



CITY OF LA PALMA

NEWS RELEASE

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For Immediate Release
June 23, 2011

La Palma Adopts Balanced FY2011-12 Budget through Negotiated Labor Concessions

La Palma, Calif. – On June 21, 2011, the La Palma City Council adopted a \$28.6 million total budget for the 2011-12 Fiscal Year, while maintaining the local Utility Users Tax (UUT) at 4% for the fourth year in a row. In response to the continued economic slowdown and the unpredictability of the City's tax base, General Fund expenditures were reduced by \$600,000 from the prior budget year.

Even with the expenditure reductions, the City's budget was still projected to have a deficit. However, through negotiated labor concessions from its general, professional, and management employees, the City was able to adopt a balanced budget. The agreements will provide approximately \$132,200 in savings in the 2011-12 Fiscal Year and more than \$640,000 over their three year terms. Key terms of the agreements include a requirement that all employees begin paying for a portion of their retirement benefits and the establishment of a second tier retirement plan for future employees.

Mayor Ralph Rodriguez said, "The contributions that the employees are making to make this budget work are not lost on me. We have had pain and cuts across this organization in various ways and the ones that hit people directly hurt the most. The employees have stepped up and their efforts are very much appreciated."

City Manager Dominic Lazzaretto added, "The City Council's number one goal for 2011 was to adopt a fully balanced budget without cutting services or raising user fees. Thanks to the employees, we can proudly say that the goal has been achieved."

The City projects to have a strong General Fund Reserve balance of \$9.9 million – or 104% of ongoing operating costs – at the end of the 2011-12 Fiscal Year. Some noteworthy expenditures included in the budget, are:

- \$2,152,000 for arterial and residential street rehabilitation projects
- \$1,420,000 for various water, sewer, and storm drain system improvements
- \$108,000 for park improvements
- \$75,000 for intersection improvements at Walker Street and La Palma Avenue

The City is also slightly expanding services by offering summer swim classes at Kennedy High School for the first time.

The 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 79% 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.

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 and amended in 2010. The UUT Ordinance gives the City Council the authority to reduce the UUT rate to no less than 0.25%, provided that it would not create a financial hardship on the community. At the end of each Fiscal Year, the rate automatically reverts back to 5% if no Council action is taken.

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 15,568 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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