



# The Valley Chronicle

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## News

### Despite slowdown, San Jacinto prospers

*\$81M BUDGET: City has 15 more in reserve fund than required.*

By CHARLES HAND/The Valley Chronicle

Despite a slowdown in the housing market that has cut deeply into planning revenue and other forms of income, San Jacinto faces the coming budget year well into the black on an \$81.1 million budget.

City Manager Barry McClellan has told the City Council the city's development fees dropped \$1.6 million during the last year, though the city's overall income rose \$2 million.

"The four-year-long housing boom has ended while commercial activity continues at a moderate pace," McClellan said in his budget message. "Planning activity continues as buildings continue to process projects for entitlements. Property taxes are not expected to increase as much as they did in the prior three years, and development services plan checking and inspection fees are significantly down."

The city added a major source of sales tax revenue during the fiscal year, the Wal-Mart Supercenter that opened on San Jacinto Avenue. That and the opening of two other shopping centers during the year were the reason for the \$400,000 increase in the city's sales tax revenue, McClellan said.

He projected an increase of only \$100,000 during the coming year because no major centers are scheduled to open. Others are in the planning stages, though they will open after the coming fiscal year.

Despite the city's solid financial condition, McClellan recommended the city keep four vacant positions open to save \$350,000.

On the other hand, he said there is \$20.7 million in the reserve fund, including \$6.6 million left over from last year, 15 percent more than the amount required by city policy. He recommended moving the money to the capital development reserve.

The share of the budget devoted to public safety will remain the same in the coming year as last, at 54 percent, if the council adopts McClellan's recommendation.

McClellan also put it to the City Council whether to spend \$34,000 for another year's membership in the Hemet-San Jacinto Development Corp., an intergovernmental economic development organization.

"Economic development corporations are an old model," said Councilwoman Chris Carlson, and the city has attracted \$30,000 of investment on its own with a \$3,000 investment. "It hasn't made sense to

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me for a while," Carlson said.

Other members of the council agreed with Carlson's view, with Mayor Jim Ayres contending, "We have done pretty well on our own."

The council appeared ready earlier this year to abandon its membership, but delayed while the EDC made some adjustments in its program and personnel.

"This is nothing against the board or the executive director," Ayres said, while Carlson said, "This has nothing to do with their current agenda."

Of the \$81 million total, \$16.7 million is in the general fund, the source of general operating revenue.

Another \$6.4 million is in the capital development fund, which pays for construction and improvement of physical facilities.

The city's financial good fortune does not shield it from the potential impact of reduced revenue when the governor and Legislature reach a budget agreement for the state.

Two new programs were added to the projected budget by the City Council.

One is a plan to install monument signs at several entry points to the city. The cost will depend on the number and types of signs, but Ayres suggested a \$100,000 figure.

The other program would be a \$15,000 citizen satisfaction survey. McClellan said members of the newly formed San Jacinto Chamber of Commerce have indicated a willingness to share the cost.

(05/30/08)

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