

RESOLUTION NO. 2014-04

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CATHEDRAL CITY:

- (1) CALLING A SPECIAL MUNICIPAL ELECTION TO ASK THE VOTERS OF THE CITY OF CATHEDRAL CITY TO APPROVE THE CONTINUATION OF AN EXISTING GENERAL TRANSACTIONS AND USE TAX OF ONE PERCENT;**
- (2) APPROVING THE FORM OF THE ORDINANCE TO BE SUBMITTED TO THE VOTERS;**
- (3) REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE CONSOLIDATE THE ELECTION WITH THE ESTABLISHED CONSOLIDATED PRIMARY ELECTION TO BE HELD ON JUNE 3, 2014; AND**
- (4) DIRECTING THE COUNTY OF RIVERSIDE REGISTRAR OF VOTERS TO CONDUCT THE ELECTION ON THE CITY'S BEHALF**

WHEREAS, Cathedral City was incorporated in 1981 to create a safe, middle-class community with easy access to amenities including parks, recreational activities, shopping and restaurants and it is our goal to maintain the current quality of life and keep Cathedral City a safe place to live, work and raise a family; and

WHEREAS, in an election held on June 8, 2010, a majority of Cathedral City voters passed Measure H, a one percent (1.0%) transactions and use tax to support essential City services for Cathedral City residents. Measure H has provided the City with a guaranteed source of local funding for local City services and has helped maintain the financial viability of the City. Since voters approved this one percent (1.0%) transaction and use tax, and with concessions from City employees, the City has been able to maintain City Police & Fire services and eliminate the City's budget deficit, as well as maintain the City Parks, repair pot holes, completed major road repairs, completed capital improvement projects vital to the City's Economic Development activities which include the reconstruction of Ramon Road, East Palm Canyon Dr., and Date Palm Interchange, the construction of Eagle Canyon Dam, and provides assistance to continue recreation, senior and after school programs, which operate at the City's Community Center, the Senior Center at Tierra del Sol, and the Cathedral City Boys and Girls Club; and

WHEREAS, the City's Transactions and Use Tax Ordinance imposing the Sales Tax is found in Chapter 3.44 of the City's Municipal Code; and

WHEREAS, Section 3.44.16 of the City's Municipal Code sets forth a termination date on the fifth anniversary from its operative date unless extended by a majority of the voters of the City; and

WHEREAS, this measure does not create a new tax and would simply continue the existing tax, at existing rates, that the City has relied upon to maintain essential services; and

WHEREAS, continuing the existing tax ensures our City has a guaranteed source of local funding for our vital City services that cannot be taken by the State of California, ensuring our tax dollars are spent locally for Cathedral City residents; and

WHEREAS, the City Council desires to submit to the voters at a Special Municipal Election on June 3, 2014 a proposed Ordinance to extend the Sales Tax; and

WHEREAS, when a City seeks voter approval to continue a Sales Tax, article XIIC, section 2(b) of the California Constitution requires the Election to be consolidated with the General Municipal Election for City Councilmembers, except in cases in which a City Council has unanimously declared a fiscal emergency; and

WHEREAS, the next regularly scheduled General Municipal Election is scheduled to be held on November 4, 2014. Due to the drastic cuts that will need to be made now in anticipation of the potential expiration of the Transactions and Use Tax Ordinance, which will jeopardize the health and safety of the community, an election earlier than November 4, 2014 is therefore required; and

WHEREAS, by the adoption of Resolution No. 2010-66, on February 24, 2010, and subsequently reaffirmed by Cathedral City's budget Resolution 2013-210, on May 22, 2013, the City Council has unanimously declared and reaffirmed that a fiscal emergency exists in accordance with article XIIC, section 2(b) of the California Constitution, and therefore an election prior to November 2014 is permitted; and

WHEREAS, the City has seen dramatic decreases in revenue due to the declining economy and continued takeaways by the State; and

WHEREAS, the State has already taken lump sum amounts from Cathedral City totaling over \$14 million dollars as well as reducing the City's annual revenue by \$2.8 million presenting significant fiscal challenges to the City; and

WHEREAS, the City has significantly reduced its budget by cutting service positions, reforming employee pensions, purchasing essentials with grant funding, conserving energy to keep costs down, and participating in purchase pools with other cities to lower expenses; and

WHEREAS, the City has had to freeze and cut positions in all City Departments, including a dramatic reduction to Public Safety Department. This reduction in Public Safety Officers has increased our response times in both the police and fire departments. Increased response times to 911 calls potentially place our citizens at risk in emergency situations where every second counts; and

WHEREAS, the City has projected a significant General Fund operating deficit over the next several years should the current economic trends continue and the Sales Tax is not extended; and

WHEREAS, the City has already made budget cuts to address its deficit to all departments, including significantly reducing the total number of City employees, the City still faces more cuts to essential City services, street paving and pothole repair, and park maintenance; and

WHEREAS, based upon a community opinion survey conducted this year, the community has expressed a clear interest in supporting the City in order to maintain 911 emergency and medical response services, preserve the safety of Cathedral City, maintain parolee/gang and sex offender enforcement, and maintain and protect vital police and fire services provided by the City's Public Safety Officers; and

WHEREAS, the City Council held a noticed public hearing on February 12, 2014 to consider calling a special election to seek voter approval of a proposed general transactions (sales) and use tax as authorized by Revenue and Taxation Code section 7285.9; and

WHEREAS, at the conclusion of that hearing, the City Council concluded that all of the information presented indicated that the Council should call an election as soon as possible to ask the voters of the City to approve an extension of the existing Sales Tax, the revenue from which could be used to support general municipal services; and

WHEREAS, the existing Sales Tax is and would continue to be imposed on retail transactions involving, and use of, personal property. The tax rate is and would continue to be one percent (1.0%) of the sales price of the personal property. The tax revenue is and would continue to be collected by the State Board of Equalization and remitted to the City. The termination date would be eliminated and the tax would remain in effect until it is suspended by a majority vote of registered voters of the City. The continuation of the existing tax shall be approved if the measure receives at least a majority of affirmative votes; and

WHEREAS, Elections Code sections 9280 *et seq.* set forth the procedures for arguments in favor of or in opposition to any City measure and the procedures for rebuttal arguments; and

WHEREAS, the City Council finds that under CEQA Guidelines 15060(c)(2) and 15378(b)(2) and (4), this tax does not constitute a project under CEQA and therefore review under CEQA is not required.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Cathedral City that the foregoing Recitals are true and correct and are hereby adopted by the City Council. Based on those Recitals, the Council unanimously finds and declares as follows:

SECTION 1. As declared by Resolution 2010-66, duly adopted on February 24, 2010, and subsequently reaffirmed by Cathedral City adopted budget Resolution 2013-210, duly adopted on May 22, 2013, a fiscal emergency continues to exist due to the City's impending budget deficit of approximately \$4.5 million should the tax not be extended; which, threatens to cause severe reductions in City programs and services posing an immediate threat to the public health, welfare and safety of residents of the City of Cathedral City.

SECTION 2. Pursuant to California Constitution article XIII C, Section 2, subsection (b); Government Code section 53724; and Elections Code section 9222, the City Council of the City of Cathedral City hereby calls a Special Election at which it shall submit to the qualified voters of the City, a measure relating to the adoption of a transactions and use tax. This measure shall be designated by letter by the Riverside County Elections Department. Pursuant to Election Code section 10400 *et seq.*, the election for this measure shall be consolidated with the established Consolidated Primary Election to be conducted on June 3, 2014.

SECTION 3. The Ordinance continuing the existing general transactions and use tax to be approved by the voters pursuant to Section 2, is as set forth in **Exhibit A** hereto and incorporated by this reference. The City Council hereby approves the Ordinance, the form thereof, and its submission to the voters of the City at the June 3, 2014 Special Election, as required by Revenue and Taxation Code section 7285.9, subject to the approval of a majority of the voters voting on the measure at the election called by the adoption of this Resolution. The Ordinance continues the existing Sales Tax and the existing rate of one percent (1.0%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in the City and one percent (1.0%) of the sales price of tangible personal property stored, used or otherwise consumed in the City, without raising existing tax rates. The State Board of Equalization shall continue to collect the tax from retailers subject to the tax and remit the funds to the City.

SECTION 4. In accordance with Section 12111 of the Elections Code and Section 6061 of the Government Code, the City Clerk is hereby authorized and directed to cause notice of the measure to be published once in a newspaper of general circulation, printed, published, and circulated in the City of Cathedral City and hereby designated for that purpose by the City Council of the City of Cathedral City. The City Clerk may request that the County of Riverside Elections Department prepare and publish the required notice.

SECTION 5. Pursuant to the requirements of the laws of the State of California relating to cities within said State, the following proposed measure shall be added to the ballot for the June 3, 2014, election and thereby submitted to the voters of the City:

<p>Cathedral City Continuation of Fiscal Stability/Local Control Measure</p> <p>To maintain fiscal stability, address state takeaways and prevent cuts to vital services by retaining police, firefighters, paramedics/emergency dispatch operators; maintaining 911 emergency/ambulance response; funding graffiti removal, pothole/street repair, senior programs, after school, anti-drug/anti-gang and other general services; shall Cathedral City continue its existing voter approved one cent sales tax with <u>no</u> rate increase, requiring citizen's review, and <u>no</u> money for Sacramento?</p>	<input type="checkbox"/> Yes
	<input type="checkbox"/> No

SECTION 6. The official ballot to be used at said election shall conform to the laws of the State of California with relation thereto.

SECTION 7. The City Council authorizes the Riverside County Registrar of Voters to consolidate this election with the established election on June 3, 2014, for the ease and convenience of the registered voters and to take advantage of any cost savings possible by such consolidation.

SECTION 8. The City Clerk may request the assistance of the County of Riverside Registrar of Voters in regard to said Special Municipal Election, as the City Clerk deems necessary.

SECTION 9. The City shall reimburse the County for services performed when the work is completed and upon presentation to the City of a properly approved bill.

SECTION 10. The Special Election shall be held and conducted as provided by law for holding municipal elections.

SECTION 11. The notice of the time and place of holding the election is given and the City Clerk is directed to give further or additional notice of the election in the time, form and manner as required by law.

SECTION 12. The City Clerk is hereby directed to submit to the City Attorney a certified copy of the measure. The City Attorney is hereby authorized and directed to prepare an impartial analysis of the ballot measure showing the effect of the measure on the existing law and operation of the measure, said analysis to be submitted by the City Attorney to the Registrar of Voters, or other appropriate office of the County of Riverside, for printing by the date set by the City Clerk for the filing of arguments for and against the measure. The analysis shall not exceed 500 words in length and shall otherwise comply in all respects with the applicable provisions of the Elections Code of the State of California.

SECTION 13. In accordance with the provisions of Section 9282 of the California Elections Code, the Mayor is authorized and directed to submit an argument in support of the Measure and a response to any argument in opposition to the Measure.

SECTION 14. The City Clerk shall fix and determine a date for submission of rebuttal arguments and said date shall be posted in the Office of the City Clerk. Such rebuttal arguments, for or against, shall not exceed 250 words in length.

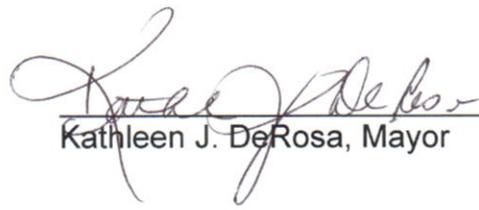
SECTION 15. The Special Election on the measure set forth in sections 3 and 5 of this resolution shall be held and conducted, the votes canvassed and the returns made, and the results ascertained and determined as provided for herein. In all particulars not prescribed in this resolution, the election shall be held as prescribed in the Elections Code of the State of California. The Board of Supervisors of the County of Riverside is authorized to canvass the returns of that election with respect to the votes cast in the City of Cathedral City and to certify the results to the City Council. At the next regular meeting of the City Council occurring after the returns of the election have been canvassed and the certification of the results to the City Council, the City Council shall cause to be entered in its minutes a statement of the results of the election.

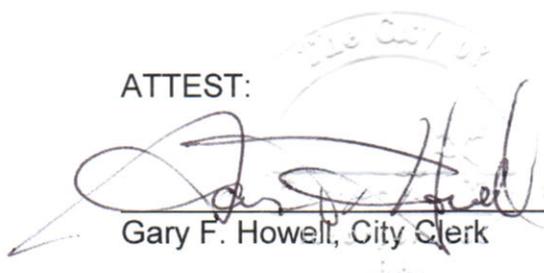
SECTION 16. This resolution shall be forthwith entered upon the minutes of this Council and kept and maintained by the City Clerk of the City of Cathedral City.

SECTION 17. The City Manager is hereby authorized and directed to expend the necessary funds to pay for the City's cost of placing the measure on the election ballot.

SECTION 18. The City Clerk is hereby ordered to certify to the adoption of this resolution, notice and proclamation, and to file copies hereof, so certified, with the Clerk of the Board of supervisors of the County of Riverside and with the County of Riverside Registrar of Voters, and to enter it into the book of original resolutions.

This Resolution and the attached Ordinance are **PASSED, APPROVED AND ADOPTED** this 12th day of February, 2014.


Kathleen J. DeRosa, Mayor

ATTEST:

Gary F. Howell, City Clerk

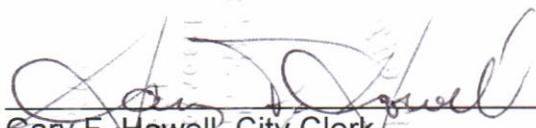
I, GARY F. HOWELL, CITY CLERK of the City of Cathedral City, do hereby certify that the foregoing Resolution was introduced and adopted at a regular meeting of the City Council of the City of Cathedral City held on the 12th day of February, 2014, by the following vote:

AYES: 5 Henry, Toles, Pettis, Vasquez and De Rosa

NOES: 0

ABSENT: 0

ABSTAIN: 0



Gary F. Howell, City Clerk

APPROVED AS TO FORM:



Charles R. Green, City Attorney

Attachment: Exhibit A – Ordinance

Exhibit A

ORDINANCE NO. _____

**AN ORDINANCE OF THE CITY OF CATHEDRAL CITY,
CALIFORNIA, AMENDING THE CATHEDRAL CITY
MUNICIPAL CODE SECTION 3.44.160 TO CONTINUE THE
EXISTING TRANSACTIONS AND USE (SALES) TAX**

WHEREAS, on February 24, 2010, the City Council unanimously declared a fiscal emergency by Resolution 2010-66, and subsequently reaffirmed by Cathedral City budget Resolution 2013-210, duly adopted on May 22, 2013 under Article XIIC, section 2(b) of the California Constitution; and

WHEREAS, pursuant to California Revenue and Taxation Code Sections 7285.9 and 7290, the City of Cathedral City ("City") has the authority to levy a Transactions and Use (Sales) Tax for general purposes; and

WHEREAS, at a Special Election held on June 8, 2010, the City Council proposed and a majority of the voters approved an essential services temporary funding measure which imposed a one cent sales tax (1.0%) on the sale or consumption of tangible personal property within the City of Cathedral City (the "Sales Tax"), and

WHEREAS, the City's Transactions and Use Tax Ordinance imposing the Sales Tax is found in Chapter 3.21 of the City's Municipal Code; and

WHEREAS, Section 3.44.16 of the City's Municipal Code sets forth a termination date of the Sales Tax on the fifth anniversary of its adoption, which will repeal the Sales Tax on September 30, 2015, unless continued by a majority of the voters of the City; and

WHEREAS, the City Council has determined that the continuation of the existing Sales Tax, without raising existing tax rates, is critical to funding the City's essential services, preserving the safety and character of Cathedral City, and ensuring that our City has a guaranteed source of local funding that cannot be taken by Sacramento; and

WHEREAS, the City conducted a community opinion survey which shows a majority of respondents would support continuing the Sales Tax to maintain and protect City services; and

WHEREAS, the City Council, by adopting Resolution No. _____, authorized placing the matter of continuing the Sales Tax before the voters of Cathedral City at a Special Election to be held on June 3, 2014 ; and

WHEREAS, the termination date in Section 3.44.160 of the City's Municipal Code must be amended to continue the Sales Tax.

NOW, THEREFORE, the People of the City of Cathedral City do ordain as follows:

SECTION 1: AMENDMENT. Section Chapter 3.44.16 of Chapter 3.44 (Transaction and Use Tax) of the Cathedral City Municipal Code shall be amended to read as follows:

3.44.16 Termination Date

The authority to levy the tax imposed by this ordinance shall not expire, unless terminated by a majority vote of registered voters of the City of Cathedral City.

SECTION 2: FULL FORCE AND EFFECT. Except as herein otherwise expressly provided, Chapter 3.44 (Transaction and Use Tax) of the Cathedral City Municipal Code shall remain in full force and effect.

SECTION 3: SEVERABILITY. The City Council hereby declares that every section, paragraph, sentence, clause, and phrase of this ordinance is severable. If any section, paragraph, sentence, clause, or phrase of this ordinance is for any reason found to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining sections, paragraphs, sentences, clauses, or phrases.

SECTION 4: EFFECTIVE DATE. This Ordinance shall be submitted to the voters at a Special Election to be held on June 3, 2014. Upon approval by a majority of the voters of the City voting on this Ordinance, the amendment of Chapter 3.44 of the City's Municipal Code shall take effect immediately and the Transactions and Use Tax shall be continued as provided for in this Ordinance.

SECTION 5: PUBLICATION. The City Clerk of the City of Cathedral City is hereby directed to cause the following summary of the ordinance to be published in a newspaper of general circulation, published and circulated in the City of Cathedral City:

Contingent upon majority voter approval, this Ordinance amends the termination date of the existing transactions and use (sales) tax. The tax will no longer expire on the fifth anniversary. The tax will continue until registered voters of the City of Cathedral City vote in favor of termination.

SECTION 6: CERTIFICATION. Upon certification of voter approval, this Ordinance was duly approved by the following vote of the voters of the City of Cathedral City on June 3, 2014:

(Insert Vote)

SECTION 7: CERTIFICATION OF COUNCIL ADOPTION AND APPROVAL. This Ordinance was introduced and approved at a regular meeting of the City Council of the City of Cathedral City held on the ____ day of February, 2014 by the following vote:

Kathleen J. DeRosa, Mayor

ATTEST:

Gary F. Howell, City Clerk

I, Gary F. Howell, City Clerk of the City of Cathedral City, do hereby certify that the foregoing Ordinance was introduced and adopted at a regular meeting of the City Council of the City of Cathedral City held on the ____ day of _____, 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Gary F. Howell, City Clerk

APPROVED AS TO FORM:

Charles R. Green, City Attorney