

INDIAN WELLS CITY COUNCIL

June 20, 2024



To: City Council
From: Finance Department
Prepared by: Kevin McCarthy, City Finance Director
Subject: **Proposed Ballot Measure for Special Fire Tax Increase**

RECOMMENDED ACTIONS:

Council **DISCUSSES** the Polling Results of the Special Fire Tax Ballot Measure; and

DIRECTS Staff to prepare the Ordinance approving the Revision and Resolution for Council consideration at the July 2024 Council Meeting; and

FINDS the action to be exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2), 15060(c)(3), and 15061(b)(3).

DISCUSSION:

During the City Council Meeting on March 7, 2024, the Council deliberated on a proposal to introduce a Ballot Measure to increase the Special Fire Tax. Indian Wells residents have been subject to a special tax of \$120 per household annually since its approval in 1980. This amount has remained unchanged for over four decades.

Justification for Annual Escalator

The introduction of an annual escalator to the Special Fire Tax is intended to preserve service levels by ensuring consistent emergency medical and fire protection services. This mechanism adjusts for inflation, maintaining the real value of revenue over time and covering the rising costs associated with these services. It provides a predictable revenue stream, aiding long-term financial planning and ensuring sufficient funding for essential services.

This approach also distributes the funding burden more equitably, preventing sudden tax spikes and minimizing taxpayer impact. The extra revenue can also enhance fire safety infrastructure, firefighter training, and equipment acquisition, ultimately improving public safety and emergency preparedness.

Proposed Changes

The proposed measure seeks to implement an annual escalator mechanism to the existing tax. This mechanism would increase the tax by \$6.00 to \$10.00 per household per year. Over the next decade, this increase is expected to raise the annual tax revenue from \$600,000 to \$900,000, generating approximately \$1.2 million in additional revenue over the same period.

Ballot Poll Testing

Before proceeding with the ballot, the Council instructed staff to conduct a resident ballot poll and present the findings at the Council meeting scheduled for June 20, 2024. At the time of this report, the poll data is still being compiled. Once completed, the Polling Report will be made available to the public and the City Council prior to the Council Meeting in a timeframe consistent with State law.

Next Steps

Upon receiving direction from the Council, if the Polling Report indicates a favorable environment for proceeding with the Ballot Measure, staff will prepare the necessary ballot documents and schedule a Public Hearing for the City's July 2024 Council Meeting to present the Ballot Measure for the Council's consideration.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):

This action has been reviewed per the authority and criteria contained in the California Environmental Quality Act (CEQA), the State and local CEQA Guidelines, and the City's environmental regulations. The City, acting as the Lead Agency, determined that the ordinance is not subject to CEQA pursuant to Sections 15060(c)(2), 15060(c)(3), and 15061(b)(3) of the State CEQA Guidelines, because it will not result in a direct or reasonably foreseeable indirect physical change to the environment as there is no possibility that the action would result in a significant environmental impact, and because it does not constitute a "project" as defined in Section 15378 of the State CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3.

ATTACHMENTS:

1. Special Fire Tax Polling Results *(submitted under separate cover)*.