



City of Emeryville

CALIFORNIA

MEMORANDUM

DATE: January 16, 2018

TO: Carolyn Lehr, City Manager

FROM: Susan Hsieh, Finance Director

SUBJECT: Update On Potential Bond Measures For The June 2018 Election

RECOMMENDATION

Staff recommends that the City Council review the staff report and provide comments. This report is for information only.

BACKGROUND

At the December 19, 2017 Special Study Session, a team of consultants presented the results of the recently conducted revenue study, which included a resident poll. The poll results show that Emeryville voters continue to be very positive about the quality of life in Emeryville and performance of City government. In general, voters support the four revenue options presented below. Our consultants concluded that all four revenue measures are potentially viable, given the appropriate sequencing and roll out.

- **Housing Bond** – Bond funds will be used to provide affordable local housing and prevent displacement of vulnerable populations in Emeryville, including low- and moderate-income households, veterans, seniors, and people with disabilities; to provide supportive housing for people experiencing homelessness; and to assist low- and middle-income households, including local artists, to purchase homes and remain in the community. The proposed cap for the bond is \$60 million. This would still keep the City's overall tax rate below the median peer city tax rate levels.
- **Cannabis Tax** – Levy an ongoing tax on cannabis businesses operating in the City of up to 10% of gross receipts to support general City services such as police, fire, rapid 9-1-1 emergency response, and youth and senior programs. The estimated annual revenue is \$500,000. This amount may increase depending on the number of permits issued by the City.

- **Parking Tax** – Levy an ongoing tax of \$50 per parking space per year on commercial parking lots operating in the City, with the first 25 parking spaces per site at no cost, to support general City services, facilities and infrastructure such as sidewalk and street repair, bicycle and pedestrian safety, and protection of resident-only parking areas, and transportation improvements. The estimated annual revenue is \$950,000.
- **Parcel Tax** – Levy \$0.15 per square foot of buildings with an annual cost of living adjustments not to exceed 2.5%, for twelve years, and use the funds to support services such as police, fire and rapid 9-1-1 response, and afterschool programs for children. The estimated annual revenue is \$2.6 million, with exemptions for seniors/low-income residents.

Following the December 19th presentation, the City Council directed staff to place a \$50 million housing bond and a \$10 million parks bond on the June 2018 ballot and place the cannabis tax measure on the November 2018 ballot. The Council also directed staff to further explore the potential parking tax and parcel tax measures. This report provides the City Council with an overview regarding the June 2018 election timeline and the estimated costs associated with the June and November 2018 elections.

DISCUSSION

June 2018 Election Timeline

There are important deadlines to be aware of and to be met in order to place the bond measures on the June 2018 ballot. The following timeline has been developed for the Council's consideration:

Date	Task
• Feb 20, 2018	City Council meeting: Action to approve a Resolution: calling the June election; requesting consolidation with the County Statewide Primary Election; authorizing the City to request from and reimburse the Registrar for election services; and submitting the ballot question(s)
• March 9, 2018	Deadline to file Resolution described above with Alameda County
• March 14, 2018	Deadline to file Arguments In Favor/Against the Measure
• March 19, 2018	Deadline to file Rebuttals to Arguments In Favor/Against the Measure
• April 26, 2018	First day to mail sample ballots
• May 7, 2018	Early Voting begins
• May 21, 2018	Close of Voter Registration Period
• May 29, 2018	Last day to request a Vote By Mail Ballot
* June 5, 2018	Election Day

Public Information and Community Outreach

With the City Council's support, staff will work with consultants to develop educational materials and conduct community outreach between January and March 2018. The goal is to develop a public information and outreach program to educate the community about the purpose of the bond measure(s) and build broad consensus. Below are the key tasks that will take place over the next three months.

- Develop informational messaging and plan for getting the message out to the public. For example, develop project list for housing and park projects.
- Develop strategies and plans to inform and engage internal and external stakeholder groups such as elected leaders, committee members, business leaders, and community leaders.
- Provide information to the public through tools such as City website, social media, videos, newsletters, emails, direct mail, and community meetings.

A well-organized and transparent community outreach program will enable us to provide information to the public through effective channels. This is an important step in the process toward a successful measure.

It should be noted that the Government Code prohibits the use of public funds by a local agency to advocate approval or rejection of a ballot measure. However, a public agency may expend public funds to educate and inform voters about the consequences of a ballot measure. Only a privately funded campaign committee can advocate for the measure--for example, a community group consisting of volunteers.

Ballot Measure Development

Staff will work with consultants to develop the measure and qualify for the ballot. The key tasks are outlined below.

- Develop and finalize the tax rate statement and the structure of our measure.
- Develop and refine the full text of the measure and other materials that will appear in the ballot pamphlet mailed to all voters.
- Ensure information is written in clear and understandable language featuring projects and programs that are high priorities for the Emeryville community.
- Define important taxpayer accountability protections (e.g., an independent Citizens' Oversight Committee and reporting process).
- Present documents to City Council for formal approval.

To prepare for the November 2018 election, our consultant, EMC Research, will conduct a public opinion poll, tentatively scheduled for early June 2018 (post- June election). The poll will help us to determine the viability of the other three revenue measures (cannabis tax, parcel tax, and parking tax). Staff will present the November 2018 election timeline to the City Council at a future meeting.

Estimated Costs

There will be costs associated with the June 2018 and November 2018 elections. The table below summarizes the estimated costs. The fees do not include the costs that were already incurred for the revenue study. Please note that certain costs were included in the 2017-19 budget in anticipation of potential revenue measures. Additional costs will be included in the Mid-Cycle Budget Review that will be presented to the City Council in February/March 2018.

Staff is contemplating whether a second poll is necessary for the housing and parks bond measure(s). The cost for this poll is not included in the fees below.

Consultant Scope of Services	Estimated Fees FY 17-18	Estimated Fees FY 18-19	Notes
Public information and outreach, political/environmental analysis and feasibility assessment, and polling.	\$ 88,274	\$ 82,074	
Tax rate impact analysis, bond authorization structuring options, and long-term financing plan.	\$ 30,550		
Cannabis tax rate analysis and ballot measure development	\$ 17,000		
Bond counsel and legal counsel	TBD	TBD	Staff is waiting for responses from legal firms and will provide the Council an estimated range at the January 16th meeting.
Estimated cost for County Registrar election services	\$27,348 - \$41,022	\$27,348 - \$41,022	\$4 to \$6 per registered voter; 6,837 registered Emeryville voters as of last report
Estimated publishing cost for Voter Guide	\$2,500 - \$5,000	\$2,500 - \$5,000	Cost is approximately \$500 per page; dependent on how many pages are needed for required language to be published.

Note: Consultants may bill us for out of pocket expenses such as postage, travel, and mailing. The fees above do not include these expenses.

FISCAL IMPACT

Please refer to the discussion above. For consultant contracts that are over \$45,000, staff will submit them to the Council for approval at the February 6, 2018 meeting. The City Manager is authorized to approve contracts that are under \$45,000.

STAFF COMMUNICATION WITH THE PUBLIC

There has been no staff communication with the public regarding this report.

PREPARED BY: Susan Hsieh, Finance Director

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



Carolyn Lehr, City Manager