TOWN OF FAIRFAX
STAFF REPORT
March 5, 2014

TO: Mayor and Town Council

FROM: Garrett Toy, Town Manager GT

SUBJECT: Discuss/consider the extension of the Special Municipal Services Tax of $125 per parcel for five years and direct staff as appropriate.

RECOMMENDATION
Discuss the extension of the Special Municipal Services Tax for five years and direct staff as appropriate.

DISCUSSION
In March of 2005 voters approved Measure F, a five-year special municipal services tax of $125 per dwelling unit and business occupancy which expires on June 30, 2010. In November 2009, the voters approved Measure I, which was a five-year extension of Measure F. The Town receives approximately $460,000 per year from Measure I.

The current five-year extension will expire in 2014. As the special tax is a significant source of revenue to the Town, the Council should begin discussions regarding the placement of an extension of the tax on the November 2014 ballot. The discussions should also include any revisions to the proposed uses or allocation of the funds, exemptions, and the amount of the tax (the $125 amount has remained the same since the initial approval in 2005). The Council may also want the Measure I oversight committee to offer their comments regarding the extension.

While the Town's financial position has improved drastically since 2009, the special municipal services tax (Measure I) remains a key financial component of the Town's revenue sources. It enables the Town to:

- Fund fire and police services at current levels
- Supplement its youth programs
- Provide matching funds for grants
- Fund Public Work improvements such as street repaving

Without an extension, the Town would face major impacts to service levels. Attached is a table showing the distribution of Measure I funds over the last 5 years.

To assist the Council with its decision-making process, attached is a tentative timeline for placing an extension on the ballot. Since the tax is a special tax it will require 2/3rds approval of the voters.

FISCAL IMPACT
There is a significant impact to the budget of $460,000 each year. It represents approximately 4% of the Town's entire capital and operating budget for FY13-14, or 6% of the entire General Fund operating budget.

ATTACHMENTS: Town Municipal Code Chapter 3.2, Table of Measure I funds, Tentative 2014 Election timetable

AGENDA ITEM # 16

CHAPTER 3.20: MUNICIPAL SERVICES

Section

3.20.010 Findings

3.20.020 Imposed; rate

3.20.030 Rate set by Council

3.20.040 Revenue not to exceed state limit

3.20.050 Use of town and county records to determine assessments

3.20.060 Tax deemed lien

3.20.070 Deposit and use of funds

3.20.080 Special services tax imposed; rate

3.20.090 Deposit and use of funds from special municipal services tax

§ 3.20.010 FINDINGS.

The Town Council determines that the cost to maintain municipal services at a level required to provide for the health, safety and general welfare of its residents exceeds the amount of funds and revenues generated from all other sources of income. The Town Council further determines that the levy of a municipal services tax on improved real property throughout the town is necessary to maintain an adequate level of municipal services.

(Prior Code, § 3.20.010) (Ord. 510, passed - -1983)

§ 3.20.020 IMPOSED; RATE.

A municipal services tax not exceeding the maximum amounts set forth in this section is imposed on all improved real property within the boundaries of the town:

(A) (1) A municipal services tax is levied and imposed upon improved residential property at a maximum rate of $50 per dwelling unit.

(2) For the purpose of this division (A), the following definition shall apply unless the context clearly indicates or requires a different meaning.

DWELLING UNIT. Any building or portion thereof used and/or designed as a separate dwelling accommodation, with cooking, living and sleeping facilities.

(B) (1) A municipal services tax is imposed and levied upon improved business property at a maximum rate of $50 for each business occupancy.

(2) For the purpose of this division (B), the following definition shall apply unless the context clearly indicates or requires a different meaning.

BUSINESS OCCUPANCY. Any portion of a building or structure or other improved real property which is occupied or designed to be occupied by a separate business establishment required to be licensed as such pursuant to Title 5 of this code.

(Prior Code, § 3.20.020) (Ord. 510, passed - -1983)

§ 3.20.030 RATE SET BY COUNCIL.

At the time of adoption of its annual budget, the Town Council, by resolution, shall determine the precise amount of the tax to be imposed and levied during the ensuing fiscal year; provided that, the tax shall not exceed the maximum amount set forth in § 3.20.020.

(Prior Code, § 3.20.030) (Ord. 510, passed - -1983)

§ 3.20.040 REVENUE NOT TO EXCEED STATE LIMIT.

(A) In no case shall the revenues generated by the tax levied and imposed by this chapter exceed the limitation established by Article XIII, B, of the Constitution of the State of California.

(B) The tax levied and imposed hereby shall not apply to any property which, for any reason, shall be legally exempt therefrom.

(Prior Code, § 3.20.040) (Ord. 510, passed - -1983)

§ 3.20.050 USE OF TOWN AND COUNTY RECORDS TO DETERMINE ASSESSMENTS.

The records of the County Assessor of the County of Marin as of March 1 each year and the records of the Town of Fairfax maintained pursuant to the provisions of Title 5 of this code may be used to determine the actual use of each parcel of real property for purposes of determining the tax under this chapter.

(Prior Code, § 3.20.050) (Ord. 510, passed - -1983)

§ 3.20.060 TAX DEEMED LIEN.

The tax levied and imposed by this chapter shall become a lien upon the real property against which the same is levied and shall be collected by the Marin County Tax Collector at the same time as and

along with general property taxes collected by the Tax Collector.

(Prior Code, § 3.20.060) (Ord. 510, passed - -1983)

§ 3.20.070 DEPOSIT AND USE OF FUNDS.

All proceeds of the tax levied and imposed under this chapter shall be paid into the general fund of the town and may be used for any and all municipal purposes.

(Prior Code, § 3.20.070) (Ord. 510, passed - -1983)

§ 3.20.080 SPECIAL SERVICES TAX IMPOSED; RATE.

A special municipal services tax not exceeding the maximum amounts set forth in this section is imposed on all improved real property within the boundaries of the town for a period of five years:

(A) A special municipal services tax is levied and imposed upon improved residential property at a maximum rate of $125 per dwelling unit for five years. As used herein the term "dwelling unit" means any building or portion thereof used and/or designed as a separate dwelling accommodation, with cooking, living and sleeping facilities.

(B) A special municipal services tax is levied and imposed upon improved business property at a maximum rate of $125 for each business occupancy for five years. As used herein, the term "business occupancy" means any portion of a building or structure or other improved real property which is occupied or designed to be occupied by a separate business establishment required to be licensed as such pursuant to Title 5 of this code.

(Ord. 711, passed 6-22-2005; Am. Ord. 747, passed 11-3-2009)

§ 3.20.090 DEPOSIT AND USE OF FUNDS FROM SPECIAL MUNICIPAL SERVICES TAX.

All proceeds of the special municipal services tax levied and imposed under § 3.20.080 of this chapter shall be paid into the general fund to be used exclusively to maintain 24-hour, seven days per week staffing of Police and Fire Services, perform Public Works safety improvements, meet matching fund requirements needed to receive state and federal public works grants, and revitalize youth programs. A citizens oversight committee shall be established by the Town Council to monitor use of the Special Tax revenues in accordance with this section.

(Ord. 711, passed 6-22-2005; Am. Ord. 747, passed 11-3-2009)

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USE OF MEASURE I FUNDS

Services	FY09-10	FY10-11	FY11-12	FY12-13	FY13-14	5yr Total
BUDGETED						
Police	$ 180,000	$ 180,000	$ 180,000	$ 180,000	$ 62,219	$ 782,219
Fire	150,000	150,000	150,000	150,000	150,000	750,000
Public Works Improvements	49,000	49,000	49,000	49,000	161,781	357,781
Matching funds for grants	68,000	68,000	68,000	68,000	68,000	340,000
Youth Programs	18,000	18,000	18,000	18,000	18,000	90,000
Total Budgeted	$ 465,000	$ 465,000	$ 465,000	$ 465,000	$ 460,000	$ 2,320,000
ACTUAL	**455,987**	**450,913**	**463,528**	**456,474**	**258,057**	
	98.1%	97.0%	99.7%	98.2%	56.1%	
DISTRIBUTION:					Budgeted	
Police	$ 176,511	$ 174,547	$ 179,430	$ 176,699	$ 62,219	$ 769,407
Fire	147,093	145,456	149,525	147,250	150,000	739,323
Public Works Improvements	48,050	47,516	48,845	48,102	161,781	354,293
Matching funds for grants	66,682	65,940	67,785	66,753	68,000	335,160
Youth Programs	17,651	17,455	17,943	17,670	18,000	88,719
Total Actual	$ 455,987	$ 450,913	$ 463,528	$ 456,474	$ 460,000	$ 2,286,902

TENTATIVE NOVEMBER 2014 ELECTION TIMETABLE

March/April		Concept of Measure I renewal
April /May		Proposed ordinance and resolution calling for election
May/June		Impartial analysis/arguments/rebuttals (10 days after arguments)
August 8, 2014	**88**	Last day to submit Resolutions of Consolidation and ballot measure language to the Board of Supervisors and Registrar of Voters. Must be in our office by 5:00 p.m. Last day to submit tax rate statement for bond measures. Measure question is limited to 75 words. **EC §13247**
August 9 thru August 18, 2014	87 - 78	Ten (10) day public examination period of measures. ***EC §13313-13314***
August 11, 2014	85	Measure letters assigned by Registrar of Voters. See how measures get their letters at www.marinvotes.org. ***EC §13116***
August 13, 2014	83	Last day to withdraw a measure from the ballot. Written notification must reach this office by 4:30 p.m. on this date or the measure will remain on the ballot. ***EC §9605***
August 18, 2014	78	Last day to submit or withdraw ballot arguments (300 word limit) to the Election Dept. Arguments for or against ***City measures*** must be filed with the City Clerk. *Cities may have a different deadline for arguments.* City Attorney & County Counsel's analysis due. ***EC §9161-9166, §9601, §9280-9286***
August 19 thru August 28, 2014	77 - 68	Ten (10) day public examination period of arguments. ***EC §13313-13314***
August 25, 2014	71	Last day to submit rebuttals (250 word limit) to the arguments for or against a measure. Rebuttals for or against ***City measures*** must be filed with the City Clerk. *Cities may have a different deadline for rebuttals.* Must be filed with signature verification form and signature release form (if there are new signers). ***EC §9167***
August 26 thru September 4, 2014	70 - 61	Ten (10) day public examination period of rebuttals. ***EC §13313-13314***