



STAFF REPORT

AGENDA NO:

MEETING DATE: July 3, 2017

To: Honorable Mayor and City Council

Date: July 3, 2017

From: Lisa K. Goldman, City Manager – (650) 558-7243

Subject: Adoption of an Ordinance to Place a Local Revenue Measure on the November 2017 Ballot to Maintain Quality of Life Programs and Adoption of a Resolution Calling a General Municipal Election to be Held on Tuesday, November 7, 2017, Submitting to the Voters a Local Revenue Tax Measure to Maintain Quality of Life Programs

RECOMMENDATION

Staff recommends that the Council take the following actions:

1. By motion, adopt the proposed ordinance as follows:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BURLINGAME TO ENACT A ONE-QUARTER CENT RATE LOCAL TRANSACTIONS AND USE (SALES) TAX TO BE ADMINISTERED BY THE STATE BOARD OF EQUALIZATION

2. Direct the City Clerk to publish a summary of the ordinance within 15 days of adoption.
3. Adopt the following resolution:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BURLINGAME ORDERING AND CALLING A GENERAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY, NOVEMBER 7, 2017, SUBMITTING TO THE VOTERS A LOCAL REVENUE TAX MEASURE TO MAINTAIN QUALITY OF LIFE PROGRAMS

BACKGROUND

The City of Burlingame has a long tradition of fiscal prudence with balanced budgets and emergency reserves. With over \$100 million in capital needs, however, there is inadequate funding to address aging and deteriorating infrastructure such as streets, sidewalks, and facilities that house the City's recreation programs.

DISCUSSION

For the past few years, the City Council has declared it a priority to resolve the lack of funding for these infrastructure projects while at the same time addressing important community priorities. In order to help the City Council and staff determine how to spend limited taxpayer dollars, the City conducted significant outreach to residents to find out their priorities for spending City funds. The City also commissioned Godbe Research to conduct independent public opinion research to determine the community's top priorities.

After analyzing the information received from the various outreach initiatives as well as the Godbe Research surveys, staff recommended on June 19 that the City proceed with a placing a quarter-cent sales tax measure on the November 2017 ballot. Such a measure, if approved by the voters, would help the City fund the top priorities identified by the community with revenue that is locally-controlled—in other words, none of the revenue generated by the measure can be taken by the State, as all proceeds would be spent for the benefit of Burlingame residents.

The proposed ballot question, which meets the word limit requirements for ballot measures, is:

To maintain/improve Burlingame's quality of life, including essential City facilities and services such as maintaining city streets, sidewalks and potholes; enhancing neighborhood police patrols/crime prevention programs; maintaining recreation programs and safe facilities for youth/teens; and other essential city services, shall the City of Burlingame enact an ongoing, 1/4 cent sales tax with authority to incur debt to accelerate infrastructure projects, providing \$2,000,000 annually, with annual audits, independent citizens' oversight, and all funds spent locally?

The proposed ballot measure safeguards the use of public funds and ensures transparency and accountability. The measure requires independent citizens' oversight and annual mandatory financial audits to ensure that all funds are spent as promised. Specifically, the City Council would be required to appoint a citizens' oversight committee that would meet annually to review expenditures and an external auditor's report on the use of these funds and report independently to the City Council.

The quarter-cent sales tax measure as structured above would be a general purpose tax, requiring the approval of a simple majority of voters. By placing a general tax on the ballot, the City Council is not approving a specific spending plan at this juncture. However, the City has spent well over a year soliciting community feedback on priorities and reporting on staff's engagement efforts during City Council meetings, and it is the Council and staff's intention to address the public's stated priorities of public safety, street and sidewalk maintenance, and safe, adequate park and recreation programs and facilities with the adoption of a specified plan immediately upon certification of election results should the measure be approved by the voters.

A sales tax increase would become effective for all transactions as of April 1, 2018, and the City would see those increased revenues in approximately June 2018. Importantly, funds received from this quarter-cent sales tax would be locally generated and therefore could not be taken by the State.

At the June 19 City Council meeting, the Council heard from many members of the public who urged the City Council to place the quarter-cent sales tax measure on the November 2017 ballot. Accordingly, the Council voted to introduce the ordinance at the June 19 meeting, which is the first step toward placing the measure on the ballot. Should the Council wish to proceed, then the next steps are adopting the ordinance this evening and adopting a resolution calling for the election and submitting the ballot measure to the voters. The proposed resolution also directs the City Attorney to prepare the impartial analysis and authorizes the City Manager to contract with the State Board of Equalization to administer and collect the tax if adopted.

FISCAL IMPACT

If approved by voters in November, a quarter-cent sales tax would take effect on nearly all taxable transactions in Burlingame as of April 1, 2018. (Unprocessed foods, such as groceries from a grocery store or farmers' market; prescription medications, real estate transactions; and services are exempt from the tax. Car sales and leases are taxed according to the tax rate in effect in the buyer's/lessee's home jurisdiction, not where the transaction took place.) While a precise estimate of the revenue impact cannot be made, a fairly conservative estimate made in consultation with the City's sales tax consultant, HdL, indicates that a quarter -cent sales tax would generate approximately \$2.0 million annually. These funds would be locally generated and therefore be safe from seizure by the State. In addition, they would enable the City to invest in services and infrastructure that the community values and help support upgraded facilities to house those programs/priorities.

Exhibits:

- Ordinance
- Resolution