



City of Homer
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FOR IMMEDIATE RELEASE

PRESS RELEASE

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The City Manager's office announced today that the Draft 2010 Operating Budget will be delivered to the City Council late this week. The Draft Budget will be discussed in detail at both the Committee of the Whole and the Regular Council meetings on September 14th.

The City is facing a steep reduction in sales tax revenue caused primarily by the downturn in the economy and the sales tax exemption for non-prepared foods approved by the voters in a Borough ballot proposition last year. The Finance Department is projecting at least a \$600,000 revenue shortfall in the current fiscal year. In order to avoid large cost overruns this year, the City Administration has identified and implemented approximately \$570,000 in expenditure reductions, mostly by leaving vacant positions unfilled. The City has also placed on hold the purchase of new equipment that was approved and budgeted but not yet acquired.

The Draft FY 2010 General Fund Budget contains approximately \$1.3 million in spending reductions from the prior year. The approved FY 2009 General Fund Budget was \$11,278,806. The Draft FY 2010 General Fund Budget is less than \$10 million; a cut of approximately 10 percent. This budget is balanced entirely with spending reductions and utilizes conservative revenue projections, consistent with the Council's priorities. The Finance Director notes that the Administration is lacking a great deal of pertinent information at this time because it does not have important third quarter tax receipts and it does not know how the voters will vote in October on the ballot proposition regarding whether non-prepared foods should remain exempt from the City Sales Tax. If the City's financial condition improves later this fall, the Council could restore some of these cuts. If conditions worsen, a second, more severe, round of cuts will be necessary.

The City Manager stated that he deeply regrets having to inform the Council and the community that the spending reductions contained in the Draft 2010 Budget will seriously impact the quality of life, health and public safety, and overall level of services that Homer residents currently enjoy. For example, the draft budget eliminates funding for 8.5 city positions, including 2.5 at the Police Department, 2.5 at Public Works, and 1 at the Fire Department. This will result in significant reductions in street, parks, sidewalks, landscaping (flowers), and trails maintenance. Round the clock coverage seven days a week at the Police and Fire Departments is no longer possible. The Library will close on Mondays. There is no funding for new capital projects. The old intermediate school building housing the College West Campus and the Boys and Girls Club will be closed beginning January 1. The Community Schools Program is not funded and will be terminated in February after completion of the winter schedule. There is no funding for non-profits other than the Pratt Museum whose contribution is reduced by \$20,000.

For more information, please contact the City Manager's Office.