

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
CATHEDRAL CITY, CALIFORNIA, ESTABLISHING PRIORITIES FOR
BUDGETING EXPENDITURES OF CANNABIS TAX REVENUES**

THE CITY COUNCIL OF THE CITY OF CATHEDRAL CITY FINDS:

A. Cathedral City imposes a general tax on cannabis businesses that operate within the City, generating revenues that are deposited into the City's General Fund. As general tax revenues, cannabis tax revenues may be spend for any municipal purpose.

B. The increased General Fund revenues resulting from the cannabis tax provide the City with additional funding that may be spent on a wide variety of City services and for various City purposes.

C. The City Council desires to provide guidance as to what City services and purposes should be given priority in the budgeting process for additional funding due to the increased General Fund monies available as a result of cannabis tax revenues.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CATHEDRAL CITY
RESOLVES:**

SECTION 1. In the budgeting process, the City will endeavor to allocate cannabis tax revenues for the following purposes:

1. Financial Stability - revenues should first be applied to covering any budget imbalances so the strong financial position of the City can be maintained. This would include covering any declines in other revenue sources and maintaining necessary cash reserves according to adopted financial policies.
2. Public Safety - revenues should be used to enhance Public Safety in the community including covering the costs to keep the recently authorized Firefighter/Paramedic positions once the grant funding expires, including required pension and benefit costs.
3. Economic Development - revenues should be used to cover the cost of Economic Development efforts to bring business and industry to Cathedral City including costs associated with providing necessary public infrastructure on the north side of I-10.
4. Reducing Future Pension and OPEB Liabilities - revenues should be used to establish and fund trust funds to reduce the on-going future costs of pension and other post-employment benefit (OPEB) liabilities, which will increase by as much as \$8 million over the next eight years.

5. Recreation Services for Youth and Seniors - revenues should be used to support the Cathedral City Senior Center, the Boys and Girls Club of Cathedral City and other programs to provide recreation opportunities to the residents of the community.

6. Code Enforcement - revenues should be used to support improved and expanded code enforcement to strengthen neighborhoods and support property values in the community.

SECTION 2. The list in Section 1 is not intended to, and does not, limit the City's ability to expend cannabis tax revenues for any proper municipal purpose. The purpose of this resolution is to provide guidance to City staff in the budgeting process. The City Council retains the right to allocate cannabis tax revenues to purposes other than those listed in Section 1.

SECTION 3. This Resolution shall take effect immediately upon adoption.

PASSED, APPROVED AND ADOPTED at a regular meeting of the City Council of the City of Cathedral City held on this 29th day of November, 2017, by the following vote:

Ayes:

Noes:

Absent:

Abstain:

Stanley E. Henry, Mayor

ATTEST:

Gary F. Howell, City Clerk

APPROVED AS TO FORM:

Eric S. Vail, City Attorney