

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

RESOLUTION No. 2019- R _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
CULVER CITY, CALIFORNIA, DECLARING A FISCAL
EMERGENCY IN ACCORDANCE WITH ARTICLE XIII C OF THE
CALIFORNIA CONSTITUTION.**

WHEREAS, Article XIII C of the California Constitution provides, in pertinent part: "...No local government may impose, extend, or increase any general tax unless and until that tax is submitted to the electorate and approved by a majority vote. A general tax shall not be deemed to be increased if it is imposed at a rate not higher than the maximum rate so approved. The election required by this subdivision shall 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 a unanimous vote of the governing body...;" and

WHEREAS, for several years and most recently during the budget process and study session meetings held in May and June of this year, staff has presented the City Council and community with information related to the City's costs increasing at an alarmingly faster rate than revenues, due in large part to paying down the City's unfunded pension liability; and

WHEREAS, the City's financial forecast has made it evident that the General Fund relies heavily on the Measure Y Tax revenues, and without those revenues, the City anticipates the following ongoing fiscal challenges that threaten the City's ability to provide adequate levels of service to its residents:

1. Total General Fund Appropriations are projected to exceed General Fund Revenue estimates over the next ten years.

a. In the FY 2019/2020 Adopted Budget, even with the one-half cent sales tax in place, the General Fund Budgeted Appropriations exceeded General Fund

1 Revenue Estimates by \$7.3M. If the one-half cent sales tax sunsets, the budget deficit
2 will increase by \$9M and the City will be forced to pursue alternate revenue strategies.

3 b. The City's ten-year financial forecast demonstrates that the General
4 Fund will no longer meet the General Fund Reserve requirement by FY 2023/2024 and
5 if the one-half cent sales tax measure sunsets in FY 2022/2023, the General Fund
6 Reserves will be totally depleted three years after the sunset.

7 2. Increasing retirement and pension costs related to rates charged by
8 CalPERS have a significant impact on the General Fund's increasing expenditures.

9 a. PERS costs, are expected to rise from \$23,952,000 in FY
10 2019/2020 to \$42,317,000 in FY2029/2030, which is an increase of 77% during this
11 time period.

12 3. There are additional budget needs that have not been included in the
13 financial forecast which include:

14 a. Increased maintenance and capital improvement projects for City
15 infrastructure (streets, roads, pavements, traffic safety projects, city buildings, etc.).

16 i. In a recent study by consultant Faithful + Gould, they assessed
17 twenty-five City owned structures located across the City and found a total of \$38M of
18 necessary capital improvements over a ten-year period. Out of the \$38M, \$20M in
19 improvements has been identified as immediate and \$8.5M were identified as Priority
20 1 Life/Public Safety items.

21 b. Capital and maintenance expenditures to support updating network
22 infrastructure, cloud-based software deployments and replacement of end-of-life
23 hardware which are critical to supporting secure and reliable operations.

24 i. The Information Technology (IT) Department administers
25 and manages the network and technical infrastructure for the City. Departments
26 citywide are relying more on emerging technologies that streamline and facilitate
27 efficient operations. Continued investments that support the City's technical
28

1 infrastructure are essential, and reduce the City's risk as it relates to cyber security. A
2 technology replacement and upgrade program is essential in protecting the City from
3 cyber security threats; and

4 **WHEREAS**, as a result of the Great Recession the City has made significant
5 efforts to reduce cost and improve efficiencies by:

6 1. Eliminating nearly seventeen percent of the positions in the General
7 Fund where further reductions to the authorized positions in the City will have a direct
8 effect on the level of services provided to the community;

9 2. Departments have been conservative in their spending and sometimes
10 have generated budget savings of up to 4% annually;

11 3. Employees' cost sharing of PERS cost will generate a ten-year cost
12 savings of \$29.5M for the City; and

13 **WHEREAS**, despite the City's sound management and disciplined control of its
14 financial health, the City's ability to sustain local services is seriously threatened by
15 rising pension costs and the threat of losing 7%, or \$9.8M, of its General Fund Tax
16 Revenues; and

17 **WHEREAS**, even with these fiscal difficulties, the City seeks to continue to
18 provide the same level of essential City services for the benefit of its residents, which
19 services include police, fire, street maintenance, traffic improvements, emergency
20 preparedness, maintenance of parks and recreation areas, all of which are deemed
21 very important by an overwhelming majority of City residents, as indicated by a recent
22 survey; and

23 **WHEREAS**, it is in the best interest of the public welfare of the residents and
24 businesses that the City of Culver City take measures to avoid any further cuts to
25 essential City services.
26
27
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

NOW, THEREFORE, the City Council of the City of Culver City, California,
DOES HEREBY RESOLVE, as follows:

SECTION 1. That based upon the above recitals, other substantial
information available as part of the public record, and the need to plan for the City's
future financial health, a fiscal emergency exists for the purposes described in the
California Constitution Section XIII C, Section 2(b).

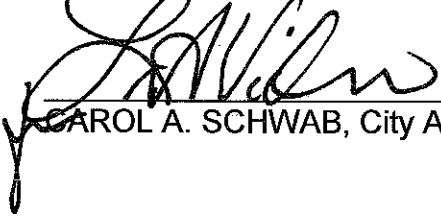
APPROVED and ADOPTED this ____ day of _____, 2019.

MEGHAN SAHLI-WELLS, MAYOR
City of Culver City, California

ATTEST

APPROVED AS TO FORM

JEREMY GREEN, City Clerk



CAROL A. SCHWAB, City Attorney