

RESOLUTION NO. 2019-34-3118

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IRWINDALE, CALIFORNIA, UNANIMOUSLY DECLARING A FISCAL EMERGENCY PURSUANT TO ARTICLE XIII C SECTION 2(b) OF THE CALIFORNIA CONSTITUTION

WHEREAS, pursuant to Article XIII C, Section 2(b) of the California State Constitution, an election to impose a general tax is required to be consolidated with a regularly scheduled general election for members of the governing body of the local government, except in cases of emergency declared by unanimous vote of the governing body; and

WHEREAS, the City Council may act to submit to the voters at the special municipal election to be held on November 5, 2019 (an election which does not include the election of a person to membership on the City Council) a question related to the imposition of a general tax, if a fiscal emergency is declared; and

WHEREAS, the City is experiencing an existing and immediate funding crisis, which is the result of factors largely outside of its control, primarily resulting from the uneven and slow recovery from the Great Recession, unpredictable decreases in revenues, the loss of revenues from the State's dissolution of redevelopment, the inadequacies of State of California's actions to replace redevelopment, the continued State takeaways of local revenues, and unforeseen increases in the City's operational costs; and

WHEREAS, as of June 30, 2018, the total fund balance of the City's General Fund Reserves was \$30.1 million, a decrease of \$508,600 from the prior year level of \$30.6 million; and

WHEREAS, for Fiscal Year 2019-20, although the City adopted a balanced budget, the preliminary General Fund expenditures exceeded revenues by \$1.6 million before other financing sources and one time transfers were applied to present a balance budget for City Council adoption; and

WHEREAS, the City faces severe budget pressures due to continued increases in operating expenditures significantly outpacing increases in revenue, particularly in uncontrollable expense categories such as health insurance, pension costs, utilities, and liability insurance premiums. Additionally, capital expenditures for items including replacements to the City's vehicle fleet, technology replacements and upgrades, and deteriorating streets, infrastructure and facilities will result in the further reduction of the City's General Fund balance reserves over time unless new funding sources are realized; and

WHEREAS, the City engaged RSG, Inc. to prepare a long term financial analysis, resulting in a Long Term Financial Plan dated July 10, 2019 ("Fiscal Report"), which has been reviewed by the Council on July 15, 2019, and is by this reference incorporated herein as if fully set forth herein; and

WHEREAS, the Fiscal Report details an expected budget deficit of approximately \$1.5 Million for Fiscal Year 2020-21, and projected future annual deficits ranging from approximately \$900,000, growing annually to over \$3.3 million over the succeeding 20 years; and

WHEREAS, in addition to the challenges discussed above, the City anticipates the following additional ongoing fiscal challenges that threaten the City's ability to provide adequate levels of service to its residents, including a potential upcoming recession that would again negatively impact projected General Fund revenues and cause the State to implement further takeaways; and

WHEREAS, the City is experiencing this funding crisis despite sound fiscal management, conservative fiscal policies, budget cuts, and measures to stabilize and reduce current and future pension obligations including the following: (i) impending payoff of the remaining unfunded pension liability which initially totaled \$21 Million; (ii) significant economic development efforts in attracting new development; and (iii) the adoption of new Development Impact Fees and an updated Comprehensive Schedule of Fees and Charges; and

WHEREAS, it is estimated that, without additional or increased revenue streams, the City will be required to draw from its reserves in order to maintain existing service levels, will be unable to maintain its strong General Fund reserves, and will be unable to provide for or maintain its traditional 25% budgeted contingency; and

WHEREAS, despite the City's sound management and disciplined control of its financial health, the City's ability to sustain local services in the future is seriously threatened by the fiscal crisis the City faces; and

WHEREAS, even with these fiscal difficulties, the City seeks to continue to provide the same level of essential City services for the benefit of its residents, which services include police services, emergency preparedness, street and park maintenance, recreation, senior and library programs, transportation services, and resident benefit programs, all of which are deemed priorities of various levels and thereby deemed important by a majority of City residents responding to a recent survey; and

WHEREAS, it is in the best interests of the public welfare of the residents and businesses of the City of Irwindale to avoid future cuts to essential City services; and

WHEREAS, the City's fiscal crisis herein described is of sufficient gravity and severity that the City Council may propose that the electorate approve a City Transaction and Use Tax of 0.75% per year, increasing the overall combined (state, county, district and local) tax rate in the City from 9.5% to 10.25%, with no sunset.

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

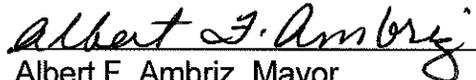
Section 1. That the foregoing recitals are true and correct, and are incorporated herein by reference.

Section 2. That based upon the foregoing and the Fiscal Report, the City Council hereby unanimously finds and declares a fiscal emergency, as the term "emergency" is used in Article XIII C, Section 2(b) of the California Constitution, now exists in the City of Irwindale justifying calling for a special municipal election on November 5, 2019, in order that the City may propose, and the City voters may consider, adoption of a general tax measure intended to address that emergency by ensuring that the City has the resources necessary to preserve the public health, safety and welfare.

Section 3. That the City Council directs City staff to investigate and recommend further actions necessary to alleviate impacts of the conditions supporting the findings herein and to develop local control over funds needed to protect essential City services.

Section 4. That the City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions. This Resolution shall be effective immediately upon passage and adoption.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Irwindale, California, at a special meeting held on the 15th day of July, 2019.


Albert F. Ambriz, Mayor

ATTEST:



Laura M. Nieto, MMC
Chief Deputy City Clerk

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } ss.
CITY OF IRWINDALE }

I, Laura M. Nieto, Chief Deputy City Clerk of the City of Irwindale, do hereby certify that the foregoing Resolution No. 2019-34-3118 was duly and regularly passed and adopted by the City Council of the City of Irwindale at its special meeting held on the 15th day of July, 2019, by the following vote:

AYES:	Councilmembers:	Breceda, Burrola, Garcia, Ortiz, Mayor Ambriz
NOES:	Councilmembers:	None
ABSENT:	Councilmembers:	None
ABSTAIN:	Councilmembers:	None



Laura M. Nieto, MMC
Chief Deputy City Clerk