

Yreka City Newsletter

July 31, 2011

Volume 4, Issue 6

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Important Numbers

**City Hall/
Water Division
(530) 841-2386**

**Fire Dept
(530) 841-2383**

**Police Dept
(530) 841-2300**

**Public Works
(530) 841-2370**

**Senior Program
(530) 841-2365**

Elected Officials

**Rory McNeil
Mayor**

**David Simmen
Mayor Pro Tempore**

**Robert Bicego
Councilmember**

**Bryan Foster
Councilmember**

**John Mercier
Councilmember**

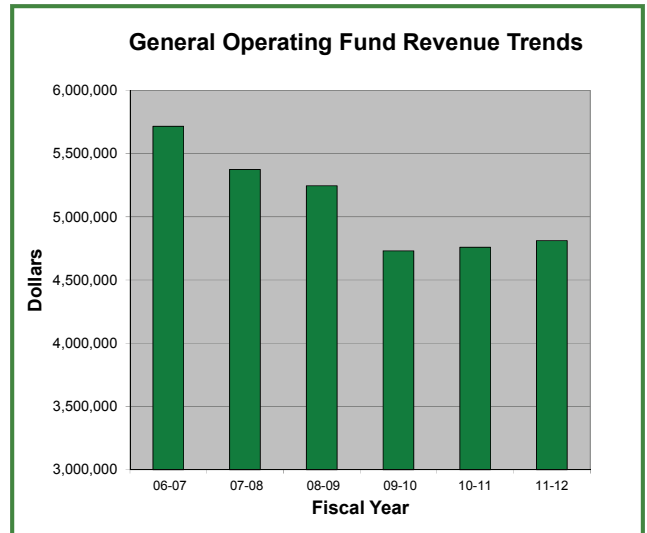
**Liz Casson
City Clerk**

**Rhetta Hogan
City Treasurer**

Budget Challenges Remain for Yreka

The City Council adopted the 2011-2012 fiscal year budget on June 16, 2011. The preparation of the 2011-2012 budget was a challenge as the City deals with the impacts of the ongoing economic slowdown that has affected the nation and Siskiyou County. As revenues decline and stay at lower levels, continuing to fund existing services and programs has become more difficult.

The City's General Fund revenues have declined in the last few years. The City's largest general fund revenue source, sales tax, has declined from a high of \$1.7 million in 2007-08 to an estimated \$1.2 million in the proposed budget. The hotel tax has also declined from the high in 2006-07 of \$626 thousand to an anticipated \$600 thousand. The City expects property taxes to decline from the 2009-10 high of \$958 thousand to \$850 thousand in 11-12. Overall, the City's general fund revenues have declined by 16% since the peak in 06-07.



Yreka is not alone in these challenges. Cities throughout California are facing declining revenues and deficits and have had to take drastic actions in reducing services and seeking new revenue sources. Fortunately, Yreka has built up significant unrestricted General Operating Fund reserves, currently an estimated \$2.1 million.

To address these revenue declines, the City has taken a number of actions in the last few years to decrease the City's expenses. The City contracted with Madrone Hospice to run the senior program at the Community Center. The City worked with Yreka Splash, a community-based volunteer organization to operate Ringe Pool. Staff has also worked to lower the net operating costs for the Community Theater. In addition, as positions have become vacant, most are not refilled. Staff has also worked with other members of the insurance pool that the City belongs to lower insurance premiums.

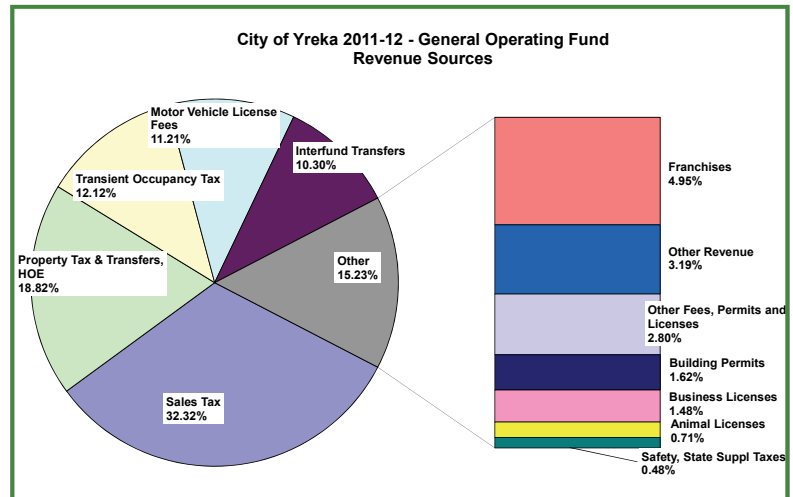
Services are also being changed or reduced. For example, the Police Department, down two officers from a few years ago, will be having some reports filed online instead of by an officer. The Parks Division is changing the normal mowing in the parks from weekly to every other week. Responses to service requests may be slower.

As a result, the gap between revenues and expenses has narrowed significantly. This proposed budget contemplates using \$138k from reserves this year, down from \$300k last fiscal year. This gap, however, is not sustainable for future years. As costs continue to climb with stagnant revenues, the gap will need to be closed to prevent further erosion of reserves. In addition, due to changes in state transportation revenues coming to the City, the fund balances in street funds will be depleted in the next two fiscal years, forcing either a dramatic decrease in street maintenance or a subsidy (about \$200,000) of this activity to maintain the current level of street maintenance. Deferred street maintenance only results in higher costs later on, so continuing funding for streets near the existing level (or higher) is likely.

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Budget Challenges Remain for Yreka (continued from page 1)

The Council and staff have committed to a process to take the next steps to match on-going revenues with on-going expenses for the longer term. Given the reductions in services already in place, the decisions before the Council are likely to be very difficult, with even more drastic impacts on city services. This process will begin this summer. Earlier this year we asked employees for advice on balancing the budget and they came through with ideas that helped guide this budget and will be used in these future fiscal discussions. We need to take advantage of the City's healthy reserves that provide an opportunity to look carefully at restructuring and other decisions that will affect the City's future for years to come.



While the main focus of this budget has been on reducing the gap between revenues and expenses in the General Fund, there are some other activities of note. Using grant funds, the City is working on floodplain widening on Yreka Creek that will reduce flood damage and provide basic recreational amenities. Parts of Bruce and Oregon Streets have been repaved this year. Improvement of pedestrian and bicycle safety near schools will be funded by a state grant. The Fall Creek Water system, including a new filtering plant, replacement of aging supply lines and improvement to the pumping station, will take place over the next two years.

The City will also be working with the private sector to improve the business climate in Yreka. A grant is funding a plan for improving the readiness of the City's industrial areas to locate new businesses that could bring jobs to the City. A microenterprise grant will help train aspiring entrepreneurs on how to open or expand a successful small business. The City has also received grant funds to help with the environmental assessment of "brownfield" sites, underutilized properties that could support business development that have potential contamination issues.

We invite you to view the budget documents on the City website, www.ci.yreka.ca.us. While the City faces challenges, this community has a history of facing those challenges as well as seeking opportunities. With the leadership of the Council, a dedicated staff and an involved and compassionate community, we will continue to work to keep Yreka the quality city that it is.

Jefferson Economic Development Institute (JEDI) "opens for business" in Yreka!

Yreka area businesses and start-ups have new resources from an old friend to get your company off the ground or expand. JEDI has been serving Siskiyou County for more than 15 years and has now teamed with the City of Yreka to offer a range of business development services to the Yreka area. All businesses are welcome and qualified microenterprise businesses can attend workshops or classes and receive technical assistance for **FREE** thanks to a CDBG grant to the City of Yreka from the CA Department of Housing and Community Development (HCD).

Services available include:

- Business start-up and expansion training
- Business counseling and financial training for entrepreneurs
- Free tax prep for seniors and low to moderate income taxpayers
- Loan assistance and referrals
- Technical Assistance (creating business plans, marketing, legal structure, bookkeeping, etc.)

Contact Pete LaFortune, Yreka Program Director, at (888) 926-6670 or email plafortune@e-jedi.org to see how JEDI can help you.

ANNOUNCEMENT:

The Yreka City newsletter is changing how often we let you, the citizens and residents of Yreka, learn about your City and what it does. The Yreka City monthly newsletter will now be issued once every two months or bimonthly. We are often asked how much it costs to print the newsletter. The City contracts with a local business for publication of the newsletter. The paper, printing and shipping of the bi-monthly letter will cost just under 10¢ per letter or 60¢ per resident per year for 2011-2012.