

MEASURE E INFORMATION

Dear Neighbor,

I hope this message finds you all doing well. It has been an event-filled fall/winter around town! While many have hopefully enjoyed this holiday season, staff is continuing to work hard on the many new and ongoing projects, and on delivering the services that all our residents come to rely upon. Of significant importance was the 30-Year Anniversary held at our new Yucaipa Performing Arts Center (YPAC) and the first annual New Year's Eve Celebration, also held at the YPAC and put on by the Yucaipa Community Foundation. Additionally, the Yucaipa Boulevard Street Improvement Project will be completed soon, and additional portions of County Line Road and Avenue E will be improved over the next six to eight months.

Another significant event that happens this time of year is the review of the City's Budget and the Audit Report for the previous fiscal year. In June 2019, the City Council adopted the FY 2019-20 Budget, which totaled nearly \$164 million. \$29.4 million is allocated for General Fund purposes that include: Police, Fire, Public Works, Parks and Recreation, Community Services, and Economic Development. The remaining \$135 million is embodied in the Capital Improvement Program Budget and is restricted for street, park, facility and drainage improvements. The City Council approved First Quarter adjustments to the budget that included unexpected increases to the Sheriff Department Budget as a result of negotiated agreements between San Bernardino County and the represented groups.

The Public Safety portion of the budget will continue to become more imbalanced as time goes on because costs are increasing at a faster rate than revenues. With annual revenues from property tax and current sales tax levels projected to increase in the neighborhood of 3 to 3.5% (assuming no recession occurs), Sheriff Department contract increases of 5.5% per year, and the

paramedic assessment remaining static because the Assessment voted in by the Community in 2004 did not include any adjustment for consumer price indexes (CPI), the Public Safety budget imbalance will grow from an estimated \$1 million annually this year (a \$725,000 shortfall for paramedics, and a \$275,000 shortfall for police when compared to the previous year's costs and after taking into account projected revenue increases for this year) to an estimated \$1.3 million in 2020, \$1.7 million in 2021, and so on.

We had planned for and were able to use one-time funding sources, and the accumulated paramedic assessment fund balance to cover the increased paramedic costs this year, but the paramedic assessment fund balance has now been depleted and future Public Safety cost increases will directly impact other services provided by the City, even with current Public Safety Service levels remaining static. Although we continue to have among the lowest crime rates in the Inland Empire, and the Fire Department response times continue to remain within industry standards, the City is not immune from the impacts that other communities are experiencing associated with continuing Statewide realignment and "decriminalization" efforts and a growing number of emergency calls. In particular, the Fire Department response times have continued to increase over the years with a one-time significant reduction when we opened Fire Station No. 3 in 2004. Since that time, response times have crept upward again, approaching the limits of industry standard levels.

Even though, in 2012, the State took away redevelopment agency monies, one of the most important tools local agencies had facilitate economic development in our community, the City has continued to utilize remaining redevelopment funds, development impact funds, grant funds, and even one-time General Fund monies at times to provide the necessary infrastructure to support manufacturing and commercial developments that provide jobs, property taxes, and sales tax here

in Yucaipa. These efforts have resulted in some successes in the Uptown and throughout the community including the Sorenson Engineering expansion, a hotel site development, and now the movie theater anchored site coming soon, but it has not been enough to cover the public safety cost increases going into the future.

The City has proactively improved its amenities, parks, facilities, and programming since its inception by utilizing grant funds, development impact fees, and partnerships. We have also collaborated with service clubs, faith-based groups, and other volunteer groups to provide community events “put on” by the Community in a very cost-effective way. These are all amenities and services that set Yucaipa apart from other similar-sized cities. Other cities that have cut family and youth programming to help fund Public Safety have often found that this can result in an increase in crime and calls for service, not the other way around.

Staff’s focus over the past three to four months has been exploring potential solutions to the current and future public safety funding shortfall. We’ve been looking into any and all possibilities to increase revenue and cut costs. Staff believes we are at our bare minimum staffing levels to continue to provide the services that you expect. Although with a number of recent retirements, the City Council recently approved a reorganization that will result in a decrease in staffing costs of about \$120,000 annually, and we are reducing the number of outdoor concerts being hosted at the YPAC next year; any further reductions will impact services to the community, including reductions in safety services, reductions in facility operating hours, youth services, senior services and the elimination of community events.

Several options for additional revenues have been discussed, one of which was to ask the voters for an increase in the paramedic assessment. Since the last increase was 16 years ago, a significant increase would be required (nearly doubling in the coming year) in order to fully fund

paramedic services. The second option was to ask voters to consider implementing a sales tax measure (Measure E) which would raise the sales tax in the City of Yucaipa from 7.75% to 8.25%. This would generate approximately \$2 million annually. These funds would go directly to the City's General Fund to be utilized for Police and Fire Services, Parks and Recreation, Public Works, Community Development, and general administration. In addition, they directed staff, if approved, to create a "Firewall" in the budget, tracking these revenues and costs separately from the rest of the General Fund Budget, as we have for years with paramedic and fire costs. The City Council also decided to require as part of the measure, creation of a Citizen's Oversight Committee to monitor use of the funds. Ultimately, the City Council unanimously voted to ask you, the voters to decide on the sales tax measure (Measure E) rather than doubling the Paramedic Assessment for Paramedic services alone, or the alternate of reducing services over the next several years.

One of the benefits of a sales tax versus a property assessment is that all beneficiaries of the services are paying, including not just property owners but renters and visitors to our community as well.

As noted above, the current sales tax rate in Yucaipa is 7.75%. The City receives only 1% of the 7.75%, which produces approximately \$4.14 million annually. In California, the sales tax rate is capped at 10.25%, and this proposed increase would still be well below that cap.

As always, input from the community is welcomed and needed. If you have any questions or concerns regarding the proposed transaction and use tax measure or any other matter, please feel free to email at feedback@yucaipa.org. The City's website is also a great resource for information – www.yucaipa.org. Thank you for taking the time to read this and for your interest in continuing to make Yucaipa an even greater place to live.

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