

July 2014

Birthstone: Ruby
Flower: Lily or Larkspur

Pathfinder



CITY OF SANTA MARIA EMPLOYEE NEWSLETTER



Word has it ...

From your City Manager

Rick Haydon



Rumor has it that my recent pathfinder article wasn't the most inspiring or uplifting of articles...

and after re-reading it, I'd have to agree. However, the eternal optimist in me sees *the cup as being half-full* rather than half-empty, and you should, too.

My last Pathfinder article centered primarily on the City's upcoming budget. It gave a broad overview of those financial issues and challenges facing the City this next year and in the years ahead. Did I paint a rosy picture of what lies ahead? No; nor did I paint a gloomy picture either.

I tried, as best as I could, to accurately summarize the upcoming fiscal landscape of our City, from my perspective. While I feel that I am an optimist, and as your City Manager, it is my job to share with you my insight and perspective on our current and future financial condition. What better way to do that than through an overview of our upcoming budget?

Our budget is made up of a multitude of different operating and capital funds and revenue sources, most of which are restricted funds, meaning that revenue received through that specific fund's activities can only be spent on that fund's operations.

For example, revenue received by our Gas Tax and Transportation Development Fund can only be spent on gas tax-related expenses, and revenue received in our Solid Waste Disposal Fund can only be spent on solid waste-related expenses, etc. For the most part, the revenues we receive in these restricted funds finance their operational-related expenses. We

really do not have the discretion or flexibility to spend money received in these restricted funds on programs or activities in an unrelated fund, meaning we cannot spend Gas Tax money on solid waste expenses or vice-versa.

There is, however, one fund that we do have discretionary use over, and that is our General Fund. Our General Fund receives a multitude of various unrestricted revenues, which we use to pay for public safety services, recreation and parks services, community development services, as well as other general government types of services. It is in the General Fund where we receive a lot of the economy-related revenues, i.e. sales tax, property tax, interest income, transient occupancy tax (or Hotel bed tax), etc.

While these revenues all took a tremendous hit during the recession, they are on the uptick. So the question has been raised to me "Are we out of the recession yet" and my answer is yes; but we're not out of the woods yet. The reason why we're not out of the woods yet is because some of our other General Fund revenues are considerably down, namely, our Non-Hazardous Hydrocarbon Impacted Soils (NHIS) revenue and our Interest income – but our cup should be seen as half full and not half empty. We are not cutting services, we are maintaining existing services. In fact, we have added some new police officers which is pretty remarkable given the fact that (excluding Measure U2012) we have not been able to say that since 2006-07.

So, that being said, I think we should all see our current General Fund budget as *the cup being half-full* rather than half-empty.

Rick