



TOWN OF FAIRFAX

STAFF REPORT

July 2, 2014

TO: Mayor and Town Council

FROM: Garrett Toy, Town Manager

SUBJECT: Discuss/consider the extension of the Special Municipal Services Tax for and direct staff as appropriate.

RECOMMENDATION

Discuss/consider the extension of the Special Municipal Services Tax 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 expired 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.

While the Town's financial position has improved since 2009, the special municipal services tax (Measure I) remains a significant source of revenue to the Town. 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. Since the tax is a special tax it will require 2/3rds approval of the voters

The current five-year extension will expire in 2014. The Council has discussed the extension at its April and June meetings as well as at a May 3rd community workshop. The following represents staff's understanding of the Council's current position on issues and the items requiring further determination (indicated with "?"):

- Place an extension on the ballot.
- Incorporate the general municipal tax into the renewal (\$50/yr/unit).
- Length of the renewal to remain 5 years?
- A flat tax versus imposing a rate every year?
- What is the amount of the tax? The \$125 amount has remained the same since the initial approval in 2005. Adding the general municipal tax into the amount would increase to \$175 which is the status quo)
- Add an annual cost inflator (CPI) to the tax?
- Should exemptions be allowed? It would reduce revenues collected unless the overall rate was increased to offset potential losses.
- Add uses? Staff would suggest keeping any revisions to a minimum to avoid changing the character of the tax.
- Keep oversight committee and/or add accountability reporting language?

As the deadline for placing the extension on the ballot is approaching, staff has also prepared samples of ballot language and a draft resolution and ordinance for Council review. Based on the

direction received this evening, staff would return to the Council on July 16th with the ballot language and resolution/ordinance needed to get the renewal on the November ballot.

FISCAL IMPACT

Measure I represents approximately 4% (\$320,000 of \$7.6 million) of the Town's estimated FY14-15 General Fund (GF) revenues and 6% (\$140,000 of \$2.2 million) of the funding for the Capital Improvement budget. The eliminated general municipal services tax generated approximately \$180,000/yr to the Town which represents 2% of GF revenues. Combined the special and general municipal services taxes generate \$640,000 in annual revenue to the Town of which \$500,000 is used to offset operating expenses. The loss of this revenue would have a catastrophic impact on Town services.

ATTACHMENTS

Table of Measure I funds

Comparison Table

Draft resolution and ordinance

USE OF MEASURE I FUNDS

Services	5yr					Total
	FY09-10	FY10-11	FY11-12	FY12-13	FY13-14	
BUDGETED REVENUES						
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 (1)	49,000	49,000	49,000	49,000	161,781	357,781
Matching funds for grants (1)	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 REVENUES

455,987 450,913 463,528 456,474

(1) CIP USING MEASURE I FUNDING

	BUDGET	FY09-10	FY10-11	FY11-12	FY12-13	FY13-14
51-808 SFD BLVD PAVEMENT REPAIRS	329,800	\$ 37,800				
53-804 SIDEWALK HAZARD ELIM PROG	ANNUAL	20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 10,000
53-867 TREE MAINT PROGRAM	ANNUAL	15,000	10,000	10,000	10,000	
53-904 TAMALPIAS RETAINING WALLS	44,200	44,200				
51-870 PERI PARK IMPROVEMENTS	144,994		18,541			
51-907 HAZARDOUS FUEL ELIMINATION	187,290		18,459			
51-908 BRIDGE DESIGN - CREEK/MEADOW	300,000		50,000		68,000	
53-887 NON MEASURE K STREET RECON	395,585			87,000	15,000	
51-820 PARK FACILITY (WC) IMPROV	28,000					\$ 10,000
51-856 MEADOW WAY BRIDGE	900,000					75,000
51-871 BRIDGE PREV MAINT PROGRAM	370,000					45,000
52-524 PASTORI BANK STABILIZATION	200,000					65,000
53-894 PARKADE IMPROVEMENTS	385,000					24,781
		\$ 117,000	\$ 117,000	\$ 117,000	\$ 113,000	\$ 229,781
		\$ 117,000	\$ 117,000	\$ 117,000	\$ 113,000	\$ 693,781

COMPARISON TABLE OF LOCAL TAXES- MARIN COUNTY COMMUNITIES

(CORRECTED)

Town	General Purpose	Special Purpose	Pension	Runoff Tax	Utility User Tax
Fairfax	Municipal Services Tax - \$50	Special Municipal Services Tax - \$125	Pension - \$.091 per \$100 AV	Yes	4% of telephone, gas, and electric
Belvedere		Fire Tax- \$634 per residential unit; \$723 per commercial unit			
Ross	\$850 per parcel up to \$950 allowed				
San Anselmo	\$78 per living unit; commercial .052 per sq. ft.	Library Tax- \$49/parcel tax	Pension - \$.059 per \$100 AV		
Corte Madera					
San Rafael				Yes	
Larkspur				Yes	
Tiburon					
Mill Valley				Yes	
Novato				Yes	
Sausalito				Yes	

Note: Blank indicates no tax; does not include special district, assessment, or school taxes

Sample Measures __ renewal for 2014

Limited to 75 words

Option 1- Ballot language from 2009 (75 words)

“Shall an ordinance be adopted approving the renewal of a special Fairfax municipal services tax of \$xxx per year for each business occupancy and dwelling unit, for a period of five years to:

- Maintain 24-hour, 7 days per staffing of Police and Fire Services
- Perform Public Works safety improvements
- Provide matching funds for state and federal grants
- Revitalize youth programs

and continues the citizens’ oversight committee that monitors the use of revenues from this tax?

Option 2- Add language regarding elimination of general municipal tax

“Shall an ordinance be adopted approving the renewal of a special Fairfax municipal services tax of \$xxx per year for each business occupancy and dwelling unit, for a period of five years to:

- Maintain 24/7 staffing of Police and Fire Services
- Perform Public Works safety improvements
- Provide matching funds for state and federal grants
- Enhance youth programs

and eliminates the general municipal tax and continues the citizens’ oversight committee that monitors the tax?

Option 2 - Same as 2009 ballot language with exception of replacing “Revitalize Youth Programs” with “Enhance Youth Programs” (could add “and senior”, but must eli)

“Shall an ordinance be adopted approving the renewal of a special Fairfax municipal services tax of \$xxx per year for each business occupancy and dwelling unit, for a period of five years to:

- Maintain 24-hour, 7 days per staffing of Police and Fire Services
- Perform Public Works safety improvements
- Provide matching funds for state and federal grants
- Enhance youth programs

and continues the citizens’ oversight committee that monitors the use of revenues from this tax?

RESOLUTION NO. _____

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF FAIRFAX
CALLING A SPECIAL MUNICIPAL ELECTION TO BE HELD IN ITS JURISDICTION
ON NOVEMBER 4, 2014 FOR THE PURPOSE OF SUBMITTING TO VOTERS A
MEASURE AUTHORIZING THE CONTINUATION OF A SPECIAL TAX FOR POLICE
AND FIRE SERVICES STAFFING, PUBLIC WORKS SAFETY IMPROVEMENTS,
MATCH FUNDING FOR STATE AND FEDERAL PUBLIC WORKS GRANTS AND
YOUTH PROGRAMS; REQUESTING THE MARIN COUNTY BOARD OF
SUPERVISORS TO CONSOLIDATE WITH THE GENERAL ELECTION CONDUCTED
ON THAT DATE; AND REQUESTING ELECTION SERVICES OF THE COUNTY
CLERK**

WHEREAS, on November 3, 2009, the voters of the Town of Fairfax approved a special tax to maintain 24-hour, seven days per week staffing of Police and Fire Services, to perform Public Works safety improvements, to meet matching fund requirements needed to receive state and federal public works grants, and to revitalize youth programs; and

WHEREAS, the special tax is scheduled to expire on June 30, 2015; and

WHEREAS, the Town Council desires to hold a special municipal election to be consolidated with the statewide general election scheduled to be held on November 4, 2014; and

WHEREAS, at that election there shall be submitted to the qualified voters of the Town, the following question:

Shall an ordinance be adopted authorizing the renewal of a special tax of \$_____ per dwelling unit and \$_____ per business occupancy for a five year period to maintain staffing of Police and Fire Services, perform Public Works safety improvements, meet matching fund requirements for state and federal public works grants, and revitalize youth programs; providing special tax accountability measures, and increasing the Town's appropriations limit by the amount of the special tax proceeds?

WHEREAS, if this measure receives approval by two-thirds of the voters voting thereon, the ordinance in the form attached hereto as Exhibit "A" shall be adopted; and

WHEREAS, pursuant to Section 10002 of the Elections Code, the Town may request the Board of Supervisors to permit the County Clerk to render specified services to the Town relating to the conduct of the election on a reimbursable basis; and

NOW, THEREFORE, BE IT RESOLVED, by the Council of the Town of Fairfax as follows:

1. That a special municipal election is hereby called to be held on November 4, 2014, at which the ballot question set forth above shall be determined by the voters. The text of the proposed ordinance to be submitted to the voters is attached hereto as Exhibit "A" and incorporated herein by reference; and
2. That the Board of Supervisors of the County of Marin is hereby requested to consolidate

said election with the general election to be conducted on the same day, as provided in Elections Code Sections 10400 *et seq.*; and

3. The Town of Fairfax recognizes that additional costs will be incurred by the County by reason of this consolidation and agrees to reimburse the County for any such costs upon presentation of a reasonable detailed invoice as required by Elections Code Section 10002; and
4. In all particulars not recited in this Resolution, the municipal election shall be held and conducted as provided by law for holding consolidated municipal elections. The Town Council hereby acknowledges that the consolidated election shall be held and conducted in the manner proscribed in Elections Code Section 10418; and
3. That the Board of Supervisors of the County of Marin is hereby requested to authorize the County Clerk to render the following specified services for the Town of Fairfax relating to the conduct of the election to be held on November 4, 2014: Preparation of voter indexes; voter counting by precinct; verification of signatures; drayage and rental of polling places; printing of measures and arguments; printing of sample and official ballots; appointment and notification of election officers; mailing of sample ballots and polling place notification; provision of precinct supplies; training of precinct workers; processing of absentee ballots; central counting; canvass of votes cast; and
4. The Town Clerk is hereby ordered and directed to file a certified copy of this resolution with the Board of Supervisors of the County of Marin no later than August 8, 2014.
5. The Town Clerk's office shall publish the required notice in the Town of Fairfax pursuant to Elections Code Sections 12111.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Fairfax on the ____ day of _____, 2014, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

David Weinssoff, Mayor

ATTEST:

Michele Gardner, Town Clerk

EXHIBIT A
Ordinance No. _____

**AN ORDINANCE OF THE TOWN OF FAIRFAX, CALIFORNIA,
AMENDING CHAPTER 3.20 OF THE FAIRFAX MUNICIPAL CODE
AUTHORIZING THE LEVY OF A SPECIAL TAX TO FINANCE
MUNICIPAL SERVICES AND ADDING CHAPTER 3.02 PROVIDING
SPECIAL TAX ACCOUNTABILITY MEASURES**

**THE PEOPLE OF THE TOWN OF FAIRFAX, CALIFORNIA DO HEREBY ORDAIN
AS FOLLOWS:**

Section 1: Chapter 3.20 of the Fairfax Municipal Code is hereby amended and restated in its entirety to read as follows:

“Chapter 3.20

Section

- 3.20.010 Findings; Statement of Purpose
- 3.20.020 Special municipal services tax imposed; rate
- 3.20.030 Deposit and use of funds from special municipal services tax
- 3.20.040 Exemptions
- 3.20.050 Use of town and county records to determine assessments
- 3.20.060 Collection
- 3.20.070 Amendment
- 3.20.080 Termination of Provisions

§ 3.20.010 FINDINGS; STATEMENT OF PURPOSE.

The Town Council determines that the cost to maintain certain 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. It is the sole purpose and intent of this chapter to impose a special tax 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.

§ 3.20.020 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:

(A) A special municipal services tax is levied and imposed upon improved residential property at a maximum rate of \$_____ per dwelling unit. 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 \$ [redacted] for each business occupancy. 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.

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

All proceeds of the special municipal services tax levied and imposed under section 3.20.020 of this chapter shall be paid into a special 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.

§ 3.20.040 EXEMPTIONS.

The special tax shall not be imposed upon any parcel that is exempt from the special tax pursuant to any provision of the Constitution or any paramount law. The Town Council by resolution may adopt exemptions to the special tax imposed by this chapter.

§ 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.

§ 3.20.060 COLLECTION.

The special tax imposed by this chapter shall be collected in the same manner, on the same dates, and shall be subject to the same penalties and interest as other charges and taxes fixed and collected by the County of Marin on behalf of the Town of Fairfax. Said special tax, together with all penalties and interest thereon, shall constitute a lien upon the parcel upon which it is levied until it has been paid, and said special tax, together with all penalties and interest thereon, shall, until paid, constitute a personal obligation to the Town of Fairfax by the persons who own the parcel on the date the tax is due.

§ 3.20.070 AMENDMENT.

The Town Council shall be empowered to amend this chapter by three affirmative votes of its members to carry out the general purposes of this chapter, to conform the provisions of this chapter to applicable state law, to modify the methods of collection, or to assign the duties to public officials under this chapter. In no event shall the Town Council amend this chapter to increase the maximum amount of the special tax established in section 3.20.020, unless approved by two-thirds of the voters voting thereon.

§ 3.20.080 TERMINATION OF PROVISIONS.

This chapter shall be null and void as of twelve o'clock midnight, June 30, 2020, and shall have no force and effect whatsoever after said time and date. Notwithstanding the previous sentence, section 3.20.060, relating to collection and enforcement of liens or obligations for the special tax previously levied hereunder, shall continue in effect until such time as the collection and enforcement procedures have been completed. ”

Section 2: Chapter 3.02 is hereby added to the Fairfax Municipal Code to read as follows:

“Chapter 3.02

Special Tax Accountability Measures

The Town Manager shall annually file a special tax accountability report with the Town Council. The annual report shall contain both of the following: (a) the amount of funds collected and expended for each special tax imposed by the Town and (b) the status of any project required or authorized to be funded by such special tax, as required by California Government Code Section 50075.3, as such law is amended from time to time.”

Section 3: The appropriations limit of the Town of Fairfax established under Article XIII B, Section 6 of the California Constitution shall be increased by the proceeds received from the special tax imposed by this ordinance. Any future increases in the appropriations limit shall be approved by a majority vote of the voters voting thereon.

Section 4: If any provision of this ordinance or the application thereof to any person or circumstances is held invalid or unconstitutional by any court of competent jurisdiction, such invalidity or unconstitutionality shall not affect any other provision or applications, and to this end the provisions of this ordinance are declared to be severable. The Town Council, and the electorate by referendum, do hereby declare that they would have adopted this ordinance and each section, subsection, sentence, clause, phrase, part or portion thereof, irrespective of the fact that any one or more sections, subsections, clauses, phrases, parts or portions thereof, be declared invalid or unconstitutional.

Section 5: This ordinance shall be adopted and become effective only if approved by two-thirds of the voters voting thereon, at an election to be held on November 4, 2014.

Section 6: The Mayor is hereby authorized to attest to the adoption of this ordinance by signing where indicated below.

I hereby certify that the foregoing ordinance was PASSED, APPROVED AND ADOPTED by the people of the Town of Ross voting on the 4th day of November, 2014.

By:

Mayor