



TOWN OF FAIRFAX

STAFF REPORT

August 6, 2014

TO: Mayor and Town Council

FROM: Garrett Toy, Town Manager *GT*

SUBJECT: Designate Councilmembers to author ballot arguments and rebuttals, if needed, for the renewal of the Special Municipal Services Tax (a.k.a. Measure I) and designate co-signators for said arguments and rebuttals.

RECOMMENDATION

Designate Councilmembers to author ballot arguments and rebuttals, if needed, for the renewal of the Special Municipal Tax and designate signators for said arguments and rebuttals.

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 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

The current five-year extension will expire in 2014. The Council has discussed the extension at its April, June, and July meetings as well as at a May 3rd community workshop. The following represents the Council's direction for the extension:

- Renewal length is 5 years
- The tax will automatically renew each year over the 5-year period
- The tax amount will be \$195/unit which consists of the base \$125/unit tax, the \$50/unit general municipal tax (which was eliminated), and a \$20/unit increase to account for no increases in the base amount of \$125/unit since the inception of the tax in 2005.
- No exemptions
- Add senior programs to the eligible uses
- Keep oversight committee

At its July 16th meeting, the Council appointed Mayor Weinsoff and Councilmember Bragman to modify the ballot language as needed. However, the Council decided to

wait until this meeting to designate representatives to prepare the ballot arguments and rebuttals, if needed.

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/year 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. If this tax is renewed, the increase of \$20/unit would generate approximately \$74,000/year. For comparison purposes, if the \$125/unit was increased by inflation each year, the initial \$125/unit would have grown by approximately \$28/unit.

ATTACHMENT

Ballot argument from 2009

2009 Ballot Argument

Measure I is not a new tax, it simply continues the sound fiscal policy begun when Fairfax overwhelmingly passed Measure F five years ago. Every dollar raised by Measure I will stay in Fairfax for public safety, public works and youth programs.

Since the passage of Measure F, Fairfax repaid the voters' trust:

- An independent citizen's committee annually reviewed expenditures
- The Town Council lead a rigorous strategic planning process
- Cost savings measures were implemented including
 1. Reduced pension benefits for new hires
 2. Increased revenue sharing with the County
 3. A voluntary wage freeze for all Town employees

Despite these efforts, Fairfax faces dire economic conditions

- State of California will divert over \$215,000 in Fairfax property taxes to balance its budget
- 2005 flood reduced our reserves
- Stock market downturn threatens to raise pension costs
- Sales and property tax revenues have fallen
- Increased health insurance costs

Fairfax has a history of running lean budgets. It employs the fewest public employees per capita of any small town in Marin. At the same time, it has 24/7 local public safety services, second to none in cost and effectiveness. Public works projects have improved local roads along with pedestrian and bicycle safety.

Five other Marin towns have a similar municipal services tax and our town cannot afford to lose the \$465,000 this measure generates annually. **Unless Measure I passes, Fairfax faces drastic reductions of core public safety and public works services.**

Measure I will maintain the tax at \$125 per year and continue guaranteed citizen oversight. This combination of thrift and open government deserves to be preserved. Fairfax voters can "stand by their town" by supporting a measure that protects its financial solvency and the quality of public services without additional taxes.

Vote Yes on I