

City of Brisbane
Agenda Report

Date: City Council Meeting of June 1, 2009
To: Mayor & City Council
From: City Manager
Subject: Resolution to Legislature regarding Fiscal Hardship

RECOMMENDATION

Adopt Resolution No. 2009-22 finding a fiscal hardship will exist if additional local property tax funds are seized and additional unfunded mandates are adopted by the State of California

BACKGROUND

The League of California Cities sent a request to all cities to consider adoption of a proposed resolution to support their effort to lobby on behalf of the cities in the State.

The City Council considered the League's draft resolution at their meeting of May 18th and directed staff to clean up some of the language as well as add additional language. The attached Resolution has those changes for the Council's consideration.

FISCAL IMPACT

None.


Clayton Holstine, City Manager

RESOLUTION NO. 2009-22

A RESOLUTION FINDING A FISCAL HARDSHIP WILL EXIST IF ADDITIONAL LOCAL PROPERTY TAX FUNDS ARE SEIZED AND ADDITIONAL UNFUNDED MANDATES ARE ADOPTED BY THE STATE OF CALIFORNIA

WHEREAS, the current economic crisis has placed cities under incredible financial pressure and caused city officials around the State to reopen already adopted budgets to make painful cuts, including layoffs and furloughs of city workers, decreasing maintenance and operations of public facilities, and reductions in direct services to keep spending in line with declining revenues; and

WHEREAS, since the early 1990s the state government of California has seized over **\$8.6 billion** of city property tax revenues statewide to fund the state budget even after deducting public safety program payments to cities; and

WHEREAS, in FY 2007-08 alone the state seized **\$895 million** in city property taxes statewide to fund the state budget after deducting public safety program payments and an additional \$350 million in local redevelopment funds were seized in FY 2008-09; and

WHEREAS, the most significant impact of taking local property taxes has been to reduce the quality of public safety services cities can provide since public safety comprises the largest part of any city's general fund budget; and

WHEREAS, in 2004 the voters by an 84% margin adopted substantial constitutional protections for local revenues, but the legislature can still "borrow" local property taxes to fund the state budget; and

WHEREAS, on May 5 the Department of Finance announced it had proposed to the Governor that the state "borrow" over \$2 billion in local property taxes from cities, counties and special districts to balance the state budget, causing deeper cuts in local public safety and other vital services; and

WHEREAS, in the past the Governor has called such "borrowing" proposals fiscally irresponsible because it will be virtually impossible to repay and it would only deepen the state's structural deficit, preventing the state from balancing its budget; and

WHEREAS, the Legislature is currently considering hundreds of bills, many of which would impose new costs on local governments that can neither be afforded nor sustained in this economic climate; and

WHEREAS, state agencies are imposing, or considering, many regulations imposing unfunded mandates on local governments without regard to how local agencies will be able comply with these mandates while meeting their other responsibilities; and

WHEREAS, the combined effects of the seizure of the city property taxes, increasing unfunded state mandates, and the revenue losses due to the economic downturn have placed city budgets under serious fiscal pressure; and

WHEREAS, our city simply can not sustain the loss of any more property tax funds or to be saddled with any more state mandates as they will only deepen the financial challenge facing our city; and

WHEREAS, a number of the City's financial commitments arise from contracts, including long term capital leases and debt obligations which support securities in the public capital markets, that the City must honor in full unless modified by mutual agreement of the parties.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF BRISBANE has determined that the City will experience a fiscal hardship if the recommendation of the Department of Finance to "borrow" \$2 billion of local property taxes is supported by the Governor and the Legislature; and

BE IT FURTHER RESOLVED, that the City Council strongly and unconditionally opposes the any state government proposals to borrow or seize any additional local funds, including the property tax, redevelopment tax increment, public safety, and the city's share of the Prop. 42 transportation sales tax; and

BE IT FUTHER RESOLVED, that the City Council strongly urges the state legislature to focus on important policy issues to solve the budget crisis instead of taking money away from local governments. That they also suspend the enactment of any new mandates on local governments without complete funding, or any other measures that will result in the loss of funds, until such time as the economy has recovered.

BE IT FURTHER RESOLVED, that the City Clerk shall send copies of this resolution to our senate and assembly members and the League of California Cities.

Sepi Richardson
Mayor

I, the undersigned, hereby certify that the foregoing Resolution No. 2009-22, was adopted by the City Council of the City of Brisbane, at a regular meeting thereof held on the 1st day of June, 2009, by the following roll call vote:

AYES:
NOES:
ABSENT:

Sheri Marie Spediacci
City Clerk