

REPORT TO THE CITY COUNCIL



DATE: July 5, 2017

TITLE: Resolutions Calling and Noticing a Special Municipal Election to be held on November 7, 2017, for the Extension of the following Voter-Approved Public Safety Measures; "Desert Hot Springs' Neighborhood Police Protection and Public Safety Measure" (Utility Users Tax) and "Desert Hot Springs' 911, Gang/Drug Crime Prevention Measure" (Parcel Tax) and Amendment of the FY 2017-2018 Budget in the Amount of \$40,000.00 for the Cost of the Special Municipal Election

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EXECUTIVE SUMMARY:

Staff recommends the City Council adopt the following Resolutions, calling for and giving notice of a Special Municipal Election to be held in the City of Desert Hot Springs on November 7, 2017, for the extension of existing, voter-approved Ballot Measures that will provide continued locally-controlled Public Safety funding for the "Desert Hot Springs' Neighborhood Police Protection and Public Safety Measure" (UUT) with no increase in tax rates and the "Desert Hot Springs 911, Gang/Drug Crime Prevention Measure" (Parcel Tax) with a tax rate reduction for single family residences. City Council adoption is needed to meet the County filing deadline of August 11, 2017, to place both measures on the Ballot for the next available Special Election date of November 7, 2017. Additionally, Council is being asked to amend the FY 2017-2018 Budget in the amount of \$40,000.00 for the cost of the Special Municipal Election.

RECOMMENDATION:

- 1) Adopt a Resolution of the City Council of the City of Desert Hot Springs calling and giving notice of a Special Municipal Election to be held in the City of Desert Hot Springs on November 7, 2017, regarding a ballot measure titled "Desert Hot Springs Neighborhood Police Protection and Public Safety Measure" asking shall the Ordinance to increase police training, recruitment/retention and crime investigation/prevention; maintain rapid police, fire and 9-1-1 emergency response times; and to hire additional police officers to patrol streets, extending its existing, voter-approved utility users' tax, producing approximately \$2,831,543 annually, until ended by voters, with independent citizens' oversight, annual audits, and requiring all funds for local public safety services be adopted?;
- 2) Adopt a Resolution of the City Council of the City of Desert Hot Springs calling and giving notice of a Special Municipal Election to be held in the City of Desert Hot Springs on November 7, 2017, regarding a ballot measure titled "Desert Hot Springs 911, Gang/Drug Crime Prevention Measure" asking shall the Ordinance to prevent essential public safety services cuts such as police/emergency response, anti-gang/drug, youth violence prevention and sex offender/parolee monitoring programs, extending the existing, voter-approved public safety measure at the reduced rate of \$103 per single family residence, providing approximately \$2,000,000 annually, until ended by voters, requiring oversight, audits, all funds for local public safety services, with a tax decrease for these parcels be adopted?; and
- 3) Approve an Amendment to the FY 2017-2018 Budget in the amount of \$40,000.00 for the cost of the Special Municipal Election.

DISCUSSION:

In May 2009, Desert Hot Springs voters approved Measure A, a modernization and expansion of the City's Utility Users Tax, by over 74% of the vote. The enactment of Measure A allowed the City to expand public safety services and maintain a balanced budget in a period of economic recession and rising crime. In June 2010, Desert Hot Springs voters enacted Measure G by over 82% of the vote, extending the city's Public Safety Parcel Tax to ensure the provision of adequate public safety services throughout the City, including newly annexed territory. Collectively, these voter-approved measures provide vital local funding for much of the City's Public Safety Services.

Since 2012, the City's independent financial advisor, Urban Futures Inc., has provided the City Council and Executive Management Staff with annual updates on its current financial position as well as a five-year forecast for the City's General Fund. While the City has been successful in implementing budget sustainability recommendations, including the reduction of a \$6 million deficit amid state takeaways and state policies that put more offenders on our streets, it has come at the cost of some City services being reduced. This includes, but is not limited to a 25% reduction in compensation to all full-time staff, including Public Safety Staff, and the elimination of financial assistance to outside organizations. These drastic steps were necessary to ensure the City could not only maintain very basic service levels but weather the next recession. Should the City face another significant threat to its financial stability in the future, similar cuts would be unavailable as they have already been implemented.

Measure A and Measure G collectively, provide approximately \$5 million annually in City funding. By law, these voter-approved funds cannot be taken by the state and are set aside in a separate Public Safety Fund (Fund 245) to be specifically utilized for Public Safety services in Desert Hot Springs. Both Measure A and Measure G are set to expire in 2020. Should Measure A and Measure G expire, an estimated \$5 million dollars will be lost annually in Public Safety Funding for Police Officers and Emergency Dispatch Operators, investigating and preventing crime, anti-gang/anti-drug enforcement operations, rapid emergency response times, graffiti removal, animal control, code enforcement, and other support services.

At this point, it is impossible for the General Fund to absorb additional losses of revenue without triggering drastic budget reductions equal to the amount of lost funding, including to public safety. Measures A and G represents approximately one-third of all City revenues; loss of this revenue will necessitate an immediate reduction in City services equivalent to \$5 million dollars.

Significant reductions to police protection in the community are unavoidable if funds from Measures A and G are not extended at current and reduced tax rates, including to the number of police officers patrolling our streets. The Desert Hot Springs Police Department is already understaffed, with one-third too few officers for cities of similar size according to national standards. As the Desert Hot Springs Police Department, working with the community to make progress on decreasing the violent crime rate continues, the City needs to continue to recruit, train and retain experienced police officers in order to protect the community amid state policies that put more offenders on our streets, including:

- Investigating and preventing crime
- Increasing drug house investigations in our neighborhoods
- Maintaining rapid emergency response times,
- Conducting anti-gang and anti-drug enforcement operations

Special Municipal Election

Both Measure A (Utility Users Tax) and Measure G (Public Safety Special Tax) are considered Special Taxes pursuant to Section 1(d) of Article XIII C of the California Constitution, which

defines a "special tax" as any tax imposed for specific purposes. Both Section 2(d) of Article XIII C of the California Constitution and Section 53722 of the Government Code require that special taxes and any extensions or increases be approved by at least two-thirds of the voters voting on the special tax measure.

The next regularly scheduled General Election for the City of Desert Hot Springs is not until November 2018; as such, if the City Council wants to propose any ballot measures to amend the City's Utility User Tax and/or the Public Safety Special tax, as respectively set forth in Chapter 3.28 and Chapter 3.32 of the Desert Hot Springs Municipal Code, any earlier than November 2018, the City Council will have to call and notice a Special Municipal Election.

The attached resolutions propose calling and noticing a Special Municipal Election for November 7, 2017, and they request that the Riverside County Registrar of Voters conduct the election and canvass the returns of the election. The City would reimburse any costs incurred by the County in connection with the election. Upon adoption of the attached resolutions, the City Clerk will file a certified copy of the Resolution with the Board of Supervisors and the Riverside County Registrar of Voters post, publish, and print any required notices pursuant to the applicable requirements set forth in the California Elections Code and Government Code.

Resolutions Regarding Proposed Ballot Measures

The first resolution calls and gives notice of a Special Municipal Election to be held on November 7, 2017, regarding a ballot measure titled "Desert Hot Springs Neighborhood Police Protection and Public Safety Measure" asking "Shall the Ordinance to increase police training, recruitment/retention and crime investigation/prevention; maintain rapid police, fire and 9-1-1 emergency response times; and to hire additional police officers to patrol streets, extending its existing, voter-approved utility users' tax, producing approximately \$2,831,543.00 annually, until ended by voters, with independent citizens' oversight, annual audits, and requiring all funds for local public safety services be adopted?"

The second resolution also calls and gives notice of a Special Municipal Election to be held on November 7, 2017, regarding a ballot measure titled "Desert Hot Springs 911, Gang/Drug Crime Prevention Measure" asking "Shall the Ordinance to prevent essential public safety services cuts such as police/emergency response, anti-gang/drug, youth violence prevention and sex offender/parolee monitoring programs, extending the existing, voter-approved public safety measure at the reduced rate of \$103 per single family residence, providing approximately \$2,000,000 annually, until ended by voters, requiring oversight, audits, all funds for local public safety services, with a tax decrease for these parcels be adopted?"

If the Desert Hot Springs 911, Gang/Drug Crime Prevention Measure is approved by at least 2/3 of the voters voting for the Measure, in addition to decreasing the Public Safety Special Tax rate for Single Family Residential/R-1/CON, which is measured per dwelling unit, from \$138.64 (which is the current rate for FY 2017/2018) to \$103.00, it will increase the rates for: Residential Vacant, which is measured per dwelling unit, from \$9.82 (which is the current rate for FY 2017/2018) to \$19.14; Commercial Vacant, which is measured per acre, from \$133.80 (which is the current rate for FY 2017/2018) to \$267.60; Industrial Vacant, which is measured per acre, from \$2.71 (which is the current rate for FY 2017/2018) to \$5.42 and Hotel Vacant, which is measured per acre, from \$11.25 (which is the current rate for FY 2017/2018) to \$22.50. All of the above are expected to produce annually an additional \$91,138.44 of revenue.

The City Clerk will maintain a copy of the Measures and the related proposed ordinances and make them available for public inspection upon request.

Arguments in Favor or Against the Measures shall be filed with the City Clerk of the City of Desert Hot Springs on or before August 21, 2017, after which no arguments for or against the Measures may be submitted to the City Clerk.

Pursuant to Elections Code Section 9282(b), the legislative body, or a member or members of the legislative body authorized by that body, or an individual voter who is eligible to vote on the measure, or bona fide association of citizens, or a combination of voters and associations, may file a written argument for or against the measure. Both Resolutions provide that the Mayor will be hereby authorized to select two members of the City Council to prepare a written argument in favor of the proposed Measure, not to exceed 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.

In the event that an argument is filed against the Measure, the Mayor will also be authorized to select two members of the City Council to prepare a rebuttal argument on behalf of the City Council, which may also be signed by members of the City Council or bona fide associations or by individual voters who are eligible to vote. The rebuttal arguments shall be filed with the City Clerk by August 31, 2017, and shall not exceed 250 words in length.

Furthermore, the City Clerk will transmit a copy of the Measures and proposed ordinance to the City Attorney, who shall prepare an impartial analysis of the Measure by August 21, 2017, showing the effect of the Measures on the existing law and the operation of the Measures in accordance with Section 9280 of the Elections Code.

Finally, the City Clerk will make available for public inspection: (a) the arguments filed For or Against the Measures and the City Attorney's Impartial Analysis during the period commencing August 22, 2017, and ending on August 31, 2017; and (b) the rebuttals to the arguments filed For or Against the Measures. During the period commencing September 1, 2017, and ending September 10, 2017.

If at least two-thirds of the qualified voters voting on the Measures vote in favor of the Measures, the Measures shall be deemed effective ten (10) days after the election results are certified by the City Council.

CEQA Analysis

Under CEQA Guidelines 15060(c) (2) and 15378, subdivisions (2) and (4) of subdivision (b), this proposed special tax does not constitute a project under CEQA and therefore review under CEQA is not required.

FISCAL IMPACT:

The loss of funding from Measures A (Utility Users Tax) and G (Public Safety Special Tax) is estimated to be approximately \$5 million annually and would trigger equivalent reductions in City Operations, Programs, and Services including Public Safety beginning in the Fiscal Year 2020-21.

Additionally, a \$40,000.00 Amendment to the FY 2017-2018 Budget would be required for the Cost of the Special Municipal Election.

EXHIBITS

- 1) Resolution Calling the Election – Parcel Tax
- 2) Ordinance – Parcel Tax
- 3) Resolution Calling the Election – Utility Users Tax
- 4) Ordinance – Utility Users Tax