Los Alamitos, California
Community Outreach and Engagement
Building Future Sustainability
What is the Problem?

• Did you know that the City of Los Alamitos has been balancing its budget by continuing to make cuts to essential city services and staffing levels?

• Projected structural budget deficit starting in 2020-21 and growing over the next twenty years.
Projected Deficit 2020-21 $1.4M

Budget Deficit 2027-28 $3.4M
What is the Problem?

• Like most other California cities, Sacramento continues to impact city coffers. Over $12 million has been taken from Los Alamitos and the State continues to take over $700k every year.

• These conditions will result in depleting all General Fund cash by 2024.
All Cash will be exhausted before FY 2024/25
Can not pay bills in 2021-22 (cash flow)
Ongoing Structural Budget Deficit grows
Why is it impacting our City?

- Prop 13 – Loss of local control - $11.6 cents on the dollar / Sales tax city share is fixed
- CIP programs and projects – many unfunded but important city projects

Increase in non-controllable costs

- Health and pension costs – state driven
- Fixed annual payment to CalPERS no matter the number of staff. (2019-20 $1.3 million growing to $2.2 in 2031-32)
How are we dealing with the problem?

• Reduction in staffing levels by 25 FTE’s since 2009
• Elimination of various programs and activities
• Requiring all City employees to contribute to their own retirement
• Reorganization of departments impacting services
Fiscal Sustainability Outreach Goal

Developing a solution that provides for maintaining city services which the community currently enjoys:

- Local Police protection
- Police Priority One response times
- Maintain streets / potholes / trees / medians – support from GF
- Neighborhood safety & preservation
- Community events
- Youth / after school / park programs
- School resource officer
- Crossing guards
- Senior programs
- Economic and business development
- Creating more local jobs
- Funding Capital projects & infrastructure maintenance
What are some potential solutions? - Service Cuts*

- Elimination of Recreation and Senior Service programs
- Cut General Fund contributions to residential paving and parks
- Restructuring of police services such as Crossing guards and youth programs
- Contract out planning, development services and public works

*None of these address the full $3M budget gap*
Potential revenue enhancement solutions?

- Parcel Tax (local residents only)
- Sales Tax Increase (residents and visitors)
- Increases to Utility User Tax (local residents only)
- Adjust Hotel Bed (TOT) Tax (visitors only)
- Recreation fee increases (residents and visitors)

*Most of these do not address the full $3M budget gap*
What happens if a solution is not found?

Failure to develop a solution will result in:

- Decrease in Local Police protection
- Lengthen Police response times
- Stop maintaining streets / potholes / trees / medians – support from GF
- Eliminate Neighborhood safety & preservation
- Eliminate Community events

- Eliminate youth / after school / park programs
- Eliminate school resource officer
- Eliminate crossing guards
- Eliminate senior programs
- Eliminate funding for capital projects & infrastructure maintenance
Potential Solution Local Funding Measure

• The City could also consider a local funding measure to generate revenue that stays local, giving our City Local Control over Local Funding for Local Needs.

• The State cannot touch any locally voter-approved funds, which are protected by law.
Many other California cities have utilized local sales tax measures to maintain fiscal stability and vital city services.

- These measures are not applied to food purchased as groceries or medications
- Visitors to Los Alamitos would pay their fair share of the cost of using our streets and public safety services
- One-cent local sales tax would generate approximately $3.1 Million annually
Tell us which solutions you believe are the right one(s) for our City.
We Need Your Input!
We Need You!

Please Contact either:

David Cain, Fiscal Sustainability Manager
• dcain@cityoflosalamitos.org -- (562) 431-3538 x485

Eric Hendrickson, Finance Director
• ehendrickson@cityoflosalamitos.org -- (562) 431-3538 x222

We are looking for suggestions, feedback and questions about the City’s Fiscal Sustainability Solutions.
Thank you