



City Budget Presentation 2024

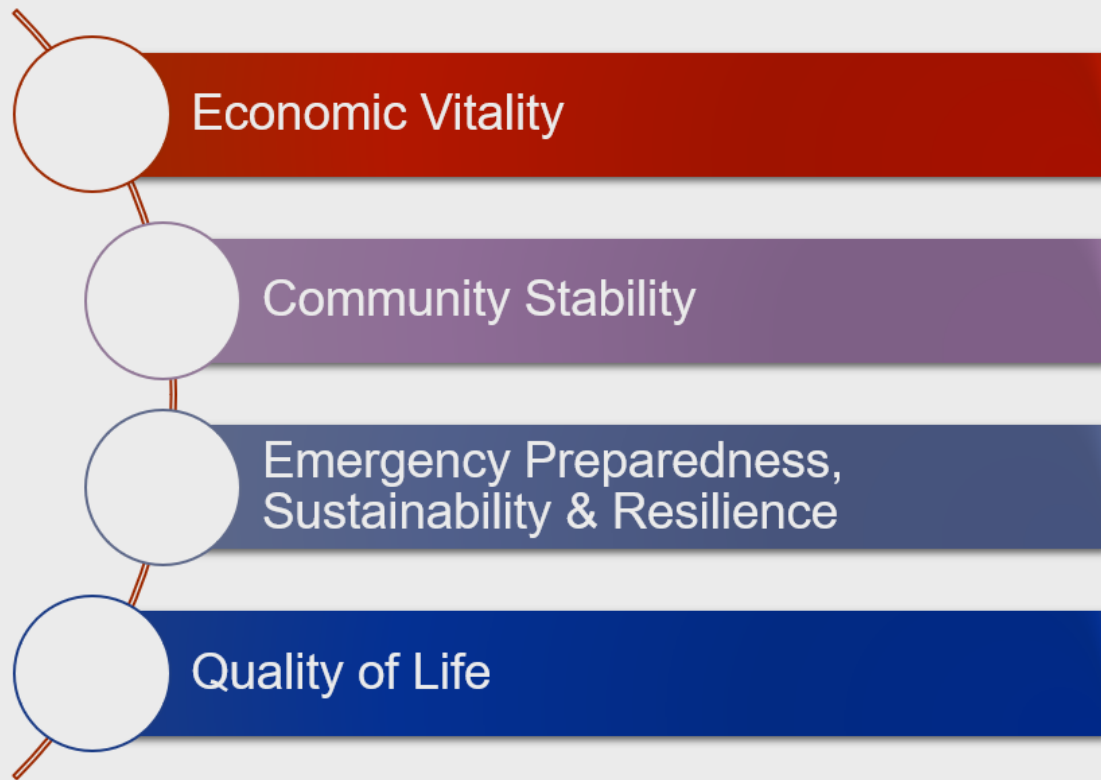


Presentation Overview

- What are our City's services?
- Housing and Infrastructure
- What is our City's budget?
- How is the City funded?
- What are your priorities?

What are our City's services?

City Council Priorities *



*City Council DRAFT Priorities: As discussed during the Council Priorities workshop on February 22, 2024.

**Key Fact:
Santa Barbara is a
“Full-Service” city**

City Services



Police Department



Fire Department



Utilities



**Housing and
Human Services**



**Sustainability &
Resilience**



**Parks &
Recreation**



Library Services



**Streets & Road
Maintenance**



**Permitting &
Code Enforcement**

Public Safety Demands

- The Police Department has **125 sworn officers** and responded to **61,032 calls for service** in 2023, a 3% increase from 2022.
 - 20% were related to homelessness.
- The Fire Department has **105 full-time personnel** assigned to its 8 stations. In the last 30 years calls for fire service have more than doubled and continue to **increase by 5% annually.**
 - Over 70% of the calls to the City's Fire Department are specifically to provide emergency medical services for accidents or rescues
- High competition for qualified personnel in police, fire, emergency response is fierce and Santa Barbara has a higher vacancy rate than its peers.



Programs

The Santa Barbara Public Library service area is the city of Santa Barbara and Montecito, and it has about 72,000 cardholders. It also provides additional services including:

- A full suite of literacy programs; from early literacy through adult literacy, as well as offers supportive programming for residents with intellectual disabilities.
- Adult learning opportunities and professional development including job and career help, resume writing services, mock interviews, & follow up with residents until they successfully gain employment.
- Technology skills classes in English and Spanish.
- One-on-one outreach to the City's underserved communities, assistance with obtaining high school diplomas and transition to Santa Barbara City College

Programs

The City supports a sustainable, healthy, and safe Santa Barbara through reducing the City's carbon footprint, managing energy and materials use, transitioning to renewable energy sources, and building local climate resilience.

- Ambitious goals of sourcing electricity only from renewable sources
- Addressing the City's role in Climate Change and building a resilient community
- Ordinances banning the distribution of plastic grocery bags, polystyrene containers, and plastic straws, while encouraging reusable substitutes to these low-quality single-use items.
- The City is updating the Climate Action Plan.

Housing

The lack of affordable housing is one of the biggest challenges facing the residents of Santa Barbara.



- Improving housing affordability is a high priority for the City.
- The statewide homeless crisis continues to affect the community even while the City has been actively working to house its unhoused residents there are close to [980 people experiencing homelessness](#) in Santa Barbara on any given night, including veterans and families with young children.
- The City partners with non-profit agencies and others to support affordable housing policies and programs and is considering new programs to increase the supply of housing for veterans, essential workers and other families struggling to afford to live in our City.
- Additionally, the City Council launched a citywide short-term rental enforcement program to ensure compliance with City regulations and make rental units available again to long-term city residents.



Affordable Housing and Essential Santa Barbara

*Rob Fredericks,
Executive Director/CEO*



HOUSING AUTHORITY
of the CITY of SANTA BARBARA



ABOUT HACSB

- Established in 1969 by SB City Council
- Own/manage 1,400+ units
- Administer 3,000+ Section 8 Vouchers

Our successful developments and operations are based on our commitment to being a ***good neighbor*** in each area of Santa Barbara while answering the need for affordable housing.

Santa Barbara's Housing Needs

Critical Affordable Housing Shortage

Over 8,000 new units needed, primarily for low-income households.

High Cost of Living

Median home prices \$2 million, pricing out residents.

Homelessness Persists

Over 1,800 individuals counted as homeless in the county with 987 in the City.

The Need for Affordable Housing

Median home price (South Coast):
\$2,350,000

Median Family Income:
\$107,300

Vacancy rate:
+/- 2%

Section 8 Voucher waitlist:
7,801 households

Homeless in the City
of Santa Barbara
987

# In Household	Low Income
1	\$91,200
2	\$104,250
3	\$117,300
4	\$130,350
5	\$140,800
6	\$151,250
7	\$161,600



City of Santa Barbara Local Housing Trust Fund

Established/Approved by City Council in January 2024

- Local tool/funding source to increase stock of permanently affordable housing units.
- Provides financial and technical assistance to help developers produce and preserve affordable housing.

LHTF Ordinance

- \$2,883,548 allocated to LHTF by City Council from General Fund
- Inclusionary Housing In-lieu fees collected will serve as dedicated and continuous source of funding for first 5 years of Fund
- LHTF can receive funds from other sources, including contribution from private individuals and entities
- Funds distributed per priorities identified by the City Council to construct, acquire, rehabilitate or subsidize very low to moderate income housing.
- Disbursement of funds will follow constraints imposed by State of California Department of Housing and Community Development
- City Council will hold Public Hearings on eligible projects under the LHTF

Affordable Housing

- LHTF will provide valuable resource for local affordable housing developers, including but not limited to the Housing Authority
- Housing Authority able to leverage LHTF with other funding sources including federal and state

Infrastructure

Infrastructure

The City invests in residents quality of life by improving the condition of our streets and sidewalks, keeping public areas safe and clean, earthquake retrofitting local bridges, as well as repairing and upgrading deteriorating storm drains, to reduce pollution flowing into the ocean and onto beaches.



8 Fire Stations
105 full time employees



20 Community Centers



2 Libraries



1 Police Station
125 sworn officers
***142 budgeted positions**



60 Parks, including;
18 Open Space Parks
23 Playgrounds



4 Pools

Aging Infrastructure

The City of Santa Barbara is 173 years old and has aging infrastructure which needs to be repaired and upgraded.

Much of the City's fleet of police and fire apparatus, as well as other vehicles are aging and have no replacement funds.

The Parks and Recreation Department alone has **eight buildings**, close to 100 years old, that are designated historic structures and parks that date back to the 1850s.

Even with improvements made by Measure C, independent road engineers recently found that nearly 30% of our local city streets are in poor or very poor condition.



Santa Barbara Public Library (1920)

Tough Decisions

All City Departments have reduced their costs by eliminating hourly positions, delaying projects, and limiting services. Many or most have staff vacancies, including many in public safety.



Despite years of reduced staffing levels and aggressive budgetary reforms, the City faces a small but persistent deficit, which may grow to as much as 5-7% of the General Fund within 3 years.



The projected deficit will require hard choices with real impacts on the City's ability to provide essential services to the community.

What is our City's Budget?

What is our City's Budget?

- The City's General Fund, which pays for its core services like Police, Fire, Emergency Medical Response, Parks, Libraries, Street Maintenance as well as other services and infrastructure operates on an annual budget of approximately **\$202 million**.
- There are also Enterprise Funds financed primarily from user fees and other non-tax revenues that fund specific items, such as the Airport, the Downtown Parking Structures, much of the City's water infrastructure, and others.

How did COVID-19 Impact the City's Budget?

- The City was able to control and reduce costs by nearly eliminating all hourly employees, delaying projects and reducing services.
- For some perspective, this has eliminated over 130,000 hours of work in the Parks and Recreation Department, impacted the availability of lifeguards, and forced the library to close for 36 hours each week along with other items.
- The City used its reserves to pay for ongoing General Fund services, like Police and Fire, and avoid having to lay off additional full-time positions.

What has Santa Barbara Done to Manage its Budget?

- For the last 3 years the City has regularly implemented 2-5% annual expenditure reduction savings to balance the operating budget.
- In 2023 general reductions and salary saving measures were imposed across all General Fund Departments. Most departments have met or exceeded their goal.
- For Fiscal Year 2024, the City Administrator's budget instructions require a 2% permanent expenditure reduction for all General Fund operating departments.

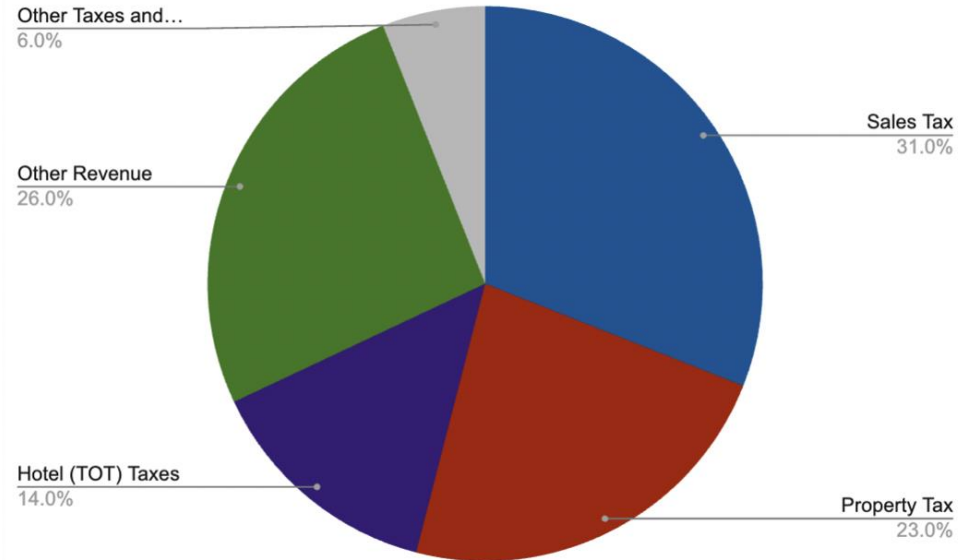
How is the City funded?

How is the City Funded?

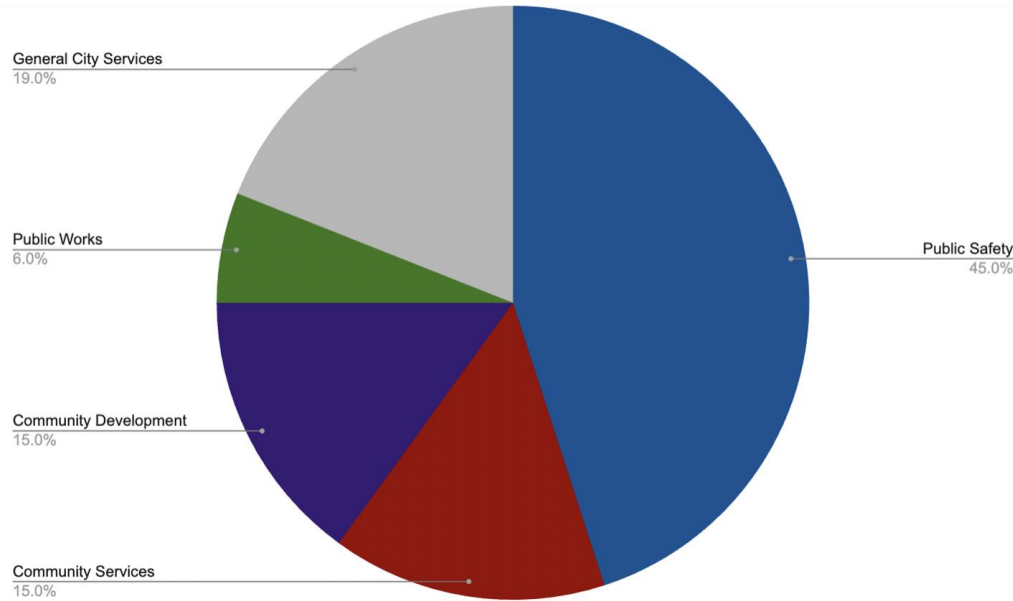
In Santa Barbara, the largest sources of revenue for the General Fund are roughly;

- 31% funded by Sales Tax,
- 23% by Property Tax
- 14% by Hotel (TOT) taxes.
- 26% by fines, interest, service charges, etc.

Other smaller kinds of taxes and fees comprise the balance. (6%)



How City Revenues Are Invested



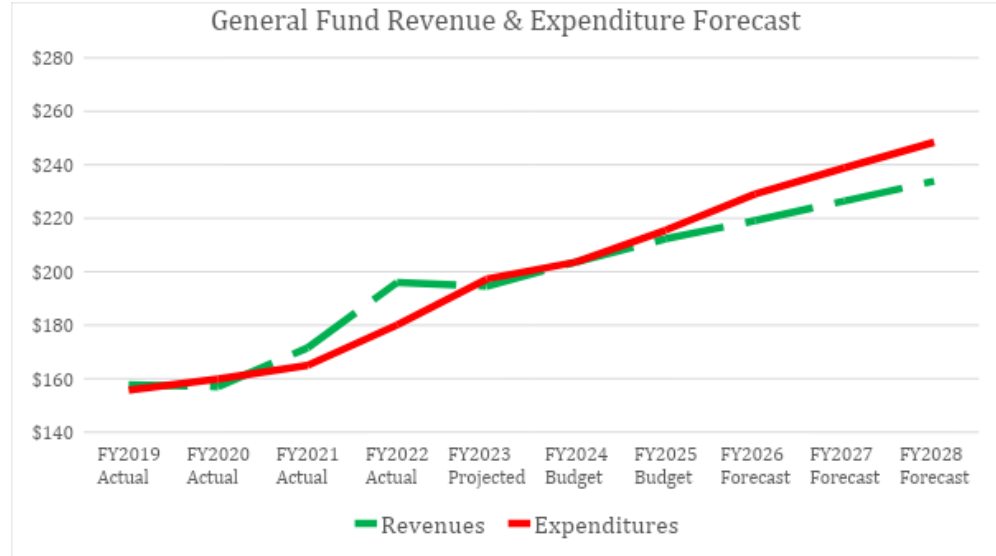
- **45% Public Safety**
(Police, Fire, Emergency Medical, etc.)
- **15% Community Services**
(Parks and Recreation, Library)
- **15% Community Development**
(includes land use, planning, homeless initiatives, etc.)
- **6% Public Works**
(Streets, roads, storm drains, sewers, etc. – though substantial parts of this spending are in separate dedicated funds.)
- **19% General City Services**
(includes all other city services, from legal costs to parks and recreation, libraries, administration, etc.)

What is the City's fiscal outlook?

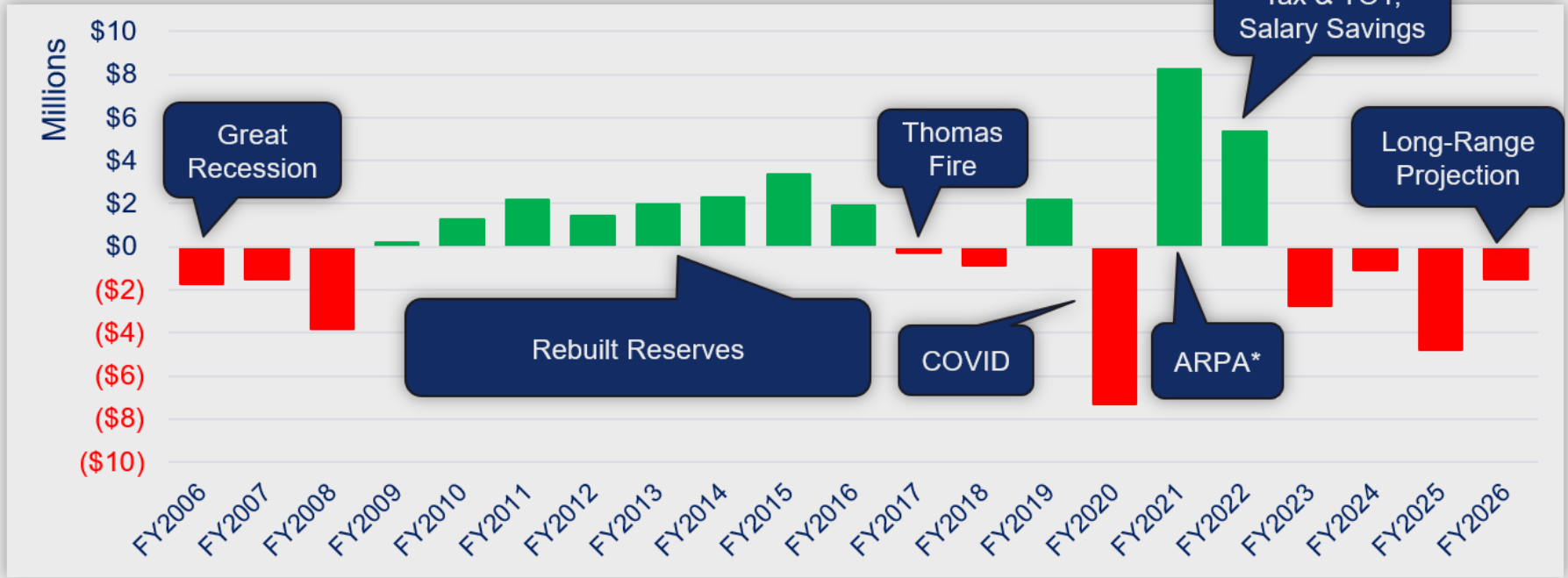
The City is projecting an annual, operating deficit in the General Fund in each year of its multi-year forecast.

In Fiscal Year 2024, the operating deficit is \$2.7 Million.

The General Fund tax and other revenues are not growing fast enough to cover the on-going annual increases in the City's expenditures, primarily pension and medical costs as well as indirect and overhead costs of insurance.



Change in Reserves



*ARPA: American Rescue Plan Act, federal government stimulus package

Potential Revenue Measure

The City is considering a 1/2 cent sales tax increase ballot measure. Funding from this measure could be used for services including:

- Maintaining 911 emergency medical, police/ crime prevention and fire response services
- Funding the recently created Local Housing Trust Fund
- Addressing homelessness
- Keeping public areas safe and clean
- Maintaining libraries, parks and recreation programs

And any other services and infrastructure maintained by the General Fund.

How does Santa Barbara compare to its neighbors?

City	Sales Tax Rate
Carpinteria	9.00%
Goleta	8.75%
San Luis Obispo	8.75%
Santa Barbara	8.75%
Santa Maria	8.75%

- Santa Barbara’s sales tax rate is 8.75%, lower than neighboring Carpinteria and equal to what is charged in San Luis Obispo and many other Santa Barbara County cities including Lompoc, Santa Maria and many others.
- It is higher than what is paid in Ventura (7.75) but lower than many similar “destination” communities, such as Pasadena (10.25%), Santa Monica (10.25%), Monterey (9.25%)

Key Fact

There is a Limit on How High
Sales Tax Can Rise: 9.25%

Key Fact:

The City Keeps Only A Fraction
Of Sales Tax Collected

Sales Tax (31% of General Fund)

The City receives just **22%** of the Sales Tax it collects – the rest going to the State and County of SB.

Nearly **half** of sales tax dollars collected in Santa Barbara come from tourists and visitors from surrounding areas.

Sales Tax Receipt Example

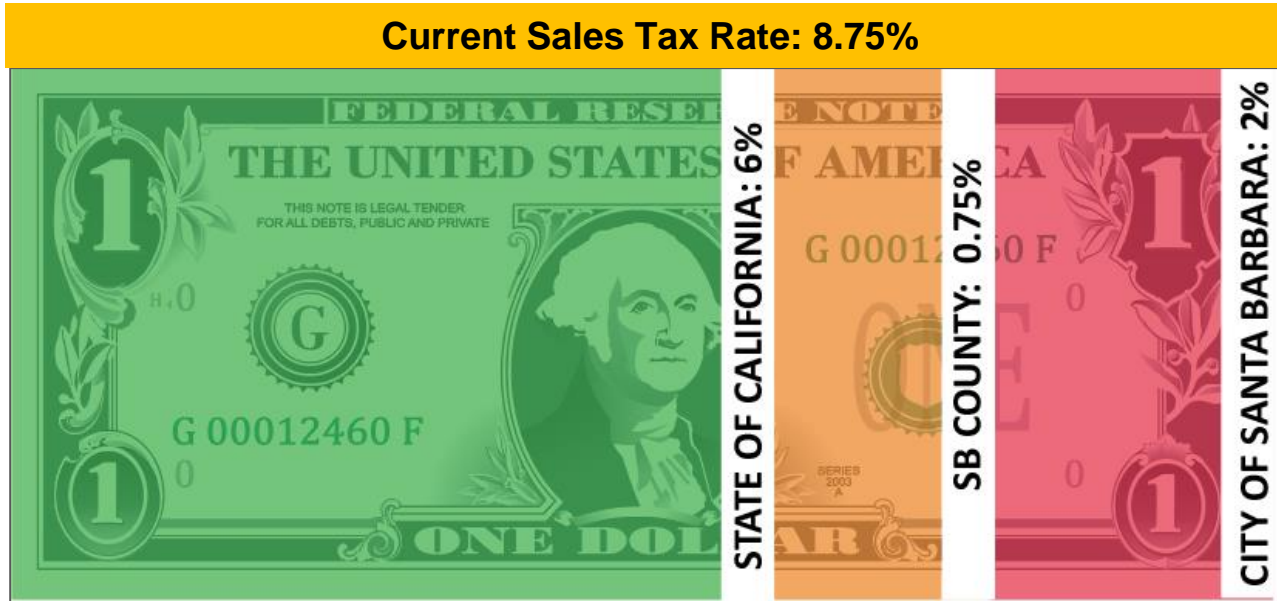
Sample Sales Tax Eligible Purchase in Santa Barbara	

Sub-total	\$75.00
Sales Tax (8.75%)	\$6.56
Total Sale	\$81.56

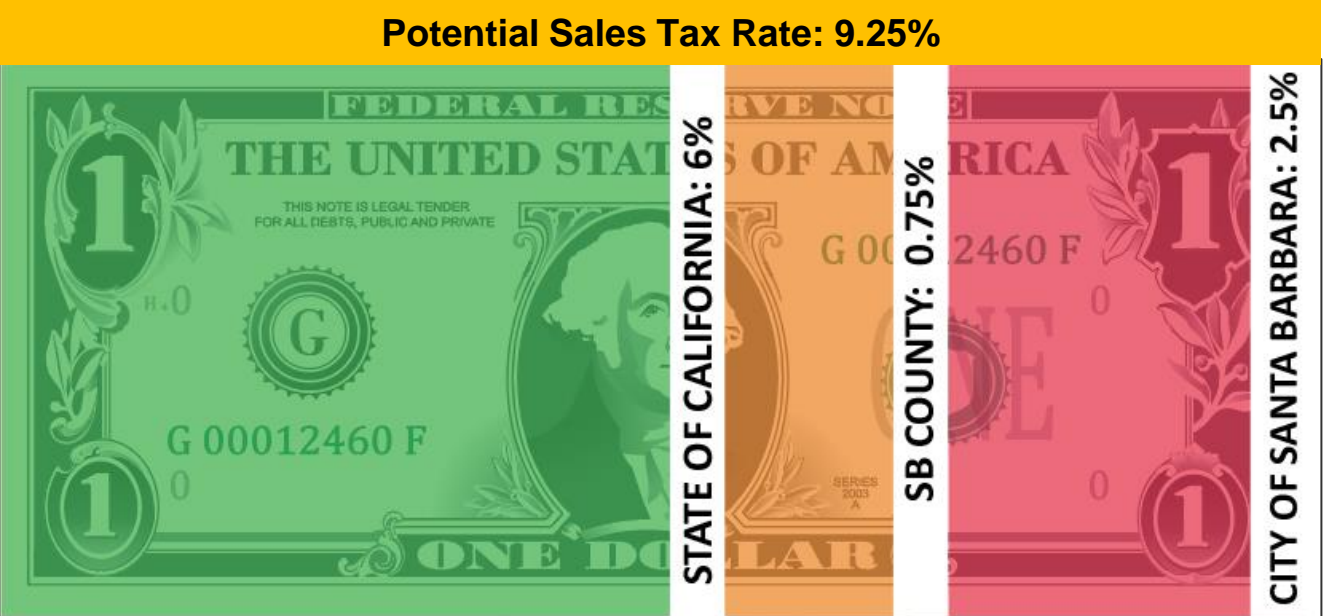
Sales Tax Paid: \$6.56

- State of California \$4.50 (69%)
- County/Districts \$0.56 (9%)
- City of Santa Barbara \$1.50 (22%)

Sales Tax



Sales Tax



Certain Products are Exempt from Sales Tax:

Most groceries

Prescriptions/Many Medical Supplies

Utilities

***No additional taxes would be levied on these items.*

How would a ½ cent sales tax effect residents' costs?

\$12 Laundry Detergent



SALES TAX
Before: \$1.05
After: \$1.11
6 cent increase

\$20 Tee



SALES TAX
Before: \$1.75
After: \$1.85
10 Cent Increase

\$130 Sneakers



SALES TAX
Before: \$11.37
After: \$12.03
66 cent increase

Potential Revenue Measure

A 1/2 cent additional tax would:

- **Match rates in similar cities, including Monterey, Palm Springs, Santa Cruz, Santa Rosa and others.**
- **Generate an estimated \$15.6 million annually to support the General Fund.**
- **100% of funds to stay local in the City of Santa Barbara.**

Key Fact:

Nearly half of sales tax dollars collected in Santa Barbara come from tourists and visitors from surrounding areas.

What are your priorities?

Services



Police Department

Fire Department

Utilities

Housing and Human Services

Parks & Recreation

Library Services

Road Maintenance

Permitting and Code Enforcement

Infrastructure



8 Fire Stations
105 full time employees



1 Police Station
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*142 budgeted positions



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Thank you!

Take Our Survey:

www.SantaBarbaraCA.gov/EssentialSB