

ORDINANCE NO. 2014 –

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY ORDERING THE SUBMISSION OF A MEASURE TO EXTEND AN EXISTING VOTER APPROVED TRANSACTIONS AND USE TAX (A SALES TAX) IN THE AMOUNT OF ONE PERCENT (1%) TO THE QUALIFIED VOTERS OF THE CITY AT THE GENERAL MUNICIPAL ELECTION TO BE HELD ON NOVEMBER 4, 2014

WHEREAS, section 7285.9 of the California Revenue and Taxation Code authorizes cities to levy, increase, or extend a transactions and use tax (“sales tax” or “sales and use tax”) at a rate of 0.25% (or any multiple thereof) to be expended for general purposes, which transactions and use tax is subject to the approval by a two-thirds majority vote of all the members of the City Council and by a majority vote of the qualified voters of the City voting in an election on the issue; and

WHEREAS, Article XIII C, section 2 of the California Constitution requires that a general tax must be approved by a majority vote of the qualified voters of the City voting in an election on the issue, and that said election shall be consolidated with a regularly scheduled general election for members of the governing body of the local government; and

WHEREAS, a majority of the voters of the City of National City approved a one cent (1%) Transactions and Use Tax which expires in September 2016; and

WHEREAS, without the revenue provided by the existing voter approved local funding measure the City will cut public safety, reduce gang and drug prevention, police officer staffing at local schools, neighborhood patrols and graffiti removal and eliminate up to one-third of the City’s firefighters; and

WHEREAS, local funding that cannot be taken by the State ensures adequate funding for parks, libraries, and other City services; and

WHEREAS, the City Manager has presented evidence that the City faces at the current expiration of the transactions and use tax a budget deficit in the magnitude of a \$8 Million annual shortfall in funding City services, facilities and programs, including public safety services, facilities and programs, which will result in a substantial reduction in those services, facilities and programs unless additional sources of revenue can be found; and

WHEREAS, National City has one of the highest crime rates in the County and public safety represents over 70% of the City general fund budget; and

WHEREAS, the reduction of police, firefighters and paramedics will increase 9-1-1 emergency response times; and

WHEREAS, it is important to National City residents that we keep our own local police and fire departments, prevent the outsourcing of these services, and maintain local control; and

WHEREAS, thousands of people visit National City every day and this local funding ensures that they pay their fair share for police, fire, street repair and other services these visitors use when they are in National City; and

WHEREAS, the City Council desires to submit a ballot measure on extending the previously approved one cent (1%) transactions and use tax to the qualified voters of the City of National City at a Regular Municipal Election to be consolidated with the Statewide General Election to be held on November 4, 2014 (the “Consolidated Election”).

THE PEOPLE OF THE CITY OF NATIONAL CITY DO ORDAIN AS FOLLOWS:

SECTION 1. Findings.

- A. At an election held on June 6, 2006, a majority of the voters of the City of National City approved a one cent (1%) Transactions and Use Tax, commonly known as "Proposition D."
- B. Proposition D is codified in Chapter 4.60 of Title 4 of the National City Municipal Code and has an expiration date on the tenth anniversary of the operate date thereof, unless extended by a majority of the voters of the City.
- C. An extension of Proposition D will be submitted to the voters to extend the expiration date of Proposition D an additional twenty years, unless repealed or reduced by a vote of the City Council.
- D. The City of National City has taken many steps to reduce costs and protect services. The City has reduced the overall number of police officers, firefighters, and other city employees, consolidated City departments, instituted pension reform, and obtained employee concessions.
- E. The City's fiscal situation has been reviewed by the Independent Oversight Committee, which was comprised of independent financial and municipal experts from the San Diego region. This Independent Oversight Committee report stated:

*"...the City has been able to balance the General Fund budget each year, but the deficit is structural, returning the next year because revenues are insufficient to cover expenses. Worse yet, the City's five year budget forecast show these deficits will persist through 2016. In other words, the City is not expecting to solve the structural deficit problem, although, thanks to revenue from the District Tax and actions taken to reduce General Fund expenditures, the City does expect to keep the deficit from spiraling out of control. However, when Proposition D expires in 2016 the sales tax revenue it has been contributing goes away, at which time the general fund deficit would balloon by its expected value, estimated to be \$9.5 million."*
- F. The City has taken significant steps toward long-term pension reform. All City employees pay the maximum employee contributions allowed by CalPERS into their retirement programs. The City adopted two-tier retirement benefit structures for both safety and general members years before the state implemented its revised pension provisions.
- G. Employees of the City have made important contributions toward the fiscal health and stabilization of the City's finances. Employees agreed to share the costs of increases to health care, and have taken unpaid work furlough.
- H. The National City Public Library is open six days a week but operates only four hours a day on weekends and remains closed on Fridays.

- I. The City has deferred maintenance in its public facilities. Facilities such as Kimball Park, El Toyon Recreation Center, and the Senior Centers are all in need of maintenance which has been deferred due to the lack of funding.
- J. The City workforce, including public safety, has been reduced approximately 14% since 2006.
- K. The overall reductions taken throughout the City have broadly impacted services throughout the City. The City Manager's Three-Year Operating Plan estimates that further cuts amounting to 90.56 full-time equivalent positions will be necessary absent this local revenue source of funding. Reductions in staffing is a reduction in services to the community.
- L. On May 14, 2013, the City Council was presented with various options regarding generating local revenues. None of the other presented options were projected to generate sufficient revenue to meet the City's operating expenses.
- M. An independent Community Outreach Survey was undertaken in September, 2013 polling approximately 400 likely voters.
- N. Without Proposition D, the City of National City will not be able to maintain existing programs and services or restore services that have been reduced or eliminated, will not be able to adequately maintain infrastructure or facilities, will not be able to add necessary resources to the Police Department, and will not be able to maintain the reduced Police Department staffing currently in place.
- O. On January 21, 2014, the results of the independent Community Outreach Survey were presented to the City Council.
- P. On January 21, 2014, the City Council was presented a Three-Year Operating Plan for Fiscal Years 2015 through 2017 which discussed the action plan to address the reduction in revenue due to the expiration of Proposition D. As part of this Three-Year Operating Plan, all departments, including Fire and Police, were directed to plan for a 24% reduction in general fund operating revenue for Fiscal Year 2017. At the conclusion of this presentation, the City Council directed the development and drafting of a proposed ballot measure to extend the previously voter approved one cent district sales tax beyond its expiration date.
- Q. Based on all the information presented at the June 17, 2014 meeting, both written and oral, including the staff reports, minutes, and other relevant materials, the City Council finds that under CEQA Guidelines 15060(c)(2) and 15378, subdivisions (2) and (4) of subdivision (b), this action does not constitute a project under CEQA and therefore review under CEQA is not required.

SECTION 2. At the consolidated statewide general election to be held on November 4, 2014, there shall be submitted to the qualified voters the following measure to approve an ordinance extending the previously voter approved one cent (1%) transactions and use tax for general purposes:

<b>National City Continuation of City Services Funding Measure.</b> To maintain National City's public safety and prevent cuts to neighborhood police patrols and officers; gang/drug prevention; 911 emergency response; fire protection and firefighters; graffiti removal; street/pothole repair; senior/youth/library program; and other City services; shall National City continue its existing voter-approved one-cent sales tax for 20 years with Citizens' Oversight, annual independent audits, all money kept in National City, with no increase in tax rate?	YES	
	NO	

SECTION 3. The measure shall be submitted to the voters of National City as required by Section 53720, et seq., of the California Government Code, approved by the voters of California in 1986 as Proposition 62, as required by Article XIII C of the California Constitution, approved by the voters of California in 1996 as Proposition 218, and as required by Section 7285.9 of the California Revenue and Taxation Code.

SECTION 4. The proposed extension of the transactions and use tax shall remain at the rate of one cent (1%) and shall expire twenty years from September 2016 (the current expiration date), unless the City Council finds the levy and collection of the tax is no longer necessary for the City's fiscal stability and sustainability, in which case the City Council has the authority to reduce the rate of tax, or to terminate the imposition of the tax.

SECTION 5. This ordinance shall take effect immediately as an ordinance relating to an election, pursuant to California Government Code Section 36937 (a).

PASSED and ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Ron Morrison, Mayor

ATTEST:

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Michael R. Dalla, City Clerk

APPROVED AS TO FORM:

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Claudia Gacitua Silva  
City Attorney