



Agenda Report

File #: 20-0636

**AGENDA REPORT
REQUEST FOR CITY COUNCIL ACTION**

DATE: 07/15/2020

TO: Honorable Mayor and City Council Members

FROM: Management Services

SUBJECT:

City Council consider Adoption of Resolutions Placing a General Tax Measure on the November 3, 2020 General Municipal Election Ballot to Establish a 1 Percent General Transactions and Use (Sales) Tax.

RECOMMENDED ACTION:

That the:

- a. City Council consider adoption of Resolution No. 2020-093 calling for the placement of a 1 percent general transactions and use (sales) tax measure on the November 3, 2020 General Municipal Election Ballot;
- b. City Council consider adoption of Resolution No. 2020-094 setting deadlines and rules for the submission of primary and rebuttal arguments for and against the proposed sales tax measure; and
- c. City Council consider adoption of Resolution No. 2020-095 requesting the County of Riverside to consolidate this election with the Statewide General Election also to be held on November 3, 2020.

Please note that these resolutions must be approved by a two-thirds (2/3) vote of the membership of the City Council.

ANALYSIS:

For years, the State of California has shifted the responsibility for many programs to local cities like Corona without the necessary funding to pay for them. Over the past five years alone, the State has taken tens of millions of dollars from the City's budget, impacting City services our residents have indicated are important.

Corona has diligently cut costs and reduced services to keep our budget balanced and has striven to minimize the impacts on City services to our residents. However, the emergence of the COVID-19 pandemic has placed additional strain on the City's budget and increased the need for City services, including 911 emergency response, cleaning and maintaining public areas, addressing homelessness, and assisting local businesses. Because of past budget reductions, the City cannot fund all of these services without additional revenue.

Service reductions are particularly concerning in the area of public health, safety, and emergency response. The Corona Fire Department received over 9,000 calls for emergency medical and rescue services last year alone. But, according to reports, due to budget cuts, medical response times are longer than national standards about 20 percent of the time, and the Fire Department's 911 dispatch response time is more than twice the national standard.

Additionally, local firefighters and paramedics are using aging technology, equipment, breathing apparatuses and protective clothing. Additional funding would allow the City to restore staffing levels to our local emergency communications center, public safety dispatch, firefighters and paramedics in our community, and upgrade aging equipment and tools firefighters and paramedics use every day to respond to medical emergencies, house fires and wildfires in our community.

Additional funding would also allow the City to address the increase in homelessness and panhandling citywide, connect people experiencing homelessness to local and regional services, and fund trained professionals to interact with those experiencing homelessness and mental illness to address the safety and security of our neighborhoods, parks, business districts and other public areas.

Finally, there is not funding available to address these items, as well as other priorities expressed by the community, including local business assistance, cleaning and maintaining public areas and maintaining local police services. The City must make some difficult choices and wanted the community to guide those choices.

Earlier this year the City engaged polling professional FM3 to conduct a resident satisfaction survey, to identify resident priorities, among other things. Some of the top priorities identified by residents included maintaining local paramedic services and 911 emergency response, keeping taxpayer dollars local, recruiting and retaining qualified police officers, keeping public areas safe and clean, addressing homelessness, assisting small businesses, and coordinating with county and regional first responders to prepare for and respond to medical emergencies.

Corona continued outreach to residents to obtain additional feedback. From April-June of this year, the City engaged in a two-way conversation with residents via phone, mail, digital outreach as well

as 'in person' zoom meetings with community organizations to obtain additional feedback from residents. We thank the over 2,000 residents who have provided feedback to date.

Based upon the community outreach, residents continued to tell the City that they want City services funded. However, the City does not currently have the funding to do so.

On July 1, 2020, the City Manager provided a presentation to the City Council on the economic realities that the City is facing and an analysis of the options available to the City, including reducing costs/services and increasing revenue. At the conclusion of the City Manager's presentation, the City Council indicated support for staff to prepare documents for the Council's consideration which would be necessary to place a local revenue measure on the November 2020 ballot, thus allowing the community to decide whether such a measure is needed to fund the priorities that the community has identified as important.

California Elections Code Section 9222 and Revenue and Taxation Code Section 7285.9 authorize the City Council to place a general transactions and use (sales) tax measure on the ballot for consideration by the voters. California Constitution Article XIII C, Section 2 (Proposition 218) requires that the voters approve such general tax by majority vote.

Attached are the three resolutions, *which the Council must adopt by a 2/3 vote, to place the measure on the ballot.*

Resolution No. 2020-093 is the principal resolution which calls the election and places the measure on the November 3, 2020 ballot. It contains the language of the proposed sales tax measure (and adopting ordinance) to be submitted to the voters and directs the City Attorney to prepare an impartial analysis of the measure pursuant to California Elections Code Section 9280. It is noted that because the California Department of Tax and Fee Administration (CDTFA - formerly known as the Board of Equalization) collects and administers local sales taxes, any draft local sales tax measure must be reviewed and approved by CDTFA before placement on the ballot. The City has been in contact with CDTFA and secured their written approval of the tax measure's language last week.

Resolution No. 2020-094 and 2020-095 are largely boilerplate resolutions to help set up the election on the measure. One resolution consolidates the City's sales tax measure with the November Statewide General Election on November 3, 2020, effectively allowing the Riverside County Registrar of Voters to conduct the election on the City's behalf. The other resolution sets deadlines and rules for how and when interested persons may submit arguments for or against the proposed City sales tax measure.

Under California Proposition 218, the upcoming November 3, 2020 Municipal General Election is an appropriate date to place a local, general tax measure on the ballot. Pursuant to California Government Code Section 53724(b) (Propositions 62) and Revenue and Taxation Code Section 7285.9, a two-thirds vote of the membership of the City Council is required to adopt these resolutions.

COMMITTEE ACTION:

Not applicable.

STRATEGIC PLAN:

Not applicable.

FISCAL IMPACT:

If approved by a majority of the voters, this City sales tax increase is estimated to provide an additional \$30,000,000 annually to the City's General Fund. The estimate provided by the County to the City Clerk for placing the measure on this November's ballot is between \$39,000 to \$49,000.

ENVIRONMENTAL ANALYSIS:

This action is exempt under the California Environmental Quality Act ("CEQA") Guidelines Section 15378(b)(5), which states that a project is exempt from CEQA if the activity relates to organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment, and therefore is not a project within the meaning of CEQA. The recommended action simply would place a proposed sales tax measure on the November ballot, and there is no possibility that this action will have a significant effect on the environment. Therefore, no further environmental analysis is required.

PREPARED BY: DEAN DERLETH, CITY ATTORNEY/LRM DIRECTOR

REVIEWED BY: ROGER BRADLEY, ASSISTANT CITY MANAGER

SUBMITTED BY: JACOB ELLIS, CITY MANAGER

Attachments:

1. Resolution No. 2020-093: Calling for the placement of a 1 percent general transactions and use (sales) tax measure on the November 3, 2020 general municipal election ballot.
2. Resolution No. 2020-094: Setting deadlines and rules for the submission of primary and rebuttal arguments for and against the proposed sales tax measure.
3. Resolution No. 202-095: Requesting the County of Riverside to consolidate this election with the statewide general election also be held on November 3, 2020.