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A VIEW FROM HARBOR STREET

June 2, 2016

What Your Taxes Buy in the FY 16/17 Budget

By David Buckingham, City Manager



OK. To be fair, in some respects, that column title is a bit of a “bait and switch”. Here’s why: Before getting on to the City’s Fiscal Year 2016-2017 (FY16/17) budget - which is funded in large part by a fraction of the taxes we pay - we’ll take just a minute to review where our taxes go, or don’t go.

Here’s a quick review of some basic taxes. Federal income tax: Our annual April 15th taxes pay for giant federal programs like social security, Medicare, the military, and all the various federal programs and departments. None of the federal income tax we pay comes back to our city. State Income tax: Our California income taxes go to Sacramento and make their way partway back by funding things like CALTRANS (but none of that is spent on local streets) and corrections. None of our state income tax comes back to serve us in the City budget.

Property Tax: over 90% of the property tax we pay goes to the County for things like education and social services. Less than 10% comes back to the City. Sales tax is similar, with over 80% of the sales tax generated in Morro Bay going to Sacramento to support state programs. A little less than 20% of sales tax generated in Morro Bay ends up in our general fund to pay for things like streets, cops and firefighters. And, speaking of those items, here’s an overview of the city’s budget for the year ahead.

The New City Budget. The City Council is scheduled to adopt the FY16/17 budget on June 14th. The city staff has been working on the budget for several months and the City Council, and engaged residents, have been looking at it for a few weeks. The budget is based on the city’s 88 goals and objectives for the upcoming year, adopted by the Council with tons of great public input back in February. So, this budget works to complete the tasks our residents set for the year.

Here’s a few notes:

Labor. Over 70% of the budget goes to pay our great employees. From police officers to firemen to the guys the filling potholes and cleaning our public bathrooms, most of our ~\$13M budget goes for labor. And, to be clear, those folks do a great job for us. Also,

looking ahead, with minimum wage almost doubling over the next 6 years, we are going to have some challenges keeping things balanced as the law requires increased spending on labor.

Streets. Streets spending, while still woefully inadequate, has been increased 13% over last year. And that is for street reconstruction, rehabilitation and repair – the great stuff. The budget also allocates enough funds to put over 25,000 pounds of asphalt into potholes every month.

Where it Goes. Here's the big picture: our three biggest departments, in order, are Police, Fire and Public Works. If you include spending on streets, those departments represent over two thirds of the total budget. Next biggest are Community Development (planning, building, etc.) and Recreation. Next, and representing a pretty small portion overall, are administration, finance and IT. So, our budget reflects our priorities: high on police, fire and streets, medium on development and recreation, and pretty small on the administrative things it requires to run any organization. Would we like to do more? Sure, but we have a problem.

The Gap. The revenues to requirements gap remains harshly obvious. That is, there is more we need to do than we have money to do. Noted above, our streets spending remains inadequate – we need about three times more money to fix our streets than we have. If we got rid of half of the Police Department or Fire Department that would solve the problem – but we we also want to have adequate police and fire services. So, the gap remains. And it will continue to exist, along with bad streets, until we begin to revitalize our city and encourage appropriate economic development.

More Stuff. In conclusion, here's a few more things the draft budget does: funds the 3X increase in public bathroom cleaning since last year, increases trimming of trees by 50% over last year, allows us to continue to broadcast our public meetings on TV and record them to the internet, and increases spending on streets from \$520K to almost \$590K.

There is much more, but no more space in this column. I encourage you to review the budget letter, easily available under hot topics on the City website, and easy to read and understand. Then, if you have questions or concerns, I would love to hear from you. Send an email to dbuckingham@morrobayca.gov. And if you want to engage even further, attend the June 14th City Council meeting at which the Council is scheduled to approve the FY15/16 budget.

Note: This editorial first appeared in Bay News on June 2, 2016.