

RESOLUTION NO 2009-67A

**A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF BANNING UNANIMOUSLY DECLARING A
FISCAL EMERGENCY UNDER PROPOSITION 218**

WHEREAS, the City Council of Banning determined at its regular meeting on July 28, 2009, that it should present to City voters the question of whether to amend its current Transient Occupancy Tax for the purpose of raising general fund revenue to provide basic City services for residents, including but not limited to, law enforcement, fire protection, graffiti removal, sidewalk and street repair, and maintenance of public parks; and

WHEREAS, the voters of the State of California approved Proposition 218 (Article XIII C, section 2 of the California Constitution and Government Code section 53723), which authorizes the City to impose, extend or increase a general tax upon a majority vote of the population; and

WHEREAS, due to an unprecedented set of financial challenges at both the Federal and State level, with the national economy in the largest recession since the Great Depression, and the State facing a deficit of at least \$26 billion and issuing vouchers for the first time in 25 years, and potentially seeking a loan from local agencies, and the City of Banning having had to cut its 2009-2010 budget by over \$5M, a state of fiscal emergency currently exists within the City of Banning and by this Resolution the City Council is unanimously declaring a fiscal emergency, as described below.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BANNING DOES HEREBY RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. All recitals are deemed true and correct. The City Council hereby finds and declares by a unanimous vote that a fiscal emergency now exists in the City due to the lack of municipal revenue necessary to provide an acceptable level of municipal services that would ensue if collection of the tax

does not continue. On July 1, 2009, California declared a fiscal emergency and will likely need to take money from local governments to close a \$26.3 billion budgetary gap. Current discussions at the state level could mean the Legislature taking as much as \$900,000 from the City of Banning, which could have grave results for City residents. Due to decreasing revenues as well as certain known cost increases, the 2009-10 structural deficit projection increased to approximately \$5.8 million annually. An additional 8.7% decline in sales tax is projected for 2009-10 and property tax revenue, already down 4.7% in 2008-09, is expected to decline another 10% in 2009-10. The adopted 2009-10 General Fund budget already includes approximately \$5 million in expenditure reductions; Citywide reductions total approximately \$14.6 million. Due to the continuing housing market collapse and other recessionary indicators, other City revenue sources are likely to continue to decrease making it necessary for the City to establish new funding sources. It is clear that a continuing level of local revenue is immediately needed to fund a level of municipal services required to properly protect the public health, safety, and welfare.

PASSED, APPROVED, AND ADOPTED this 28th day of July, 2009, at the City of Banning, County of Riverside.


Robert E. Botts, Mayor
City of Banning

APPROVED AS TO FORM
AND LEGAL CONTENT:


City Attorney
Aleshire & Wynder, LLP

ATTEST:


Marie Calderon, City Clerk
City of Banning

CERTIFICATION:

I, Marie Calderon, City Clerk of the City of Banning, California, do hereby certify that the foregoing Resolution, No. 2009-67A was duly adopted by the City Council of the City of Banning, California, at a regular meeting thereof held on the 28th day of July, 2009 by the following vote, to wit:

AYES: Councilmembers Franklin, Hanna, Machisic, Robinson, Mayor Botts

NOES: None

ABSENT: None

ABSTAIN: None



Marie A. Calderon
Marie A. Calderon, City Clerk
City of Banning, California