

# **Municipal Budget Analysis Paper**

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This tax policy paper will be looking at the budget for the City of Escondido. The City of Escondido is a city that is a part of San Diego County, that has a population of 148,122 according to the 2023 Census Bureau. The city is made up of 50% white people, 52% Hispanic or Latino, 2% Black, and 6.4% Asian alone. The median household income is \$77,554 and people in poverty make up 13.2%.

The City of Escondido is a part of a strong City Manager. A strong mayoral government allows for the elected mayor to hold a significant amount of power to make executive decisions, approve the budget, and appoint staff members. Having a strong city manager combines the experience of the city council along with the expertise and knowledge of the city manager. The City’s priorities have been outlined as providing essential services along with the city council’s priorities. Essential services the city has chosen to focus on include police/fire services, land development, public works, clean city, parks, and clean water. The city council’s priorities have been highlighted as eliminating the structural deficit and improving public safety, attraction, and housing development. The current total budget for the city is \$284,841,690 and is broken down for various areas within the city.

Figure 1.1

Year	Fund	Budget
2024/25	\$132,924,390	GENERAL FUND
2024/25	\$16,598,580	SPECIAL REVENUE FUNDS
2024/25	\$385,050	TRUST FUNDS

2024/25	\$12,854,240	CAPITAL PROJECT FUNDS
2024/25	\$4,763,430	DEBT SERVICE FUNDS
2024/25	\$117,316,000	ENTERPRISE FUNDS
<b>2024/25</b>	<b>\$284,841,690</b>	<b>ALL FUNDS</b>

This Budget Analysis will focus on highlighting areas of the budget that cover an analysis of the budget as it pertains to the General Fund, Special Revenue Fund, and lastly the Enterprise fund. These are the largest budget groupings that exist within the city and we will be taking a look at how funding these areas do or don't align with the city's priorities. In Figure 1.2, there are several revenue sources listed, but they were not all listed as the list is lengthy and contains a total of 12 revenue sources, 7 are listed below. A majority of the city's revenue appears to come primarily from sales taxes, and property taxes, and \$4,164,000 does come from state a federal funding. This funding comes from a variety of sources like federal grants, state highway programs, and nutrition grants. Charges for services make up 26.2% of the budget at \$15,669,060. Charges for services are made up of several fees like clerk fees, zoning fees, and processing fees.

Figure 1.2

<b>Year</b>	<b>Fund</b>	<b>Revenue Source</b>
2024/25	\$47,463,500	SALES TAX

2024/25	\$38,249,300	PROPERTY TAX
2024/25	\$19,579,850	OTHER TAXES
2024/25	\$1,785,630	PERMITS AND LICENSES
2024/25	\$878,700	FINES AND FORFEITURES
2024/25	\$4,164,000	INTERGOVERNMENTAL
2024/25	\$15,669,060	CHARGES FOR SERVICES
<b>2024/25</b>	<b>\$284,841,690</b>	<b>ALL FUNDS</b>

The money spent by the City of Escondido primarily goes to funding the police at \$58,229,080. Over the past four years, funding has increased at a rate of 7.4%. The second thing that the city’s revenue goes towards is 35,229,080 to fund the Fire Department, funding for this has increased by 6.1%. Out of the 18 areas funded within the general fund, only 8 have minorly increased their funding whereas both the police and fire departments have noticed the highest increase in overall funding. Within the same General Fund, in the last year, the library has received a budget cut of 85.6% going from 3,771,040 to 543,970. The Center for the Arts is another department that has seen dramatic cuts by 60.5% going from 3,247,370 to 1,282,180.

The City of Escondido currently has a debt of \$5,128,400, which has roughly remained the same for the past 4 years. Additionally, the city does have pension liabilities and that is currently at \$385,050. This is alarming because in 2021/22 the money being allocated to the area was 3,086,530, and has gone down dramatically since then.

Currently looking at Capital Assets within the city's budget both the gains and losses have been 0 from 2021/22-2025. Planned projects for the upcoming 2025 fiscal year have been indicated as continuing to provide maintenance to the city's infrastructure by resurfacing 58 lane miles, rehabilitating  $\frac{1}{3}$  mile of storm drains, and lastly replacing one mile of sidewalks. They would also like to improve the street crossing near the creeks, fill gaps in the sidewalks near the elementary schools, complete their transportation plan, complete phase two of the Grand Avenue plan, complete construction of the Citracado Parkway Extension Project that will connect the local hospital to the research center and to local neighborhoods, and upgrading traffic signals. Funding allocated to development is 8,752,940, and \$40,800 has been allocated to street projects, 457,000 to the storm drain, 60,310 to general capital improvements, 5,282,000 has been allocated to the County Transportation Street Project Fund, 3,894,800 for Road Maintenance and 3,119,330 for public facilities.

The goal of the city's budget is to address the needs of the city to ensure that future resources do not need to be cut further in the future. Additionally, the goal of the budget is to review the money that is coming in, in comparison to the annual expenses of the city. Creating the budget allows the city to address any discrepancies that they may exhibit within the budget early on. Prior to the city making any budgetary plans in their own report they indicate that they must assess their current financial situation and needs.

The city has listed several factors as its priorities including police services, fire services, land development, public works, a clean city, parks, and clean water. Figure 1.3 shows that the priorities of the city are being addressed within the budget. It is clear that these priorities have not changed for the city since 2021/22, and there are some increases in finding to both police and fire.

Figure 1.3

<b>Year</b>	<b>Fund</b>	<b>Source</b>	<b>% Change</b>
2024/25	\$58,229,080	Police	7.4%
2024/25	\$35,636,680	Fire	6.1%
2024/25	\$2,732,800	Development/ Planning	2.4%
2024/25	\$3,119,330	Public Facilities	0.2%
2024/25	\$3,841,000	Park Development	0.2%
2024/25	\$72,825,000	Water	0.0%

As a result of there being a dramatic increase in funding to both police and fire, there has in turn also been a dramatic cut of funding to services like the Library, Center for the Arts, and retirement contributions for employees. Funding for the public libraries has gone from 3,771,040 to 543,970 this is an 85.6% reduction in funds, cuts to the Center for the Arts has gone from 3,247,370 to 1,282,180 which is a 60.5% decrease in funds from the year prior. Lastly, the employee pension trust went from 1,270,004 in 2022/23 to 235,050 for the current year's budget.

The city has stated that it would like to focus on the improvement of public safety along with police services. Figure 1.3 indicates that this goal has been met and has exceeded the funding allowance. Between the 2023 and 2025 fiscal years, salary expenditures have remained practically unchanged, and most received a raise within their respective classification. The police

chief's salary of 250,000 has remained the same from 2023 to 2024 but some positions like 125 police officers have received a raise of 6.1% between that time. By increasing support to the police department they believe that they are directly impacting public safety.

Another department that the city indicated was of high priority is clean water, for this area, the city has allocated \$117,316,000, which has remained the same for the past 3 fiscal years. Water received \$74,275,000, Wastewater received 42,185,000 and Waste reduction received 856,000. Based on the funding and evidence shown in the city's budget report, it is clear that the city has managed to meet and maintain its priorities consistently. Unfortunately, the city did not indicate salaries or expand on what the funding is directly going to.

What remains unclear within this budget is why there is a drastic change in cut to funding for the Library, Center for the Arts, and retirement benefits for employees. As the Mayor or City Manager, I would assess why in the last 3 fiscal years, police and fire received a combined additional funding of 16 million dollars. Were there factors that contributed to this increase, such as crime, and an increase in fires, or what justified the spending of these resources and taking it away from the Library, Center for the Arts, and retirement benefits for the city's employees? Additionally, given that employee retirement spending has now been cut by nearly 3 million dollars how will this impact the employees who were planning to retire? My goal as the City Manager and Mayor is to answer these questions and make the necessary changes to ensure that if funds are to be cut the needs of the employees and community members are being met.

My proposed course of action is to adjust the city's budget by reinstating past funding to police and fire, which was still high but also allowed the Library, Center for the Arts, and retirement benefits for employees to be fully funded. Additionally, I would ensure that departments like police and fire had the resources they need to be successful but also not be

wasteful by giving them funding that they don't have. Additionally, I would address the debt that the city has to begin to pay down to ensure that as a city we are viewed as safe borrowers by developing a reputation of paying back money that is owed, even if it is not the full amount.

### **References**

City of Escondido. (2024). *FY 2024/25 operating budget*.

<https://www.escondido.gov/DocumentCenter/View/6046/FY2025-Operating-Budget-061924-PD>  
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