

DEPARTMENT OF
FINANCE

BUDGET, POLICY &
STRATEGIC PLANNING DIVISION

CITY OF SACRAMENTO
CALIFORNIA

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January 16, 2003

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: RESOLUTION AUTHORIZING MAYOR AND LAW AND LEGISLATION COMMITTEE CHAIR TO REPRESENT THE POSITION OF THE CITY OF SACRAMENTO IN EFFORTS TO PROTECT LOCAL GOVERNMENT REVENUE.

LOCATION AND COUNCIL DISTRICT: Citywide

RECOMMENDATION:

Staff recommends that the City Council adopt the attached resolution authorizing the Mayor and the Chair of the Law and Legislation Committee to represent the position of the City of Sacramento in efforts to protect local government revenue.

CONTACT: Aaron B. Chong, Senior Management Analyst, 808-6762

FOR THE COUNCIL MEETING OF: February 6, 2003

COMMITTEE ACTION:

This item was heard and approved by the Law and Legislation Committee on January 23, 2003. The Committee recommended that the item be forwarded to the City Council for adoption.

BACKGROUND:

On January 10, 2003, the Governor released his budget projections which predicted a \$35 Billion state budget shortfall for Fiscal Year 2003.

The Governor announced that due to the severity of the budget shortfall, he has proposed budget cuts and tax increases to bridge the budget gap. These proposed solutions may include, but not limited to, reducing state subventions to local government in the form of vehicle license fee, redevelopment housing subsidies, transportation-related revenue, and jail booking fees among others.

The Law and Legislation Committee's standing policy has been to support legislation that would expand the authority, options and flexibility of the City of Sacramento to act to meet the needs of local government. Such legislation included but was not limited to the following:

- ❑ Any State revenue to the City of Sacramento,
- ❑ Any legislation that increases funds for public safety,
- ❑ Any legislation that provided resources to cities and/or counties, and
- ❑ Any bond issue that provides funds for City projects.

The Committee has also in the past opposed any legislation that mandated local governments to incur costs and which did not include an appropriation to reimburse local agencies for such costs.

DISCUSSION:

On January 14, 2003 Assembly Speaker Herb Wesson announced that he plans to move swiftly to introduce legislation to allow for restoration of the Vehicle License Fee (VLF) funding for cities and counties. The speaker indicated, "We're prepared to clarify the law to operate as intended – and restore the VLF to its normal level."

The Speaker has specifically asked that cities and counties take action to support this effort. After conferring on January 15, 2003 by conference call with the League board of directors, the League of California Cities has requested that the member cities use whatever internal processes they have in place to authorize the immediate transmittal of a letter to their legislators urging them to keep the promise legislators made to local government in 1998, and vote to restore the VLF. The League further asked that cities act immediately to adopt a resolution urging the legislature to reject the Governor's budget proposal to eliminate the VLF backfill, and instead to vote to honor the 1998 commitment to restore the VLF; and that member cities transmit that resolution to their legislators.

The State budget process will be extremely volatile and will require quick turnarounds to respond to current and future proposed State budget solutions. Staff recommends that the Law and Legislation Committee approve and forward to the City Council the attached resolution that authorizes the Mayor and the Chair of the Law and Legislation Committee to represent the position of the City of Sacramento in efforts to protect local government revenue. Regular updates will be provided to the full City Council on any positions taken.

FINANCIAL CONSIDERATIONS:

Loss of local government from the State would result in negative financial impacts to the city.

ENVIRONMENTAL CONSIDERATIONS:

There are no environmental considerations associated with this report.

POLICY CONSIDERATIONS:

Approval of this report will provide the City with the ability to respond quickly to protect local government revenues as part of the State budget processes.

ESBD CONSIDERATIONS:

There are no ESBD considerations. No goods or services are being purchased at this time.

Respectfully submitted:

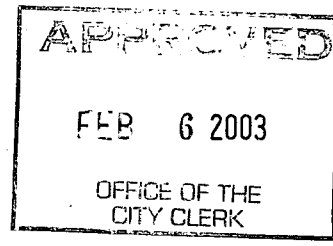


Aaron B. Chong
Senior Management Analyst

RECOMMENDATION APPROVED:



ROBERT P. THOMAS
City Manager



RESOLUTION NO. 2003-052

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

A RESOLUTION AUTHORIZING THE MAYOR AND THE LAW AND LEGISLATION COMMITTEE CHAIR TO TAKE POSITIONS ON BEHALF OF THE CITY OF SACRAMENTO IN EFFORTS TO PROTECT LOCAL GOVERNMENT REVENUE.

WHEREAS, the Governor has recently released his budget projections for Fiscal Year 2003; and

WHEREAS, the budget projections predicted a \$35 billion state budget shortfall; and

WHEREAS, current and future proposed solutions could include, but not be limited to, reducing State subventions to cities in the form of vehicle license fees (VLF), redevelopment housing subsidies, transportation funding, and jail booking fees; and

WHEREAS, any reduction by the State to maintain current state funding will cause widespread disruption in local government services essential to the well-being of the citizens of the City of Sacramento; and

WHEREAS, the ability to make a quick and timely response from the City of Sacramento regarding current and future budget solutions is essential,

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the City of Sacramento, California that we do hereby authorize the Mayor and the Law and Legislation Committee Chair to take positions on behalf of the City of Sacramento in efforts to protect local government revenue.

ATTEST: _____ MAYOR

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____ 4 _____