

January 25, 2016

State of California)
County of Contra Costa)
City of Pittsburg)

I, Alice E. Evenson, City Clerk in and for said City Council, City of Pittsburg, County of Contra Costa, State of California, do hereby certify that the hereto attached and foregoing document is a full, true and correct copy of Resolution No. 15-13142, adopted at a regular meeting of the City Council of the City of Pittsburg on December 14, 2015, on file in this office of said City.

WITNESS, my hand, and Official Seal
This 25th day of January, 2016.



Alice E. Evenson
City Clerk

BEFORE THE CITY COUNCIL OF THE CITY OF PITTSBURG

In the Matter of:

A Resolution Establishing June 7, 2016 as the)
Date for a Special Election on a Proposed)
Ballot Measure Continuing and Extending the)
Existing Transactions and Use Tax at its)
Current Level to Fund General Municipal) RESOLUTION NO.15-13142
Services; Establishing Election Policies and)
Procedures in Connection With the Election;)
And Requesting the Contra Costa County)
Registrar of Voters to Conduct Such an Election)

The Pittsburg City Council DOES RESOLVE as follows:

WHEREAS, the State of California began shifting property tax from local governments in 1992 and these “takes” continue, including a portion of the City’s property tax to the Educational Revenue Augmentation Fund that could otherwise be used for essential City services; and

WHEREAS, since 1993, the City has been required by State legislation to pay for booking fees and property tax administration, another loss of general fund revenues that would otherwise be available for essential City services. In addition, since 2003, the State has taken additional Redevelopment Agency funds that could have been spent on local projects such as a library, public infrastructure, senior center or economic development programs; and

WHEREAS, in 2011, the State passed legislation to eliminate Redevelopment Agencies in order to help with the State deficit, yet the City has incurred and will continue to incur costs in the winding up of the Redevelopment Agency’s affairs. Other ways to “take” additional monies from cities are consistently being considered by the State Legislature to address its own budget crisis and, while the City of Pittsburg continues to be fiscally prudent, the impacts of these additional money grabs cannot be estimated; and

WHEREAS, State takeaways and the recent recession, delayed job growth, and the current economy resulted in a decline in City revenues, jeopardizing the City of Pittsburg’s essential services including 9-1-1 response, public safety, senior center, street and park maintenance, as well as other City services; and

WHEREAS, without continuing the existing transactions and use tax at its current level and extending its length of applicability, the City may be faced with challenges to maintain police services, cuts to senior services, code enforcement and other vital community services necessary for the preservation of public health, welfare and safety; and

WHEREAS, the City needs to maintain public safety, anti-gang activities and recreation programs to keep the Pittsburg community safe; and

WHEREAS, prior budget reductions have broadly impacted services throughout the City and are undermining the public health, safety and welfare of the City's residents. City Staff has advised and determined that without continuing the existing transactions and use tax at its current level and extending its length of applicability, the City will be seriously challenged to continue the high level services it provides. The proposed transaction and use tax would provide the City with a reliable funding source through 2034-2035 and the community with an alternative to reductions in services, such as law enforcement; and

WHEREAS, all funds from a local measure must stay in Pittsburg to maintain local services and the funds cannot be taken by the State. A local increase in the Sales Transaction and Use Tax would ensure fiscal accountability to maintain local services and would be reported on annually to the City Council; and

WHEREAS, during the economic recession that began in 2008, the City's annual revenues from sales taxes and property taxes fell \$4.6 million, reducing the funding available to provide essential City services. In response, the City reduced staff, eliminated non-essential services, and signed contracts with private companies to operate the golf course and youth recreation programs. City employees, including police officers, agreed to reduce medical and retirement benefits. Even with those cuts, for fiscal year 2011-12, the City needed \$2 million from its Budget Stabilization Fund to balance the budget, and anticipated a \$2.7 million General Fund deficit for fiscal year 2012-13; and

WHEREAS, the national and state recession has resulted in a weak economy best evidenced by several years of declining development activity revenue, significant decreases in property and transfer tax revenues, raids on City revenues by the State of California, increased retirement costs and increased health insurance costs; and

WHEREAS, the City has used part of its available Budget Stabilization Fund to bridge the budget gap. While the City maintains reserve funds for emergencies, vehicle replacement, employer liability, the City no longer has the resources to respond to new, specific emergencies and capital needs as they arise; and

WHEREAS, by cutting City staff and services to the bare minimum necessary to preserve the public health, safety and welfare, and drawing down the City's General Fund and Budget Stabilization Fund, the Council has been able to prevent the City from running out of money in the General Fund. As a result of cutting services to the bare minimum, maintenance of roads and other public facilities has been indefinitely deferred; and

WHEREAS, the City has cut funding to community events, capped contributions to employees' medical insurance premiums and now provides reduced retirement benefits to new employees in an effort to minimize expenses, and to maintain a balanced budget; and

WHEREAS, prior to placing Measure P on the ballot in 2012, the City Council unanimously determined that an emergency existed, potentially impacting the community's health, safety and welfare that necessitated asking the voters for approval as soon as possible, allowing the City to address an impending structural deficit. The major reasons for the ongoing and projected deficits were the effects of a national and state recession resulting in three years of declining development activity revenue, significant decreases in property and transfer tax revenues, raids on City revenue by the State of California,

increased retirement costs (primarily associated with CALPERS investment losses), and increasing health insurance; and

WHEREAS, the fiscal year 2010-11 Budget represented the full impact of General Fund source revenue reductions totaling \$4.7 million, representing a 29% loss of funding for essential public services since fiscal year 2007-08. In response to the severe decrease in revenue, the City Council froze or eliminated numerous positions and reduced maintenance of every City Park and all City facilities, roads, landscaping, and street trees. By doing so, the City was accepting that its essential infrastructure would deteriorate and become more expensive to maintain over time, in the interest of continuing to provide basic services and its own Police Department; and

WHEREAS, in June 2012, 73% of Pittsburg voters voted to approve Measure P in order to prevent deeper cuts to essential city services for Pittsburg residents. Measure P has since provided the City with a guaranteed source of local funding for City services that cannot be taken by the State and has helped maintain the financial viability of the City. Since voters enacted Measure P, the City has maintained a full-service Police Department, with the ability to prevent and investigate property, domestic violence and other types of crime. Without continuing Measure P revenue at its current level for an extended period of time, the City will face significant financial challenges, thus affecting the community's health, welfare and safety; and

WHEREAS, the General Fund currently uses Measure P Sales Tax funds to provide operations at the Police Department, the Senior Center and Economic Development programs within the City. By continuing Measure P at the current sales tax rate through Fiscal Year 2034-35, the General Fund will be able to reverse the pending strain on the City's finances, personnel and general services throughout the City. The continuations for a limited duration and will sunset at the end of fiscal year 2034-35, allowing the City to maintain fiscal stability throughout the remaining life of the previous Redevelopment Agency of the City of Pittsburg (RDA). After the previous RDA dissolves, property taxes associated with the RDA will revert to the City and eliminate the need for this gap funding to maintain current services throughout the City; and

WHEREAS, without further action, half of the revenue measure will expire in 2017, resulting in the loss of more than \$1.4 million annually for essential City services, thus causing a detrimental effect on Pittsburg residents; and

WHEREAS, the underlying factors that led to the emergency in 2012 and the proposal of Measure P have not abated in the intervening years. The housing market while recovering has not fully recovered and property tax revenue has not come back to the fiscal year 2007-08 levels. The City's sales tax base has just recovered to fiscal year 2007-08 levels, although without Measure P the sales tax revenue would still be under the fiscal year 2007-08 levels. The City's external costs, such as insurance and retirement obligations, have increased faster than revenues have grown. The structural deficit that the City faced then will return without this additional revenue. These issues were unforeseen when Measure P was approved and are beyond the City's control; and

WHEREAS, if Measure P is allowed to reduce or expire, based upon current economic factors that could not be foreseen when Measure P was adopted, the City

Council will be faced with difficult choices to implement, including severe reductions in City services. The City will be at risk for adverse effects on public health, safety, and welfare. Extending Measure P at its current level until June 2035 will protect local, high-quality services and ensure the City's Police Department has the resources it needs to maintain staffing levels, and will also provide seed money for a Family Justice Center to serve local residents. Development of a regional Family Justice Center will provide services at a single location for people affected by domestic violence, sexual assault, elder and child abuse and human trafficking; and

WHEREAS, continuing Measure P at its current level, and its related extension, would also allow the City to begin to address the \$34.7 million in deferred maintenance of Pittsburg streets. To keep pace with the wear and tear on roadways in the City, the City must spend \$3.5 million every year on pavement preservation projects on major streets to keep them at 'fair' or 'good' condition. Currently, the City is able to budget \$2.3 million per year, falling short more than \$1.2 million every year on what is needed to maintain local streets, and deferring to an often unspecified later date work on local streets in neighborhoods that are already at 'poor' or 'very poor' condition. The shortfall of funding will be complicated with the decay of the current street conditions over time. Without the funding to maintain the current condition of roads in Pittsburg, the City will see the \$34.7 million in deferred maintenance grow dramatically. In addition to the City seeking out local, regional and federal grant funds to pay for paving projects, the City is still faced with the loss of Redevelopment (RDA) funds and reductions in gas and other taxes previously available for road projects. These losses have contributed to the future emergency the City is attempting to circumvent prospectively rather than waiting for the event to happen; and

WHEREAS, the Finance Committee reviewed this issue at its meeting on September 21, 2015, and supported the declaration of an emergency and call for a measure on the June 2016 ballot to extend the existing Measure P at the current rate through June 2035; and

WHEREAS, on May 5, 2015, the Measure P Citizens Oversight Committee presented its annual report to the Council and acknowledged the funds had been utilized in a manner consistent with the Measure P goals. At its April 14, 2015 committee meeting, members expressed concern about the future reduction of Measure P revenues and the effect it would have on future program funding. These concerns were previously noted at the Citizens Oversight Committee meeting held on May 8, 2014; and

WHEREAS, the need to submit a local revenue measure to the voters and the related threat to public health, welfare and safety, is imminent and by presenting it to the voters at the June 2016 election would provide additional revenue to the City in the fall of 2017, sufficient in time to address the emergency facing the City starting in fiscal year 2017-18 and allow additional time for design and letting of contracts for road projects; and

WHEREAS, the City has taken reasonable steps to reduce spending and still is unable to bring expenditures in line with anticipated revenue; further spending reductions will require more dramatic cuts to essential public services that will result in threats to the general health, safety and welfare of the residents and business in the city; and

WHEREAS, the tax, if approved, would be imposed on the sale of tangible personal property and the storage, use, or other consumption of such property. The tax rate would be one-half of one percent (0.5%) of the sales price of the property through fiscal year 2034-2035, and then eliminated. The tax revenue would be collected by the State Board of Equalization and remitted to the City. The tax shall be approved if the measure receives approval from at least a simple majority of the voters at the election; and

WHEREAS, the Pittsburg City Council is authorized by Elections Code Section 9222 to place measures before the voters; and

WHEREAS, on the basis of the foregoing, the City Council desires to place the Pittsburg Preservation of Citywide Services Short-Term Funding Measure, attached hereto as Exhibit 1, as a measure before the voters on the June 7, 2016 election; and

WHEREAS, in recognition of the severity of the service reductions, the negative impact on quality of life, the existing reduction and potential further reduction of public services, the need to build reserves, the City Council, wishes to declare an emergency and call for an election to approve a general transactions and use tax at the June 7, 2016 election; and

WHEREAS, it is desirable that the Special Municipal Election be consolidated with the elections to be held on June 7, 2016, and that the County Election Department of the County of Contra Costa canvass the returns of the Special Municipal Election, and that the election be held in all respects as if there were only one election.

NOW, THEREFORE, IT IS HEREBY RESOLVED, that the City Council finds and determines as follows:

Section 1. Recitals and Declaration of Findings

The foregoing recitals are true and correct and are hereby adopted by the City Council and incorporated by reference. Based on those recitals, the City Council unanimously finds and declares as follows:

A. The City is experiencing an existing and immediate funding crisis, which is largely outside of its control, including national economic trends, rapid increases in the cost of employee retirement and health insurance benefits, decreases in revenue from existing taxes and fees, increases in charges by the County of Contra Costa and unpredictable takeaways of local control.

B. The City has taken significant steps to reduce its operational costs, by eliminating staff positions, leaving positions vacant, outsourcing services and eliminating services.

C. The City has used some of the Budget Stabilization Fund to close the gap and continue to maintain services.

D. Because of changes in State law, particularly the approval of Propositions 62, 218 and 26, the City has very few means available for increasing General Fund revenues.

E. Absent a new source of General Fund revenue, the City's ability to maintain staff and service levels is uncertain. Despite the past dramatic decreases in staffing, as well as the City's use of the Budget Stabilization Funds, the City projects that budget deficits, absent new General Fund revenue, can only be met by prioritizing the community's need for necessary services such as police, community programs and senior citizen programs, among other essential services.

F. Unless new funding is provided, the City will significant challenges as it seeks to maintain public safety standards, adequate and safe recreational opportunities, and maintain the health, safety and welfare of the residents of the City.

G. Because of that threat to the public health, safety and welfare, an emergency exists in the City, as the term emergency is used in Article XIII C, section 2(b) of the California Constitution. The City must immediately address that emergency by ensuring that the City has resources necessary to preserve the public health, safety and welfare.

H. The identified emergency necessitates that the City Council submit a tax measure to the voters of the City of Pittsburg at the June 7, 2016 election, even though such an election would not be consolidated with a general election for a member of the City Council.

I. Article XIII C, section 2(b) of the California Constitution permits the City, in an emergency situation declared by the Council, to seek voter approval for a general tax at an election that is not consolidated for a member of the Council.

Section 2. Call for Election

Pursuant to Elections Code Section 9222, the City Council hereby calls an election at which it shall submit to the qualified voters of the City of Pittsburg, the Pittsburg Preservation of Citywide Services Short-Term Funding Measure, which if approved, would adopt a temporary general transaction and use tax in the City, as authorized by Revenue and Taxation Code Section 7285.9. This measure shall be designated by letter by the Contra Costa County Registrar of Voters. Pursuant to Elections Code Section 10400 *et seq.*, the election on this measure shall be consolidated with the established election to be conducted on June 7, 2016.

Section 3. Ballot Language

The full text of the Pittsburg Preservation of Citywide Services Funding Measure, attached to this Resolution, as Exhibit A. The City Council, pursuant to its right and authority, does order the following question to be submitted to the voters, set forth below:

To provide funding that stays in Pittsburg and cannot be seized by the State, to be used for Public Safety, gang prevention, job creation programs for local residents, to keep the Senior Center open, to maintain other City services, shall the City of Pittsburg extend its current half-cent sales tax through fiscal year 2034-2035, then the increase be terminated, altogether, with citizens' oversight, mandatory audits and consistent community reporting?	YES
	NO

Section 4. Approval of Proposed Ordinance

By unanimous vote of the City Council, the City Council hereby approves the ordinance, in the form thereof, and its submission to the voters at the June 7, 2016 special election, as required by Revenue and Taxation Code Section 7285.9. The proposed measure shall not take effect unless and until approved by a vote of at least a simple majority of affirmative votes of the voters voting on the question at the election. The ordinance authorizing the Pittsburg Preservation of Citywide Services Short-Term Funding Measure, a general transactions and use tax, to be approved by the voters pursuant to Section 2 and 3 of this Resolution, is as set forth in Exhibit A attached hereto and incorporated herein by reference. The City Manager and the City Clerk are authorized to take such additional actions as may be necessary to accomplish the purposes of this Resolution.

Section 5. Publication of Measure

The City Clerk is hereby directed to cause notice of the measure to be published once in accordance with Section 12111 of the Elections Code.

Section 6. Request to Consolidate, Conduct Election and Canvass Returns

Pursuant to Elections Code Section 10400 *et seq.*, the City Council hereby requests that the Contra Costa County Board of Supervisors consolidate the election called by this Resolution with the election to be conducted on June 7, 2016, and order the election to be conducted by the Registrar of Voters. The Contra Costa County Elections department is authorized to canvass the returns of the special election, and the election shall be held in all respects as only one election. In all particulars not recited in this Resolution, the election shall be held and conducted as provided by law for holding municipal elections.

The City of Pittsburg recognizes that the County will incur additional costs because of this consolidation and agrees to reimburse the County for those costs. The City Manager is authorized and directed to expend the necessary funds to pay for the City's cost of placing the measure on the election ballot.

The City of Pittsburg requests the full text of the Measure, exceeding the 75 word abbreviation, as attached in Exhibit A, be completely printed in the Voter Information Pamphlet.

The City Clerk is hereby directed to file a certified copy of this Resolution with the Board of Supervisors of Contra Costa County and the Registrar of Voters on or before March 11, 2016.

Section 7. Polling Places

The polls for the election shall be open at 7:00 a.m. on the day of the election and shall remain open continuously from that time until 8:00 p.m. that same day, when the polls shall be closed, except as provided in Section 14401 of the Elections Code of the State of California. The notice of the time and the place of holding the election is hereby given, and the City Clerk is authorized to give further notice of the election, as required by law.

Section 8. Submission of Ballot Arguments

A. The last day for submission of primary arguments for or against the measure shall be by 5:00 p.m. on March 23, 2016. The primary arguments shall not exceed three hundred (300) words, and shall not be signed by more than five (5) persons.

B. The last day for submission of rebuttal arguments for or against the measure shall be by 5:00 p.m. on March 28, 2016. The rebuttal arguments shall not exceed two hundred fifty (250) words and shall be signed by not more than five (5) persons.

Section 9. Council Preparation of Argument In Support of Measure

Pursuant to California Elections Code Section 9282, the City Council hereby authorizes a member of the City Council to prepare a written argument in favor of the proposed measure, not to exceed three hundred (300) words, on behalf of the City Council. At the Mayor's discretion, the argument may also be signed by members of the City Council or bona fide associations or by individual voters who are eligible to vote.

Section 10. Impartial Analysis

Pursuant to California Elections Code Section 9280, the City Attorney shall prepare an impartial analysis of the measure within the applicable timeframe, not to exceed five hundred (500) words in length showing the effect of the measure on existing law.

Section 11. Implementation

The City Manager and City Clerk, or his/her designee, are authorized and directed, on behalf of the City, to take all actions necessary to place the measure on the ballot and to cause the ordinance or measure to be printed, including but not limited to executing documents and appropriating the necessary funds to pay the City's cost of placing the measure on the ballot. The City Clerk is authorized, instructed and directed to work with the Office of the Registrar of Voters as needed in order to properly and lawfully conduct the election.

Section 12. Certified Copies

The City Clerk is directed to file certified copies of this Resolution with the Board of Supervisors and the Registrar of Voters of the County of Contra Costa, together with the attached ballot measure.

Section 13. Boundaries

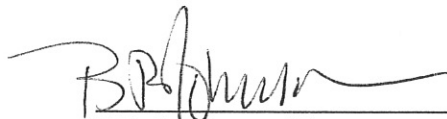
The jurisdictional boundaries of the City of Pittsburg have not changed since the last general municipal election.

Section 10. Effective Date

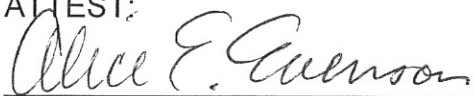
This Resolution shall become effective immediately upon its passage and adoption.

PASSED AND ADOPTED by the City Council of the City of Pittsburg at a regular meeting on the 14th day of December, 2015, by the following vote:

AYES: Casey, Craft, Evola, Longmire, Johnson
NOES: None
ABSTAINED: None
ABSENT: None



BR Johnson, Mayor

ATTEST:


Alice E. Evenson, City Clerk

EXHIBIT A

BEFORE THE PEOPLE OF THE CITY OF PITTSBURG

In the Matter of:

An Ordinance of the City of Pittsburg)	
Continuing and Extending the)	
General Transaction and Use)	
Tax to Fund General Municipal)	ORDINANCE NO. 15-
Services and to be Administered by the)	
<u>State Board of Equalization</u>)	

Now therefore, the People of the City of Pittsburg, DO ORDAIN as follows:

SECTION 1.

A. The City of Pittsburg has faced decreasing revenues, including a twenty-six percent decrease in sales and property taxes since 2008, amounting to a loss of approximately \$2.6 million, and costs of providing essential city services to residents continue to increase.

B. The national and state recession has resulted in a weak economy best evidenced by several years of declining development activity revenue, significant decreases in property and transfer tax revenues, raids on City revenues by the State of California, increased retirement costs and increased insurance costs.

C. The City has taken steps to increase revenue and decrease expenditures, including but not limited to, updating charges for services in order to ensure that users are paying for their fair share of costs. Despite these measures, however, it is expected that the City's General Fund will continue to decline.

D. The City has cut funding to community events, capped contributions to employees' medical insurance premiums and provides reduced retirement benefits to new employees in an effort to minimize expenses.

E. In an attempt to reduce costs, the fiscal year 2011-12 budget called for leaving four (4) police department positions vacant, eliminating funding for police and maintenance employees at City events, and eight (8) layoffs that resulted from eliminating approximately (14) positions.

F. Without increased revenues the City will have to further cut programs, including a reduction in police services, cuts to senior services, code enforcement and other vital community services necessary for the preservation of public peace, health and safety.

G. The City is committed to maintaining public safety, including gang enforcement and code enforcement, and does not want to make further cuts to community services, including the Senior Center.

H. This measure would create a guaranteed local source of funding for public safety in

order to avoid cuts to other important services offered by the City. All funds from a local measure must stay in Pittsburg to maintain local services, and the funds cannot be taken by the State. A local increase in the Sales Transaction and Use Tax would ensure fiscal accountability to maintain local services and would be reported on annually to the City Council.

SECTION 2. Amendment of Pittsburg Municipal Code. Chapter 3.08 of Title 3 of the Pittsburg Municipal Code is hereby amended as set forth below.

3.08.010 Title.

This Ordinance shall be known as the "Pittsburg Preservation of Citywide Services Temporary Funding Transactions and Use Tax Ordinance.", as modified by the "Pittsburg Preservation of Citywide Services Short-Term Funding Transactions and Use Tax Ordinance." The City of Pittsburg shall hereinafter be called "City." This Ordinance shall be applicable in the incorporated territory of the City.

3.08.020 Operative Date.

[Unchanged]

3.08.030 Purpose.

[Unchanged]

3.08.040 Contract with State.

[Unchanged]

3.08.050 Transactions Tax Rate.

For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the City at the rate of one-half of one percent (0.5%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of this ordinance through and including fiscal year 2034-2035.

3.08.060 Place of Sale.

[Unchanged]

3.08.070 Use Tax Rate.

An excise tax is hereby imposed on the storage, use or other consumption in the City of tangible personal property purchased from any retailer on and after the operative date of this ordinance for storage, use or other consumption in said territory at the rate of one-half of one percent (0.5%) of the sales price of the property. Such rate shall be imposed for a period through and including fiscal year 2034-2035.

3.08.080 Adoption of Provisions of State Law.

[Unchanged]

3.08.090. Limitations on Adoption of State Law and Collection of Use Taxes.

]Unchanged]

3.08.100 Permit Not Required.

[Unchanged]

3.08.110 Exemptions and Exclusions.

[Unchanged]

3.08.120 Amendments.

[Unchanged]

3.08.130 Enjoining Collection Forbidden.

[Unchanged]

3.08.140 Citizens Oversight Committee.

[Unchanged]

3.08.150 Termination Date.

The authority to levy the tax imposed by this Chapter shall expire at the end of fiscal year 2034-2035.

SECTION 3. Severability.

[Unchanged]

SECTION 4. Effective Date and Publication. This Ordinance relates to the levying and collecting of the City transactions and use taxes and shall take effect immediately.

IT IS HEREBY CERTIFIED that the foregoing Ordinance was APPROVED by the following vote of the People of the City of Pittsburg on June 7, 2016:

Yes: _____ No: _____ Total: _____

IT IS HEREBY FURTHER CERTIFIED that the foregoing Ordinance was adopted by Declaration of the June 7, 2016 election results by the City Council of the City of Pittsburg on _____, 2016, by the following vote, to wit:

AYES:
NOES:
ABSTAINED:
ABSENT:

BR Johnson, Mayor

ATTEST:

Alice E. Evenson, City Clerk

Property Tax and Sales Tax Revenue Trends
 FY 2007-08 through budgeted 2015-16

Revenue	Base Year 2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Budgeted 2015-16
Property Tax Secured	2,219,476	2,176,078	1,681,155	1,666,015	1,701,146	1,495,985	1,866,225	2,245,040	2,442,582
Property Tax Unsecured	326,414	342,339	366,481	306,262	326,128	326,964	341,877	330,435	310,000
Supplemental	394,867	289,551	170,372	176,604	122,915	161,367	199,805	202,878	200,000
Prior Year	(108,165)	(43,429)	(179,890)	(84,582)	(199,150)	(151,042)	(111,808)	67,992	(50,000)
Unitary	40,334	44,049	50,529	50,447	286,193	256,265	232,545	275,138	250,000
Homeowners Tax Relief	109,041	104,908	95,788	95,451	92,485	87,461	84,676	83,483	85,000
AB 1290 Pass Through	434,951	405,565	126,139	135,942	130,721	-	-	-	-
Motor Vehicle In-lieu	283,853	216,390	187,926	160,428	32,141	61,024	-	27,198	-
Motor Vehicle In-lieu backfill	4,587,828	4,498,021	3,831,533	3,776,221	3,726,763	3,666,471	3,795,560	4,141,833	4,514,598
Property Tax Related Revenues	8,288,599	8,033,472	6,330,033	6,282,788	6,219,342	5,904,495	6,408,880	7,373,997	7,752,180
Prior Year Sales Tax Revenues	832,166	-	-	-	-	-	-	-	-
Sales & Use Taxes	5,492,219	5,280,216	4,280,079	4,300,627	4,728,090	6,743,546	5,309,723	6,040,080	6,652,188
Sales & Use Taxes Backfill	1,803,329	1,887,179	1,718,573	1,137,727	1,440,600	1,490,934	3,109,159	1,046,985	1,510,303
Total Sales Tax Revenues	8,127,714	7,167,395	5,998,652	5,438,354	6,168,690	8,234,480	8,418,882	7,087,065	8,162,491
Total Property & Sales Tax Revenues	16,416,313	15,200,867	12,328,685	11,721,142	12,388,032	14,138,975	14,827,762	14,461,062	15,914,671
Percentage Difference from 2007-08		-7%	-25%	-29%	-25%	-14%	-10%	-12%	-3%

City of Pittsburg
Slow Recovery Fact Sheet

	Fiscal Year 2007-08	Fiscal Year 2014-15
City Employees	315	240
Residents	63,652	68,000
RDA Funds Available	\$44,896,071	\$0
RDA Funds for Road Rehabilitation	\$2,000,000	\$0
Streets Repaired (Square feet)	133,103	46,905
Property Tax Revenue	\$3,571,600	\$3,237,582
 Public Safety:		
Police calls for Service	70,707	77,947
Patrol Units	52	63
Law violations:		
Part I and Part II crimes	8,117	8,168
Physical arrests	3,955	3,204
Traffic violations	1,163	735
 Community Amenities:		
Small World Park Attendance	17,376	28,420
Senior Center Participants	15,735	22,423
City Parks	21	24
California Theatre Attendees	-	9,000



OFFICE OF THE CITY MANAGER/EXECUTIVE DIRECTOR
65 Civic Avenue
Pittsburg, CA 94565

DATE: 12/7/2015

TO: Mayor and Council Members

FROM: Joe Sbranti, City Manager

SUBJECT: Adoption of a City Council Resolution Unanimously Declaring an Emergency in the City of Pittsburg related to future funding of Police, Youth and Senior Services and Road Preservation

MEETING DATE: 12/14/2015

EXECUTIVE SUMMARY

The City is facing an emergency starting in Fiscal Year 2017-18 with the partial expiration of the Measure P sales tax. Without an extension of the existing sales tax at its current rate (one-half percent/dollar 0.5%), the City will be unable to maintain its financial viability at current staffing and service levels for Police, Senior Center services, economic development/job creation and to provide funds needed to make repairs to local streets. The City will face risks as to public health, safety and welfare.

FISCAL IMPACT

Potential impacts on the City from a declaration of emergency and potential continuation of the sales tax measure at its current level include the election-related costs of approximately \$90,000. Without a continuation of the Measure P Sales Tax at its current level, the City is facing a loss of approximately \$1.4 million annually during the fiscal years 2017-18 to 2021-22. Thereafter the loss is expected to be approximately \$3.6 million plus inflation growth in revenue annually through fiscal year 2034-35. If there is no continuation of the Measure P Sales Tax at its current level, the loss of funding will lead to additional pressures on the City's finances used to provide needed City services, with possible decreases in police services, thus threatening the public health, welfare and safety of the Pittsburg community. With the proposed continuation, Measure P funds can continue to support police activities in Pittsburg, retain services offered to both Seniors and Youth and address the underfunding of projects for road repairs.

RECOMMENDATION

City Council approve the attached resolution to declare an emergency based upon the reduction of future sales tax revenues generated by the reduction and future elimination of

Measure P in fiscal years 2017-18 and 2021-22. Further, staff recommends that the City Council authorize a revenue measure be placed before voters in June 2016 to continue Measure P at the current rate thru the end of fiscal year 2034-35.

BACKGROUND

During the economic recession that began in 2008, the City's annual revenues from sales taxes and property taxes fell \$4.6 million, reducing the funding available to provide essential City services. In response, the City reduced staff, eliminated non-essential services, and signed contracts with private companies to operate the golf course and youth recreation programs. City employees, including police officers, agreed to reduce medical and retirement benefits. Even with those cuts, for fiscal year 2011-12, the City needed \$2 million from its Budget Stabilization Fund to balance the budget, and anticipated a \$2.7 million General Fund deficit for fiscal year 2012-13.

Prior to placing Measure P on the ballot in 2012, the City Council unanimously determined that an emergency existed, potentially impacting the community's health, safety and welfare that necessitated asking the voters for approval as soon as possible, allowing the City to address an impending structural deficit.

At that time, staff advised the City Council and the Pittsburg community that the City's General Fund was, and was projected to be, significantly out of balance. An unprecedented combination of circumstances had resulted in projected deficits far beyond the City's capacity to absorb them. The major reasons for the ongoing and projected deficits were the effects of a national and state recession resulting in three years of declining development activity revenue, significant decreases in property and transfer tax revenues, raids on City revenue by the State of California, increased retirement costs (primarily associated with CALPERS investment losses), and increasing health insurance.

The fiscal year 2010-11 Budget represented the full impact of General Fund source revenue reductions totaling \$4.7 million, representing a 29% loss of funding for essential public services since fiscal year 2007-08. In response to the severe decrease in revenue, the City Council froze or eliminated numerous positions and reduced maintenance of every City Park and all City facilities, roads, landscaping, and street trees. By doing so, the City was accepting that its essential infrastructure would deteriorate and become more expensive to maintain over time, in the interest of continuing to provide basic services and its own Police Department.

In June 2012, 73% of Pittsburg voters voted to approve Measure P in order to prevent deeper cuts to essential city services for Pittsburg residents. Measure P has since provided the City with a guaranteed source of local funding for City services that cannot be taken by the State and has helped maintain the financial viability of the City. Since voters enacted Measure P, the City has maintained a full-service Police Department, with the ability to prevent and investigate property, domestic violence and other types of crime. Without continuing Measure P revenue at its current level, City policing could be reduced, thus affecting the community's health, welfare and safety.

Currently the General Fund (Fund 110) uses the Measure P Sales Tax funds to provide operations at the Police Department, the Senior Center and Economic Development programs within the City. By continuing Measure P at the current sales tax rate through Fiscal Year 2034-35, the General Fund will be able to reverse the pending strain on the City's finances, personnel and general services throughout the City. The continuation is for

a limited duration and will sunset at the end of fiscal year 2034-35, allowing the City to maintain fiscal stability throughout the remaining life of the previous Redevelopment Agency of the City of Pittsburg (RDA). After the previous RDA dissolves, property taxes associated with the RDA will revert to the City and eliminate the need for this gap funding to maintain current services throughout the City.

Without further action, half of the revenue measure will expire in 2017, resulting in the loss of more than \$1.4 million for essential City services, thus causing a detrimental effect on Pittsburg residents. As discussed in more detail below, Measure P was necessary to address a structural budget deficit while maintaining basic services such as the City's Police Department, services at the Senior Center and Economic Development programs within the City.

If Measure P is allowed to reduce or expire, based upon current economic factors that could not be foreseen when Measure P was adopted, (see attached slow recovery fact sheet) the City Council will be faced with difficult choices to implement, including severe reductions in City services. The City will be at risk for adverse effects on public health, safety, and welfare. Extending Measure P at its current level until June 2035 will protect local, high-quality services and ensure the City's Police Department has the resources it needs to maintain staffing levels, and will also provide seed money for a Family Justice Center to serve local residents. Development of a regional Family Justice Center will provide services at a single location for people affected by domestic violence, sexual assault, elder and child abuse and human trafficking.

Continuation of Measure P at its current level, and its related extension, would also allow the City to begin to address the \$34.7 million in deferred maintenance of Pittsburg streets. To keep pace with the wear and tear on roadways in the City, the City must spend \$3.5 million every year on pavement preservation projects on major streets to keep them at 'fair' or 'good' condition. Currently, the City is able to budget \$2.3 million per year, falling short more than \$1.2 million every year on what is needed to maintain local streets, and deferring to an often unspecified later date work on local streets in neighborhoods that are already at 'poor' or 'very poor' condition. The shortfall of funding will be complicated with the decay of the current street conditions over time. Without the funding to maintain the current condition of roads in Pittsburg, the City will see the \$34.7 million in deferred maintenance grow dramatically. In addition to the City seeking out local, regional and federal grant funds to pay for paving projects, the City is still faced with the loss of Redevelopment (RDA) funds and reductions in gas and other taxes previously available for road projects. These losses have contributed to the future emergency the City is attempting to circumvent prospectively rather than waiting for the event to happen.

As a result of those actions, the Council concluded in 2012 that the City had taken all reasonable steps available to reduce spending and still had not been able to bring expenditures in line with anticipated revenues; further spending reductions would require more dramatic cuts to essential public services that would result in threats to the general health, safety, and welfare of the residents of and businesses in Pittsburg resulting in Measure P being brought before the citizens of Pittsburg.

SUBCOMMITTEE FINDINGS

The Finance Committee reviewed staff's proposals at its meeting on September 21, 2015, and supported the declaration of an emergency and call for a measure on the June 2016 ballot to extend the existing Measure P at the current rate through June 2035.

On May 5, 2015, the Measure P Citizens Oversight Committee presented its annual report to the Council and acknowledged the funds have been utilized in a manner consistent with the Measure P goals. At their April 14, 2015 committee meeting, members expressed concern about the future reduction of Measure P revenues and the effect it would have on future program funding. These concerns were previously noted at the Citizens Oversight Committee meeting held on May 8, 2014.

STAFF ANALYSIS

The underlying factors that led to the emergency in 2012 and the proposal of Measure P have not abated in the intervening years. The housing market while recovering has not fully recovered and property tax revenue has not come back to the fiscal year 2007-08 levels. The City's sales tax base has just recovered to fiscal year 2007-08 levels, although without Measure P the sales tax revenue would still be under the fiscal year 2007-08 levels. The City's external costs, such as insurance and retirement obligations, have increased faster than revenues have grown. The structural deficit that the City faced then will return without this additional revenue. These issues were unforeseen when Measure P was approved and are beyond the City's control.

Based on the revenue needs described above, and the related threat to public health, welfare and safety, staff is recommending that the City Council declare an emergency and submit to the voters a proposed Measure P revenue measure extension at the current rate until June 2035 to protect general city services, including public safety priorities such as preventing and investigating theft and burglary crimes, domestic violence response services and maintaining Pittsburg's own city-run, local Police Department.

In order for a City Council to seek voter approval of a tax at an election other than an election for city council members, the California Constitution requires that the City Council unanimously declare that there is an emergency. By the adoption of a resolution declaring that an emergency exists in accordance with Article XIII C, Section 2(b) of the California Constitution, an election prior to November 2016 is permitted.

The need to submit a local revenue measure to the voters and the related threat to public health, welfare and safety, is imminent and by presenting it to the voters at the June 2016 election would provide additional revenue to the City in the fall of 2017, early enough in the fiscal year to address the emergency facing the City starting in fiscal year 2017-18.

ATTACHMENTS: Resolution
Proposed Ordinance
Property and Sales Tax Revenue Trends
Slow Recovery Fact Sheet

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