

**CITY OF ALBANY  
CITY COUNCIL AGENDA  
STAFF REPORT**

Agenda date: July 7, 2008  
Reviewed by: BP

**SUBJECT:** Ballot measures to increase funding for general municipal services and for the Emergency Medical Services program for the November 4, 2008 Municipal Election

**REPORT BY:** Beth Pollard, City Administrator

---

**STAFF RECOMMENDATION**

- 1) Approve ballot measure language for an increase in the property transfer tax to \$14.50 per \$1,000 value of consideration.
- 2) Approve ballot measure language for an annual 4 percent cost-of-living increase in the Measure N Advanced Life Support tax measure.

To finalize any Council action, on the July 21, 2008 agenda, Council will be presented with the Resolution calling for the general election on November 4, 2008, and containing the language and provisions for all of the City's ballot measures on that election.

**BACKGROUND**

The City of Albany is facing uncertain and tight fiscal times due to the downturn in the economy and the related impacts on property tax, property transfer tax, and sales tax revenues. In order to help assure continued levels of general municipal services, as well as maintaining funding for emergency medical services, at the meeting of June 16, 2008, Council directed staff to return with proposed ballot language for the November 4, 2008 election to increase the rate of the property transfer tax and to add a cost-of-living inflation factor to the existing Measure N Advanced Life Support tax measure. Attached is the staff report from that meeting.

**DISCUSSION/ANALYSIS**

Property transfer tax

As explained in the June 16, 2008 staff report, a property transfer tax is levied when there is a change of ownership on properties in the city. The current rate of the property transfer tax is \$11.50 per \$1,000 of value of consideration, which is essentially the sale price of property sold. This tax is typically split between the seller and buyer of the

property. While the annual revenue to the City from the tax varies by number of transactions and the value of the sales, for estimation purposes the City would receive roughly \$100,000 for each dollar increase in the rate of the transfer tax.

The City Council has the option of placing a measure before the voters to increase the property transfer tax, which voters can approve on a majority vote (50% +1). The highest transfer tax rate in the County is \$15.00 per \$1,000 of value, in the cities of Berkeley and Oakland. Both of these cities have a rebate program for seismic improvements that is generally funded by \$.50 of the \$15.00 transfer tax.

Staff has performed an initial evaluation of including a similar \$.50 rebate program in the transfer tax measure for seismic and/or carbon emission reduction improvements, but has determined that it would require additional work to prepare it as part of a ballot measure; in addition, including it as part of an overall rate increase would establish the measure as a special tax and consequently all of the increase would require a two-thirds majority vote.

In order to generate sufficient revenue to help maintain city services, but to also reserve room for a potential future proposed increase to support seismic or other improvements, staff recommends a ballot measure to raise the rate by \$3.00, to \$14.50 per \$1,000 of value.

#### Measure N – Advanced Life Support

As explained in the June 16, 2008 staff report, voters in 2000 approved Measure N to fund Advanced Paramedic Life Support fire engines and future ambulance services, at the rate of a flat \$18 per tax unit. The current measure staffs at least one paramedic on each of the two fire department engines during all shifts (24/7/365), and ensures that a paramedic engine will respond to medical calls even when the paramedic ambulance is not available.

Because the measure did not include a cost-of-living increase, the purchasing power of the net proceeds from the measure is diminishing over time. One particular concern is having sufficient funds to support purchase and outfitting the paramedic vehicles that must be available to provide timely and reliable emergency medical services.

Staff is recommending a fixed annual increase of 4 percent to Measure N, effective July 1, 2010. The 4% annual fixed amount would provide both the City and the taxpayers with assurance on a specific cost commitment and revenue stream. The July 1, 2010 effective date would be consistent with the spirit of a ten-year initial commitment on the Measure N 2000 funding.

#### **FINANCIAL IMPACT**

While the net revenue to the City depends on the number of property transfers and the value of the property transferred, staff estimates that the increase would generate roughly

\$300,000 in annual revenue to the City. The City currently has a projected revenue shortfall of \$216,514 in fiscal year 2009-10 which the proposed revenue from the tax would resolve.

The current Measure N annual revenue is approximately \$145,000. A 4 percent annual increase is estimated to generate \$5,813 in fiscal year 2010-11.

Attachments:

1. Ballot Measure Language
2. Staff report, June 16, 2008