

<p style="text-align: center;">STATEMENT OF CANDIDATE FOR MAYOR City of Arroyo Grande</p> <p>TONY FERRARA Age: 60 Occupation: Incumbent / Mayor</p> <p>Education and Qualifications: Arroyo Grande truly is the jewel of the Central Coast. Maintaining our character and establishing a responsible direction for the future hasn't always been easy, but your City Council has met these challenges through hard work and dedication. It has been an honor to serve as your Mayor for the past 4 years. It has also been a pleasure to work with 4 dedicated professionals that comprise your City Council. Over the past 4 years we've strengthened our agricultural protection policies, increased housing for our senior citizens and other population segments, implemented the first phase of the Grand Avenue Master Plan, and ensured that our historic village remains "historic." The next two years will be filled with both opportunity and additional challenges. Although State funding is scarce, the repair of our utility systems, traffic circulation problems, creek maintenance programs, and facility issues, must still be addressed. Working together the City staff and your City Council will meet these challenges and will continue to serve you with pride and competence. I am respectfully requesting your support in allowing me to continue to participate as both the presiding officer and member of the Arroyo Grande City Council.</p> <p style="text-align: right;">s/ Tony Ferrara</p>	<p style="text-align: center;">STATEMENT OF CANDIDATE FOR MEMBER OF CITY COUNCIL City of Arroyo Grande</p> <p>JAMES R. MURPHY Age: 36 Occupation: Realtor</p> <p>Education and Qualifications: I have resided in the Arroyo Grande area since 1976. I live here in the city with my wife Michelle and two sons, Aidan and Connor. Over the years, I have grown to love and respect the uniqueness of our area.</p> <p>I would like to work towards improving the general condition of the Village of Arroyo Grande and the surrounding city by working together. By working together, all citizens can achieve a better and more productive lifestyle. Arroyo Grande is a world class destination with so much to offer in terms of natural beauty, environment and sense of community.</p> <p>I would like to implement design applications that would encourage a more pedestrian-friendly environment in the Village of Arroyo Grande with fewer cars, more trees and better businesses that will complement the wonderful city in which we live.</p> <p>For any general questions you might have, feel free to walk into my office across the street from City Hall at 211 East Branch Street, Suite C. You can also contact me at 471-7197 or by email at VillageRealtor@Gmail.com. Thank you for your support. Remember to vote on November 7, 2006.</p> <p style="text-align: right;">s/ James R. Murphy</p>
<p style="text-align: center;">STATEMENT OF CANDIDATE FOR MEMBER OF THE CITY COUNCIL City of Arroyo Grande</p> <p>JOE COSTELLO Occupation: Emergency Management Instructor/Coordinator</p> <p>Education and Qualifications: Arroyo Grande is a wonderful place to live, however, we do face challenges. I will continue to do my best to meet these challenges and to ensure that we have the resources we need, to wisely use the resources we have, and to preserve our community and the things that make AG unique and a special place. I will work to solve problems that arise and to meet the needs of our community without sacrificing the heritage of the past.</p> <p>As your representative on the Council, I will strive to ensure that services remain available, that a reliable water source is secured, that our traffic issues are managed, and that external demands are not placed on the shoulders of our community. I will continue striving to provide affordable housing for our people. I want Arroyo Grande to meet the needs of the future without sacrificing the small town atmosphere we have.</p> <p>I will represent you to the best of my ability. I will listen to what you have to say and act in the best interests of Arroyo Grande, looking to the future while keeping an eye on the past, to make the present the best it can be.</p> <p style="text-align: right;">s/ Joe Costello</p>	<p style="text-align: center;">STATEMENT OF CANDIDATE FOR MEMBER OF CITY COUNCIL City of Arroyo Grande</p> <p>CHUCK FELLOWS Age: 64 Occupation: Planning Commission Chairman</p> <p>Education and Qualifications: Arroyo Grande residents enjoy a community that is unsurpassed in character, history and lifestyle. It is precisely this high quality of life that creates enormous pressure to develop. Achieving balance between preservation and expansion is key to maintaining our community values while we plan effectively for inevitable growth.</p> <p>As a Planning Commissioner and Architectural Review Committee member since 2000, I have worked diligently to preserve our small-town way of life while helping to guide our community through appropriate, managed growth. As a 25-year resident, member of the Board of Directors for the South County Historical Society and co-founder of Preserve the Village, I have committed myself to preserving Arroyo Grande's historic resources. As a Village businessman, I understand the needs of local business owners. As your City Councilman I will apply my experience to balance properly planned development with vigorous protection of our historic village, agriculture, local businesses, creeks, urban forest and the quality of life that makes Arroyo Grande so special.</p> <p>Background: I received my B.A. in Botany and M.A. in Biology from Humboldt State. My wife Linda and I have lived in Arroyo Grande since 1981. We have three children and two grandchildren.</p> <p style="text-align: right;">s/ Chuck Fellows</p>

**CITY OF ARROYO GRANDE
IMPARTIAL ANALYSIS OF MEASURE K-06**

Measure K-06 is an advisory vote concerning the expenditure of any revenue from the proposed new City of Arroyo Grande transactions and use tax (Measure O-06), if that tax is approved by the voters. Measure K-06 does not increase taxes. Rather, Measure K-06 allows voters within the City of Arroyo Grande to voice their opinions on whether any revenue from the proposed new transactions and use tax (Measure O-06) should be used to fund transportation improvements, including but not limited to, upgrade of the Brisco Road/Halcyon Road – Highway 101 interchange.

Section 9603(c) of the California Elections Code governing the purpose and effect of such an advisory vote states:

“...‘advisory vote’ means an indication of general voter opinion regarding the ballot proposal. The results of the advisory vote will in no manner be controlling on the sponsoring legislative body.”

The opinion expressed through the vote on this advisory measure, while of the interest to the City Council, is not in any manner legally controlling on the City Council’s use of the proceeds of a transactions and use tax.

s/ TIMOTHY J. CARMEL
City Attorney, City of Arroyo Grande

The above is an impartial analysis of Measure K-06. If you desire a copy of the measure, please contact the elections official's office at 781-5228 and a copy will be mailed at no cost to you. You may also access the full text of the measure on the county Web site at <http://www.slocounty.ca.gov/clerk>

ARGUMENT IN FAVOR OF MEASURE K-06

Ongoing funding for improvements to the City of Arroyo Grande’s transportation system is needed to reduce and prevent traffic congestion. Your “YES” vote on Measure O-06 will provide the funding needed and your “YES” vote on Advisory Measure K-06 will identify transportation improvements as a community priority.

In particular, the Brisco Road/Halcyon Road – Highway 101 interchange and underpass is significantly deficient for existing and future projected volumes of traffic. This traffic bottleneck negatively impacts pedestrian and vehicle safety, as well as inhibits prompt emergency response by police, fire and paramedics. Expensive fuel is wasted and unnecessary air pollution is created by this traffic congestion. In addition, the constraints created by the limited capacity of this interchange restrict the ability to move forward with projects to meet important needs in the community, including economic development, affordable housing and a recreation center.

The City is currently developing plans for transportation improvements in coordination with Caltrans and the San Luis Obispo Council of Governments. However, State and Federal funding originally projected to pay for a major portion of this and other transportation projects has been significantly delayed and/or is no longer available. As a result, increased local funding is needed in order to implement transportation improvements.

If Measure O-06 is approved, the City can utilize a portion of the increased sales tax revenue to finance the increased amount of local funds needed for transportation improvements. These improvements are important to both the community’s future quality of life and planned economic growth. Your City Council urges you to vote “YES” on Advisory Measure K-06.

s/ Tony Ferrara, Mayor
s/ Jim Guthrie, Mayor Pro Tem
s/ Jim Dickens, Council Member
s/ Joe Costello, Council Member
s/ Ed Arnold, Council Member

NO ARGUMENT AGAINST MEASURE K-06 WAS SUBMITTED

**CITY OF ARROYO GRANDE
IMPARTIAL ANALYSIS OF MEASURE L-06**

Measure L-06 is an advisory vote concerning the expenditure of any revenue from the proposed new City of Arroyo Grande transactions and use tax (Measure O-06), if that tax is approved by the voters. Measure L-06 does not increase taxes. Rather, Measure L-06 allows voters within the City of Arroyo Grande to voice their opinions on whether any revenue from the proposed new transactions and use tax (Measure O-06) should be used to fund maintenance and upgrade of the City’s infrastructure, including, but not limited to, street maintenance and improvements, upgrade of the drainage system, and projects to prevent pollution, erosion and sedimentation in the creek system from storm water runoff.

Section 9603(c) of the California Elections Code governing the purpose and effect of such an advisory vote states:

“...‘advisory vote’ means an indication of general voter opinion regarding the ballot proposal. The results of the advisory vote will in no manner be controlling on the sponsoring legislative body.”

The opinion expressed through the vote on this advisory measure, while of the interest to the City Council, is not in any manner legally controlling on the City Council’s use of the proceeds of a transactions and use tax.

s/TIMOTHY J. CARMEL,
City Attorney, City of Arroyo Grande

The above is an impartial analysis of Measure L-06. If you desire a copy of the measure, please contact the elections official's office at 781-5228 and a copy will be mailed at no cost to you. You may also access the full text of the measure on the county Web site at <http://www.slocounty.ca.gov/clerk>

ARGUMENT IN FAVOR OF MEASURE L-06

Maintenance and upgrade of the City’s roads, drainage and other infrastructure is important to the community’s future. Your “YES” vote on Measure O-06 will provide the funding needed and your “YES” vote on Advisory Measure L-06 will identify infrastructure maintenance and improvements as a community priority.

Due largely to City funds taken by the State and the lack of State and Federal grants previously available for capital improvement projects, many needed improvements to the City’s infrastructure have been deferred or not sufficiently funded. If Measure O-06 is approved, the City can use a portion of the revenue to meet the following needs:

- Annual preventative maintenance on the City’s road system
- Street improvement projects
- Upgrade of the City’s aging and deficient drainage system
- Projects to prevent pollution, erosion and sedimentation in the City’s creek system from storm water runoff
- Maintenance and upgrade of street trees and open space

These projects are a critical investment in the community’s future. Appropriate maintenance and infrastructure improvements reduce long-term reconstruction costs, increase safety, reduce the risk of injury and property damage, minimize the City’s liability costs, increase property values, and protect valuable natural resources.

The City has developed a master plan for each area of its infrastructure, which identifies a specific list of projects and maintenance activities needed to most effectively manage the City’s resources in the long-term. If Measure O-06 is approved, it will provide a reliable funding source to implement these plans. Your City Council urges you to vote “YES” on Advisory Measure L-06.

s/ Tony Ferrara, Mayor
s/ Jim Guthrie, Mayor Pro Tem
s/ Jim Dickens, Council Member
s/ Joe Costello, Council Member
s/ Ed Arnold, Council Member

NO ARGUMENT AGAINST MEASURE L-06 WAS SUBMITTED

**CITY OF ARROYO GRANDE
IMPARTIAL ANALYSIS OF MEASURE M-06**

Measure M-06 is an advisory vote concerning the expenditure of any revenue from the proposed new City of Arroyo Grande transactions and use tax (Measure O-06), if that tax is approved by the voters. Measure M-06 does not increase taxes. Rather, Measure M-06 allows voters within the City of Arroyo Grande to voice their opinions on whether any revenue from the proposed new transactions and use tax (Measure O-06) should be used to fund public safety expenses, including, but not limited to, expansion of the Police Station, purchase of fire apparatus, and additional Fire Department staffing.

Section 9603(c) of the California Elections Code governing the purpose and effect of such an advisory vote states:

“...‘advisory vote’ means an indication of general voter opinion regarding the ballot proposal. The results of the advisory vote will in no manner be controlling on the sponsoring legislative body.”

The opinion expressed through the vote on this advisory measure, while of the interest to the City Council, is not in any manner legally controlling on the City Council’s use of the proceeds of a transactions and use tax.

s/ TIMOTHY J. CARMEL
City Attorney, City of Arroyo Grande

The above is an impartial analysis of Measure M-06. If you desire a copy of the measure, please contact the elections official's office at 781-5228 and a copy will be mailed at no cost to you. You may also access the full text of the measure on the county Web site at <http://www.slocounty.ca.gov/clerk>

ARGUMENT IN FAVOR OF MEASURE M-06

The community depends on its Police and Fire personnel to protect lives and property. However, they need adequate facilities, equipment and staffing to perform their jobs effectively. Your “YES” vote on Measure O-06 will provide the funding needed and your “YES” vote on Advisory Measure M-06 will identify public safety as a community priority.

The Police Department does not have adequate space for all personnel to perform necessary functions. Staffing has grown from 12 full-time and 6 part-time to 36 full-time and 20 part-time since the facility began use as the Police Station in 1973. The addition of an adequate Emergency Operations Center is also important to coordinate citywide incident response activities in the event of a disaster. A Federal grant was initially approved for the addition of a second story, but Congress never approved the funding. As a result, the project now requires a new funding source. A modular unit has been installed on the Police Station property to provide necessary space on a temporary basis. However, approval of the sales tax measure will provide available funding to proceed with the permanent Police Station expansion project.

The Fire Department ladder truck is in need of replacement. It is over 20 years old and no longer meets current safety standards. The ladder truck is important to respond to structure fires and emergency response involving extended heights. Limited additional staffing needs have also been identified in the Fire Department as the City completes its transition from a fully volunteer to a combination volunteer/paid Department.

Approval of Measure O-06 will help provide the resources to address public safety needs in the most cost efficient way. Public safety services are a critical function of local government. Your City Council urges you to vote “YES” on Advisory Measure M-06.

s/ Tony Ferrara, Mayor
s/ Jim Guthrie, Mayor Pro Tem
s/ Jim Dickens, Council Member
s/ Joe Costello, Council Member
s/ Ed Arnold, Council Member

NO ARGUMENT AGAINST MEASURE M-06 WAS SUBMITTED

**CITY OF ARROYO GRANDE
IMPARTIAL ANALYSIS OF MEASURE N-06**

Measure N-06 is an advisory vote concerning the expenditure of any revenue from the proposed new City of Arroyo Grande transactions and use tax (Measure O-06), if that tax is approved by the voters. Measure N-06 does not increase taxes. Rather, Measure N-06 allows voters within the City of Arroyo Grande to voice their opinions on whether any revenue from the proposed new transactions and use tax (Measure O-06) should be used to fund improvements to City facilities to meet Federal Americans with Disability Act (ADA) requirements, including, but not limited to, upgrade of the City Hall complex.

Section 9603(c) of the California Elections Code governing the purpose and effect of such an advisory vote states:

“...‘advisory vote’ means an indication of general voter opinion regarding the ballot proposal. The results of the advisory vote will in no manner be controlling on the sponsoring legislative body.”

The opinion expressed through the vote on this advisory measure, while of the interest to the City Council, is not in any manner legally controlling on the City Council’s use of the proceeds of a transactions and use tax.

s/ TIMOTHY J. CARMEL
City Attorney, City of Arroyo Grande

The above is an impartial analysis of Measure N-06. If you desire a copy of the measure, please contact the elections official's office at 781-5228 and a copy will be mailed at no cost to you. You may also access the full text of the measure on the county Web site at <http://www.slocounty.ca.gov/clerk>

ARGUMENT IN FAVOR OF MEASURE N-06

It is important that all City facilities meet Americans with Disabilities Act (ADA) requirements in order to comply with Federal law and to ensure that everyone has equal access to City services. Your “YES” vote on Measure O-06 will provide the funding needed and your “YES” vote on Advisory Measure N-06 will identify ADA projects as a community priority.

The City has a master plan in place to meet ADA requirements. Progress has been made each year in implementing that plan by utilizing limited funding available. However, additional revenue necessary to accelerate implementation of the plan has been identified as an important need to the community.

The most significant ADA project is upgrade of the City Hall Complex. A number of improvements have been made, but full compliance is not possible without making additional costly modifications. It would not be an efficient use of resources if a major investment were made to facilities that will not meet the City’s long-term needs. Therefore, a plan has been developed to renovate the existing City Hall and construct a new building next door to house Community Development, Public Works Administration, Building & Life Safety and a new Council Chambers. This plan was developed as part of a process that involved numerous public workshops and community input.

Approval of Measure O-06 will provide funds necessary to move forward with this and other ADA projects expeditiously. It is important that funding be directed to meet the needs of everyone in the community. Therefore, your City Council urges you to vote “YES” on Advisory Measure N-06.

s/ Tony Ferrara, Mayor
s/ Jim Guthrie, Mayor Pro Tem
s/ Jim Dickens, Council Member
s/ Joe Costello, Council Member
s/ Ed Arnold, Council Member

NO ARGUMENT AGAINST MEASURE N-06 WAS SUBMITTED

**CITY OF ARROYO GRANDE
FULL TEXT OF MEASURE O-06
ORDINANCE NO. 579**

AN ORDINANCE OF THE CITY OF ARROYO GRANDE ADDING CHAPTER 3.22 TO TITLE 3 OF THE ARROYO GRANDE MUNICIPAL CODE ESTABLISHING A TRANSACTIONS AND USE TAX TO BE ADMINISTERED BY THE STATE BOARD OF EQUALIZATION

BE IT ORDAINED BY THE VOTERS OF THE CITY OF ARROYO GRANDE, AS FOLLOWS:

SECTION 1. AMENDMENT OF CODE.

Arroyo Grande Municipal Code Title 3 is hereby amended to add Chapter 3.22 to read as follows:

CHAPTER 3.22. TRANSACTIONS AND USE TAX.

3.22.010. TITLE.

This ordinance shall be known as the "Transactions and Use Tax Ordinance of the City of Arroyo Grande". The City of Arroyo Grande hereinafter shall be called "City." This ordinance shall be applicable in the incorporated territory of the City.

3.22.020. PURPOSE.

This ordinance is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.9 of Part 1.7 of Division 2 which authorizes the City to adopt this tax ordinance which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

B. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

C. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefore that can be administered and collected by the State Board of Equalization in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the State Board of Equalization in administering and collecting the California State Sales and Use Taxes.

D. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this ordinance.

3.22.030. OPERATIVE DATE.

"Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the adoption of this ordinance, the date of such adoption being as set forth below.

3.22.040. CONTRACT WITH STATE.

Prior to the operative date, the City shall contract with the State Board of Equalization to perform all functions incident to the administration and operation of this transactions and use tax ordinance; provided, that if the City shall not have contracted with the State Board of Equalization prior to the operative date, it shall nevertheless so

contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

3.22.050. TRANSACTIONS TAX RATE.

For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the City at the rate of .5% of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in the City on and after the operative date of this ordinance.

3.22.060. PLACE OF SALE.

For the purposes of this ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the State Board of Equalization.

3.22.070. USE TAX RATE.

An excise tax is hereby imposed on the storage, use or other consumption in the City of tangible personal property purchased from any retailer on and after the operative date of this ordinance for storage, use or other consumption in said territory at the rate of .5% of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

3.22.080. ADOPTION OF PROVISIONS OF STATE LAW.

Except as otherwise provided in this ordinance and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this ordinance as though fully set forth herein.

3.22.090. LIMITATIONS ON ADOPTION OF STATE LAW AND COLLECTION OF USE TAXES.

In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of this City shall be substituted therefore. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Board of Control, State Board of Equalization, State Treasury, or the Constitution of the State of California;

2. The result of that substitution would require action to be taken by or against this City or any agency, officer, or employee thereof rather than by or against the State Board of Equalization, in performing the functions incident to the administration or operation of this Ordinance.

3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;

b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word "City" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

3.22.100. PERMIT NOT REQUIRED.

If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this ordinance.

3.22.110. EXEMPTIONS AND EXCLUSIONS.

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the City which is shipped to a point outside the City, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the City shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-City address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

b. With respect to commercial vehicles, by registration to a place of business out-of-City and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this ordinance, the storage, use or other consumption in this City of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the

laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the City shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the City or participates within the City in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the City or through any representative, agent, canvasser, solicitor, subsidiary, or person in the City under the authority of the retailer.

7. "A retailer engaged in business in the City" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the City.

D. Any person subject to use tax under this ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

3.22.120. AMENDMENTS.

All amendments subsequent to the effective date of this ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this ordinance, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this ordinance.

3.22.130. ENJOINING COLLECTION FORBIDDEN.

No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the City, or against any officer of the State or the City, to prevent or enjoin the collection under this ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

3.22.140. ANNUAL REPORT.

City shall annually mail to each household an annual report, which presents in summary form expenditures from the prior fiscal year from revenue generated from the Transactions and Use Tax and budgeted expenditures for the upcoming fiscal year.

3.22.150. PERIODIC REVIEW.

The City Council shall consider reduction or repeal of the Transactions and Use Tax at public hearings every five years after the effective date of this ordinance.

SECTION 2. USE OF TAX PROCEEDS.

All proceeds of the tax levied and imposed hereunder shall be accounted for and paid into the City of Arroyo Grande General Fund, and may be used for any lawful purpose as designated by the City Council.

SECTION 3. SEVERABILITY.

If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

SECTION 4. STATUTORY AUTHORITY FOR TAX.

This ordinance is adopted pursuant to Revenue and Taxation Code section 7285.9.

SECTION 5. ELECTION REQUIRED.

This ordinance shall not become operative unless and until a majority of the electors voting on this measure vote to approve the imposition of the tax at the general municipal election to be held on November 7, 2006.

SECTION 6. EFFECTIVE DATE.

If this ordinance is approved by a majority of the electors voting on the issue at the November 7, 2006 general municipal election, pursuant to Elections Code Section 9217, the tax shall become effective ten (10) days after the City Council accepts the certified results of the election.

IMPARTIAL ANALYSIS OF MEASURE O-06

This ballot measure proposes a general purpose tax that requires a majority vote for adoption. If approved by the voters, it would enact a one-half of one percent (1/2 of 1%) transactions and use tax rate on retail sales within the City of Arroyo Grande. This tax will add 50 cents to each \$100 of taxable sales.

The proposed transactions and use tax, like the current sales tax, would be imposed upon the sale of all tangible personal property sold at retail within the City of Arroyo Grande, as well as upon the storage, use, or other consumption of tangible personal property purchased from any retailer within the City of Arroyo Grande. If this measure is approved by the voters, the combined sales tax and transactions and use tax rate within the City of Arroyo Grande will be seven and three quarter percent (7 ¾%). The proposed tax would be applied equally to residents and nonresidents making retail purchases in the City of Arroyo Grande.

If this measure is approved by the voters, every year the Arroyo Grande City Council will be required to publish and distribute a report to each household within the City setting forth the revenues and expenditures from the proceeds of the one-half cent tax and shall also be required to hold a public hearing and review the tax every five years to determine whether it is necessary for the tax to remain in effect.

Revenues generated from the proposed transactions and use tax would be deposited into the City's General Fund to be used by the City of Arroyo Grande to fund general City projects, operations and services, including, but not limited to, transportation improvements, maintenance and upgrades of the City's infrastructure, public safety expenses and compliance with Americans with Disabilities Act (ADA) requirements.

s/ TIMOTHY J. CARMEL
City Attorney, City of Arroyo Grande

ARGUMENT IN FAVOR OF MEASURE O-06

Your "YES" vote on Measure O-06 will provide important local funding to meet local needs. Despite nearly \$700,000 in City revenue taken by the State annually, the City has maintained services by increasing the efficiency of its operations. However, the City's long-range financial plan has identified important projects that cannot be funded with existing revenues. Measure O-06 will establish financial independence from State and Federal governments so we can control our own destiny.

Of the current 7¼% sales tax, our City receives only 1%. Your "YES" vote will raise the City share to 1½% to address important needs, such as:

- Transportation projects, including upgrade of the Brisco/Halcyon interchange;
- Infrastructure improvements, including the street, drainage and creek systems;
- Public safety needs, including Police and Fire Department facilities, equipment and staffing; and
- City facility upgrades to meet Americans with Disabilities Act (ADA) requirements.

Your "YES" vote provides the most fair and economical way to fund these community needs. Everyone who utilizes our infrastructure and services pays sales tax. A significant amount of the money will likely come from people who live outside the City of Arroyo Grande. We will pay a rate lower or equal to approximately 85% of Californians even after the ½% proposed increase.

City government will be held accountable. Citizens will receive an annual report on money received and how it is spent. The City Council will be required to conduct a review and public hearing every five years to determine whether to keep the tax in effect.

Measure O-06 is important to meet future needs, maintain the City's infrastructure in the long-term and preserve the special quality of life in our community. Your City Council urges you to vote "YES" on Measure O-06.

s/ Tony Ferrara, Mayor
s/ Jim Guthrie, Mayor Pro Tem
s/ Jim Dickens, Council Member
s/ Joe Costello, Council Member
s/ Ed Arnold, Council Member

NO ARGUMENT AGAINST MEASURE O-06 WAS SUBMITTED