

# Table of Contents

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Section	Page
<b>1 Introduction and Overview</b>	
Table of Contents	1
Elected Officials	3
Transmittal Letter with Priorities and Issues	4
Strategic Plan: Mission, Principles, and Vision	8
<b>2 Financial Structure, Policy, and Process</b>	
Organization Chart	9
Fund Structure	10
Fund Descriptions	11
Department / Fund Relationship	18
Basis of Budgeting	20
Financial Policies	22
Budget Process	24
Long-Range Financial Planning	27
<b>3 Financial Summaries</b>	
Budget Summary Charts	
Revenue Summary - All Funds	29
Expense Summary - All Funds	30
Revenue Summary - General Fund	31
Expenditure Summary - General Fund	32
Consolidated Financial Schedule - All Funds	
Revenue Overview by Source	33
Expenditure Overview by Department	39
Five-Year Consolidated Financial Schedule - All Funds	
Revenue Summary by Source	43
Expenditure Summary by Department	49
Fund Balance	54
Revenues	56
Expenditures	62
<b>4 Capital &amp; Debt</b>	
Capital Program	63
CIP by Fund	65
CIP by Category	68
Debt	71
Long Term Obligations and Capital Leases by Fund	72

# Table of Contents

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Section	Page
<b>5</b>	<b>Departmental Information</b>
	Position Summary Schedule 73
	How to Read Departmental Summaries 74
	General Government Function
	City Council 77
	City Attorney 81
	City Manager's Office 84
	City Clerk 90
	Finance 94
	Non-Departmental / Debt Service 98
	Planning & Building Function
	Development Services 109
	Engineering Function
	Infrastructure & Sustainability 118
	Public Safety Function
	Law Enforcement 126
	Fire and Marine Safety 130
	Public Works Function
	Public Works (includes Cardiff and Encinitas Sanitary Divisions) 137
	Parks & Recreation Function
	Parks, Recreation & Cultural Arts 147
<b>6</b>	<b>Statistical / Supplemental Section</b>
	Community Profile 158
	Demographics and Economics 160
	Encinitas Quick Facts 163
<b>7</b>	<b>Glossary</b>
	Glossary of Acronyms 167
	Glossary of Terms 169
<b>8</b>	<b>Budget Resolutions</b> 177

# Elected Officials

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Mayor  
Catherine S. Blakespear  
760-633-2620  
cblakespear@encinitasca.gov



Deputy Mayor  
District 1  
Tony Kranz  
760-633-2623  
tkranz@encinitasca.gov



Council Member  
District 2  
Kellie Hinze  
760-633-2622  
khinze@encinitasca.gov



Council Member  
District 3  
Joy Lyndes  
(760) 633-2621  
jlyndes@encinitasca.gov



Council Member  
District 4  
Joe Mosca  
760-633-2624  
jmosca@encinitasca.gov



# Budget Message and Transmittal

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*FY 2021-22 and FY 2022-23 Operating Budget and  
FY 2021-22 to FY 2026-27 Capital Improvement Program (CIP) and Financial Plan*

June 23, 2021

Honorable Mayor Blakespear and Members of the City Council:

It is my pleasure to present to you the budget for Fiscal Years 2021-22 and 2022-23. Despite the unprecedented prior year of COVID-19 related lockdowns, restrictions, and economic losses, I am proud to present a budget that is balanced and provides the necessary resources to support the ongoing services the Encinitas community deserve and have come to expect.

The estimated total expenditure budget (including transfers) for FY 2021-22 is \$144.8 million. In FY 2022-23, the total is estimated to be \$123.5 million and meets the Council's long-standing vision that Encinitas is five unique communities thriving as ONE great city through pursuing our vision of:

- QUALITY TRANSPORTATION - Provide effective, safe, and easy transportation for all modes of movement and for all demographics.
- RECREATION - Promote active lifestyles and community health by furthering access to trails, parks, beaches, and other recreational opportunities.
- ECONOMIC DEVELOPMENT - Create economic opportunities through innovation, financial stability, and fiscal responsibility.
- ENVIRONMENT - Be good stewards of open spaces, beaches, parks, and the natural environment.
- ARTS & CULTURE - Embrace great places to showcase the City's arts and culture, history, community charm and character.
- PUBLIC SAFETY - Create a safe and secure environment for residents, visitors, and businesses throughout the City.
- COMMUNITY PLANNING - Maintain safe and livable communities through well-maintained infrastructure and facilities, strong public safety, and significant environmental standards while achieving diverse and affordable housing for present and future generations.

The City has an established financial policy regarding maintenance of adequate financial reserves. The Budget also ensures that the Council's reserve policy is met. The contingency reserve at 20 percent of operating expenditures is fully funded at \$15.3 million. The budget stabilization reserve is fully funded at two percent of revenue or \$1.7 million. The City has not had any need to draw on these reserves, despite the decline in operating revenues experienced during the last quarter of fiscal year from the effects of the global pandemic and shutdown orders.

## Budget Preparation

The City develops and adopts both an operating and a capital budget on a two-year budget cycle. Amounts are appropriated for the first year only, with the amounts for the second year subject to revision before appropriation. The City also publishes a six-year capital improvement program and financial plan which is updated as part of the two-year budget cycle. This document provides management and the City Council with long-term financial planning information and tools.

In preparation for the City's new two-year budget, the City held two budget workshops on April 14, 2021, and May 3, 2021. During the workshops, staff presented the six-year financial forecast for the General Fund. Due to the City's conservative budgeting, strong reserves, and re-evaluation of its CIP program, the City continues to be well positioned to weather economic fluctuations. The forecast showed that despite the loss in revenue related to COVID-19, total General Fund revenues were flat in the current fiscal year FY 2020-21 and modest growth is expected in future years from FY 2021-22 through FY 2026-27.

Encinitas enjoys a strong and well diversified tax base. Over the years, the property values and personal income levels within the City have generated tax revenues sufficient to support the level of municipal services and facilities for the community to enjoy. In the past, the tax base has performed well in good economic times and has also been able to weather the financial impacts during slower economic times.

Property tax, and sales and use tax revenues represent approximately 81 percent of the City's total General Fund revenue (not including transfers) in FY 2021-22. Property tax revenue in FY 2021-22 and FY 2022-23 is projected to be \$54.8 million and \$57.8 million, respectively. Sales and use tax revenue in FY 2021-22 and FY 2022-23 are projected to be \$14.4 million and \$15.1 million, respectively. The State lockdown affected other revenues in the General Fund such as charges for services related to the cancellation of recreation programs and the transient occupancy tax (TOT) revenues as travel came to a halt. Total General Fund revenue (including transfers) for FY 2021-22 is projected to be \$107.9 million and \$91.9 million for FY 2022-23.

As the hopeful signs for recovery continue, this Two-Year Budget positions Encinitas well to respond quickly and adapt should more growth occur than forecasted from transient occupancy tax from the new Alila Marea Beach Resort Encinitas which opened in the spring, and the possibility of a Cannabis Tax to be considered in 2022. Additionally, in March 2021, the American Rescue Plan Act (ARPA) was signed into law. The City has received \$4.1 million of its \$8.1 million allocation for use towards the funding of COVID-19 related expenditures and investments in water, wastewater, storm drain and broadband projects.

However, should the modest growth trend continue, the City's long-term fiscal health must be addressed through more sustainable approaches to address the community's service and, more concerning due to aging and increasing costs to repair, the City's capital improvement plan (CIP) priorities into the future. Given the forecast of modest growth in revenues, Council requested the establishment of a Blue-Ribbon Task Force on Infrastructure to study the City's aging infrastructure and funding opportunities in the future at the second-year budget workshop.

## Budget Priorities

This year, we are recommending funding three new full-time positions to better address the changing needs of the community including a Housing Services Manager; Senior Planner – Mobility; and an

additional Utility & Maintenance Worker. The Budget also includes increased hours for two part-time Program Assistants in Development Services to support engineering services; and one part-time Program Assistant in Parks, Recreation and Cultural Arts to support Community Center operations and enhance Center programs; and two part-time information technology network (1) and multi-media (1) analysts who will support both technology and communications efforts in the City.

The City Council's budget priorities are reflected in the Budget to address needed capital improvement projects and critical services to the community addressing public safety, housing, green initiatives, protecting natural resources, mobility, and connectivity. To that end, the budget includes continued annual funding for the following CIP categories:

- Innovative bike lanes
- Safe routes to schools
- Traffic safety and calming
- General mobility
- Storm drain repair
- Park improvements
- Technology

The City has also made a significant commitment to funding CIP and other major work projects with General Fund, gas tax, and other monies. The following projects are approved for funding in the Budget over the next two fiscal years. In addition, at the Budget Workshop on May 3, 2021, the City Council identified the future phases of the Leucadia Streetscape project as a priority project and was presented with the option to finance this project through the California Infrastructure and Economic Development Bank (IBank) for an amount no higher than \$20 million over 15 years, so it is also added below.

- Leucadia Streetscape Project
- Santa Fe Drive Corridor Improvements
- Highway 101 Walkway to Solana Beach
- Coast Highway 101 Separated Bike Lanes
- Beach Staircase Access Refurbishments
- Beacon's Beach Parking Lot
- Cottonwood Creek Basin Maintenance
- Recreation Trails Development/El Camino Del Norte, Trail 95
- Recreation Trails finish Design/Trail 82
- San Elijo Bridge Pavement Failure Repair
- ADA Parking Lot Upgrades (Glen Park)
- Rail Safety Study for At-Grade Crossings
- Housing Element Update
- Climate Action Plan Mitigation Measures
- Municipal Code Cleanup
- Sixth Cycle Housing Element Implementation

This is just a snapshot of some of the major initiatives in the Budget. More budget detail may be found in the new budget transparency tool on the City's website. I am proud that the Finance Department staff was able to pivot to this online budget portal that will provide up-to-date financial information month to month and make the budget a living document versus a book that is outdated the moment it is printed.

## Conclusion

Thank you to the Mayor and City Council for your leadership and our entire City staff for providing outstanding service to the Encinitas community. The resiliency and “can do” attitude of this team have helped the community to overcome the pandemic in so many ways and has prepared us for any challenges in the future.

A budget document takes many hours of collaboration and teamwork. I would like to offer special thanks to our Finance Director Teresa McBroome; Assistant Finance Director Tom Gallup; Finance Managers Monica Attili and Kelly Sanderson; our finance consultant Karen Lancaster from the Woodhill Group; and the dedicated department budget coordinators for their hard work and leadership to complete the budget documents. Special thanks to IT staff who pivoted once again to quickly implement the new online Budget Platform including Neil O’Connor, Jason York, and James Crandall. I am also grateful to our executive leadership team who worked hard to squeeze as many projects/programs as possible out of the funds available which is a testament to their commitment to the City organization and the community.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Pamela Antil". The signature is fluid and cursive, with the first name "Pamela" and last name "Antil" clearly distinguishable.

Pamela Antil  
City Manager

# STRATEGIC PLAN

## OUR MISSION

Preserve, protect, and provide innovative services that enhance the quality of life for residents, visitors, businesses, and our communities.



## OUR OPERATING PRINCIPLES

**RESPECTFUL PARTNERSHIPS** – Encourage honest dialogue, diversity in thinking, and problem solving.

**IMPROVEMENT & EFFICIENCY** – Streamline everything we do using best practices.

**FINANCIALLY SOUND DECISION-MAKING** – Achieve long-term sustainability.

**DATA GATHERING & SHARING** – Enhance informed decision making.

**MEASUREMENT & ACCOUNTABILITY** – Ensure excellent service and the best investment of taxpayer money.

**COMMUNITY OUTREACH** – Seek feedback from the community.

**COMMUNITY CHARACTER** – Protect community character and agricultural programs.

## OUR VISION

Encinitas is five unique communities thriving as ONE great city through pursuing our vision of:

### QUALITY TRANSPORTATION

Provide effective, safe, and easy transportation for all modes of movement and for all demographics.

### RECREATION

Promote active lifestyles and community health by furthering access to trails, parks, beaches, and other recreational opportunities.

### ECONOMIC DEVELOPMENT

Create economic opportunities through innovation, financial stability, and fiscal responsibility.

### ENVIRONMENT

Be good stewards of open spaces, beaches, parks, and the natural environment.

### ARTS & CULTURE

Embrace great places to showcase the City's arts and culture, history, community charm and character.

### PUBLIC SAFETY

Create a safe and secure environment for residents, visitors, and businesses throughout the City.

### COMMUNITY PLANNING

Maintain safe and livable communities through well-maintained infrastructure and facilities, strong public safety, and significant environmental standards while achieving diverse and affordable housing for present and future generations.