



# Revenue Measure

City Council Meeting  
February 11, 2014

# Revenue Measure Recap

- *Presentation to City Council on 12/17/13*
  - Budget projections for this year and next
    - Strive for middle-of-the road estimates
  - Identified \$5.1 M GF structural imbalance
  - City running through GF reserves
    - FY 04-05 \$8.6 M
    - FY 12-13 \$4.3 M (adjusted for \$1.9 M carryover projects)

# Revenue Measure Recap

## ***How did we get to a \$5.1 M structural imbalance?***

- Revenue increased of \$0.92 million from FY 2013/14 Adopted Budget
  - Includes \$500,000 in Franchise Fees from Davis Waste Removal

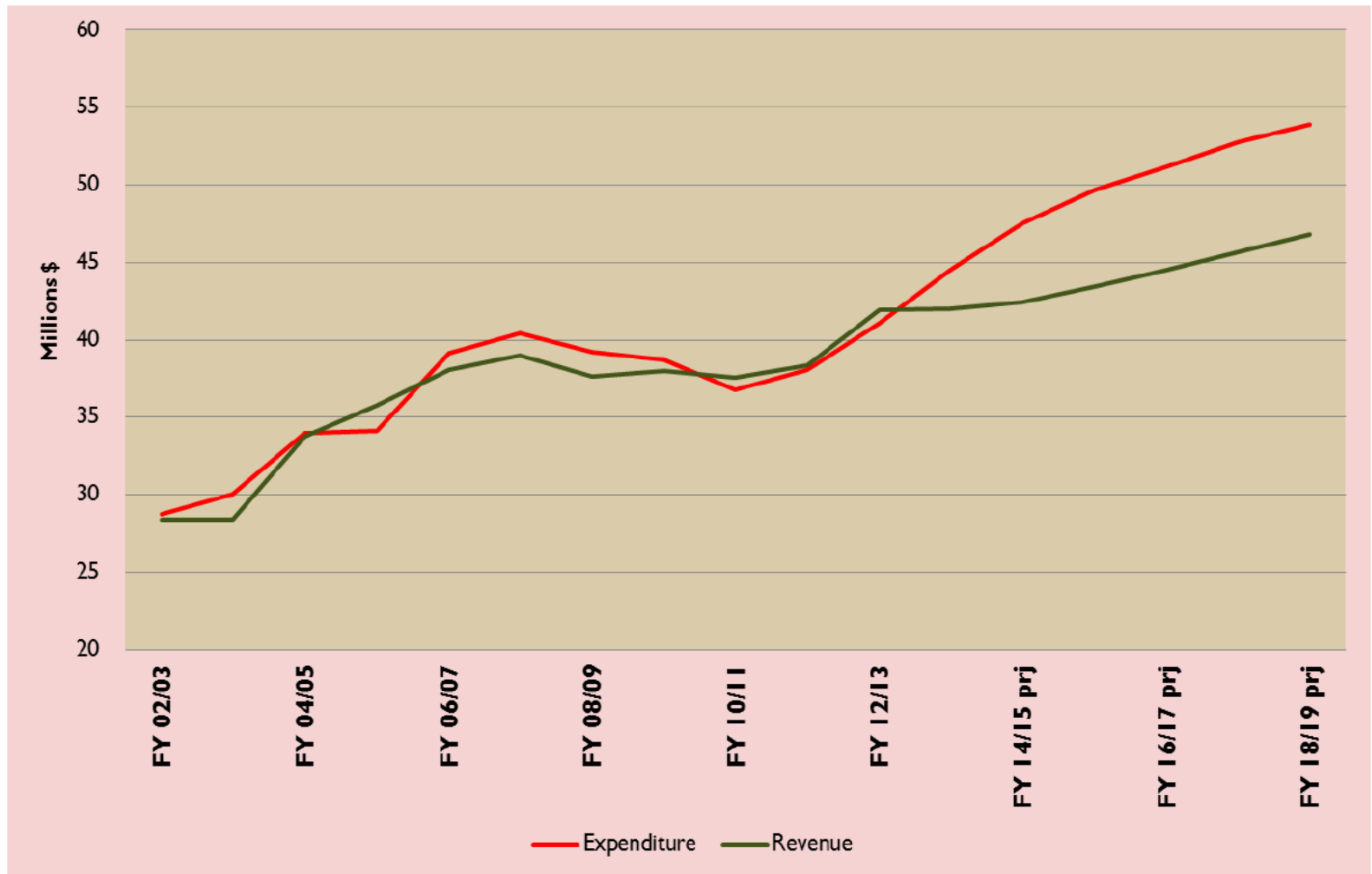
## ***Increase in Other Resources Expenditures - \$3,546,500***

- Infrastructure \$2.5 M
- Removal of projected operational savings \$770,000
- Utility Increases Including Water and Sewer \$94,000  
(projected to increase another \$745k or more in FY 15-16)
- Fleet Replacement Funding Payback \$110,000
- Insurance Claims cost and Other \$67,500

# Revenue Measure Recap

- ❖ **Personnel-Related Increases- \$1,062,000**
  - *2% COLA Based on current MOU's \$360,000*
  - *Removal of budget savings for unfilled PD positions \$250,000*
  - *Removal of Salary Savings Adjustment \$447,000*
  
- ❖ **Outside City Control - \$1,243,000**
  - *Retiree Medical Benefit \$180,000*
  - *PERS Retirement (actual PERS rates) \$437,000*
  - *Leave Benefit funding \$305,000*
  - *Medical Insurance, Cafeteria Other \$321,000*

# History of GF Revenue and Expenditures Actuals and Projected FY 2002-2019



# Revenue Measure Recap

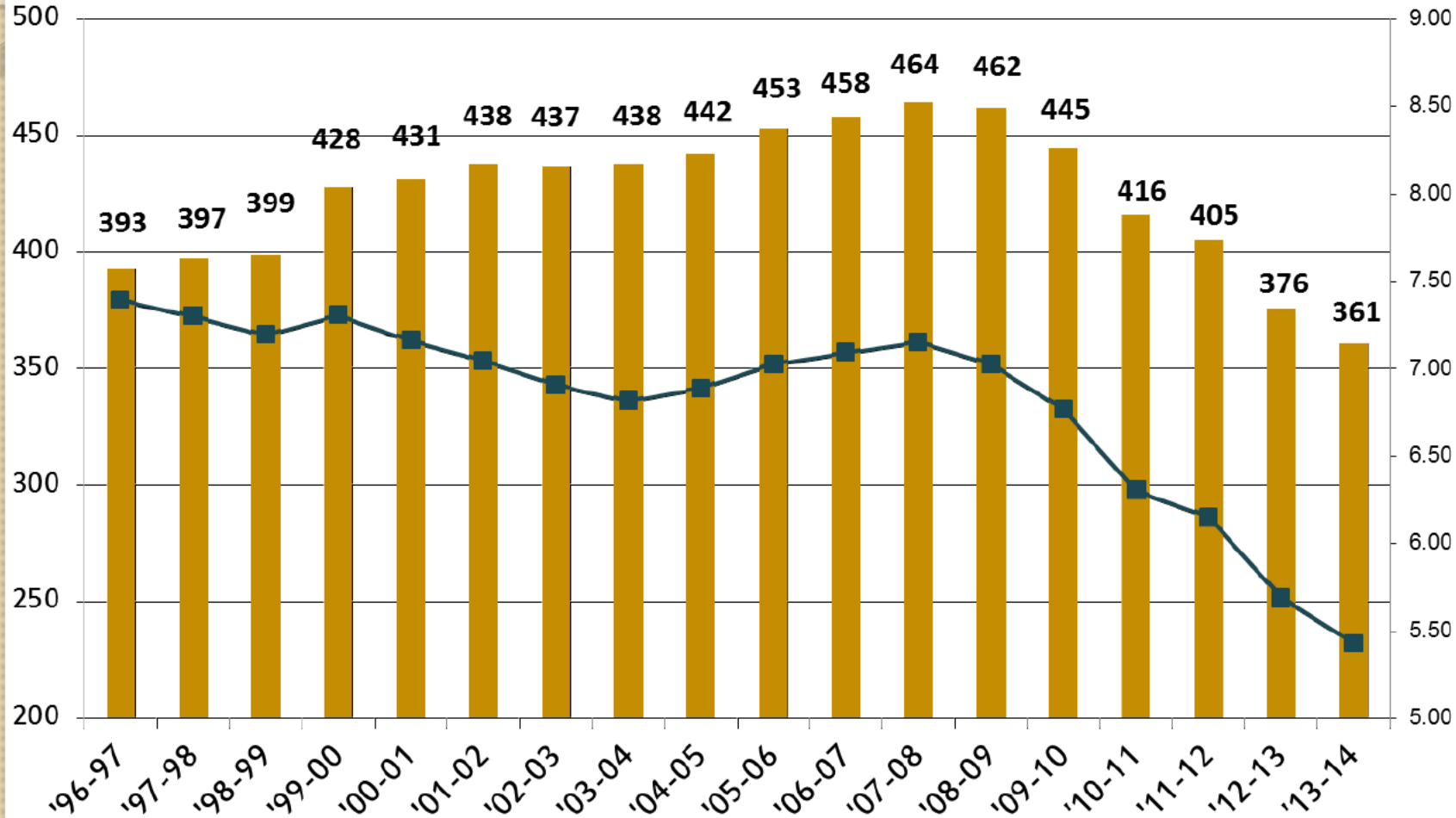
- *Discussed Options*
  - Spending cuts
    - \$5.1 M = 12.5 % reductions for all GF Depts. or 25 % if safety services held harmless
    - City has made \$11 M in GF cuts over past several years and reduced 22% of its work force since 2008.
  - Revenue
    - Sales Tax or Parcel Tax

# Staffing Trends

## Permanent Employees (FTE) – Regular Authorized Positions

**Reduction of 22.2% from FY07-08 to FY13-14**

**Employees per capita:**  
 7.39 in FY 96-97  
 5.43 in FY 13-14



# Revenue Measures-Recap

- *Outreach To Date*
  - *Rotary Lunch Club*
  - *Davis Oddfellows*
  - *Senior Center Lunch*
  - *Kiwanis*
  - *Chamber and Yolo County Visitors Bureau*
  - *Met with various interested community members*



# Council Subcommittee and Revenue Focus Group

- *Council Subcommittee met several times to discuss options.*
- *Formed Revenue Focus Group consisting of a range of community members who made suggestions to City for path forward.*

# Revenue Focus Group Feedback

- **General Understanding that the City needs additional Revenue**
  - *Community wants a revenue measure to be part of a larger economic development effort compatible with Davis values.*
  - *Need to invest in infrastructure*
  - *Need to shore up City's long-term financial position*
  - *Citizens do not want the City to come back again in a couple of years to ask for money*
  - *Time Frames. February deadline for June Sales Tax measure and Economic Development can take 6+ years*

# Revenue Focus Group

- *Three main components*
  - *Sales Tax measure on June Ballot*
    - *0.75% (\$5.4 M)*
  - *Parcel Tax measure on the November Ballot*
    - *Up to \$150 per year (\$4.1 M)*
  - *Pursue Economic Development as long term revenue source*

# Revenue Measure

- Last Council meeting to put a general tax on the ballot for two years without emergency finding.
- Staff report contains information about Sales Tax and Parks/Parcel Tax as well as Advisory Measure.



# Revenue Measure- Sales Tax

- Current Sales tax rate is 8%
- Simple Majority Vote of electorate
- May be raised in 1/8 cent increments
- Each 1/8 cent anticipated yield - \$902,500
- Effective Date - Oct. 1 2014
- Purchases that would pay new local rate
  - *Automobiles (Davis residents)*
  - *Furniture, appliances, etc. that are delivered to Davis*
- Proposed 10 year sunset (foothold for economic development efforts)

# Revenue Measure- Sales Tax Cont.

- “What happens if too much money comes in?”
  - ✓ Addtl. Sales Tax can be terminated early and/or funds can be used to build up GF reserves
- Proposed rate would be either 8.75% or 8.5% in Davis
  - ✓ Woodland is 8.25%, Sacramento is 8.5% and West Sac is 8 percent.
- Could be accompanied by an Advisory Measure

# Revenue Measure – Parks/Parcel Tax

- Parcel Taxes require 2/3rds vote of electorate
- Current Parks tax presently raises approx. \$1.36 M or about 20% of Parks Maint Budget

Total Current Parks Budget	\$ 6,823,119
Other Funds	\$ 1,064,583
User Fees	\$ 208,583
<b>General Fund</b>	<b>\$ 4,189,953</b>
Parks Maint Tax	\$ 1,360,000
Total	\$ 6,823,119

- *General Fund currently provides \$4.2 M*

# Revenue Measure

- To fully fund GF contribution, Parks Tax would need to be approx. \$200, total.
- Currently covers park and greenbelt maint, swimming pools, and related public facilities
- Could be expanded to cover repair, rehabilitation and replacement
- Proposed 10 year sunset
- Parks tax suggested over Parcel Tax because of timing and information necessary to place it on the June ballot.



# Revenue Measure

<b>Option I - Sales Tax 3/4 cent increase and Parks Maint. Tax increase by \$101 to \$150 per year</b>		2014-15*	2015-16
<b>New Sales Tax*</b>	<b>0.750</b>	<b>\$ 4,061,250</b>	<b>\$ 5,550,000</b>
<b>New Park Maint. tax~</b>	<b>\$101</b>	<b>\$ 2,803,000</b>	<b>\$ 2,815,000</b>
	<b>Total Revenues</b>	<b>\$ 6,864,250</b>	<b>\$ 8,365,000</b>

<b>Option II - Sales Tax 3/4 cent increase and Parks Tax increase by \$51 to \$100 per year</b>		2014-15*	2015-16
<b>New Sales Tax*</b>	<b>0.750</b>	<b>\$ 4,061,250</b>	<b>\$ 5,550,000</b>
<b>New Park Maint. tax~</b>	<b>\$51</b>	<b>\$ 1,416,000</b>	<b>\$ 1,421,000</b>
	<b>Total Revenues</b>	<b>\$ 5,477,250</b>	<b>\$ 6,971,000</b>

*\*Sales Tax revenue in FY 2014-15 is for 3 Quarters only (collection would begin in Oct. 2014)*

*~Parks Tax includes additional parcels from the development of the Cannery site consistent with the absorption schedule developed by the City's Community Dev Dept.*

# Revenue Measure

<b>Option III - Sales Tax 1/2 cent increase and Parks Tax increase by \$151 to \$200 per year</b>		2014-15*	2015-16
<b>New Sales Tax*</b>	<b>0.500</b>	<b>\$ 2,707,500</b>	<b>\$ 3,700,000</b>
<b>New Park Maint tax~</b>	<b>\$151</b>	<b>\$ 4,191,000</b>	<b>\$ 4,208,000</b>
	Total Revenues	\$ 6,898,500	\$ 7,908,000

<b>Option IV - Sales Tax 1/2 cent increase and Parks Tax increase by \$101 to \$150 per year</b>		2014-15*	2015-16
<b>New Sales Tax*</b>	<b>0.500</b>	<b>\$ 2,707,500</b>	<b>\$ 3,700,000</b>
<b>New Park Maint. tax~</b>	<b>\$101</b>	<b>\$ 2,803,000</b>	<b>\$ 2,815,000</b>
	Total Revenues	\$ 5,510,500	\$ 6,515,000

<b>Option V - Sales Tax 1/2 cent increase and Parks Tax increase by \$51 to \$100 per year</b>		2014-15*	2015-16
<b>New Sales Tax*</b>	<b>0.500</b>	<b>\$ 2,707,500</b>	<b>\$ 3,700,000</b>
<b>New Park Maint. tax~</b>	<b>\$51</b>	<b>\$ 1,416,000</b>	<b>\$ 1,421,000</b>
	Total Revenues	\$ 4,123,500	\$ 5,121,000

## Info Necessary for Measure(s)

- **Sales Tax**
  - **June 2014 election**
  - **What percentage?** (can be in 1/8 cent increment)
  - **What duration?** (even number of years to coincide with general election)
  - **Sunset existing 1/2 cent in 2016?**
  - **Effective date?** (Must be at least 120 days after election. Currently set at Oct. 1, 2014)
  - **Advisory Measure** (nonbinding) ?

## Info necessary for Measure(s)

- **Parks/Parcel Tax**
  - **When to place on Ballot** (June or Nov.)?
  - **What amount?**
  - **What duration?**
  - **Sunset current Parks Tax in 2018?**
  - **Move ahead with Parks vs. Parcel Tax?**

Community familiar with uses of Parks Tax and not enough time to prepare info needed to place on the ballot

# Info necessary for Measure(s)

- **Parks/Parcel Tax**
  - Bill nonprofits?
  - Include up to 3% CPI adjustment?
  - Amend ordinance to include repair, rehabilitation and replacement?

# Next Steps

- Continue community outreach as recommended by Focus Group and others.
  - Senior Commission (2/13)
  - Old North Davis NA (2/13)
  - Progressive Business Lunch (2/19)
  - Village Homes HOA (2/19)
  - Davis Board of Realtors (2/21)
  - Rotary Sunset (2/26)
  - Chavez PTA (3/18)
  - Arrowhead/Bueno HOA (3/24)
  - La Buena Vida HOA (4/24)

# Next Steps-cont.

- Back to City Council in April with reduction packages (12 and 25 percent) and updated revenue and expenditure projections.
- Even if measure passes, City will continue to make reductions and continue with operational changes to improve the effectiveness of the organization.