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RESOLUTION NO. ____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIALTO,
CALIFORNIA, DECLARING A FISCAL EMERGENCY PURSUANT TO
ARTICLE XIII C SECTION 2(b) OF THE CALIFORNIA CONSTITUTION**

WHEREAS, under the provisions of the laws of the State of California, a special municipal election may be held on April 10, 2018 for the City of Rialto electorate to decide on whether to extend by 5 years the expiration date of the existing 8% Utility Users Tax on utilities within the City of Rialto from July 1, 2018 to June 30, 2023, preserving exemptions for senior citizens and low-income households; and

WHEREAS, pursuant to Article XIIC, Section 2(b) of the California State Constitution, an election to impose a general tax is required to 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 unanimous vote of the governing body; and

WHEREAS, the City Council may act to submit to the voters at the election to be held on April 10, 2018, an election which does not include the election of a person to membership on the City Council; a question related to the imposition of a general tax which, if adopted would assist the City in its efforts to maintain revenue levels and to provide municipal services at a level reasonably expected by the City residents and businesses; and

WHEREAS, the existing voter-approved Utility Users Tax, which has been imposed since 2003 and extended twice in 2008 and 2013, is scheduled to expire on June 30, 2018; and

WHEREAS, the existing Utility Users Tax is on average 18% to 19% of recurring general fund revenue and has been the largest and most reliable source of revenue; and

WHEREAS, for FY18, the Utility Users Tax revenue is projected to increase by \$532,500 to a total of \$14.2 million due to economic expansion; and

WHEREAS, the FY18 Budget projects a structural deficit of \$4.8 million, with cuts to capital outlay, a freezing of specified vacant positions, cuts to services, and deferral of a portion of the annual OPEB payment necessary to balance on a cash basis; and

1 **WHEREAS**, these stopgap measures cannot be sustained indefinitely to balance the budget;
2 and

3 **WHEREAS**, the City forecasts that its annual payment obligations to the Public Employee
4 Retirement System (PERS) will increase from \$11.3 million in FY17 to \$26.5 million in FY25,
5 growing to 25%-30% of general fund revenues and crowd out other priority expenditures; and

6 **WHEREAS**, this increasing obligation for employee retirement costs, when coupled with
7 additional obligations for retiree medical care (OPEB) and inflationary adjustments for personnel,
8 services, and capital outlay will cause deficit funding and a probable draw upon reserves or
9 undesirable service reductions; and

10 **WHEREAS**, if the Utility Users Tax is not extended it will cause devastating fiscal impacts
11 upon core city services; and

12 **WHEREAS**, the City Council finds that the City's future revenues will be insufficient to meet
13 the cost of the City's current level of city service needs, which without additional revenues will
14 necessitate continued deferral of essential capital and maintenance projects, including street
15 maintenance, park enhancements and expansion, and general facility maintenance and expansion; and

16 **WHEREAS**, the best interests of the residents and businesses of the City of Rialto are better
17 served by avoiding further cuts to essential city services; and

18 **WHEREAS**, the City's fiscal crisis herein described is of sufficient gravity and severity that
19 the City Council may propose that the electorate extend the current Utility Users Tax, at the 8% level ,
20 preserving the existing exemptions for senior citizens and low-income households, with a sunset to the
21 tax in 5 years.

22 **NOW, THEREFORE**, the City Council of the City of Rialto does hereby resolve, declare,
23 determine and order as follows:

24 **Section 1:** The foregoing recitals are true and correct and are incorporated herein by
25 reference.

26 **Section 2:** That the City Council hereby finds and declares a fiscal emergency, as the term
27 "emergency" is used in Article XIII C, Section 2(b) of the California Constitution, now exists in the
28 City of Rialto justifying calling for a special municipal election on April 10, 2018, in order that the

1 City may propose, and the City voters may consider, adoption of a general tax measure intended to
2 address that emergency by ensuring that the City has the resources necessary to preserve the public
3 health, safety and welfare.

4 **Section 3:** That the City Council directs City staff to investigate and recommend further
5 actions necessary to alleviate impacts of the conditions supporting the findings herein and to develop
6 local control over funds needed to protect essential city services.

7 **Section 4:** That the City Clerk shall certify to the passage and adoption of this Resolution
8 and enter it into the book of original Resolutions. This Resolution shall be effective immediately upon
9 passage and adoption.

10 **PASSED, APPROVED AND ADOPTED** this ___ day of ____, 2017.

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DEBORAH ROBERTSON, Mayor

14 **ATTEST:**

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BARBARA A. McGEE, City Clerk

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19 **APPROVED AS TO FORM:**

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FRED GALANTE, City Attorney

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1 **STATE OF CALIFORNIA**)
2 **COUNTY OF SAN BERNARDINO**) ss
3 **CITY OF RIALTO**)
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5 I, Barbara A. McGee, City Clerk of the City of Rialto, do hereby certify that the foregoing
6 Resolution No. _____ was duly passed and adopted at a regular meeting of the City Council of the
7 City of Rialto held on the ___ day of _____, 2017.

8 Upon motion of Council Member _____, seconded by Council Member
9 _____, the foregoing Resolution No. _____ was duly passed and adopted.

10 Vote on the motion:
11 AYES:
12 NOES:
13 ABSENT:
14

15 **IN WITNESS WHEREOF**, I have hereunto set my hand and the Official Seal of the City
16 of Rialto this _____ day of _____, 2017.

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BARBARA A. McGEE, City Clerk