



CITY COUNCIL BUDGET RESPONSE

City Council Meeting Date: August 15, 2017

TO: Patrick Wiemiller, City Manager

FROM: Brad Wilkie, Management Services Director
b_wilkie@ci.lompoc.ca.us

SUBJECT: Financial analysis of City Council requested information from the July 12, 2017 City Council meeting

Recommendation:

Staff recommends the City Council review the analysis and provide direction.

Background:

At the July 18, 2017 City Council meeting, a list of 12 questions was presented and a majority of the City Council requested that City Administration provide an analysis of the questions and bring back the analysis at a future City Council meeting.

Discussion:

Below is an analysis presented in the following form:

Question # restated from the list presented (Questions are in bold for clarity).

Analysis of the information requested in the question.

As requested, **"In all the items below provide the salary, benefit and cost savings to the General Fund and Utilities."** (Remember that all dollar figures are for the 2-year budget cycle, unless otherwise stated.)

Analysis of questions

1. Provide the savings if the fire marshal was moved back as one of the three Battalion Chiefs as in the 2013-15 budget. Page 185.

The average salary and benefits for all the Battalion Chiefs is \$362,686 from the 17-19 Proposed Biennial Budget. The Fire Department's stated goal at the time the separate position was approved by the City Council was to maintain a cost recovery level of 75%

for the Battalion Chief / Fire Marshal position. That would provide for a cost saving to the General Fund of \$90,671. The Battalion Chief / Fire Marshal position has two areas of responsibilities. Detailed below are the projection of actual cost for FY 2016-17 for the Fire Prevention Services program area and the Building Inspection Division; the two programs that are managed by the Battalion Chief / Fire Marshal.

Fire Prevention Services program 12210 – Actual 2016-17 Projected Cost

The Fire Prevention Services portion of the Battalion Chief / Fire Marshal position had an actual salary and benefits cost of \$84,253. The related revenues for cost recovery of charges for services such as vehicle accidents and as well as fees charged for various types of fire inspections was \$84,071. In the period of 2011 thru 2013, before filling this position, the average annual actual revenues for fire inspection related fees was \$30,390. The average annual revenues for the 2015 through 2017 period, is \$78,457. This equates to an average annual increase in revenues of \$48,067 or \$96,134 for a two year period.

Building Inspection – Actuals 2016-17 Estimates

The Building Inspection portion of the Battalion Chief / Fire Marshal position also had an actual salary and benefits cost of \$84,253. The average cost recovery for the Building and Inspection division over the past twelve years has been 73%, however in during the 2015-2017 budget cycle, the cost recovery is expected to be 52% on average. This was mainly due to lower than normal volume of revenues for building inspections. Additional information regarding the Building Inspection Division is included in the analysis for question number eight regarding expenses and revenues for the Building Inspection Division.

Based on the above analysis, the range of cost saving from elimination of the Battalion Chief / Fire Marshal could be between \$92,227 and \$362,686. The upper limit of savings assumes all revenues collected for the services provided could be collected without the position. However, using the 2015-17 historic data, the \$362,686 would be reduced by the incremental increase in fire recovery cost (\$96,134), and reduce it by the average cost recovery of 52% on building inspections (\$174,325), the savings would be closer to \$92,227. The \$92,227 amount could be further reduced once the Building Inspection charges are based on industry standard valuations.

This position is 100% general fund funded from programs 12200 and 14000.

2. Provide the cost savings from eliminating the new General Fund positions in Community Development and City Administration added in the 2015-17 budget. Page xxxii

The total projected General Fund dollar savings of \$441,611 for eliminating the positions and services are as follows:

venue for enhanced public quality of life.

- Inventoried and researched all City-owned properties for use and strategic plans of City, and developed recommendations for sale of surplus properties. Contracted real-estate professional and currently have sold 6 City parcels, with 2 on the market and a new list to be presented to Council with further parcels recommended for sale. Performed all research for restrictions, conditions and covenants for each parcel.
- Reviewed procurement process with staff for deficiencies and developed a streamlined, more efficient procedure with all parties involved through collaborative communications.
- Delivered several internal and external special projects for the City Manager, including contacting other Cities for pertinent information to determine proper course of action on numerous issues. Established effective networking relationships with surrounding municipalities to assist in research needs.
- Continually provided liaison services to Council for staff inquiries, needed information, problem resolution, and analysis of conceptual scenarios. Presented numerous politically sensitive staff reports to the Council and public, fielded questions and returned with requested information after researching.
- Assisted in analysis and delivery of Council suggested budget scenarios.
- Available to Council for assistance in matters of concern.

Current and upcoming special projects to carry out the Council and City Manager goals, priorities and policy directives:

- Audit for the new financial software system to ensure proper customer classes.
- Audit of TOT revenue.
- Audit of internal utility billing account customers.
- Review of utility disconnect procedures.
- Analysis and research of marijuana policies, regulations and procedures, including license fees and taxation rates.
- Complete FYs 17-19 Biennial Budget and CIP upon Council adoption.
- Discuss future agreements and options with the County of Santa Barbara and other possible providers for the animal services contract.
- Continue property sales.
- Continually provide liaison services to Council for staff inquiries, needed information, problem resolution, and analysis of conceptual scenarios. Present numerous politically sensitive staff reports to the Council and public, field questions and provide requested information after researching.
- Assist in analysis and delivery of Council suggested budget scenarios and questions.
- Available to Council for assistance in matters of concern.

Community Development

It should be noted while the Development Programs Specialist and Associate Planner positions were added in the 15-17 budget, two positions in that same Department were also eliminated having a cost savings of \$36,076, a 10% reduction in salary and benefits.

Also, the Development Programs Specialist is actually funded at 14% less than budgeted creating a biannual budget savings.

The City is statutorily required by Government Code Section 65300 to adopt a General Plan as its long-term blueprint for the community's vision of future growth. City Council's policies are laid out in the General Plan Elements. In 2014, City Council directed staff to develop an Economic Development Element as part of the City's General Plan. The Economic Development Element was approved by the City Council on August 18, 2015 and became part of the City's General Plan, giving the Economic Development Element the same force and effect as the elements required by the State.

Adequate staffing is essential to carry-out the numerous goals and policies in the General Plan as well as the Council's approved and required Economic Development Strategy. Elimination of the positions noted will adversely impact progress made towards the Council's goals of economic development, marketing, customer service and timely processing of housing and development projects, and assisting business to improve the Lompoc economy.

Elimination of the Development Programs Specialist position will cut programs and services including the City's business retention program/business visitation program; the brokers' breakfast program; updates and maintenance of the economic development webpages and social media sites; maintenance and follow-up on recruitment and expansion leads; development of marketing materials, advertisements, videos and TV shows for economic development; data collection, documentation and analysis; new program and incentive development such as the Housing In-fill Program, Business Help Desk, Elimination of the Water Retrofit Fee in Old Town; special projects including research and future application for grants for economic development; support to the Economic Development Committee including scheduling the Economic Vitality Awards, writing the biweekly column in the Lompoc Record, implementing and updating the City's Economic Development Strategic Plan (required by the Economic Development Element); and representation at regional board meetings and events.

Elimination of the Associate Planner position would eliminate thousands of hours of work on the following essential planning functions: providing support for Planning Commission, preparing staff reports, attending meetings, completing documents as follow-up to meetings, maintain project files; preparing projects for Design Review Board process, circulating plans, scheduling and attending meetings, coordinating with other divisions; meeting with applicants and developers to provide technical assistance regarding the development process; providing counter coverage when the Assistant Planner is unavailable, providing basic zoning information and issuing permits; preparing CEQA documentation for projects and filing Notices of

Determination and Notices of Exemption as required by law; plan checking building and grading plans for conformance with Planning Commission approvals and City Zoning Ordinances; and special projects as assigned.

It is important to note that recruitment and retention of positions in Planning has been a challenge; eliminating a position in a division that has had high turnover and protracted vacancies could compound the effects of being short-staffed. It would also eliminate a more experienced level position, which would be detrimental to the division's ability to serve its customers and adequately process projects.

Administration

Transparency, updating of the City's website and bringing the City into the 21st Century with social media have been priorities of the City Council. Additionally, in City Emergency Operations Center (EOC) Training, it became apparent a City Public Information Officer was needed as an essential part of the managing an emergency response. To that end the City Council approved a new position in the 15-17 budget cycle for a City Public Information Officer (PIO). With a successful recruitment, the City hired a PIO/Community Relations Manager. In addition to completing the California Office of Emergency Services Beginning and Advanced Public Information Officer training, the City PIO has successfully implemented a citywide media relations program, developed a City social media policy and implemented several new social media outlets for the City including Facebook, Twitter, YouTube, and Instagram, added to programming at TAPTV, and begun the renovation of the City's website to include easier access to information and improve efficiencies such as enabling easier online bill pay. Elimination of this position will cut the aforementioned programs and additionally eliminate: weekly writing and distribution of news releases that usually generate more than five times that in media coverage; social media management that generates thousands of views and engagement weekly; monitoring of media stories and responding to media inquiries; photo and information gathering; posting news and events to the City website; monitoring city website for changes needed; public access TV show implementation; management of website redesign and implementation; special projects and videos; creating graphic elements; writing internal and external communications; planning and arranging paid marketing; radio and TV interviews; events; emergency alert management; and facilitating media coverage.

3. Provide the cost savings from eliminating the planning positions added in the 2013-15 budget. Provide the actual income and expense for the Planning Department for fiscal years 2014, 2015 and 2016.

No new Planning Division Full Time Equivalent (FTE) positions were added in the 2013-15 budget cycle. The Planning Division's FTE budgeted positions are shown in the table below for the budget periods of 2003-05 to 2017-19. Over that period, FTE positions have decreased by 2 FTEs. While the change from the 2011-13 budget to the 2015-17 budget was an increase of 0.4 positions, the State's passage of SB 1X 26 and SB 1X27, dissolving the Lompoc Redevelopment Agency (RDA) in 2012 required the General Fund to absorb housing related activities performed by the Planning Division. Non-Housing

obligations of the former RDA are now handled by the Successor Agency and overseen by the Oversight Board. The reassigned staffing allocations are now funded by Tax Revenues (Former Tax Increment). Former Tax Increment revenues were \$154,528 in 2013-14 and \$206,593 in 2014-15. There would be no cost savings from eliminating the 0.4 FTE reallocated to the Planning Division, since it was a reallocation. The Planning division is 100% General Fund. For additional information regarding Code Enforcement analysis, please see the analysis for question #11.

City of Lompoc

Planning Full Time
 Equivalent
 Budget 2003-05 to
 2017-19

	Budget 2003- 05	Budget 2005- 07	Budget 2007- 09	Budget 2011- 13	Budget 2013- 15	Budget 2017- 19	Change By Position
ED Dir / Asst. City Mgr						0.05	0.05
Comm. Dev. Director	0.85	0.75	0.75	0.65			-0.85
City Planner	1	0.8					-1
Planning Manager			0.77	0.65	0.95	1	1
Principal Planner			1	0.7	0.9	1	1
Associate Planner	1	2	2	0	0	1	0
Assistant Planner	2	1	1.7	0.85	0.85	1	-1
Sr. Env. Coordinator	0.2	0.2	0.2				-0.2
Planning Tech	1	1					-1
Dev. Svcs. Asst. I / II				1	1	1	1
OSA III / IV	0.5	0.5	0.5	0.3	0.6		-0.5
OSA II / III	0.5	0.5	0.5	0	0		-0.5
Grant Technician					0.25		0
Total	7.05	6.75	7.42	4.15	4.55	5.05	-2
Position Changes by Year		-0.3	0.67	-3.27	0.4	0.5	-2

The actual general fund revenues for the Economic & Community Development Department's Planning Division are as follows:

Fiscal Year 2014 = \$83,792
 Fiscal Year 2015 = \$192,773
 Fiscal Year 2016 = \$169,653

The actual expenses for the Economic & Community Development Department's Planning Division are as follows:

Fiscal Year 2014 = \$450,704
 Fiscal Year 2015 = \$513,538
 Fiscal Year 2016 = \$511,003

During this timeframe, the Planning Division provided uncompensated services for the following projects:

- Charlotte's Web Library Project
- Lompoc Valley Park Pool and Recreation Foundation
- Fallen Warriors Project
- Lompoc Kids Motosports Park
- Lompoc Bike Skills Park

4. Provide the savings from eliminating the new positions in the 2015-17 budget. Page xxxvii. (exclude position 100% funded by Utilities)

For the proposed 2017-19 biennial budget cycle, the following positions and amounts are provided to show cost differentials. The Unfunded Accrued Liability associated with non-safety positions are not considered as costs for 2017-19 attributable to individual positions.

City Administration:

		General Fund	Enterprise	Other
Administrative Analyst / Deputy City Manager	1	\$ 53,445	\$ 130,601	\$ 10,300
Public Information Officer	1	50,114	122,460	9,658

Fire:

		General Fund	Enterprise	Other
Fire Engineers	3	686,861	-	-

Public Works:

		General Fund	Enterprise	Other
Building Custodians	2.25	155,912	103,941	-
Principle Engineer	1	325,083	-	-
Senior Civil Engineer	1	252,056	-	-
Civil Engineer	-1	(239,453)	-	-
* Internal Service Charges		<u>(320,802)</u>		
Cost Savings - Engineers		16,884		

*The majority of engineering projects are billed outside of the General Fund

Community Development:

		General Fund	Enterprise	Other
Building Official	1	296,220	-	-
Budgeted - 75% Cost Recovery		<u>(222,165)</u>		
Cost Savings		74,055		
Econ. Dev / Development Specialist I / II	1	89,398	218,456	17,229

Associate Planner	1	180,959	-	-
Recreation Custodian	1	103,369	-	-
Library Assistant I	3	341,376	-	-
Library Technician I	1	145,787	-	-
Library Technician II	1	133,377	-	-
** Computer Techincian	-0.75	(123,702)		
Library Clerk III - Now Library Technician II	-1	(133,377)		
Reduction in Part Time		(118,897)		
	Library Total	<u>244,563</u>		

** Services absorbed by Information Technology

Discussion of impacts if these positions are eliminated:

Public Works

Building Custodians

In 2015 a number of strategic changes were adopted by the City Council that resulted in increased custodial services. The Library became a City department and required service at the Main and Village Libraries. In addition, Council voted to prioritize Parks. A custodian was added to service park restrooms. With the increase in homeless population, cleaning and sanitization of these restrooms to reduce waste and contaminants is a priority. If these positions were deleted the following changes would be implemented:

City Hall Custodial services reduced to 2.5 days per week from 5 days per week.

Police Custodial services reduced to 3 days per week from 5 days per week.

Parks Custodial services reduced to 4 days per week from 6 days per week.

Corp Yard Custodial services reduced to 2.5 days per week from 5 days per week.

Principle Engineer/Senior Engineer

In order to effectively serve the current and growing capital project management needs of the Public Works Department and other City departments, the Engineering Division added one Principal Civil Engineer and upgraded one Civil Engineering Associate III to a Senior Civil Engineer during the FY15-17 budget. However, this had very little impact to the General Fund. Engineering staff bill their time to the projects they are working on and therefore need little General Fund support. While deleting these positions would result in very minor General Fund savings, (less than \$8,500 per year), the loss of these positions would have a dramatic impact on the city capital improvement program. Engineering typically has 20-30 projects in various stages of planning, design, and construction at any one time. A high level of professional engineering experience is

necessary ensure capital improvements to meet customer expectations, conform to current standards, and are properly managed to minimize cost and delays. That level of professional engineering experience is only found in principal and senior level engineers. Without these highly skilled positions, Engineering would not be capable of keeping up with existing workloads and would be unable to provide technical expertise to other City Departments.

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Elimination of a Recreation Custodian would mean that one custodian will continue to try and maintain cleanliness and sanitation at the four Recreation Division managed facilities: the Dick DeWees Community & Senior Center, the Aquatic Center, the Anderson Recreation Center, and the Civic Auditorium. Elimination of the custodian position will reduce the following services: clean and sanitize fixtures; vacuum carpet; dust and mop all hard floors; floor machine on all hard floors; empty trash containers; wash windows; spot clean walls; replenish supplies of toilet paper, paper towels, hand soap, etc; order cleaning supplies; program set-up of facilities; remove recycling materials; clean and sanitize kitchens; dust fixtures; remove hair and debris from shower drains; clean grout in showers; hose down shower area and lockers rooms; hand vacuum three pools; polish stainless steel/chrome surfaces; wax Dick DeWees Community & Senior Center floors; wax Anderson Recreation Center floors; strip and wax kitchen; remove building debris outside; power wash; and check vehicles.

Administration

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emergency alert management; and facilitating media coverage.

5. Provide the cost savings of reducing library funding to the 2015-17 budget level. In 2015-17 was an increase of \$559,000 over the 13-15 budget. Page 142

The cost savings to the General Fund by reducing the contributions to the Library to 2015-17 budget levels would be \$207,674.

Library Statistics:

	2013	2017	Increase
1. Hours open to the public	36/wk	44/wk*	
2. Circulation	218,168	265,124	21%
3. Summer Reading participants	approx. 800	1,935**	142%
4. Annual visitors	141,467	196,522	39%
5. Program attendance	9,364	12,364	32%
6. Computer usage	27,777	46,641	68%
7. Wifi usage	2,703	7,984	195%

PLEASE NOTE: the population of the city has changed very little between the years 2013 and 2017, less than a 2% increase. The people's needs for various library services has increased between 21% and 195% over those same years. The numbers above do not include the Village Library or the Charlotte's Web Mobile Children's Library, both of which are fully funded by either Santa Barbara County or the Benton Trust.

The amount of children and teens in the library after school until closing has doubled in the last two years. The library routinely serves between 60-80 youth in the library from 3 until 7pm.

The five full-time positions, currently all held by women, would decrease the amount of service to the public. Their time represents 200 hours a week that is spent serving the public, planning and presenting programs, and completing clerical work necessary to the running of the library.

One of the full-time staff positions is the cataloguer. This requires very specialized, detailed work. She is the only one trained to process new publications to be used by the public.

Outreach to classrooms and other public groups would cease. (The bookmobile's purpose is to serve elementary aged children, which leaves out preschool, middle school, and high school students as well as adults. The bookmobile would have limited time available to do other types of outreach after their regular work is completed.)

Without full-time staff, the quantity and quality of programs would decrease. All adult and teen program would be cut and children's programs would be limited to one storytime a week, due to the limited amount of staff.

The workload for the two librarians would increase. The personnel analysis already shows that each full-time librarian has more work than can be done in forty hours a week. Tasks such as supervising pages and part-time staff, scheduling, training and evaluating staff would fall back on those two librarians.

Becoming a city department was the “right thing to do:” the library has improved and enhanced services to the public by using professional librarians and full-time staff.

*The library was open 50 hours per week in 2009, 66.5 hours per week in 1965, and is currently open 44 hours per week.

**Over 3,500 children, teens, and adults attended a summer program at the library. With median household income around \$45,000/year and a poverty rate of 20%, the library offers free entertainment for all ages during the summer months and provides lunch and snack during the week. In 2017, 1,242 meals were served to youth under 18.

City Councilmember comments from recent meetings:

Mr. Mosby didn't want “quality of life” cuts made to the budget, such as parks, and that certain cuts “diminish the quality and quantity of services to the public” and “reduce benefits to the public.” Mr. Starbuck said to “retain civic assets.” Mr. Vega said people are “struggling to pay utilities.” Even former mayor John Linn said that “nonprofits are important, people rely on them.”

The library's response to City Councilmember comments:

The library is a civic asset, a benefit to the public, an important nonprofit that 200,000 people a year rely on in Lompoc. Cutting library funding affects the quality of life for people that may be struggling to pay their utilities and other bills, and provides free activities and resources to support them and their families. The library provides computers and wireless internet, two expenses that many people cannot afford, in addition to programs for all ages, books, movies, test books and other educational and recreational materials. The city council should be commended for wanting to protect the most vulnerable in our community; the library serves all citizens and helps maintain their quality of life by providing free services.

The library receives an average of 750 visits per open day, per year. In 2009, when the library was open 50 hours a week (as opposed to 2017's 44 hours a week), the average was 500 visits per open day per year, showing that library usage continues to increase every year. Additionally, 450 people a year use the library's job resource computer to apply for jobs and/or work on their resumes and work-related skills.

Public libraries play a critical role in enhancing communities through early childhood literacy, computer training, workforce development, and much more. The library

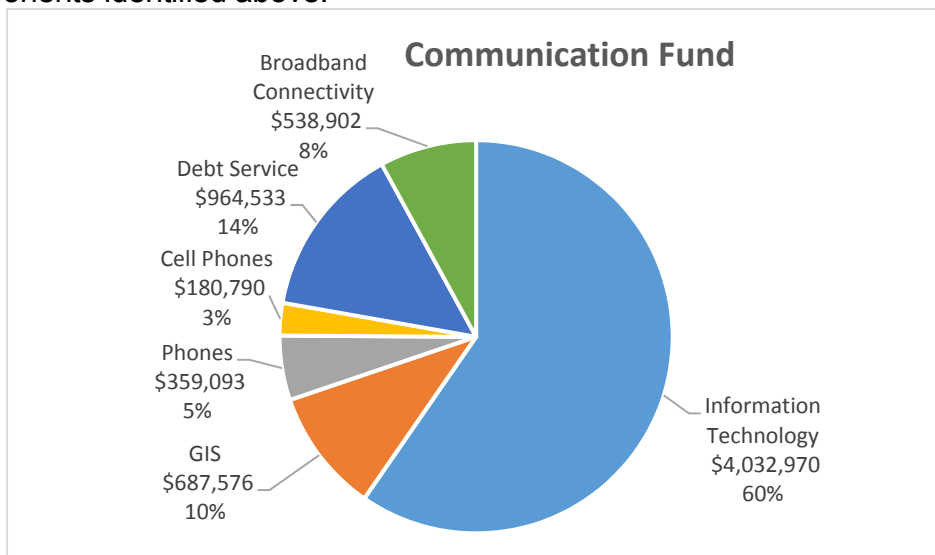
absolutely depends on staff to provide these critical services in the city of Lompoc, and constituents will be negatively affected if these budget cuts become reality. In fact, these cuts would decimate the library's ability to continue offering the high level of programs and services the public expects from the library. All of the improvements that have been made to elevate the quality and quantity of what the library offers to the public would be lost.

The level of educated, skilled, and professional full-time staff in the library department is as relevant to the department's continued success as that of full-time staff in other city departments. The City Council in 2015 had the foresight and saw the necessity of having full-time staff at the library; those needs are still relevant, as the statistics of usage prove.

6. Provide an explanation of the funding mechanism for the Communications fund on Page 194. Provide the savings from eliminating two GIS positions shown on Page 186.

The communication fund is an internal service fund. Internal service funds are commonly used in governments to allocate shared cost to promote the efficiency and/or effectiveness of a shared service on a cost reimbursement basis. There are two important limitations on the use of an internal service fund; the government must be the predominant participant and most importantly, the fund must function on an essentially a break-even basis over time. I mention this, since every year we are audited by an independent public accounting firm to make sure we are following the pronouncements issued by the Governmental Accounting Standards Board (GASB), Generally Accepted Accounting Principles, including GASB Statement No. 34.

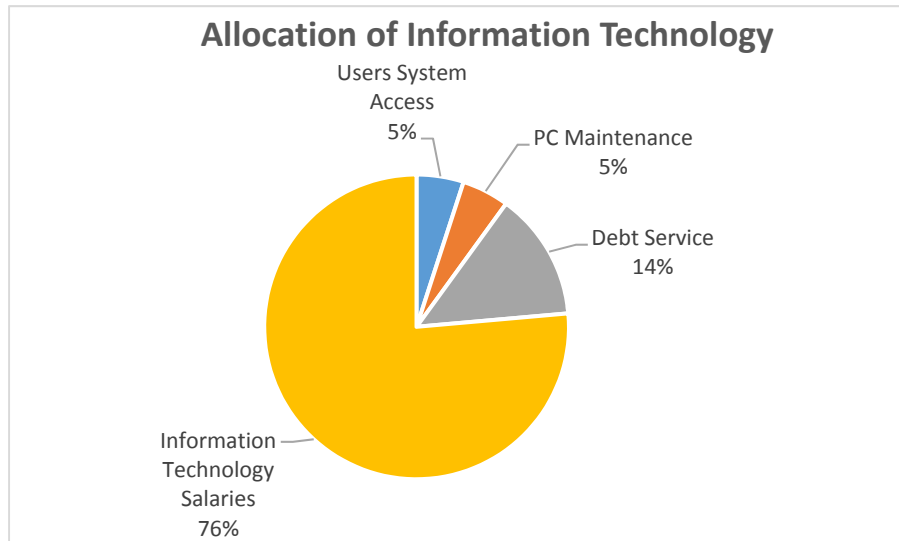
The communication fund is comprised of six major components; the Information Technology division which includes GIS, under the direction of the Management Services Department. The Communication division, under the directions of the Utilities Department. The Communications Division is segregated into three groups. These groups are: desktop phones or PBX system and all related equipment, cell phones, and the Broadband Division's internal connectivity related to city's servers, intranet infrastructure, and connectivity between and to each City facility. Finally, there is also a debt service section which handles repayments of financing arrangements related to the above activities. Each of these components have a completely different methodology on how their cost are allocated to the divisions. Below is a chart showing the allocation of the Communications Fund between the six components identified above:



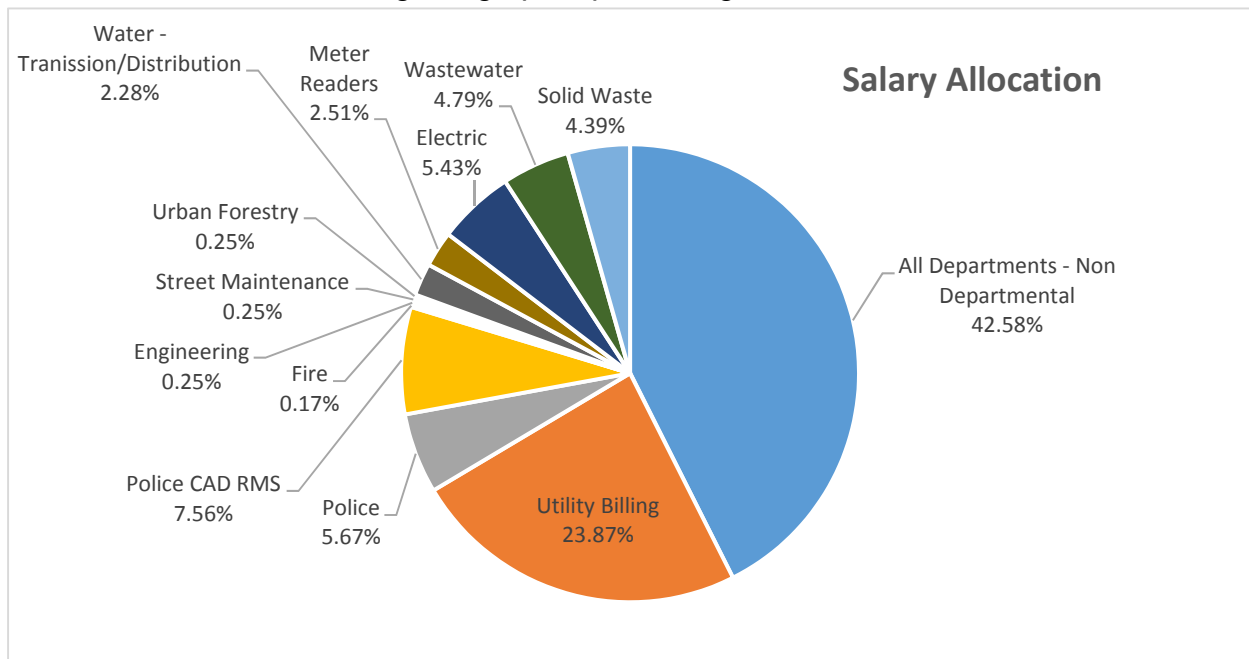
Following is additional information regarding each of the six segments of the Communications Fund:

Information Technology

The cost allocation for the Information Technology division is based upon four major components:



As detailed above, 5% of the Information Technologies budget is allocated to the division based on the actual number of users who access City systems and are maintained by the System Administrator and other IT staff. The PC maintenance cost are allocated to each division based upon the number of PC that division actual has in their division. The Debt Services is allocated based upon the staff report on September 20, 2016 requesting approval for the purchase of the Financial Management Software System (FMS) from Tyler Technologies primarily by the actual users of the FMS accounting system. The final allocation for IT is for division salaries and benefits and is based upon the duties assign to the staff within the division. Following is a graph representing the allocation of duties of IT services

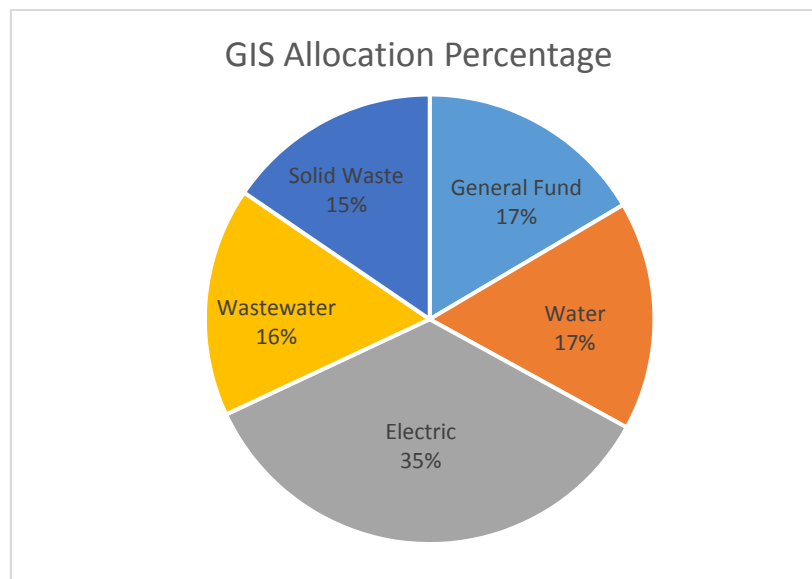


GIS

Geographic Information Systems (GIS) is very important to a significant cross section of operations on the City of Lompoc and are used on a daily basis to support City departments such as the Planning, Streets, Engineering, Utility Billing, Finance, Administration, Police, Fire, Park and Recreation, Urban Forestry, Transit, Airport, Community Development, Building and the all the Utilities. GIS technologies provides a visual and geographical platform for managing City operations and provides a framework for information sharing and asset management. These systems are managed and maintained by the Information Technology Division.

GIS uses various database types and specialized mapping software to view structural features within all of the Utilities such as pump stations, manholes, underground pipes, electrical lines and poles and transformers with corresponding descriptive information, and detailed specifications. This helps end uses to find complex information quickly, without space consuming paper files and records. GIS also manages and updates information obtained from the County of Santa Barbara related to APN and parcel data. This data is used but multiple departments including Planning, Building, Utility Billing and Fire. The data is be used to notify citizens within a radius of an up-coming emergency or planning initiative in a timely manner. GIS is also responsible for assisting and developing integration with various other software platforms throughout the City needing access to the data maintained by the system.

There are currently 3 GIS full time equivalent positions and related cost within the Communication fund. The GIS component comprises 2.55 of those positions and are directly allocated to the end users based actual reasonable borne cost associated with work performed. The remaining .45 positions and related cost have a more peripheral benefit city-wide and are allocated through the Information Technology division, please see the above for details on the cost allocation of the Information Technology's division. In addition to the citywide resources available from the GIS Division, the City's Electric Division has a dedicated GIS position which handles many aspects of Electric Division GIS needs but the systems and data are integrated so that other divisions can utilize the Electric Division information when analyzing GIS information for their individual needs.



Broadband Connectivity

The Utility Department is directly responsible for the Broadband, Telephones, and Cell phones divisions of the Communication Fund. The Broadband division has been broken out into two main divisions. One is the WiFi section, which handles all external customers who subscribe to the wireless internet service at the front counter. The remaining is the City's internal use of the broadband connectivity.

One of the main reasons the City established the Internal Service Fund for Broadband Connectivity was due to the State legislation eliminating franchise agreements with local agencies. Lobbyist from both cable and phone companies were successful in inserting their own amendments into the law that eliminated local control over cable franchise agreements. Cable companies won the right to eliminate support for Public, Educational, and Government Access (PEG) channels. The City's franchise provided for the delivery of an institutional broadband fiber network to the City for free. Upon the expiration of the City's local franchise agreement on December 31, 2014 the previously provided fiber system was eliminated. The City was offered a less robust option by the cable provider for approximately \$125,000 a year to use the cable provider's broadband network. With the City's forethought, the City is able to use its own established Broadband network and was able to avoid the cost of services through the cable provider. In addition, the cable provider eliminated funding for Human Services at \$25,000 per year which had been provided during the term of the local franchise – a loss of \$375,000 over the 15 year franchise agreement. This amount has been requested by Human Services from the City's General Fund since the expiration of the franchise agreement – an amount approved by the City Council in the 2015-17 budget and again for the 2017-18 period with an action prior to the review of the 2017-19 budget.

The City has, over the past two years, expanded its own fiber optic system to enhance services to all divisions and departments. As seen in the current Draft Budget for 2017-19, the Broadband division is scheduled to invest \$86,200 in Capital Improvements in citywide fiber optics. The system provides connective to the City's intranet for its external facilities throughout the City, like Water, Wastewater, Corp Yard, Library, and Airport.

The cost for this division is handle similar Information Technology division with a percentage based on the number of staff users and PCs connected plus an estimation of the allocated that is based upon the number of fiber optic lines, and switch connect to the system.

Telephone System

The cost allocation for the phone system is based upon only two major components; 40% is allocated based upon the number of phones actually connected to our PBX system. The remaining is covers the repairs and maintenance and related expense, which is based upon the amount of minutes the division actually used the phone system in the prior budget cycle.

Cell Phones

Cell phones are handled a little differently than the allocation of desktop phone systems. The allocation is based upon the actual charges to each division from the prior two years less the prior budgeted amounts. The next budget cycle is set using the actual cell phones cost plus an estimate for any expected future increases or decrease. This basically trues-up the division's actual cost and establishes an estimate for the current budget cycles to allow the division to better plan and manage their budget cost going forward. This methodology mirrors the allocation methodology for operations and maintenance of Fleet's vehicle operations. Both methods account for prior actual activity while also giving divisions certainty in their upcoming budgets. Any significant changes in costs (such as fuel or cell phone service charges) are absorbed by the Internal Service Fund in the year the costs change and the divisions are allocated the revised budget costs in the next fiscal cycle.

7. Provide the savings that would be achieved by returning the City Administrator, Assistant City Administrator and all department heads that receive General Fund revenues to their 2014 salaries with the same increases given to IBEW City employees. No page number. (Includes normal movement within their range, like IBEW)

Salaries for this analysis are at June 30, 2014.

IBEW - MOU agreements since 2014 as follows:

April 7, 2015 – Effective 2015 = 1%, 2016 = 2%, 2017 2% plus Step F (5%)

January 2017 plus \$125 per month

Total = 10% plus \$125 per month or \$1,500 annually

MS&C - The compensation plan established for the above positions are within the MS&C group. That group has received relatively the same increase as IBEW with the exception of receiving the additional step given to IBEW members and a 2% increase given to IBEW members, whereas MS&C only received 3% in 2017.

April 7, 2015 – Effective 2015 = 1%, 2016 = 2%, 2017 3%

January 2017 plus \$125 per month

Total = 6% plus \$125 per month or \$1,500 annually

City Administrator or City Manager – No Salary change

Current Salary is lower than increases IBEW City employees would receive by \$40,858 annually.

Economic Development Director / Assistant City Administration (Manager)

Salary Savings – IBEW vs. Current

Current Salary is lower than increases IBEW City employees would receive by \$4,441 annually.

Chief of Police

Salary Savings – IBEW vs. Current.

Current Salary is higher than increases IBEW City employees would receive by \$587 annually.

General Fund Savings = \$1,428 W/ Benefits annually.

Management Services Director

Salary Savings – IBEW vs. Current

Current Salary is lower than increases IBEW City employees would receive by \$13,913 annually.

Library Director

Salary Savings – IBEW vs. Current

Current Salary is lower than increases IBEW City employees would receive by \$1,482 annually.

Public Works Director

Salary Savings – IBEW vs. Current

Current Salary is lower than increases IBEW City employees would receive by \$2,024 annually.

Fire Chief

Currently Vacant

Current Salary is expected lower than increases IBEW City employees would receive annually.

Utility Director

Savings – IBEW vs. Current

Communication = \$706 (Approximately 50% Allocation to the General Fund)
 Utilities = \$12,709

Total over IBEW = \$13,416 annually; however, this amount is also a result of a compaction issue.

The City Manager, Assistant City Manager, and Department Heads Biennial Salaries and Benefits in total is \$128,052 less than the IBEW City employees would have received.

8. Provide the savings from contracting out the Building Department like Goleta and Guadalupe and also provide the savings for converting to a Self Certification process as the City of Bellflower has done. Provide the actual income and expenses for the building department for 2014, 2015 and 2016. Page 122. In 2013-15 on page 60 the budgeted expense was \$632,728 the propose budget for 2017-19 is \$1,078,000. Page 133

After calling the three cities listed above to research the programs suggested, we can only provide results from the Cities that responded after reaching out, which would be Goleta and Guadalupe. The City of Goleta currently contracts with Willdan Engineering and compensation is provided to them for plan checking and building permit inspection services at a rate of 70% of what the City collects in fees, with the City retaining 30%. This rate of return would be drastically reduced due to the difference of fee amounts between the City of Lompoc and the City of Goleta, and the quantity of work. A sample comparison of fees are listed below to illustrate the variances:

<u>Type of Fee</u>	<u>City of Lompoc</u>	<u>City of Goleta</u>
Temporary Use Permit	\$250	\$600
Home Use Permit	\$60	\$167
Conditional Use Permit (Major)	\$Act. Cost/\$2,495 Dep.	\$Act. Cost/\$3,251 Dep.
Design Review	\$Act. Cost/\$3,435 Dep.	\$Act. Cost/\$5,404 Dep.
Grading	\$115 - \$1,031(+5.75/1000cu.yds.)	\$1,279
General Plan Amendment	\$Act. Cost/\$5,000 Dep.	\$Act. Cost/\$10,764 Dep.

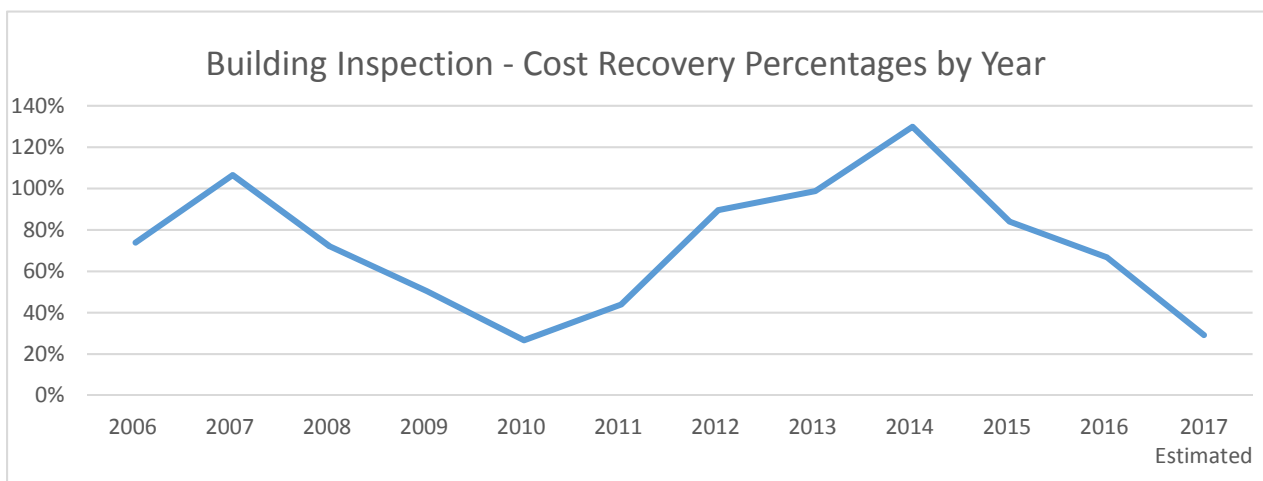
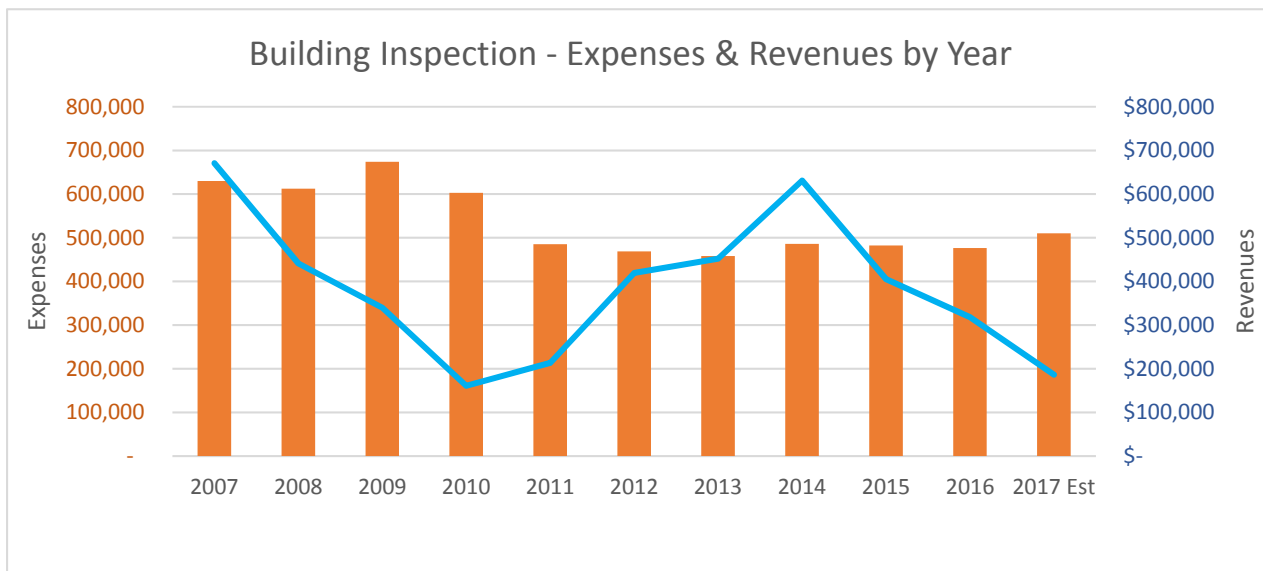
Appeal Hearing	\$257.80	\$470 (minor)/\$783 (major)
Sign Permit	\$245	\$600
Street Name Change	\$Act. Cost/\$2,000 Dep.	\$2,558

The City of Guadalupe is currently auditing their process and is unable to share their results at this time and the City of Bellflower has not responded.

Since 2007, the Building Inspection Division has actually reduced staffing by 1.8 FTEs, mainly by eliminating two Building Inspectors and providing inspection services through a contract. This has put the City's fixed cost at a lower point and gives the division more flexibility to control cost. As inspection services are contracted under the City's existing structure, if the number of inspections exceeds the existing inspection capacity, contractors can be utilized on a temporary basis, to keep up with demand. In a similar fashion, lower volumes of inspections can result in a reduction in the inspection capacity called upon for the service. Beginning in 2011 and through 2015, the city had utilized a contractor to provide a Building Official and the necessary level of Building Inspections. The contract had a minimum payment requirement and the city was assigned a full time Building Official as part of the contract. The contract called for a minimum of \$11,000 per month and a percentage for inspection fees completed for services provided. The new contract, executed upon the cancellation of the first contract by the contractor, provides for inspection services while the City retains the Building Official position, hired upon the execution of the contract. With either scenario, the City's fixed cost has remained remarkably consistent over the 2011 to 2017 fiscal year cycles, ever after the Fire Department took responsibility for the contract and Building Inspection services.

The question inquires about budgeted expenses in the 2013-15 compared with the 2017-19 cycle. The question suggests budgeted expenses for 2013-15 were \$632,728. The amount is correct but represents appropriations for the 2011-13 budget cycle, the initial cycle in which a contract for Building Inspection services substituted for staffing of all positions in the Building Inspection Division. The amount budget 2011-13 of \$632,728 compares with the Draft Biennial Budget 2017-19 of \$1,078,000. To better understand the actual trend of fixed costs and the effect it has on the City's overall cost recovery levels, following is a trend of actual cost and actual revenues during the 2011-2017 period. Also it is important to understand that the 2011-13 Budget was the first with contracted building inspection and building official services. The contract provided for a series of percentage reimbursements to the contractor depending upon the level of building inspection fees collected on a monthly basis with a contract minimum monthly payment before any incremental fees were earned. As inspection revenues moved, inspection

service costs also moved but with a base minimum. As the City was in a low activity environment regarding inspection services, to be conservative, the budget only included the contract minimum costs plus the City's fixed costs that included the services of the Development Services position, Trakit software costs, and other costs outside the contract. As the City's inspection volume grew during 2012-14, the additional revenues collected provided for the increased costs of the contract as well as providing for the fixed costs of the division, mentioned above. Simply put, the expenses associated with contracted services were really an unknown amount at the beginning of the 2011-13 fiscal period. To provide a placeholder, the budget provided for a level of building inspection services for revenues and expenses at the minimum requirements of the contract. The actual costs, as shown below have remained fairly constant up to and including the 2017 fiscal period as projected. Regardless of which method of analysis used, the actual revenues and expenses provide a telling story; any really savings can only be measured by the volume of the revenues that sustain the contractual costs and other fixed divisional costs.



9. The Parks budget for 2013-15 was \$2,054,917, 2015-17 \$2,594,433 and 2017-19 is 3,242,028 on page 135. Provide a description of what changes would need to be made if Parks budget was reduced to 2013-15 level plus an increase for inflation. Page 187 for personnel numbers which have no increase in the past two budget cycles. Provide the actual expenses for fiscal years 2014, 2015 and 2016.

City of Lompoc

Parks	2013-15		2015-17 - Projected		2017-19
	Actuals	Original Budgeted	Actuals	Original Budgeted	Budget
Salaries and benefits	\$964,869	\$1,147,459	\$1,159,492	\$1,416,149	\$1,106,553
CREDITS-SAL&BEN UTILITIES	(175,071)	(175,071)	-	-	-
Operating Supplies	440,933	414,817	680,333	475,131	538,257
UTILITIES-WATER	422,576	329,933	435,703	417,293	498,996
UTILITIES-ELECTRIC	180,917	216,635	174,786	192,684	216,884
UTILITIES-SEWER	6,769	7,944	6,142	6,812	7,108
UTILITIES-REFUSE	70,063	89,148	93,157	73,297	112,598
UTILITIES-GAS	4,889	6,882	4,714	6,258	4,632
UTILITIES-LANDFILL TIPPING FEE	7,046	17,170	9,225	6,808	7,000
Total Operating Costs	1,922,991	2,054,917	2,563,553	2,594,432	2,492,028
Pool Demo					750,000
Total	<u>\$1,922,991</u>	<u>\$2,054,917</u>	<u>\$2,563,553</u>	<u>\$2,594,432</u>	<u>\$3,242,028</u>
Variance – Budget to Actual		131,927		30,879	

The change of operating expenditures for Parks is approximately 3.1% annually between the 2013-14 fiscal year and the projected budgeted 2018-19 fiscal year. However, the FY 2017-19 Park Maintenance salary budget is slightly lower than FY 2013-15. Therefore, the noted increase in the Park Maintenance budget is due to increases in operating supplies, utility costs, and a one-time capital expense to demo the old municipal pool. If the Park Maintenance budget was reduced to FY2013-15, the following changes would be implemented:

Eliminate the Pool Demo Capital Project.

Operating supplies would be reduced where possible. Budget priority will be given to highest revenue generating parks with significant reductions in all other areas.

Utility costs would be offset by implementing actual cost reimbursement for field lights. Sports leagues would be billed for full cost to light fields for practice and games.

Utility costs would be further reduced by reducing or eliminating turf irrigation. Budget priority will be given to highest revenue generating parks with significant reductions in all other areas.

10. Provide the cost savings from eliminating the Economic Development Department (Division) and Moving the Assistant City Administrator to Administration other than the savings from elimination of positions above. Page 134.

The amount budgeted for salaries, other than Economic Development Director / Assistant City Manager, is \$271,847.

General Fund = \$74,758

Utilities = \$182,681

Other = \$14,408

Total = \$271,847

The \$271,847 in salaries noted above are for the Development Programs Specialist position and an OSA IV position.

Elimination of the Development Programs Specialist position will cut programs and services including the City's business retention program/business visitation program; the brokers' breakfast program; updates and maintenance of the economic development webpages and social media sites; maintenance and follow-up on recruitment and expansion leads; development of marketing materials, advertisements, videos and TV shows for economic development; data collection, documentation and analysis; new program and incentive development such as the Housing In-fill Program, Business Help Desk, Elimination of the Water Retrofit Fee in Old Town; special projects including research and future application for grants for economic development; support to the Economic Development Committee including scheduling the Economic Vitality Awards, writing the biweekly column in the Lompoc Record, implementing and updating the City's Economic Development Strategic Plan (required by the Economic Development Element); and representation at regional board meetings and events.

Elimination of the OSA IV position, a position represented by IBEW, would require analysis of property rights and impacts of having to bump the incumbent into a previously held position which could impact other employees.

The City has realized an estimated 41% annual cost savings of \$148,955 by having eliminated the Parks & Recreation Director, Planning & Community Development Director, Assistant City Administrator, and Economic Development Manager and reorganizing those functions in the Economic Development Director/Assistant City Manager and Development Programs Specialist I/II positions.

11. In Code enforcement the budget in 2013-15 was \$109,000 [page 132] in 2015-17 it was \$203,134 and in 2017-19 it is proposed to be \$375,000 [page 134].

The Code Enforcement cost listed above is only the General Fund portion. This program had utilized CDBG as available. However, over time, the HUD guidelines provide for the gradual transition of the use of CDBG funds for such activities from CDBG to other sources. CDBG does not allow for the continual funding of operational programs but rather provides for startup funding for such programs. In addition, a position that has provided back office support for Code Enforcement for several years was transitioned into the Code Enforcement program beginning in the 2015-17 cycle. This 0.5 FTE position had been budgeted in the CDBG Code Enforcement program prior to the change made in 2015-17 since the dissolution of the Lompoc Redevelopment Agency where it had been budgeted while the RDA was in operations. Total actual cost over time for Code Enforcement has been as follows:

2013-15 = \$377,130
2015-17 = \$356,532
2017-19 = \$375,953

The number of cases in the 2015-17 budget is projected to drop as follows 2015-16=917 cases, 2016-17=925 cases, 2017-18=775 cases and 2018-19= 775 cases. Page 85. What would be the impact of remaining at the 2015-17 budget level with the reduced work load.

The Code Enforcement data presented on page 85 for Fiscal Years 2015-16 and 2016-17 are actuals, however the 2017-18 and 2018-19 are target numbers. The budget in this division is comprised of 95.1% Salaries and 4.9% operations. This division currently has 2 FTEs charged to the General Fund. During 2011-13, all but 0.25 of the FTEs allocated to Code Enforcement were allocated to the General Fund with the remaining services provided for from RDA and CDBG sources.

Provide a break down of the costs in the Storm Water category of the Water Utility on page 172.

The Draft Budget has a break down as follows:

Salaries = \$201,449
Operations = \$42,539

Inspections, Permit, and Investigation Services = \$132,000
 Capital Improvements = \$70,990

Total = \$446,978

12. Provide a list of each item and the budgeted amount in the Non-Departmental. In 2013-15=\$1,253,570 and 2017-19=\$ 1,988,888. Page 136.

Non-Departmental
 Comparison 2011-13 Budget vs. Draft Budget 2017-19

	Budget 2013-15	Budget 2017-19
Internal Service Charges	\$ 220	\$ 1,963
Professional Services Audits	97,350	118,860
Contribution Lompoc Library	796,414	1,355,790
Contribution Museum	117,504	-
Service - SBCO Property Tax Collection	113,322	110,668
Mandated Cost Reimbursement Cost		16,200
Training - Tuition Reimbursement	16,000	16,000
Memberships - League of Cities	32,358	30,607
Contribution Human Services	25,000	-
Debt Service - Chevron Energy Efficient Project	22,198	-
Contribution LAFCO	39,483	38,596
Contribution C3H		
Employee Awards (IE - Safety, Suggestion, Jim Darrah)	-	7,300
Liability Insurance	269,600	226,800
Fire and Property Insurance	85,238	97,193
Community Support Events	-	262,000
Allocated Service Cost	(46,262)	(39,613)
Contribution Graffiti Abatement	62,383	40,650
* Projected Salary Savings - General Fund	(1,424,246)	(792,944)
Transfer to Fund 35 - Moved to General Fund	106,109	-
Transfer to Fund 61	-	44,995
Transfer to Fund 62	130,000	-
Transfer to Fund 63	-	5,000
Transfer to Fund 68	420,000	448,823
Transfer to Fund 73 - Purchase Fire Brush Truck	414,299	-
Total	\$1,276,970	\$1,988,888

* The Projected Salaries Savings line item was reduced in 2017-19 due to the change in methodology by CalPERS in the funding of unfunded actuarial liability costs (UAL). \$631,000 of the \$711,000 increase from 2013-15 to 2017-19 in non-departmental costs is attributable to this change.

The change is due to CalPERS going to a UAL annually payment from a percentage of salaries which reduces the savings derived from vacant positions. Funding changes due to hiring Tier 3 (PEPRA) employees to replace retired or separated Tier 1 employees no longer provide as much savings as with the prior CalPERS funding methodology.