

# CITY OF LA MIRADA

## Financial Update

City Council Study Session

February 14, 2012



# Budget Calendar

February 14	Financial Update Declare Fiscal Emergency
March 13	Mid-Year Financial Report
May 22	Proposed Budget to City Council
June 12	Budget Adoption



# City Responds to Great Recession

- ✓ Full-time staffing reduced 29%
- ✓ Hourly staffing reduced similar amount
- ✓ Over \$3 million in Contingency Options Tiers I and II implemented
- ✓ Estimated loss of \$8.3 million in sales tax due to recession over 5 years

# City Manages Its Finances

FY 2010-11

\$1.46 million deficit eliminated

FY 2011-12

Budget adopted with small surplus

Funds set aside for infrastructure



# Meanwhile, the State Kept Taking...

- ✓ Agency makes \$5.8 million SERAF payment to “stay alive” in past 2 years
  - ✓ Sacramento politicians took Redevelopment hostage for a \$1.7 billion ransom payment
  - ✓ La Mirada’s ransom payment was \$3.3 million
  - ✓ CRA filed lawsuit challenging Redevelopment threat and ransom
- 

# Worst Possible Outcome...

- ✓ In December 2011, Supreme Court says no to ransom, but okays killing hostage
- ✓ Financial chaos follows Court decision; many agencies begin layoffs, projects cancelled, bond funds frozen



# Worst Possible Outcome...

- ✓ La Mirada loses revenue from Agency retroactively to January 1, 2011
- ✓ City loses interest and principal income from the Agency loan and unencumbered bond proceeds
- ✓ Future is confusing, hazardous & uncertain

# State Takes from La Mirada

RDA CDBG Reimbursement 2010-11	\$ 772,775
RDA CDBG Reimbursement 2011-12 (future)	273,458
<b>CDBG Subtotal</b>	<b>\$ 1,046,233</b>

# State Takes from La Mirada

Services Agreement 2010-11 (half of fiscal year)	\$ 419,600
Services Agreement 2011-12 (payment to date)	419,600
Services Agreement 2011-12 (future)	419,600
<b>Services Agreement Subtotal</b>	<b>\$ 1,258,800</b>



# State Takes from La Mirada

City Loan Principal Payment 2010-11	\$ 2,750,000
City Loan Interest Payment 2010-11 (half of fiscal year)	633,345
City Loan Interest Payment 2011-12 (payment to date)	825,000
City Loan Interest Payment 2011-12 (future)	825,000
<b>City Loan Subtotal</b>	<b>\$ 5,033,345</b>

# State Takes from La Mirada

SERAF 2009-10	\$ 4,834,757
SERAF 2010-11	996,341
<b>SERAF Subtotal</b>	<b>\$ 5,831,098</b>

# State Takes from La Mirada

Stranded Bonds Proceeds - Tax-exempt bonds	\$ 5,791,140
Stranded Bonds Proceeds - Housing bonds	6,006,087
<b>Stranded Bonds Proceeds Subtotal</b>	<b>\$ 11,797,227</b>

# State Takes from La Mirada

**TOTAL LOSS     \$ 24,966,703**



# City Responds Again

- ✓ Staff cutting spending
- ✓ Identifying more Contingency Options, Tiers III and IV, for Council consideration
- ✓ Services will be affected and little, if any, funding available for infrastructure needs
- ✓ Local control of local funds for local needs needed to protect La Mirada's quality of life