

Potential Sales Tax Ballot Measure

JILL BANKSTON
DIRECTOR OF ENGINEERING



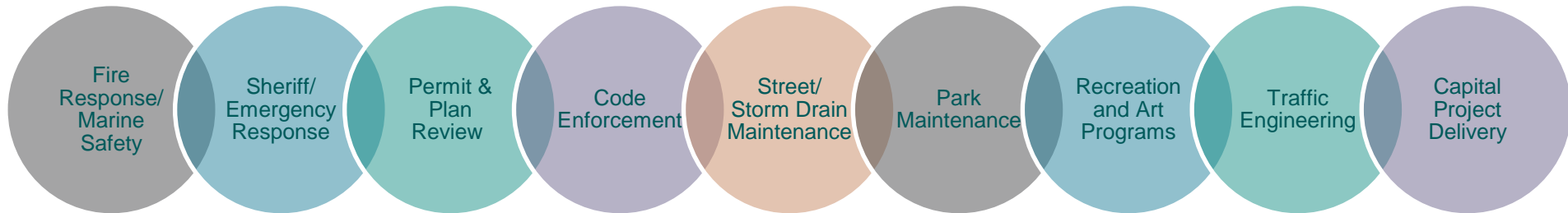
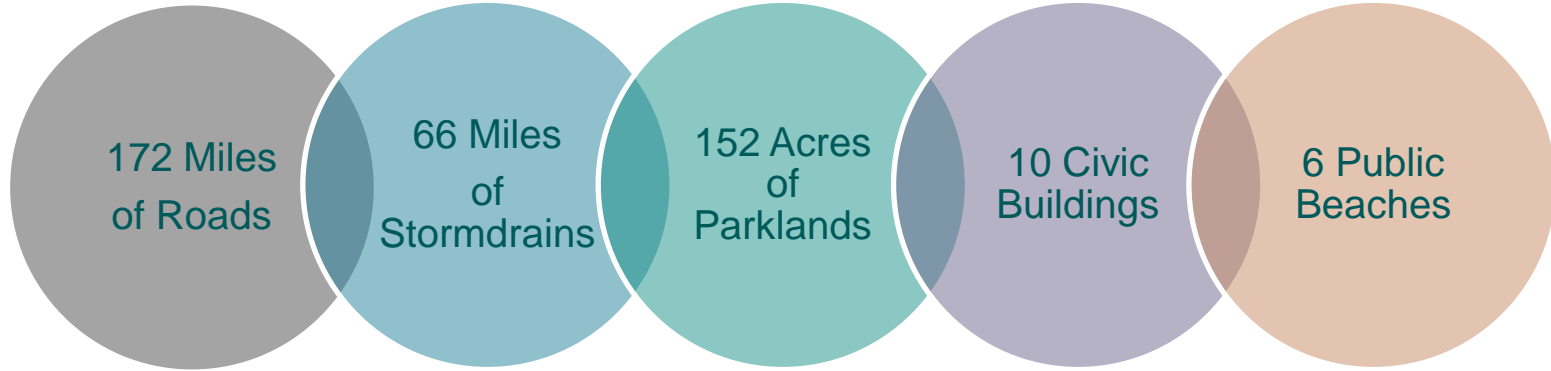
Infrastructure Task Force

In response to increasing resident requests for City improvements and lack of available revenue, City Council established the Infrastructure Task Force.

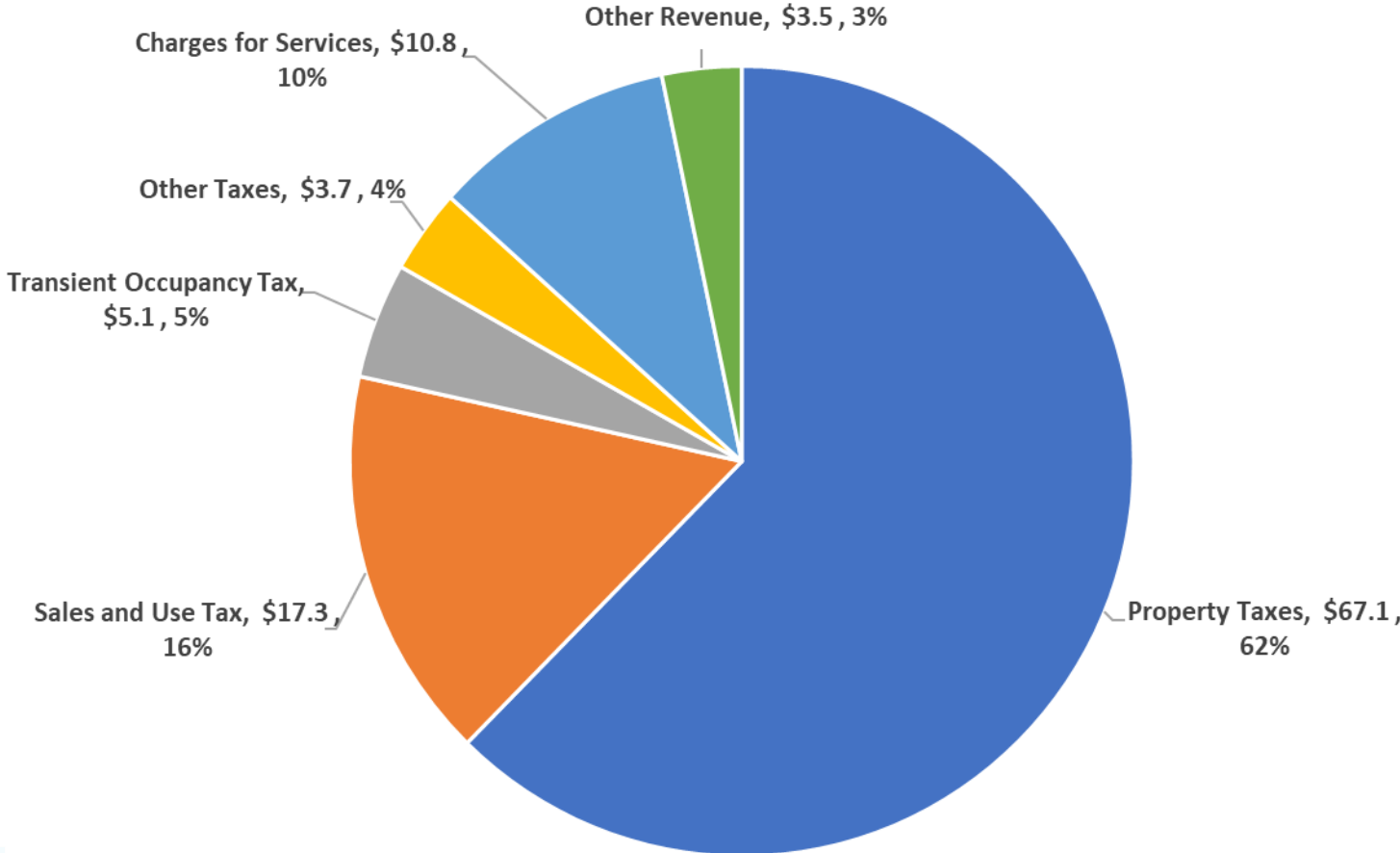
ITF Scope: develop a project ranking rubric, determine the infrastructure backlog and future needs, and evaluate potential new revenue sources



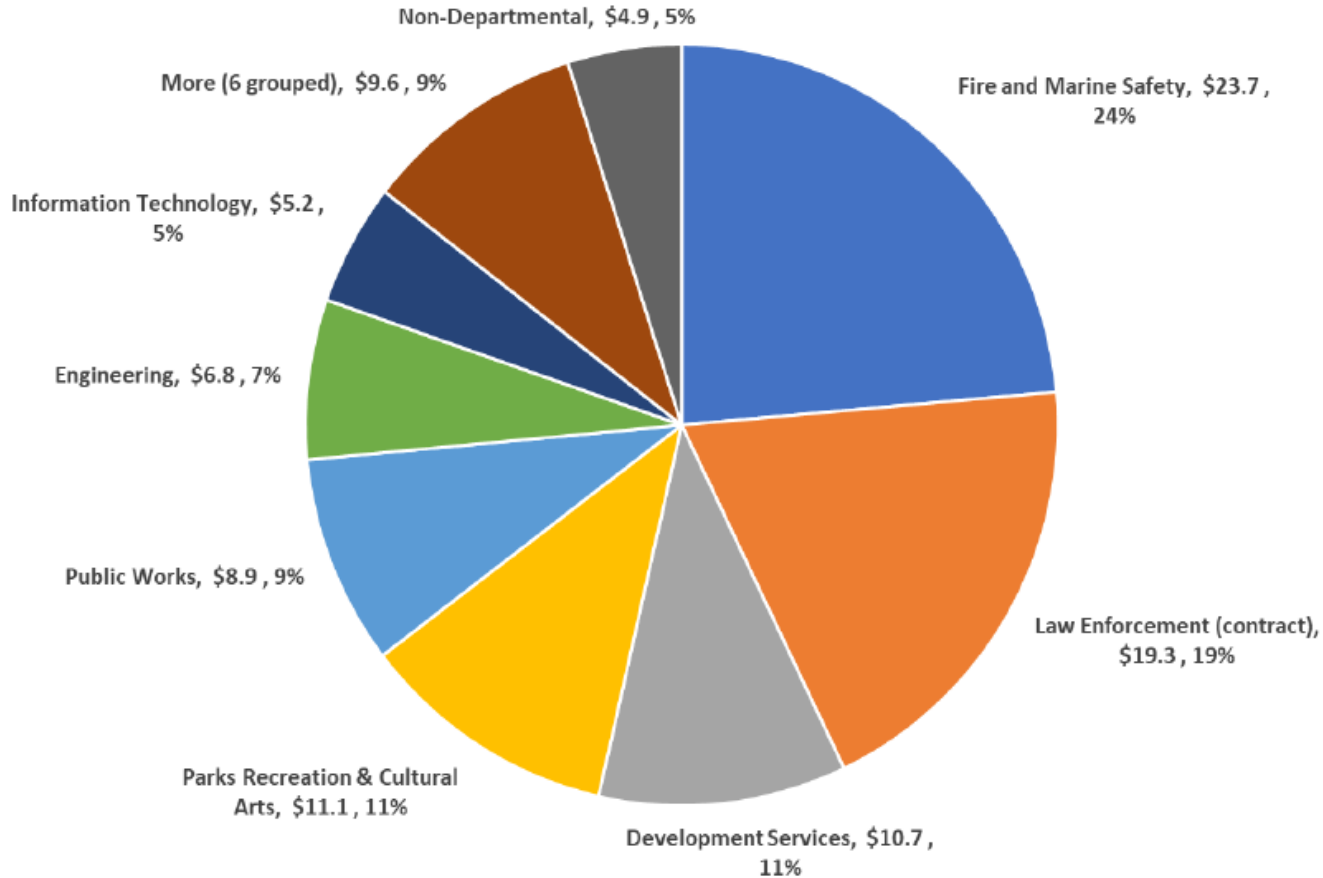
Existing City Infrastructure & Services



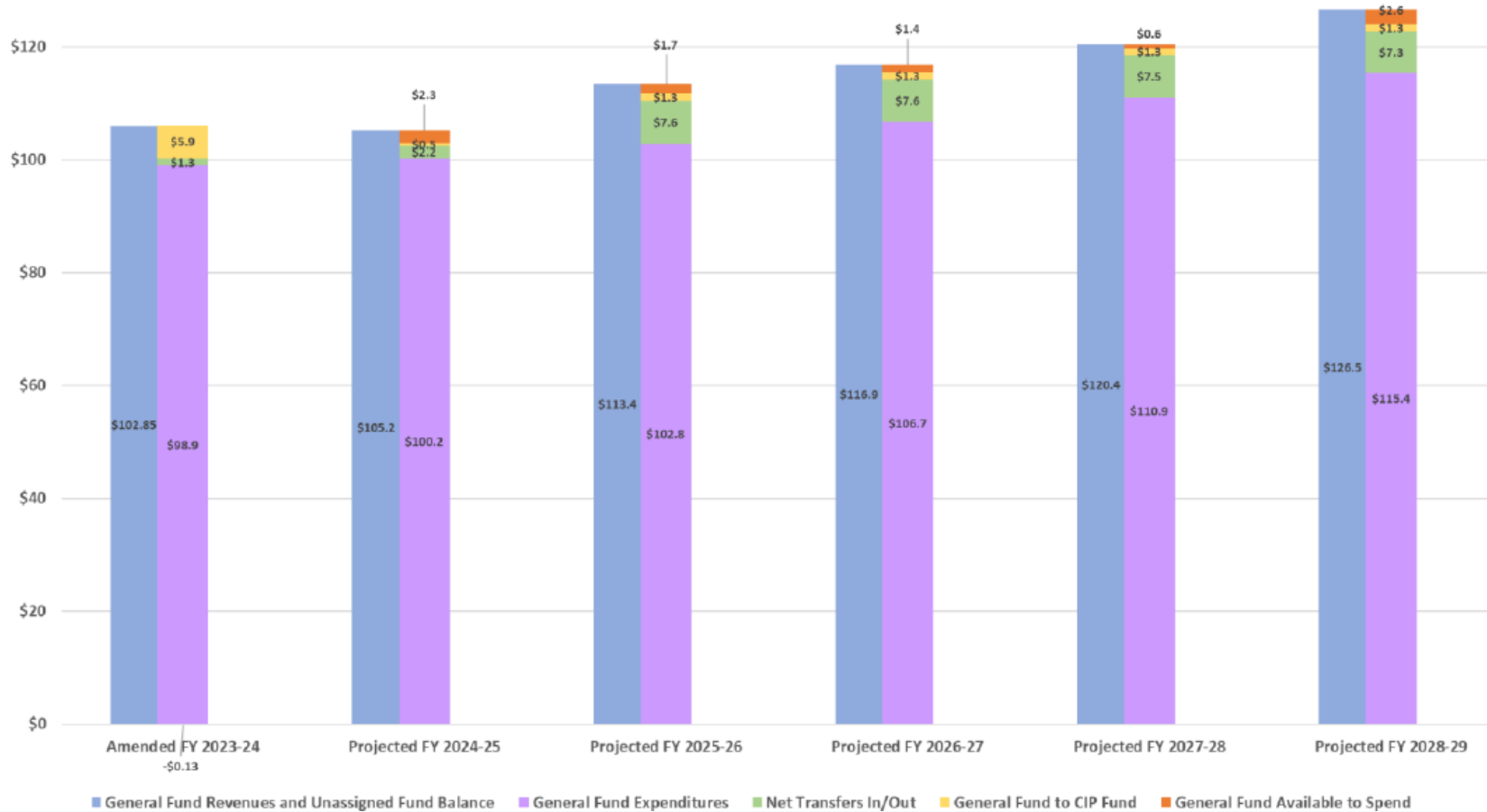
FY25 General Fund Revenue = \$107.5M



FY25 General Fund Expenditures = \$100.2M



Projected Revenue/Available Funds



ITF Identified Infrastructure Projects

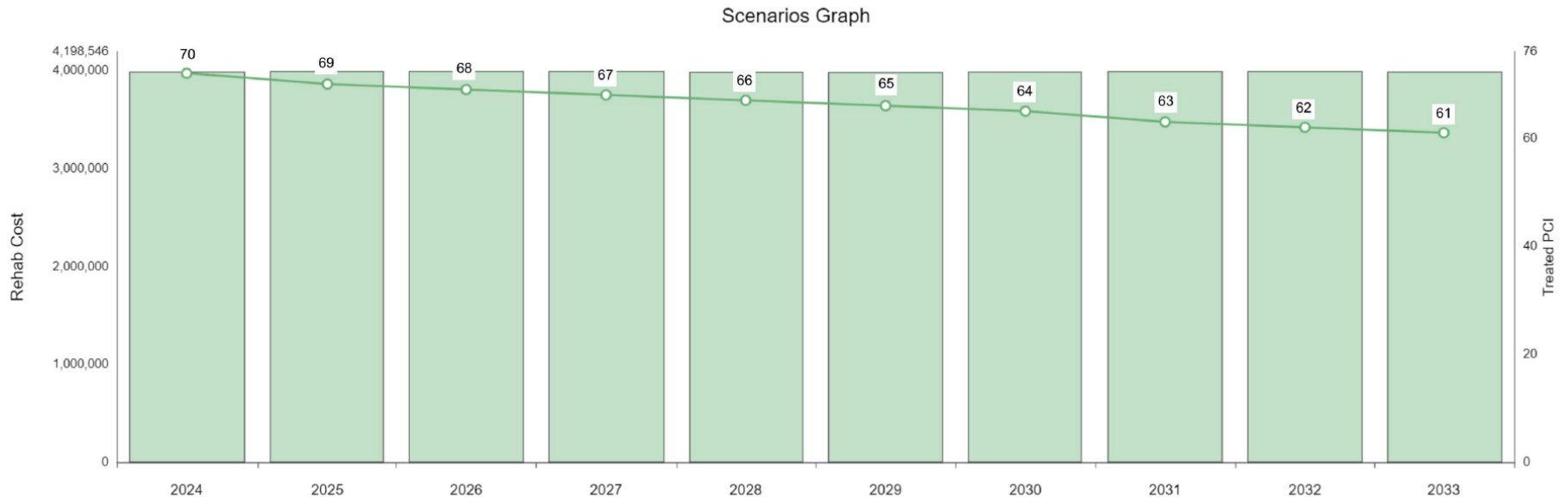
~**\$1.3B** in infrastructure needs and improvements

~**\$200M** critical projects and services, including:

- Stormwater Improvements
- Fixing Pothole and Maintaining Streets
- Fire Station Improvements
- Pedestrian Path Improvements
- Park Improvements
- Restoring Beach Sand
- Improving Traffic Safety
- Emergency Response

Funding Shortfall Example: Paving

If pavement funding remains about the same each year, our Pavement Condition Index will fall almost 10 points in 10 years.



Funding Available for Capital Projects



~\$4M Annually for
Street Maintenance and
Repair



\$1.8M - \$5.9M Annually
for ALL Other City Uses
and Projects

Potential New Revenue Recommendations

Amount Varies



Grants

Amount Varies



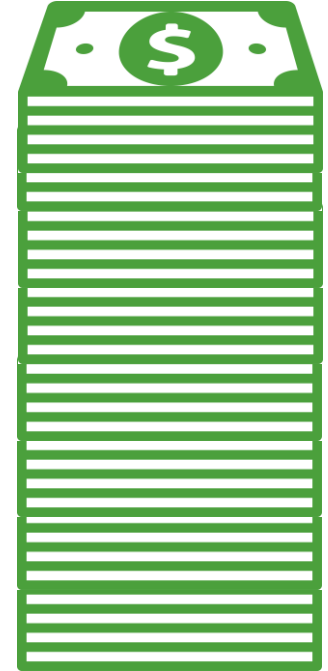
Public Private
Partnerships (PPP)

\$880K per year



2-Percent Transient
Occupancy Tax Increase

\$15.4M per year



1-Cent/\$ General
Sales Tax Increase

Proposed Local Sales Tax Measure

The ITF recommended exploring a one-cent per dollar local sales tax, which would raise \$15.4 million annually in local funds to address projects , such as:

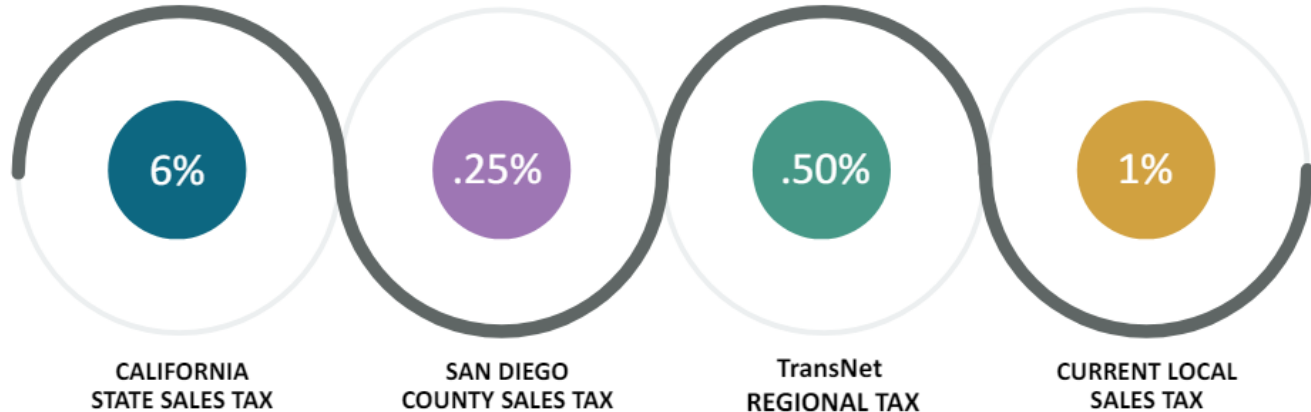
- Keeping trash and pollution out of our lagoons, local waterways, and off beaches
- Protecting public beaches, restoring sand, and protecting local reefs and wildlife habitats
- Fixing potholes, paving/maintaining streets, and improving traffic safety
- Keeping parks, beaches, community centers, and public facilities safe, clean, and well-maintained
- Repairing/upgrading aging storm drains, bridges, sidewalks, curbs, and public facilities
- Improving emergency response services

Sales Tax Background

POTENTIAL SALES TAX INCREASE

GENERAL LOCAL SALES TAX INCREASE (RANGE 0.125%-2%)

CURRENT
ENCINITAS
SALES TAX
7.75%



1.0% TAX INCREASE = ~\$15.4 MILLION

POTENTIAL NEW TAX RATE = 8.75%

- 1/2 voter requirement for General Tax • 2/3 voter requirement for Special Tax

Sales Tax Comparison

8.75%

National City (2006)
Del Mar (2016)
Chula Vista (2018)
Imperial Beach (2020)
Solana Beach (2022)

8.5%

La Mesa (2008)

8.25%

Vista (2006)
El Cajon (2008)
Oceanside (2018)



Cities considering Increases in 2024

Oceanside (Extend 8.25%)
El Cajon (Extend 8.25%)
Encinitas (8.75%)
Escondido (8.75%)
San Diego (8.75%)
Lemon Grove (8.5%)
San Marcos (8.25% or 8.75%)
Santee (Fire: 8.25%)

Proposed County-wide Tax 2024

SANDAG +0.50%

Local Accountability and Control

The Encinitas potential ballot measure puts in place:

- **An oversight committee, public spending disclosure & mandatory annual audits**
- **Assurance that all revenue remains locally controlled and can't be taken away by the State**
- **Standard Sales Tax Exemptions for groceries, prescriptions, and feminine hygiene products**

NOVEMBER 2023 VOTER SURVEY

INITIAL BALLOT TEST

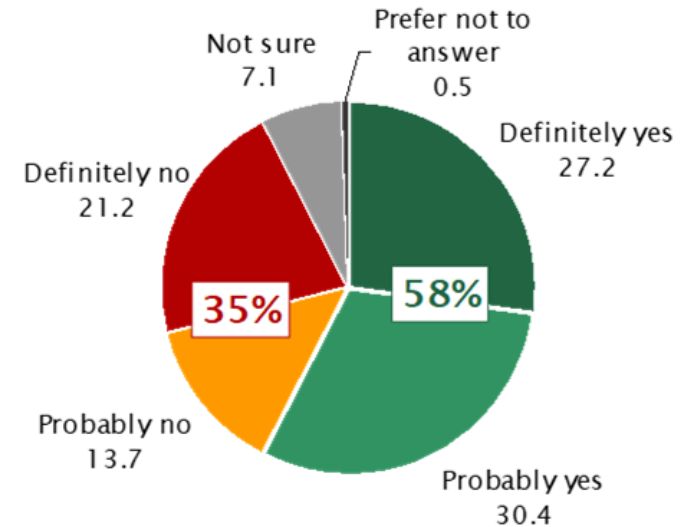
To provide funding for city services in Encinitas, such as:

- o Fixing potholes, maintaining streets, traffic safety improvements
- o Repairing/upgrading aging stormdrains, infrastructure, and public safety facilities
- o Reducing water pollution
- o And keeping Encinitas parks, beaches, and public facilities safe, clean, and well-maintained

Shall City of Encinitas' ordinance establishing a one-cent sales tax be adopted, providing 17 million dollars annually for general government use for 10 years, with citizen oversight, independent audits, and all money locally controlled? If the election were held today, would you vote yes or no on this measure?

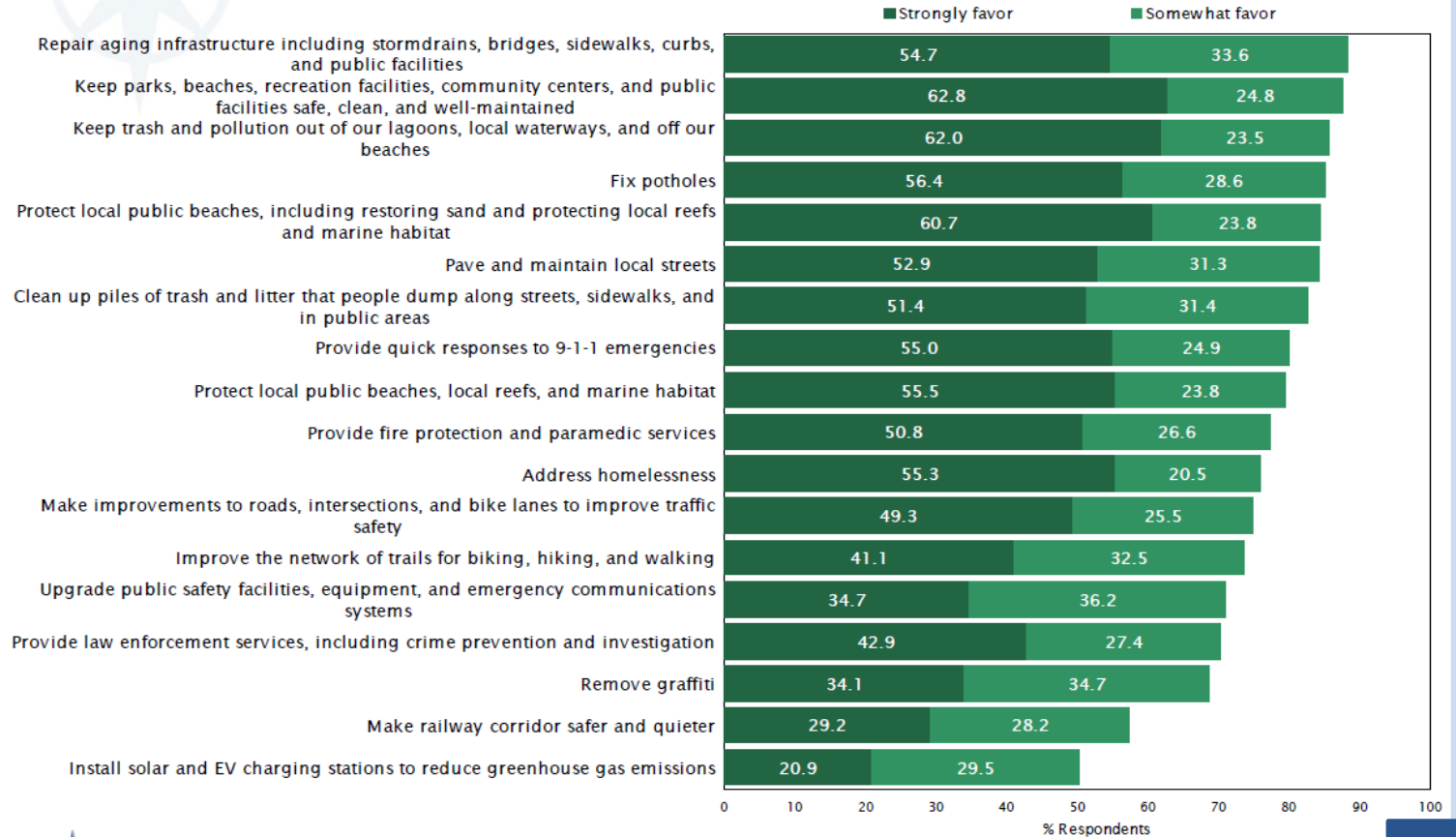


FINAL BALLOT TEST



NOVEMBER 2023 SURVEY PRIORITIES

PROJECTS & SERVICES



APRIL 2024 OUTREACH

Staff met with 12 Community Groups to share information and get feedback:

- Cardiff 101
- Cardiff Town Council
- Chamber of Commerce
- E3 Collective
- Encinitas 101
- Encinitas Bike Walk
- Encinitas Ranch HOA
- Leucadia 101
- Leucadia Town Council
- NowLeucadia
- Olivenhain Fire Safe Council
- Olivenhain Town Council



SUMMARY OF MEETING FEEDBACK

Staff heard a variety of feedback from the various groups.

- Expressions of general or specific support
- Expressions of general or specific opposition
- Expressions that additional City funding is needed
- Expressions that their community hasn't received sufficient infrastructure investment
- Statements that this will negatively impact businesses or residents
- Statements of support for funding specific projects



SUMMARY OF MEETING QUESTIONS

Below is a summary of the types of questions received:



- Did we look at cutting costs first?
- What about a property tax?
- What other revenue measures did we look into?
- What about a TOT increase?
- Can the City borrow/bond for these improvements?
- What assurance is there that the revenue will be spent on infrastructure?
- What assurance is there that a particular project will get funded?
- Could the measure be structured so that each community is guaranteed some of the funding?
- How does our sales tax rate compare to other cities?

FUNDING PRIORITIES SURVEY

Please rate the importance of the following City funding priorities:

	LOW	MED	HIGH
Preventing pollution into our lagoons, local waterways, and beaches	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Protecting public beaches, restoring sand, and safeguarding local reefs and wildlife habitats	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Enhancing and maintaining the quick response times of fire and first responders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fixing potholes and paving/maintaining streets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Keeping parks, beaches, community centers, and public facilities safe, clean, and well-maintained	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Repairing and upgrading aging storm drains, bridges, sidewalks, curbs, and public facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

How long have you lived in Encinitas? _____

What community do you live in? _____

Name: _____

Email/Phone: _____

Comments/Questions: _____

SUMMARY OF SURVEY RESULTS

420 Mailed
responses

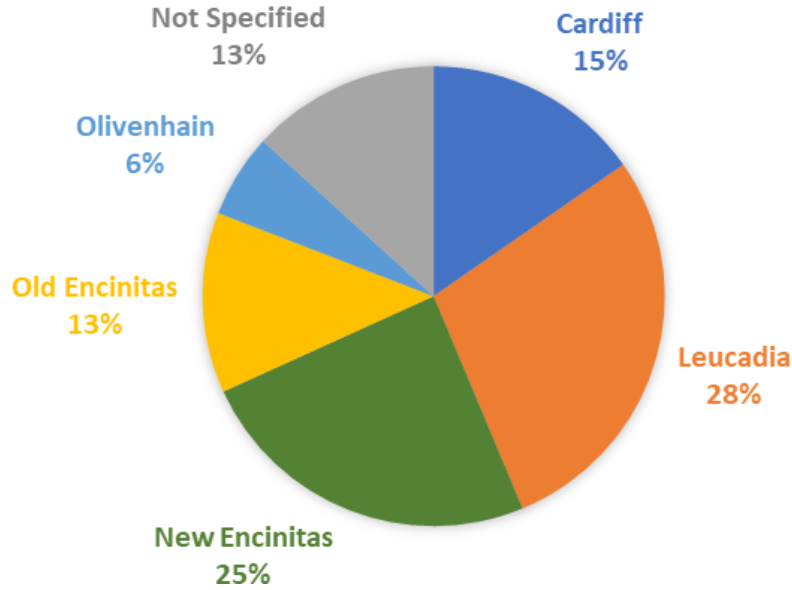


461 On-line
responses

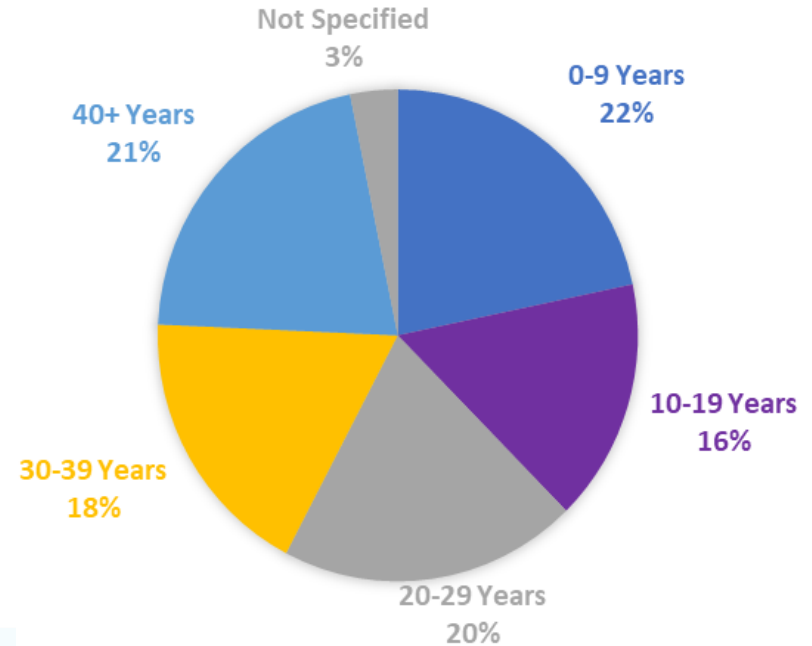


SUMMARY OF SURVEY RESULTS

COMMUNITY BREAKDOWN

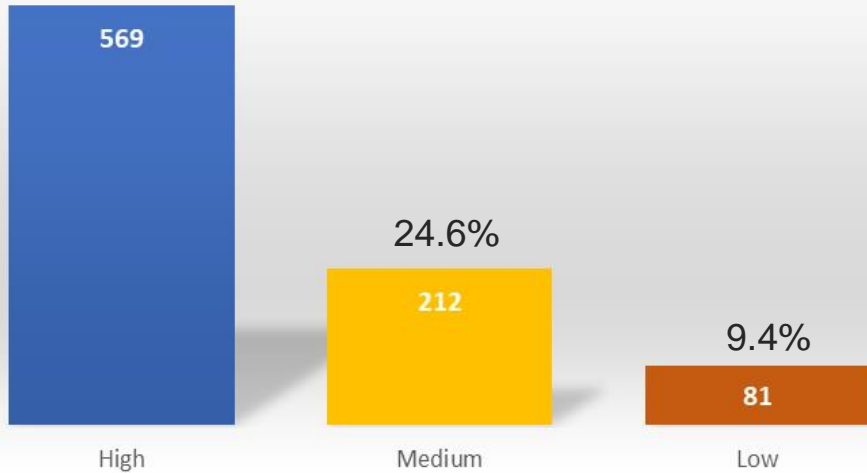


YEARS LIVING IN ENCINITAS



SUMMARY OF SURVEY RESULTS: BEACH ITEMS

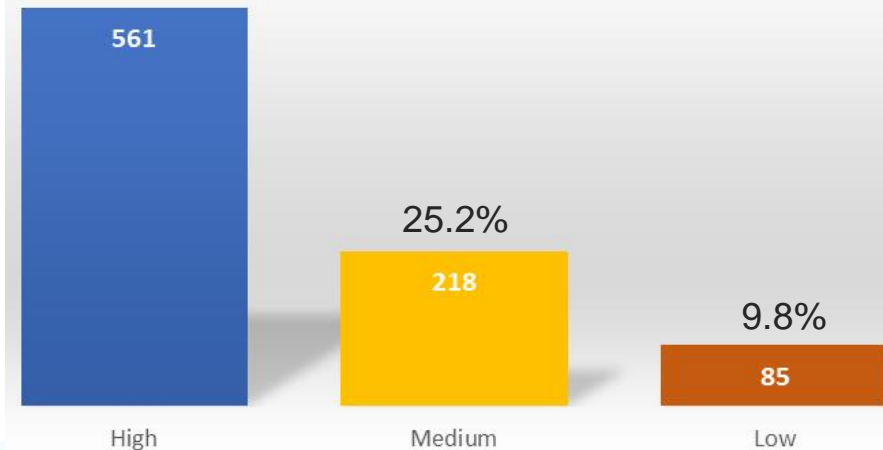
66.0%



Preventing pollution from getting into our lagoons, local waterways and beaches

Protecting public beaches, restoring sand, and safeguarding local reefs and wildlife habitats

64.9%



SUMMARY OF SURVEY RESULTS: STREETS, PUBLIC FACILITIES & PAVING

Fixing Potholes & Paving/ Maintaining Streets

63.1%

545

28.5%

246

8.4%

73

High

Medium

Low

Repairing & Upgrading Aging Storm Drains, Bridges, Sidewalks, Curbs and Public Facilities

59.1%

503

32.1%

273

8.8%

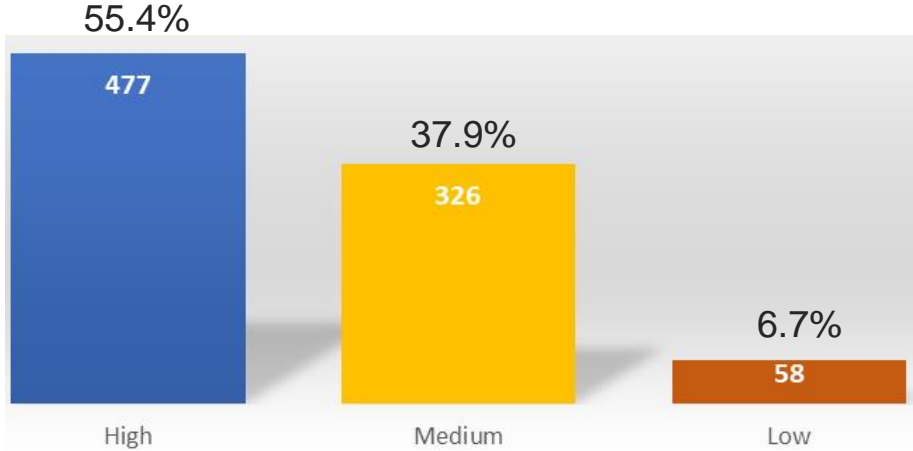
75

High

Medium

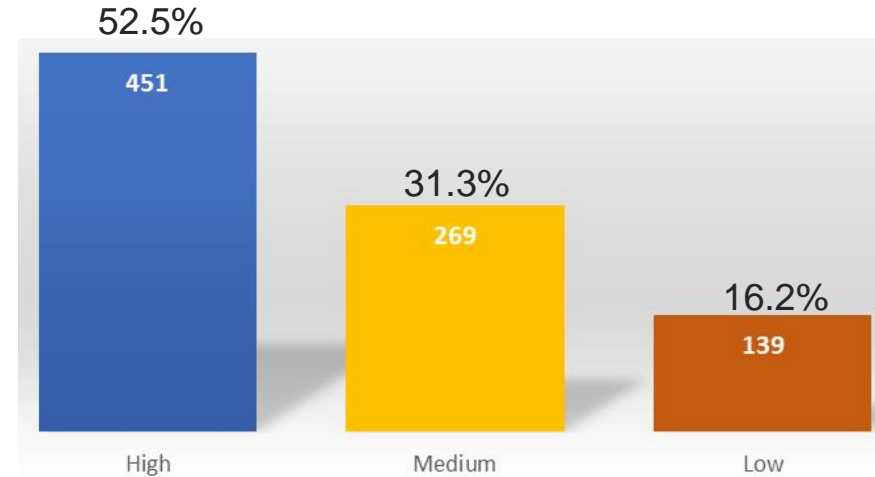
Low

SUMMARY OF SURVEY RESULTS: MAINTENANCE & EMERGENCY RESPONSE



**Keep Parks, Beaches,
Community Centers and
Public Facilities Safe, Clean &
Well Maintained**

Enhance & Maintain Quick Response Times of Fire and First Responders



SUMMARY OF SURVEY FEEDBACK

- Expressions of support
- Expressions of opposition
- Statements of support or opposition for specific projects/services:

SUPPORT

- Paving/Pothole Repair
- Quiet Zone
- Drainage
- Sidewalks/Bike Lanes
- Fire/Sheriff Response
- Beaches & Open Space
- Rail Crossings in Leucadia

OPPOSITION

- Too many Bike Lanes
- Too many Signs
- Too many High-Density Developments
- No to new taxes/work within existing budget
- Concerns with e-bikers
- Concerns with the unhoused



PROPOSED SALES TAX MEASURE

- A one-cent per dollar (1%) general transactions and use tax on sales transactions in the City for a period of 10 years.
- Would generate ~\$15.4M annually that would be locally controlled
- Approximately 40% of our sales tax revenue comes from non-residents
- Requires a 4/5th City Council vote to be placed on the ballot.
- Ballot Measure requires 50% +1 to pass and funding will be available for any purpose. (Special tax for specific purpose requires 2/3 vote to pass.)

TONIGHT'S ACTION

If City Council decides to put a 1-cent per dollar (1%) tax measure on the November 5, 2024 ballot, it would allow residents to decide whether they'd like to:

1. Vote Yes – Approve the tax and increase City revenue to allow the City to fund more improvements and services throughout the City

OR

2. Vote No – Reject the tax and maintain City revenue, infrastructure improvements and services at existing levels

STAFF RECOMMENDATIONS

1. Consider placing a one-cent per dollar (1%) general transactions and use tax (sales) tax on the November 2024 Election Ballot.
2. Approve Resolution No. 2024-60 which includes Placing the Measure on the Ballot and Directing the City Attorney to prepare an impartial analysis. The Resolution includes the Tax Ordinance.
3. Determine if City Council wishes to take an official position and who will write the Argument in Favor.

QUESTIONS