

**CITY OF SIERRA MADRE
MEMORANDUM**

TO: CITY COUNCIL
FROM: TAMARA S. GATES, CITY MANAGER
DATE: MAY 1, 2003
SUBJECT: FISCAL YEAR 2003-2005 BUDGET MESSAGE

INTRODUCTION

One of the most important roles and responsibilities of a City Council is approving the work plans and projects through the adoption of the operating and capital improvement budgets. It is my pleasure to present the City Council with the budget for fiscal year 2003-2005 and the Capital Improvement Program (CIP) for fiscal year 2003-2008. It is important to note that this is the first two-year budget in Sierra Madre's history. Adopting a two year budget provides the City with an opportunity to look at the work plans and prioritize projects on a long term basis. Throughout this two-year budget cycle staff will provide the City Council with updates on the budget every six months.

The fiscal year 2003-2005 budget is balanced. However, the State of California is in a fiscal crisis. The proposed budget solutions being considered, at the State level, include taking funding from local governments. Thus, this budget assumes a reduction in staffing levels, department operating budgets, and services. All of the programs the City currently offers are funded; however, some are funded at reduced levels of service. The good news is that we will be able to complete a number of important projects with grant funds and other revenue from outside agencies. All of these projects will continue to enhance the quality of life in Sierra Madre.

This was a difficult budget to put together. Even though our work force has been reduced, I have the utmost confidence that the outstanding employees and volunteers that we have are well prepared to tackle the challenges and projects ahead. We have an excellent team who will be able to accomplish these goals.

REVENUES

The Governor's proposed budget in January 2003 included taking away a significant amount of revenue from local governments. As I write this budget message, the State budget has not been adopted and it does not appear that this issue will be resolved before the City is required to adopt a balanced budget on June 30.

The City of Sierra Madre could lose as much as \$620,000 in General Fund revenue if the Governor's budget proposal is adopted. It is likely that the revenue loss will be less. Therefore, the fiscal year 2003-2005 budget assumes the State will take \$300,000 from the General Fund each year.