



Initiation of Ordinance to Replace/Modify Measure M

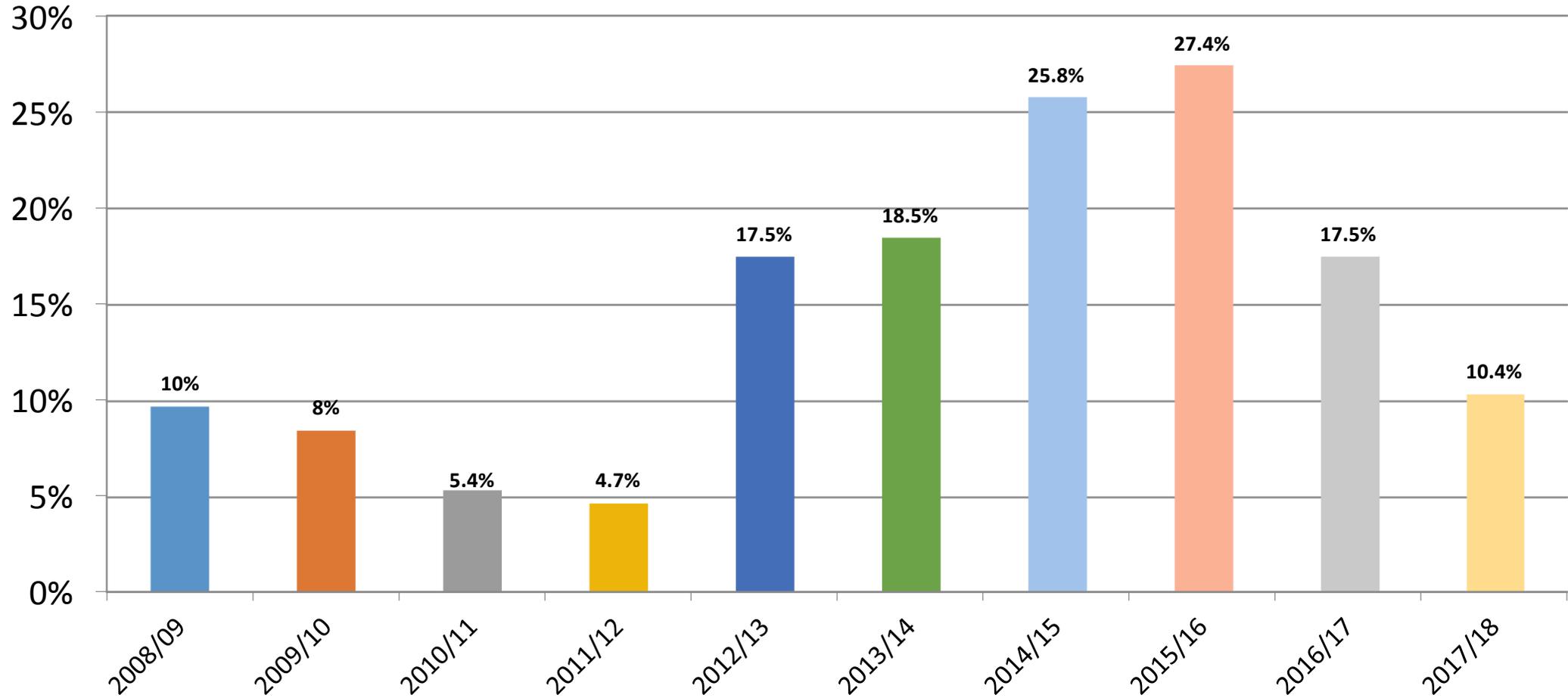
June 28, 2016

Status of Measure M

- Adopted in November 2012, expires at the end of April, 2018
- Tax measures required to be part of a general election (even years) unless a fiscal emergency is declared
- Next general election is November 2018
- If placed on the ballot, the tax is subject to:
 - Simple majority (50% + 1) if a **general** tax
 - 2/3 voter approval if a special tax (designated to a specific use)

Measure M Accomplishments

- Restoring General Fund Reserve



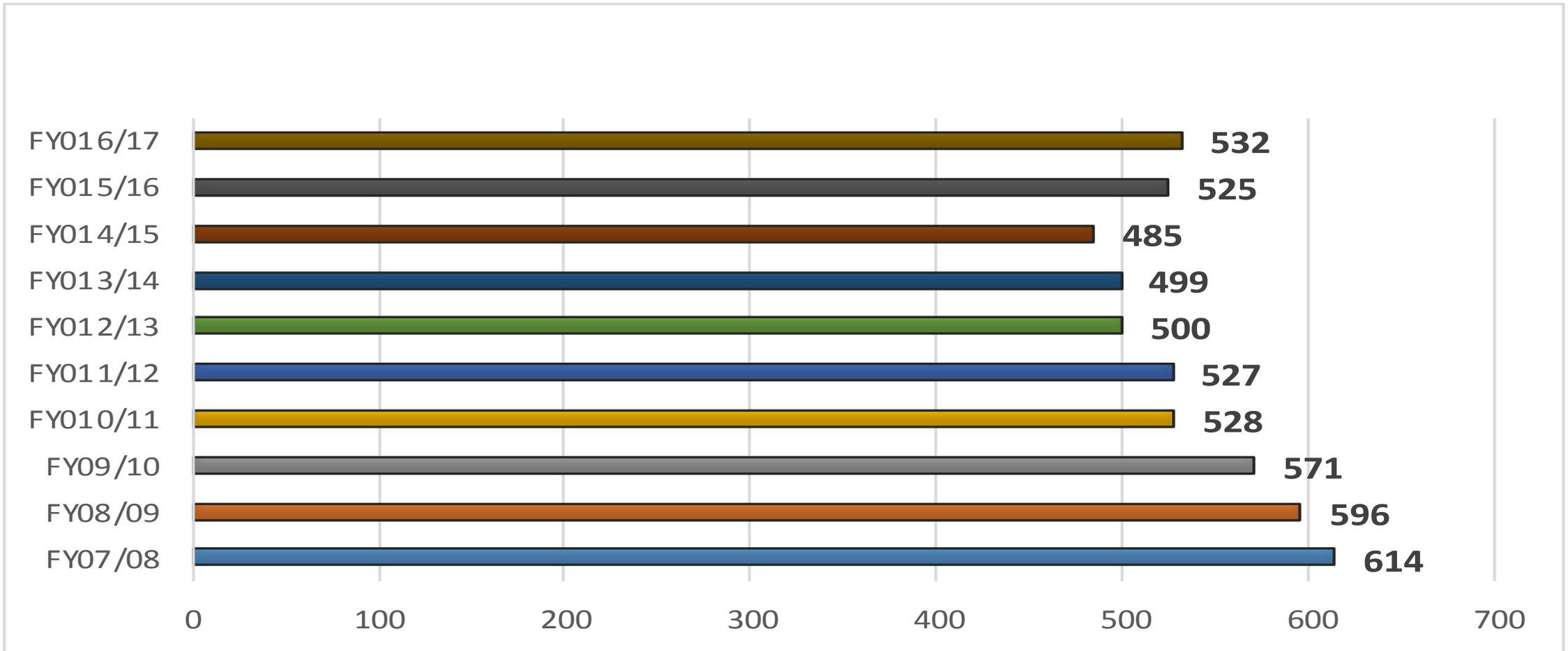
Measure M Accomplishments

- Replacing Essential Fleet and Equipment

Department	# of Fleet Replaced	\$ Cost of Replacements
Police	34	\$1,045,756
Fire	12	\$3,101,757
Public Works	29	\$1,038,193

Measure M Accomplishments

- Restoring Key Positions



Measure M Accomplishments

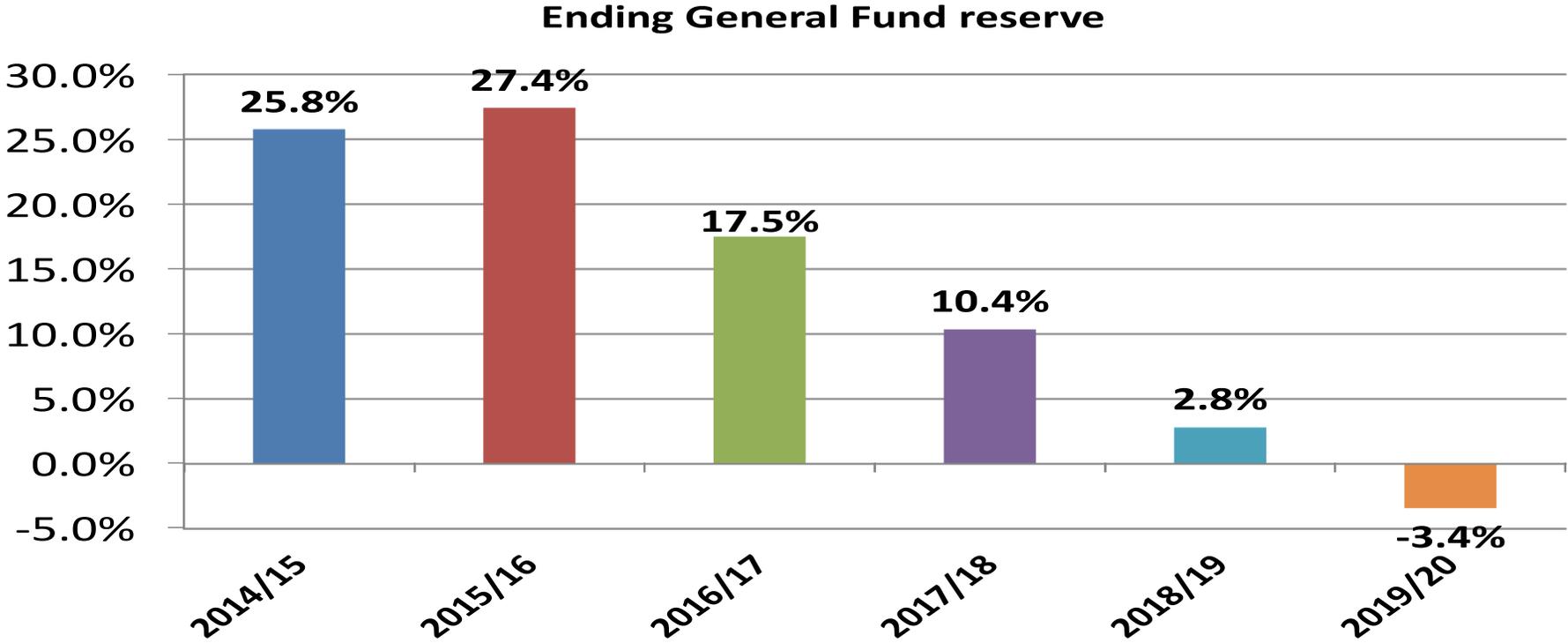
- Personnel Continued...
 - Economic Development Position
 - Police Lieutenant
 - Able to staff Fire Station #75 (9 positions total)
 - Fire Safety Coordinator and Fire Prevention Specialist
 - Fire Training Captain
 - Added 2 new police officers with partial grant offset

Measure M Accomplishments

- Investment in Buildings and Infrastructure
 - Added 2 employees to maintain City Facilities
 - Replaced failing roofs at City Hall and Fire Houses
 - Repainted two fire houses
 - Need to fund street staff from gas tax eliminated – adding \$1mil to street repair budgets
 - Set aside \$1.5 million for Public Safety Radio Replacement

City's Current Financial Status

General Fund Forecast



Challenges Affecting Long Term Solvency

- Aging infrastructure and buildings – competitive bidding environment
 - Three Oaks (1973)
 - Georgie Duke (1989)
 - Ulatis Cultural Center (1994)
- Aging fleet and equipment

Challenges Affecting Long Term Solvency

- Continued increases in healthcare and pension costs
- Increasing state and federal mandates
- Lack of full staffing to provide services
- Need to provide funding for long term liabilities

Comparison of Tax Rates

City	Sales Tax Rate	PLUS Extra Rate	TOTAL SALES TAX RATE
Concord	7.500%	1.500%	9.000%
Fairfield	7.625%	1.000%	8.625%
Vallejo	7.625%	1.000%	8.625%
Walnut Creek	7.500%	1.000%	8.500%
Davis	7.500%	1.000%	8.500%
Sacramento	7.500%	1.000%	8.500%
West Sacramento	7.500%	0.500%	8.000%
Napa	7.500%	0.500%	8.000%
Vacaville	7.625%	0.250%	7.875%
Suisun City	7.625%	0.000%	7.625%
Roseville	7.500%	0.000%	7.500%

Options for Sales/Transactions Tax

Sales Tax

Rate

Annual Projected Revenue

0.25%

\$4,900,000

0.5%

\$9,800,000

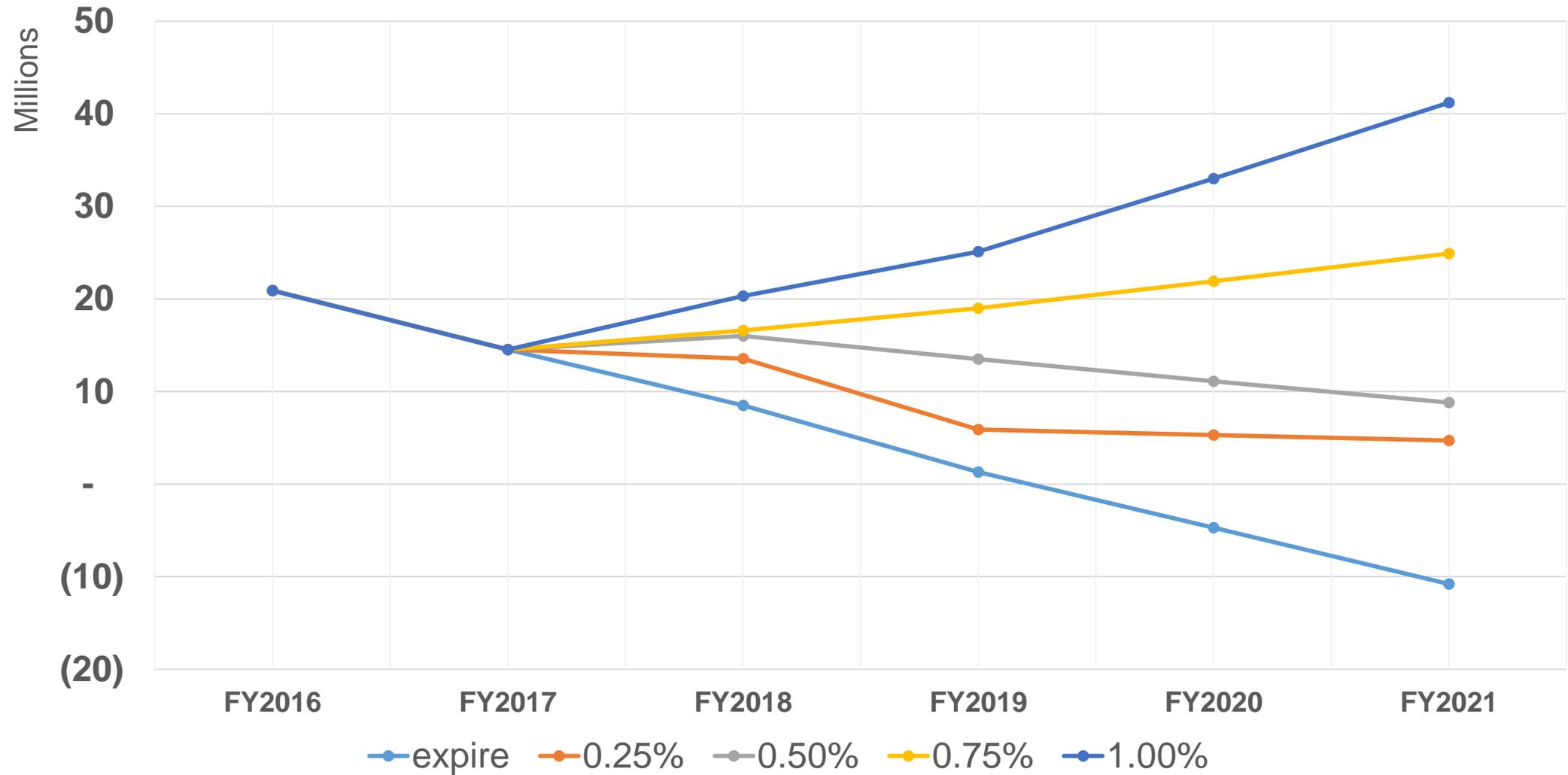
0.75%

\$14,700,000

1.00%

\$19,600,000

Five Year Scenarios with Rates



Comparison of Transient Occupancy Taxes

City	City TOT Rate	PLUS Extra TOT Rate	TOTAL TOT RATE
Concord	10.000%	3.000%	13.000%
Fairfield	10.000%	3.000%	13.000%
Vallejo	11.000% (a)		11.000%
Walnut Creek	8.500%	1.000%	9.500%
Davis	12.000%	0.000%	12.000%
Sacramento	12.000% (b)		12.000%
West Sacramento	12.000%	0.000%	12.000%
Napa	12.000%	2.000%	14.000%
Vacaville	8.000%	4.000%	12.000%
Roseville	6.000% ©		6.000%

Note - The City of Vacaville has 2% extra for Measure I and 2% for Visit Vacaville
 (a) - Vallejo has a flat rate of \$2 per night for visitor's bureau
 (b) - Sacramento has an additional 1-3% for visitor's bureau depending upon location
 © - Roseville has an additional flat rate of \$1.50 per room night for visitor's bureau

The Bottom Line

- Revenues are not keeping pace with costs
- Traditional tax structure has been eroded, many of typical city revenues have been reduced or eliminated
- Capital infrastructure needs require larger financial commitments to maintain service levels (streets, community services)

The Bottom Line (cont)

- Projected financial shortfall, annually, is \$7.5 million across the forecast
- Many City obligations tied to financial markets and broader economy and out of City control
- City policy to fund retiree health care requires additional \$4.5 million annually at end of five years

Recommendation

- By simple motion, direct staff to prepare an ordinance to place a measure on the November 8, 2016 ballot to renew Measure M for a $\frac{1}{4}$ cent transactions and use tax and to increase the transactions and use tax by an additional $\frac{1}{2}$ cent for an additional $\frac{3}{4}$ cent transaction and use tax for a period of 20 years.