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State Senator DeSaulnier Talks Budget with Orinda's Council

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Senator Mark DeSaulnier speaking at the Orinda City Council meeting Photo A. Firth

Mark DeSaulnier, California State Senator for the 7th District, paid a visit to the Orinda City Council meeting last Tuesday. Despite the current bleak outlook for the state's finances, he tried to infuse some good news, or at least hope, within his description of the significant budget challenges facing California. "We thought we had solved the problem of the largest deficit that California has ever faced," stated DeSaulnier, who had just returned from a joint session of the Senate and Assembly in which the Governor delivered more negative news about the state's projected revenues. "We now have, as of today, an additional \$24 billion problem, which could lead to cash flow problems within as soon as a month," he stated. DeSaulnier went on to describe the budget remedies proposed by the Governor comprised primarily of additional cuts to local funding and health and human services. Most relevant to the Orinda City Council members was the Governor's proposal to suspend Proposition 1A (2004) allowing the state to borrow \$2 billion

of local property tax revenue. "For Orinda that's \$500,000," stated Council Member Victoria Smith. "The Governor has put these options on the table to demonstrate the dire situation that we face," DeSaulnier responded. However, the senator indicated that he felt that there may be other ways to address some of the deficit. The problems we have in California are systemic," noted DeSaulnier who identified the state's "robust" initiative system and the need for a super majority vote to pass the budget as elements that impact the legislature's ability to manage the state's finances effectively. DeSaulnier also described the rise in the cost of the state's corrections program, which has more than doubled in the past five years (growing in cost from \$5 billion to \$12 billion) and boasts a recidivism rate of 73%, as a big part of the problem. "The good news is that we have interest in structural reform," stated DeSaulnier who has called for a Constitutional Convention to initiate improvements to the state's budget process.

With the potential impact of the State's proposed property tax grab in mind, the City Council has been working through the budgeting process for the next two fiscal years. At a recent Mayor's Liaison meeting, City Manager Janet Keeter noted that although the City has been able to maintain a balanced budget thus far, a decrease in property tax revenue makes this difficult. "Property tax represents 47% of the City's revenue," stated Keeter. "We are projecting 2% or less growth in [property tax revenue] for the next year due to a reduction in real estate turnover." Keeter added that the City had begun to discuss the concept of temporary furloughs with the employee groups as a measure to reduce personnel costs.

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