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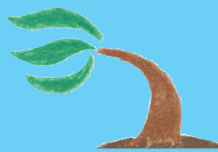
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Weekend Weather Forecast

Friday

Windy

59°



Saturday

Sunny

62°



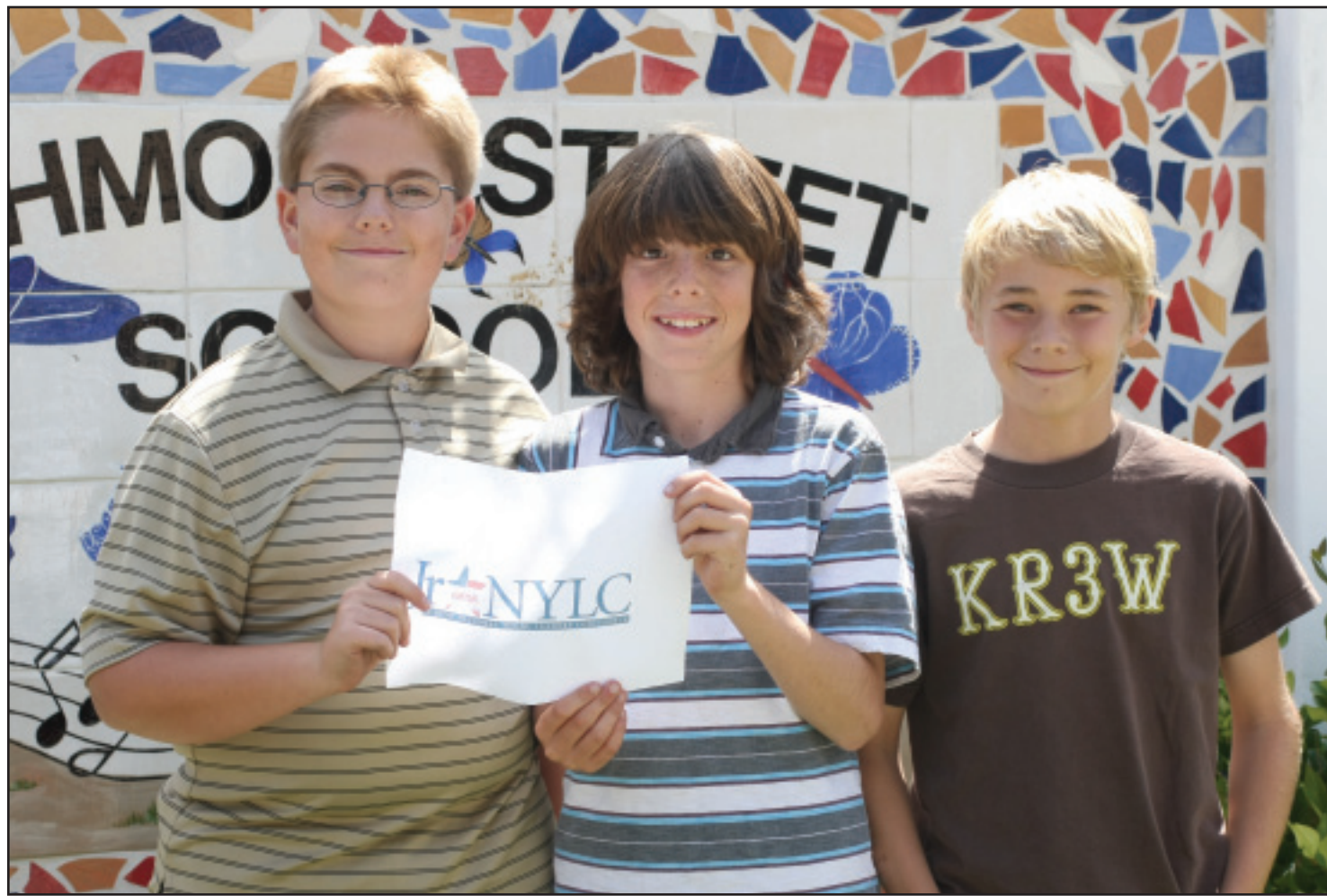
Sunday

Sunny

61°



Leaders Of Our Future



Nicholas Mazuk (left), Isaac Lambert (middle) and Griffin Martes (right) are excited to go on this once in a lifetime opportunity to the Junior National Youth Leadership Conference in Washington, D.C. See Leadership, page 7

City Council Recap: Revenues Running Below Estimates

By Brian Simon

Citing the ongoing economic crisis as the primary culprit, the City of El Segundo expects current fiscal year revenues to drop about \$2.6 million from original projections. During a presentation to the El Segundo City Council last Wednesday, Finance Director Deborah Cullen said the City will be able to offset most of the losses by shaving expenditures by approximately \$2.5 million—mainly as a result of reduced salary outlay from 14 staff vacancies. The overall \$80,000 deficit might still be made up before the end of the fiscal year (September 30, 2008), said Cullen.

In detailing the biggest revenue hits, Cullen noted that business license and sales tax revenue will fall well short (\$970,000) of the previous year numbers because of a decrease in the actual licenses issued (359 less—primarily small or home-based businesses) and an eight percent increase in the number of companies receiving sales tax credits in-lieu of paying business license taxes.

City staff also had to downgrade users' tax revenue estimates by nearly \$1 million because of an unanticipated major drop in the price of natural gas megawatt per hour—which could slide even further in the upcoming summer months.

Cullen said property tax revenues also project down by about \$300,000 due to the housing downturn. Countywide delinquency figures, now at four percent but subject to change later on, may adversely affect that number down the line. On a related note, real property transfer tax revenues will be adjusted down 72 percent (\$300,000) due to drops in both the volume of home sales (from 137 to 110) and median sales price (\$830,000 to \$640,000) over the last year.

Meanwhile, transient occupancy tax revenues are currently 17.6 percent below the

same period last year because of a decline in business and leisure travel, prompting City staff to lower budget estimates by about \$600,000.

Cullen reported that another \$760,000 will likely disappear because of interest losses on the City's investments. The average return rate, now 3.1 percent, will probably drop to 2.6 percent. The City will also have to reinvest its securities at a lower rate.

There was a bit of good news in the mix. Gas utility tax revenues are expected to rise by \$367,000 because of unexpected activity at the local power plant, while sales and use tax amounts should tick up \$200,000. Also, charges for services, permits and licenses will end on target (despite the housing and

construction downturn) thanks to expenditure savings from reduced staff time.

As mentioned above, most of the expenditure offsets will come from salary savings over various department vacancies (police, fire and recreation and parks in particular) as well as lower consulting fee payouts.

While the City has reserves and is in good position to deal with the current drop-offs, it still faces challenges ahead, including the fallout from the failed Prop 1A initiative (the State could take eight percent of property tax revenues and pull as much as \$850,000 from City coffers), continued reductions in TOT and business license taxes, and escalating fees for Public Employees' Retirement

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District Plans for Classified Staff Layoffs

By Evan Ortega

The El Segundo Board of Education passed a resolution that may lead to the layoffs of dozens of classified personnel as a result of the state's financial problems.

The layoffs would mostly affect some health, instructional, administrative assistants, as well as several reading and physical education aides, among others. Some custodians, a driver, and a cafeteria worker would also be let go.

El Segundo Unified Superintendent Geoff Yantz said the layoffs were not guaranteed, but that in the coming weeks, district staff would need guidance from Board members in budget discussions to make decisions with regards to layoffs. He noted the difficulties in crafting a

budget. "Always remember two things with the budget. It's a long process and it will always change," Yantz said. "Unfortunately, this year's budget has been extraordinary and lengthy, and it will continue to be."

The Board scheduled a special budget workshop on Tuesday June 9th to address the budget for 2009/2010, and the next two budgets through 2012 before it has to be sent to the county at the end of June. Yantz said the meeting would be a chance for Board members to give feedback to staff regarding layoffs and cuts to programs and class sizes. He said school districts across California are cutting spending, and that there

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