



Frequently Asked Questions about Measure O

Residential Landlord and Business License Tax Update

Q: Why does Antioch need to update the Business License Tax?

A: Antioch continues to face a severe fiscal crisis due to very low revenues. We are among the poorest city governments in the County. With Measure C, our budgeted General Fund revenue for fiscal year 2014/15 is \$43,046,381. With a population of 106,455, that puts our per capita (per person) revenue **only \$404.36 (which means \$404 per year per resident to provide all services including Police, streets, parks, recreation, senior and youth programs, administration, etc.)**. Compare this to our neighboring cities of Brentwood at \$817.35 and Pittsburg at \$555.84. Comparable sized cities Concord and Richmond are at \$681.68 and \$1255.75 – a General Fund three times as large as Antioch's.

Q: Why can't the City just cut costs?

A: Since 2007, the City has taken severe actions to reduce costs and avoid bankruptcy, including:

- Reducing staffing by 30% through layoffs, retirements and attrition.
- Eliminating cost-of-living increases and decreasing management salaries 10%.
- Implementing furloughs and closing City business offices on Fridays.
- Reducing benefit payments by increasing employee contributions towards retirement costs and drastically reducing medical after retirement benefits for new employees.
- Reducing other expenditures by cutting service, supply and equipment costs, and deferring vehicle, building and equipment maintenance.

Q: What about the Measure C (sales tax measure) funding?

A: With approval of the 2014-15 budget, the City Council directed 100% of Measure C revenues toward the hiring of more Police Officers, which is well in progress, and augmenting Code Enforcement services. However, even with Measure C funds:

- The General Fund revenue is still down \$4.2 million from the height in 2007. That is an 8.9% reduction.
- Multi-million dollar budget deficits are projected starting in fiscal year 2016/17. At this pace, the City's reserves will be exhausted by June of 2019.
- Measure C is only approved for seven (7) years, expiring in 2021, so sustainable, ongoing revenue needs to be identified.

Q: What is Measure O?

A: Measure O is an increase in the minimum Business License Tax, and it will get **residential landlords to pay a tax based on the number of units rented**. In June 2014, the City Council authorized placing a measure on the local November ballot to specifically add the business of renting or leasing of residential property as a business and subject to taxation.

Q: How much will landlords have to pay?

A: Residential landlords will pay \$250 per year for single family dwelling rentals (e.g. houses) and \$150 per year for multi-family rental units (e.g. apartments and condos).

Q: Are there exemptions from the new Business License Tax on Landlords?

A: Hotel/motel, hospital, convalescent, extended care (nursing) and residential care (assisted living) facilities are exempt from the proposed per unit fee. Non-profits continue to be exempt from the Business License Tax.

Q: How much will businesses have to pay?

A: The minimum annual Business License Tax will go from \$25, where it was in the 1960's to \$100. The City Council heard the request of the Chamber of Commerce to not raise the tax on smaller home-based businesses, which remain at \$25.

Q: How did Measure O come to be?

A: In 2013, a group of citizens requested that the City Council add the rental or leasing of residential property to the business license ordinance at a rate of \$240 per unit per year. The City Council decided to only bring one measure forward and moved ahead with the sales tax ordinance (Measure C). However, the Council directed staff to work with the citizens group and the California Apartment Association to develop a measure for 2014. The citizens group agreed with the City's compromise proposal, but the Apartment Association did not.

Q: Why did the City Council put Measure O on the ballot?

A: In 2013, the City Council declared a Fiscal Emergency, and although Measure C was successful, the City's approved budget still has projected budget deficits of over \$3,000,000 per year starting in FY 2016/17. The City Council felt that City services have already been cut to unacceptable levels and given the temporary nature of Measure C funding and the projected multi-million dollar deficits, that having residential landlords pay a per unit Business License Tax was the best alternative to stabilize the City's finances.

The purpose of Measure O is to provide General Fund revenue to help eliminate the projected structural deficits and improve essential community services such as:

- Reopening City Hall, the Public Works office, and the Police Department lobby five (5) days a week.
- Further enhancing Police, Code Enforcement and blight elimination activities, such as graffiti and dumping abatement.
- Reinvesting in infrastructure and maintenance, such as streets, landscaping and buildings to improve the appearance of the community and increase property values.

Q: Can the City provide full range of services without additional revenue?

A: No. Without additional revenue the City will be deficit spending by fiscal year 2015/16. This will require further cuts in expenditures, necessitating staffing reductions in General Fund departments, including the Police Department.

Q: How do we know these funds will be spent responsibly?

A: The City's finances are independently audited every year. City budgets are posted on the City website. In addition, all City revenues are reported and discussed at public meetings during the annual budget process.

Q: Can these funds be taken by Sacramento?

A: No. By law, these are locally approved funds and **can only be used for local Antioch services.** Not a penny can be taken by the State or the County?

Q: When was the election?

A: Tuesday, November 4, 2014.

Q: How can I find out more factual information about Measure O?

A: For more full text of Measure O and the City Attorney's Impartial Analyses, visit www.antiochca.gov or call 779-7011 for more information.