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## Argus-Courier Editorial

### City's fiscal crisis worsens

#### Officials are poised to cut another \$4 million in expenses

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Just when you thought that the city's fiscal crisis could get no worse, Petaluma officials are poised to cut another \$4 million in expenses, or 12 percent of the city's budget, meaning that as many as 38 employees could be let go by mid-summer when the new fiscal year begins.

These cuts are in addition to the dozens of layoffs and work furloughs the city has instituted over the last several years as municipal tax revenues have declined steeply here and across the country due to the Great Recession.

Petaluma's fiscal situation is roughly similar to that of most other cities. But, as pointed out last week in an opinion piece by Petaluma Police Officer Paul Gilman, Petaluma's situation has been made worse by the city's failure to expeditiously approve proposed retail development projects that would bring needed sales tax revenues to town. With one of two major sources of revenue in freefall, that being property taxes, sales tax revenue is something the city has the power to increase. And with Petaluma for many years lacking adequate home improvement, home electronics or large general merchandise stores, stopping the "leakage" of tax revenues to other cities should have been made a bigger priority.

Gilman and others have also suggested that city fees on new business development, including a public art fee instituted during good economic times six years ago, be suspended to help attract new business development. He also suggests streamlining the city's development approval process, which has been widely criticized for stalling new business applications and preventing the creation of new jobs.

As far as the development approval process goes, there is some good news. At the direction of City Manager John Brown, Planning Director Geoff Bradley recently implemented measures to streamline the planning process at the staff level to help expedite applications for new business. A planned expansion of the Lagunitas Brewery was one of the first beneficiaries of the new process.

The City Council also took a small step in the right direction when it agreed to revise an ordinance requiring businesses to pay a fee to support "workforce housing" in town every time they expand their work space. The change has reportedly helped to prevent one of the city's fastest growing companies, Enphase, from leaving town.

But there has been little discussion of suspending the public art fee or reducing the workforce housing linkage fee, despite the fact that the costs of workforce housing has plunged in recent years. Also, Petaluma has been slow to implement its economic strategy approved last year and has, to date, still not hired an economic development specialist nor adopted specific incentives for businesses to locate in Petaluma.

Another obstacle in the path of bringing new business and tax revenues to Petaluma is the city's Planning Commission. Two years ago, the so-called progressive majority on the council fired the architectural review board members and the planning commissioners, replacing them with new planning commissioners of similar ideology and eliminating the review board altogether. Although then-councilmember David Glass called the move an "efficiency grab," it has proven to be anything but that, with commissioners not seeming to understand their role to determine whether projects meet the zoning and General Plan standards. Instead, some of them are voicing their personal opinions about whether they think a project belongs in Petaluma, sometimes in direct contradiction to existing zoning laws. Having a planning commission more in tune with the fiscal and economic realities facing the city, and who properly understand their role, would be a big help.

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With no major new revenue source on the horizon for at least another year or two when shopping centers anchored by Target and Lowe's are finally expected to come on line after spending years languishing in the development approval pipeline, the city has few options except to make deeper cuts now.

And since employee salaries and benefits constitute three-quarters of the city's budget, it's not hard to see where the cuts will have to be made.

But there are opportunities to avoid laying off the maximum number of employees and severely reducing services in the process. One is to restore the previous "minimum" staffing level at the fire department to 13 instead of 14 employees. If the city was able to get by with 13 staff members, going back up to 14 does not make good fiscal sense, especially now.

Another option is for city employees to take further pay reductions or contribute more to their health care costs. Such changes must be negotiated with the unions, but with the mayor having needlessly antagonized employees by angrily questioning their political support for his opponent in the recent election, such negotiations will not be easy.

Still, more options can and should be examined to reduce costs. Could the city save money by merging some departments into one? Is it feasible for the city to share some services with other nearby cities or with the county?

Why is the city not looking more aggressively at ways to reduce its unsustainable pension obligations? While other cities, including Santa Rosa, are looking seriously at bringing this ever-ballooning expense under control, Petaluma has yet to take even the very token first step of adopting a two-tiered system, whereby new hires would receive a benefit package less generous than the one currently in place.

Although the city manager has not yet met with employee bargaining units to win agreements on lowering costs — and we're not sure why he hasn't — a "layoff list" of positions is being created.

We should learn in the next month if city services will be drastically curtailed or whether workers will accept cuts in their salary and benefits package.

Either way, it's not going to be a pretty picture.