

## RESOLUTION NO. 2016-161

### A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LYNWOOD UNANIMOUSLY DECLARING A FISCAL EMERGENCY IN THE CITY OF LYNWOOD

**WHEREAS**, City staff has advised the City Council and Lynwood community of the City's ongoing structural deficit. A combination of circumstances has resulted in projected deficits far beyond the City's capacity to absorb them; and

**WHEREAS**, the City's flat revenue growth continues to be offset by rising operating costs; and

**WHEREAS**, beginning in FY 08, the City began implementing a series of General Fund budget reductions. Since that time (with the exception of FY 13 due to the receipt of one-time revenue), expenditures have exceeded revenues and required the use of reserves to balance the General Fund; and

**WHEREAS**, since FY 08, General Fund expenditures have been cut by over \$6.5 million (or 19%). Most cuts are the result of labor reductions. The City cannot sustain further staffing cuts and maintain services for a quality community; and

**WHEREAS**, to assist the Council in closing the City's structural deficit, in December 2012, City staff (through labor negotiations) agreed to labor concessions including furloughs, suspension of the auto allowance, 6% EPMC Pick-Up, elimination of reportable compensation, cash in lieu of benefits, and elimination of Green Building Certificate Pay; and

**WHEREAS**, as part of the FY 16 Budget Adoption, several budget cuts were made to reduce \$2.5 million deficit to \$377K; and

**WHEREAS**, based on FY 16 year-end estimates, the ending General Fund balance will be \$3.6 million. The FY 17 Proposed Budget contains a structural deficit in excess of \$2.9 million that, absent new General Fund revenue, can only be met by decreasing Public Safety and other essential services.

**WHEREAS**, the City has used its available General Fund balance to bridge the structural budget deficit, meaning it will have used nearly all General Fund reserves before the end of FY 17 and will not have enough revenue to cover proposed expenditures, maintain current service levels, and meet the City's reserve policy.

**WHEREAS**, by cutting City staff and services to the bare minimum necessary to preserve the public health, safety and welfare, and drawing down the City's General Fund balance, the Council has been able to prevent the City from running out of money in the General Fund. However, it is now evident that future General Fund revenue is no longer sufficient to maintain minimum staff and service levels; and

**WHEREAS**, as a result, maintenance of roads, parks, and other public facilities must be indefinitely deferred. Concerned that further long-term reduction of service levels will have a detrimental effect on the public health, safety, and welfare, the City must increase General Fund revenue sufficiently to enable the City to restore the levels of public services sought by the resident of the City; and

**WHEREAS**, at this point, the City has taken all reasonable steps available to reduce spending and still has not been able to bring expenditures in line with anticipated revenues; further spending reductions will require more dramatic cuts to essential public services that will result in threats to the general health, safety, and welfare of the residents of and businesses in Lynwood; and

**WHEREAS**, the City has worked effectively to increase financial stability, transparency, and accountability, but still faces more cuts to essential City services. Without additional revenue, the City will be forced to consider Public Safety and staffing cuts. Further reductions in service levels would mean continuing to allow the City's parks, roads, facilities, landscaping, and street trees to deteriorate, jeopardizing the public health, safety, and welfare, and increasing the costs of maintaining basic infrastructure; and

**WHEREAS**, additional funding from a Penny Ballot Measure is needed for near and long term financial stability; and

**WHEREAS**, under California Constitution Article 13C, Section 2(b), when a city council proposes a general tax to the voter, the measure must be submitted to the electors at a regularly scheduled general election at which members of the Council will be elected, unless the Council finds that there is an emergency that justifies placing the proposed tax before the voters at a special election. Since the November 8, 2016 ballot does not include the election of a member of the City Council, the City Council must unanimously declare an emergency.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LYNWOOD DOES HEREBY FIND, ORDER, AND RESOLVE AS FOLLOWS:**

**Section 1.** The City is experiencing an existing and immediate funding crisis, which is the result of factors largely outside of its control, including rapid increases in the cost of employee retirement and health insurance benefits, flat revenue from existing taxes and fees, LA County Public Safety contract increases, and unpredictable State takeaways of local revenue; and

**Section 2.** The City has taken significant steps to reduce its operational costs. It has eliminated over 72 (or 28%) full-time employees since FY 08.

**Section 3.** The City has used its available General Fund balance to bridge the structural budget deficit, meaning it will have used nearly all General Fund reserves

before the end of FY 17 and will not have enough revenue to cover proposed expenditures, maintain current service levels, and meet the City's reserve policy; and

**Section 4.** Because of changes in State law, particularly the approval of Propositions 62 and 218, the City has very few means available for increasing General Fund revenue.

**Section 5.** Absent a new source of General Fund revenue, the City's ability to maintain staff and service levels is uncertain. Based on FY 16 year-end estimates, the ending General Fund balance will be \$3.6 million. The FY 17 Proposed Budget contains a structural deficit in excess of \$2.9 million that, absent new General Fund revenue, can only be met by decreasing Public Safety and other essential services.

**Section 6.** Unless service levels are at least partially restored, public facilities and property will not be properly maintained, public safety standards will degrade, crime and violence will increase, the community will not have adequate and safe recreational opportunities, businesses and families will be discouraged from moving to or remaining in Lynwood, and the health, safety, and welfare of the residents of Lynwood will be endangered.

**Section 7.** Because of that threat to the public health, safety, and welfare, an emergency exists in the City, as the term "emergency" is used in Article XIII C, section 2(b) of the California Constitution. The City must immediately address that emergency by ensuring that the City has the resources necessary to preserve the public health, safety, and welfare.

**Section 8.** The identified emergency necessitates that the City Council submit a tax measure to the voters of Lynwood at the November 8, 2016 election, even though such an election would not be consolidated with a general election for a member of the Council.

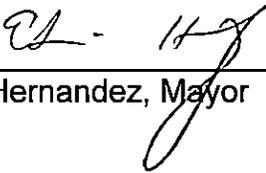
**Section 9.** Accordingly, the City Council of the City of Lynwood unanimously finds and declares the existence of a fiscal emergency within the City of Lynwood.

**Section 10.** This Resolution shall take effect immediately upon adoption.

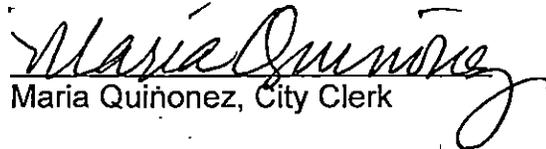
**Section 11.** The City Clerk shall certify as to the adoption of this City Council Resolution and enter it into the book of original Resolutions.

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PASSED, APPROVED AND ADOPTED THIS 19<sup>th</sup> DAY OF JULY, 2016.

  
\_\_\_\_\_  
Edwin Hernandez, Mayor

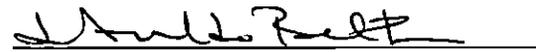
ATTEST:

  
\_\_\_\_\_  
Maria Quiñonez, City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
David A. Garcia, City Attorney

APPROVED AS TO CONTENT:

  
\_\_\_\_\_  
J. Arnoldo Beltrán, City Manager

STATE OF CALIFORNIA        )  
  ) SS.  
COUNTY OF LOS ANGELES    )

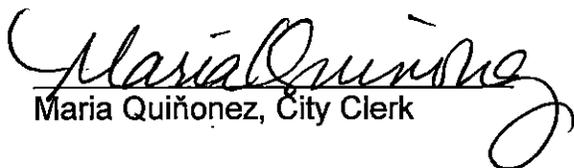
I, Maria Quiñonez, the undersigned, City Clerk of the City of Lynwood, do hereby certify that the foregoing Resolution was passed and adopted by the City Council of the City of Lynwood at a regular meeting held on the 19<sup>th</sup> day of July, 2016, and passed by the following vote:

AYES:            **COUNCIL MEMBERS ALATORRE, SANTILLAN-BEAS, SOLACHE,  
                          CASTRO AND MAYOR HERNANDEZ**

NOES:            **NONE**

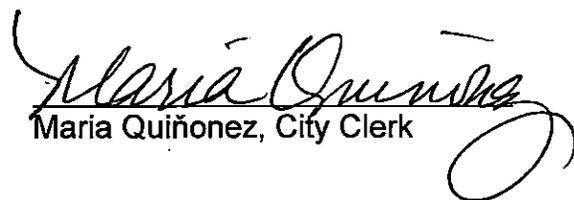
ABSENT:         **NONE**

ABSTAIN:        **NONE**

  
Maria Quiñonez, City Clerk

STATE OF CALIFORNIA        )  
  ) SS.  
COUNTY OF LOS ANGELES    )

I, Maria Quiñonez, the undersigned, City Clerk of the City of Lynwood, and the Clerk of the City Council of said City, do hereby certify that the above foregoing is a full, true and correct copy of Resolution No. 2016.161 on file in my office and that said Resolution was adopted on the date and by the vote therein stated. Dated this 19<sup>th</sup> day of July, 2016.

  
Maria Quiñonez, City Clerk