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Budget Adjustments Weighed by City Council

By Cathy Tyson

Although for each of the last twenty years Lafayette proudly had a balanced budget, the second half of the current fiscal year and the trend for the next five years is not so rosy. Clearly not to the degree of the Federal and State budget woes - but Lafayette is projected to have a deficit of \$550,000. To maintain a balanced budget, cuts of this amount will need to be made from the General Fund.

"Tracy Robinson (Administrative Services Director) and I looked carefully at revenue and expenditures. Revenue is expected to grow at 2% and expenses to grow at 3% - this is just not sustainable," said City Manager Steven Falk. "We believe the City needs a course correction - with changes phased in between now and June of 2011."

With a reserve account balance of \$9.3 million dollars - the equivalent of 91% of the General Fund budget - the city is still in very good shape in case of earthquake, wildfire or flood. It seems like only yesterday, but in fiscal year 2009/2010 the budget had a surplus of \$219,000 that was added to the reserve fund.

The biggest piece of the annual budget pie, 44%, is spent on police services contracted from the County. It's no secret that there is a very large looming unfunded pension obligation for these officers; staff believes its "prudent" to assume that those costs will be passed through to Lafayette.

Although nothing has been decided, six opportunities for savings that would total \$550,000 were suggested to the City Council on November 8.

Two motorcycles are cheaper than one police dog and canine officer. It may sound harsh but, "the dog is at the end of its service life," according to a staff report. Because 73% of canine calls are outside the area, staff suggested two motorcycles could be purchased for existing police officers to better patrol the narrow, winding streets of Lafayette. This would produce ongoing annual savings of \$225,000.

No major new projects in town equal, potentially, no Community Development Director. This position could be replaced by a part time Special Projects Manager. This would save \$86,500.

Chamber proponents and business owners were not thrilled with the proposed elimination of city funded promotional expenses, for example banners and twinkle lights along with police and public works support of the Art & Wine Festival and the Reservoir Run. This could save the city \$80,000. "Nobody likes to see these gone, but it's hard to argue that twinkle lights are a core service of the city," said Falk. For the record, twinkle lights will be on this holiday season.

Changes to Planning staff could save \$60,000, stretching time between landscape trimming and clean up would save \$50,000. Higher use fees for ballfield users and recreation classes could save \$35,000 and miscellaneous administrative changes could save \$11,000. These suggested changes equal \$547,500, very close to the target amount of \$550,000.

The final city budget will be presented at the December 13 City Council Meeting at 7:00 p.m. at the Lafayette Library and Learning Center's Community Hall. Public input is always welcome. These staff suggestions could be accepted, rejected or adjusted at that time.

Chamber of Commerce Reacts to Proposed Budget Cuts

No sooner did city staff inform the Lafayette Chamber of Commerce of the proposed \$80,000 in reductions to city-funded promotional expenses, was the business community stung again by the announcement of a further decline in sales tax revenue. "Some of the city's support of the downtown climate and events is arguably not essential," says Chamber Executive Director Jay Lifson, "but if sales are down, is it a good time to cut the funding? The city should respond to the sales tax downturn with more measures to stimulate the local economy, not fewer."

Events such as the Art and Wine Festival and the Reservoir Run, which have received city support in the past, are good examples of the situation's complexity. According to Lifson, the amount of money contributed by the city is roughly equivalent to donations the Chamber makes each year to local schools and community groups from the event proceeds; funding cuts could mean an end to those donations.

Lifson reported that the Chamber has received numerous letters opposing the reductions - the Lafayette Partners in Education voiced its concern, as did the Lafayette Library and Learning Center Foundation; many small and large business owners, as well as residents, expressed worries not only about the loss of Chamber donations but also about compromising the city's dynamic image.

Nevertheless, a solution must be found. Lifson said one of the city's suggestions is the creation of a Business Improvement District (BID), funded by a business tax, which would take charge of certain tasks currently managed by the Chamber. He does not support this idea, noting, "If we had a BID, for which businesses had to pay, it is likely that they would significantly reduce their support of the Chamber."

The discussions between the city and the Chamber are ongoing. "There will be some trade-offs," said Lifson, "and we want to be part of the solution."

S.Braccini

Reach the reporter at: cathy@lamorindaweekly.com

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