



Public Comment
Draft Phase II Small MS4 General Permit
Deadline: 7/23/12 by 12 noon

CITY OF SANTA MARIA
UTILITIES DEPARTMENT

Business Services • Regulatory Compliance
Solid Waste Services • Water Resources

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July 23, 2012

Jeanine Townsend
Clerk of the Board
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814

SUBJECT: COMMENT LETTER REGARDING THE SECOND DRAFT STATE WATER RESOURCES CONTROL BOARD WASTE DISCHARGE REQUIREMENTS FOR STORM WATER DISCHARGES FROM SMALL MUNICIPAL SEPARATE STORM SEWER SYSTEMS

Dear Ms. Townsend:

The City of Santa Maria submits these comments regarding the Second Draft State Water Resources Control Board Waste Discharge Requirements for Storm Water Discharges from Small Municipal Separate Storm Sewer Systems ("Draft Permit") and the Draft Fact Sheet for the Draft Permit ("Draft Fact Sheet"). Santa Maria appreciates the positive revisions that the State Board has made in the Draft Permit. However, additional changes to the Draft Permit are needed to create a cost-effective program that will provide measurable water quality benefits.

This letter focuses on the unique concerns Santa Maria has with the Draft Permit. Santa Maria is an active member of both the California Stormwater Quality Association ("CASQA") and the Statewide Stormwater Coalition ("SSC"). Santa Maria joins in, and incorporates by reference, the comment letters submitted by CASQA and SSC. The City of Santa Maria writes separately to stress the unique impacts to this City.

BACKGROUND

Santa Maria submitted a comment letter on the first Draft Permit on September 6, 2011. The City's comment letter provided important background information about Santa Maria and its storm water program. Santa Maria incorporates that information here¹ and updates that information as set forth below.

Since September of 2011, Santa Maria has continued to actively implement its storm water

¹ Additional information about Santa Maria's Storm Water Program may be found at:
www.santamariacleanwater.org.

program, as embodied in its Storm Water Management Plan ("SWMP"). Important new challenges that the City has faced since September 2011 include the development and implementation of the Fecal Indicator Bacteria Total Maximum Daily Load ("FIB TMDL") for the Santa Maria Watershed. Currently, the City is working with the Central Coast Regional Water Quality Control Board (Regional Board) to develop TMDLs for Nutrients and Pesticides. Collaboratively, the City, the Regional Board, and the County of Santa Barbara are working with local agricultural interests to develop a Salt and Nutrient Management Plan. A TMDL for Salt will follow that effort within a year or two. Another important challenge has been the Joint Effort to develop a region-wide Hydromodification Management Plan ("HMP") and to implement Low Impact Development ("LID") requirements. These programs have added to the City's regulatory burden, but Santa Maria is working diligently to implement them.

Although the regulatory burden on Santa Maria has increased, the City's fiscal condition continues to present major challenges. For the fifth year in a row, Santa Maria is facing a multi-million dollar structural imbalance in its General Fund. The City has responded to this fiscal crisis by aggressively reducing operational costs, deferring millions of dollars in cost allocations, postponing purchasing hundreds of pieces of equipment, eliminating dozens of full-time and part-time positions, garnering salary and benefit concessions from employee bargaining groups, reducing operational hours, furloughing employees and keeping vacant positions open. The City strongly encourages the State Board to review the attached "Proposed² 2012-14 Budget in Brief" document to understand the fiscal challenges the City faces.

Despite these unprecedented fiscal challenges, Santa Maria remains committed to its storm water program. Unfortunately, state law constrains the City's ability to unilaterally raise revenues to pay for the program. For this reason, a key aspect of the City's program is to demonstrate economy of efforts. Consistent with the Maximum Extent Practicable (MEP) standard, programs must show a balance between resources spent and effective water quality outcomes. Although an improvement over the first Draft Permit, the Draft Permit still fails to strike such a balance, as reflected in the comments below.

SPECIFIC COMMENTS ON THE DRAFT PERMIT

With this background in mind, Santa Maria makes the following specific comments on the Draft Permit. The City's comments follow the sequential order of the Draft Permit and Draft Fact Sheet and are not necessarily presented in order of importance.

1. **Section D.** Santa Maria requests that the State Board revise the receiving water limitations language in the manner proposed by CASQA and the SSC in their comment letters. This change is one of the most important amendments that can and should be made in the Draft Permit. Only by having the receiving water limitations language reflect a true iterative process towards achieving water quality standards over time will the Draft Permit establish a viable regulatory system.

The State Board's legal authority to revise Section D is firmly established. In Defenders of Wildlife v. Browner (9th Cir. 1999) 191 F.3d 1159, the Ninth Circuit held that the MEP standard of Clean Water Act section 402(p)(3)(B)(iii) does not require strict compliance with water quality standards. Consistent with this legal authority, the State Board has developed the receiving water limitations language found in State Board Order WQ 99-05. In State Board Order WQ 2001-15, the State Board noted that the mandatory

² Proposed and approved at a regularly scheduled meeting of the Santa Maria City Council on June 19, 2012.

language “does not require strict compliance with water quality standards.” Instead, the State Board requires that compliance with water quality standards “be achieved over time, through an iterative approach requiring improved BMPs.”

The problem with Draft Permit Section D is that the Ninth Circuit has recently interpreted the receiving water limitations language to require strict compliance with water quality standards. (See NRDC v. County of Los Angeles (9th Cir. 2011) 673 F.3d 880.) Fortunately, the United States Supreme Court has agreed to review this case. Nevertheless, the State Board must correct the problems with its receiving water limitations language to align the language with the State’s goal of achieving water quality standards over time through an iterative approach.

This issue has important implications for Santa Maria. As noted above, Santa Maria is listed as a discharger for purposes of the Santa Maria Watershed FIB TMDL and the TMDLs currently in development. The FIB TMDL contemplates the achievement of load reductions over a 15 year time horizon with the goal of achieving the FIB related water quality standards at the end of that period. As interpreted by the Ninth Circuit, however, it could be argued that the receiving water limitations language requires immediate compliance with the applicable water quality standard. Such a result would be fundamentally inconsistent with the findings of the Central Coast Regional Board and at odds with the State Board’s prior policy statements. It is unreasonable to expose dischargers to this risk through ambiguous language.

For these reasons, Santa Maria asks the State Board to revise Draft Permit Section D as proposed by CASQA and the SSC.

2. **Section E.1.b.** This provision allows a Regional Board Executive Officer (EO) to require continued implementation of current BMPs in lieu of the Draft Permit’s requirements (other than post-construction and monitoring). This provision also allows a Permittee to submit a request to the State Board EO to review the Regional Board EO’s decision. This provision should be changed in two ways. First, Permittees should be able to request that the Regional Board EO allow continuation of existing BMPs in lieu of the requirements of the Draft Permit. Continuance of a current program should only be required when requested by the discharger and approved by the Regional Board EO. Second, if the decision remains a unilateral one made by the Regional Board EO (which is not recommended), Permittees should be permitted – as allowed by the Water Code section 13320 – to petition the Regional Board’s decision to the State Board, not just to request review by the State Board EO.
3. **Section E.6.a.(ii).(h) and (i).** These sections require Permittees to have adequate legal authority to, among other things, “[e]nter private property for the purpose of inspecting, at reasonable times, any facilities, equipment, practices, or operations for active or potential storm water discharges, or non-compliance with local ordinances/standards or requirements in this Order.” Both the United States and California Constitutions limit the ability of Permittees to enter private property for purposes of inspection. These fundamental Constitutional limitations must be honored and make compliance with this section, as written, impossible. Permittees simply lack the legal authority to unilaterally enter private property. Rather, Permittees must obtain consent to enter private property or, absent consent, must obtain an inspection warrant. Therefore, this section must be revised to acknowledge the limitations placed on Permittees by the United States and California Constitutions. At a minimum, this section should be preceded by the following

clause: “After obtaining legally valid consent or an inspection warrant issued by a court of competent jurisdiction...” The Draft Permit cannot compel a Permittee to violate the individual liberties of its residents.

4. **Section E.6.b.(i) – (iii)**. These sections require certain certifications by both the Permittee's authorized signatory and legal counsel. One certification only should be required. In addition, Section E.6.b.(iii) requires certification of adequate legal authority in the first annual report. However, Section E.6.a.(i) requires that ordinances or other regulatory mechanism be reviewed and updated to obtain adequate legal authority to implement the Draft Permit within the second year. Section E.6.b.(iii) should thus be amended to require certification in the second annual report.
5. **Section E.6.c**. This section requires the development and implementation of an Enforcement Response Plan. Such a plan is redundant and unnecessary because Santa Maria's enforcement policy and authority is already set forth in its Municipal Code. Development of such a plan would simply be a costly paperwork exercise that would have no meaningful benefit. Further, Sections E.6.c.(ii).(c).(3) and E.6.c.(ii).(d) should both be deleted. Compliance with the City's Municipal Code is a consideration to be taken into account by the City under the City's own rules when it considers permits; it need not concern the State. In addition, the State, not Santa Maria, is responsible for enforcing the Industrial and Construction Permits. Santa Maria will refer potential violations of these Permits to the State for enforcement, just as other parties are free to do.
6. **Section E.7**. The discretion provided to Regional Board EOs to require community-based social marketing (“CBSM”) should be deleted. There is no legal requirement to use a particular type of public outreach, and the decision on how best to satisfy the requirement to develop an education and outreach program is best left to Permittees. Should this section remain, clear criteria should be added to establish the conditions under which Regional Board EOs may require Permittees to comply with the CBSM provisions.
7. **Section E.7.b.2.a**. The requirement that plan reviewers, permitting staff and inspectors be certified as QSDs or QSPs is excessive and beyond the requirements of the Phase II regulations. Currently, the City's planners are not so certified. The City believes this requirement to be costly and redundant, because the private consultants who develop and implement SWPPPs for local projects are already certified.
8. **Section E.9.c.(i)**. This section requires that, while conducting the outfall inventory under Section E.9.a, the “Permittee shall sample any outfalls that are flowing more than 72 hours after the last rain event.” This section presents unique challenges to Santa Maria. The City is located downstream of significant agricultural land uses. Agricultural discharges flow down gradient through agricultural and storm water channels and mix with urban storm water in the City before discharging to the Santa Maria River. As the Central Coast Regional Board has acknowledged in the FIB TMDL, this makes Santa Maria's system “complex because the stormwater within the City's jurisdiction is a mix of agricultural return flows coming into the City from the east and of urban runoff within the City limits.” The Central Coast Regional Board has further acknowledged that this “commingled water makes source analysis challenging.” Sampling of the agricultural flows coming into the City has demonstrated that flows entering the City are already above water quality standards, including for fecal coliform.

The requirements of Section E.9.c do not fit well into the City's "complex" system. Due to agricultural flows, outfalls do flow in dry weather, because agricultural irrigation occurs year round and on schedules over which the City has no control. Should this section remain as written, the City will be subject to costly, redundant, and ineffective sampling that will be triggered by the activity of others upstream and outside of the City. Those samples will tell the City little, if anything, since the flows are mainly agricultural. Thus, as applied to Santa Maria, this section will be costly and provide no useful information. A better approach would be to allow the City to design and implement a sampling process tailored to the unique conditions of its system and over which it has control.

9. **Section E.9.c.(ii).(a) and (b)**. These sections require sampling for certain indicator parameters and verification that certain action level concentrations are achieved for those parameters. Due to the combined flow in the City's system, the data from these samples will be useless in determining illicit discharges. In addition, sampling for each parameter may not be justified by the "facts on the ground." For example, the inspector may see evidence of an oil spill and thus need to test only for parameters associated with an oil spill such as TPH. This "one-size fits all approach" will result in needless sampling that yields little useful information. A better approach would be to allow Santa Maria to develop their own program to fit its local conditions. The requirement to sample should also occur later in the implementation process after the proper equipment can be purchased and additional training can be provided.
10. **Section E.12.d.2**. This section requires the use of LID objectives for Regulated Projects, including a requirement that each project site be divided into discrete drainage management areas. This section is problematic for two reasons. First, Santa Maria is well-suited to achieve significant groundwater recharge through a citywide approach using existing or planned facilities (existing and future offsite basins). The site-specific approach for every project will inhibit this important reuse opportunity. Second, the DMA requirement will demand additional civil engineering work to prepare additional plan sheets for the grading and drainage plan. This may be feasible on larger developments but cost-prohibitive on smaller ones. This will also require increased plan review by more City departments and more "finished plans" at an earlier stage. A better case must be made that these costs are linked to water quality benefits.
11. **Section E.12.i**. This section requires the City to implement the requirements of the Joint Effort in place of the requirements of Section E.12 (other than Section E.12.j and E.12.d.i.a). There is no technical or legal justification for carving the entire Central Coast Region out of a major section of the Draft Permit, a statewide general permit. Although Regional Boards have some flexibility to require individualized approaches for individual discharges, exempting an entire Region in the Draft Permit is not appropriate. Please delete this provision. Santa Maria and others within the Central Coast Region should be placed on an equal footing with other municipal dischargers unless there are compelling reasons (absent here) to do otherwise.
12. **Section E.12.j**. This section requires the City to modify "its general plans, specific plans, policies, zoning, codes, regulations, standards, and/or specifications to ensure watershed process protection is fully considered in land planning decisions that impact stormwater management of existing and future development." Santa Maria has two main objections to the requirements of Section E.12.j.

First, local land use and planning is properly left within the City's local discretion. Unless state law is amended to require the City to include certain considerations in its General Plan, local zoning ordinance, and other planning documents, the State Board should not tell Santa Maria what local land use issues it must consider.

Second, consistent with the above, some of the specific requirements of this Section E.12.j may not be appropriate for Santa Maria. For example, Section E.12.j.(ii).a.ii.1.d requires Santa Maria to modify its codes to allow parking in building setbacks. There are significant health and safety concerns with allowing parking in building setbacks. Santa Maria cannot be compelled to ignore these health and safety concerns merely because of the Draft Permit. Notably, Santa Maria is already doing much of what Section E.12.j purports to require. But that just proves the point – Santa Maria controls its local land use plans and will continue to implement changes that it believes work for its community.

13. **Section E.13.b.1.(ii).(d)**. This section requires dischargers to establish a monitoring fund into which all new development contributes on a proportional basis. The ability of Santa Maria to establish such a fund is governed by limitations under state law, including California Constitution Article XIII B. The State Board cannot compel dischargers to establish a fund in contravention of state law.
14. **Section E.13.b.2.(i)**. This section requires the development and implementation of a receiving water monitoring program in the second year of the Permit. This provision would likely have application to Santa Maria in accordance with Section E.13.(iv). The problem with the requirements of this section is that they do not correlate with the provisions of Section E.13.(ii), which separately require monitoring as required by applicable TMDLs. As noted already in this letter, the City is subject to the Santa Maria watershed FIB TMDL and is working toward the monitoring required by that TMDL. Additional TMDLs are currently under development. The receiving water monitoring that is required by this section will be redundant to the TMDL monitoring, but the Draft Permit treats them as being independent. The Draft Permit should be amended to allow TMDL monitoring to replace other monitoring requirements.
15. **Section E.13.b.2.(ii)**. In addition to being redundant, the monitoring requirements will be very costly, especially when considered in addition to the illicit detection monitoring and the TMDL monitoring. Based upon Santa Maria's initial assessment, the City would have to hire more staff to monitor, sample and assess its system on an on-going basis. As explained at the beginning of this letter and in the attachment, Santa Maria has been eliminating positions and otherwise reducing staffing and staff costs; it does not have the ability to add staff. The State Board must consider the monitoring requirements in light of these fiscal realities.
16. **Section E.14.b**. This section requires the City to quantify annual subwatershed pollutant loads for 11 constituents. The pollutants of concern for Santa Maria are already known and identified in the current 303(d) list impairments. These requirements do not help the City address known impairments. To the contrary, they require the City to "start from scratch" and address pollutants that may have no relevance to the City. Moreover, this quantification exercise does not align with the Draft Permit's monitoring requirements. These provisions merely add work with no meaningful purpose or anticipated outcome. In the end, the City should be allowed to design, as it already has, a monitoring program tailored to the goals of its program and its local needs.

SPECIFIC COMMENTS ON THE DRAFT FACT SHEET

Santa Maria joins the comments submitted by the SSC on the Draft Fact Sheet. The City writes separately to stress two points.

1. **Draft Fact Sheet Section III.** Due to the fiscal challenges faced by Santa Maria, a key element of the City's storm water program is economy of effort – a requirement that programs demonstrate a balance between resources spent and effective outcomes. The State Board's discussion of economic considerations misses the mark on this balance. Santa Maria requests that the State Board perform a more detailed analysis of whether the requirements of the Draft Permit "have a cost that bears a reasonable relationship to the pollution control benefits to be achieved." The City's fiscal challenges demand that the City perform this analysis of its own program, and the Draft Permit appears to require dischargers to assess these issues, so the simple question is why has the State Board not done this analysis?
2. **Draft Fact Sheet Section IV.** Santa Maria disagrees with the State Board's unfunded state mandate analysis. EPA's Phase II regulations expressly provide that the six minimum measures, when properly implemented, "will reduce pollutants to the maximum extent practicable." Indeed, the Ninth Circuit has noted that under the Phase II regulations "submitting an NOI and implementing the Minimum Measures it contains constitutes compliance with the standard of reducing pollutants to the 'maximum extent practicable.'" (Environmental Defense Center, Inc. v. United States Environmental Protection Agency (9th Cir. 2003) 344 F.3d 832, 854.) Because the Draft Permit contains many requirements beyond the six minimum measures, it contains unfunded state mandates.

Thank you for the opportunity to provide these comments on the Draft Permit, and please do not hesitate to contact me should you have any questions about them.


FOR RICHARD G. SWEET, P.E.
Director of Utilities



CITY OF SANTA MARIA

Proposed 2012-14 Budget in Brief

June 19, 2012

CITY OFFICIALS

Mayor

Larry Lavagnino

Mayor Pro-Tem

Bob Orach

City Council

Jack Boysen

Mike Cordero

Alice Patino

City Manager

Rick Haydon

CITY PROFILE

Incorporated

September 12, 1905

Charter City

December 12, 2000

Form of Government

Council-Manager

Full Service City

Population

100,199

Full-Time Employees

456

Sworn Police Officers

111

Fire Stations

5

Firefighting Personnel

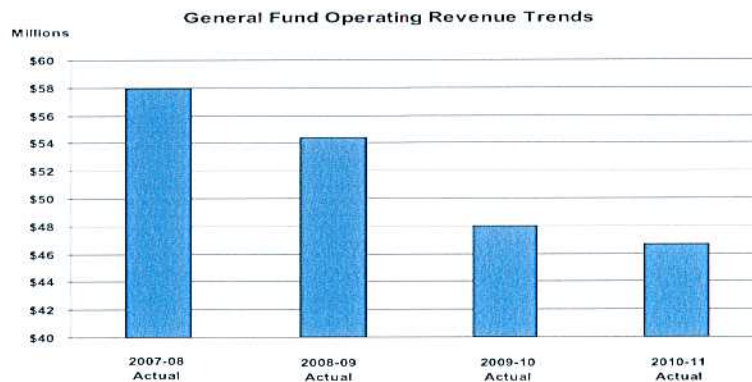
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Parks

27

Summary

The City of Santa Maria's (City) General Fund has been hit hard by the decline in economic activity resulting in consecutive multi-million dollar deficits over the last four years. Total General Fund operating revenues have declined from a peak of \$57.9 million in 2007-08 to \$46.7 million in 2010-11, an astonishing 19 percent decline in on-going operating revenues in a three-year span as illustrated in the below chart.



For the fifth year in a row, the City is facing a multi-million dollar structural imbalance in the General Fund. The City has responded to the above significant decline in revenues over the last few years by aggressively reducing operational costs, deferring millions of dollars in cost allocations, postponing purchasing hundreds of pieces of equipment, eliminating dozens of full-time and part-time positions, garnering salary and benefit concessions from employee bargaining groups, reducing operational hours, furloughing employees and keeping vacant positions open for extended periods of time –and 2012-13 is no different.

Economic Outlook

On a national level, the economy has been gradually recovering from the recent deep recession. There are still a significant amount of foreclosures and the weak U.S. labor market remains the single-biggest risk to economic growth for the coming years. And while California is slowly emerging from the recession, high unemployment still persists.

High unemployment levels coupled with declining home values are having a negative effect on the Governor's revenue forecast for the upcoming 2012-13 budget year. The State is expected to face a budget gap of at least \$16 billion in 2012-13. The cornerstone of the Governor's 2012-13 budget plan is its assumption that voters will approve a temporary increase in income and sales taxes through an initiative that the Governor has proposed to be on the November 2012 ballot. The administration estimates the initiative would increase revenues by \$6.9 billion by the end of 2012-13, and generate billions of dollars per year until its taxes expire at the end of 2016. However, if the Governor's proposal fails, because of the State's inept ability to balance their own budget, it is anyone's guess as to what financial impacts the State's budget crisis will ultimately have on Santa Maria.

2012-13 All Operating Funds

	Adopted 2011-12	Proposed 2012-13	Increase (Decrease)	Percent of Increase (Decrease)	Percent of Total 2012-13
Operating Programs	\$ 89,417,940	\$ 90,828,420	\$ 1,410,480	1.6%	67.8%
Capital & Outside Agencies	30,890,330	31,776,820	886,490	2.9%	23.7%
Debt Service	9,329,580	6,110,580	(3,219,000)	-34.5%	4.6%
Transfers	5,271,460	5,278,270	6,810	0.1%	3.9%
Total	\$ 134,909,310	\$ 133,994,090	\$ (915,220)	-0.7%	100.0%

All Operating Funds

Operating programs are proposed to increase approximately \$1.4 million or 1.6 percent. This increase takes into consideration the net affect of eliminating the mandatory time off program as of December 31, 2012, scheduled employee merit increases, reinstating partial funding for fleet and business equipment replacement, increased operational costs associated with providing revenue-offset programs, and slight pension-related cost increases.

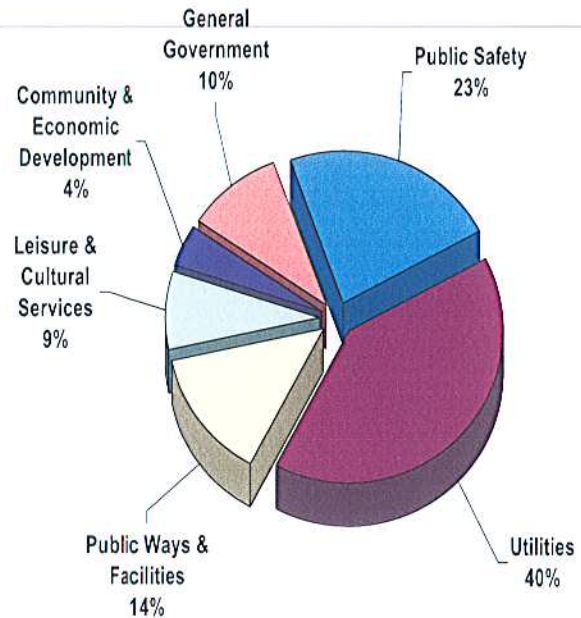
As for Capital Projects, there are a total of 94 capital projects costing approximately \$36 million during the next two-year period. Three of the more noteworthy capital projects slated for 2012-13 include the \$4.9 million in transit rolling stock purchases; \$4 million in information technology improvements and \$3.8 million in tenant improvements for the new police facility; and \$3 million to retrofit low-pressure sodium street lights with energy efficient light-emitting diode (LED) units.

Overall, debt service expenses are decreasing in 2012-13, reflective of the refinancing of the 1993 and 1997 Water Bond Issues.

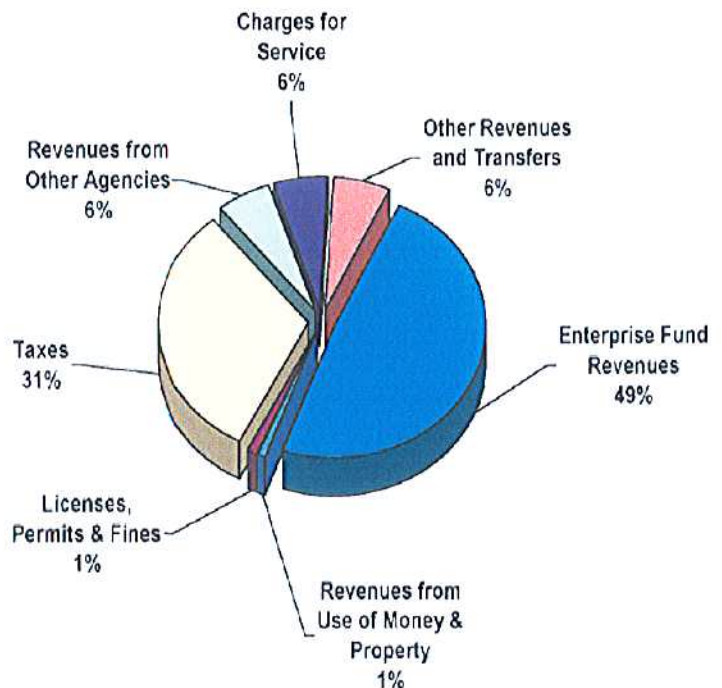
Total revenues anticipated for all operating programs in 2012-13 are estimated to be \$125.4 million or \$3.8 million more than in 2011-12. This represents approximately a three percent increase in total financing in 2012-13 for all operating programs when compared to 2011-12. Total proposed appropriations for all operating funds in 2012-13 are approximately \$134 million. The budget for all operating funds is \$915,220 or 0.7 percent less than in 2011-12, with the decrease being primarily attributed to the decrease in debt service payments due to refinancing the Water and Wastewater debt.

Like the three previous biennial budgets (2006-08, 2008-10 and 2010-12), the proposed 2012-14 Budget makes no provision for new reserves. In fact, this will mark the seventh year in a row that the City has not been able to make any provision for new reserves and has had to rely heavily on the use of LEAF reserves to balance the General Fund budget.

Program Expenses- All Operating Funds



Sources of Revenue - All Operating Funds



2012-13 General Fund

	Adopted 2011-12	Proposed 2012-13	Increase (Decrease)	Percent of Increase (Decrease)	Percent of Total 2012-13
Operating Programs	\$ 49,747,220	\$ 50,054,730	\$ 307,510	0.6%	91.6%
Outside Agencies	928,590	864,290	(64,300)	-6.9%	1.6%
Debt Service	1,408,330	1,361,650	(46,680)	-3.3%	2.4%
Transfers	2,367,830	2,388,770	20,940	0.9%	4.4%
Total	\$ 54,451,970	\$ 54,669,440	\$ 217,470	0.4%	100.0%

For 2012-13, total General Fund revenues are anticipated to be \$53.7 million or \$511,820 more than in 2011-12 (as indicated on the back of this brochure). However, General Fund appropriations for 2012-13 are estimated to be \$54.7 million, over \$894,000 more than revenues, thereby necessitating the need to use one-time reserves to finance ongoing operational costs.

The General Fund budget balance plan for 2012-13 is proposed to include a reduction in operating expenses in General Fund departments (one percent in the Police Department and two percent in non-public safety departments); the continued deferral of cost allocations; and the use of \$2.5 million in one-time LEAF financing (in addition to over \$894,000 in General Fund reserves) in order to help balance the 2012-13 General Fund budget.

Overall, while departments reduced their operating costs by approximately \$750,000, this amount was offset by almost \$360,000 in supplemental budget requests, the sunset of the mandatory time off program slated for December 31, 2012, and anticipated employee merit increases.

While total appropriations in the General Fund are approximately \$54.7 million, the vast majority of General Fund expenses are spent on the two public safety departments. Combined, these two departments account for over 55 percent of all General Fund expenses. As you can see (from the illustration on the right), the Police Department alone accounts for 40 cents of every dollar spent in the General Fund; with the Fire Department accounting for over 15 cents of total appropriations. Operational costs in the Recreation and Parks Department account for the third highest departmental expense in the General Fund, followed by the Department of Administration Services (which includes the City's financial contributions to outside agencies). The remaining General Fund departments account for pennies on the dollar for each General Fund dollar spent.



⇨ 40.0% Police Department



⇨ 15.5% Fire Department



⇨ 14.8% Recreation and Parks Department



⇨ 11.2% Administrative Services and Outside Agency Contracts



⇨ 5.0% Community Development Department



⇨ 4.3% Public Works Department



⇨ 4.3% City Manager, Human Resources and City Clerk



⇨ 2.7% Debt Service



⇨ 2.2% City Attorney, Mayor and City Council

The 2012-14 Budget is available for review at the Main Library or at www.ci.santa-maria.ca.us.

2012-13 General Fund Key Revenue Sources

	Budget 2011-12	Proposed 2012-13	Increase (Decrease)	Percent of Increase (Decrease)	Percent of Total 2012-13
Sales Tax	\$ 16,008,000	\$ 17,278,700	\$ 1,270,700	7.94%	32.13%
Property Tax	14,082,600	14,400,020	317,420	2.25%	26.78%
Hotel/Bed Tax	2,276,500	2,410,000	133,500	5.86%	4.48%
Impacted Soils	2,503,000	2,105,000	(398,000)	-15.90%	3.91%
Construction Permits	1,258,000	830,900	(427,100)	-33.95%	1.55%
Total Key Revenues	36,128,100	37,024,620	896,520	2.48%	68.85%
Other Revenues	17,134,930	16,750,230	(384,700)	-2.25%	31.15%
Total	\$ 53,263,030	\$ 53,774,850	\$ 511,820	0.96%	100.0%

As you can see from the Key Revenue Sources chart (above), sales tax revenue is increasing due in part to an improving labor market and pent up demand for larger items such as autos and household appliances. Because of this trend, the City is projecting a 7.9 percent increase in sales tax revenue for 2012-13 to \$17.3 million.

The property tax outlook for 2012-13 is expected to be somewhat better than in 2011-12 based on the inflation factor to be used for the assessed value growth for 2012-13.

Impacted soil revenue peaked in 2007-08 at \$5.5 million, but now because of increased competition from other landfills and the fact that the Guadalupe Dunes Restoration Project has completed its initial phase of restoration work, Impacted Soils revenue has gone from \$5.5 million down to an estimated \$2.1 million in 2012-13.

The decrease in construction-related permit revenue is indicative of how hard the construction sector was hit by the recent recession and its lingering effects on the local economy. Back in 2006-07, construction-related permit revenue came in at \$2.5 million and since then, construction-related revenue has declined and is anticipated to be \$830,900 in 2012-13.

Other Noteworthy Highlights

- For 2012-13, proposed personnel recommendations bring City-wide staffing totals to 456 authorized full-time positions and 72 part-time positions, for a total of 528 authorized positions. However, eleven vacant public safety-related positions and one vacant non-safety related position (of the City's 456 authorized full-time positions) will be classified as authorized but not funded in 2012-13; bringing the total authorized, but not funded positions in the City to 12. In addition to these 12 positions three more non-safety positions will be partially funded for only the last six months of the fiscal year. This is in response to the City's continued need to reduce operational costs in the General Fund.
- When compared to the number of full-time positions approved in 2011-12, staffing proposals for 2012-13 show an overall decrease of one full-time position. The one position is that of Librarian II-Reference. This action brings the 2012-13 full-time employee-to-population ratio of the City to 4.55 employees for every thousand residents – still far below the 8.47 average of other Central Coast cities. As a comparison, the approved staffing recommendations from ten years ago, 2002-03, included a full-time employee-to-population ratio of 4.82 per thousand (residents).
- For the General Fund, in 2012-13 there are 326 full-time positions and 38 part-time positions proposed for a total of 364 positions. Of the full-time General Fund positions, the Police and Fire budgets comprise 211 positions or 65 percent. And of the 456 full-time positions City-wide, the two public safety departments comprise 46 percent of all full-time positions as depicted in the chart below. In the Police Department alone, the sworn complement of officers represents one out of every four full-time employees (citywide).
- In all, \$36 million of capital and maintenance projects are proposed over the next two-year period. Compared to the 2010-12 budget, which had \$26.7 million of capital and maintenance-related projects, proposed project expenditures for 2012-14 are \$9.4 million more. The General Fund Capital Projects budget totals \$10.4 million, \$8.6 million more than 2010-12, with the vast majority of all proposed expenditures being public-safety related. Noteworthy capital projects that are General Fund-financed include: information technology improvements and tenant improvements for the new police facility, an upgrade to the public safety computer aided dispatch and records management system, and parking lot slurry seal and re-striping at the Town Center East and West parking lots.
- Another noteworthy capital project, to be funded from Gas Tax monies and Grant Funded Street projects, is the City-wide Street Lighting Retrofit program. The Public Works Department will seek a one-time low interest loan from the California Energy Commission (CEC) to help fund a City-wide retrofit of over 5,200 low-pressure sodium street lights with energy efficient LED units. Low pressure sodium street lights are no longer manufactured and cannot be adequately maintained; therefore, the Public Works Department has developed a new street lighting standard. LED bulbs cast more natural warm light and reduce light pollution.
- It should be noted that this proposed budget does not factor in any sales tax proceeds associated with the successful passage of Measure U (the City's ¼-cent sales tax measure) or any potential fiscal impacts associated with the State of California's multi-billion budget deficit or the State's approval of the City's \$1.2 million debt service obligation payments. Staff will be bringing back an item for future Council consideration (aside from this budget process), on a spending plan for the tax measure proceeds and appointments to a Citizens Oversight Committee. Furthermore, should the State of California take action that negatively impacts the City, mitigation measures to address this impact will also be brought back to the City Council for their consideration at a later date.

