

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

Agenda Date: 07/05/05

Prepared Date: 06/29/05

Reviewed by: \_\_\_\_\_

**SUBJECT:** Community Survey Results and Potential Ballot Measure to Fund Various Capital and Operational Needs

**REPORT BY:** Judy Lieberman, Assistant City Administrator

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**RECOMMENDATION**

1. Receive results of survey and agendize a public workshop on a tax measure to fund capital projects, and operations, including maintenance, of various City and Library services.
2. Provide direction to staff on preference for either the November, 2005 election or the June, 2006 election for placement of a tax measure. If November, 2005 is selected, staff recommends the public workshop be agendized for the Council meeting of July 18, 2005, followed by consideration of ballot wording on that agenda.

**BACKGROUND**

On March 7, 2005, City Council conducted a work session to review a list of unfunded operational needs, capital projects and potential funding sources. On April 4, 2005, Council approved proceeding with a community survey to determine the community's interests and the threshold dollar amounts residents were willing to pay for a new tax measure.

The survey was conducted the week of June 1, 2005 and sampled 300 "likely voters." The goal of the survey was to gauge the willingness of local residents to vote in support of a parcel tax to provide funding for various City services and improvements. Based on the discussions held by Council at the work session in March, and continued discussions at council meetings on April 4 and April 18<sup>th</sup>, a set of topics was identified for the survey questions.

The survey first identified general issues of importance, then proceeded to ask the respondents about their willingness to support a \$145 assessment for a list of specific programs and projects. Respondents were then asked about these programs and projects in

slightly greater detail, as well as about negative and positive arguments for the potential ballot measure. Willingness to support the assessment was asked after both the positive and the negative arguments. Additionally, respondents were asked about a range of lower proposed tax levels, from \$130 to \$70 in order to determine a relative level of support.

Attachment 2 to this staff report presents the “Toplines” from the survey. This consists of the questions asked and the percentage responses to each question. Attachment 3 is a summary of the survey results from Godbe, Inc., and their recommended ballot language.

## **DISCUSSION**

Overall, the survey results show substantial support for the potential ballot measure, even at the highest (\$145) level. The initial response (Attachment #2, page 3), indicates that 75% of respondents would definitely (41%) or probably (34%) vote “Yes” on the ballot measure. Asked again, subsequent to the more detailed questions about issues which would be addressed by the ballot measure (page 5), respondents again answered “Yes” at the 75% level, with an increase in the percentage who were “definitely yes” from 41% to 46%. Following a set of questions presenting both positive and negative arguments about the ballot measure, 74% of respondents would definitely (43%) or probably (31%) vote “Yes.”

### **Issues of most importance**

The survey asked respondents about a set of issues and how important these were to the respondents (page 2). In ranked order, including both “extremely important” and “very important” these were as follows:

1. Maintaining library services (86%)
2. Preventing crime (75%)
3. Providing facilities and services for youth (71%)
4. Maintaining facilities at local parks (70%)
5. Improving public safety capabilities (52%)
6. Reducing local traffic congestion (43%)
7. Repaving local streets (42%)
8. Preventing local tax increases (25%)
9. Reducing the risk of flooding (20%)

Respondents were also asked about specific issues, and whether the inclusion of a specific issue would be more likely to increase support for the ballot measure (page 5). In ranked order, these are as follows:

1. Expand the number of hours per week the library is open (84%)
2. Maintain and expand youth programs (84%)
3. Maintain and expand City park and recreation programs (79%)
4. Repair and perform major rehabilitation to deteriorated City streets (77%)
5. Expand police and fire stations to meet current operations needs and improve effectiveness (75%)

6. Repave damaged areas along Pierce Street as well as Masonic, Portland and Solano Avenues (68%)
7. Purchase vacant land near Pierce Street and convert it into a neighborhood park (63%)
8. Improve City landscaping services and athletic field maintenance (60%)
9. Replace damaged or unreliable storm drains in the Curtis-Nielson neighborhood south of Sonoma Avenue (58%)
10. Upgrade City Hall to be more energy efficient, environmentally friendly, and service oriented (57%)
11. Purchase, rehabilitate and renovate the historic Veteran's building in Memorial Park (56%)
12. Improve the landscaping along the Key Route median (40%)

### **Arguments Pro and Con**

With regard to the strength of various arguments in favor of the ballot measure, the following are ranked in order from most persuasive to least persuasive (page 7):

1. A local measure will ensure the funds are spent within Albany and without State interference (67%)
2. The measure will help to restore money that the State has taken away since 1991 (67%)
3. The measure will help attract and retain quality police and firefighters (65%)
4. Without the measure, public facilities will become unsafe and inaccessible (63%)
5. Albany has a growing family segment within its community and needs additional park and recreational facilities and programs (62%)
6. The measures will help improve the City and keep real estate values high (55%)
7. The measure will maintain one of Albany's most historic buildings, the Veteran's building in Memorial Park (55%)
8. The City did a good job spending measure F funds wisely and will do the same with this measure (53%)
9. The measures will help improve the aesthetics of the City (50%)

With regard to arguments against the measure, the following arguments are ranked in order from most persuasive against the measure to least persuasive (page 8):

1. Voters recently approved a measure that was supposed to cover these areas (59%)
2. Funds for these improvements should come out of the City's general fund, not taxpayers pockets (33%)
3. City administrators can't be trusted to spend the money appropriately (30%)
4. Taxes are already too high (24%)
5. An improved Veteran's building will only lead to increased costs and eventually more taxes to support it (24%)

### **Funding availability**

Based on the potentially acceptable amounts for a special municipal services tax, as noted above, an estimated range of annual revenue can be determined as noted in the table below:

**Potential Annual Revenues Provided by Special Tax**

TAX AMOUNT		\$145	\$125	\$100
Equivalent Residential Units	7,289	\$1,056,905	\$911,125	\$728,900

As can be seen, these estimates range from a high of over \$1million annually, to a low of approximately \$729,000 annually. This revenue stream could then be used to fund annual program costs (such as maintenance, library services, youth programs, and street paving) as well as to fund debt service on bonds for capital projects, (such as storm drains, and renovation of the Veterans Building.)

**Funding Priorities and Options**

It should be noted that, even at the \$145 level, funds will not be available for all projects and programs identified by Council. Attachment 1 to this staff report includes a listing of all projects, and the estimated tax level needed to fully fund all programs and projects. The table below presents a potential allocation of funds if the \$145 tax level is approved.

**Available Funding at \$145 level (per ERU)  
for Capital Projects and Operational Programs**

<b>Bond Projects</b>	
Veterans Building Renovation	\$3,500,000
Storm Drains	\$1,500,000
Pierce Street Park	\$700,000
Ohlone Greenway--landscaping	\$250,000
<b>TOTAL CAPITAL</b>	<b>\$5,950,000</b>

<b>Operational Expenses</b>	
Street Paving	\$250,000
Library Services	\$75,000
Vets Bldg: Staff/Ops/Maint	\$85,000
Maintenance--Pierce Street Park	\$35,000
Maintenance--Landscaping, etc.	\$140,000
Maintenance--Athletic field subsidy	\$25,000
<b>TOTAL OPERATIONS</b>	<b>\$610,000</b>

Estimated annual debt repayment for a \$6 million dollar bond is approximately \$450,000, depending upon rates available at the time. Combined with \$610,000 in operating funds results in approximately \$1,060,000 annual revenues needed per year.

**Timing**

The next scheduled election is for November 8, 2005. Ballot language must be received by the County no later than August 12, 2005. The next available election opportunity is June, 2006, which coincides with the state primary and a county election.

The advantages of a November election are that the survey results are currently favorable for a tax measure and that support may erode by June if controversial issues such as waterfront development create community turmoil; if the measure is successful, the City could begin planning for implementation of the funded projects and programs upon receipt of the revenues in fiscal year 2006-07; if the measure is unsuccessful, the City would have the opportunity to place the measure on the June 2006 ballot and still receive revenues in fiscal year 2006-07, if successful.

The advantage of a June election is to provide the City with additional time to establish funding priorities and a slightly lower election cost.

The Albany Unified School District is considering a parcel tax election for either November or June, and is interested in working with the City on timing of the two measures so as not to conflict. The School Board is scheduled to decide the timing of its measure on July 12, 2005.

## **ANALYSIS**

There are a number of items that are important to the discussion of a potential ballot measure:

- How should funds be apportioned and programs described in a potential ballot measure? Should a percentage for each type of operational program be used? If the categories of streets, maintenance, library, youth programs are used, a percentage could be used for each category, similar to the structure of Measure R. For instance, if \$600,000 is available in operating funds, a possible allocation could be:
  - Streets = \$250,000      42%
  - Library = \$110,000      18%
  - Youth = \$110,000      18%
  - Maint = \$130,000      22%
  
- It should be noted that the Public Works Manager has recommended that funding be provided for street maintenance as opposed to capital project funding. The reason for this is that grant agencies are now requiring that cities have their street maintenance programs funded in order to qualify for capital grants. This change will take effect July 1, 2005. Having a fully funded street maintenance program will allow the City to leverage grant funds for more extensive street repair and rehabilitation.

- The community survey results and the Godbe summary suggest particular language for a ballot measure be included. For instance, expansion of fire and police was not on the initial “unfunded needs” list, but did well on the community survey. Godbe’s ballot language recommends inclusion of this item. Should this be added to the capital project mix, and if so, at the loss of what project/program?
- It appears that the Veteran’s building was not a high priority item, but that youth and recreational programs were quite high. However, in order to increase the City’s offering of youth and recreational programs, additional facilities need to be provided. It is important to link the renovation of the Veteran’s building with its use for youth and recreational programs.
- A small bond amount, such as \$6 million, has a relatively high upfront cost. If the only capital projects to be funded are Storm Drains, the Veterans Building, and perhaps eventually Pierce Street Park, it might be more advantageous financially to borrow from the General Fund and use the special tax revenues to fund the repayments on a “pay as you go” basis.
- Can or should this measure be indexed to rise with the annual increase in the Consumer Price Index? This would enable program revenues to keep pace with costs.

### **FINANCIAL IMPACT**

A ballot measure that institutes a \$145 special municipal services tax will raise approximately \$1 million in revenues for capital projects and operational programs.

The estimated cost of conducting an election ranges from approximately \$10,000 in June, 2006 to approximately \$20,000 in November, 2005. The cost for a November election is estimated to be higher due to the likelihood of fewer agencies having measures on the ballot, but the exact cost is uncertain until the exact agencies with ballot measures are known.

### **Attachments**

1. Full Funding Level for City Projects and Programs
2. Godbe Research, June 2005 Toplines
3. Godbe Research, Summary Report, June 2005