



City of Los Banos

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Continued Revenue Decline Impacting City Services

LOS BANOS – As property and sales tax revenues continue to decline, the City of Los Banos Department Heads are facing further spending reductions to help shore up the City's financial stability.

Property tax revenue for January 2010 is down 63 percent because of the steep decline in local home values, which, when added to last year's decline of 15 percent, amounts to a total reduction of 78 percent. Sales tax revenue has declined an additional 9 percent.

"Eighteen months ago, we anticipated a significant decline in tax revenue," said City Manager Steve Rath, "However; the decline has accelerated because of the continued economic downturn and the uncertainty as to when it will improve."

The decline in tax revenue – the City's largest source of income – already has impacted police, fire and recreation services. Layoffs and budget cuts occurred in early 2009 and the 2009-2010 fiscal budget also was impacted. With the latest decline in tax revenue, the City must find ways to further reduce expenditures.

"What Los Banos is experiencing is being felt by all local and state agencies," said Rath. "However, our City has been hit extremely hard because of the continuing foreclosure crisis and local unemployment, which now hovers at over 20% percent."

As the City grapples with the budget decline, no public service can expect to be spared. While the citizens' approval in November 2009 of the Public Safety Measure A saved numerous police and firefighter positions, the funding gap has continued to grow wider. Further budget reductions in City services will be examined as the City is required to reduce spending to balance continued reductions in tax revenue.

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