

Budget-In-Brief

1999-01 Financial Plan Supplement

Approved 2000-01 Budget

The purpose of this "budget-in-brief" is to summarize the second year of the City's 1999-01 Financial Plan by highlighting the City's budget process, key budget features, major City goals and basic "budget facts." If you have any questions regarding the City's budget, or would like to obtain a complete copy of the 1999-01 Financial Plan or the 2000-01 Supplement, please contact the Department of Finance at 781-7130.

Purpose of the City's Two-Year Financial Plan

The fundamental purpose of the City's Financial Plan is to link what we want to accomplish for the community with the resources necessary to do so. The City's Financial Plan process does this by: clearly setting major City goals and other important objectives; establishing reasonable timeframes and organizational responsibility for achieving them; and then allocating resources for programs and projects.

This process results in a two-year budget document that emphasizes long range planning, budgeting for results, effective program management and fiscal accountability. While appropriations continue to be made annually under this process, the Financial Plan is the foundation for preparing the budget in the second year. The Council adopted the 2000-01 Supplement on June 20, 2000.

Major City Goals

Linking important objectives with necessary resources requires a process that identifies key

goals at the very beginning of budget preparation. Setting goals and priorities should drive the budget process, not follow it.

For this reason, the City began the 1999-01 Financial Plan process with a series of in-depth goal setting workshops where Council members considered candidate goals presented by community groups, Council advisory bodies and interested individuals; reviewed the City's fiscal outlook for the next five years and the status of 1997-99 goals; presented their individual goals to fellow Council members; and then set and prioritized major goals and work programs for the next two years.

City staff then prepared the Preliminary Financial Plan based on this policy guidance from the Council. A number of budget workshops and hearings followed resulting in final Council adoption of the 1999-01 Financial Plan on June 15, 1999.

Financial Plan Policies

Formally articulated budget and fiscal policies provide the fundamental framework and foundation for preparing and implementing the Financial Plan. Included in the Financial Plan itself, these policies cover a broad range of areas such as user fee

cost recovery goals, enterprise fund rates, investments, capital improvement management, capital financing and debt management, fund balance and reserves, human resource management, productivity and contracting for services.



city of san luis obispo

Key Budget Features

Budget Overview

- **Balanced Budget.** The Financial Plan presents a balanced budget over two years for all of the City's funds. This means that adequate resources are available to fund the approved appropriations while assuring that operating revenues fully cover operating expenditures, and that fund balances are maintained at minimum policy levels (20% of operating expenditures).
- **Reflects Council Goal-Setting.** All of the goals set by the Council early in the Financial Plan process are reflected in the budget in some fashion. At the same time, the budget adequately funds day-to-day services and basic infrastructure maintenance needs.
- **Budget Principles.** The Financial Plan was prepared based on the following framework:
 - Limiting operating cost increases and reviewing service levels for expenditure reduction opportunities.
 - Developing a capital improvement plan (CIP) that adequately maintains our existing infrastructure and facilities.
 - Considering new revenue opportunities as allowed under Proposition 218.
 - Making strategic use of beginning fund balance currently above our minimum policy level.

Financial Condition Summary

Short Term View. The City is in its best fiscal shape in many years: key revenues are performing well, and we are controlling operating costs. For the balance of the two-year plan, we will be able to fund current service levels and achieve short-term goals while preserving our fiscal strength.

Longer Term View. We must not let our ability to prepare a balanced budget for the remainder of 1999-01 lull us into a false sense of security about our fiscal future. In the long term, while we should be able to fund current service levels and adequately maintain existing assets, there will be very limited resources for new facilities or service enhancements.

Placing this in context, meeting adopted CIP goals will cost about \$100 million over the next ten years. The recent *Ten Year Financial Plan* projects that there will be about \$7 million for this purpose. In short, while recent revenue and expenditure trends are favorable, we need to place our current fiscal situation in the context of our longer-term economic outlook, and the significant unmet needs facing us based on adopted plans and policies.

Budget Highlights for 1999-01

Plans and Policies. We will prepare a number of important plans, policies and studies during 1999-01 that will set our course for many years to come, including:

- Salinas Reservoir study and design
- Mid-Higuera Street widening study
- Bicycle path plans
- Sidewalk management plan
- Flood management plan
- Watershed enterprise fund feasibility study
- Parking and downtown access plan
- Detailed downtown "north area" plan
- Community center/therapy pool needs study
- Laguna Lake dredging environmental review
- Natural history and archaeological museums
- Commercial zoning regulations update
- Architectural review guidelines update
- Airport, Margarita and Orcutt area specific plans
- Mid-Higuera area plan
- Tourism advertising effectiveness study
- Information technology master plan

Major CIP Projects. While planning for the future will be a big part of our work program during the next two years, we will also undertake a number of major CIP projects, including:

- Construction of the water reuse distribution system (\$8.9 million in 2000-01).
- An aggressive program of pavement sealing, resurfacing and reconstruction in accordance with the new pavement management plan (\$5.8 million over the two years).
- Replacement of the Higuera Street bridge (\$4.1 million in 2000-01).
- Acquisition of open space (\$4.1 million over two years).
- Downtown improvement projects, including new restrooms and purchase of strategic properties (\$820,000 over two years).

Service Improvements. The Financial Plan includes a number of service improvements in our operating programs. The following regular staffing additions are especially notable:

	1999-00	2000-01
Downtown Police Officers	2.0	
Police Records Clerk	0.5	
Firefighter	1.0	
Planning Technician	1.0	
Code Enforcement Officer	1.0	
GIS Technician	1.0	
Park Ranger		1.0
City Biologist		1.0
Transportation Engineer		1.0
Maintenance Worker (Streets)		1.0
Computer Systems Technician		1.0
Total	6.5	5.0

Other major improvements include expanding bus service, implementing parking demand reduction activities, expanding after school programs for at-risk youth and improving senior recreation programming.

Major City Goals

The 1999-01 Financial Plan sets major City goals for the next two years and links them with the programs, projects and resources necessary to achieve them. Detailed work programs including challenges we will face in achieving the goal, action plans and resource requirements have been prepared for each goal.

Public Safety

- **Public Safety Services.** Support ongoing public safety services consistent with community growth, with a special emphasis on neighborhoods and the downtown.

Public Utilities

- **Long Term Water Supply.** Obtain supplemental water supplies consistent with General Plan growth limits and reliability reserve requirements. Programs and projects to achieve this goal include: water conservation, water reuse, Nacimiento pipeline, preservation of Salinas reservoir water rights, evaluation of other water supply sources, and increased public awareness through periodic reports, public outreach and education.

Transportation

- **Streets and Sidewalks.** Complete an inventory of current sidewalk conditions, create a Sidewalk Management Plan and continue maintenance of City streets and sidewalks.
- **Parking and Downtown Access Plan.** Adopt and begin implementing the *Parking and Downtown Access Plan* addressing a balance between parking supply, management and demand reduction.

Leisure, Cultural & Social Services

- **Parks and Recreation Element.** Continue implementing the *Parks and Recreation Element*, with a special emphasis on:
 - **Athletic Fields.** Complete property acquisition for athletic fields, prepare environmental studies and construction documents, and start construction; and negotiate with other agencies for joint use of their fields.
 - **Community Center and Therapy Pool.** Conduct a needs, location, and funding study for a new community center (senior and multi-use); and evaluate options for a multi-use/therapy pool.

- **Community Partnerships for Cultural Resources.** Promote the City's Community Partnership Policy by assisting local groups in identifying needs and outside funding opportunities in supporting the development and expansion of our cultural resources such as: County Historical Museum, San Luis Obispo Art Center, adobe restorations, natural history museum, railroad museum, archeological museum, Children's Museum, San Luis Obispo Little Theatre and demonstration farm/agricultural history/petting zoo.

Community Development

- **Airport Area Annexation.** Complete the Airport Area Specific Plan, related facilities master plans and the associated environmental impact report. After adopting the plans and completing the annexation of the airport area, initiate a program to fund and install the public improvements needed to serve the area.
- **Downtown Plan.** Develop a program to advance the objectives of the *Conceptual Physical Plan for the City's Center* with the purpose of enhancing retail opportunities, rationalizing parking and circulation, and strengthening its cultural core.
- **Open Space Preservation.** Continue preserving open space within and around the City.
- **Neighborhood Preservation and Enhancement.** Work proactively to maintain and enhance the traditional qualities of San Luis Obispo neighborhoods by: improving street and walk-way lighting for better pedestrian safety; and enhancing code enforcement to reduce neighborhood nuisances.

General Government

- **Cal Poly Relationships.** Strengthen relationships with Cal Poly by obtaining increased understanding and cooperation in solving problems and exploring opportunities generated by the adjacency of the university campus with the City, especially expanding on-campus housing.
- **Long Term Fiscal Health.** Protect the City's long-term fiscal health by maintaining a balanced budget, an adequate capital improvement plan and an adequate fund balance.

Budget Facts

Total Expenditures (In Millions)

	2000-01	% of Total
Operating Programs	\$37.9	55%
Capital Improvement Plan	25.2	36%
Debt Service	6.3	9%
TOTAL	\$69.4	100%

Operating Programs By Function - All Funds

	2000-01	% of Total
Public Safety	\$11.9	31%
Public Utilities	6.9	18%
Transportation	4.1	11%
Leisure, Cultural & Social Services	4.5	12%
Community Development	3.8	10%
General Government	6.7	18%
TOTAL	\$37.9	100%

Operating Programs By Type - All Funds

	2000-01	% of Total
Staffing	\$25.2	66%
Contract Services	6.6	17%
Supplies	5.9	16%
Minor Capital	0.2	1%
TOTAL	\$37.9	100%

Major Capital Projects - All Funds

	1999-00	2000-01
Police Station Property Purchase	\$0.3	--
Fire Engine Replacement	0.3	--
Salinas Reservoir Expansion:		
Study & Design	0.2	0.9
Water Reuse	0.1	8.9
Water System Improvements	1.9	1.1
Water Meter Retrofits	1.0	--
Laguna Lake Sewer Lift Station	1.5	--
Wastewater System Improvements	0.8	0.7
Whale Rock Pipeline Relocation	1.1	--
Higuera Street Widening:		
Study & Property Acquisition	0.3	0.3
Pavement Sealing & Resurfacing	2.5	2.1
South Higuera Street Paving	1.2	--
Higuera Street Bridge	--	4.1
Park Improvements	0.6	0.2
Downtown Plans & Improvements	1.2	0.7
Open Space Preservation	0.7	3.4

Regular Positions By Function - All Funds

	2000-01	% of Total
Public Safety	140.5	41%
Public Utilities	56.5	16%
Transportation	25.5	7%
Leisure, Cultural & Social Services	30.0	9%
Community Development	38.6	11%
General Government	55.4	16%
TOTAL	346.5	100%

Funding Sources (In Millions)

	2000-01	% of Total
General Fund	\$32.1	46%
Other Governmental Funds	7.5	11%
Enterprise Funds	29.8	43%
TOTAL	\$69.4	100%

Operating Programs By Function - General Fund

	2000-01	% of Total
Public Safety	\$11.9	48%
Public Utilities	--	--
Transportation	2.0	8%
Leisure, Cultural & Social Services	3.9	15%
Community Development	3.5	14%
General Government	3.9	15%
TOTAL	\$25.2	100%

Operating Programs By Type - General Fund

	2000-01	% of Total
Staffing	\$20.8	75%
Contract Services	3.1	11%
Supplies & Minor Capital	4.0	14%
Reimbursed Expenditures	(2.7)	--
TOTAL	\$25.2	100%

Top Dozen General Revenues *

	2000-01	% of Total
Sales Tax	\$9.4	29%
Property Tax	4.6	14%
Transient Occupancy Tax	3.7	11%
Utility Users Tax	3.2	10%
Motor Vehicle In-Lieu (VLF)	2.2	7%
Business Tax	1.2	4%
Franchise Fees	1.1	3%
Gas Tax Subventions	0.9	3%
Community Development Block Grant	0.9	3%

These top nine revenues account for about 85% of General revenues. A wide variety of fees account for another 10% summarized as follows:

Development Review Fees	\$1.6	5%
Recreation Fees	0.8	2%
Other Service Charges	1.0	3%

Other general revenues include interest earnings, grants, fines and sale of surplus property.

* Includes General and Special Revenue Funds

Regular Positions By Function - General Fund

	2000-01	% of Total
Public Safety	140.5	52%
Public Utilities	--	--
Transportation	17.5	7%
Leisure, Cultural & Social Services	27.0	10%
Community Development	38.6	15%
General Government	41.6	16%
TOTAL	265.2	100%