



City of Rialto

Legislation Details (With Text)

File #: 17-1168 **Version:** 1 **Name:**
Type: Resolution **Status:** Agenda Ready
File created: 11/20/2017 **In control:** City Council
On agenda: 1/9/2018 **Final action:**

Title: Request that City Council approve the following resolutions:
(i) Resolution No. 7242 entitled, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIALTO, CALIFORNIA, DECLARING A FISCAL EMERGENCY PURSUANT TO ARTICLE XIII C SECTION 2(b) OF THE CALIFORNIA CONSTITUTION".
(ii) Resolution No. 7243, entitled, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIALTO, CALIFORNIA, CALLING AND GIVING NOTICE OF THE HOLDING OF A SPECIAL ELECTION ON APRIL 10, 2018 TO VOTE ON A MEASURE TO CONTINUE THE UTILITY USER TAX FOR 5 ADDITIONAL YEARS IN ORDER TO MAINTAIN THE CURRENT LEVEL OF CITY SERVICES FOR THE RESIDENTS OF RIALTO; ORDERING THE SUBMITTAL OF THE ORDINANCE TO THE VOTERS AT THE SPECIAL ELECTION; REQUESTING THE SAN BERNARDINO COUNTY BOARD OF SUPERVISORS TO RENDER SPECIFIED SERVICES TO THE CITY RELATING TO THE CONDUCT OF A SPECIAL MUNICIPAL ELECTION TO BE ADMINISTERED BY THE CITY'S ELECTIONS OFFICIAL AND HELD ON APRIL 10, 2018 AND DIRECTING THE CITY'S ELECTIONS OFFICIAL TO CONDUCT THE ELECTION".
(iii) Resolution No. 7244, entitled, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIALTO, CALIFORNIA, SETTING PRIORITIES FOR FILING WRITTEN ARGUMENTS REGARDING A CITY MEASURE AND DIRECTING THE CITY ATTORNEY TO PREPARE AN IMPARTIAL ANALYSIS".
(iv) Resolution No. 7245, entitled, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIALTO, CALIFORNIA, PROVIDING FOR THE FILING OF REBUTTAL ARGUMENTS FOR CITY MEASURES SUBMITTED AT MUNICIPAL ELECTIONS".
(v) Resolution No. 7246, entitled "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIALTO, CALIFORNIA, AMENDING ITS 2017-2018 FISCAL BUDGET FOR THE ELECTION COSTS RELATED TO THE UTILITY USERS TAX MEASURE".
(ACTION)

Sponsors:

Indexes:

Code sections:

Attachments: 1. Exhibit A UT Voting History.pdf, 2. Exhibit B Rialto Voting Registration.pdf, 3. Exhibit C Staff Report and Minutes for Declaration of Fiscal Emergency July 2017.pdf, 4. Exhibit D Staff Report and Minutes for Formation of BAC.pdf, 5. Exhibit E Utility Tax Polling Results.pdf, 6. Exhibit F-1 BAC Complete Agenda - October 16, 2017 (Compressed).pdf, 7. Exhibit F-2 BAC Agenda - November 6, 2017.pdf, 8. Exhibit F-3 BAC Complete Agenda - November 20, 2017.pdf, 9. Exhibit G BAC Complete Agenda - December 18, 2017.pdf, 10. Exhibit H Reso re Fiscal Emergency - Extending UUT.pdf, 11. Exhibit I-1 Reso Calling Special and Request for Services- Extending UUT (April 10, 2018), 12. Exhibit I-2 Ordinance Extending Rialto's Utility Users Tax (April 10, 2018), 13. Exhibit J Reso Authorizing UUT Arguments and Impartial Analysis (April 10, 2018), 14. Exhibit K Reso Authorizing UUT Rebuttals (April 10, 2018), 15. Exhibit L - Budget Resolution for April 10, 2018 Special Election, 16. Exhibit M Reso re Fiscal Emergency - Extending UUT June 5, 2018, 17. Exhibit N-1 Reso re Calling Special and Request Consolidation for Extending UUT June 5, 2018, 18. Exhibit N-2 Ordinance Extending Rialto's Utility Users Tax June 5, 2018, 19. Exhibit O Reso authorizing UUT arguments and impartial analysis June 5, 2018, 20. Exhibit P Reso authorizing UUT Rebuttals June 5, 2018, 21. Exhibit Q Budget Resolution for June 5, 2018 Special Election

Date	Ver.	Action By	Action	Result
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For City Council Meeting [January 9, 2018]

TO: Honorable Mayor and City Council

APPROVAL: Robb R. Steel, Interim City Administrator

FROM: Fred Galante, City Attorney
Robb R. Steel, Interim City Administrator

Request that City Council approve the following resolutions:

- (i) **Resolution No. 7242** entitled, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIALTO, CALIFORNIA, DECLARING A FISCAL EMERGENCY PURSUANT TO ARTICLE XIII C SECTION 2(b) OF THE CALIFORNIA CONSTITUTION".
- (ii) **Resolution No. 7243**, entitled, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIALTO, CALIFORNIA, CALLING AND GIVING NOTICE OF THE HOLDING OF A SPECIAL ELECTION ON APRIL 10, 2018 TO VOTE ON A MEASURE TO CONTINUE THE UTILITY USER TAX FOR 5 ADDITIONAL YEARS IN ORDER TO MAINTAIN THE CURRENT LEVEL OF CITY SERVICES FOR THE RESIDENTS OF RIALTO; ORDERING THE SUBMITTAL OF THE ORDINANCE TO THE VOTERS AT THE SPECIAL ELECTION; REQUESTING THE SAN BERNARDINO COUNTY BOARD OF SUPERVISORS TO RENDER SPECIFIED SERVICES TO THE CITY RELATING TO THE CONDUCT OF A SPECIAL MUNICIPAL ELECTION TO BE ADMINISTERED BY THE CITY'S ELECTIONS OFFICIAL AND HELD ON APRIL 10, 2018 AND DIRECTING THE CITY'S ELECTIONS OFFICIAL TO CONDUCT THE ELECTION".
- (iii) **Resolution No. 7244**, entitled, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIALTO, CALIFORNIA, SETTING PRIORITIES FOR FILING WRITTEN ARGUMENTS REGARDING A CITY MEASURE AND DIRECTING THE CITY ATTORNEY TO PREPARE AN IMPARTIAL ANALYSIS".
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- (v) **Resolution No. 7246**, entitled "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIALTO, CALIFORNIA, AMENDING ITS 2017-2018 FISCAL BUDGET FOR THE ELECTION COSTS RELATED TO THE UTILITY USERS TAX MEASURE".

(ACTION)

BACKGROUND:

In 2003, the voters of the City of Rialto approved by a simple majority for a term of 5 years the Utility Users Tax of 8% on telephone, cellular, electricity, gas, sewer, and cable television utilities within the City, as a general tax, for the purpose of raising general fund revenue to provide basic services for residents, including but not limited to, law enforcement and fire protection services (UUT). The voters approved an extension of the UUT in 2008, and again in 2013. The current UUT is set to expire on June 30, 2018.

The voting results for the 3 prior elections are attached hereto as **Exhibit A**. In the 2003 special election, Measure K passed with 1,649 votes in favor and 1,644 votes against (a margin of 5 votes out of 3,293 votes cast). In the 2008 special election, Measure D passed with 2,893 votes for and 1,647 votes against (64% for, 36% against). In the 2013 special election, Measure W passed with 3,050 votes for and 1,803 votes against (63% for, 37% against). Rialto currently has about 39,455 registered voters as illustrated in **Exhibit B**.

On July 11, 2017, the City Council considered Resolution No. 7166 to declare a fiscal emergency and schedule an election for November 7, 2017. The City Council voted 4-1 (Mayor Robertson voting no) to adopt the Resolution. Because the Resolution required a unanimous vote of the City Council, the Resolution failed. The staff report and minutes of that action are attached hereto as **Exhibit C**.

On November 28, 2017, the City Council agenda (TAB #2) included a recommendation from staff to declare a fiscal emergency and schedule an election for April 10, 2018. Staff recommended that the City Council remove the report from the agenda to allow for additional information development, specifically a recommendation regarding the appropriate standard for and deployment of general fund reserves. On December 20, 2017, the Budget Advisory Committee considered that topic and its recommendation is discussed in this report. Finally, staff updated the staff report to include a discussion of ballot measure structuring alternatives.

ANALYSIS/DISCUSSION:

Requirements for UUT Ballot Measure at April 10, 2017, Special Election

The City Council must adopt multiple resolutions to place the proposed UUT Ballot Measure before the voters at either (a) the April 10, 2018 or (b) the June 5, 2018 special election, pursuant to the requirements of Proposition 218, the California Constitution, and the Government Code.

As stated above, the UUT is a general tax (and not a special tax) because the City deposits the revenue generated into the general fund for expenditure on any general governmental purpose that the City Council determines appropriate. Under Proposition 218, a majority of voters must approve any increases and/or extensions of a general tax. (Cal. Const. art. 13C, § 2(b).)

Additionally, under Proposition 218, an election to increase a general tax UUT must be consolidated with the City's regularly scheduled general municipal election; i.e., when Councilmembers are on the ballot. (Cal. Const. art. 13C, § 2(b).) Since the City's next regular municipal election is not until November 2018, an exemption is necessary to place the proposed measure on the April 20, 2018, ballot.

One exemption is "in cases of emergency declared **by a unanimous vote of the governing body**". (Cal. Const. art. 13C, § 2(b).) With a UUT, the emergency would be a "fiscal" emergency and the City Council adopts facts and findings in a resolution supporting the declaration of a fiscal emergency.

After approval of the declaration of a fiscal emergency by unanimous vote, the Council adopts a resolution calling for the special election and requesting certain election-related services from the County. This resolution must be passed by a two-thirds (i.e., 4 Councilmembers) vote of all members of the City Council. (Cal. Const. art. 13C, § 2(b) and Gov't Code § 53724(b)). The resolution calling for the special election contains the text of the proposed ordinance to be considered for adoption by the voters.

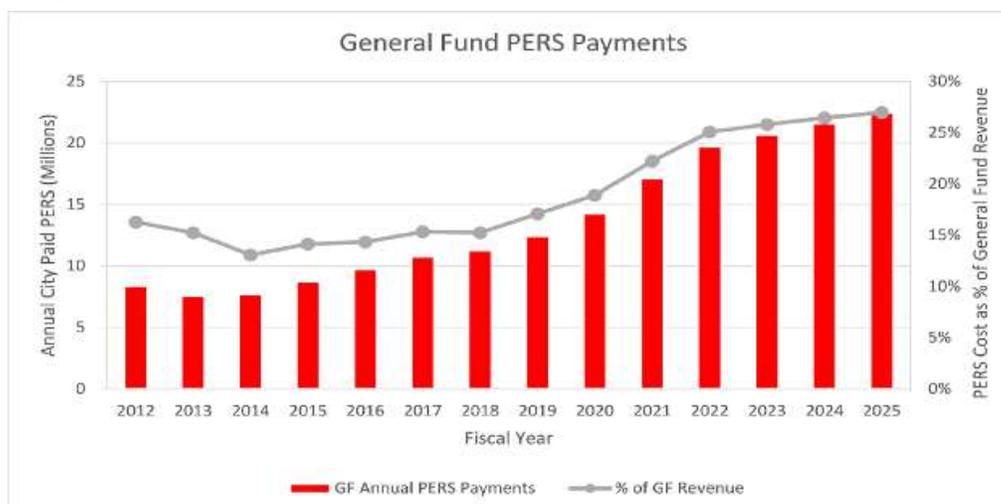
The Council also adopts a resolution to set priorities for written arguments pro and con on the ballot measure (with priority to the City Council to ensure the City prepares the pro argument), and which directs the City Attorney to prepare an impartial analysis of the ballot measure. Finally, the Council also adopts a resolution authorizing rebuttal arguments.

Therefore, attached to this staff report are resolutions that declare a fiscal emergency, call and request certain election-related services from the County, authorize arguments, and authorize rebuttals. Also attached is the proposed ordinance that extends the sunset date for the UUT from June 30, 2018, to June 30, 2023 (the City Council may consider alternatives to the 5-year sunset as discussed below).

Declaration of Fiscal Emergency

Because the UUT is a general tax, generally speaking, the City Council may only submit its renewal to the City’s voters at a regularly scheduled general election for members of the City Council. However, in cases of emergency, as defined by California Constitution Art. XIII C, Section 2(b), a general tax may be submitted at a special municipal election. Facts and findings that support a fiscal emergency are as follows:

- The Utility Tax provides \$14.2 million annually, or 18% of the City’s general fund operating revenue. It is the City’s second largest revenue source after sales taxes (for the first time in FY18, for the last 14 years it has been the largest revenue source).
- The City Administrator’s Budget Message for FY18 analyzes the recent financial performance of the City, and forewarns policymakers regarding looming obligations that will stress the City’s finances. For FY18, the City forecasted a structural deficit of \$4,781,449, which required service cuts, frozen positions, and deferral of capital outlay and Other Post-Employment Benefit obligations in order to balance revenues and expenditures.



Furthermore, the future poses even greater challenges. In December 2016, the Public Employee Retirement System (PERS) notified Rialto (and other cities in California) that it would impose a series of payment increases to enhance the retirement system’s solvency. Commencing in FY19, Rialto’s annual payments to PERS will increase by approximately \$2.1 million per year. Rialto’s annual payment obligation will grow from a sizable \$11.3 million in FY17 to a

substantial \$26.5 million in FY25. Most of this obligation burdens the City's General Fund as illustrated in the chart below. The City will allocate a substantial portion of its future revenue growth to satisfy this extraordinary obligation to the employee retirement system, with retirement costs approaching 25%-30% of general fund revenues. The City has embarked on a 10-year financial planning effort to address this growing burden, which will inevitably require reductions in labor, service, and capital outlays. PERS continues to signal that it may lower the discount rate further, which will increase employer contribution rates and the payment obligations due from the City.

- The City's existing voter-approved Utility Users Tax was first imposed in 2003 (as a replacement of another tax) and extended twice in 2008 and 2013, and expires on June 30, 2018. The City has not increased its revenues sufficiently or decreased its expenses (or some combination of the two) allowing for the elimination or reduction of the Utility Tax and the full funding of necessary City services. The City remains dependent upon the Utility Tax to provide basic services, and its loss would cause devastating impacts to public safety, recreation, public works, and other core governmental services. Staff forecasted that a loss of the Utility Tax would result in approximately 90 layoffs, service reductions, cuts to employee compensation, and reserve depletion.
- Without the Utility Tax, the City must immediately cut expenses. Personnel costs consume approximately 70% of the City's operating budget; consequently, reductions in force would be necessary to balance the budget. If cuts tarried, the City Council might consider the use of reserve balances to fund the deficits. The reserve fund balance would certainly drop below the 50% Council policy and could drop below the minimum requirements for working capital.

Important Election Dates

The County provided the following schedule of events for the April 10, 2018 and June 5, 2018 special elections:

Event	E-Days	Date for April 10, 2018 Election	Date for June 5, 2018 Election
Receive Resolution	-88	1/10/2018	2/27/2018
Prepare Notice of Election	-85	1/15/2018	3/12/2018
1st day of Publication in Newspaper	-81	1/19/2018	3/16/2018
Prepare Notice of Boundaries	-80	1/20/2018	3/17/2018
Impartial Analysis	-78	1/22/2018	3/19/2018
Deadline for Arguments	-75	1/25/2018	3/22/2018
Deadline for Rebuttals	-70	1/30/2018	3/27/2018
End of 10-Day Public Examination Period for Arguments	-65	2/4/2018	4/1/2018
End of 10-Day Public Examination Period for Rebuttals	-60	2/9/2018	4/6/2018
Early Voting Begins	-29	3/12/2018	5/7/2018
Voter Registration Deadline	-15	3/26/2018	5/21/2018
Last Day to Apply for Mail Ballot	-7	4/3/2018	5/29/2018
Election	0	4/10/2018	6/5/2018

Budget Advisory Committee Recommendations

On July 25, 2017, the City Council established the Budget Advisory Committee (BAC) with a mission to prepare a long-range financial plan (10 years). The City Council report/minutes establishing the BAC is attached hereto as **Exhibit D**. The City Council requested advice from the BAC regarding future revenue enhancements and expenditure efficiencies. The City Council appointed 10 community representatives (2 by each member of the City Council), and one representative from each bargaining group (6 employees). Since July 2017, the BAC has met 8 times to consider the following topics, among others:

- August 7, 2017 - organizational meeting, including designation of officers and Brown Act responsibilities.
- August 21, 2017 -- presentation by staff of FY 18 City Budget and the developing long-term financial threats.
- September 11, 2017 - operational costs and performance metrics for Police Department, including SWOT assessment.
- September 18, 2017 -- operational costs and performance metrics for Fire Department, including SWOT assessment.

- October 2, 2017 - introduction of financial planning consultant (PFM) and BAC review of all prior distributed materials. The BAC requested a pause in the schedule to consider the voluminous materials delivered at prior meetings (many requested by the BAC).
- October 16, 2017 - PFM facilitated a general discussion of operating revenues and trend analysis, with a focused discussion of the Utility Tax and its necessity for general fund operations.
- November 6, 2017 - PFM continued discussion of the operating revenue forecast and the Utility Tax Ballot Measure scenarios. Public Works presented its operational costs and performance metrics.
- November 20, 2017 - continued discussion of the Utility Tax Ballot Measure and presentation of alternative Utility Tax scenarios as requested by the BAC. Continued discussion of Public Works operating budget and performance metrics.
- December 4, 2017 - Continued departmental presentations, including Public Works and Development Services. Brief discussion of agenda for December 18, 2017 meeting including consideration of reserve policy.
- December 18, 2017 - PFM presented report and recommendation regarding reserve policies and Development Services concluded its departmental presentation.

On October 16, 2017, the Budget Advisory Committee (BAC) received a report regarding options for a Utility Users Tax Ballot Measure. Staff presented a history of the Utility Tax, the revenue trends, the change in the City's expenditures, the expected consequences of termination, alternatives to the Utility Tax, and balloting options. The balloting options included three potential dates: March 6, 2018 (mail-in only); April 10, 2018; and June 5, 2018 (statewide primary election). The BAC considered the various dates for transparency, voter turnout, and polling results. The polling results are attached hereto as **Exhibit E**, generally showing stronger support for the utility tax as currently structured (with a limited term and specified exemptions, although with a desire for lower rates). After considerable discussion, the BAC voted unanimously (7 in favor, 1 abstention, 2 absent) to recommend that the City Council declare a fiscal emergency. The BAC then recommended that the City Council schedule the vote for the April 10, 2018 ballot. The BAC then requested that staff and consultants prepare revenue forecasts under various alternative structures so that the BAC could make a recommendation on the structure of the proposed Utility Tax measure.

On November 6, 2017, the BAC received a report from Russ Branson of PFM (the City's consultant for the preparation of the 10-year plan) evaluating the revenue potential and fund balance implications under the various scenarios requested. The structures analyzed included (1) a gradual phase out over 5 years, (2) a reduction from 8% to 6% for all users, and (3) a reduction in the residential rate to 6% and an increase in the commercial rate to 12%. PFM illustrated that options 1 and 2 produced lower revenue collections, resulting in declining reserve balances. Option 3 produced essentially neutral revenue results because the non-residential increases offset the residential decreases. The BAC discussed the advantages and disadvantages of the various structures and continued the discussion to the November 20, 2017 BAC meeting. The BAC again requested preparation of additional information before making a recommendation on the structure of

the Utility Tax.

On November 20, 2017, the BAC received a report from staff and from Russ Branson addressing the additional revenue forecasts including (1) a 6% residential rate with a 10% commercial rate, (2) a 6% residential rate and a 10% non-residential rate, and (3) a 4% residential rate and a 10% non-residential rate. All options produced less revenue than the current structure, and given the expenditure forecast, staff recommended the status quo over the various alternatives. The BAC discussed opportunities to make the Utility Tax permanent (for non-residential customers), to eliminate the exemption for senior citizens (make it a means test only), and other variations. The BAC discussed the voting dynamics associated with the choice of election dates. Staff presented a table showing the current number of exemptions for lower income and senior households and an estimate of foregone revenue. Finally, the table also estimated the potential gain in revenue if only lower income households received an exemption (see table below).

After considerable questions for Russ Branson and staff, the BAC recommended that the City Council prepare a ballot measure that retains the current features of the Utility Tax: a five-year sunset, a uniform rate of 8% for all customer classes, with exemptions for lower income households and senior citizens. The vote was 3 in favor (Phillips, Austin, Raden), 1 against (Camacho), with 1 abstention (Augustine). Five appointed BAC members were absent. A total of 10 of the 16 members were present (establishing a quorum), but the City Administrator recommended that the labor representatives abstain from voting on the Utility Tax Measure, thereby emphasizing the voice of the

	Current	If 50% of Seniors Qualify as Lower Income	Variance
Seniors	2,311	0	(2,311)
Lower Income	266	1,422	1,156
Total	2,577	1,422	(1,156)
Tax/Household	\$ 400.00	\$ 400.00	
Total Estimated Tax	\$ 1,030,800	\$ 568,600	\$ 462,200

community representatives rather than the employees.

The complete agendas and minutes of the actions for the October 16, November 6, and November 20 BAC meetings are attached hereto as **Exhibit F**.

On December 18, 2017, the BAC considered a report from staff and PFM regarding reserve policy recommendations attached hereto as **Exhibit G**. The report addressed two questions: (1) what should the City Council establish as the reserve standard, and (2) if reserves surplus to this standard exist, what expenditures should the City Council prioritize. The BAC recommended as follows:

(1) Reserve Standard. The BAC concurred that the City's current policy setting the reserve requirement at 50% of the operating expenditures is appropriate due to (a) the risk to the City's revenue stream associated with the sunset structure of the UUT, (b) potential for an economic recession in the near future, (c) expenditure volatility due to increasing obligations for PERS and OPEB, and (4) disaster preparedness.

(2) Surplus Reserves. If the surplus reserves become available, the BAC recommended that the City Council prioritize the unfunded liabilities for PERS and OPEB. The FY 18 Budget deferred \$1.4 million of its annual OPEB payment, and making that catch up payment should receive priority. Thereafter, the City Council should address the \$126 million unfunded liability for PERS, either by making supplemental payments to PERS or by establishing a Section 115 Irrevocable Trust to fund future PERS obligations. The BAC assumed that future budgets would adequately budget for essential capital outlay, most notably rolling stock and essential equipment replacement (acknowledging that the FY 18 Budget did not provide any capital outlay).

The BAC voted 7 in favor of this recommendation, with 1 abstention and 2 absent. Staff also recommended that the City Council revisit the reserve policy after completion of the 10-year financial plan and renewal of the Utility Tax.

Summary of Alternative Utility Tax Structures

During the various discussions with the City Council and the BAC, several alternative ballot measure terms were discussed, each with advantages and disadvantages. A short summary of each alternative term follows:

- **Choice of Election.** Originally, City staff sought a November 2017 ballot measure. When that request did not receive unanimous City Council consent as required, the BAC subsequently recommended an April 2018 ballot measure. The BAC believed the April 2018 ballot provides reasonable opportunity for success and improves budget planning in the event of a voter rejection of the tax. The alternative ballot date is June 5, 2018. Voter turnout should be slightly higher since it is a countywide primary election, but the City will have only 3 weeks to consider the budget consequences if rejected. The City will save an estimated \$50,000 with a June election (as compared to an April election) because it is consolidated with the statewide election. The City Council action deadline for setting a June 5, 2018 election is February 27, 2018.
- **Term of Utility Tax.** Staff and the BAC recommended continuation of the 5-year term. The BAC made its recommendation primarily because it preferred the periodic control of the City's finances to ensure prudent spending, with some hope that the City will wean itself from the tax over time. Staff recommended it because polling surveys show significantly diminished support for a permanent tax, and staff perceived the risk to outweigh the potential benefit of a permanent tax. A permanent tax clearly enhances the City's options to address its long-term liabilities, opening up possibilities for issuing lower cost debt currently unsupportable given the interruptible revenue stream. The City could better engage in long-range financial planning with a more predictable revenue base.
- **Exemptions.** Presently, the City exempts senior citizens from the Utility Tax regardless of ability to pay (a total of 2,311 households). Lower income households may also apply for an exemption (266 households). The City grants the vast majority of exemptions to senior citizens. Eliminating the senior exemption will increase revenues by a significant amount, depending upon how many qualify for the lower income exemption (the City does not now request income data from qualifying seniors). Historically, the City exempted senior citizens because of a presumption of fixed income and to improve the likelihood of ballot measure success.

The BAC recommended that the City Council schedule the election for April 10, 2018 with a term of 5-years continuing the current exemption program for senior citizens and lower income residents.

If the City Council opts for another structure than the recommended action, staff will amend the resolutions as appropriate. Because the June 5, 2018 election date requires a slightly different recital of facts, alternative resolutions setting June 5, 2018 for a special election are attached hereto as **Exhibits M-Q**.

ENVIRONMENTAL IMPACT:

The requested City Council action is not a "Project" as defined by the California Environmental Quality Act (CEQA). Pursuant to Section 15378(a), a "Project" means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. According to Section 15378(b), a Project does not include: (5) Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

GENERAL PLAN CONSISTENCY:

This action is consistent with Guiding Principles 1 and 3 of the General Plan:

- Rialto is a Family First Community. Essential community services and amenities must meet the needs and desires of our families.
- Rialto's Economic Environment Is Healthy and Diverse. We will aggressively attract and retain businesses that provide goods and services we desire, create jobs, and build a sustainable tax base.

This action is also consistent with Guiding Principle 3A in the General Plan: Our City government will lead by example, and will operate in an open, transparent, and responsive manner that meets the needs of the citizens and is a good place to do business.

LEGAL REVIEW:

The City Attorney prepared and approved the staff report and Resolution.

FINANCIAL IMPACT:

The City Clerk estimates the cost for the special election on April 10, 2018 at \$300,000. The City budgeted \$90,000 in the FY18 Budget for elections, and an appropriation in the amount of \$210,000 from General Fund Account No. 010-500-3161-2021 is necessary to fund the special election.

If the City Council chooses the June 5, 2018 ballot, the City Clerk estimates the cost of the special election at \$250,000. An appropriation of \$160,000 from General Fund Account No. 010-500-3161-2021 is necessary to fund the June 5, 2018 special election.

A Budget Resolution is attached hereto based upon the April 10, 2018 assumption. Staff will amend the Resolution if necessary based upon the City Council's election choice.

RECOMMENDATION:

Staff recommends that the City Council approve the following resolutions submitting a ballot measure to the voters for a special election on April 10, 2018:

- (i) A Resolution, entitled, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIALTO, CALIFORNIA, DECLARING A FISCAL EMERGENCY PURSUANT TO ARTICLE XIII C SECTION 2(b) OF THE CALIFORNIA CONSTITUTION" (**Exhibit H**).
- (ii) A Resolution, entitled, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIALTO, CALIFORNIA, CALLING AND GIVING NOTICE OF THE HOLDING OF A SPECIAL ELECTION ON APRIL 10, 2018 TO VOTE ON A MEASURE TO CONTINUE THE UTILITY USER TAX FOR 5 ADDITIONAL YEARS IN ORDER TO MAINTAIN THE CURRENT LEVEL OF CITY SERVICES FOR THE RESIDENTS OF RIALTO; ORDERING THE SUBMITTAL OF THE ORDINANCE TO THE VOTERS AT THE SPECIAL ELECTION; REQUESTING THE SAN BERNARDINO COUNTY BOARD OF SUPERVISORS TO RENDER SPECIFIED SERVICES TO THE CITY RELATING TO THE CONDUCT OF A SPECIAL MUNICIPAL ELECTION TO BE ADMINISTERED BY THE CITY'S ELECTIONS OFFICIAL AND HELD ON APRIL 10, 2018 AND DIRECTING THE CITY'S ELECTIONS OFFICIAL TO CONDUCT THE ELECTION" (**Exhibit I**).
- (iii) A Resolution, entitled, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIALTO, CALIFORNIA, SETTING PRIORITIES FOR FILING WRITTEN ARGUMENTS REGARDING A CITY MEASURE AND DIRECTING THE CITY ATTORNEY TO PREPARE AN IMPARTIAL ANALYSIS" (**Exhibit J**).
- (iv) A Resolution, entitled, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIALTO, CALIFORNIA, PROVIDING FOR THE FILING OF REBUTTAL ARGUMENTS FOR CITY MEASURES SUBMITTED AT

MUNICIPAL ELECTIONS” (Exhibit K).

- (v) Adopt “A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIALTO, CALIFORNIA, AMENDING ITS 2017-2018 FISCAL BUDGET FOR THE ELECTION COSTS RELATED TO THE UTILITY USERS TAX MEASURE” (Exhibit L).

If the City Council prefers to submit a ballot measure to the voters for a special election on June 5, 2018 then the City Council should adopt the following resolutions:

- (vi) A Resolution, entitled, “A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIALTO, CALIFORNIA, DECLARING A FISCAL EMERGENCY PURSUANT TO ARTICLE XIII C SECTION 2(b) OF THE CALIFORNIA CONSTITUTION” (Exhibit M).
- (vii) A Resolution, entitled, “A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIALTO, CALIFORNIA, CALLING AND GIVING NOTICE OF THE HOLDING OF A SPECIAL ELECTION ON JUNE 5, 2018 TO VOTE ON A MEASURE TO CONTINUE THE UTILITY USER TAX FOR 5 ADDITIONAL YEARS IN ORDER TO MAINTAIN THE CURRENT LEVEL OF CITY SERVICES FOR THE RESIDENTS OF RIALTO; ORDERING THE SUBMITTAL OF THE ORDINANCE TO THE VOTERS AT THE SPECIAL ELECTION; REQUESTING THE SAN BERNARDINO COUNTY BOARD OF SUPERVISORS TO RENDER SPECIFIED SERVICES TO THE CITY RELATING TO THE CONDUCT OF A SPECIAL MUNICIPAL ELECTION TO BE ADMINISTERED BY THE CITY’S ELECTIONS OFFICIAL AND HELD ON JUNE 5, 2018 AND DIRECTING THE CITY’S ELECTIONS OFFICIAL TO CONDUCT THE ELECTION” (Exhibit N).
- (viii) A Resolution, entitled, “A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIALTO, CALIFORNIA, SETTING PRIORITIES FOR FILING WRITTEN ARGUMENTS REGARDING A CITY MEASURE AND DIRECTING THE CITY ATTORNEY TO PREPARE AN IMPARTIAL ANALYSIS” (Exhibit O).
- (ix) A Resolution, entitled, “A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIALTO, CALIFORNIA, PROVIDING FOR THE FILING OF REBUTTAL ARGUMENTS FOR CITY MEASURES SUBMITTED AT MUNICIPAL ELECTIONS” (Exhibit P).
- (x) Adopt “A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIALTO, CALIFORNIA, AMENDING ITS 2017-2018 FISCAL BUDGET FOR THE ELECTION COSTS RELATED TO THE UTILITY USERS TAX MEASURE” (Exhibit Q).

Depending upon City Council direction regarding the specific structure of the ballot measure, the City Attorney will suggest modifications to the appropriate set of resolutions.