

# Exploring a Public Safety Parcel Tax

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May 7, 2018



# City Council Goals

- ▶ Place San Leandro on a firm foundation for long-term fiscal sustainability
- ▶ Provide quality public safety service and grow our partnership with the community to keep San Leandro safe

# Background

- Measure Z (November 2010)
  - ¼ cent sales tax, 7-year sunset
- Measure HH (November 2014)
  - Extended Measure Z at ½ cent rate, 30-year sunset
  - Maintained existing service levels
- Measures OO, PP, NN (November 2016)
  - Small business license tax reduction, parking lot & warehouse tax
  - Modified T.O.T.
  - Cannabis business tax

# Highlights of near-term public safety capital & equipment needs

- Fire station modernization
- Public safety building upgrades
- First responder life support services
- Police radios
- Fire Dept. vehicles & medical equipment

# Highlights of Public Safety Staffing

## Police Department

- Total budgeted personnel: 135 FTE
- Budgeted sworn personnel: 93 FTE
- Avg. annual cost of 1.0 Officer: ~\$270K\*\*

## ALCO Fire Department

- Annual Contract Cost: ~\$23.74M
- Annual cost of addt'l crew member (per fire or engine company) ~\$1.0M
- Current complement: 5 fire engines & 2 ladder trucks

\*\*forecasted annual increases significantly outpace C.P.I.

# Overview of Parcel Taxes

- Considered a “special tax”
- Require a 2/3 super-majority vote of the electorate
- Property valuation may not be a factor
- Revenues dedicated towards specific purpose
- Cities may include admin. guidelines, funding priorities

# Overview of Parcel Taxes (cont'd)

## Various Possible Structures:

- Flat rate per parcel
- Rate based on parcel size
- Rate based on parcel use
  - (e.g. residential vs. commercial vs. mixed-use, vs. vacant)
- Rate based on likely usage of public safety services
- Sunset provisions
- Exemptions: low-income seniors, disabled etc.

**Potential Annual Revenue: approx. \$3M to \$6M**

(based on parcel tax of approx. ~\$65 to ~\$140/ parcel)

# Key Steps in Advance of Ballot Placement

- ▶ Optimal timeframe: 1-year in advance of election
- ▶ Hire public affairs consultant, develop public outreach strategy
- ▶ Hire financial consultant
- ▶ Hire pollster, conduct surveys
- ▶ Develop parcel tax structure and revenue estimates
- ▶ Create draft spending plan and budget priorities
- ▶ Draft ballot language, resolution & ordinance
- ▶ City Attorney's impartial analysis
- ▶ Incorporate community feedback
- ▶ Incorporate guidance from Mayor, Council or Council committees
- ▶ Complete above steps prior to end of July



# Overview of 2004 Parcel Tax Effort

To retain existing service levels, shall the City adopt the following tax:

- ▶ Commercial/Industrial: \$16.00 per 1,000 s.f. of parcel
- ▶ Residential: \$78.00 per parcel
- ▶ Multi-Family/Mobile homes: \$46.80 per unit
- ▶ Unimproved: \$4.00 per 1,000 s.f. of parcel
- ▶ Non-profit/education/: \$13.00 per 1,000 s.f.  
places of worship
  - Annual CPI adjustment
  - 40% discount for low-income seniors aged 65+
  - Sunset: 5.5 years

Requirement for passage: 66.67%

Outcome: 50.5% YES  
49.5% NO

# Potential 1-Time Costs

## Near Term:

- ▶ Public Affairs Consultant  
(based on 7,000/month): ~\$28,000
- ▶ Financial Consulting Assistance: ~\$10,000
- ▶ Public Opinion Survey: ~\$45,000

## Longer Term

- ▶ Election Costs: ~\$50,000+

# Factors to Consider

- ▶ City resources and staff time cannot be used to advocate for tax measures
- ▶ Two-thirds super-majority is a high threshold
- ▶ Parcel taxes are complex
- ▶ Voters must understand the proposed tax structure
- ▶ Compressed timeframe
- ▶ Unified support is key
- ▶ Any other competing measures on ballot?
- ▶ Public perceptions regarding budget challenges
- ▶ Public engagement on service level desires & priorities
- ▶ Community & stakeholder involvement is key

# Questions?