

**CITY OF CITRUS HEIGHTS
MEASURE K**

K Crime Reduction and Street Resurfacing Measure
Shall an ordinance be adopted to modify the City's existing Utility User Tax to treat taxpayers equally; and to temporarily increase the current rate by 1.75%, for 10 years, for the following restricted uses: additional police officers, programs to prevent youth crime/violence, police equipment and technology, and resurfacing city streets?

IMPARTIAL ANALYSIS OF MEASURE K

Prepared by Citrus Heights Attorney

The Citrus Heights City Council has placed Measure K on the ballot, to ask voters to update the definitions in the City's existing Utility Users Tax (UUT) Ordinance and to approve a temporary one and three-quarter percent (1.75%) increase in the UUT for a period of ten (10) years for the sole purpose of funding street resurfacing, additional police officers, police equipment and technology, and programs to prevent youth crime/violence. The UUT is a tax on electricity, gas, cable, sewer and telecommunications services.

The City, when it incorporated in 1997, adopted Sacramento County's UUT ordinance; that ordinance has not been updated since that time. Measure K would update the definitions in the City's current UUT ordinance by including wireless communications, private communication service, paging and voice over internet, and other anticipated technologies within the scope of the services subject to the UUT. Thus, if Measure K passes, users of these and other new technologies would pay the same UUT paid by users of traditional landline telephones and other utility users.

Measure K does not propose any tax on internet access, such as DSL or cable modem. Measure K also does not tax internet services, such as purchases or downloads of music, books, or similar items.

Measure K defines how the City must use the increased revenue. Because Measure K is a special, not a general, tax and due to Measure K's terms, the increased UUT revenues from the 1.75% temporary tax can only be used as follows: 0.875% for street resurfacing; 0.547% for additional police officers, 0.218% for police equipment and technology, and 0.110 % for programs to prevent youth crime/violence. A special fund, the "Street Resurfacing and Crime Reduction Measure Fund," will be created and all proceeds from the special tax will be deposited into this fund. The City will have an annual report providing information on the amount of funds collected and expended, and the status of any projects authorized to be funded by the special tax.

Measure K will not become effective unless the Measure is approved by two-thirds of the people voting on the Measure.

A "Yes" vote is a vote to approve updating the UUT and to approve a temporary 1.75% increase in the UUT for a period of ten years for the sole purpose of funding street resurfacing, additional police officers, police equipment and technology, and programs to prevent youth crime/violence. A "No" vote is a vote against the tax. Measure K would be approved if it receives a "Yes" vote from 2/3s of those voting on the Measure.

DATED: June 28, 2012

s/ Ruthann G. Ziegler, City Attorney
City of Citrus Heights, California

FULL TEXT OF MEASURE K

"The above statement is an impartial analysis of City of Citrus Heights Ordinance amending Citrus Heights Municipal Code Chapter 86, Article V relating to Utility User Tax. If you desire a copy of the ordinance, please access the City of Citrus Heights website at: <http://www.citrusheights.net>, or call the Office of the City Clerk, City of Citrus Heights, at (916) 727-4704 and a copy will be provided at no cost to you."

ARGUMENT IN FAVOR OF MEASURE K

Keep Citrus Heights Safe – Vote YES on Measure K

The City's crime rate is at its lowest point since we formed our police department in 2006, but that's changing with the passage of the state's prison realignment bill. The release of prisoners into our community began October 2011. Supervision of this new category of offender becomes the responsibility of local jurisdictions. Statistics show 70% of these criminals will commit new crimes.

City residential streets need resurfacing. When we incorporated in 1997, most streets in Citrus Heights had never received maintenance.

In the past seven years our annual revenues have fallen by \$9.7 million due to the downturn in the economy and the State continuing to take away our revenue sources for City services.

For the first 15 years of incorporation Citrus Heights has consistently operated with a balanced budget. We need this temporary revenue in order to continue to maintain the safety of our community and to continue our efforts to rebuild the City's infrastructure.

A yes vote on Measure K is vital to stay ahead of the increase in crime we are now experiencing and to keep our streets safe. A yes vote on Measure K will result in a modest and temporary increase in the utility user tax of approximately \$5 per month per residential household. A yes vote on Measure K will raise \$2 million per year that will only be used for additional police officers, police equipment and technology, youth crime prevention programs, and street resurfacing. In 10 years, the increase will expire. At that time, in 2023, we will finally receive our property tax revenue which is currently diverted to Sacramento County.

Keep Citrus Heights Safe – Vote YES on Measure K

- s/ Jeff Slowey, Mayor
- s/ Stephen A. Miller, Vice Mayor
- s/ Jeannie Bruins, Council Member
- s/ Melvin D. Turner, Council Member

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE K

Don't be misled by the City's cry of poverty. Citrus Heights has enough money to repair our roads and fund police protection. Measure K is a large tax increase. Currently, Citrus Heights' residents pay no taxes on Cell Phones. If Measure K passes, you will pay 4.25% on top of your current bill. The average Citrus Heights household will be paying an additional \$94.10 a year. That amounts to a whopping \$2,000,000 a year in new taxes. Furthermore, sewer rates are projected to triple in the next few years, and so will this new tax.

This year Citrus Heights received \$1.3 million—gas tax— for road maintenance and repairs, but spent less than 1/3 paving neighborhood streets. Instead, these road funds are used to pay some of the highest salaries and pensions in the region. Currently, the city's top staff is in line for \$100,000-plus pension—paid for in part every time you use your cell phone.

Last year there was a \$1 million general fund surplus. Half went for employee bonuses and none went for roads. The simple solution is for the City to use the \$33 million in their savings account and use the gas tax revenue for what it was intended – paving roads.

Other jurisdictions are dealing with the state's prison realignment in innovative ways. For example, assigning each parolee to an officer to monitor. But it's easier for Citrus Heights to simply raise taxes when they really don't need to.

Vote "NO" on Measure K.

- s/ Edward J. ("Ted") Costa, C.E.O., People's Advocate, Inc.
- s/ Richard B. Brinton, Resident, Author
- s/ Ken Payne, President, Sacramento Taxpayers' Association
- s/ Bret C. Daniels, Former Mayor, City of Citrus Heights

ARGUMENT AGAINST MEASURE K

Don't be deceived. Voting "yes" on this measure means a new tax on cell phones and other telecommunication services. And when the cost of utilities increases, so will your tax. Sewer rates will triple in the next few years, and so will the tax. Since PG&E, SMUD, Comcast, Surewest and ATT rates are likely to increase over 10 years, so will the tax.

This is not the time to be increasing taxes. People need more income, not more expenses. This new tax will discourage business growth – right where real job growth begins. Without job opportunities in the private sector, there is no attraction for people to move to Citrus Heights. Larger businesses will pass their costs on to you, increasing your tax contribution. However, small businesses rely on competitive rates and need incentives to locate in Citrus Heights, and a utility tax increase is not an incentive. Even worse, unless business owners live in Citrus Heights, they cannot even vote on this tax increase.

This tax does not add any new police officers on the streets to fight crime– just four new detectives (promoted from within), four new hires for backfill, and a new sergeant to run their nonprofit youth program.

This tax increase is a perfect example of bureaucratic thinking. Excess taxes collected in earlier years were not spent paving neighborhood streets. Instead, those dollars were stashed away and now there is \$33 million surplus in the bank. Even worse, Citrus Heights' taxpayers currently contribute \$1.3 million per year for roads, and most of it is siphoned off to pay some of the highest salaries and pensions in the region.

The city has \$33 million in the savings bank. We paid those taxes already. How about using this money first?

Vote "No" on Measure K

s/ Edward J. ("Ted") Costa, C.E.O., People's Advocate, Inc.

s/ Richard B. Brinton, Resident, Author

s/ Ken Payne, President, Sacramento Taypayers Association

s/ Bret C. Daniels, Former Mayor, City of Citrus Heights

REBUTTAL TO ARGUMENT AGAINST MEASURE K

Those who signed the argument against Measure K did not get answers before making uninformed and inaccurate statements. If they had, they would know:

- The proposed UUT ordinance update ensures all utility users are treated equally – today's technology didn't exist when the original ordinance was adopted so not all users are treated equally.
- The Citrus Heights Chamber of Commerce endorses Measure K, recognizing the need to provide additional police enforcement because State Assembly Bill 109 (Prison Realignment) places convicted felons into our community, most with NO supervision.
- Measure K will put five additional police officers on the streets and upgrade current and future technology and provide funds to prevent youth violence and reduce crime.
- City employees are not over compensated. In 2010 employee benefits were reduced, saving the City approximately \$5,000,000 through 2016.
- In 2004 Measure A passed resulting in a loss of approximately \$3,000,000 per year when transportation dollars were shifted from local projects to regional projects. Funds designated for roads are not "siphoned off" for any other purpose. Transportation funds are budgeted for transportation expenses.
- General Fund Reserves were established for times of economic uncertainty, natural disasters, and to augment operating expenses until the City receives property tax revenues starting in Fiscal Year 2022/2023 which are currently diverted to

Sacramento County. Reserves may be needed to complete previously approved redevelopment projects since the City no longer receives redevelopment funds.

Keep our streets safe. Learn the facts and please join us in voting Yes on Measure K.

s/Jerry Mayberry, Citrus Heights Regional Chamber of Commerce Chairman

s/Tonya Wagner, President, REACH & Neighborhood Area 1

s/James Monteton, Planning Commissioner; President of Neighborhood Area 7 & 8

s/William H. Van Duker, Business Owner, Resident

s/Dale K. Covey, Businessperson, Resident