

RESOLUTION NO. RES-10-0051

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF LONG BEACH DECLARING A STATE OF FISCAL
HARDSHIP

WHEREAS, the State of California imposes excise taxes on various
transportation fuels; and

WHEREAS, the taxes on transportation fuels are transferred to the state
Highway Users Tax Account and the State then allocates a portion of the Highway Users
Tax Account to the City; and

WHEREAS, all Motor Vehicle Fuel Tax funds allocated from the Highway
Users Tax Account must be expended for the research, planning, construction,
improvement, maintenance, and operation of public streets and highways, exclusive
public mass transit guideways, or the payment of principal and interest on voter-approved
bonds issued for these specified purposes; and

WHEREAS, the State may borrow Highway Users Tax revenues into the
State General Fund (i.e. for cash flow purposes) if the amount is repaid within the same
fiscal year or within 30 days after the adoption of a State budget for the following fiscal
year; and

WHEREAS, the State of California has notified the City that it is borrowing
from the Highway Users Tax Account to manage its cash flow problems; and

WHEREAS, the borrowing of these funds will delay payment of \$2.6 million
in Fiscal year 2010 and at least \$5.1 million in Fiscal Year 2011; and

WHEREAS, the borrowing will cause a significant strain on the City's cash
flow which cannot be reasonably overcome by either external or internal borrowings; and

WHEREAS, the strain of the City's cash flow will cause the cash balance
within the gas tax fund to be in deficit and will also negatively affect cash balance within

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1 the City's general fund; and

2 WHEREAS, the State constitution prohibits the City from enacting new
3 taxes without voter approval preventing the City from generating equivalent new
4 revenues; and

5 WHEREAS, the City Council has instituted various austerity measures
6 including employee concessions, full-time position deauthorizations, and a reduction in
7 selected capital projects;

8 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
9 follows:

10 Section 1. To declare that a state of fiscal hardship exists as result of the
11 State's deferral of Highway User Tax Account funds.

12 Section 2. This resolution shall take effect immediately upon its adoption
13 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

14 I hereby certify that the foregoing resolution was adopted by the City
15 Council of the City of Long Beach at its meeting of May 11, 2010 by the
16 following vote:

17
18 Ayes: Councilmembers: Lowenthal, DeLong, O'Donnell,
19 Schipske, Andrews, Reyes Uranga,
20 Lerch.


21
22 Noes: Councilmembers: None.

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24 Absent: Councilmembers: Garcia, Gabelich.

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City Clerk