

M E M O R A N D U M

DATE: August 13, 2008

TO: Honorable Mayor and Councilmembers

FROM: Patricia Allison, City Manager's Office

SUBJECT: **REQUEST BY COUNCILMEMBER SANCHEZ FOR A RESOLUTION
OPPOSING FISCALLY IRRESPONSIBLE STATE BUDGET
DECISIONS THAT WOULD "BORROW" LOCAL GOVERNMENT,
REDEVELOPMENT AND TRANSPORTATION FUNDS; AND
DIRECTION TO STAFF**

Backup material for this item, if any, will be distributed separately.

1 RESOLUTION NO.

2 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
3 OCEANSIDE, CALIFORNIA, OPPOSING FISCALLY
4 IRRESPONSIBLE STATE BUDGET DECISIONS THAT WOULD
"BORROW" LOCAL GOVERNMENT, REDEVELOPMENT
AND TRANSPORTATION FUNDS

5 WHEREAS, on June 15, 2008, the State Legislature missed its Constitutional budget
6 deadline;

7 WHEREAS, both the Governor and the Legislative Budget Conference Committee have
8 recommended balanced budgets without resorting to "loans" or seizures of local government
9 property tax, redevelopment tax increment and transportation sales tax funds;

10 WHEREAS, in 1952 the voters of California approved Article XVI, Section 16 of the
11 California Constitution, providing for tax increment financing for community revitalization—
12 not balancing the state budget, and the voters never authorized the legislature to take or
13 "borrow" community redevelopment funds for state programs;

14 WHEREAS, in 2004 by an 84 percent margin of approval the voters of California
15 approved Proposition 1A and sent a loud and unambiguous message to state leaders that they
16 should stop the destructive and irresponsible practice of taking local government funds to
17 finance the state budget and paper over the state deficit;

18 WHEREAS, in 2006 by a 77 percent margin of approval the voters of California also
19 approved Proposition 1A, providing similar protections to transportation funding for state and
20 local transportation projects, including important street maintenance and public transit
21 programs;

22 WHEREAS, both ballot measures allow the Governor to declare a "severe state of fiscal
23 hardship" and "borrow" these funds if they are repaid in three years with interest, but the
24 Governor believes it would be irresponsible to "borrow" such funds because it would deepen
25 the state's structural deficit and cripple local government and transportation services;

26 WHEREAS, refusal by the Legislature to carryout its constitutional obligation to
27 compromise on a balanced budget is not a "severe state of fiscal hardship" and would not
28 justify reductions in critical local services, community revitalization programs and

1 infrastructure maintenance at a time when cities are struggling to balance their own budgets
2 during this economic downturn;

3 WHEREAS, city investments in infrastructure, affordable housing and basic public
4 safety and other community services will create needed jobs and speed our economic recovery;

5 WHEREAS, the Legislature should balance the state budget with state revenues and
6 respect the overwhelming support of voters for not using local property taxes, redevelopment
7 tax increment and transportation sales tax funds to fund the day-to-day operating cost of state
8 programs;

9 WHEREAS, it would be the height of fiscal irresponsibility to paper over the state
10 structural deficit with more borrowing, and Californians deserve state leaders who will tell
11 them honestly what needs to be done to produce a balanced budget;

12 WHEREAS, it is time for the State of California to cut up its local government credit
13 cards and deal with the budget deficit in a straightforward way. Balance the state budget with
14 state funds.

15 NOW, THEREFORE, the City Council of the City of Oceanside does resolve as follows:

16 SECTION 1. That the City of Oceanside hereby opposes any and all efforts by state
17 government to “borrow” or seize local tax funds, redevelopment tax increment and
18 transportation sales tax funds by the state government to finance state operations. Such a move
19 would be fiscally irresponsible for the state and hamper effective local services and
20 infrastructure investments.

21 SECTION 2. To send this resolution and communicate this Council’s strong and
22 unswerving opposition on this matter to our Legislators and the Governor along with an
23 expression of our continued appreciation for the Governor’s and any supportive legislators’
24 steadfast opposition to further borrowing or seizure of these funds.

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PASSED AND ADOPTED by the City Council of the City of Oceanside, California,

this _____ day of _____, 2008, by the following vote:

AYES:

NAYS:

ABSENT:

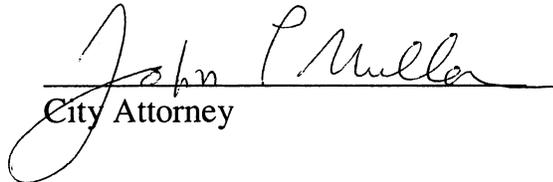
ABSTAIN:

MAYOR OF THE CITY OF OCEANSIDE

ATTEST:

APPROVED AS TO FORM:

City Clerk



City Attorney

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