

city of san luis obispo

Budget-In-Brief

2001-03 Financial Plan

Approved 2001-02 Budget

OVERVIEW

The purpose of this "budget-in-brief" is to summarize the City's 2001-03 Financial Plan by highlighting the City's budget process, key budget features, major City goals and basic "budget facts."

If you have any questions about the City's budget or would like a complete copy of the 2001-03 Financial Plan, please call the Department of Finance at 781-7130.



City Open Space in Reservoir Canyon

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. Our 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 are still made annually under this process, the Financial Plan is the foundation for preparing the budget in the second year.

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 2001-03 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 current goals; presented their individual goals to fellow Council members; and then set and prioritized goals 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 2001-03 Financial Plan on June 19, 2001.

Financial Plan Policies

Formally articulated budget and fiscal policies provide the fundamental 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, minimum fund balance and reserve levels, human resource management, productivity and contracting for services.

KEY BUDGET FEATURES

BUDGET OVERVIEW

Balanced Budget. The Financial Plan presents a balanced budget over the next 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 *Major City Goals* set by the Council early in the budget process are fully funded in the Financial Plan based on the detailed work programs approved by the Council in April 2001. 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.
- 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.

The Financial Plan reflects all of these principles **except** for new revenues: for the first time in ten years, no new revenues are required in order to balance the budget.

FINANCIAL CONDITION SUMMARY

Short Term View: Precaution—not panic—in uncertain times. While the City is in good fiscal shape today, we are facing a very uncertain future in the next two years due to downward trends in the economy, possible State budget takeaways and the energy crisis. However, we do not want to over-react and unnecessarily retreat from important community needs and goals. For this reason, we have taken several precautions in preparing the Financial Plan. These include making conservative revenue assumptions, restraining growth in operating costs, limiting increases in staffing, taking care of what we already have and maintaining adequate reserves.

Longer Term View. Even with these precautions, we must not let our ability to prepare a balanced budget for 2001-03 lull us into a false sense of security about our fiscal future. Significant financial challenges remain ahead of us if we want to maintain current service levels and achieve our longer-term CIP goals. Meeting these challenges will require continued efforts to strengthen our fiscal position.

BUDGET HIGHLIGHTS FOR 2001-03

Plans and Policies. We will undertake several important studies during 2001-03 that will set our course for many years to come. These include:

- Police station site master plan.
- Radio system upgrade plan.
- Groundwater development study.
- Flood management and storm drainage plans.
- Storm water enterprise fund formation.
- Parking and downtown access plan.
- North area regional facility.
- Commercial zoning regulations update.
- Architectural review guidelines update.
- Airport, Margarita and Orcutt area specific plans.
- Civic offices.

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:

- Building the water reuse distribution system.
- Continuing an aggressive program of pavement sealing, resurfacing and reconstruction.
- Acquiring and improving open space.

- Adding two lighted softball fields through an innovative cooperative use agreement with the County.
- Adding three lighted fields to the planned Damon-Garcia athletic fields.
- Renovating athletic fields at Santa Rosa and Sinsheimer Parks.
- Remodeling the Recreation Center for an improved community/senior center, fully funded by a generous donation from the Ludwick family.

Service Improvements. The Financial Plan includes a number of focused improvements in our operating programs. The following General Fund regular staffing additions are especially notable, which are the lowest since the 1993-95 cutbacks:

Department	Position	2001-02	2002-03
Fire	Firefighter	1.0	
Public Works	Project Inspector	1.0	
Police	Neighborhood Services Tech		1.0
General Fund Total		2.0	1.0

Other service improvements include expanding the Student neighborhood assistance program (SNAP), augmenting the fire hazard prevention program and preparing natural resource protection plans.

MAJOR CITY GOALS

The 2001-03 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 have been prepared for each of these goals, including the challenges we will face in achieving the goal, action plans and resource requirements.

PUBLIC UTILITIES

- **Water Supply.** Continue efforts to develop long-term water supplies, including: preserving present water rights and pursuing all options with the exception of State Water; using and protecting groundwater; pursuing acquisition of property for water supply development; completing the water reuse project; seeking water supply opportunities as part of any annexations; and confirming a Council water subcommittee to build relationship with the North County.

TRANSPORTATION

- **Street and Sidewalk Maintenance.** Continue implementing street paving and repair programs; and augment funding for sidewalk installations and repair, new street sign installations on arterials and tree plantings in all available tree wells.
- **Los Osos Valley Road Improvements.** Widen Los Osos Valley Road from Madonna Road to Highway 101; and prepare plans for widening the

freeway overpass and fixing difficulties between freeway exits/entrances and Calle Joaquin, improving flood structures and providing bicycle and pedestrian lanes over the freeway.

- **Flood Protection.** Improve flood protection for residents and businesses, including alleviating impediments to carrying-off flood water and preserving flood plains.
- **Railroad Recreational Trail.** Continue planning and purchasing property to complete the Railroad Recreational Trail to Cal Poly; extend planning to the south connecting the Edna-Islay area into the master plan; establish the Morro Street “SLO Street” from the Railroad District to Downtown; and pursue grant funding options to complete these projects.
- **Downtown Transportation Center: North Area Regional Facility.** Work with other agencies to acquire land for a multi-modal transportation center and parking structure, northeast of Santa Rosa Street.
- **Parking and Access Advisory Body.** Establish a Citywide parking and access advisory body.

COMMUNITY DEVELOPMENT

- **Housing.** Continue implementing programs to achieve the City’s housing goals.
- **Open Space Preservation.** Continue funding for open space and agriculture preservation, including management programs for open space lands and staffing for implementation of those plans.

LEISURE, CULTURAL & SOCIAL SERVICES

- **Athletic Fields.** Explore possibilities for additional athletic fields, including plans for two lighted softball fields.
- **Recreation Center Remodel: Community- Senior Center.** Complete remodel of the Recreation Center for community and senior uses.
- **Cultural Services.** Continue funding for arts and culture; and identify long-range funding sources to secure the future of the Performing Arts Center.

GENERAL GOVERNMENT

- **Civic Offices.** Purchase Copeland/French property and pursue construction of a multi-story office building with subterranean parking for City offices.
- **Maintenance of Basic Services.** Preserve current service levels and adequately maintain existing facilities and infrastructure.

BUDGET FACTS

Total Expenditures (In Millions)

	2001-02	% of Total
Operating Programs	\$42.8	59%
Capital Improvement Plan	24.6	33%
Debt Service	6.1	8%
TOTAL	\$73.5	100%

Operating Programs By Function: All Funds

	2001-02	% of Total
Public Safety	\$12.9	31%
Public Utilities	8.2	19%
Transportation	4.8	11%
Leisure, Cultural & Social Services	5.3	12%
Community Development	4.4	10%
General Government	7.2	17%
TOTAL	\$42.8	100%

Operating Programs By Type: All Funds

	2001-02	% of Total
Staffing	27.2	63%
Contract Services	8.1	19%
Supplies	7.2	17%
Minor Capital	0.3	1%
TOTAL	\$42.8	100%

Major Capital Projects: All Funds

	2001-02	2002-03
Radio System Improvements	\$0.1	\$0.2
Fire Engine Replacement		0.4
Water Reuse	11.8	
Other Water System Improvements	1.9	2.0
Wastewater System Improvements	1.1	1.1
Pavement Sealing & Resurfacing	2.2	2.3
Foothill Blvd Culvert Repair	1.0	
Orcutt Road Improvements	0.2	0.9
Bikeway and Pedestrian Imprv	0.6	0.7
Downtown Transportation Center:		
North Area Regional Facility	0.2	1.1
Cooperative Use: Two-Lighted		
Softball Fields	0.5	
Damon-Garcia Sports Field Lighting	0.4	
Recreation Center Remodel:		
Community-Senior Center	0.6	
Park Improvements	0.5	0.8
Open Space Preservation	0.3	0.2

Regular Positions By Function: All Funds

	2001-02	% of Total
Public Safety	144.5	41%
Public Utilities	57.8	16%
Transportation	24.5	7%
Leisure, Cultural & Social Services	31.0	9%
Community Development	39.6	11%
General Government	55.4	16%

Funding Sources (In Millions)

	2001-02	% of Total
General Fund	\$35.8	48%
Other Governmental Funds	4.2	6%
Enterprise Funds	33.5	46%
TOTAL	\$73.5	100%

Operating Programs By Function: General Fund

	2001-02	% of Total
Public Safety	\$12.9	46%
Public Utilities	--	--
Transportation	2.2	8%
Leisure, Cultural & Social Services	4.8	17%
Community Development	4.1	14%
General Government	4.2	15%
TOTAL	\$28.2	100%

Operating Programs By Type: General Fund

	2001-02	% of Total
Staffing	\$22.5	72%
Contract Services	3.7	12%
Supplies & Minor Capital	4.9	16%
Reimbursed Expenditures	(2.9)	--
TOTAL	\$28.2	100%

Top Ten General Fund Revenues

	2001-02	% of Total
Sales Tax	\$10.0	30%
Property Tax	5.0	15%
Transient Occupancy Tax	4.2	13%
Utility Users Tax	3.6	11%
Motor Vehicle In-Lieu (VLF)	2.4	7%
Business Tax	1.3	4%
Franchise Fees	1.2	4%
Development Review Fees	1.6	5%
Recreation Fees	0.9	3%
Other Service Charges	0.8	2%

These top ten revenues account for about 95% of total General Fund revenues. Other General Fund revenues include interest earnings, grants, fines and sale of surplus property.

Regular Positions By Function: General Fund

	2001-02	% of Total
Public Safety	144.5	53%
Public Utilities	--	--
Transportation	16.5	6%
Leisure, Cultural & Social Services	28.0	10%
Community Development	39.6	15%
General Government	42.1	16%