

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS CALIFORNIA, SUSPENDING THE PROVISIONS OF PALM SPRINGS MUNICIPAL CODE SECTION 2.04.020 AND 2.04.021 REDUCING THE COMPENSATION OF THE MAYOR AND COUNCILMEMBERS.

THE CITY COUNCIL OF THE CITY OF PALM SPRINGS DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. Notwithstanding the provisions of Palm Springs Municipal Code Section 2.04.020, the compensation of the City Councilmembers shall be reduced from \$2,433 per month to \$2,190 per month, and any median adjustment scheduled for January 1, 2010 is hereby suspended for Fiscal Year 2009-10.

SECTION 2. Notwithstanding the provisions of Palm Springs Municipal Code Section 2.040.021, the compensation of the Mayor shall be reduced from \$3,650 per month to \$3,285 per month, and any median adjustment scheduled for January 1, 2010 is hereby suspended for Fiscal Year 2009-10.

SECTION 3. The compensation set in Section 1 and Section 2 of this Resolution shall be effective with the City payroll period ending May 16, 2009, and shall remain in full force and effect through the payroll period ending June 26, 2010, unless otherwise modified, rescinded, or extended by the City Council.

ADOPTED THIS 6<sup>TH</sup> DAY OF MAY, 2009.

\_\_\_\_\_  
David H. Ready, City Manager

ATTEST:

\_\_\_\_\_  
James Thompson, City Clerk

ITEM NO. 5-A.

CERTIFICATION

STATE OF CALIFORNIA )  
COUNTY OF RIVERSIDE )      ss.  
CITY OF PALM SPRINGS )

I, JAMES THOMPSON, City Clerk of the City of Palm Springs, hereby certify that Resolution No. \_\_\_\_\_ is a full, true and correct copy, and was duly adopted at a regular meeting of the City Council of the City of Palm Springs the 6<sup>th</sup> day of May, 2009, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

---

James Thompson, City Clerk  
City of Palm Springs, California

**TO: Mayor and Council Members**

**FROM: City Manager**

**DATE: May 6, 2009**

**RE: Fiscal Year 2009/2010 Preliminary Budget;  
Operating Fund Overview**

Attached you will find the 2009/2010 Fiscal Year Operating Fund preliminary budget document. This Fund includes both the General and Community Promotions revenues and expenditures, which represents the majority of City operations.

The figures presented herein include projected revenues for the new Fiscal Year, based upon our current year's revenue experience. This is a conservative measure, but one that is prudent given the uncertainty of the local, regional and national economy.

Specifically, we have seen most revenue sources become static or dramatically decline. As we presented to Council on April 15th, budget projections for the end of this Fiscal Year find the City with at least a \$5 million deficit, which will require the City's Reserve Fund (currently, \$11 million) to cover the loss. As a result, several cost saving measures have already been instituted, such as maintaining current vacant employee positions and the "Incentive to Leave Program," which Council had recently approved.

Moreover, we have been notified by the County Assessor's Office to expect an additional \$1.3 million less in property taxes next year, and the State will not be providing approximately \$1 million in Gaming Special Distribution funds received in previous years. These and other revenue reductions, combined with expected increases in expenditures (COLAs, PERS and health care insurance rate increases, etc.), threaten the City with over a \$12 million deficit in the upcoming Fiscal Year, beginning July 1, 2009.

Hence, the expenditure side of the proposed budget is reflective of this new revenue paradigm and we are proposing a set of deficit reduction measures in the new Fiscal Year of approximately \$11 million. These measures range from employee furloughs and additional position layoffs to significant reductions in certain Capital expenditures and Special Events/Contributions. To date, the expenditure reductions have been primarily in the non-safety operations;



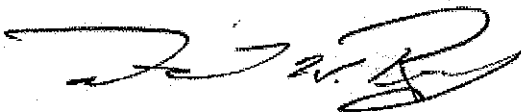
however, to attain our deficit reduction requirements, some safety areas will also be required to participate in cost savings. We will be presenting Council with several alternatives to consider during the upcoming budget deliberations.

Finally, in terms of budget process, this is the beginning of a discussion which must culminate in final budget adoption prior to the new Fiscal Year, commencing July 1, 2009. Given the expected deficit projections and exigent circumstances requiring additional cost saving decisions, the budget will be agendized for discussion at each Council Meeting in May and June.

Budgets for other Funds, including the enterprise operations and the Airport, will be submitted at the Council Meetings of May 13<sup>th</sup> and 27<sup>th</sup>. The required Budget Public Hearing will be noticed for the Council Meeting of June 3, 2009.

The Finance Department and entire staff have worked diligently to provide this document, and I know you join me in thanking them for their efforts. Moreover, all City employees must be recognized for their sacrifices, in furloughs and other cutbacks, as we all work to maintain the financial integrity of Palm Springs, and continue to serve our citizens.

Respectfully Submitted,



David H. Ready, Esq., Ph.D.,  
City Manager



# **Fiscal Year 2009-2010 Preliminary Budget**

## **OPERATING FUND OVERVIEW**

**Department of Finance and Treasury  
May 6, 2009**

**City of Palm Springs**

**Table of Contents**

**Operating Funds**

**Revenue..... page 1**

**Appropriations..... page 2**

**Summary..... page 3**

**Expenditure Detail by Department..... page 4**

**Special Events & Contributions..... page 6**

**Cash Balance..... page 7**

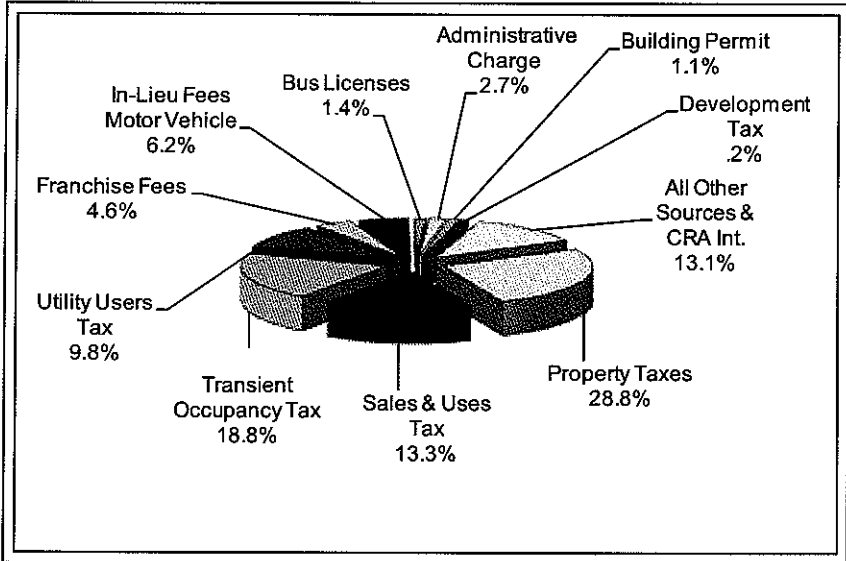
**BUDGET CALENDAR**

<b>May 6, 2009</b>	<b>City Council Meeting - Preliminary Budget General &amp; Community Promotion Fund</b>
<b>May 13, 2009</b>	<b>City Council Study Session - Budget Discussion</b>
<b>May 27, 2009</b>	<b>City Council Study Session - Budget Discussion</b>
<b>June 3, 2009</b>	<b>Public Hearing for City Budget</b>

## MAJOR REVENUE FUNDS

Category	FY 08-09 Approved	FY 08-09 Projected	FY 09-10 Proposed	% Change FY 09-10
Property Taxes	20,430,000	20,430,000	19,130,000	-6.36%
Sales and Use Taxes	9,500,000	8,901,473	8,805,598	-7.31%
Transient Occupancy	15,000,000	12,500,000	12,500,000	-16.67%
Utility Users Tax	7,200,000	6,000,000	6,500,000	-9.72%
Franchise Fees	3,200,000	3,034,412	3,050,000	-4.69%
Vehicle In-Lieu Fees	4,250,000	4,134,853	4,150,000	-2.35%
Administrative Charges	1,628,364	1,628,364	1,825,547	12.11%
Business Licenses	950,000	905,808	910,000	-4.21%
Building Permits	800,000	722,869	725,000	-9.38%
Interest CRA Loan	5,000,000	5,000,000	2,000,000	-60.00%
New Development Tax	400,000	106,261	120,000	-70.00%
All Other Sources	7,265,531	6,628,592	6,721,565	-7.49%
<b>Subtotal</b>	<b>75,623,895</b>	<b>69,992,632</b>	<b>66,437,710</b>	<b>-12.15%</b>
<b>Transfers In</b>	<b>600,000</b>	<b>4,255,000</b>	<b>600,000</b>	<b>0.00%</b>
<b>TOTAL</b>	<b>\$76,223,895</b>	<b>\$74,247,632</b>	<b>\$67,037,710</b>	<b>-12.05%</b>

### Where the Money Comes From

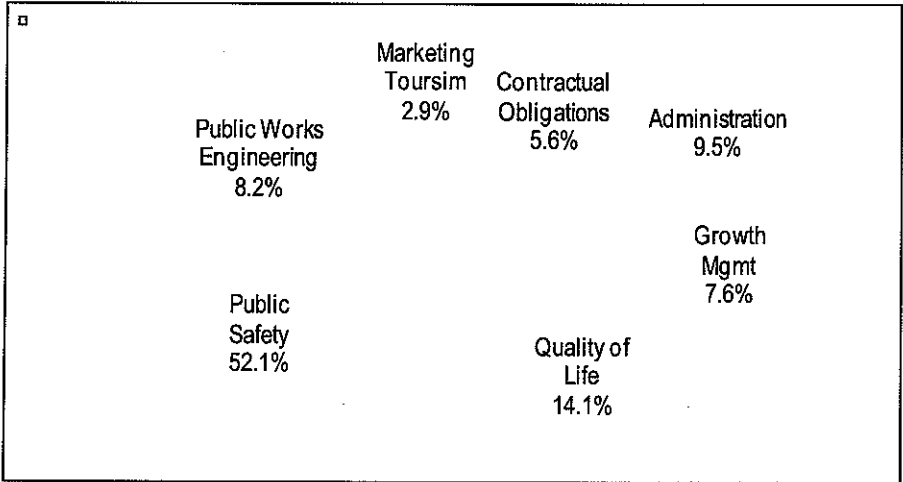


\*Operating Funds includes General Fund (001) and Community Promotion Fund (112)

# APPROPRIATIONS

<i>Category</i>	<i>FY 08-09 Approved</i>	<i>FY 09-10 Proposed</i>	<i>% Change FY 09-10</i>
Administration	9,058,669	5,497,176	-39.32%
Growth Management	4,614,836	4,458,985	-3.38%
Quality of Life	8,923,541	8,256,179	-7.48%
Public Safety	33,397,478	30,474,883	-8.75%
Public Works & Eng.	5,127,944	4,816,424	-6.07%
Marketing & Tourism	2,032,568	1,655,203	-18.57%
Special Events	903,830	465,000	-48.55%
Contractual Obligation	3,495,212	2,885,779	-17.44%
<b>Subtotal</b>	<b>67,554,078</b>	<b>58,509,629</b>	<b>-13.39%</b>
<b>Transfers Out</b>	<b>8,481,471</b>	<b>9,428,081</b>	<b>11.16%</b>
<b>TOTAL</b>	<b>\$76,035,549</b>	<b>\$67,937,710</b>	<b>-10.65%</b>

## Where the Money Goes





# SUMMARY OF OPERATIONS

Category	FY 08-09 Approved	FY 08-09 Projected	FY 09-10 Proposed
Revenue	75,623,895	69,992,632	66,437,710
Transfers In	600,000	4,255,000	600,000
Appropriations	67,554,078	66,921,395	58,509,629
Transfers Out	8,481,471	12,326,237	9,428,081
Net Balance	<b>\$188,346</b>	<b>(5,000,000)</b>	<b>(\$900,000)</b>

### Transfers In

**General Fund (001)**

From: Gas Tax	600,000
---------------	---------

### Transfers Out

**General Fund (001)**

TO: Debt Service	
Police Building	153,271
Traffic Signal Lamps	23,835
Parking Structure	630,000
ERICA	424,320
Convention Center Expansion	2,175,000
Capital Project	
General Capital Projects	0
Measure Y	0
Parking Fund Operations	200,000
Master Lease Fund	330,000
Assessment District #155	50,000
Retiree Health Insurance Fund	1,100,000
Public Safety CFD	260,000
Special Distribution Fund	1,331,655

**Community Promotion Fund (112)**

TO: Debt Service	
Convention Center	2,200,000
Golf Course Fund	550,000

Total Transfers Out Funds 001 & 112	9,428,081
-------------------------------------	-----------

## EXPENDITURE DETAIL

(By Department)

Department	Adopted Budget FY 08/09	Proposed Budget FY 09/10	% Change 08 Adopted/ 09 Proposed
<b>Administration</b>			
City Council	600,875	561,626	-6.53%
City Manager	686,823	634,592	-7.60%
Public Affairs/PSCTV	340,924	309,549	-9.20%
Administrative Services	46,277	0	-100.00%
Development Services	347,254	274,864	-20.85%
Neighborhood Involvement	161,532	149,677	-7.34%
Information Technology	1,441,005	1,436,414	-0.32%
City Clerk	735,313	736,761	0.20%
Human Resources	507,369	365,674	-27.93%
Rent Control	47,225	45,005	-4.70%
City Attorney	904,699	854,908	-5.50%
Unallocated Appropriations	910,000	708,000	-22.20%
Salary Savings-Offsets *	-1,150,000	-3,731,591	224.49%
Document Management	616,675	483,425	-21.61%
Finance	2,343,362	2,164,932	-7.61%
Procurement	519,336	503,340	-3.08%
Administration Total	9,058,669	5,497,176	-39.32%
<b>Growth Management</b>			
Community/Economic Dev	245,682	288,907	17.59%
Homeless Program	0	103,000	N/A
Planning Services	1,610,791	1,470,094	-8.73%
Building and Safety	2,758,363	2,596,984	-5.85%
Growth Management Total	4,614,836	4,458,985	-3.38%
<b>Quality of Life</b>			
Parks Maintenance	3,123,520	2,967,215	-5.00%
Recreation	2,491,449	2,362,788	-5.16%
Skate Park	94,722	90,389	-4.57%
James Jessie DHUC	474,644	437,470	-7.83%
Library	2,739,206	2,398,317	-12.44%
Quality of Life Total	8,923,541	8,256,179	-7.48%

\* The Salary Savings Offset Department represents 2% across-the-board savings amongst departments (distributed in 09-10); nonpublic safety furloughs; possible lay-offs; and a variety of other operational costs yet to be distributed.

## EXPENDITURE DETAIL

(By Department)

Department	Adopted Budget FY 08/09	Proposed Budget FY 09/10	% Change 08 Adopted/ 09 Proposed
<b>Public Safety</b>			
Police	18,244,101	16,255,604	-10.90%
Jail	915,263	912,974	-0.25%
08-09 ABC Grant	0	0	0.00%
Downtown Experience	844,024	759,219	-10.05%
Animal Control	632,237	612,849	-3.07%
DUI Enforcement Grant	0	0	0.00%
Seatbelt Grant 08-09	0	0	0.00%
Dispatch Center	1,583,354	1,586,960	0.23%
Fire	10,629,249	9,761,740	-8.16%
SAFER Grant	420,100	447,555	6.54%
Disaster -Fire	129,150	137,982	6.84%
Public Safety Total	33,397,478	30,474,883	-8.75%
<b>Public Works</b>			
Engineering	1,986,858	1,692,791	-14.80%
Street Maintenance	1,306,873	1,255,390	-3.94%
Downtown Experience Maint.	798,244	796,858	-0.17%
Street Cleaning	0	20,000	0.00%
Street Lighting	989,743	994,257	0.46%
Railroad Station	46,226	57,128	23.58%
Public Works Total	5,127,944	4,816,424	-6.07%
<b>Marketing &amp; Tourism</b>			
Visitors Info Center	82,365	5,000	-93.93%
Tourism	1,950,203	1,650,203	-15.38%
	2,032,568	1,655,203	-18.57%
<b>Special Events &amp; Contributions</b>			
Int'l Film Festival	400,000	400,000	0.00%
Festival of Lights (Contractor)	40,000	25,000	-37.50%
Festival of Lights (In-kind)	40,000	40,000	0.00%
All Other	423,830	0	-100.00%
	903,830	465,000	-48.55%
<b>Contractual Obligations</b>			
PSDRCVA	1,185,000	750,000	-36.71%
Convention Ctr Operations	2,310,212	2,135,779	-7.55%
Contractual Obligation Total	3,495,212	2,885,779	-17.44%
<b>TOTAL</b>	<b>67,554,078</b>	<b>58,509,629</b>	<b>-13.39%</b>

**Special Events and Contributions  
City of Palm Springs**

TITLE	2008-2009 Revised Budget	2009-2010 Proposed Budget
<b>Contributions:</b>		
Agua Caliente Museum	\$5,000	
Agua Caliente Silver Sponsorship		
Date Festival	5,000	
Mounted Police Contribution	9,600	
Senior Center Contribution	52,880	
Senior Inspiration Award	2,500	
Chamber of Commerce	20,000	
<b>City Events:</b>		
Black History Parade	12,500	
Community Concerts	22,000	
July 4th Celebration	50,000	
Festival of Lights Parade (contractor)	40,000	25,000
Festival of Lights Parade (in-kind)	40,000	40,000
PSHS Homecoming Parade	4,000	
Veteran's Day Parade	35,000	
<b>Event Sponsorship:</b>		
Bike Weekend	35,000	
International Film Festival	400,000	400,000
Modernism Week	20,000	
Nabisco Tournament	26,000	
Opera in the Park	5,000	
Palm Springs Pride Parade	20,000	
Tour De Palm Springs	25,000	
Desert Classic Concourse	10,000	
Desert Aids Walk	7,500	
<b>Unallocated - All categories</b>	<b>26,850</b>	
<b>Parks &amp; Recreation Dept.</b>		
Holiday Decorations	25,000	
City Event Printing	5,000	
<b>GRAND TOTAL</b>	<b>\$903,830</b>	<b>\$465,000</b>

<b>CASH BALANCES OPERATING FUNDS</b>
--

<b>ADJUSTED CASH BALANCE, 7/01/08</b>	<b><u>\$11,604,213</u></b>
---------------------------------------	----------------------------

**FISCAL YEAR 2008-09 Projections**

Revenue & Transfers-In*	74,247,632	
-------------------------	------------	--

Expenditures & Transfers-Out **	<u>(79,247,632)</u>	
---------------------------------	---------------------	--

Total Surplus or (Deficit)	<b>(5,000,000)</b>
----------------------------	--------------------

Projected Adjusted Cash Balance - 6/30/2009	<b><u>\$6,604,213</u></b>
---	---------------------------

**FISCAL YEAR 2009-10 Projections**

Revenue & Transfers-In*	67,037,710	
-------------------------	------------	--

Appropriations & Transfers Out	<u>(67,937,710)</u>	
--------------------------------	---------------------	--

Total Surplus or (Deficit)	<b><u>(900,000)</u></b>
----------------------------	-------------------------

Projected Adjusted Cash Balance - 6/30/2010	<b><u><u>\$5,704,213</u></u></b>
---	----------------------------------

\* Assumes Property tax revenues equal to budget

\*\*Excludes prior year encumbrances