

May 18, 2005

Honorable Mayor and Members of
the Hermosa Beach City Council

Regular Meeting of
May 24, 2005

**LETTERS OF SUPPORT FOR THE GOVERNOR'S PROPOSAL TO FULLY
FUND PROP 42 (TRANSPORTATION)**

Recommendation:

That the City Council authorize the Mayor to forward letters to Senator Bowen and Assembly Member Gordon requesting that they join with the Governor and support the full funding of Proposition 42 which is for transportation purposes.

Background:

In 2002, the voters approved Proposition 42, which dedicated the sales tax collected on the sale of gasoline to state and local transportation programs. This amounts to more than \$1 billion per year. The state has, for the last several years, not provided the funding because of one budget crisis after another. It appears that at least for the 2005-06 fiscal year it is possible to fully fund Proposition 42. Governor Schwarzenegger announced that his May revised budget would provide for the full funding of Proposition 42 programs. This is a change from the January preliminary budget, which again suspended in full the transportation programs covered by Proposition 42. This is possible because of one-time funds available to the state. This means if this is enacted as part of the state budget that the city will receive an estimated \$80,000 for the 2005-06 fiscal year, which can be used for street repairs.

As you know, the state budget process is going on now and it is important to express the City Council's position on the possibility of Proposition 42 transportation programs being fully funded. A copy of the proposed letter is attached that would be sent to our state representatives.

Respectfully submitted,

Stephen R. Burrell
City Manager

DATE

SAMPLE LETTER

Dear _____:

Governor Schwarzenegger's recent decision to full fund Proposition 42 is good news for the City of Hermosa Beach, as it is for communities throughout the state. If this proposal is approved by the Legislature, it will mean that \$254 million in much-needed funding for deferred local street and road maintenance projects will be available – as the voters intended when 69 percent of them voted to pass Prop 42 in 2002.

Unfortunately, the state's fiscal problems have meant that most of the \$1 billion per year in sales tax on gasoline that voters wanted spent on state and local transportation projects has instead been diverted to the state general fund. The growing backlog of projects -- \$13 billion backlogged local street and road maintenance projects alone – has added to the daily misery of millions of Californians stuck in traffic on inadequate and poorly maintained streets and roads, or poorly served by existing transit systems.

With the restoration of Prop 42 funds, the City of Hermosa Beach can begin tackling these projects. The governor's decision is one that keeps faith with Prop 42 voters. It will be good for the economy and very good for the people of California.

Sincerely,

Stephen R. Burrell
City Manager

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