

*"Placerville, a Unique Historical Past Forging into a Golden Future"*



**City Manager's Report**  
**May 24, 2016 City Council Meeting**  
**Prepared By: M. Cleve Morris**  
**Item#: 12.1**

**Subject:** Adopt a Resolution Establishing November 8, 2016 as the Date for an Election on a Proposed Ballot Measure Seeking Voter Approval Relating to the Enactment of a One-Half of One Percent (0.5%) Transactions and Use (Sales) Tax For Twenty Years, Establishing the Policies and Procedures for Such an Election, and Requesting that the County of El Dorado Conduct Such Election.

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**Background:** The City considered this item on May 10, 2016. At that time, all aspects were acceptable with the exception of the ballot question. Since that time, we have been working with our attorney on the ballot language in order to come up with something that meets Council expectations. The attached resolution and ordinance include our recommendations to the ballot question. If there are modifications, they should be made at this meeting so that this action can be taken.

**Discussion:** In order to place a measure on the ballot, the Council needs to adopt a formal resolution calling for the election and setting forth policies and procedures for the election. The Council also needs to incorporate and approve in the resolution the ordinance that will enable the add-on sales tax to become operative should the measure pass. Before the Council tonight is a resolution to place a ½ cent sales tax measure on the ballot.

The resolution calls for the election and the placement of the measure on the ballot. It sets forth the ballot language, which, in summary, provides for one-half of one percent (0.5%) add-on sales tax for twenty (20) years with proceeds going for water, sewer, storm drain and streets. The ballot language also provides for an oversight committee. The proposed ordinance will be attached to the resolution and approved by the Council with the adoption of the resolution. The ordinance then becomes effective immediately upon approval of the measure in November.

The current fiscal year amended budget estimates \$940,961 for the Measure H Fund, which is a ¼-cent sales tax. Therefore a ½-cent tax would be estimated at \$1,881,922. Over 20 years, that amounts to \$37,638,440. However, we should also note that sales tax revenue does fluctuate from year to year, either up or down, due to natural economic cycles, and the actual amount of sales tax the measure would generate over the 20-year period is unknown.

Procedures for the election are set forth in the resolution relating to publishing notice, consolidating and conducting the election, and canvassing the returns. The resolution also sets dates for the submission of ballot arguments, rebuttals, and the required impartial analysis by the City Attorney. It should be noted that the Council will be asked to determine at tonight's meeting who is authorized to prepare a written argument in favor of the proposed measure. Since this is a Council-initiated ballot measure, two members of the Council may prepare such a written argument. The argument may be signed by two Council members, but may contain no more than

five signatures. The current resolution states that the Mayor will prepare the ballot argument. This does not preclude the Mayor from soliciting assistance from other Councilmembers.

Finally, the resolution contains the requisite findings pursuant to the California Environmental Quality Act (CEQA).

The ordinance, which is a part of the resolution, will add Chapter 27 to Title 5 of the Placerville City Code. If the measure passes, the operative date of the ordinance will be April 1, 2017. While containing many technical provisions required by the Revenue and Taxation Code, the ordinance also sets forth the add-on sales tax of one-half of one percent (0.5%) and limits the term of the add-on tax to twenty (20) years.

It should also be noted that the ordinance provides for a Citizens' Oversight Committee. This is to provide for the "annual oversight" stated in the ballot language. The proposed ordinance provides that the Citizens' Oversight Committee will be made up of five (5) members of the public who will review and report on the revenue and expenditure of funds from the special tax. The Council will appoint the members of that committee.

As indicated previously, the approval of this resolution and the associated ordinance is required in order for this matter to be on the November 2016 ballot. These documents must be received by the El Dorado County Elections Department by July 6, 2016 in order to qualify for the ballot. If the ballot measure passes, the Council will formally approve the ordinance as part of its action in adopting a resolution accepting the certification of the canvass of ballots by the El Dorado County Registrar of Voters.

### **Options:**


1. Discontinue further research on a sales tax measure and look for alternative funding for water, sewer, streets and roads.
2. Adopt a resolution providing for a special tax for repair and maintenance of water, sewer and streets only of ½ cent for a period of 20 years, and direct staff to present the certified resolution to the County prior to the July 6, 2016 deadline.
3. Amend the resolution provided and adopt the provisions therein.

**Cost:** The estimated cost to add the measure to the November 2016 ballot is \$5,000.

**Budget Impact:** The 2016-2017 fiscal year proposed budget will include \$10,000 for the election of which \$5,000 is for the ballot measure. It is not known at this time what the total cost will be for the County election and all proposed measures. If approved by the Council and if necessary, we will request a mid-year adjustment to the budget to account for the additional costs.

**Recommendation:** Adopt a Resolution Establishing November 8, 2016, as the Date for an Election on a Proposed Ballot Measure Seeking Voter Approval Relating to the Enactment of a One-Half of One Percent (0.5%) Transactions and Use (Sales) Tax For Twenty Years,

Establishing the Policies and Procedures for Such an Election, and Requesting that the County of El Dorado Conduct Such Election.

  
M. Cleve Morris, City Manager

*Attachments:*

1. *Resolution*
2. *Ordinance*