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How the State Budget Cash Grab Affects Lafayette

By Cathy Tyson

City Manager Steven Falk gave a packed house an earful on the impact of the state budget being balanced on the back of every city and town in the state at the August 10 City Council meeting. He spoke about the two separate resources that the state Legislature will be dipping into: a record \$2.05 billion from redevelopment agencies statewide over two years - \$1.7 billion for fiscal year 2009 - 2010 and \$350 million in 2010 - 2011; and \$1.9 billion will be "borrowed" from property tax revenues across the golden state.

"The budget deal amounts to nothing less than an unwanted and aggressive molestation of California's already-suffering cities," said Mayor Don Tatzin and Falk in a statement.

What that means for Lafayette is a loss of \$480,000 in property tax proceeds which is "the equivalent of half the general fund contribution to the road repair program," said Falk. This type of grab can only happen twice every ten years according to Proposition 1A, which voters passed overwhelmingly just five years ago and requires repayment with interest within three years.

"Luckily we've been prudent and have money in the bank," said Administrative Services Director Tracy Robinson. Early on in the budgeting process, anticipating this kind of cash grab, she allocated \$540,000 for the state take-away. Believe it or not the City is actually \$60,000 ahead on this front, thanks to conservative budgeting.

It's expected the Lafayette Redevelopment Agency will lose \$1.1 million for fiscal year 2009 - 2010. To put this in perspective, "that's about 50% of what the RDA receives every year," said Robinson. "If Sacramento sees this as a revenue stream there is nothing to keep them from coming back next year."

"Loss of Redevelopment funds will have profound affect on the library," said Falk, explaining that now the city will have to take out a bigger loan than originally planned to complete the project.

As part of the City Council meeting, State Senator Mark DeSaulnier and Assemblymember Nancy Skinner were invited to explain their "yes" votes for these cash grabs of Redevelopment and property tax funds. Both voted yes on taking Redevelopment funds, but only Skinner voted yes on borrowing \$1.9 billion in property taxes.

"It's obviously not a good situation," said DeSaulnier referring to the difficult choices presented, "Schwarzenegger wanted to eliminate Cal Grants - among other things. We fought not to eliminate those." He joked that perhaps it was the masochist in him that brought him back for the second time in as many months to a Lafayette City Council meeting. Assemblymember Skinner was out of town, but sent a representative who said, "The state of California needs additional sources of revenue" and went on to explain Skinner's votes.

In the end DeSaulnier took his lumps and suggested there are better alternatives than taking money from cities, suggesting that California is 49th out of 50 states in the alcohol tax rate and 39th out of the 50 states in the cigarette tax rate. Those could be two possible revenue streams. Neither suggestion calmed an irate meeting attendee who said, "I am furious! This is ridiculous!"

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