



Legislation Details (With Text)

File #:	13-579	Version:	1	Name:	Ad Hoc Committee on Public Priorities & New Revenue
Type:	Staff Report	Status:		In control:	Filed
On agenda:	11/18/2013	Final action:		In control:	City Council
Enactment date:		Enactment #:		Final action:	11/18/2013
Title:	Staff Report for Council Ad Hoc Committee on Community Priorities and Potential Revenue Measures				
Sponsors:	Lianne Marshall				
Indexes:					
Code sections:					
Attachments:					

Date	Ver.	Action By	Action	Result
11/18/2013	1	City Council	Received and Filed	

Staff Report for Council Ad Hoc Committee on Community Priorities and Potential Revenue Measures

SUMMARY AND RECOMMENDATIONS

Staff recommends that Council authorize the creation of an ad-hoc sub-committee in order to guide the work of staff and consultants who will survey community priorities and the level of support that may exist for potential revenue measures.

Background & Analysis

In November 2010, San Leandro voters authorized a 0.25% general transactions and use tax (i.e. a quarter-cent sale tax), the proceeds of which have been dedicated to maintaining the provision of local government services in San Leandro. This measure included a seven-year sunset provision that is set to expire at the end of the 2017 calendar year.

Although the broader economy as well as the City's general fund budget has improved since the adoption of this measure in 2010, the City of San Leandro continues to face many financial and operational challenges in the years ahead. Even with the increased revenues associated with Measure Z, current projections indicate that the City faces an approximately \$2 million ongoing structural deficit at the conclusion of its current labor bargaining agreements in 2015, as well as a growing backlog of unfunded roads, transportation, and infrastructure needs that cannot be addressed within the City's baseline budget. These challenges are further compounded by ongoing local public safety and law enforcement needs. When Measure Z expires, the City's ongoing annual structural deficit will grow by an additional approximately \$4 million beginning in 2018.

As a result of the above factors, the City Manager recommends that an ad-hoc Council subcommittee be formed in order to guide the work of staff and consultants who will provide strategic planning, community surveying/polling and data analysis services. The results of this work will assist the City

in assessing current voter attitudes, priorities, and service needs, as well as the potential willingness of the electorate to authorize additional revenue measure(s) to fund local services.

In addition to gathering input related to community needs and priorities, staff recommends that the proposed study also survey public support for multiple types of potential revenue measures, including but not limited to: a local road improvements funding measure in 2014, a potential extension of Measure Z in 2016, a local medical marijuana tax, or an increase in the transient occupancy tax (a.k.a. "TOT" or "hotel tax").

Timing & Recommended Next Steps

The information provided by this analysis will be used to inform discussions at the City Council Planning Session that is scheduled for February 1, 2014. In order to ensure sufficient time is available to collect and analyze the survey information prior to the Planning Session, the City Manager will provide for Council consideration at the December 2nd Council meeting proposed contract(s) and scope of work. Should Council adopt the contract(s), staff will then convene a meeting of the ad hoc committee in early December so that the consultants can initiate the survey process.

Fiscal Impacts

Although final costs will vary depending upon the specific scope and duration of a community-wide survey and related planning and analysis, estimated costs are in the order of approximately \$50,000 for strategic consulting and planning as well as an additional approximately \$30,000 for the community survey. There is not an identified funding source at this time.

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