

## City Attorney's Impartial Analysis of Measure RD

Voter approval of this measure would amend the Lynwood Municipal Code to establish a budget stabilization (or "rainy day") fund. The fund would be used to pay for future City operations and services that might otherwise be reduced in scope, suspended or eliminated due to unanticipated shortfalls in general fund revenues, whether caused by economic recession or other financial hardship of the City.

The fund would receive automatic deposits/transfers of ten percent of any 2016 voter-approved sales tax revenues generated each year commencing with Fiscal Year 2017-2018 from the proposed transactions and use tax which is on the November 8, 2016 ballot for election.

Available funds from the budget stabilization fund could be expended by the City Council in any fiscal year if the City Council declares a fiscal hardship requiring the use of such resources to maintain current levels of City services and programs, if approved by a 4/5 vote. The proposed measure defines "fiscal hardship" as a projection by the City Manager in the proposed budget for any fiscal year that slow growth or a decrease in general fund revenues will result in an appreciable reduction in funding for general City services, as compared to the prior year's base budget required to maintain those services.

Under the proposed measure, at no time may the balance of the fund exceed ten percent of the City's general fund revenues forecast in the adopted budget for the subsequent fiscal year.

The proposed measure also includes mechanisms to establish and suspend automatic transfers to the fund based on revenue forecasts.

The proposed measure requires a majority vote of the electorate; however, the ordinance establishing the Budget Stabilization Fund will only become effective if the transactions and use tax measure, which is on the same ballot for election, is also approved by the voters.

A "yes" vote is a vote in favor of authorizing the budget stabilization fund.

A "no" vote is a vote against authorizing the budget stabilization fund.