



City of Emeryville

CALIFORNIA

MEMORANDUM

DATE: May 17, 2022
TO: Christine Daniel, City Manager
FROM: Sheri Hartz, City Clerk
SUBJECT: Possible Ballot Measures For November 2022; Discussion And Direction On Next Steps

RECOMMENDATION

Staff requests that the City Council provide comment and direction concerning the next steps to place a measure or measures on the November 2022 ballot, including whether to undertake another community survey and, if so, focusing on what type of measure.

BACKGROUND

The City's General Fund revenue shifted and decreased over time due to changes in the economy and, more recently, because of the economic slowdown caused by the global pandemic. The City's primary revenue sources (Transient Occupancy Tax (TOT), Sales Tax, and Business License Tax) are uniquely vulnerable to economic fluctuations. As revenue has declined, the City projected an increase in operational and personnel costs -including the funding of existing Unfunded Actuarial Liabilities thus leading to projected budget deficits.

The City faced a structural deficit in the past two years which will continue into next fiscal year. Addressing this required the use of one-time funds and the deferral of capital projects. In the spring of 2021, the Budget and Governance Committee requested that staff analyze some options for the City to increase revenue, such as including possible revenue measures on the ballot in the 2022 election cycle. The City retained a consultant to analyze possible revenue measures; the analysis was shared with the City Council at its November 2, 2021 meeting. At that same meeting, the City Council authorized the City Manager to contract with a consultant, Clifford Moss, to assist the City in developing strategies to further assess the possible measures. The scope of work included conducting a community survey in December of 2021.

During the January 18, 2022, City Council meeting, the results of the survey conducted the previous month were presented to the City Council. After considering the information from the poll, the Council decided not to pursue any measures for the June 2022 ballot but to continue working on a possible measure or measures for the November 2022 ballot. The Budget & Governance Committee subsequently discussed with representatives of Clifford Moss a community engagement process to occur during spring 2022 to gather feedback from the community about their interests, concerns and priorities. That community engagement process has been underway and the results are summarized in this report.

DISCUSSION

Community Engagement Process

As part of the community engagement process, staff and City Council liaisons presented at Community Advisory Committee meetings and sought feedback from Committee members about a possible ballot measure to fund City services. Additional materials, including a survey form, were also posted on the City's website to offer more opportunities for community engagement. Comments from the Community Advisory Committee meetings and the website survey are summarized below.

Additionally, a Town Hall community forum will be conducted by the Mayor on June 9, 2022 by Zoom and the Budget Advisory Committee will hold its discussion on this topic during its May 12, 2022 meeting. Staff will provide an update of the comments received at those meetings during presentation of this item at the May 17, 2022 Council meeting.

Community Advisory Committee Comments on possible ballot measure for November 2022:

Commission on Aging—Regular Meeting April 13, 2022

- Has the City considered a tax on vehicles owned by residents?
- Taxes and policies should not subsidize vehicles; the City should support active transportation
- City should consider how to fund homeless services, especially given the impacts of the COVID pandemic
- If the City considers a change in the transfer tax, will it make a dent in the fiscal problem? How much does the City really need?
- The transfer tax is an excellent source of revenue
- Has the City considered a vacancy tax?
- There is a lot of interest in supporting active transportation programs with additional revenue

Public Art Committee—Regular Meeting April 14, 2022

- Consider the "lifespan" of the ask to the community; how long will this measure last?
- What is happening with the Housing Bond?
- What accountability provisions will be included with this measure?
- The City should consider asking for volunteers to help with work
- This is a scatter-gun approach; the City should provide some analysis of what the critical needs are; just supporting what people say they want is not enough, there should be some ranking of the importance of the needs
- If we don't get more revenue, would the City need to make cuts? Or can reserves be used?
- Consider allocating the ground floor space of new biotech buildings to non-profits not retail
- Could the City add a one-penny sales tax?
- How about just creating a tax of \$50 per parcel for five years?
- Any measure should have assurances that there is going to be strong oversight

- Can the Card Room tax be increased?

Parks & Recreation Committee—Regular Meeting April 20, 2022

- How much does the City need, how much is the gap?
- Is this need just for day-to-day operations instead of for capital improvement of parks or facilities?

Bicycle and Pedestrian Advisory Committee—Regular Meeting May 2, 2022

- Can the tax be limited to specific uses? What type of tax is being considered?
- Tremendous work being done to maintain the City but we understand it is being done with one-time funds; please remember that resident costs are also going up and individuals are suffering economic losses themselves
- The City does a fantastic job of maintenance and that needs to continue; road surfaces are especially good, continue to fund that level of maintenance
- Two things to improve: (1) code enforcement during construction; (2) emergency response during storm events to help with overflowing drains, perhaps a special crew that responds.

Website Survey Form

The City also posted a survey form on the City website, along with frequently asked questions and a fact sheet:

<https://www.ci.emeryville.ca.us/1428/Emeryville---Join-the-Conversation>

At the time of publication of this report, five responses had been submitted to the site.

What City services are your priorities?

- Public safety, low taxes, affordable utility costs, and clean streets free from trash and homelessness.
- Non-congregate housing; affordable housing; food; basic need centers; showers and hygiene centers (see Sacramento showers); free parking (harms the low income); increase minimum wage; income inequity leg at the city level. Propose statewide leg for living wage\
- They need to engage with the citizens....that means pick up the phone/return calls...be accountable. This goes for ALL departments.
- Public safety should be the top priority, given the increasingly high crime rates of all sorts (burglaries, car break-ins, mail thefts, robberies with assault weapons, etc.).
- 1. Public safety, i.e., 24/7 police patrols throughout the City; 2. Low taxation, especially for property taxes.

What do you think about the proposal to help address City needs by adjusting the City's Real Property Transfer Tax (RPTT) when properties worth over \$1M are bought/sold?

- This is a terrible proposal. Any tax increase is bad for the City. Tax increases hinder economic progress by discouraging real estate and business investments. NO TO RPTT!!
- Support and would like to see higher amounts for housing valued over \$5M.
- Should be average for the area (Berkeley, Oakland, Alameda).
- Absolutely preposterous. The city cannot impose any more taxes in order to fill its treasury. Enough is enough!
- VERY VERY BAD. We don't want any more taxes when the existing taxes are already very expensive. People are leaving Emeryville for a cheaper place.

Other comments:

- Please ban background checks for housing.
- The City Manager is not accountable.

Possible Revenue Measures

Real Property Transfer Tax Modification

One type of revenue measure discussed by the Budget & Governance Committee is a modification to the City's real property transfer tax. In 2014, Emeryville voters approved Measure V, a tax on the sale and transfer of real property. The tax rate established by Measure V is \$12 per \$1,000 of sale or transfer value. In recent years, both Berkeley and Oakland, among others, have approved tiered rate structures for their transfer taxes. These tiered structures increase the rate of the tax as the sale or transfer value increases.

The following ballot question was tested in the City's December voter survey to inform the Council's discussion about whether to place this type of general tax measure on the ballot in November 2022:

"Shall the measure to fund general City services including fire/ emergency response/police; street/ sidewalk/ park maintenance; water pollution prevention; disaster preparedness; affordable housing; senior/ childcare/ recreation services, by increasing the City of Emeryville Real Property Transfer Tax to \$15 per thousand for property sales between \$1,000,000 and \$2,000,000 and \$25 per thousand for property sales above \$2,000,000, raising \$5,000,000 annually until ended by voters, with citizen oversight, audits, and public disclosure of all spending be adopted?"

The survey results reflected 64% support for such a measure (including those responding definitely yes, probably yes, undecided lean yes) and 26% opposed

(including undecided lean no, probably no, definitely no). 10% were undecided. As noted above, a transfer tax is a general tax which requires a majority vote.

The transfer tax can be a significant revenue source for the City. However, it is a volatile revenue stream due its dependence on the volume of property sales in any given year. The estimated \$5 million per year in revenue from this source is based on historical averages but again, this is a relatively unpredictable revenue stream. Accordingly, the City Council's fiscal policy sets aside commercial transfer tax revenue for one-time expenditures such as capital projects or paying down accumulated pension obligations. Should the City Council wish to place this type of measure on the November ballot, it would need to take action to do so in July 2022.

Next Steps

Should the City Council wish to conduct a poll to assess voter interest in a revenue measure for the November 2022 ballot, staff requests that the Council provide that direction during the May 17, 2022 meeting. The results of the poll would be presented at the June 21, 2022 City Council meeting.

At the June 21, 2022 meeting, and based on the poll results, the City Council would be asked to direct staff whether to return with the necessary legislation to place a measure on the ballot in November 2022. If that direction is received, staff would return at the July 2022 City Council meetings with the necessary legislation to call the election and place the measure on the ballot.

FISCAL IMPACT

During the May 3, 2022 meeting, the City Council approved a contract amendment with Clifford Moss that included funding which will cover the additional costs for another community poll.

STAFF COMMUNICATION WITH THE PUBLIC

In addition to the Community Advisory Committee meetings and the City website survey form mentioned above, the Mayor will conduct a Town Hall community forum on May 9, 2022; the results of which will be reported during the May 17, 2022 Council meeting.

CONFLICT OF INTEREST

Not applicable

CONCLUSION

Staff requests that the Council provide direction on the next steps with regard to the ballot measure development and, specifically, (1) whether to undertake another poll and (2) what tax measure to assess during that poll.

PREPARED BY: Sheri Hartz, City Clerk

**APPROVED AND FORWARDED TO THE
CITY COUNCIL OF THE CITY OF EMERYVILLE:**



Christine Daniel, City Manager