



City of Sonora

**SALES TAX MEASURE: PRESENTATION OF THE
ESSENTIAL SERVICES TRANSACTION AND USE TAX**

Discussion

- This discussion would add a ballot measure for a 1% sales tax at the November 8th, 2022 election.
- The City of Sonora has been fiscally challenged and needs additional revenue to protect the City's long-term financial stability and maintain services for its citizens.
- Over the past decade, the City of Sonora's revenues have not kept pace with the growing costs associated with providing municipal services and facilities.
 - Even though City Council has consistently budgeted conservatively, and the City's department heads have been very professional managing their budgets the increasing costs have become difficult to manage.
- For the past several budget years the City has responded to this imbalance by cutting staffing levels, deferring basic road and infrastructure maintenance, putting off fleet management and increasingly limiting services.
 - The City received American Rescue Plan Support in FY21/22 and FY22/23.
 - Without that funding, which replaced revenues affected by COVID-19, the City would have had budget deficits in both Fiscal Year 2021-22 and 22-23 and would be drawing down fund balance or cutting services in both of those years.

Discussion

- The chart below shows City budget forecasts. Fiscal Year 2022/23 would have been negative if the City did not receive American Rescue Plan funds and the potential deficits will continue without revenue enhancements or cuts to services.

	FY22-23 Proposed Budget	FY23-24 Forecast Budget	FY24-25 Forecast Budget
Revenues			
Taxes Related Revenues	\$ 5,296,300	\$ 5,443,900	\$ 5,610,500
Licenses, Permits and Franchises	\$ 916,850	\$ 938,800	\$ 955,550
Fines, Forfeitures and Penalties	\$ 15,000	\$ 16,000	\$ 16,200
Charges for Services	\$ 74,200	\$ 74,700	\$ 76,100
Intergovernmental Revenues	\$ 592,786	\$ 11,000	\$ 11,000
Use of Money or Property	\$ 67,900	\$ 72,700	\$ 74,500
All Other Revenues	\$ 24,050	\$ 23,750	\$ 24,900
Total Revenues	\$ 6,987,086	\$ 6,580,850	\$ 6,768,750
Total Other Financing Sources	\$ 2,506,450	\$ 2,551,000	\$ 2,623,000
Total Revenues & Other Financing Sources	\$ 9,493,536	\$ 9,131,850	\$ 9,391,750
Expenditures			
Salaries and Benefits	\$ 6,974,000	\$ 7,227,580	\$ 7,481,550
Operating Expenditures	\$ 2,114,300	\$ 2,074,020	\$ 2,146,800
Capital Projects	\$ -	\$ -	\$ -
Total Expenditures	\$ 9,088,300	\$ 9,301,600	\$ 9,628,350
Total Other Financing Uses	\$ 37,000	\$ 112,000	\$ 112,000
Total Expenditures & Other Financing Uses	\$ 9,125,300	\$ 9,413,600	\$ 9,740,350
Net Gain (Cost) to Fund	\$ 368,236	\$ (281,750)	\$ (348,600)
SLFRF FUNDS	\$ 581,786		
Deficit without Federal Funding	\$ (213,550)		

Total Budgeted FTE's

Summary Positions by Department 2006/07 to 2022/23

	2006/07 Actuals	2007/08 Actuals	2008/09 Actuals	2009/10 Actuals	2010/11 Actuals	2011/12 Actuals	2012/13 Actuals	2013/14 Actuals	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Actual	2021/22 Actual	2022/23 Proposed
Elected Officials																	
City Council	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
City Clerk	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0	0.6	0.6
Total Department FTE's	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.0	5.0	5.6	5.6
City Administration																	
City Administrator	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
City Attorney	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Administrative Svs Director	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Administrative Svs Officer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
Administrative Analyst	1.0	1.0	1.0	1.0	0.8	0.8	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0
Finance Assistant	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Office Assistant-Accounting Tech	1.0	0.6	0.6	0.6	0.6	0.6	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	0.6	0.0	0.0
Executive Assistant	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0	0.0
Total Department FTE's	6.0	5.6	4.6	4.6	4.4	4.4	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	4.0	4.0
Community Development																	
Community Development Director	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Community Development Specialist	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Building Inspector	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants/RDA Manager	1.0	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special Programs Coordinator	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0	0.0	0.0
Total Department FTE's	5.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0
Police Department																	
Chief of Police	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Police Lieutenant	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Police Sergeant	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Police Officer	10.0	11.0	11.0	11.0	11.0	10.0	9.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Reserve Police Officer	0.5	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0	0.2	0.2	0.2	0.2	0.2	0.2
Community Service Officer (PT)	2.8	2.1	2.1	1.4	0.7	0.7	0.0	0.0	1.0	1.8	1.6	1.6	1.6	1.6	1.6	1.6	1.6
School Resource Officer (PT)	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	0.0	0.0
Communications Dispatcher	3.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Communications Dispatcher Relief	3.6	2.0	2.0	1.0	1.0	1.0	0.0	0.0	0.8	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Police Records Technician	1.0	1.0	1.0	1.0	0.4	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Background Investigator	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Information Technology Tech	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Total Department FTE's	26.9	27.1	25.6	22.4	21.1	20.7	18.0	19.1	20.9	22.7	22.9	23.1	23.1	24.1	24.1	23.1	23.1
Fire Department																	
Fire Chief	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Fire Captain	4.4	4.0	4.0	4.0	3.6	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Fire Engineer	2.0	3.0	3.0	3.0	3.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0	3.0
Fire Engineer Relief	1.5	0.7	0.7	0.7	0.7	0.4	0.2	0.2	0.2	0.2	0.2	0.6	0.6	1.6	1.6	1.6	0.8
Volunteers Interns	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4
Office Assistant	0.6	0.6	0.6	0.6	0.6	0.4	0.4	0.4	0.4	0.4	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Total Department FTE's	9.5	9.3	9.3	9.3	8.9	7.1	6.9	7.9	7.9	7.9	8.1	8.5	8.5	8.6	8.6	8.6	8.8
Public Works																	
Public Works Supervisor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public Works Specialist	6.0	7.0	7.5	6.0	6.0	5.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Public Works Assistant	1.0	1.0	1.0	2.0	1.0	1.0	1.3	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Supervising Mechanic	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Equipment Mechanic	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0
Total Department FTE's	10.0	11.0	11.5	11.0	10.0	9.0	8.3	8.0	8.0	8.0	8.0	8.0	8.0	7.0	7.0	7.0	7.0
Total City FTE's	57.4	58.0	56.0	52.3	49.4	45.2	42.4	44.2	46.0	46.8	47.2	47.8	47.8	47.9	46.9	44.7	44.9



Benefits to City of Sonora

- First, the City wishes to maintain a high level of police services including neighborhood patrols and crime, gang, drug prevention programs, increase funding for fire services including fire staffing, equipment, inspections and management of the fire danger to the City, as the entire City is a high fire severity zone.
- Second, the City maintains more than 30 miles of roads, but the only dedicated funding sources are Highway Users Tax and Road Maintenance and Rehabilitation (SB1) funding which provides less than \$230,000 annually.
 - The City has had to wait years to accumulate enough funding between street maintenance projects.
- Third, there have been few capital improvement projects over the last ten years with almost no sidewalk, storm drain or facility improvement and replacement strategies in place.
 - The sales tax measure would provide resources for the City to tackle those larger projects that currently have no foreseeable funding source.
 - The goals of this funding is to create a City that is well maintained, safe and welcoming allowing Citizens and Businesses to thrive.
- Fourth, the City is faced with ever increasing deferred maintenance expenditures, lacks a fleet management plan and needs to address aging equipment throughout all departments.

Local Control

- This increase in sales tax will be used and remain 100% in the City of Sonora and cannot be taken by the State or County.
 - Currently the County of Tuolumne receives 13% of the City's sales tax and will receive none of these revenues.
 - This is locally controlled funding that will maintain community and neighborhood safety, rapid 911 emergency response times, disaster preparedness, street maintenance and pothole repair, and attract and retain local businesses, jobs and employees.
- The City of Sonora currently has one of the lowest sales tax rates in California.
 - Of Incorporated California cities with police and fire departments, 9 of 10 have tax rates higher than Sonora.
 - After increasing the City's tax rate by 1%, it will still be in the bottom 25% of sales tax rates for incorporated cities in California with police and fire services.

Cost to Taxpayer

- The charts below show the cost of 1% is \$1 additional if \$100 is spent.
- All the exemptions that exist for the sales tax would apply to this tax.

Hypothetical:

If You Spent \$100

With a 7.75% Tax \$ 7.75

With a 8.75% Tax \$ 8.75

You Would Be Spending \$1 More

If You Bought a Car for \$47,148

With a 7.75% Tax \$3,653.97

With a 8.75% Tax \$4,125.45

You Would Be Spending \$471.48 More

All State Sales Tax Exemptions Will Apply (For a full list of exemptions: <https://www.cdtfa.ca.gov/formspubs/pub61.pdf>)

1. **NECESSITIES OF LIFE**—Provisions that exempt property necessary to the sustenance of life
 - a. Food Products
 - b. Candy, Confectionary, Snack Foods and Bottled Water
 - c. Food Products Sold Through Vending Machines
 - d. Medicated Feed and Drinking Water (livestock)
 - b. Purchases Made with CalFresh Benefits
 - c. For complete list see: <https://www.cdtfa.ca.gov/formspubs/pub61.pdf>
2. **HEALTH RELATED**
 - a. Professional Health Services
 - b. Prescription Medicines
 - c. Wheelchairs, Crutches, Canes and Walkers
 - d. Medicinal Cannabis
 - e. For complete list see: <https://www.cdtfa.ca.gov/formspubs/pub61.pdf>
3. **HOUSING**
 - a. Gas, Electricity, Water
 - b. Rentals of Household Furnishings
 - c. For complete list see: <https://www.cdtfa.ca.gov/formspubs/pub61.pdf>
4. **For Complete List See** <https://www.cdtfa.ca.gov/formspubs/pub61.pdf>

Next Steps

- If Adopted, the resolution will declare a fiscal emergency and place the Measure on the ballot consolidated with the statewide general election on November 8th, 2022.
- Once adopted it will be filed with the Tuolumne County Board of Supervisors and the Tuolumne County Registrar of Voters.
- The Resolution will authorize the City Attorney to prepare an impartial analysis and authorize a subcommittee of two (2) members of the City Council to submit arguments in support of the Measure.
- The item will be voted on by registered voters of the City on November 8th, 2022, and if passed by 50%+1 votes will be submitted to the California Department of Tax and Fee Administration.
- It will become effective April 1, 2023, and the City will receive its first revenues at the end of the Fiscal Year 22/23.

Council Actions

- 1. Introduce, on first reading by title only, Draft ordinance No. 890 adding Chapter 3.17 of the Sonora Municipal Code to add the “Essential Services Transaction and Use Tax” to be administered by the California Department of Tax and Fee Administration (CDTFA).
- 2. Adopt Resolution 07-18-22-B declaring a fiscal emergency, calling and giving notice for the holding of a special municipal election to be held on Tuesday, November 8th, 2022 for the submission of a ballot measure to the City of Sonora qualified voters to approve a local one percent (1%) general sales and use tax for general city revenue purposes, “the Essential Services Transaction and Use Tax;” and requesting the Board of Supervisors of Tuolumne County to render election services; and requesting the consolidation of said election with the statewide general election and permit the County Registrar of Voters to render election services.