

REVENUE DISCUSSION

9/20/17

FOLLOW UP

- Overview of consultant services
- Additional budgetary information
- Detailed “Cut” Scenarios
- Gas Tax Information
- Timeline

CONSULTANTS

- Consultants are typically utilized to perform two distinct activities:
 - Viability assessment/Polling services
 - Non-advocacy outreach services
- Can be done by the same firm, different firms or a partnership of two firms
- Normally done in stages
- Very common among cities considering placing a measure on the ballot

CONSULTANTS

- **Viability Assessment/Polling Services**
 - Review of type of measure and amount of potential measure
 - Polling services can include both telephone and web-based questionnaires
 - Generally takes 6 weeks to plan and conduct voter surveys through e-mail and telephone questionnaires
 - Sample size, type and length of questionnaire determine costs: \$50,000 to \$70,000

CONSULTANTS

- **Viability Assessment/Polling Services**
 - Satisfaction with current City government services
 - Perceptions of the City's management of tax dollars and provision of services
 - Support for a general purpose and/or special tax measure
 - Support for various amounts of a tax
 - A ranking of the importance of various services that the City could potentially enhance with additional funding
 - Reactions to major arguments for and against a measure followed by questions to detect shifts in vote preferences
 - Sources of information voters use most often to inform themselves about major issues in the community
 - Comprehensive demographic characteristics

CONSULTANTS

- **Non-advocacy Outreach Services**
 - A non-advocacy public education program is designed to build additional community awareness prior to the election being called
 - Provides information only, does not advocate for a ballot measure
 - Normally implemented after polling is complete and prior to placement of a measure on the ballot
 - Outreach activities subside once measure is placed on the ballot
 - Avoids potential conflicts in regards to using public funds to advocate for tax measure
 - Cost depends on scope of work: \$50,000 to \$100,000

CONSULTANTS

- **Non-advocacy Outreach Services**
 - Recommends and updates preparation and project action plan(s) and timeline(s)
 - Develop text copy for informational materials
 - Recommend strategies to disseminate information, consistent with the City's practices and advise on additional communications avenues to disseminate its information, such as use of City website, social media and traditional approaches
 - Work with the City to provide clarifying or correct information to the public as needed
 - Provide ongoing advice as needed, including added value to the development of staff reports, city resolutions, and ballot materials

BUDGET PROJECTIONS

- Can staff provide more precise budget projections for a three year period looking forward?
- General Fund projections shared previously are based on historical revenue trends and practical scenarios for expenditures moving forward
 - Predicting more detailed budgetary projections is challenging due to ongoing, annual fluctuations for a variety of primary revenues/expenditure items
- Revenues
 - Oil sector and retail (sales tax)
 - Housing sector (development permits/fees)
 - State action (positive or negative)
- Expenditures
 - CalPERS: employer rates have fluctuated greatly year to year
 - Healthcare: usage and state/federal policy impacts
 - Utility rates: timing and rate adjustments from PG&E/Cal Water
 - Labor agreements: no cost of living adjustments since 2014 or 2015, depending on the group

SERVICE IMPACTS/ALTERNATIVES

- What are specific types of service-related cuts that will be necessary if a tax measure is not successful?
- Staffing is the largest General Fund cost (81% in FY 2017-18)
- The most impactful means to reduce ongoing General Fund spending is to reduce personnel costs
- City remains 6% below pre-recession staffing levels
- Population has increased 15% since 2008; City area has grown 11% over same time
- Review vacant, full time positions for elimination – for example:
 - Currently 70 General Fund positions vacant citywide (51 are within the police department)
 - All General Fund departments would likely be subject to further reductions
 - Result: service levels, programs and response times would suffer

SERVICE IMPACTS/ALTERNATIVES

- Other potential savings:
 - Closure of fire station(s)
 - Reducing firefighter positions does not result in budget savings without closure of a station
 - Reduction of recreation programs and facility hours
 - Increase time between certain non-essential activities – lawn mowing, streetscape maintenance, striping, preventative street maintenance, facility maintenance and upkeep
 - Recommended service level reductions will be brought to the Council based on consultation with each department as it relates to the level of cuts necessary

GAS TAX

- \$7.28 million budgeted in FY 2017-18 (not including SB 1 funds)
 - \$4 million for street resurfacing
 - \$3.1 million for Centennial Corridor
 - \$185,000 for White Lane Rehab Project (local match)

TIMELINE

- **September/October 2017:** Issue request for proposals for consultant
- **November 15, 2017:** Staff presentation at City Council Meeting – open session
- **December 13, 2017:** Award consulting firm agreement for viability assessment/polling services; *non-advocacy outreach type activities (optional)*
- **December 2017 – February 2018:** Voter Surveys/Focus Groups
- **March 2018:** Review survey results and determine next steps
- **April 2018 – June 2018:** Transition to non-advocacy outreach
- **June 2018:** Adopt and submit necessary resolution and items to the County Elections Office:
 - Ballot Measure Text
 - Ballot Question
 - An impartial analysis to be submitted by the City Attorney
- **November 6, 2018:** Election Day

QUESTIONS?