



Legislation Text

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City Council Agenda

Memo to: Manteca City Council

From: Toni Lundgren, City Manager

Date: July 16, 2024

Subject: Requesting the submission of a ballot measure to the electorate at the November 5, 2024, election and set priorities for arguments, an impartial analysis and the filing of rebuttal arguments.

Receive City Manager's Recommendation to place a measure on the November 2024 Ballot. Adopt resolutions (1) Requesting the submission of a measure before the electorate of the City of Manteca; (2) Requesting consolidation of the measure with the General Election; (3) Setting priorities for submitting arguments regarding the City Measure and directing the City Attorney to prepare an Impartial Analysis; (4) Providing for the filing of rebuttal arguments regarding the City Measure; (5) the City Council to create and make appointments to a subcommittee to draft wording for the Argument in Favor and the Rebuttal for the Arguments Against; and (6) Waving the first reading by substitution of the title and introducing an ordinance of the City of Manteca, State of California imposing a transactions and use tax to be administered by the California Department of Tax and Fee Administration.

BACKGROUND

The City of Manteca has continually faced the challenge of balancing the costs of essential and desired programs, services, and infrastructure with the revenue needed to support these efforts. This task has been especially difficult as the City recovers from the COVID-19 pandemic and contends with rising costs of goods and services.

The City manages public funds responsibly, striving to maximize every dollar. Staff have worked diligently to clear the backlog of audits, update development fees, and boost economic development and tourism. Additionally, staff successfully negotiated a new property tax sharing agreement with San Joaquin County and established Community Facility Districts. While Manteca has maintained staffing levels similar to other cities of its size, the level and quality of services expected are often higher. However, rising costs continue to challenge the City's ability to maintain or enhance these service levels.

Over the past couple of years, the City Council has discussed the need for additional revenue while catching up on back audits and fee studies. The Council has also reviewed long-term financial

forecasts and current expenditures, which have increased due to rising costs and additional services provided by the City. As a result of these discussions, the City Manager has recommended placing a Sales Tax Measure on the November 2024 ballot.

If approved by a majority vote, the measure would implement a $\frac{3}{4}$ -cent increase in sales tax (.075%), raising the rate from 8.25% to 9% with a 20-year sunset. This increase is projected to generate approximately \$13 million per year to support City services.

This spring, the City's consultant, SRI, Inc., conducted a statistical resident survey and analysis of potential funding mechanisms. Based on their findings, the City is recommending a $\frac{3}{4}$ -cent sales tax increase. The proposed tax is a general tax, meaning it can be used for any governmental purpose and is not earmarked for specific programs or projects. A general tax requires a simple majority (50% +1) to pass.

If the measure is approved, the sales tax rate for eligible purchases will rise from 8.25% to 9.00%. If not approved, the rate will remain at 8.25%, and the City will need to consider expenditure reductions to pass a balanced budget and maintain a General Fund reserve.

The public may view recent Budget Presentations for reference:

Budget Study Session for the Proposed Fiscal Year 2024-2025 Annual Budget (24-305):

<https://manteca-ca.legistar.com/LegislationDetail.aspx?ID=6712643&GUID=1F82E27B-C627-42B0-9919-6241E76B2006>

Adoption of the Fiscal Year 2024-2025 Budget (24-333):

<https://manteca-ca.legistar.com/LegislationDetail.aspx?ID=6728024&GUID=F86161AF-39F0-4817-98D1-31BFB54398EA>

City Manager Facebook Live - Informational Update:

https://www.facebook.com/watch/live/?ref=watch_permalink&v=706670791482888

Revenue Uses

If the City Council (and ultimately the voters) approve the tax measure, then revenues may be used for general government purposes. The first priority would be to ensure that existing City programs and services continue. The second priority includes shoring up the General Fund reserve to provide funding that stays in Manteca to benefit residents, used for street and traffic improvements (including potholes), job creation, local business support, homeless services, youth services, enhanced public safety facilities and services, and other quality of life services. The third priority is to allocate funds to new programs and services and/or enhance existing services based on Council and community priorities.

Impact on Low/ Fixed Income Residents

A sales tax increase would only be paid by people who buy taxable goods in Manteca. Since low-income and fixed-income individuals spend most of their income on items that are not taxed, such as groceries, medical, and personal care services, this increase would not have a significant impact. Many purchases that are subject to sales tax are discretionary, such as vehicles, clothing, and electronics.

ELECTION PROCEDURES

Submission of Ballot Arguments

The 2024 General Municipal Election will be held Tuesday, November 5, 2024. At the City Council meeting of May 21, 2024, the Council called an election for the two Council seats with expiring terms. Staff is requesting the Council now add a ballot measure to the previously called election and request consolidation with the election.

Pursuant to California State Elections Code Section 10403, the draft resolution calling the election sets forth the exact form of the question, proposition, or office to be voted upon at the election, as it is to appear on the ballot and the draft resolution requesting consolidation places the measure on the ballot with the Presidential General Election. The City Council will need to make certain decisions related to drafting arguments for City measures and preparing an impartial analysis. Draft resolutions have been provided and may need to be modified to reflect the City Council's decisions. This report is specifically related to the City Measure set for voter approval at the November 2024 General Election.

Argument in Support and Against the Measure

The City Council may decide to authorize an individual member or up to five members to draft an argument, not to exceed 300 words, for or against the proposed ballot measure to be included in the ballot material. The City Council is not obligated to name any of its members. If the Council chooses not to authorize any member(s) to draft arguments, then any individual who is eligible to vote on the measure, or bona fide association of citizens, or any combination of voters and associations, may file a written argument for or against the ballot measure pursuant to Elections Code Section 9282. If more than one argument is submitted, the City Clerk would select an argument in favor of the measure for the ballot pamphlet, in accordance with the priority order set forth in Elections Code Section 9287. Based on the time reasonably necessary to prepare and print voter information guides and permit the ten-calendar-day public examination, the deadline to submit arguments will be July 29, 2024.

Impartial Analysis

Elections Code Section 9280 authorizes the City Council to direct that the City Attorney prepare an impartial analysis of a local ballot measure. The City Council can decide whether or not to include an impartial analysis to accompany the measure in the ballot materials. The Code also specifies the analysis shall not exceed 500 words in length, that it shows "the effect of the measure on existing law and the operation of the measure" and indicate whether the measure was placed on the ballot by a voter petition or by the governing body.

Rebuttal Arguments

When an argument in favor and an argument against a measure have been selected to be printed in the voter information guide, Elections Code Section 9285 states the elections official shall send a copy of the argument in favor to the author of the argument against and a copy of the argument against to the authors of the argument in favor. Rebuttal arguments shall not exceed 250 words and

shall be filed with the elections official no later than ten days after the final filing date for primary arguments. The deadline to submit arguments is August 8, 2024.

Roles and Limitations During Ballot Measure Campaign Period

The City can provide educational materials to the public, informing them about the measure; however, the City cannot expend staff time, money or effort advocating for the passage of the measure. Council members and staff can participate in campaign efforts on their personal time and at their own expense.

BALLOT MEASURE LANGUAGE

The proposed ballot measure language, which meets the legal requirements for wording and length, is as follows:

To provide funding that stays in Manteca to benefit residents, used for street and traffic improvements (including potholes), job creation, local business support, homeless services, youth services, enhance public safety facilities and services, and other quality of life services, shall the City enact a temporary 3/4-cent increase in sales tax (from 8.25% to 9%), for 20 years, generating approximately \$13 million annually, with mandatory annual audits and review of expenditures through a citizens' oversight committee.	YES
	NO

Because the proposed measure makes clear that the revenue may be used for all general municipal services, and is not restricted to any particular purposes, it is a general tax and will require the approval of a majority of qualified electors (50% +1) casting votes.

OVERSIGHT, AUDITING, AND REPORTING

Should the measure pass, the City's independent auditors will complete a report reviewing the collection, management, and expenditure of revenue from the tax.

The ordinance also requires the formation of a citizen's oversight committee to review and report on the revenues and expenditures related to the sales tax measure. The committee's report and recommendations will be considered by the City Council at a public meeting.

STAFF RECOMMENDATIONS

The Council has three action items before it: 1) Introduce an ordinance to amend the Municipal Code to increase the sales tax amount, pending voter approval; 2) Approve a resolution to place a sales tax ballot measure on the November ballot, and 3) Appoint a subcommittee to draft wording for the Argument in Favor and the Rebuttal for the Argument Against. The Subcommittee will be authorized

by the City Council to draft the Argument and Rebuttal statements, select and coordinate individuals chosen to sign the statements as proponents and submit all required election related documentation. If the City Council decides not to form a subcommittee or authorize a member of the City Council to take the lead on Arguments and Rebuttals, California Government Code specifies that individual voters or a bona fide association of citizens may choose to do so.

If the City Council concurs with the staff recommendation to place a general sales tax measure on the November 2024 ballot to increase sales tax by $\frac{3}{4}$ -cent (.075%), then the Council should direct the City Manager and the City Attorney to prepare the documents necessary to place the item on the November 2024 ballot. If approved tonight, the City Clerk will provide the information to the San Joaquin County Registrar of Voters, to include as part of County's consolidated election. Should a measure be placed on the ballot and pass, it will go into effect on January 1, 2025 and the City will begin receiving revenue after April 2025.

The City works closely with San Joaquin County for election services. The County is reimbursed for services performed when the work is completed. If approved, the City Clerk will file the resolutions with the San Joaquin County Elections Official and the Clerk of the Board of Supervisors for placement on the Board of Supervisor's Regular Meeting Agenda.

FISCAL IMPACT

The City of Manteca's current sales tax rate is 8.25% with 1.5% allocated directly to Manteca. If a 3/4-cent sales tax measure is approved by the voters, Manteca's new tax rate would be 9%, and is expected to generate roughly \$13 million annually. The revenue generated would offset General Fund expenditures, pay for additional services and programs, and rebuild the City's General Fund reserve to healthy levels.

Expenses associated with the 2024 Consolidated General Municipal Election for the City of Manteca is included in the FY2024-25 operating budget. The San Joaquin County Registrar of Voters has estimated the cost of the 2024 Consolidated General Municipal Election for the City of Manteca to be roughly \$200,000 - \$250,000 for the election of two Councilmember District 1 & 2 seats and a measure on the ballot. The estimated cost is based on Manteca's voter registration of 45,848 as of April 22, 2024. For reference, the 2022 election cost the City \$201,570.27, and the 2020 election cost was \$161,131.24.

Documents Attached:

1. Attachment 1 - Proposed Ordinance
2. Attachment 2 - Resolution Submitting Ballot Measure
3. Attachment 3 - Resolution Requesting Consolidation
4. Attachment 4 - Resolution Prioritizing Arguments for/against, City Attorney Impartial Analysis
5. Attachment 5 - Resolution Prioritizing Rebuttal Arguments
6. Attachment 6 - PowerPoint