

# TOWN OF FAIRFAX

Local Sales Tax : A Community Discussion

# Fairfax's situation – 6 years ago

Where

Fairfax

Was

- Six years ago Fairfax faced a fiscal crisis in the wake of our state leaders' mismanagement of California's budget.
- In 2005 Fairfax voters passed Measure F as a five year special municipal services tax to allow the Town to continue to maintain public safety, youth services and some capital improvement projects.
- In November, 2009 Measure I was approved by 73% of the voters to extend Measure F for an additional five years

# Measure F and Measure I contributions

What

Measure F

and

Measure I

Gave

Fairfax

- Allowed Fairfax to continue to have our excellent public safety, youth services and some capital improvements.
- Also allowed the Town to balance the budget to maintain the Town's quality services while including two frozen staff positions
  - One Police Officer
  - One Administrative Position
    - (Both frozen since September 2006)
    - Saved the Town \$165K, cost: the productivity of these positions.

Then came the next  
challenge



## The “100 year flood” on December 31, 2005

An additional challenge for Fairfax was presented only months after having passed the Measure F contribution to address the fiscal crisis. The dawn found Fairfax up to its knees, literally, in water as the creek flooded its banks engulfing the town in a unwelcome embrace.



## Mother Nature's Challenge

The explosion of water washed through the Town Hall, Police department, Fire department and Youth center, wiping away the functioning center of the Town. Clean up and rebuilding started right away with the final flood recovery, six years later, within sight.

# Flood Cost to the Town

What  
The  
Flood  
Cost  
Fairfax

- Total FEMA Award to the Town:
  - ▣ \$1,708,000 (\$1,608,000 Recovered to date )
  - ▣ \$ 322,600 Insurance Contribution
  
- Total Town Expenditures
  - ▣ \$2,799,000
  
- Total Town Cost (Paid by the General Fund)
  - ▣ \$ 768,000 (assuming total award receipt)

# Challenge 2011

Which brings us to our current budgetary challenge.

# What is causing our deficit?

Current

Budget

Challenges:

Primary

Factors

- Pensions: recession and stock market crash hit the investment accounts hard. To make up the 34% loss of 2008, CalPERS raised local and state employer contributions by 6-15% per year. For FY 2011/12 the Town will pay an additional \$93,536 for pensions.
- Health Care: average cost increase is 8% for the last several years.
- These increases are not sustainable even in normal economic times when Town's revenue increases 3-5% per year.

# What has the Town done?

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Cost

Compromise

s

And

Sacrifices

- Fairfax has the fewest employees per capita in Marin County
- Fairfax employees continue to be the lowest paid employees in Marin County
- Currently have three key positions unfilled.
- Reduced Capital Improvement Projects to minimal maintenance only unless funded by grants.
- Town staff have had steady pay decreases for the last several years .

# Town Implemented Costs savings

Cost

Savings

Implemented

By

The

Town

- Two Tiered Retirement System – effective July 1, 2009 3% at 55 in the Police Department; two tiered system for Misc and SEIU effective July 1, 2010.
  - \$20,000 per position - Police Dept
    - Compared to the prior 3% at 50
  - \$ 7,000 for all other positions at 2% at 55
    - Compared to the prior 2.5% at 50
  
- Projecting the continued savings to the entire staff in 15 years the annual cost

# What will the Town do?

Potential

Cost

Compromises

And

Sacrifices

- More wage cuts in FY 2011/12
  
- The \$267,000 budget deficit includes several reductions - some major ones:
  - Public Works Director – Vacant – \$80,000 savings
  - Reduced funding of OPEB (Other Post Employment Benefits) to \$40K of the \$120K

# Property Tax Revenue



# The Path of Property Tax

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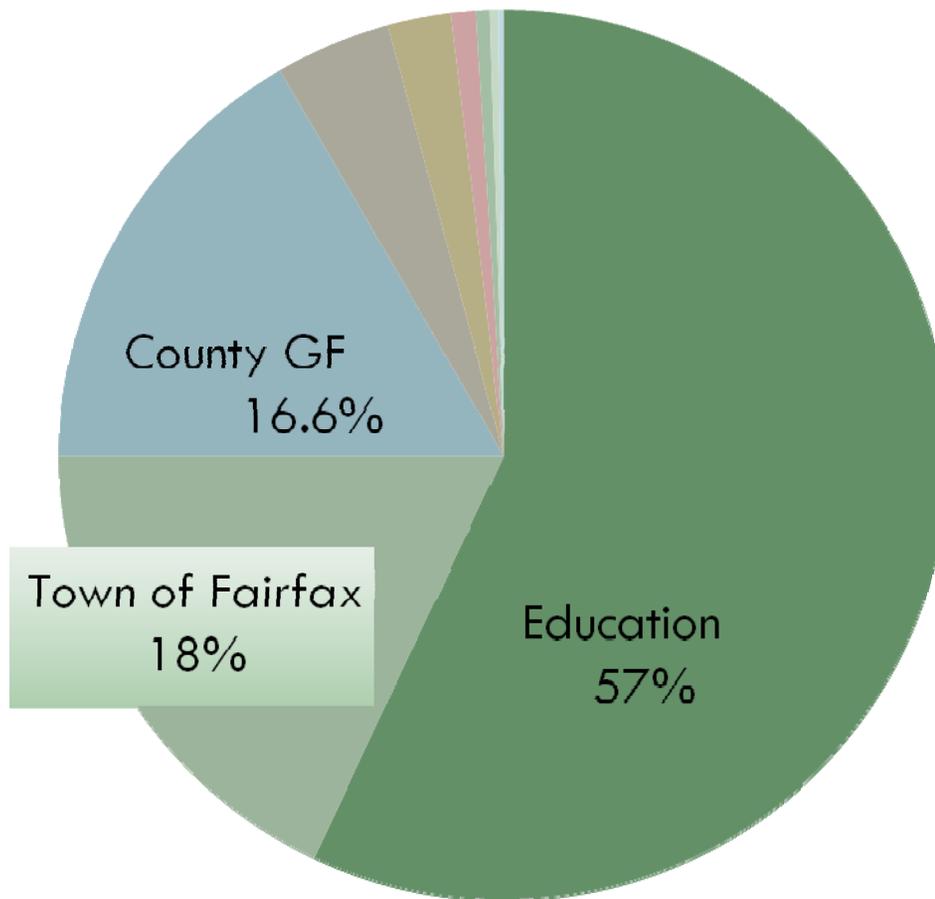
How  
Property  
Tax  
Is  
Collected  
And  
Used

- Property Tax is collected by the County on behalf of all the municipalities.
- The total property tax collected is 100% of what is paid on your property tax bill.
- The County distributes the collected property tax in the following manner:

# Property Tax Distribution

Where  
Your  
Money  
Is  
Used

## Tax Revenue Distribution - Fairfax



- Education - 57%
- Town of Fairfax - 18%
- County General Fund - 16.6%
- Sanitary District - 4.2%
- Library - 2.3%
- County Open Space - 0.9%
- Marin County Transit District - 0.5%
- Marin-Sonoma Mosquito Abatement District - 0.3%
- Bay Area Air Quality MGMT District - 0.2%

# Other Revenue Sources

# Revenue Generating Measures

## Revenue Generating Measures

- Adoption of a new Master Fee Schedule to bring Fairfax's fee to average pricing structure.
- Working with Fair-Anselm (new Good Earth location) and various other commercial properties in Town to possibly generate additional sales tax revenue for the Town.

# Revenue Generating Measures

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Revenue

Streams

Under

Consideration

For

Fairfax

- Parking Fees – Parking meters and other fees could generate about \$200K per year.
- Local Sales Tax measure - Town receives only 1% of the existing sales tax (about \$300,000 per year).



## A glowing light in the landscape of Marin

In this time of financial change in our community, our country and our world, we stand poised at the crossroads of the path of government. It is becoming obvious that while we do not want to recognize nor reward the State for the mismanagement of funds – we do need to recognize and choose how to manage our community, now and for the future.

# What is a Local Sales Tax?

Description  
of  
a  
Local  
Sales  
Tax

- A tax to purchases made within the Town of Fairfax town limits on retail taxable goods.
- Food and services are not currently taxed in California.
- Local Sales Tax are typically effective for anywhere from five to ten years.
- All Revenues collected from the Local Sales Tax ***Stay in Fairfax and cannot be taken by the STATE!!!!***

# Why does Fairfax need a Local Sales Tax?

Fairfax

Budget

Conditions

- The Town is facing a \$267,000 budget shortfall.
- The budget shortfall is a structural deficit that will have to be addressed when the Town Council adopts the fiscal year 2011/12 budget.
- Without changes to expenditures and revenues the Town budget is not sustainable

# Possible Local Sales Tax Contribution

Local  
Sales  
Tax  
At  
Various  
Rates

## Local Sales Tax % Annual Contribution

■ 1%	\$ 300,000
■ 7/8 %	\$ 262,500
■ 3/4 %	\$ 225,000
■ 5/8 %	\$ 187,500
■ 1/2 %	\$ 150,000
■ 3/8 %	\$ 112,500
■ 1/4 %	\$ 75,000
■ 1/8 %	\$ 37,500

**1% is equal to 1 Penny on a**

# How can a Local Sales Tax be used?

Local  
Sales  
Tax  
Requires  
A  
Simple  
Majority  
Vote

- ❑ General Government Services-  
Simple Majority Vote
  - ❑ Police, Public Works, Admin,  
Recreation, Planning, and Building
  
- ❑ Specific Government Services – 2/3  
Vote
  - ❑ Public Infrastructure improvements
    - ❑ Street Maintenance
    - ❑ Capital repairs
    - ❑ Sidewalk, and curb repair and  
maintenance

# What do we need as a community?

What

Does

Fairfax

Need

- A cohesive community agreement to move us forward in these challenging economic times.
- A way to continue the core services that the community cares about such as public safety, public works, and senior and youth recreation programs
- We are in a unique position to be able to decide how these changes affect us with a local sales tax.



## Fairfax for the Future

More information is available on our website [www.townoffairfax.org](http://www.townoffairfax.org) or at the Library, Front Desk at Town Hall, or at Police Dispatch. If you have any questions, specific or general; please contact the Town Manager at 453-1584. This is our Town, this is our future, only we can make a decision that reflects us all.