

State's Elimination of Redevelopment, Doesn't Change City's Mission

The City's mission statement has provided focus in making the necessary cuts to adapt to the massive reduction in revenue, while still meeting the needs of the community.

"Our mission is to improve the quality of community life in the City of Santa Fe Springs; to foster the public trust through effective management of public resources; to provide a safe, well-planned and aesthetically pleasing environment; to encourage personal enrichment through educational, cultural, social, and leisure programs; to serve the public in a responsive and courteous manner; and, to promote social harmony in all aspects of community life."

For the past several months, we have kept the community informed about the monumental fiscal/budget challenge that the City has been facing since the State of California made its ill-fated decision to eliminate Redevelopment. We all, individuals, families, businesses and cities alike, have been affected by the "Great Recession," and have had to make sacrifices in order to make it through the past few years. However, just when we thought things were looking up, the State struck us with another major blow, which makes our previous budget challenges pale in comparison. To recap, on December 29, 2011, the State Supreme Court issued a ruling that effectively put the City's Redevelopment Agency out of business for good, as of February 1, 2012.

The City's Redevelopment Agency, also known as the Community Development Commission (CDC), was the economic development and public improvement arm of the City. The CDC brought \$32 million of funding to the City annually, which literally helped build the Santa Fe Springs that we all know and love. In addition to the scores of public improvements and thousands of jobs created through Redevelopment/CDC, it also funded a significant portion of the City's operations, including a significant portion of labor, programs and services. Tragically, the State's actions took away 25% of the funding that would generally support the City's operational budget. In dollar figures, the net impact of Redevelopment's elimination on the City's budget is \$13.4 million, out of a \$55 million overall budget.

The details of the City's response to the elimination of Redevelopment have been discussed in previous City publications. Suffice to say, making up for the \$13.4 million taken by the State cannot be done by "trimming around the edges." The budget modifications are significant, but strategic. In adjusting to the huge budget gap, the City kept as its top priority a commitment to its mission of improving the quality of community life in the City, and fostering public trust through effective management of public resources. The changes Santa Fe Springs must undergo are painful but necessary, in order to sustain ourselves as a community. Now that we have fewer fiscal resources, just like any family or business, we must make adjustments to "live within our means." Regrettably, this means that we cannot do and fund everything that we used to. But it will enable us to still address all of our priorities in much the same manner as we historically have done.

The City has gone to great lengths to make sure that the budget cuts are spread across the organization, so as to minimize the impact on any one particular stakeholder (residents, businesses,

employees, or other). Some of the changes, such as the reduced City staffing levels (due to layoffs), are evident, others, such as modest changes to programs, events, and services, are less so. Nonetheless, every part of the organization has been affected by the massive budget shortfall and required cuts. In making these difficult decisions, the City did so with the vision of creating stability for the organization and thus the community, so that it could remain fiscally strong and move forward to continue to be the great Santa Fe Springs that we all know.

The changes for Santa Fe Springs have been quite dramatic over the last few months, but one really needs to look back prior to the onset of the "Great Recession" to truly understand the magnitude of the changes that have been made. In 2007, the City employed 249 full-time employees. Then, in 2008, the downturn in the economy began to take hold, ultimately reducing the City's sales tax revenues by 33%. To deal with the massive reduction in revenue, the City instituted a number of cost-cutting measures, ultimately resulting in the elimination of 45 full-time positions. And then, the bottom fell out with the State eliminating Redevelopment and, as a result, permanently taking the \$13.4 million that formerly went into the City's budget. This action came quickly and affected us severely. In order to prevent significant and irreparable financial damage, the City was forced to institute another round of budget cuts, which saw the elimination of 32 additional full-time positions. The net effect of the past 5 years of budget cuts has been the shrinking of our organization from 249 full-time positions in 2007/2008 to the current level of 172 full-time positions. This represents a 31% reduction in our labor force.

As you can see, the City is a much leaner organization than the Santa Fe Springs of yesteryear (even last year). Ironically, the State's inability to do what we have done (i.e. react responsibly to its budget challenges) created the circumstances that have forced us to make the difficult and painful budgetary cuts that are now necessary to balance our budget, thus avoiding even more drastic fiscal consequences. Although the new Santa Fe Springs is a smaller organization, we are very much rooted in the past with the same spirit and dedication that has been the hallmark of Santa Fe Springs for over 50 years. The State may have taken our dollars, but they cannot touch our most precious asset; the commitment and involvement of our residents, businesses and employees.

For more information on the City's fiscal challenge and budget plan/process, please visit the City's website at www.santafesprings.org.