

City of Lafayette Staff Report

For: Lafayette City Council
By: Steven Falk, Lafayette City Manager
Date Written: August 5, 2009
Meeting Date: August 10, 2009
Subject: Invitation to State Legislators to Discuss Their Votes and Positions on the State Budget

Introduction

Mayor Tatzin has invited Assemblymember Nancy Skinner and Senator Mark DeSaulnier to attend the Council meeting on August 10th to discuss and explain the following votes regarding the State budget:

Summary of Votes and Positions by Lafayette's State Representatives

	Assemblymember Nancy Skinner	Senator Mark DeSaulnier
Take Away \$2B in Redevelopment Funds from California's Cities (<i>passed</i>)	Yes	Yes
Borrow \$1.9B in Property Taxes from California's Cities (<i>passed</i>)	Yes	No
Take Away Gas Tax Allocation from California's Cities (<i>did not pass</i>)	Yes	No

Other Information

The Mayor and City Manager recently collaborated to publish an opinion piece (attached) in the Contra Costa Times.

Recommendation

Discuss and direct staff.

Readers Forum: State budget molests California's already-suffering cities

By Don Tatzin and Steven Falk
Guest commentary

Contra Costa Times

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Is it just us, or were you also disgusted to see California's legislators grinning and hugging each other as they emerged from those marathon budget sessions last week? We are challenged to find a single element of the recent state budget deal that warrants a smile or back slap.

Last week, the state Legislature passed a devastating take of \$2.05 billion from local redevelopment agencies as part of a 30-bill package that purports to close most of the state's current budget deficit. Because the state is too broke to meet its Prop. 98 obligations to schools, the Legislature chose to hijack redevelopment funds from cities and use them to pay the state's bills instead.

The Legislature also voted to "borrow" \$1.9 billion from cities' property tax revenues. This is legal under Prop. 1A, which allows the state to borrow the funds, but limits the borrowing to twice every 10 years and further provides that the money must be repaid with interest within three years. It is our experience, however, that when somebody borrows something, it is typically done with mutual consent and under the presumption that the borrower will return the item or pay back the amount borrowed. The only exceptions, of course, are teenage children and, now, apparently, the state of California. We don't recall being asked by the state to borrow our money, and we've yet to meet another mayor or city manager who believes the state will make good on their debt within three years.

In total, the budget deal amounts to nothing less than an unwanted and aggressive molestation of California's already-suffering cities.

We're particularly disgusted by the governor's smug claim that the state was able to balance California's budget without raising taxes. This is appalling because what Schwarzenegger and his legislative enablers did, in essence, was to balance its own budget by deeply wounding local agencies, thus forcing the need for tax-raising down to cities and counties. This move is, at best, disingenuous, at least crassly selfish and should even be considered seditious.

The take-away wouldn't be so bad if the state had, over the years, acted responsibly. The Legislature could have, for instance, reserved money during good economic times to cover the tax declines in bad years. That, as we know, didn't happen. Instead, cities and counties — already suffering from the same downturn in tax revenues that plague the state — have now been hit twice.

The theft is also notable for its brazenness. In 2004, 84 percent of California's voters passed Proposition 1A, which sought to prohibit the Legislature from raiding local funds. Since 84 percent of Californians can't typically agree on the color of an orange, that passage should have sent a crystal clear message to the state that local governments should be left untouched.

Yet, not even five years later, state lawmakers are at it again, disregarding the clear direction of voters while picking local pockets to bail themselves out from their own irresponsible actions. Democrat and Republican lawmakers are equally guilty. It's no wonder that legislators are held in such low esteem.

In the morning-after miasma, local officials now believe that cities, counties, school districts and special districts must chart a radical path that makes them fiscally independent from state government. There have been too many raids for too many years by the too-dysfunctional state Legislature. Total and complete fiscal independence appears to be the only way to avoid future molestations by an unfettered and irresponsible state government.

For, while most citizens have given up hope of changing Sacramento, most still trust their city council and school board members to do the right thing. And most still believe that they can have a positive impact on their local governments.

Don Tatzin is mayor and Steven Falk is city manager of Lafayette.