



To: Mayor and City Council

From: Brad Kilger, City Manager

Prepared by: Michael Chandler, Assistant to the City Manager
Cindy Mosser, Finance Manager

Subject: Special Tax Public Hearing

Date: July 15, 2016

Recommendation

- 1) Conduct a public hearing to consider a first reading of an ordinance imposing a special tax for street/roadway maintenance and related infrastructure purposes,
- 2) Consider a resolution placing a measure approving such tax on the on the ballot at the November 8, 2016, election, and
- 3) Direct staff to schedule a second public hearing to approve the ordinance and adopt the resolution calling the election for November 8, 2016

Background

At the July 6, 2016 Council meeting during a discussion on a future revenue ballot measure, Council directed staff to bring forward options for placing a special tax for street/roadway maintenance on the November 8, 2016 ballot. Given the limited time between now and August 12 (the last day to place a measure on the November 2016 ballot), staff has prepared the relevant documents for Council review and discussion, including the draft Ordinance, Expenditure Plan, and draft Resolution. In the event Council elects to proceed with placing a special tax measure on the November ballot, a supermajority of the Council (i.e. 4 out of 5 members) must approve the Ordinance in accordance with State of California Revenue and Taxation Code Section 7285.91.

The special tax proposed in the ordinance would be a one-quarter percent to a one percent (0.25% to 1.0%) transactions and use tax imposed beginning on April 1, 2017 on retail sales in the City of Martinez. A sunset clause may also be considered. The tax would be collected in the same manner as sales tax is currently collected. The ordinance will become effective if it is approved by two-thirds of the voters voting on the measure.

In order for the proposed ordinance, resolution, and actual wording for the ballot to be finalized and adopted in advance of the August 12 deadline, the following options must be decided:

- a) What special tax rate (0.25%, 0.50%, or 1.0%) is to be imposed?

- b) Will the measure have a sunset date, if so what will it be?
- c) For what specific purposes can the measure's revenues be used, as identified within the Road Maintenance and Improvement Transactions and Use Tax Expenditure Plan?
- d) Provide direction to staff on preparation of argument in favor of the measure for inclusion in the final resolution calling the election. Options include, (i) determining whether the City or any member thereof shall be authorized to prepare and file an argument and rebuttal argument on behalf of the City Council, (ii) if the City wishes to submit an argument, shall such argument be prepared by one or two members of the Council with the assistance of staff, and (iii) shall the argument be prepared on behalf of the full Council or on behalf of only the one or two members?
- e) Will a Citizen Oversight Committee be established if the measure passes?

Discussion

The City's paving needs are well documented. The attached "City of Martinez Road Maintenance and Improvement Transactions and Use Tax Expenditure Plan" highlights the severity of the issue and the ramifications of what is expected to occur if the City does not augment its current paving funding levels. Source documents for the Expenditure Plan are attached, including the March 2015 "Pavement Management Program (PMP) P-TAP 14 Budget Options Report" submitted by Quality Engineering Solutions, Inc. (QES), and the "Pavement Conditions of Bay Area Jurisdictions 2015" prepared by the Metropolitan Transportation Commission (MTC).

The draft ballot measure provides that a Citizen Oversight Committee will be established no later than April 1, 2017, in the event the measure passes with the required two-thirds vote.

A "district" is a local jurisdiction that, under enabling statutes in various codes, may impose a transaction (sales) and use tax within its borders. Voter-approved district taxes may be levied on a countywide basis and within incorporated city limits. A city's transaction and use tax (district) rate applies only to addresses within the incorporated city limits. Revenue and Taxation Code section 7251.1 imposes a 2% cap for district transactions and use taxes within a County. Currently, there are two 0.50% County-wide taxes being imposed in Contra Costa County, the Contra Costa Transportation Authority (CCTA) district tax of 0.5% and the Bay Area Rapid Transit (BART) district tax of 0.5%. Therefore, the City has 1% remaining available under this cap. As a point of clarification, CCTA's additional 0.50% sales tax measure slated for the November 8, 2016 ballot does not affect the City's available cap of 1%. The approval of Assembly Bill 1665 allows Contra Costa County to exceed the existing cap at a rate of no more than 0.50% for the support of countywide transportation programs.

The City's current sales and use tax rate is 8.5%, which consists of the statewide tax rate of 7.5%, and the aforementioned CCTA district tax of 0.5% and BART district tax of 0.5%. The City receives 1% of the 7.5% statewide rate. The remaining 6.5% goes to the State's General Fund and other specific purposes (i.e. public safety, education, health and social services). The State's rate is scheduled to decrease by 0.25% after December 31, 2016 due to the sunset of Proposition 30's statewide sales tax rate which supports schools districts, county offices of education, and community college districts.

Staff is submitting the following ballot measure wording for consideration, which is in conformance with Elections Code Section 9051 and similar to other ballot measures staff has reviewed:

Measure ____:		
"To provide funding that stays in Martinez, to be used exclusively for the City's road maintenance and improvement program, shall an ordinance which imposes a temporary, ____ (quarter-cent, half-cent, one-cent) transactions and use tax for ____ years, with citizens' oversight and annual audits, be adopted?"	YES	
	NO	

As previously mentioned, if Council desires to proceed with a November ballot measure, Council will need to approve an ordinance imposing a transaction and use tax and adopt a resolution calling for an election in advance of the August 12 deadline.

Fiscal Impact

If Council directs staff to proceed with placing a special tax measure on the ballot, the City expects to incur County election costs of up to \$10,000, and State Board of Equalization's charges of an indeterminate amount (but likely around \$5,000) for completing a preparatory cost agreement.

Attachments

- Road Maintenance and Improvement Transactions and Use Tax Expenditure Plan (with Options A, B, and C)
- Ordinance of the City of Martinez imposing a transactions and use tax to be administered by the State Board of Equalization
- Draft Resolution
- PMP Report – QES
- Pavement Condition of Bay Area Jurisdictions 2015 – MTC
- Council Staff Report and attachments from July 6, 2016

APPROVED BY:



Brad Kilger, City Manager

CITY OF MARTINEZ

Road Maintenance and Improvement Transactions and Use Tax Expenditure Plan for Anticipated _____ Percent (0.25%, 0.50%, or 1%) Transactions and Use Tax Revenue

The ___percent (0.25%, 0.50%, or 1%) transactions and use tax passed by the City of Martinez voters will be dedicated to specific uses: road maintenance and improvement. The funds cannot, and will not, be used for any other purpose. One hundred percent (100%) of the revenues generated by the new tax will be allocated to road maintenance and improvement.

ROAD MAINTENANCE AND IMPROVEMENT

The City of Martinez street system consists of approximately 121.6 miles of streets and is composed of 938 pavement sections with an approximate network replacement value of \$125 million.

The City enlisted Quality Engineering Solutions, Inc., (QES) in 2014 to conduct inspections of the City's pavement network and complete an assessment of its condition. Based on the findings in the *Pavement Management Program (PMP) P-TAP 14 Budget Options Report* issued by QES on March 16, 2015, the overall condition of the City's street network is at a Pavement Condition Index (PCI) level of 51. This low overall score reflects a street system a mere 2 points from being considered within the "Poor" category and places Martinez within the bottom of the "At Risk" category as identified in the Metropolitan Transportation Commission (MTC) *Pavement Condition Index for Bay Area Jurisdictions, 2015* report. The "At Risk" category is defined as "deteriorated pavement requiring immediate attention, including rehabilitative work." Furthermore, the MTC report shows that among the 19 cities within Contra Costa County, the condition of Martinez streets ranked next to last, with only Orinda's streets scoring lower.

The City relies on a variety of funding sources to support its pavement program. The City remains committed to pursue Federal and State funding whenever available to help support street improvements. Due to significant declines in State Gas Tax revenues and the limited availability of paving grants for which the City is eligible, however, the City's projected average annual pavement funding level from recurring annual sources (e.g. Measure J and Gas Tax funding) within the 5-year Capital Improvement Program (CIP) is only \$640,000. The PMP report anticipated a current City investment level of \$1 million per year. Even at the higher annual funding level of \$1 million, the City will not be able to prevent the further deterioration of the current pavement condition and the PCI of the Martinez pavement network would decrease to a score of 44 after five years, according to the PMP report. Additionally, the City's deferred maintenance paving backlog would jump from \$36.6 million to \$65.5 million.

In order to simply maintain the street network at a PCI level of 51 over a 5-year period, the PMP report identifies a total need of \$17.6 million, or approximately \$3.5 million per year. To increase the PCI level by 5 points to a score of 56, a total of \$24 million is needed, or approximately \$4.8 million per year. Without the _____percent (0.25%, 0.50%, or 1%)

transactions and use tax revenue, the City will be unable to accomplish its task to maintain the streets at an adequate level to serve the traveling public. It is estimated that a _____percent (0.25%, 0.50%, or 1%) special roads transactions and use tax will produce (\$1.0 million, \$2.1 million, or \$4.2 million) in revenues annually. This additional funding will allow us to address critical paving projects in our residential roadway network and major thoroughfares such as Center Avenue, Pine Road, Glacier Drive, Howe Road and Arnold Drive along with preventative maintenance in newer residential developments such as the Brittany Hills, Parkside and Shannon Hills. State law requires the City to prepare and adopt an expenditure plan describing the specific projects for which the revenues from the tax may be expended.

The City of Martinez has prepared a proposed Road Maintenance and Improvement Transactions and Use Tax Expenditure Plan for the next _____ years beginning in 2016 and going through _____. The Expenditure Plan will be reviewed annually by the Oversight Committee and updates to the Expenditure Plan will be recommended by the Oversight Committee (with input from Public Works and the City Engineer) to the City Council, who will make the final annual allocations.

City of Martinez Road Maintenance and Improvement Transactions and Use Tax Expenditure Plan

Option A

0.25% (≈\$1M Annually)

Annual Expenditure Program 2016 - Sunset Date, if any	
Activity	Estimated Expenditure (% of tax proceeds)
Road Maintenance & Improvements <ul style="list-style-type: none"> • Asphalt Pavement overlay and rehabilitation projects • Pothole and surface repair • Pavement dig outs • Crack filling • Shoulder restoration • Pavement grinding, removal and replacement • Chip seals, Micro-seals, slurry seals and other surface treatment • Re-striping, thermoplastic and/or painting and installation of pavement markers and reflectors • Graveling and grading on publicly maintained unpaved roads • Required curb ramps • Raising storm drain and/or street monument boxes to grade 	95% % equivalent in \$ \$950,000
Matching Grant Funding <ul style="list-style-type: none"> • Grant matching funds for street improvement projects 	5% % equivalent in \$ \$50,000
Total	100% Approximately: \$1,000,000

City of Martinez Road Maintenance and Improvement Transactions and Use Tax Expenditure Plan

Option B

0.50% (≈\$2.1M Annually)

Annual Expenditure Program 2016 - Sunset Date, if any	
Activity	Estimated Expenditure (% of tax proceeds)
Road Maintenance & Improvements <ul style="list-style-type: none"> • Asphalt Pavement overlay and rehabilitation projects • Pothole and surface repair • Pavement dig outs • Crack filling • Shoulder restoration • Pavement grinding, removal and replacement • Chip seals, Micro-seals, slurry seals and other surface treatment • Re-striping, thermoplastic and/or painting and installation of pavement markers and reflectors • Graveling and grading on publicly maintained unpaved roads • Required curb ramps • Raising storm drain and/or street monument boxes to grade 	95% % equivalent in \$ \$1,995,000
Matching Grant Funding <ul style="list-style-type: none"> • Grant matching funds for street improvement projects 	5% % equivalent in \$ \$105,000
Total	100% Approximately: \$2,100,000

City of Martinez Road Maintenance and Improvement Transactions and Use Tax Expenditure Plan

Option C

1% (≈\$4.2M Annually)

Annual Expenditure Program 2016 - Sunset Date, if any	
Activity	Estimated Expenditure (% of tax proceeds)
Road Maintenance & Improvements <ul style="list-style-type: none"> • Asphalt Pavement overlay and rehabilitation projects • Pothole and surface repair • Pavement dig outs • Crack filling • Shoulder restoration • Pavement grinding, removal and replacement • Chip seals, Micro-seals, slurry seals and other surface treatment • Re-striping, thermoplastic and/or painting and installation of pavement markers and reflectors • Graveling and grading on publicly maintained unpaved roads • Required curb ramps • Raising storm drain and/or street monument boxes to grade 	95% % equivalent in \$ \$3,990,000
Matching Grant Funding <ul style="list-style-type: none"> • Grant matching funds for street improvement projects 	5% % equivalent in \$ \$210,000
Total	100% Approximately: \$4,200,000

ORDINANCE NO. C.S.

**AN ORDINANCE OF THE CITY OF MARTINEZ IMPOSING A
TRANSACTIONS AND USE TAX TO BE ADMINISTERED BY THE STATE BOARD OF EQUALIZATION**

WHEREAS, Parts 1.6 and 1.7 of Division 2 of the Revenue and Taxation Code authorize the City of Martinez, California ("City") to impose a retail transaction and use tax in the incorporated territory of the City for specific purposes at a rate of 0.125% (or any multiple thereof); and

WHEREAS, pursuant to California Constitution article XIII C, section 2(d) and California Government Code section 53721-53724, a special transactions and use tax is subject to approval by two-thirds vote of all the members of the City Council and by two-thirds vote of the qualified voters voting in an election on the issue; and

WHEREAS, the City does not currently impose a retail transactions and use tax in the incorporated territory but wishes to impose such a tax for the special purpose of road maintenance and improvements at a rate of ____ percent (0.25%, 0.50%, 1.0%) on the sale of tangible personal property and the storage, use, or other consumption of such property. The tax revenue would be collected by the State Board of Equalization and remitted to the City.

THE PEOPLE OF THE CITY OF MARTINEZ DO ORDAIN AS FOLLOWS:

Section 1. TITLE. This ordinance shall be known as the Martinez Road Maintenance and Improvement Transactions and Use Tax Ordinance. This ordinance shall be applicable in the incorporated territory of the City.

Section 2. 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.

Section 3. 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 7285.91 of Part 1.7 of Division 2 which authorizes the City to adopt this tax ordinance which shall be operative if two-thirds of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

B. A transactions and use tax for road maintenance and improvement requires a vote of the residents of the City, and two-thirds (2/3) of those voting on the tax must approve the tax in order for it to be implemented. In addition, this Ordinance, along with the Transactions and Use Tax Expenditure Plan ("Expenditure Plan") for use of the proceeds of the tax, which is attached to this Ordinance as Exhibit A, must be approved by two-thirds (2/3) of the City Council.

C. 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.

D. 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.

E. 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 4. 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 5. 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 ____ (0.25%, 0.5%, 1.0%) 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.

Section 6. 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 7. 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 ____ (0.25%, 0.50%, 1.0%) 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 8. 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 9. 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 therefor. 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 10. 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 11. 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.

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 12. 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.

Section 13. 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 14. 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 15. CITIZEN OVERSIGHT. No later than April 1, 2017, the City Council shall establish a Citizens' Oversight Committee to review the expenditures of tax revenues under the authority of this Ordinance, or shall assign these duties to an existing City committee. The terms, composition, and specific duties of any new Citizens' Oversight Committee, or the assignment of these duties to an existing City committee, shall be established by resolution of the City Council. All meetings of the Citizens' Oversight Committee shall comply with the provisions of the Ralph M. Brown Act (Government Code Section 34950 et seq.).

Section 16. TERMINATION DATE. The authority to levy the tax imposed by this ordinance shall expire _____years from the day of its Effective Date.

Section 17. EFFECTIVE DATE. This Ordinance, if approved by the electorate of the City of Martinez at the General Municipal Election of November 8, 2016, shall become effective immediately upon the declaration of the results of that election by the City Council of the City of Martinez.

Section 18. EXECUTION. The Mayor is hereby authorized to attest to the adoption of the Ordinance by the voters of the City by signing where indicated below.

I hereby certify that the foregoing Ordinance was passed, approved and adopted by the People of the City of Martinez, California voting on the 8th day of November, 2016.

APPROVED: _____
Rob Schroder, Mayor

ATTEST: _____
Deputy City Clerk

* * * * *

I HEREBY CERTIFY the foregoing ordinance was duly and regularly introduced at a Regular Meeting of the City Council of the City of Martinez, held on the 20th day of July, 2016, and duly passed and adopted at an Adjourned Regular Meeting of said City Council held on the day of , 2016, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

RICHARD G. HERNANDEZ
CITY CLERK, CITY OF MARTINEZ

RESOLUTION NO. -16

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARTINEZ, CALIFORNIA, CALLING FOR AND PROVIDING FOR AND GIVING NOTICE OF THE GENERAL MUNICIPAL ELECTION HELD IN THE CITY OF MARTINEZ, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA, ON NOVEMBER 8, 2016 A BALLOT MEASURE SEEKING VOTER APPROVAL OF A ONE-QUARTER PERCENT TO A ONE PERCENT TRANSACTIONS AND USE TAX

WHEREAS, the City of Martinez, California (“City”) street system consists of approximately 121.6 miles of streets composed of 938 pavement sections, and based on a 2015 assessment of the overall condition of the City’s street network is at a Pavement Condition Index (PCI) of 51, and a Metropolitan Transportation Commission report places the City within the bottom of the “At Risk” category; and

WHEREAS, the City relies on a variety of funding sources to support its pavement program which includes declines in State Gas Tax revenues and limited availability of paving grants, and the City’s projected average annual funding level from recurring annual sources is approximately \$640,000; and

WHEREAS, in order to maintain the street network at a PCI of 51 over a 5-year period, the City would need approximately \$3.5 million per year, and in order to increase the PCI by 5 points, the City would need approximately \$4.8 million per year; and

WHEREAS, pursuant to Parts 1.6 and 1.7 of Division 2 of the Revenue and Taxation Code, the City is authorized to impose a retail transactions and use tax in the incorporated territory of the City for general purposes at a rate of 0.125% (or any multiple thereof); and

WHEREAS, pursuant to California Constitution article XIII C, section 2(a) a special transactions and use tax is imposed for the specific purpose of road maintenance and improvements; and

WHEREAS, pursuant to Elections Code section 1301, the City’s general municipal elections are held on the same day as the statewide general election in each even-numbered year, and the next regularly scheduled general municipal election for members of the City Council and the next statewide general election will be held on Tuesday, November 8, 2016; and

WHEREAS, the City Council desires to order an election on the Ordinance and consolidate the election of the Ordinance with the general municipal election to be held on November 8, 2016.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MARTINEZ, CALIFORNIA DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Findings. The City Council finds that the foregoing recitals are true and correct and are hereby incorporated and adopted as findings and determinations by the City Council as if fully set forth herein.

Section 2. Submission of Proposed Martinez Road Maintenance and Improvement Transactions and Use Tax Ordinance. Pursuant to Government Code section 53724, any other applicable requirements of State law, and as otherwise set forth herein, the City Council hereby orders the ordinance attached hereto as Exhibit A and by this reference incorporated here in and made operative part hereof, to be submitted to the qualified voters of the City at the general municipal election to be held on Tuesday, November 8, 2016. The City Council approved the ordinance by a two-thirds vote of all members of the City Council. **The ordinance shall become effective if two-thirds of the qualified voters of the City of Martinez voting on the ballot measure set forth in Section 3 below vote in favor of the ballot measure.**

Section 3. Ballot Measure. In addition to any other matters required by law, there shall be presented to the voters the question printed substantially as follows:

Measure ____:		
"To provide funding that stays in Martinez, to be used exclusively for the City's road maintenance and improvement program, shall an ordinance which imposes a temporary, ____ (quarter-cent, half-cent, one-cent) transactions and use tax for ___ years, with citizens' oversight and annual audits, be adopted?"	YES	
	NO	

Section 4. Consolidation and Conduct of Election.

- a. Pursuant to California Elections Code section 10400 and following, the City Council hereby requests that the Board of Supervisors of the County of Contra Costa consent to the consolidate of the election for the Ordinance with the statewide General Election to be held on Tuesday, November 8, 2016. The consolidated election shall be held and conducted, election officers appointed, voting precincts designated, ballots printed, polls opened and closed, ballots counted and returned, returns canvassed, results declared, certificates of election issued, and all other proceedings incidental to and connected with the election shall be regulated and done by Contra Costa County in accordance with the provisions of law regulating the regularly scheduled statewide General Election, including but not limited to, California Elections Code section 10418.
- b. The Board of Supervisors is requested to issue instructions to the Contra Costa County elections official to take any and all steps necessary for the holding of the consolidated election, including canvassing the returns of that election with respect to the votes cast in the City and certifying the results to the City Council.
- c. The City recognizes that additional costs will be incurred by the County by reason of this consolidation and agrees to reimburse the County for all costs.

- d. The City Clerk is hereby authorized and directed to cooperate with the Contra Costa County elections official and to follow the procedures and meet all deadlines established by Contra Costa County.

Section 5. Arguments and Analysis.

- a. Pursuant to article 4, chapter 3, division 9 of the California Elections Code, the City Clerk shall fix and determine a reasonable date prior to the election for the submission to the City Clerk of an argument in favor of and against the ballot measure and additional rebuttal arguments. Direct arguments shall not exceed 300 words and shall be printed with the signatures of no more than five persons. Rebuttal arguments shall not exceed 250 words and shall not be signed by more than five persons.
- b. Pursuant to California Elections Code section 9285, when the City Clerk has selected the arguments for and against the measure, which will be printed and distributed to the voters, the City Clerk shall send copies of the argument in favor of the ballot measure to the authors, if any, of the arguments against, and copies of the argument against the ballot measures to the authors, if any, of the arguments in favor. Rebuttal arguments shall be printed in the same manner as the direct arguments. Each rebuttal argument shall immediately follow the direct argument it seeks to rebut.
- c. Pursuant to California Elections Code section 9280, the City Attorney shall prepare an impartial analysis of the measure showing the effect of the measure on the existing law and the operation of the measure. The impartial analysis shall not exceed 500 words.
- d. The City Council hereby designates council members _____ and _____ to prepare and file an argument and rebuttal argument on behalf of the City Council.

Section 6. Placement on Ballot. The City Clerk is hereby authorized and directed to take all steps necessary to place the ballot measure on the ballot and to cause the ballot measure to be printed and shall act as the filing authority for arguments. The full text of the ballot measure shall be printed in the voter pamphlet, and a statement shall be printed in the ballot pursuant to Section 9280 of the Elections Code, advising voters that they may obtain a copy of this Resolution, the ballot ordinance and/or ballot measure, at no cost upon request made to the City Clerk.

Section 7. Notice and Publication of Ballot Measure.

- a. The City Clerk shall, not later than the 88th day prior to the election to be held on Tuesday, November 8, 2016, file with the Contra Costa County Board of Supervisors and the Contra Costa County elections official a certified copy of this Resolution.
- b. The City Clerk is authorized and directed to give such notice of the measure and of the time and place of the election pursuant to California Elections Code section 12101 – 12113 and any additional notice required by law.

Section 8. Public Examination. Pursuant to California Elections Code section 9295, this measure will be available for public examination for no fewer than ten calendar days prior to

being submitted for printing in the sample ballot. The examination period will end on the day that is 72 days prior to the date set for the election. The City Clerk shall post notice in the City Clerk's office of the specific dates that the examination period will run.

Section 9. CEQA. The approval of this Resolution is exempt from the California Environmental Quality Act ("CEQA"). The transactions and use tax to be submitted to the voters is a general tax that can be used for any legitimate governmental purpose; it is not a commitment to any particular action. As such, under CEQA Guidelines section 15378(b)(4), the tax is not a project within the meaning of CEQA because, as the tax is merely "[t]he creation of [a] government funding mechanism[] or other fiscal activity which do[es] not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment." (Cal. Code Regs., tit. 14, § 15378, subd. (b)(4).)

Section 10. Severability. If any provision or clause of this Resolution, the measure proposed by the Resolution, or any application of any of the foregoing to any person or circumstance is held invalid, unconstitutional, or otherwise repealed by act of law, such invalidity shall not affect any other provisions or clauses of the same, which can be given effect without the invalid provision, clause, or application. To this end, the provisions and clauses of this Resolution and the proposed measure are hereby declared to be severable.

Section 11. Effective Date. This Resolution shall take effect immediately on its adoption.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Martinez passed, approved, and adopts the attached.

* * * * *

I HEREBY CERTIFY that the foregoing is a true and correct copy of a resolution duly adopted by the City Council of the City of Martinez at a Regular Meeting of said Council held on the ___ day of _____, 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

RICHARD G. HERNANDEZ, CITY CLERK
CITY OF MARTINEZ

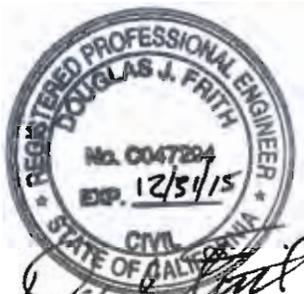
City of Martinez
Pavement Management Program
P-TAP 14
Budget Options Report

Submitted to:

City of Martinez
525 Henrietta St
Martinez, CA 94553

Submitted by:

Quality Engineering Solutions, Inc.
701 Jones St.
Reno, NV 89503



March 16, 2015



Quality Engineering Solutions

Engineering • Inspection

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EXECUTIVE SUMMARY

Quality Engineering Solutions, Inc. (QES) completed an update of the existing StreetSaver® database for 121.6 miles of city streets (representing 100% of the street network) and developed a current Budget Options Report. Pavement inspections were completed in July 2014. Maintenance and rehabilitation history data, provided by the City, was updated. In addition, the maintenance decision tree treatments and costs were updated to conform to new ADA policy and current City practices. A budgetary needs analysis was performed based on the updated inspections and treatment costs, and five budget scenarios were evaluated to compare the effects of various funding levels.

The City of Martinez is responsible for the repair and maintenance of approximately 121.6 centerline miles of streets, or 938 pavement sections. The City’s street network replacement value is estimated at \$125 million. This represents a significant asset for City officials to manage. This asset valuation is assessed by the assumption of replacing the entire street network at today’s dollar. Based upon the field condition surveys completed, the average overall network PCI of the City’s street network is 51, which indicates that the street network is classified in the ‘Good’ condition category. The pavement condition of the City’s street network could deteriorate to ‘Poor’ condition category quickly without adequate budget to complete the recommended maintenance treatments. The Executive Performance Summary, as printed from StreetSaver® is provided as Figure 1 and illustrates the historical trend of the City’s pavement performance.



Figure 1. Executive Performance Summary

Contained within the report are five different budget scenarios, each run for a five-year period. The following reports were developed:

1. *Unconstrained (zero “deferred” maintenance)* — The annual maintenance and rehabilitation dollars, as identified in the Budget Needs analysis totaling \$69.5 million, were input into the Budget Scenarios module. This scenario shows the effects of implementing the ideal investment strategy (as recommended by the MTC PMP Needs module). Because it is more cost-effective to eliminate the deferred maintenance backlog as quickly as possible, the bulk of the maintenance needs are addressed in the first year of the five year program, raising the PCI to 86.
2. *Current Investment Level* — an annual budget of \$1 million was analyzed to evaluate the effect of the current investment level on the pavement condition. Under this budget scenario, the deferred maintenance backlog will increase to \$65.5 million and the network PCI will decrease to 44 after five years.
3. *Maintain Current PCI* — In order to maintain the current PCI level at 51, a Target-Driven Scenario model was used to determine the required budget. The result indicated that a five year total of \$17.6 million is needed, with \$16.4 million for rehabilitation and \$1.2 million for preventive maintenance.
4. *Increase Current PCI by 5 points* — In order to increase the current overall PCI by 5 points, to 56, by the end of the fifth year, a Target-Driven Scenario model was used to determine the required budget. The results indicate that a five year total of \$24 million is needed, with \$22.8 million for rehabilitation and \$1.2 million for preventive maintenance.
5. *Do Nothing* — If no maintenance or rehabilitation is applied over the next five years, the condition of the network will deteriorate to an overall PCI of 40. The maintenance backlog will increase to \$68 million.

Of the various maintenance and funding options considered, the *ideal* strategy for the City of Martinez is presented in Scenario 1, with a five-year expenditure total of \$69.5 million. Not only does this budget plan improve the network PCI to an optimal level of 86, it also eliminates the entire deferred maintenance backlog in the first year. However, the amount of funds required in the first year, approximately \$37.6 million, make this strategy unrealistic for the City of Martinez. This scenario can, however, be used as a base line for comparing other scenarios.

Under Scenario 2, the network PCI will decrease to about 44 over the next five years, which indicates the current investment level has almost no impact on preventing the deterioration of the current pavement condition. The percentage of the street network falling in the ‘Very Poor’ category will increase from 22% in 2015 to 41.9% in 2019, and the maintenance backlog will increase from \$36.6 million to \$65.5 million. The City’s current funding level is clearly insufficient to maintain the whole of the street network in ‘Good’ condition.

The City has been using the PMP and appears to be hanging on to an overall “good” condition of the street network, although, unless these annual funds are increased to \$4 million or more, the overall street condition will rapidly deteriorate. With additional funding, the backlog would be reduced and additional preventive maintenance treatments could be applied, which over time will enhance the overall network.

BACKGROUND

QES was selected as part of the Metropolitan Transportation Commission (MTC) Pavement Management Technical Assistance Program (P-TAP Round 15) to perform an inspection of all 121.6 miles of city streets (representing 100% of the street network) and to update the Budget Options Report. All inspections were completed in accordance with MTC standards, and the StreetSaver® Online 9.0 database was updated with the inspection data. Pavement inspections were completed in July 2014. MTC provided QES access to the Martinez StreetSaver® database in May 2014. Maintenance and rehabilitation history data, provided by the City, was updated. In addition, the maintenance decision tree treatments and costs were reviewed, confirmed, and/or updated to reflect current pavement maintenance treatment prices. Section segments were reviewed while in the field and combined or added where needed, bringing the total number of sections to 938. A budgetary needs analysis was performed based on the updated inspections and treatment costs, and five budget scenarios were evaluated to compare the effects of various funding levels.

PURPOSE

This report is intended to assist the City with identifying street maintenance priorities specific to its current conditions and budget levels. The report evaluates the overall condition of the street network and highlights the impacts of various funding levels on the network pavement condition and deferred maintenance funding shortfalls. The MTC StreetSaver® Pavement Management Program (PMP) was used for this evaluation. The intent of this program is to develop a maintenance strategy that will improve the overall condition of the street network to an optimal Pavement Condition Index (PCI) and also to maintain it at that level.

The MTC StreetSaver® program maximizes the return from expenditures by recommending a multi-year street maintenance and rehabilitation plan based on the most cost-effective repairs available. A comprehensive preventative maintenance (PM) program is a critical component of this plan, as these PM treatments extend the life of good pavements at a much lower cost than rehabilitation, overlay, or reconstruction treatments. To this end, various “what-if” scenarios under different funding levels were conducted to determine the most cost-effective plan for maintaining the City’s street network over the next five years.

NETWORK DESCRIPTION AND EXISTING PAVEMENT CONDITION

The City of Martinez is responsible for the repair and maintenance of approximately 121.6 centerline miles of streets, or 938 pavement sections. The City’s street network replacement value is estimated at \$125 million. This represents a significant asset for City officials to manage. This asset valuation is assessed by the assumption of replacing the entire street network at today’s dollar.

Based upon the field condition surveys completed, the average overall network PCI of the City’s street network is 51, which indicates that the street network is near the bottom of the ‘Good’ condition. The typical MTC definitions of pavement condition categories are based upon the PCI value and are defined as identified in Figure 2. The PCI is a measurement of pavement condition that ranges from 0 to 100. A newly constructed or overlaid street would have a PCI of 100, while a failed road (requiring complete reconstruction) would have a PCI under 10. Table 1 summarizes the number of sections, length, and average PCI of the network by functional class. Figure 3 presents the pavement condition categories of the network. As shown, 50.1% of

network falls into the ‘Very Good’ or ‘Good’ condition category, while 49.9% of network falls into the ‘Poor’ or ‘Very Poor’ condition category. Illustrated in Figure 4 is a GIS-based map of the current network PCI conditions. A section-by-section listing of the current condition is provided in Section 1 (sorted alphabetically and also by descending PCI value), while the detail network statistic summary and replacement costs are provided in Section 2.

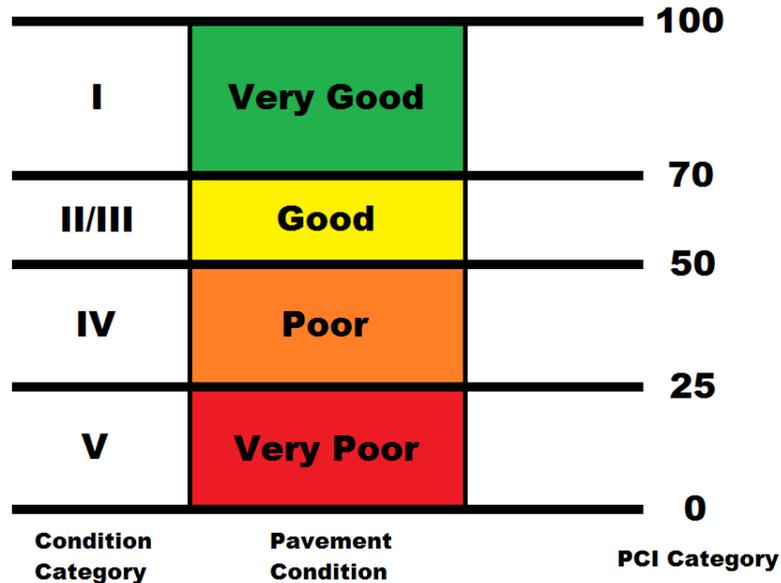


Figure 2. Pavement Condition Categories

Table 1. Street Network Statistics and Average PCI by Functional Class

Functional Class	Total Sections	Total Center Miles	Total Lane Miles	PCI
Arterial	60	18.19	43.99	62
Collector	100	21.30	44.50	46
Residential/Local	776	82.02	144.07	49
Proposed; Private; Non-County	2	0.11	0.11	0
Total	938	121.62	232.67	
Overall Network PCI as of 9/9/2014:				51

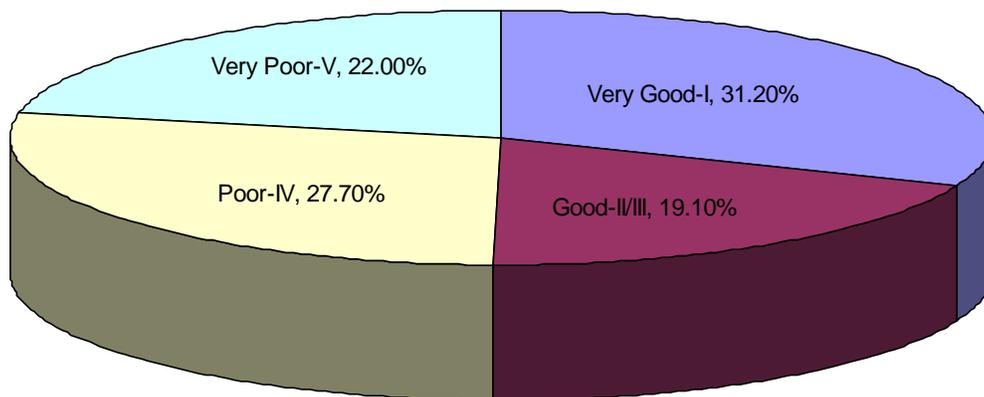


Figure 3. Pavement Condition Summary by Condition Categories (2014)

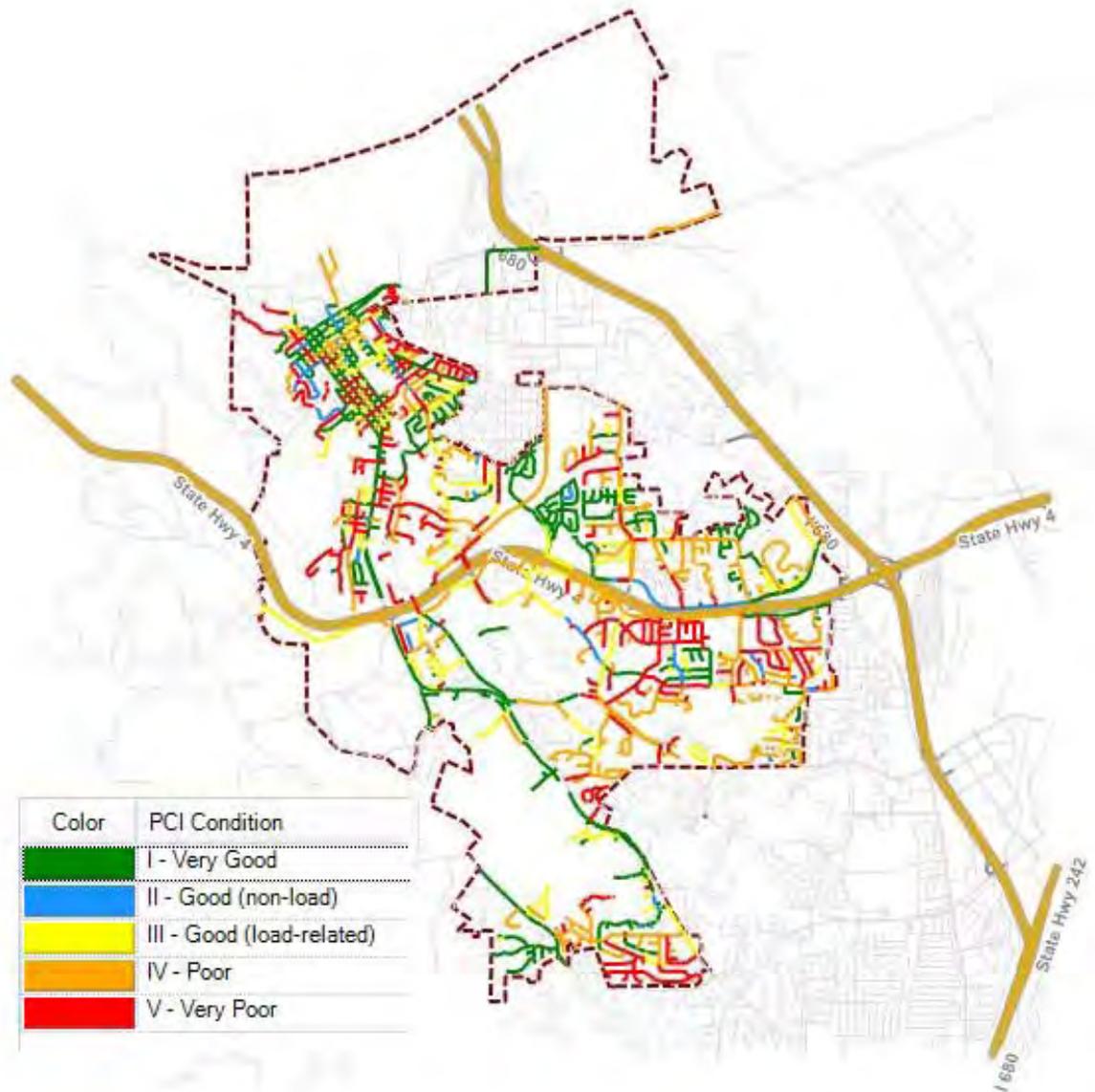


Figure 4. GIS-based Map for Current Network PCI Conditions

Based upon the current pavement condition, maintenance and rehabilitation options are selected using a series of decision trees. A decision tree utilizes the known information, such as roadway type, surface type, and current conditions and then determines a representative maintenance or rehabilitation treatment for that section. It is important to remember that the decision trees are utilized on a network level basis primarily for determining budgetary needs and may not entirely represent the actual project level work that would be most appropriate. At the request of the City, the decision trees were updated to account for new treatments (fiber microsurfacing) and full depth reclamation as well as to account for current costs and ADA requirements. The decision trees utilized for the Budget Options are provided in Section 3.

The decision trees were updated to reflect the latest estimate of current pricing based upon cost information for Contra Costa County as provided by MTC (Section 3.1). These decision trees were also updated to include the impact of the latest ADA requirement on the pavement

resurfacing projects. Since this is a fairly new practice and the fact that MTC does not currently have any guidance or costs associated with the ADA requirements, an estimated cost increase was devised based upon a review of the literature. Several agencies have reported cost increases ranging from 10 to 50% based upon the ADA requirements. Therefore, the price for all types of HMA overlay and surface reconstruction was increased by 20%. In addition, the fiber microsurfacing treatment was introduced to replace some AC overlays under condition Categories I and II for Arterial and Collector routes. For routes other than Collector and Arterial, the fiber microsurfacing was introduced to replace AC overlay under condition Categories I, II, and III. A base cost of \$5.00 was used for fiber microsurfacing based upon pricing information provided by VSS International with an additional 20% added for ADA requirements, which brings the unit price of the fiber microsurfacing to \$6.00/yd². An additional 20% cost increase is included when the fiber microsurfacing is applied to the pavement under condition Category III to account for patching and other surface preparation, resulting in a unit cost of \$7.20/yd² for this situation. The updated decision tree utilized for this analysis is provided in Section 3.2.

Nearly 10% of the sections were classified in the road category as “Other” at the beginning of this project. At the request of the City, our staff reviewed each of these roadways and reclassified them as “Arterial,” “Collector,” or “Residential/Local” while in the field. These recommended classifications were provided to the City for review. A few streets were further reclassified after receiving the City’s input, resulting in three sections being classified as “Arterial,” nine sections classified as “Collector,” and 82 sections classified as “Residential/Local.”

BUDGET NEEDS

Based on the principle that it costs less to maintain streets in good condition than those in poor, the MTC PMP strives to develop a maintenance strategy that will first improve the overall condition of the network to an optimal PCI somewhere between the low and mid-80s, and then sustain it at that level. Although the average PCI for the City street network is 51, which is in the ‘Good’ condition category, a significant area of the network suffers from load-related distress. In addition, current funding strategies demonstrate there is a \$36.6 million deferred maintenance backlog in the first year of the scenario. If these issues are not addressed, the quality of the street network will inevitably decline. In order to correct these deficiencies, a cost-effective funding and maintenance and rehabilitation strategy must be implemented.

The first step in developing a cost-effective maintenance and rehabilitation strategy is to determine, assuming unlimited revenues, the maintenance “needs” of the City of Martinez’s street network.

In determining relative budget scenarios over a five year period, representative interest and inflation rates must be chosen to be used in the analysis. The interest rate is used to describe an annual percentage increase in invested funds that would be realized if it were not instead spent on rehabilitation and maintenance activities. The inflation rate describes the rate of change of prices especially in relation to the construction cost index where a positive inflation rate indicates a loss in purchasing power over time and a negative inflation rate indicates an increase in purchasing power. Purchasing power simply describes the number of goods or services that can be purchased with a unit of currency.

QES has determined that an interest rate of 2% would best represent the annual increase that would be realized for any funds that were invested over time. QES has also reviewed the current construction cost index as well as the national inflation rate and determined that an inflation rate of 3% would best represent the annual decrease in purchasing power over the next five years.

Using the PMP Budget Needs module, street maintenance needs are estimated at \$69.5 million over the next five years. If the City follows the strategy recommended by the program, the average network PCI will increase to 86. If, however, current pavement maintenance funding is exhausted and little or no maintenance is applied over the next five years, already distressed streets will continue to deteriorate, and the network PCI will drop to 40. The results of the Budget Needs analysis are summarized in Table 2 below.

Table 2. Summary of Results from Needs Analysis

Year	PCI Treated	PCI Untreated	PM Cost	Rehab Cost	Total Cost
2015	79	50	\$610,435	\$36,980,166	\$37,590,601
2016	81	47	\$182,355	\$9,381,960	\$9,564,315
2017	82	45	\$247,811	\$6,278,250	\$6,526,061
2018	87	42	\$210,490	\$13,041,360	\$13,251,850
2019	86	40	\$245,915	\$2,312,313	\$2,558,228
		%PM	PM Total Cost	Rehab Total Cost	Total Cost
		2.15%	\$1,497,006	\$67,994,049	\$69,491,055

Table 2 shows the level of expenditure required to raise the City’s pavement condition to an optimal network PCI of 86 and eliminate the current maintenance and rehabilitation backlog. The results of the Budget Needs analysis represent the ideal funding strategy recommended by the MTC PMP. Of the \$69.5 million in maintenance and rehabilitation needs shown, approximately \$1.5 million or 2.15% is earmarked for preventive maintenance or life-extending treatments, while the remaining \$68.0 million or 97.85% is allocated for more costly rehabilitation and reconstruction treatments.

Figure 5 is based on the Budget Needs Predictive Module. The PMP is recommending a funding level of \$69.5 million over a five-year period. Figure 5 illustrates funding distribution by street functional classification. A more complete Budget Needs analysis is provided in Section 4.

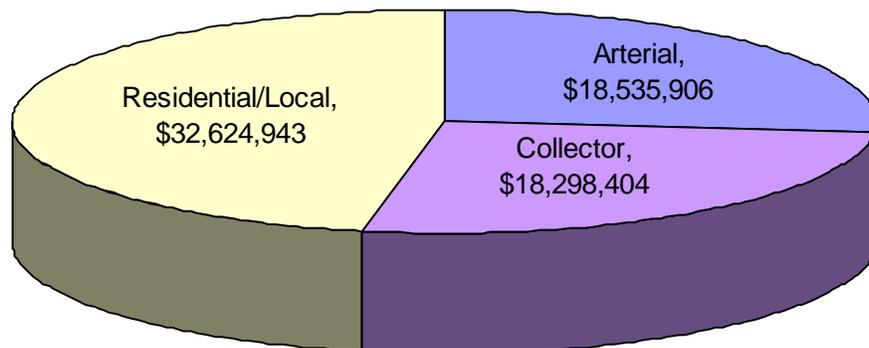


Figure 5. Budget Distribution by Functional Classification

BUDGET SCENARIOS

Having determined the maintenance and rehabilitation needs of the City's street network, the next step in developing a cost-effective maintenance and rehabilitation strategy is to conduct "what-if" analyses. Using the PMP Budget Scenarios module, the impact of various budget scenarios was evaluated. The program projects the effects of the different scenarios on PCI and deferred maintenance (backlog). By examining the effects on these indicators, the advantages and disadvantages of different funding levels and maintenance strategies become clear. For the purpose of this report, the following scenarios were run for a five-year period.

1. *Unconstrained (zero "deferred" maintenance)* — The annual amounts, as identified in the Budget Needs analysis totaling \$69.5 million, were input into the Budget Scenarios module. This scenario shows the effects of implementing the ideal investment strategy (as recommended by the MTC PMP Needs module). Because it is more cost-effective to eliminate the deferred maintenance backlog as quickly as possible, the bulk of the maintenance needs are addressed in the first year of the five year program raising the PCI to 86. The preventive maintenance split for each year in the analysis period, as recommended by the Budget Needs module, was used.

2. *Current Investment Level* — An annual budget of \$1 million was analyzed to evaluate the effect of the current investment level on the pavement condition. A 5% preventive maintenance split was used. Stop gap costs are taken from preventative maintenance funds.

3. *Maintain Current PCI* — In order to maintain current PCI level at 51, a Target-Driven Scenario model was used to determine the required budget. The result indicated that a five year total of \$17.6 million is needed, with \$16.4 million for rehabilitation and \$1.2 million for preventive maintenance. The deferred maintenance will increase from \$37.2 million in 2015 to \$52.9 million in 2019.

4. *Increase Current PCI by 5 points* — In order to increase current PCI by 5 points, to 56, by the end of the fifth year, a Target-Driven Scenario model was used to determine the required budget. The result indicated that a five year total of \$24 million is needed, with \$22.8 million for rehabilitation and \$1.2 million for preventive maintenance.

5. *Do Nothing* — If no maintenance or rehabilitation is applied over the next five years, the condition of network will deteriorate to an overall PCI of 40. The maintenance backlog will increase to \$68 million.

Scenario 1 – Unconstrained (zero "deferred" maintenance)

This scenario shows the effects of implementing the ideal investment strategy (as recommended by the MTC PMP Needs module). Because it is more cost-effective to eliminate maintenance backlog as quickly as possible, the bulk of the maintenance need is addressed in the first year of the five-year program, raising the PCI to 86. By 2018, 97.9% of the network falls into the 'Very Good' condition category. In the meanwhile, the maintenance backlog will be eliminated after the treatments applied in year one. These results are shown in both Table 3 and Figure 6 and the detailed budget scenario results are provided in Section 5.1.

Table 3. Summary of Results from Scenario 1

Item	Budget Year				
	2015	2016	2017	2018	2019
Total Budget	\$37,590,601	\$9,564,315	\$6,526,061	\$13,251,850	\$2,558,228
Rehabilitation	\$36,980,166	\$9,381,960	\$6,278,250	\$13,041,360	\$2,312,313
Preventive Maintenance	\$610,435	\$182,355	\$247,811	\$210,490	\$245,915
Deferred Maintenance	\$0	\$0	\$0	\$0	\$0
PCI after Treated	79	81	82	87	86

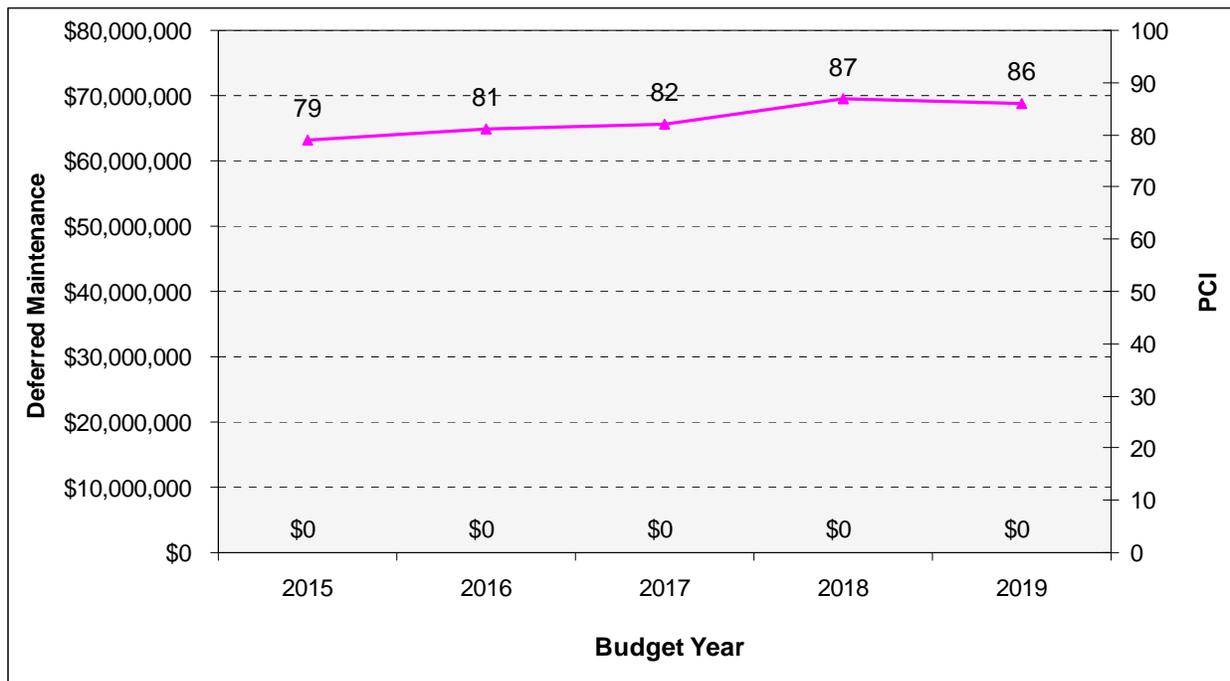


Figure 6. Deferred Maintenance & PCI after Treatment – Scenario 1

Scenario 2 – Current Investment Level

An annual budget of \$1 million was analyzed to evaluate the effect of the current investment level on the pavement condition. Under this budget scenario, the deferred maintenance backlog will increase from \$36.6 million in 2015 to \$65.5 million in 2019. There are no funds available for preventive maintenance, and the fund for the stop gap would not be met prior to the year 2018. The network PCI will decrease from the current level to 44 after five years.

The above analysis indicates that the City is currently way behind on corrective maintenance and rehabilitation needs and these limited funding levels have almost no impact on preventing the deterioration of the current pavement condition. The City should seriously considered finding means to increase its current investment level in order to maintain the current pavement condition. Table 4 and Figure 7 summarize the results from Scenario 2. Detailed budget scenario results are provided in Section 5.2.

Table 4. Summary of Results from Scenario 2

Item	Annual Budget - \$1,000,000				
	2015	2016	2017	2018	2019
Total Budget	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Rehabilitation	\$945,861	\$950,007	\$946,862	\$949,996	\$948,182
Preventive Maintenance	\$0	\$0	\$0	\$0	\$17,312
Stop Gap (Funded)	\$54,152	\$50,006	\$53,146	\$50,009	\$34,476
Stop Gap (Unmet)	\$400,809	\$84,726	\$11,198	\$92,688	\$0
Deferred Maintenance	\$36,644,599	\$40,426,679	\$45,302,667	\$58,187,236	\$65,541,370
PCI after Treated	52	50	48	46	44

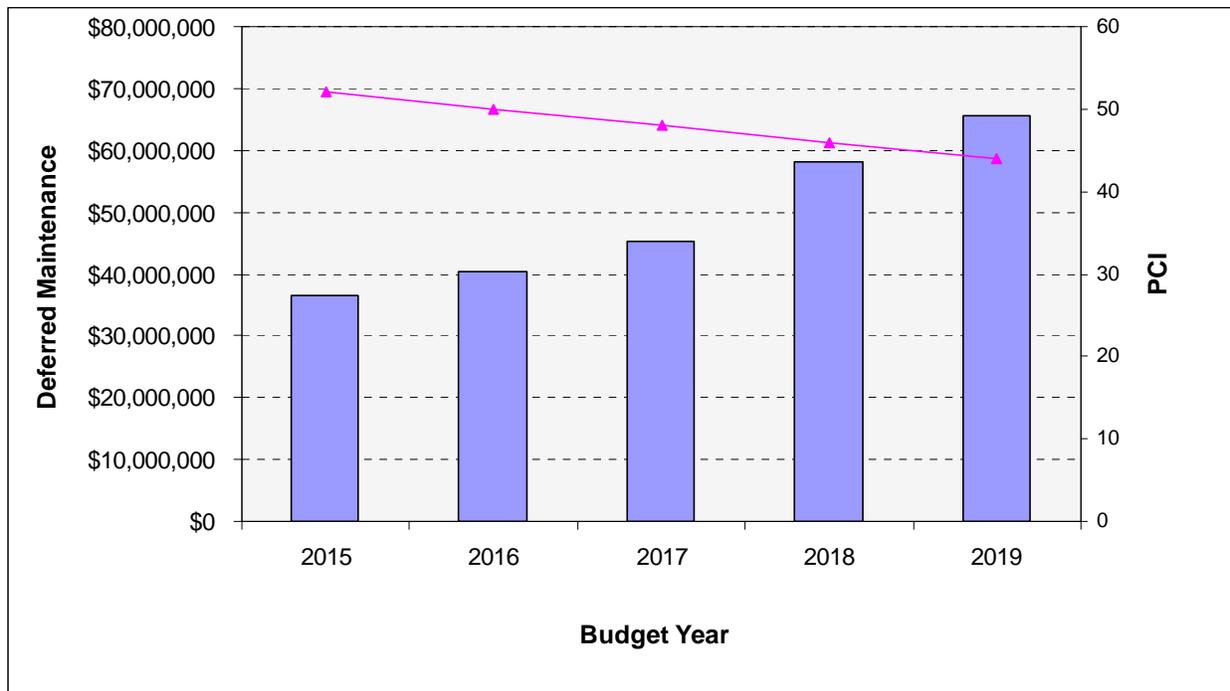


Figure 7. Deferred Maintenance & PCI after Treatment – Scenario 2

Scenario 3 – Maintain Current PCI

This scenario shows what the budget level must be in order to maintain the street network PCI at the current level of 51 over the five year period. Under this scenario, a total of \$17.6 million is needed, with \$16.4 million for rehabilitation and \$1.2 million for preventive maintenance. While the PCI is stabilized, the annual budget will vary between \$0.3 million and \$6.7 million in 2018. The deferred maintenance will increase from \$37.2 million in 2015 to \$52.9 million in 2019. By the year 2019, 51.3% of network will fall into the ‘Very Good’ condition category while 40.3% of network will fall into the ‘Very Poor’ condition category. Table 5 and Figure 8 summarize results from Scenario 3. Detailed budget scenario results are provided in Section 5.3.

Table 5. Summary of Results from Scenario 3

Item	Budget Year				
	2015	2016	2017	2018	2019
Total Budget	\$368,105	\$1,839,688	\$5,365,272	\$6,822,923	\$3,261,515
Rehabilitation	\$316,325	\$1,103,009	\$5,095,667	\$6,667,217	\$3,260,942
Preventive Maintenance	\$51,780	\$736,679	\$269,605	\$155,706	\$573
Deferred Maintenance	\$37,222,653	\$40,073,246	\$40,376,748	\$47,232,236	\$52,856,796
PCI after Treated	51	51	51	51	51

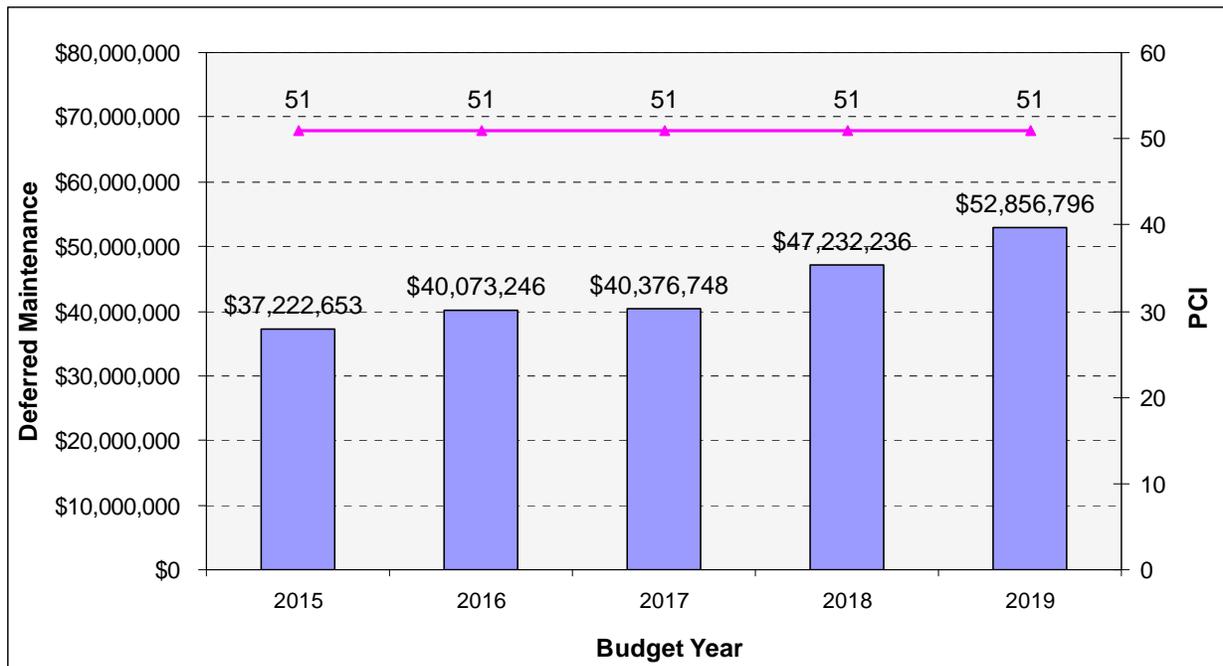


Figure 8. Deferred Maintenance & PCI after Treatment – Scenario 3

Scenario 4 – Increase Current PCI by 5 Points

Similar to Scenario 3, this scenario shows what the budget level must be in order to increase the street network PCI from the current level of 51 to 56 in year 2019. Under this scenario, a total of \$24 million is needed, with \$22.8 million for rehabilitation and \$1.2 million for preventive maintenance. The annual budget will vary between \$0.7 million and \$7.5 million. The deferred annual maintenance backlog varies between \$35.2 million to \$48.7 million within the next five years. By the year 2019, 58.2% of network will fall into ‘Very Good’ condition category, while 36.1% of network will fall into ‘Very Poor’ condition category. Table 6 and Figure 9 summarize the results from Scenario 4. Detailed budget scenario results are provided in Section 5.4.

Table 6. Summary of Results from Scenario 4

Item	Budget Year				
	2015	2016	2017	2018	2019
Total Budget	\$799,598	\$5,263,005	\$7,767,947	\$5,866,694	\$4,304,000
Rehabilitation	\$747,818	\$4,505,217	\$7,520,136	\$5,710,956	\$4,302,251
Preventive Maintenance	\$51,780	\$757,788	\$247,811	\$155,738	\$1,749
Deferred Maintenance	\$36,790,861	\$36,265,163	\$35,188,315	\$44,220,691	\$48,713,589
PCI after Treated	52	53	54	55	56

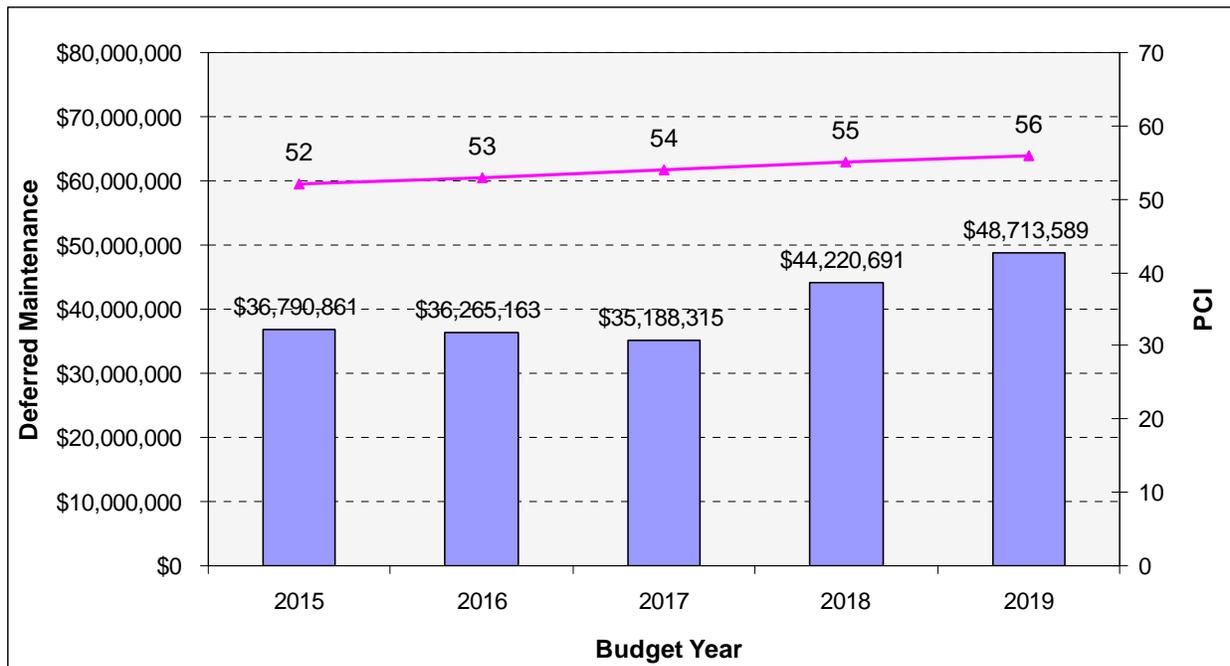


Figure 9. Deferred Maintenance & PCI after Treatment – Scenario 4

Scenario 5 – Do Nothing

Under this scenario, there will be no pavement maintenance work and the network PCI will decrease year by year. The network PCI will decrease from the current level of 51 to 40 after five years. In the meantime, the maintenance backlog will increase significantly from \$37.6 million to \$68.0 million in 2019. By 2019, only 24.6% of the network will be in the ‘Very Good’ condition category, while 41.9% of the network will fall into the ‘Very Poor’ condition category. Table 7 and Figure 10 summarize the results from Scenario 5. Detailed budget scenario results are provided in Section 5.5

Table 7. Summary of Results from Scenario 5

Item	Budget Year				
	2014	2015	2016	2017	2018
Total Budget	\$0	\$0	\$0	\$0	\$0
Rehabilitation	\$0	\$0	\$0	\$0	\$0
Preventive Maintenance	\$0	\$0	\$0	\$0	\$0
Deferred Maintenance	\$37,590,447	\$42,187,548	\$47,444,966	\$60,599,067	\$68,045,868
PCI after Treated	50	47	45	42	40

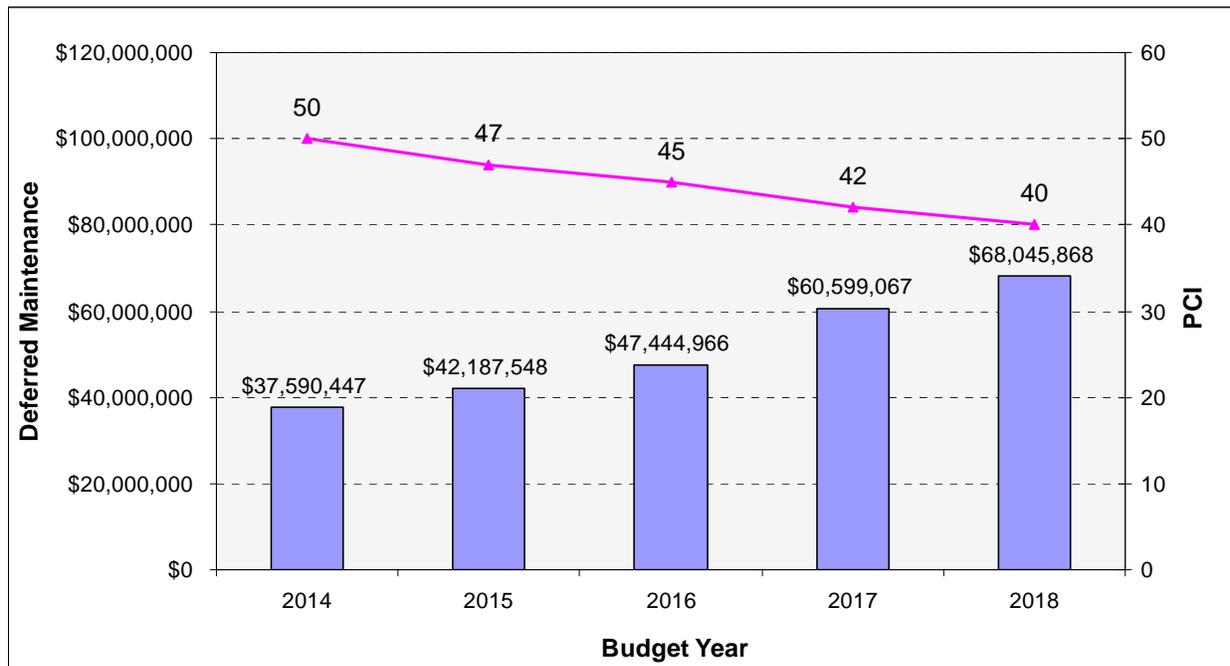


Figure 10. Deferred Maintenance & PCI after Treatment – Scenario 5

Scenario Comparison

Figures 11 and 12 graphically illustrate the comparison of the five scenarios in terms of PCI and deferred maintenance. Figure 11 shows the comparison of the change of PCI over time using different budget scenarios. As shown, Scenario 1 (Unconstrained) will ultimately reach a PCI of 86, while Scenario 5 (Do Nothing) will decrease to a PCI of 40 after five years. Under Scenario 2 (Current Investment Level), the PCI will decrease to around 44 in year 2019, which indicates that current investment level will not be enough to prevent the deterioration of the pavement condition across the network. Figure 12 illustrates the change in deferred maintenance over time for each scenario. As expected, Scenario 1 (Unconstrained) will completely eliminate the deferred maintenance, while the amount of deferred maintenance will continuously increase and reach \$68 million in 2019 if no monies are spent on maintenance and rehabilitation.

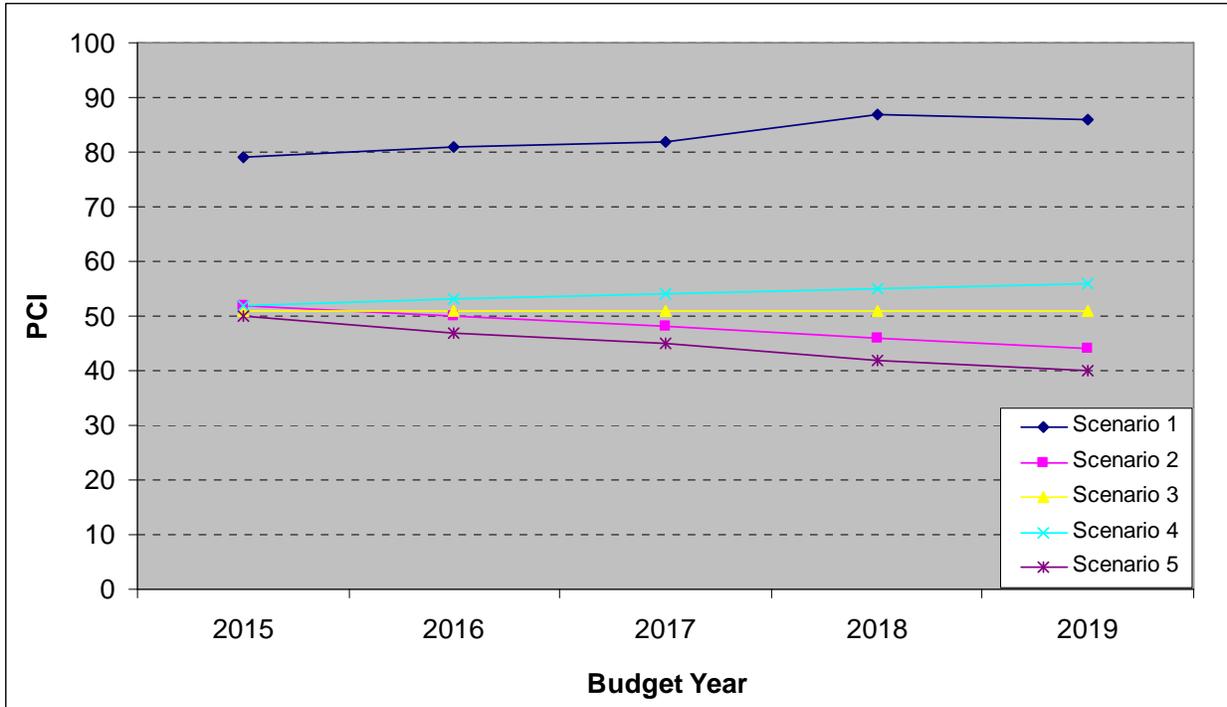


Figure 11. Comparison of PCI over Time under Different Budget Scenario

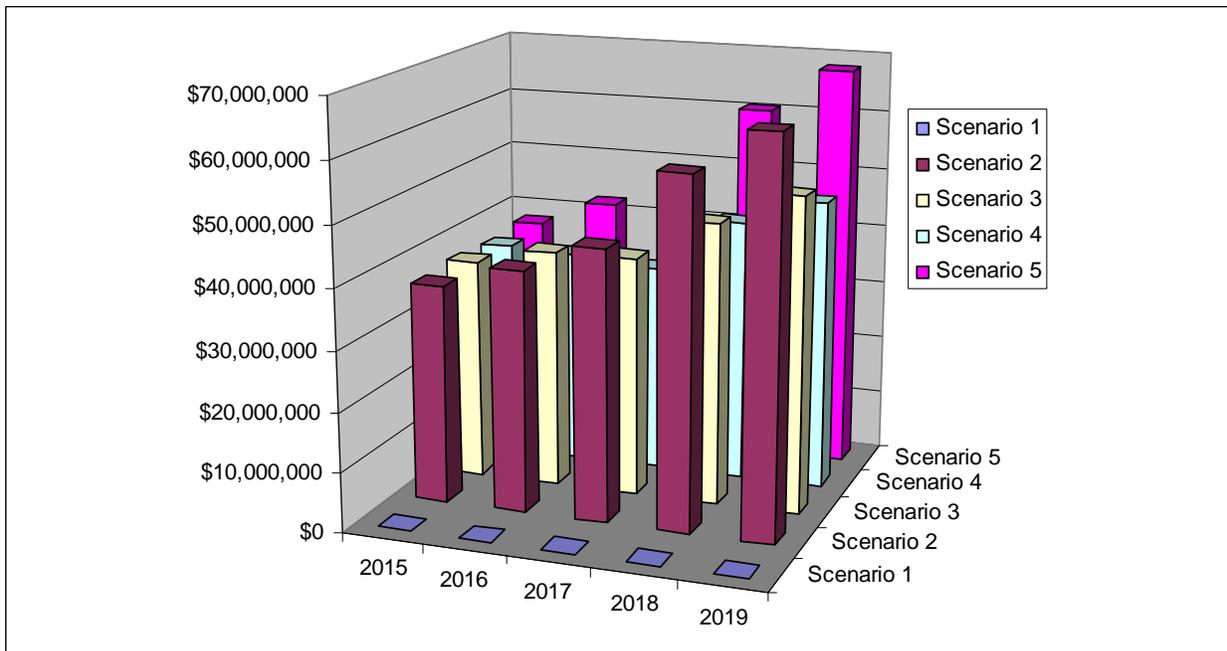


Figure 12. Comparison of Deferred Maintenance over Time under Different Budget Scenario

DISCUSSION AND RECOMMENDATIONS

Of the various maintenance and funding options considered, the *ideal* strategy for the City of Martinez is presented in Scenario 1, with a five-year expenditure total of \$69.5 million. Not only does this budget plan improve the network PCI to an optimal level of 86, it also eliminates the

entire deferred maintenance backlog in the first year. However, the amount of funds required in the first year, approximately \$37.6 million, make this strategy unrealistic for the City of Martinez.

Under the current annual budget of \$1 million, the network PCI is anticipated to decrease to about 44 over the next five years, indicating the current investment level has almost no impact on preventing the deterioration of the current pavement condition. The percentage of the street network falling in the 'Very Poor' category will increase from 22% in 2015 to 41.9% in 2019, and the maintenance backlog will increase from \$36.6 million to \$65.5 million. The City's current funding level is clearly insufficient to maintain the whole of the street network in 'Good' condition.

It is important to utilize the information in this report to find a scenario that best fits the City's current financial climate, while making best use of the allowable funds to maintain the streets that are in good or better condition. Nearly 50% of the residential streets are currently falling in the 'Poor' to 'Very Poor' condition and without major capital funding, this situation will not improve. The most likely scenario is that the residential streets in this category will need to be ignored, until they reach a true failure status, at which time a low cost reconstruction treatment such as full depth reclamation or recycling is considered. Meanwhile, the available maintenance funds should be utilized primarily on the arterial and collector streets.

In addition to performing cyclic pavement condition inspections, unit cost information for the applications of various maintenance and rehabilitation treatments should be updated annually in the PMP 'Decision Tree Module.' If this data is not kept current, the City runs the risk of understating actual funding requirements to adequately maintain the street network.

The City has been using the PMP and appears to have maintained the overall condition of the street network in the "Good" category, although, unless these annual funds are increased to \$4 million or more, the overall street condition will continue a rapid deterioration. With additional funding, the backlog would be reduced and additional preventive maintenance treatments could be applied, which over time will enhance the overall network. The report provided in Section 6 was generated from the StreetSaver® software identifying recommended treatments for the next five years. This report was generated by the software and has not been reviewed for constructability efficiencies. To improve the condition of the street system and reduce the maintenance backlog, the City should continue to seek to increase funding for street maintenance.

**Pavement Condition
Of Bay Area Jurisdictions
2015**

Pavement Condition Index (PCI) for Bay Area Jurisdictions, 2015

3-Year Moving Average*

Jurisdiction	County	Total Lane Miles	2013	2014	2015
Very Good (PCI= 80–89)					
Dublin	Alameda	253	85	86	85
Brentwood	Contra Costa	420	86	86	85
El Cerrito	Contra Costa	138	84	84	84
Colma	San Mateo	24	73	78	83
Foster City	San Mateo	120	81	81	82
Union City	Alameda	329	79	81	81
Clayton	Contra Costa	94	76	80	81
San Ramon	Contra Costa	484	78	78	80
Good (PCI= 70–79)					
Pleasanton	Alameda	501	77	78	79
Belvedere	Marin	23	81	80	79
Portola Valley	San Mateo	70	78	80	79
Palo Alto	Santa Clara	415	77	78	79
Solano County	Solano	936	75	77	79
Emeryville	Alameda	47	76	76	78
Atherton	San Mateo	106	81	79	78
Redwood City	San Mateo	344	76	77	78
Livermore	Alameda	681	77	76	77
Lafayette	Contra Costa	199	75	76	77
San Pablo	Contra Costa	102	78	77	77
Burlingame	San Mateo	161	75	75	77
Daly City	San Mateo	254	78	77	77
Los Altos Hills	Santa Clara	120	77	76	77
Sunnyvale	Santa Clara	638	77	77	77
Newark	Alameda	255	76	76	76
Brisbane	San Mateo	56	76	77	76
Menlo Park	San Mateo	198	76	77	76
Los Altos	Santa Clara	227	79	78	76
Oakley	Contra Costa	277	74	75	75
San Mateo	San Mateo	418	73	74	75

*For annual (non-averaged) PCI scores, please contact MTC.

Pavement Condition Index (PCI) for Bay Area Jurisdictions, 2015 (continued)

3-Year Moving Average*

Jurisdiction	County	Total Lane Miles	2013	2014	2015
Danville	Contra Costa	323	72	73	74
Tiburon	Marin	65	73	74	74
South San Francisco	San Mateo	293	71	71	73
Santa Clara	Santa Clara	590	75	74	73
Windsor	Sonoma	171	70	70	73
Ross	Marin	22	72	72	72
Woodside	San Mateo	96	66	71	72
Campbell	Santa Clara	230	74	73	72
Milpitas	Santa Clara	298	69	72	72
Dixon	Solano	129	77	75	72
Sonoma	Sonoma	68	70	70	72
Alameda County	Alameda	990	71	71	71
Contra Costa County	Contra Costa	1,330	69	70	71
Hercules	Contra Costa	128	72	72	71
Walnut Creek	Contra Costa	435	71	71	71
Yountville	Napa	16	68	69	71
Hillsborough	San Mateo	166	73	72	71
Fairfield	Solano	709	71	71	71
Novato	Marin	319	71	70	70
San Mateo County	San Mateo	634	69	70	70
Mountain View	Santa Clara	331	73	72	70
Santa Clara County	Santa Clara	1,456	74	72	70

Fair (PCI = 60–69)

Alameda	Alameda	276	67	67	69
Fremont	Alameda	1,073	64	66	69
American Canyon	Napa	113	65	67	69
Gilroy	Santa Clara	258	73	73	69
Vacaville	Solano	618	68	69	69
Rohnert Park	Sonoma	228	67	68	69
Corte Madera	Marin	71	70	69	68
San Rafael	Marin	331	70	69	68
Los Gatos	Santa Clara	226	70	70	68

*For annual (non-averaged) PCI scores, please contact MTC.

Pavement Condition Index (PCI) for Bay Area Jurisdictions, 2015 (continued)

3-Year Moving Average*

Jurisdiction	County	Total Lane Miles	2013	2014	2015
Morgan Hill	Santa Clara	256	74	71	68
Hayward	Alameda	655	68	67	67
Pinole	Contra Costa	118	68	67	67
Pittsburg	Contra Costa	332	63	65	67
San Francisco	San Francisco	2,140	65	66	67
Half Moon Bay	San Mateo	55	60	63	67
Cupertino	Santa Clara	297	66	65	67
Saratoga	Santa Clara	283	72	70	67
Antioch	Contra Costa	673	69	67	66
Sausalito	Marin	53	64	65	66
Napa	Napa	464	62	64	66
Piedmont	Alameda	78	69	67	65
Pleasant Hill	Contra Costa	225	65	65	65
Fairfax	Marin	55	65	65	65
San Bruno	San Mateo	180	61	62	65
Moraga	Contra Costa	110	53	58	64
Richmond	Contra Costa	571	65	64	63
Monte Sereno	Santa Clara	25	67	65	63
San Jose	Santa Clara	4,304	62	62	62
Cloverdale	Sonoma	65	64	63	62
Concord	Contra Costa	717	63	62	61
Healdsburg	Sonoma	93	61	60	61
Santa Rosa	Sonoma	1,097	63	62	61
Marin County	Marin	848	57	59	60
Mill Valley	Marin	116	60	58	60
San Anselmo	Marin	81.4	58	59	60
Sebastopol	Sonoma	47	63	62	60
At Risk (PCI=50-59)					
San Carlos	San Mateo	175	60	60	59
Berkeley	Alameda	453	58	58	58
East Palo Alto	San Mateo	79	56	58	58

*For annual (non-averaged) PCI scores, please contact MTC.

Pavement Condition Index (PCI) for Bay Area Jurisdictions, 2015 (continued)

3-Year Moving Average*

Jurisdiction	County	Total Lane Miles	2013	2014	2015
Albany	Alameda	58	56	56	57
Oakland	Alameda	1,923	60	58	57
Benicia	Solano	196	59	59	57
Rio Vista	Solano	46	58	57	57
San Leandro	Alameda	381	57	57	56
Belmont	San Mateo	138	55	56	55
Pacifica	San Mateo	187	58	56	55
Suisun City	Solano	152	62	59	55
Calistoga	Napa	31	57	55	54
Millbrae	San Mateo	121	59	56	54
Napa County	Napa	832	58	56	53
Cotati	Sonoma	48	57	55	53
Martinez	Contra Costa	232	60	56	52
St Helena	Napa	51	40	45	50
Poor (PCI=25-49)					
Orinda	Contra Costa	193	48	49	49
Vallejo	Solano	715	49	47	49
Sonoma County	Sonoma	2,752	45	45	47
Petaluma	Sonoma	396	46	45	46
Larkspur	Marin	65	40	40	39
Regional		43,045	66	66	66

*For annual (non-averaged) PCI scores, please contact MTC.

Figure 1: Bay Area Local Roadways by Condition Category

Lane Miles of Local Street & Road Pavement										
	Excellent	Very Good	Good	Fair	At-Risk	Poor	Failed	No Data	Totals	Annual Weighted Avg PCI
	PCI=90-100	PCI=80-89	PCI=70-79	PCI=60-69	PCI=50-59	PCI=25-49	PCI=0-24			
Bay Area	4,069	10,398	8,941	5,683	4,200	6,743	2,863	148	43,045	67
Percent	9.5%	24.2%	20.8%	13.2%	9.8%	15.7%	6.7%	0.3%	100%	

**City Council Agenda
July 6, 2016**

To: Mayor and City Council

From: Michael Chandler, Assistant to the City Manager
Cindy Mosser, Finance Manager

Subject: Discussion on a future revenue ballot measure

Date: July 1, 2016

Recommendation

Hold discussion and provide feedback to staff on a future revenue ballot measure.

Background

At the June 15, 2016 City Council meeting, the Council asked for information regarding a revenue measure to be placed on the November ballot. The information request included options for the type of ballot measure; timeline of an election; cost of a survey; cost of the election; funds generated at different levels of tax; and competing tax measures.

Discussion

The process for exploring and potentially pursuing a revenue measure has several critical steps, some of which typically commence 8-10 months in advance of the election. These steps include, but are not limited to: confirming community and Council funding priorities through a ballot measure feasibility study, survey or similar mechanism; refining and selecting a preferred revenue option; developing a resolution and voter handbook materials for placing a measure on the ballot; and developing a public outreach plan. Attached to this report is a sample timeline of recommended and/or required key steps to take for submission of a 2016 general election revenue ballot measure. It is critical that the elected body unanimously support any measure placed on the ballot if it is to be successful.

An essential part of the process in consideration of placing a measure on the ballot is significant planning and outreach work. A qualified public outreach and revenue measure consulting firm can help with project planning, communications and strategic outreach efforts, and ensuring that all of the critical steps are planned and implemented. Additionally, establishing a community task force involved in the development, support, and promotion of the ballot measure is a key component to the measure's success. Once the measure has been approved by the City Council for placement on the ballot, the City may only provide information regarding the need for the revenue but not request support for it. For this reason, having a local task force that actively champions the measure to the public greatly enhances the likelihood of passage.

Cities may impose a variety of taxes (e.g. sales, parcel, utility users). Taxes fall into one of two categories: 1) general or 2) special. A general tax is imposed to raise general-purpose revenues (i.e. General Fund). Cities may use revenues for any lawful city public purpose. A majority of voters must approve the decision to impose a general tax. A general tax may only be submitted for voter approval at an election which includes at least one city council seat, unless a unanimous vote of the existing Council declares a fiscal emergency.

A special tax is imposed for a specific purpose or project. For example, a city may increase the sales and use tax by adding a special use tax for transportation projects, parks maintenance, or the acquisition of open space, among others. Two-thirds of voters must agree to adopt a special tax. A special tax may be submitted for voter approval at any date allowed under State law. Typically, the election date will coincide with that of other local ballot measures if not held as part of a general election in order to share the election costs with other agencies.

Sales tax is generally allocated to the jurisdiction where the sale is negotiated or the order is taken (also known as “point of sale”), while a local transaction and use tax is generally allocated to the jurisdiction where the goods are delivered or placed into use. Accordingly, there can be significant differences between the amount of revenues generated by sales tax and those generated by transactions and use tax. HdL, the City’s sales tax consultant, estimated the following projections for annual revenue generation, based on the most recent results presented to the City in May 2016:

Transaction and Use Percentage	Estimated Revenue
Estimated 0.25%	\$1,044,000
Estimated 0.50%	\$2,116,000
Estimated 1.00%	\$4,232,000

If the Council wishes to place a revenue measure on the November 8, 2016 general election ballot, the last day to do so is August 12, 2016. A resolution approving the submission of a ballot measure to the electorate is required. Voter handbook materials would have to be prepared by mid-August. As can be seen, there is insufficient time remaining to conduct a comprehensive ballot measure program, reducing the likelihood of passage.

The Martinez Unified School District adopted Resolution No. 2016-21 on June 27, 2016, to place a bond measure referred to as the “Martinez Unified School District Classroom Safety, Renovation and Repair Measure” on the November 8th ballot. The City Council did formally indicate its support for the Contra Costa Transportation Authority’s one-half cent sales tax measure for transportation purposes at the June 1, 2016 Council meeting. As of July 1, 2016, the County did not have any other official competing tax measures.

Fiscal Impact

No fiscal impact at this time. Staff anticipates the cost of pursuing the placement of a revenue measure on the ballot could range from \$75,000 to \$100,000. Final costs will be dependent on consultants selected for assessment services and ballot measure development (estimated at approximately \$70,000 total), County election costs of up to \$10,000, and State Board of Equalization's charges for completing a preparatory cost agreement.

Attachments

- Sample Recommended Timeline for 2016 Transaction and Use Tax Revenue Measure
- Local Tax and Bond Measure Preliminary Results – California June 2016

APPROVED BY:



Brad Kilger, City Manager

City of Martinez

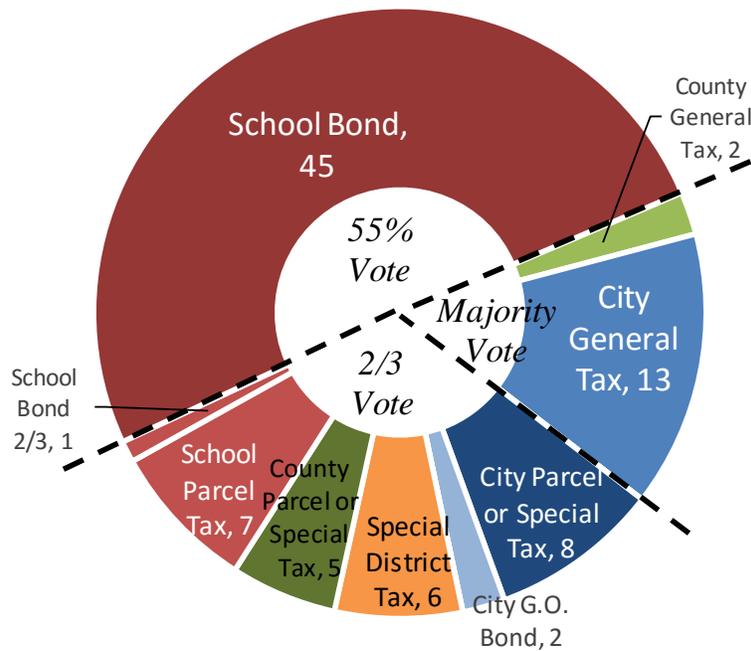
Sample Recommended Timeline for a 2016 Transaction and Use Tax Revenue Measure

Description	Time Period/Dates
Ballot measure feasibility study - including polling, educational materials, ballot language	Begin eight to ten months prior to election
Community outreach - task force establishment	Begin eight to ten months prior to election
Resolution ordering the submission of a ballot measure to the electorate	July
Ordinance imposing a transaction and use tax to be administered by the State Board of Equalization, subject to approval of a majority of the electors voting on the tax measure at the general municipal election. (Required prior to election)	July
Last day to place a measure on the ballot	August 12, 2016
Last day to amend or withdraw a measure on the ballot	August 17, 2016
Election Day	November 8, 2016
Two contracts (preparatory cost agreement and ongoing administration) with State Board of Equalization	After election
Tax would become operative (effective)	April 1, 2017
First full year of revenue	Fiscal year 2017-18

Local Tax and Bond Measure Results California ❖ June 2016

Along with one statewide measure (Proposition 50), the Presidential Primary election in California on June 7 included over 150 local measures. Among these were 89 ballot questions proposing new revised or extended local bonds or taxes. Local schools requested a total of \$6.12 billion in school construction bond authorizations in 46 individual measures. Three cities sought a total of \$442 million in bonds including a \$350 million seismic safety bond in San Francisco, a library bond in Santa Cruz County and a roadway and storm drain repair measure in Orinda.

Proposed Local Revenue Measures June 2016



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Overall Passage Rates

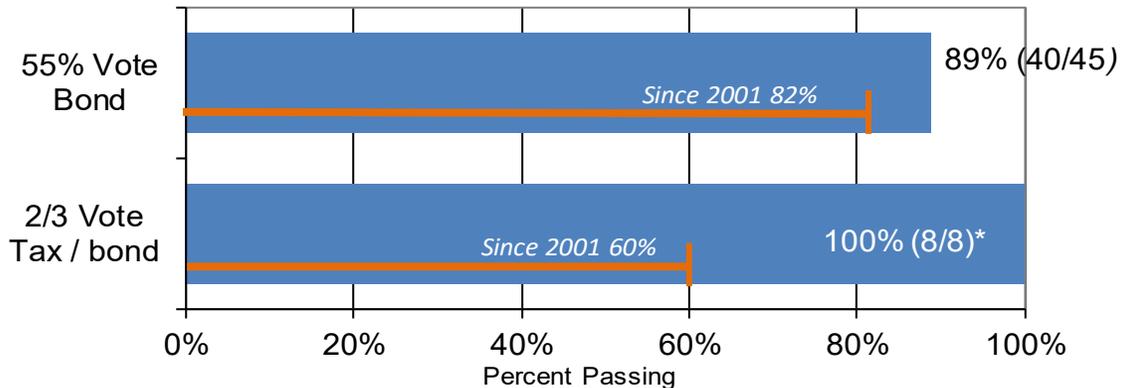
Based on election night counts with 100% of all precincts reporting, 70 of the 89 tax and bond measures have passed. Several others are too close to call. All majority vote city tax proposals passed except perhaps one: a one percent sales tax measure in Compton that currently is too close to call at 49.5% yes. All seven school parcel tax measures passed and 41 out of 46 school bonds were approved.

Local Revenue Measures June 2016

	Total	Pass	Passing%
City General Tax (Majority Vote)	13	12	92%
County General Tax (Majority Vote)	2	0	0%
City Special Tax or G.O. bond (2/3 Vote)	10	7	70%
County (Special Tax) 2/3 Vote	5	1	20%
Special District (2/3)	6	2	33%
School Parcel Tax 2/3	7	7	100%
School Bond 2/3	1	1	100%
School Bond 55%	45	40	89%
Total	89	70	79%
Redux by initiative	1	0	0%

The proportion of passing school measures is mirroring historic passage rates. Preliminary tallies indicate 40 of the 45 fifty-five percent school bonds passed. The one two-thirds vote school bond, for Albany Unified School District, passed. All of the seven school parcel tax measures passed.

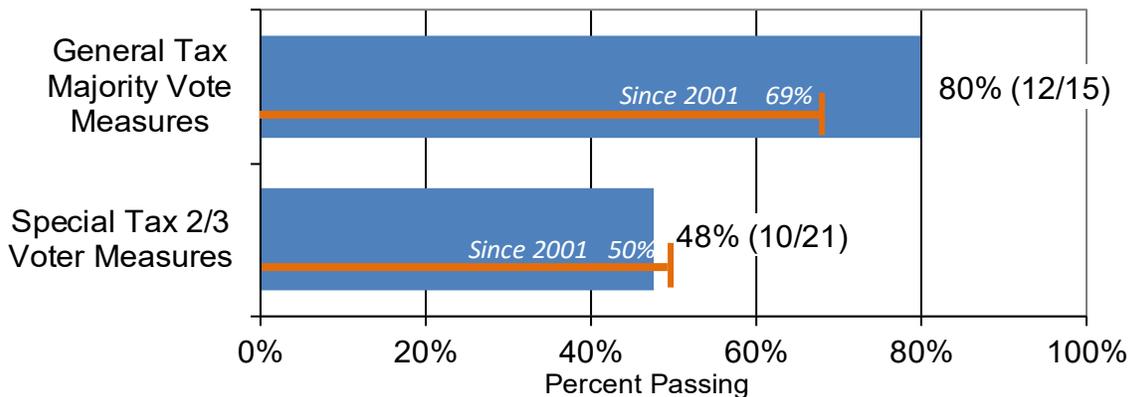
School Tax & Bond Measures June 2016



*7 are parcel taxes, 1 is a 2/3 bond measure

The passage of local non-school tax and bond measures is also closely mirroring historic rates of passage.

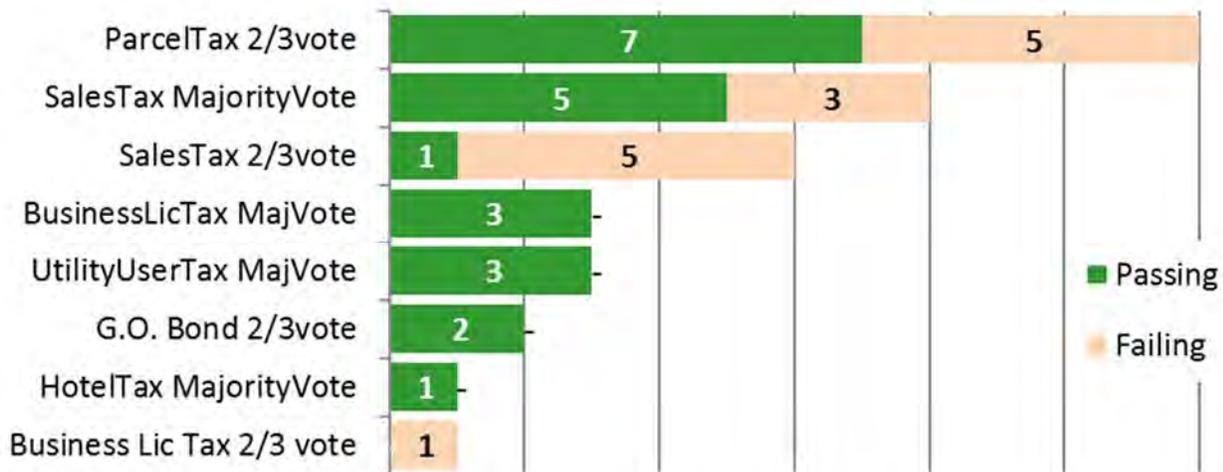
City / County / Special District Tax & Bond Measures June 2016



Measure Outcome by Category

Among non-school local measures, the most common type of measure was the parcel tax. Parcel taxes require two-thirds approval. General purpose majority vote sales tax proposals did far better than two-thirds vote special sales taxes.

Passing and Failing City / County / Special District Measures by Type June 2016



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School Bonds

There were 46 school bond measures on the ballot for a total of over \$6.12 billion in bonds. One of these measures, the Albany Unified School District, was too large to meet the rules for a 55% vote threshold. Nevertheless, it passed. Forty others also were approved for a total of \$5.39 billion in school facility construction financing and supporting property tax increases.

School Bond Measures - 55% vote

Agency Name	County		Bond amount	tax rate	YES%	NO%	
Ravenswood City SD	San Mateo	Measure H	\$ 26,000,000	\$30/\$100K	87.2%	12.8%	PASS
Alum Rock Union Elemer	Santa Clara	Measure I	\$ 140,000,000	\$30/\$100K	78.3%	21.7%	PASS
Franklin-McKinley SD	Santa Clara	Measure H	\$ 67,400,000	\$30/\$100K	77.5%	22.5%	PASS
Montebello Unified Schc	Los Angeles	Measure GS	\$ 300,000,000	\$60/\$100K	77.1%	22.9%	PASS
WalnutCreek SD	Contra Costa	Measure D	\$ 60,000,000	\$17/\$100K	72.7%	27.3%	PASS
Albany USD	Alameda	Measure E	\$ 25,000,000	\$60/\$100K	72.4%	27.6%	PASS
Lafayette SD	Contra Costa	Measure C	\$ 70,000,000	\$29/\$100K	72.3%	27.7%	PASS
Cuyama Joint Unified Scl	Ventura / Santa Barbara	Measure Q	\$ 6,000,000	\$60/\$100k	72.1%	27.9%	PASS
Camino Union SD	El Dorado	Measure H	\$ 4,000,000	\$30/\$100K	70.8%	29.2%	PASS
Central Union High SD	Imperial	Measure K	\$ 30,000,000	\$30/\$100K	69.5%	30.5%	PASS
Castro Valley USD	Alameda	Measure G	\$ 123,000,000	\$60/\$100K	68.1%	31.9%	PASS
Fairfax Elementary	Kern	Measure B	\$ 19,000,000	\$30/\$100K	66.5%	33.6%	PASS

School Bond Measures - 55% vote (continued)

Agency Name	County		Bond amount	tax rate	YES%	NO%	
Wasco Union Elementary	Kern	Measure D	\$ 9,700,000	\$30/\$100K	66.0%	34.0%	PASS
Livermore USD	Alameda/ContraCosta	Measure J	\$ 245,000,000	\$48/\$100K	65.8%	34.2%	PASS
Wasco Union Elementary	Kern	Measure E	\$ 9,400,000	\$30/\$100K	65.0%	35.0%	PASS
Kingsburg Elementary	CI Fresno /Tulare/Kings	Measure A	\$ 10,000,000	\$26/\$100K	64.7%	35.3%	PASS
Chabot Las-Positas CCD	Alameda/ContraCosta	Measure A	\$ 950,000,000	\$25/\$100K	64.5%	35.5%	PASS
State Center Community	Fresno /Tulare/Kings/Madera	Measure C	\$ 485,000,000	\$19/\$100K	64.2%	35.8%	PASS
Long Beach Community	Los Angeles	Measure LB	\$ 850,000,000	\$25/\$100K	63.5%	36.5%	PASS
Ballico-Cressey SD	Merced	Measure U	\$ 6,500,000	\$30/\$100K	63.1%	36.9%	PASS
Marin Community Colleg	Marin	Measure B	\$ 265,000,000	\$19/\$100k	62.9%	37.1%	PASS
Junction Elementary SD	Shasta	Measure A	\$ 3,500,000	\$30/\$100k	62.6%	37.4%	PASS
Black Butte Union Eleme	Shasta	Measure B	\$ 4,000,000	\$30/\$100k	62.4%	37.6%	PASS
San Antonio Union SD	Monterey	Measure A	\$ 2,100,000	\$30/\$100K	62.4%	37.6%	PASS
Lammersville USD	Alameda / San Joaquin	Measure L	\$ 56,000,000	\$47/\$100K	61.7%	38.3%	PASS
Pope Valley Unified SD	Napa	Measure A	\$ 4,000,000	\$60/\$100K	61.5%	38.5%	PASS
Beardsley Elementary SE	Kern	Measure A	\$ 12,000,000	\$30/\$100K	61.3%	38.7%	PASS
Kelseville Unified SD	Lake	Measure U	\$ 24,000,000	\$60/\$100K	61.0%	39.0%	PASS
Klamath-Trinity Joint U	Humboldt/Trinity	Measure D	\$ 6,500,000	\$60/\$100K	60.5%	39.5%	PASS
Irvine Unified SD	Orange	Measure E	\$ 319,000,000	\$30/\$100K	60.0%	40.0%	PASS
Santa Paula Unified Schc	Ventura	Measure P	\$ 39,600,000	\$60/\$100k	60.0%	40.0%	PASS
Dublin USD	Alameda	Measure H	\$ 283,000,000	\$60/\$100K	59.5%	40.5%	PASS
Gilroy Unified SD	Santa Clara	Measure E	\$ 170,000,000	\$60/\$100K	59.3%	40.7%	PASS
Hermosa Beach City SD	Los Angeles	Measure S	\$ 59,000,000	\$30/\$100K	58.9%	41.1%	PASS
Mother Lode Union SD	El Dorado	Measure C	\$ 7,500,000	\$19/\$100K	58.1%	41.9%	PASS
Santa Clarita Community	Los Angeles	Measure E	\$ 230,000,000	\$15/\$100K	57.6%	42.4%	PASS
Cutler-Orosi Joint Unific	Fresno /Tulare	Measure E	\$ 16,000,000	\$60/\$100K	55.9%	44.1%	PASS
Brentwood USD	Contra Costa	Measure B	\$ 158,000,000	\$28/\$100K	55.4%	44.6%	PASS
Fairfield Suisun Unified	Napa / Solano	Measure J	\$ 249,000,000	\$60/\$100K	55.3%	44.7%	PASS
General Shafter Elementa	Kern	Measure C	\$ 40,000,000	\$30/\$100K	55.1%	44.9%	PASS
Napa Valley Unified SD	Napa	Measure H	\$ 269,000,000	\$60/\$100K	52.9%	47.1%	FAIL
Cabrillo Community CD	Santa Cruz / San Benito / Monterey	Measure Q	\$ 310,000,000	23.27/\$100k	51.9%	48.1%	FAIL
Placer Union High SD	Placer	Measure C	\$ 135,000,000	\$30/\$100K	50.6%	49.4%	FAIL
Pioneer Union Elementar	Kings	Measure P	\$ 7,000,000	\$30/\$100K	50.3%	49.7%	FAIL
Burton SD	Tulare	Measure B	\$ 6,500,000	\$30/\$100k	49.6%	50.4%	FAIL

School Bond Measures - 2/3 vote

Agency Name	County		Bond amount	tax rate	YES%	NO%	
Albany USD	Alameda	Measure B	\$ 70,000,000	\$120/\$100K	68.6%	31.4%	PASS

School Parcel Taxes

All seven school parcel tax measures passed.

School Parcel Taxes - Two-Thirds Approval

<u>Agency Name</u>	<u>County</u>		<u>Rate</u>		<u>Sunset</u>	<u>YES%</u>	<u>NO%</u>	
Mammoth Unified SD	Mono	Measure G	\$59/yr	extend	5yrs	79.2%	20.8%	PASS
Live Oak SD	Santa Cruz	Measure R	\$98/yr	extend	12yrs	78.9%	21.1%	PASS
Pacifica SD	San Mateo	Measure D	\$118/yr	extend	10yrs	76.4%	23.6%	PASS
Jefferson Union High SD	San Mateo	Measure E	\$60/yr	extend	10yrs	73.5%	26.5%	PASS
Moreland SD	Santa Clara	Measure G	\$142/yr	extend	8yrs	72.8%	27.2%	PASS
Lakeside Joint SD	Santa Clara / Santa Cruz	Measure J	\$820/yr	increase	10yrs	69.7%	30.3%	PASS
Fremont USD	Alameda	Measure I	\$73/yr	increase	9yrs	69.3%	30.7%	PASS

General Obligation Bonds

Both non-school general obligation bond measures passed. Orinda voters will finance \$25 million of road improvements. San Francisco voters approved a \$350 million bonds for seismic safety improvements.

City, County and Special District Bond Measures - Two-Thirds Approval

<u>Agency Name</u>	<u>County</u>		<u>Amount</u>		<u>YES%</u>	<u>NO%</u>	
Orinda	Contra Costa	Measure L	\$ 25,000,000	roads, storm drains	\$17/\$100k	67.6%	32.4% PASS
City and County of San Francisco		Measure A	\$ 350,000,000	seismic safety	\$9/\$100k	78.6%	21.4% PASS

Non-School Parcel Taxes

Seven of the 12 non-school parcel taxes passed including Measure AA, a \$12 per parcel tax for San Francisco Bay conservation and cleanup covering nine counties in the San Francisco Bay Area.

City, County and Special District Parcel Taxes - Two-Thirds Approval

<u>Agency Name</u>	<u>County</u>		<u>Single Family Rate</u>		<u>Purpose</u>	<u>Term</u>	<u>YES%</u>	<u>NO%</u>	
Clayton	Contra Costa	Measure H	\$235/yr+ extend		trails, landscaping	10yrs	78.5%	21.5%	PASS
Sacramento	Sacramento	Measure X	\$31.53/yr+ extend		library	10yr	78.4%	21.6%	PASS
County Service Area #1	San Mateo	Measure G	\$65/yr extend		police/fire	4yrs	74.6%	25.4%	PASS
Piedmont	Alameda	Measure F	\$501/yr increase		general parcel tax		70.6%	29.4%	PASS
County of Santa Cruz	Santa Cruz	Measure S	\$49.50/yr increase		Libraries \$67million bond		69.5%	30.5%	PASS
San Francisco Bay Conservation Authority	Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, Sonoma	Measure AA	\$12/yr increase		bay conservation	20yrs	69.3%	30.7%	PASS
San Rafael	Marin	Measure D	\$59/yr+ increase		library	9yrs	68.2%	31.8%	PASS
Oakley	Contra Costa	Measure K	\$93/yr increase		library	30yrs	53.5%	46.5%	FAIL
County Service Area #6	Siskiyou	Measure R	\$5/yr increase		EMS	none	48.6%	51.4%	FAIL
Bear Valley CSD	Kern	Measure G	from \$80 to \$247+ increase		police	none	40.6%	59.4%	FAIL
Cayucos Fire Protection I	San Luis Obispo	Measure C-1	\$125/yr+ increase		fire/EMS	none	39.9%	60.1%	FAIL
Morongo Valley Commur	San Bernardino	Measure E	\$350/yr+ increase		fire/EMS	none	39.0%	61.0%	FAIL

Local Add-On Sales Taxes (Transaction and Use Taxes)

Six cities and two counties proposed general purpose majority vote add-on sales tax rates ranging from ¼ percent to one percent. Both county measures failed, including the Solano County Measure H which had a companion advisory measure indicating that, if approved, the proceeds should be used for transportation improvements. Compton’s Measure P is failing narrowly is too close to call. Other city measures passed.

Transactions and Use Tax (Add-on Sales Tax) - General Tax - Majority Approval

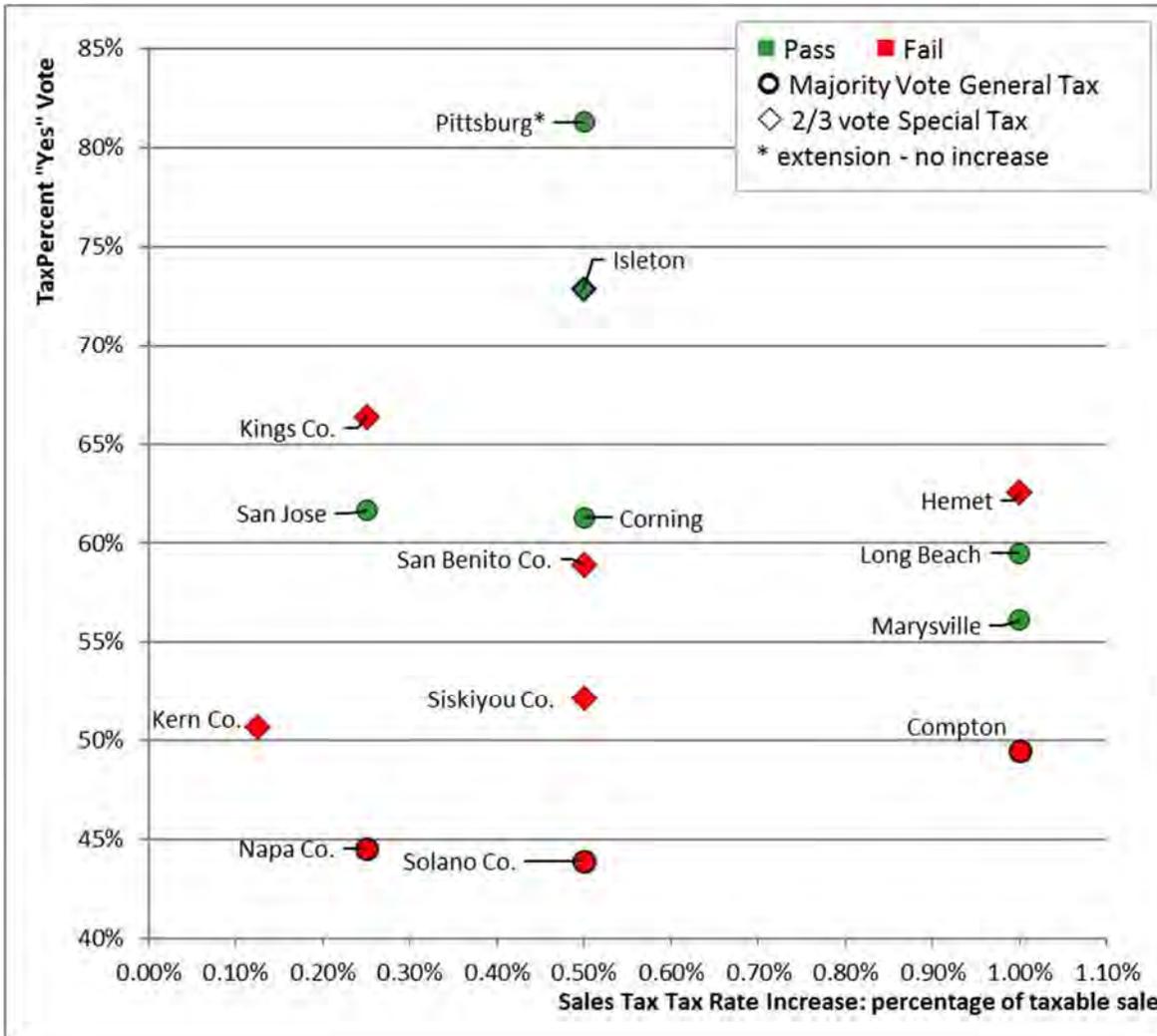
<u>Agency Name</u>	<u>County</u>		<u>Rate</u>	<u>Rate</u>	<u>Sunset</u>	<u>YES%</u>	<u>NO%</u>	
Pittsburg	Contra Costa	Measure M	1/2cent	extend	18yrs	81.3%	18.7%	PASS
San Jose	Santa Clara	Measure B	1/4 cent	increase	15yrs	61.7%	38.4%	PASS
Corning	Tehama	Measure A	1/2 cent	increase	no sunset	61.3%	38.7%	PASS
Long Beach	Los Angeles	Measure A	1 cent	increase	10yrs	59.5%	40.5%	PASS
Marysville	Yuba	Measure C	1 cent	increase	10yrs	56.1%	43.9%	PASS
Compton	Los Angeles	Measure P	1cent	increase	no sunset	49.5%	50.5%	FAIL CLOSE
County of Napa	Napa	Measure Y	1/4 cent	increase	10yrs	44.6%	55.4%	FAIL
County of Solano	Solano	Measure H	1/2 cent	increase	5yrs	43.9%	56.1%	FAIL

Two cities and four counties proposed sales tax increases, earmarking the proceeds for specific purposes. Isleton succeeded and Kings County is too close to call. All others failed, despite garnering simple majority yes votes.

Transactions and Use Tax (Add-on Sales Tax) - Special Tax - Two-Thirds Approval

<u>Agency Name</u>	<u>County</u>		<u>Rate</u>	<u>Rate</u>	<u>Purpose</u>	<u>Sunset</u>	<u>YES%</u>	<u>NO%</u>	
Isleton	Sacramento	Measure B	1/2 cent	increase	fire/EMS	5yrs	72.9%	27.1%	PASS
County of Kings	Kings	Measure K	1/4 cent	increase	police, fire	no sunset	66.4%	33.6%	FAIL CLOSE
Hemet	Riverside	Measure E	1 cent	increase	police, fire	10yrs	62.6%	37.5%	FAIL
County of San Benit	San Benito	Measure P	1/2 cent	increase	transportation	30yrs	58.9%	41.1%	FAIL
County of Siskiyou	Siskiyou	Measure S	1/2 cent	increase	jail construction	no sunset	52.1%	47.9%	FAIL
County of Kern	Kern	Measure F	1/8 cent	increase	Lake cleanup	8yrs	50.7%	49.3%	FAIL

Add-On Sales Taxes (Transactions and Use Tax) Measures - June 2016



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Transient Occupancy (Hotel) Taxes

Voters in the City of Davis Approved Measure B, the only hotel tax increase on the ballot this election. Among the more than 400 cities and counties with a hotel tax in California, Davis becomes the 66th with a 12% rate. Eighteen other cities have rates over 12%.

Transient Occupancy Tax Tax Measures - General Tax

Agency	N County	Rate	YES%	NO%	Result
Davis	Yolo	Measure B	10%to12%	64.9%	35.1% PASS

Utility User Taxes

Voters in Hayward and Carson approved measures to extend their existing Utility User Tax rates, Hayward’s 5.5 percent rate for 20 years, Carson’s 2 percent rate for seven years. In Colton, voters approved the transfer of electric utility fund revenues to the general fund for general city service purposes.

Utility User Taxes and Utility Transfers - General Tax - Majority Approval

<u>Agency Name</u>	<u>County</u>		<u>Rate</u>	<u>YES%</u>	<u>NO%</u>	
Colton	San Bernardino	Measure D	incr transf fr 12.39%to20%	75.6%	24.5%	PASS increase
Hayward	Alameda	Measure D	5.5percent	73.2%	26.8%	PASS extend
Carson	Los Angeles	Measure C	2percent	69.3%	30.7%	PASS extend

Utility User Tax Repeal

Voters in Glendale soundly rejected an attempt by a citizen group to repeal the city’s Utility User tax (7% on water, cable TV, gas and electricity, 6.5% on telecommunications). In response to a citizen petition the city council placed the repeal measure on the ballot, with this ballot question: “Shall the City’s longstanding utility users tax be repealed, eliminating approximately 9.5% of the revenues in the City’s general fund annually (\$17.5 million this year) that is used to pay for city services such as police, fire, 9-1-1 emergency response, libraries, parks and senior services?” Well, when you put it *that way* ...

Referenda concerning municipal fees or taxes

<u>Agency Name</u>	<u>County</u>		<u>YES%</u>	<u>NO%</u>	
Glendale	Los Angeles	Measure N	29.1%	70.9%	FAIL repeal

Business License Taxes

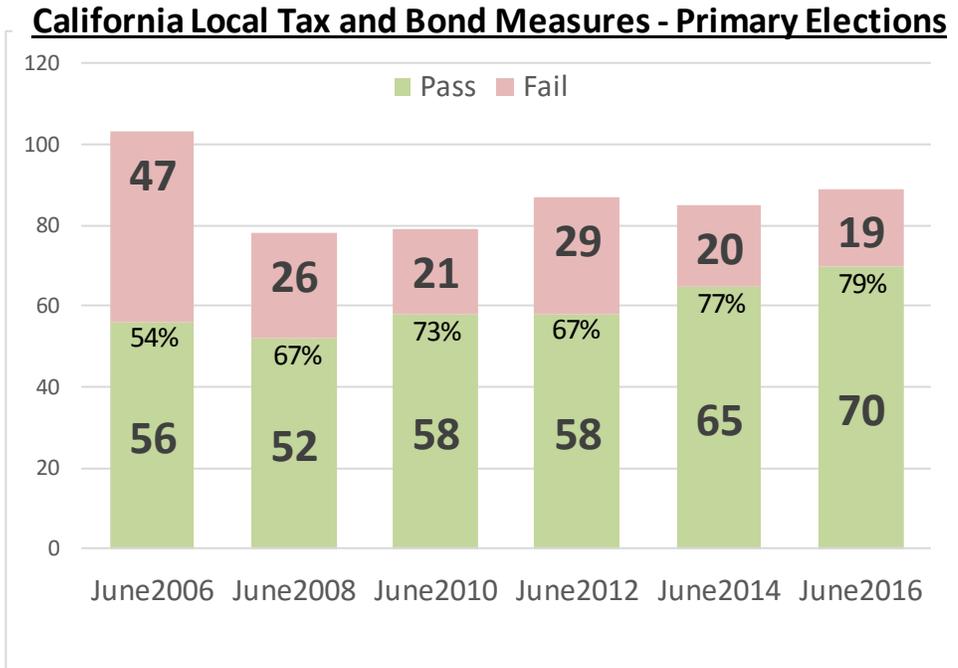
Three out of the four business license tax measures concern the taxation of marijuana. Voters in Alturas and Davis approved measures to increase local taxes on marijuana. Voters in Sacramento came up just short of the two-thirds approval needed for a proposal to increase the existing business tax 1% but earmark 5% for youth programs. Voters in Nevada City approved a general update and revision of that city’s business tax.

Business License Tax Measures

<u>Agency Name</u>	<u>County</u>		<u>Rate</u>	<u>Needed</u>	<u>YES%</u>	<u>NO%</u>
Nevada City	Nevada	Measure X	general revision	50.0%	81.7%	18.4% PASS
Alturas	Modoc	Measure G	10%GrRpts Marijuana	50.0%	81.7%	18.3% PASS
Davis	Yolo	Measure C	10%GrRpts Marijuana	50.0%	78.9%	21.1% PASS
Sacramento	Sacramento	Measure Y	5%GrRpts Marijuana	66.7%	65.2%	34.8% FAIL

Some Historical Context

The number and proportion of successful local revenue measures this election was higher than previous primary elections. This may be due in part to the larger number of tax extensions compared to increases.



Local Revenue Measures in California

	June2006	June2008	June2010	June2012	June2014	June2016
City General Tax (Majority Vote)	6/7	11/14	12/14	10/11	8/8	12/13
County General Tax (Majority Vote)	1/3	1/1	2/2	4/7	/	/2
Special Dist. Majority Fee	/	/	/	1/1	/	/
City SpecialTax, GObond (2/3 Vote)	4/8	2/5	5/9	2/8	8/11	7/10
County SpecialTax, GObond (2/3 Vote)	0/7	1/2	1/1	3/3	2/5	1/5
Special District (2/3)	5/9	5/10	7/11	4/10	9/12	2/6
School ParcelTax2/3	0/6	6/13	16/22	9/13	5/5	7/7
School Bond 2/3	1/2	1/1	/	/	1/1	1/1
School Bond 55%	39/61	25/32	15/20	25/34	32/43	40/45
Total	56/103	52/78	58/79	58/87	65/85	70/89

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Other Measures of Note

- Appointed City Treasurer. Voters in Antioch turned down a measure to make the currently elected position of city treasurer instead appointed by the city council as in many other cities.
- Home sharing regulation. A referendum to apply more restrictive home-sharing business regulations in Nevada City failed.
- Lease revenue bond vote requirement. A citizen initiative to require a vote for lease revenue financing was rejected in Half Moon Bay. A similar statewide measure applying to certain state revenue bonds will be on the ballot in November.
- State of Jefferson. 58% of voters in Lassen County rejected Measure G, an advisory measure on the formation of a State of Jefferson with other northern California and Southern Oregon counties. The measure had been placed on the ballot on a 3-2 split vote of the Lassen County Board of Supervisors. In June 2014, voters in Del Norte (58%) and Siskiyou (55%) counties said “no” to similar measures while 57% of Tehama county voters said “yes” to secession.
- Term Limits. Voters in Orange Unified School District approved a term limits measure.

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Source: County elections offices.

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