

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: DEBORAH LAUCHNER, CHIEF FINANCIAL OFFICER
SUBJECT: AMENDMENT OF MEASURES O AND P

AGENDA ACTION: APPROVE ON FIRST READING ORDINANCE OR ORDINANCES
TO AMEND MEASURES O AND P

RECOMMENDATION

It is recommended by the City Manager and the Finance Department that the Council (1) receive the results from additional polling recently conducted by Fairbank, Maslin, Maullin, Metz & Associates (FM3), Inc., and (2) approve on first reading one or more ordinances to amend (a) Measure O, to modify the baseline spending level for certain public safety purposes, and (b) Measure P, to extend for eight years the ¼ cent sales tax to generate revenues for the City's General Fund. Council approval of these ordinances is the first step for submitting those ordinances for approval by the voters at the November 8, 2016 election.

EXECUTIVE SUMMARY

Beginning in December 2015, City staff, upon direction of the Council and Long Term Financial Policy Subcommittee initiated public opinion research to gauge resident satisfaction of and funding priorities for general city services, as well as interest in potential funding mechanisms to address service needs, including reauthorization of Measure P, amendment of Measure O. Two 20-minute surveys were completed sequentially in March and April, and the results provided to the City Council with recommendations in June 2016. The findings revealed generally positive opinions among residents about life in Santa Rosa and City government, including viewing specific City departments – police, fire, and recreation/parks – quite favorably, with a strong majority (59%) believing that Santa Rosa has additional funding needs. Areas of consistent and strong interest included providing clean drinking water, protecting and maintaining 911- police and emergency medical response times, fire protection services, and road and street maintenance, as well as providing local funds for local needs. There was strong interest in renewing measure P at the ¼ and ½ cent rates, and interest in amending Measure O, although the latter was not as familiar to residents.

On July 19, 2016, the City Council provided direction on the ballot measure(s) it wishes to present to the voters on November 8, 2016 that would amend Measures O and P, including clarification on ballot language desired. A tracking survey testing adjusted separate Measure O and P ballot questions, as well as a combined measure, were tested in July, and a report of the finding is attached with this report showing that while individual and combined measures both remain viable, individual measures result in a reauthorization of Measure P that is more strongly viable. The City Attorney has drafted proposed amendments to Measures O and P. Before submitting those proposed amendments to the voters, the Council must approve those amendments by way or ordinance. In addition, on July 19, 2016, the Council directed staff to complete additional research and analysis of the community sentiment based on changed ballot language and possibly combining the two tax measure amendments into one measure.

Under state law, the proposed amendment to Measure P to extend the expiration date of the ¼ cent sales tax requires approval by five Councilmembers and, absent unanimous declaration of fiscal emergency, may only be placed on the ballot in a general council election year. The proposed amendment to Measure O to adjust the annual public safety spending level requirements established in that measure requires approval by four Councilmembers. In the event the Council chooses to combine these amendments into a single ordinance, that ordinance would require the approval of five Councilmembers to meet the state law requirement for that portion of the combined ordinance approving an extension of the Measure P sales tax.

BACKGROUND

Measure O

At the November 2, 2004 election, City voters approved Measure O, which established a ¼ cent sales tax dedicated to funding specified public safety purposes and set a specific funding formula for how public safety areas must be funded at a minimum, irrespective of the funding brought in by Measure O. Specifically the funding formula established under Measure O requires that during the term of the tax, the City's annual funding of the Police and Fire Departments and gang prevention and youth programs may not be below the funding of those uses and purposes approved in the City's budget, as adopted on June 17, 2004, adjusted annually by changes in the area's cost of living index, unless a lower level of funding is approved by the affirmative vote of six Council Members.

The Council has directed staff to prepare a proposed amendment to Measure O that would adjust the public safety spending level requirements. Under this proposed amendment, the level of spending in future years for these public safety purposes could not be a lower percentage of City General Fund expenditures than it was under the City's 2015-2016 fiscal year budget.

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A proposed ordinance that would make that change is attached to this report as Attachment A. Approval of the ordinance on first reading would require an affirmative vote of four Councilmembers. If submitted to the voters, it would require approval by a majority of those voting on the measure.

Measure P

At the November 2, 2010 election, City voters approved Measure P, establishing a ¼ cent sales tax to provide revenues for the General Fund. Under the terms of Measure P, the ¼ cent sales tax expires on March 31 2019. The Council has directed staff to draft a proposed ordinance to extend Measure P sales tax for another eight years, until March 31, 2027.

A proposed ordinance that would make that change is attached to this report as Attachment B. Under section 7285.9 of the Revenue and Taxation Code, approval of the ordinance extending the sales tax would require an affirmative vote of five Councilmembers. If submitted to the voters, it would require approval by a majority of those voting on the measure.

Combined Measure

The City Council also directed staff to draft a proposed ordinance that would combine the proposed amendments to Measures O and P into a single measure. A proposed ordinance that would make these changes is attached to this report as Attachment C. Because the combined ordinance would extend the Measure P sales tax, approval of the ordinance on first reading would require an affirmative vote of five Councilmembers. If submitted to the voters, it would require approval by a majority of those voting on the measure.

Staff contacted the Board of Equalization, which collects and distributes the sales tax, regarding whether it would have any objection to having these two amendments contained in as single measure. The Board indicated that this approach was acceptable. The Board also confirmed that the ballot measure need only include those sections of Measures O and P that are being amended.

FISCAL IMPACT

The current estimated cost for each measure the City places on the November 2016 ballot is \$128,000. The FY 2016-17 adopted budget includes \$255,000 to cover two additional ballot measures.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in

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the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

The Long Term Financial Policy Subcommittee met several times from April 2015 through October 2015 and made their recommendations to the entire Council on November 10, 2015.

The Long Term Financial Policy Subcommittee met June 20, 2016 to review and discuss the polling results.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Ordinances

CONTACT

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