

**STAFF REPORT
CITY COUNCIL AGENDA**

DATE: July 21, 2016

AGENDA ITEM: Resolutions/Ordinances **F.52**

STUDY SESSION DATE: NA

MEETING DATE: August 15, 2016

TITLE OF ITEM: SECOND READING: An Ordinance (No. 1132) to be placed on the November 2016 ballot to continue a one-cent Transactions and Use Tax for Twenty years.

BRIEF DESCRIPTION: An ordinance imposing a one cent Transactions and Use Tax for Twenty years to be submitted to the voters on November 8, 2016, which must first be adopted by 2/3 vote of the City Council.

STAFF RECOMMENDATION: That the City Council APPROVE:

By 2/3 vote of Council, Ordinance No. 1132 continuing a one cent Transactions and Use Tax for Twenty years to be submitted to the voters for approval.

DEPARTMENT SUMMARY: The Transactions and Use Tax will expire on March 30, 2018. This will result in the loss of approximately \$4.5 million, or 20% of annual revenue to the City's General Fund. The City of Hollister strives to continue to adopt balanced budgets. However, without this local funding source, the City would be forced to reduce essential City services such as Police, Fire, and the maintenance of our local parks and roads. These cuts could increase critical emergency response times and our ability to maintain our local Fire Department and all currently open fire stations. The City must continue to ensure that people suffering from heart attacks, strokes, or other medical emergencies receive the basic life support they need to increase survival.

The City is committed to providing the highest level of service that the community desires. A public opinion research survey was conducted and the results confirmed public safety and emergency response ranked as the community's top priority. Attracting and retaining qualified police officers and firefighters to perform those duties would become increasingly difficult. In addition, preventing cuts to youth gang, drug prevention, and intervention, while maintaining recreational activities for our youth is critical to a healthy community and this measure would continue local funding to help maintain our quality of life. With these funds the City would be able to continue supporting programs to retain, expand, and attract new business in our community.

Therefore, the Council will remain committed to maintaining rapid emergency response times and maintaining operations at all Hollister Fire Stations.

The Council voted on August 1, 2016 to approve the ordinance by a 2/3 vote to place the ordinance on the November ballot for voter approval. This ordinance does not take effect unless approved by a majority of the voters voting at the November 8, 2016 ballot.

This Ordinance sets the terms of the continued Sales and Use Tax as follows:

1. Transaction and Use tax to be at a rate of one cent (1%).
2. Transaction and Use tax to sunset at the end of twenty (20) years.
3. Provisions will include for the continuance of a community oversight committee.

Staff recommends the Council adopt the attached Ordinance setting the terms of the Sales and Use Tax.

FINANCIAL IMPACT: The approval of this ordinance by the voters is anticipated to raise \$4.5 million dollars annually for twenty years for the City's General Fund.

CEQA: This action does not constitute a project under CEQA
DEPARTMENT: City Manager
CONTACT PERSON: William B. Avera
PHONE NUMBER: 636-4300

THIS REPORT WAS REVIEWED BY THE CITY MANAGER WHO CONCURS WITH THE STAFF RECOMMENDATION

William B. Avera, City Manager

EXHIBIT A

ORDINANCE NO. 1132

AN ORDINANCE OF THE CITY OF HOLLISTER EXTENDING THE ONE-CENT TRANSACTIONS AND USE TAX FOR GENERAL PURPOSES TO CONTINUE TO BE ADMINISTERED BY THE STATE BOARD OF EQUALIZATION

WHEREAS, pursuant to California Revenue and Taxation Code Sections 7285.9 and 7290, the City of Hollister (the "City") has the authority to levy a Transactions and Use Tax for general purposes;

WHEREAS, a majority of the voters of the City approved a one-cent (1%) Transactions and Use Tax at an election held on November 6, 2007;

WHEREAS, a majority of the voters of the City thereafter extended the one-cent (1%) Transactions and Use Tax at an election held on November 6, 2012,

WHEREAS, the City's Transactions and Use Tax Ordinance (the "Ordinance") is found in Chapter 3.30 of Title 3 of the City's Municipal Code;

WHEREAS, Section 3.30.160 of the Ordinance sets forth a "Termination Date" of five years from the Operative Date of the Ordinance, or March 30, 2018, at which time the authority to levy the tax will expire unless an extension or re-authorization is approved by the voters of the City at an election called for that purpose; and

WHEREAS, an extension or re-authorization of the City's Transactions and Use Tax will be submitted to the voters on November 8, 2016, to extend the "Termination Date" of Section 3.30.160 to March 31, 2038.

NOW, THEREFORE, THE PEOPLE OF THE CITY OF HOLLISTER ORDAIN AS FOLLOWS:

Section 1. Findings. The people of the City of Hollister hereby find as follows:

1. The sales and use tax commonly referred to as "Measure E" will sunset on March 30, 2018, resulting in a reduction of approximately four million five hundred thousand dollars (\$4,500,000) per year to the City's General Fund.

2. Approximately sixty-seven percent (67%) of the City's General Fund Budget is used for public safety (police, fire, and animal control services).
3. In order to offset the loss in "Measure E" revenue, the City adopted an austerity plan on March 19, 2012, to be implemented over three years to structurally balance the General Fund Budget.
4. Included in the austerity plan are severe reductions to City services including the elimination of 6 sworn police officers and 2 non-sworn police personnel, 7 sworn fire personnel, 2 animal control personnel, and 3 non- safety personnel.
5. Reductions in service will include elimination of the Detective Bureau in the Police Department, closure of the second Fire Station, reduction of animals held in the Animal Control Shelter to the minimum extent required by law, elimination of parks maintenance except to protect health and safety, and reduction in the number of recreation programs for youth and adults.

Section 2. Amendment of Code.

Section 3.30.030 entitled "Operative Date" is amended to replace the date "April 1, 2013" with the date "April 1, 2018."

Section 3.30.160 entitled "Termination Date" is replaced in its entirety with the following: "The authority to levy the tax imposed by this Chapter shall expire twenty (20) years from the Operative Date, or on March 31, 2038."

Section 3. Effective Date. This Ordinance, following its approval by a two-third (2/3) majority of the City Council and its publication, shall become effective upon the approval of the tax imposed hereunder by a majority of the voters of the City voting thereon at the election to be held on November 8, 2016. The "Operative Date" of the tax imposed hereunder shall be as provided in Section 3.30.030.

Section 4. Severability. If any provision of this ordinance or the application thereof to any person or circumstance is held invalid by a court of competent jurisdiction, the remainder of the ordinance and the application of such provision to other persons or other circumstances shall not be affected thereby. The voters of the City of Hollister hereby declare that they would have adopted each and every provision of this ordinance regardless of the invalidity of any other provision.

Section 5. Codification. Upon adoption of this ordinance pursuant to the voter approval referenced in Section 3, the City Clerk, in consultation with the City Attorney, is hereby authorized and directed to codify this ordinance in the Hollister Municipal Code.

PASSED AND ADOPTED this 1st day of August, 2016, by a two-thirds vote of the City Council, by the following vote:

AYES:

NOES:

ABSTAINED:

ABSENT:

Ignacio Velazquez, Mayor

ATTEST:

Thomas A. Graves, CMC
City Clerk

APPROVED AS TO FORM:

Bradley W. Sullivan, City Attorney