

# **CITY OF ARVIN**

## **Measure L - 2008 Sales Tax**

### **SUMMARY:**

The 2020-2021 Kern County Grand Jury (Grand Jury) found that Measure L funds collected by the Outlets at Tejon (Outlets) were remitted to the State of California (State). The State sent the funds to the City of Arvin (City). However, the Outlets are not within the City limits and the City should not have received the funds.

A newly elected City Council, with little or no experience, needs to be educated and trained on their duties and obligations.

### **PURPOSE OF INQUIRY:**

Pursuant to California Penal Code section 925(a), the Grand Jury visited and investigated the operations and management of the City.

### **METHODOLOGY:**

The Grand Jury interviewed City officials, staff, and conducted in-office and on-site visits. The Grand Jury also reviewed previous grand jury reports, studied city budgets, and examined professional audits.

### **DISCUSSION OF FACTS:**

The City was incorporated December 21, 1960, as a general law city and draws its authority from the Constitution and laws of the State of California. The City has a council/manager form of government and is governed by an elected Mayor and a four-member council. The City Manager is hired by the City Council (Council). The City provides the following services: police, community services, street construction and maintenance, planning and zoning, street cleaning, transit, sanitation, and general administrative services.

The previous Police Chief resigned in February 2020 and a new Police Chief was sworn in April 2021.

The Arvin Union School District, Kern High School District, and Bakersfield College provide the education for the City and surrounding areas. The schools include:

- Bear Mountain Elementary

- El Camino Real Elementary
- Sierra Vista Elementary
- Haven Middle School
- Arvin High School
- Grimmway Academy

Fire services are provided by the Kern County Fire Department (KCFD) at a cost of \$658,152 for FY 2020-2021 and \$694,350 for FY 2021-2022. Beginning July 1, 2022, the City will be subject to the following projected costs of the fire station operation. However, the City and KCFD are still in negotiations.

- Year 1           \$ 745,054
- Year 2           \$ 865,917
- Year 3           \$ 986,779
- Year 4           \$1,107,641
- Year 5           \$1,228,504
- Year 6           \$1,349,366
- Year 7           \$1,470,228

The City had suspended the following bus routes due to the coronavirus (COVID-19):

- Arvin Local City Routes
- Arvin to Lamont
- Arvin to Bakersfield
- Arvin to the Outlets

The City's Transportation Department, however, continued to provide Dial-a-Ride service from 7:00 am to 2:30 pm for seniors and the disabled.

The City and surrounding areas were recently chosen by the California Air Resources Board to participate in the Community Air Protection Program, implemented under AB 617. The program involves community members in developing new, innovative actions to reduce air pollution in the community.

The City passed a 1% sales tax known as Measure L in 2008, increasing the sales tax to 8½ %. This Measure applies only to sales made within the City limits and generates over \$1,000,000 annually. Measure L funds are considered a general tax. The 2008 ballot statement for Measure L listed multiple areas of concern for the collected funds. The official ballot stated:

*MEASURE L: "To preserve public safety and prevent cuts to essential City services by expanding school gang/drug prevention programs; hiring additional police, including school officers; reducing 9-1-1 response times; repairing storm drains to prevent flooding; removing more graffiti/trash/litter; repairing potholes/streets; maintaining parks, youth recreation, and other general city services; should the city sales tax be increased by one cent [sic] requiring annual financial audits and public review of expenditures?"*

The City has identified the corporations of 17 stores, located at the Outlets that are remitting the 1% Measure L sales tax to the State of California. These funds were remitted to Arvin in error, as the 17 stores are not within the City limits. The accumulated funds, currently \$701,516, have been set aside by the City in an assigned account for possible claims by the corporations. After October 1, 2021, any unclaimed funds remain with the City.

Since the election in November 2020, two Council seats became vacant: one Council Member was elected Mayor and the other seat was vacated in April 2021 by resignation. Of the five member Council, two have been in office for a little over two years. The other two members have been either elected or appointed and have served four months. Currently, there is one seat vacant. Government Code section 36512 establishes the means by which a city council vacancy may be filled. The City does not have an ordinance setting forth a certain method for filling a vacancy, therefore, the City must follow the Government Code. The Council must make the decision within 60 days after the vacancy occurs to either fill the vacancy by appointment or call for a special election. The Council voted to accept applications until May 18, 2021, and to fill the seat on May 25, 2021.

The FY 2020-2021 Revenue Budget is \$5,401,017 and the Expenditure Budget is \$6,125,201, creating a deficit of \$724,184. Unaware of how the coronavirus (COVID-19) would impact the budget, the City was cautious during the budgeting process.

## **FINDINGS:**

- F1. The projected cost increases in KCFD services will have a major impact on the budget in FY 2022-2023 and for six years thereafter.
- F2. The bus routes have been reinstated as of May 10, 2021. Transportation is now available to the general public.
- F3. The City has notified the parent companies of the stores remitting the incorrect sales tax of the mistake (Appendix A) and the procedure for any claims for refunds (Appendix B).
- F4. During the 2008 vote on Measure L, the community was led to believe the funds were to be used primarily for roads and public safety.
- F5. The current Council, because of their lack of experience, need additional education and training.
- F6. City officials have stated that revenue for FY 2020-2021 will be higher than anticipated and expenditures lower thus creating a more balanced budget.

## COMMENTS:

The 2020-2021 Kern County Grand Jury would like to thank the City of Arvin's staff for their willingness to communicate with the Grand Jury and furnish requested documents.

## RECOMMENDATIONS:

- R1. The Grand Jury recommends the City institute a funding source by July 1, 2022, to provide for the projected seven-year fire cost increases. (Finding 1)
- R2. The Grand Jury recommends the City utilize unclaimed Measure L funds for road maintenance. (Finding 3)
- R3. The Grand Jury recommends additional education and training for the City Council, provided by resources such as the League of California Cities, by August 30, 2021. (Finding 5)

## NOTES:

- The City of Arvin should post a copy of this report where it will be available for public review.
- Persons wishing to receive an email notification of newly released reports may sign up at: [www.kerncounty.com/grandjury](http://www.kerncounty.com/grandjury)
- Present and past Kern County Grand Jury Final Reports and Responses can be accessed on the Kern County Grand Jury website: [www.kerncounty.com/grandjury](http://www.kerncounty.com/grandjury)

## RESPONSES ARE REQUIRED PURSUANT TO CAL. PENAL CODE § 933, SUBD. (C) AND 933.05 WITHIN 90 DAYS TO:

- **PRESIDING JUDGE**  
**KERN COUNTY SUPERIOR COURT**  
**1415 TRUXTUN AVENUE, SUITE 212**  
**BAKERSFIELD, CA 93301**
- **FOREPERSON**  
**KERN COUNTY GRAND JURY**  
**1415 TRUXTUN AVENUE, SUITE 600**  
**BAKERSFIELD, CA 93301**

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| Reports issued by the Grand Jury do not identify individuals interviewed. Cal. Penal Code § 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Grand Jury. |
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# CITY OF ARVIN

March 24, 2021 New

MAYOR  
Olivia Trujillo

MAYOR PRO TEM  
Mark Franetovich

COUNCIL MEMBERS  
Jazmin Robles  
Daniel Borrelli  
Donny Horton

CITY MANAGER  
Jerry Breckinridge

York and Company  
CT Corporation System  
818 Seventh St. Suite 930  
Los Angeles, CA 90017

RE: Notice Regarding 1% Measure L Sales Tax: Inapplicability to  
Businesses Located at the Outlets in Tejon and Claims Regarding the Same

Dear Sir or Madam,

It has come to the City of Arvin's attention that your business may be voluntarily remitting a 1% "Measure L" sales tax based on the business' location in the 93203 zip code. If so, then the City of Arvin would like to make you aware that it believes that payment of this tax is not required for businesses located in the Outlets at Tejon or at other locations outside of City limits.

By way of background, the City of Arvin passed a 1% sales tax known as "Measure L." This tax only applies to transactions within the jurisdiction of the City, and is remitted by businesses to the State, who then disburses it to the City. The State provides limited information to the City regarding the specific sources of payments for taxes. However, the City has tentatively identified that it appears that a small portion of the businesses located outside of City limits, primarily at the Outlets at Tejon, may have been voluntarily paying Measure L sales tax even though they are not within City limits. This may be a potential corporate accounting issue, and the City had no role in collecting or charging the sales tax for any business located at the Outlets in Tejon or at any other location outside of City limits.

The City is providing you this notice so your business is aware of this issue and can stop the process of remitting, or collecting and remitting, sales tax under Measure L as appropriate.

Additionally, if you believe your business has paid the sales tax in error, you can submit a claim with supporting documentation to the City using the attached form. A copy of the Measure L claim form can also be found on the City's website at <https://www.arvin.org/212/Claims-Complaints-Requests>. The claim form must be completed in full and the original form must be submitted to the City. A copy of the claim form, including claim forms submitted via email, will not be accepted. The claim form will be processed once an original form has been submitted. Copies of photos, if any, related to the claim may be included with the original claim form.

Phone (661) 854-3134  
Fax (661) 854-0817

200 Campus Drive  
PO Box 548  
Arvin, California 93203

New York and Company— Measure L Tax  
March 24, 2021  
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Claims can be mailed or delivered to:

City of Arvin  
Attn: City Clerk  
200 Campus Drive  
Arvin, CA 93203

The City is providing a half a year to submit a claim, and all claims must be submitted by no later than October 1, 2021.

If you have general questions regarding the claims process, please contact Ms. Cecilia Vela at (661) 854-3134. Note that the City is unable to discuss or disclose taxpayer details consistent with the sensitive and confidential nature of such information.

Phone (661) 854-3134  
Fax (661) 854-0817

200 Campus Drive

**CLAIM FORM**  
(Please Type Or Print)

CLAIM AGAINST \_\_\_\_\_  
(Name of Entity)

Claimant's Name \_\_\_\_\_ EIN # (if applicable): \_\_\_\_\_

Claimant's Date of Birth (if applicable) \_\_\_\_\_ Telephone # (\_\_\_\_\_) \_\_\_\_\_

Claimant's Address \_\_\_\_\_

Address where notes about Claim are to be sent, if different from above:

\_\_\_\_\_

Date of Transaction/Remission: \_\_\_\_\_

Date Payment, Loss, Tax Year or Income Period : \_\_\_\_\_

Location of Payment/Transaction/Remission: \_\_\_\_\_

Explanation or Refund/damage or loss? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(Use back of this form or separate sheet if necessary to answer this question in detail.)

What amount of money is claimant seeking, or if amount is in excess of \$10,000, which is the appropriate court of jurisdiction. Note: if Superior and Municipal Courts are consolidated, you must represent whether it is a "limited civil case" [see Government Code 910(f)].

\_\_\_\_\_

\_\_\_\_\_

How was this amount calculated (please itemize)? \_\_\_\_\_

\_\_\_\_\_

(Use back of this form or separate sheet if necessary to answer this question in detail.)

Date Signed: \_\_\_\_\_ Signature: \_\_\_\_\_

If signed by Representative:

Representative's Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone #: \_\_\_\_\_

Relationship to Claimant: \_\_\_\_\_

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**PLEASE READ –**  
**IMPORTANT!**

**Your claim must be filed within 6 months of the incident (Government Code 911.2). Your claim will be forwarded to the City's Risk Manager for Investigation. Following that, your claim will be either settled or denied. You will be notified by mail.**

**If your claim is denied, you will have 6 months from date of denial to initiate an action against the City. (Government Code 945.6). If you have any questions, please call.**