

09-0062-591

RESOLUTION

RULES & GOVERNMENT

WHEREAS, Any official position of the City of Los Angeles with respect to legislation, rules, regulations, or policies proposed to or pending before a local, state, or federal governmental body or agency must first have been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the Governor released his May revise on Thursday, May 14, 2009, which contained two different scenarios, one in which Propositions A-E are approved by the voters and one in which all of these proposals are rejected; and

WHEREAS, the City of Los Angeles stands to lose up to \$120 million in property taxes if the State were to borrow the maximum 8% of this funding source allowed by Proposition 1A, passed by the voters back in 2004; and

WHEREAS, this potential action could not come at a worse time for the City, which is in the process of closing a record \$530 million deficit for next year's budget while also preparing for a projected shortfall of an astounding \$1 Billion in FY 2010-11; and

WHEREAS, many jurisdictions have petitioned the federal government for financial assistance in this tough financial period, although the Obama administration and Congress have been more focused on providing a short-term economic stimulus; and

WHEREAS, if the City loses this large a portion of its funding, the impact on our ability to continue offering basic services would be seriously threatened; and

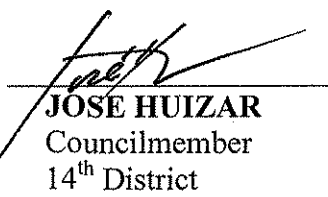
WHEREAS, experts across the state estimate that as many as 60 of California's 480 cities may currently be on the edge of insolvency, where any additional burden could push them over; and

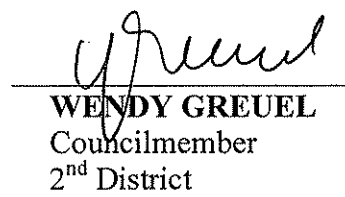
WHEREAS, the City should investigate whether the federal government would be willing to guarantee a loan or bond to restore any funding taken away by the State in order to help the City balance its budget; and

WHEREAS, the State is required by Proposition 1A (2004) to return any funds it takes within three years, with interest, which should reduce the amount of interest that the City would have to pay, particularly if the federal government were to guarantee the loan or bond.

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2009-10 Federal Legislative Program, SUPPORT for any effort by the U.S. Federal Reserve or Congress to guarantee loans for cities or states that need to borrow or sell bonds to balance their budgets.

BE IT FURTHER RESOLVED, that the City should also seek amending legislation to allow for a direct allocation of funds from the Troubled Asset Relief Program to cities and states that are facing similar problems as Los Angeles and California are facing.

PRESENTED BY:   
JOSE HUIZAR  
Councilmember  
14<sup>th</sup> District

SECONDED BY:   
WENDY GREUEL  
Councilmember  
2<sup>nd</sup> District

ORIGINAL