

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMMERCE, CALIFORNIA, AMENDING RESOLUTION 13-41, MODIFYING THE CRITERIA AND SPECIFIED PERCENTAGES OF THE ALLOCATION OF MEASURE AA SALES TAX REVENUES FOR ECONOMIC DEVELOPMENT ACTIVITIES AND PROJECTS

WHEREAS, on August 6, 2012, the City Council approved the submittal of Measure AA to the City voters at the November 6, 2012, Election. Measure AA proposed to raise revenue to offset severe state budget cuts and provide funding for such things as repair, maintenance and improvement of streets, sidewalks, public facilities, parks, libraries and other services in the City of Commerce. The revenue would be raised by approving an ordinance enacting a one-half of one percent ($\frac{1}{2}$ of 1%) transactions and use (i.e. "sales tax") tax within the City; and

WHEREAS, on November 6, 2012, Measure AA was duly approved by the voters of the City of Commerce; and

WHEREAS, on December 18, 2012, Ordinance No. 649 (An Ordinance of the People of the City of Commerce, State of California, Enacting a One-Half of One Percent ($\frac{1}{2}$ of 1%) Transactions and Use (Sales) Tax to Fund General Municipal Services) was approved by the City Council; and

WHEREAS, Measure AA (Ordinance No. 649) provides for the establishment of an Advisory Committee that will review and report on the receipt of and expenditure of funds from the sales tax revenues generated by Measure AA; and

WHEREAS, Section 3.09 of Ordinance No. 649 (Measure AA) states, in part, that:

Additionally, there shall be a committee consisting of no fewer than five seats to review and report on the receipt of revenue and expenditure of funds from the tax authorized by this chapter. The committee members shall be either City residents or representatives of City businesses. Within 90 days of the operative date of this chapter, the City Council shall adopt a resolution establishing the composition of the committee, setting the terms of office of the committee members, and defining the scope of the committee's responsibilities, which at a minimum shall include reviewing the annual auditor's report and making recommendations to the City Council for use of the tax revenue. The committee's report and recommendations shall be completed by a date to allow for it to be considered as part of each annual budget process. The committee's report and recommendation shall be a matter of public record and shall be considered and reported by the City Council at a public meeting; and

WHEREAS, on April 23, 2013, the City Council of the City of Commerce held a workshop in order to consider and decide upon the key issues related to the establishment of the Measure AA Advisory Committee; and

WHEREAS, on May 7, 2013, the City Council adopted Resolution 13-41 of the City of Commerce, which among other things, Section 3(c) of Resolution No. 13-41 provides that the Committee's recommendations to the City Council for use of the Measure AA sales tax are required to be consistent with the following criteria, allocating for a specified percentage of the tax revenues for specific projects, including:

- 70% shall be used for one-time infrastructure / capital items
- 10% shall be maintained as reserves
- 10% shall be used for economic development activities / projects
- 5% shall be used to cover administrative costs
- 2.5% shall be used for City beautification activities / projects
- 2.5% shall be used for public safety activities; and

WHEREAS, economic development is generally defined as the expansion of capacities that contribute to the advancement of society through the realization of the individuals', firms' and communities' potential and is essential to creating the conditions for economic growth/prosperity, a high quality of life and ensuring the city's economic future; and

WHEREAS, this City Council has reiterated on several occasions that as a policy matter, housing will be a part of, rather than be a by-product, of its economic development process going forward; and

WHEREAS, for economic development to succeed it requires collective action through government – this City Council recognizes this and understands that better infrastructure is predicated on successful economic development; and

WHEREAS, it is City Council's intent and desire to amend applicable provisions of Resolution No. 13-41 to modify the criteria and specified percentages of the allocation of Measure AA Sales Tax Revenues, especially as they relate to funding economic development activities and projects.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMMERCE DOES HEREBY RESOLVE, DECLARE AND DETERMINE AS FOLLOWS:

Section 1. The City Council of the City of Commerce finds and declares that the foregoing recitals are true and correct, and incorporates said recitals fully into this Resolution as substantive findings.

Section 2. City of Commerce Resolution No. 13-41, Section 3, "Scope of Duties", is amended to read as follows:

c. The Committee's recommendations to the Council for use of the Measure AA sales tax revenues shall be consistent with the following criteria:

- (i) 0% shall be used for one-time infrastructure/capital items (addressing current deficiencies). Such projects may include street projects (including, but not limited to sidewalk, alleys, traffic signals, signs, storm drains, utilities); public facilities projects (including, but not limited to building repairs, technological enhancements, maintenance, retrofit); environmental quality of life projects (including, but not limited to air, water, pollution abatement/control, housing retrofit projects); and major capital equipment replacement / investments (capital equipment in excess of \$5,000).
- (ii) 10% shall be maintained as reserves.
- (iii) 85% shall be used for economic development activities/projects. "Economic development activities/projects" may include, but not limited to, that which includes a City initiative, policy, goal or objective to design, develop and offer support services to new and existing businesses to cultivate a healthy and green economy in the City, while also inclusive of that which creates and administers programs and efforts designed to promote a sustainable economy through business development, retention, attraction and beautification. Of note, this Council has reiterated on several occasions that as a policy matter, housing will be a part of, rather than a by-product, of its economic development activities and projects. Examples may include land acquisition, economic development incentives, furthering and promoting the City's housing element and anything that expands the capacities that contribute to the advancement of the City by creating conditions for economic growth and/or prosperity, a high quality of life, and ensuring the City's economic future.

- (iv) 5% shall be used to cover the City's administrative costs in connection with the implementation of Measure AA and the projects paid for by the Measure.
 - (v) 0% shall be used for City beautification activities and/or projects.
 - (vi) 0% shall be used for public safety activities.
 - (vii) City staff shall provide the Committee with a list of potential projects/activities that satisfy the above criteria.
- d. On an annual basis, but no later than two (2) months from closure of each respective fiscal year, City staff shall provide the Measure AA Advisory Committee and the City Council a written, comprehensive report, providing a full and complete accounting of the reallocation of funds. The report shall include information as whether the City's objectives and goals are being positively impacted and/or met by the reallocation of funds.
 - e. City Council shall have the discretion to rescind this proposed Resolution amending Resolution No. 13-41 at any time and reinstate the original terms of Resolution No. 13-41, or make alternate amendments.

Section 3. The City Clerk shall certify to the adoption of this Resolution and thereupon and thereafter the same shall be in full force and effect.

PASSED, APPROVED and ADOPTED this 5th day of August, 2019.

John Soria, Mayor

ATTEST:

Lena Shumway, City Clerk