

Consideration of Sales Tax Measure for November 2014 Ballot

Atascadero City Council

Date: June 24, 2014



Summary

- Council Considering Placing 2 Measures on the November Ballot
 - 1) A One-Half Cent (0.5%) General Sales Tax Increase
 - Sunset, Advisory Committee, Annual Road Report and Fiscal Audit
 - 2) Advisory Measure Asking if the Funds Should be Spent on Road Repairs



Recommendation

Council introduce for first reading by title only, the Draft Ordinance imposing a transactions and use tax to be administered by the State Board of Equalization*

* Ordinance only goes into effect if measure is passed by the voters in November 2014



Roads



Roads in Atascadero

Total Road Miles = 169 mi.

Distance (as crow flies) from Atascadero to Pasadena

City Maintained Roads = 139 mi.

Arterial & Collector = 62 mi. (45%)

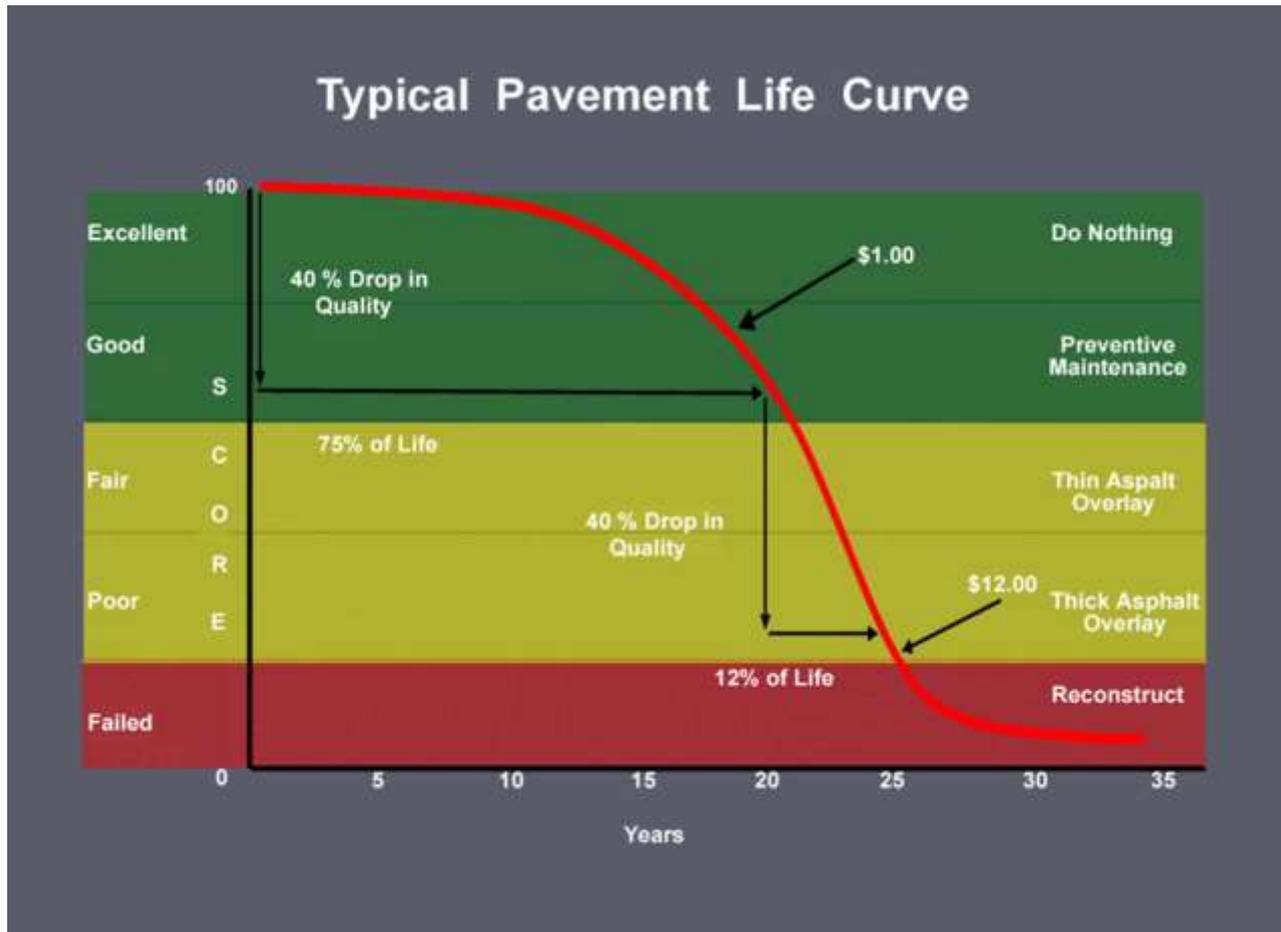
ECR, Morro Rd, Traffic Way, Portola Rd
(Includes Commercial Areas)

Residential Roads = 77 mi. (55%)

San Fernando Rd, Palomar Rd, Coromar Ct.



Roads Maintenance Basics



Road Repair Treatments

“GOOD”

Micro-surface
@ \$0.50 per SF



“FAIR”

Cape Seal
@ \$2.00 per SF



Road Repair Treatments

“POOR”

Fabric + Overlay

@ \$5.00 per SF



“BAD”

Reconstruct

@ \$12.00 per SF



Challenges in Atascadero

Current Pavement Conditions

21 miles (15%) = “Good”

44 miles (32%) = “Fair”

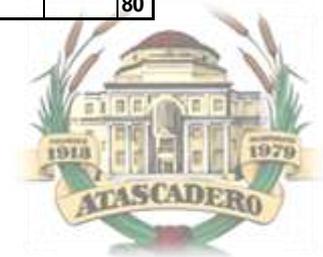
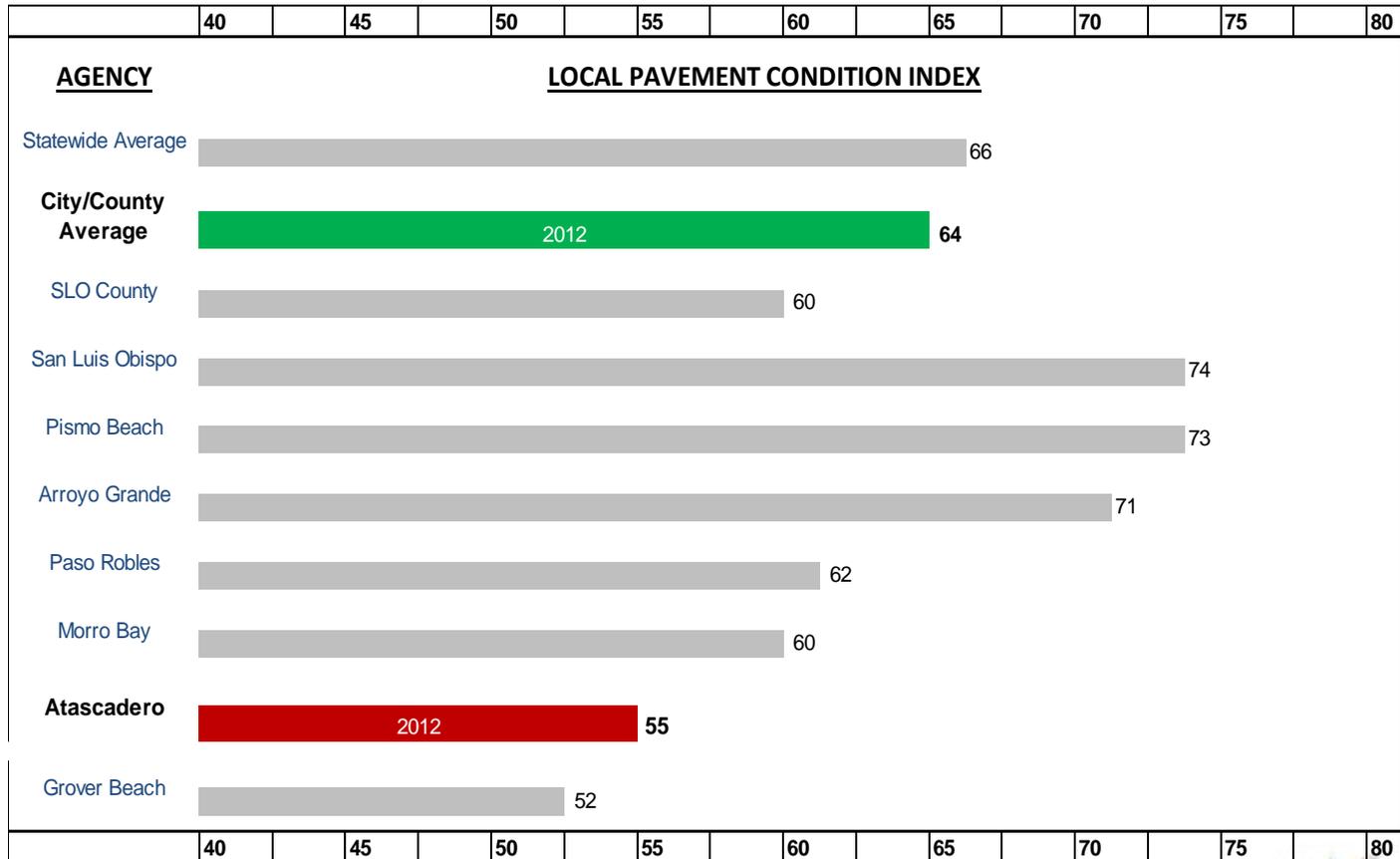
39 miles (28%) = “Poor”

35 miles (25%) = “Bad”



Challenges in Atascadero

Pavement Condition Index (SLOCOG Annual Pavement Report)



Challenges in Atascadero

Funding to Maintain Current PCI
\$1,500,000 Annually

Funding to Improve Current PCI
\$2,300,000 Annually



Challenges in Atascadero

Average of Last 5 Years
\$1,300,000 Annually

Estimated Proceeds from 1/2 Cent Sales Tax
\$1,700,000 Annually



What Could Get Done with the Proceeds

1st 10-years: What Could \$30M Do?

Safety Patching & Repairs

Micro-surface all “Good” roads

Cape Seal all “Fair” roads

Overlay 33% of “Poor” roads

Reconstruct 20% of “Bad” roads

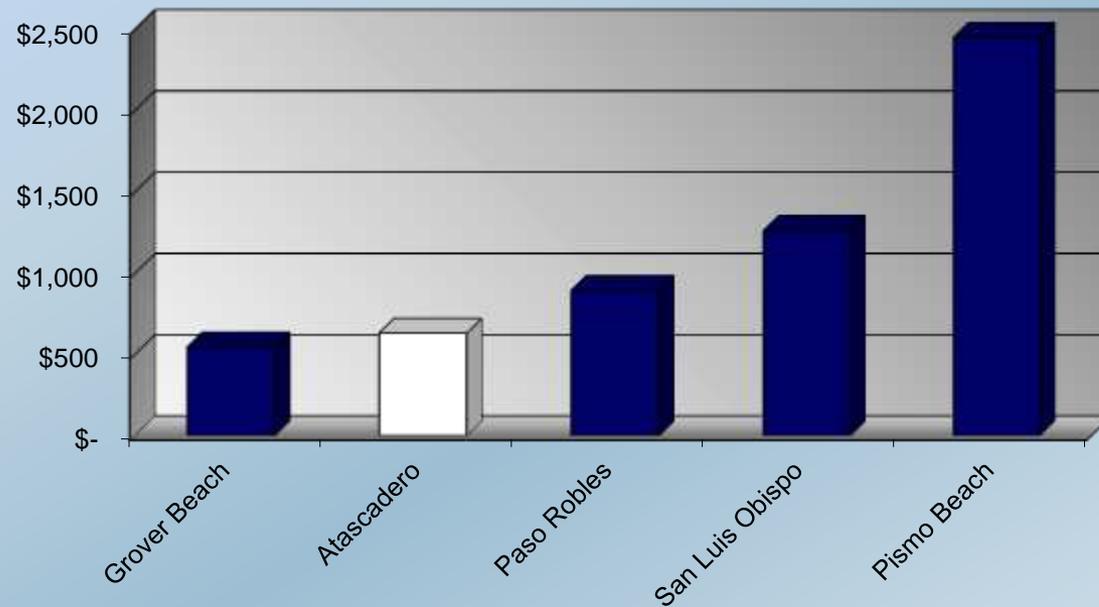
Why Consider A Sales Tax Measure?

State and Federal Funding:

- Local Control- State Raid on City Funds
- Reduced State & Fed Funding Predicted
- More Competitive
- Self-Help Communities Have Advantage
- Importance of “Match

Why Consider A Sales Tax Measure?

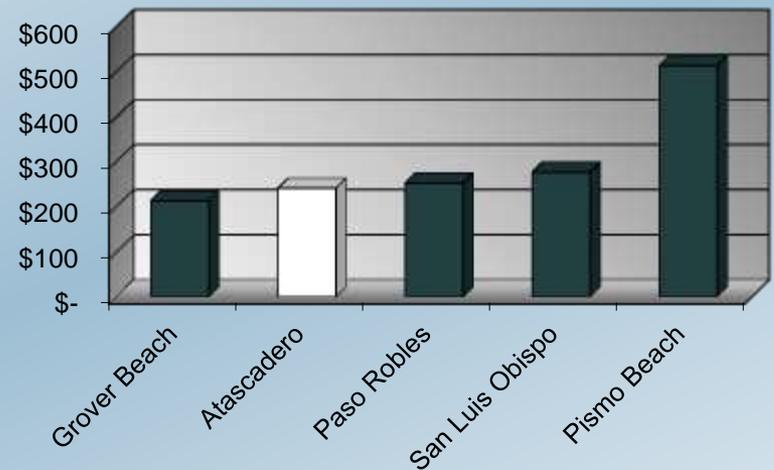
**Comparative General Fund Revenues
Per Capita**



Why Consider A Sales Tax Measure?

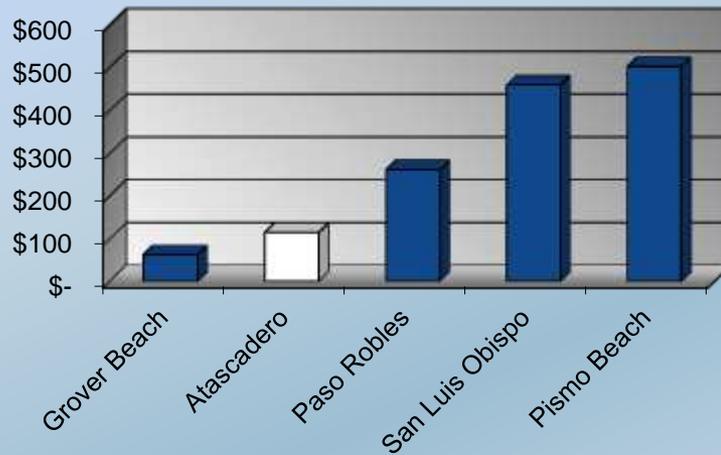
- City receives about 16% of property tax on average
- \$3,500 tax bill, City receives \$560

Comparative Property Tax Revenues Per Capita



Why Consider A Sales Tax Measure?

Comparative Sales Tax Revenues Per Capita



- City receives 1% out of the 7.5% paid



Why Consider A Sales Tax Measure?

- Comparison of Sales Tax Rates

Unincorporated County 7.5%

San Luis Obispo = 8.0%

Paso Robles = 8.0%

Pismo Beach = 8.0%

Arroyo Grande = 8.0%

Morro Bay = 8.0%

Grover Beach = 8.0%

Atascadero = 7.5%



How Does This Affect A Purchase in Atascadero?

- Effects of Sales Tax Rate
($\frac{1}{2}$ -cent Increase)

$$\$100 = \$0.50$$

$$\$400 = \$2.00$$

$$\$1,000 = \$5.00$$

$$\$10,000 = \$50.00$$



Local Control

Recent Success with Road Repairs

Past Focus on:

*Maximize Redevelopment Funding
Downtown & Commercial
Arterials & Collector Roads*

Future Focus:

*Balanced Approach
Residential Areas
Rural Collectors
Westside*



Quality Roads are Fundamental

- Property Value
- Safety
- Reduced Vehicle Maintenance
- Quality of Life
- Community Pride
- Economic Development



Sales Tax Measure



Background

- Roads Maintenance Consistently A Challenge
- Strategic Planning / Budget
- Sales Tax Poll
- Council Directed Staff to do Community Outreach



Background

- Council Directed Staff to Research Other Local Sales Tax Measures

Table of Sales Tax Measures - SLO County

City	Year Passed	Advisory Measure	Amt. of Tax	Oversight Committee?	Annual Report?	Sunset?
Arroyo Grande	2006	Yes (4)	0.50%	No	Yes	No
Grover Beach	2006	No	0.50%	Yes	Yes	No
Morro Bay	2006	No	0.50%	Yes	Yes	No
Paso Robles	2012	Yes	0.50%	Yes	No	Yes (12 yrs 4/1/2025)
Pismo Beach	2008	No	0.50%	No	Yes	Yes (6.5 yrs 4/1/2015)
San Luis Obispo	2006	No	0.50%	No	Yes	Yes (8 yrs 4/1/2015)



Item Before Council

Council Consider Allowing Voters to Decide:

- 1) A One-Half Cent (0.5%) General Sales Tax Increase
 - Sunset, Advisory Committee, Annual Road Report and Fiscal Audit
- 2) Advisory Measure Asking if the Funds Should be Spent on Road Repairs



General vs. Special Sales Tax

- **General Sales Tax**

- Requires 50%+ vote to pass
- Protections can be put in place to ensure funds are used for voter designated purposes
- Does not legally restricts funds

- **Special Sales Tax**

- Requires 2/3+ vote to pass
- Legally restricts the funds



Advisory Measure

- Clear directive from voters on where money should be spent
- Not legally binding, but clear direction



Advisory Measure

MEASURE _____
ADVISORY VOTE ONLY

If the voters of the City of Atascadero approve a one half cent limited term general sales tax increase, should the additional revenues be used for the purpose of repairing and maintaining neighborhood roads and other roadways?

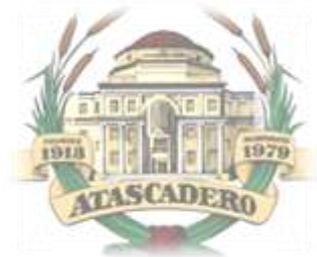
YES

NO



Intent of Advisory Language

- **Includes Road Repair Projects-** rehabilitations, overlays, cold-in place recycling, reconstructions, etc.
- **Includes Road Maintenance Projects-** slurry seals, crack sealing, chip-sealing, micro-surfacing, etc.
- **Does Not Include:**
 - **Routine Road Maintenance-** minor pothole repair, vegetation control, shoulder control, street staffing, etc.
 - **Road Improvements-** road widening, bikeways, new roads, roundabouts



Intent of Advisory Language

- Includes Neighborhood/Local Roads- Palomar, Nogales, Carmelita, Tunitas
- Includes Collector Roads – Santa Lucia, Del Rio, Curbaril
- Includes Arterial Roads – El Camino, Traffic Way



Intent of Advisory Language

- Includes storm drain improvements necessary to preserve/protect/repair the road
- Includes bridge surface and structural repairs



Intent of Advisory Language

- Includes staff time spent directly on the project - design, bidding, inspection, construction engineering and construction oversight
- Does NOT include general administration and overhead



State & Federal Requirements

- ADA Improvements Must Be Included in Road Projects
 - If sidewalks in road project area, must bring them into compliance with current requirements



Ballot Measure

<p>To provide local funding that cannot be seized by the State, and will stay in Atascadero to be used for such things as the repair and maintenance of neighborhood roads and other aging roadways, and other along with other vital City needs - Shall the City of Atascadero's sales tax rate be temporarily increased to include a local general sales tax of one-half cent, for a period of 12 years, with citizen committee oversight, published annual reporting and independent financial audits?</p>	YES
	NO



One Half Cent

- Would Increase Atascadero Sales tax rate from 7.5% to 8.0%
- Would Generate an Estimated \$1.7- \$2.0 million annually
- Consistent with neighboring jurisdictions



Sunset

- Community Outreach
- 12 Years – Allows 10 years of pavement projects



Citizen Committee Oversight

- Community Outreach
- Independently Appointed Oversight
 - 2 Council Appointments
 - 7 Community Group Appointments
- Review Annual Revenues & Expenditures



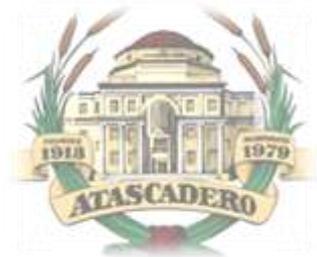
Annual Road Report

- An annual road report shall be prepared
- Details prior fiscal year revenues & expenditures of funds generated by the measure
- Reviewed by Oversight Committee
- Published and distributed widely



Independent Fiscal Audit

- Amount generated by the sales tax measure and how it was used shall be included in the annual audit of the City's financial operations by an independent certified public accountant



Overview

- Changes made based on community outreach and input
- Council can only decide to allow voters to decide



Overview

- **Staff recommends asking voters:**
 - If the sales tax rate should be temporarily increased to include a local general sales tax of one-half cent, for a period of 12 years, with citizen committee oversight, published annual reporting and independent financial audits?; and
 - Should the additional revenues be used for the purpose of repairing and maintaining neighborhood roads and other roadways?



QUESTIONS?



Recommendation

Council introduce for first reading by title only, the Draft Ordinance imposing a transactions and use tax to be administered by the State Board of Equalization.

