



CITY OF LA PALMA NEWSRELEASE

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La Palma Adopts FY2010-11 Budget; Lowers Utility Tax To 4%

La Palma, Calif. – On June 15, 2010, the La Palma City Council adopted a \$26.9 million budget for the 2010-11 Fiscal Year and voted to reduce the local Utility Users Tax (UUT) to 4% for the third year in a row. While the adopted budget uses \$235,000 of the City's General Fund Reserves, the City Council chose to reduce the UUT after considerable discussions about the economic climate and its effect on La Palma taxpayers. A General Fund Reserve balance of \$14.15 million – or 139% of ongoing operating costs -- is projected for the end of the 2010-11 Fiscal Year.

Mayor Steve Shanahan said, "The City is trying to do its part to help residents get through this recession while still addressing long-term needs of the community. In addition to reducing the UUT, over the past two years we have implemented a building permit fee holiday, established a tree planting rebate program, and have not raised user fees."

Some noteworthy expenditures included in the Fiscal Year 2010-11 budget, include:

- \$1,790,000 for arterial street rehabilitation projects
- \$1,152,000 for residential pavement rehabilitation projects
- \$1,169,000 for various water, sewer, and storm drain system improvements
- \$200,000 for completing the arterial block wall painting project
- \$200,000 for new street signs citywide

The City's adopted budget and a variety of other financial documents are available for review at La Palma City Hall or on the City's website: www.cityoflapalma.org/finance.

About the City's Budget

The City of La Palma receives its revenues from a variety of funding sources, with sales taxes, property taxes, and the UUT accounting for 74% of General Fund operating revenues. The City's strong reserve balance was accomplished through an historical pattern of constrained growth and continually seeking ways to reduce expenditures without impacting programs and services.

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About the Utility Users Tax (UUT)

The UUT is assessed on all electrical, natural gas, telephone, and cable bills within the City and was ratified by La Palma residents in 2002. The UUT Ordinance gives the City Council the authority to reduce the rate by up to 1% each year provided that it would not create a financial hardship on the community. At the end of the Fiscal Year, the rate automatically reverts back to 5%.

About the City of La Palma

The City of La Palma is a 1.9 square mile general law city in northwest Orange County, consisting of 16,081 residents and 482 commercial and industrial businesses. The City was incorporated in 1955 under the name of Dairyland and has 65 full-time and 35 part-time employees.

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