

Provide Direction on Potential Revenue Measures



- Focus on one or more measures to place on the November ballot. If so, provide direction on “If...then” questions.
- Place no measure at all on the November ballot.
- Explore revenue measures not identified here and/or prepare them for this November ballot and/or for future elections.



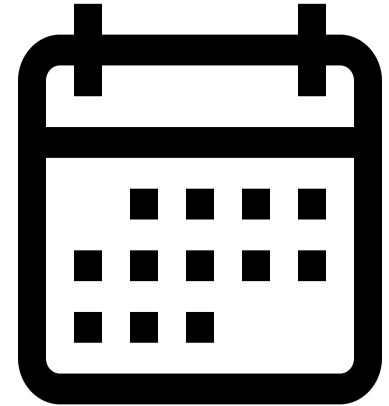
Potential Revenue Measures: Overview

- Significant financial challenges: \$4.2 million operating deficit by FY 2022/2023
- Significant infrastructure needs: \$800 million Citywide (including AP)
- Voters approved *2016 Modernization of the Utility Users Tax*, *2018 Essential Services Protection Measure* (½ cent sales tax), and *2019 Water Quality and Flood Protection Fee*
- Other revenues measures on March and November 2020 ballot
- Potential revenue measure options are:
 1. Place an Infrastructure Bond
 2. Place new Cannabis Tax, increased Transient Occupancy Tax, and/or increased Business License Tax
 3. Place no measure

Potential Revenue Measures: Timeline



- January: Community survey
- February: City Council provides staff direction
- March/April: Outreach and education
- May: Staff seek further City Council direction
- June: Tracking survey
- June/July: City Council approves placing revenue measure(s)
- August: Clerk submits ballot language to County Registrar
- August: Deadlines to submit arguments to County Registrar
- September/October: Further outreach and education
- November 3: General Election





Option #1: Infrastructure Bond

- **Estimated Annual Revenue:** \$6.5-\$8.1 million annually
- **Voter Threshold:** Requires 67% voter support
- **Tax Rate:** Property owners pay \$58/\$100,000 of assessed (not market) value
- **Use of Funds:** Restricted to capital needs
- **January 2020 Survey:** 62% support

Pros	Cons
Addresses significant capital needs	2/3 voter threshold
Helps implement Citywide climate, transportation, and traffic safety goals	Time consuming; tradeoffs with current commitments
	Does not address operating needs



If Infrastructure Bond, Then....

<i>Amount</i>	<ul style="list-style-type: none">● Is \$100-125 million the right range?
<i>Subject</i>	<ul style="list-style-type: none">● Should the bond focus on other needs and priorities?
<i>Alameda Point</i>	<ul style="list-style-type: none">● Include or not?● If yes, permit or require developer fee reimbursement for this expense?● Reconcile with fiscal neutrality policy?
<i>Aquatic Swim Center (\$12-15M)</i>	<ul style="list-style-type: none">● Include or not?
<i>West End Fire Station at Alameda Point (\$30-40M)</i>	<ul style="list-style-type: none">● Include or not?

If Infrastructure Bond, Then....



<i>Specificity</i>	<ul style="list-style-type: none">● Approach by infrastructure needs (e.g., Berkeley, Oakland) or specific project list (e.g., EBPRD)?● Maximums on the categories of infrastructure expenses, e.g., in Oakland, street projects not to exceed \$350M of \$600M bond?● Or hybrid approach of a) infrastructure needs, b) draft list of proposed projects for the first one-third of funding, c) maximums by category
<i>Guidelines</i>	<ul style="list-style-type: none">● Adopt guidelines for projects before or after measure's vote?

Option #2: Cannabis Tax, TOT Increase, and/or Business License Tax Increase



- **Estimated Annual Revenue:** Up to \$480,000 for single measure; ~\$780,000 for TOT and Cannabis Tax combined
- **Voter Threshold:** Majority vote
- **Tax Rate:** Varies
- **Use of Funds:** General Fund
- **January 2020 Survey:** Support for new cannabis tax (74%), increased TOT (73%), increased Business License Tax (41%)

Pros	Cons
Likelier to succeed due to majority vote	Lower revenue so less impact
Can fund operating and capital needs	

If One or More of These Measures, Then...



<i>Tax Rates</i>	<ul style="list-style-type: none">• For Cannabis Tax, set at 4% and apply to all cannabis businesses including medicinal cannabis?• For TOT Tax, increase by 1-4% (from 10%)?• For Business License Tax, 5-10% increase (or \$5-20/annually per business)?
<i>Purpose</i>	<ul style="list-style-type: none">• Keep to a General Purpose (majority vote) or dedicate to a Specific Purpose (67% requirement)?

Option #3: Place No Measure



Pros	Cons
No cost	Delays long-term solutions to significant financial and infrastructure needs
Limits tax or fee increases	Risk of less favorable economic conditions and lower voter turnout later
Provides more time to consider revenue measures in the context of long term financial plan	

Provide Direction on Potential Revenue Measures

- What's missing from tonight's analysis?
- Alternatives are:
 - Focus on one or more measures to place on the November ballot. If so, provide direction on “If...then” questions.
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