



# APPROVAL OF AGREEMENTS WITH THE CALIFORNIA TAX AND FEE ADMINISTRATION FOR THE COLLECTION OF MEASURE O (ESSENTIAL CITY SERVICES) REVENUE

City Council Meeting  
March 12, 2019

Chuck McBride  
Chief Financial Officer

# CURRENT

- Voters passed Measure O, a ¼ cent general transactions and use tax increase, in November 2018 by 61.6%
- On December 18, 2018, the City Council adopted Ordinance No. ORD-2018-022, imposing this tax
- The California Department of Tax and Fee Administration (CDTFA) administers and collects tax revenue in all state jurisdictions

# PROPOSED

- The CDTFA, by statute, requires two agreements documenting the administration and collection of transaction and use taxes in the City:
  - One for the initial preparatory work to administer and collect the tax
  - One is for the ongoing administration and collection of the tax
- The cost for the services covered in the agreement will be borne by the City

# PROPOSED

- The cost for the CDTFA to establish the administration and collection of the new tax is one-time, based on actual costs, with a cap of \$175,000
- Ongoing collection and administrative costs are calculated as a percentage of revenue collected
- Entering into these agreements will allow the City to receive the new tax revenue, estimated at \$9 million per year

# RECOMMENDATION

- It is recommended by the Finance Department and the City Attorney that the Council, by resolution, approve two required agreements with the California Department of Tax and Fee Administration to administer the revenues collected under Measure O, passed by voters in November 2018.

# QUESTIONS?