

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: Supervisor John Tavaglione

SUBMITTAL DATE: July 12, 2011

SUBJECT: State Budget Impacts to Newly Incorporated Cities

RECOMMENDED MOTION: Direct the Executive Office to review the impacts of recently signed SB 89 on the cities of Eastvale, Jurupa Valley, Menifee and Wildomar, with regard to county agreements.

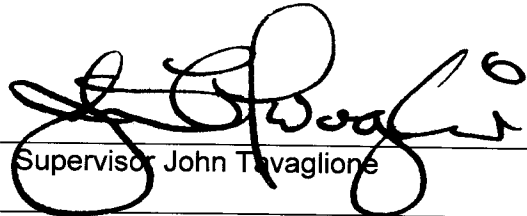
BACKGROUND: Governor Brown signed SB 89 into law on July 1, 2011 as part of the overall state budget package finalized last week. The bill modifies the funding structure for the Vehicle License Fee, on which cities depend for a portion of their annual budgets. At the same time, SB 89 partially addresses a significant funding issue for counties by channeling this revenue stream to the Local Law Enforcement Services Account to fund, in part, Realignment programs shifted to counties, as well as the early release of state prison inmates back to our County and all California counties, as part of the recent US Supreme Court ruling.

The bill will affect the VLF revenue, which is used by cities incorporated after 2004 as a key funding source. These cities receive an initial boost of VLF for the first five years of incorporation and then receive a substantial amount as a continuous stream thereafter, as these cities are not entitled to property tax in-lieu of VLF. This funding was included within each prospective city's Comprehensive Fiscal Analysis as a reliable funding source. The cities have hired Sacramento lobbyist and are currently seeking a legislative solution. Riverside County's lobbyists have also been directed to work with our local Sacramento delegation to address an amendment to this legislation.

The County has various agreements with each of these new cities, such as revenue neutrality agreements, service contracts, and net savings agreements. The four (4) new cities (Jurupa Valley, Eastvale, Menifee and Wildomar - the only new cities in the State and impacted by this legislation) will suffer huge fiscal impacts from SB-89, and we must be prepared to provide whatever assistance feasible until a state legislative fix occurs.

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Supervisor John Tavaglione

Department Recommendation:

Per Executive Office:

Prev. Agn. ref.

Dist. 2

AGENDA NO.

3.55

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