

RESOLUTION NO. 2022-99

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, EXPRESSING THE INTENT OF THE CITY COUNCIL IN ADOPTING ORDINANCE NO. 2022-98 AND PLACING A LOCAL SALES TAX MEASURE ON THE NOVEMBER 2022 BALLOT

WHEREAS, the City of Escondido (“City”) is a general law city of extraordinary potential currently experiencing critical fiscal challenges to having sufficient revenues to meet ever increasing costs required by law; and

WHEREAS, the City’s ability to create and collect revenue has not been able to keep pace with the growing costs of providing municipal services and thereby threatens the City’s ability to provide the needed services to ensure safe neighborhoods and quality services to support its residents; and

WHEREAS, the City has aggressively responded to this financial challenge by reducing its workforce over the years below pre-recession levels; reducing pension obligations; deferring maintenance of City facilities and purchase of equipment; pursuing available grant funding whenever possible; establishing Community Facilities Districts thereby capturing the additional services costs associated with new developments; and, regrettably, cutting back services despite serving a growing population;

WHEREAS, the City serves its citizens primarily by services performed by employees, as a result approximately 84% of the City’s budget is devoted to employee related costs, which are growing primarily as a result of pension related payments the City is required to make to CalPERS to address the Unfunded Accrued Liability; and

WHEREAS, required annual payments to CalPERS are 15% of the total General Fund operating budget at \$19.7 million in FY2022/23, and are expected to continue to grow over the next twenty years; and

WHEREAS, the City fundamentally changed the methodology it uses in the budget process for its 2022/23 fiscal year budget to ensure that it maintains fiscal stability by reducing reliance on unsustainable

one-time funding sources and instead, using reliable indicators of revenue and expenditures to provide a realistic balanced budget focusing on the priorities of the community; and

WHEREAS, nearly 2,000 residents of the City have expressed through multiple channels, including a community survey, a scientifically conducted survey concerning a potential local sales tax measure, and by communications directly to City staff and the City Councilmembers, a strong interest in ensuring a safe community for its residents and one that attracts business and visitors; and

WHEREAS, nearly all sales tax goes to either the State, County or SANDAG, a local sales tax measure will allow Escondido local control over local revenue for the services residents expect and deserve; and

WHEREAS, residents also identified funding priorities for City services including addressing homelessness, repairing and maintain local streets, sidewalks and infrastructure, keeping parks and public facilities safe, clean and well-maintained, providing quick responses to 911 emergencies and providing fire protection and paramedic services; and

WHEREAS, residents continue to prioritize 911 emergency response, the funding from this measure will help the City to ensure enough police, firefighters, dispatchers and paramedics to respond quickly to 911 emergencies; and

WHEREAS, additional local funding will the City to keep up with basic repairs and maintenance to public facilities, storm drains, streets and sidewalks; these repairs will be a lot more expensive in the future if they are not addressed now; and

WHEREAS, the City Council believes that a local government can best address the community's concerns about safety by providing focused financial support and resources to its police and fire departments; and

WHEREAS, the City Council is considering the placement of a local sales tax measure before the voters which would allow for locally controlled funds to augment existing but insufficient sales and

property tax revenues to directly meet the needs of this City, including specifically, the need to ensure a safe and livable community; and

WHEREAS, the City Council is particularly mindful of the financial burdens placed on all residents by the imposition of any kind of tax, levy or fee and the increase of any such revenue sources must be done only when required to provide the services needed to achieve the expectations of City residents; and

WHEREAS, because the current City Council is not able to direct future city councils on their spending priorities in their budgets, and particularly in how any revenue derived from a proposed local general sales tax measure will be allocated, the purpose of this Resolution is to unequivocally state the intent of this City Council which is facing the existing critical fiscal challenge and required to make the difficult decision whether there are sufficient revenues available to meet the community's needs and whether its residents should be potentially facing an increased tax burden; and

WHEREAS, this City Council believes that should the community vote in favor of a local sales tax measure, future city councils should devote at least 50% of any additional revenue derived therefrom to support of the City's police and fire departments in their efforts to deliver to the taxpayers the safe City they want and deserve; and

WHEREAS, the proposed sales tax measure will require separate accounting as Local Sales and Use Tax – Measure 'E' Revenues and the City Manager shall prepare an annual spending plan for Measure 'E' Revenues to be used to improve public safety, infrastructure and the delivery of public services and help solve the City's structural deficit.

WHEREAS, the City Council shall create and convene a Citizens' Oversight Committee to: (1) ensure public review and comment on the annual spending plan for Measure 'E' Revenues; (2) prepare an annual report regarding compliance with the previous year annual spending plan for presentation to the City Council at a public meeting; (3) work with City staff to prepare best practices for tracking and

reporting on Measure 'E' Revenues and expenditures relative to other City revenues and expenditures, and; (4) making a finding whether Measure 'E' Revenues have been expended consistent with the intent of the measure; and

WHEREAS, the Citizens' Oversight Committee shall operate subject to the Brown Act and all meetings will be properly noticed and open to the public; and

WHEREAS, the City shall conduct an annual independent audit of the City's financial statements, including the review of the collection and expenditure of revenue from Measure 'E,' and the auditor's report shall be presented to the Citizens' Oversight Committee for its review of compliance with the terms of Measure 'E'; and

WHEREAS, in addition to the review of the annual spending plan for Measure 'E' Revenues as part of the annual budget process, every five years the City Council should conduct a strategic review of Measure 'E' Revenues and expenditures and will assess the necessity of continuing any sales tax approved by the voters; and

WHEREAS, this City Council deems it to be in the best interests of the City and its residents, given existing fiscal challenges and the importance of supporting a safe and livable community, to place a measure on the November 2022 ballot for the community's consideration and decision.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California:

1. That the above recitations are true.
2. That this City Council believes that a City must live within its financial means; engage the community in its yearly budget process in a transparent, honest and meaningful way; and must avoid whenever reasonably possible placing any additional tax burdens on City residents.
3. That this City Council believes at this time there are sufficient critical financial circumstances and needs warranting placement of a local sales tax measure on the ballot for voter consideration.

4. That this City Council is adopting Ordinance No. 2022-15 to give future City Councils the opportunity to have adequate fiscal resources to maintain a safe and livable community for City residents and that can best be accomplished by earmarking not less than half of any additional revenues from a local sales tax measure to support the City's police and fire services.