

## RESOLUTION NO. 03-

### A RESOLUTION URGING THE CALIFORNIA LEGISLATURE TO USE A BALANCED APPROACH IN ADOPTING THE STATE BUDGET

**WHEREAS**, the state of California is facing the worst budget crisis since the 1930s Great Depression, threatening the ability of state and local government to deliver essential services and threatening the long-term fiscal health of state and local government; and

**WHEREAS**, counties and cities are in the midst of approving their own operating and capital budgets for the 2003-04 fiscal year and cannot adequately make decisions about the funding of local government services until the state budget is finalized; and

**WHEREAS**, the state of California is facing a \$38 billion deficit, and dramatic measures must be taken to reduce spending and protect state and local services; and

**WHEREAS**, the city and county officials of California understand the interdependence of the fiscal condition of state government and local government; and

**WHEREAS**, the financial condition of the state of California is so serious that it is incumbent upon state leaders to both cut spending and enact temporary increases in revenues to avoid making future generations of Californians pay for the budget deficit; and

**WHEREAS**, local officials have already taken measures to reduce local spending, but the failure to adopt a balanced budget could imperil local services; and

**WHEREAS**, the boards of directors of the League of California Cities, California State Association of Counties and California Special Districts Association have endorsed a set of principles calling for a balanced approach to managing the state budget deficit.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HERMOSA BEACH, CALIFORNIA**, that the following balanced budget principles be supported in the upcoming budget process:

- **Spending Cuts.** Reduce the current estimated deficit through state spending reductions, minimizing federal fund loss where possible.
- **Short-term Borrowing.** Finance part of the budget deficit over a period of up to 5 years through the issuance of short-term debt instruments, secured by temporary taxes that are dedicated solely to retiring the short-term debt.
- **Revenues for Deficit Reduction.** Adopt a set of tax increases dedicated solely to retiring the short-term debt and the remaining structural deficit.
- **Reserve.** Require a prudent reserve that could be accessed during economic shortfalls.
- **VLF Covenant.** Keep the VLF covenant made to local governments, by activating the VLF trigger or continuing the state General Fund revenue backfill.

- **Local Government Reductions.** Limit the local government share of overall budget reductions to a one-time amount not to exceed the proportion of state subventions to local governments as a percentage of the state general fund budget.
- **Multi-Year spending Limitations.** Limit the growth in state spending during the repayment of the short-term debt. Expenditures would be limited to population growth, inflation and mandated caseload increases. Available funds over the limit would be dedicated to debt retirement.
- **Local Revenue Protection.** In the Constitution, prohibit the legislature from taking local government revenue or shifting costs to local governments unless (1) the Governor declares a fiscal emergency, and (2) the legislature approves by a 2/3 vote, and (3) the amount taken or shifted is fully reimbursed.

PASSED, APPROVED and ADOPTED this 8<sup>th</sup> day of July, 2003

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PRESIDENT of the City Council and MAYOR of the City  
of Hermosa Beach, California

ATTEST:

\_\_\_\_\_, CITY CLERK

APPROVED AS TO FORM:

\_\_\_\_\_, CITY ATTORNEY