

City Council Direction

Potential Revenue Measures

for November 2022

City Council, May 3, 2022



Presentation Agenda

- Background and need
- February public opinion polling results
- Viable options for November 2022 ballot
- Pros and cons
- Next steps/schedule
- Discussion and questions



Revenue Measures: Background

- 2020 discussion about new measure tabled due to pandemic
- General Fund is healthy but significant and ongoing challenges remain
- City has been considering these items since 2009 and in last three biennial budgets
- Needs include deferred infrastructure maintenance, sea level rise, climate change, traffic safety, disaster preparedness and affordable housing
- Alameda has had fewer revenue measures than our neighbors: Berkeley (21), Oakland, (17), San Leandro (7), Alameda (6)







Revenue Measures: Background

- Late 2021, City Council authorized initial public opinion polling
- February 2022 polling assessed voter views on:
 - Overall City direction, departments and services
 - Priorities for community investment
 - Support for potential revenue measure mechanisms
 - Infrastructure bond, affordable housing bond/tax, real estate transfer tax, increase to business license, gas and transient occupancy tax, establishment of cannabis tax
- Timing/Phasing: Some options might be better fit for 2022; potential to explore other options for future elections



Revenue Measures: Polling Results - Survey Methodology

Dates	February 2-13, 2022
Survey Type	Dual-mode Voter Survey
Research Population	Likely November 2022 Voters in the City of Alameda
Total Interviews	480
Margin of Sampling Error	(Full Sample) $\pm 4.9\%$ at the 95% Confidence Level (Half Sample) $\pm 6.9\%$ at the 95% Confidence Level
Contact Methods	 Telephone Calls  Email Invitations
Data Collection Modes	 Telephone Interviews  Online Interviews
Languages	English, Spanish and Chinese

Revenue Measures: Polling Results - Key Numbers



Think the City is headed in the “right direction” – down 11 points from 2020



Approve of Alameda City government overall



See a need for additional funding to provide City services

Revenue Measures:

Polling Results – Voter Mood and Perceptions of City

- More voters are divided on the direction of the City than ever before, and just three in ten say things are headed in the right direction.
- Majorities approve of Alameda's city government, overall; half approve of the City's management and elected officials.
- Broad shares give high marks to the City for the quality of its park facilities and fire services.
- Ratings for police services, neighborhood safety, and library services have declined.
- Housing costs are a top worry; broad majorities are concerned about climate change and traffic safety.
- Relatively few are concerned about City tax rates and waste in local government.



Revenue Measures: Polling Results - Spending and Investment Priorities

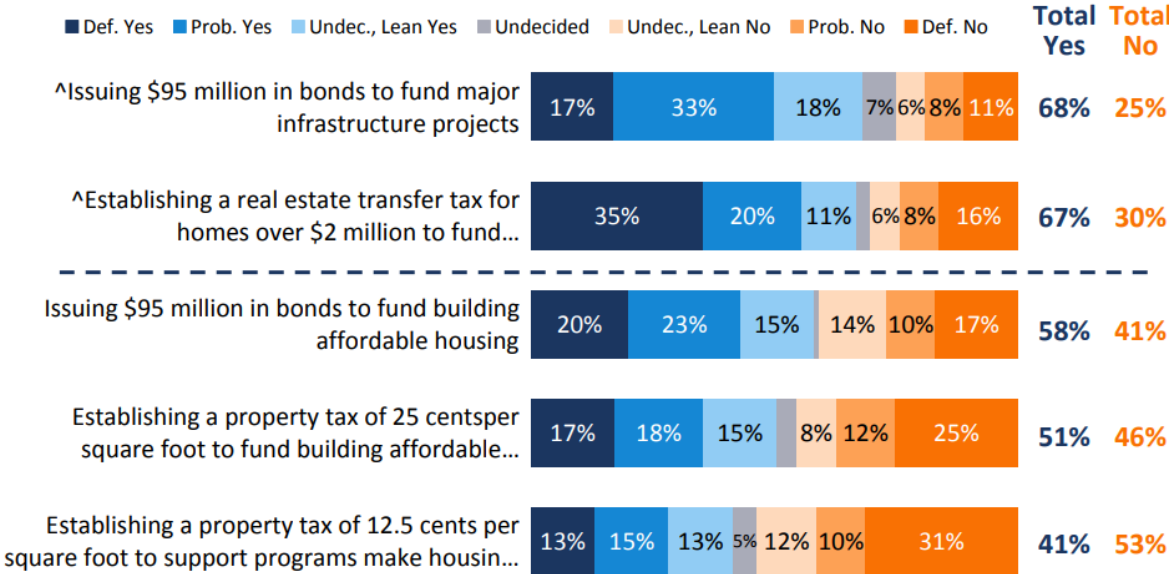
- A majority of Alameda voters see at least some need for additional funding for city services.
- Their highest priorities for funding include response times, bridge upgrades and flood prevention.
- Seven in ten or more also rate infrastructure repairs and response to violent crime highly.
- Two-thirds or more value improving cyclist and pedestrian safety and preparing for disaster.
- Majorities value improving traffic flow and public transit and improving parks.



Revenue Measures: Polling Results – Assessing Revenue Measure Mechanics

Only two of the two-thirds requirement approaches begin with bare two-thirds support.

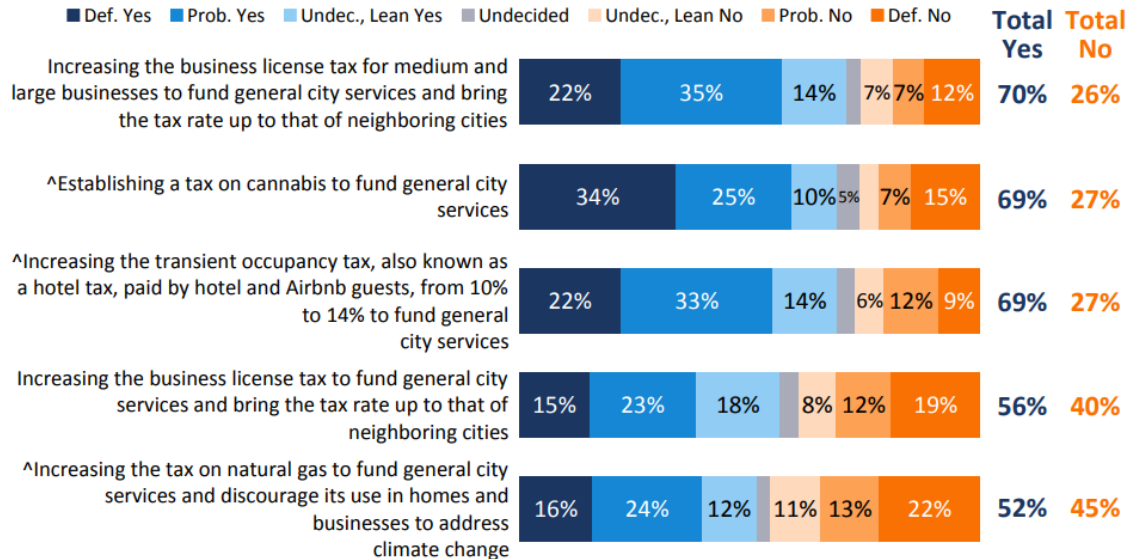
Two-Thirds Requirement Measures



Revenue Measures: Polling Results – Assessing Revenue Measure Mechanics

All of the simple-majority requirement measures exceed 50%, but to varying degrees.

Simple Majority Requirement Measures



Revenue Measures: Viable Options

Two-Thirds Requirement Measures

Measure	Initial Vote		Vote After Messaging	
	Total Yes	Total No	Total Yes	Total No
^\$95 Million Infrastructure Bond	68%	25%	67%	26%
^RETT >\$2 Million	67%	30%	62%	34%
\$95 Million Housing Bond	58%	41%	57%	35%
Property Tax for Housing	51%	46%	50%	46%
Parcel Tax for Housing	42%	53%	35%	61%



Revenue Measures: Viable Options

Simple Majority Requirement Measures

Measure	Initial Vote		Vote After Messaging	
	Total Yes	Total No	Total Yes	Total No
Medium/Large BLT	70%	26%	64%	31%
^Cannabis Tax	69%	27%	67%	29%
^TOT	69%	27%	67%	28%
BLT	56%	40%	48%	48%
^Natural Gas UUT	52%	45%	48%	45%



Revenue Measures: Polling Results – Conclusions

- While Alamedans hold increasingly mixed views about the direction of the city, they overall approve of City government and management. They are more mixed in their views of the Mayor and City Council.
- Housing costs are a broadly shared concern. Notably, concern about traffic safety has increased over the last two years, as has concern about crime.
- A majority believes in principle that the City has “a great” need or “some” need for additional funding, though most say “some” rather than “great” – an indication that voters are unaware of the investments the City requires.



Revenue Measures: Polling Results – Conclusions

- Voters most highly prioritize investments in maintaining emergency response times, infrastructure upgrades, and preparation for and prevention of natural disasters including flooding and earthquakes.
- Specific to housing, voters highly value support for victims of domestic violence, housing and services for people who are homeless, and other key communities



Potential Revenue Measures: Pros and Cons

Option #1: Increase Business License Tax (Large and Medium Businesses)

- Estimated Annual Revenue: \$100,000-\$200,000 annually
- Voter Threshold: Requires 50% plus 1 voter approval
- Tax Rate: 5-10%
- Use of funds: General Fund

Pros	Cons
Limited direct impact on Alameda residents	Limited revenue potential
Survey suggests strong viability (70-64% support)	May impact some Alameda businesses
Flexible use of funds, including operating deficit	
Brings Alameda closer in line with neighbors	

Potential Revenue Measures: Pros and Cons

Option #2: Establish Cannabis Tax

- Estimated Annual Revenue: \$100,000-\$500,000 annually
- Voter Threshold: Requires 50% plus 1 voter approval
- Tax Rate: 4% on cannabis businesses' gross receipts
- Use of funds: General Fund

Pros	Cons
Limited direct impact on Alameda residents	Limited revenue potential
Survey suggests strong viability (69-67% support)	May impact cannabis business activity in Alameda
Flexible use of funds, including operating deficit	

Potential Revenue Measures: Pros and Cons

Option #3: Increase Transient Occupancy Tax (TOT)

- Estimated Annual Revenue: \$200,000-\$500,000 annually
- Voter Threshold: Requires 50% plus 1 voter approval
- Tax Rate: 1-2% increase
- Use of funds: General Fund

Pros	Cons
Does not directly impact Alameda residents – pass through cost to visitors	Limited revenue potential
Survey suggests strong viability (69-67% support)	
Flexible use of funds, including operating deficit	

Potential Revenue Measures: Pros and Cons

Option #4: \$95 Million Infrastructure Bond (Potentially Viable)

- Voter Threshold: Requires 66.7% voter support
- Use of funds: Restricted to Capital Needs

Pros	Cons
Addresses significant capital needs with significant revenue	Difficult 2/3 voter threshold
Survey suggests viability (67-68% support)	Significant capital needs would remain
Strong voter support for infrastructure investments: bridge/tube improvements, flood prevention, street and storm drain repair	Does not address operating deficit

Next Steps/Schedule

May 3: City Council provides direction on which, if any, revenue measure to consider for November 2022.

May and June: Outreach, education, additional polling, develop ballot language, update infrastructure needs

July 5: Staff presents results of outreach and proposed ballot language

July 5: Deadline to approve Infrastructure Bond (ordinance requires 2 readings)

July 19 : Deadline to approve TOT, Cannabis and or Business License Tax

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

November 8: General election



Discussion/Questions

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