



## THE CITY OF ARTESIA, CALIFORNIA

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"Service Builds Tomorrow's Progress"

To Our Fellow Artesians:

We, the Artesia City Council, are completely conscious of the difficulties and hardships that have resulted from our recent budget decisions, and we want you to know that we have not made these decisions lightly.

When the economic recession started, two years ago, the City Council and staff began cutting department budgets and looking for additional ways to save money, without significantly cutting programs and services nor dipping into our reserves. We implemented the following measures:

- Enacted budget cuts for all City departments
- Delayed hiring employees to fill key managerial and staff vacancies
- Executed furloughs for City employees 2 times/month (10% pay reduction)
- Closed Artesia City Hall twice a month
- Reduced budgets for City-sponsored special events and programs

We also looked for ways to increase our City's revenue, including increasing application and user fees, and we placed two measures on the November 2009 ballot to seek your approval for an increase in hotel taxes and business license fees.

However, the City Council had to dip into our general fund reserves to balance the budget. On July 1, 2008, we had a very healthy reserve of \$3.6 million, almost 40% of our overall budget! We used over \$1 million of the reserve over the past two years to balance our budgets, and, today, we are down to \$2.6 million in reserve. If we continue to dip into our reserves at this rate, we will severely compromise the City's ability to respond to any major emergencies or catastrophes—the City Council is determined to balance our future budgets without using our reserves.

Unfortunately, the economy does not seem to be getting any better anytime soon. The economic projections continue to be poor for all cities and local governments, which means that Artesia will continue to see declining revenues from sales taxes and application fees, and we anticipate that our state legislature will continue to cut our revenues and raid Artesia's budget for redevelopment dollars, as well as other City revenues and funds.

This fiscal year, we faced a \$1.3 million budget deficit with declining revenue projections and a dwindling reserve. So, after two years of trimming our expenses and using our reserves to balance the budget, the City Council made the difficult decision to lay off 13 City employees. Since the City Council had previously decided not to fill vacant positions, the City is now left

with a very lean staff. In order to design and implement such a significant restructuring of the City's workforce, new management positions were filled to enable the City to maintain the level of services that you expect from the City.

We, the City Council, are painfully aware of the hardship these decisions have caused to our former and current employees and their families. We humbly ask the Artesia community for its understanding and patience as we continue to adjust our City government to accommodate the changes brought on by the economic recession. We look forward to better economic times ahead, when we can work toward developing new programs and services to meet your needs. Until then, we will remain vigilant to ensure that the City will remain financially firm and solid.

*Artesia City Council*