

# Budget-In-Brief

## 2007-09 Financial Plan Supplement

### Approved 2008-09 Budget

#### ***We're Still Focused on Measure Y Priorities but Fiscal Challenges Ahead***

The purpose of this "budget-in-brief" is to summarize the second year of the City's 2007-09 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 Financial Plan or Supplement, please call us at 781-7125 or visit our web site at [www.slocity.org](http://www.slocity.org).

#### **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 two-year 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 the resources required for implementation.

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, the Financial Plan is the foundation for preparing the budget in the second year.

#### **Staying Focused on Measure Y Priorities**

The City's two-year budget continues to be focused on responding to community priorities that surfaced before and after the Measure Y campaign. This ½-cent sales tax measure, which was adopted with 65% voter approval in November 2006, results in about \$5.9 million annually in added General Fund revenues in the 2007-09 Financial Plan. Combined with carryover revenues from 2006-07 due to



Measure Y's April 1, 2007 effective date, this means that \$12.8 million in added General Fund resources will be available in this two-year budget. The use of Measure Y funds is detailed on the following page, which reflects community priorities of:

- Restoring the **neighborhood street paving** program and catching-up on deferred street maintenance.
- Reducing and managing **traffic congestion**.
- Improving **public safety** service levels.
- Improving **flood protection**, including silt removal in our creeks and better storm drain maintenance.
- Enhancing **senior services**, including remodeling the existing Senior Center and planning ahead for the future.
- Strengthening **neighborhood code enforcement** by adding a code enforcement officer and expanding the "SNAP" program.
- Restoring funding for **open space preservation**

#### **But Fiscal Challenges Ahead**

The Budget Message in the Financial Plan Supplement described the City's fiscal situation as stable but identified three key uncertainties facing the City at that time:

- Adverse fiscal impacts on cities as the State addresses its very serious budget problems.
- Direction of the local economy and its impact on key City revenues like sales and property taxes.
- Results of binding arbitration.

## KEY BUDGET FEATURES

Since adoption of the 2008-09 Budget, it has become clear that all of these factors are likely to result in adverse impacts on the City's financial condition in both the short and long run. This has led to implementation of the City's "Fiscal Health Contingency Plan." In the short-term, this plan calls for a hiring chill, review of capital improvement deferrals, operating cost reductions, possible use of reserves and other short-term actions. In the longer-term, it calls for preparation of a five-year forecast in better defining the problem facing us and then crafting strategies to close any identified gaps.

A comprehensive assessment of the impact of these changes on the City's financial condition in 2008-09 is scheduled for Council review on September 30, 2008 at 7:00 PM at the City Hall Council Chambers. Longer term strategies will be developed as part of the 2009-11 Financial Plan.

### How Will These Affect Measure Y Uses?

**The Short Story:** It is too soon to tell. These remain high community and Council priorities. However, the fact is that we are likely to have fewer General Fund resources available in responding to them. We will have a better idea of the short-term impacts by the September 30 report; and an assessment of the longer term impacts as part of the 2009-11 budget process. However, regardless of the outcome, Measure Y remains a vital element of the City's ability to meet community priorities.

### Use of Measure Y Revenues

Over the next two years, about 40% of Measure Y resources are allocated to operating programs and 60% to capital improvement plan (CIP) projects. This reflects a reasonable balance between day-to-day delivery of key services like police and fire protection, and infrastructure improvements like street paving and flood protection.

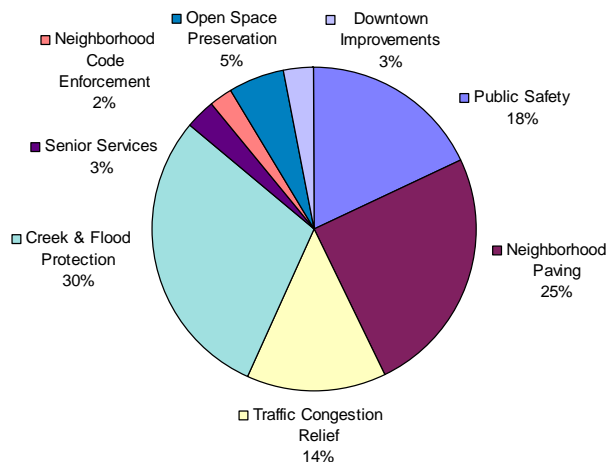
As reflected in this chart, about 20% of the funds are proposed for public safety (police and fire) improvements; and 70% for infrastructure improvements to our street, traffic and flood protection systems.

The following summarizes budgeted uses of Measure Y resources over the next two years. Although some may be subject to revision depending on the City's revised fiscal outlook in both the short and long term, Measure Y will still support a wide range of community priorities.

	Two-Year Budget Total
<b>Public Safety</b>	
Neighborhood Patrols & Traffic Safety	1,629,700
Fire Prevention & Training	654,800
<b>Neighborhood Paving &amp; Deferred Street Maintenance</b>	
Paving Crew Productivity	297,800
Neighborhood, Downtown & Arterial Street Paving *	2,867,000
<b>Traffic Congestion Relief</b>	
Traffic Signal Operations	224,100
Johnson & Buchon Intersection Improvements	100,000
South Higuera Widening: Margarita to Elks Lane	135,000
Bob Jones City-to-Sea Bike Trail Bridges	220,000
Tassajara/Foothill Intersection Improvements	125,000
Buena Vista/Garfield Intersection Improvements	35,000
Los Osos Valley Road Interchange Design	701,900
Other Traffic Congestion Relief Projects	230,000
<b>Creek &amp; Flood Protection</b>	
Storm Water Management Plan Implementation	1,553,300
Storm Drain Replacements	1,362,400
Creek Silt Removal	325,000
Andrews Creek Bypass Improvements	125,000
Bishop/Augusta Creek Bank Stabilization	38,000
Storm Sewer & Culvert Repairs	200,000
CIP Project Management & Inspection	116,900
<b>Senior Services and Facilities</b>	
Senior Center Furniture Replacement	9,000
Senior Center Window Replacement	9,000
Senior Center Remodel	334,100
Senior Center Needs Study	30,000
<b>Neighborhood Code Enforcement</b>	
Enhanced Building & Zoning Code Enforcement	263,100
"SNAP" Enhancement	32,500
Graffiti Management Enhancements	21,300
<b>Open Space Preservation</b>	
Open Space Acquisition	400,000
Open Space Maintenance & Enhancements	277,400
<b>Downtown Improvements</b>	
Sidewalk Repairs	60,000
Sidewalk Scrubbing	40,000
Pedestrian Lighting	56,000
Pedestrian Traffic Signals	80,000
Mission Plaza Stair Replacement	75,000
Downtown Urban Forest Maintenance	50,000
Comprehensive Signing Program	40,000
<b>Total</b>	<b>\$12,718,300</b>

\* Reflects increase in funding from the 2005-07 Financial Plan of \$1,025,000 annually; the total street paving budget for 2007-09 is \$5.0 million.

**2007-09 Use of Measure Y Revenues**



## MAJOR CITY GOALS

The 2007-09 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 its relationship to Measure Y priorities, challenges we will face in achieving the goal, action plans and resource requirements. As reflected below, these goals are closely linked to Measure Y priorities.



**Public Safety Service Levels.** Improve public safety service levels, with an emphasis in police services on neighborhood patrols (particularly at night) and traffic safety; and on prevention and training in fire services.



**Roller Hockey Rink and Skate Park Improvements.** Complete major upgrades to the existing roller hockey rink and skateboard park facilities at Santa Rosa Park.



**Neighborhood Paving and Deferred Street Maintenance.** Restore the neighborhood and downtown paving program, and catch up with deferred street maintenance.



**Homeless Services.** Work with social services partners to develop improved homeless sheltering and services.



**Traffic Congestion Relief.** Expand efforts to reduce and manage traffic congestion throughout the City, including the Los Osos Valley Road corridor and interchange



**Affordable Housing.** Strengthen efforts to increase affordable housing, including ways of augmenting existing funding.



**Bikeway Improvements.** Continue to work towards completion of the Railroad Safety Trail; improve maintenance of existing bicycle trails, lanes and byways; and consider additional bike trails.



**Neighborhood Wellness.** Increase building and zoning code enforcement to promote neighborhood wellness and community appearance.



**Flood Protection.** Reduce flood risk by opening the Los Osos Valley Road/Highway 101 area of San Luis Obispo Creek, pursuing improvements to San Luis Obispo Creek in the Mid-Higuera area and implementing the Storm Sewer Master Plan.



**Downtown Improvements.** Strengthen support for the Downtown in multiple areas, such as maintenance, economic development, public safety, parking, tourism promotion, progress on the installation of pedestrian lighting and comprehensive directional sign program and other improvements as resources allow.



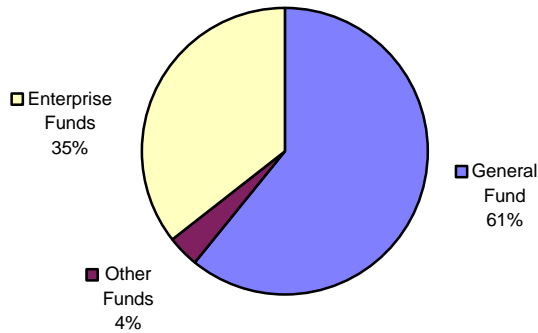
**Senior Citizen Facilities.** Enhance senior center facilities through improvements to the current senior center and pursuit of plans for a future senior center.



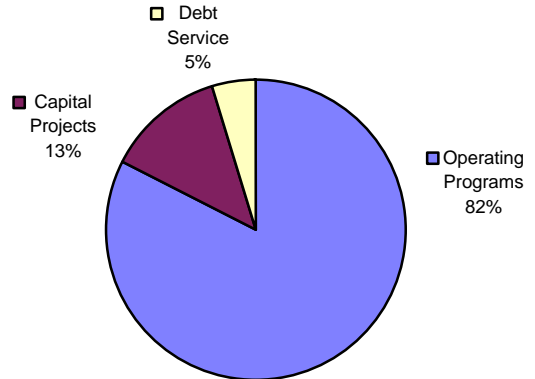
**Open Space Preservation.** Restore open space acquisition program funding to at least \$200,000 per year and bring forward opportunities should they arise that further leverage City funds through grant programs.

# BUDGET FACTS

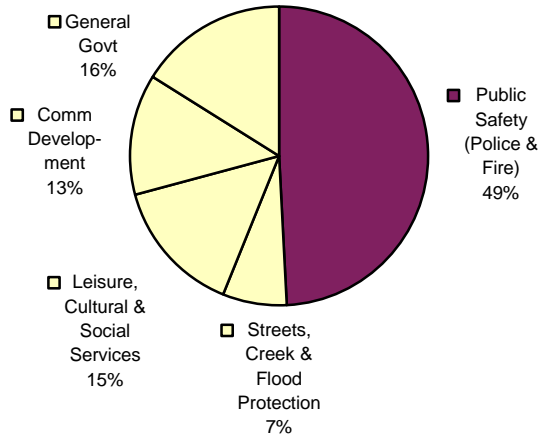
**2008-09 Budget By Funding Source: \$96.6 Million**



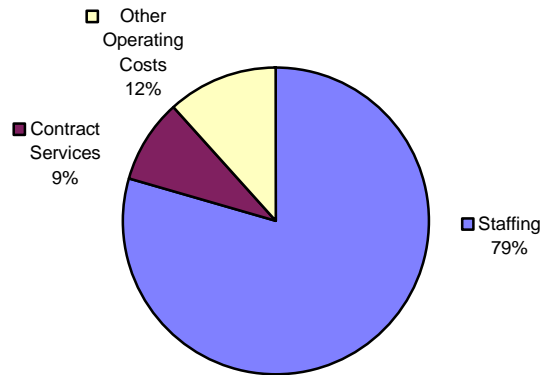
**2008-09 General Fund Budget: \$58.9 Million**



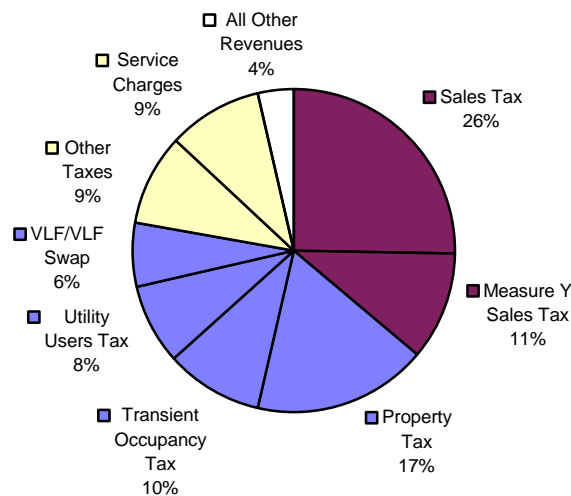
**2008-09 General Fund Operating Budget By Function: \$48.3 Million**



**2008-09 General Fund Operating Budget By Type: \$48.3 Million**



**2008-09 General Fund Revenues: \$53.6 Million**



**2007-09 Major Capital Projects: All Funds (In Millions)**

Public Safety Improvements	\$2.1
Water and Sewer System Improvements	15.5
Neighborhood & Arterial Street Paving	5.0
LOVR Interchange: Plans & Specifications	2.5
Pedestrian & Bikeway Improvements	2.0
Creek & Flood Protection Improvements	3.7
Park Improvements	3.1
Open Space Preservation	0.6

These projects total \$33.9 million, accounting for 85% of total capital project costs of \$40.7million in 2007-09.

**2008-09 Regular Staffing: All Funds**

Public Safety	146.0
Public Utilities	64.3
Transportation	34.5
Leisure, Cultural & Social Services	33.0
Community Development	43.9
General Government	55.9
<b>Total Positions</b>	<b>377.6</b>