

EXHIBIT A

ORDINANCE NO. 1369

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3 AN ORDINANCE OF THE CITY OF SIERRA MADRE,
4 CALIFORNIA, AMENDING SECTION 3.36.180 ("UTILITY
5 USERS TAX RATE") OF CHAPTER 3.36 OF THE
6 SIERRA MADRE MUNICIPAL CODE REGARDING THE
7 UTILITY USERS' TAX TO INCREASE AND EXTEND THE
8 RATE STRUCTURE TO PRESERVE AND FUND
9 IMPORTANT CITY SERVICES AND REPEALING
10 SECTION 3.36.230 ("OVERSIGHT COMMITTEE").

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13 WHEREAS, the City of Sierra Madre has collected a Utility Users Tax (UUT)
14 since 1993; and

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16 WHEREAS, in 2008, the voters approved a maximum rate of 12%, reducing to
17 10% on July 1, 2014, to 8% on July 1, 2015 and to 6% on July 1, 2016;

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19 WHEREAS, the City Council determined in 2010 to collect only 10% UUT until
20 the scheduled reduction to 8% occurred on July 1, 2014; and

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22 WHEREAS, the only major sources of general fund revenues, which pay for
23 police, fire and paramedics, library, and community services are property taxes and the
24 UUT; and

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26 WHEREAS, between fiscal year 2011/12 and 2014/15, more than \$1.5 million in
27 general fund reductions have occurred resulting in corresponding service level
28 reductions and alternative service delivery; and

WHEREAS, each 1% of UUT revenues collected equals approximately
\$250,000 of the City's general fund budget and the reduction in the UUT from 10% to
8% represents a loss of approximately \$500,000 annually, resulting in a projected deficit
of \$529,000 in fiscal year 2015/16; and

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1 **WHEREAS**, a reduction in UUT to 6% on July 1, 2016 will result in a total
2 reduction of revenues of approximately \$900,000 for fiscal year 2016/17, resulting in a
3 projected permanent deficit of \$994,000 annually, as measured against the fiscal year
4 2014/15 budget; and

5 **WHEREAS**, since May 2014, the City has convened several budget meetings,
6 community input meetings and town hall study sessions and created a citizen based
7 Revenue Committee to review the current and continuing loss of revenues and impact
8 on essential City services and evaluate options and alternatives; and

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10 **WHEREAS**, the Revenue Committee has recommended that the City consider a
11 permanent maximum 12% UUT to help stabilize the general fund revenues which pay
12 for essential City services, including police, fire and paramedic services, street
13 maintenance, library services and community services; and

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15 **WHEREAS**, essential safety services within the City are understaffed, the City's
16 revenue has not kept pace with its expenses, so that police, fire, paramedics and other
17 employees are paid substantially below their counterparts in comparable jurisdictions,
18 and infrastructure is deteriorating without the funds to make necessary improvements
19 and repairs; and

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21 **WHEREAS**, the UUT Oversight Committee, which was formed in 2008 to review
22 whether the increased UUT revenue was spent on police, fire and paramedic services,
23 has found that the costs of police, fire and paramedic services exceed the amount of
24 increased revenue collected by UUT at 10% or less, thereby showing that the City does
25 use the UUT to fund public safety services; and

26 **WHEREAS**, after much consideration, the City Council reached consensus to
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1 support a 10% UUT without a sunset clause as it continues to work on ways to increase
2 the financial stability of the general fund; and

3 **WHEREAS**, although some amount of the revenue generated by even a 10%
4 UUT is likely to be lost over time due to market erosion, changing technology and other
5 factors, setting the UUT at 10% will substantially help stabilize the current budget and
6 current level of essential services; and

7 **WHEREAS**, given that the UUT collected will continue to be less than the cost of
8 City police, fire and paramedic services, review by an Oversight Committee to determine
9 that the City has directed UUT revenue to pay for public safety services is an
10 unnecessarily use of valuable citizen volunteer time which can be put to better use in the
11 City; and

12 **WHEREAS**, the City desires to continue the existing exemption for low income
13 citizens and preserve all other provisions of the UUT Ordinance set forth in Chapter
14 3.36, unless otherwise amended herein.

15 **NOW, THEREFORE**, the People of the City of Sierra Madre do ordain, as
16 follows:

17 **Section 1 Section 3.36.180 ("Utility users tax rate") is amended to read as**

18 **follows:**

19 **"3.36.180 Utility users tax rate.**

20 Effective July 1, 2016, the taxes imposed by this Chapter shall be at the rate of
21 ten (10) percent, unless a lesser rate is established by the city council on or before
22 August 1st of any year."

23 **Section 2. Section 3.36.200 ("Exemptions"), Subsection A is amended to**

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read as follows:

3.36.200 Exemptions.

A. Nothing in this Chapter shall be construed as imposing a tax upon:

(1) Any Person or service if imposition of such tax upon that Person or service would be in violation of a federal or California statute, the Constitution of the United States or the Constitution of the State of California;

(2) The City;

(3) Any individual who uses any utility subject to tax under this Ordinance in or upon any premises occupied by a household of which that individual is a member and that qualifies as "very low income" as defined by the U.S. Department of Housing and Urban Development's annual survey of income limits for the Public Housing and Section 8 Programs.

Section 3. Section 3.36.230 ("Oversight Committee") is repealed.

Section 4. Majority Approval. This Ordinance shall be effective only if approved by a majority of the voters voting thereon (50% + 1) and shall go into effect ten (10) days after the vote is declared by the City Council.

Section 5. Severability. If any section, sentence, clause, phrase, or portion of this Ordinance is for any reason held to be invalid or unenforceable by a court of competent jurisdiction, the remaining sections, sentences, clauses, phrases, or portions of this Ordinance shall nonetheless remain in full force and effect. The people of the

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1 City of Sierra Madre hereby declare that they would have adopted each section,
2 sentence, clause, phrase, or portion of this Ordinance, irrespective of the fact that any
3 one or more sections, sentences, clauses, phrases, or portions of this Chapter be
4 declared invalid or unenforceable and, to that end, the provisions of this Ordinance are
5 severable.

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8 **Section 6. Execution.** The Mayor is hereby authorized to attest to the
9 adoption of this Ordinance by signing where indicated below.