



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

**Department Name:** County Executive Office  
**Department No.:** 012  
**For Agenda Of:** February 26, 2019  
**Placement:** Departmental  
**Estimated Time:** 1 hour  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors  
**FROM:** Department           Mona Miyasato, County Executive Officer  
          Director(s)  
          Contact Info:       Jeff Frapwell, Assistant County Executive Officer  
**SUBJECT:**    Renew '22 Update and Potential Sales Tax Measure

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**County Counsel Concurrence**

As to form: N/A

**Auditor-Controller Concurrence**

As to form: N/A

**Recommended Actions:**

That the Board of Supervisors:

- a) Receive an update on the Renew '22 initiative;
- b) Provide conceptual direction to staff on a transaction (sales) and use tax to be implemented in the unincorporated area;
- c) Direct staff to return with polling data results and options for a ballot measure; and
- d) Determine pursuant to the California Environmental Quality Act (CEQA) Guidelines Section 15378 that the above actions are not a project subject to CEQA review.

**Summary Text:**

Renew '22 is a multi-year, countywide effort to transform how the County of Santa Barbara does its work. Launched in 2017, departments and cross-cutting working groups developed initiatives and strategies that sought to re-vision the County as an organization, re-balance its resources, re-design how it does its work, respond to residents and customers with the highest quality of services within its means, and retain high-performing employees and prepare the next generation of leaders.

This Board Letter provides an update on the Renew '22 initiative and the County's continuing progress towards achieving the transformation envisioned and requests direction on a transaction (sales) and use tax, which was originally proposed during the FY 2018-19 Budget Workshops but not further explored as a ballot measure for the November 2018 election.

## **Discussion**

In 2017, the County of Santa Barbara embarked on a multi-year initiative to transform how County government does its work. This transformation is not simply limited to a re-evaluation and re-tooling of how and what we do; it seeks to empower change, improve our operations, develop sustainable revenue strategies, prepare the next generation of leaders, and refocus on customer service—all in alignment with the priorities set by the community and the Board of Supervisors.

Renew '22 charts the course for a stronger and more resilient County government. Recognizing that the pressures and challenges the County face are unlikely to abate in the near term, Renew '22 seeks to build the County's capacity for innovation and continuous improvement. Building on prior initiatives like the Budget Rebalancing Initiative and Organizational Strategic Plan, Renew '22 addresses five core areas:

- **Re-visioning** the organization
- **Re-balancing** our resources
- **Re-designing** how we do our work
- **Responding** to residents and customers with the highest quality of services within our means
- **Retaining** high-performing employees and preparing the next generation of leaders

These core areas serve as the framework for the supporting initiatives and strategies that departments and cross-cutting working groups developed in 2017 and continue to develop as Renew '22 approaches completion of its second year.

## **Renew '22 Progress Report**

The Renew '22 Progress Report (Attachment A) provides an overview of the County's continuing progress towards achieving the transformation envisioned. As of the close of calendar year 2018, we have implemented over 100 supporting initiatives and strategies that span all County departments and seek to improve what we do and how we do it, ranging from document management to centralized service delivery. The majority of these initiatives and strategies are on track for completion by 2022 or have already been completed.

## **(Re)Exploring Initiatives**

The Renew '22 plans and strategies, first developed in 2017, are not intended to be fixed but adaptable as technology evolves and resources and external conditions change. While we continue to encourage departments and employees to put forth new ideas that will help drive the County toward a more resilient future, it may be prudent to re-explore initiatives that, when proposed, were deemed infeasible due to existing conditions, determined to be low priority, or deferred for later consideration.

During the FY 2018-19 Budget Workshops, staff proposed including a sales tax measure for the unincorporated area in the November 2018 election. Originally conceived of as a general purpose sales tax, the annual revenue impact, based on FY 2016-17 sales tax revenues, was estimated at \$1.89 million for every quarter-cent increase to the existing sales tax rate of 7.75 percent. The County currently receives \$7.27 million in revenue from the one-percent local retail sales tax (Bradley-Burns). The chart below summarizes the additional annual revenue projected to be generated by various rate increases based on current sales tax revenues.

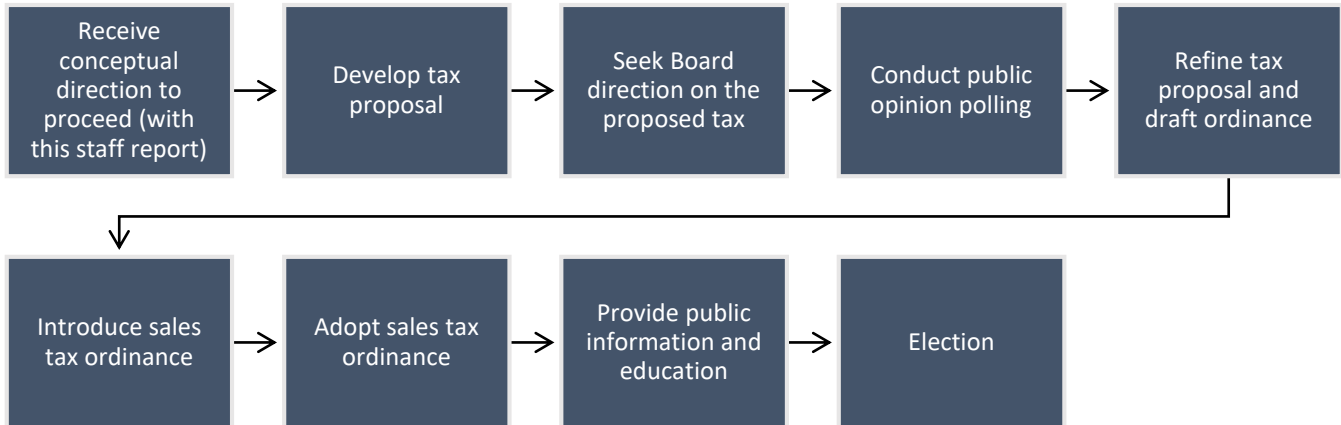
Increase	Proposed Rate	Estimated Annual Revenue Impact
0.25%	8.00%	\$1.82 million
0.50%	8.25%	\$3.63 million
0.75%	8.50%	\$5.45 million
1.00%	8.75%	\$7.27 million

The cities of Carpinteria and Santa Maria placed sales tax measures on the November 2018 ballot that increased the sales tax rate by 1.25 percent to 9 percent (Carpinteria) and renewed and enhanced a one percent sales tax to 8.75 percent (Santa Maria); voters approved both measures which become effective on April 1, 2019. Voters in the City of Santa Barbara approved a similar measure in the prior year that raised the sales tax by one percent to 8.75 percent. A chart comparing sales tax rates throughout Santa Barbara County from April 2017 to April 2019 follows.

**Sales Tax Rates in Santa Barbara County**

	April 2017	April 2018	April 2019
Santa Barbara County	7.75%	7.75%	7.75%
Buellton	7.75%	7.75%	7.75%
Carpinteria	7.75%	7.75%	9.00%
Goleta	7.75%	7.75%	7.75%
Guadalupe	8.00%	8.00%	8.00%
Lompoc	7.75%	7.75%	7.75%
Santa Barbara	7.75%	8.75%	8.75%
Santa Maria	8.00%	8.00%	8.75%
Solvang	7.75%	7.75%	7.75%

The County may impose a transaction (sales) and use tax within the unincorporated area for general purposes if approved by a simple majority of voters. Alternatively, the County may levy a special tax that would be dedicated for a specific purpose, which would require approval by two-thirds of voters. Areas suggested as potential uses for such a ballot measure include public safety, in particular the radio network upgrades; mental and public health facilities and programs; libraries, and infrastructure improvements including roads, parks, facilities and trails. Should the Board direct staff to develop a proposal for a general or special tax, staff will conduct public opinion polling to gauge public interest in a sales tax and use(s) for any revenue generated from it. A diagram of anticipated steps follows.



Should the County place a sales tax measure on the ballot for either the 2020 primary or general election, Board action to adopt a sales tax ordinance would be required by the dates indicated below.

**Deadlines to Adopt Ordinance**

Deadline	Election
November 5, 2019	March 3, 2020 - Primary Election
July 14, 2020	November 3, 2020 - General Election

To place a sales tax measure on the ballot for the Primary Election to be held on March 3, 2020, the Board may direct staff to conduct polling on various sales tax increase options and return on or around August 27, 2019 with polling results. The Board may then provide staff with direction on the development of a sales tax ordinance, the first and second readings of which would occur in October 2019.

To place a sales tax measure on the ballot for the General Election to be held on November 3, 2020, the Board may provide staff with general direction to conduct polling on sales tax increase options by February 2020 and return in April 2020 with polling results. The Board may then provide staff with direction on the development of a sales tax ordinance, the first and second readings of which would occur in June 2020.

**Fiscal and Facilities Impacts:**

There are no fiscal impacts associated with the receipt of this update on the Renew '22 initiative. Should the Board direct staff to develop a proposal for a transaction (sales) and use tax within the unincorporated area, the cost of conducting public opinion polling are estimated at \$50,000 to 60,000. Funds are available in the set-aside created for Renew '22.

**Attachments:**

Renew '22 Progress Report

**Authored by:**

Lynne Dible, Chief Financial Officer, Fire Department  
 A.J. Quinoveva, Fiscal and Policy Analyst, County Executive Office