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### **BUDGET IMPACT ON VALLEJO NOT AS GREAT AS FIRST THOUGHT**

VALLEJO – The state budget recently signed by Gov. Gray Davis contained some good news and some bad news for Vallejo residents.

The good news is the overall impacts are not as severe as first believed. The bad news is, they're severe enough, as a total of \$1,158,000 will be taken from the General Fund through the loss of vehicle license fees and various grants.

"This could have been much worse," said Vallejo Mayor Tony Intintoli Jr. "Our City Manager David Martinez and Finance Director Fred Wright did a fine job preparing us for what was to come. Now we're not only ready for this fiscal year, but we've got a good start on the next one as well."

The new budget passed by the Assembly and signed by the Governor has a few modifications from the original Senate version. Specifically, the budget does the following: lowers the one-time RDA ERAF shift from \$250 million to \$135 million, thereby lowering its impact on the City to approximately \$105,000; keeps the VLF backfill taken from Vallejo at \$1.4 million, with a promise to repay that money (without interest) by August 2006; reinstates the booking fee reimbursement, budgeted at \$417,000 for FY 2003-2004; eliminates all police high tech grants and state mandated reimbursements; and implements the so-called "triple-flip" which swaps ½ cent of the Bradley-Burns sales tax for an equal amount of property tax effective Aug. 15, 2004.

"We're pleased that the final outcome of a very arduous process this fiscal year has come to an end, and it's better than we had anticipated," Martinez said. "We've already begun focusing on Fiscal Year 2004-2005, and I am sure it will take all our joint efforts again to overcome all the significant challenges which are inherent in the state budget."

Calculations show that, after taking into consideration the impact of the state budget along with the city's aggressive planning for a much deeper impact, the result will be a projected General Fund Undesignated Reserve of approximately \$3.9 million on June 30, 2004.

(More)

“Together with the unions and others, we worked hard to avoid layoffs, maintain a structurally balanced budget, and keep the current level of city services in tact,” Martinez said. “I know this spirit of cooperation will continue into the next fiscal year as well.”