

For Immediate Release

Date April 10, 2015
Santa Barbara County Grand Jury
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Grand Jury Calls for the End to the Guadalupe Shell Game

The City of Guadalupe (City) can no longer rob Peter, its various special funds, to pay Paul, its General Fund which pays for such operations such as fire and police, according to the 2014-15 Santa Barbara County Grand Jury (Jury). For more than a decade the City siphoned off its various special funds to the tune of \$7.6 million to operate its day-to-day operations. Its Solid Waste Fund has been running a \$4,000/month deficit for years. The Waste Water Fund has a negative cash balance of \$610,000, and the City's debt service will balloon from close to \$240,000 in 2014 to nearly \$450,000 in 2020. In addition, the City is negotiating \$456,000 in fines and penalties with the IRS because of mishandled and misfiled W2 forms in 2006.

Despite the passage of three tax measures in November 2014, curtailing inappropriate interfund transfers, and raising water rates by 30 percent, this is not enough to counter the City's rising debt obligations. The Jury finds the City of Guadalupe has insufficient revenue growth potential.

The Jury recommends the City of Guadalupe disincorporate.

The Jury is quick to point out that despite disincorporation, Guadalupe will not lose its identity as a community.

The entire report, "Guadalupe Shell Game Must End" can be accessed at www.sbcgj.org.

The Santa Barbara County Grand Jury is a basic part of California government within the judicial branch. The Grand Jury is charged with keeping watch over county government as well

as cities and districts operating within the county. Recruitment for the 2015-16 Grand Jury is open until 8 May 2015 and the application can be downloaded from sbcgj@sbcgj.org.