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STAFF REPORT

Item # 3D

To: Lemoore City Council
From: Holly Smyth, Planning Director
Date: March 14, 2012
Subject: Support of Assembly Bill AB 1455 (Harkey) removing \$9 Billion in High Speed Rail funding

Background:

On March 12, 2012 several Lemoore City Council Members received an email from Assemblywoman Diane Harkey's office asking to consider supporting AB 1455 – High Speed Rail Lemon Law because of the Council's prior resolution opposing High Speed Rail. Assembly Member Valadao is one of the bills co-authors. Two Council Members asked City staff to add a Resolution of support for the bill for Council's consideration.

Assemblywoman Harkey believes that as local governments struggle to maintain services amidst declining revenues and reduced services, that Sacramento should share in the austerity measures taking place in our cities and counties. Continued spending is leading the state toward insolvency, and that is why she has introduced AB 1455, a bill to stop the proposed High-Speed Rail project so more taxpayer dollars are not wasted (see attached Lemon Law discussion).

The proposed bill would halt state debt funding for the California High Speed Rail project to an amount contracted as of January 2013. The High-Speed Rail project is an initially under-funded project - at \$9.95B - to \$98.5-\$117 billion venture with questionable assumptions, no guarantee of continued federal funding, and an increasing skeptical public. Many groups and entities have cast doubt on the project including the High-Speed Rail Peer Review Group, the State Auditor, the Legislative Analyst and others.

A re-vote on the original High Speed Rail bond would require a 2/3 vote of the Legislature or accumulating millions to gathering signatures and campaign. Given the time constraints of potential construction, the Assemblywoman found another way to stop the project through Article XVI of the California Constitution which authorizes the Legislature, at any time after the approval of a general obligation bond act by the people, to reduce the amount of the indebtedness authorized by the act to an amount not less than the amount contracted at the time of the reduction or to repeal the act if no debt has been contracted. Therefore, the bill was written based on this allowance.

Budget Impact:

None.

Recommendation:

That the Lemoore City Council, by motion, adopt and Resolution #2012-11 supporting AB-1455 (Harkey) which would remove the \$9 Billion in State of California Bond Funding for High Speed Rail.

"In God We Trust"