



ITEM NUMBER:
DATE:

Presentation
8/12/08

Atascadero City Council

Staff Report - City Manager's Office

Resolution Opposing Irresponsible State Budget

RECOMMENDATION:

Council adopt Draft Resolution entitled ***A RESOLUTION OPPOSING FISCALLY IRRESPONSIBLE STATE BUDGET DECISIONS THAT WOULD "BORROW" LOCAL GOVERNMENT, REDEVELOPMENT AND TRANSPORTATION FUNDS.***

DISCUSSION:

As you know, California is in the midst of a state budget stalemate. In recent weeks, a number of rumors have been circulating that state officials are considering borrowing local government (including redevelopment) and transportation revenues to help close the \$15.2 deficit.

On Friday, July 18th, the Governor confirmed the accuracy of these rumors in an interview with the *L.A. Times*. In addition to this idea being fiscally irresponsible, the Governor also made it clear that raids on these funds should be avoided because California's voters spoke loudly in 2004 and 2006 when they approved protections for local government and transportation revenues.

Also on Friday, July 18th, Senate President Pro Tempore Don Perata and Senate Budget Chair Denise Ducheny issued a joint statement reacting to the *L. A. Times* story saying: "In particular, Democrats have never advocated nor believed in taking money from Propositions 1A, 42 and 10." Assembly Speaker Karen Bass and Assembly Budget Chair John Laird also issued a joint statement on July 18th, saying that they were not considering borrowing from the voter-approved propositions. There have been no reassuring statements as of this date from either the Senate or Assembly Republican caucuses.

The League of California Cities has launched an information campaign to insure Californians, Cities and especially the legislature, understands the serious implications of this year's budget. The strength and reputation of the state are at stake as well as

serious local impacts. The League has asked all California Cities to adopt Resolutions and communicate with the Legislature. City staff and the CITIPAC Representative, Council Member O'Malley, are working closely with the League Regional Public Affairs Manager, David Mullinax.

FISCAL IMPACT:

This action will have no financial impact, however if the State implemented the borrowing contemplated in the current Budget edition, the impact would cost Atascadero \$1,090,000.00.

ATTACHMENT: Draft Resolution