



# City of Cotati Measure G Annual Report

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Fiscal Year 14-15

PREPARED BY:

Damien O'Bid, City Manager

Norm Veloso, Director of Admin Services

## **MEMBERS OF THE COUNCIL**

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**Susan Harvey, Vice Mayor**

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**Tamara Taylor, City Clerk**

**Robin Donoghue, City Attorney**



# City of Cotati

## Measure G Status Report for FY 14-15

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# City of Cotati

Sonoma County, California



To: Measure G Oversight Committee  
Date: March 15, 2016

**SUBJECT: MEASURE G SUMMARY REPORT FOR FISCAL YEAR 2014-2015**

Thanks to the voters of Cotati, Measure G stabilized the budget in Cotati and has enabled the City to continue to fund essential services such as park maintenance, street maintenance, and preserving our local Police Department. The following summary report of Measure G revenue and expenditures reflects the initial partial year of revenue and details the services and projects funded in part or whole by Measure G. However, even with a partial year of revenue, it clearly demonstrates the vital role Measure G plays in both preserving and improving basic services and allowing the City to leverage and bring in grant funds to improve City infrastructure for the benefit of Cotati residents.

In Fiscal Year 2014-2015, the City Council prioritized improvements in public safety through the hiring of a new police officer, adding a traffic officer position to improve roadway safety, and converting a contract part-time building official position to a full time building official to improve services to the building community and improve code enforcement for public safety and community aesthetics. The City Council also budgeted for a new maintenance worker to improve infrastructure maintenance (filled in Fiscal Year 2015-2016), and enhanced contract services in numerous areas including park restroom cleaning, park and landscape maintenance, and traffic signal and street light maintenance. Concurrently, the City Council also aggressively pursued opportunities to lower long-term costs, such as transitioning to Sonoma Clean Power for lower electricity rates and undertaking extensive energy improvements in City facilities and streetlights to further lower on-going power costs so these savings could be used to fund City services.

Without Measure G, none of the service enhancements or key infrastructure work would be possible. In fact, with the imminent expiration of Measure A in 2015, the City was facing the very real possibility of additional cuts beyond the already reduced recession-levels of service. It is common for people to assume that their city receives most or all of their local property tax and sales tax to pay for local services. However, people are generally surprised to learn that unless communities are "self-help", with local revenue like Measure G, they only receive 1% of the sales tax. Therefore, a key feature of a local self-help measure such as Measure G is that 100% of the revenue stays in Cotati for the direct benefit of residents and businesses here.

Looking forward, we are expecting to make substantial progress on a wide array of projects, continue to improve access to City services, add a wide variety of recreation programs and services, and continue to pursue key opportunities for economic development and diversification to help support services to residents in the future.

Sincerely,

A handwritten signature in blue ink, appearing to read "Damien O'Bid", is written over a light blue horizontal line.

Damien O'Bid  
City Manager

2620401.1 Measure G CM Message (FINAL)

## *A VISION FOR COTATI*

### *Quality of Life*

*To preserve Cotati's rural heritage and small town atmosphere while ensuring that new development reinforces both the quality and economic vitality of the community. To maintain Cotati's urban growth boundaries.*

### *Economic Development*

*To provide a climate that promotes existing businesses and encourages new businesses to locate in our community.*

### *Financial Stability*

*To become a self-reliant community with a sound economic base. To have a balanced city budget that prudently manages the city's financial resources and provides for appropriate reserves.*

### *Community Safety*

*To protect the health and well-being of the community by partnering with our citizens to provide a safe and secure environment.*

### *Infrastructure*

*To provide adequate streets, sidewalks, sewer and water systems, parks, bike paths, and public buildings and ensure that they are maintained at the highest possible level.*

### *City Beautification*

*To enhance City Gateways and remove blighted conditions. To encourage development which reflects the city's commitment to quality design, preservation of trees, and generous use of landscaping.*

### *Environmental Concerns*

*To work with developers and citizens to incorporate environmentally "friendly" materials and "green" building techniques in all new construction as well as renovation projects. To continue to encourage the community to reduce, reuse and recycle.*

### *Citizen Participation*

*To encourage citizens to become actively involved in the decision making process and serve on city boards and commissions. To include the participation of volunteers in our community festivals and events.*

# Get to Know Your Measure G

## Why did the City Council place Measure G on the ballot in 2014?



In response to the severe economic recession and the State redistribution of funding through the Redevelopment Dissolution, the City aggressively cut expenses, including a 28% reduction in staffing, elimination of the recreation department, voluntary staff salary reductions of 14%, cut back or elimination of all contract services, and a general 11% reduction in General Fund expenditures. At that time, the City also was a leader in the state in establishing a new benefit and pension tier for new employees, to reduce future expenses.

In addition to the cuts in expenses, in 2009 the voters of Cotati also approved Measure A, a ½ cent sales tax for 5 years to maintain basic City services through the recession. Even with the additional revenue from Measure A and the City cuts in expenses, the unexpected loss of funding as a result of the State dissolution of Redevelopment, coupled with a much slower than expected economic recovery, resulted in the City being able to only maintain basic services with no capacity for non-emergency projects. As Measure A was nearing its expiration date, the City was also facing the possibility of losing our locally controlled Police Department, as well as losing our status as a city separate from Rohnert Park or the County was a deep concern.

In response, the City Council declared a State of Emergency on February 11, 2014, putting Measure G on the ballot. On June 3, 2014, the voters of Cotati passed Measure G, the *Cotati Essential City Services Measure*.

At the time Measure G was placed on the ballot, the State had taken hundreds of thousands in funds from Cotati's budget, which directly impacted the General Fund which supports local public safety, road maintenance, park maintenance, and other essential city services. Just like most cities in California, the economic downturn and declining home values dramatically reduced sales tax and property tax revenues in Cotati.



Cotati Police Station

## How is Measure G different from Measure A?

In 2010, Cotati voters approved Measure A, which was a temporary ½-cent sales tax for five years. Measure G is a temporary 1-cent sales tax for 9 years that superseded Measure A and replaced it. Measure G will expire in 2023.

## How much does a 1-cent increase in the sale tax cost me?

A 1-cent increase in the sales tax adds \$1 on a \$100 purchase. Essential purchases like food and medicine are exempted from the sales tax. The revenue is used to protect essential services Cotati residents rely on, and assist in the implementation of key improvements desired by the community.

## Do funds from Measure G stay in Cotati?



Yes. Measure G stays local and ensures that this local funding source cannot be taken by the State and can only be spent towards Cotati and its residents. Measure G is ours and can only be used for the benefit of residents of Cotati.

## What will this local source of funding provide for Cotati?

The City of Cotati uses the funds from Measure G to maintain essential City services for our community. Essential City services include the core services needed to run a City, including improved community services, preserving our local police department, recreational opportunities, and maintenance of public facilities, including streets and pothole repair. With the additional public safety funding, it also increases the number of officers on duty and helps maintain crime prevention and investigation services. In addition to essential services, Measure G can also be used for key infrastructure projects such as street maintenance, storm drain maintenance, and improvements to parks and other City facilities.



Public Works Road Maintenance

## What oversight provisions have been put in place?

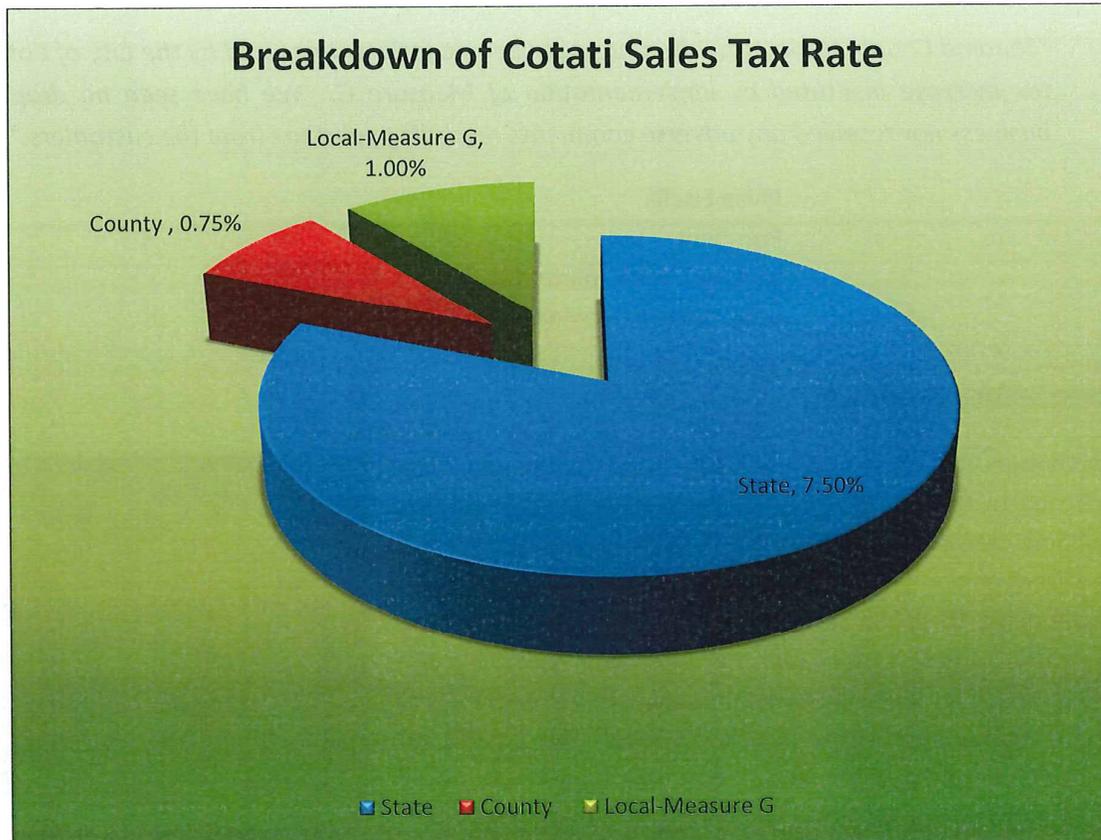
The City has established an independent Citizens' Oversight Committee that meets annually to review expenditures for Measure G and help make sure that every penny supports voter-approved priorities. This committee is an advisory body comprised of 5 members that are appointed by the City Council in a public process. Their involvement will help insure that funds will continue to be spent responsibly on services provided by the City for purposes that benefit the citizens of Cotati.

## What makes up the total sales tax rate?

With Measure G, the total sales tax rate in Cotati is 9.25% and is broken down as follows:

California Sales and Use Tax Rates	
State	6.2500%
County Transportation Funds	0.2500%
Local (Bradley Burns)	1.0000%
<b>Total State-Wide Sales and Use Tax Rate</b>	<b>7.5000%</b>
Add: County (SMART, Measure M & Open Space)	0.7500%
Add: Measure G	1.0000%
<b>Total Sales Tax Rate in Cotati</b>	<b>9.2500%</b>

Sonoma Marin Area Rail Transit [SMART] (0.25%), the Agricultural Preservation and Open Space District (0.25%), and Sonoma County Measure M (0.25%) are county-wide measures.

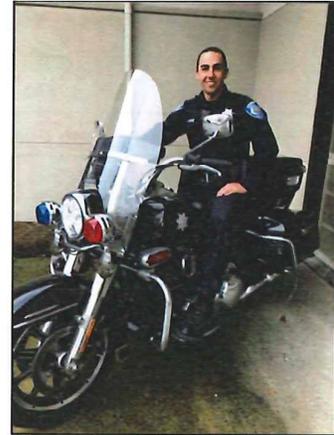


# Summary of Public Benefit

Revenue generated by Measure G began coming into the City in October 2014. By the end of the 2014-2015 Fiscal Year (July 1, 2014 – June 30, 2015), the total partial year Measure G revenue received was **\$1,339,944**. The passage of Measure G has stabilized the City budget. In Fiscal Year 2014-2015, the City began to deliver on the expectations and desires of the community.

*“We saw immediate benefit from the new motor patrolman funded through Measure G. When making consistent patrols and traffic stops, we noted a much calmer flow”*

Norman S.  
Valparaiso Ave.  
Cotati Resident



**Officer Guyden**  
**(Traffic Enforcement)**

*“Sonoma County Harley-Davidson has not been negatively impacted by the City of Cotati tax increase instituted by implementation of Measure G. We have seen no drop in business nor received any adverse comments regarding sales tax from the customers.”*

Philip Eiselin  
President  
Sonoma County Harley Davidson  
Cotati Business Owner

## Public Safety Program

Without a positive sense of public safety in our community, it can be difficult to bring in new business or families looking to buy a new home. Measure G has enabled the City to preserve our own Police Department by funding core operations and enabling key improvements to public safety including hiring a new full time police officer, adding a traffic officer position, and hiring a full time building official for building inspections and code compliance. The City Council’s primary focus during FY 14-15 was to stabilize funding for our local Police Department and improve the overall level of public safety services. The following is a summary of



**Officer Deaton and K-9 (Remo)**

Measure G expenditures under the Public Safety Program:

1. The City preserved our local Police Department by funding on-going operations.
2. One new sworn police officer was added to improve our patrol coverage.
3. The motor officer position was brought back for traffic enforcement and safer streets.
4. The City purchased two police vehicles, including the K-9 vehicle, to replace old vehicles at the end of their service life.
5. The City added a full time building official for building inspections and code compliance.

### **Street, Sidewalk, and Storm Drain Program**

The community expects and depends on well-maintained city streets, street lights, traffic signals, sidewalks and storm drains. Well maintained roadways are safer and improve the visual appeal of our city. It is critical to be able to leverage available grants to bring in additional funds to benefit our community. In addition, to save money in the long run, it is critical to fund road maintenance early to prevent expensive repairs and reconstruction of our streets later.



**West Sierra Road Shoulder Repair**

The City Council's primary focus during FY 14-15 was to improve the overall level of maintenance, implement the emergency road bank repair on West Sierra Avenue, and leverage the existing federal grants for high impact community projects. The following is a summary of Measure G expenditures under the Street, Sidewalk, and Storm Drain Program:

1. Funded on-going and improved services, such as improved traffic signal and roadway landscape maintenance.
2. Injected a significant amount of funding into local road repair and maintenance to avoid much higher repair costs in the future.
3. Initiated design on re-paving of Old Redwood Highway through the old downtown. This local funding enables the City to leverage a \$250,000 federal grant.
4. Completed the design of the downtown Old Redwood Highway project to improve the appearance of the City's primary entrance, including key safety improvements. This local funding enables the City to leverage a \$1.1M federal grant.
5. Repaired and stabilized West Sierra Avenue at Water Road, where Cotati Creek had begun undercutting and compromising the roadway.

### **Public Building Program**

The City operates and maintains several public buildings to conduct public meetings and provide core services to the community, including City Hall, Community Center, Cotati Room, Public Works Corporation Yard, and the recently completed Cotati Train Depot. The City Council's primary focus during FY 14-15 was to improve the overall level of maintenance and leverage the existing federal grant

to complete construction of the Cotati Train Depot. The following is a summary of Measure G expenditures under the Public Building Program:

1. Funded on-going building operational costs.
2. Finished construction of the new Cotati Train Depot, creating a new gateway into Cotati with the start of SMART service in 2016. This local funding enabled the City to leverage a \$1.7 million federal grant.



**Cotati Train Depot**

### **Park/Landscape Program**

The City operates and maintains many public parks, including La Plaza Park, Falletti Park, Draper Park, Kotate Park, Sunflower Park, Delano Park, Putnam Park, Mini-Park, and Santero Park. Parks provide key recreational opportunities for our community, are local landmarks, and provide a venue for numerous community events. The City Council's primary focus during FY 14-15 was to improve the overall level of maintenance, improve existing facilities, and add high impact low cost safety improvements and amenities. The following is a summary of Measure G expenditures under the Park/Landscape Program:



**Draper Park Safety Lighting**

1. Funded on-going park and landscape maintenance, including doubling the level of maintenance at our parks.
2. Re-surfaced the basketball courts at Cator Park.
3. Installed new drinking water fountains at La Plaza Park and Putnam Park.
4. Replaced bollard lights at Draper Park to improve pathway lighting and safety.

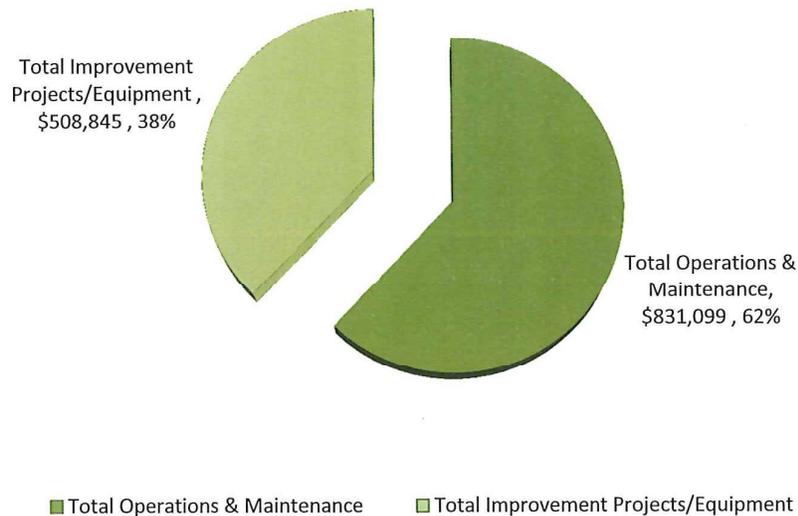
### **Summary**

In FY 14-15, the City undertook a total of **\$831,099** in on-going and improved services, and **\$508,845** in capital improvements and equipment. Each year, it is expected that the ratio of services and capital projects/equipment will fluctuate as projects are constructed.

Measure G continues to be critical for funding essential city services and deferred capital projects. Additionally, the City is working on key initiatives to promote economic development within Cotati to expand and diversify the tax base to provide the services that the citizens of Cotati desire.

<b>Essential Services &amp; Improvements</b>		
<b>TOTAL REVENUES</b>	\$	1,339,944 100%
<b>Street, Sidewalk, and Stormdrain Program</b>	\$	492,860 37%
Operations & Maintenance	\$	144,415 11%
Improvement Projects/Equipment	\$	348,445 26%
<b>Public Safety Program</b>	\$	559,443 42%
Operations & Maintenance	\$	518,426 39%
Improvement Projects/Equipment	\$	41,017 3%
<b>Recreation Program</b>	\$	- 0%
Operations & Maintenance	\$	- 0%
Improvement Projects/Equipment	\$	- 0%
<b>Park/Landscape Program</b>	\$	118,283 9%
Operations & Maintenance	\$	87,260 7%
Improvement Projects/Equipment	\$	31,023 2%
<b>Public Building Program</b>	\$	169,358 13%
Operations & Maintenance	\$	80,998 6%
Improvement Projects/Equipment	\$	88,360 7%
<b>TOTAL EXPENSES</b>	\$	1,339,944 100%
<b>Total Operations &amp; Maintenance</b>	\$	831,099 62%
<b>Total Improvement Projects/Equipment</b>	\$	508,845 38%

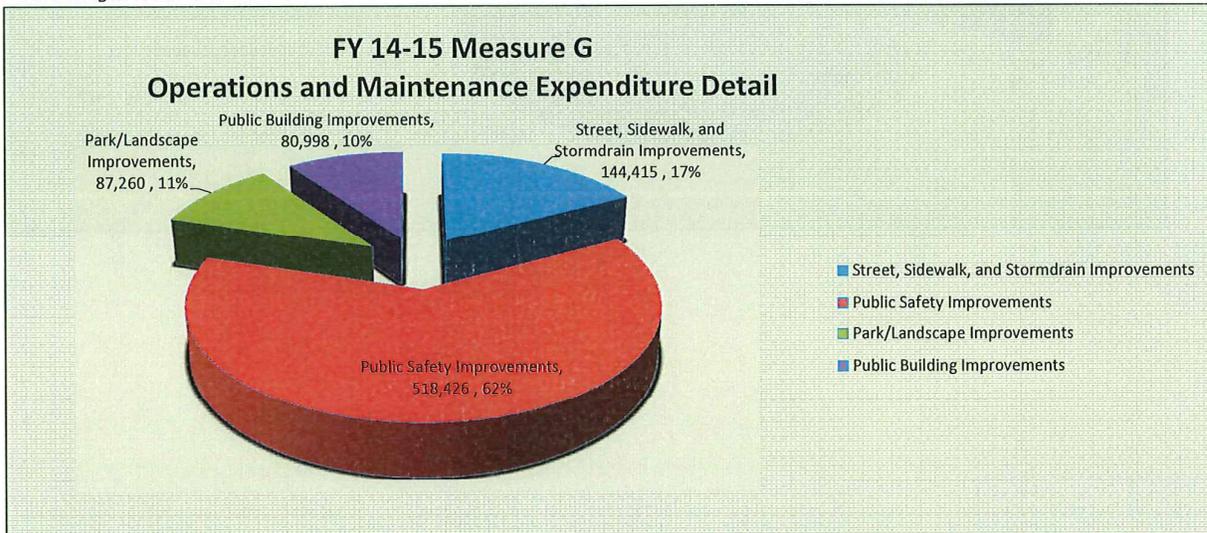
### Measure G FY 14-15 Expenditure Detail



**MEASURE G SALES TAX  
REVENUE AND EXPENSES  
FY 14-15**

	Measure G	% of Measure G*
<b>TOTAL MEASURE G REVENUE</b>	<b>1,339,944</b>	<b>100%</b>
<b>OPERATIONS AND MAINTENANCE EXPENSES</b>		
<b>Street, Sidewalk, and Stormdrain Program</b>		
Contract Service	65,235	5%
Vehicle Maintenance	2,756	0%
Materials/Repairs	10,176	1%
Vehicle Fuel	3,278	0%
Utilities	62,970	5%
<b>Subtotal</b>	<b>144,415</b>	<b>11%</b>
<b>Public Safety Program</b>		
Contract Service	81,359	6%
Vehicle Maintenance	31,010	2%
Materials/Repairs	14,214	1%
Vehicle Fuel	40,782	3%
Utilities	34,602	3%
Salaries and Benefits	316,459	24%
<b>Subtotal</b>	<b>518,426</b>	<b>39%</b>
<b>Recreation Program</b>		
Contract Service		
<b>Subtotal</b>	<b>-</b>	<b>0%</b>
<b>Park/Landscape Program</b>		
Contract Service	53,080	4%
Vehicle Maintenance	1,090	0%
Materials/Repairs	10,558	1%
Vehicle Fuel	1,297	0%
Utilities	21,235	2%
<b>Subtotal</b>	<b>87,260</b>	<b>7%</b>
<b>Public Building Program</b>		
Contract Service	80,998	6%
Vehicle Maintenance	43,340	3%
Vehicle Maintenance	297	0%
Materials/Repairs	2,351	0%
Vehicle Fuel	354	0%
Utilities	34,656	3%
<b>Subtotal</b>	<b>80,998</b>	<b>6%</b>
<b>Total Operations and Maintenance Expenses</b>	<b>831,099</b>	<b>62%</b>

\* Percentages rounded to the nearest 1%.



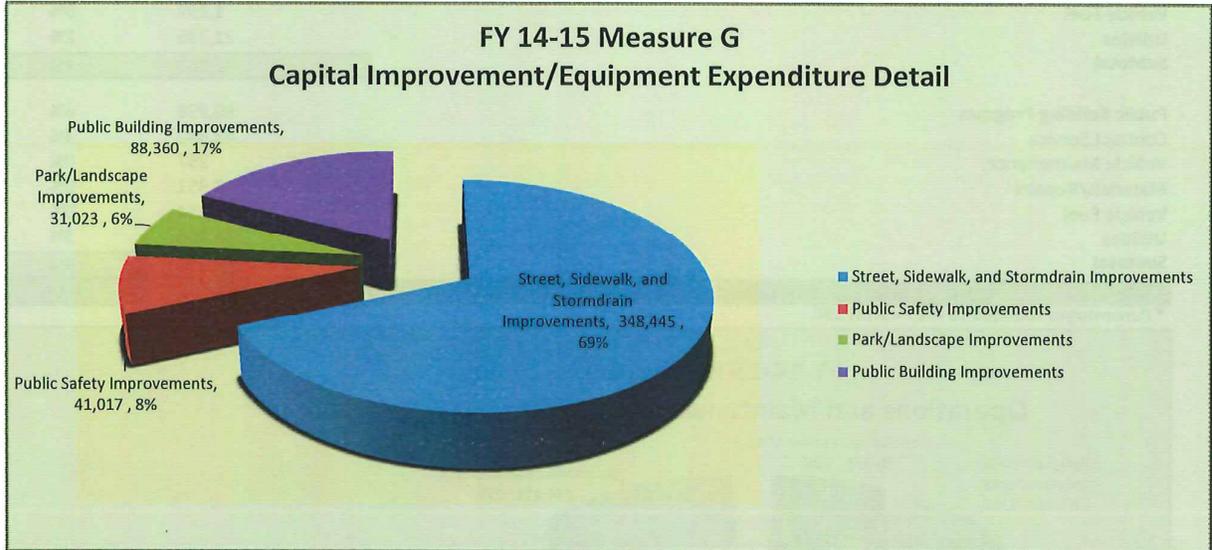
**MEASURE G SALES TAX  
REVENUE AND EXPENSES  
FY 14-15**

Measure G	% of Measure G*
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**CAPITAL IMPROVEMENTS AND EQUIPMENT EXPENSES**

<b>Street, Sidewalk, and Stormdrain Improvements</b>		
Downtown Specific Plan Area Revitalization	55,908	4%
2014 Pavement Maintenance Project	257,863	19%
Old Redwood Highway South Pavement Maintenance E14-02	15,476	1%
West Sierra Avenue Shoulder Repair	9,331	1%
Public Works Vehicle Replacements	9,867	1%
<b>SubTotal</b>	<b>348,445</b>	<b>26%</b>
<b>Public Safety Improvements</b>		
Police Vehicle Replacements	41,017	3%
<b>SubTotal</b>	<b>41,017</b>	<b>3%</b>
<b>Recreation Improvements</b>		
Recreation Programs Budgeted for Start in FY 15-16.	-	0%
<b>SubTotal</b>	<b>-</b>	<b>0%</b>
<b>Park/Landscape Improvements</b>		
Draper Park Lighting Replacement / Water Fountains at La Plaza and Putnam Parks	11,879	1%
Cator Basketball Court Resurfacing	9,277	1%
Public Works Vehicle Replacements	9,867	1%
<b>SubTotal</b>	<b>31,023</b>	<b>2%</b>
<b>Public Building Improvements</b>		
Cotati Train Depot	78,493	6%
Public Works Vehicle Replacements	9,867	1%
<b>SubTotal</b>	<b>88,360</b>	<b>7%</b>
<b>Total CIP and Equipment Expenses</b>	<b>508,845</b>	<b>38%</b>

\* Percentages rounded to the nearest 1%.



**VOTER'S PAMPHLET**  
**MEASURES, ANALYSES AND ARGUMENTS**

(whichever is applicable to your ballot)

Arguments in support of, or in opposition to, the proposed laws are the opinions of the authors.

**CITY OF COTATI**  
**MEASURE G**

**G** **Cotati Essential City Services Measure.** To maintain Cotati as a viable, independent, financially stable City, address State takeaways, prevent potential Police Department elimination/permanent service cuts, and maintain law enforcement staffing levels and other City services, including domestic violence response, street paving, and pothole repair, shall the City of Cotati extend its existing Measure A sales tax and set the rate at 1¢ for nine years, with independent citizens' oversight, annual audits, and no money for Sacramento?

**CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE G**

The City Council of the City of Cotati placed Measure G on the ballot to ask the City's voters to approve a temporary one percent (1%) transactions and use tax. The proposed tax would add a penny to the price of an item that costs a dollar. Prior to placing Measure G on the ballot, the City Council unanimously declared the existence of an emergency in the City.

The ordinance proposed by Measure G contains findings that, as a result of factors largely outside of its control—such as the slow recovery from the recession, increased expenses, and the continued taking of City revenues by the State—and despite having taken steps to reduce its operational costs, the City is experiencing an existing and immediate funding crisis. The ordinance further finds that, absent additional General Fund revenue, the City Council will consider reducing police and other essential services, including the possible elimination of the City's Police Department. The ordinance finds that as a result, a fiscal emergency exists within the City.

Because Measure G would not limit the use of tax revenue, it is a "general tax," not a "special tax" that restricts the funds to specific purposes. Therefore, the City may use the funds for any legitimate governmental purpose. Among the examples of general services to be funded by the measure, as described in the ballot question, are maintaining the City's Police Department, including staffing levels, domestic violence response services, street paving, and pothole repair.

The proposed tax would terminate automatically after nine years, unless extended by the voters.

Measure G would require an independent auditor to provide an accounting of the revenue received as a result of the proposed tax and expenditures of the revenue in the City's audited financial statements. The auditor must present a report to the City Council regarding the use of tax proceeds. The report must be a public record.

Technically, the existing "sales tax" is a combination of "sales and use tax" and "transactions and use tax." With some exceptions, both are levied on the sale or use of tangible personal property sold at retail. Retailers collect the tax at the time of sale and remit the funds to the State Board of Equalization, which administers the tax.

In 2010, Cotati voters approved Measure A, increasing the sales tax rate from 8.25% to 8.75% for five years. Measure G would replace the Measure A tax and set the sales tax rate at 9.25% for nine years. If Measure G is not approved, the current rate will continue until July 2015 and then become 8.25%. Revenue from Measure G would go to the City's general fund and be available to support the full range of municipal services.

A "Yes" vote is a vote to approve a one-cent sales tax for nine years, with annual review by independent auditors. A "No" vote is a vote against the tax. Measure G would be approved if it received a simple majority of "Yes" votes.

s/ Robin Donoghue, City Attorney  
City of Cotati

**ARGUMENT IN FAVOR OF MEASURE G**

Vote Yes on G to maintain Cotati's status as a viable, independent City and prevent the elimination of our local Police Department!

Yes on G protects our City from the Sacramento money grabs that have resulted in hundreds of thousands of dollars being taken from Cotati's City budget.

Yes on G maintains guaranteed local funding for the vital public safety and community services you expect and rely on, with money that cannot be taken by Sacramento or Washington.

Yes on G ensures your tax dollars are spent locally to keep Cotati financially stable.

Yes on G is not a new tax. It simply continues existing, voter-approved funding at the one cent sales tax rate—ensuring that out-of-towners who use our local services pay their fair share. A majority of Cotati's sales tax is paid by out-of-town shoppers coming to local destinations like Lowe's.

Measure G is not a property tax or a tax on Cotati homeowners, and it does not apply to food purchased as groceries or prescription medication.

Over the last several years, the City has reduced staffing by 28%, frozen wages for over 6 years, reduced employee benefits, and reduced its overall general fund budget by 11%. Cotati has made every cut possible and we need Measure G to maintain current service levels and prevent more severe and potentially permanent service cuts.

Yes on G includes fiscal accountability provisions. Residents will have access to public expenditure reports, and annual independent audits continue to ensure City officials use voter-approved tax dollars as promised.

Join police officers, local business owners, and community leaders in voting Yes on G to protect and maintain Cotati's public safety and community services. For official information about Measure G, visit [www.cotaticity.org](http://www.cotaticity.org)

COTATI CITY COUNCIL  
s/ John A. Dell'Oso, Mayor

s/ Matthew Stapleton  
Police Officer, Cotati resident

COTATI CHAMBER OF COMMERCE  
s/ Jami Brady, President

s/ Prudence K. Draper  
60-Year Resident and Taxpayer

s/ Moose Jamal  
Local Business Owner

**NO ARGUMENT WAS SUBMITTED AGAINST MEASURE G**



**VOTER'S PAMPHLET**  
**MEASURES, ANALYSES AND ARGUMENTS**

(whichever is applicable to your ballot)

Arguments in support of, or in opposition to, the proposed laws are the opinions of the authors.

**FULL TEXT OF MEASURE G**

**AN ORDINANCE OF THE VOTERS OF THE CITY OF COTATI AMENDING CHAPTER 3.05 OF THE MUNICIPAL CODE TO EXTEND AND INCREASE A TRANSACTIONS AND USE TAX ADMINISTERED BY THE STATE BOARD OF EQUALIZATION**

**BE IT ORDAINED BY THE VOTERS OF THE CITY OF COTATI:**

**SECTION 1. FINDINGS.** The voters of the City of Cotati hereby find and declare as follows:

- a. Cotati voters adopted Measure A in 2010, which imposed a transactions and use ("sales") tax of .05% and which sunsets in 2015.
- b. Measure A has provided the City with a guaranteed source of local funding for local City services that cannot be taken by the state and has helped maintain the financial viability of the City. Since voters enacted Measure A, the City has maintained a full-service Police Department, with the ability to prevent and investigate property, domestic violence and other types of crime.
- c. External costs beyond the City's control have increased faster than the City's revenue sources, including Measure A, and the State has continued to raid the City's coffers, taking \$2.3 million from the City, including \$600,000 from the general fund.
- d. The City is experiencing an existing and immediate funding crisis, which is the result of factors largely outside of its control, including national economic trends, rapid increases in the cost of employee retirement and health insurance benefits, decreases in revenue from existing taxes and fees, increases in charges by the County of Sonoma, and unpredictable State takeaways of local revenue.
- e. The City has taken significant steps to reduce its operational costs. It has reduced staffing by 28%, reduced employee benefits and reduced its overall general fund budget by 11% while inflation has increased 20%.
- f. The City has used its available General Fund balance to bridge the structural budget deficit, meaning it has used all available financial resources and will have none available to maintain services.
- g. Because of changes in State law, particularly the approval of Propositions 62 and 218, the City has very few means available for increasing General Fund revenue.
- h. Absent an extension and enhancement of the funds provided by Measure A, the City Council would have no choice other than to implement severe reductions in City services and potential elimination of the Police Department. Just extending Measure A would be inadequate to address the returned emergency that faced the City in 2010. The Measure must be expanded for nine years at one cent to protect our local, high-quality services and ensure our Police Department has the resources it needs to keep Cotati safe.
- i. Without further action, the revenue measure will expire in 2015, resulting in the loss of over \$900,000 of funding for essential City services.
- j. Unless Measure A funds are enhanced and extended, public facilities and property will not be properly maintained, public safety standards will degrade, crime and violence will increase, the community will not have adequate and safe recreational opportunities, businesses and families will be discouraged from moving to or remaining in Cotati, and the health, safety, and welfare of the residents of Cotati will be endangered.
- k. Because of that threat to the public health, safety, and welfare, The City Council, at its Regular meeting on February 11, 2014 unanimously adopted Resolution No. 2014-04, declaring that an emergency exists in the City, as the term "emergency" is used in Article XIII C, section 2(b) of the California Constitution. The City must immediately address that emergency by ensuring that the City has the resources necessary to preserve the public health, safety, and welfare.

- i. The identified emergency necessitates that the City Council submit a tax measure to the voters of Cotati at the June 3, 2014 election, even though such an election would not be consolidated with a general election for a member of the Council.
- m. Article XIII C, section 2(b) of the California Constitution permits the City, in emergency situations unanimously declared by the Council, to seek voter approval for a general tax at an election that is not consolidated with an election for a member of the Council.

**SECTION 2. AMENDMENT OF CODE.** "Chapter 3.05 Transactions and Use Tax" of the Cotati Municipal Code is hereby amended to read as follows:

Section 3.05.010. **TITLE.** This ordinance shall be known as the City of Cotati Transactions and Use Tax Ordinance. The City of Cotati hereinafter shall be called "City." This ordinance shall be applicable in the incorporated territory of the City.

Section 3.05.020. **OPERATIVE DATE.** "Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the adoption of this ordinance, the date of such adoption being as set forth below. The operative date is anticipated to be October 1, 2014.

Section 3.05.030. **PURPOSE.** This ordinance is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

- A. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.9 of Part 1.7 of Division 2 which authorizes the City to adopt this tax ordinance which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.
- B. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.
- C. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefore that can be administered and collected by the State Board of Equalization in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the State Board of Equalization in administering and collecting the California State Sales and Use Taxes.
- D. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this ordinance:

Section 3.05.040. **CONTRACT WITH STATE.** Prior to the operative date, the City shall contract with the State Board of Equalization to perform all functions incident to the administration and operation of this transactions and use tax ordinance; provided, that if the City shall not have contracted with the State Board of Equalization prior to the operative date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

Section 3.05.050. **TRANSACTIONS TAX RATE.** For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the City at the rate of 1% of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of this ordinance.

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(whichever is applicable to your ballot)

Arguments in support of, or in opposition to, the proposed laws are the opinions of the authors.

**FULL TEXT OF MEASURE G, CONT.**

Section 3.05.060. **PLACE OF SALE.** For the purposes of this ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the State Board of Equalization.

Section 3.05.070. **USE TAX RATE.** An excise tax is hereby imposed on the storage, use or other consumption in the City of tangible personal property purchased from any retailer on and after the operative date of this ordinance for storage, use or other consumption in said territory at the rate of 1% of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

Section 3.05.080. **ADOPTION OF PROVISIONS OF STATE LAW.** Except as otherwise provided in this ordinance and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this ordinance as though fully set forth herein.

Section 3.05.090. **LIMITATIONS ON ADOPTION OF STATE LAW AND COLLECTION OF USE TAXES.** In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of this City shall be substituted therefore. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Board of Control, State Board of Equalization, State Treasury, or the Constitution of the State of California;

2. The result of that substitution would require action to be taken by or against this City or any agency, officer, or employee thereof rather than by or against the State Board of Equalization, in performing the functions incident to the administration or operation of this Ordinance.

3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;

b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code,

B. The word "City" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

Section 3.05.100. **PERMIT NOT REQUIRED.** If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this ordinance.

Section 3.05.110. **EXEMPTIONS AND EXCLUSIONS.**

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California

or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the City which is shipped to a point outside the City, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the City shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-City address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

b. With respect to commercial vehicles, by registration to a place of business out-of-City and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this ordinance, the storage, use or other consumption in this City of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this ordinance.

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**FULL TEXT OF MEASURE G, CONT.**

5. For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the City shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the City or participates within the City in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the City or through any representative, agent, canvasser, solicitor, subsidiary, or person in the City under the authority of the retailer.

7. "A retailer engaged in business in the City" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the City.

D. Any person subject to use tax under this ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

Section 3.05.120. **AMENDMENTS.** All amendments subsequent to the effective date of this ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this ordinance, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this ordinance.

The foregoing amendments shall not require voter approval.

The following amendments to this ordinance must be approved by the voters of the City of Cotati: increasing the tax rate or revising the methodology for calculating the tax such that a tax increase would result; imposing the tax on transactions and uses not previously subject to the tax (unless such amendment occurs automatically by operation of the preceding paragraph); or extending the tax beyond the ninth anniversary of the operative date. The City Council may otherwise amend this ordinance without submitting the amendment to the voters for approval.

Section 3.05.130. **ENJOINING COLLECTION FORBIDDEN.** No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the City, or against any officer of the State or the City, to prevent or enjoin the collection under this ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

Section 3.05.140. **ANNUAL AUDIT AND PUBLIC REPORT.** Annually the City Council retains an independent auditor to conduct an audit of and provide audited financial statements for all of the City's financial activities. The auditor shall include an accounting of the revenue received from the tax and expenditures thereof in the audited financial statements. The auditor's report shall be presented to the Council and made available to the public. Additionally, the Director of Administrative Services shall annually prepare and present to the Council and the public a report in conjunction with the audit that reviews the status and performance of the programs and services funded wholly or partially with proceeds of the tax.

Section 3.05.150. **TERMINATION DATE.** The authority to levy the tax imposed by this ordinance shall expire on the ninth anniversary of the operative date, unless extended by a majority vote of the voters of the City.

**SECTION 3. SEVERABILITY.** If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

**SECTION 4. EFFECTIVE DATE.** This ordinance relates to the levying and collecting of the City transactions and use taxes and shall take effect immediately.

**SECTION 5. PUBLICATION.** The Clerk of the City of Cotati is hereby directed to cause the following summary of the ordinance to be published by one (1) insertion in The Community Voice, a newspaper of general circulation, circulated in the City of Cotati:

Contingent upon majority voter approval, this ordinance adopts a one cent (1%) transactions and use tax on the sale or consumption of tangible personal property within the City of Cotati. The tax shall terminate automatically upon the ninth anniversary of the State beginning to collect it, unless extended by the voters.

