

Meeting Date: 2/16/2016

Report Type: Consent

Report ID: 2016-00224

Title: June 7, 2016, Primary Municipal Election – Call and Give Notice for Placement of Three Measures on the Ballot: 1) Charter Amendment Pertaining to When Elected Officials Take Office; 2) Sacramento Children’s Fund and Marijuana Business Operations Tax; and 3) Sacramento Library Parcel Tax Extension

Location: Citywide

Recommendation: Pass a Resolution calling and giving notice for the placement of the following measures on the June 7, 2016, Primary Municipal Election ballot: 1) Charter Amendment Pertaining to When Elected Officials Take Office; 2) Sacramento Children’s Fund and Marijuana Business Operations Tax ; and 3) Sacramento Library Parcel Tax Extension.

Contact: Shirley Concolino MMC, City Clerk, (916) 808-5442, Office of the City Clerk

Presenter: None

Department: City Clerk

Division: City Clerk

Dept ID: 04001011

Attachments:

- 1-Description/Analysis
- 2-Resolution
- 3-Exhibit A (Charter Amendment Relating to Taking Office)
- 4-Exhibit B (Children's Fund Ordinance)
- 5-Exhibit C (Library Parcel Tax Ordinance)

City Attorney Review

Approved as to Form
Matthew Ruyak
2/11/2016 2:58:56 PM

Approvals/Acknowledgements

Department Director or Designee: Shirley Concolino - 2/10/2016 6:47:53 PM

Description/Analysis

Issue Detail: On February 9, 2016, the City Council passed a motion requesting a Charter Amendment Pertaining to When Elected Officials Take Office measure be placed on the June 7, 2016, Primary Municipal Election ballot. The text of the measure text is in Exhibit A.

On February 9, 2016, the City Council passed a motion requesting a Sacramento Children's Fund and Marijuana Business Operations Tax measure be placed on the June 7, 2016, Primary Municipal Election ballot. The text of the measure text is in Exhibit B.

On January 19, 2016, the City Council passed a motion requesting a Sacramento Library Parcel Tax Extension measure be placed on the June 7, 2016, Primary Municipal Election ballot. The text of the measure text is in Exhibit C.

Policy Considerations: Council's action will complete the administrative process for placement of previously approved measures on the June 7, 2016 Primary Municipal Election ballot.

Economic Impacts: None.

Environmental Considerations: None.

Sustainability: None.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: The City Council has approved these measures for inclusion on the June 7, 2016 Primary Municipal Election ballot and must now, in accordance with California Elections Code section 9222, adopt a resolution that will place the measures on the ballot.

Financial Considerations: The estimated cost for the first citywide measure is \$177,338 and for each additional measure \$13,292. There are sufficient funds in the elections budget to cover the cost of adding this to the ballot.

Local Business Enterprise (LBE): Not applicable.

RESOLUTION NO.

Adopted by the Sacramento City Council

CALLING AND GIVING NOTICE OF THE SUBMITTAL TO THE VOTERS OF VARIOUS MEASURES TO BE INCLUDED IN THE PRIMARY MUNICIPAL ELECTION OF JUNE 7, 2016

BACKGROUND

- A. On December 1, 2015, the City Council adopted a resolution calling for, and giving notice of, and consolidating the Primary Municipal Election to be held on June 7, 2016 and the General Municipal Election to be held on November 8, 2016, Statewide Primary and General Elections (respectively).
- B. On February 9, 2016, the City Council passed a resolution requesting a Charter Amendment Pertaining to When Elected Officials Take Office measure be placed on the June 7, 2016 Primary Municipal Election ballot.
- C. On February 9, 2016, the City Council passed a resolution requesting a Sacramento Children's Fund and Marijuana Business Operations Tax measure be placed on the June 7, 2016 Primary Municipal Election ballot.
- D. On January 19, 2016, the City Council passed a resolution requesting a Sacramento Library Parcel Tax Extension measure be placed on the June 7, 2016 Primary Municipal Election ballot
- E. The City Council desires to submit the various measures to the voters at the June 7, 2016, Primary Municipal Election.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

SECTION 1: The City Council hereby orders that the following questions be submitted to the voters in the City of Sacramento, California on Tuesday, June 7, 2016:

Measure ___ – Charter amendment relating to the date elected officials take office

"Shall City of Sacramento Charter section 153, relating to the day on which elected officials take office, be amended so that elected officials take office on the day of the last regularly scheduled city council meeting in December of the year of their election?"	YES
	NO

Measure___ – City of Sacramento Children’s Fund

“To create a funding source dedicated to children and youth services, including homeless and foster youth, shall a 5% business operations tax on gross receipts of marijuana cultivation and manufacturing businesses be imposed, generating revenues potentially in the millions of dollars annually, to be used for children and youth services in the City of Sacramento?”	YES
	NO

Measure___ – Sacramento Library Parcel Tax Extension

“To fund library services –including programs for children, teens, and seniors; homework support for students; regular open hours; books; and technology– shall the parcel tax adopted in 2004 be renewed in 2017-18 (single family residences currently \$31.53/year and other properties at specified amounts, annually adjusted for inflation) for 10 years, generating approximately \$5 million annually, with independent financial audits to ensure funds are spent only on City of Sacramento libraries?”	YES
	NO

SECTION 2: That the text of the proposed measures to be submitted to the voters are attached as Exhibits A, B, and C.

SECTION 3: The ballots to be used at the election shall be in the form and content as required by law.

SECTION 4: The polls for the election shall open at 7:00 a.m. on the day of the election and shall remain open continuously from that time until 8:00 p.m. of the same day when the polls shall be closed, except as provided in section 14401 of the Elections Code.

SECTION 5: In all particulars not recited in this resolution, the election shall be held and conducted as provided by the law for holding municipal elections.

SECTION 6: Notice of the time and place of holding the election is hereby given and the City Clerk is hereby authorized, instructed and directed to give further or additional notice of the election, in the time, form, and manner required by law.

SECTION 7: The City Clerk shall certify the passage and adoption of this resolution and enter it into the book of original resolutions.

Table of Contents:

Exhibit A	Measure Text (Charter Amendment Pertaining to When Officials Take Office)
Exhibit B	Measure Text (Sacramento Children’s Fund and Marijuana Business Operations Tax)
Exhibit C	Measure Text (Sacramento Library Parcel Tax Extension)

EXHIBIT A

Section 153 of the Sacramento City Charter is amended to read as follows:

§ 153 Taking Office

Elected officials shall take office on the day of the last regularly scheduled city council meeting in December of the year of their election, and their terms of office commence on that day.

EXHIBIT B

ORDINANCE NO. 2016-0009

Adopted by the Sacramento City Council

February 9, 2016

AN ORDINANCE ADDING CHAPTER 3.50 TO THE SACRAMENTO CITY CODE RELATING TO THE CREATION OF A CHILDREN'S FUND; AND AMENDING SECTION 3.08.205 OF, AND ADDING SECTION 3.08.208 TO, THE SACRAMENTO CITY CODE RELATING TO MARIJUANA BUSINESS OPERATIONS TAXES

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1

The City of Sacramento has an at-risk child and youth population. The poverty rate for children under 18 is 29%, compared to 24% for the County of Sacramento. In fiscal year 2014-15, the City spent less than one percent of the General Fund on children and youth services in efforts to address the needs of its younger residents. The City's current resources are inadequate to meet the needs of its children and youth.

SECTION 2

Chapter 3.50 is added to the Sacramento City Code to read as follows:

Chapter 3.50 CHILDREN'S FUND

3.50.010 Children's fund established.

There is established a special fund of the city to be known as the children's fund. All monies received pursuant to section 3.08.208 shall be deposited into the children's fund. The children's fund may also receive monies from other sources.

3.50.020 Purposes and limitations.

A. Monies deposited into the children's fund may be used for:

1. Services for children and youth, ages 0-24, including foster and homeless youth, which services promote the positive development of children and youth in their education, career, and life;
2. Technical assistance and capacity-building for children and youth service providers that receive monies from the children's fund;

3. City expenses related to the administration of the children's fund. No more than 10% of the annual deposits may be used for this purpose; and

4. Evaluation of the services funded by subsection A.1. No more than 5% of the annual deposits may be used for this purpose.

B. The following entities are eligible to receive funding pursuant to subsections A.1 and A.2:

1. City departments that provide services for children and youth; and

2. Tax-exempt organizations under United States Internal Revenue Code section 501(c)(3) that provide services to children and youth. These tax-exempt organizations shall receive at least 70% of the monies remaining after the appropriations under subsections A.3 and A.4.

3.50.030 Administration.

The city manager shall administer the children's fund consistent with this chapter and prescribe procedures for that purpose, subject to city council approval. The city shall appropriate monies from the children's fund according to its established planning and budget processes.

3.50.040 Annual evaluation.

Commencing on January 1, 2018, and annually thereafter, the city manager shall report to the city council on the status of activities undertaken with the children's fund. The city manager shall ensure services paid for by the children's fund are evaluated on a regular basis.

3.50.050 Non-replacement of existing city funding.

A. Monies from the children's fund shall not replace monies from the city's general fund allocated for children and youth services in the adopted fiscal year 2016-2017 budget. For purposes of this section, that amount is the "maintenance of effort amount."

B. Prior to March 1, 2017, the city manager shall determine the maintenance of effort amount. In making this determination, the city manager shall exclude:

1. Monies required to match external program funding that could be reduced or eliminated; and

2. Monies collected pursuant to chapter 3.26 that were allocated to children and youth services.

C. In any year, the city's maintenance of effort amount shall not be reduced more than the same percentage of reduction that is imposed on the city's net general fund budget for non-safety departments.

3.50.060 Oversight committee.

Before January 1, 2017, the city council shall, by resolution, establish an oversight committee to review the revenue and expenditure of monies from the children's fund. The committee members' terms, qualifications, and duties, and the committee's scope of authority, shall be established by the resolution.

SECTION 3

Section 3.08.205 of the Sacramento City Code is amended to read as follows:

3.08.205 Marijuana businesses.

A. Every person engaged in a marijuana business shall pay an annual business operations tax as follows:

1. On and after July 1, 2011, four percent of each dollar of gross receipts for the reporting period.

2. Notwithstanding the tax rate imposed in subsection A.1, the city council may, in its discretion, at any time by resolution implement any lower tax rate it deems appropriate, and may by resolution increase such tax rate from time to time, not to exceed the maximum rate established under subsection A.1.

B. For purposes of this section, the following terms have the following meanings:

"Gross receipts" has the meaning as defined in section 3.08.020, as it pertains to the marijuana business' reporting period, and includes receipts from the sale of marijuana and from the sale of paraphernalia used for consuming marijuana and any other products, goods, or services sold or provided by the marijuana business.

"Marijuana" has the same meaning as "cannabis" as defined in California Business and Professions Code section 19300.5.

"Marijuana business" means a business activity including, but not limited to, transporting, storing, packaging, providing, or selling wholesale and/or retail sales of marijuana. A marijuana business includes any facility, building, structure or location, whether fixed, mobile, permanent, or temporary, where marijuana is made available, sold, given, distributed, or otherwise provided in accordance with California Health and

Safety Code section 11362.5 and article 2.5 of chapter 6 of division 10 of the California Health and Safety Code (commencing with section 11362.7). A marijuana business includes medical marijuana “cooperatives” and “collectives” that are established as not-for profit businesses and for-profit businesses.

“Reporting period” means a year, quarter, or calendar month, as determined by the administrator.

C. The provisions of Section 3.08.210 do not apply to any marijuana business. Every marijuana business not having a fixed place of business within the city that engages in business within the city shall pay a business operations tax calculated pursuant to subsection A.1.

SECTION 4

Section 3.08.208 is added to the Sacramento City Code to read as follows:

3.08.208 Marijuana cultivation and manufacturing businesses—Children’s fund.

A. Every person engaged in a marijuana cultivation business or a marijuana manufacturing business shall pay an annual business operations tax as follows:

1. On and after January 1, 2017, five percent of each dollar of gross receipts for the reporting period, with all revenue deposited into the children’s fund established in chapter 3.50. The administrator may, as necessary or desirable, establish rules and regulations consistent with the provisions of this chapter to ensure that marijuana cultivation businesses and marijuana manufacturing businesses do not evade the business operations tax by selling or transferring marijuana or manufactured marijuana at artificially low prices.

2. Notwithstanding the tax rate imposed in subsection A.1, the city council may, in its discretion, at any time by resolution implement any lower tax rate it deems appropriate, and may by resolution increase such tax rate from time to time, not to exceed the maximum rate established under subsection A.1.

B. For purposes of this section, the following terms have the following meanings:

“Gross receipts” has the meaning as defined in section 3.08.020, as it pertains to the business’ reporting period, and includes receipts from the sale or transfer of marijuana, and from any other products, goods, or services sold or provided by the marijuana cultivation business or marijuana manufacturing business.

“Marijuana” has the same meaning as “cannabis” as defined in California Business and Professions Code section 19300.5.

“Marijuana cultivation business” means a business involving the planting, growing, harvesting, drying, curing, grading, or trimming of marijuana. A marijuana cultivation business is not involved in the transportation, distribution, testing, dispensing, or delivery of marijuana. “Marijuana cultivation business” includes businesses that cultivate marijuana to be used for medical and nonmedical purposes, and includes “cooperatives” and “collectives” that are established as not-for-profit businesses and for-profit businesses.

“Marijuana manufacturing business” means a business involving the producing, preparing, propagating, or compounding of manufactured marijuana, either directly or indirectly, or by extraction methods, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis. A marijuana manufacturing business is not involved in the transportation, distribution, testing, dispensing, or delivery of marijuana. “Marijuana manufacturing business” includes businesses that manufacture marijuana to be used for medical and nonmedical purposes, and includes “cooperatives” and “collectives” that are established as not-for-profit businesses and for-profit businesses.

“Reporting period” means a year, quarter, or calendar month, as determined by the administrator.

C. The provisions of section 3.08.210 do not apply to any marijuana cultivation business or marijuana manufacturing business. Every marijuana cultivation business or marijuana manufacturing business not having a fixed place of business within the city that engages in business within the city shall pay a business operations tax calculated pursuant to subsection A.1.

SECTION 5

This ordinance shall take effect on January 1, 2017, but only if approved by two-thirds of the voters of the City of Sacramento voting in an election held before July 1, 2016.

SECTION 6

Adoption of this ordinance does not affect any administrative or civil prosecutions or proceedings brought or to be brought to enforce the provisions of Sacramento City Code chapter 3.08 as they existed prior to the effective date of this ordinance. The provisions of chapter 3.08, as they exist prior to the effective date of this ordinance, shall continue to be operative and effective with regard to any obligations or acts occurring prior to the effective date of this ordinance.

EXHIBIT C

ORDINANCE NO. 2016-0002

Adopted by the Sacramento City Council

January 19, 2016

AN ORDINANCE AMENDING CHAPTER 3.148 OF THE SACRAMENTO CITY CODE TO EXTEND THE PARCEL TAX FOR LIBRARY SERVICES

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1

On November 2, 2004, the voters of the City of Sacramento approved by a two-thirds vote a parcel tax within the City of Sacramento for the purpose of funding additional library services, including children's programs, homework centers, increased hours, new book funding, and technology in branch libraries. The amount of the parcel tax was set at \$26.60 per year for single family residences and at specified amounts for all other properties, for 10 years beginning with the 2007-2008 fiscal year. Rate increases are limited to 3% annually, and not more than \$8.00 total during the life of the tax for single family residences. The last year of the tax is fiscal year 2016-2017. The tax for a single-family residence for fiscal year 2015-2016 is \$31.53.

It is the purpose of this ordinance to extend the existing parcel tax, subject to the same annual adjustment as the existing tax, for ten years beginning in fiscal year 2017-2018. This ordinance takes effect only upon approval by two-thirds of the voters of the City of Sacramento. To stabilize funding for library services and avoid deep service level cuts, this ordinance removes existing restrictions on the parcel tax revenue to allow use for all library services.

SECTION 2

Chapter 3.148 of the Sacramento City Code is amended to read as follows:

Chapter 3.148 PARCEL TAX FOR LIBRARY SERVICES

3.148.010 Parcel tax imposed.

A parcel tax for library services is imposed upon every parcel of real property in the city. Library services include, without limitation, programs for children, teens,

and seniors; regular open hours at city libraries; library staff; acquisition of books, magazines, newspapers, media, and other library materials; and access to technology at city libraries.

3.148.020 Tax rates.

The tax rates for fiscal year 2007-2008 shall be:

Residential	
Single family	\$26.60
Multi-family	a. \$19.95 per unit, units 1-4
	b. \$13.30 per unit, units 5-15
	c. \$6.65 per unit, units over 15
(Add a. plus b. plus c. for total multi-family tax per parcel)	
Condominiums	\$19.95 per condominium
Mobile Homes	\$13.30 per mobile home
Non-Residential	
Institutional	\$119.70 per acre (first 5 acres)
	\$29.83 per acre (acres over 5)
Professional	\$79.80 per acre (first 5 acres)
	\$19.95 per acre (acres over 5)
Commercial/ Industrial and Recreational	\$39.90 per acre (first 5 acres)
	\$9.98 per acre (acres over 5)
Vacant	\$9.98 per acre (maximum taxed area per parcel: 5 acres)
(Misc. vacant, parking lots, airports, cemeteries and mortuaries)	
Exempt Uses	
Common area, Agriculture, Utilities, Public Agencies	\$0.00

3.148.030 Annual adjustment of tax rates.

The tax rates for fiscal year 2007-2008 set forth in section 3.148.020 shall be increased annually in proportion to the increase in the Consumer Price Index (CPI), San Francisco Area, all items, most recently available prior to the date of

increase, provided, however, that this increase shall not exceed three percent in any year.

3.148.040 Collection by the county.

The tax shall be collected on behalf of the city by the county auditor. The city clerk shall file with the county auditor a certified copy of a tax roll with a request that the taxes be posted to the county roll for general property taxes. This filing shall occur on or before August 1st of the fiscal year in which the taxes are to be collected. The tax shall be collected at the same time and in the same manner and shall be subject to the same late charges and penalties for delinquency as general property taxes and all laws providing for the collection and enforcement of such property taxes shall apply to the collection and enforcement of the tax. After deduction of the collection charges of the county auditor, the net amount of the taxes collected shall be remitted to the city for transfer to the Sacramento Public Library Authority to be used to provide library services within the city of Sacramento.

3.148.050 Parcel tax not to replace general fund contribution.

The city's current general fund contribution to library services may not be replaced by the parcel tax. If the city general fund contribution to the Sacramento Public Library Authority is reduced below seven million six hundred thirty-five thousand six hundred dollars (\$7,635,600.00), the parcel tax shall not be levied; provided, however, that if the reduction to the city general fund contribution is no more than the same proportion of reduction that is imposed on the city's net general fund budget for non-safety departments (which are all operating departments except police and fire) in any year during the ten-year period of the tax, then the tax nonetheless may be levied.

(The city's net general fund budget for non-safety departments is the total general fund contribution to their operating budgets excluding expenditures that are offset by fees or other non-tax revenues.) Following any reduction from the minimum level of seven million six hundred thirty-five thousand six hundred dollars (\$7,635,600.00) and for the parcel tax to be levied in any subsequent year, the library must receive increases in its city general fund contribution proportional to the increases in the non-safety departments' net general fund budgets up to at least the minimum level of seven million six hundred thirty-five thousand six hundred dollars (\$7,635,600.00).

3.148.060 Ten-year term.

The tax imposed by this chapter ends with fiscal year 2026-2027.

3.148.070 Low-income rebate.

The city manager shall establish a program to rebate any tax imposed by this chapter that is paid with respect to residential property that is the principal residence of the owner, if the gross household income is eighty (80) percent or less of the Sacramento County area median income as published annually by the Secretary of Housing and Urban Development Department.

3.148.080 Independent annual audit.

The proceeds resulting from the parcel tax imposed by this chapter shall be transferred to the Sacramento Public Library Authority and are subject to the same independent annual audit requirements as other Sacramento Public Library Authority revenues. The independent auditor's report, which shall include an accounting of the revenues received and expenditures made from the parcel tax, will be presented annually to the Sacramento Public Library Authority board and made available for public review.

SECTION 3

This ordinance shall take effect on July 1, 2017, but only if approved by two-thirds of the voters of the City of Sacramento voting in an election held before July 1, 2017.

SECTION 4

Adoption of this ordinance does not affect any administrative or civil prosecutions or proceedings brought or to be brought to enforce the provisions of chapter 3.148 as they existed prior to the effective date of this ordinance. The provisions of chapter 3.148, as they exist prior to the effective date of this ordinance, shall continue to be operative and effective with regard to any obligations or acts occurring prior to the effective date of this ordinance.