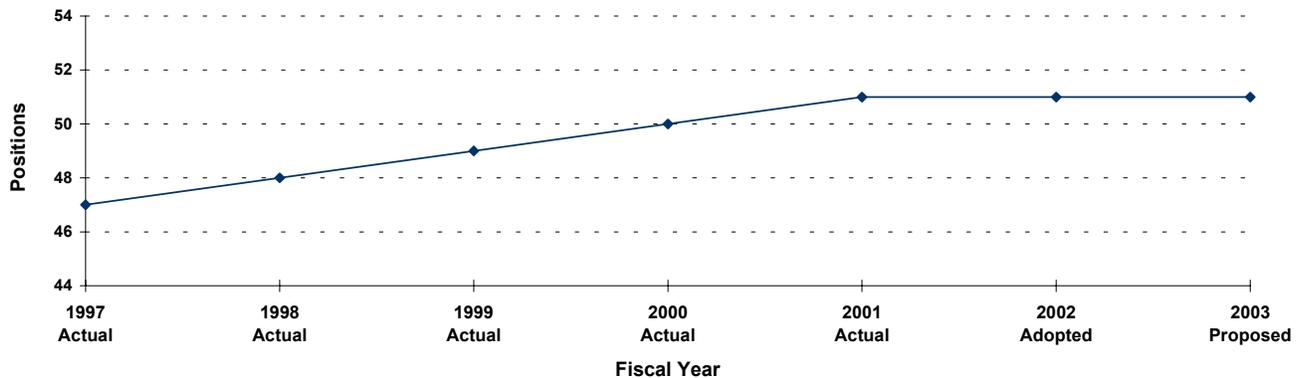
Department Programs

The Library Department is comprised of five programs, which together offer a full range of services. The program sections in Volume II provide additional details on each Library program.

Program Title	Fiscal Year 2002		Fiscal Year 2003	
	Revenues	Expenditures	Revenues	Expenditures
Administration	\$ 75,000	\$ 236,353	\$ 78,000	\$ 239,570
Public Services	862,035	1,890,617	892,850	1,919,771
Support Services	-	1,087,565	-	1,127,993
Adult Literacy Program	36,598	75,334	36,598	78,007
County Branches	1,149,700	1,321,447	1,149,700	1,365,978
Totals	\$ 2,123,333	\$ 4,611,316	\$ 2,157,148	\$ 4,731,319



Authorized Positions at Beginning of Fiscal Year

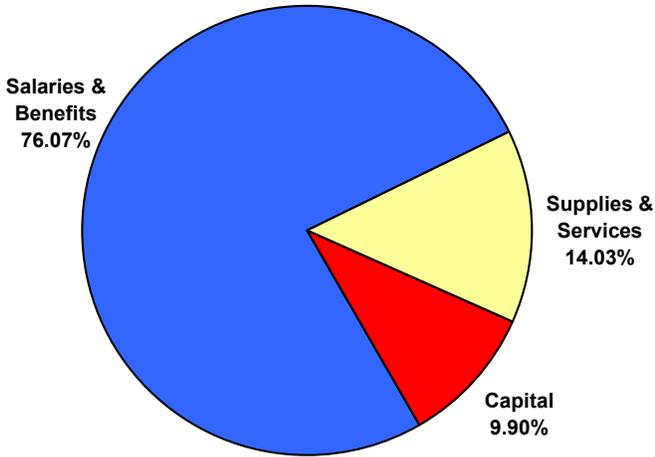


Revenues and Expenditures

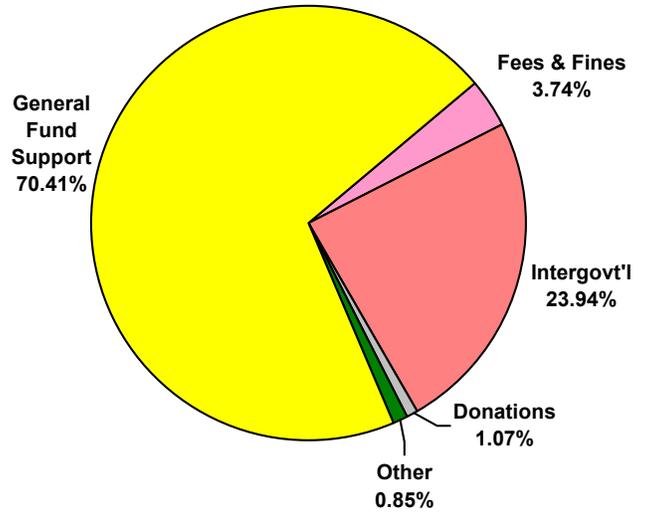
	Adopted FY 2001	Adopted FY 2002	Proposed FY 2003
<u>Revenues</u>			
Fines and Fees	\$ 195,000	\$ 242,000	\$ 248,000
Intergovernmental	1,614,507	1,758,298	1,785,298
Donations	54,500	95,235	95,600
Other	20,000	27,800	28,250
Total Revenues	\$ 1,884,007	\$ 2,123,333	\$ 2,157,148
<u>Expenditures</u>			
Salaries and Benefits	\$ 2,999,521	\$ 3,404,085	\$ 3,519,921
Supplies and Services	659,627	720,617	757,838
Capital	518,955	486,614	453,560
Total Expenditures	\$ 4,178,103	\$ 4,611,316	\$ 4,731,319
Revenue Under Expenditures	\$ (2,294,096)	\$ (2,487,983)	\$ (2,574,171)



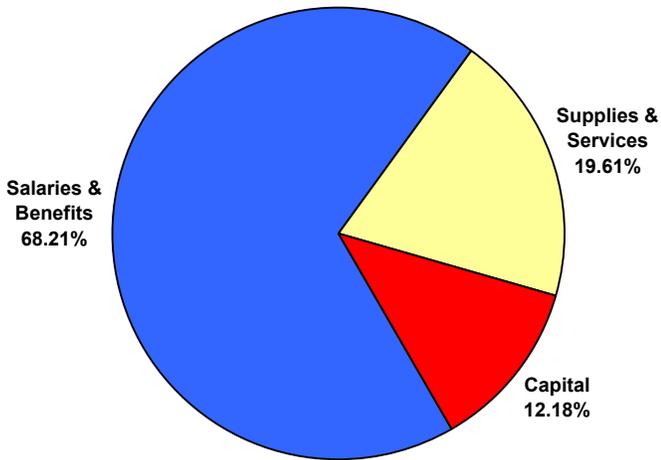
**Fiscal Year 2002 Expenditures
(General Fund)**



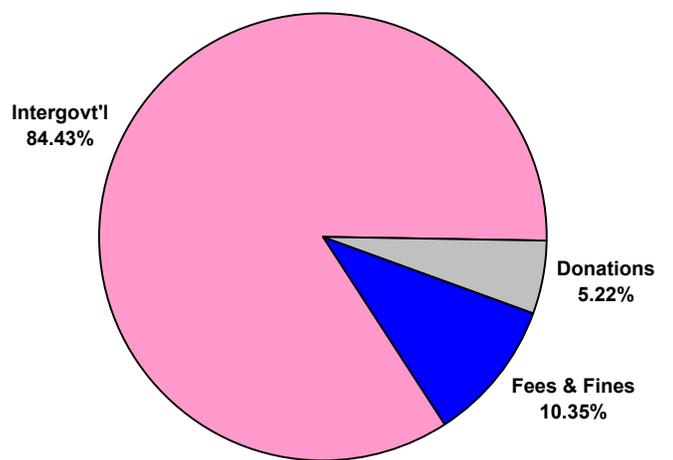
**Fiscal Year 2002 Revenues
(General Fund)**



**Fiscal Year 2002 Expenditures
(County Library)**

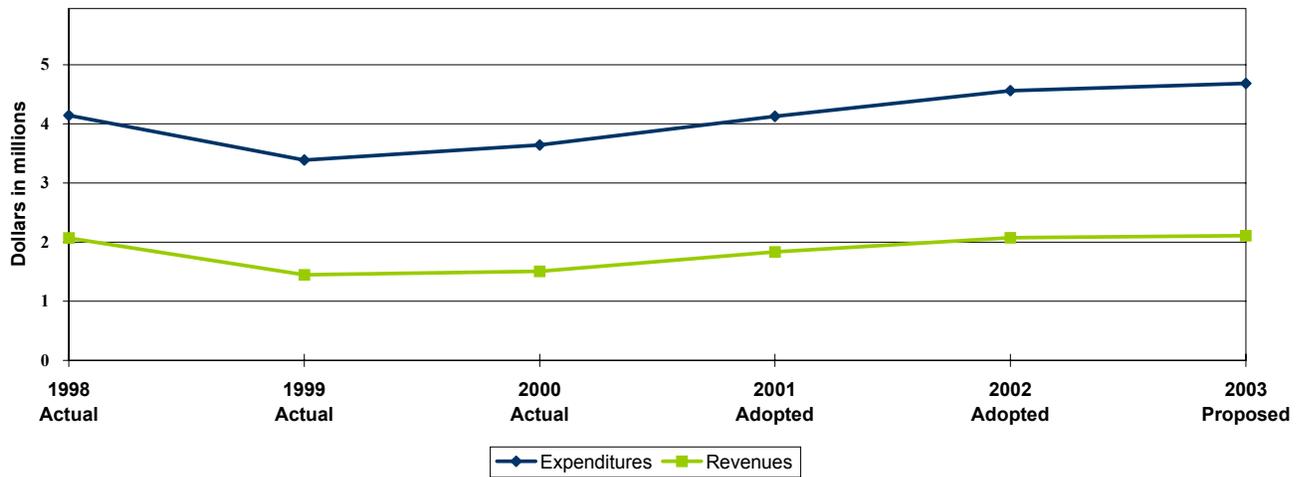


**Fiscal Year 2002 Revenues
(County Library)**

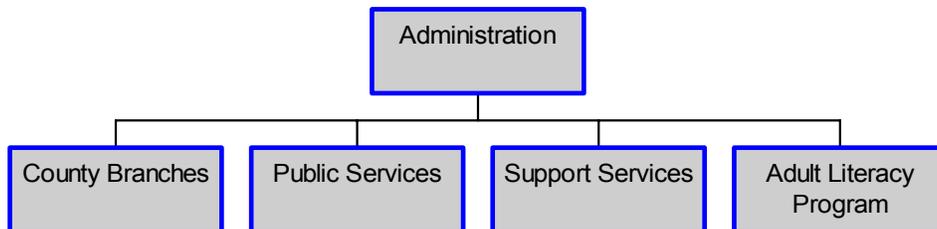




Revenues and Expenditures by Fiscal Year



Program Organizational Chart





DEPARTMENT SUMMARY

Department Description

The Mayor and six City Councilmembers comprise the City Council. The Mayor presides over the City Council meetings held weekly in open public session in the Council Chamber.

The seven-member governmental body serves the City at large. Its duties under the City Charter include approval of the Annual Budget and oversight of the financial affairs of the City. The Mayor and City Councilmembers appoint the City Administrator and the City Attorney. The City Council has the power to adopt ordinances and resolutions; make appointments to advisory boards and commissions; establish policy and approve programs; act on program and administrative recommendations of City staff; appropriate funds and approve contracts; and respond to concerns and needs of residents.

The Mayor and Councilmembers serve as the Board Members of the Redevelopment Agency. Individually, Councilmembers may represent the City by serving on state and regional boards and local civic organizations.

Staff to the Mayor and City Councilmembers assist in responding to numerous calls and letters from citizens each week, including conducting research and drafting responses.

The Mayor and City Council oversee and evaluate the programs and accomplishments of departments.

Department Programs

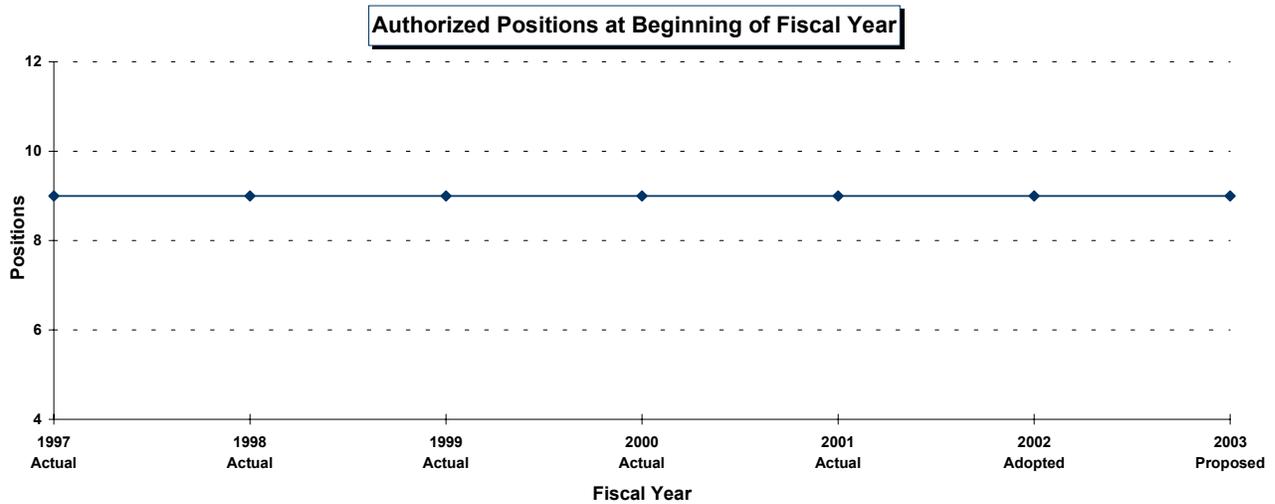
The office of the Mayor and City Council is comprised of a single program. The following summarizes the revenues and expenditures for the office of the Mayor and City Council.

Program Title	Fiscal Year 2002		Fiscal Year 2003	
	Revenues	Expenditures	Revenues	Expenditures
Mayor and City Council	\$ -	\$ 453,985	\$ -	\$ 458,923
Totals	\$ -	\$ 453,985	\$ -	\$ 458,923



Recent Achievements

City Council adopted Ordinance 5173 (Measure B) which required voter approval to increase the City's transient occupancy tax (bed tax) by 2 percent (from 10 to 12 percent) to fund clean water and creek restoration-related activities. Voters subsequently approved Measure B, and Council established the Creek Restoration/Water Quality Improvement Program.

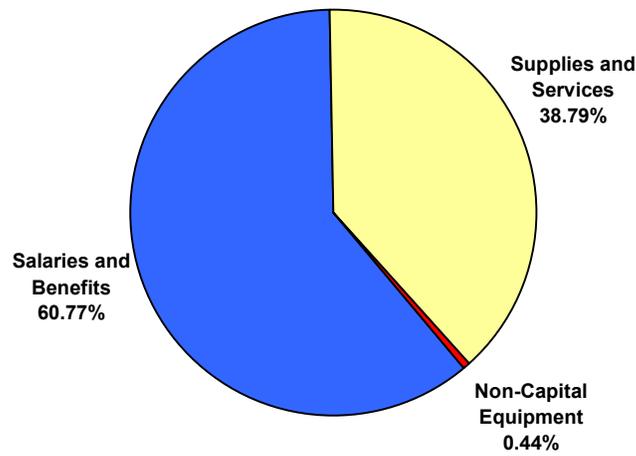


As a temporary position, the Assistant to the Mayor is not included in the chart of authorized permanent positions.

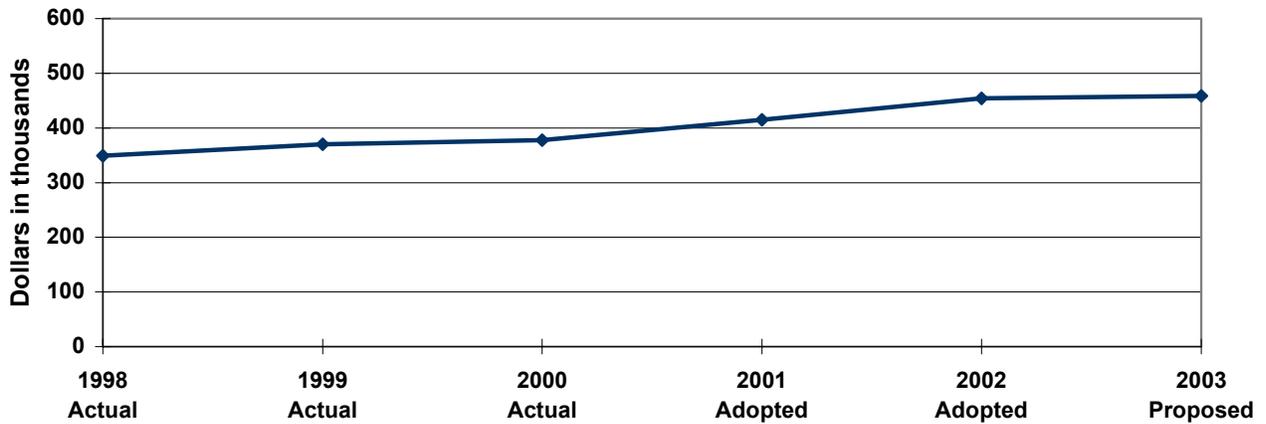
Revenues and Expenditures

<u>Expenditures</u>	Adopted FY 2001	Adopted FY 2002	Proposed FY 2003
Salaries and Benefits	\$ 256,074	\$ 275,881	\$ 279,103
Supplies and Services	156,968	176,104	177,820
Non-Capital Equipment	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>
Total Expenditures	\$ <u>415,042</u>	\$ <u>453,985</u>	\$ <u>458,923</u>
General Fund Support	\$ <u>(415,042)</u>	\$ <u>(453,985)</u>	\$ <u>(458,923)</u>

Fiscal Year 2002 Expenditures



Expenditures by Fiscal Year





DEPARTMENT SUMMARY

Department Description

Those costs not directly associated with, or allocated to, a particular General Fund department are accounted for in "Non-Departmental." These costs are in two specific areas - Community Promotion and General Government.

The Community Promotion Programs provide grants and funding for various events and activities, which take place throughout the year to promote Santa Barbara, enhance tourism, and provide support to the Zoological Gardens.

The General Government program includes various miscellaneous General Fund costs including property and liability insurance costs, appropriated reserves, the reserve for Council goals, and funding for the General Fund Capital Program.

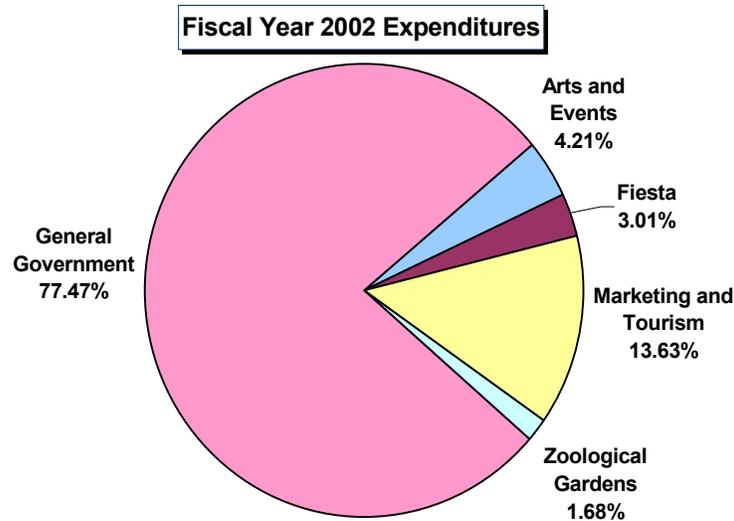
Department Programs

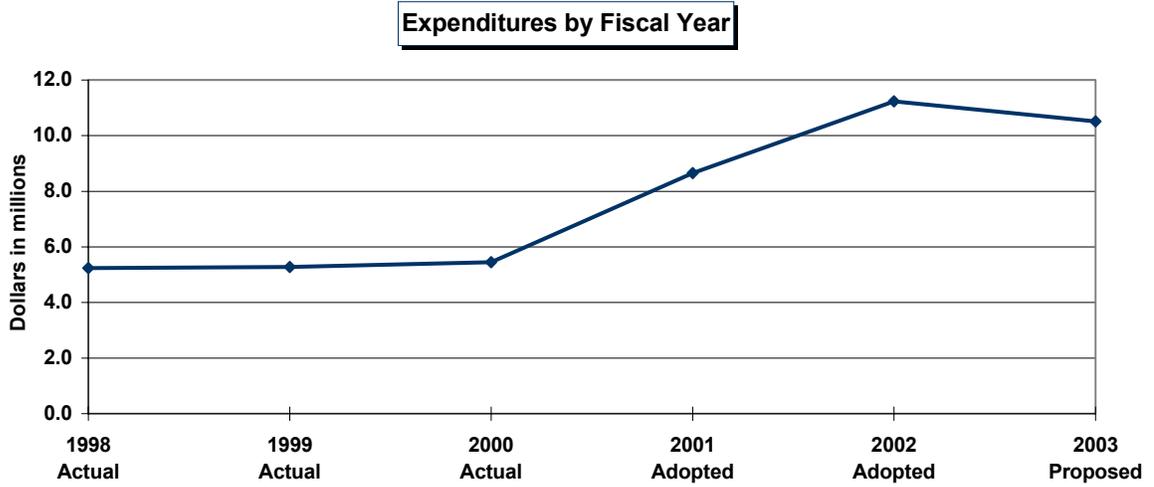
Program Title	Fiscal Year 2002		Fiscal Year 2003	
	Revenues	Expenditures	Revenues	Expenditures
Arts and Events	\$ -	\$ 472,370	\$ -	\$ 472,370
Fiesta	-	338,324	-	338,324
Marketing and Tourism	-	1,530,954	-	1,530,954
Zoological Gardens	-	189,125	-	189,125
General Government	145,000	8,702,618	145,000	7,989,140
Totals	\$ 145,000	\$ 11,233,391	\$ 145,000	\$ 10,519,913

NON-DEPARTMENTAL

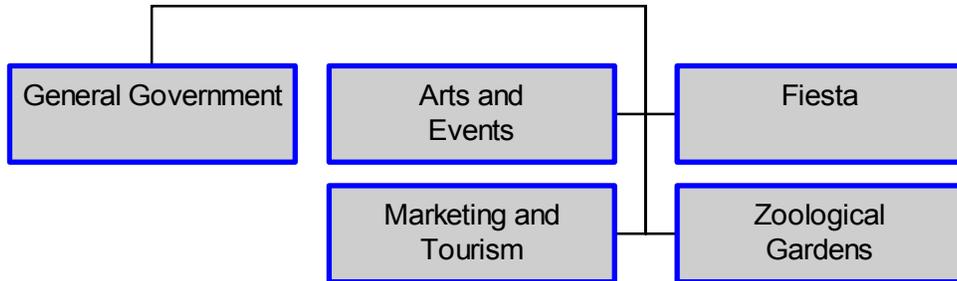
Revenues and Expenditures

<u>Revenues</u>	Adopted FY 2001		Adopted FY 2002		Proposed FY 2003
Utility Users Tax	145,000	\$	145,000	\$	145,000
Total Revenues	145,000	\$	145,000	\$	145,000
<u>Expenditures</u>					
Supplies and Services	\$ 3,434,404	\$	4,306,350	\$	4,390,900
Debt Service Transfers	380,000		380,340		380,340
Appropriated Reserve	924,107		512,741		617,583
Reserve for Council Goals	116,271		43,036		3,360
Total Operating Expenditures	\$ 4,854,782	\$	5,242,467	\$	5,392,183
<u>Capital Outlay Transfers</u>					
Streets	1,900,000	\$	3,500,000	\$	2,700,000
General Fund	1,884,867		2,490,924		2,427,730
Total Capital	3,784,867	\$	5,990,924	\$	5,127,730
Total Operating and Capital	\$ 8,639,649	\$	11,233,391	\$	10,519,913





Program Organizational Chart





DEPARTMENT SUMMARY

Department Description

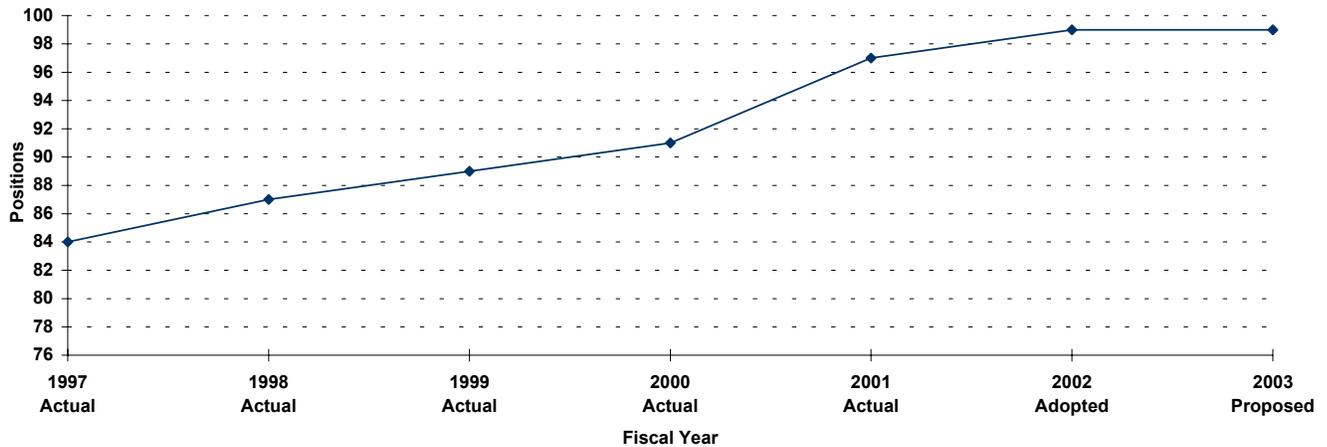
The Parks and Recreation Department is responsible for providing residents and visitors with safe, clean, usable parks, beaches and recreation facilities. The department develops, manages and maintains open space lands, parks, recreation facilities, street trees, beaches, civic grounds, and street medians; manages creek restoration and water quality improvement programs and provides recreation and community services to meet the recreational, cultural and human service needs of people of all ages and abilities.

Department Programs

Program Title	Fiscal Year 2002		Fiscal Year 2003	
	Revenues	Expenditures	Revenues	Expenditures
Administration				
Administration	\$ -	\$ 265,733	\$ -	\$ 272,263
Business Services		311,478		317,317
Parks				
Facilities & Project Management	-	689,647	-	705,813
Grounds Management	49,975	1,893,134	49,975	1,947,500
Forestry	316,788	886,856	468,626	915,397
Beach Maintenance	-	89,787	-	93,513
Operations Management	35,000	482,195	35,000	497,053
Contract Management	-	633,004	-	686,787
Chase Palm Park	143,040	429,515	146,310	441,472
Recreation				
Program Management	-	275,508	-	285,084
Facilities & Registration Services	353,329	369,693	362,015	377,516
Cultural Arts	215,950	361,061	222,280	370,286
Youth Activities	166,342	784,069	171,052	790,439
Teen Programs	15,830	179,418	10,030	184,383
Adapted Recreation	34,540	230,745	34,950	233,673
Senior Recreation Services	293,800	457,872	304,200	464,731
Aquatics	595,205	938,627	615,530	956,300
Adult Sports	259,600	409,830	267,280	418,036
Tennis Services	152,660	188,603	157,500	192,618
Community Services	195,466	453,832	200,795	464,542
Municipal Golf Course	2,020,000	2,164,377	2,020,000	2,000,929
Creeks Restoration & Water Quality Improvement Program				
Program Management	859,604	859,604	960,810	960,810
Grants and Contract Coordination	72,575	72,575	78,144	78,144
Public Education & Outreach	64,638	64,638	64,638	64,638
Enforcement, Testing & Operations	715,401	715,401	710,548	710,548
Street Sweeping Augmentation	175,000	175,000	154,000	154,000
Storm Drains & Creeks Clean-up	212,782	212,782	215,860	215,860
Totals	\$ 6,947,525	\$ 14,594,984	\$ 7,249,543	\$ 14,799,652



Authorized Positions at Beginning of Fiscal Year

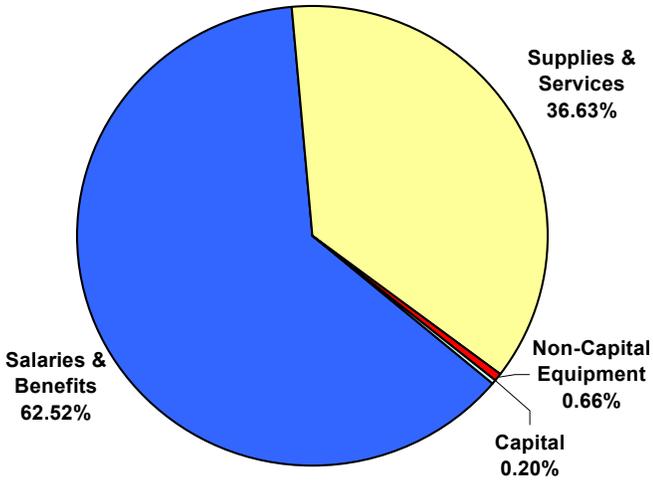


Revenues and Expenditures

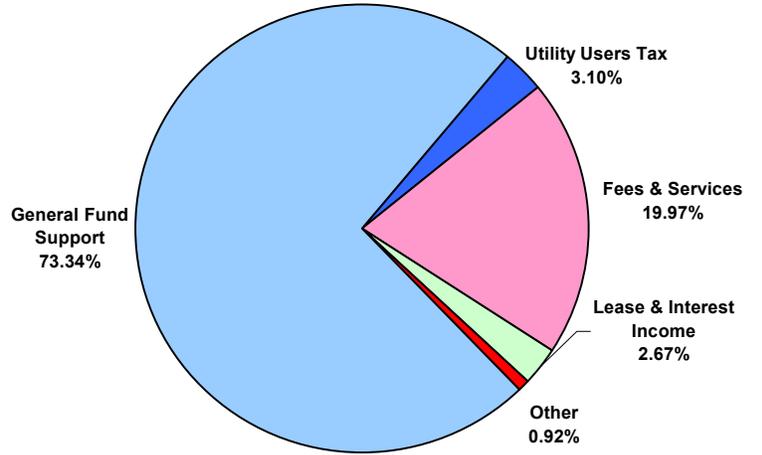
	Adopted FY 2001	Adopted FY 2002	Proposed FY 2003
Revenues			
Lease and Interest Income	\$ 451,371	\$ 563,006	\$ 571,605
Utility Users Tax	622,454	316,788	468,626
Transient Occupancy Tax (Measure B)	-	2,100,000	2,184,000
Golf Fees	1,530,000	1,730,000	1,730,000
Fees and Service Charges	1,956,865	2,042,656	2,100,237
Intergovernmental	-	43,975	43,975
Other	142,500	151,100	151,100
Total Revenues	\$ 4,703,190	\$ 6,947,525	\$ 7,249,543
Expenditures			
Salaries and Benefits	\$ 6,386,535	\$ 7,648,249	\$ 7,902,930
Supplies and Services	4,095,717	5,013,261	5,071,155
Non-Capital Equipment	78,488	109,600	92,421
Capital	70,000	92,017	68,353
Debt Service and Reserves	197,503	195,373	196,303
Appropriated Reserve	87,274	130,484	295,490
Operating Expenditures	\$ 10,915,517	\$ 13,188,984	\$ 13,626,652
Capital Program*	200,000	1,406,000	1,173,000
Total Expenditures	\$ 11,115,517	\$ 14,594,984	\$ 14,799,652
Revenue Under Expenditures	\$ (6,412,327)	\$ (7,647,459)	\$ (7,550,109)

*The Capital Program relates to the Golf Fund and the Creeks Restoration/Water Quality Improvement Fund.

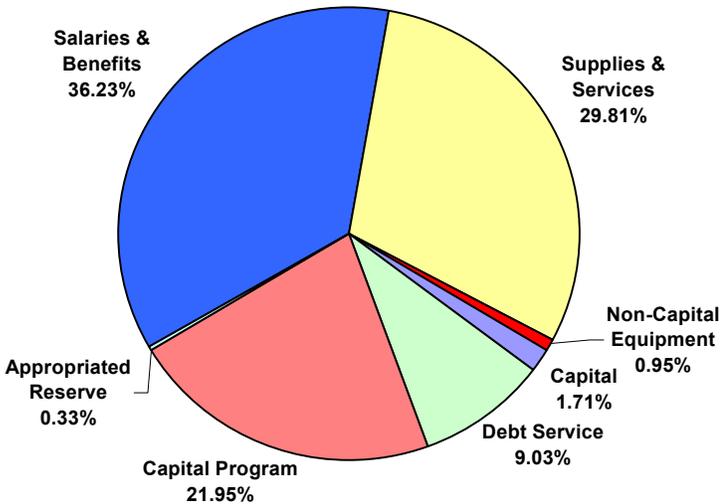
**Fiscal Year 2002 Expenditures
(General Fund)**



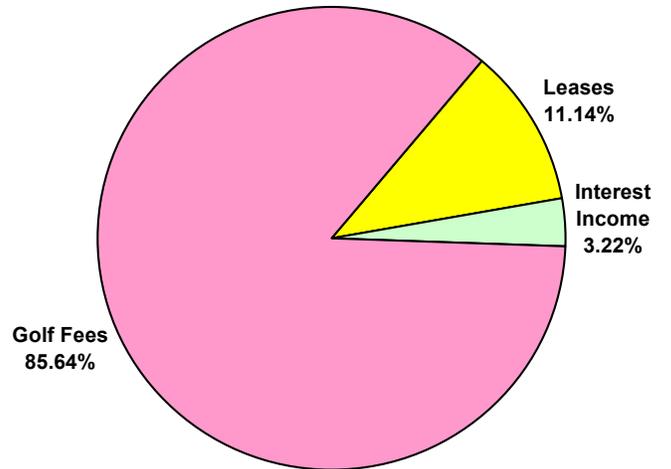
**Fiscal Year 2002 Revenues
(General Fund)**



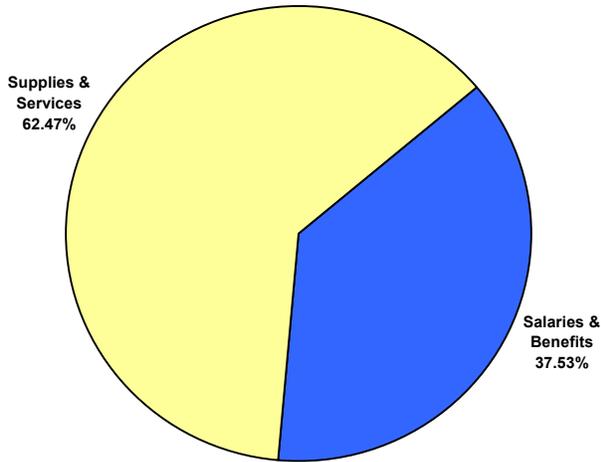
**Fiscal Year 2002 Expenditures
(Golf Fund)**



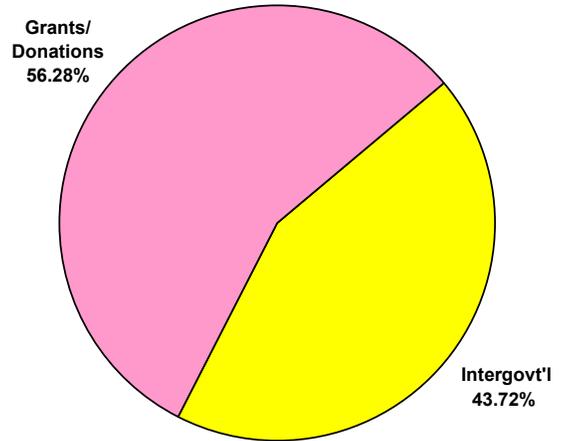
**Fiscal Year 2002 Revenues
(Golf Fund)**



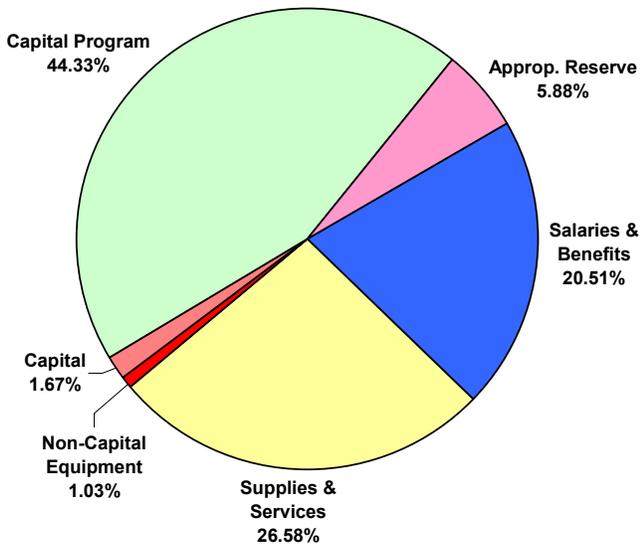
**Fiscal Year 2002 Expenditures
(Miscellaneous Grants Fund)**



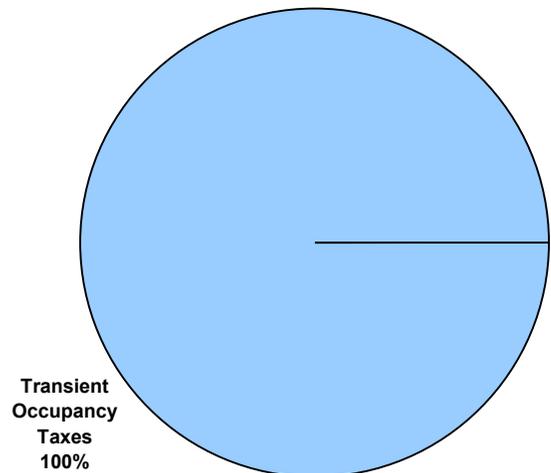
**Fiscal Year 2002 Revenues
(Miscellaneous Grants Fund)**



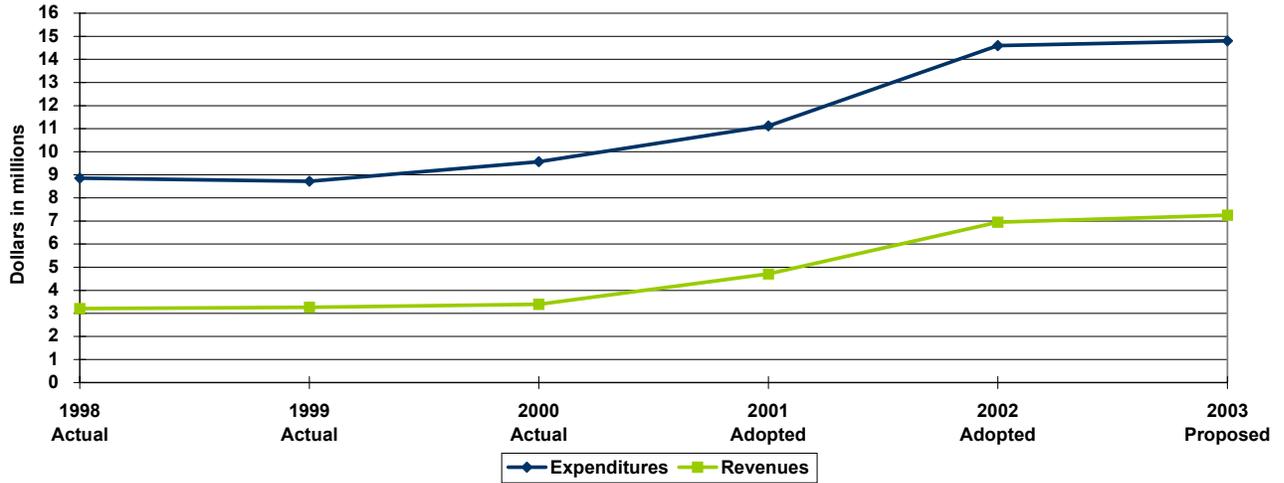
**Fiscal Year 2002 Expenditures
(Creeks Restoration/Water Quality Fund)**



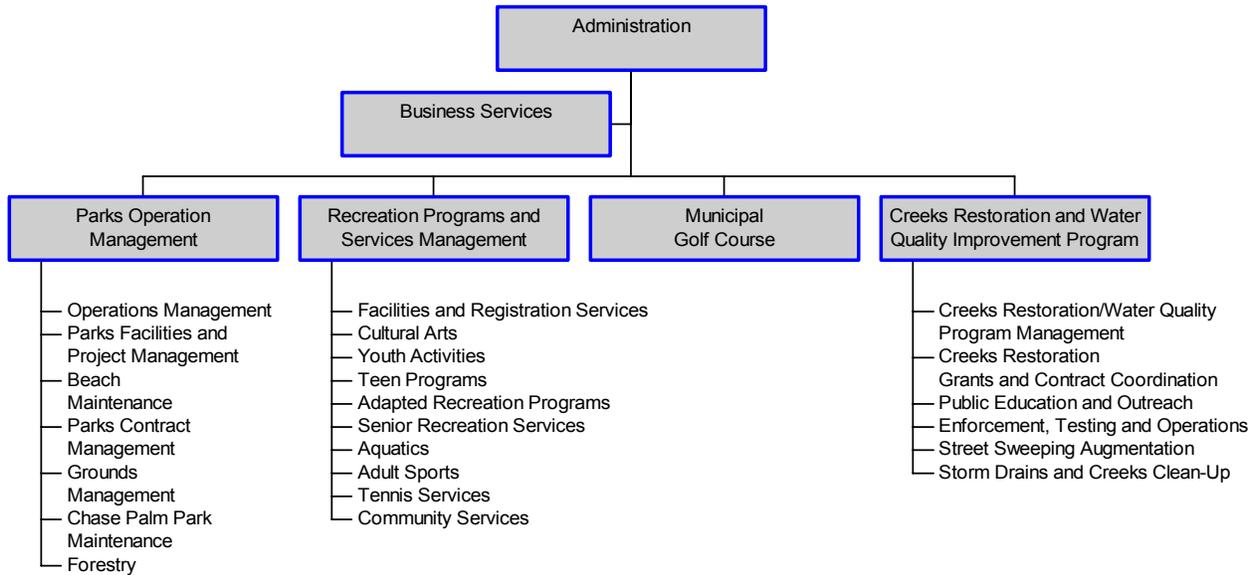
**Fiscal Year 2002 Revenues
(Creeks Restoration/Water Quality Fund)**

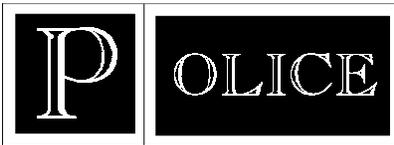


Revenues and Expenditures by Fiscal Year



Program Organizational Chart





DEPARTMENT SUMMARY

Department Description

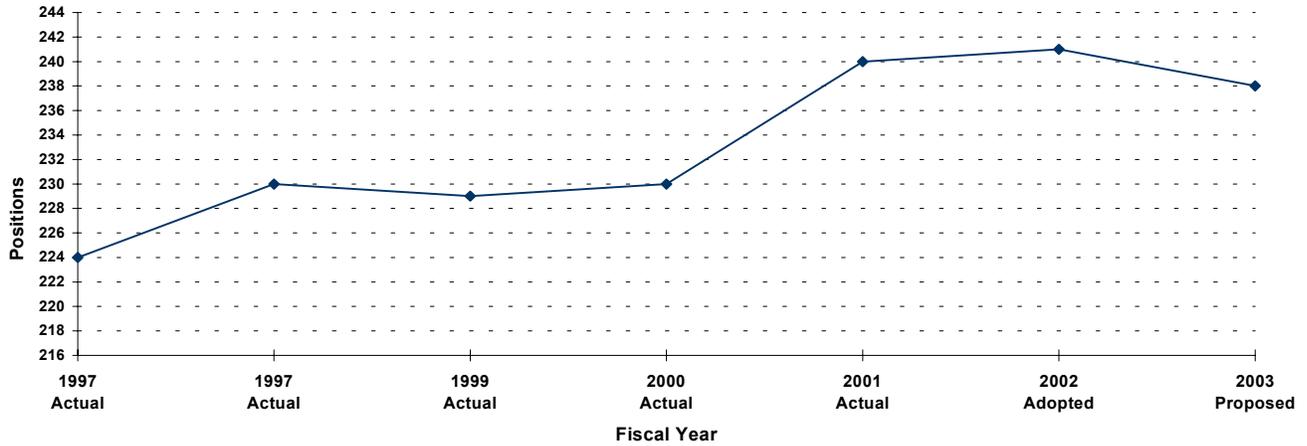
The Santa Barbara Police Department is a full-service law enforcement agency operating under a Community Oriented Policing philosophy. The members of the Police Department work to protect the right of all persons within its jurisdiction to be free from criminal attack, to be secure in their possessions and to live in peace. Working in partnership with the community, quality and professional law enforcement services are provided in a fair and effective manner. The department is recognized as a leader in developing new programs and approaches to law enforcement issues and, as a result, the City of Santa Barbara is a safe place to live, work and visit.

Department Programs

Program Title	Fiscal Year 2002		Fiscal Year 2003	
	Revenues	Expenditures	Revenues	Expenditures
Chief's Staff & Support Services	\$ 1,912,235	\$ 2,127,692	\$ 1,981,335	\$ 2,131,378
Information Technology	45,524	556,667	45,524	579,488
Community Services Division	40,000	850,525	40,000	864,309
Crime Analysis	-	119,401	-	125,379
Property Room	-	141,192	-	146,855
Training/Recruitment	-	376,592	-	380,727
DARE/School Resources	-	203,656	-	204,640
Beat Coordinators	-	810,216	-	825,428
Investigative Division	90,000	3,305,301	90,000	3,366,885
Serious Habitual Offender	-	100,493	-	102,171
Patrol Division	533,266	10,304,997	450,000	10,456,841
Special Events	57,500	154,737	57,500	156,332
Tactical Patrol Force	-	391,386	-	398,870
Westside Bicycle Patrol	-	46,921	-	46,921
Host Program	-	53,966	-	53,966
Night Life Enforcement	-	279,996	-	292,848
Parking Enforcement	-	606,572	-	626,737
Combined Communications Ctr	-	1,322,756	-	1,418,915
Animal Control	32,000	372,662	32,000	387,128
Office of Emergency Services	-	179,045	-	181,570
Totals	\$ 2,710,525	\$ 22,304,773	\$ 2,696,359	\$ 22,747,388



Authorized Positions at Beginning of Fiscal Year

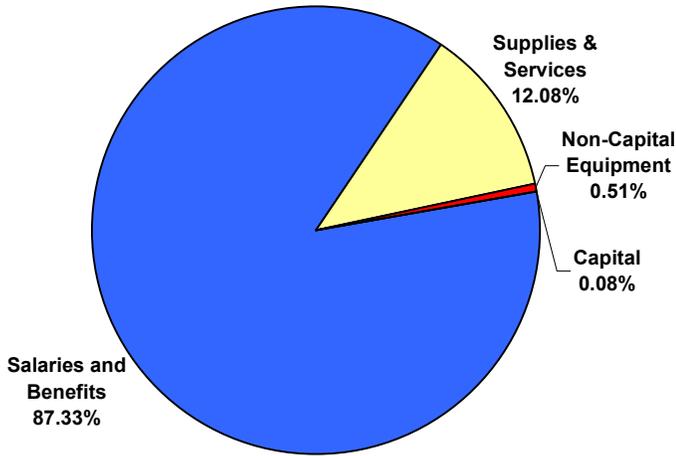


Revenues and Expenditures

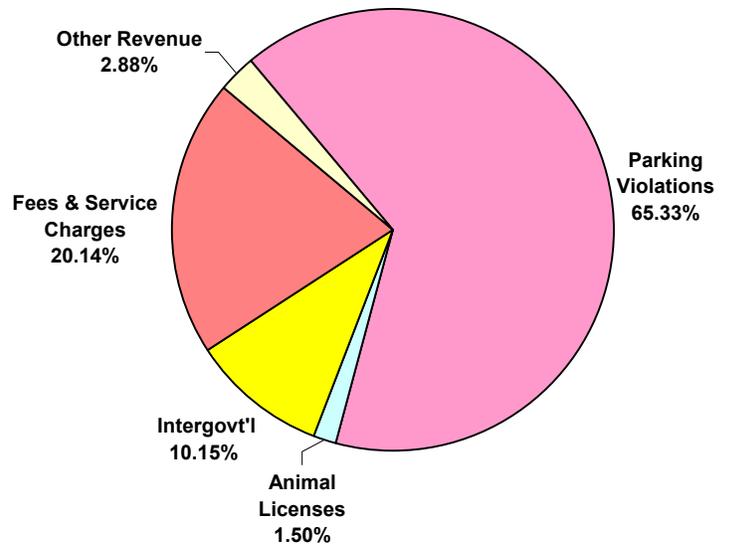
	Adopted FY 2001	Adopted FY 2002	Proposed FY 2003
Revenues			
Parking Violations	\$ 1,300,000	\$ 1,396,200	\$ 1,445,000
Animal Licenses	37,500	32,000	32,000
Intergovernmental	786,059	790,301	707,035
Fees and Service Charges	407,927	430,524	450,824
Other Revenue	64,000	61,500	61,500
Total Revenues	\$ 2,595,486	\$ 2,710,525	\$ 2,696,359
Expenditures			
Salaries and Benefits	\$ 17,400,666	\$ 19,350,062	\$ 19,811,802
Supplies and Services	2,589,305	2,769,480	2,757,490
Non-Capital Equipment	108,201	137,666	139,694
Capital	-	47,565	38,402
Total Expenditures	\$ 20,098,172	\$ 22,304,773	\$ 22,747,388
General Fund Support	\$ (17,502,686)	\$ (19,594,248)	\$ (20,051,029)



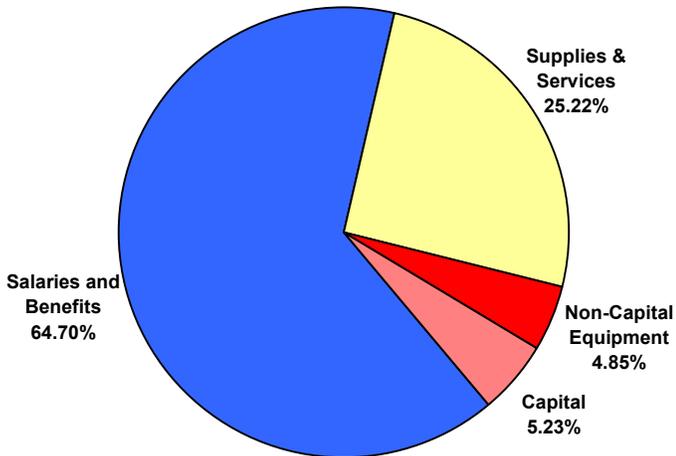
**Fiscal Year 2002 Expenditures
(General Fund)**



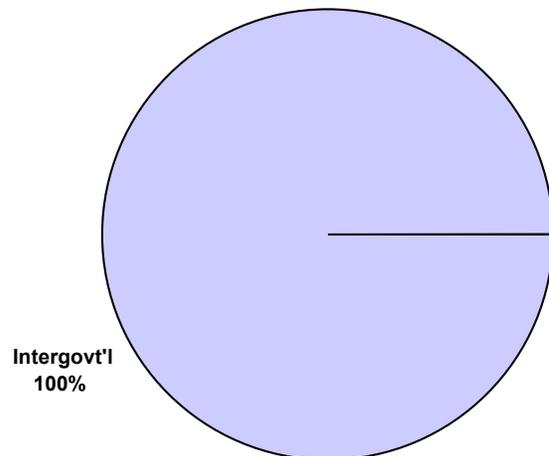
**Fiscal Year 2002 Revenues
(General Fund)**



**Fiscal Year 2002 Expenditures
(Miscellaneous Grants)**

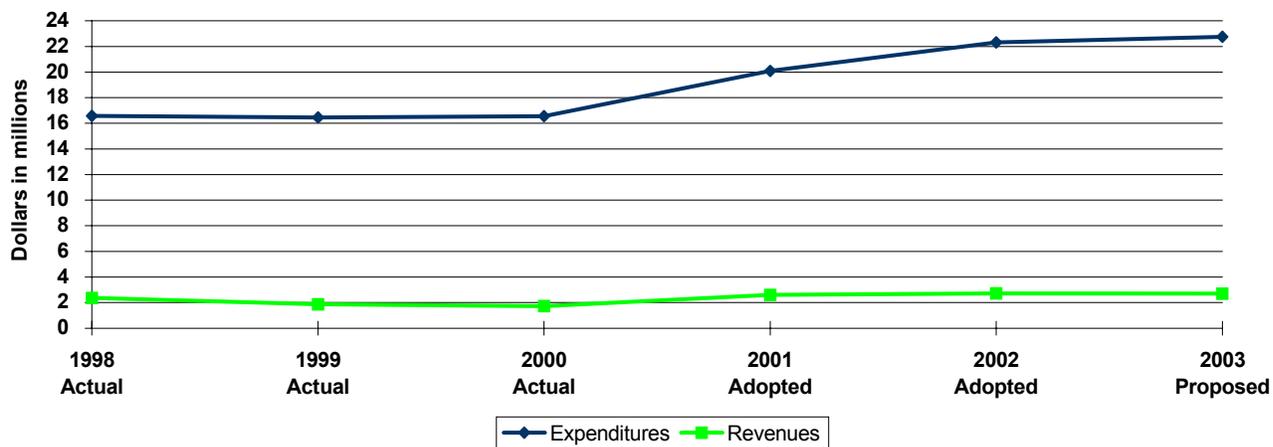


**Fiscal Year 2002 Revenues
(Miscellaneous Grants)**

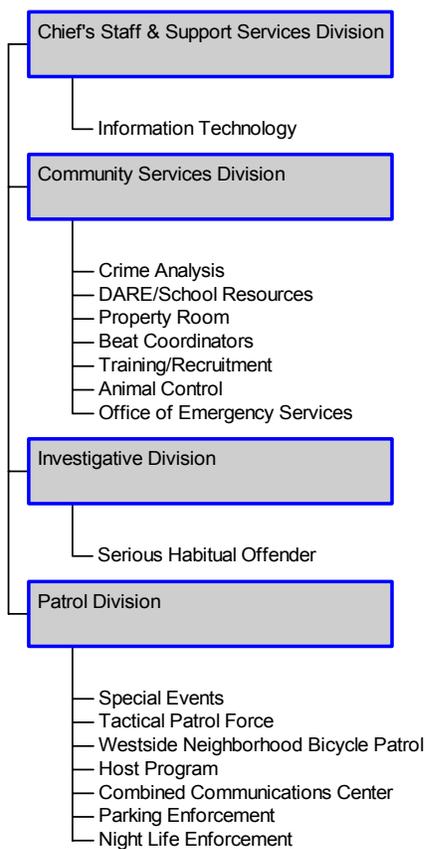




Revenues and Expenditures by Fiscal Year



Program Organizational Chart





DEPARTMENT SUMMARY

Department Description

Public Works is the City's largest department. The Department's mission is to provide for the public's needs relative to the City's transportation system, water and wastewater services, refuse collection, construction and maintenance of all City facilities, automotive equipment, communications equipment and repair and maintenance of all streets, sidewalks, and street lights throughout the City, including operating the City's El Estero Wastewater Treatment Facility on Yanonali Street and the Cater Water Treatment Facility on San Roque Road.

The department consists of 27 operating programs and 3 capital programs. The department's total annual budget of over \$96 million represents approximately 46% of the City's total budget and the 276 full time employees approximate 26% of the City's permanent work force. Public Works Department programs generate nearly \$70 million in operating revenue, excluding debt proceeds, for the City to offset the expenditures.

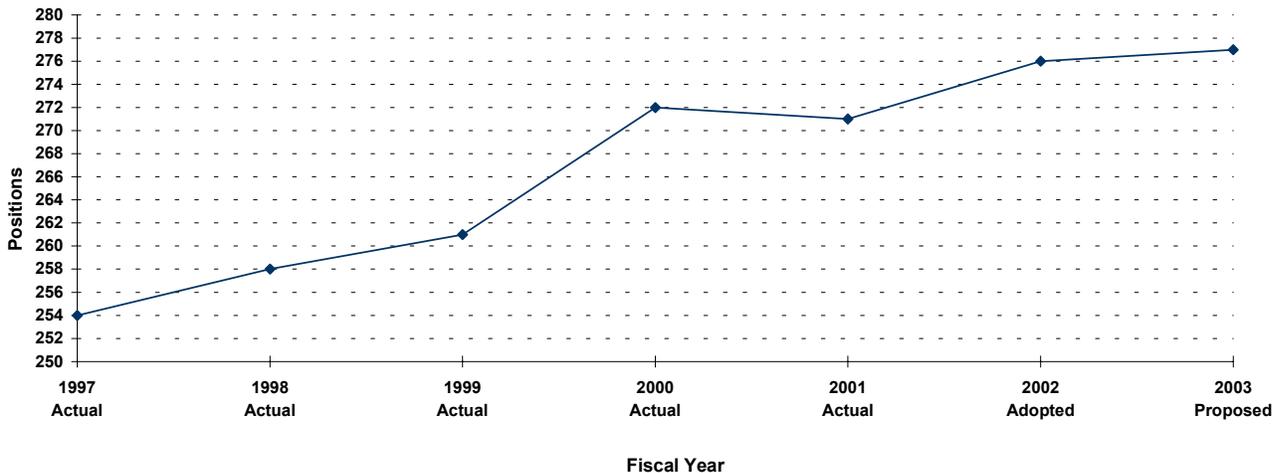
Department Programs

Program Title	Fiscal Year 2002		Fiscal Year 2003	
	Revenues	Expenditures	Revenues	Expenditures
Administration	\$ 183,940	\$ 524,937	\$ 175,282	\$ 476,409
Engineering Division				
Engineering Services	2,614,921	2,898,055	2,629,918	3,000,604
Land Dev. & Public Right-of-Way	453,656	739,043	458,426	762,170
Environmental	163,236	426,118	152,077	443,901
Transportation/Parking Division				
Transportation Operations	287,655	298,055	302,322	316,060
Transportation Planning	482,115	589,412	503,436	572,335
Alternative Transportation	1,024,314	1,047,489	1,192,899	1,200,517
Streets Division				
Roadway Maintenance/Sidewalk Repair	1,145,506	1,131,625	1,169,205	1,178,732
Street Sweeping & Cleaning	309,817	309,817	309,416	309,416
Storm Drain Repair & Maintenance	589,036	589,036	605,613	608,629
Special Events Support	52,233	52,233	70,919	70,919
Traffic Markings and Signage	462,617	462,617	440,876	478,892
Facilities Division				
Communications Systems	5,000	476,421	5,000	496,008
Traffic Signals	721,766	946,766	750,985	889,880
Custodial Services	-	732,478	-	755,159



Program Title (continued)	Fiscal Year 2002		Fiscal Year 2003	
	Revenues	Expenditures	Revenues	Expenditures
Water/Wastewater				
Water/Wastewater Utilities Mgmt.	34,685,000	7,199,477	34,660,000	7,250,802
Water Supply Purchases	-	5,869,761	-	5,881,526
Water Reclamation	-	724,867	-	730,602
Distribution & Collection	-	6,084,761	-	6,234,737
Water Treatment	1,100,000	2,333,088	1,100,000	2,395,969
Water Supply Management	-	496,158	-	502,980
Water Resources Laboratory	-	813,057	-	843,210
Wastewater Treatment	200,000	3,680,638	200,000	3,674,594
Downtown Parking				
Downtown Parking	4,825,000	5,437,860	4,800,000	3,936,271
Parking Management	-	887,140	-	863,729
Intra-City Services (ICS)				
Building Maintenance	2,897,192	3,239,484	2,958,608	3,271,703
Motorpool	3,908,407	3,949,202	3,988,482	4,198,828
Capital Programs				
Street Capital	9,675,400	9,450,400	10,795,000	10,670,000
Water Capital	18,236,308	29,125,037	-	4,270,000
Wastewater Capital	-	5,640,000	-	3,620,000
Totals	\$ 84,023,119	\$ 96,155,032	\$ 67,268,464	\$ 69,904,582

Authorized Positions at Beginning of Fiscal Year

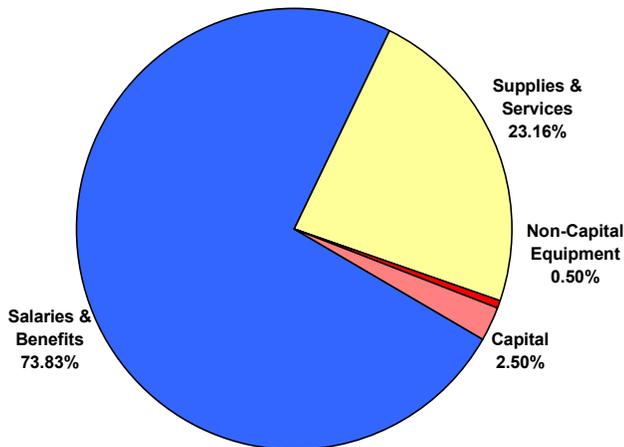




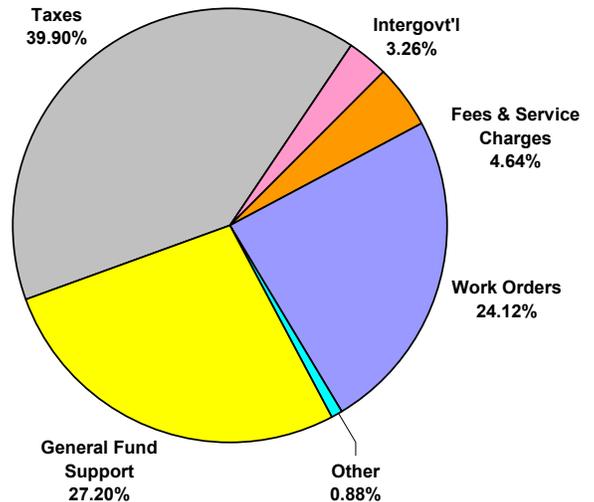
Revenues and Expenditures

<u>Revenues</u>	Adopted FY 2001	Adopted FY 2002	Proposed FY 2003
Taxes	\$ 11,826,575	\$ 12,752,712	\$ 12,142,874
Use of Money and Property	2,250,000	2,750,000	2,700,000
Intergovernmental	3,861,450	4,140,000	6,240,000
Fees and Service Charges	38,209,466	44,661,215	40,550,982
Work Orders	4,851,312	5,117,192	5,178,608
Loan Proceeds	-	14,071,000	-
Other	486,000	531,000	456,000
Total Revenues	\$ 61,484,803	\$ 84,023,119	\$ 67,268,464
<u>Expenditures</u>			
Salaries and Benefits	\$ 17,015,697	\$ 19,647,284	\$ 20,415,676
Supplies and Services	17,156,706	18,760,133	18,835,661
Non-Capital Equipment	155,743	224,948	256,405
Capital	113,686	112,554	84,986
Debt Service and App. Reserves	6,255,441	3,660,695	3,781,108
Water Purchases	5,266,191	5,869,761	5,881,526
Operating Expenditures	\$ 45,963,464	\$ 48,275,375	\$ 49,255,362
Capital Program	18,726,527	47,879,657	20,649,220
Total Expenditures	\$ 64,689,991	\$ 96,155,032	\$ 69,904,582
Revenue Under Expenditures	\$ (3,205,188)	\$ (12,131,913)	\$ (2,636,118)

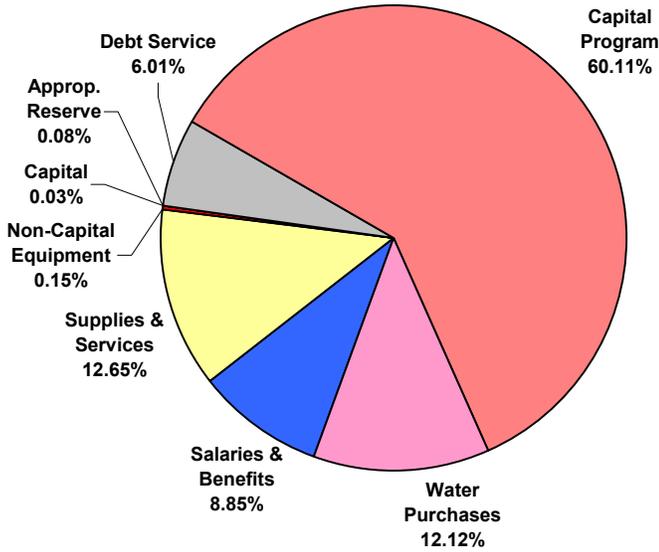
**Fiscal Year 2002 Expenditures
(General Fund)**



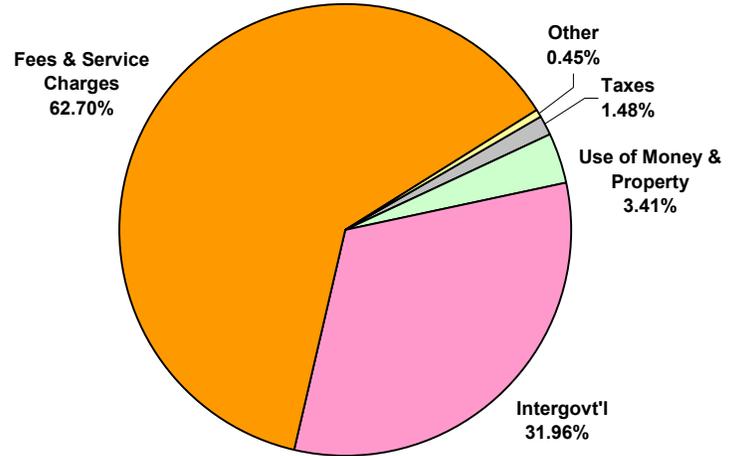
**Fiscal Year 2002 Revenues
(General Fund)**



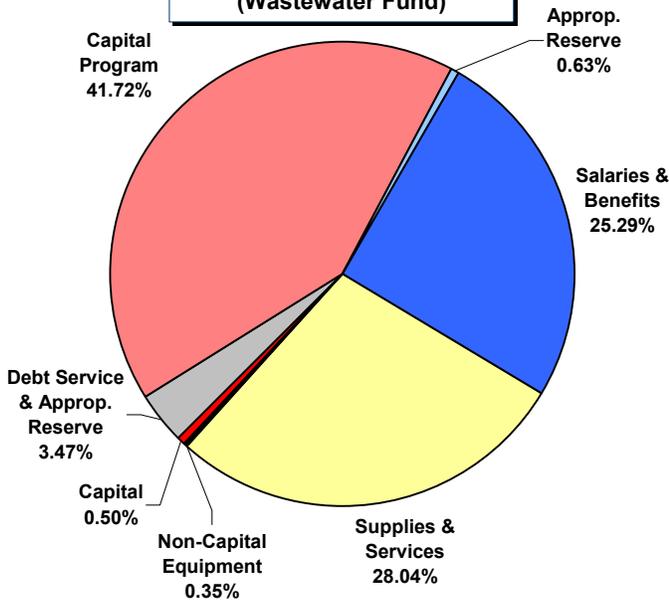
**Fiscal Year 2002 Expenditures
(Water Fund)**



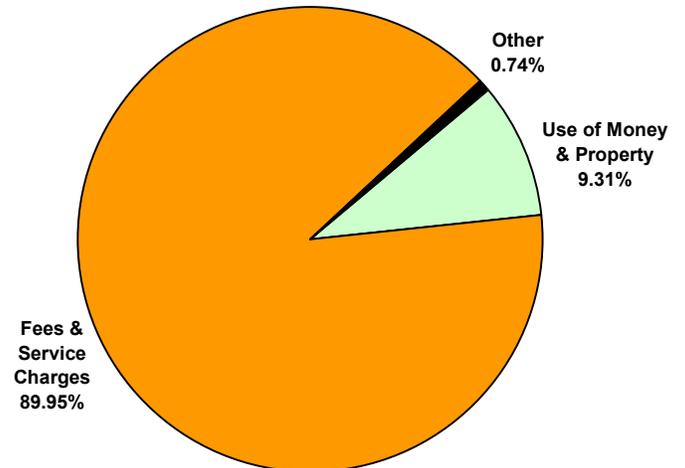
**Fiscal Year 2002 Revenues
(Water Fund)**



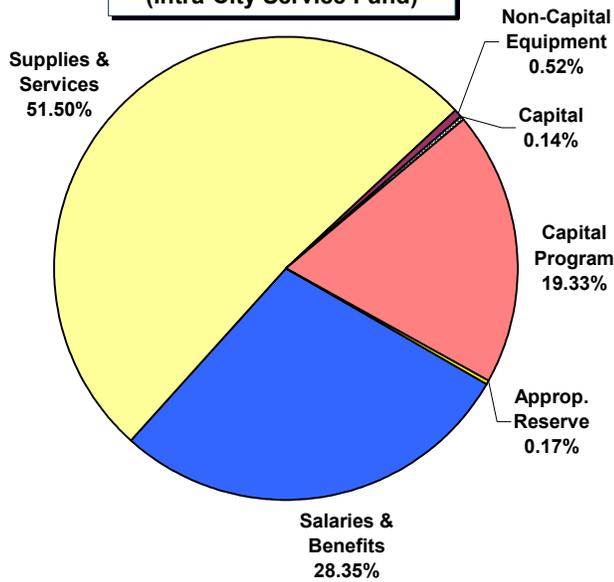
**Fiscal Year 2002 Expenditures
(Wastewater Fund)**



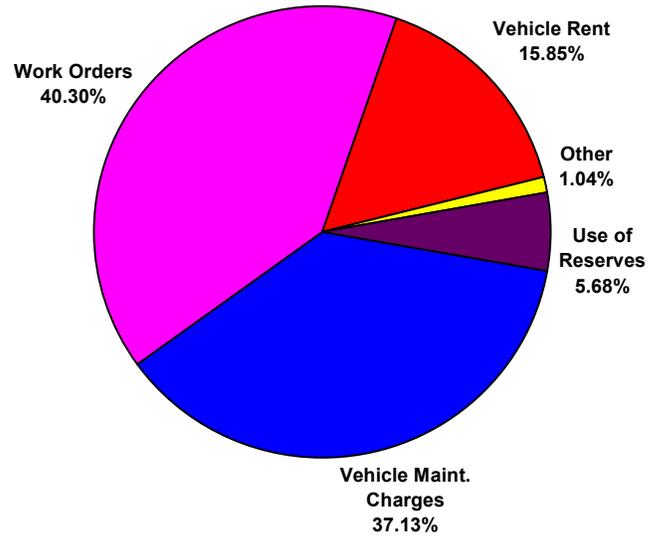
**Fiscal Year 2002 Revenues
(Wastewater Fund)**



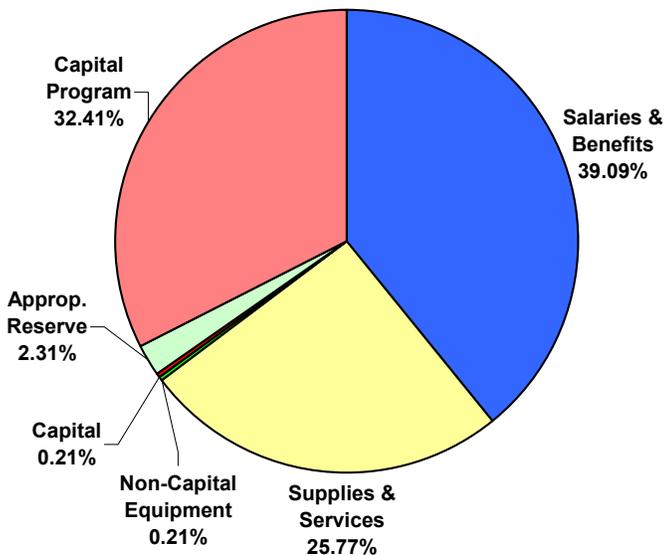
**Fiscal Year 2002 Expenditures
(Intra-City Service Fund)**



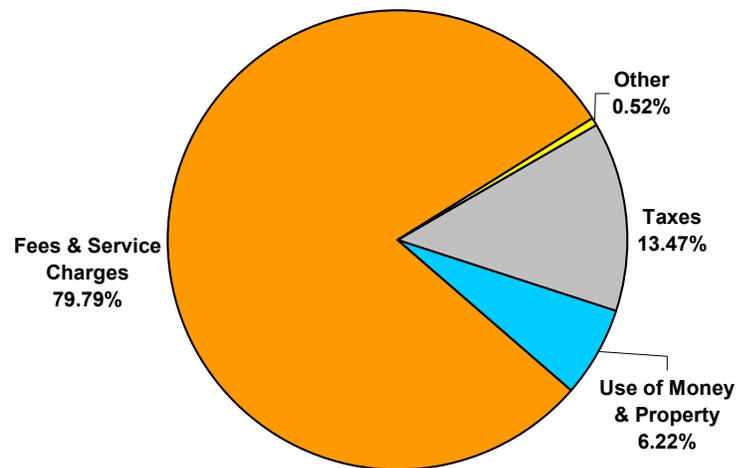
**Fiscal Year 2002 Revenues
(Intra-City Service Fund)**



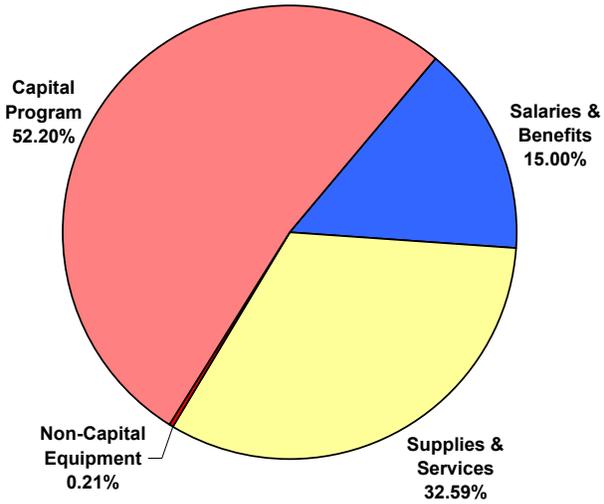
**Fiscal Year 2002 Expenditures
(Downtown Parking Fund)**



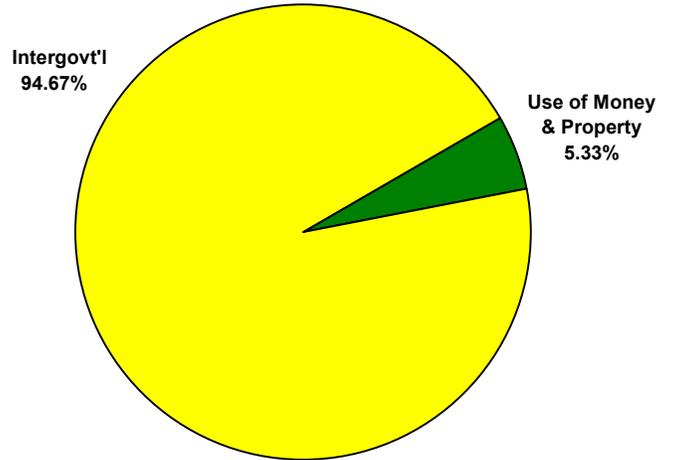
**Fiscal Year 2002 Revenues
(Downtown Parking Fund)**



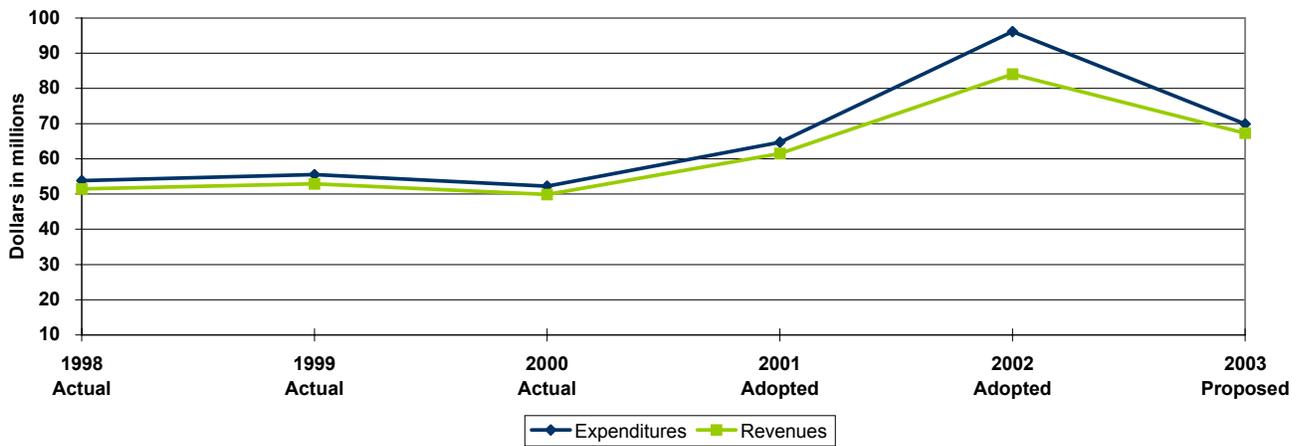
**Fiscal Year 2002 Expenditures
(Measure "D" Fund)**



**Fiscal Year 2002 Revenues
(Measure "D" Fund)**

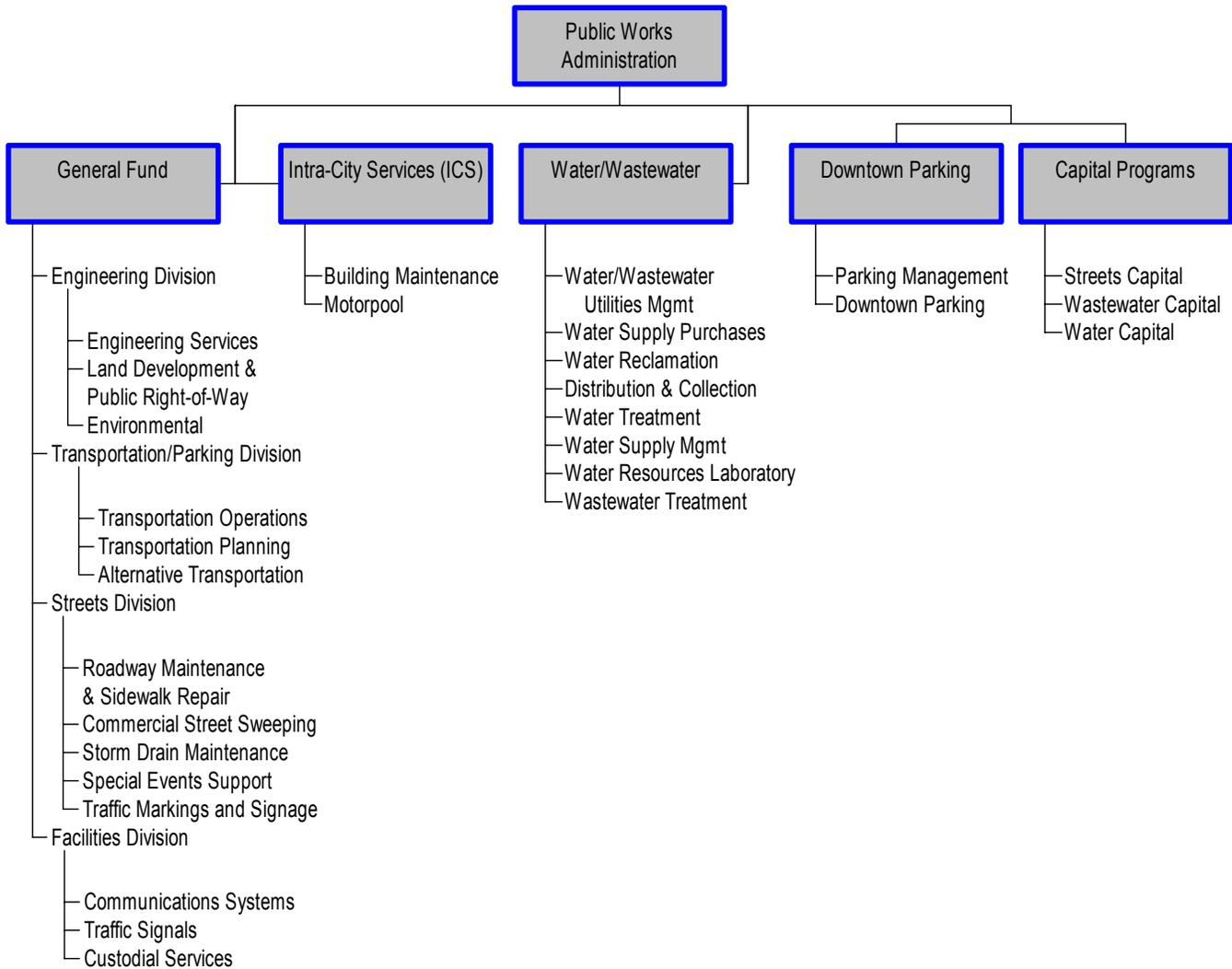


Revenues and Expenditures by Fiscal Year





Program Organizational Chart





DEPARTMENT SUMMARY

Department Description

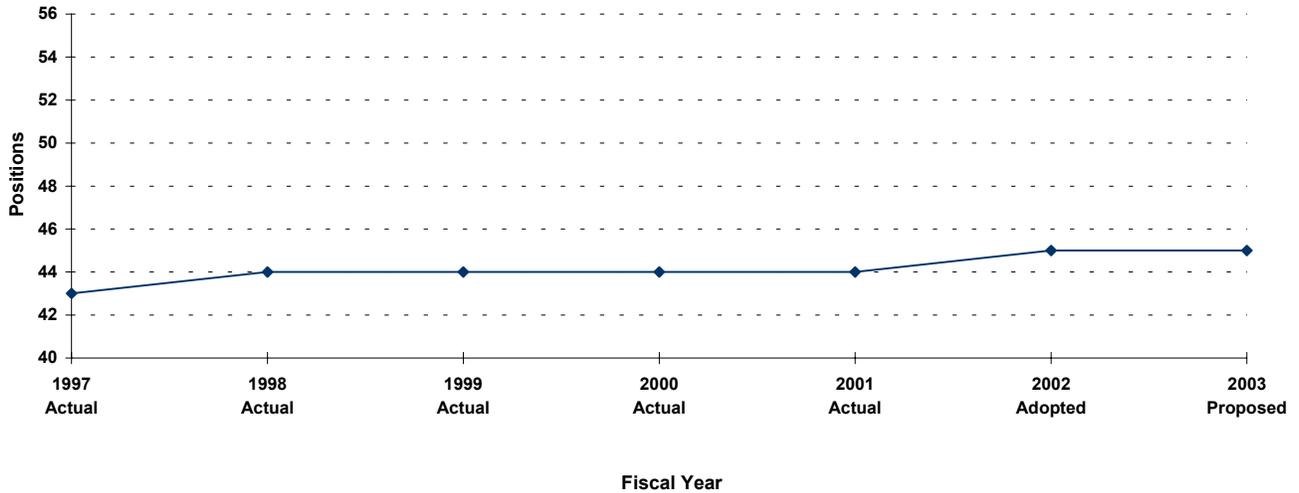
The Waterfront Department is established under Title 17 of the Santa Barbara Municipal Code. It grants broad powers and authority to the Waterfront Director, acting under orders and jurisdiction of the City Administrator. The Department manages approximately 252 acres of tidelands and submerged lands for the City, encompassing the Harbor and Stearns Wharf. These lands belong to the State and are held in trust by the City. The Department consists of three major operational areas: Harbor Operations, Facilities Management, and Business Services. The mission of the Department is to provide the community with a high quality waterfront for recreation and commerce. As an enterprise fund, the Department operates from revenues generated from the land it manages.

Department Programs

Program Title	Fiscal Year 2002		Fiscal Year 2003	
	Revenues	Expenditures	Revenues	Expenditures
Admin. Support & Comm. Relations	\$ -	\$ 6,892,704	\$ -	\$ 3,971,433
Property & Financial Management	3,670,000	299,430	3,755,000	308,007
Parking Services	1,100,900	710,674	1,134,900	726,577
Harbor Patrol Program	-	1,060,841	-	1,097,226
Marina Management	3,739,904	218,244	3,754,541	215,998
Dredge Operations	-	5,211	-	5,211
Facilities Maintenance	-	2,330,922	-	2,406,151
Facilities Design & Capital Programs	1,500,000	217,542	-	226,136
Totals	\$ 10,010,804	\$ 11,735,568	\$ 8,644,441	\$ 8,956,739



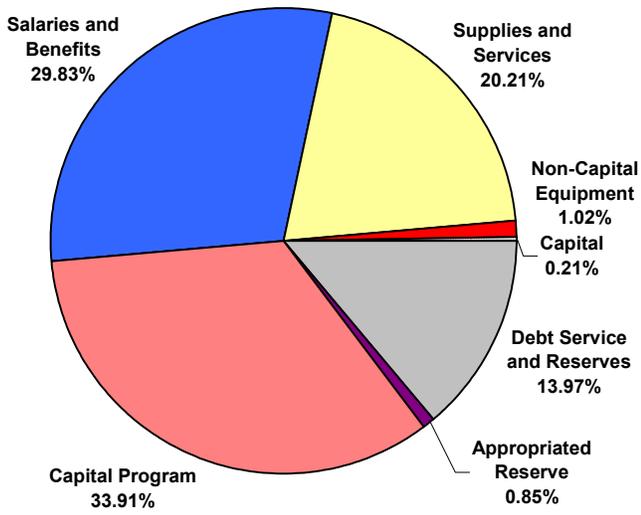
Authorized Positions at Beginning of Fiscal Year



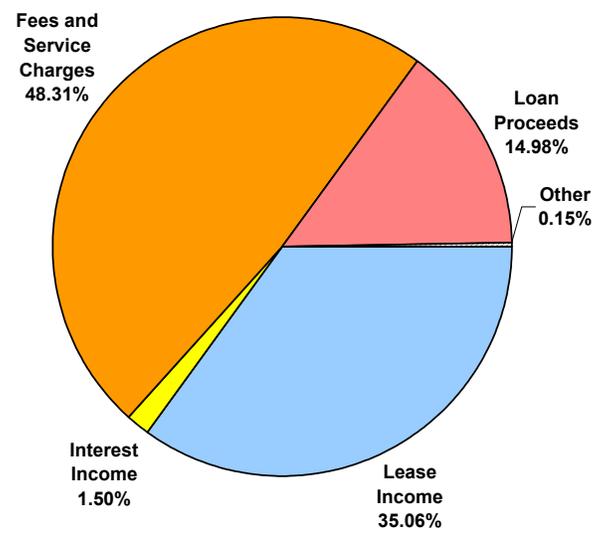
Revenues and Expenditures

	Adopted FY 2001	Adopted FY 2002	Proposed FY 2003
Revenues			
Lease Income	\$ 3,345,509	\$ 3,510,000	\$ 3,590,000
Interest Income	137,332	150,000	155,000
Fees and Service Charges	4,585,624	4,835,804	4,881,941
Loan Proceeds	-	1,500,000	-
Other	10,000	15,000	17,500
Total Revenues	\$ 8,078,465	\$ 10,010,804	\$ 8,644,441
Expenditures			
Salaries and Benefits	\$ 3,149,473	\$ 3,500,314	\$ 3,618,019
Supplies and Services	2,111,095	2,371,701	2,434,194
Non-Capital Equipment	101,830	119,500	120,526
Capital	-	25,000	-
Debt Service and Reserves	1,647,785	1,639,053	1,639,000
Appropriated Reserve	317,000	100,000	100,000
Operating Expenditures	\$ 7,327,183	\$ 7,755,568	\$ 7,911,739
Capital Program	638,000	3,980,000	1,045,000
Total Expenditures	\$ 7,965,183	\$ 11,735,568	\$ 8,956,739
Revenue Over (Under) Expenditures	\$ 113,282	\$ (1,724,764)	\$ (312,298)

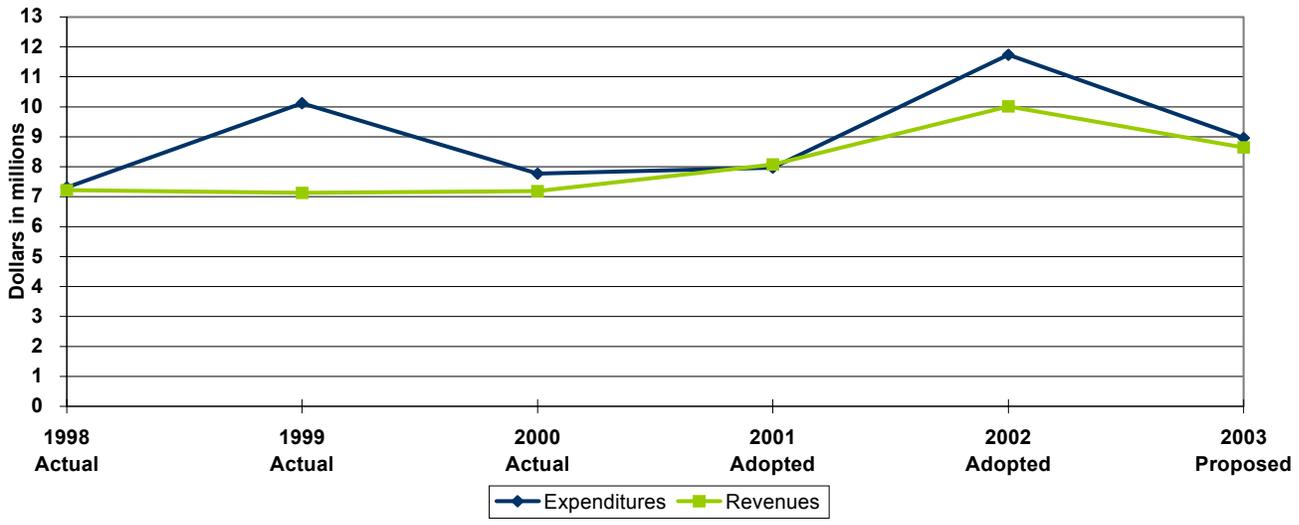
Fiscal Year 2002 Expenditures



Fiscal Year 2002 Revenues

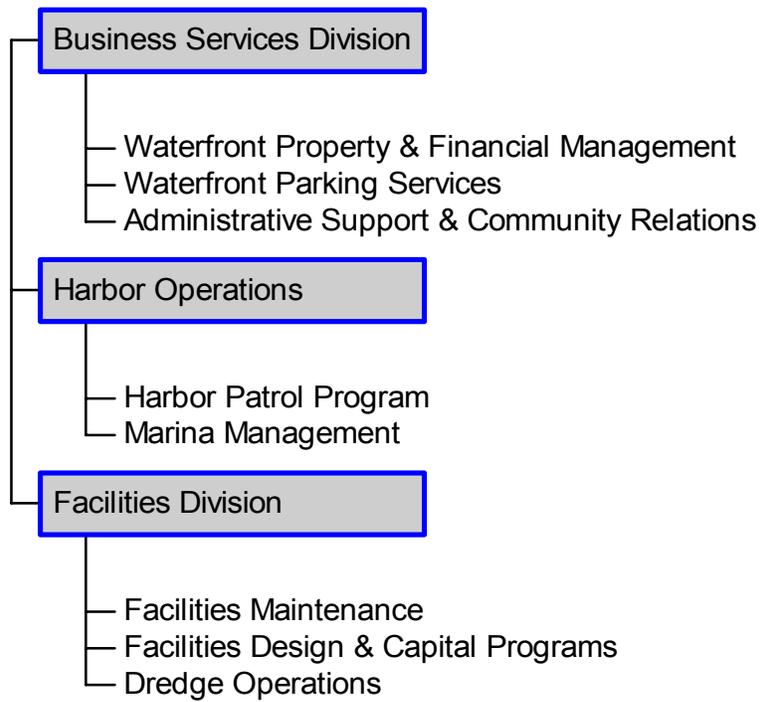


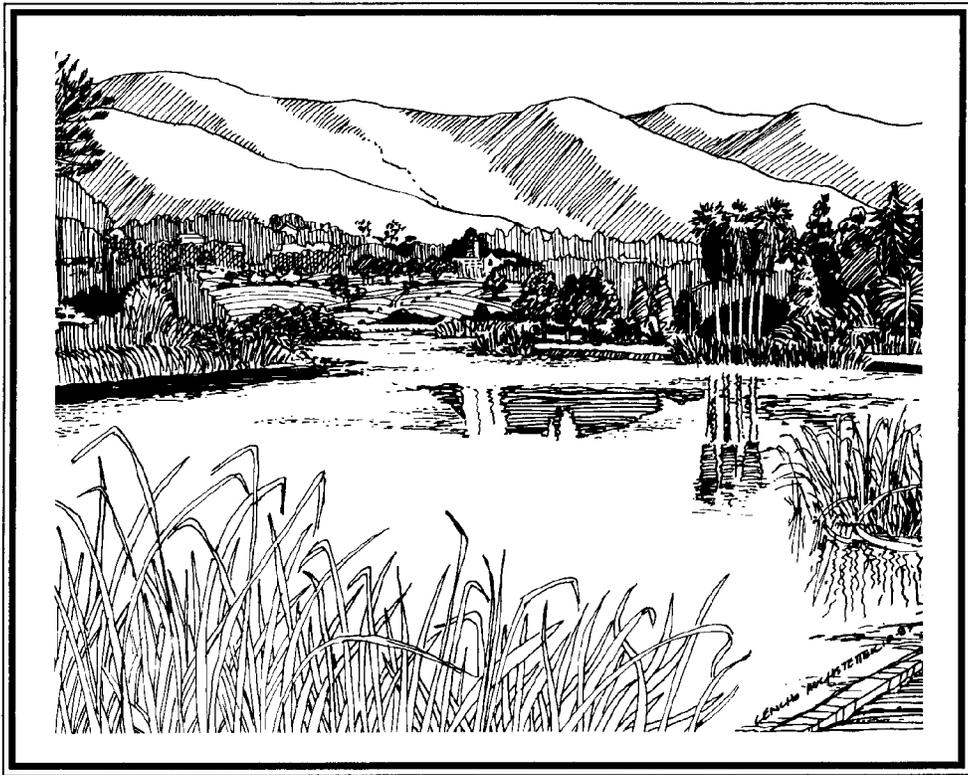
Revenues and Expenditures by Fiscal Year





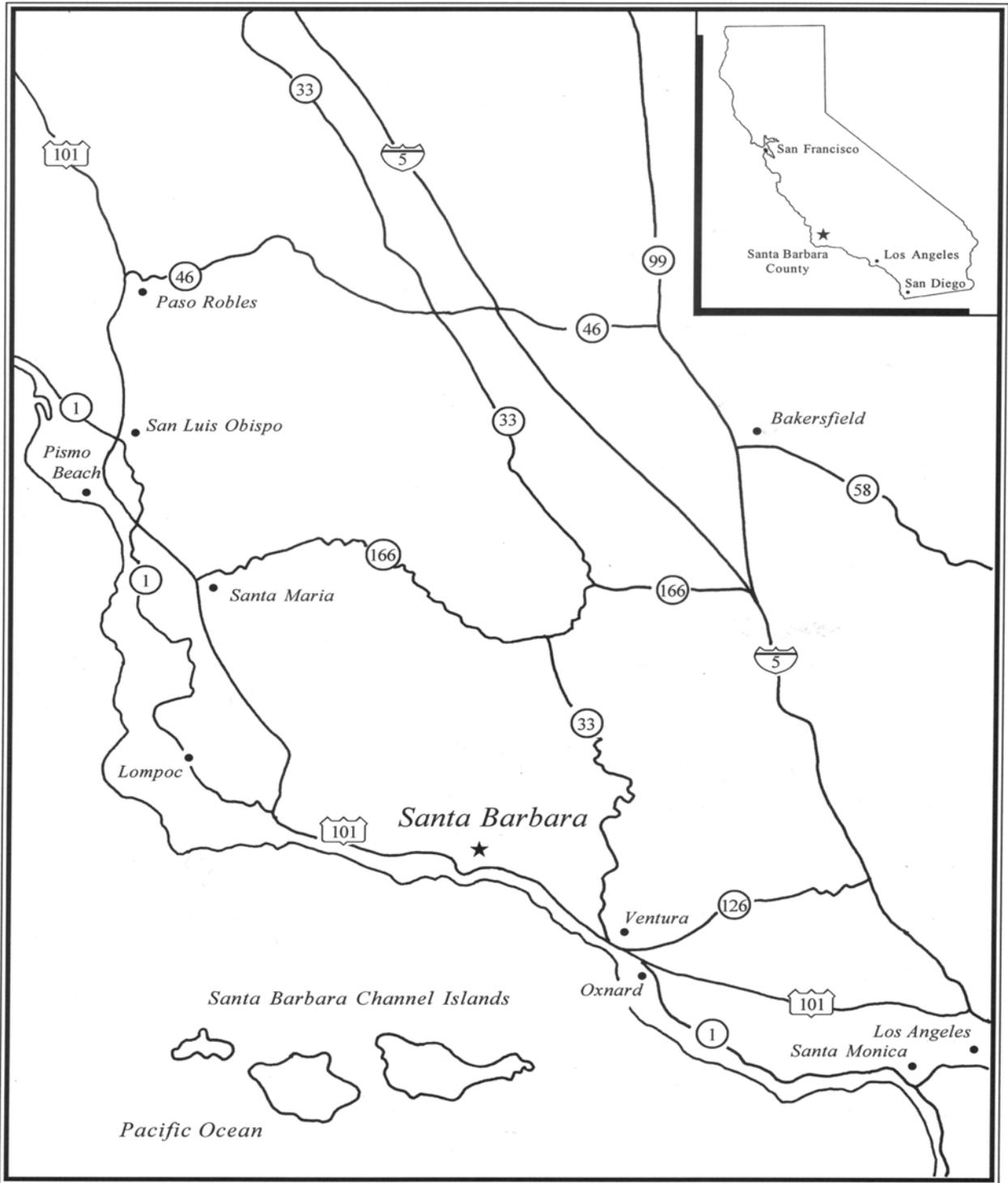
Program Organizational Chart







**CITY OF SANTA BARBARA
SANTA BARBARA AREA MAP**



CITY OF SANTA BARBARA DEMOGRAPHICS

Population 92,325

Land Area 23 square miles

Population Demographics: ⁽¹⁾

	<u>Number</u>	<u>%</u>
Households	35,605	100.0
Family households	18,954	53.2
Married couples	14,163	39.8
Male householder	1,415	3.9
Female householder	3,376	9.5
Non-family households	16,651	46.8
Households with individuals under 18 years	9,578	26.9
Households with individuals 65 years and over	8,871	24.9
Average household size	2.47	(X)
Average family size	3.17	(X)

Housing Occupancy:

Total housing units	37,076	100.0
Occupied housing units	35,605	96.0
Vacant housing units	1,471	4.0
For seasonal, recreational, or occasional use	525	1.4
Homeowner vacancy rate	(X)	0.7
Rental vacancy rate	(X)	2.3

Housing Tenure:

Occupied housing units	35,605	100.0
Owner-occupied units	14,957	42.0
Renter-occupied units	20,648	58.0
Average household size of owner- occupied units	2.51	(X)
Average household size of renter- occupied units	2.43	(X)

Number %

Gender:

Male	45,454	49.2
Female	46,871	50.8

Age:

Under 5 years	5,194	5.6
5 to 9 years	5,499	6.0
10 to 14 years	4,789	5.2
15 to 19 years	6,684	7.2
20 to 24 years	8,790	9.5
25 to 34 years	15,809	17.1
35 to 44 years	13,993	15.2
45 to 54 years	12,124	13.1
55 to 64 years	6,716	7.3
65 to 74 years	5,391	5.8
75 to 84 years	4,862	5.3
85 years and over	2,474	2.7
Median age (in years)	34.6	(X)

Race:

White	68,355	74.0
Black or African American	1,636	1.8
American Indian/Alaska Native ...	990	1.1
Asian	2,554	2.8
Pacific Islander	126	0.1
Some other race	15,110	16.4
Two or more races	3,554	3.8

Hispanic or Latino and Race:

Total population	92,325	100.0
Hispanic or Latino (of any race) ..	32,330	35.0
Not Hispanic or Latino	59,995	65.0
White alone	53,849	58.3

CITY OF SANTA BARBARA DEMOGRAPHICS

Economic Demographics: ⁽²⁾

Service Industry (private & non-profit)	Number of Businesses	Number of Employees
Retail trade	655	7,589
Professional, scientific, and technical services	520	2,950
Healthcare and social assistance	416	3,277
Foodservice and accommodation	386	7,570
Real estate and rental & leasing	256	1,277
Other services (except public administration)	205	1,130
Administrative and support, waste management, and remediation services	162	3,331
Wholesale trade	157	1,145
Manufacturing	155	2,204
Arts, entertainment, and recreation	43	395
Educational services	26	165

Leading Area Employers, Public and Private (with industry): ⁽³⁾

University of California, Santa Barbara (public administration-education).....	9,175
County of Santa Barbara (public administration)	4,215
Santa Barbara Cottage Hospital (healthcare)	1,811
Santa Barbara High School District (public administration-education) ...	1,750
Raytheon Electronic Systems (manufacturing)	1,700
Santa Barbara City College (public administration-education).....	1,555
Sansum-Santa Barbara Foundation Clinic (healthcare)	1,100
City of Santa Barbara (public administration)	1,065
Santa Barbara Elementary (public administration-education)	962
Santa Barbara Bank and Trust (banking)	883

(1) Source: U.S. Bureau of the Census, 2000 Census

(2) Source: U.S. Bureau of the Census, 1997 Economic Census

(3) Source: Santa Barbara Chamber of Commerce

CITY OF SANTA BARBARA MISCELLANEOUS STATISTICS

General City Information:

Date of incorporation	August 25, 1850
Form of government	Council-Administrator
Area in square miles	23
Miles of streets	280
Number of traffic intersections	104

Community Forest, Beaches and Gardens:

Number of park and open space trees	12,000
Number of street trees	23,000
Linear miles of city-owned beaches	3.4
Community gardens	4

Airport:

Number of terminals	1
Number of commercial carriers	4
Number of ticketed passengers annually	781,995
Number of runways	3
Total airport acreage	950
Commercial / industrial acreage	95
Number of leased buildings	76
Goleta Slough Ecological Reserve wetlands acreage	400

Hospitals:

Number of hospitals	2
Number of patient beds	128

Libraries:

Number of city libraries	2
Number of bookmobiles	1
Number of county libraries	6
Total volumes	373,850

Municipal Water Department:

Gallons of potable water treated and distributed annually	4.3 billion
Gallons of reclaimed water treated and distributed annually	265 million
Number of reservoirs	13
Number of pump stations	11
Number of treatment plants	4
Number of wells	10
Number of water reclamation facilities	1

CITY OF SANTA BARBARA MISCELLANEOUS STATISTICS

Municipal Wastewater Department:

Number of treatment plants	1
Number of lift stations	13
Gallons of water treated annually	3.1 billion

Parks and Recreation:

Park acreage	1,764
Number of developed parks	46
Number of undeveloped parks	11
Number of park playgrounds	22
Number of swimming and wading pools	5
Number of community centers	13
Number of sports facilities	9
Number of municipal golf courses (18 holes)	1

Public Safety:

Number of police stations	1
Number of police officers and other sworn personnel	152
Number of law violations	
Physical arrests	11,087
Traffic violations (citations and warnings)	12,619
Parking violations	52,374
Number of fire stations	8
Number of firefighters and officers	115

Public Schools:

Elementary schools	13
Annual enrollment	6,260
Secondary schools	7
Annual enrollment	9,480
Colleges	1
Enrollment per semester	14,000

Waterfront:

Acreage of city-managed tidelands and submerged lands	252
Wharf length in feet	1,978
Acreage of wharf decking	3.8
Number of marinas	4
Number of commercial and pleasure vessel slips	1,133
Number of waterfront property leases	60

CITY OF SANTA BARBARA DESCRIPTION OF FUNDS

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, segregated for the purpose of carrying on specific activities, or complying with special regulations, restrictions, or limitations. The following provides a description of all City Funds, including those for which a budget is not adopted.

GOVERNMENTAL FUNDS

The measurement focus for governmental funds is on current spendable resources, and as such, the balance sheets for these types of funds include only current assets and current liabilities. Governmental funds are accounted for on a modified accrual basis, thus revenues are recognized when measurable and spendable, and expenditures are recorded when the related liability is incurred.

General Fund

The City's General Fund accounts for activities and services traditionally associated with governments, such as police and fire, which are financed primarily through tax-generated revenues and not required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds from specific revenue sources, other than trusts or major capital projects, that are legally restricted to expenditures for specific purposes.

1995 Floods Fund - To account for costs incurred as a result of the two federally declared disasters in January 1995 and March 1995.

Community Development Block Grant Fund - To account for the receipt and disbursement of the City's federal block grant funds.

County Library - To account for funds received and expended for library services on behalf of Santa Barbara County (non-City) residents.

Creeks Restoration and Water Quality Improvement (Measure B) Fund - To account for the receipt and disbursement of the creeks-related share of transient occupancy tax (2%), generated by the passage of Measure B in October 2000. These funds may only be used for operations and capital projects related to creeks restoration, cleanup and maintenance, and for creeks- and ocean-water quality improvement projects and activities.

Gas Tax Fund - To account for the receipt and disbursement of the City's share of state gasoline taxes. State law requires that these funds be used to maintain streets.

CITY OF SANTA BARBARA DESCRIPTION OF FUNDS

Special Revenue Funds (continued)

HOME Grant Fund - To account for the receipt and disbursement of federal HOME Investment Partnership Program funds which facilitate the development of affordable housing projects in the City.

Miscellaneous Grants Fund - To account for resources received from various granting agencies.

Police Asset Forfeiture Fund - To account for assets confiscated by police special operations. These funds are restricted for use in support of police operations.

Police Local Law Enforcement Block Grant Fund – To account for Federal grants funds received for local law enforcement activities.

Police Supplemental Law Enforcement Fund – To account for State voter-approved funds (AB 3229) restricted to public safety and law enforcement.

Redevelopment Agency Fund - To account for the operations of the Redevelopment Agency. Tax increment revenues primarily support this fund.

Traffic Safety Fund - To account for the receipt of fines collected pursuant to the California Vehicle Code. The State of California Government Code restricts use of these funds to traffic control devices, equipment and supplies related to traffic control or traffic safety, and maintenance of public streets. The funds may not be used to pay compensation to traffic or police officers.

Transportation Development Fund - To account for the receipt and disbursement of the City's share of gasoline sales tax and Transportation Development Act of 1971. These funds may be used only for capital projects pertaining to streets, roads and bikeways.

Transportation Sales Tax (Measure D) Fund - To account for funds received from a one-half cent sales tax levied by the Santa Barbara County Association of Governments. The proceeds are restricted to transportation uses. Measure D was approved by the voters of Santa Barbara County in an election held on November 7, 1989. The tax became effective on April 1, 1990.

Debt Service Funds

Debt service funds are used to account for debt service expenditures on general long-term debt.

1993 Municipal Refunding Certificates of Participation - To accumulate funds for the payment of the General Fund's portion of the 1993 municipal improvement certificates of participation. These certificates mature in annual installments of \$65,000 to \$360,000, with final maturity in 2018.

CITY OF SANTA BARBARA DESCRIPTION OF FUNDS

Debt Service Funds (continued)

1993 Redevelopment Agency Tax Allocation Bonds - To accumulate funds for the payment of the 1993 Tax Allocation Bonds. These bonds mature in annual principal installments of \$480,000 to \$2,200,000 through 2007.

1995 Redevelopment Agency Refunding Tax Allocation Bonds - To accumulate funds for the payment of the 1995 Refunding Tax Allocation Bonds. These bonds mature in annual principal installments of \$2,300,000 to \$4,705,000 through 2008.

Capital Projects Funds

Capital projects funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds).

Capital Outlay Fund - To account for all capital projects financed by the General Fund.

Streets Capital Fund - To account for street improvements funded by streets development-related fees and restricted revenues.

Redevelopment Agency Capital Projects Fund - To account for expenditures funded from the proceeds of the Agency's 1993 Tax Allocation Bonds.

PROPRIETARY FUNDS

Proprietary funds account for operations that are financed and operated in a manner similar to private sector enterprises, in that goods and services are provided to the general public (external users) or other City departments (internal users), and the costs of which are financed or recovered primarily through fees and service charges charged directly to the users of the goods and services. Proprietary funds use the accrual basis of accounting.

Enterprise Funds

Enterprise funds are used to report activities for which service charges or fees are charged to external users. Enterprise funds are financed and operated in a manner similar to private sector enterprises.

Airport Fund - To account for operations of the municipal airport and the administration of leases on airport property. 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, financing and related debt service, and the billing and collection of fees.

CITY OF SANTA BARBARA DESCRIPTION OF FUNDS

Enterprise Funds_(continued)

Airport Capital Fund - To account for all Airport capital projects funded by operations, FAA grants, PFC revenues, and debt proceeds.

Downtown Parking Fund - To account for the provision of parking services in the downtown area of 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, financing and related debt service, and the billing and collection of fees.

Golf Fund - To account for the operation of a municipal golf course. 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, financing and related debt service, and the billing and collection of fees.

Wastewater Fund - To account for the provision of sewer services to the residents of the City and some residents of the County. 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, financing and related debt service, and the billing and collection of fees.

Wastewater Capital Fund - To account for Wastewater capital projects funded by operations, external grants and debt proceeds.

Water Fund - To account for the provision of water services to the residents of the City and some residents of the County. 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, financing and related debt service, and the billing and collection of fees.

Water Capital Fund - To account for Water capital projects funded by operations, external grants and debt proceeds.

Waterfront Fund - To account for the operation of the City-managed waterfront. Operations include: (1) a public wharf providing facilities for, and services to, leaseholders, restaurants, retail shops and other recreational activities; (2) a small watercraft harbor for commercial fishing, tour and privately-owned boats; and (3) the operation of all parking facilities in the waterfront area.

Waterfront Capital Fund (Harbor Preservation) - To account for Waterfront capital projects funded by operations, external grants and debt proceeds.

Internal Service Funds

Internal service funds are used to report activities for which service charges or fees are charged to internal users. These funds are used to account for the financing of goods or services provided by one City department to other City departments on a cost reimbursement basis.

CITY OF SANTA BARBARA DESCRIPTION OF FUNDS

Internal Service Funds (continued)

Duplications Fund - To account for the operations of the City print shop that provides duplicating services to all City departments.

Intra-City Service Fund - To account for the costs of operating a City maintenance facility for automobiles and other vehicles used by all City departments. This fund also accounts for the citywide building maintenance operation.

Self-Insurance Fund - To account for the cost of providing workers' compensation, unemployment, liability and employee health insurance coverage on a citywide basis.

FIDUCIARY FUNDS

Funds that account for resources held in a trustee, custodial or agency capacity for others.

Pension Trust Funds

Pension trust funds are used to account for the accumulation of resources for the locally administered safety retirement programs.

Safety Retirement Fund - To account for the accumulation of resources to be used for retirement benefits for those police and fire employees hired between May 17, 1937 and May 28, 1965.

Service Retirement Fund - To account for the accumulation of resources to be used for retirement benefits for those police and fire employees hired between May 17, 1937 and May 28, 1965, and who were disabled due to job related injuries.

Non-Expendable Trust Funds

Non-expendable trust funds are used to account for trust resources, wherein the City, in accordance with the terms of the trust agreement, can expend interest earnings of the trust, but the principal must remain intact. Like proprietary funds, non-expendable trust funds use the accrual basis of accounting.

Tidelands Trust (Waterfront) - To account for the assets of the State of California Tideland Trust which are comprised of the City-managed waterfront area, wherein the principal must remain intact, but any income derived from the trust may be used to operate and develop the tidelands area of the City.

Expendable Trust Funds

Expendable trust funds are used to account for trust resources, wherein the City, in accordance with the terms of the trust agreement, can expend the Trust's principal and interest earnings.

CITY OF SANTA BARBARA DESCRIPTION OF FUNDS

Expendable Trust Funds (continued)

Library Gifts Fund - To account for gifts and bequests made to the City library. Funds are used for book replacement.

Russ Morrison Fund - To account for contributions from the Santa Barbara Athletic Roundtable for the sole purpose of promoting junior golf.

H. Bayer Sculpture Fund - To account for funds dedicated to the repair and maintenance of the Herbert Bayer sculpture, located on City-owned park property.

Agency Funds

Agency funds are used to account for resources for which the City acts as an agent, or custodian, for other governmental units, private organizations, or individuals.

Browning Ferris Industries Fund - To account for the collection and disbursement of utility billings for refuse collection service provided under a franchise agreement.

Cachuma Conservation Fund - To account for moneys received from various participating agencies for the operation of the Cachuma Conservation Resources Board.

Cachuma Project Authority Fund - To account for funds contributed by various South Coast water purveyors, including the City, to represent the group's interests in the federal Cachuma water project.

California Law Enforcement Telecommunications System (CLETS) Fund - To account for moneys received from various participating public agencies for the purchase of computer equipment for communication with the California Law Enforcement Tracking System (CLETS).

Deferred Compensation Fund - To account for the tax deferred deductions from the paychecks of employees choosing to participate in the City's Section 457 deferred compensation plan.

Fiscal Agent Payment Fund - To account for the payment of bond interest and matured bonds for those debt issues for which the City acts as the paying agent.

Revolving Rehabilitation Loan Fund - To account for rehabilitation loans made by the City through the use of various funding sources.

Seismic Safety Assessment Fund - To account for the financial activities of the Seismic Assessment District #1.

State Deferred Loan Fund - To account for moneys received from the State of California to provide low-interest loans to individuals for the rehabilitation of housing.

CITY OF SANTA BARBARA MANAGEMENT AND BUDGET POLICIES

General Policies

- ◆ All current operating expenditures will be financed with current revenues.
- ◆ Budgetary emphasis will focus on providing high quality municipal services, recognizing the fundamental importance to the public of public safety and properly maintained infrastructure.
- ◆ The budget will provide sufficient funding for adequate maintenance and orderly replacement of capital plant and equipment.
- ◆ The budget will reflect a higher priority for maintenance of existing facilities than for acquisition of new facilities.
- ◆ Future maintenance needs for all new capital facilities will be fully costed out, and added costs will be recognized and included in future year budget projections.
- ◆ Strong customer service and productivity improvements, with a focus on cost savings, remain important budgetary goals.
- ◆ Productivity improvements resulting in cost reduction will remain an important budgetary goal.

Revenue Policies

- ◆ A diversified and stable revenue system will be maintained to shelter the City from short-run fluctuations in any single revenue source.
- ◆ Revenues will be conservatively estimated, will be projected for the next four years and will be updated at least annually.
- ◆ Intergovernmental assistance in the form of grants and loans will be used to finance only:
 - Capital improvements that are consistent with the Six-Year Capital Program priorities and can be maintained and operated over time; and
 - Operating programs which either can be sustained over time or have a limited horizon.
- ◆ One-time revenues will be used for operating programs only after an examination determines whether they are subsidizing an imbalance between operating revenues and expenditures, and then only if a long-term forecast shows that the operating deficit will not continue. In general, one-time revenues will be used only to support capital or other non-recurring expenditures.
- ◆ All fees and charges for each enterprise fund will be set at a level that fully supports the direct and indirect cost of the enterprise.

CITY OF SANTA BARBARA MANAGEMENT AND BUDGET POLICIES

Reserve Policies

- ◆ An Appropriated Reserve will be included in each operating fund's adopted budget to provide for unanticipated expenditures or to meet unexpected small increases in service delivery costs within the fiscal year. This reserve will be budgeted up to ½ of 1% of the operating budget and any unused portion will be returned to fund balance at the end of the fiscal year.
- ◆ Each operating fund will establish a Capital Reserve funded to at least 5% of the value of its capital assets. In the alternative, the amount may be established at an amount equal to the average of the adopted capital program budgets for the previous five years. The goal for the General Fund Capital Reserve shall be set to at least \$1 million. Appropriations from these reserves will be to fund major capital costs.
- ◆ For each operating fund there will be a reserve equal to 15% of its annual operating budget for the purpose of responding to emergencies. It may take more than one year to meet the 15% goal if these emergency reserves do not presently meet the 15% goal.
- ◆ Each operating fund will establish and maintain a reserve equal to 10% of its annual operating budget for the purpose of providing for unique one-time costs and maintenance of City services and permit orderly budget adjustments during periods of reductions. Appropriation of these reserves to operating budgets should, when feasible, be accompanied by a plan for the replenishment within a reasonable period of time.
- ◆ Funding of reserves will come generally from one-time revenues, excess fund balance and projected revenues in excess of projected expenditures. They will generally be reserved in the following priority order:
 - Reserve for Economic Contingency/Emergencies
 - Reserve for Capital
 - Reserve for Future Years' Budgets
- ◆ However, flexibility will be retained to allocate available funds among the reserves based on the current circumstances and needs of the City's various operating funds.
- ◆ Appropriation or use of funds from any of these reserves will require Council action.

Debt Policy

It is the intent of the City of Santa Barbara to issue debt in a manner that adheres to state and federal laws, existing bond covenants and prudent financial management. A summary of existing debt obligations by fund and a summary of total annual debt service requirements is provided in this section of Volume I under "Debt Obligations".

The General Fund currently does not have any general obligation bonds and does not anticipate issuing such debt. Existing General Fund debt includes certificates of participation for capital improvements to

CITY OF SANTA BARBARA MANAGEMENT AND BUDGET POLICIES

City facilities. As of June 30, 2001, the outstanding balance is \$4,015,000 and annual debt service requirement is \$380,340.

With respect to financing of future capital improvements, General Fund annual budgeted expenditures provide for funding of general capital improvements. In addition, current City policy provides for the use of accumulated reserves in excess of policy requirements for one-time costs, including major capital projects.

Restrictions affecting the issuance of debt relate to existing bond covenants associated with the outstanding Water and Wastewater Fund Revenue Bonds. Specifically, existing bond covenants require that net system revenues (operating revenues less operating expenses, excluding depreciation) must be at least 125% of the annual debt service requirements (maximum).

Based on these restrictions and existing annual debt service requirements, total annual debt service capacity for the Water Fund and Wastewater Fund is approximately \$5.9 million and \$2.7 million, respectively, based on operating results for the year ended June 30, 2001. For fiscal year 2002, the current total debt service requirement for *all* existing debt is approximately \$5.2 million and \$468,900 for the Water Fund and Wastewater Fund, respectively.

Based on a net assessed value of property of approximately \$7.98 billion, the legal debt limit is \$798.7 million. Currently, there is no outstanding debt subject to limitation.

No other restrictions exist.

CITY OF SANTA BARBARA LEGAL REQUIREMENTS AND BUDGETARY PROCESS

Authoritative Basis

The authoritative basis for the development of the annual budget is provided in Article XII, Fiscal Administration, Section 1200 et. al. of the City of Santa Barbara Charter. Section 1200 specifically requires that "... at least sixty (60) days prior to the beginning of each fiscal year, the City Administrator shall submit to the City Council the proposed budget as prepared by him (her)."

Budgetary Roles and Responsibilities

- ◆ The *Budget Officer* and the *Finance Department*, during budget pre-development, determine program spending targets for departmental use in during budget development and develop cycle-specific information, such as debt service requirements and allocated costs. The Budget Officer works with the *Treasury Manager* from Finance Treasury throughout the entire budget development process to develop the base budget requirements for the next fiscal year through analysis of preliminary and final revenue estimates.
- ◆ The *Treasury Manager* develops preliminary revenue estimates for departments during budget pre-development, and works with departments throughout the budget development process in revising the preliminary estimates to reach final revised estimates.
- ◆ The *Finance Department* develops overhead cost allocations and works with the *Public Works Department* in preparing preliminary cost allocations for building maintenance and the City's Motor Pool.
- ◆ *Budget Liaisons* serve as the vital communication link between the departments and the Finance Department, the City Administrator, and the Budget Steering Committee. They assist departmental budget staff to ensure that departmental budget submittals are complete and technically correct and submitted in a timely manner. During the budget review phase, Budget Liaisons analyze requested budgets amounts by comparing historical expenditures and prior year's adopted amounts for each program with the requested amounts, and verify the accuracy of line-item budgets and program narratives. The Liaisons also ensure that all capital projects included in the six-year CIP are contained in the capital budget for the two years of the financial plan. Budget Liaisons present their recommendations to the City Administrator during the individual departmental meetings with the departments.
- ◆ *Budget Steering Committee* provides oversight to the entire budget process, with direction from the City Administrator, in ensuring that Council goals and objectives and other City and program priorities related to the budget are addressed throughout development of the budgets.
- ◆ *Department Heads, Budget Contacts, Departmental Staff* develop line-item operating and CIP budget requests and narrative program descriptions, working with the Budget Liaisons. Anticipated program adjustments are incorporated and communicated to the Finance Department for revising departmental spending targets.

CITY OF SANTA BARBARA LEGAL REQUIREMENTS AND BUDGETARY PROCESS

- ◆ *The City Administrator* provides oversight of the Budget Steering Committee throughout the entire budget process. The City Administrator meets with Budget Liaisons and Departmental Budget Staff to review all departmental operating and CIP requests and makes recommended funding decisions, ensuring that Council goals and the Steering Committee's budget priorities are addressed. All City Administrator recommendations and adjustments are incorporated into the City Administrator's proposed budget that is filed with the City Clerk and presented to City Council for approval.
- ◆ The *Finance Committee* reviews the City Administrator's proposed operating and capital budget and makes recommendations to the full City Council.
- ◆ *Mayor and City Council* review the City Administrator's proposed budget, along with the Finance Committee's recommendations, approve, and adopt the final operating and capital budget.

Budgetary Basis and the Budgetary Level of Control

Governmental funds are budgeted using the modified accrual basis, consistent with the basis of accounting. Briefly, this means that expenditures are recognized when the related liability is incurred; revenues are recognized to the degree that they are earned and available to finance expenditures of the current period. The only exception is the budgeting of capital projects, in which the entire cost of the capital project is included in the first year, and subsequently carried over until project completion.

Similarly, Proprietary Funds use the modified accrual basis of budgeting, but use the accrual basis of accounting. Differences arise between the two bases for several items: depreciation expense is recorded on a GAAP basis only; debt service retirement, including principal and interest payments, are budgeted as expenditures; and, like governmental funds, all costs of capital projects are included in the budget for the first year of the project.

Budgets are monitored at varying levels of classification detail. However, expenditures cannot exceed total appropriations at the *department level* for the General Fund, and at the *fund level* for all legally budgeted funds (proprietary funds).

Specifically, the budget is controlled at the following levels:

- ◆ *Departments are authorized* to transfer amounts between individual line-item expenditure categories within a particular major object group.
- ◆ The *City Administrator* is authorized to transfer amounts within individual departmental budgets, both between programs and between major object groupings.
- ◆ *City Council* must authorize all budget amendments that alter the total appropriations of a particular department.

CITY OF SANTA BARBARA LEGAL REQUIREMENTS AND BUDGETARY PROCESS

Two-Year Budget Cycle

On November 27, 1984, the City Council adopted Resolution No. 84-182, approving the concept of a two-year budget cycle for the City of Santa Barbara. This action provided that:

1. City Council would *approve* a two-year program and financial plan at the beginning of each two-year cycle; and
2. Consistent with City Charter requirements, the City Council would *adopt* a budget for the program on an annual basis.

Significant characteristics of a two-year budget process, in addition to the items noted above, are:

- ◆ Budget preparation and analysis will be for two years, occurring in the fiscal year immediately preceding the two-year cycle.
- ◆ Mid-cycle adjustments will be managed as mid-year adjustments are managed; that is, outside of the budget development process, but subject to City Council approval.
- ◆ The two-year budget cycle will be developed in conjunction with the establishment of the City Council two-year goals and action plan.

Implementation of a two-year budget cycle does not preclude adjustments at mid-cycle or modifications to the second year recommendations due to special circumstances or significant changes in revenue projections. It does, however, eliminate much of the repetitive and time-consuming aspects associated with the development of budget estimates, particularly for those programs that tend to remain constant. In addition, because the City Council is already focusing on a two-year commitment, the two-year budget process facilitates a long-term, program and financial planning approach.

The following summarizes the City of Santa Barbara's two-year budget process.

Year One:

Pre-Development Activities

- ◆ Council goals and program priorities are developed.
- ◆ Finance Department develops preliminary revenue projection.
- ◆ Spending targets are developed by City Administrator and distributed to departments.
- ◆ The Finance and Public Works Departments develop allocated costs.
- ◆ Departments submit capital project requests to Capital Improvement Program Coordinator.
- ◆ Anticipated program adjustments are communicated to the Finance Department.

CITY OF SANTA BARBARA LEGAL REQUIREMENTS AND BUDGETARY PROCESS

Budget Preparation

- ◆ Cycle-specific information is distributed to each department.
- ◆ Departments develop line-item budget estimates and text information.

Edit and Review of Departmental Submittals

- ◆ Finance Department performs preliminary review of departmental line-item submittals.
- ◆ Budget Liaisons review department line-item and text submittals.
- ◆ City Administrator holds meeting with each department.

Production and Publication of Budget Document

- ◆ Finance Department develops the tables, charts and graphs.
- ◆ Finance Director prepares summary schedules and fund overviews.
- ◆ City Administrator prepares "City Administrator's Budget Message".
- ◆ The Proposed Budget is filed with the City Clerk's Office.

Public Review

- ◆ Boards and Commissions review the Proposed Budget.
- ◆ City Council Finance Committee reviews the Capital Program and Fee Resolutions.
- ◆ Public hearings are held.
- ◆ Department presentations are held.
- ◆ Budget information made available in accordance with Public Information Plan.

Budget Adoption

- ◆ City Council adopts, by resolution, the two-year financial plan.
- ◆ City Council adopts, by resolution, the operating and capital program budgets for year one of the two-year financial plan.

CITY OF SANTA BARBARA LEGAL REQUIREMENTS AND BUDGETARY PROCESS

Year Two:

Mid-Cycle Review

- ◆ Finance Department updates the revenue projections for year two of the two-year financial plan.
- ◆ Year two recommendations are revised, if necessary.
- ◆ If necessary, an addendum to the two-year plan is prepared by the City Administrator.

Presentation and Adoption

- ◆ City Administrator presents addendum and a summary of the proposed budget for year two to the City Council. This document will identify the following:
 - Changes to the two-year financial plan approved at mid-cycle.
 - Any changes to the City Administrator's second year recommendations.
 - The progress of the City Council's two-year goals and action plan.
 - A summary of the second year's budget by program.
- ◆ City Council reviews the addendum information and approves and/or adjusts the changes made by the City Administrator, as appropriate.
- ◆ A public hearing is held.
- ◆ Council adopts, by resolution, a budget for year two of the two-year financial plan.

A more detailed description of the budget process can be found in the next section entitled "Master Budget Calendar".

CITY OF SANTA BARBARA MASTER BUDGET CALENDAR

The following is a list of budget activities in the general order in which they will occur; however, it is assumed that this order may change to some extent during the budget process. Therefore, calendar scheduling of specific data for various budget activities, as well as due dates, will be distributed at the beginning of each budget cycle.

YEAR ONE

October

- ◆ Budget Steering Committee develops concept and schedule of tentative dates for various budget activities.
- ◆ Six-Year Capital Improvement Plan (CIP) instructions distributed.
- ◆ Departments submit completed draft CIP forms.
- ◆ CIP Committee(s) begin preliminary review of CIP forms.
- ◆ Finance Department distributes budget calendar with specific dates.

November

- ◆ Finance Department develops preliminary non-departmental revenue projections.
- ◆ Departments resolve outstanding CIP issues.
- ◆ The Finance and Public Works Departments develop allocated costs for City departments.
- ◆ Boards and Commissions review CIP.
- ◆ Revised Final CIP forms due to City Administrator from departments.
- ◆ CIP General Fund Priority Ranking Committee recommends General Fund priority rankings.
- ◆ Initial City Council Goals session held.
- ◆ Department spending targets are developed and distributed to departments.

CITY OF SANTA BARBARA MASTER BUDGET CALENDAR

YEAR ONE (continued)

- November (continued)**
- ◆ Budget training sessions for departmental budget staff are held on preparation of various budget-related items, as necessary.
 - ◆ Budget Liaison orientation/training session held.
 - ◆ Cycle-specific information and current specific instructions, beyond those addressed in the Budget Manual, are distributed to departments.
-

- November/December**
- ◆ City Administrator confirms CIP priorities.
-

- December**
- ◆ Departments are notified of CIP priorities.
 - ◆ City Administrator finalizes the CIP program.
 - ◆ Council Goals work session with department heads.
 - ◆ Finance Department requests information from departments, in preparation for the mid-year review.
-

- December/January**
- ◆ Departments develop budget line-item and text submittals.
 - ◆ CIP document compiled.
-

- January**
- ◆ Finance Department begins analysis of appropriations and expenditures to identify problem areas, as part of the mid-year review.

CITY OF SANTA BARBARA MASTER BUDGET CALENDAR

YEAR ONE (continued)

January

- ◆ Budget line-item and text submittals due from departments.
- ◆ Budget liaisons, in consultation with departmental staff, begin review and edit of budget submittals.
- ◆ Six-Year Capital Improvement Plan (CIP) document is produced.
- ◆ Finance staff develops and distributes to departments the calendar of budget reviews with the City Administrator.
- ◆ City Council reviews preliminary Council Goals for modification.
- ◆ CIP is filed with the City Clerk by January 31.

February

- ◆ Presentation of capital program in the proposed two-year financial plan to Finance Committee and City Council.
- ◆ City Administrator's department budget review meetings are held.
- ◆ Final department budget revisions are due.

March

- ◆ "Budget Friday" session held by Budget Steering Committee.
- ◆ Notification to departments of "Budget Friday" decisions.
- ◆ Departments respond to City Administrator regarding budget recommendations.
- ◆ City Administrator makes final decisions on budget recommendations.
- ◆ Complete Public Information Plan and begin preparation of public information materials.

CITY OF SANTA BARBARA MASTER BUDGET CALENDAR

YEAR ONE (continued)

March (continued)

- ◆ Liaisons/Departments begin necessary final revisions resulting from City Administrator final decisions.
- ◆ First draft of budget message due.
- ◆ Departments receive entire budget section in final form and review for accuracy (two-day turnaround).
- ◆ Production of budget document completed.

April

- ◆ City Administrator's Proposed Budget is filed with City Clerk.
- ◆ City Administrator submits to the City Council for its approval, the budget presentations and hearing schedule.
- ◆ Presentations of an overview of the proposed budget to City Council by the City Administrator and Finance Director.
- ◆ Public information is posted to Internet.
- ◆ Presentations to Council by individual departments and public hearings opened on all portions of the budget.
- ◆ Information to community leaders and groups is mailed.

May

- ◆ Continue department presentations and public hearing on any portion of the budget (include in public hearings input from Boards and Commissions).
- ◆ Presentations to community groups upon request.

**CITY OF SANTA BARBARA
MASTER BUDGET CALENDAR**

YEAR ONE (continued)

- June**
- ◆ Staff-recommended adjustments to the City Council, if any.
 - ◆ Continue and close the public hearings on all portions of the budget.
 - ◆ Receive instructions from the City Council to staff regarding the final budget.
 - ◆ Staff receives final budget instructions from the City Council.
 - ◆ Budget is adopted by June 30.
-

YEAR TWO

- January**
- ◆ Goals update requested and prepared.
 - ◆ Midyear Review is compiled.
 - ◆ Finance Department evaluates revenue projections for year two of the financial plan.
-

- February**
- ◆ Midyear review to Finance Committee and the City Council.
 - ◆ Goals Report to Finance Committee and the City Council.
 - ◆ Finance reviews proposed budget for year two.
-

- March**
- ◆ Finance reviews revenues as compared to the budget recommendations for year two of the financial plan.
-

**CITY OF SANTA BARBARA
MASTER BUDGET CALENDAR**

YEAR TWO (continued)

March (continued)

- ◆ Year two recommendations are revised in consultation with departments, if necessary.
- ◆ Budget Workday, as necessary.
- ◆ Document revisions and final City Administrator decisions.
- ◆ Finance Committee meeting to review budget changes, as necessary.
- ◆ Documents produced as necessary.

April

- ◆ Revised budget document is filed with the City Clerk.

May

- ◆ Present revised budget to the City Council.
- ◆ Hold Public Hearings.

June

- ◆ Continue Public Hearings, adjust, and adopt second year budget.
-

**CITY OF SANTA BARBARA
ARTICLE XIII B APPROPRIATIONS LIMIT**

Article XIII B of the California State Constitution, commonly referred to as the "Gann Appropriation Limit", was adopted by the California voters in 1980. The Gann Limit places a limit on the amount of tax proceeds that government agencies can receive and appropriate each year.

The Gann Appropriation Limit is based on actual appropriations during the 1978-79 fiscal year, and is adjusted each year using the growth in population and inflation. The City's limit is adopted by resolution each year by the City Council.

In 1990, Proposition 111 made changes to the manner in which the Appropriations Limit is calculated by allowing government agencies a choice of annual growth factors. Proposition 111 also provides for the exclusion from the calculation of capital expenditures for fixed assets of \$100,000 or more in value that have a useful life of ten years or more.

The fiscal year 2001-02 Appropriations Limit is calculated as follows:

2000-01 Limit		\$ 67,972,132
Annual Adjustment Factors:		
Change in CA Personal Income	7.82%	
City Population Growth	1.48%	
Increase in Appropriation Limit		<u>6,400,077</u>
2001-2002 Limit		<u>\$74,372,209</u>
Remaining Appropriation Capacity		<u>\$26,495,432</u>
Available Capacity as a % of Limit		<u>35.63%</u>

CITY OF SANTA BARBARA
DEBT OBLIGATIONS
As of June 30, 2001

REVENUE BONDS

**Outstanding
at
June 30, 2001**

Water Fund:

\$9,780,000 – 1994A Water Revenue Refunding Serial Bonds. Remaining annual installments ranging from \$345,000 to \$535,000 through September 1, 2008, term bonds of \$3,835,000 due on September 1, 2014, interest at 4.4% to 5.1% due semi-annually. Bonds maturing on or after September 1, 2004, shall be subject to redemption, at the option of the City, upon at least 45 days prior written notice to the Trustee specifying the date and amount of such redemption, on or after September 1, 2003, in whole or in part on any date (by lot within any maturity and among maturities as specified by the City). Bonds maturing on September 1, 2014 shall be subject to mandatory redemption, on each date that a sinking installment payment for such Term Bonds is payable from sinking installment, by lot, in an amount equal to such sinking installment payments, plus accrued interest to the redemption date and without premium.

\$ 7,445,000

Wastewater Fund:

\$3,890,000 – 1994A Wastewater Revenue Refunding Serial Bonds. Remaining annual installments of \$400,000 to \$450,000 through July 1, 2003, interest at 3.75% to 4.0%, due semi-annually.

1,310,000

Total Revenue Bonds

\$ 8,755,000

TAX ALLOCATION BONDS

Redevelopment Agency:

\$28,170,000 - 1995 Redevelopment Agency Tax Allocation Refunding Bonds, Series A. Remaining annual principal installments on serial bonds ranging from \$2,105,000 to \$3,265,000 through March 1, 2005. Term bonds of \$7,235,000 are due March 1, 2008. Interest rates range from 3.65% to 6.0% payable semi-annually.

\$ 16,335,000

\$6,845,000 – 1995 Redevelopment Agency Tax Allocation Refunding Bonds, Series B. \$1,495,000 term bonds are due March 1, 2001; \$1,130,000 term bonds are due March 1, 2003; and \$2,545,000 term bonds are due March 1, 2007. Interest rates range from 4.375% to 6.35% payable semi-annually.

3,675,000

CITY OF SANTA BARBARA
DEBT OBLIGATIONS
As of June 30, 2001

\$14,605,000 – 1993 Redevelopment Agency Tax Allocation Bonds. Remaining annual installments ranging from \$805,000 to \$2,200,000 through March 1, 2007. Interest rates range from 5.1% to 8.5%, payable semi-annually. Bonds maturing on or after March 1, 2004, are subject to redemption, at the option of the Agency, as a whole, or in part in inverse order of maturity, and by lot within a maturity, from any source of available moneys at a specified redemption price at any interest payment date on or after March 1, 2003.

9,140,000

Total Tax Allocation Bonds

\$ 29,150,000

CERTIFICATES OF PARTICIPATION

Tideland Trust - Waterfront:

\$19,745,000 - 1992 Waterfront Refunding Certificates of Participation. Remaining annual installments ranging from \$225,000 to \$340,000 beginning October 1, 1992 through 2006. Term certificates of \$16,090,000 are due in October 2027. Interest rates range from 3.75% to 6.75% payable semi-annually. Certificates maturing on or after October 1, 2003, are subject to optional prepayment prior to maturity on or after October 1, 2002. The Certificates are subject to mandatory prepayment prior to maturity on any date, in inverse order of maturity and by lot within a maturity, from the net proceeds of insurance or condemnation awards.

17,855,000

General Fund:

\$4,920,000 - 1993 Municipal Improvement Refunding Certificates of Participation. Remaining annual installments ranging from \$130,000 to \$360,000 beginning August 1, 1994 through 2018. Interest rates range from 2.70% to 6.15% payable semi-annually.

4,015,000

Golf Fund:

\$2,525,000 - 1993 Municipal Improvement Refunding Certificates of Participation. Remaining annual installments ranging from \$70,000 to \$185,000 beginning August 1, 1994 through 2018. Interest rates range from 2.70% to 6.15% payable semi-annually.

2,055,000

Water Fund:

\$22,545,000 - 1992 Water System Improvement Project and Refunding Certificates of Participation. Remaining annual installments ranging from

CITY OF SANTA BARBARA
DEBT OBLIGATIONS
As of June 30, 2001

\$285,000 to \$405,000 beginning April 1, 1993 through 2006. Term certificates of \$18,635,000 are due on April 1, 2027. The interest rates range from 3.5% to 6.7%, payable semi-annually. The Certificates maturing on and after April 1, 2003 are subject to redemption prior to maturity on or after April 1, 2002. The Certificates are subject to mandatory redemption as a whole or in part, on any date, in inverse order of maturity and by lot within each maturity at the principal amount from prepaid installments payments made by the City from the net proceeds of insurance or condemnation received by the City.

20,435,000

Total Certificates of Participation

\$ 44,360,000

LOANS PAYABLE

Water Fund:

\$187,856 - U.S. Bureau of Reclamation loan. Remaining semiannual payments of \$9,887 on December 26 and June 26. Interest is 0.3% per annum. This loan was assumed in an agreement with the Goleta Water District. The final payment is due June 26, 2002.

\$ 9,887

\$2,000,000 - State Department of Water Resources Loan. Due in 20 annual payments of \$150,894 each on April 30. Interest is 4.0128% per annum. The final payment is due April 30, 2009.

1,026,713

\$5,000,000 - State Department of Water Resources Loan. Due in 20 annual payments of \$342,477 on April 30. Interest is 3.1% per annum. The final payment is due November 30, 2011.

3,053,712

Tideland Trust - Waterfront:

\$1,400,000 - CEIP Construction loan. Due in semiannual interest payments, ranging from \$2,250 to \$21,600, on March 16 and September 16 through March 16, 2010. Interest is at 6% per annum. Principal, ranging from \$55,000 to \$75,000, is payable annually on March 16.

605,000

Total Loans Payable

\$ 4,695,312

Long-Term Portion of Accumulated Vacation and Overtime Benefits

\$ 3,581,445

CITY OF SANTA BARBARA
DEBT OBLIGATIONS
As of June 30, 2001

The annual requirements to amortize all debts outstanding, with the exception of the long-term portion of accumulated vacation and overtime benefits, as of June 30, 2001, including interest payments of \$63,848,466 are as follows:

Fiscal Year Ending	Revenue Bonds	Tax Allocation Bonds	Certificates of Participation	Loans	Total
2002	\$ 1,192,260	\$ 5,461,672	\$ 3,698,824	\$ 599,586	\$ 10,952,342
2003	1,186,580	5,459,610	3,701,225	586,071	10,933,486
2004	1,189,320	5,464,510	3,700,045	587,471	10,941,346
2005	724,800	5,413,053	3,694,948	583,571	10,416,372
2006	728,320	5,411,365	3,695,848	579,671	10,415,204
Thereafter	6,604,160	8,873,300	73,519,981	2,718,082	91,715,523
Total	<u>\$ 11,625,440</u>	<u>\$ 36,083,510</u>	<u>\$ 92,010,871</u>	<u>\$ 5,654,452</u>	<u>\$ 145,374,273</u>

CITY OF SANTA BARBARA

GLOSSARY OF TERMS

FINANCIAL AND BUDGET TERMINOLOGY

Accrual Basis of Accounting: Proprietary and non-expendable trust fund types utilize the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, such that revenues and expenditures are recognized when the underlying event or transaction takes place.

Adopted Budget: The City Council approved annual budget establishing the legal authority for the expenditure of funds, as set forth in the budget resolution adopted by Council.

Appropriation: An authorization granted by the legislative body of a government, which permits officials to incur obligations against and to make expenditures of governmental resources. Appropriations are usually made for fixed amounts and are typically granted for a one-year period by the City Council. Non-operating appropriations, i.e. for capital and special projects, continue in force through a budget reappropriation (or carryover) until fully expended or until the City has accomplished or abandoned the purpose for which Council originally granted the appropriation.

Appropriation Resolution: The official enactment by the legislative body establishing the legal authority for officials to obligate and expend resources.

Assessed Value: The value placed on real and other property as a basis for levying property taxes. For all agencies in the State of California, assessed value is established by the County for the secured and unsecured property tax rolls; the State Board of Equalization establishes assessed value of utility property tax rolls.

Basis of Accounting: The timing of recognition, that is, when the effects of transactions or events are recognized for financial reporting or budgeting purposes. The three bases of accounting for governmental agencies are: (1) cash basis (when cash is received or paid), (2) accrual basis (when the underlying transaction or event takes place, and, (3) modified accrual basis (revenues recognized in the accounting period in which they become available and measurable and

expenditures recognized in the accounting period in which the fund liability is incurred).

Balance Sheet: A statement purporting to present the financial position of an entity by disclosing the value of its assets, liabilities, and equities as of a specific date.

Bond: A written promise to pay (debt) a specified sum of money (principal or face value) on a specific future date (the maturity date) along with periodic interest paid at a specified percentage of the principal (interest rate). Bonds are typically used for long-term debt to finance large-scale capital projects such as buildings, bridges, streets, and utility infrastructure.

Budget Amendment: Under the city Charter, the City Council has the sole responsibility for adopting the City's budget, and may amend or supplement the budget at any time after adoption by a majority vote. The City Administrator has the authority to approve administrative adjustments to the budget, as long as the adjustments will not have a significant policy impact, or affect the bottom-line appropriations for any given department.

Budget Calendar: A schedule of key dates and milestones that a government follows in the preparation and adoption of the budget.

Budgetary Basis of Accounting: The method of accounting applied to the budgetary accounts and the process used to determine when revenues and expenditures are recognized for budgetary purposes. The City of Santa Barbara uses the cash basis for budgeting all funds, including proprietary funds.

Budgetary Control: The control or management of a government or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of appropriations and available revenues. The level of budgetary control for City Council is at the department level. For the City Administrator, budgetary control is within a department, at the program level and at the major object level (groupings of individual line-item expenditure

CITY OF SANTA BARBARA

GLOSSARY OF TERMS

categories, for example, salaries and benefits, supplies and services, special projects, and non-capital equipment categories). For departments, budgetary control is at the line-item level within a particular major object group.

Budget Message: A general discussion of the budget presented in writing as a part of, or supplement to, the budget document. The budget message explains the principal issues against the background of financial trends and the priorities set forth in the budget.

Capital Asset: A tangible, fixed asset that is long-term in nature, of significant value, and obtained or controlled as a result of past transactions, events or circumstances. Fixed assets include land, buildings, equipment, improvements to buildings, and infrastructure (i.e., streets, highways, bridges and other immovable assets). A capital asset is defined as an asset with a useful life extending beyond a single accounting period. The capitalization threshold for the City of Santa Barbara is \$5,000.

Capital Expenditure: An amount expended for fixed asset acquisitions and improvements. The capitalization threshold for the City of Santa Barbara is \$5,000.

Capital Improvement Plan (CIP): A formal long-term (multi-year) plan for the acquisition and improvement of major assets, such as land, buildings, machinery and equipment, and infrastructure (i.e., streets, highways, bridges, and other immovable assets). The CIP identifies the expected beginning and ending date for each project, the amount to be expended in each, and the method of financing those expenditures. The City of Santa Barbara prepares a six-year CIP and the threshold for inclusion in the CIP is \$25,000.

Capital Budget: A plan of capital expenditures and the means of financing them. The capital budget is adopted as part of the complete annual budget, including both operating and capital outlays.

Capital Lease: An agreement that conveys the rights to use property, plant or equipment, usually for a stated period of time.

Capital Projects Fund: A governmental fund type used to account for financial resources used for

the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds). See also *Governmental Fund*.

Certificate of Participation: A form of lease-purchase financing used to construct or acquire capital facilities and equipment.

Change in Service: A change in the nature, type or level of service provided by a City program from that provided in the prior fiscal year's adopted budget, as amended.

Cost-Reimbursement Basis: The setting of service charges and fees such that costs are systematically recovered on a break-even basis over time. This term is used in connection with internal service funds.

Debt Instrument: A vehicle for borrowing funds, including general obligation bonds, revenue bonds, lease/purchase agreements, lease-revenue bonds, tax allocation bonds, certificates of participation, and assessment district bonds. See also *Bond*.

Debt Service: Payment of interest and repayment of principal to holders of a government's debt instruments.

Debt Service Fund: A governmental fund type used to account for the payment and accumulation of resources related to general long-term debt principal and interest; debt service payments related to enterprise operations are directly accounted for in the enterprise fund itself. See also *Governmental Fund*.

Debt Service Requirement: The amount of money required to pay interest and principal on outstanding debt and the required contributions to accumulate monies for future retirement of long-term bonds.

Department: An operational and budgetary unit designated by the City Council to define and organize City operations, or a group of related operations within a functional area.

Encumbrance: Legal commitments related to unperformed (executory) contracts for goods and services. At year-end, encumbrances represent a reservation on fund balance.

CITY OF SANTA BARBARA

GLOSSARY OF TERMS

Enterprise Fund: A proprietary fund type used to account for operations that are financed and operated in a manner similar to private sector enterprises, such that the costs of providing goods and services to the general public are financed or recovered primarily through fees charges directly to the users of the goods or services provided. The City of Santa Barbara has ten enterprise funds, including Airport Operating and Capital, Golf, Downtown Parking, Water Operating and Capital, Wastewater Operating and Capital, and Waterfront Operating and Capital Funds. See also *Proprietary Fund*.

Enterprise Fund Accounting: Accounting used for government operations that are financed and operated in a manner similar to private sector enterprises, and for which preparation of an income statement is desirable. Enterprise Funds use the accrual basis of accounting.

Estimated Revenue: The budgeted projected revenues, which are expected and realizable during the budget fiscal year, to finance all or part of planned expenditures.

Expenditure: The outflow of funds paid, or to be paid, for goods and services received during the current period. Note: an encumbrance is not expenditure; rather it represents a reservation on fund balance.

Expense: The incurrence of liabilities or the consumption of assets arising from the delivery or production of goods, rendering services or carrying out other activities that constitutes the entity's ongoing major or central operation. This term applies to the City's Enterprise and Internal Service Funds.

Fiduciary Fund: A major fund type used to account for assets held by the City in a trustee, agency or custodial capacity for others. The City of Santa Barbara has pension trust, expendable trust, non-expendable trust, and agency funds within the fiduciary fund type. Expendable trust funds are accounted for in the same manner as governmental funds, using the modified accrual basis of accounting. Pension trust and non-expendable trust funds use the accrual basis of accounting. An agency fund is custodial in nature in that it does not measure results of operations and the assets equal liabilities (i.e. all assets are

held solely for the benefit of others).

Fiscal Year: The 12-month period to which the annual operating budget applies, at the end of which a government determines its financial position and the results of its operations. The City of Santa Barbara operates on a fiscal year from July 1 through June 30.

Fixed Asset: See *Capital Asset*.

Full-Time Equivalent (FTE): The standardized unit of measurement of staffing equal to 2,080 hours of work per year.

Fund: A separate fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances and changes therein are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations. There are three major fund types: governmental, proprietary, and fiduciary.

Fund Balance: From a strict accounting perspective, fund balance represents the excess of assets over liabilities. It also represents the cumulative effect of revenues and other financing sources over expenditures, and other financing uses that are available for reservation, designation or appropriation. A negative fund balance is called a *fund deficit*. Fund balance is also known as financial position for governmental type funds.

General Fund: The primary operating fund of a governmental organization that accounts for activities and services not required to be accounted for in another fund, and traditionally associated with governments, such as police and fire service, which are financed primarily through tax, intergovernmental and other non-exchange revenues.

General Obligation Bond: A bond sold to generate financing for various purposes, and to be repaid with normal, unrestricted operating revenue, usually from the General Fund.

Generally Accepted Accounting Principles (GAAP): Uniform minimum standards and guidelines for accounting and reporting. These standards govern the form and content of the

CITY OF SANTA BARBARA

GLOSSARY OF TERMS

annual financial statements of an entity. The primary authoritative body on the application of GAAP to state and local governments is the Governmental Accounting Standards Board (GASB).

Governmental Activities: Activities generally financed through taxes, intergovernmental revenues, and other non-exchange revenues, and usually reported in governmental and internal service funds.

Governmental Fund: A major fund type generally used to account for tax-supported activities. Governmental funds use the modified accrual basis of accounting. The City of Santa Barbara uses four types of governmental funds: general, special revenue, debt service, and capital projects funds.

Grant: Contributions of cash or other assets donated from one governmental agency or organization to another, and usually restricted for a specific purpose. Typically, these contributions are made to local governments from state and federal governments.

Liability: Debt or other legal obligations arising out of transactions in the past that must be liquidated, renewed or refunded at some future date. Note: the term does not include encumbrances.

Interfund Transfers: Payments from one fund to another to finance the operations of or to reimburse costs to the recipient fund.

Internal Service Fund: Funds used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government on a cost-reimbursement basis. See also *Proprietary Fund*.

Liability: Debt or other legal obligations arising out of transactions in the past that must be liquidated, renewed or refunded at some future date. Note: the term does not include encumbrances.

Line-Item Budget: A budget that lists detailed expenditures categories separately, along with the amount budgeted for each specified category. The City of Santa Barbara uses program rather than line-item budgeting; however, detailed line-item accounts are maintained and recorded for

financial reporting and control purposes.

Major Object: Categorized groupings of individual line-item expenditures that are similar in nature. For example, the City's major object categories include salaries and benefits, supplies and services, special projects, non-capital equipment, capital equipment, and miscellaneous.

Modified Accrual Basis of Accounting: Under the modified accrual basis, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction that can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Those revenues susceptible to accrual include property taxes remitted within 60 days after year-end, interest on investments, and certain intergovernmental and other revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due, or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. All governmental fund types, expendable trust funds and agency funds use the modified accrual basis of accounting.

Operating Budget: A plan of financial operations embodying an estimate of planned expenditures for a given period (typically a fiscal year) and the proposed means for financing them (revenue estimates). The annual operating budget, as distinguished from the capital program budget, is the primary means by which most of the financing, acquisition, spending and service delivery activities of a government are controlled. The City of Santa Barbara adopted a two-year financial plan that includes the adoption of actual budget appropriations for the first year of the financial plan, and recommendations for year two.

Operating Deficit: The deficiency of operating revenues under expenditures during a single accounting period.

Operating Surplus: The excess of operating revenues over operating expenditures during a single accounting period.

CITY OF SANTA BARBARA

GLOSSARY OF TERMS

Program: A group of activities, operations or organizational units organized to accomplish specific purposes, goals or objectives. It is a distinct functional unit within a department, consisting of a significant service provided using City resources.

Program Budgeting: A method of budgeting that focuses on services provided to customers at the functional (or program) level.

Proposed Budget: This refers to the status of an annual budget, which has been submitted by the City Administrator and is pending public review and City Council adoption.

Proprietary Fund: A major fund type used to account for operations that are financed and operated in a manner similar to private sector enterprises, in that goods and services are provided to the general public (external users) or other City departments (internal users), and the costs of which are financed or recovered primarily through fees and service charges charged directly to the users of the goods and services. Proprietary funds use the accrual basis of accounting.

Reserves: Accumulated funds legally restricted or otherwise designated by management and/or City Council for specific purposes. See also *Fund Balance*.

Revenue Bond: A bond sold to construct a project that will produce revenues pledged for the repayment of principal and related interest.

Revenues: Total amount of income received, earned, or otherwise available for appropriation.

Service Charge: See *User Fee*.

Transient Occupancy Tax (TOT): Tax collected by hotel operators and imposed on hotel guests for transient lodging (30 days or less) within the City. The current TOT rate is 12%, 2% of which is legally restricted for creeks restoration and creeks and ocean water quality improvement pursuant to voter-approved Measure B, effective January 1, 2001.

Self-Insurance: A term often used to describe the retention by an entity of a risk of loss arising

out of the ownership of property or the activity of the agency.

Service Effort: A measure of expected output by budgetary program.

Special Revenue Fund: A governmental fund type used to account for the proceeds from specific revenue sources, other than trusts or major capital projects, that are legally restricted to expenditures for specific purposes. See also *Governmental Fund*.

User Fee: The voluntary payment of a fee for direct receipt of a public service by the party directly benefiting from service.

CITY OF SANTA BARBARA

GLOSSARY OF TERMS

ACRONYMS

AAA	Area Agency on Aging		Act
AARP	American Association of Retired Persons	CERT	Citizens Emergency Response Training
AB ____	State Assembly Bill No. ____	CIS	Change in Service
ABC	Alcoholic Beverage Control	CLETS	California Law Enforcement Telecommunications System
ABR	Architectural Board of Review	COMB	Cachuma Operation and Maintenance Board
ACCEL	Authority of California Cities Excess Liability	COPS	Community Oriented Problem Solving
ADA	Americans with Disabilities Act	CUFR	Redevelopment Agency Component Unit Financial Report
ALTRANS	Santa Barbara's Transportation Demand Management Plan	CVB	Santa Barbara Conference and Visitors Bureau and Film Commission
AM/FM	Automated Mapping and Facilities Management	DARE	Drug Awareness Resistance Education
AOA	Airfield Operations Area	DART	Development Application Review Team
ARFF	Aircraft Rescue and Firefighting	DGMS	Federal Departmental Grants Management Systems
AVA	American Volleyball Association	DMV	Department of Motor Vehicles
AVP	American Volleyball Professional	DRC	Development Review Committee
BFI	Browning-Ferris Industries, a wholly owned subsidiary of Allied Waste Industries, Inc.	DSL	Digital Subscriber Line
BMPs	Best Management Practices	DUI	Driving Under the Influence
BUI	Boating Under the Influence	ECP	Economic Community Project
CAD	Computer-aided Dispatch	ECSLD	Excellence in Customer Service for Land Development
CAFR	Comprehensive Annual Financial Report	EDD	Employment Development Department
Cal-OSHA	California Occupational Health and Safety Administration	EIR	Environmental Impact Report
CAPER	Consolidated Annual Performance Evaluation Report	EMT	Emergency Medical Technician
CBVA	California Beach Volleyball Association	EOC	Emergency Operations Center
CCRB	Cachuma Conservation and Release Board	EPA	Environmental Protection Agency
CDBG	Community Development Block Grant	ERAF	Educational Revenue Augmentation Fund
CDHSC	Community Development and Human Services Committee	FAA	Federal Aviation Administration
CHDO	Community Housing Development Organizations	FMS	Financial Management System
CEC	Community Environmental Council	FSA	Family Services Agency
CEQA	California Environmental Quality	FTE	Full-time Equivalent
		GASB	Governmental Accounting Standards Board

CITY OF SANTA BARBARA

GLOSSARY OF TERMS

GASB 34	Governmental Accounting Standards Board Statement No. 34		Area (Assessment)
GIS	Geographic-Based Information System	PERS	Public Employee Retirement System
GFOA	Government Finance Officers Association	PFC	Passenger Facilities Charge
GTIP	Goleta Transportation Improvement Program	PMP	Parking Management Program
GVAA	Goleta Valley Art Association	POST	Police Officers Standards and Training
HazMat	Hazardous Materials	PRT	Preliminary Review Team
HLC	Historic Landmarks Commission	RAP	Recreation After-School Program
HOME	Federal Home Investment Partnership Program	RDA	Redevelopment Agency
HRC	Hotel-Related Commerce	RHM	Rental Housing Mediation
HRLP	Housing Rehabilitation Loan Program	RPP	Residential Permit Parking Program
HUD	Housing and Urban Development	SBA	Santa Barbara Airport
HVAC	Heating, Ventilation and Air Conditioning	SBCAG	Santa Barbara County Association of Governments
ICMA	International City Manager's Association	SBCC	Santa Barbara City College
ICS	Intra-City Services (Building Maintenance and Motor Pool)	SBPD	Santa Barbara Police Department
JPA	Joint Powers Authority	SBPL	Santa Barbara Public Library
LAFCO	Local Agency Formation Commission	SCADA	Supervisory Control and Data Acquisition
LAN	Local Area Network	SCMAF	Southern California Municipal Athletic Federation
LUFT	Leaking Underground Fuel Tanks	SET	Special Enforcement Team
MOU	Memoranda of Understanding	SHO	Serious Habitual Offender
MRF	Materials Recovery Center	SRO	School Resources Officers
MTD	Metropolitan Transit District	SWAP	Sheriffs Work Alternative Program
NATOA	National Association of Telecommunications Officers and Advisors	SWP	State Water Project
NFPA	National Fire Protection Association	TDA	Transportation Development Act
NOAA	National Oceanic and Atmospheric Administration	TDM	Joint City/County Transportation Demand Management
NPDES	National Pollution Discharge Elimination System	TOT	Transient Occupancy Tax
OES	Office of Emergency Services	USPS	United States Postal Service
OSHA	Occupational Health and Safety Administration	UUT	Utility Users Tax
PAL	Police Activities League	VLF	Vehicle License Fee
PARC	Parks and Recreation Community Foundation	WAN	Wide Area Network
PBIA	Parking Business Improvement	Y2K	Year 2000
		ZIR	Zoning Information Report

