

STAFF REPORT
City of Lancaster, California

Date: June 23, 2009

To: Mayor Parris and City Council Members

From: Barbara Boswell, Finance Director

Subject: **Authorization for City Attorney to Cooperate with the League of California Cities, Other Cities and Counties in Litigation Challenging the Constitutionality of any Seizure by State Government of the City's Street Maintenance Funds**

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City Council Recommendation:

Adopt Resolution No. 09-61, authorizing the City Attorney to cooperate with the League of California Cities, other cities and counties in litigation challenging the constitutionality of any seizure by State Government of the City's Street Maintenance Funds.

Fiscal Impact:

There is no impact by approval of this resolution. The City receives approximately \$2.3 million in Highway Users Tax that would be at risk if the State moved forward with seizing those funds.

Background:

The State of California continues to grapple with its budget deficit. Each year the Governor puts out a May revise of the State's budget. In his final May revise for this year, the Governor proposes taking \$1 billion in city and county Highway Users Tax (HUTA) revenues. If this proposal is approved, it would mean a hit of \$2.3 million to the City of Lancaster. These revenues are depended upon for on-going road maintenance such as pothole repairs, crack sealing, and other important activities that keep our streets well maintained. If taken, Lancaster would need to fill the gap from the general fund.

The League of California Cities believes this move by the State is unconstitutional and is planning litigation to challenge the action. They have asked that cities approve a resolution that authorizes our City Attorney to cooperate with the League in the challenge.

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Attachment:
Resolution No. 09-61