

October 24, 2014

Dear Benicia Residents:

As your elected City leaders we are grateful and humbled to serve as your Mayor and City Council. Each of us strives to do what we can to preserve those characteristics that make Benicia such a wonderful place to live. While we may not always agree on certain policies or decisions, we are united in our resolve to work towards maintaining and where possible enhancing our quality of life. To that end, we have unanimously voted to support and place on the ballot, for your consideration, a measure to raise Benicia's sales tax by 1%. This initiative is called "Measure C – City of Benicia Quality of Life Measure."

Measure C is a 1 cent on the dollar tax on purchases sold and/or consumed in Benicia. Presently the sales tax rate in Benicia is 7.625%. Of that amount 6.5% goes to the State of California, 1% is returned to Benicia and .125% supports libraries in Solano County.

We are immensely proud of our community for having endured the challenges and sacrifices of the Great Recession. Despite record economic hardship Benicians have worked together to preserve our small-town charm and quality of life. We recognize and honor this community achievement but we must also recognize that as a City we exit the Great Recession far different than when we entered. As you may be aware, local government is funded primarily through property tax, utility-user tax and sales tax. Moving forward the growth of these revenue streams will rise at a much slower rate than in previous years. Additionally, Benicia is a built out community. No longer can we rely on new housing or commercial development to support existing services. In fact over the last four years only ten new construction permits were issued for residential homes; none were issued for industrial or commercial construction.

To make matters even more challenging we must also contend with fewer dollars from the State of California to maintain our roads. Benicia has 94 miles of roads but we only receive approximately \$500,000/year from State Gas Tax money to invest in repair and maintenance. Our Public Works Department has estimated that Benicia needs to invest \$1.3 million on an annual basis just to prevent further deterioration.

The result of this new economic landscape and insufficient State funding has caused great strain on our municipal budget. Since 2008 the City Council and City staff have worked to address these challenges and, as best as possible, insulate the community from service cuts. Accordingly, the City has worked to reduce our expenditures. Over the last six years the City has implemented employee salary and benefit concessions, with employees agreeing to 10% reductions in compensation, including contributing considerably more toward health care and retirement costs. The City has reduced its full time workforce by 12% through employee lay-offs and freezing positions. Over the last four years these efforts have decreased employee related expenditures by

approximately \$11.2 million. Additionally, the City has worked to maximize revenue potential of City real estate increasing lease income, since 2010, by 275%, which generates over \$65,000 per month.

Notwithstanding these efforts further action is needed to insure we maintain a balanced budget. A fact that was quantified and illustrated in our ten-year financial forecast that was presented to the City Council this past May. In spite of our expenditure reduction efforts, our financial forecast projects a year over year decline in our General Fund, ultimately leading to a budget deficit. Therefore, as a community we are presented with a choice of either further reducing expenditures, which means reducing the level and amount of City services enjoyed by the community, or seek new revenue that is locally generated, locally controlled and cannot be taken by the State. Faced with this choice our preference is to take action that will help maintain Benicia's financial viability as a full-service city and protect our small town quality of life – that choice is Measure C.

If Measure C is approved by voters it would go into effect on April 1, 2015. It is anticipated to generate approximately \$3.7 million annually. This new revenue would be part of the solution to sustain services the City provides the community. These funds would be used to support existing City services as well as address many of our infrastructure needs. In fact over the next two years, the City plans to invest \$4 million in road and sidewalk projects, replacement of new playground equipment at Community Park, improvements to the deck and restrooms at the James Lemos Swim Center and new fire equipment to combat grass fires. Furthermore, to promote transparency and provide assurance to our citizens, Measure C requires a citizen oversight committee charged with informing the community about the expenditures from Measure C.

We hope that this letter jointly authored by the entire City Council conveys to you the context and importance behind the decision to place Measure C on the ballot. On November 4<sup>th</sup> please join us in voting YES on Measure C.



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ELIZABETH PATTERSON, MAYOR



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TOM CAMPBELL, VICE MAYOR



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MARK HUGHES, COUNCIL MEMBER



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ALAN SCHWARTZMAN, COUNCIL MEMBER



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CHRISTINA STRAWBRIDGE, COUNCIL MEMBER