

CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE R

The **Cudahy Services Preservation Measure** (the “Measure”) proposes to raise supplemental general fund revenues which may be used for any general municipal purpose, including but not limited to: maintenance and improvement of senior and youth services and programs; graffiti removal efforts; expanding and improving City park facilities; and fixing City streets and public infrastructure, by the establishment of a temporary 10-year three-quarter percent (3/4%) transactions (sales) and use tax which would be added onto the existing County-wide tax on the sale of tangible goods.

EXEMPTIONS: The proposed (3/4%) tax does not apply to purchases of prescription medication nor does it apply to most basic grocery store food purchases on items like milk, meat, fish, vegetables, fruit, cereals, coffee, sugar, baby food, bread and other bakery products, nuts, condiments, candy, juices, bottled water and the like.

SUNSET CLAUSE: The tax is temporary and expires automatically in 10 years.

COLLECTION: The (3/4%) transactions and use tax is paid in addition to the existing 9.5% tax on sales of tangible goods and is collected at the same time and in much the same manner as the existing sales tax. The proposed (3/4%) tax would add approximately 75¢ to a retail purchase of \$100 or 3/4¢ to a purchase of \$1. With the exception of those items that are exempted from the tax, the proposed (3/4%) transactions and use tax would apply to most over-the-counter sales of tangible goods and to restaurant sales. For purchases of big-ticket items (e.g., appliances and furniture), the tax would apply only if the item is delivered by the seller to a **Cudahy** address from a point of sale located within or outside of the City of **Cudahy**. For automobile sales, the tax would apply only if the vehicle purchased was registered to a **Cudahy** address, regardless of whether the vehicle was purchased from a dealership located in or outside of the City.

OVERSIGHT: The Measure requires the City Council to appoint a Fiscal Oversight Committee to monitor the use of tax proceeds under the Measure.

NON-RESIDENTS PAY: Non-residents share in paying the tax for most over-the-counter retail purchases thereby helping to pay for their use of the City's streets and other infrastructure.

ESTIMATED REVENUES: The Measure could generate an estimated \$750,000 per year in supplemental general fund revenues.

APPROVAL REQUIREMENTS: The Measure requires approval by a simple majority (50% + 1) of **Cudahy** voters in order to be approved. A “Yes” vote is a vote in favor of approving the tax measure while a “No” vote is a vote against its approval.

RICK R. OLIVAREZ

City Attorney

The above statement is an impartial analysis of the **Cudahy Services Preservation Measure**. If you desire a copy of the ordinance, please call the City Clerk's office at **(323) 773-5143** and a copy will be mailed at no cost to you.

ARGUMENT IN FAVOR OF MEASURE R

Vote YES on the Transaction and Use Tax setting a 10 year tax to maintain and improve Cudahy's senior and youth programs, prevent further cuts to parks services, fund graffiti removal in our parks, residential, and commercial areas, improve park facilities, and repair streets citywide.

The current financial problems experienced by the City stems from 40 years of Proposition 13 capping property tax increases at 2% annually and Cudahy's Low Property Tax rate collecting \$0.006 per tax dollar instead of a full penny per tax dollar paid.

The City has tightened its belt, dramatically cutting programs and personnel, salvaging only the most essential services. During these difficult years, the Parks and Recreation department has been hurt the most, suffering a 50% reduction, nearly a \$500,000 budget reduction. We must, therefore, raise additional funding by voting YES on the Transaction and Use Tax.

The Transaction and Use Tax will generate approximately \$750,000 per year to fund essential City programs. Funding includes:

- 1) Improve important senior and youth services that are important to our community;
- 2) Prevent further cuts to the Parks and Recreation Department including facility closures;
- 3) Fund graffiti removal to improve the appearance of our parks, commercial, and residential areas;
- 4) Prevent further deterioration of local streets; and
- 5) Expand and improve City park facilities.

We are reassured by that fact that these new revenues and expenditures are subject to a Citizen Oversight Committee and the City's annual independent audit.

The Transaction and Use Tax is essential to preserving our quality of life. It will prevent deterioration of our City's park facilities and infrastructure as well as ensure Cudahy neighborhoods prosper, improving our seniors' and youth's quality of life.

VOTE YES ON THE TRANSACTION AND USE TAX TO PROTECT OUR FAMILIES AND PRESERVE OUR CITY'S PARKS.

RICHARD IGLESIAS

Deputy City Clerk

JOSE PULIDO

City Manager

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE R

The cold reality of the sales tax increase is that Cudahy will have the HIGHEST sales tax in the entire County of Los Angeles – more than Beverly Hills! This is SHAMEFUL and OUTRAGEOUS! Family-friendly small businesses will leave Cudahy, and YOUR FAMILY will suffer the consequence of higher prices.

The Council would have you believe that the City has tightened its belt. This is FALSE! Lucrative salaries and benefits consume nearly 60% of non-public-safety expenditures from the GENERAL FUND. Mismanagement of the GENERAL FUND also includes lucrative contracts for friends and campaign contributors (including the City Attorney who gets paid more than Donald Trump!), and nearly \$40k budgeted for lavish dinners and generous travel at 5-star resorts. Council members even give themselves a pension (for part-time work!) and combined \$22,500 car allowance for driving in a one-square mile city. They even raised their operating budget by 92% from last year, and now have the gall to demand that YOUR FAMILY pay higher sales tax!

Pay close attention to the name of the individual arguing for the Sales Tax Measure – the City Manager! This insider is PAID nearly a quarter-million-dollars per year (including lucrative salary, benefits, car allowance, and generous vacation days) DIRECTLY FROM THE GENERAL FUND, which stands to benefit from the egregious sales tax increase – without any civilian oversight whatsoever.

The City Council should get its house in order and STOP MISMANAGING THE CITY'S FINANCES, before demanding any more money from your family!

JACK M. GUERRERO, CPA

Bank Macroeconomist, Former Mayor of Cudahy

MARIA JIMENEZ

Business Manager, Economist

BLANCA LOZOYA

Elementary School Teacher

PATRICIA COVARRUBIAS

Secretary/Officer, Homeowners' Association

ARGUMENT AGAINST MEASURE R

STOP THE ABUSIVE SALES TAX INCREASE!

The City Council wants another BAILOUT by raising the sales tax on Cudahy residents and small businesses by three-quarter percent to 10.25% - the HIGHEST in Cudahy history and the HIGHEST in Los Angeles County! If the measure passes, Cudahy will have HIGHER sales tax than Beverly Hills, Pasadena, and Downey! The City Council believes YOU should pay more for shopping in Cudahy! WHY?

In the last few years, the City Council has so severely mismanaged the City's finances, that the General Fund is nearly depleted. This reflects irresponsible out-of-control spending by the City Council on lucrative contracts for friends and campaign contributors; lavish dinners and generous travel budget for Council members at 5-star resorts; and excessive compensation for senior management, including a City Attorney who gets paid more than Donald Trump, and a City Manager who gets paid more than Governor Jerry Brown!

The City Council is trying to pitch this as an "ESSENTIAL SERVICES" tax, but this is a scam! The sales tax resolution clearly indicates: "proceeds may be used for any unrestricted purpose..." Anything at all, including higher salaries and benefits for overpaid council members and senior management.

The cold reality of this egregious tax scheme is that businesses will continue to leave Cudahy. A drive down Atlantic Avenue reveals abandoned buildings, empty lots, dirty streets, and urban decay. Even K-Mart recently left the City of Cudahy in search of better business climate. Instead of beautifying our City with dynamic restaurants, shopping centers, and legitimate family-friendly businesses, the City Council wants to bring 21 marijuana establishments instead. The new sales tax increase will HURT the last remaining family businesses in our City, and usher unprecedented blight.

VOTE NO ON ABUSIVE SALES TAX!

JACK M. GUERRERO, CPA

Bank Macro Economist, Former Cudahy Mayor

MARIA JIMENEZ

Business Manager/Economist

BLANCA LOZOYA

Elementary School Teacher

PATRICIA COVARRUBIAS

Secretary/Officer, Homeowners' Association

REBUTTAL TO ARGUMENT AGAINST MEASURE R

OPPONENTS ARE PLACING THE PROPOSED TAX MEASURE UNDER A MICROSCOPE TO OVERAMPLIFY THE MARGINAL EFFECTS ON THE TAX PAYER

We are not alone. Neighboring cities Downey, Lynwood, Commerce, and Huntington Park ALL passed sales tax measures. Cudahy will also not have the highest sales tax rate in Los Angeles County. We are matching with neighboring South Gate.

Opponents constantly allege mismanagement, **IGNORING** the City's positive results with independent financial audits. **FACT**, in early 2018 the California State Auditor issued a letter to Mayor Garcia stating the City is taking reasonable steps to address risk factors, including the City's need to seek new revenues. Further, our financial problems actually stem from 40 years of proposition 13 consequences, along with Cudahy being a low tax City. However, every year, opponents constantly and redundantly cry wolf, in a baseless and scripted manner. **WHEN WILL THE FEAR MONGERING END?**

The **REALITY** is the City has substantially reduced its personnel. **ALL** departments have suffered severe budget cuts, and further slashing will devastate our invaluable Parks and Recreation Department that oversees both our youth and senior programs.

This tax supports the City's recently adopted Cudahy 2040 General Plan. An emphasis on revitalizing Atlantic Avenue will substantially increase outside consumer traffic, which means outside consumers will cover a great deal of this tax, not residents. We cannot let this opportunity go to waste. If there was ever a moment for residents to support the City, now is the time!

VOTE YES ON CUDAHY SERVICES PRESERVATION MEASURE

RICHARD IGLESIAS

Deputy City Clerk

JOSE PULIDO

City Manager