

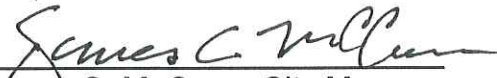
# City of Calistoga

## Staff Report

**TO:** Honorable Mayor and City Council  
**FROM:** Susan Sneddon, City Clerk  
**DATE:** August 5, 2008  
**SUBJECT:** Action to oppose State Budget proposals to seize local government funds

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**APPROVAL FOR FORWARDING:**

  
 James C. McCann, City Manager

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1 **ISSUE:** Consideration of a request from the California League of Cities for the adoption  
 2 of a Resolution to oppose State Budget proposals to seize local government funds.  
 3

4 **RECOMMENDATION:** Adopt Resolution.

5 **BACKGROUND / DISCUSSION:** With the State Budget now over four weeks overdue  
 6 the League of California Cities has requested California cities to adopt Resolutions  
 7 opposing the State taking local government, redevelopment or vital transportation  
 8 revenues to fund the State budget. The League's recommendation is that the State  
 9 figure out a way to resolve its budget problems without seizing funds meant for voter-  
 10 approved local government, infrastructure and community revitalization purposes.  
 11 Borrowing or taking funds to pay State operating costs is poor fiscal policy and will only  
 12 prolong the State's ongoing structural deficit. Amy O'Gorman, League of California  
 13 Cities Public Affairs Regional Director, will provide Council with an update on the State  
 14 Budget  
 15

16 Staff recommends that the proposed Resolution be adopted by Council and that the  
 17 Mayor direct staff to send a letter to the Governor and the legislative leadership stating  
 18 the City Council's concern in keeping local funds local and that it is fiscally irresponsible  
 19 for the State to borrow from local governments.  
 20

21 **FISCAL IMPACT:** None at this time.  
 22

23 **ATTACHMENTS:**

- 24  
 25 1. Draft Resolution

RESOLUTION NO. 2008-\_\_\_

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA, COUNTY OF NAPA, STATE OF CALIFORNIA, OPPOSING THE STATE BUDGET PROPOSAL TO SEIZE LOCAL GOVERNMENT FUNDS

1           **WHEREAS**, on July 1, 2008 the State Legislature missed its Constitutional  
2 budget deadline; and

3  
4           **WHEREAS**, both the Governor and the Legislative Budget Conference  
5 Committee have recommended balanced budgets without resorting to “loans” or  
6 seizures of local government property tax, redevelopment tax increment and  
7 transportation sales tax funds; and

8  
9           **WHEREAS**, in 1952 the voters of California approved Article XVI, Section 16 of  
10 the California Constitution, providing for tax increment financing for community  
11 revitalization—not balancing the state budget, and the voters never authorized the  
12 legislature to take or “borrow” community redevelopment funds for state programs; and

13  
14           **WHEREAS**, in 2004 by an 84% margin of approval the voters of California  
15 approved Proposition 1A and sent a loud and unambiguous message to state leaders  
16 that they should stop the destructive and irresponsible practice of taking local  
17 government funds to finance the state budget and paper over the state deficit; and

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

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

29  
30           **WHEREAS**, refusal by the Legislature to carryout its constitutional obligation to  
31 compromise on a balanced budget is not a “severe state of fiscal hardship” and would  
32 not justify reductions in critical local services, community revitalization programs and  
33 infrastructure maintenance at a time when cities are struggling to balance their own  
34 budgets during this economic down turn; and

35  
36           **WHEREAS**, city investments in infrastructure, affordable housing and basic  
37 public safety and other community services will create needed jobs and speed our  
38 economic recovery; and

39

40           **WHEREAS**, the Legislature should balance the state budget with state revenues  
 41 and respect the overwhelming support of voters for not using local property taxes,  
 42 redevelopment tax increment and transportation sales tax funds to fund the day-to-day  
 43 operating cost of state programs; and  
 44

45           **WHEREAS**, it would be irresponsible to paper over the state structural deficit  
 46 with more borrowing; and  
 47

48           **WHEREAS**, it is time for the state of California to cut up its local government  
 49 credit cards and deal with the budget deficit in a straightforward way. Balance the state  
 50 budget with state funds.  
 51

52           **NOW, THEREFORE, BE IT RESOLVED**, that the City of Calistoga hereby  
 53 opposes any and all efforts by state government to "borrow" or seize local tax funds,  
 54 redevelopment tax increment and transportation sales tax funds by the state  
 55 government to finance state operations. Such a move would be fiscally irresponsible for  
 56 the state and hamper effective local services and infrastructure investments.  
 57

58           **RESOLVED FURTHER**, that the City Manager is hereby directed to send this  
 59 Resolution and communicate this Council's strong and unswerving opposition on this  
 60 matter to our Legislators and the Governor along with an expression of our continued  
 61 appreciation for the Governor's and any supportive legislators' steadfast opposition to  
 62 further borrowing or seizure of these funds.  
 63

64           **PASSED, APPROVED, AND ADOPTED** by the City Council of the City of  
 65 Calistoga at a regular meeting held this 5<sup>th</sup> day of August, 2008, by the following vote:  
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- 67           **AYES:**  
 68           **NOES:**  
 69           **ABSTAIN/ABSENT:**  
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 71  
 72  
 73  
 74  
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76           \_\_\_\_\_  
**JACK GINGLES, Mayor**

77           **ATTEST:**  
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 79

80           \_\_\_\_\_  
**SUSAN SNEDDON, City Clerk**  
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