Atascadero City Council
Staff Report – Administrative Services Department

Budget Plan 2009-2011

RECOMMENDATION:
Council receive and file the Budget Plan 2009-2011.

DISCUSSION:
Economists are all in agreement that the state is in a period of economic downturn. The predictions of how deep and how long this fiscal dip will last vary widely. Staff believes, based on well respected research and key economic indicators, that the City may continue to experience a troublesome economy for the next several years at least. Analysts indicate that the State economy will slowly begin to regain strength toward the end of the next year, and Atascadero, with its location and unique economy of its own, tends to lag slightly behind current trends.

Staff currently projects a “gap” between anticipated revenues and expenditures for the General Fund of approximately $3.5 million. In response to these estimates, staff has been working on a variety of programs including:

- Spending reductions
- Revenue increases
- Local economy stimulus programs
- New commercial projects
- State and Federal funding opportunities
- Use of reserves

These programs will allow the City to close the budget gap. As can be seen in the attached summary, progress has been made in to reduce expenditures and increase revenues. Staff is currently evaluating and implementing:

- A hiring chill
- A policy of no new or expanded programs
- A critical analyses of budgets and operations
• Weekly staff budget meetings
• Employee newsletters
• Employee cost cutting/revenue generation idea program
• Voluntary furlough and early retirement incentive programs
• A review of each department for services that can be reduced or eliminated

Staff will be working over the next few weeks to refine revenue and expense projections, begin negotiations with employee unions and associations, and identify reorganization and reduction opportunities in the organization. These programs will be reported to Council as information becomes more reliable and will be used to develop the draft budget. There will be an update on budget progress at each upcoming Council meeting in preparation for budget hearings in June.

**FISCAL IMPACT:**

The draft Budget will include reduced expenditures, increased revenues and use of reserves to bridge the $3.5 million gap.

**ATTACHMENT:**

Budget Plan 2009-2011 Summary