

STAFF REPORT
City of Lancaster, California
Lancaster Redevelopment Agency

Date: June 9, 2009

To: Mayor Parris and City Council Members
Chairman Parris and Agency Directors

From: Mark V. Bozigian, City Manager

Subject: **Proposed Fiscal Year 2009-10 Budget**

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Redevelopment Agency Recommendations:

Open public hearing, receive report and public testimony, close public hearing and direct staff to schedule budget adoption for June 23, 2009.

City Council Recommendations:

Open public hearing, receive report and public testimony, close public hearing and direct staff to schedule budget adoption for June 23, 2009.

Background:

The City and the Redevelopment Agency are required to adopt a budget by July 1 of each year that establishes appropriations and estimated revenues for the fiscal year. The proposed budget is a culmination of many months of work by the City Council/Agency Board and staff in reviewing priorities and evaluating programs to meet those priorities.

Preparing the proposed budget was particularly challenging due to the current economic climate. Revenues continue to fall with declining retail sales, particularly in the auto industry, the building activity has slowed, and housing values are dropping. However, even with these conditions, we are proud that the City continues to offer the services valued by its citizens. All recreational facilities remain open, all programs are being offered (while some may have reduced budgets) and we are available to our citizens every day of the week. The same cannot be said of many government agencies.

We continue to be under the threat of revenue taking from the State. With the failure of the budget related Propositions on the May 19 ballot, the State has indicated it may elect to borrow Property Tax revenues from cities as allowed under Proposition 1A. If the state takes this action it could mean a loss of almost \$2 million to Lancaster. This budget does not anticipate the loss of those revenues, and we would need to revisit our priorities to determine where an additional \$2 million could be cut.

The budget reflects an 8% reduction in the operating expenses compared to last fiscal year, a cut of over \$7 million. This reduction is on top of the \$7 million reduction taken last year. The savings comes as a result of staff reductions through natural attrition and the Voluntary Separation Package. There are thirty-nine (39) fewer positions budgeted in the coming year. Savings have also been achieved through reducing street sweeping to 1-time per month, reducing tree trimming to only those needed for emergencies and safety reasons, and deferring the replacement of capital equipment.

Public safety remains the City's number 1 priority, and a number of new initiatives are being recommended in the coming year. The City is actively pursuing grant opportunities that would add significant resources to the Sheriff's Department without draining City funds.

The budget as proposed is in balance, with revenues meeting expenditures. General Fund reserves remain intact as provided by Council policy.

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Attachment:

Fiscal Year 2009-10 Proposed Budget – On file in the City Clerk's Department