



Frequently Asked Questions and Answers

Q: What is Measure Q?

A: Due to a fiscal emergency, on February 21, 2012, the San Pablo City Council unanimously placed Measure Q on the June 5th, 2012 ballot. This is a funding initiative asking San Pablo voters to authorize a temporary and tiered increase in the sales tax charged on purchases made within the City. The tax does not apply to most groceries or to medicine purchases. The emergency findings are contained in Section 14 of the Resolution found on the City's website at: www.sanpabloca.gov.

Q: What will the funds be used for?

A: The funds will be used to protect and preserve services presently being provided to San Pablo residents from being dramatically cut back or eliminated, including, but not limited to:

- **Public Safety** (including gang prevention).
- **Job Training** for local residents, including youth and the disenfranchised (those with barriers to employment) who reside in San Pablo.
- **Youth services** (keep kids off the streets and out of gangs).
- **Other City services** vital to the preservation of public peace, health & safety of San Pablo residents.

Q: What is meant by temporary and tiered?

A: If approved by San Pablo residents, Measure Q will authorize a temporary (10-year), tiered increase in the City's sales tax. Presently, the sales tax charged for purchases made in San Pablo is 8.25%; the passage of Measure Q will increase the sales tax by 1/2-cent for 5 years (to 8.75%). The sales tax will then be tiered (reduced) by 1/4-cent (to 8.5%) for the next 5 years. After 10 years, the temporary increase will be terminated (revert back to today's rate of 8.25%).

Q: Why have City officials placed this funding Measure on the June 2012 ballot?

A: A depressed economy combined with State takeaways of local funds has created a fiscal crisis for the City, which is having a dramatic impact on the City's ability to maintain high quality services for San Pablo residents. As a result, the City will have to consider dramatic cutbacks in City services if it cannot secure a sustainable revenue stream until the economy recovers. Measure Q will make it possible to keep existing City services intact.

Q: Why a sales tax; why not some other funding mechanism?

A: The City decided to meet its needs with a sales tax, instead of some other funding mechanism, for the following reasons:

- The sales tax provides funding that cannot be seized (taken away) by the State. Measure Q revenue will remain in San Pablo to benefit local residents.
- The tax is paid by non-City residents in addition to City residents.
- The increase in sales tax will bring money into San Pablo from outside the community, which will be used to benefit San Pablo residents. For example, commuters who purchase gas, frequent local restaurants, and shop in San Pablo will be helping to fund services for San Pablo residents.
- The tax is not paid on certain life necessities, such as groceries or medicine purchases.

Q: What steps did the City take BEFORE asking local voters to authorize additional taxes?

A: The City has been able to eliminate a \$3.3 million deficit without cutting City services through employee (including Police) retirement and health care concessions and more. City Council agreed to reductions in their in-lieu medical benefits. But the cost of City services is increasing and the City Council will have to consider dramatic cuts in services unless new revenue is found.

Q: Were local residents asked for their input?

A: Yes. The decision to place Measure Q on the local ballot followed a process in which the City's voters were surveyed about their priorities and a Citizens' Advisory Committee was formed, comprised of community leaders, who discussed priorities and debated options.

Q How have State takeaways impacted San Pablo's local economy?

A: State takeaways of local funds dramatically impact the City's ability to maintain a high quality of services. The State controls a significant portion of City revenues, and has taken \$13.4 million of our money over the past 20 years to solve the State's budget problems. Since 1995, the City has given the State \$300,000 annually under the State's ERAF obligations. Additionally, on May 10, 2010, the City was forced to write the State a check for \$5.9 million from local San Pablo redevelopment funds. In May 2011, we were required to borrow (finance) \$1.2 million from the State Department of Finance to make another required payment even though the San Pablo redevelopment agency did not have the funds. Then on June 28, 2011, the State Legislature passed legislation (AB 1x26), which abolished redevelopment altogether, in all cities in California. As of July 1, 2012, the State is facing another \$9.2 billion deficit; thus, funding to cities may be further reduced, which will only increase the magnitude of the problem.

Q: Why can't the City use its reserves to fix the problem?

A: After millions in State takeaways over the last ten years and reductions in property tax and sales tax revenues, the City's General Fund reserves cannot continue to fund ongoing services. These reserves are one-time monies and once they are used they are gone. Reserves are needed to be able to assist San Pablo's residents in unforeseen emergencies, like earthquakes or other natural disasters, or for legal action against the City. City reserve funds are limited and without new revenue it is likely that important services will be cut or altogether eliminated.

Q: The local sales tax was decreased by 1% in 2011; does the proposed increase take that away?

A: No. State and local tax on retail sales in San Pablo was 9.25% of the purchase price as of June 30, 2011. On July 2, 2011, one percent (1%) of the State sales tax expired, reducing the total sales tax rate in San Pablo from 9.25% to 8.25%. However, the City of San Pablo receives only 0.75% of that amount. The remainder is divided as follows: the State of California (6.25%); Contra Costa County (0.25%); Contra Costa Transportation Authority (0.50%); and BART (0.50). Even with the proposed increase, sales tax in San Pablo will be LESS than it was prior to July 1, 2011 and 100% of the monies from the added tax will remain in San Pablo to benefit local residents, rather than going to Sacramento for the State to spend as it sees fit.

Q: How do we know the funds will be spent responsibly? Will there be citizen oversight?

A: The sales tax ordinance requires that there be Citizens' Oversight throughout the duration of the tax, Annual Audits, and consistent Community Reporting on how the monies are spent (Ordinance available on the City's website at: <http://sanpabloca.gov>).

Q: How can I get more information?

A: As we continue to address the fiscal challenges facing the City of San Pablo, we will work hard to keep you informed of City Action. Please visit the City's website at www.sanpabloca.gov or call (510) 215-3000.

For further information, contact: Matt Rodriguez, City Manager
13831 San Pablo Avenue
San Pablo, California 94806
(510) 215-3000 City Hall
MattR@sanpablo.ca.gov