Extension of Measure Q: Locally Controlled Revenue

JENNIFER ORTEGA
COMMUNITY RELATIONS MANAGER
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Overview

- Background
- What Measure Q Supports
- Community Outreach & Response
- Concord’s Financial Challenges
- Spending Priorities
- Next Steps
Voting Requirement

Placing a measure on the ballot requires a 4/5 vote of Council
Background

- ½-cent sales tax
- First enacted in 2010
- Protected essential services and programs, restored reserve
- Locally-controlled revenue
- State eliminated redevelopment:  
  - $114 million seized since 1990
- Slower recovery than neighboring cities
- Voters extended in 2014
- Generates $12-13 million annually
- Set to expire in 2025
Measure Q Funded

Maintained Key City Services:

- Road maintenance & pothole repair
- 911 emergency response
- Community police patrols & violence prevention
- Parks & playgrounds
- Youth sports & recreation
- Senior services
Investment in Roads

BEFORE

AFTER
Fiscal Stability

- Council examining ways to address the need
  - Considered multiple options
  - Looming deficit: $33 million → $45 million post-COVID

- Considered MQ extension on November 2018 ballot

- Council sought additional community outreach
Community Outreach

- 3 public meetings, 1 business-leader meeting, 2 employee meetings
- Budgeting activity
- Online survey
- Mailers, articles, social media, interactive budget tools
- Video aired on Concord TV and online
COVID-19 Impact to Budget

- $7 billion hit to CA Cities
- $14.6M loss to Concord
  - inc. $1.6M loss in MQ
- Losses could grow

### Estimated Revenue Impacts (in millions)

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<thead>
<tr>
<th></th>
<th>FY 2020-21</th>
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<tbody>
<tr>
<td></td>
<td>Budget</td>
<td>Revised</td>
<td>Adj</td>
<td>Percentage Change</td>
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<tr>
<td>Regular Revenues</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Tax</td>
<td>29.0</td>
<td>27.5</td>
<td>(1.5)</td>
<td>-5.2%</td>
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<tr>
<td>Sales Tax</td>
<td>35.4</td>
<td>30.1</td>
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<tr>
<td>Franchise Fees</td>
<td>7.9</td>
<td>7.6</td>
<td>(0.3)</td>
<td>-3.8%</td>
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<tr>
<td>TOT</td>
<td>3.2</td>
<td>1.5</td>
<td>(1.7)</td>
<td>-53.1%</td>
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<tr>
<td>Business License Fees</td>
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<td>3.2</td>
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<td>Charges for Services</td>
<td>10.8</td>
<td>7.7</td>
<td>(3.1)</td>
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<tr>
<td>Other</td>
<td>7.9</td>
<td>7.8</td>
<td>(0.1)</td>
<td>-1.3%</td>
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<tr>
<td>General Fund Total</td>
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<td>85.4</td>
<td>(13.0)</td>
<td>-13.2%</td>
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<tr>
<td>Measure Q Total</td>
<td>13.7</td>
<td>12.1</td>
<td>(1.6)</td>
<td>-11.7%</td>
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<tr>
<td>Total Revenues</td>
<td>112.1</td>
<td>97.5</td>
<td>(14.6)</td>
<td>-13.0%</td>
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</table>
Adjustments to Current Budget:

- $10 million cut from FY 20-21 budget
- Eliminated 36 positions
- Council and staff salary give-back
- Staff furloughs (5%)
- Staff restructuring (all departments)
- Reduced operating expenses (travel, training, contracts, supplies)
- Reducing general fund subsidies to Community Pool and Camp Concord
- Increasing fees, accessing grants
Long Range Outlook

Assumes MQ expires in March 2025
Assumes MQ at a 1-cent rate = $27M
Spending Priorities

- **Roadway Investment**
  - Potholes, street maintenance, major repair of community streets

- **Community Safety & Well-being**
  - 911 response times, emergency response, homelessness response, mental health crisis response, community-based policing

- **Parks, Open Space & Recreation**
  - Parks & open space, maintain senior center & programs, youth & teen recreational programs
Concord’s current tax rate is 8.75%
City only receives 1.5 cents for every dollar spent
- 6.25 cents to State
- 0.5 cents to BART
- 0.5 cents to CCTA

If passed, Concord’s tax rate would be 9.25%
Measure Q Oversight

- Citizens’ Oversight Committee formed in 2010
- Responsible for reviewing annual auditor’s report and draft budget
- Reports out to Council and community on whether past use and proposed future use is consistent with community priorities
- Found that use of MQ revenue in current budget protects City’s core services
- Recommends asking voters to extend MQ at the one-cent rate until ended by voters
Without Measure Q

- Measure Q will expire in March 2025
- Concord will lose $13 million annually
- City will deplete reserves by FY 2024-25
- Further cuts must be made
- Vital services will be reduced or eliminated
Next Steps

- Approve resolution
- Place on November Ballot
  - Measure letter to be assigned
- Educate community
- Election on November 3
- If passed by simple majority, measure to be effective April 1, 2021
Recommendation

Adopt a resolution calling for and giving notice of a November 3, 2020 election on a proposed ballot measure to extend an existing voter approved Local General Transaction and Use (Sales) Tax at a one cent (1%) rate until ended by voters to fund general municipal services
Questions?