




Office of the City Manager

CONSENT CALENDAR
December 11, 2012

To: Honorable Mayor and Members of the City Council
From:  Christine Daniel, City Manager
Submitted by: Mark Numainville, Acting City Clerk
Subject: Confirming the Results of the November 6, 2012 General Municipal Election

RECOMMENDATION

1. Adopt a Resolution:
 - a. Confirming the results of the November 6, 2012 General Municipal Election;
 - b. Declaring the passage of Measure M – Streets and Watershed Bond, Measure P – Gann Limit Override, Measure Q – Utility Users Tax Amendments, Measure R – Redistricting Charter Amendment;
2. Adopt an Ordinance amending the Berkeley Municipal Code to incorporate the passage of Measure Q – Utility Users Tax Amendments.

FISCAL IMPACTS OF RECOMMENDATION

None to confirm election results.

CURRENT SITUATION AND ITS EFFECTS

The Alameda County Registrar of Voters has submitted to the City Clerk the official Statement of Votes cast for the City of Berkeley General Municipal Election held on November 6, 2012 and the City Clerk has prepared the enclosed Certification of Election Results.

The enclosed Resolution confirms the results of the November 6, 2012 Election and declares candidates elected to office and the passage and/or defeat of ballot measures.

Voters approved Measures M, P, Q, and R. Measure M and Measure P are effective immediately. Measure Q will take effect on December 21, 2012. Measure R is effective on the date the Charter amendment is filed with Secretary of State.

BACKGROUND

The City conducted its General Municipal Election on November 6, 2012. In addition to candidates for local offices, ten measures were placed on the ballot by the Council.

The City Charter and the Municipal Code require that to be elected to the office of Mayor, Auditor and Council a candidate must receive a majority of votes for that office under the Ranked-Choice Voting method.

Members of the School Board and Rent Stabilization Board are elected by plurality vote.

CONTACT PERSON

Mark Numainville, CMC, Acting City Clerk, 981-6900

Attachments:

1: Resolution

Exhibit A: City Clerk Certificate of Election (includes Registrar of Voters Certificate of Election and Statement of Results with precinct-by-precinct results)

2: Ordinance - Measure Q

RESOLUTION NO. ##,###-N.S.

CONFIRMING THE CANVASS OF RETURNS, INCLUDING VOTE BY MAIL BALLOTS, OF THE GENERAL MUNICIPAL ELECTION HELD NOVEMBER 6, 2012, AND DECLARING THE RESULTS

WHEREAS, a General Municipal Election consolidated with the Gubernatorial General Election was held in the City of Berkeley on November 6, 2012 ; and

WHEREAS, the qualified electors, including vote by mail voters, cast ballots at said election for the following officials:

- One seat for Mayor, term ending November 30, 2016
- One Council Member seat, District 2, term ending November 30, 2016
- One Council Member seat, District 3, term ending November 30, 2016
- One Council Member seat, District 5, term ending November 30, 2016
- One Council Member seat, District 6, term ending November 30, 2016
- Two School Board Director seats, terms ending November 30, 2016
- Four Rent Stabilization Board Commissioner seats, terms ending November 30, 2016.

WHEREAS, at said election the qualified electors, including vote by mail voters, cast ballots upon the following proposed Measures:

Measure M – Streets and Watershed Bond

2/3 Vote Required

Shall the City of Berkeley issue general obligation bonds not exceeding \$30,000,000 for street improvements and integrated Green Infrastructure such as rain gardens, swales, bioretention cells and permeable paving, to improve roads, reduce flooding and improve water quality in the creeks and Bay?

Financial Implications: The average annual cost over the 30-year period the bonds are outstanding would be approximately \$38, \$81, and \$116, respectively, for homes with assessed valuations of \$330,500, \$700,000 and \$1,000,000.

Measure N – Bond for Pools Facilities

2/3 Vote Required

Shall the City of Berkeley issue general obligation bonds not exceeding \$19,400,000 to fund construction of replacement Warm and Willard pools, and renovation or replacement of associated facilities, as well as repair, renovation or replacement of locker rooms and associated facilities at the existing West Campus and King pools?

Financial Implications: The average annual cost over the 30-year period the bonds are outstanding would be approximately \$7.01 per \$100,000 of assessed valuation.

Measure O – Special Tax for Pools Operations

2/3 Vote Required

Shall a special tax of \$0.00779 per square foot of improvements on land in Berkeley be authorized to fund maintenance and operation of the replacement Warm Water and Willard Pools, if a bond measure funding construction of those pools is adopted?

Financial Implications: The annual cost in fiscal year 2013-14 would be \$14.80 for a 1,900 square foot home, \$23.37 for a 3,000 square foot home and \$77.90 for a 10,000 square foot building.

Measure P – GANN Limit Override

Majority Vote Required

Shall the appropriation limit under Article XIIB of the California Constitution (which limits city expenditures) be increased to allow for the expenditure of taxes previously approved by the voters for parks maintenance; libraries; emergency medical services; emergency services for severely disabled persons; and fire protection and emergency response and preparedness, for fiscal years 2013 through 2016?

Financial Implications: This measure would not increase taxes. It only authorizes expenditure of existing voter-approved taxes.

Measure Q – Utility Users Tax Amendments

Majority Vote Required

Without increasing the rate, shall an ordinance be adopted to update Berkeley's existing utility users tax, which funds police, fire and other essential City services, to keep current with changes in technology and Federal and State laws while maintaining exemptions for nonprofit educational organizations and hospitals, adding an exemption for low-income taxpayers, and requiring an annual verification and public report as to collection and expenditure of the tax?

Measure R – Redistricting Charter Amendment

Majority Vote Required

Shall the Charter of the City of Berkeley be amended to provide that council district redistricting shall be adopted by ordinance and to require that districts be as equal in population as feasible taking into consideration topography, geography, cohesiveness, contiguity, integrity, compactness of territory and communities of interest, and have easily understood boundaries such as major traffic arteries and geographic boundaries?

Financial Implications: No significant cost impacts.

Measure S – Sidewalks Ordinance

Majority Vote Required

Shall an ordinance prohibiting sitting on sidewalks in commercial districts from 7:00 am to 10:00 pm, with exceptions for: (a) medical emergencies; (b) wheelchairs and similar mobility devices; (c) bus benches; (d) street events; (e) other furniture placed on the sidewalk pursuant to a permit; requiring the City to ensure that it is applied in a constitutional manner and requiring a warning prior to citation, be approved?

Measure T – West Berkeley Plan and Zoning Amendments

Majority Vote Required

Shall the West Berkeley Plan and the Zoning Ordinance be amended to allow development flexibility on up to 6 large sites, each under the same ownership, during the next 10 years, allowing a maximum height of 75’ with a site-wide average height of 50’, and only if community and environmental benefits are provided to West Berkeley?

Measure U – Initiative Ordinance

Majority Vote Required

Shall an ordinance be adopted: establishing new agenda and meeting requirements for the City’s legislative bodies (Council, Rent Stabilization Board and all 36 commissions), including earlier agenda deadlines; increased disclosure requirements for public records; and creating a new commission with authority to take enforcement action against the City in case of violations?

Financial Implications: Uncertain; annual costs are estimated between \$1,000,000 to \$2,000,000 depending on level of enforcement by commission and number of Council meetings.

Measure V – Initiative Ordinance

Majority Vote Required

Shall an ordinance requiring the City to publish certified biennial reports of its 20-year financial obligations for employee/retiree expenses, capital assets, and “productive capacity of City services”, the present value of those obligations, and the annual expenses needed to meet them, and prohibiting any new or increased debt financing, property-related fee, assessment or tax absent certification of the report by the City Manager or other, independent professional, be adopted?

Financial Implications: Uncertain.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the following named were candidates for Mayor for term ending November 30, 2016, and received the votes, including vote by mail votes, as set forth after their names, to wit:

<u>MAYOR</u>	
Tom Bates	28,635
Kriss Worthington	11,507
Jacquelyn McCormick	6,011
Bernt Rainer Wahl	2,322
Kahlil “Da Mayor” Jacobs-Fantauzzi	2,248
Zachary RunningWolf	2,016
Mark Schwartz (write-in)	11

BE IT FURTHER RESOLVED, that the following named were candidates for Councilmember for Districts 2, 3, 5, and 6 for the terms ending November 30, 2016, and received the votes, including vote by mail votes, as set forth after their names, to wit:

CITY COUNCIL DISTRICT 2

Darryl Moore	3,393
Denisha DeLane	1,629
Adolfo Cabral	731

CITY COUNCIL DISTRICT 3

Max Anderson	3,119
Dmitri Belser	2,021

CITY COUNCIL DISTRICT 5

Laurie Capitelli	4,324
Sophie Hahn	3,619

CITY COUNCIL DISTRICT 6

Susan Wengraf	5,569
Phoebe Sorgen (write-in)	291

BE IT FURTHER RESOLVED, that the following named were candidates for Rent Board Commissioner for the terms ending November 30, 2016, and received the votes, including vote by mail votes, as set forth after their names, to wit:

RENT BOARD COMMISSIONER

(Top Four Elected)

Judy Shelton	19,738
Judy J. Hunt	17,930
Asa Dodsworth	17,551
Alejandro Soto-Vigil	16,869
Igor Tregub	16,659
Nicole Drake	15,327
Kiran Shenoy	13,204
Jay James	11,252

BE IT FURTHER RESOLVED, that the following named were candidates for School Director for the terms ending November 30, 2016, and received the votes, including vote by mail votes, as set forth after their names, to wit:

SCHOOL DIRECTOR

(Top Two Elected)

Judy Appel	30,013
Beatriz Leyva-Cutler	22,267
Tracy Hollander	15,528
Norma J F Harrison	3,332

BE IT FURTHER RESOLVED, that the total number of votes, including vote by mail votes, cast on ballot measures was as follows:

Measure M	YES	37,998
Streets and Watershed Bond	NO	13,847
2/3 Vote Required		
Measure N	YES	31,671
Bond for Pools Facilities	NO	19,112
2/3 Vote Required		
Measure O	YES	30,191
Special Tax for Pools Operations	NO	20,129
2/3 Vote Required		
Measure P	YES	45,318
GANN Limit Override	NO	5,555
Majority Vote Required		
Measure Q	YES	42,382
Utility Users Tax Amendments	NO	7,266
Majority Vote Required		
Measure R	YES	31,852
Redistricting Charter Amendment	NO	16,464
Majority Vote Required		

Measure S	YES	25,523
Sidewalks Ordinance	NO	27,981
Majority Vote Required		
Measure T	YES	24,779
West Berkeley Plan and Zoning	NO	25,291
Amendments		
Majority Vote Required		
Measure U	YES	10,509
Initiative Ordinance	NO	34,651
Majority Vote Required		
Measure V	YES	17,292
Initiative Ordinance	NO	27,511
Majority Vote Required		

BE IT FURTHER RESOLVED, that the following candidate received a majority of votes for the office for which they were a candidate and are hereby declared to be elected for the term ending November 30, 2016:

MAYOR
Tom Bates

CITY COUNCIL

Councilmember District 2	Darryl Moore
Councilmember District 3	Max Anderson
Councilmember District 5	Laurie Capitelli
Councilmember District 6	Susan Wengraf

BE IT FURTHER RESOLVED, that the following candidates received a plurality of the votes cast for the offices for which they were a candidate and are hereby declared to be elected for terms ending November 30, 2016:

RENT BOARD COMMISSIONER

Judy Shelton
Judy J. Hunt
Asa Dodsworth
Alejandro Soto-Vigil

SCHOOL DIRECTOR

Judy Appel
Beatriz Leyva-Cutler

BE IT FURTHER RESOLVED, that the following measures are declared to have passed or to have been defeated as shown below:

- a) Measure M received a two-thirds majority of the votes cast at said election for said Measure, and is hereby declared to have passed.
- b) Measure N did not receive a two-thirds majority of the votes cast at said election for said Measure, and is hereby declared to have failed.
- c) Measure O did not receive a two-thirds majority of the votes cast at said election for said Measure, and is hereby declared to have failed.
- d) Measure P received a majority of the votes cast at said election for said Measure, and is hereby declared to have passed.
- e) Measure Q received a majority of the votes cast at said election for said Measure, and is hereby declared to have passed.
- f) Measure R received a majority of the votes cast at said election for said Measure, and is hereby declared to have passed.
- g) Measure S did not receive a majority of the votes cast at said election for said Measure, and is hereby declared to have failed.
- h) Measure T did not receive a majority of the votes cast at said election for said Measure, and is hereby declared to have failed.
- i) Measure U did not receive a majority of the votes cast at said election for said Measure, and is hereby declared to have failed.
- j) Measure V did not receive a majority of the votes cast at said election for said Measure, and is hereby declared to have failed.

BE IT FURTHER RESOLVED that the total number of ballots cast in the City of Berkeley at said election was 60,559. Attached hereto is the Certification of the City Clerk (Exhibit A) including the Certificate of the Election by the Registrar of Voters and a complete Statement of the Results showing the number of votes cast at each precinct for each candidate and for and against each measure.

TEXT OF MEASURE**ORDINANCE NO. #,### - N.S.****AN ORDINANCE OF THE CITY OF BERKELEY AMENDING CHAPTER 7.70 OF THE BERKELEY MUNICIPAL CODE TO MODERNIZE THE APPLICATION OF THE UTILITY USERS TAX**

THE PEOPLE OF THE CITY OF BERKELEY ORDAIN AS FOLLOWS:

Section 1. Code Amendment.

That Section 7.70.020.Q of the Berkeley Municipal Code is hereby amended to read as follows:

Q. "Telephone communication services" shall mean ~~any telephonic type and quality of communication including that which is interconnected to the public switched network, which allows people to talk to each other without the necessity of conversing in person. In determining whether a service constitutes a telephone communication service, all technology used to transmit voice communications from one person to another shall be included irrespective of whether, for example, such technology utilizes computer processing applications on the form, code or protocol of the content of the communication or where the origination and/or termination points of the transmission, conveyance or routing are not fixed. Such means of transmission shall include, without limitation for the purpose of transmitting messages or information (including but not limited to voice, telegraph, teletypewriter, data facsimile, video, or text) by electronic, radio or similar means whether such transmission occurs by wire, cable, fiber optic, light wave, laser, microwave, radio wave including, but not limited to, cellular service, personal communications service (PCAS), specialized mobile radio (SMR), and other types of personal wireless service regardless of radio spectrum used, switching facilities, satellite or any other similar facilities.~~ and include the transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals to a point, or between or among points, whether or not such information is transmitted through interconnected service with the public switched network, whatever the technology used, whether such transmission, conveyance or routing occurs by wire, cable, fiber-optic, light wave, laser, microwave, radio wave (including, but not limited to, cellular service, commercial mobile service, personal communications service (PCS), specialized mobile radio (SMR), and other types of personal wireless service—see 47 USCA Section 332(c)(7)(C)(i)—regardless of radio spectrum used), switching facilities, satellite or any other technology now existing or developed after the adoption of the ordinance codified in this chapter, and includes, without limitation, fiber optic, coaxial cable, and wireless. The term 'telephone communication services' includes such transmission, conveyance, or routing in which computer processing applications are used to act on the form, code or protocol of the content for purposes of transmission, conveyance or routing without regard to whether such services are referred to as voice

over internet protocol (VoIP) services or are classified by the Federal Communications Commission as enhanced or value added, and includes video and/or data services that are functionally integrated with telecommunications services. 'Telephone communication services' include, but are not limited to, the following services regardless of the manner or basis on which such services are calculated or billed: central office and custom calling features (including but not limited to call waiting, call forwarding, caller identification and three-way calling), local number portability, text messaging, ancillary telecommunication services, prepaid and post-paid telecommunications services (including but not limited to prepaid calling cards); mobile telecommunications service; private telecommunication service; paging service; 800 service (or any other toll-free numbers designated by the Federal Communications Commission); and value-added non-voice data service. For purposes of this section, 'private telecommunication service' means any dedicated telephone communications service that entitle a user to exclusive or priority use of communications channels. "Telephone communication service" does not include: internet access services to the extent they are exempt from taxation under the Internet Tax Freedom Act, 47 U.S.C. 151 note; video programming services; and digital downloads, such as downloads of books, music, ringtones, games and similar digital products.

Section 2. Code Amendment.

That a new subdivision (S) is hereby added to Section 7.70.020 of the Berkeley Municipal Code, to read as follows:

S. "Ancillary telecommunications services" shall mean services that are associated with or incidental to the provision, use or enjoyment of telecommunications services including, but not limited to, the following:

1. Services that link two or more participants of an audio or video conference call, including the provision of a telephone number.
2. Services that separately state information pertaining to individual calls on a customer's billing statement.
3. Services that provide telephone number information, and/or address information.
4. Services offered in connection with one or more telecommunications services, which offer advanced calling features that allow customers to identify callers and to manage multiple calls and call connections.
5. Services that enable customers to store, send or receive recorded messages.

Section 3. Code Amendment.

That Section 7.70.050 of the Berkeley Municipal Code is hereby amended to read as follows:

7.70.050 Telephone users tax

A. There is hereby imposed a tax upon every person who uses any international, interstate and/or intrastate telephone communication services in the City, other than a telephone corporation. Interstate calls shall include calls to and from the District of Columbia or any U.S. territory. The tax imposed by this section shall be at the rate of seven and one-half percent (7.5%) of the charges made for such telephone communication services. The tax shall be collected from the service user by the telephone communication services supplier or its billing agent. To the extent allowed by federal and state law, the tax on telephone communication services is intended to, and does, apply to all charges within the city's tax jurisdiction, such as charges billed to a telephone account having a situs in the city as permitted by the Mobile Telecommunications Sourcing Act of 2000, 4 U.S.C. Section 116 et seq. There is a rebuttable presumption that telephone communication services billed to a billing or service address in the city are used, in whole or in part, within the city's boundaries, and that such services are subject to taxation under this Chapter. There is also a rebuttable presumption that telephone communication services sold within the city that are not billed to a billing address or provided to a primary physical location are used, in whole or in part, within the city's boundaries and that such services are subject to taxation under this chapter.~~shall apply to a service user if the billing or service address of the service user is within the City's boundaries, irrespective of whether a particular telephone communication service originates and/or terminates within the City. If the billing address of the service user is different from the service address, the service address of the service user shall be used.~~

B. The following shall be exempt from the tax imposed by this ~~s~~Section, if any:

1. Service paid for by inserting coins in coin-operated telephones with respect to local telephone service, or with respect to toll telephone service if the charge for such toll telephone service is less than 25 cents; except that where such coin-operated telephone service is furnished for a guaranteed amount, the amounts paid under such guarantee plus any fixed monthly or other periodic charge shall be subject to the tax.

2. Payment received from any person for services used in the collection of news for the public press, or a news ticker service furnishing a general news service similar to that of the public press, or radio broadcasting, or in the dissemination of news through the public press, or a news ticker service furnishing a general news service similar to that of the public press, or by means of radio broadcasting, if the charge for such service is billed in writing to such person.

3. Payment received for services furnished to an international organization designated under the International Organizations Immunities Act and defined in 22 USCA § 288, or to the American National Red Cross.

4. Payment received for any toll telephone service which originates within a combat zone from a member of the Armed Forces of the United States performing service in such combat zone, as determined under such section, provided a certificate, setting forth such facts as the Secretary may by regulations prescribe, is furnished to the person receiving such payment.

5. The amount paid for any toll telephone service to the extent that the amount so paid is for use by a common carrier, telephone or telegraph company, or radio broadcasting station or network in the conduct of its business as such.

6. The amount paid by a nonprofit hospital for services furnished to such organization. For purposes of this subsection, the term "nonprofit hospital" means a hospital which is exempt from federal and state income tax under section 501(a) of the Internal Revenue Code.

7. Any payment received for services or facilities furnished to the government of any State, or any political subdivision thereof, or the District of Columbia.

8. Any amount paid by a nonprofit educational organization for services or facilities furnished to such organization. For purposes of this subsection, the term "nonprofit educational organization" means an educational organization which is exempt from income tax under section 501 (a) of the Internal Revenue Code. The term also includes a school operated as an activity of an organization which is exempt from income tax under section 501 (a) if such school normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on.

9. Private mobile radio service. For purposes of this chapter "private mobile radio service" is a radio communication service which is not a commercial mobile service. A "mobile service" means a radio communication service carried on between mobile stations or receivers and land stations, and by mobile stations communicating among themselves, and includes (A) both one-way and two-way radio communication services, (B) a mobile service which provides a regularly interacting group of base, mobile, portable, and associated control and relay stations (whether licensed on an individual, cooperative, or multiple basis) for private one-way or two-way land mobile radio communications by eligible users over designated areas of operation, and (C) any service for which a license is required in a personal communications service established pursuant to the proceeding entitled "Amendment to the Commission's Rules to Establish New Personal Communications Services" (GEN Docket No. 90-314; ET Docket No. 92-100), or any successor proceeding. A "commercial mobile service" is a "mobile service" that is provided for profit and makes interconnected service available (A) to the public or (B) to such classes of eligible users as to be effectively available to a substantial portion of the public.

C. The tax administrator may, from time to time, issue and disseminate to telecommunication service suppliers, which are subject to the tax collection requirements of this ~~e~~Chapter, ~~an~~ administrative rulings identifying those telecommunication services that are subject to the tax of subsection (A) above. The administrative rulings shall implement the intent of the City Council that the telephone users tax be imposed on any person who initiates or receives high-quality voice communications without regard to the type or kind of transmission media or technology that exists on the date the amendments to this section became effective or which may be developed in the future. Such administrative rulings shall be consistent with legal nexus and laws pertaining to telephone communications services and shall not impose a new tax, revise an existing tax methodology, or increase an existing tax, except as allowed by California Government Code §§ 53750(h)(2) and (h)(3) or other law. The tax administrator may consider state-wide interpretive rules and guidelines promulgated by any government agency or association of government agencies as a factor in determining the intent of voters adopting this section. To the extent that the tax administrator determines that the tax imposed under this section shall not be collected

in full for any period of time, such an administrative ruling falls within the tax administrator's discretion to settle disputes. The tax administrator's exercise of prosecutorial forbearance under this chapter does not constitute a change in taxing methodology for purposes of Government Code § 53750(h), and the city does not waive or abrogate its ability to impose the telephone users' tax in full as a result of issuing such administrative rulings and may suspend such rulings and recommence collection of the tax without additional voter approval. The administrative ruling shall be consistent with and shall not impose a new tax or increase an existing tax without voter approval.

D. As used in this section, the term "charges" shall include the value of any other services, credits, property of every kind or nature, or other consideration provided by the service user in exchange for the telephone communication services. If a non-taxable service and a taxable service are billed together under a single charge, the entire charge shall be deemed taxable unless the service supplier identifies, by verifiable data, non-taxable charges based upon its books and records that are kept in the regular course of business, which shall be consistent with generally accepted accounting principles. The service supplier has the burden of proving the proper apportionment of taxable and non-taxable charges.

E. As used in this section, the term "charges" shall not include charges for any type of service or equipment furnished by a service supplier subject to public utility regulation during any period in which the same or similar services or equipment are also available for sale or lease from persons other than a service supplier subject to public utility regulation.

F. To prevent actual multi-jurisdictional taxation of telephone communication services subject to tax under this section, any service user, upon proof to the tax administrator that the service user has previously paid the same tax in another American state or city on such telephone communication services, shall be allowed a credit against the tax imposed to the extent of the amount of such tax legally imposed in such other state or city; provided, however, the amount of credit shall not exceed the tax owed to the City under this section. ~~For purposes of establishing sufficient legal nexus for the imposition and collection of utility users' tax on charges for telephone communication services pursuant to this chapter, "minimum contacts" shall be construed broadly in favor of the imposition and collection of the utility users' tax to the fullest extent permitted by California and federal law, and as it may change from time to time.~~

G. The tax on telephone communication services imposed by this section shall be collected from the service user by the service supplier. The amount of tax collected in one (1) month shall be remitted to the tax administrator on or before the last day of the following month; and must be received by the tax administrator on or before the last day of the following month.

H. For purposes of imposing a tax or establishing a duty to collect and remit a tax under this Section, "substantial nexus" and "minimum contacts" shall be construed broadly in favor of the imposition, collection and/or remittance of the utility users tax to the fullest extent permitted by state and federal law, and as that law may change from time to time. Any telephone communication service (including VoIP) used by a person with a service address in the city, which service is capable of terminating a call to another person on the general telephone network, shall be subject to a rebuttable

presumption that "substantial nexus/minimum contacts" exists for purposes of imposing a tax, or establishing a duty to collect and remit a tax, under this chapter. A service supplier shall be deemed to have sufficient activity in the city to be obligated to collect and remit the tax imposed by this chapter if it does any of the following: maintains or has within the city, directly or through an agent or subsidiary, a place of business of any nature; solicits business in the city by employees, independent contractors, resellers, agents or other representatives; solicits business in the city by means of advertising that is broadcast or relayed from a transmitter within the city or distributed from a location within the city; or advertises in newspapers or other periodicals printed and published within the city or through materials distributed in the city by means other than the United States mail.

I. The tax imposed by this Section shall not apply to any person whose total personal income, from all sources, for the previous calendar year, does not exceed that level which shall constitute "very low-income," as may be established by resolution of the City Council. Any taxpayer claiming the exemption under this Section shall be required to demonstrate his or her entitlement thereto annually by submitting a claim for a refund, with supporting documentation, to the Finance Director in the manner and at the time established in regulations and/or guidelines hereafter promulgated by the City Manager. Such applications shall be on forms provided by the Finance Director, or his or her designee, and shall provide and/or be accompanied by such information as the Finance Director shall require, including but not limited to, federal income tax returns and W-2 forms. Upon timely receipt and verification of the required claim and supporting documentation, the Finance Director shall promptly refund the tax paid for the prior 12 months. Any person or entity claiming an exemption from the tax imposed by this Chapter shall file a verified statement of exemption on a form prescribed by the City Manager prior to June 30th of the first fiscal year for which the exemption is sought.

Section 4. Code Amendment.

That a new Section 7.70.055 is hereby added to the Berkeley Municipal Code to read as follows:

7.70.055 Exclusion of Internet Access from Telephone Tax

Nothing in section 7.70.050 (Telephone users tax) is intended to include charges for Internet Access within the scope of taxable charges for telephone communications services.

Section 5. Code Amendment.

That Section 7.70.180 of the Berkeley Municipal Code is hereby added to read as follows:

7.70.180 Effect of state and federal authorization

To the extent that the City's authorization to impose or collect any tax imposed under this chapter is expanded or limited as a result of changes in state or federal law, no

amendment or modification of this Chapter shall be required to conform the tax to those changes, and the tax shall be imposed and collected to the full extent of the City's authorization up to the full amount of the tax imposed under this Chapter.

Section 6. Code Amendment.

That Section 7.70.190 of the Berkeley Municipal Code is hereby added to read as follows:

7.70.190 Verification Audit

The City shall annually verify that the taxes owed under section 7.70.050 have been properly applied, exempted, collected, and remitted in accordance with this Chapter, and properly expended according to applicable law, and issue a public report of the findings of such verification. The annual verification shall be performed by a qualified auditor and shall employ reasonable, cost-effective steps to assure compliance, including the use of sampling audits. The audit of a service supplier shall not be required where the cost of the audit is expected to exceed the additional tax revenue to be derived from the performance of the audit.

Section 7. Amendment of Ordinance.

Chapter 7.70 of the Berkeley Municipal Code as amended by this Ordinance may be repealed or amended by the City Council without a vote of the people except as follows: as required by Proposition 218, any amendment to that Chapter that increases the amount or rate of tax beyond the levels authorized by this Ordinance may not take effect unless approved by a vote of the people. The City Council may impose the taxes authorized by that Chapter in any amount or rate which does not exceed the rate approved by the voters of the City.

Section 8. Ratification.

Ordinance Nos. 6,926-N.S. and 6580-N.S., are hereby ratified.

Section 9. Severability.

If any section, sentence, clause, phrase, or portion of this Ordinance is for any reason held to be invalid or unenforceable by a court of competent jurisdiction, the remaining sections, sentences, clauses, phrases, or portions of this ordinance shall nonetheless remain in full force and effect. The people of the City of Berkeley hereby declare that they would have adopted each section, sentence, clause, phrase, or portion of this Ordinance, irrespective of the fact that any one or more sections, sentences, clauses, phrases, or portions of this Ordinance be declared invalid or unenforceable and, to that end, the provisions of this Ordinance are severable.

Section 10. Majority Approval; Effective Date; Execution.

This Ordinance shall be effective only if approved by a majority of the voters voting thereon and shall go into effect ten (10) days after the vote is declared by the City Council. The Mayor and City Clerk are hereby authorized to execute this Ordinance to give evidence of its adoption by the voters.