



# CITY OF CITRUS HEIGHTS

## CITY COUNCIL STAFF REPORT MEMORANDUM

**DATE:** July 23, 2020

**TO:** Mayor and City Council Members

**FROM:** Christopher W. Boyd, City Manager

**SUBJECT:** **Resolution to Submit a Transactions and Use Tax (“Sales Tax”) Measure to the Voters at the November 3, 2020 Election and Take Certain Related Actions and Introduction of the Sales Tax Ordinance**

### **Summary and Recommendation**

Adopt a Resolution calling for and giving notice of a November 3, 2020 election on a proposed ballot measure to enact a local General Transactions and Use (Sales) Tax to continue funding general municipal service priorities identified by the community; and establishing the policies and procedures for such an election and requesting that the County of Sacramento conduct such an election. The following proposed measure description outlines recommended spending priorities identified by the community should the measure be enacted by voters.

To provide and preserve services valued by Citrus Heights residents, the City of Citrus Heights is submitting a transactions and use (sales) tax measure to the voters proposing a 1¢ sales tax generating \$12,000,000 annually, with independent annual audits and citizen oversight, and all funds spent in Citrus Heights. If approved, funds generated by additional local revenue will be used to protect local control of funding that cannot be taken by the State and maintain vital city services the community has identified are priorities such as emergency response and preparedness, public safety, homelessness prevention, and supporting local business and job creation among others.

It is recommended the City Council:

Adopt Resolution No. \_\_\_\_\_

(A) to present to voters a measure to levy a general Transactions and Use Tax of one cent (\$0.01) at the Municipal Election to be held on Tuesday, November 3, 2020 as called by Resolution No. 2020-048;

(B) introduce and waive the first reading of Ordinance No. \_\_, adding Article VI (Transactions and Use Tax) to Chapter 86 of the Citrus Heights Municipal Code

(C) authorizing the Mayor to submit arguments in favor of the measure on behalf of the City Council, and the Mayor may allow such arguments to be signed by such additional persons as he deems appropriate;

(D) directing the City Attorney to prepare an impartial analysis of the measure; and

(E) requesting that the Board of Supervisors of the County of Sacramento consolidate the Municipal Election with the Statewide General Election to be held on the date pursuant to §10403 of the California Elections Code.

### **Fiscal Impact**

The amount of funds to be generated by the proposed sales tax measure, if approved, is estimated to be \$12,000,000 annually. The sales tax measure, if approved by the voters, will adopt Ordinance \_\_\_\_\_, which requires the City to form a Citizens' Oversight Committee, comprised of five Citrus Heights residents, to monitor ALL expenditures from funding generated by the measure. This body will produce an annual report that will be made public. Further, the City will commission annual audits of these expenditures by an independent accounting firm, which will be posted on the City's website for public review.

If the proposed sales tax measure is added to the November ballot it would cost an additional \$5,000 to consolidate the election and request the County of Sacramento to conduct the election. The Proposed FY-20 budget includes funds to cover November ballot items.

### **Background and Analysis**

In March 2019, City Council set a strategic planning goal directing staff to "Identify and launch an initial outreach process to gauge community priorities for maintaining essential services and fiscal stability." Under this direction, staff began execution of the first-ever comprehensive community feedback initiative in Citrus Heights. A survey to gauge community priorities was launched in June 2019 and distributed via the City's website, email campaigns, social media promotion, and by phone, mail, and in-person engagement. At an October 2019 strategic planning meeting a goal was set directing staff to "Expand and further localize a community outreach process to continue gauging community priorities and gather community feedback for maintaining essential services, local control, and fiscal stability, and present the results to the City Council."

The City's largest survey effort to gauge community priorities provides extremely crucial insight, as Citrus Heights looks to address the culmination of:

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- COVID-19 economic fallout recovery, including the need to address additional deficits and expenses, as well as a large decrease in sales tax revenue.
- The City's anticipated budget shortfall period, which has been consistently reported by staff.
- Ongoing budget trends of increasing costs throughout the State.
- Decreasing City revenues.

In addition the challenges mentioned above, cities our size have been left out of all three COVID-19 related stimulus packages passed at the Federal level, while the State of California has announced a \$54 billion deficit. Citrus Heights cannot count on State or Federal funding to adequately address its significant recovery efforts. Unlike other cities, the City of Citrus Heights already runs on a lean budget and does not have peripheral programming to further cut to aid in its recovery.

After more than a year of community outreach, thousands of residents have engaged by taking the City's survey online, at community events, at neighborhood association meetings (pre-COVID), over the phone, through mail, and by email. In alignment with our City's commitment to fiscal responsibility and transparency, informational messages from the City Manager on the City's budget and response to COVID-19 have been shared via email, social media, and direct mail. While engaging thousands of community members for feedback, City staff found that there are clear trends in resident priorities as well as supportive interest to maintain services with a locally funded measure.

Citrus Heights has always been a city that takes its future into its own hands. To remain self-reliant and preserve and provide the services our community prioritizes, expects, and deserves, the City of Citrus Heights is submitting a measure. The measure is being proposed to provide funding that cannot be taken by the State of California, with funding to be used only for local City services.

A transactions ("sales") and use tax is a local tax that is administered by the California Department of Tax & Fee Administration. All proceeds of the tax, less an administrative charge, would be paid by CDTFA to the City. The tax is, in most circumstances, collected along with the statewide sales and use tax by retailers and others. Unprepared food purchased at grocery stores, prescription drugs, and other purchases that are exempt from the sales tax are usually also exempt from a transactions and use tax.

To impose a transactions and use tax, the ordinance imposing the tax must be approved by the voters and the ordinance must be adopted by the City Council by a two-thirds vote.

**Procedure for Placing the Measure on the Ballot**

**MEASURE QUESTION**

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<p>To protect local control with funding that cannot be taken by the State; maintain 911 emergency response times; crime investigation/prevention; well-trained community police officers; school safety/security; pothole/street repair; homelessness reduction programs; local business/jobs support; and other city services, shall a measure to establish a Citrus Heights 1¢ sales tax generating \$12,000,000 annually until ended by voters be adopted, with independent annual audits and citizen oversight, and all funds spent in Citrus Heights?</p>	<p>YES _____</p> <p>NO _____</p>
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**ARGUMENTS IN FAVOR OF OR AGAINST**

The City Council or any member or members of the Council, or any individual voter who is eligible to vote on the Measure, or bona fide association of citizens, or any combination of such voters and associations may file a written Argument IN FAVOR OF or AGAINST any Measure. (EC § 9282)

The Filer of an Argument must be from the governing body, from a bona fide association of citizens or be a registered voter in the City. However, the Signers of an Argument need not meet this criteria. The Argument is limited to 300 words and shall be submitted on forms available from the City Clerk.

**IMPARTIAL ANALYSIS BY CITY ATTORNEY**

The city attorney shall prepare an impartial analysis of the measure showing the effect of the measure on the existing law and the operation of the measure. The analysis shall include a statement indicating whether the measure was placed on the ballot by a petition signed by the requisite number of voters or by the governing body of the city. If the measure affects the organization or salaries of the office of the city attorney, the governing board may direct the city elections official to prepare the impartial analysis. The analysis shall be printed preceding the arguments for and against the measure. The analysis shall not exceed 500 words in length. (EC § 9280)

**TIMELINE OF EVENTS UPON COUNCIL’S APPROVAL OF RESOLUTION NO: \_\_\_\_**

Code Deadlines		
August 7 E-88	Deadline for local ordinances, resolutions, tax rate statement for bond measures or orders calling for an election to be filed with the Registrar of Voters Office <sup>1</sup> .	EC §§ 10401 10402 10403
August 6 E-89	Deadlines to submit Arguments IN FAVOR OR AGAINST a local measure. Not to exceed 300 words in length.	EC §§ 9282 9283
August 7- August 16 E-88-E-79	10-Calendar Day public review period for Arguments IN FAVOR OF or AGAINST any measure During the 10-Calendar Day review period, any person may seek Writ of Mandate or injunction requiring any or all of the material in the Argument IN FAVOR OF or AGAINST to be amended or deleted. All Writs of Mandate must be filed by the end of the 10-Calendar Day public exam period.	EC §§ 9163 9190 9295
August 6 E-89	Impartial analysis due from City Attorney for measure. Not to exceed 500 words in length.	EC §§ 9280 9286
August 12 E-83	Deadline to withdraw a measure that has been submitted to the voters of any jurisdiction at an election. The order of election shall not be amended or withdrawn after this date.	EC § 9605
August 17 E-78	Deadline to submit rebuttals to Arguments IN FAVOR OF or AGAINST a measure argument. Not to exceed 250 words in length.	EC § 9285
August 18-August 27 E-77-E-68	10-Calendar Day public review period for Rebuttal to Arguments IN FAVOR OF or AGAINST any measure. During the 10-Calendar Day review period, any person may seek Writ of Mandate or injunction requiring any or all of the material in the Rebuttal Argument IN FAVOR OF or AGAINST to be amended or deleted. All Writs of Mandate must be filed by the end of the 10-Calendar Day public exam period.	EC § 9167 9190 9295

<sup>1</sup> By law a City has until the 88<sup>th</sup> day before an election to consolidate a measure, however this leaves insufficient time for adequate notice; argument filing period, public examination period, mock-up of ballot, and translation before ballot layouts must be delivered to the printer for publication by the County Elections Office. Thus, the City is well advised to deliver the Resolution to the Elections Office as soon as possible after it is adopted by Council.

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**Attachments**

1. Resolution No. \_\_\_\_\_; Proposed Ordinance No. \_\_\_\_\_

RESOLUTION NO. 2020-\_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CITRUS HEIGHTS, CALIFORNIA, SUBMITTING A TRANSACTIONS (SALES) AND USE TAX MEASURE TO THE VOTERS AT THE NOVEMBER 3, 2020 GENERAL MUNICIPAL ELECTION AND TAKING CERTAIN RELATED ACTIONS

**WHEREAS**, Citrus Heights has a long history of being self-reliant and fiscally responsible with taxpayer dollars, balancing its budget 18 years in a row; and

**WHEREAS**, the City cannot rely on the state or federal government to adequately address our local relief and recovery efforts; and

**WHEREAS**, the City needs to effectively address our own unique local needs and ensure local control for local priorities; and

**WHEREAS**, Citrus Heights residents prioritize maintaining 911 emergency response times, community and neighborhood safety, homelessness prevention, supporting local business and job creation, keeping public spaces safe and clean, and maintaining essential services as important priorities; and

**WHEREAS**, while violent crime in Citrus Heights decreased by 9% in 2019 thanks to responsible, proactive crime prevention efforts and community-based neighborhood patrol programs, Citrus Heights has experienced a 7% increase in violent crimes since January of this year; and

**WHEREAS**, the City has continued to successfully reduce homelessness, down by 15% in 2018-2019; and

**WHEREAS**, as the economic fallout from the pandemic continues, we need to continue successful homelessness reduction programs while ensuring the health and safety of all residents; and

**WHEREAS**, Revenue & Taxation Code Section 7285.9 authorizes the City Council to levy a transactions and use tax for general purposes if the ordinance proposing that tax is approved by a two-thirds vote of all members of the City Council and the tax is approved by a majority vote of the qualified voters of the City voting in an election on the issue; and

**WHEREAS**, on June 11, 2020, by its Resolution No. 2020-048, this Council called for the holding of a General Municipal Election on November 3, 2020 (the "Election"), requested that the Election be consolidated with the Statewide General Election to be held on November 3, 2020, and requested the assistance of the Sacramento County Registrar of Voters in the conduct of the Election; and

**WHEREAS**, the City Council desires to submit a 1% general transactions and use tax measure to the City’s voters at the Election; and

**WHEREAS**, the measure includes strict accountability requirements including independent citizen oversight with public disclosure of all spending, annual independent financial audits, all funds spent locally, with no funding that can be taken by Sacramento.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CITRUS HEIGHTS, CALIFORNIA, DOES RESOLVE AS FOLLOWS:

SECTION 1. The above recitals are true and correct and are a substantial part of this resolution.

SECTION 2. The City Council hereby orders, pursuant to Section 9222 of the Elections Code, that the ordinance attached hereto as Exhibit “A” and incorporated herein by reference (the “Ordinance”) be submitted to the voters at the Election. Adoption of the Ordinance requires a majority vote of those voting on the matter.

SECTION 3. The question submitted shall appear on the ballot as follows:

To protect local control with funding that cannot be taken by the State; maintain 911 emergency response times; crime investigation/prevention; well-trained community police officers; school safety/security; pothole/street repair; homelessness reduction programs; local business/jobs support; and other city services, shall	YES	
a measure to establish a Citrus Heights 1¢ sales tax generating \$12,000,000 annually until ended by voters be adopted, with independent annual audits and citizen oversight, and all funds spent in Citrus Heights?	NO	

SECTION 4. The City Clerk is instructed to transmit the Ordinance to the City Attorney along with a request that an impartial analysis be prepared pursuant to Elections Code Section 9280.

SECTION 5. In all particulars not recited in this Resolution, the Election shall be held and conducted as provided by law for holding municipal elections.

SECTION 6. Notice of the time and place of holding of the Election is given and the City Clerk is authorized, instructed, and directed to give further or additional notice of the election in the time, form, and manner as required by law.

SECTION 7. Pursuant to Section 10400 et seq. of the Elections Code, the Board of Supervisors of Sacramento County is requested to consolidate the election on this ballot measure with other elections held on the same day in the County.

SECTION 8. The Board of Supervisors is authorized to canvass the returns of the Election pursuant to Section 10411 of the Elections Code.

SECTION 9. Pursuant to Section 10002 of the Elections Code, the Board of Supervisors is requested to permit the County elections office to render all services specified by Section 10418 of the Elections Code relating to the election, for which services the City agrees to reimburse the County, in accordance with current County pro-rations and allocation procedures.

SECTION 10. Pursuant Section 9285 of the Elections Code, rebuttal arguments will be allowed. The rebuttal arguments may not exceed 250 words. Rebuttal arguments must be submitted to the City Clerk, and may be changed until and including the date fixed by the City Clerk, after which no rebuttal arguments for or against the proposed measure may be submitted to the City Clerk.

SECTION 11. The City Council authorizes the Mayor to submit arguments in favor of the measure on behalf of the City Council. At the Mayor’s discretion, the argument may also be signed by members of the City Council or bona fide associations or by individual voters who are eligible to vote on the measure. In the event that an argument is filed against the measure, the Mayor is also authorized to prepare a rebuttal argument on behalf of the City Council, which may also be signed by members of the City Council or bona fide associations or individual voters who are eligible to vote on the measure.

SECTION 12. The City Clerk shall file a certified copy of this Resolution with the Board of Supervisors and the County elections office.

SECTION 13. The City Clerk shall certify to the passage and adoption hereof.

PASSED AND ADOPTED by the City Council of the City of Citrus Heights the 23rd day of July 2020, by the following roll call vote:

Ayes:	Council Members:
Noes:	Council Members:
Abstain:	Council Members:
Absent:	Council Members:

\_\_\_\_\_  
Jeff Slowey, Mayor

ATTEST:

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Amy Van, City Clerk