



OFFICE OF THE CITY ATTORNEY
Long Beach, California

R-19

ROBERT E. SHANNON
City Attorney

HEATHER A. MAHOOD
Chief Assistant City Attorney

MICHAEL J. MAIS
Assistant City Attorney

September 7, 2010

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt Resolution of the City Council of the City of Long Beach Declaring a Fiscal Emergency.

DISCUSSION

Pursuant to your request, this office has prepared and submits the above-described resolution for your consideration.

SUGGESTED ACTION:

Approve recommendation.

Very truly yours,

ROBERT E. SHANNON, City Attorney

By


HEATHER A. MAHOOD,
Assistant City Attorney

HAM:abc A10-02530
L:\Apps\CtyLaw32\WP\Docs\ID030\P011\00218139.DOC

Dominic Holzhaus
Anne C. Lattime
Monte H. Machit
J. Charles Parkin

C. Geoffrey Allred
Gary J. Anderson
Richard F. Anthony
Amy R. Burton
Christina L. Checel
Randall C. Fudge
Charles M. Gale
Barbara J. McTigue
Barry M. Meyers
Cristyl Meyers
Howard D. Russell
Tiffani L. Shin
Linda Trang
Theodore B. Zinger

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

1 RESOLUTION NO.

2
3 A RESOLUTION OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH DECLARING A FISCAL
5 EMERGENCY
6

7 WHEREAS, due to the worldwide and national economic crises, and an
8 unprecedented downturn in the national and regional economy, the City of Long Beach
9 faces a projected \$18.5 million General Fund deficit next year, and continuing General
10 Fund deficits over the following three years through FY 14 of almost \$60.0 million; and

11 WHEREAS, the City's ongoing General Fund revenue sources have
12 decreased by over \$20.0 million since the 2007-2008 fiscal year; and

13 WHEREAS, the financial market downturn has resulted in severe stock,
14 bond and real estate market losses in the CalPERS Plan by eliminating 24.8% in Plan
15 assets in the 2008-2009 fiscal year alone; and

16 WHEREAS, the State Constitution prohibits the City from either enacting
17 new taxes without voter approval, preventing the City from generating significant new
18 revenue; and

19 WHEREAS, without action, the budget deficit is estimated to grow from
20 \$18.5 million to over \$41.1 million by fiscal year 2012; and

21 WHEREAS, negotiated increases in public employee salaries and future
22 pension costs are increasing the cost of City services and comprise the largest portion of
23 the City's structural deficit; and

24 WHEREAS, increased public demand for City services as a result of the
25 economic downturn along with shrinking revenues and reporting and service
26 requirements from unfunded Federal, State and regulatory mandates have placed
27 additional pressure on the City's budget; and

28 WHEREAS, the City Council has instituted various austerity measures

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

1 including severe controls on hiring, additional layoffs and furloughs; and

2 WHEREAS, immediate and comprehensive action to reduce spending must
3 be taken to ensure, to the maximum extent possible, that the essential services of the
4 City are not jeopardized;

5 NOW, THEREFORE, the City Council of the City of Long Beach does
6 hereby declare the existence of a fiscal emergency.

7 Section 1. This resolution shall take effect immediately upon its adoption
8 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

9 I hereby certify that the foregoing resolution was adopted by the City
10 Council of the City of Long Beach at its meeting of September 7, 2010, by the following
11 vote:

12
13 Ayes: Councilmembers: _____

14 _____

15 _____

16 _____

17 Noes: Councilmembers: _____

18 _____

19 Absent: Councilmembers: _____

20 _____

21 _____

22 _____

23 _____
City Clerk