

**STAFF REPORT
City of Lancaster**

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07/28/20

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Date: July 28, 2020

To: Mayor Parris and City Council Members

From: Jason Caudle, City Manager

Subject: **(1) Resolution calling for the holding of a Special Municipal Election to be held on Tuesday, November 3, 2020, for the submission to the voters a proposed measure relating to an ordinance enacting a transactions and use tax to be administered by the California Department of Tax and Fee Administration**

and

(2) Resolution requesting the Board of Supervisors of the County of Los Angeles to consolidate a Special Municipal Election to be held on November 3, 2020, with the Statewide General Election to be held on that date pursuant to Section 10403 of the Elections Code

Recommendation:

- (1) Adopt **Resolution No. 20-40** (the “Election Resolution”), calling for the holding of a Special Municipal Election to be held on Tuesday, November 3, 2020, for the submission to the voters a proposed measure relating to an ordinance enacting a transactions and use tax to be administered by the California Department of Tax and Fee Administration.
- (2) Adopt **Resolution No. 20-41** (the “Consolidation Resolution”), requesting the Board of Supervisors of the County of Los Angeles to consolidate a Special Municipal Election to be held on November 3, 2020, with the Statewide General Election to be held on that date pursuant to Section 10403 of the Elections Code.

Fiscal Impact:

If approved, the proposed transactions and use tax is estimated to generate \$12,000,000 in annual revenue. If the transactions and use tax is not approved, City services must be reduced in order for the City to operate with a balanced budget.

Background:

The City is committed to strong community partnerships, safe neighborhoods and parks, quality services to support residents, and respectful and responsive city employees to make the City a

strong, caring and safe community for all residents. The City has been proactive in its actions to protect residents during the COVID-19 pandemic, to safely reopen businesses and partner with local employers to ensure a strong economic recovery, serving as a model for other cities in Los Angeles County.

Like the rest of the State and the country, the City faces serious fiscal challenges due to the fallout of the COVID-19 pandemic with funding for high-priority services threatened as a result. The City currently expects an alarming decrease in revenues that will severely limit its ability to provide these essential City services and has already taken or is considering various cost-saving measures, including implementing hiring and salary freezes for existing employees, reduced operating budgets, capital outlay and a workforce reduction by the elimination of vacant positions. Despite such expenditure reductions, the City's General Fund revenues are expected to decrease by \$9.9 million in Fiscal Year 2020-21 and another \$8.8 million in Fiscal Year 2021-22 due to steep declines in sales tax, property tax, and state funding revenues. Additional locally controlled funding is necessary to protect essential city services and keep our community strong, healthy and safe into the future.

On July 14, 2020, the City Council adopted Resolution No. 20-37, which ordered that an ordinance be submitted to the voters at a municipal election to be held on November 3, 2020, approving enacting a transactions and use tax to be administered by the California Department of Tax and Fee Administration.

The resolutions currently under consideration implement Resolution No. 20-37 by doing the following:

Election Resolution: The Election Resolution (a) calls and orders to be held in the City of Lancaster, on Tuesday, November 3, 2020, a Special Municipal Election for the purpose of submitting the proposed ordinance to the voters, as required by Resolution No. 20-37, (b) clarifies that such election will be a Special (not General) Municipal Election, and (c) provides for administration of and payment for such election. The Election Resolution also reaffirms the existence of an emergency for purposes of Section 2(b) of Article XIII C of the California Constitution.

Consolidation Resolution: The Consolidation Resolution requests that the County of Los Angeles consolidate the Special Municipal Election called by the Election Resolution with the Statewide General Election and provides for administration of and payment for the consolidated Special Municipal Election.

Attachments:

Resolution No. 20-40

Resolution No. 20-41