

# MEASURING OUR PERFORMANCE

## *Using Benchmarks to Assess Our Fiscal Accountability*

January 2006



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## EXECUTIVE SUMMARY

**We Hear You!** The purpose of this report is to “make good” our on commitment to provide benchmark information. In telling our fiscal story in preparation for a possible revenue ballot measure, *The Tribune* has expressed its understanding of the fiscal challenges facing the City, and why a revenue ballot measure might make sense in providing the community with needed services.

However, *The Tribune* also appropriately asked that when we tell our story, that we include “benchmark” information to help voters assess how well we are using the resources we already have. (*The Tribune* also asked for other types of information, which we have already provided to them and to the public.)

There are a number of pitfalls in preparing this type of analysis, which are discussed in more detail in the next chapter. But the short story is that it is very difficult to make “apples to apples” comparisons between cities. There are 478 of them in the State. And each of them have their own unique story to tell in terms of community needs and resources.

Nonetheless, difficult doesn’t mean impossible. This report includes a detailed description of the methodology we have used in developing and evaluating these benchmarks. In short, while true “apples to apples” benchmarks are probably not possible, it is our goal to at least make meaningful “Gala to Macintosh” comparisons.

### BENCHMARKS IN FOUR AREAS

In measuring our performance, we have developed benchmarks in four areas:

1. How do we compare financially with similar cities?
2. How do our “service outcomes” compare with similar cities? (Service costs are one thing; value for cost – service outcomes – is another.)
3. How have City workloads and staffing changed over time?

#### EDITORIAL

OPINION OF THE TRIBUNE

## City to taxpayers: We hear you!

Praise to SLO city manager for affirming his commitment to provide valuable information to the public on proposed sales tax measure

**W**e all like it when somebody says, “I hear you. I agree with your point, and I think you are being fair and reasonable.”

It doesn’t happen often, but when it does, well, it feels pretty good and deserves a headline.

Essentially, “We hear you” is the message from SLO City Manager Ken Hampian to city taxpayers.

We have written several editorials over the last few weeks regarding the possibility that the county and each of the seven cities might ask voters to approve a quarter-cent or half-cent increase in the sales tax.

We’ve called on each municipality to be upfront with its citizens. We don’t just want a laundry list of facts and figures for SLO, or Morro Bay or Arroyo Grande. We want to know how the size of each city’s staff and the quality of its municipal services compare to communities of similar size. We want to know how much additional tax revenue new developments — such as San Luis Obispo’s Court Street — can be expected to generate. And we want to know what steps each agency already has taken to cut expenses.

Our most recent editorial on July 21 generated a response from Hampian, who is widely regarded for his competence, good humor and honesty.

Hampian wrote to us and said: “Just a note to tell you that I think today’s ‘show-me’ editorial (and similar ones in the past) was completely fair and appropriate and that your request is duly noted and will be addressed as the revenue measure process moves forward.”

“I don’t have the exact approach to developing appropriate benchmarks defined yet, but we are working on it. I do know, however, that ‘per capita’ is not the best way to go in all cases.

“For example, many cities our size only have three fire stations. We have four because we have mountains and a train track that divide up our city and thus require four stations in order to meet industry standard response times. Our fire department also serves Cal Poly and a large ‘daytime population’ — people not counted in our population. Many cities contract for services, e.g. police, fire, wastewater, etc. — and the employees they contract with (e.g. sheriff deputies) are not included in the city head count.

“More on all of this later (including info from industry experts in the benchmarking area). Mainly, I just want to let you know that ‘we hear ya!’ ”

In our role as a watchdog looking at how governments spend our precious tax dollars, we’re delighted with Hampian’s pledge to deliver helpful data comparing San Luis Obispo’s level of city services. That should give all taxpayers comfort, and, ultimately, good information on which to base their vote.

## **EXECUTIVE SUMMARY**

4. And has the City adopted and implemented the use of “best practices” in wisely managing the public resources that have been entrusted to us?

### **QUICK REVIEW OF THE RESULTS**

The following is a summary of the findings of this report.

#### **Financial**

In virtually all areas of our operations, we compare favorably with our benchmark cities. This includes:

1. Lower than average operating costs.
2. Lower than average staffing levels.
3. Lower than average debt levels.
4. The lowest ratio of support costs in administrative departments like Administration, City Attorney, City Clerk, Human Resources and Finance & Information Technology compared with operating costs for direct services like police, fire, streets and park maintenance.
5. Prudent reserve levels.
6. Lower than average salary and benefit costs.

In short, we are in the mainstream of our benchmark cities, and in several cases, the "best in class." This is especially notable, as we set the bar high in selecting benchmark cities that have well-earned reputations for being well-managed.

#### **Service Outcomes**

1. We are among the safest of the benchmark communities (only Ventura has a lower incidence of violent crime). There are a number of reasons for this, and we believe that the effectiveness of our Police Department is one of them.
2. On the other hand, we have a higher incidence of injury auto collisions than most of the benchmark cities. This is an area of concern, especially since traffic enforcement is one of the areas we have had to cut back in balancing our budget.
3. And our pavement condition is among the best of the benchmark cities (only Ventura has a higher rating – but not by much!). The implications here are clear: our pavement management plan that we adopted and began implementing in 1998 has made a difference. But if we continue on our current course – where we have cut back on paving expenditures by 67% (from \$3 million annually to \$1 million) – this will no longer be the case. In a few short years, our pavement condition will be even worse than it was in 1998 when we began the program.

## **EXECUTIVE SUMMARY**

### **Staffing and Workload Trends**

1. We have fewer General Fund regular employees than we did 15 years ago.
2. We have fewer regular Fire employees – both sworn and non-sworn – than we did 15 years ago, yet service calls have increased by 139% over this same period.

### **Best Practices**

1. We have made extensive use of “best practices” in managing the City’s fiscal affairs, including multi-year budgeting, long-term fiscal forecasts, integration of goal-setting into our budget process, development of fiscal contingency plans, use of generally accepted accounting principles and “clean” audits by independent certified public accountants, ongoing monitoring of financial condition and the use of comprehensive fiscal policies as the foundation for decision-making.
2. We have received state and national recognition for excellence in financial planning and reporting, and we are industry leaders in this area.
3. We make extensive use of the private sector in delivering City services, including partnerships and collaborations with non-profit organizations as well as other government agencies. In fact, these agreements with others account for over 50% of the City’s total expenditures.
4. We perform regular “best practice” reviews of key internal policies and procedures, such as cash handling, credit card use and purchasing practices.

### **FOR MORE INFORMATION**

If you have questions about the preparation of this report or its results, please contact:

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## **METHODOLOGY**

As discussed in the Executive Summary, “benchmarking” has a number of pitfalls in making “apples-to-apples” comparisons with other cities. While simple per capita comparisons are tempting, the fact is that every city faces different challenges due to a wide variety of factors, including:

1. Service level expectations
2. Daytime versus resident service population
3. Fiscal constraints
4. Community demographics
5. And not least, geography

For example, as the results of this analysis show, we have higher than average fire costs. This is solely due to geography in meeting our four minute response time standard (which we know is essential in saving lives and property). Between mountains, freeways and railroad tracks – and the access limitations they create, we need four fire stations to meet our four-minute goal. Other communities with a similar size but less challenging geography might be able to meet a similar service standard with fewer stations – and thus lower costs.

### **MITIGATING THE PITFALLS**

The reality is that in order to make meaningful comparisons with others, we need to develop a common denominator. And while imperfect, “per capita” is a likely candidate – and in the real world, probably the most workable one. Avoiding these pitfalls and making meaningful per capita comparisons requires carefully selecting the benchmarks to begin with to ensure that if not “apples to apples,” then the types of fruits are as close as possible to begin with.

In short, the key to success is starting with the best “Gala apples to Macintosh apples” benchmarks to begin with.

### **BENCHMARK CITIES**

In getting the “fruits” about right, we selected seven California cities (see sidebar, with populations as of January 1, 2005 in parentheses) as sharing many characteristics with us, including:

1. Full service city: they all directly provide a wide range of core city services, including police, fire, street maintenance, planning, parks and recreation.
2. County seat (or “big” city for their area).
3. Distinct regional identity separate from a large metropolitan area.
4. Major employment, commercial, cultural and government centers for their area.
5. “Quality of life” community.
6. Midsize cities, with populations ranging from 30,000 to 100,000.

- Davis (64,000)
- Monterey (30,350)
- Napa (74,700)
- Palm Springs (44,000)
- Santa Barbara (90,500)
- Santa Cruz (53,600)
- Ventura (104,300)

## METHODOLOGY

Additionally, these seven cities share one or more of the following characteristics with us:

1. Coastal (Monterey, Santa Cruz, Santa Barbara, Ventura)
2. College town (Davis, Monterey, Santa Barbara, Santa Cruz)
3. Tourism is an important part of the city's economy (Monterey, Napa, Palm Springs, Santa Barbara, Santa Cruz, Ventura)

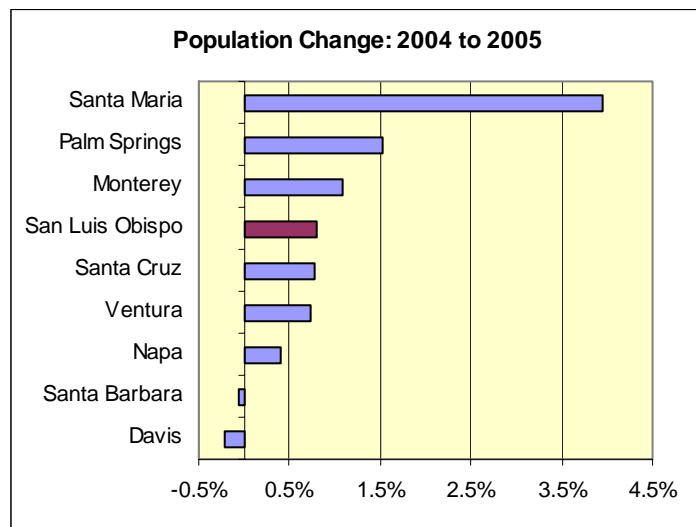
While not perfect, this combination of economic features – “central city” for the area, tourism, college town – helps offset the fact that our “service population” is larger than our “resident population,” since this is true for these other cities as well.

One other similarity is worth noting: each of these cities have managed growth programs. As reflected in the side bar chart, the population for each of these seven cities grew by less 1.5% between 2004 and 2005.

Lastly, in selecting these particular cities, we set the bar high in comparing ourselves to them, since they all have well-earned reputations for being well-managed cities.

### **And Santa Maria Makes Eight.**

While it does not share all of these characteristics (for example, as reflected in population chart, they are a much faster growing city), we also included Santa Maria (population: 82,000) as the most comparable city to us in our area.



This results in eight benchmark cities in preparing this report.

## SUMMARY

As discussed above, “per capita” is not a perfect measure in assessing “service demand” due to the need to service day time employees and tourists as well as residents. On the other hand, if the benchmark cities also share these characteristics, then “per capita” becomes a better (if still imperfect) benchmark.

## ① FINANCIAL BENCHMARKS

### OVERVIEW

This chapter provides comparisons on key benchmark “measures” for revenues, costs, reserves, debt, staffing and compensation with our eight benchmark cities. In understanding the results, the following describes how data was collected and key caveats about their limitations.

**Data Sources and Collection.** In preparing this report, we have strived to use published *audited* financial statements wherever possible for revenue and cost data. (In those few instances where we have not, we have noted the source and reason for using it.) We used audited financial statements for the fiscal year ending June 30, 2004, which is the latest date for which this information is available for all cities; and based on this, we used population data as of January 1, 2004 in making per capita comparisons.

For regular authorized positions, we have relied upon published budget documents for 2005-06, except for the City of Palm Springs: 2004-05 was the latest year for which a published budget document is available.

In short, anyone with a web browser (and the time and inclination to so) should be able to duplicate the results of this report. (In a few cases as described in the *Data Sources* chapter, some follow-up calls may be needed.)

**Caveat: Every City Budgets and Accounts for Service Costs Differently.** Along with caveats on the pitfalls of using of “per capita” data in making “apples to apples” comparisons, another one is in order: every city everywhere budgets and accounts for service costs differently.

For example, some cities account for internal services like printing, fleet maintenance, insurance and information technology using “internal service funds,” which charge user departments for their services. Other cities (like San Luis Obispo) account for these types of costs in the General Fund, and use a cost allocation plan in distributing costs to other departments and funds. And some cities account for these in the General Fund, but make no formal allocation of these costs at all.

And some cities account for services like paving, street lighting, landscape maintenance and storm drain maintenance in separate special revenue or enterprise funds, not in their General Fund (like we do).

Lastly, all of the cities except San Luis Obispo have redevelopment agencies. Again, this means that some of our costs, like economic development, are accounted for in our General Fund, which may not be the case in other cities.

**Why does this matter?** Those cities that use separate funds to account for services that others account for in their General Fund may appear to have lower General Fund costs than those who don't. Unfortunately, there is no good way to adjust for this. So, like the results of using per capita, we need to recognize the limits of benchmark studies: even in the best of circumstances, the results are not exact comparisons. Nonetheless, the results should provide a reasonable, order of magnitude feel for how one city compares with another.

## 1 FINANCIAL BENCHMARKS

**Focus on “Governmental” Activities: Excludes Enterprise Operations.** The services that cities provide can be divided into two major groups:

1. **Governmental Activities.** These are the “traditional” functions of cities, and include services like police, fire, planning, building inspections, street maintenance, recreation and park maintenance. All of the benchmark cities provide these core services.
2. **Enterprise Activities.** However, every city has a different story to tell when it comes to “enterprise” operations like those provided by us: water, sewer, parking, transit and golf.

The number and type of enterprise services that a city provides can significantly affect its total costs and staffing. As such, for the best “apples to apples” comparison, this report largely focuses on costs and revenues for just “governmental” activities, and excludes enterprise operations unless otherwise noted.

As reflected below, all of the benchmark cities deliver a wide variety of enterprise services, ranging from water and sewer (which are provided by most of them) to an international airport in Palm Springs and wharves/marinas in Monterey and Santa Barbara.

### Enterprise Operations

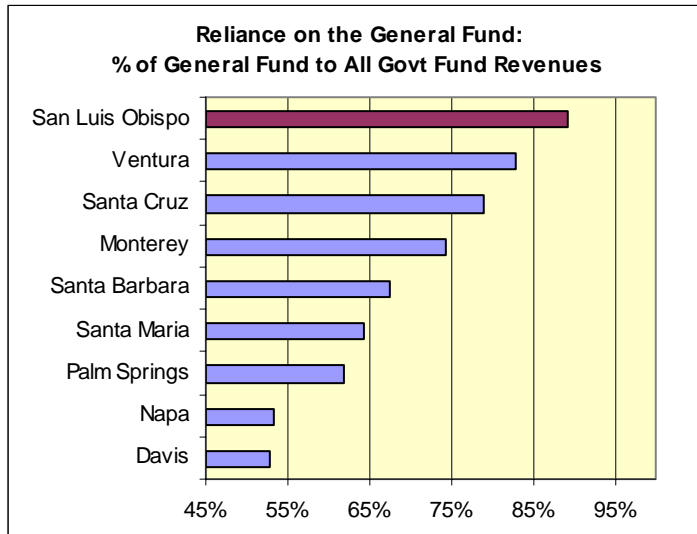
Service	San Luis Obispo	Davis	Monterey	Napa	Palm Springs	Santa Cruz	Santa Barbara	Santa Maria	Ventura
Water	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Sewer	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Parking	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Transit	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>						<input checked="" type="checkbox"/>	
Golf	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Solid Waste				<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
Storm Water		<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>			
Marina/ Wharf			<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>		
Airport					<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		
Cemetery			<input checked="" type="checkbox"/>						
Presidio			<input checked="" type="checkbox"/>						
Housing				<input checked="" type="checkbox"/>					

**Selecting the Benchmarks.** The key we considered in selecting the benchmarks included: they measured something meaningful; they were reasonably available from all of the benchmark cities; and they most likely measured the same thing. For this reason, many of the comparisons focus on citywide totals or public safety: not only are these the most meaningful in terms of their impact on city finances, but they are the measures most likely to result in “apples to apples” comparisons.

# 1 FINANCIAL BENCHMARKS

## RESOURCES

The following charts compare the City’s revenue sources for “governmental” activities with the benchmark cities.



**Table 1.** This chart compares our reliance on the General Fund in financing “governmental” services through the “Governmental Funds” (General, Special Revenue, Capital Project and Debt Service Funds combined).

As noted in the overview, many cities finance services like landscape maintenance and street lighting using assessment districts, whereas we pay for these services through our General Fund. Additionally, all of the benchmark cities except for us have

redevelopment agencies, which also reduces their reliance on the General Fund in providing services.

As reflected in this chart, we have the highest reliance on the General Fund of all the benchmark cities. Compared with these other cities, this means that strengthening our ability to provide services depends upon our ability to strengthen our General Fund. This is the advantage of a general purpose sales tax measure.

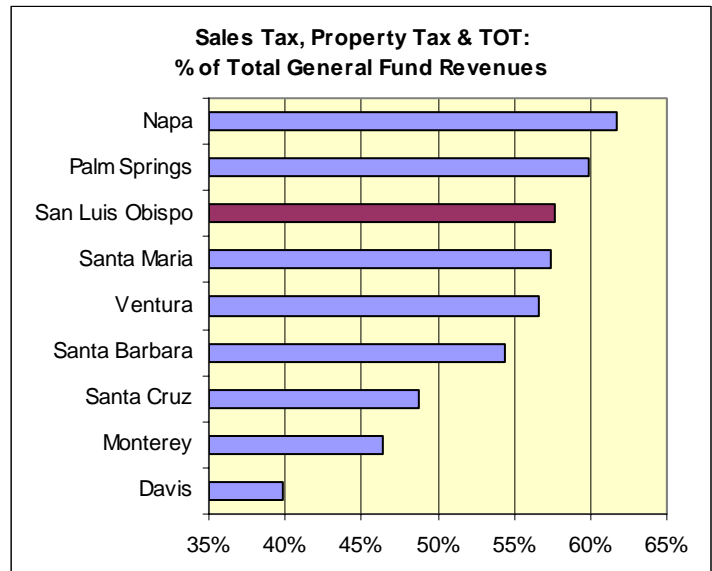
**Why don’t we have a redevelopment agency?** We prepared an extensive analysis of the possible benefits of forming a redevelopment agency in 1999. This study showed that due to changes in redevelopment law and the “basic aid” status of our local school district, there were no significant advantages to forming an agency at this time (and several downsides). If we had created a redevelopment agency many years ago, as these other cities did, then there may well have been advantages to doing so at that time; but this is not the case now, nor is it likely to be for the foreseeable future.

## 1 FINANCIAL BENCHMARKS

**Table 2.** Sales tax, property tax and transient occupancy tax (TOT) are the City’s top three General Fund revenues, accounting for almost 60% of total General Fund revenues.

These are also important revenues in the benchmark cities, accounting for 40% or more of total General Fund revenues in all cases.

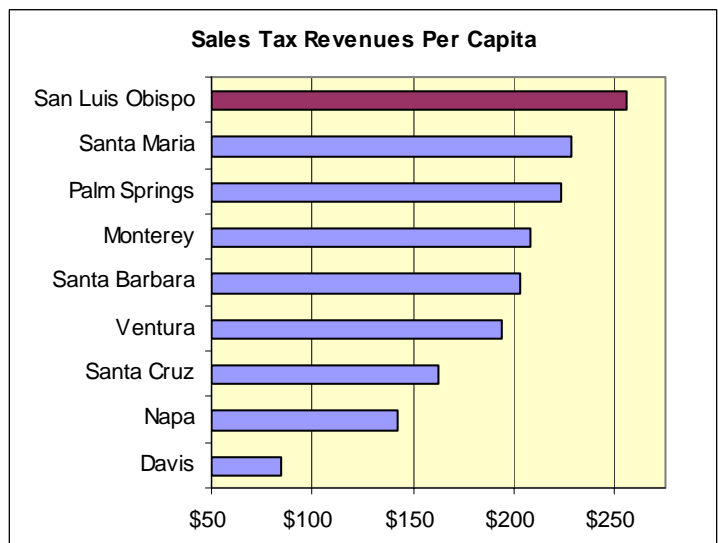
The following three charts take a more detailed look at each of these three key revenue sources.



**Table 3.** Sales tax is the City’s “number 1” revenue source, accounting for about one-third of total General Fund revenues. As shown in this chart, the City has the strongest sales tax revenues per capita of the benchmark cities.

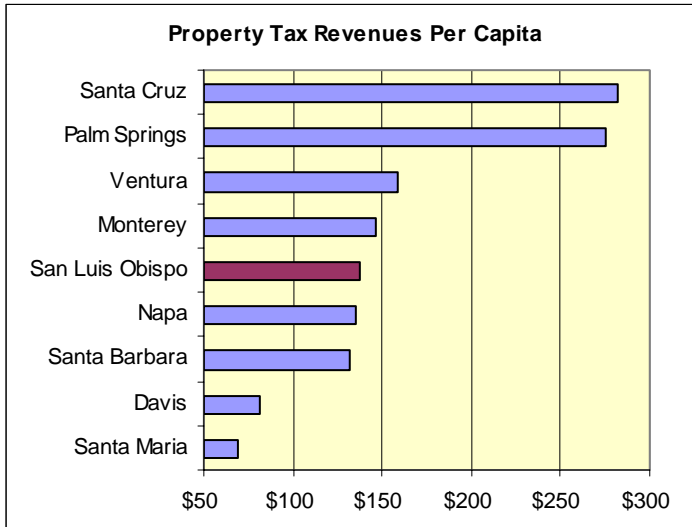
This supports sales tax as the “revenue of choice” in considering a possible ballot measure for two reasons:

1. As our strongest revenue source, it has the strongest ability to generate revenues with the least increase in the rate.
2. It will have the least impact on our local residents, since so much of this revenue source is generated by others outside of the City who shop here.



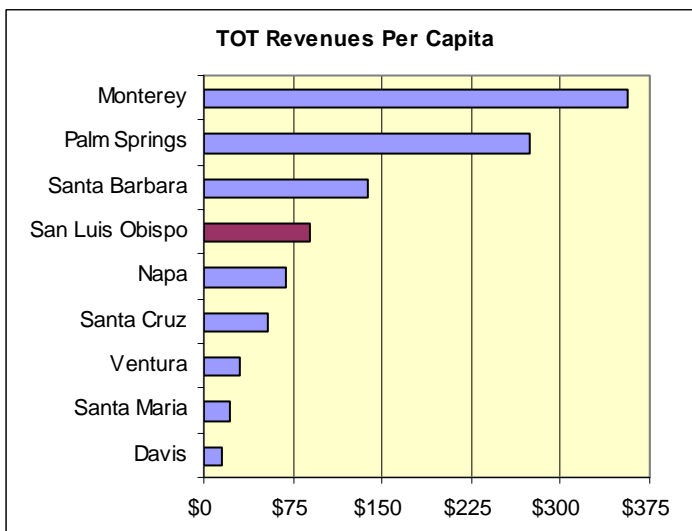
**Why are our sales tax revenues per capita so strong?** There are a number of reasons, but the most significant is our strong regional position for new car sales compared with these other cities, along with our tourist economy and student population.

## 1 FINANCIAL BENCHMARKS



**Table 4.** The City’s property tax revenues per capita are in the mid-range of the benchmark cities.

**Why not raise property taxes?** Proposition 13, adopted by the voters in 1978, prohibits increases in property tax rates – even if approved by local voters – except for bonded indebtedness. In short, this is not an option in meeting day-to-day service needs.



**Table 5.** This chart clearly shows those cities with strong tourist economies. Davis has the lowest TOT revenues per capita, while Monterey has the highest, followed by Palm Springs and Santa Barbara.

San Luis Obispo is in the mid-range of the benchmark cities.

**Why not raise TOT?** There are two reasons:

1. It singles out one part of our local economy – the visitor industry – to pay for community-wide service needs like police, fire, streets, flood protection and parks.
2. Because it is not as broad-based as sales tax, significant rate increases would be required to raise a similar amount revenue. For example, to generate the same amount of revenue as a ½-cent sales tax measure, the TOT rate would have to more than double: from 10% to 21.5%. This would put the City at a huge competitive disadvantage.

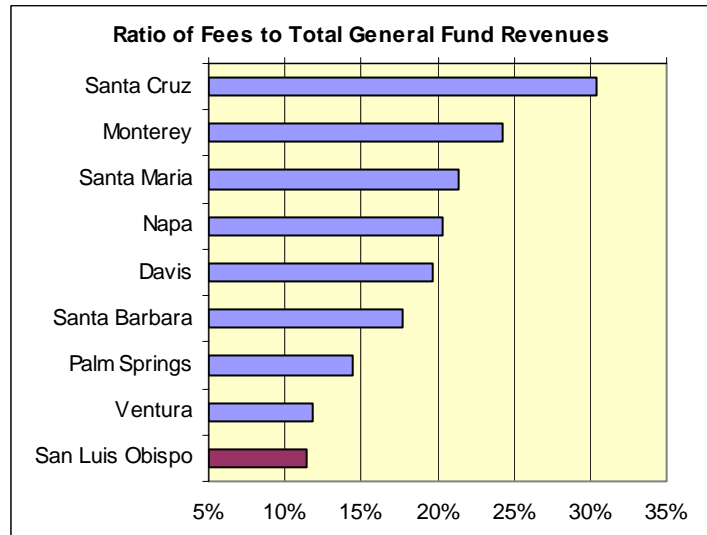
# 1 FINANCIAL BENCHMARKS

## Reliance on Service Charges

**Table 6.** Under Proposition 218 adopted by the voters of California in November 1996, all new or increased tax revenues require voter approval: *general purpose* taxes require majority voter approval and *special purpose* taxes require two-thirds voter approval.

As such, cost recovery via service charges is one of the few discretionary resource decisions available to city councils throughout the State. Increasing cost recovery through service charges has been part of the City’s budget-balancing strategy over the past three years, accounting for about 14% of the overall solution (expenditure reductions accounted for 68% of the solution and use of reserves the remaining 18%).

In light of this, this chart shows how the City’s use of service charges compares with the benchmark cities. Our service charges only accounted for 11% of General Fund revenues in 2003-04 – the lowest level of all the benchmark cities.

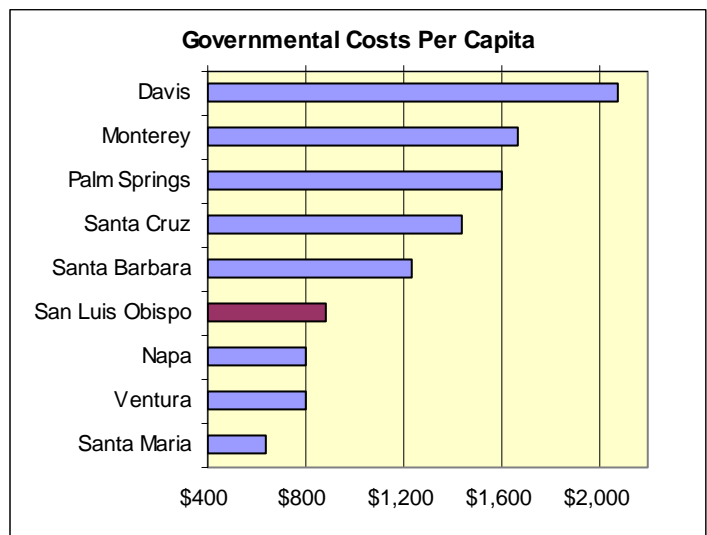


## COSTS

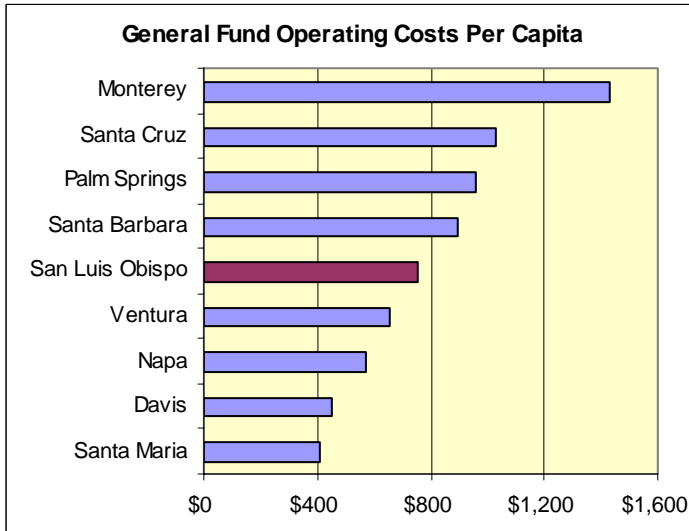
The following charts compare the City’s costs for all governmental services as well as for public safety (police and fire) with the benchmark cities.

**Table 7.** Under generally accepted accounting principles, every city must prepare consolidated financial statements on a full accrual basis for all of their operations. These are organized into two distinct categories: governmental activities (police, fire, streets and parks) and business-type (enterprise) activities.

While there are conceptual difficulties in using “governmental” activity” costs in making comparisons between cities, it is the nonetheless the best one available in taking a citywide look at costs (after factoring out enterprise operations). This chart shows that only Santa Maria, Ventura and Napa have lower per capita costs for governmental services than we do.



## 1 FINANCIAL BENCHMARKS

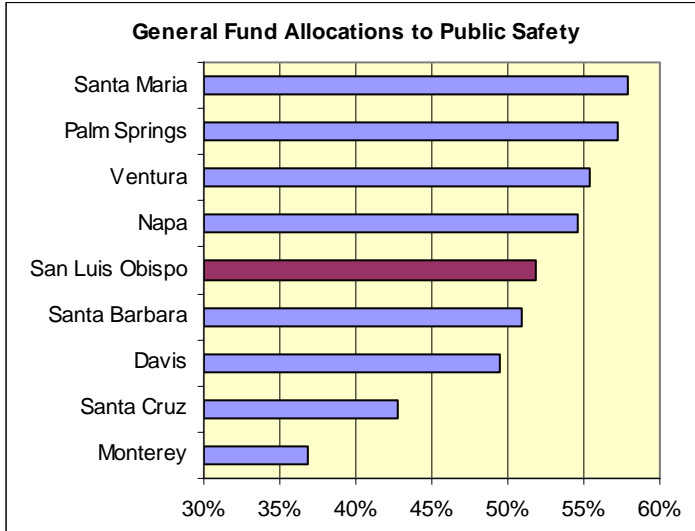


**Table 8.** The General Fund is the most important fund in most cities, and this is the case for the benchmark cities (including San Luis Obispo) as well. As such, while not a perfect measure due to its drawbacks as discussed in the *Methodology* chapter, it is the most commonly used one.

This chart shows that the City is in the mid-stream of the benchmark cities, with per capita operating costs of \$753, which is slightly lower than the average of \$796.

### *Allocation of General Fund Resources for Public Safety Services*

The following three charts show how San Luis Obispo and the benchmark cities allocate their General Fund resources to their highest priority service (and most significant in terms on their draw on General Fund revenues): police and fire.



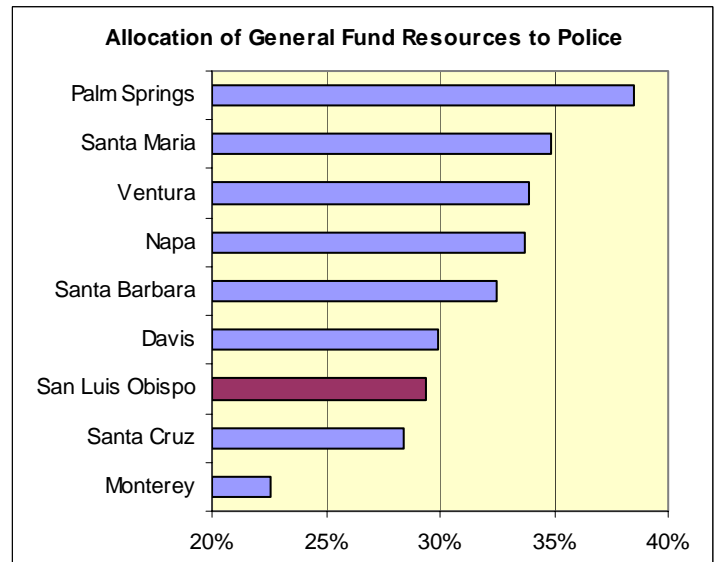
**Table 9.** Public safety costs for police and fire services are the most significant use of General Fund revenues in the City of San Luis Obispo, accounting for over 50% of operating costs.

While the percentages vary, costs for public safety services are the most significant in the benchmark cities as well, ranging from about 40% in Monterey to almost 60% in Santa Maria. We are in the mid-range of General Fund allocations to public safety.

On one hand, these high allocations of resources to public safety by all cities appropriately reflect the high priority of police and fire services. On the other hand, the more that a city allocates its general purpose revenues to public safety, the less is available to support other high-priority services like street maintenance, traffic safety, storm drains, senior services, youth programs and park maintenance.

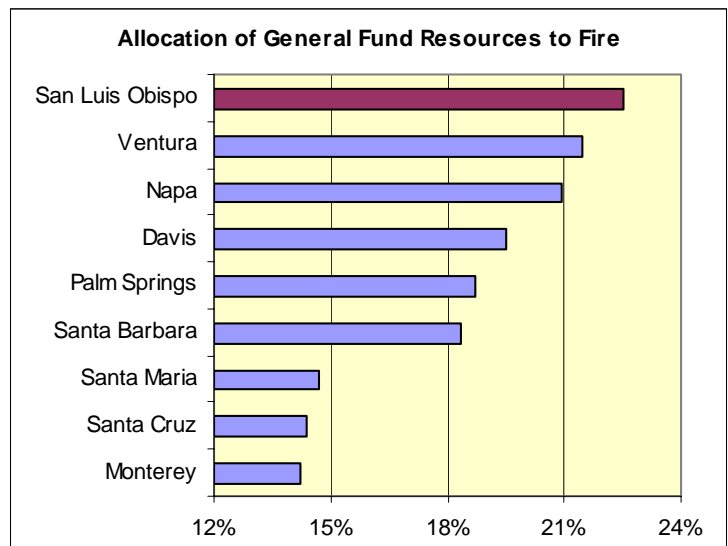
## 1 FINANCIAL BENCHMARKS

**Table 10.** The City allocates about 30% of its General Fund revenues to police services. Only Santa Cruz and Monterey allocate less of their General Fund revenues to police services.



**Table 11.** On the other hand, we allocate the highest level of General Fund resources to fire services. This is a graphic example of how different community circumstances result in different community needs (and related costs).

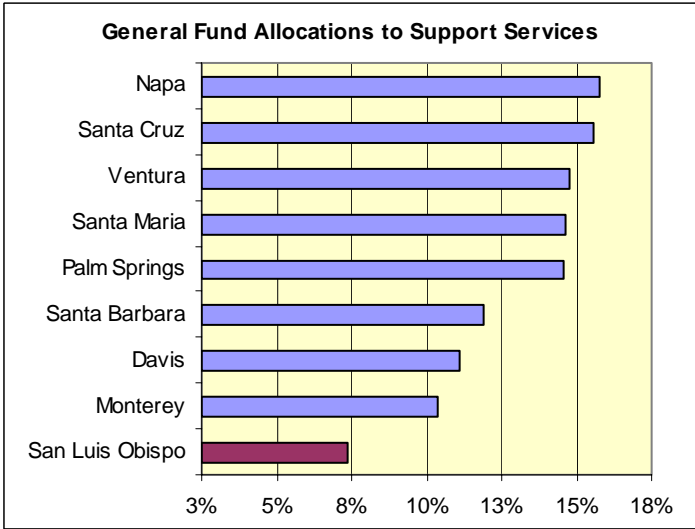
As discussed previously in the *Methodology* chapter, this is a case where “geography is king.” Between mountains, freeways and railroad tracks – and the access limitations they create – we need four fire stations to meet our four-minute response time standard (which we know is essential in saving lives and property). Other communities with less challenging geography are able to meet their service standards with fewer stations – and thus lower costs.



# 1 FINANCIAL BENCHMARKS

## Allocation of General Fund Resources for Support Services

**Table 12.** To ensure appropriate organization direction, oversight, productivity tools and stewardship of the community’s assets, all organizations need to invest adequate resources to support functions like the city manager, city attorney, city clerk, human resources, finance and information technology. Under-funding these “organizational infrastructure” services can result in devastating consequences for any organization – public or private.



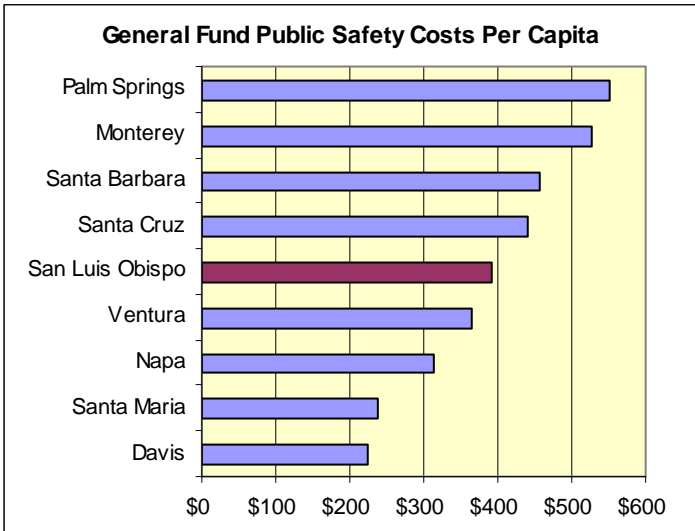
On the other hand, the more efficiently that an organization can effectively provide these services, the more resources will be available for core services, like police, fire, streets and park maintenance.

As shown in this chart, we have the lowest ratio of General Fund costs for these functions services compared with the benchmark cities.

However, none of these ratios is much higher than 15%. These are very favorable ratios for all of these cities, and reinforces the reputations that they have being very well-managed cities.

## Per Capita Costs for Public Safety Services (Police and Fire)

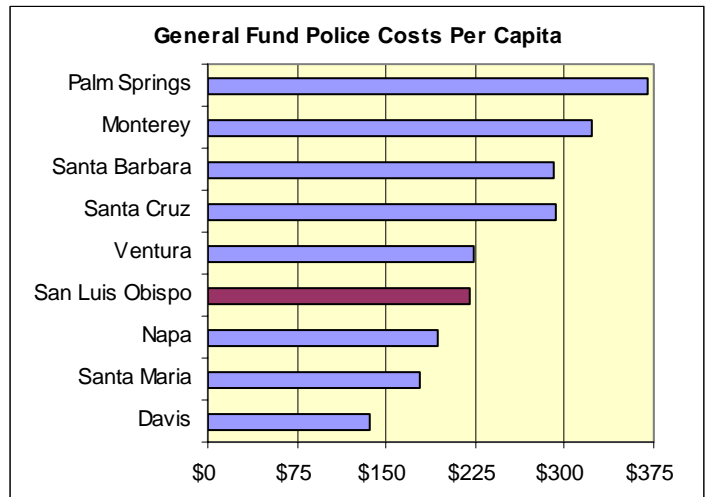
As noted previously, public safety costs account for largest use of General Fund resources in all of the benchmark cities, including San Luis Obispo. The following three charts compare General Fund public safety costs per capita.



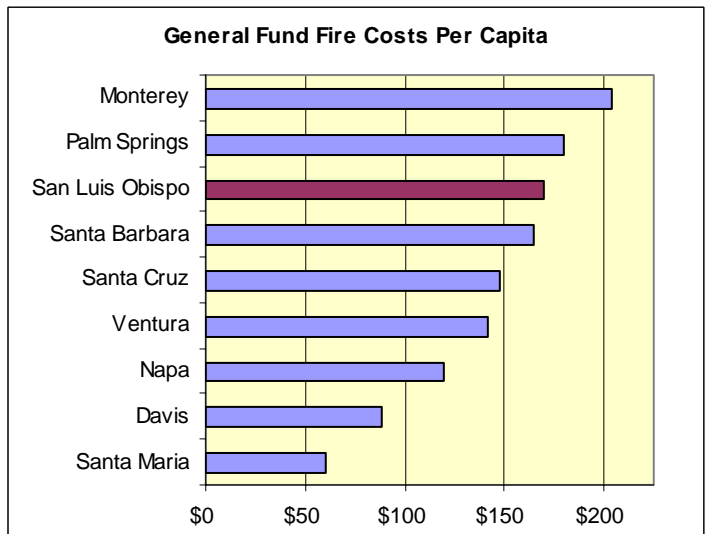
**Table 13.** This chart shows General Fund public safety costs per capita. Consistent with our relative allocation of General Fund resources as shown in Table 9, we are in the mid-range of the benchmark cities.

## 1 FINANCIAL BENCHMARKS

**Table 14.** Our General Fund police costs per capita are also consistent with the results shown in Table 10: these are lower than the majority of the benchmark cities.



**Table 15.** Consistent with the results of Table 11, per capita fire costs are higher than most of the benchmark cities, reflecting the impact of geography on City services.

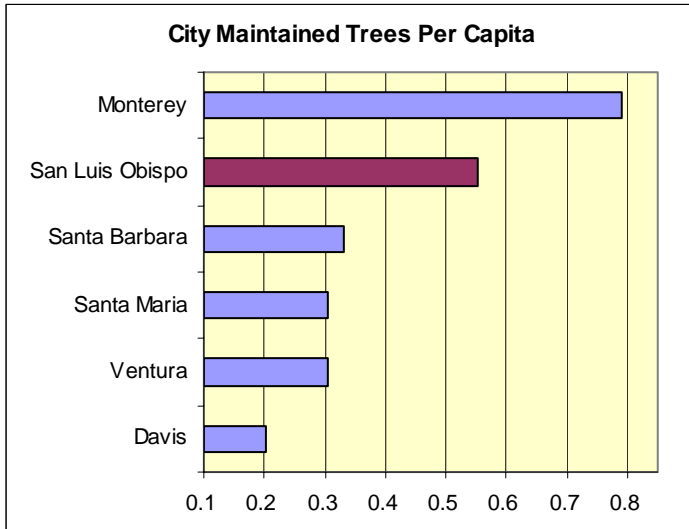


### *Tree Maintenance Costs*

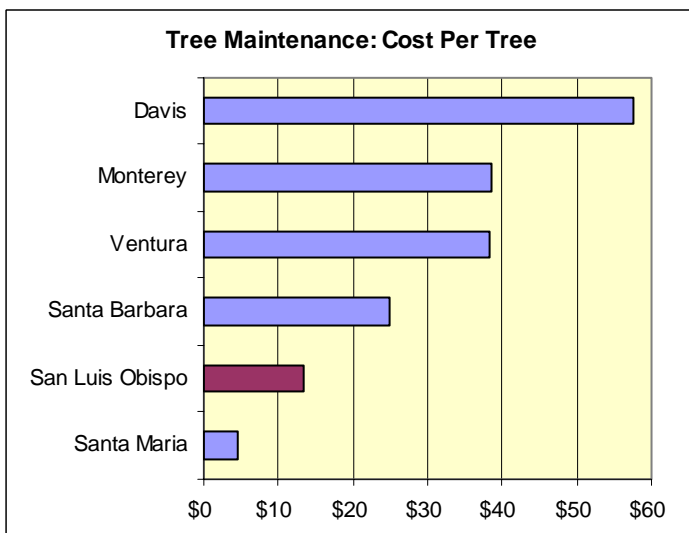
Tree maintenance costs are not a large part of the City's budget: they account for less than 1% of General Fund operating expenditures. However, as we briefed Council advisory bodies on the role of a possible revenue ballot measure in addressing the City's fiscal challenges and meeting the community's service needs, the Tree Committee asked that we consider comparing our tree maintenance costs with the benchmark cities. Additionally, we thought that it would be interesting to compare one such smaller service area.

However, not many cities include this level of detail in their audited financial statements (although we do). As such, to prepare this information, the Public Works Director surveyed his counterparts, and the following information was provided by five of the eight benchmark cities.

## 1 FINANCIAL BENCHMARKS



**Table 16.** As reflected in this chart, only Monterey maintains more trees per capita than we do.



**Table 17.** On the other hand, only Santa Maria spends less per tree than we do, based on the 2005-06 budget data provided by these five benchmark cities. In our case, this should not be interpreted as our being more efficient in maintaining trees, but rather, under-funding our needs in adequately maintaining our urban forest.

## RESERVES AND DEBT

Along with revenue and cost comparisons, there are two other key financial benchmarks: the ratio of reserves to General Fund operating costs; and the ratio of interest costs to total costs. The following two charts show these relationships.

### Reserves

In comparing reserve levels between cities, it is important to recognize that “one size does not fit all.” In short, other than having a reserve at all, there is no “right” level: it depends on the circumstances in each city.

First, reserves (defined here as unreserved fund balance) – whether large or small – do not *per se* reflect on a city's financial capacity or underlying fiscal strength. There are much better

## 1 FINANCIAL BENCHMARKS

indicators than fund balance for this, most notably the ability over time for ongoing revenues to adequately meet day-to-day service needs, capital improvements and debt service requirements.

Then what does retaining a prudent level of fund balance reflect? It measures a city's ability to manage risk. How much can things adversely turn-out differently than "usual," and how much fiscal capacity (measured in time) does the organization think is prudent in developing and implementing plans to respond to unexpected circumstances?

Based on this, the first step in assessing an appropriate reserve level is to assess fiscal risks, which fall into six categories:

1. **Economic.** How dependent are the city's key revenues on local economic performance? And how dependent are they on the fortunes of a few key taxpayers, or are revenue sources broadly distributed? In short, are all of the city's revenue "eggs in one basket?" And if so, how large and strong is the basket?

For example, property taxes are usually viewed as stable, dependable revenue sources. As such, if this is a large part of a city's revenue base (as it is in most states, other than California), then its fiscal risks are lower, and its reserve levels can be lower. However, sales tax is the most important revenue source for most California cities, including San Luis Obispo and most of our benchmark cities, and it can be highly volatile. So, where sales tax is a key revenue source, this argues for higher reserves.

And within any one revenue source, cities also need to assess their vulnerability (the "eggs" thing). For example, if one or two key property owners account for a large part of property tax revenues, then any adverse circumstances for them will adversely affect the city. How likely is this to happen? And what's the consequence if it does? The same is true for sales taxes: already a variable revenue source, it's even worse if one or two outlets (like a single car dealership or major retailer) account for a large part of a city's sales tax revenues.

2. **Cash Flow.** What cash resources does a city need in balancing when it receives key revenues, and when it incurs expenses? Again, this requires a city-by-city review of their own unique circumstances in evaluating "lumpy" receipts and disbursements. In short, every city has a different cash flow story to tell.
3. **Expenditure Flexibility.** How much of a city's costs are relatively "fixed" or ongoing, like debt service and regular staffing; versus more flexible costs, like capital projects or other "one-time" costs? The more "flexible" a city's costs, the more flexibility it will have in not disrupting day-to-day services in responding to adverse circumstances while it figures out a longer-term strategy.
4. **General Contingencies.** What is the likelihood of a major, unanticipated cost?
5. **Natural Disasters.** What is the likelihood (and frequency) of disasters like floods, fires or earthquakes in increasing response and recovery costs, or reducing revenues?

## 1 FINANCIAL BENCHMARKS

6. *Stability of State-Local Government Relationships.* How likely is it that the state will structurally change revenue sources, such as no longer providing a key subvention that it routinely provided cities in the past? Or no longer allowing cities to set a key fee or a tax that they have relied upon for many years? Or assessing cities fees for services that the State has traditionally provided at no cost? Over the past fifteen years, until the passage of Proposition 1A in November 2004, State budget grabs have consistently been the largest single fiscal threat to cities in California.

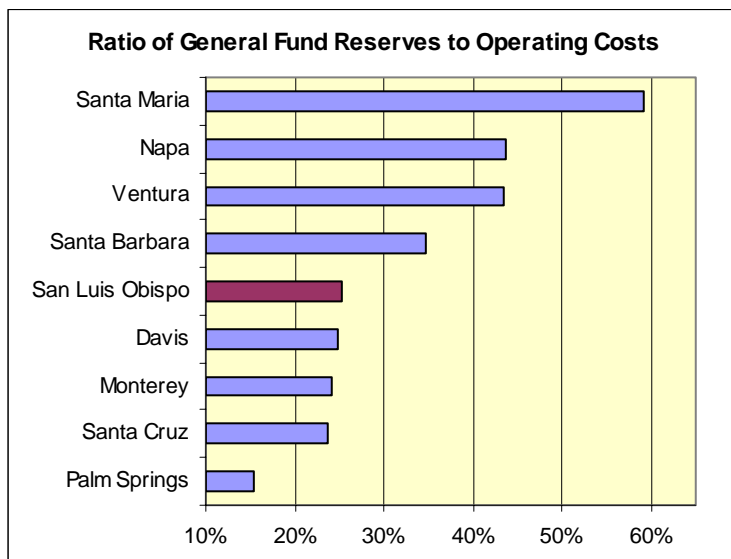
In summary, reserves act as an insurance policy, a risk management tool:

- How much risk is the city exposed to?
- And how much risk is it willing to take in the event that adverse circumstances emerge?

When adverse circumstances do arise, appropriate reserves provide cities with the ability to:

- Absorb "one-time" problems without disrupting day-to-day operations and services.
- Or if the problems are more systemic and ongoing, then it provides them the fiscal capacity to take the time needed to fully identify how big the problem is, and then develop and implement a thoughtful longer-term strategy tailored to the problem.

In answering these questions, fifteen years ago the City adopted the policy of maintaining a minimum unreserved, undesignated General Fund balance that is 20% of operating expenditures; and we were one of the first cities nation-wide to formally adopt this type of policy.



**Table 18.** As reflected in this chart, the ratio of General Fund reserves (defined as unreserved fund balance) to operating expenditures as of June 30, 2004 ranges from 15% in Palm Springs to almost 60% in Santa Maria.

The City's ratio is in the mid-range of the benchmark cities, and at 25% at the time in June 2004, compared favorably with our policy minimum of 20%.

### Interest Costs

Much like personal finances, there is an appropriate role for the use of debt financing in funding long-term investments. For example, 30-year mortgages are certainly appropriate in purchasing a home; and likewise, issuance of a 30-year bond for tangible, long-lived assets like a City Hall,

## 1 FINANCIAL BENCHMARKS

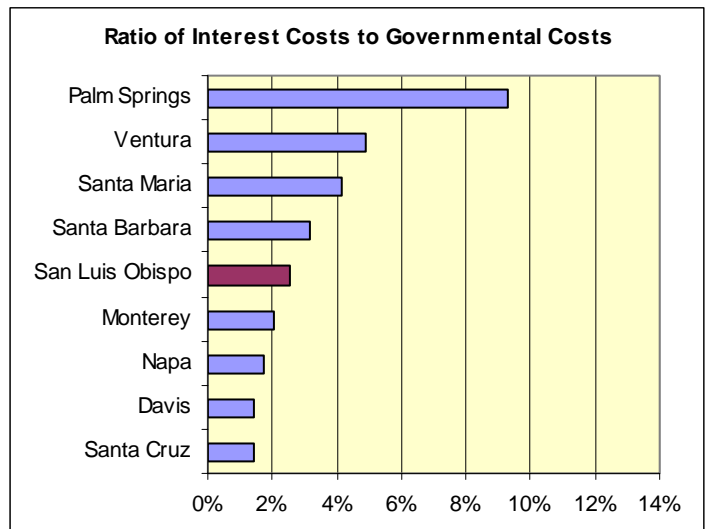
fire Station or park acquisition is also appropriate. However, just as long-term financing to purchase groceries is inappropriate for a family, taking on debt to pay for day-to-day delivery of services is also inappropriate for a city. In our case, the City has strong debt management policies to ensure that long-term financing is used wisely – and we follow them.

However, just meeting the criteria for a reasonable use of debt financing is not enough: just like a family, a city must be able to afford the debt. And just like a family, there is a limit to how much of a city's income can prudently go to repaying borrowed funds.

Since debt capacity is limited, this requires limiting its use to the most important, highest priority needs. In short, debt obligations incurred today will constrain resources for other needs tomorrow, so it's critically important that cities get this balance right.

**Table 19.** This chart compares the ratio of interest costs to total governmental activity costs. At 2.5%, we are in the mid-range compared with the benchmark cities.

It is important to note that by national standards, all of these cities have favorable ratios in this area, again reinforcing the reputations that these benchmark cities have for being very well-managed.

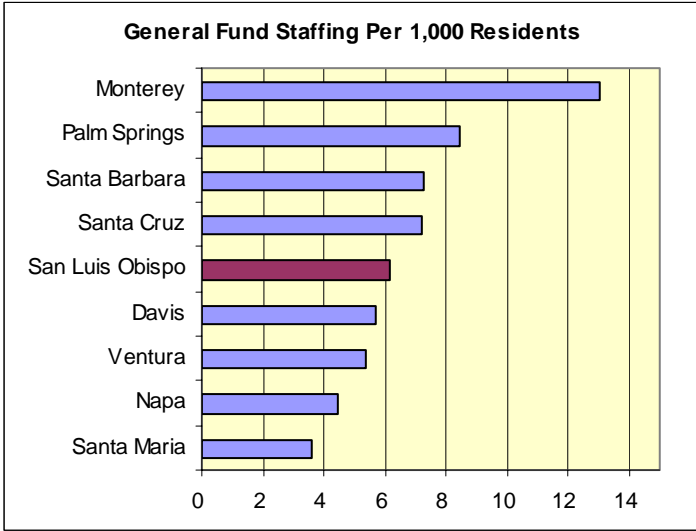


## REGULAR STAFFING

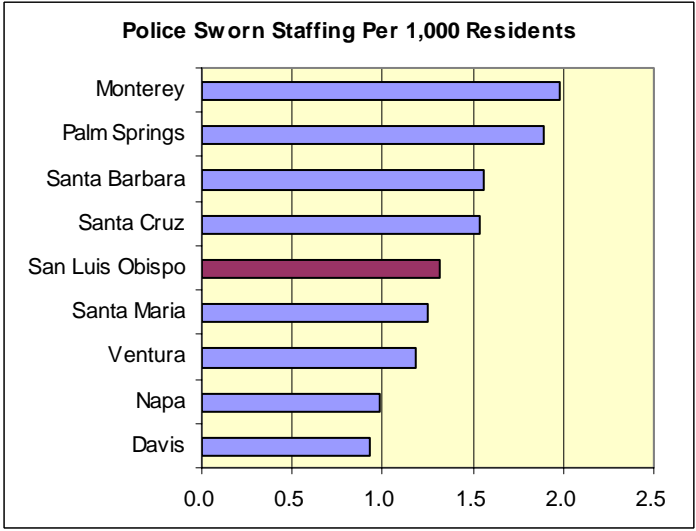
Salary costs account for a large portion of operating costs in every city (about 80% of General Fund operating costs in San Luis Obispo), and regular staffing levels drive these costs. The following four tables provide benchmark comparisons for regular authorized staffing levels in the General Fund:

1. Total General Fund regular staffing per capita
2. Sworn police staffing per capita
3. Sworn fire staffing per capita
4. Ratio of General Fund support staffing to total staffing

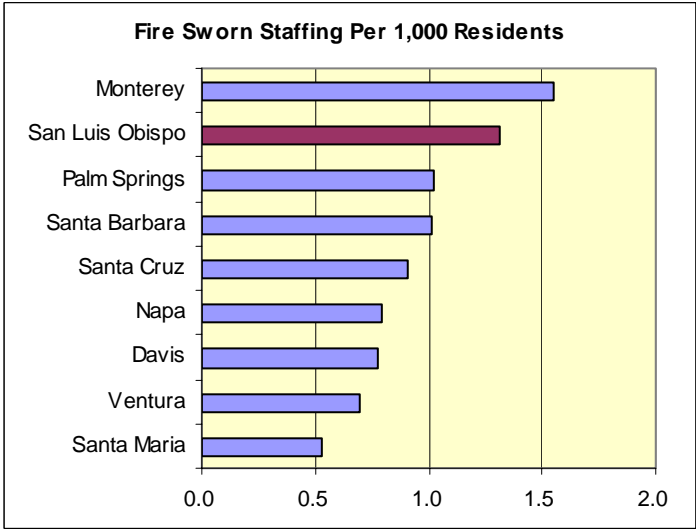
# 1 FINANCIAL BENCHMARKS



**Table 20.** We are in the mid-range of total authorized regular positions per capita in the General Fund compared with the benchmark cities.



**Table 21.** We are also in the in the mid-range of per capita authorized police sworn positions in the General Fund compared with the benchmark cities.



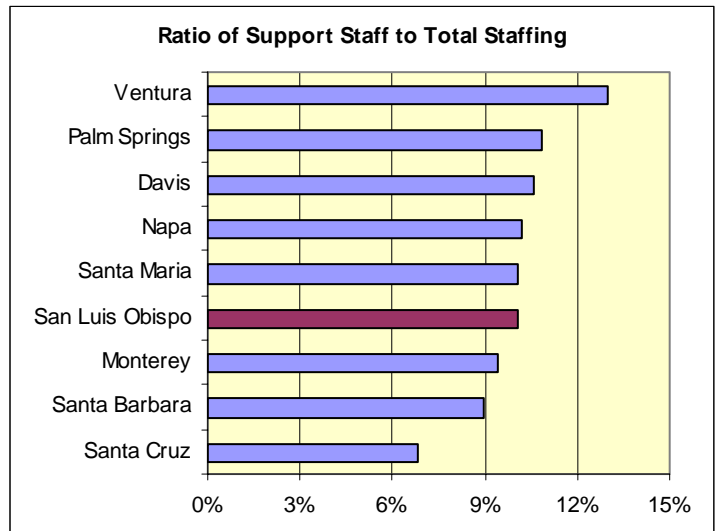
**Table 22.** Consistent with the results shown in Tables 11 and 15, we have higher than average levels of sworn fire employees. As discussed previously, this is due to service response constraints posed by our geography of mountains, freeways and railroad crossings.

## 1 FINANCIAL BENCHMARKS

**Table 23.** We have a lower ratio of support staffing (city manager, city attorney, city clerk, human resources, finance and information technology) than most of our benchmark cities.

### SALARY AND BENEFITS

The last benchmarks considered as key financial indicators are salary and benefit levels. Along with authorized regular staffing levels, these drive a large portion of city costs.



### Salary

We collected salary information for ten “benchmark” positions, which we believe provide a good basis for comparing our salary costs with other cities:

**Core Delivery of Services: Non-Public Safety Positions.** The following five positions represent a good cross section of positions that deliver core, non-public safety services to the public.

- Administrative Assistant I
- Maintenance Worker I
- Associate Engineer
- Associate Planner
- Building Inspector

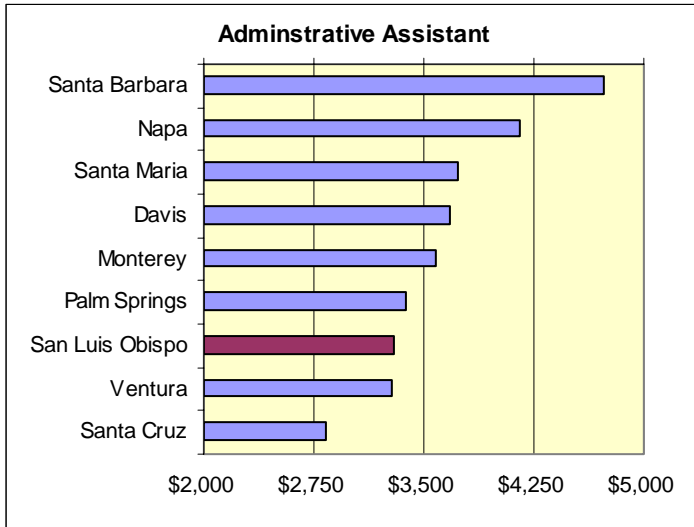
**Public Safety.** We have provided salary information for two key public safety positions: Police Officer and Firefighter.

**Senior Management.** Lastly, we have provided salary information for three key senior management positions: City Administrative Officer (City Manager), Police Chief and Fire Chief.

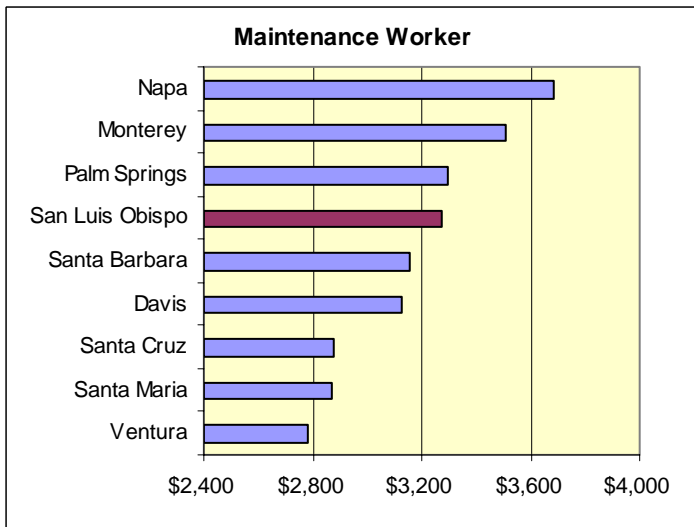
This information was gathered based on surveys conducted by the Department of Human Resources, using the following guidelines:

1. Monthly salary is provided based on the top of the salary range as January 15, 2006. *Why the “top?”* There are two reasons: it reflects how much the City is committed to paying at some point; and more importantly, many of our employees are either at (or very near) the top of their ranges.
2. The salary information is adjusted as appropriate to reflect whether the city pays the employee’s portion of PERS contributions. In our case, the City pays the employee’s portion for all of the positions shown except for Police Officer.

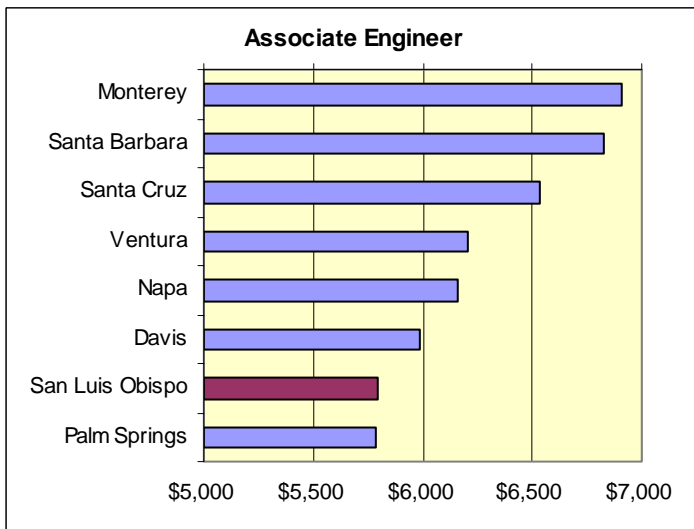
# 1 FINANCIAL BENCHMARKS



**Table 24.** The City’s pay is less than average for this position: 11% below the median.



**Table 25.** The City’s pay is in the mid-range for this position, slightly higher (by 3.6%) than the median.

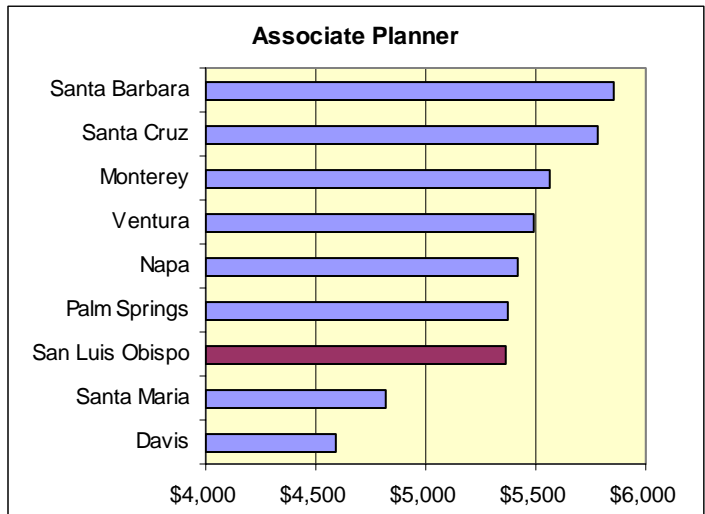


**Table 26.** The City’s pay is less than average for this position: 9% below the median.

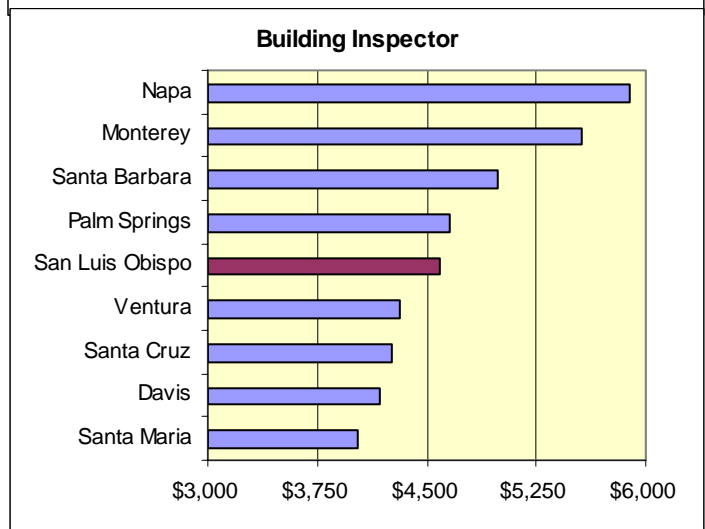
*Note: The City of Santa Maria does not have this position.*

## 1 FINANCIAL BENCHMARKS

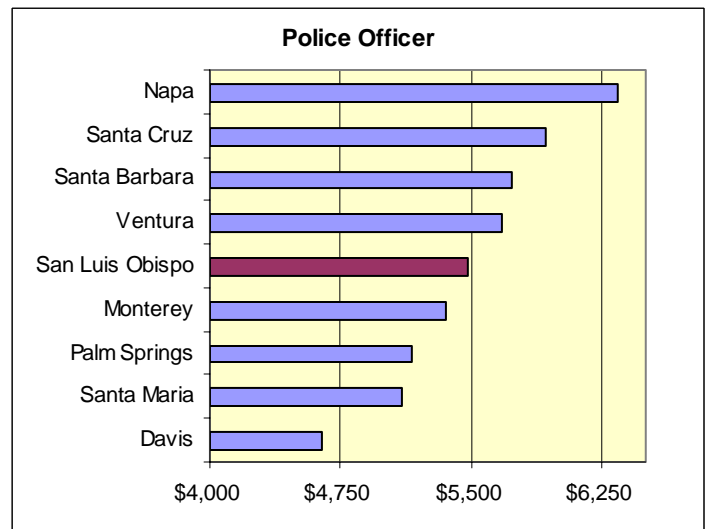
**Table 27.** The City's pay for this position is the mid-range of the benchmark cities, and within 0.15% of the median.



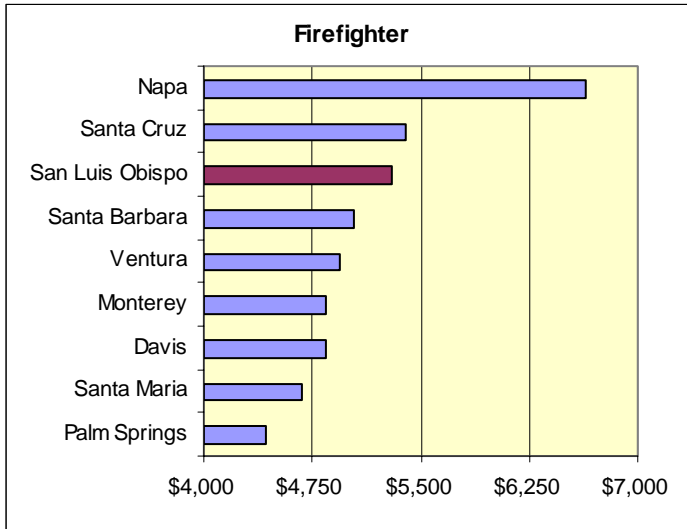
**Table 28.** The City's pay is in the mid-range for this position, slightly lower (by 2.5%) than the median salary range.



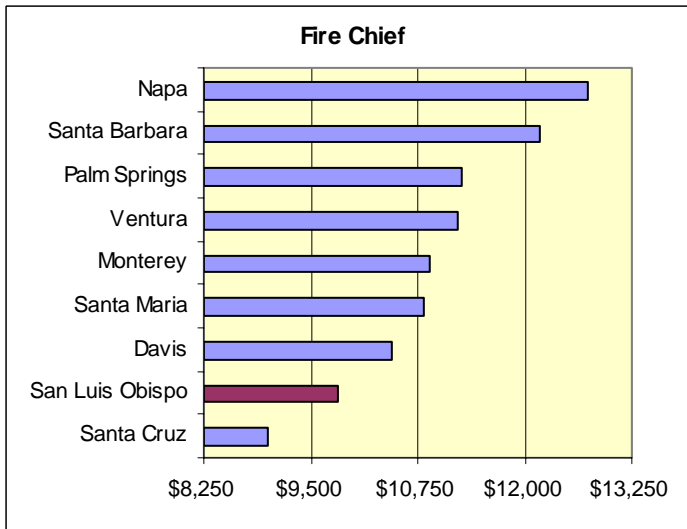
**Table 29.** The City's pay for this position is the mid-range of the benchmark cities, and within 0.3% of the median.



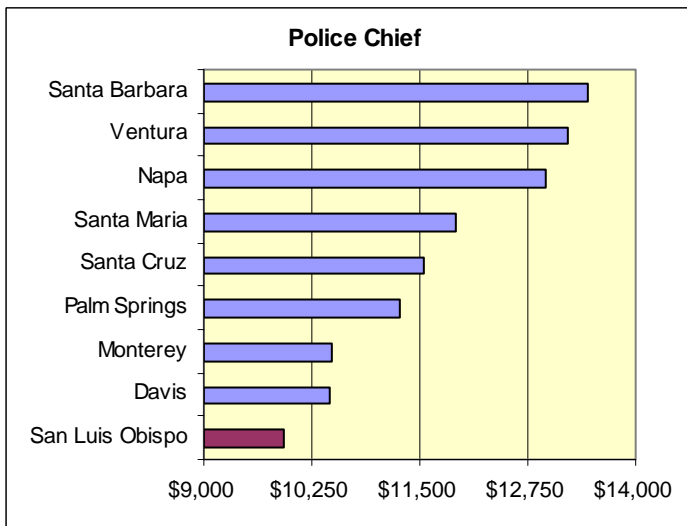
# 1 FINANCIAL BENCHMARKS



**Table 30.** The City's salary range for this position is slightly higher (by 3.8%) than the median.



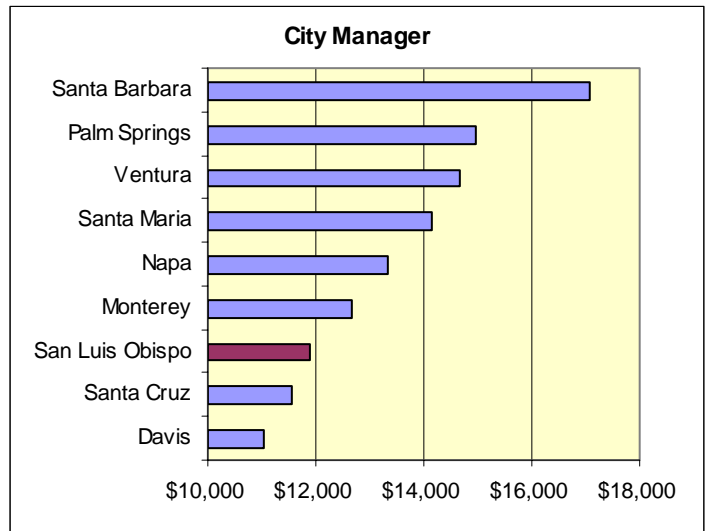
**Table 31.** Only one benchmark city has a lower salary range for its Fire Chief (Santa Cruz). The salary range for this position is 11% lower than the median.



**Table 32.** The Police Chief has the lowest salary range of all the benchmark cities: 17% below the median.

## 1 FINANCIAL BENCHMARKS

**Table 33.** Only two cities (Davis and Santa Cruz) have lower salary ranges for this position. The salary range for this position is 13% lower than the median.



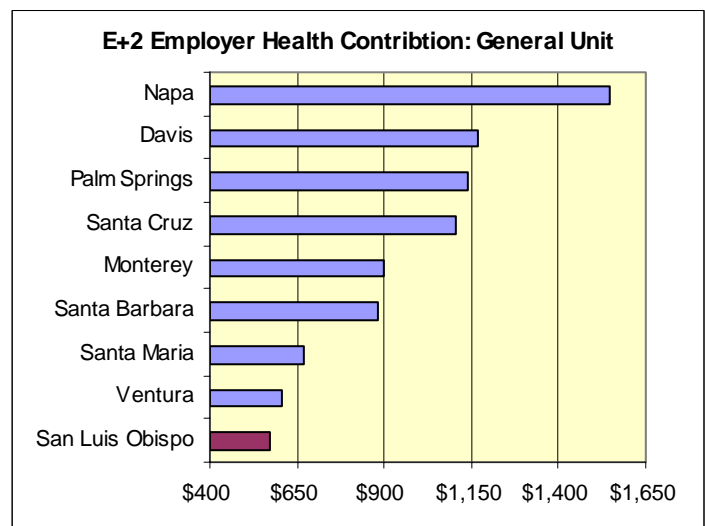
### Health Benefits

Along with salary, the City’s contribution towards group health coverage (including dental and vision care) is a significant component of total compensation. The following four charts compare monthly contributions for each city based on bargaining group and the amounts paid for “employee plus two or more dependents” (E+2). For the City, these groups are composed of the following types of employees (and similar groupings in the benchmark cities):

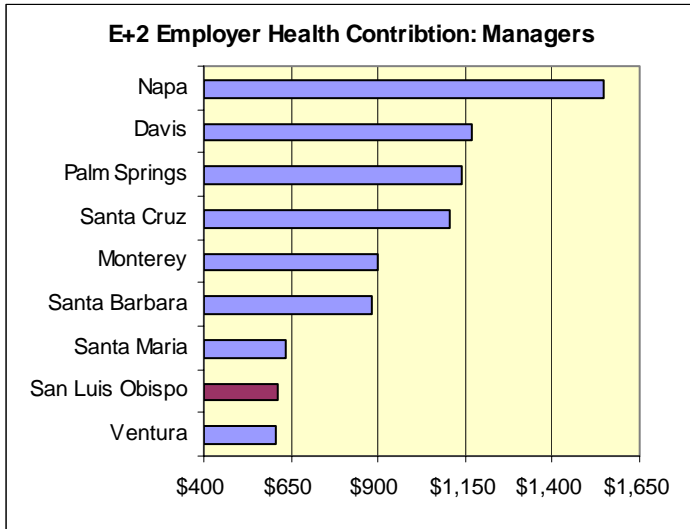
- General Unit: Non-management, non-sworn employees
- Managers: Non-sworn management employees. (Note: All managers in this group are unrepresented)
- Police Officers
- Sworn Fire Employees: Firefighters, Fire Engineers and Fire Captains

For the City, with the exception of management employees, all contribution were determined through the “meet and confer (collective bargaining) process.

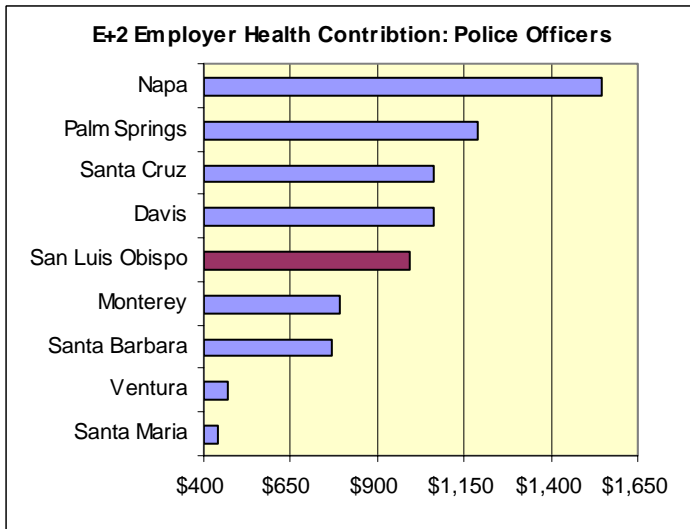
**Table 34.** The City makes the lowest employer contribution for general unit employees: 43% below the median.



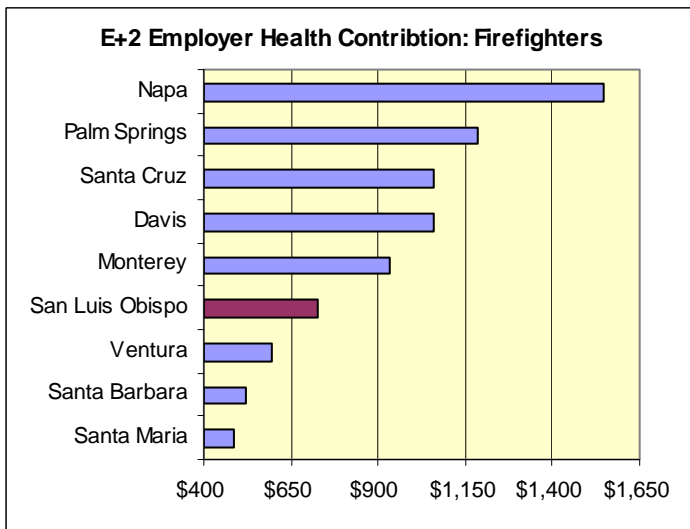
# 1 FINANCIAL BENCHMARKS



**Table 35.** Only one city makes a lower contribution for its managers (Ventura). The City’s contribution for management (unrepresented) employees is 39% below the median.



**Table 36.** The City’s contribution for Police Officers is at the median level compared with the benchmark cities.



**Table 37.** The City’s contribution for firefighters is below the median in the benchmark cities by 21%.

## ① FINANCIAL BENCHMARKS

### Retirement Benefits

Retirement costs via employer contributions to the California Public Employees Retirement System (PERS) are also a major staffing cost. The amount of the contributions is determined by PERS based on a number of factors, including:

1. System participation levels (how many employees will actually retire under the system and receive retirement benefits?)
2. Age of current participants (how close to retirement age are current employees?)
3. Mortality (how long will they live after retirement?)
4. Salary costs (how will these rise over time from today's levels?)
5. Status of current funding (are current assets greater or less than accrued liabilities?)
6. Estimated returns on investments
7. Benefit levels

While all of these play a key role in determining retirement costs, the most critical one in comparing costs between agencies is benefit levels. PERS is a defined benefit program, under which retirees will receive a "defined" retirement allowance based on their age at retirement and their years of service.

The following summarizes the retirement benefits as of January 15, 2006 in San Luis Obispo and the benchmark cities.

#### *Employee Retirement Plans as of January 15, 2006*

City	Sworn: Public Safety		Non-Sworn
	Police	Fire	
Davis	3%@50	3%@50	2%@55
Monterey	3%@50	3%@50	2%@55
Napa	3%@50	3%@50	2.7@%55
Palm Springs	3%@50	3%@50	2.7@%55
<i>San Luis Obispo</i>	3%@50	3%@50	2.7@%55
Santa Barbara	3%@50	3%@50	2.7@%55
Santa Cruz	3%@50	3%@50	2%@55
Santa Maria	3%@50	3%@50	2.7@%55
Ventura	3%@50	3%@50	2%@55

As reflected in this chart, all of the benchmark cities (and San Luis Obispo) have "3%@50" for their sworn employees; and most have "2.7% at 55" for their non-sworn employees. For those cities with 2.7%@55 benefits for their non-sworn employees, in all cases (including San Luis Obispo) this was the result of collective bargaining, under which represented employees offset the added costs of this benefit via salary reductions or related concessions.

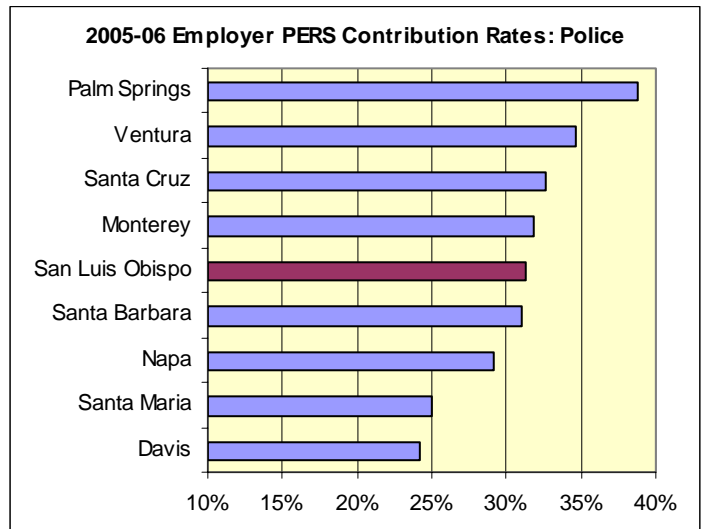
## 1 FINANCIAL BENCHMARKS

For sworn employees, “3%@50” is the statewide standard (as well as for all of the benchmark cities), and as such, market conditions require the City to offer this benefit level in attracting and retaining qualified police officers and firefighters.

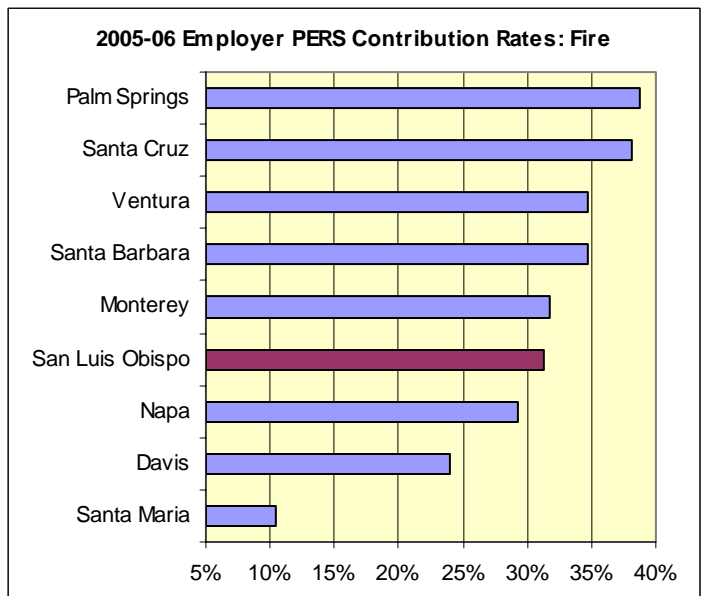
### *Overview of Sworn Employer Contribution Rates*

The following charts compare employer contribution rates for 2005-06 for sworn police and fire employees.

**Table 38.** The City’s employer contribution rate for police officers is in the mid-range of the benchmark cities.

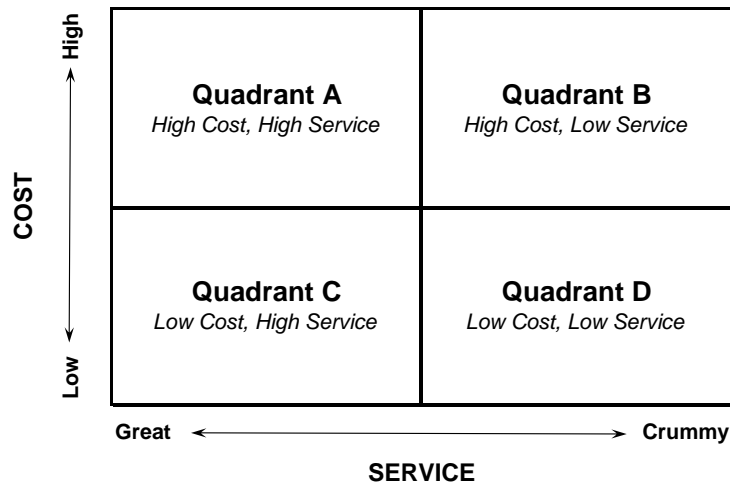


**Table 39.** The City’s employer contribution rate for firefighters is also in the mid-range of the benchmark cities.



## 2 SERVICE OUTCOME BENCHMARKS

While the financial indicators in the previous chapter offer comparative data between cities in assessing fiscal performance, even the best “apples to apples” cost analysis cannot assess how well the City is performing in delivering valued services. In short, service costs do not reflect service levels. Lower costs may simply mean lower services. The following matrix summarizes four basic cost/service possibilities:



Obviously, in a perfect world, everyone would agree that Quadrant C is the place to be: great service at a low cost. (In the City, we certainly strive to be in this in this quadrant). And everyone can also readily agree that Quadrant B is to be avoided like the plague: no one wants crummy service at a high cost.

Legitimate policy issues emerge in the opposing A and D Quadrants in trading-off service levels with the costs of providing them.

### **How Well Do We Provide City Services?**

Measuring “service outcomes” is very difficult – and even more difficult to do when comparing them with others: the results have to be meaningful, measurable and available for each of the agencies from a credible source. In answering this question, we focused on four key indicators:

#### ***Comparisons with Benchmark Cities***

- Violent Crime
- Vehicle Collisions
- Fire & Paramedic Calls for Service
- Pavement Condition

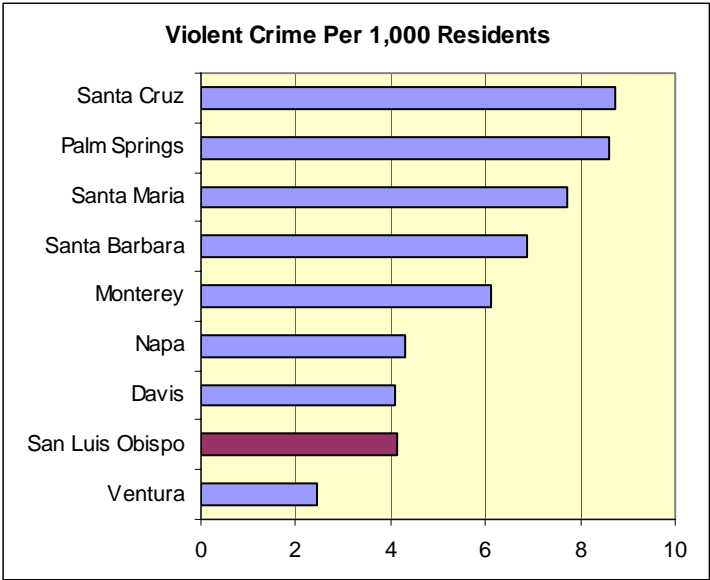
#### ***Citizen Satisfaction: Scientific Public Opinion Research***

While not available for the benchmark cities, the public opinion research conducted in March 2005 by the nationally recognized firm of Fairbanks, Maslin, Maullin and Associates (FMMA)

## 2 SERVICE OUTCOME BENCHMARKS

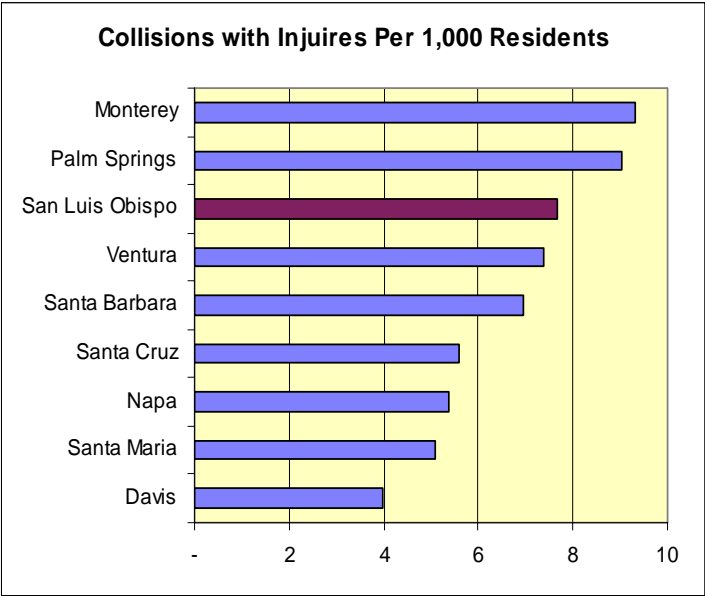
provides excellent information on the most important “benchmark” of all: how do our citizens think we’re doing?

### Comparisons with Benchmark Cities



**Table 40.** We are among the safest of the benchmark communities (only Ventura has a lower incidence of violent crime). While there are a number of reasons for this, we believe that the effectiveness of our Police Department is one of them.

*Source: Federal Bureau of Investigations, Uniform Crime Report for 2004. “Violent crime” includes murder, non-negligent manslaughter, forcible rape, robbery and aggravated assault.*

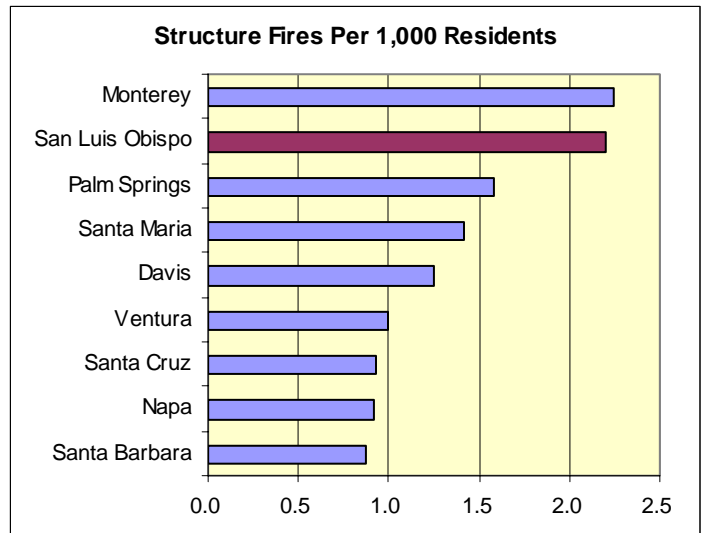


**Table 41.** On the other hand, we have a higher incidence of injury auto collisions than most of the benchmark cities. This is an area of concern, especially since traffic enforcement is one of the areas we have had to cut back in balancing our budget.

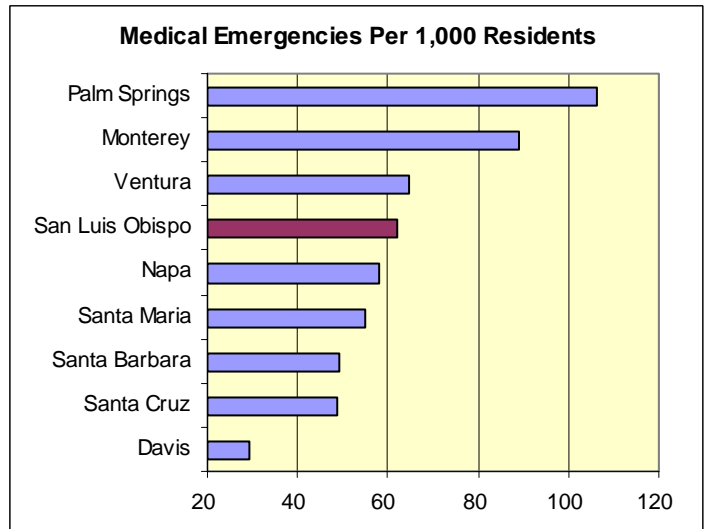
*Source: State of California, Office of Traffic Safety. Data is for 2003, the most recent year that this is available.*

## 2 SERVICE OUTCOME BENCHMARKS

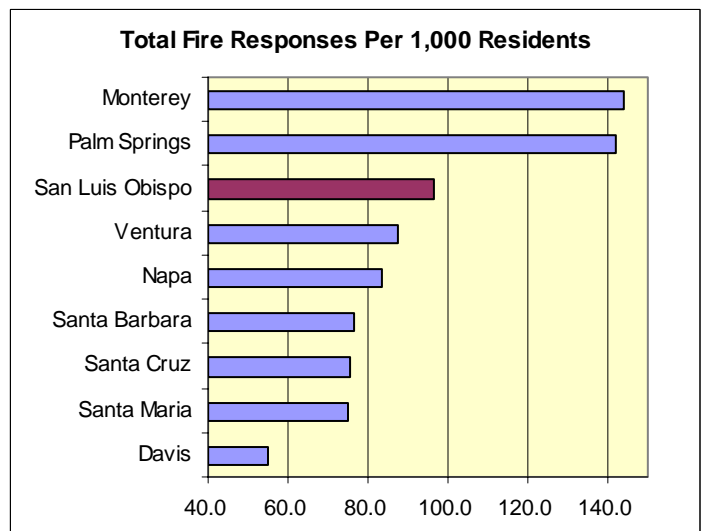
**Table 42.** In 2004, we had one of the highest call loads for structure fires of the benchmark cities: only Monterey is higher (and not by much).



**Table 43.** The call load for our Fire Department's emergency medical services in 2004 was also higher than average compared with the benchmark cities.

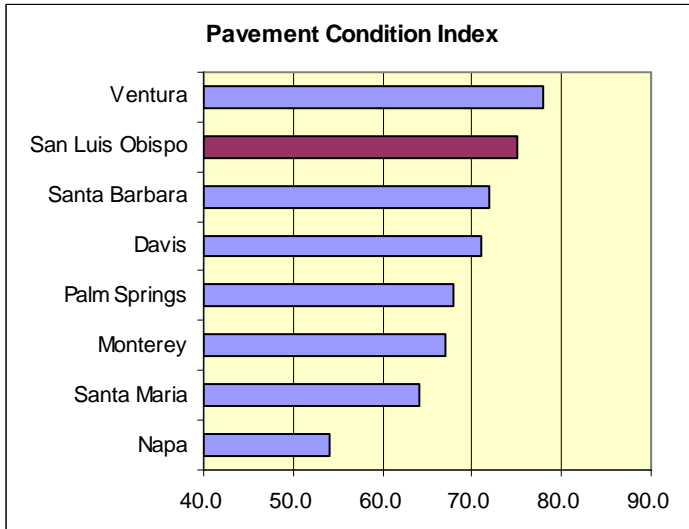


**Table 44.** Lastly, our call load in 2004 for all fire responses, including hazardous material spills, vehicle and vegetation fires, heavy rescue and other incidences (along with structure fires and medical emergencies), is also among the highest of the benchmark cities.



Combined with geography, these higher workloads also contribute to higher than average per capita fire costs.

## 2 SERVICE OUTCOME BENCHMARKS



**Table 45.** One of our community’s highest concerns is the condition of City streets. There is a generally accepted system for measuring pavement condition that is widely used by public works professionals throughout the nation. It uses a “pavement condition index” (PCI) from 0 to 100, with a score of 100 reflecting a perfect condition, brand new street.

Based on a detailed analysis of the condition of each street segment using sophisticated pavement management software, it is possible

to assign an overall rating to the condition of a city’s street system. Our “PCI” for 2005 was 75, compared with our goal of 80 as set forth in the Pavement Management Plan adopted by the Council in 1998.

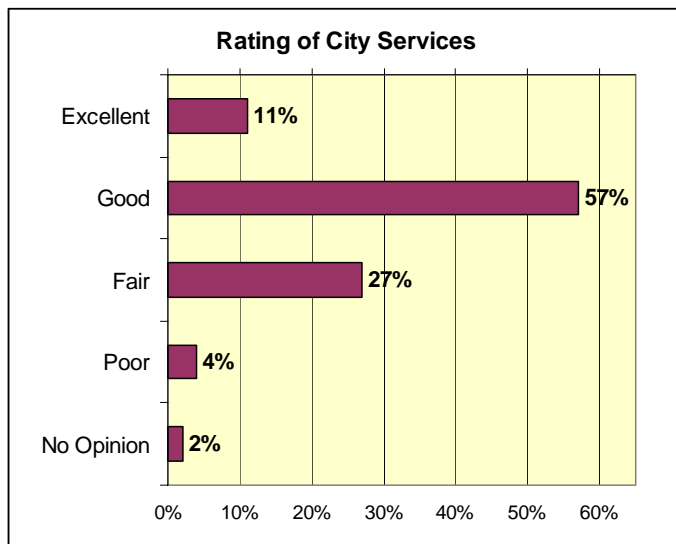
The Public Works Director surveyed his counterparts in the benchmark cities, and received replies from all of them except Santa Cruz regarding their similar PCI for 2005. As reflected in this chart, our PCI is among the best of the benchmark cities (at 78, only Ventura has a higher rating). The implications here are clear: our pavement management plan adopted back in 1998 has made a difference. But if we continue on our current course – where we have cut back on paving expenditures by 67% (from \$3 million annually to \$1 million) – this will no longer be the case. In a few short years, our pavement condition will be even worse than it was in 1998 when we began the program.

### ***Citizen Satisfaction: Public Opinion Research***

As noted above, comparable public opinion research is not available on citizen satisfaction with city services. However, the public opinion research conducted in March 2005 by the FMMA provides excellent information on the most important “benchmark” of all: how our citizens think we’re doing.

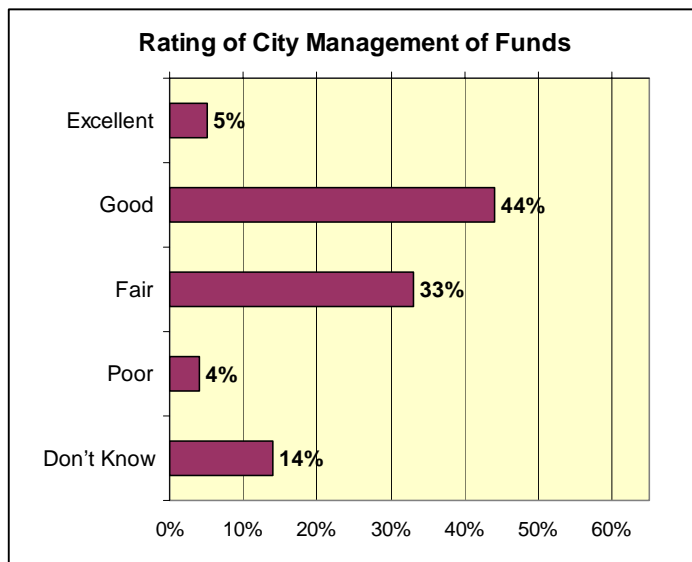
The following summarizes the key results from this survey related to citizen ratings of City services:

## 2 SERVICE OUTCOME BENCHMARKS



**How is the City doing in providing City services?** Over two-thirds (68%) said the City is doing an excellent or good job of providing City services. Only 4% thought we are doing a poor job.

**How is the City as a place to live?** 96% said the City is an excellent or good place to live: 67% excellent and 28% good. While there a number of factors that make San Luis Obispo a great place to live, work and play, the quality of City services is certainly one of them.



**How is the City doing in managing its funds?** About 50% said that the City is doing an excellent or good job of managing our funds. Only 4% thought we were doing a poor job.

Adjusting for those who “don’t know,” close to 60% of those with an opinion rated the City’s financial management as good or excellent.

## 2 SERVICE OUTCOME BENCHMARKS

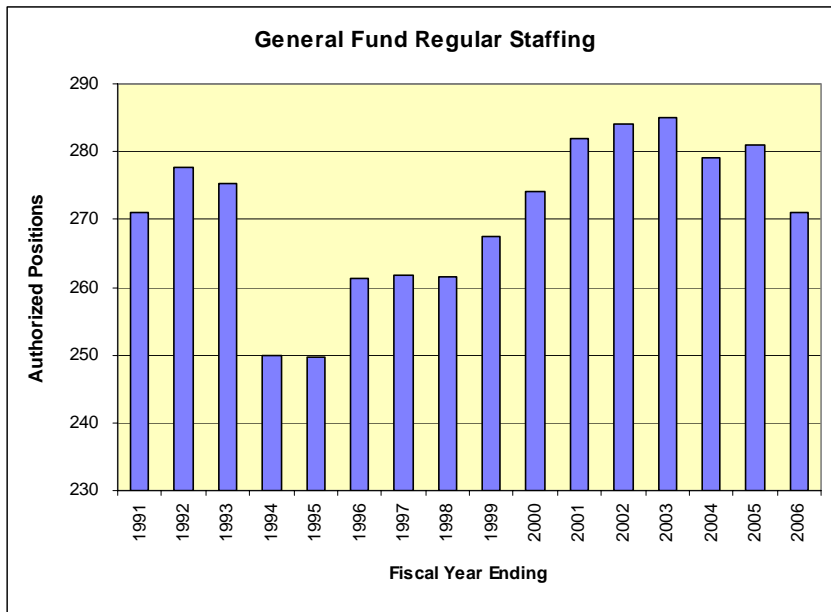
**What is your opinion of the services provided by the following City departments and officials?** As reflected below, respondents overwhelmingly had favorable opinions of the City’s service providers. Total “favorable ratings” include the Fire Department at 89%, Parks & Recreation at 82% and the Police Department at 72%. Equally impressive are the very few respondents with unfavorable opinions.

Departments/Programs	Very Favorable	Total Favorable	Neutral	Total Unfavorable	No Opinion
Fire Department	69%	89%	9%	1%	1%
Parks & Recreation Department	46%	82%	10%	4%	4%
Police Department	43%	74%	14%	11%	1%
Natural Resources & Open Space Protection Program	30%	53%	15%	11%	22%
Public Works Department	23%	57%	19%	8%	15%
City Council	15%	57%	26%	16%	3%

### ③ STAFFING AND WORKLOAD TREND BENCHMARKS

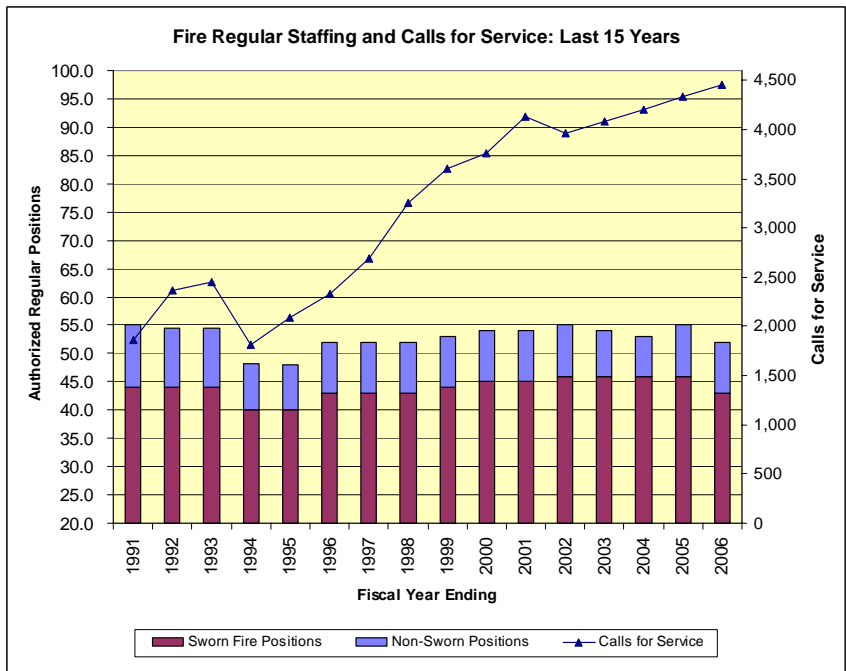
Correlations between staffing levels and workloads over time are difficult to measure in a meaningful fashion. But below are two measures that we believe speak for themselves.

**General Fund Regular Staffing.** We know that street miles, park acres and police calls for service have increased over the last 15 years. However, we have fewer General Fund regular positions today than we did 15 years ago.



**Fire Workload and Regular Staffing.** We have fewer regular Fire employees – both sworn and non-sworn – than we did 15 years ago, yet service calls have increased by 139% over this same period

### 3 STAFFING AND WORKLOAD TREND BENCHMARKS



## 4 BEST PRACTICE BENCHMARKS

A common “benchmarking” tool in both the private and public sector is to evaluate the use of accepted industry “best practices” in managing organizational resources and improving productivity.

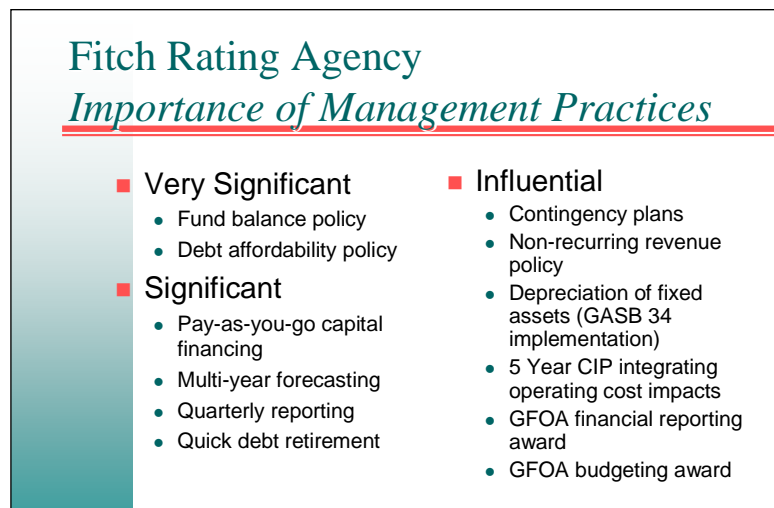
### EXTENSIVE USE OF BEST PRACTICES

The City is an industry leader in adopting and implementing “best practices” in managing our fiscal affairs. In fact, in many cases, we have set the standard that others use in benchmarking their financial management practices. These include:

- Multi-year budgeting.
- Long-term fiscal forecasts.
- Integration of goal-setting into our budget process.
- Development of fiscal contingency plans.
- Use of generally accepted accounting principles and “clean” (some would say “immaculate”) audits by independent certified public accountants.
- Effective ongoing monitoring of our financial condition.
- Long-term capital improvement plans.
- Use of comprehensive fiscal policies as the foundation for decision-making.

***What are financial management “best practices?”*** Fitch Ratings is one of the “big three” credit rating agencies in the nation. (The other two are Standard & Poors and Moodys.) As summarized in the sidebar chart, they have identified 12 key “best management practices,” and they have formally integrated them into their rating systems. The City was an “early adaptor” of all of these practices, and as noted above, in many cases our policies and practices set the bar for others.

Because of this, our general purpose debt has a high “AA” rating from Fitch; and a recent short term financing by the City received an “MIG-1” rating by Moodys – their highest short-term rating.



**Recognized Industry Leader in Financial Management.** We have received state and national recognition for excellence in financial planning and reporting, and we are widely recognized in the municipal financial profession as leaders in this area. Our financial reports have received the prestigious Certificate of Excellence in Financial Reporting from the Government Finance Association of the United States and Canada (GFOA) as well as a similar award from the California Society of Municipal Finance Officers (CSMFO).

## 4 BEST PRACTICE BENCHMARKS

Our budget documents have also received national recognition, earning the GFOA's award for excellence in distinguished budget presentation. Our budget also has the distinction of being one of only a handful nationally to receive special recognition as an outstanding policy document. We have also received awards from the CSMFO for excellence in operation budgeting, capital budgets, public communications and innovations: one of only a few cities statewide to earn recognition in all four of these categories.

Lastly, our extensive use of clearly articulated fiscal policies has been recognized as a "best practice" by the National Advisory Council on State and Local Budgeting.

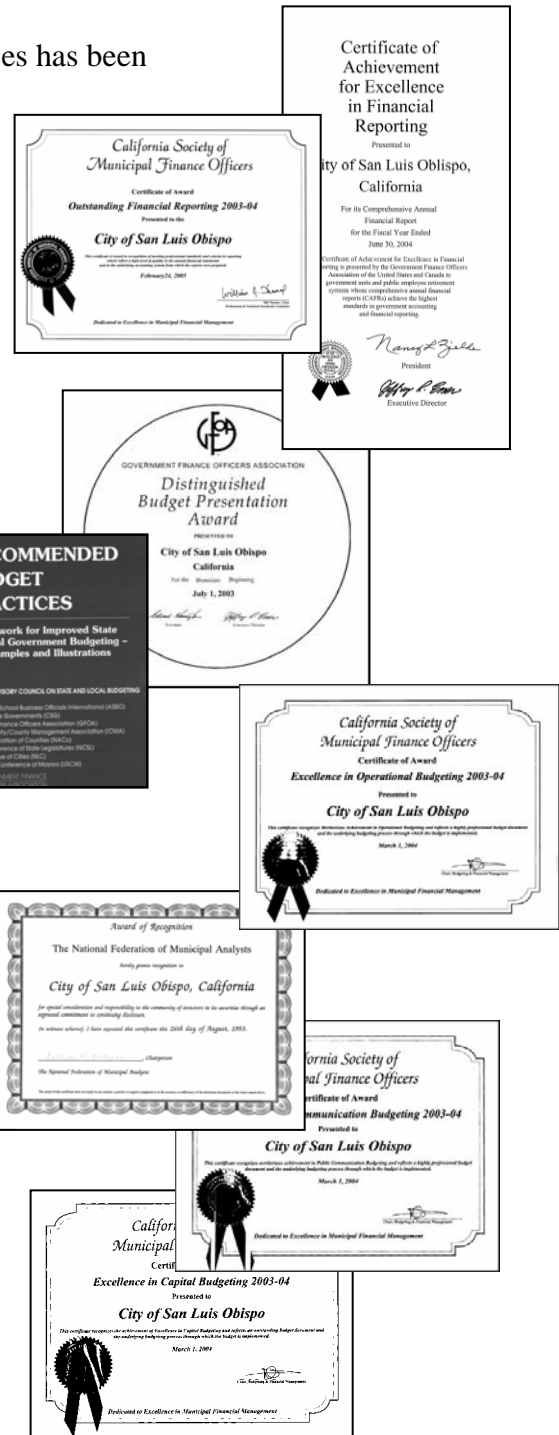
### ONGOING "BEST PRACTICES" REVIEWS

We conduct in-depth reviews of key internal policies and procedures on an ongoing basis with the goal of developing, communicating and implementing "best practices" throughout the organization. Launched in 2002, we select three to six focused areas each year for review, where review teams typically ask six questions:

- What are our policies and procedures in this area?
- Do they make sense?
- If so, how well are they being implemented?
- What corrective actions do we need to take, if any?
- What "best practices" should we implement?
- How can we best implement them organization-wide?

Review team leaders are typically from Administration, Human Resources or Finance, with assistance from the operating departments as appropriate. To date, these "ad hoc" teams have completed a number of reviews resulting in improvements to our internal operations, including:

- Cash handling
- Purchasing
- Approval authorizations
- Construction change orders
- Cell phone use
- Credit cards
- Travel and training



## ④ BEST PRACTICE BENCHMARKS

### PARTNERSHIPS AND COLLABORATIONS

The City has undertaken a wide variety of partnerships with the private sector, non-profit organizations and other government agencies in ensuring the best use of community resources in delivering City services. In total, these account for about 50% of total City expenditures.

#### Private Sector Contracts

The City makes extensive use of the private sector as a key productivity strategy in delivering City services. The following is a summary of City services delivered via contract by the private sector.

#### *Construction Contracts*

Virtually all construction work for the City is performed by the private sector. This is about \$10 million annually. Along with direct construction contracts, this also includes contracting for specialized engineering, architectural, environmental, legal, financial and construction management services. Including debt service payments (which are administered by private sector companies, and reflect capital originally raised from the private sector), this represents about 25% of City expenditures.

#### *Operating Programs*

Key day-to-day services are also provided through the private sector, including:

- Police and fire false alarm monitoring
- Water and sewer laboratory analysis
- Parking meter collections
- Parking citation collections
- Bus service: operations and maintenance
- Recreation class instructors
- Park maintenance
- Landscaped median maintenance
- Tree trimming
- Janitorial services
- Property maintenance
- Planning services
- Building and fire plan check
- Community promotion
- Economic analysis
- Telecommunications
- Radio maintenance
- Utilities telemetry services
- Computer network support services
- Application software for mission-critical applications like public safety, financial management and geographic information services
- Computer programming
- Computer training
- Copier and printer maintenance
- Public information/community outreach
- Printing (unlike many cities, we do not have an in-house print shop)
- Property management
- Equipment maintenance

## ④ BEST PRACTICE BENCHMARKS

### Government Agency Collaborations

#### *San Luis Coastal Unified School District*

##### *Public Safety*

- School Resource Officers: High School, Middle School, DARE program (all elementary schools)
- 911-for-kids (All elementary schools)
- Bicycle education demos (all elementary schools)
- Special school zone enforcement

##### *Water Conservation*

- School education program development and implementation

##### *Recreation Programs: Cooperative Use of Facilities*

- Joint use athletic fields at every elementary school in the City, Laguna Middle School, former junior high school and SLO High School
- Elementary school gymnasiums
- Sinsheimer Park (owned by the School District)
- Taylor Gymnasium (old Junior High School)
- Before and after school child care programs
- Laguna Middle School athletics (program provided by the City)

#### *County of San Luis Obispo*

- Emergency response planning
- Gang task force (with other law enforcement agencies in the County)
- Bomb task force (with other law enforcement agencies in the County)
- Narcotics task force (with the State and other law enforcement agencies in the County)
- Youth offender diversion program
- Animal control and spay/neuter services
- Ambulance service
- Hazardous materials response team (with other fire agencies in the County)
- Salinas Reservoir operations
- Water and sewer service at the airport
- Nacimiento pipeline project
- El Chorro Park softball fields
- Prado Day Center
- Homeless shelter operations
- Library services
- Surveying services

## **4 BEST PRACTICE BENCHMARKS**

### *Cal Poly*

- Joint police alcohol enforcement programs
- Neighborhood mediation services (with Cal Poly and Cuesta)
- Fire service
- Water and sewer service
- Transit service
- Performing arts center
- Fiber optic network

### *California Joint Powers Insurance Authority*

- General liability insurance
- Workers' compensation insurance
- Property insurance

### *Housing Authority*

- The City works closely with the Housing Authority on a number of programs to help address low and moderate income housing needs.

### *Whale Rock Reservoir Commission*

- Water supply (joint commission of the City, Cal Poly and the Men's Colony)

### *San Luis County Council of Governments*

- Transportation planning and funding
- Regional bus system

### *National Guard*

- Grizzly Youth Academy Challenge Program

### *Other Agencies*

- We make extensive use of cooperative purchasing agreements for a wide range of goods and services, such as computers, office supplies, vehicles, heavy equipment (tractors, backhoes) and fire engines.
- We also have an extensive system for mutual aid from other law enforcement, fire and public works agencies throughout the State.
- Through grant programs, we work cooperatively with a number of state and federal agencies.

## ④ BEST PRACTICE BENCHMARKS

### Non-Profit Agency Partnerships

The City has an extensive network of partners from private, non-profit agencies.

#### *Social Services*

- Creative Mediation Services
- Economic Opportunity Commission (EOC): Prado Day Center and Homeless Shelter
- Hotline of SLO County
- SLO YMCA
- American Red Cross, San Luis Obispo County Chapter
- Assistance League of San Luis Obispo County
- Big Brothers/Big Sisters
- Camp Fire USA Central Coast Council
- Casa Solana
- Child Care Resource Connection
- Community Counseling Center
- Court Appointed Special Advocates (CASA) of SLO County
- EOC Eviction Prevention/Rental Assistance Program
- EOC Health Services
- The Harvest Bag
- Hotline of SLO County
- The Literacy Council
- Long-Term Care Ombudsman Services
- Partnership for the Children of SLO County/La Clinica De Tolosa
- San Luis Obispo A.L.P.H.A., Inc.
- San Luis Obispo Child Development Center
- San Luis Obispo County Aids Support Network
- San Luis Obispo County Child Abuse Prevention Council
- Senior Health Screening Program – EOC Health Services Division
- Senior Legal Services Project
- Senior Nutrition Program of San Luis Obispo County
- Senior Volunteer Services, Caring Callers Program
- (Retired) Senior Volunteer Services Program: Central Coast RSVP
- Sexual Assault Recovery and Prevention Center of San Luis Obispo County (SARP)
- Teen Academic Parenting Program: EOC Health Services Division
- Transitions – Mental Health Association
- Women's Shelter Program of San Luis Obispo County

#### *Recreation and Cultural Services*

- Children's Museum
- Friends of Las Casas Adobes
- San Luis Obispo Little Theater
- Foundation for the Performing Arts

## ④ BEST PRACTICE BENCHMARKS

- Railroad Museum
- San Luis Obispo Arts Center
- Cal Poly State University Foundation (Arts for Youth)
- Cal Poly State University Foundation (Open House)
- Central Coast Basketball Club
- Central Coast Children's Choir
- Central Coast Shakespeare Festival
- Children's Creative Project
- Civic Ballet of San Luis Obispo
- Cuesta College Art Gallery
- Cuesta College Writers Conference
- Foundation for San Luis Obispo County Public Libraries
- First Tee Central Coast
- Friends of Prado Day Center
- Friends of San Luis Obispo Botanical Garden
- Gold Coast Barbershop Chorus
- KCBX-SLONET
- Mission Prep Christmas Classic
- Mission San Luis Obispo
- Music and the Arts for Youth
- Pacific Horizon Chorus
- Pacific Repertory Opera
- Peninsula Players, Inc.
- San Luis Chamber Orchestra
- San Luis Obispo Blues Society
- San Luis Obispo City to the Sea Half-Marathon
- San Luis Obispo Community Concert Association
- San Luis Obispo County Arts Council
- San Luis Obispo County Band
- San Luis Obispo County Bicycle Coalition
- San Luis Obispo County Child Abuse Prevention Council
- San Luis Obispo County Historical Society
- San Luis Obispo County Youth Symphony
- San Luis Obispo Mozart Festival
- San Luis Obispo Poetry Festival
- San Luis Obispo Soccer Club
- San Luis Obispo Swim Club
- San Luis Obispo Symphony
- San Luis Obispo Vintners & Growers Association
- SLO International Film Festival
- The Monday Club of San Luis Obispo
- Tri-Counties Regional Center
- Women's Community Center of San Luis Obispo County

## ④ BEST PRACTICE BENCHMARKS

### *Housing and Economic Development Services*

- Chamber of Commerce
- Visitors and Convention Bureau
- UCSB Forecasting Project
- Housing Trust Fund
- Economic Vitality Corporation

### *Environmental Services*

- ECOSLO
- Land Conservancy

## DATA SOURCES

Most of the data used in preparing this report was taken from audited financial statements and budget documents available on-line from each cities web site as follows:

City	Web Site
Davis	<a href="http://www.ci.davis.ca.us">www.ci.davis.ca.us</a>
Monterey	<a href="http://www.ci.monterey.ca.us">www.ci.monterey.ca.us</a>
Napa	<a href="http://www.cityofnapa.org">www.cityofnapa.org</a>
Palm Springs	<a href="http://www.ci.palm-springs.ca.us">www.ci.palm-springs.ca.us</a>
San Luis Obispo	<a href="http://www.slocity.org">www.slocity.org</a>
Santa Barbara	<a href="http://www.santabarbaraca.gov">www.santabarbaraca.gov</a>
Santa Cruz	<a href="http://www.ci.santa-cruz.ca.us">www.ci.santa-cruz.ca.us</a>
Santa Maria	<a href="http://www.ci.santa-maria.ca.us">www.ci.santa-maria.ca.us</a>
Ventura	<a href="http://www.ci.ventura.ca.us">www.ci.ventura.ca.us</a>

In those limited cases where this information was not available on-line, we requested the “hard copies” from the cities: financial statements and budget from the City of Napa; and the budget document from the City of Santa Maria. In very few cases, the benchmark data we were looking for was not included in either the audited financial statements or budget document, and follow-up calls were required. For example, authorized sworn staffing is not provided in the budget documents for Santa Barbara and Ventura; and police and fire costs are not broken-out from public safety in the audited financial statements in Palm Springs and Santa Cruz. However, this information was readily available from them upon request.

### Other Resources

Violent Crime: Federal Bureau of Investigations

Traffic Collisions: State of California, Office of Traffic Safety

Fire Emergency Responses: Federal Emergency Management Agency

Population: State of California, Department of Finance, Demographic Research Unit

## BACKGROUND

### Why is the City considering a revenue ballot measure?

- The State has taken \$22 million of our City revenue over the past 15 years, and continues to take \$3 million from us each year to help balance the state budget. We need local control and the ability to keep local tax dollars here to pay for essential services.
- The City has been forced to use millions of dollars from our emergency reserves to provide essential City services. Without additional funds, we will no longer be able to provide important services, such as paving streets and upgrading 100-year-old storm drains.
- Calls for fire and paramedic services have increased by 65% in the last decade. Unfortunately, without additional funding, our emergency and public safety services are unable to keep pace with this demand. Without this measure, we will have to cut back emergency services even more.
- Budget cuts have forced the City to reduce spending on infrastructure and facility upkeep by 50 percent. Unless we act, the City's infrastructure, including parks, roads, and storm drains, will deteriorate.

### What's the solution?

We are seriously considering a November 2006 general-purpose sales tax measure to protect and maintain urgent City services.

- Any plan presented to the public would include strong accountability safeguards: citizen review, full disclosure of how funds are spent and most likely a sunset provision.
- Residents have told us that repairing and maintaining City streets, reducing traffic congestion, and improving levels of police, fire and emergency services are among their top funding priorities.
- A potential sales tax measure is seriously being considered at no more than a half-cent sales tax increase, although the specific rate is still under review. With the increase, the City's sales tax rate would still be the same or lower than that paid by 85% of the state's residents. We are still early in the planning process, and will be updating the community and getting input along the way.

#### How Budget Problems Affect You

- Sworn positions in the Police Department have been cut, including traffic enforcement officers.
- The City has no full-time Fire Marshall and no permanent Training Officer for local firefighters. These are full-time, permanent positions in other cities.
- The City has suspended the "neighborhood" street paving program. In 2005-07, the City will only be able to complete limited arterial street repairs.
- There is virtually no funding for flood protection or storm drain maintenance projects.
- City funding for the open space acquisition program has been discontinued.
- The City has only one Code Enforcement Officer. In a City our size, this is inadequate to address neighborhood concerns such as building violations, property maintenance and other code matters.
- Public counter support has been reduced in the Community Development Department: the "front line" in customer service.
- Cultural and social service funding to community organizations has been reduced, even though the services provided by these groups help make our community a special place.