July 26, 2016 City Council Meeting

Item #15 -

Receive Community Prioritization Survey Results and Consider Placement of Transactions and Use Tax Measure for the November 8, 2016 General Municipal Election (At the Request of the Ad Hoc Subcommittee: Council Member Comerchero and Council Member Rahn)
CITY OF TEMECULA
AGENDA REPORT

TO: City Manager/City Council
FROM: Randi Johl, City Clerk
DATE: July 26, 2016
SUBJECT: Receive Community Prioritization Survey Results and Consider Placement of Transactions and Use Tax Measure for the November 8, 2016 General Municipal Election (At the Request of the Ad Hoc Subcommittee: Council Member Comerchero and Council Member Rahn)

PREPARED BY: Randi Johl, City Clerk

RECOMMENDATION: That the City Council, after discussion and deliberation, take the following action pertaining to the above-referenced item:

1. Receive and file the results of the second community prioritization poll conducted by Fairbank, Maslin, Maullin, Metz & Associates (FM3);

2. Adopt by a two-thirds vote (four affirmative votes) a resolution entitled:

RESOLUTION NO. 16-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMECULA CALLING AND PROVIDING FOR A MUNICIPAL ELECTION TO BE CONSOLIDATED WITH THE STATEWIDE GENERAL ELECTION TO BE HELD IN THE CITY OF TEMECULA ON TUESDAY, NOVEMBER 8, 2016 FOR THE PURPOSE OF APPROVING AN ORDINANCE ENACTING A TRANSACTIONS AND USE TAX TO BE ADMINISTERED BY THE STATE BOARD OF EQUALIZATION, AND ORDERING THE SUBMITTAL OF THE ORDINANCE TO THE VOTERS FOR THE ELECTION
3. Adopt a resolution entitled:

RESOLUTION NO. 16-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMECULA IN SUPPORT OF VOTER APPROVAL OF THE PROPOSED TRANSACTIONS AND USE TAX MEASURE AND PROVIDING FOR THE SUBMISSION OF A BALLOT ARGUMENT BY THE CITY COUNCIL, MEMBERS OF THE CITY COUNCIL, BONA FIDE ASSOCIATIONS, AND/OR ELIGIBLE INDIVIDUAL RESIDENTS, IN FAVOR OF THE MEASURE PURSUANT TO ELECTIONS CODE SECTION 9282

4. Authorize the Ad Hoc Subcommittee of Council Member Comerchero and Council Member Rahn to work with staff and consultants to prepare and/or submit ballot argument in favor of measure, and/or rebuttal argument as needed;

5. Direct the City Attorney and City Clerk to take all actions necessary to place this measure for the November 8, 2016 General Municipal Election;

6. Approve the First Amendment to the Agreement for Consultant Services with the Lew Edwards Group.

BACKGROUND: At its annual budget workshops on May 21, 2014 and May 27, 2015, the City Council received information regarding a looming structural deficit in the City’s five-year financial forecast resulting primarily from the added public safety responsibilities placed on cities, rise in public safety costs, and continuing State takeaways. Given its long-standing history of responsible and proactive financial management, the City Council provided direction to collaboratively engage the community in an effort to find solutions to this challenge while ensuring that the high quality of life and vital services that Temecula residents have come to enjoy and value remain intact. This report and the related recommendations, reflect the culmination of that effort.

Responsible Fiscal Management. Over the past 26 years, the City has continued to demonstrate consistent leadership with City Councils who have been both proactive and business-minded in their policies and actions. While the City expanded rapidly in the 1990s and early 2000s, the City Council accumulated resources and invested them back into the community to ensure continued economic growth, outstanding facilities, and programs to create a high quality of life for its residents. Double-digit growth in revenue combined with controlled expenditures over 15 years led to an accumulation of savings through the start of the Great Recession. During the recession itself, rather than spending down available fund balance to cover annual operating costs like many other cities throughout the State, the City chose a more responsible approach and invested in one time capital projects designed to spur the economy. Conscientious and forward-thinking policies and actions such as these helped the City weather the Great Recession and protect public safety and high quality of life services and programs that Temecula residents view as an essential part of their community.

Cost Containment. However, the protection of these valued services and programs has come at a cost internally. As the City transitioned from being a “growing city” to becoming a “maintenance city” reaching near build-out, controlling expenditures was equally as important as wisely managing revenues. Over the past 10 years, the City effectively controlled costs in order to remain fiscally solvent. The City’s population increased by 11% over the past 10 years while
authorized staffing levels declined by 25% (52.5 positions). Of the 20% increase in the General Fund budget over the last 10 years, non-safety departments increased collectively by only 2%. While police and fire services per capita spending rose 33% and 27%, respectively, the City’s non-safety departments decreased their per capita spending by 8%. The number of sworn officers in 2016 remains equal to 2007 levels, which reflects a 10 officer decrease from the peak in 2009. While this reduction in police officers saves over $3 million per year, Temecula remains 9 police officers below what is recommended for its current population size. While fire costs have increased by 41%, fire personnel staffing levels also remain constant since 2007. While the CPI rose 9% since 2010, the City’s responsible negotiations with City employee labor groups limited cost of living adjustments to only 3.5% over the past six years, saving the City nearly $1 million annually.

In addition, staff remains vigilant on reducing expenditures wherever possible including water and energy conservation efforts Citywide. Temecula is one of several contract cities in Riverside County participating in a study to evaluate alternative methods of public safety service delivery, including a joint powers authority. Cost containment efforts also include smart growth policies designed to offset public safety impacts for new development. An example includes requiring the Arbor Vista project, which necessitated a General Plan amendment in August of 2014, to offset associated public safety expenses through the payment of a mitigation fee.

**Economic Development.** The City continues its efforts to grow existing businesses and attract new revenue generating businesses. Recent successes on these efforts include four new hotel developments and two luxury auto car dealerships (Mercedes Benz and Audi). Leveraging our partnerships and relationships with agencies such as the Temecula Valley Chamber of Commerce, the Economic Development Coalition of Southwest Riverside County, and Visit Temecula Valley to attract businesses and retailers that do not have a presence in the valley, will continue as a part of our ongoing strategies and outreach.

**External Challenges.** Despite the City’s responsible fiscal management and cost containment efforts over the years, the City is faced with several external challenges over which it has no control. Sacramento continues to find new and creative ways to take local funds. These takeaways are making it challenging to protect vital services in the City, including public safety. In the past five years alone, the State has taken over $31 million from the City of Temecula to balance its own budget. Whether it is the loss of redevelopment tax increment, vehicle license fees or mandated reimbursements, the City remains vulnerable to future State takeaways and cuts to funding. In the last year alone, another $32 million in funding slated for regional transportation projects was also eliminated. The elimination of this specific funding significantly impacted the French Valley Parkway interchange project and the City’s transportation needs.

Other external challenges include the State continuing to release parolees to alleviate prison overcrowding and the City’s related needs for public safety and community policing. In April 2011, the State passed AB 109 which shifted responsibility for certain offenders from the State to the counties. Instead of reporting to State parole officers, certain offenders were now required to report to local county probation officers for local supervision. Proposition 47, passed in November 2014, reduced the classification of most non-serious and non-violent property and drug crimes from a felony to a misdemeanor. The practical impact of this proposition locally is that most misdemeanor offenders are now provided a citation to appear in court instead of being sent to jail. As reported in August 2015, FBI crime statistics for the first 6 months of 2015 for the Riverside County Sheriff’s Department indicate a 6.3% increase in Part I violent crimes, an approximate 2.2% increase in property crimes, and an overall Part I crime increase of 2.5% in the first 6 months of the year over the same period in 2014. In addition, the Riverside County jail system saw a 31% decrease in the number of drug arrests by all law enforcement agencies booked into County jail for the first 6 months of 2015 compared to the same period in 2014. There were also over 16% fewer bookings by all County law enforcement agencies into the
Limited Options. Even with the City’s responsible fiscal management and cost containment efforts, added public safety responsibilities and rising costs coupled with State takeaways and other external challenges, continue to place a heavy burden on the City’s budget and resources. In order to balance the five-year financial forecast, the City can only reduce expenditures, increase revenues, or do a combination of both. As shown above, expenditure reductions and cost containment efforts have been ongoing for the last decade. Vacancies in positions, reductions in non-personnel related costs, and continued deferral of maintenance and contributions to asset management programs are now starting to impact service delivery to a community that values and deserves a high quality of life in its services and programs. As such, new revenue generation is also being recommended as an option.

The City has more than tripled its population since its incorporation in 1989. With that growth, the need to provide additional services has increased significantly. However, the mechanism and amount to cover the costs associated with providing general City services, including public safety, has largely remained the same – through sales tax and property tax. Measure C (City’s Park and Recreation Tax) only provides a 42% offset to the desired community services and programs every year.

At the July 28, 2015 meeting, the City Council received information regarding commonly recognized sources of new revenue generation in California cities, including transactions and use (“sales”) tax. Sales tax is a levy on the retail sale of tangible goods paid by the purchaser at the point of sale. Absent additional voter approval, cities retain 1% of the base rate amount. According to the Legislative Analyst’s Office report dated May 2015, the average sales tax rate in California is 8.5%. The current sales tax in Temecula is 8%, less than the State average.

The sales tax remains the most viable option for cities throughout the State to address essential services in their communities, with locally-controlled funding that cannot be taken by the State. A report by California City Finance dated March 2014 indicates that 174 general-purpose add-on sales tax measures were placed on ballots for cities and counties since 2001. There were 101 similar measures collectively on the November 2014 and June 2016 ballots. Locally-controlled funding will allow the City to maintain essential services including emergency response times, police and fire services, school safety patrols, youth and after-school programs, senior and disabled services, traffic improvements, and other general services that are the foundation of Temecula’s high quality of life. A one cent increase to 9% will generate an estimated $23 million annually and approximately 50% of this amount will be paid by non-residents through imported sales transactions.

Community and High Quality of Life. Since the City’s incorporation in 1989, public safety has remained the City’s top priority. Over the last 27-years every annual operating budget reflects an investment of approximately 50% or more of its expenditures in public safety, ensuring the highest levels of police and fire protection. It is no different today as public safety remains the top priority and there is a direct nexus between a safe community and a high quality of life.

In addition to considering revenue generating options at the July 2015 meeting, the City Council also gave direction to engage the community and solicit feedback regarding the priorities of the residents of Temecula for maintaining their high quality of life and essential services such as public safety. Community participation and engagement on matters of importance is not a new concept for the City of Temecula and its residents. Quite the contrary, it’s a part of the Temecula Way. Whether it’s community leaders organizing to spend time, effort and energy to incorporate into a city, or citizens participating in the biennial citizen satisfaction survey identifying their two
biggest priorities as public safety and community services, or a Blue Ribbon committee of citizens working diligently to ensure that the Quality of Life Master Plan captures the needs and desires of the community for the next 20 years. Community participation and engagement is a well-cemented precedent in the City of Temecula. The results of the strong partnership between the City and its residents is illustrated in a recent community survey showing 81% of residents state the City is headed in the right direction and 96% feel safe in the City.

In response to the direction to engage the community, three community workshops were held in September 2015 at different locations throughout the City (Gardner Middle School, Mary Phillips Senior Center and Harveston Center). A professional, independent survey was also conducted by Fairbank, Maslin, Maullin, Metz & Associates (FM3). Based on the results of that survey which were presented at the October 27, 2015 City Council meeting, the Council gave additional direction to continue the ongoing community engagement effort. The official “Join the Conversation” effort was launched in January 2016. The effort intentionally utilized a variety of outreach methods to promote and encourage interaction with as many Temecula residents as possible. Over 3,180 responses were received by the community through Survey Monkey. Approximately 15,000 users were reached through social media, including Facebook, Twitter and Instagram. Over 68,000 were reached through the City’s Constant Contact and School District’s Peachjar email blasts. Over 80,000 were reached through print media including the City’s newsletter and activity guide, as well as the Chamber of Commerce’s newsletter. Numerous others were reached through speakers’ bureaus and community meetings. Over 180,000 single-use impressions were measured in the community. That number would be much higher if repeat methods on different dates were also included. It is important to note that community leaders and organizations, including the Chamber of Commerce, Temecula Valley Unified School District, Pechanga, Rancho Community Church and others did a wonderful job in helping the City to get the word out to the entire community and encourage participation in this effort.

While the response continues to be analyzed, the trend clearly shows that the Temecula community values its high quality of life and wishes to maintain and prevent cuts to its essential services. Some of the highest priorities of the community include:

- Maintaining 911 emergency and police response times
- Preventing cuts to paramedic services, local police and fire protection
- Maintaining school safety patrols
- Addressing traffic congestion on local streets
- Maintaining youth sports and after-school activities

Finally, on June 14, 2016, the City Council approved an agreement for a second professional and independent community survey, the results of which will be presented at tonight’s meeting.

**Voter Approval of Local Revenue Measure.** Based upon the above-referenced information and public comment, if the City Council desires to pursue a local revenue measure on behalf of the residents of Temecula as an option to maintain and prevent cuts to essential services, a specific process must be adhered to.

It is important to note that any change to the City’s general tax rate must be approved by the voters. The City Council does not have the authority to raise taxes, only to place a measure on the ballot for voter consideration. Proposition 218 requires such tax measures to be voted upon at the City’s general municipal election simultaneously with officeholder elections. The next City Council election is scheduled for November 8, 2016. Subsequent Council elections are held every two years. The last day for a measure to be submitted to the Registrar of Voters for the November 8, 2016 election is August 12, 2016. In order to place a tax measure on the ballot, a two-thirds vote of the City Council (at least four members) is required. If passed by the Council and the electorate, the tax would be effective no sooner than April 1, 2017.
If the City Council adopts the attached resolution tonight placing the measure on the November 8, 2016 ballot, the City Attorney and City Clerk will submit the required documentation to the County Registrar of Voters and perform other related tasks by the following deadlines:

- Before August 12, 2016 – Submit Resolution and Ordinance for Measure Placement
- August 22, 2016 – Deadline to File Primary Arguments and Impartial Analysis
- August 23 – September 1, 2016 – Public Examination Period for Primary Arguments and Impartial Analysis
- September 1, 2016 – Deadline to File Rebuttal Arguments
- September 2 – 11, 2016 – Public Examination Period for Rebuttal Arguments

The proposed resolution incorporates the ability of one or more members of the City Council, bona fide associations, or eligible individual voters, to submit a ballot argument in favor of the measure pursuant to Elections Code Section 9282. The proposed resolution also permits the submittal of rebuttal arguments pursuant to Elections Code Section 9285. It is recommended that the City Council appoint the Ad Hoc Subcommittee of Council Member Comerchero and Council Member Rahn to work with staff and consultants to prepare and/or submit said ballot argument in favor and/or rebuttal argument as needed by the deadlines referenced above.

Finally, should the City Council choose to place the measure on behalf of the citizens on the November 8, 2016 election for their consideration, it is also recommended that the City Council approve the First Amendment to the Agreement with the Lew Edwards Group to provide consulting services to the City in relation to the November 8, 2016 election in an amount not to exceed $76,000. The revised scope of work for the Lew Edwards Group would authorize its assistance to the City in managing non-partisan and impartial communications concerning the ballot measure in strict accordance with the legal requirements that prohibit the City from advocating a position on a ballot measure.

**FISCAL IMPACT:** Adequate funds exist in the City Manager’s 2016-2017 fiscal year operating budget to cover the cost of the proposed amendment to the agreement with the Lew Edwards Group in an amount not to exceed $76,000. The estimated combined cost to conduct the November 8, 2016 general municipal election for officeholders ($137,000) and a ballot measure ($35,000) is $172,000 and said amount is included in the City Clerk’s 2016-2017 fiscal year operating budget. A one cent increase in the City’s sales tax rate from 8% to 9% will generate an estimated $23 million annually (unless otherwise ended by the voters) to the City’s General Fund and approximately 50% will be paid by non-residents through imported sales transactions.

**ATTACHMENTS:**
1. Resolution Placing Measure with Proposed Ordinance
2. Resolution Providing for Ballot Arguments/Rebuttals
3. First Amendment to Agreement for Consultant Services
RESOLUTION NO. 16-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMECULA CALLING AND PROVIDING FOR A MUNICIPAL ELECTION TO BE CONSOLIDATED WITH THE STATEWIDE GENERAL ELECTION TO BE HELD IN THE CITY OF TEMECULA ON TUESDAY, NOVEMBER 8, 2016 FOR THE PURPOSE OF APPROVING AN ORDINANCE ENACTING A TRANSACTIONS AND USE TAX TO BE ADMINISTERED BY THE STATE BOARD OF EQUALIZATION, AND ORDERING THE SUBMITTAL OF THE ORDINANCE TO THE VOTERS FOR THE ELECTION

THE CITY COUNCIL OF THE CITY OF TEMECULA DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Section 7285.9 of the California Revenue and Taxation Code authorizes any city to levy, increase or extend a transactions and use tax for general purposes at a rate of 0.125 percent, or a multiple thereof, subject to approval by a two-thirds vote of all of the members of the City Council and by a majority of the qualified voters of the City voting in an election on the issue.

Section 2. Pursuant to California Elections Code Sections 9222 and 10201, the City Council hereby orders that a municipal election in and for the City of Temecula shall be held on Tuesday, November 8, 2016 for the purpose of approving a transactions and use tax measure in addition to the election for two City Council offices as provided in Resolution 16-37. The full text of Ordinance No. 2016-06, attached to this Resolution as Exhibit A shall be printed in the voter pamphlet. The measure to be submitted to the voters shall appear and be printed on the ballot as follows:

<table>
<thead>
<tr>
<th>City of Temecula</th>
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<tbody>
<tr>
<td>TEMECULA 9-1-1 EMERGENCY RESPONSE, PUBLIC SAFETY AND VITAL CITY SERVICES MEASURE. To maintain 9-1-1 emergency response times, prevent cuts to local paramedic/police/fire protection, school safety patrols, youth/after-school, senior, disabled services; improve freeway interchanges/reduce traffic; other general services; shall Ordinance 2016-06 of the City of Temecula be adopted establishing a one-cent sales tax providing $23,000,000 dollars annually, until ended by voters; requiring independent audits, no money for the State, all funds remaining local?</td>
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Section 3. City Council hereby approves proposed Ordinance No. 2016-06 to be submitted to the voters. The proposed measure is a general tax as defined in Article XIIIC of the California Constitution and shall not take effect unless and until approved by a vote of at least a majority of the voters voting on the question at the election.
Section 4. On June 28, 2016, the City Council approved Resolution Nos. 16-37, 16-38, 16-39, 16-40, and 16-41 (hereafter “2016 Election Resolutions”) calling for the general municipal election to be held on November 8, 2016 for the election of two members to the City Council, and providing standard provisions for the conduct of the election. The ballot measure to be submitted to the voters for the approval of Ordinance No. 16-06 shall be conducted in accordance with the 2016 Election Resolutions subject to the following:

A. The City Attorney is hereby directed to prepare an impartial analysis of the measure pursuant to Elections Code Section 9280 and Resolution No. 16-40 approved and adopted by the City Council on June 28, 2016.

B. The City Council hereby authorizes Council Member Comerchero and Council Member Rahn to prepare and/or submit a ballot argument in favor of the measure pursuant to Elections Code Section 9282 and Resolution No. 16-40 and further authorizes rebuttal arguments to be submitted pursuant to Elections Code Section 9285.

C. Pursuant to Elections Code Sections 10400–10403.5, the City Council of the City of Temecula hereby requests the consolidation of the municipal election for the ballot measure described in Section 2 with the statewide general election to be held on November 8, 2016. The City Council further requests that the Registrar of Voters of the County of Riverside canvass the returns of said election. Within the City of Temecula, the election precincts, polling places, and voting booths shall, in every case, be the same, and there shall be only one set of election officers in each of the precincts which shall be the same as those selected and designated by the Riverside County Registrar of Voters. Only qualified electors of the City of Temecula shall be permitted to vote for the measure placed on the ballot by the City Council.

D. Except for those services routinely conducted by the City Clerk as the local elections official, delegation is hereby made to the Riverside County Registrar of Voters to conduct said election for the ballot measure described in Section 2 in accordance with all applicable laws and procedures. The Riverside County Registrar of Voters is hereby authorized, instructed, and directed to canvass the returns of the general municipal election and give such further or additional notice of said election, in time, form, and manner as required by law.

E. That the Board of Supervisors is requested to issue instructions to the Riverside County Registrar of Voters to take any and all steps necessary for the holding of the consolidated election for the ballot measure described in Section 2.

F. In all particulars not recited in this resolution, said election for the ballot measure described in Section 2 shall be held and conducted as provided by law for holding consolidated municipal elections. Said consolidated election shall be held and conducted in the manner prescribed in Elections Code Section 10418.
G. The City of Temecula recognizes that additional costs will be incurred by the County, by reason of this consolidation, and agrees to reimburse the County for such additional costs.

Section 5. The City Clerk is hereby directed to file a certified copy of this resolution with the Board of Supervisors and Riverside County Registrar of Voters.

Section 6. The City Clerk shall certify to the passage and adoption of this resolution.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Temecula this 26th day of July, 2016.

______________________________
Michael S. Naggar, Mayor

ATTEST:

______________________________
Randi Johl, City Clerk

SEAL

STATE OF CALIFORNIA )
COUNTY OF RIVERSIDE  ) ss
CITY OF TEMECULA )

I, Randi Johl, City Clerk of the City of Temecula, do hereby certify that the foregoing Resolution No. 16- was duly and regularly adopted by the City Council of the City of Temecula at a meeting thereof held on the 26th day of July, 2016, by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

______________________________
Randi Johl, City Clerk
EXHIBIT A

ORDINANCE NO. 2016-06

[Attached]
ORDINANCE NO. 2016-06

AN ORDINANCE OF THE CITY OF TEMECULA
IMPOSING A TRANSACTIONS AND USE TAX TO BE
ADMINISTERED BY THE STATE BOARD OF
EQUALIZATION

Section 1. Title 3 ("Revenue and Finance") of the Temecula Municipal Code is hereby amended by adding Chapter 3.18 ("Transactions and Use Tax") to read as follows:

"CHAPTER 3.18, TRANSACTIONS AND USE TAX"

3.18.010 TITLE. This chapter shall be known as the Temecula Transactions and Use Tax Ordinance. The City of Temecula hereinafter shall be called "City." This ordinance shall be applicable in the incorporated territory of the City.

3.18.020 OPERATIVE DATE. "Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the adoption of Ordinance No. 2016-06.

3.18.030 PURPOSE. This chapter is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.9 of Part 1.7 of Division 2 which authorizes the City to adopt this tax ordinance which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

B. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

C. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefore that can be administered and collected by the State Board of Equalization in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the State Board of Equalization in administering and collecting the California State Sales and Use Taxes.
D. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this ordinance.

3.18.040. CONTRACT WITH STATE. Prior to the operative date of this chapter, the City shall contract with the State Board of Equalization to perform all functions incident to the administration and operation of this transactions and use tax ordinance; provided, that if the City has not contracted with the State Board of Equalization prior to the operative date, it shall nevertheless so contract, and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

3.18.050. 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 1.0% 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.

3.18.060. PLACE OF SALE. For the purposes of this chapter, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the State sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the State Board of Equalization.

3.18.070. 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 1.0% of the sales price of the property. The sales price shall include delivery charges when such charges are subject to State sales or use tax regardless of the place to which delivery is made.

3.18.080. ADOPTION OF PROVISIONS OF STATE LAW. Except as otherwise provided in this chapter and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the
Revenue and Taxation Code are hereby adopted and made a part of this ordinance as though fully set forth herein.

3.18.090. LIMITATIONS ON ADOPTION OF STATE LAW AND COLLECTION OF USE TAXES. In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of this City shall be substituted therefor. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Board of Equalization, State Treasury, or the Constitution of the State of California;

2. The result of that substitution would require action to be taken by or against this City or any agency, officer, or employee thereof rather than by or against the State Board of Equalization, in performing the functions incident to the administration or operation of this ordinance.

3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

   a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;

   b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the State under the said provision of that code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word "City" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.
3.18.100. **PERMIT NOT REQUIRED.** If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this ordinance.

3.18.110. **EXEMPTIONS AND EXCLUSIONS.**

A. There shall be excluded from the measure of the transactions and use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions and use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the City which is shipped to a point outside the City, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the City shall be satisfied:

   a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-City address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

   b. With respect to commercial vehicles, by registration to a place of business out-of-City and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.
3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this ordinance, the storage, use or other consumption in this City of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this ordinance.
5. For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the City shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the City or participates within the City in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the City or through any representative, agent, canvasser, solicitor, subsidiary, or person in the City under the authority of the retailer.

7. "A retailer engaged in business in the City" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the City.

D. Any person subject to use tax under this ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

3.18.120. AMENDMENTS. All amendments subsequent to the effective date of this chapter to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this chapter, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this ordinance. The City Council shall have the authority to amend this chapter so as to implement any changes or additions required by the State Board of Equalization or other State
agency for the administration of the tax, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this ordinance.

3.18.130. **ENJOINING COLLECTION FORBIDDEN.** No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the City, or against any officer of the State or the City, to prevent or enjoin the collection under this chapter, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

3.18.140. **SEVERABILITY.** If any provision of this chapter or the application thereof to any person or circumstance is held invalid by a court of law, the remainder of the chapter and the application of such provision to other persons or circumstances shall not be affected thereby.

3.18.150. **INDEPENDENT FINANCIAL AUDIT.** By no later than December 31 of each year, the City’s independent auditors shall complete a Temecula Transactions and Use Tax Ordinance Compliance and Internal Control Audit Report. Such report shall review whether the tax revenues collected pursuant to this chapter are collected, managed and expended in accordance with the requirements of this ordinance."

**Section 2.** This ordinance relates to the levying and collecting of the City’s transactions and use taxes and shall take effect immediately.

**Section 3.** The City Clerk shall certify the passage of this ordinance and forward a copy of the adopted ordinance to the State Board of Equalization.

**PASSED AND ADOPTED** by the People of the City of Temecula, State of California, at the General Municipal Election held on November 8, 2016.

________________________________________
Michael S. Naggar, Mayor

Attest:

________________________________________
Randi Johl, City Clerk
RESOLUTION NO. 16-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMECULA IN SUPPORT OF VOTER APPROVAL OF THE PROPOSED TRANSACTIONS AND USE TAX MEASURE AND PROVIDING FOR THE SUBMISSION OF A BALLOT ARGUMENT BY THE CITY COUNCIL, MEMBERS OF THE CITY COUNCIL, BONA FIDE ASSOCIATIONS, AND/OR ELIGIBLE INDIVIDUAL RESIDENTS, IN FAVOR OF THE MEASURE PURSUANT TO ELECTIONS CODE SECTION 9282

WHEREAS, the City of Temecula has a proud tradition of high-quality local services and well-managed finances;

WHEREAS, people live in Temecula because it offers a high quality of life, including public safety and emergency response services, roads that are in good condition, and services and programs that make Temecula a desirable place to live, visit and do business;

WHEREAS, residents want to maintain 911 emergency and police response times, prevent cuts to paramedic services, local police and fire protection, maintain school safety patrols, prevent cuts to services for the disabled, and maintain vital services and the quality of life residents have come to expect;

WHEREAS, in the last five years alone, the State has taken $31 million from the City;

WHEREAS, over 80% of calls to the Temecula Fire Department are related to medical emergencies;

WHEREAS, the City needs to ensure firefighters and paramedics can continue to quickly respond to emergencies and save lives;

WHEREAS, the State is releasing parolees to alleviate prison overcrowding;

WHEREAS, the City is 9 officers below recommended numbers for the City’s current size;

WHEREAS, a local revenue measure will help maintain public safety services, including emergency and police response times and school safety patrols;

WHEREAS, a local revenue measure will help prevent cuts to paramedic services, local police and fire protection;

WHEREAS, a local revenue measure will help prevent cuts to programs for seniors and disabled residents;
WHEREAS, a local revenue measure will help address the needed investment in community assets such as parks, roadways and critical infrastructure;

WHEREAS, a local revenue measure will maintain vital services and the quality of life residents have come to expect;

WHEREAS, the proposed local revenue measure will be spent entirely on local essential services that benefit our community, with no money for Sacramento and all funds for Temecula; and

WHEREAS, the proposed measure includes accountability provisions, including annual independent financial audits and public review of expenditures.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TEMECULA THAT:

Section 1. The City Council of the City of Temecula supports voter approval of the proposed 1% transactions and use tax measure to be submitted to the voters by Resolution 16-__.

Section 2. Elections Code Section 9285 authorizes the City Council, any of its members, bona fide associations and/or eligible individual residents, to submit an argument in favor of the proposed measure. The City Council authorizes Council Member Comerchero and Council Member Rahn to draft and/or submit a ballot argument in favor of the measure based on the reasons described in the whereas clauses above and to draft and/or submit a rebuttal argument if required as authorized by Elections Code Sections 9282 and 9285. If it is proposed that the ballot argument be signed by all members of the City Council, then the proposed argument shall be submitted to the City Council for approval in a public meeting of the City Council. This resolution is authorized by Elections Code Section 9285 and applicable case law.

Section 3. The City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Temecula this 26th day of July, 2016.

__________________________________
Michael S. Naggar, Mayor

ATTEST:

__________________________________
Randi Johl, City Clerk

[SEAL]
STATE OF CALIFORNIA  
COUNTY OF RIVERSIDE  
CITY OF TEMECULA  

I, Randi Johl, City Clerk of the City of Temecula, do hereby certify that the foregoing Resolution No. 16-  was duly and regularly adopted by the City Council of the City of Temecula at a meeting thereof held on the 26th day of July, 2016, by the following vote:

AYES:  COUNCIL MEMBERS:  
NOES:  COUNCIL MEMBERS:  
ABSTAIN:  COUNCIL MEMBERS:  
ABSENT:  COUNCIL MEMBERS:  

________________________________________  Randi Johl, City Clerk
FIRST AMENDMENT TO THE AGREEMENT FOR
CONSULTANT SERVICES BETWEEN THE CITY OF
TEMECULA AND THE LEW EDWARDS GROUP

COMMUNITY ENGAGEMENT
AND COMMUNICATIONS SERVICES

This First Amendment is made as of July 26, 2016 between the City of Temecula, a municipal corporation ("City") and the Lew Edwards Group, a California corporation ("Consultant"). In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

1. This First Amendment is made with respect to the following facts and purposes:

   A. On November 1, 2015, the City and Consultant entered into that certain Agreement entitled “AGREEMENT FOR CONSULTANT SERVICES BETWEEN CITY OF TEMECULA AND THE LEW EDWARDS GROUP—COMMUNITY ENGAGEMENT AND COMMUNICATIONS SERVICES” (“Agreement”).

   B. The parties now desire to amend the Agreement by revising the Scope of Services and payment terms as set forth in this Amendment.

2. Paragraph 1 of the Agreement is hereby amended to read as follows:

   “This Agreement shall commence on November 1, 2015 and shall remain and continue in effect until tasks described herein are completed, but in no event later than October 31, 2016, unless sooner terminated pursuant to the provisions of this Agreement.”

3. Paragraphs 4.a. and 4.c. of the Agreement shall be amended to read as follows:

   “a. The City agrees to pay Consultant monthly, in accordance with the payment rates and terms and the schedule of payment as set forth in Exhibits B and B-1, Payment Rates and Schedule, attached hereto and incorporated herein by this reference as though set forth in full, based upon actual time spent on the above tasks. Any terms in Exhibits B and B-1, other than the payment rates and schedule of payment, are null and void. This amount shall not exceed thirty thousand dollars ($30,000) for the original agreement plus an additional seventy-six thousand dollars ($76,000) for work described in the First Amendment for a total amount not to exceed one hundred six thousand dollars ($106,000) unless additional payment is approved by the City Council.

   “b. . . .

   “c. Consultant shall submit invoices monthly for actual services performed. Invoices shall be submitted between the first and fifteenth business day of each month, for services provided in the previous month. Payment for professional services shall be made within thirty (30) days of receipt of each invoice as to all non-disputed fees. Payment for direct mail costs and expenses shall be paid within ten (10) days of receipt of each invoice as to all non-disputed fees. If the City disputes any of Consultant's fees for professional services, it shall give written notice to Consultant within thirty (30) days of receipt of an invoice for professional services of any disputed fees set forth on the
invoice. If the City disputes any of Consultant's costs and expenses for direct mailing, it shall give written notice to Consultant within ten (10) days of receipt of an invoice for direct mail costs and expenses of any disputed amounts set forth on the invoice. For all reimbursements authorized by this Agreement, Consultant shall provide receipts on all reimbursable expenses in excess of fifty dollars ($50) in such form as approved by the Director of Finance.”

4. Exhibit A to the Agreement, Scope of Services, is hereby amended by adding thereto the additional services described on Exhibit A-1, attached hereto and incorporated herein as though set forth in full.

5. Exhibit B to the Agreement, Payment, is hereby amended by adding thereto the additional payment provisions described on Exhibit B-1, attached hereto and incorporated herein as though set forth in full.

6. The person or persons executing this Agreement on behalf of Consultant warrants and represents that he or she has the authority to execute this Agreement on behalf of the Contractor and has the authority to bind Contractor to the performance of its obligations hereunder.

7. Except for the changes specifically set forth herein, all other terms and conditions of the Agreement shall remain in full force and effect.
IN WITNESS WHEREOF, the parties have caused this Agreement to be signed and executed personally or on its behalf by its duly authorized representative.

CONSULTANT
LEW EDWARDS GROUP, INC.

By: _____________________________
    Catherine Lew
    President and CEO

By: _____________________________
    Lloyd Edwards
    Secretary Treasurer

CITY
CITY OF TEMECULA,
A California Municipal Corporation

______________________________
Michael S. Naggar, Mayor

ATTEST:

______________________________
Randi Johl
City Clerk

APPROVED AS TO FORM:

______________________________
Peter M. Thorson
City Attorney
EXHIBIT A-1

The following additional services shall be added to the Scope of Services:

1. Independently review public opinion research, follow-up study and provide strategic recommendations.

2. Participate and/or facilitate planning or update sessions with City staff and/or ad hoc committee members.

3. Assist in the preparation and review of impartial and factual ballot measure documents and/or City staff reports.

4. Continue to facilitate and coordinate strategy and timeline for City staff assigned to the project.

5. Update and refine informational materials providing accurate, fair, and impartial information to the public, without advocating a position on the ballot measure, concerning the City’s finances and the ballot measure including website, social media, press releases, communications suite (FAQs, Informational Messages, Informational PowerPoint, Speaker’s Bureau, and Opinion Leader updates).

6. Provide ongoing strategic communication advice.

7. At the written direction of the City Manager, conceive and produce up to three (3) mailings providing accurate, fair, and impartial information to the public concerning the City’s finances without advocating a position on the ballot measure subject to the approval of the City Manager and City Attorney.

The parties express, acknowledge and agree that legal services or advice are not within the Consultant’s Scope of Services. If providing direct mail services, Consultant will facilitate delivery to the United States Postal Service (USPS), but cannot assume responsibility for delivery once mail is within control of USPS.
EXHIBIT B-1

In addition to the $30,000 paid to Consultant under the original Agreement, City shall pay to Consultant an additional sum not to exceed seventy-six thousand dollars ($76,000) for the extended project period, subject to the terms of this Agreement and payable as follows:

1. Additional twenty-five thousand dollars ($25,000) for professional consulting services payable as follows: Ten thousand dollars ($10,000) on July 29, 2016; and monthly payments of five thousand dollars ($5,000) per month due on the last business day of each month commencing on August 31, 2016 and ending October 31, 2016.

2. If requested, direct mail production for up to three mailings not to exceed fifty-one thousand dollars ($51,000) due and payable within ten (10) days of invoice by Consultant. Subsequent mailing(s) will not be initiated until previous mailing(s) are paid for by the City.
COMMUNITY PRIORITIZATION

City Council Meeting
July 26, 2016
INTRODUCTION
BACKGROUND

• 5-Year Financial Forecast
  – Structural deficit first identified 2014
  – Discussed at the 2015 & 2016 Budget Workshops

• Looming deficit due to
  – Rising public safety costs
  – Continued State takeaways
5-Year Financial Plan
(as of FY16-17)

General Fund 5-Year Projections
Revenues over Expenditures

- Actuals
- Projected

Beginning of Structural Deficit

$4.5M Gap
RESPONSIBLE FISCAL MANAGEMENT

• City invested its available resources back into community over past 15 years
COST CONTAINMENT

“Growth City” ➔ “Maintenance City”
10-Year History of Cost Containment

% Change from Fiscal Year 2007-08 to 2016-17
(10-Year Period)

- Population: 11%
- Authorized Positions: -25%
- GF Operating Budget: 20%
- Non-Safety Budget: 2%
- CalPERS Rates: 87%
- CalPERS $: 26%
- Non-Safety per Capita: 33%
- Police Services per Capita: 27%
- Sworn Officers: 0%
- Police Budget: 49%
- Fire Personnel: 0%
- Fire Budget: 41%
- COLAs: 3.5%
- Annual CPI: 9%
- GF Revenue: 10%
- GF Operating Budget: 20%
COST CONTAINMENT

• Expenditure reduction measures
  – Water conservation
  – Energy-saving programs
  – Public Safety service alternatives
  – Smart growth policies
ECONOMIC DEVELOPMENT

• Grow Existing Businesses
  – Promenade Mall Expansion

• Business Retention & Attraction programs
  – Hotel Development
  – Mercedes Benz of Temecula
  – Hoehn Audi of Temecula
EXTERNAL CHALLENGES
EXTERNAL CHALLENGES

• AB 109
  State Parolees => Local Probation

• Proposition 47
  Felonies => Misdemeanors
EXTERNAL CHALLENGES

- Riverside Sheriff Press Releases state
  - increase in overall Part I crime
  - decrease in jail bookings & drug arrests
LIMITED OPTIONS

• Expenditure reductions
• Revenue enhancements
• Combination of both
LIMITED OPTIONS

Population Growth = Increased demand for services

vs.

Limited Revenue Sources (Property Tax & Sales Tax)
UNDERSTANDING SALES TAX

2015 Sales Tax Rate = 8.0%
(Average Statewide Rate = 8.5%)

$1 Purchase = $0.08 Sales Tax

- 4 ¼ cents to State of CA
- K-12/Community Colleges
  - Education Protection (expires 12/31/16)

- 2 ¼ cents to Riverside County
- Public Safety
- Transportation
- Mental Health/Welfare

- ½ cent to Riverside County Transportation Commission
- Transportation (restricted–expires 2039)

- 1 cent to City
- City Services (Police, Fire, Parks, etc.)
UNDERSTANDING PROPERTY TAX

Property Tax Rate = 1.0% of Home’s Value

For every $1 paid in Property Tax, the City receives 5.6 cents.
SALES & PROPERTY TAX REVENUE EXAMPLE

Sales Tax

New Car = $40,000

8% Sales Tax = $3,200

State: $1,700  County: $900  City: $600

Property Tax

New House = $400,000

1% Property Tax = $4,000

Schools: $1,800  County: $920  Water Dist.: $760  City: $224  Fire: $212  Other Dist.: $84
LIMITED OPTIONS – LOCAL CONTROL

General Fund Revenue Sources

- Sales and Use Tax: 50%
- Property Tax: 11%
- Other Revenue: 12%
- Operating Transfers In: 3%
- Intergovernmental Revenues: 11%
- Special Tax (Measure C): 3%
- Transient Occupancy Tax: 5%
- Franchise Fees: 5%
LIMITED OPTIONS – LOCAL CONTROL

Teen Village
COMMUNITY PARTNERSHIP

- History of surveying residents
- Over 90% of residents have consistently been satisfied with the City’s performance since 2000

![Bar Chart]

- Year: 2000
  - Somewhat Satisfied: 37.0%
  - Very Satisfied: 54.8%
- Year: 2007
  - Somewhat Satisfied: 37.8%
  - Very Satisfied: 53.9%
- Year: 2011
  - Somewhat Satisfied: 29.9%
  - Very Satisfied: 61.8%
- Year: 2014
  - Somewhat Satisfied: 39.5%
  - Very Satisfied: 53.2%
HISTORY OF ENGAGEMENT
JOIN THE CONVERSATION
JOIN THE CONVERSATION
JOIN THE CONVERSATION

• Community Priorities
  1. 911 emergency/police response times
  2. Paramedic services, local police/fire protection
  3. School safety patrols
  4. Traffic congestion on local streets
  5. Youth/after school programs and services
INDEPENDENT SURVEYS

- Fall 2015
- Summer 2016
NEXT STEPS

• City Council Considers Placement
  – Requires 4/5 approval

• Extend Ad-Hoc Subcommittee Role

• Approve consultant agreement
NEXT STEPS

• Resident / Voter Election
  – Approval Requires Simple Majority
RECOMMENDATION

City Council place a one-cent sales tax measure for consideration by the residents of Temecula on Nov. 8, 2016.

– Responsible fiscal management
– Significant budget cuts
– External challenges
– Maintain high quality of life
RECOMMENDATION

City Council place a one-cent sales tax measure for consideration by the residents of Temecula on Nov. 8, 2016.
Discussion
City of Temecula
Community Prioritization Survey

Survey Conducted
June 19-27, 2016

220-4507

Fairbank, Maslin, Maullin, Metz & Associates – FM3
Methodology

- 400 interviews with Temecula residents likely to participate in the November 2016 election
- Survey was conducted June 9-17, 2016 via landlines and cell phones
- Overall Margin of Error: ±4.9% at the 95% confidence interval
- Due to rounding, some percentages do not add up to 100%
- Selected questions tracked from a survey conducted in September 2015
Key Findings

- Survey respondents have maintained extremely positive feelings about their City and its leadership.
- A local revenue measure to maintain the high quality of life in Temecula, and prevent cuts to public safety and other services, is viable for placement on the November 2016 ballot.
- It is important to continue efforts to communicate with residents about the City’s need for funding and the impact the ballot measure will have on preserving the quality of life in Temecula and the high-quality services provided by the City.
Community Attitudes
The September 2015 survey showed residents overwhelmingly optimistic about the direction of the City.

Would you say that things in the City of Temecula are generally headed in the right direction, or do you feel that things are off on the wrong track?

Right Direction 81%
Wrong Track 10%
DK/NA 9%
The City government and Council receive strongly positive ratings, while the State Government is viewed very negatively.

Taking a step back, I am going to mention a few organizations. Please tell me if you feel that organization is doing an excellent job, a pretty good job, only a fair job or a poor job.
Respondents continue to overwhelmingly believe the City’s finances are well-managed.

*Please tell me if you think the following statement is accurate or inaccurate:*
*The City of Temecula’s finances are generally well-managed.*

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<tr>
<td>2016</td>
<td>39%</td>
<td>35%</td>
<td>16%</td>
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<td>2015</td>
<td>46%</td>
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Total Acc.: 74%  Total Inacc.: 10%  2015: 75% 8%
There is a high degree of interest in the upcoming November election.

How interested are you in the election in November 2016?

- Extremely interested: 51%
- Very interested: 33%
- Somewhat interested: 10%
- Not too interested: 5%

Ext./Very 84%
Respondents had mixed reactions to statewide ballot measures.

- **Cigarette tax**: 65% Yes, 31% No, 4% Undecided
- **Statewide school bond**: 55% Yes, 35% No, 9% Undecided
- **Marijuana legalization**: 51% Yes, 43% No, 6% Undecided
- **Prop 30 extension**: 44% Yes, 45% No, 10% Undecided

I am going to read you the titles and summary of several state and local measures that will appear on the ballot in the November election. Please tell me whether you think you would vote yes in favor of it or vote no to oppose it.
Reactions to a Local Revenue Measure
TEMECULA 911 EMERGENCY RESPONSE, PUBLIC SAFETY AND VITAL CITY SERVICES MEASURE.

To maintain 911 emergency response times, prevent cuts to local paramedic/police/fire protection, school safety patrols, youth/after-school, senior, disabled services; improve freeway interchanges/reduce traffic; other general services; shall ordinance 2016-06 of the City of Temecula be adopted establishing a 1¢ sales tax providing $23,000,000 annually until ended by voters; requiring independent audits, no money for the State, all funds remaining local?
On the initial reading, nearly three-quarters of respondents support the measure.

Q4. If the election were held today, do you think you would vote “yes” in favor of this measure or “no” to oppose it?

- Definitely yes: 43%
- Probably yes: 27%
- Undecided, lean yes: 4%
- Undecided, lean no: 3%
- Probably no: 7%
- Definitely no: 13%
- Undecided: 4%

Total Yes: 73%
Total No: 22%
The measure has strong bi-partisan support.

Initial Vote by Party

Q4. If the election were held today, do you think you would vote “yes” in favor of this measure or “no” to oppose it?
Information of Interest to the Community
Maintaining medical response times, quality of life and neighborhood safety are very important for survey respondents.

^ (RESPONSE TIMES - MEDICAL) Over 80% of calls to the Temecula Fire Department are related to medical emergencies. This measure will keep fire stations open and ensure that firefighters and paramedics can continue to quickly respond to emergencies and save lives.

^ (QUALITY OF LIFE) People live in Temecula because it offers a better quality of life and better services than some other cities in the Valley. Passing this ballot measure and keeping our taxpayer dollars local will make sure Temecula will maintain public safety and 911 emergency response services, keep our roads in good condition, and provide other services and programs that make Temecula a desirable place to live, visit and do business.

(NEIGHBORHOOD SAFETY) With the State releasing parolees to alleviate overcrowding, now is not the time to make cuts to police protection and the number of officers on our streets. We are already 9 officers below recommended numbers and that number will continue to rise as the population grows. Without this measure, the City will not have the resources necessary to keep our city safe.

I am going to read you some informational statements from people who support this ballot measure. Please tell me if it makes you more inclined to support the measure. ^Not Part of Split Sample
I am going to read you some informational statements from people who support this ballot measure. Please tell me if it makes you more inclined to support the measure. Split Sample

(Fiscal accountability, local control and preventing state takeaways are also important.)

(Accountability) This measure includes tough accountability by continuing to require annual independent financial audits and public review of expenditures, and ensures that all funds remain in the City of Temecula and cannot be taken by Sacramento. These fiscal safeguards will ensure funds continue to be used efficiently, effectively and as promised.

(Local Control) Sacramento continues to make it harder to maintain the high quality of life available in Temecula by raiding City funding to balance the state budget. This puts our financial stability at risk and makes it harder to keep Temecula a desirable place to live, work and do business. This measure will provide our City with a dedicated local source of funding to maintain city services that by law cannot be taken by state government or other bureaucrats, and all funds must be used only in Temecula.

(State Takeaway) Increasingly, the State of California has shifted responsibility for many programs to local cities, like Temecula, without the necessary funding to provide the services that local residents need. In fact, in the last 5 years alone, the State has taken more than $31 million from the City’s budget. We must continue to protect our City from the political whims of Sacramento and do what we need to do locally to reflect changing circumstances.
If the election were held today, do you think you would vote “yes” in favor of this measure or “no” to oppose it?

After information, support in the measure is well above the 50% threshold for passage, including the survey’s margin of error.

**Initial Vote**
- Definitely yes: 43%
- Probably yes: 27%
- Undecided, lean yes: 4%
- Undecided, lean no: 3%
- Probably no: 7%
- Definitely no: 13%
- Don't know: 4%

**Vote After Information**
- Total Yes: 73%
- Total No: 22%
- Total Yes: 75%
- Total No: 21%
For more information, contact:

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John@FM3research.com

Adam Sonenshein
Adam@FM3research.com

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