



**MEMORANDUM**

**DATE:** November 2, 2021  
**TO:** Christine Daniel, City Manager  
**FROM:** Brad Farmer, Finance Director  
**SUBJECT:** **Adoption Of A Resolution Authorizing The City Manager To Execute A Contract With Clifford Moss In An Amount Not To Exceed \$63,250 To Assess Possible Revenue Measure Opportunities For 2022; And Consideration Of Appointment Of An Ad Hoc Committee For Revenue Measure Development**

**RECOMMENDATION**

Staff recommends that the City Council adopt a Resolution authorizing the City Manager to execute a contract with Clifford Moss to assist the City in assessing and developing possible revenue measures for the 2022 election cycle, and also to determine whether to appoint an ad hoc Council Committee to advise on revenue measure development.

**BACKGROUND**

The City has seen General Fund revenue shift and decrease over time due to changes in the economy, and more recently because of the economic slowdown associated with the global pandemic. The City's primary revenue sources are Transient Occupancy Tax (TOT), Sales Tax and Business License tax. All of these are uniquely vulnerable to economic fluctuations. At the same time as revenue has declined, the City is projecting increasing 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 current fiscal year as well as the past year. Addressing these required the use of one-time funds and deferral of capital projects to bridge the gap between revenues and expenditures. In spring 2021, the Budget and Governance Committee requested that staff analyze some options for the City to increase revenue, including possible revenue measures to be placed on the ballot in the 2022 election cycle.

Accordingly, the City issued a Request for Proposal (RFP) for Revenue Measure Feasibility Analysis and Public Opinion Survey, that was due on June 25, 2021. The City received responses from three proposers:

- Clifford Moss
- SCI Consulting Group
- TBWBH Props & Measures

The responses were analyzed in accordance with the requirements as outlined in the RFP. Based upon the complexity and timing of the project, staff decided to divide the work into two separate scopes of work: (1) Feasibility Analysis and (2) Public Opinion

Survey Services. The Clifford Moss proposal included Fieldman Rolapp & Associates (FRA) as the revenue analysis consultant. The City selected FRA for the initial feasibility analysis, with Clifford Moss providing management and guidance for the project as part of that contract.

This report summarizes the initial revenue measure analysis and the Committee's feedback and recommends moving forward with the project by retaining a consultant team to further develop possible measures and conduct a public opinion survey. Additionally, the Committee recommended that the City Council consider appointing an ad hoc Committee to guide the revenue measure development.

## **DISCUSSION**

At the October 14, 2021, meeting of the Budget and Governance Committee, FRA presented the results of their analysis of options for revenue measures. FRA analyzed two types of measures: (1) modifying the Real Property Transfer Tax (RPTT); and (2) creating a citywide Community Facilities District (CFD).

The RPTT approach would require a change to Measure V which was approved by the voters on November 4, 2014. This type of measure can be a general tax and requires simple majority (50% plus one) voter approval. The current real property transfer tax rate in Emeryville is \$12 per \$1,000 of sale value. The alternatives discussed included options for a tiered RPTT based on sales values. Various rates and thresholds were discussed. For example, tiers of sales value could include: (1) below \$500,000, (2) \$500,000 to \$1.5 million, and (3) above \$1.5 million; or (1) below \$1.5 million and (2) above \$1.5 million. Each tier could have a separate tax rate per thousand dollars of sale value. Both Berkeley and Oakland recently approved tiered rate structures for their RPTTs. Transfer tax can be a sizeable 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 Committee expressed interest in surveying voter receptivity to this type of general tax measure.

The CFD approach would create a city-wide community facilities district (as authorized under Government Code section 53313 et. seq.) to generate funds for a specific operational purpose. This type of tax is a special tax and requires 2/3 (66.67%) voter approval. The tax rate formula can include an escalation factor to account for the increase in the cost of services over time, and can accommodate different types of property uses. The Committee discussed a measure that would ultimately generate approximately \$4 million per year to pay for maintenance of infrastructure such as parks, playgrounds, trees, sidewalks, streets and lighting. The Committee noted that no budget has yet been identified for maintenance of new community facilities such as the South Bayfront Bridge, Horton Landing Park and the Rail Safety Quiet Zone. FRA presented, and the Committee discussed, a structure for the tax that would be based on a "taxable unit" per parcel or per acre that could be scaled depending on use type. For example, the rate for a single family residential parcel could be a single taxable unit of \$75 per year, while the rate for an industrial parcel could be \$75.00 per year for each of 60 taxable units per acre, yielding an annual tax of \$4,500 per year. The Committee expressed interest in surveying voter receptivity to this type of special tax measure.

Following the presentation of alternatives by FRA, the Budget and Governance Committee recommended that the City enter into a contract with Clifford Moss for overall project management, including a subcontract with FM3 Research to conduct the public opinion surveys. Additionally, the Committee recommended that the City Council consider appointing an ad hoc Committee to guide the revenue measure development. The City Attorney's Office has reviewed the proposed attached contract and would approve it as to form.

### **FISCAL IMPACT**

The cost of the proposed contract with Clifford Moss is \$63,250 which includes the community survey by FM3. Funding for these purposes was budgeted in the Fiscal Year 2021-22 General Fund Budget (101-1900-80050).

### **STAFF COMMUNICATION WITH THE PUBLIC**

The Budget and Governance Committee considered this item at its October 14, 2021, meeting.

### **CONFLICT OF INTEREST**

None identified.

### **CONCLUSION**

Staff recommends that the City Council (1) adopt a Resolution authorizing the City Manager to execute a contract with Clifford Moss to assist the City in assessing and developing possible revenue measures for the 2022 election cycle, and (2) determine whether to appoint an ad hoc Council Committee to advise on revenue measure development.

**PREPARED BY:** Brad Farmer, Finance Director

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



---

Christine Daniel, City Manager

### **ATTACHMENTS**

- Attachment A – Clifford Moss Contract
- Draft Resolution