



**CITY OF SANTA CLARITA  
AGENDA REPORT**

CONSENT CALENDAR

CITY MANAGER APPROVAL:

Ken Striplin

DATE: June 28, 2016

SUBJECT: FISCAL YEAR 2016-2017 ANNUAL OPERATING BUDGET AND  
CAPITAL IMPROVEMENT PROGRAM

DEPARTMENT: City Manager's Office

PRESENTER: Kenneth W. Striplin

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RECOMMENDED ACTION

City Council and City Council acting as Successor Agency for the former Redevelopment Agency of the City of Santa Clarita:

1. Adopt Resolution Adopting the Annual Budget for Fiscal Year 2016-2017, Making Appropriations for the Amounts Budgeted, and Establishing Fiscal Policies.
2. Adopt Resolution Adopting the 2016-2017 Capital Improvement Program.
3. Adopt Resolution Approving and Adopting the Annual Appropriations Limit for the Fiscal Year 2016-2017.
4. Adopt Resolution Electing to Receive All or a Portion of the Tax Revenues Pursuant to Health and Safety Code (Community Development Law).
5. Adopt Resolution Adopting an Amendment to the Conflict of Interest Code.
6. Adopt Resolution Providing for Compensation of Employees and Amending the Position Classification Plan.
7. Adopt Resolution between the Board of Administration California Public Employees Retirement System and the City of Santa Clarita for Employer Paid Member Contributions.
8. Adopt Resolution Approving a Loan from the General Fund to the Eastside Bridge and Thoroughfare District in the amount of \$3,000,000.
9. Adopt Resolution Classifying Components of Fund Balance.

## BACKGROUND

The Fiscal Year 2016-2017 budget process is a six month effort that began in January. The City Council Budget Committee, which is comprised of Mayor Kellar and Mayor Pro Tem Acosta, has been involved in the budget process and played a significant role in the development of the recommended budget.

The proposed budget was presented to the City Council and all the Commissions during the Joint Budget Study Session on May 3, 2016, and a Public Hearing was held on June 14, 2016. In addition, on June 7, 2016, the Planning Commission made a finding by minute action, that the Draft Fiscal Year 2016-2017 Capital Improvement Program is consistent with the City's General Plan.

### **Total Appropriations**

The Fiscal Year 2016-2017 Budget totals \$220 million. This includes funding for the Capital Improvement Program, the Redevelopment Successor Agency, operations and maintenance, personnel, and debt services. When compared to the current year's adopted budget, the proposed Fiscal Year 2016-2017 Budget represents a 17.5% increase, equivalent to \$32.8 million more than the adopted Fiscal Year 2015-2016 budget.

### **Projected Revenues**

A significant part of the budget process is estimating revenues for the upcoming fiscal year. This process is critical, as appropriations are based on these projections. Several factors are considered to ensure accuracy in our projections, including the state of the economy, historical trends, population projections/growth, and inflationary factors. With this information, the City can best determine the revenues available for allocation. Additionally, the City utilizes long-range financial planning to ensure long-term solvency.

For Fiscal Year 2016-2017, total resources meet total expenditure appropriations, with the General Fund yielding a revenue surplus of \$378,096. For certain one-time capital projects, the fund balance is appropriated.

### **General Fund Revenues**

The City's largest fund is the General Fund, representing \$103.1 million of total revenues.

Sales Tax is the City's leading General Fund revenue source and is projected to total \$37 million, which is a projected increase of 4.2% or \$1.5 million when compared to the current budget.

### **General Fund Appropriations**

Fiscal Year 2016-2017 General Fund appropriations total \$102.8 million. The total General Fund expenditures for Fiscal Year 2016-2017 include funding for operating departments, debt services, contingency, and transfers to other funds.

## **General Fund Operating Reserve**

Reserves are a critical component of the budget because this is a funding source that can be counted on in case of an emergency or unforeseen opportunity. The City has been very fortunate to be able to maintain a healthy reserve during slow economic times. At the request of the City Council, the operating reserve will increase from 19% to 20% of operating expenditures. For Fiscal Year 2016-2017, the City's operating reserve will total \$17.5 million.

## **Capital Improvement Program**

The Capital Improvement Program (CIP) is a key component of this document and is of vital importance to the community as a whole. The CIP represents a balanced approach for meeting the community's current and future capital improvement needs. The CIP accomplishes the City's major goals for projects, while maintaining critical ongoing maintenance. Comprised of a variety of multi-year and multi-funded capital projects, the CIP for 2016-2017 totals \$51.2 million.

## **Resolutions**

The City Council is being asked to adopt nine separate resolutions. Each of the resolutions authorizes the City's budget plan for general operations, CIP, and all personnel matters. Summaries of the resolutions are listed below:

The first resolution adopts the Annual Budget for Fiscal Year 2016-2017, makes appropriations for the amount budgeted, and establishes policies for the administration of the budget. Included within this resolution are year-end clean-up adjustments and transfers to the budget for Fiscal Year 2015-2016. The first resolution also includes the annual contracts list for Fiscal Year 2016-2017, which incorporates, among other items, our annual agreement with the Santa Clarita Valley Committee on Aging for a total of \$475,000 (for transit-related support, and for recreational and wellness programs).

The second resolution adopts the Capital Improvement Program.

The third resolution adopts the Annual Appropriations Limit for Fiscal Year 2016-2017.

The fourth resolution allows the City to elect to receive all, or a portion of, the tax revenues pursuant to Health and Safety Code Sections 33676 and 33607.5 (Community Redevelopment Law) and is required in order for the Redevelopment Successor Agency to receive property taxes in amounts equal to that which would have been received under the former Redevelopment Agency.

The fifth resolution adopts an amendment to the Conflict of Interest Code to reflect changes in the list of Designated Santa Clarita Employees and Disclosure Categories as outlined in the Fair Political Practices Commission Regulations and California Code of Regulations.

The sixth resolution provides for the compensation of City employees and amends the Position Classification Plan. Included within this resolution is a 2% Cost of Living Adjustment (COLA)

for Unrepresented Employees and a 1% Cost of Living Adjustment for Part-time, Temporary and Seasonal Employees.

The seventh resolution changes the Public Employees Retirement System (PERS) Employer Paid Member Contributions. The additional 1% employee contribution for all Unrepresented employees, City Councilmembers, and Part-time, Temporary and Seasonal Employees enrolled in the 2.7% at 55 retirement plan with California Public Employees' Retirement System (PERS) will increase the total employee pension contribution to a total of 5%.

The eighth resolution approves a loan from the General Fund to the Eastside Bridge and Thoroughfare District for the mass grading plans and roadway designs, and signals for the future extension of Via Princessa at Rainbow Glen and Golden Valley Road.

The ninth resolution amends Resolution No. 11-54 classifying the various components of fund balance. It pertains to Governmental Accounting Standard Board Statement (GASB) NO. 54. In February 2009, GASB issued Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes specific classifications for fund balance. The requirements of this statement are intended to improve financial reporting by providing fund balance categories and classifications that will be more easily understood. The categories are more clearly defined to make the nature and extent of the constraints placed in a government's fund balance more transparent.

#### ALTERNATIVE ACTION

Other action as determined by the City Council and the Redevelopment Successor Agency.

#### FISCAL IMPACT

The Fiscal Year 2016-2017 Budget totals \$220 million, including \$51.2 million for the Capital Improvement Program. The proposed budget is balanced.

#### ATTACHMENTS

1. Resolution Adopting the Annual Budget for Fiscal Year 2016-2017, Making Appropriations for the Amounts Budgeted, and Establishing Fiscal Policies
2. Resolution Adopting the 2016-2017 Capital Improvement Program
3. Resolution Approving and Adopting the Annual Appropriations Limit for the Fiscal Year 2016-2017
4. Resolution Electing to Receive all or a Portion of the Tax Revenues Pursuant to Health and Safety Code (Community Development Law)
5. Resolution Adopting an Amendment to the Conflict of Interest Code
6. Resolution Providing for Compensation of the Employees and Amending the Classification Plan

7. Resolution Between the Board of Administration California Public Employees' Retirement System and the City of Santa Clarita for Employer Paid Member Contributions
8. Resolution Approving a Loan from the General Fund to Eastside Bridge and Thoroughfare District in the amount of \$3,000,000.
9. Resolution Classifying Various Components of Fund Balance