

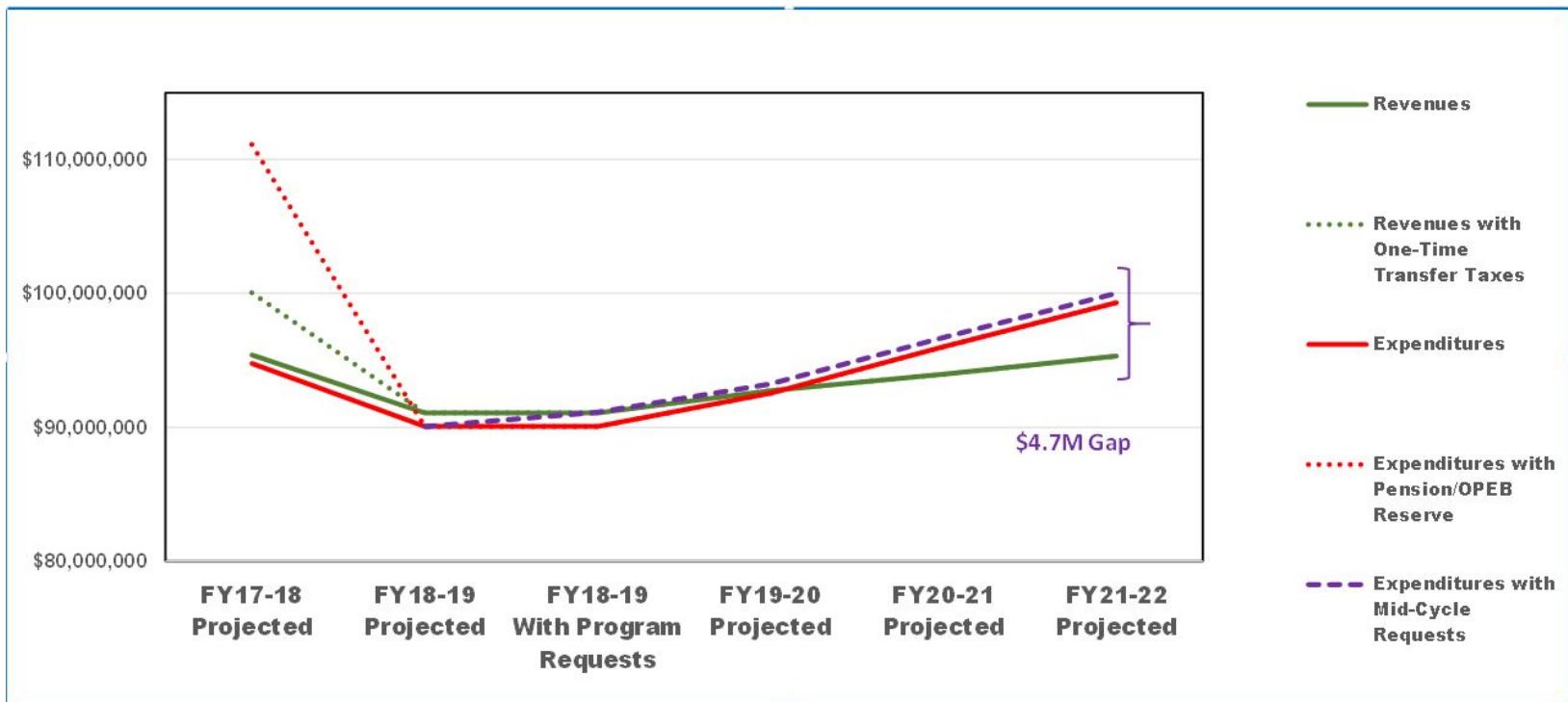
Seeking Direction on Potential Revenue Measures for November 2018 Ballot

Potential Revenue Measures

	Pros	Cons
Option #1: \$95M Infrastructure Bond	<ul style="list-style-type: none">• Significant revenue to meet significant need• Extensive outreach effort already complete	<ul style="list-style-type: none">• Higher vote threshold, less likely to succeed• Unresolved issues re: specificity v flexibility, and AP in/out• Raises cost to property owners
Option #2: Half Cent Sales Tax	<ul style="list-style-type: none">• Significant revenue to meet significant need• Lower vote threshold, more likely to succeed• Meets both operating and/or capital needs• Timing: only a few opportunities to place• Visitors contribute	<ul style="list-style-type: none">• Uncertainty with Taxpayer Fairness Proposition• Raises cost to consumers

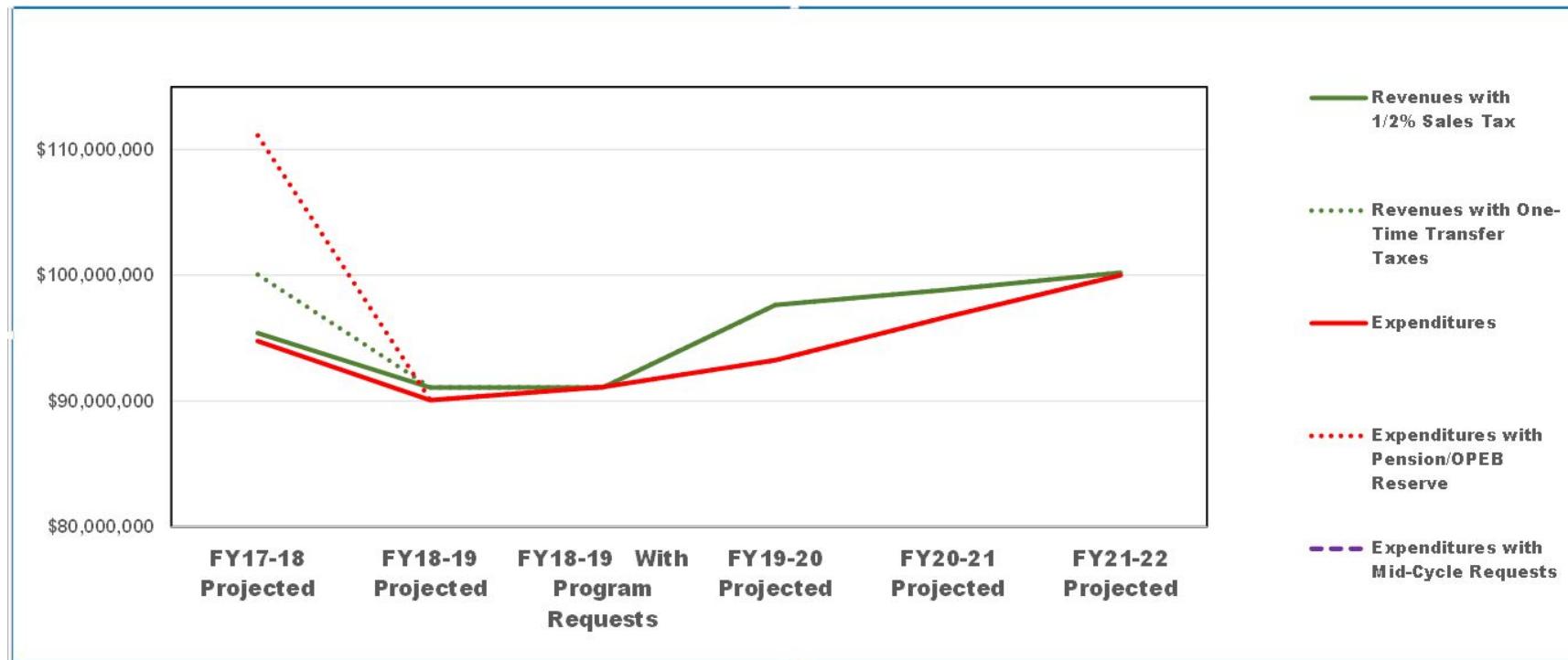
2018-19 General Fund 5-Year Forecast

June 5, 2018 (With New, Revised Budget Requests)



2018-19 General Fund 5-Year Forecast

June 5, 2018 (With Half Cent Sales Tax Increase)



If a half cent sales tax increase, then...

- Should a sales tax increase address both operations and capital needs?

If an infrastructure bond, then....

- *Amount*: is \$95 million the right amount?
- *Alameda Point*: include AP's drinking water infrastructure? If yes, permit or require developer fee reimbursement for this expense? Reconcile with fiscal neutrality policy?
- *Specificity*: adopt percentages on the categories of infrastructure expenses? Include list of proposed projects for the first \$35 million in funding?
- *Priorities*: adopt priorities for projects in advance of the measure's vote?

Draft Priorities

- Focus on deteriorating facilities and infrastructure;
- Provide community-wide benefits;
- Advance goals from the City's adopted plans such as: transportation management, climate/sea-level change, disaster/emergency response and preparedness, etc.;
- Help the City become more environmentally responsible, resilient, and financially sustainable, including lowering or containing future costs to local taxpayers;
- Leverage taxpayer dollars to secure additional matching grants or other funding that may otherwise go to other communities; and/or
- Ensure geographic equity.

(Draft) Priority Projects for First Bond Draw Down

Street/Pothole Repairs and Traffic Safety/Traffic Congestion Management

-pave 5 miles citywide	\$5,000,000	First	\$95 million
-repair 5 miles of sidewalk citywide	\$2,500,000	\$35.5 Million	
-other improvements (signals, streetlights, traffic safety)	\$3,000,000	% of total	% of total
	subtotal= \$10,500,000		

Clean Bay, Pollution/Flood Prevention, Sea Level Rise

-flooding and adaptation measures	\$6,500,000		\$28,500,000
-renovate pump stations	\$4,000,000		
-repair storm drains citywide	\$2,000,000	% of total	% of total
	subtotal= \$12,500,000		

Safe, Clean Parks, Emergency Response, and Other Public Infrastructure

-renovate fields (upper Washington, Leydecker), 5 playgrounds	\$4,500,000		\$33,250,000
-seismic/accessibility/other repairs at parks/rec buildings	\$2,500,000		
-seismic/accessibility/other repairs at public safety/city buildings	\$5,500,000	% of total	% of total
	subtotal= \$12,500,000		
	total= \$35,500,000		\$33,250,000

Potential Schedule for 2018

June 5: Provide direction on which, if any, revenue measures to consider for Nov 2018

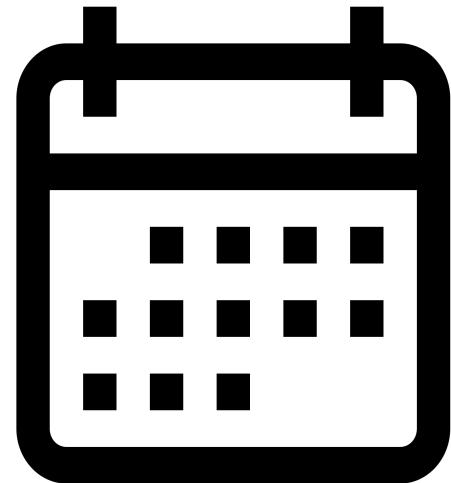
June 6: Engage communications consultant

July 10: Deadline to approve Infrastructure Bond (ordinance requires 2 readings) and ballot argument process

July 24: Deadline to approve Sales Tax and ballot argument process

August: Deadline to submit measures to Alameda County Registrar of Voters

Nov 6: General election



Seeking Direction on Potential Revenue Measures for November 2018 Ballot

Option #1: Infrastructure Bond

Option #2: Half Cent Sales Tax

Potential Revenue Measures

(slides from May 18)

Potential Revenue Measures: Overview

- Significant financial challenges that may require reduced expense and/or increased revenue
- Alameda has had fewer revenue measures than our neighbors: Berkeley (19), Oakland (14), San Leandro (7), Alameda (4)
- Potential options include:
 1. No measure
 2. Cannabis tax
 3. Infrastructure bond
 4. Sales tax
- Timing/phasing: some options might be better fit for 2018; potential to explore other options for future elections

Option #1: No Measure

Pros	Cons
No cost	Continues funding gaps
Limits tax or fee increases	Delays long-term solutions to structural deficits and deferred maintenance
Provides more time to consider a future measure	Postponement creates risk of less favorable economic conditions

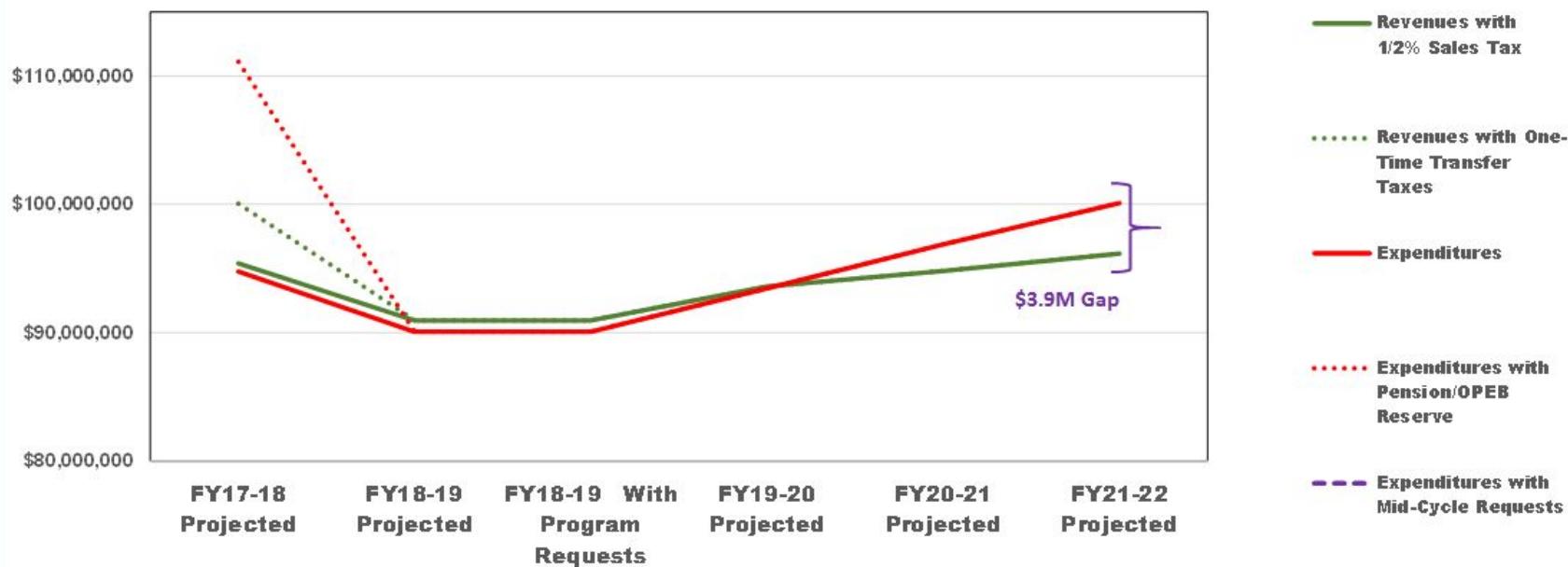
Option #2: Cannabis Tax

- **Estimated Annual Revenue:** \$260,000-\$770,000
- **Voter Threshold:** Requires 50% plus 1 voter approval
- **Tax Rate:** 4% excise tax applied to all cannabis businesses excluding testing labs and medicinal cannabis dispensaries (could include future adult use, but not accounted for in estimated revenue as no adult use is yet permitted)
- **Use of Funds:** General Fund

Pros	Cons
Likely to succeed (65% support)	Significantly less revenue raised than other measures
New tax prior to existence of operating businesses	Uncertainty from preemption and Taxpayer Fairness proposition

2018-19 General Fund 5-Year Forecast

May 2018 (With Cannabis Tax)



Option #3: Infrastructure Bond

- **Estimated Annual Revenue:** \$6 million annually (\$95 million bonded)
- **Voter Threshold:** Requires 67% voter support
- **Tax Rate:** Property owners pay \$23/\$100,000 of assessed (not market) value
- **Use of Funds:** Restricted to capital needs

Pros	Cons
Addresses significant capital needs with significant revenue	Difficult 2/3 voter threshold
Extensive public outreach already complete	Significant capital needs would remain
Surveys suggest viability (70-73% support)	Does not address operating deficit

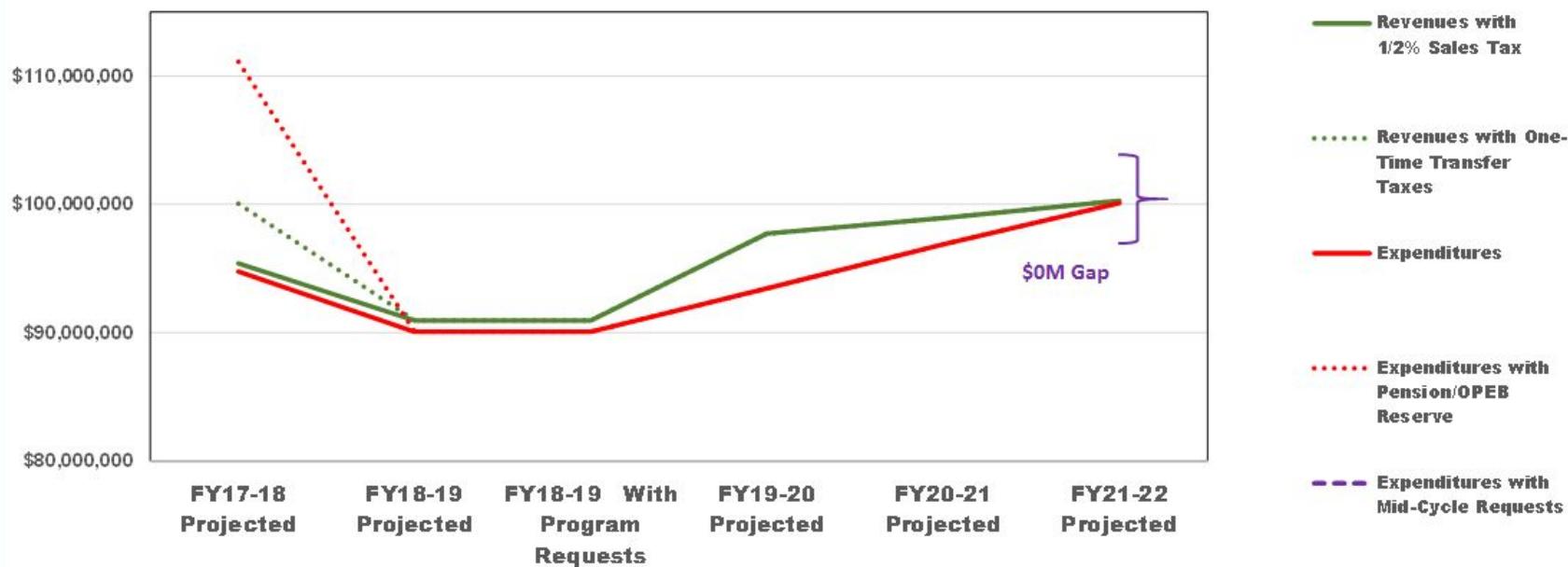
Option #4: ½ Cent Sales Tax Increase

- **Estimated Annual Revenue:** \$4.9 million
- **Voter Threshold:** Requires 50% plus 1 voter approval
- **Use of Funds:** Available for operating and/or capital needs

Pros	Cons
Addresses significant needs and operating deficit	No guarantee for any specific program or project
Likely to succeed (64% support)	Some uncertainty with Taxpayer Fairness proposition
Visitors to Alameda contribute	Raises costs to consumers

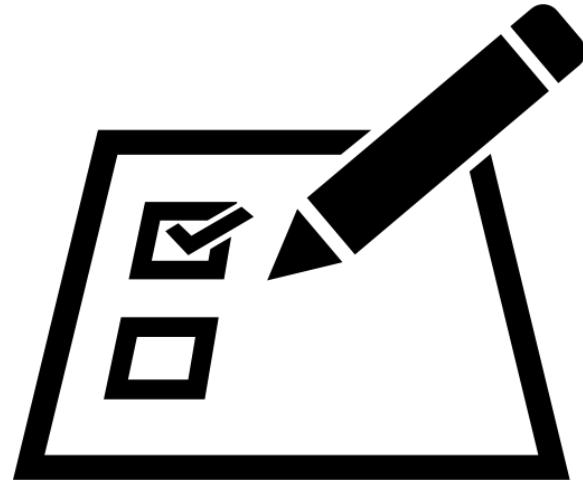
2018-19 General Fund 5-Year Forecast

May 2018 (With ½ Cent Sales Tax Increase)



Future Ballots/Elections

- ❑ Winter 2019 -- Stormwater Fee
Request City Council's permission to initiate a mail-in ballot
- ❑ Spring 2019 -- FY 2019-2021 Budget Process
Consider possible revenue measure options
- ❑ November 2020, 2022, 2024 General Elections
(sales tax eligible)
- ❑ June 2019, 2021, 2023 Special Elections
- ❑ November 2019, 2021, 2023 Special Elections



Potential Schedule for 2018

May 18: Discuss revenue measures as part of FY 18/19 mid-cycle budget

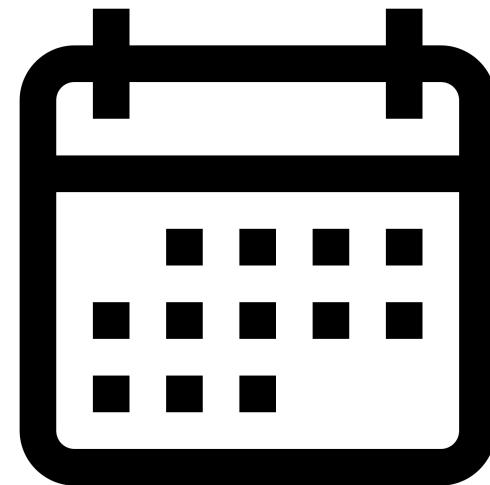
June 5: Provide direction on which, if any, revenue measures to consider for Nov 2018

July 10: Deadline to approve Infrastructure Bond (ordinance requires 2 readings)

July 24: Deadline to approve Cannabis, Sales Tax

August: Deadline to submit measures to Alameda County Registrar of Voters

Nov 6: General election



Topics to Consider

#1 No Revenue Measure: should staff explore any of these or other revenue measures (i.e., transient occupancy or soda taxes) for placement on future ballots?

#2 Cannabis Tax:

- *Tax rates*
 - set at 4% and applied to all cannabis businesses except testing labs and medicinal cannabis dispensaries
 - set at 4% for adult use cannabis sales in the event such businesses are permitted in the future
- *Nearby tax rates*
 - for adult use: Berkeley (5%), Oakland (5-10%)
 - for medicinal use: Berkeley (2.5%), Oakland (5%)
 - San Leandro: 6% for all permitted cannabis business types

Topics to Consider

#3 Infrastructure Bond:

- *Amount:* is \$95 million the right amount?
- *Alameda Point:* include AP's drinking water infrastructure? If yes, permit or require developer fee reimbursement for this expense? Reconcile with fiscal neutrality policy?
- *Specificity:* adopt percentages on the categories of infrastructure expenses? Include list of proposed projects for the first \$30 million in funding?
- *Guidelines:* adopt guidelines for projects in advance of the measure's vote?

Topics to Consider

#4 ½ Cent Sales Tax Increase:

- Is this the right time?
- Should a sales tax increase address both operations and capital needs?

Polling/Communications Support

- Previous polling done summer 2017 and early 2018
- Informational outreach prior to any election

Recap: Topics for Discussion

- Department requests in FY 18/19
- Status quo or accelerate pension contributions
- Use of one-time reserves for other considerations
- Potential revenue measures

