

What is Measure BB?

If approved by San Clemente voters, Measure BB would increase the local sales tax by ½ of 1 percent. In other words, for each \$100 spent on taxable items, the sales tax would increase by 50 cents.

100% of the revenue would remain in San Clemente, and it can only be used for specific purposes including:

- Sand replenishment or nourishment on San Clemente beaches
- Sand retention and reduction of coastal erosion projects
- Improvements and maintenance of the Beach Trail and bridges
- Improvements and maintenance of coastal access (PAWS, T Street Bridge, etc.)
- Proper maintenance of the San Clemente Pier
- Improved lifeguard equipment and facilities

Frequently Asked Questions

- **Why do we need a new tax?** Improvement and proper maintenance of coastal resources, especially placing sand on the beach, are new expenses in San Clemente that have not been included in the annual budget in the past. In order to engage in new and relatively costly activities, additional funding sources need to be identified.
- **Who pays the tax?** For the most part, the tax is assessed when a taxable item is purchased at retail in San Clemente. Therefore, both residents and visitors pay the tax. Sales tax is not assessed on groceries or prescription medicine.
- **What do other cities pay in tax?** The base sales tax rate in Orange County is 7.75%. At the current time, 10 cities have an increased sales tax and assess an additional sales tax of between ½ of 1 percent and 1.5 percent for a total (base + additional sales tax) of between 8.25% and 9.25%. The cities that assess an additional sales tax include (total sales tax shown):

Fountain Valley =	8.75%	Garden Grove =	8.75%
La Habra =	8.25%	La Palma =	8.75%
Los Alamitos =	9.25%	Placentia =	8.75%
Santa Ana =	9.25%	Seal Beach =	8.75%
Stanton =	8.75%	Westminster =	9.25%

Additionally, the cities of Buena Park, La Habra, and City of Orange, and Seal Beach have measures on the ballot to increase the sales tax.

- **Why do other cities seem to have more tax revenue?** The revenue structure for each city is different. A majority of revenue for General Fund expenditures is generated through taxes. Cities with a significant number of hotel rooms generate far more revenue from Transient Occupancy Tax (TOT) than a city like San Clemente

that has relatively few hotel rooms, especially for a coastal community. Other cities have large shopping malls, car dealerships, and other sales tax generating properties. San Clemente has only limited commercial space with no major shopping malls or large car dealerships, with the exception of the San Clemente Outlets. In general, the taxing structure in San Clemente resembles an inland community more than a traditional coastal community with many hotel rooms and visitor serving businesses.

- **What kind of taxes are there and what is Measure BB proposing?** All potential tax revenue sources were examined. With a limited number of hotel rooms, an increase in TOT will not generate enough revenue to address the coastal concerns of the City. Property taxes are assessed only to property owners and visitors do not share in the burden of addressing the coastal needs when only a property tax is assessed. A transactions and use tax (commonly referred to as a “sales tax”) where visitors help pay the costs is what is being presented to the voters.
- **How much will that tax raise per year for the City?** It is anticipated that a ½ of 1 percent increase in the sales tax will generate about \$6.75 million per year.
- **How much do we need to raise per year to protect our coastal infrastructure?** It is estimated that to improve and maintain coastal resources in San Clemente, specifically to place sand on the beach, will cost about \$10 million per year. This number may fluctuate on a year-to-year basis depending on weather (winter storms), major repairs, and similar factors.
- **Have we lost other tax revenue over the past years?** The City of San Clemente has lost two significant funding sources in the past several years. In 2012, the tax increment from the Redevelopment Agency created to improve the “Pier Bowl” area was dissolved by the State of California. This resulted in an annual loss of more than \$2.4 million. In 2020, the Ocean Protection Fee expired and was not renewed which was a reduction of about \$2.3 million in revenue. The tasks of the former Redevelopment Agency and those addressed by the Ocean Protection Fee were absorbed into the General Fund reducing the ability of the City to direct those funds to coastal resources.
- **How will the revenue be spent?** After the first public hearing, the City Council directed staff to prepare an Ordinance that would place a Special Tax, rather than a General Tax on the ballot. If the measure is approved by voters, all funds generated must be spent in the manner identified in the Measure, which includes:
 - Sand replenishment or nourishment on San Clemente beaches
 - Sand retention and reduction of coastal erosion projects
 - Improvements and maintenance of the Beach Trail and bridges
 - Improvements and maintenance of coastal access (PAWS, T Street, etc.)
 - Proper maintenance of the San Clemente Pier
 - Improved lifeguard equipment and facilities

- **Can the tax revenue be spent on anything the City Council decides?** No. If the tax is enacted by voters, all funds must be spent on the items identified in the language of the Measure. Independent audits, tracking within a separate fund, and other safeguards will be implemented to ensure the funds are used correctly.
- **How long does the tax last?** The tax would remain in place until removed by voters.
- **Is there an alternative to raising taxes, like cutting costs?** Approximately 70% of the General Fund expenses in San Clemente are used for public safety (50% for Sheriff, Fire, Lifeguards and Park Rangers) and maintenance (20%) of parks, streets and other public spaces. The City Council is reluctant to reduce these expenses leaving about 30% of the General Fund (about \$25 million) for all other activities such as Parks and Recreation, Engineering, Community Development and Administration. It is always possible to cut expenses, but without reducing public safety and maintenance to generate the funding needed to improve and maintain coastal resources would require an estimated 40% reduction which would significantly impact other services.
- **Will the City continue to seek resources for sand from other sources like the Federal, State, or County governments?** Yes. However, it is unlikely that all the necessary resources could be raised from outside sources. If a ½ of 1 percent sales tax is passed, it would generate about \$6.75 million per year. To accomplish the proposed annual tasks, it is estimated that the expense would be about \$10 million per year. This would require additional funding from outside sources like the County, State, and Federal Governments along with any additional grant available funding.
- **Can the OCTA pay for the sand?** The Orange County Transportation Authority has been and must continue to be good partners if the City hopes to succeed. OCTA will be required to provide mitigation for the work recently completed on the railroad revetment. Once the negotiations with the California Coastal Commission in regard to the mitigation have been completed, it is anticipated that OCTA will be placing some amount, hopefully a substantial quantity, of sand on the beach near the locations where work was conducted on the revetment. However, that is potentially a one-time commitment until and unless additional work on the revetment occurs.
- **How much sand do we really need?** There have been many estimates provided by coastal engineers in relation to the amount of sand needed on San Clemente beaches. The most repeated numbers are between 5-7 million cubic yards to restore the beach to its sustainable width and depth. However, this is highly dependent on how fast the sand is placed, weather and many other factors. Regardless of the actual number, with hopes of placing between 100,000 and 200,000 cubic yards on the beach per year, it will take many years to restore the beach.
- **Where can I get additional information?** Please click on the link to review a full copy of the **staff report and Ordinance**. If you are in need of additional information, please contact the City Manager, Andy Hall at halla@san-clemente.org.