



● **McQUISTON ASSOCIATES**

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COUNCIL 5/18/12

A. Alietti

**STATEMENT of J.H. McQUISTON on
BUDGET INCOME ESTIMATES**

Honorable President and Members of the Council:

Estimate of City Income in the proposed budget is excessive. The State just announced a jump in its deficit from \$9 to \$14 Billion. No one believes that the State will not withhold or delay payments it holds for the City.

The City included \$48 million from CRA as part of the General Fund Income. The CLA Report pared that amount, estimating it to be only \$18 million. But the Department of Finance is withholding the entire amount. The City may not only lose its "\$48 million income", but be required to pay an additional \$30 million to claimants.

The City included \$33 million from SPRF as part of the General Fund Income. SPRF is a "contract" with locals that parking fees in an area will be spent in that area to build off-street parking. The State Code permits the City to install metered parking on its property if the fees are used to build off-street parking in the area of the metered parking. It does not permit the City to use the funds elsewhere or for another purpose.

Moreover, Const Art 13 C & D subsequently prohibit collecting moneys for a new purpose not benefitting the payer without the peoples' assent. However, the SPRF may be employed for "loans" if the moneys are repaid with appropriate interest.

Also, Measure R funds are being "gifted" to property owners because they are not being assessed per the Streets & Highways Code mandate, with respect to sidewalk curb-cuts and to easement-reconstructions.

Furthermore, CLA assumed there will be no property-assessment appeals this FY, and did not balance the employment-account for the full year. That is another \$15 to \$50 million less income than the CLA estimate.

And, even using the CLA income figure, the budget has a structural imbalance of \$323 million.

The upshot is that the budget is in deficit by at least \$110 million and may not be approved, because it is not in-balance.

Not to balance now threatens about 1000 layoffs July 1, or 2000 layoffs January 1.

That is a very-reasonable forecast.

Respectfully submitted,

J. H. McQuiston

c:Interested parties