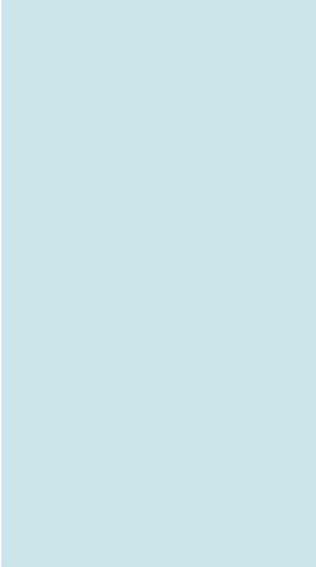


OCEANSIDE



**Biennial Budget In Brief
2002-2003 • 2003-2004**

FY 2002-2003 and 2003-2004 BUDGET

The City of Oceanside's two-year financial plan for fiscal years 2002-2003 and 2003-2004 provides for a continuation of base services in public safety and responds to the community's growth within the fiscal constraints of available resources. Environmental programs such as clean water, drainage, landscaping, and recycling are also reflected.

Over the past year, we have faced a slowing economy. This economic slowdown has impacted the State budget, which faces a projected deficit of \$23.6 billion. These economic and State funding uncertainties are reflected in a budget that focuses on maintaining existing infrastructure, leaving some limited flexibility to be able to respond to recent trends in slowed revenue growth and proposed reductions in State-funded services.

Oceanside continues to be an attractive community, as evidenced by our recent population growth. The population projections for Oceanside suggest continued growth will add to the demands for public safety services and quality-of-life service issues for families and retired populations. Demands for future growth will need to assure development's ability to be self-supporting and reflect both quality of design and the level of environmental protection the community deserves.

The local economic outlook for the City is improving; however, we remain very concerned about the impact the State budget deficit will likely have on City revenue. The economy is slowly coming out of a recession, and job growth is expected to increase. The City experienced some decline in tourism-related receipts, primarily transient occupancy tax, after September 11, but activity appears to be improving at this time.

FY 2002-2003 GENERAL FUND BUDGETED REVENUE



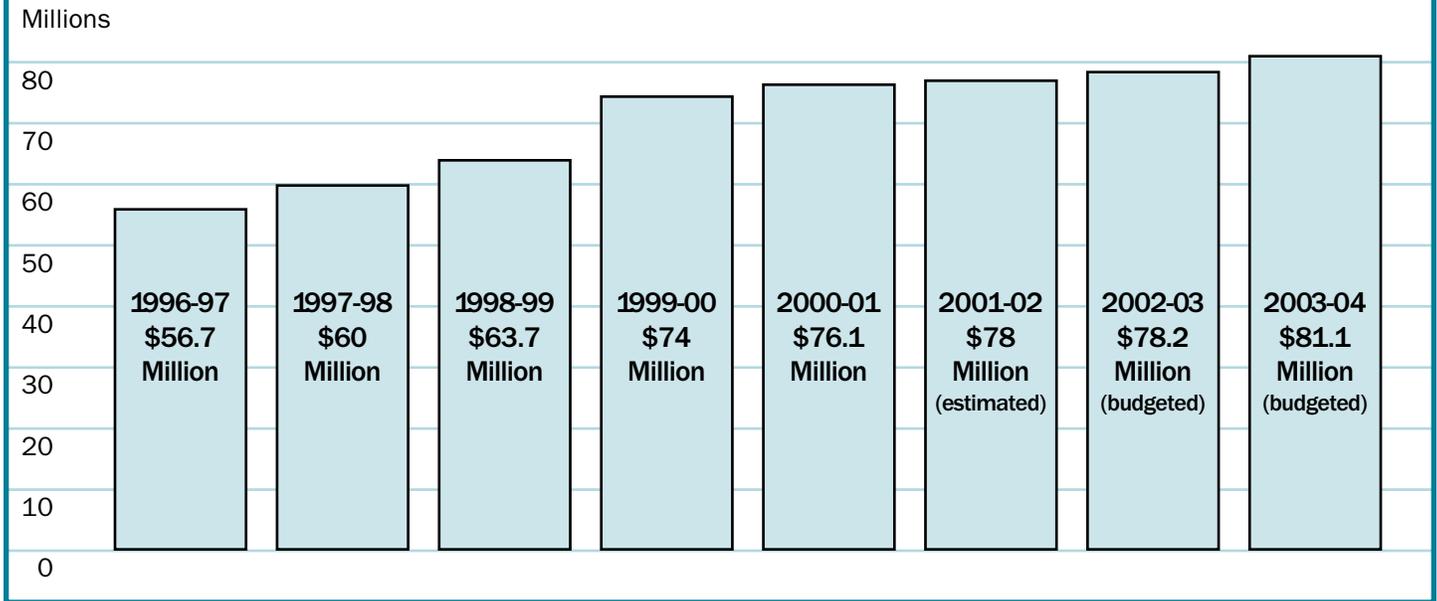
Sales & Other Taxes	\$22,600,000
Property Tax.....	18,300,000
Other Revenue.....	9,600,000
From Other Agencies	9,400,000
Charges for Services.....	9,100,000
Interest & Leases	4,200,000
Licenses & Permits.....	2,500,000
Fines & Forfeitures	2,500,000
TOTAL REVENUES	\$78,200,000

FY 2002-2003 GENERAL FUND BUDGETED EXPENDITURES

Public Safety	\$43,600,000
Library / Recreation.....	7,900,000
Public Works	7,400,000
Council, Clerk, Attorney, Treasurer, Manager & Personnel.....	5,500,000
Economic Development, Planning & Building	4,100,000
Administrative Services.....	3,800,000
Non-Departmental	3,600,000
Harbor and Beaches.....	1,800,000
TOTAL EXPENDITURES.....	\$77,700,000



General Fund Revenue and Transfers In: Fiscal Years 1996-97 to Present



Revenue Challenges

- The City is challenged by limited ongoing revenue growth. Beyond FY 2003-2004, the pace of this growth is projected to lag behind demand for services.
- Growth in property taxes, our largest revenue source, is limited because of the impact of Proposition 13.
- Our sales tax revenue per capita is the second lowest in San Diego County, at \$73 per person annually.
- The City continues to pursue an aggressive economic development program in order to bridge the gap between future demand for services and our relatively slow growth in revenues.
- Oceanside receives approximately \$6 million in “back-fill” Vehicle License Fee revenue from the State. We are concerned about the stability of that revenue as the legislature looks at their options for closing the State budget gap.

- The State budget reduces grants for library books and supplies by \$123,000 per year from FY 2001-2002 levels over the next two years.
- The State budget includes a \$75 million Educational Revenue Augmentation Fund (ERAF) tax shift to benefit education on a two-year basis. This provision will reduce the City of Oceanside Redevelopment Agency’s revenues by approximately \$145,000.
- The adopted City biennial budget includes limited flexibility to respond to additional State funding reductions.

Focus on Public Safety

- The General Fund continues to focus on public safety, with 56% of total spending devoted to Police and Fire operations. Last year, the City enhanced the public safety retirement benefit, which allows police officers and firefighters to retire as early as age 50 with a 3% factor for each year of service. The increased cost for this benefit is approximately \$800,000 more than budgeted in FY 2001-2002.
- In FY 2001-2002, Council authorized the City to join the San Diego Regional Communication System (RCS) network and to purchase an 800 MHz radio system. The total system cost is \$8 million, and will be lease financed through both RCS and Motorola, at a cost of \$1 million per year for 10 years. Council appropriated the first two years of lease funding, through June 30, 2003, with a permanent funding source to be identified during the FY 2002-2003 budget year.
- The Police Department budget includes provisions for the addition of a Communications Manager in Dispatch to coordinate emergency communication system

Oceanside City Council

Mayor Terry Johnson
Deputy Mayor Jack Feller
Councilmember Betty Harding
Councilmember Carol R. McCauley
Councilmember Esther Sanchez

To review the completed budget document, visit the Main Library at 330 North Coast Highway or the Mission Branch Library at 3861 Mission Avenue, where copies are available to read.

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needs. This position is funded from internal savings in the Police Department budget.

- This budget includes the cost of a Fire Academy in both fiscal years, at a cost of \$542,000 in FY 2002-2003 and \$554,000 in FY 2003-2004. The Fire Department has experienced recruitment and retention challenges over the past several years, and it is expected that they will need to run an academy for new hires in both years.
- The Fire Department has presented the City Council with proposed plans for firefighter retention and recruiting, and constant staffing levels to reduce the need for annual training academies. Firefighters will be recruited at a lateral level from other departments to fill vacancies and reduce training requirements. The additional cost for these programs totals \$552,000 and will be funded through savings in the reduction of training academies and anticipated increases in ambulance billing to reflect the cost of services in the program.

Other Initiatives

- The Department of Harbor and Beaches budget includes funds to rehabilitate lifeguard stations.
- Funds are included in the Building Department to complete a study of development plan and inspection fees.
- The Library budget has included modest funding for furniture and equipment replacement/rehabilitation, which has not been enhanced since the Civic Center was constructed.
- The budget includes funds to cover the increased cost of electric and gas utilities as a result of the State energy crisis. These amounts are primarily reflected in the Water, Sewer and Public Works funds, but the General Fund includes an additional \$175,000 in FY 2002-2003, primarily in Recreation. The City will look for opportunities to reduce utility costs where possible, through conservation efforts.
- The City's recreation programs continue to be popular in the community. The Recreation budget includes limited funding for additional classes, league games, expanded special events and maintenance funding for the new park under construction in Morro Hills.

Reduction Efforts

- There are a few areas where cost reductions or modifications have been identified. The budget includes a financing plan for the San Luis Rey debt that ensures full funding through the life of the debt in FY 2023. For the current fiscal year, 2001-2002, the debt service was budgeted at \$900,000. The budget proposes to

Established Reserve Funds

The budget continues a 7% General Fund Reserve of \$5.4 million. In addition, the budget provides for the consolidation of fund balances and other one-time funding sources into an additional \$10.3 million in reserve funds.

Healthy City (7%)	\$5.4 million
Revenue/Economic Stability Reserve	\$2.1 million
Capital Projects Fund	\$3.7 million
Infrastructure Capital Reserve	\$4.8 million
San Luis Rey Flood Control	
Debt Service	\$1.2 million
Unallocated Capital Reserve	\$1.5 million
TOTAL	\$18.7 million

The management of these new reserve funds provides a revenue source for any unexpected changes in the economy and/or other unanticipated changes in budgeted expenditures.

use reserves in the debt service fund to minimize the financial burden on future operating budgets. The plan includes \$200,000 in General Fund contribution to the San Luis Rey debt service for FY 2002-2003, increasing by \$50,000 per year and leveling out at \$450,000.

Summary

- The adopted biennial budget for FY 2002-2003 and FY 2003-2004 attempts to balance the demands created by growth with available resources in a time of considerable uncertainty at the State level. However, as the community continues to grow, the City may face funding challenges and the focus of this budget is to provide some flexibility so that our future is not jeopardized.
- The City, like many other localities in California, has benefited from the economic boom of the last few years. However, with the economic slowdown and State fiscal crisis creating uncertainty in our future revenue streams, we need to be mindful of our responsibility to do what we can today to prepare for future funding challenges.
- To reduce future burdens as we move forward, we will continue to focus our efforts in the area of economic development so that we can maintain a diversified and predictable tax base that provides for both the services and improvements that a community seeks: improvements in public safety, environment, recreation, and senior services. The entire City staff remains committed to providing high-quality services at reasonable cost. This budget will meet that commitment for today and, the State allowing, tomorrow.