

Task: provide recommendation to City Council on alternatives to fund implementation of the City’s CAP, along with advantages and disadvantages of each approach.

The information below can be included in a staff report to City Council. The Committee should add pro/con discussion. The staff report can be accompanied by a letter from the SC, or staff can insert SC’s discussion into the staff report directly.

Funding needs

Appendix C of the CAP provides estimated average costs for implementation. The dollar amounts are based on assumptions and some are soft costs. Actual costs could vary when measures are being implemented.

Summarizing relevant measures in Appendix C, there are a few “groups” of measures:

CAP Measure/Group	Estimated Annual Cost	Recommendations	Comments
Staff – 1 FTE	\$80K + benefits/overhead = <u>\$200,000</u>	An equivalent staffing is recommended: <ul style="list-style-type: none"> • ¼ existing ER staff • ½ planning staff • 1 f/t intern Climate Corp program <u>\$85,000</u>	Accommodates for the different strategy areas within the CAP: ER- CAP Implementation oversight/lead non-planning Planner – lead building/energy/planning Intern – behavior change, outreach, events
Outreach	4 advertising campaigns, 3-4 strategies per campaign. \$75,000/campaign, Annual budget <u>\$35,000.</u>	Customize advertising campaigns based on projects being implemented	Utilize funding for outreach, education, events, and incentives.
Building/Energy	Building data displays, retrofits, solar/renewable <u>\$130,000</u>	\$90,000 incentives \$40,000 municipal	Incentives – retrofits/solar assessments for schools, commercial & residential Municipal - retrofits
Transportation/Land Use	All projects: <u>\$3,070,600</u>	Larger transportation project costs require grant funding. Budget 20% grant match & funds for smaller projects: <u>\$665,600</u>	Estimated costs need to be updated following completion of Active Transportation Plan (Feb/March 2011).
Greening/Food/Ag	Gardens & Trees:	\$20,000 trees	

	<u>\$21,500</u>	\$1,500 gardens	
Total:			\$937,100

Available funding options

a. Utility Users Tax: the City's Utility Users Tax covers telecommunications (wired and wireless); Gas and Electric. The current UUT raises about \$1.45 million in revenue. The UUT was amended in the 2010 election, reducing the rate from 7% on telecommunications to 6.5%, but broadening the definitions to be as inclusive as possible of new telecommunications technologies. The intent and expectation is that this will be revenue neutral. The electric and gas UUT rate is still 7%. A 1% increase would raise approximately \$70,000. It should be noted that revenues from the UUT gas and electric show a decline from 07/08 to 08/09.

PG&E provided some data for 2009, including projected revenue with a UUT increase:

Electric	# of accounts	Revenue	Average monthly bill	UUT @7%	UUT @8%	UUT @9%
Residential (CARE)	850	\$267,747.96				
Residential	5,935	\$3,496,448.30				
Totals		\$3,764,190.26	\$46.24	\$3.24	\$3.70	\$4.16
Commercial (pub agency)	70	\$1,844,221.65				
Commercial	554	\$3,054,045.52				
Totals		\$4,898,267.17	\$654.15	\$45.79	\$52.33	\$58.87

Gas	# of accounts	Revenue	Average monthly bill	UUT @7%,	UUT @8%	UUT @9%
Residential (CARE)	682	\$199,616.57				
Residential	5,030	\$2,306,743.38				
Totals		\$2,506,359.95	\$36.57	\$2.56	\$2.93	\$3.29
Commercial (pub agency)	29	\$4,72,342.28				
Commercial	314	\$558,647.37				
Totals		\$1,030,989.65	\$251.09	\$17.58	\$20.09	\$22.60

Expected UUT Revenue	Total (electric & gas)	
7% (current)	\$853,986.49	

8%	\$975,984.56	+\$121,998
9%	\$1,097,982.63	+\$243,996

Another consideration is that UUT (gas/electric) has been in decline over the last several years, which will likely continue as efficiency increases:

	FY07/08	FY08/09	Change	%Change
Electric	\$486,801	\$453,278	\$ (33,523)	-7%
Gas	\$294,963	\$269,490	\$ (25,473)	-9%
Wireless Telecom	\$402,691	\$436,134	\$ 33,343	8%
Wired Telecom	\$292,118	\$290,044	\$ (2,074)	-1%
	\$1,476,573	\$1,448,946	\$ (27,627)	-1.9%

b. Assessment Districts: Assessment Districts fund a variety of public infrastructure improvements and can also be used to fund maintenance of such improvements. Benefit Assessment Districts, including Landscape and Lighting Districts, are based on the concept of assessing those properties that directly benefit from the improvements financed by increased property values. The passage of Proposition 218 in 1997 created stricter rules for initiating or increasing Assessment Districts. An agency must determine the *specific* benefit the project will have on individual parcels. An overall enhancement or city-wide benefit is generally not enough to determine an assessment.

In addition, Prop. 218 required that all properties, including government agencies (such as local, state and federal government facilities) must be included in the calculation of benefits, and the Agency must therefore find other funds to make up the difference. Costs associated with general benefits must be paid from other resources of the City, and under Prop 218 the City has the burden to show that assessments are justified by a special ballot. Assessments would be most appropriate for a situation in which a specific set of properties is receiving a distinct and quantifiable benefit.

There are two existing LLAD's in Albany, LLAD88-1 and LLAD96-1 (Measure R). The use of LLAD96-1 funds is restricted to the specific items for which they were allocated: 50% for open space, 25% for playfields and 25% for creek restoration. LLAD 88-1 was passed in 1988 for the purpose of "the installation, servicing and/or maintenance of public landscaping, street trees, and park and recreational improvements."

- c. Special Taxes: A variety of funding options are available using special taxes:
- **General Obligation Bonds**: G.O. bonds are supported by special taxes. G.O. bonds can be available immediately following voter approval, or at a later date. Debt service is paid over the term of the bonds. The tax is ad valorem, based on the assessed valuation of the property. A special tax for a G.O. bond will require two-thirds majority approval.
 - **Mello-Roos District**: Special taxes can be used to support a Mello-Roos District and associated bonds. The 1982 Community Facilities District Act, usually known as

“Mello-Roos” authorized local governments to create a Community Facilities District” (CFD) for the purpose of selling tax-exempt bonds to fund public improvements. The property owners that participate in the CFD subsequently pay a special tax to repay the bonds. The District must be approved by a two-thirds majority approval.

d. Parcel Tax: A parcel tax is a flat amount assessed equally on all parcels regardless of their valuation. This requires a 2/3 majority vote. Also referred to as a “qualified special tax”, the law does not specifically limit how the tax proceeds may be spent, but the city can impose any limits it wants to in the ballot measure. Senior citizens (taxpayers aged 65 or older) can be exempted. The tax can have a limited term, or be a permanent tax. A CPI increase can be included with the tax. Another option is to build upon a fixed permanent parcel tax base with incremental increases as needed (subject to 2/3 vote) for each addition. In general, \$100 equates to approximately \$700,000.

e. General Taxes: A general tax requires a majority vote and must be held at the same time as the general municipal election. General taxes are those funds which would go directly into the City’s General Fund, and can be used at the city’s discretion.

f. Carbon Fund: Development of a donation fund that can serve as a local offset could be pursued. The City and County of San Francisco has developed a Carbon Fund that is funded by a 13 percent surcharge on all city employee air travel. Additional funding comes from the public carbon offset kiosks in San Francisco International Airport <http://sfgov.org/site/frame.asp?u=http://www.sfenvironment.org>.

g. Grant Funds: Pursuit of grant funds is an ongoing task for all strategies within the CAP. Grants require a fair amount of staff time to apply, administer, and report on grant activities, however this funding source remains vital to implementing major projects, particularly in the transportation strategy.

Recommended funding options

UUT or Parcel Tax? – parcel tax allows for a flat amount that can be customized to meet funding needs, could provide more funding than the UUT to fund a combination of environmental programs (CAP, Active Transportation, etc.), and revenue amount will not depend on utility usage.

UUT could foster a behavior change to conserve gas & energy.

Carbon Fund – community initiative

Grant Funds