




**SAN RAFAEL CITY COUNCIL AGENDA REPORT**

**Department: City Clerk’s Office**

**Prepared by: Lindsay Lara,**  
**City Clerk**

**City Manager Approval:** 

**TOPIC: RESTRUCTURE OF VOTER APPROVED TAX MEASURE OVERSIGHT COMMITTEES**

**SUBJECT: RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN RAFAEL ESTABLISHING AND ADOPTING BYLAWS OF THE VOTER APPROVED TAX OVERSIGHT COMMITTEE; APPOINTING THE VOTER APPROVED TAX OVERSIGHT COMMITTEE AS THE TRANSACTION AND USE TAX OVERSIGHT COMMITTEE, THE SPECIAL LIBRARY PARCEL TAX OVERSIGHT COMMITTEE, THE INDEPENDENT OVERSIGHT COMMITTEE OVER THE CANNABIS INDUSTRY TAX REVENUES, AND AS THE INDEPENDENT OVERSIGHT COMMITTEE OVER VOTER APPROVED CITY TAX MEASURES; AND DISSOLVING THE EXISTING TRANSACTION AND USE TAX OVERSIGHT COMMITTEE, THE SPECIAL LIBRARY PARCEL TAX OVERSIGHT COMMITTEE, AND THE CANNABIS INDUSTRY TAX OVERSIGHT COMMITTEE**

**RECOMMENDATION:**

- 1. Adopt a resolution establishing and adopting bylaws of the Voter Approved Tax Oversight Committee; appointing the voter approved tax oversight committee as the transaction and use tax oversight committee, the special library parcel tax oversight committee, the independent oversight committee over the cannabis industry tax revenues, and as the independent oversight committee over voter approved City tax measures; and dissolving the Transaction and Use Tax Oversight Committee, the Special Library Parcel Tax Oversight Committee and the Cannabis Industry Tax Oversight Committee

**BACKGROUND:**

San Rafael has three active oversight committees all tasked with providing oversight of voter approved tax measure expenditures. Each Committee consists of five members and the Committees each meet around two times annually to ensure the monies have been expended in accordance with the authorized purposes of each of the measures, as outlined in the applicable ordinances approved by the voters. In 2020, the electorate approved Measure R and the ordinance requires an independent oversight committee to monitor

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**FOR CITY CLERK ONLY**

**Council Meeting:**

**Disposition:**

## **SAN RAFAEL CITY COUNCIL AGENDA REPORT / Page: 2**

Measure R revenues and expenditures and conduct an annual report process. Establishing a new oversight committee for Measure R would bring San Rafael to four oversight committees, with similar purviews under different ordinances.

Unlike our other boards and commissions, recruitment and retention for oversight committees is difficult due to meeting one to two times annually, and the limited scope of the committee to provide oversight of expenditures, but not recommendations. Typically, recruitments for our oversight committees produce a very low number of applications and require extending the deadlines in an effort to receive additional applications. Since 2019, the City Clerk's office has recruited five different times and only received 17 applications for the 12 vacancies.

### **ANALYSIS:**

The recommended action would consolidate oversight of all of the City's voter approved measures into one five-member committee, the Voter Approved Tax Oversight Committee, which would provide independent oversight on all voter approved tax measures.

This new committee structure should not negatively impact the level of oversight being provided by any of our existing oversight committees. The volunteers currently serving on oversight committees have provided an excellent service to San Rafael and our community. Not only are oversight committees required by ordinance, but oversight of voter approved taxes are an important element of good governance and transparency. Unlike our existing oversight committee structure, the consolidated Voter Approved Tax Oversight Committee would meet more frequently throughout the year, receive financial information, and generate/recommend the annual report to be approved by the city council for each measure.

The recommended Voter Approved Tax Oversight Committee's mission would be to monitor all current measure revenue and expenditures to ensure the monies have been expended in accordance with the authorized purposes, and to prepare and submit to the City Council an annual report on the expenditures and revenues from each tax measure's revenue from the previous fiscal year.

A resolution (Attachment 1) would formally establish the Voter Approved Tax Oversight Committee. Staff recommends that the Committee be composed of five (5) members. All Committee members would be required to be 18 years of age and live within city limits, and would serve staggered two- or four- year terms.

Staff recommends the application process begin immediately. The City Clerk's office would release the call for applications, with an application filing deadline of three weeks or open until filled. The City Clerk's office would contact all members currently serving on an oversight committee, as well as past applicants, to notify them of the newly established Voter Approved Tax Oversight Committee and invite them to apply, along with our usual outreach process for recruitment. The City Clerk's office is currently recruiting for vacancies on the Special Library Parcel Tax Oversight Committee (Measure D) and, if approved, staff would notify applicants of the change and confirm their interest in serving on the Voter Approved Tax Oversight Committee.

The resolution also dissolves the Measure E, D and G Oversight Committees. While staff is recommending the oversight committees be dissolved, the newly established Voter Approved Tax Oversight Committee will serve as the independent citizen oversight

## **SAN RAFAEL CITY COUNCIL AGENDA REPORT / Page: 3**

committee to review the collection and expenditure of the tax revenues collected under the authority of each of the applicable ordinances.

Each ordinance approved by the voters, with the exception of the cannabis industry tax ordinance, included a clause related to independent citizen oversight, similar to this:

### **Independent Citizen Oversight.**

A city transactions and use tax committee, to be established by the city council by resolution, shall review the collection and expenditure of tax revenues collected under the authority of this chapter. The committee shall consist of at least five (5) members, who shall be residents of the city. The terms of the committee members and their specific duties shall be established by resolution of the city council.

Section 3.19.144 of the San Rafael Municipal Code (Measure E Transactions and Use Tax); see *also*, section 3.19A.144 (Measure R Transactions and Use Tax); section 3.36.080 (Measure D Special Library Services Parcel Tax). The recommended Voter Approved Tax Oversight Committee would be consistent with these requirements.

The Measure G Cannabis Industry Tax Oversight Committee was not established by ordinance but by resolution of the city council [on October 21, 2019](#). The Committee was established as five (5) members, at least 18 years of age and San Rafael residents, serving staggered two-or four-year terms. The recommended Voter Approved Tax Oversight Committee would be consistent with this existing administration of the Committee.

Currently, the staff liaisons for the Committees being dissolved are the Assistant Library and Recreation Director, Administrative Services Director, and the Director of Economic Development and Innovation. The Staff Liaison for the recommended Voter Approved Tax Oversight Committee would be a staff person from the Administrative Services Department, which includes the City's finance department, and they would work in collaboration with the previous oversight committee staff liaisons to provide the Committee with revenue/expenditure information, as well as to generate the annual report. Additionally, the bylaws for the recommended oversight committee would be consistent with the bylaws of our other boards and commissions.

### **FISCAL IMPACT:**

There is no fiscal impact associated with this action.

### **COMMUNITY OUTREACH:**

If approved, the City Clerk's office would release a call for applications at City facilities, social media, the City website, and by mass email notification. Additionally, an email has been sent to all oversight committee members letting them know about the proposed action, and where and how to provide public comment at this meeting, along with a copy of this staff report.

### **OPTIONS:**

1. Adopt the resolution as presented.
2. Adopt the resolution as amended.
3. Do not adopt the resolution and direct staff to return with additional information.

**RECOMMENDED ACTION:**

1. Adopt a resolution establishing and adopting bylaws of the Voter Approved Tax Oversight Committee; appointing the voter approved tax oversight committee as the transaction and use tax oversight committee, the special library parcel tax oversight committee, the independent oversight committee over the cannabis industry tax revenues, and as the independent oversight committee over voter approved City tax measures; and dissolving the Transaction and Use Tax Oversight Committee, the Special Library Parcel Tax Oversight Committee and the Cannabis Industry Tax Oversight Committee

**ATTACHMENTS:**

1. Resolution

## RESOLUTION NO.

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN RAFAEL ESTABLISHING AND ADOPTING BYLAWS OF THE VOTER APPROVED TAX OVERSIGHT COMMITTEE; APPOINTING THE VOTER APPROVED TAX OVERSIGHT COMMITTEE AS THE TRANSACTION AND USE TAX OVERSIGHT COMMITTEE, THE SPECIAL LIBRARY PARCEL TAX OVERSIGHT COMMITTEE, THE INDEPENDENT OVERSIGHT COMMITTEE OVER THE CANNABIS INDUSTRY TAX REVENUES, AND AS THE INDEPENDENT OVERSIGHT COMMITTEE OVER VOTER APPROVED CITY TAX MEASURES; AND DISSOLVING THE EXISTING TRANSACTION AND USE TAX OVERSIGHT COMMITTEE, THE SPECIAL LIBRARY PARCEL TAX OVERSIGHT COMMITTEE, AND THE CANNABIS INDUSTRY TAX OVERSIGHT COMMITTEE**

**WHEREAS**, San Rafael has three active tax oversight committees, with 14 different volunteers, and at the General Municipal Election held on November 3, 2020, San Rafael voters approved Measure R, requiring oversight of new Measure R funds; and

**WHEREAS**, staff recommends consolidating all oversight committees into one Voter Approved Tax Oversight Committee with the purposes of providing oversight over the collection and use of voter approved tax proceeds, and ensure monies are being spent as outlined in the establishing ordinances approved by voters, and generating an annual report for each tax measure; and

**WHEREAS**, the City Council finds that consolidating the tax oversight function into one Voter Approved Tax Oversight Committee would meet the requirements of the San Rafael Municipal Code and each tax ordinance, and would provide the same level of oversight over voter approved tax revenues as currently provided by the three existing committees.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of San Rafael hereby:

1. Establishes the Voter Approved Tax Oversight Committee which shall serve as the independent tax oversight committee for the purpose of reviewing the collection and expenditure of tax revenues collected under the authority of voter approved City tax measures; and
2. Adopts the bylaws of the Voter Approved Tax Oversight Committee, including its responsibilities and duties, as specifically delineated in Exhibit "A" attached hereto and incorporated herein; and
3. Appoints the Voter Approved Tax Oversight Committee as the Transaction and Use Tax Oversight Committee required under Section 3.19.144 of the San Rafael Municipal Code to review the collection and expenditure of Transaction and Use Tax revenues collected pursuant to Chapter 3.19 of the San Rafael Municipal Code, and upon appointment of a quorum of members of the newly-formed Voter Approved Tax Oversight Committee, dissolves the

- existing Transaction and Use Tax Oversight Committee established by resolution of the City Council on [April 7, 2014](#); and
4. Appoints the Voter Approved Tax Oversight Committee as the Transaction and Use Tax Oversight Committee required under Section 3.19A.144 of the San Rafael Municipal Code to review the collection and expenditure of Transaction and Use Tax revenues collected pursuant to Chapter 3.19A of the San Rafael Municipal Code; and
  5. Appoints the Voter Approved Tax Oversight Committee as the Special Library Parcel Tax Oversight Committee required under Section 3.36.080 of the San Rafael Municipal Code to review the collection and expenditure of Special Library Tax revenues collected pursuant to Chapter 3.36 of the San Rafael Municipal Code, and upon appointment of a quorum of members of the newly-formed Voter Approved Tax Oversight Committee, dissolves the existing Special Library Parcel Tax Oversight Committee established by resolution of the City Council on [May 15, 2017](#); and
  6. Appoints the Voter Approved Tax Oversight Committee as the independent oversight committee to review the collection and expenditure of Cannabis Industry Tax revenues collected pursuant to Chapter 3.40 of the San Rafael Municipal Code, and upon appointment of a quorum of members of the newly-formed Voter Approved Tax Oversight Committee, dissolves the Cannabis Industry Tax Oversight Committee established by resolution of the city council [on October 21, 2019](#); and
  7. Appoints the Voter Approved Tax Oversight Committee as the independent oversight committee over all other voter approved City tax measures that may hereinafter be enacted, except where otherwise expressly specified.

I, LINDSAY LARA, CLERK of the City of San Rafael, hereby certify that the foregoing resolution was duly and regularly adopted by the City Council of the City of San Rafael, Marin County, California, at a regular meeting, held on the 6<sup>th</sup> day of September 2022, by the following vote, to wit:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

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LINDSAY LARA, City Clerk

# VOTER APPROVED TAX OVERSIGHT COMMITTEE BYLAWS

## ARTICLE I. NAME AND PURPOSE

**Section 1.1. Name.** The name of this body shall be the City of San Rafael Voter Approved Tax Oversight Committee, hereinafter referred to as the “Committee.”

**Section 1.2. Purpose.** The Committee’s purpose is to review the collection and expenditure of voter approved tax revenues collected under the authority of voter-approved City tax measures and Resolution \_\_\_\_\_ adopted by the San Rafael City Council on September 6, 2022.

**Section 1.3. Committee Responsibility.** The Committee’s authority is oversight only.

The responsibilities and duties of the Committee shall be limited to:

- 1.2 Review expenditures of Measure tax revenues to ensure the monies have been expended in accordance with the authorized municipal purposes of each Measure. To complete this review, the Committee shall:
  - 1.2.1 Understand allowable expenses of each existing Measure’s tax funds (as identified in the enacting Municipal Ordinance)
  - 1.2.2 Review documentation from City Council and from City Council-appointed advisory committees that pertain to the prioritization of use of each Measure’s tax funds.
  - 1.2.3 Review annual reports prepared by the City’s Finance Department that track the receipt and spending of each Measure’s tax funds.
  - 1.2.4 Prepare and submit to the City Council and the community an annual public report on the expenditures of each Measure’s tax revenues for the previous fiscal year.
  - 1.2.5 Fulfill the final responsibilities of each Measure’s responsibilities at the Measure’s termination, repeal or extension: Before submitting a final report: Review and report on the final expenditures of each Measure during the previous fiscal year, through its termination, to ensure that monies have been expended consistent with the authorized purposes of the Measure.

The Committee shall **not**:

1. Have any budgetary decision authority, shall not allocate financial resources, and shall not make budget or service recommendations to the City Council.
2. Have authority to direct, nor shall it direct, City staff or officials.

## **ARTICLE II. MEMBERSHIP**

**Section 2.1. Number of Members.** The Voter Approved Tax Oversight Committee shall consist of five (5) voting members.

**Section 2.2. Eligibility.** Members of the Committee shall be at least 18 years of age and reside within the City limits.

**Section 2.3. Appointment of Committee Members.** Members shall be appointed by the City Council. Appointments shall be published on the website for the City of San Rafael in accordance with Government Code Section 54973, as amended from time to time.

**Section 2.4. Terms of Appointment.** Each member shall serve a minimum term of four (4) years. An effort will be made to ensure that the terms are staggered, and not all of the appointments expire in the same year.

**Section 2.5. Term Limits.** Members shall be limited to two (2) consecutive four-year terms. Additional terms may be served if there is a break between terms.

**Section 2.6. Absence and Removal.** An unexcused absence from two (2) consecutive Committee meetings without notification to the Staff Liaison will constitute an immediate vacancy and shall be considered a voluntary resignation from the Committee. Previously dismissed Committee members may be eligible for reappointment.

**Section 2.7. Compensation.** Members shall serve without compensation.

## **ARTICLE III. MEETINGS**

**Section 3.1. Time and date of Regular Meeting.** Notification of meeting place, date, and time shall be rendered to the public through posting on the City of San Rafael website.