



PATHFINDER

"The dogs bark but the caravan goes on"
- Proverb

Teamwork Matters

A message from
the City Manager



Jason Stilwell

The adopted 2020-22 City budget is the most difficult budget production that our team will ever develop in our collective careers. No one likes the required cuts but we achieved a balanced budget – and are, we hope, averting layoffs for a year.

In the new fiscal year starting July 1, the budget adds up to spending \$217 million, a \$4.9 million drop from the current fiscal year. The pandemic-induced sudden plunge in revenues and skyrocketing CalPERS obligations force necessary service level reductions across all departments. We are using precious reserves and a hiring freeze.

The Santa Maria Times editorialized about this budget: "The City Council seems to be taking a sensible approach to challenging, multi-faceted problems."

Avoiding layoffs is a priority shared by the City Council and every Department Director. Employees are our most important asset. The newly adopted budget avoids layoffs in 2020-21, however, we forestall layoffs by a year. The number of positions to be reduced in 2021-22 depends upon both the degree that revenues rebound and upon employee attrition.

All of us must accept – including Department Directors and the City Council – this unpopular fact: The City cannot afford the size of its current workforce and must make staffing reductions over the next six to eight years. Our focus as an organization must be one of resilience.

We are in a very volatile economy and our residents and businesses require services now more than ever. No business survives over the long term if it cannot reinvent itself.

Our biggest challenge is not the economy, devastating as it is, but the pension costs. The economy is unpredictable; it could improve, or get worse, but our pension obligations are certain. Sharply increasing CalPERS expenses will pull millions of dollars out of our budget, dollars that otherwise would be used to hire staff and provide services.

I acknowledged the hiring freeze may be difficult for departments to manage and still meet service levels, but doing so will require creativity and transparency and changes in levels of service.

Some labor groups may be willing to consider concessions. Using the reserves is not sustainable and the City must now take this strategy to maintain a balanced budget: 1) examine all revenue options, 2) cut services and staffing (we're providing more programs and staffing than we can sustain; we cannot continue), and 3) reducing personnel and all other costs.

By proceeding with dedication and creativity to these unparalleled challenges, we are model public servants who put service at the core of our efforts. Our community looks to us for leadership with the expectation we will be here for them today and tomorrow.

Jason