



PLEASE POST

# City of Emeryville

INCORPORATED 1896

1333 Park Avenue, Emeryville, CA 94608-3517  
t (510) 596-4300 | f (510) 596-4389

Chair TBD  
Vice Chair TBD  
Member Samuel Feldman  
Member David Kritzberg  
Member Navarre Oaks  
Member Fran Quittel  
Member Vacant

## BUDGET ADVISORY COMMITTEE

Special Meeting

Civic Center, Council Chambers  
1333 Park Avenue Emeryville, CA 94608  
**September 16, 2025 – 1:30 PM**

**Actions taken by Advisory Bodies are not official actions of the City Council, but must be considered and potentially ratified at a regular City Council meeting.**

All writings that are public records and relate to an agenda item, which are distributed to a majority of the legislative body less than 72 hours prior to the meeting is noticed, will be made available via email by request to the Committee Secretary. In compliance with the Americans with Disabilities Act, a person requiring an accommodation, auxiliary aid, or service to participate in this meeting should contact the Committee Secretary as far in advance as possible, but no later than 72 hours prior to the scheduled event. The best effort to fulfill the request will be made. Assistive listening devices will be made available for anyone with hearing difficulty and must be returned to the Committee Secretary at the end of the meeting. All documents are available in alternative formats upon request. No animals shall be allowed at, or brought in to, a public meeting by any person except (i) as to members of the public or City staff utilizing the assistance of a service animal, which is defined as a guide dog, signal dog, or other animal individually trained to provide assistance to an individual with a disability; or (ii) as to police officers utilizing the assistance of a dog(s) in law enforcement duties.

Public comment for agenda items can be submitted online via a written comment card at [www.emeryville.org/advisorybodies](http://www.emeryville.org/advisorybodies), or submitted by email to the Committee Secretary. If you would like to support, oppose, or otherwise comment on an upcoming agenda item, please send in your comments prior to the meeting.


**FURTHER INFORMATION** may be obtained by contacting Sharon Friedrichsen, Committee Secretary, at 510-596-4352 or [sharon.friedrichsen@emeryville.org](mailto:sharon.friedrichsen@emeryville.org). The next regular meeting is scheduled for October 9, 2025, at 2:00PM.

**DATED: SEPTEMBER 10, 2025**

Post On: SEPTEMBER 12, 2025  
Post Until: SEPTEMBER 17, 2025

## AGENDA

1. Call to Order
2. Roll Call
3. Public Comment
  - 3.1 *Submit a written comment card at [www.emeryville.org/advisorybodies](http://www.emeryville.org/advisorybodies).*
4. Approval of May 8, 2025, Regular Meeting Action Minutes
5. Action Items
  - 5.1 Election of Budget Advisory Committee Chair and Vice Chair
  - 5.2 Discussion on Research of Revenue Measures for 2026
6. Future Agenda Items
  - 6.1 Investment Policy
  - 6.2 Pension Trust – Section 115 Update
  - 6.3 Sewer Fees & Update Plans
  - 6.4 FY24/25 Preliminary Year-End General Fund Financial Update
  - 6.5 FY25/26 First Quarter General Fund Financial Update
7. Announcements / Member Comments
  - 7.1 Next Meeting – October 9, 2025, 2:00 pm
8. Adjournment

  
Lorrayne Leong, Deputy City Clerk

## **Agenda Item 4**

Approval of Regular Meeting Minutes

May 8, 2025



# City of Emeryville

INCORPORATED 1896

1333 Park Avenue, Emeryville, CA 94608-3517

t (510) 596-4300 | f (510) 596-4389

## BUDGET ADVISORY COMMITTEE MINUTES

Regular Meeting

Civic Center, Garden Level

1333 Park Avenue Emeryville, CA 94608

**May 8, 2025 – 2:00 PM**

### 1. Call to Order

Vice Chair Feldman called the meeting to order at 2:22 p.m.

### 2. Roll Call

Present – Feldman, Oaks, Quittel

### 3. Public Comment

No public speakers.

### 4. Approval of February 13, 2025, Meeting Minutes

Action: M/S/C (Motion/Second/Carried) Feldman/Oaks

Minutes approved with spelling correction for Member Quittel's last name under section 8 – Announcements / Member Comments.

Vote: Ayes – Feldman, Oaks, Quittel; Noes – None; Abstain – None; Absent – Kritzberg, Walraven

### 5. Action Items

*(2:25) Motion to Move Action Item 5.3 Before 5.1*

Action: M/S/C (Motion/Second/Carried) Feldman/Oaks

Vote: Ayes – Feldman, Oaks, Quittel; Noes – None; Abstain – None; Absent – Kritzberg, Walraven

*5.3 Emeryville Committee-Commission Composition*

Action: M/S/C (Motion/Second/Carried) Feldman/Quittel

Motion to recommend the following 5 ideas:

1. Create a High School Youth/Student seat on the Budget Advisory Committee for an Emeryville resident attending an Emeryville high school and change the composition of the Budget Advisory Committee to 2 resident and community members, 1 business representative, 1 city labor representative and 1 High School Youth/Student representative.
2. Improve marketing by having committee members attend and participate at the City table at City events.
3. To the extent that the budget will allow – provide childcare, light snacks and refreshments during City Commission and Committee meetings.
4. Add a question to committee applications that asks what meeting times will work best for the applicants.
5. Add disability representation on committees.

Vote: Ayes – Feldman, Oaks, Quittel; Noes – None; Abstain – None; Absent – Kritzberg, Walraven

#### *5.1 FY 2025-27 Budget Challenges & Strategies*

Action: M/S/C (Motion/Second/Carried) Feldman/Oaks

Motion to recommend the following budget strategies to the Budget and Governance Committee and the City Council:

1. Pursue a Payment In Lieu of Taxes (PILOT) agreement with Sutter Health Foundation. The PILOT payment should be an annual amount paid to the General Fund rather than a one-time lump sum payment.
2. Prioritize the Business License Tax and the Parcel Tax or Community Facilities District when studying revenue options. Consider the Transient Occupancy (Hotel) Tax as a third revenue option to explore.
3. Consider the Local ¼ Cent Transaction & Use (Sales) Tax and Increasing and adding Video Services to the current Utility Users Tax as lower priority revenue options in that order.

4. Review City business license tax payments to see if certain types of businesses would be affected disproportionately by a Business License Tax increase.
5. Provide data on the tax amounts being charged in nearby cities for the potential revenue measures. Study how potential tax increases would impact resident and business taxpayers.

Vote: Ayes – Feldman, Oaks, Quittel; Noes – None; Abstain – None; Absent – Kritzberg, Walraven

*(3:58) Motion to extend the meeting to 4:20*

Action: M/S/C (Motion/Second/Carried) Feldman/ Oaks

Vote: Ayes – Feldman, Oaks, Quittel; Noes – None; Abstain – None; Absent – Kritzberg, Walraven

#### *5.2 Master Fee Schedule Effective July 1, 2025*

Action: M/S/C (Motion/Second/Carried) Oaks/Feldman

Motion to include a footnote under the Master Fee Schedule table of contents or another recommended prominent section that states, “for Employee discounts, see Employee MOUs”

Vote: Ayes – Feldman, Oaks, Quittel; Noes – None; Abstain – None; Absent – Kritzberg, Walraven

## **6. Information Items**

### *6.1 Council Presentation of Budget Advisory Committee Accomplishments*

Committee members discussed the presentation to the City Council and the comments from Council Members.

### *6.2 FY 24-25 Third Quarter General Fund Financial Report Update*

This item was to be continued until the next meeting.

### *6.3 Annual Advisory Bodies Recruitment (2 BAC positions up for reappointment)*

One Business Representative seat and the City Labor Representative seat on the Budget Advisory Committee are up for consideration by the City Council for appointment.

Committee members acknowledged the report on the upcoming committee vacancies.

## **7. Future Agenda Items**

*7.1 FY 2025-27 Proposed Budget*

**8. Potential Agenda Topics**

*8.1 Pension Trust – Section 115 Update*

*8.2 Sewer Fees & Update Plans*

**9. Announcements / Member Comments**

*9.1 Potential Special Meeting May 22, 2025, 2 p.m.*

**10. Adjournment**

The meeting adjourned at 4:15 p.m.

## **Agenda Item 5.1**

Election of Budget Advisory Committee Chair  
and Vice Chair

## **Agenda Item 5.2**

Discussion on Research of Revenue Measures  
for 2026





# City of Emeryville

CALIFORNIA

## MEMORANDUM

**DATE:** September 16, 2025

**TO:** Budget Advisory Committee

**FROM:** Sharon Friedrichsen, Finance Director  
Brian Moura, Regional Government Services (Finance Consultant)

**SUBJECT:** **Discussion of Potential Revenue Measures to Address General Fund Budget Challenges**

### RECOMMENDATION

Staff recommends that the Budget Advisory Committee review, discuss and provide comments and recommendations on potential revenue measures for consideration by the Budget & Governance Committee and action by the City Council.

### BACKGROUND

The City Council held its annual Strategic Planning Session on March 21, 2025, where Council discussed and agreed to four multi-year broad goals and four top priorities for the coming year, including researching revenue measures for 2026 to address the City's General Fund budget challenges. During this time, City staff was also developing the biennial City budget for fiscal years 2025-2027.

The five-year General Fund forecast indicated a structural deficit whereby expenditures outpaced revenues resulting in a projected shortfall of \$9.7 million in fiscal year ("FY") 2025-26 increasing upwards to \$14.6 million in fiscal year 2029-30 absent transfers from reserves or other funds, significantly reduced expenditures or enhanced revenues.

As part of the budget deliberation process, the Budget Advisory Committee (BAC) met on May 8, 2025, to review the proposed biennial budget and long-term financial forecast. At that meeting, the BAC recommended that Council explore revenue measures that could be considered as part of the general election in November 2026.

The BAC recommended that a Business License Tax Update and a Citywide Parcel Tax or Citywide Community Facilities District (CFD) be given top priority when discussing these options with the community. The committee also recommended exploring an increase in the Transient Occupancy (Hotel) Tax as a third priority.

The committee recommended that consideration of a ¼ Cent Transactions and Use (Sales) Tax and a 2% increase and the addition of video to the Utility Users Tax be given a lower priority, in that order, when considering bringing revenue measure options to the voters.

## DISCUSSION

Since that time, we have been working to update and finalize the revenue options and develop models for consideration to address the General Fund budget challenges. Here are the 5 options to consider for the November 2026 General Election.

### Option 1: Business License Tax (\$937,000 to \$6.75 Million per year)

Under the City's current business license tax structure, most businesses are taxed at \$1 per \$1,000 in gross receipts. The FY 2025-26, the City Budget estimates that the Business License Tax will generate \$6.6 Million, or 14% of the General Fund revenue.

The City contracted with HdL Companies to prepare a business tax study (Attachment 1) that included a comparison with other comparable cities. In this study, HdL developed two models for consideration:

- **Single Gross Receipts Rate of 1.5% and 2.0%**  
 These options feature a single Gross Receipts rate of 1.5% or 2.0 for all business categories. They also remove the current maximum or "cap" of the Business License Tax at \$450,997.99. These options would generate an additional \$937,000 (at a 1.5% rate) to \$3,409,000 (at a 2.0% rate).

Tax Basis	Taxable Gross Receipts
Flat Rate	\$25 Flat Rate (Up to \$25,000 Gross Receipts)
Gross Receipts Tax	+ \$1.50 per thousand dollars of Gross Receipts (0.0015 x Gross Receipts)

Number of Businesses	Total Taxable Gross Receipts	Current Revenues	Option 1: Tax Amount \$1.50/thousand	Option 2: Tax Amount \$2.00/thousand
3,190	\$5.04 Billion	\$6,561,000	\$7,498,000	\$9,970,000
		Increased Revenue	\$937,000	\$3,409,000

- **Variable Gross Receipts Rate**  
 These options feature variable Gross Receipts rates that are designed to provide a more progressive Business License Tax rate structure. Option 1 includes a reduction in the general and retail category from 1.0% to 0.75%. Both options remove the current maximum or "cap" of the Business License Tax at \$450,997.99. The variable gross receipts options would generate an additional \$3,323,000 or \$6,753,000 in revenue each year.

## Rate Structure

Categories*	Minimum Rate	Option 1	Option 2
Contractor	\$25 Flat Rate (Up to \$25,000 Gross Receipts)	0.002 X Gross	0.003 X Gross
General/Retail		0.00075 X Gross	0.001 X Gross
Property Rental		0.0035 X Gross	0.004 X Gross
Services		0.002 X Gross	0.003 X Gross
Professional		0.003 X Gross	0.004 X Gross
Exempt	\$0	\$0	\$0

Business Type	Number of Businesses	Est. Taxable Gross Receipts	Current Taxes	Variable Gross Receipts Option 1 Est. Revenue	Variable Gross Receipts Option 2 Est. Revenue
Contractor	719	\$379 Million	\$481,000	\$745,000	\$1,108,000
General/Retail	337	\$1.77 Billion	\$2,059,000	\$1,325,000	\$1,764,000
Property Rental	1,072	\$418 Million	\$1,312,000	\$1,406,000	\$1,602,000
Professional	429	\$1.54 Billion	\$1,713,000	\$4,566,000	\$6,087,000
Services	566	\$1.1 Billion	\$1,213,000	\$1,842,000	\$2,755,000
Exempt	67	\$0	\$0	\$0	\$0
<b>Totals</b>	<b>3,190</b>	<b>\$5.04 Billion</b>	<b>\$6,561,000</b>	<b>\$9,884,000</b>	<b>\$13,314,000</b>
			<b>Increased Rev.</b>	<b>\$3,323,000</b>	<b>\$6,753,000</b>

As noted in the attached report from HdL, each model has identified strengths and weaknesses to be considered. A business license tax is considered a general-purpose tax and thus would require a simple majority approval by the voters.

### Option 2: Citywide Parcel Tax (\$3.5 Million to \$5 Million per year)

The City contracted with NBS to research options related to forming a Citywide Community Facilities District or levying a Citywide Parcel Tax (Attachment 2).

Community Facility Districts (“CFD”) can either be coterminous with a city’s boundary or include a subset of an agency and, similar to a Parcel Tax, have a flexible methodology regarding the tax structure. Both are considered special taxes and therefore require a 2/3 voter approval.

However, a CFD has potential drawbacks including:

- Primarily used in a development context with landowner/developer as the voter
- Primarily fused to finance infrastructure and/or specific services
- More administratively burdensome to form, requires liens on property to be recorded and more disclosure reporting than a parcel tax.

For these reasons, NBS recommends that a Citywide CFD not be considered, and the discussion of property based special taxes focus on a Parcel Tax instead. Staff agrees with this recommendation.

A Parcel Tax is a non-ad valorem, or non-value based, tax on parcels of property. It can either include a flat amount per parcel or building square footage or establish different rates based on land use.

As noted in the NBS analysis, the tax rate for a Parcel Tax to generate \$3.5 million to \$5 Million in revenue per year could be set in several different ways:

- **Single Tax Rate per Parcel**  
This option uses a single tax rate per parcel regardless of land use type. It varies from \$721 to \$1,030 per year, which would generate \$3.5 Million to \$5 Million in new revenue.

TAX PER PARCEL				
Taxable Parcels	\$3.5M Revenue	\$4M Revenue	\$4.5M Revenue	\$5M Revenue
4,859	\$721	\$824	\$927	\$1,030

- **Tax Rate per Building Square Foot**  
Using a building square footage model, the Parcel Tax would range from \$0.185 per square foot (\$3.5 Million annual revenue) to \$0.26 per square foot (\$5 Million annual revenue). Using the average building square footage in Emeryville, this equates to an annual residential parcel tax of \$356 and an annual commercial parcel tax of \$7,234 as shown in the tables below.

Tax Per Building Square Foot				
Building Square Feet	\$3.5M Revenue Target	\$4M Revenue Target	\$4.5M Revenue Target	\$5M Revenue Target
19,331,876	\$0.185	\$0.21	\$0.23	\$0.26

Tax Per Bldg Sq Ft – Revenue by Land Use						
Land Use	# of Taxable Parcels	Total Bldg Sq Ft	Average Bldg Sq Ft	Per Bldg Sq Ft Rate	Average Tax per Land Use	Annual Revenue
Residential	4,010	7,621,930	1,923	\$0.185	\$356	\$1,410,057
Non-Residential	812	11,709,946	39,104	0.185	7,234	2,166,340
Vacant	0	0	0	0.185	0	0
Totals	4,822	21,311,079				\$3,576,397

- Tax Rate by Land Use  
 This model would set the Parcel Tax by land use. It would be set at a flat rate of \$50 to \$125 per year for residential parcels and \$0.27 to \$0.34 per square foot for commercial parcels as shown in the tables below:

Tax by Land Use				
Res Per Unit	\$3.5M Revenue Target	\$4M Revenue Target	\$4.5M Revenue Target	\$5M Revenue Target
7,872	\$50	\$75	\$100	\$125
NonRes per Bldg Sq Ft				
11,692,206	\$0.27	\$0.29	\$0.32	\$0.34

Tax by Land Use – Revenue by Land Use						
Land Use	# of Taxable Parcels	# of Units	Total Bldg Sq Ft	Rate	Average Tax per Parcel	Annual Revenue
Residential	4,010	7,872	7,621,930	\$50 per Unit	\$50 – SFR/Condo \$983 – MFR	\$393,600
Non-Residential	812	0	11,709,946	0.27 per Bldg Sq Ft	\$4,345	3,161,685
Vacant	0	0	0	0		0
Totals	4,822		21,311,079			\$3,555,285

The Committee may also wish to discuss: (1) whether to include an inflationary index to the rate (so that it starts at \$3.5 Million per year and increases over time) and (2) whether to include an age or income-based exemption to the tax (this would reduce the annual revenues generated unless the rates on non-exempt parcels were increased).

**Option 3: Local ¼ Cent Transactions & Use (Sales) Tax (\$2.25 Million per year)**

State law limits the amount of transactions and use tax that can be charged in each City and County. Emeryville voters approved a 0.25% transaction and use tax in 2020 (Measure F). There is room for an additional 0.25% increase in this tax in Emeryville before reaching the cap. The current combined sales tax rate, including Measure F, in Emeryville is 10.50%. The combined sales tax rate in neighboring cities varies from 10.25% to 10.75%.

<u>Agency</u>	<u>Rate</u>
Alameda	10.75%
Albany	10.75%
Hayward	10.75%
Newark	10.75%
San Leandro	10.75%
Union City	10.75%
<b>Emeryville</b>	<b>10.50%</b>
Alameda County	10.25%
Berkeley	10.25%
Dublin	10.25%
Fremont	10.25%
Livermore	10.25%
Oakland	10.25%
Piedmont	10.25%
Pleasanton	10.25%

A local transactions and use tax is similar to sales tax on the sale or use of goods. However, it is based on the point of receipt or use, rather than the point of sale. This means for example that if an Emeryville resident purchases a car outside of the City, the City would still receive the tax if the vehicle were registered in Emeryville or if goods purchased online are delivered to addresses in Emeryville, the City receives the tax. This tax impacts all taxable transactions made in Emeryville by businesses, residents, employees, and visitors.

Based on Measure F projections, the ¼ cent tax could generate an additional \$2.25 million a year. However, this tax is more volatile than other options as it is often tied to other economic factors. If the revenue is used for general purposes, the transactions and use tax requires a simple majority approval by the voters.

**Option 4: Transient Occupancy (Hotel) Tax (\$900,000 per year)**

A transient occupancy (hotel) tax (“TOT”) of 12% is assessed on guests (not the hotel) for staying in a “hotel” in Emeryville for dwelling, lodging, or sleeping purposes for less than 30 days or less. TOT revenues for the City are budgeted at \$5.5 million in FY 2025-26. Other neighboring cities assess TOT that range from 8% to 14%.

<u>City</u>	<u>Rate</u>
Hayward	14.0%
Oakland	14.0%
San Leandro	14.0%
Berkeley	12.0%
<b>Emeryville</b>	<b>12.0%</b>
Alameda	10.0%
Albany	10.0%
Fremont	10.0%
Newark	10.0%
Union City	10.0%
Dublin	8.0%
Livermore	8.0%
Pleasanton	8.0%

An increase of 2% in the TOT rate in Emeryville is estimated to generate an additional \$900,000 a year in revenue. However, it is volatile, and, like transactions and use tax, often tied to economic factors and consumer demand and preference.

If the revenue is used for general purposes, the transactions and use tax requires a simple majority approval by the voters. Currently hotel operators self-report and remit payment to the City.

**Option 5: Utility Users Tax Update & Expansion (\$350,000 to \$2.25 Million per year)**

The City of Emeryville imposes a 5.5% Utility Users Tax (UUT) on the consumption of utility services including electricity, gas, water, and telecommunications. UUT revenues are budgeted at \$4.8 million in FY 2025-26.

UUT Rates in neighboring cities range from 1.0% to 10%. Some neighboring cities also charge UUT taxes on Video and Water utilities. These utilities are not included in the current Emeryville UUT Ordinance.

<u><b>Agency</b></u>	<u><b>Electric</b></u>	<u><b>Gas</b></u>	<u><b>Telecom</b></u>	<u><b>Video</b></u>	<u><b>Water</b></u>
Richmond	10.0%	10.0%	9.5%	9.5%	
Albany	9.5%	9.5%	6.5%		7.5%
El Cerrito	8.0%	8.0%	8.0%	8.0%	8.0%
Pinole	8.0%	8.0%	8.0%		
Alameda	7.5%	7.5%	7.5%	7.5%	
Berkeley	7.5%	7.5%	7.5%	7.5%	
Oakland	7.5%	7.5%	7.5%	7.5%	
Piedmont	7.5%	7.5%	7.5%		\$1/month
Vallejo	7.5%	7.5%	7.5%	7.5%	
San Pablo	7.0%	7.0%	7.0%	7.0%	7.0%
Alameda Co.	6.5%	6.5%	6.5%	6.5%	
Hercules	6.0%	6.0%	6.0%	6.0%	6.0%
San Leandro	6.0%	6.0%	5.7%	5.7%	
<b>Emeryville</b>	<b>5.5%</b>	<b>5.5%</b>	<b>5.5%</b>		
Hayward	5.5%	5.5%	5.5%	5.5%	
Union City	5.0%	5.0%	5.0%	5.0%	
Newark	3.5%	3.5%	3.5%	3.5%	
Pleasant Hill			1.0%		

Options for the UUT include:

- Add Video Services to the UUT (\$350,000 per year)  
 The City could add video services (Cable TV and Streaming Services) to the Utility Users Tax Ordinance. This would generate an additional \$350,000 per year and is consistent with the practice in several neighboring cities.
- Increase the UUT rate from 5.5% to 7.5% (\$1,900,000 per year)  
 The City could increase the UUT rate in Emeryville from 5.5% to 7.5%. This is consistent with the 7.5% rate currently in place in 5 of the neighboring cities (as shown in the table above).
- Increase or Eliminate the Maximum or “Cap” on UUT  
 The City currently caps the UUT tax in Emeryville at \$75,000 per year. The maximum UUT charged each year could be increased or eliminated. This option needs to be studied by the City Staff as the City’s UUT analysis firm (Avenu) does not have access to the information needed for this review. It would need to be requested by the City. Since UUT was ranked as a lower priority revenue option in the past, this analysis has not been undertaken to date.



Both the increase in the rate and the inclusion of video require a simple majority approval by the voter.

### **Considerations**

The Committee may wish to use a framework of criteria while evaluating and making recommendations regarding the revenue measures. Such factors include:

- Adequacy: Will the measure generate sufficient and sustainable revenue?
- Consistency or Stability: What are the drivers of the revenue, and would it be volatile and fluctuate significantly?
- Competitiveness or Economic benefit: Does the tax maintain or enhance regional competitiveness? Does it promote economic development and minimize disruption to the taxpayer?
- Equity: Who does the tax impact? Is the fiscal burden spread appropriately?
- Legal: What is the likelihood of a legal challenge?
- Simplicity and Transparency: Does not require multiple ballot measures (voter confusion and fatigue). Is it easy to find information on the revenue/tax structure and understand how it operates?
- Voter approval: What is the historical likelihood of passage?

### **Next Steps**

Recommendations from the Budget Advisory Committee will be provided to the Budget and Governance Committee (BGC), which will meet on September 18, 2025. Subsequently, recommendations from the BAC and the BGC will be brought forth to City Council for consideration before the end of the calendar year. Should Council provide direction to move forward with a ballot measure, community surveying would occur by the spring of 2026. Finalized ballot language is required to be submitted to the County by the first week of August 2026 to be included on the ballot for the November 2026 election.

- Attachment 1 - HdL Business License Study Presentation
- Attachment 2 - NBS Special Tax Analysis Report



City of Emeryville  
Business License Tax

Business Tax Study

Presented By HdL<sup>®</sup> Companies



# The Basis of the Tax

## Five Key Components of A Business License Tax

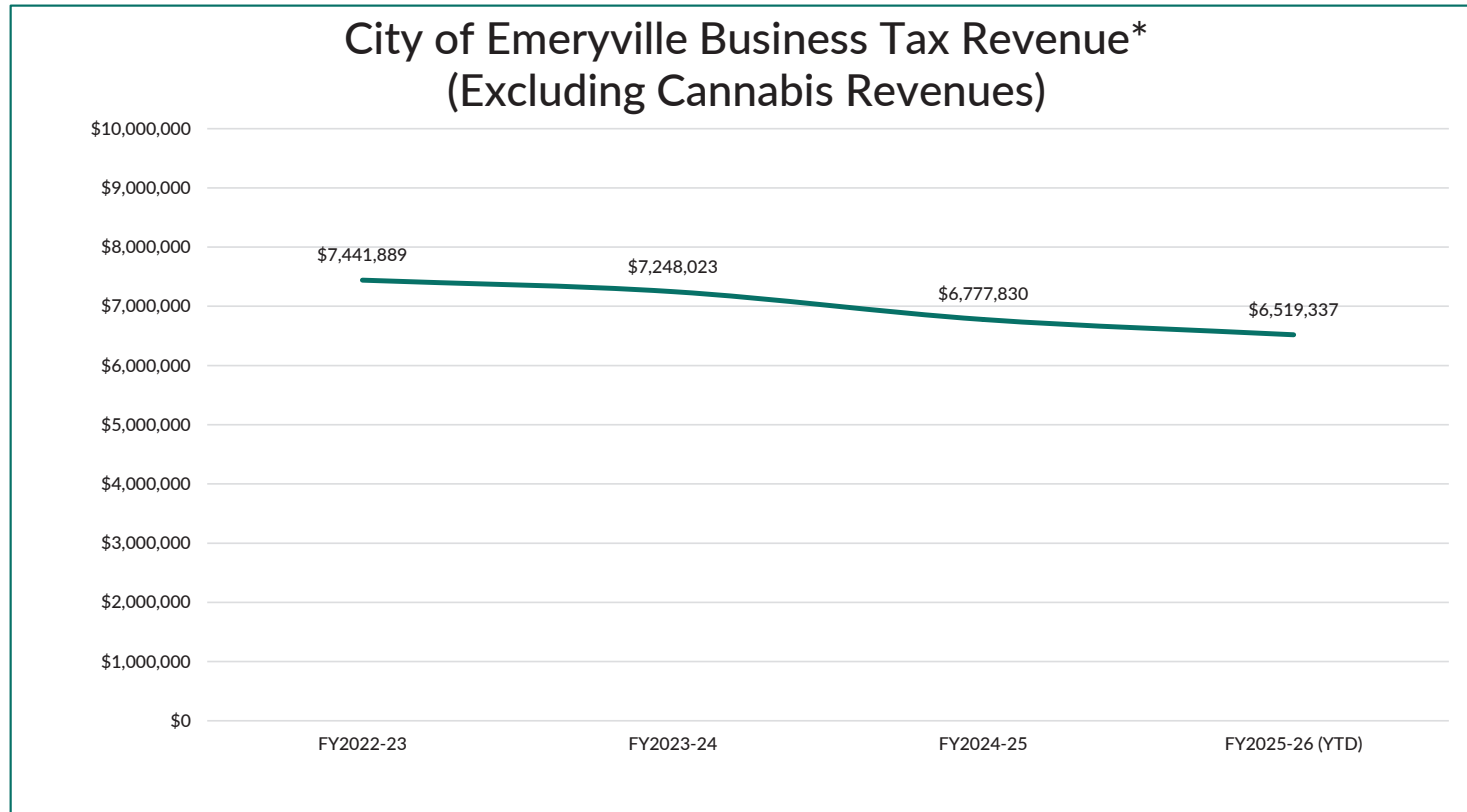
1. The taxable activity. In the City of Emeryville, the taxable activity is “...all activities engaged in or caused to be engaged in within this City with the object of gain, benefit or advantage, whether direct or indirect, to the taxpayer or to another or to others...”
2. The measure of the taxable activity. Once we know what is taxed, we must measure how much of that taxable activity is occurring. Some cities may measure the number of employees. A more modern trend is to measure the gross receipts. Emeryville measures the gross receipts in most categories (some categories are not calculated on gross receipts)
3. The rate. Given a certain amount of taxable activity, a rate is applied to determine how much tax is owed.
4. The classification. Cities will often group certain kinds of businesses together and apply different tax rates to each group. For example, a city might want to charge restaurants a lower rate than commercial rentals.
5. The results. Since we are concerned with the revenue-generating aspect of the business license, when we refer to the “results” of the tax, we mean the revenue generated for the City.

# Where is the City now?

HdL  Companies 



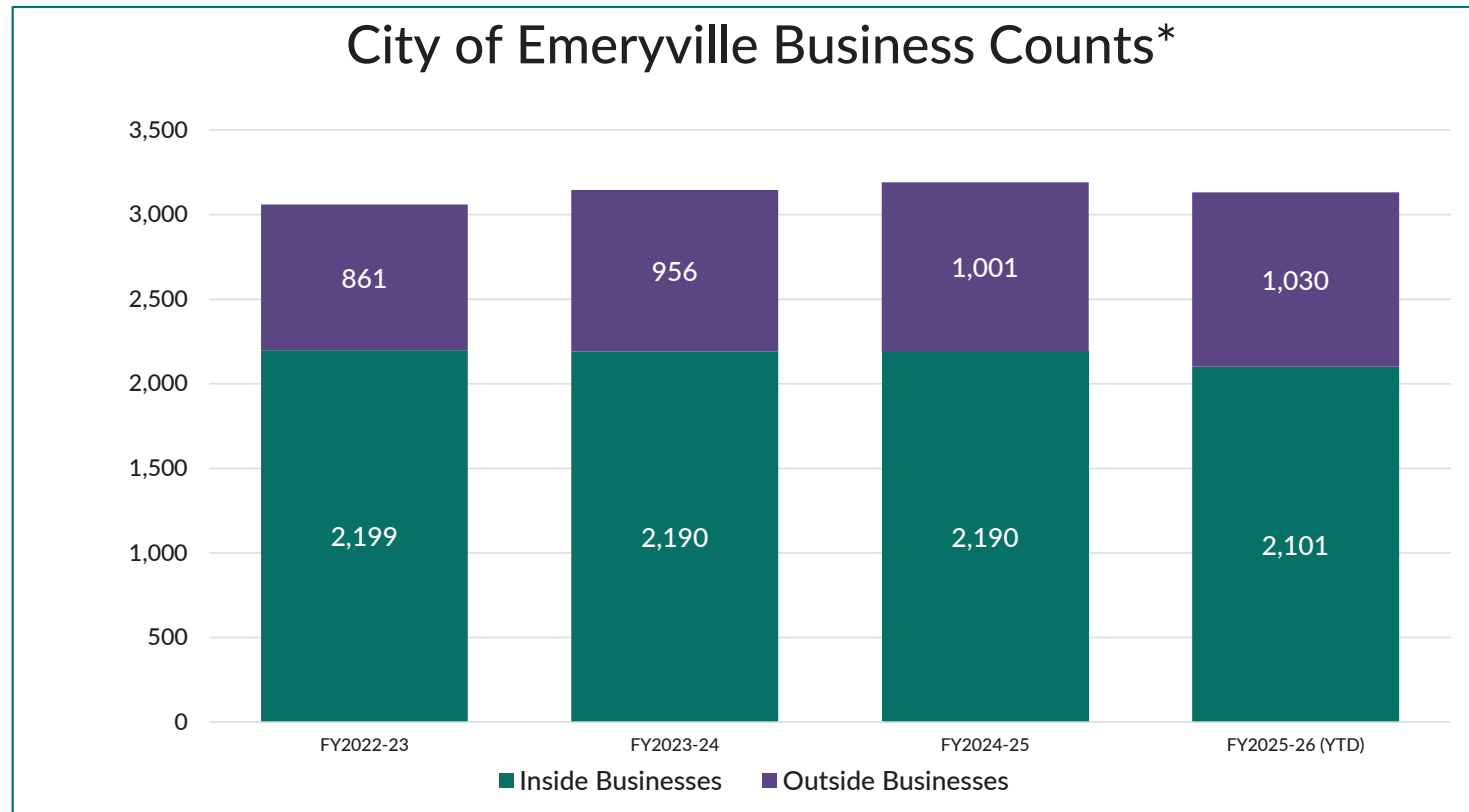
# Where is the City now?



\*Because the City reports business tax with cannabis tax in public reports, revenues here reflect business license revenues during the past 4 years that HdL has managed the City's business license tax program.



# Where is the City now?



\*Data is limited to what is available in the HdL Database

## Important notes about the City's current tax structure:

- Most businesses are taxed at a \$1 per \$1,000 in gross receipts
- There are currently 56 business classifications
- In addition to the tax, businesses pay a processing fee, state fee, and any other applicable fees. These fees are not considered in this study, and any changes would result from a cost recovery fee analysis, which is outside the scope of this study.



# Where is the City now?

Rate Type	Count of Business	Primary Tax Type
EM: Gross Receipts	1,025	Gross Receipts \$1/\$1,000
EM: GR Tax Residential Landlords	872	Gross Receipts \$1/\$1,000
EM: Annual Contractors	658	Greater of GR \$1/\$1,000 or Flat Rate
EM: Rental of Commercial Property	188	Gross Receipts \$3.50/\$1,000
EM: Professional and Semi-pro	177	Gross Receipts \$1/\$1,000
EM: Exemption for Nonprofit Corp	67	Exempt from BLT
EM: Certain Businesses Not Having Gross Receipts	60	Gross Payroll \$1/\$1,000
OAK - Class A Retail	1	Tiered Gross Receipts (Set by Oakland; Progressive Range \$0.90 - \$2.50 per \$1k)
OAK - Class O Rentals	1	Tiered Gross Receipts (Set by Oakland; \$1.395 per \$1k Gross Receipts, Min: \$13.95)
All Other Rate Types (16)	141	Varies from Flat Rates to Gross Receipts
Totals	3,190	

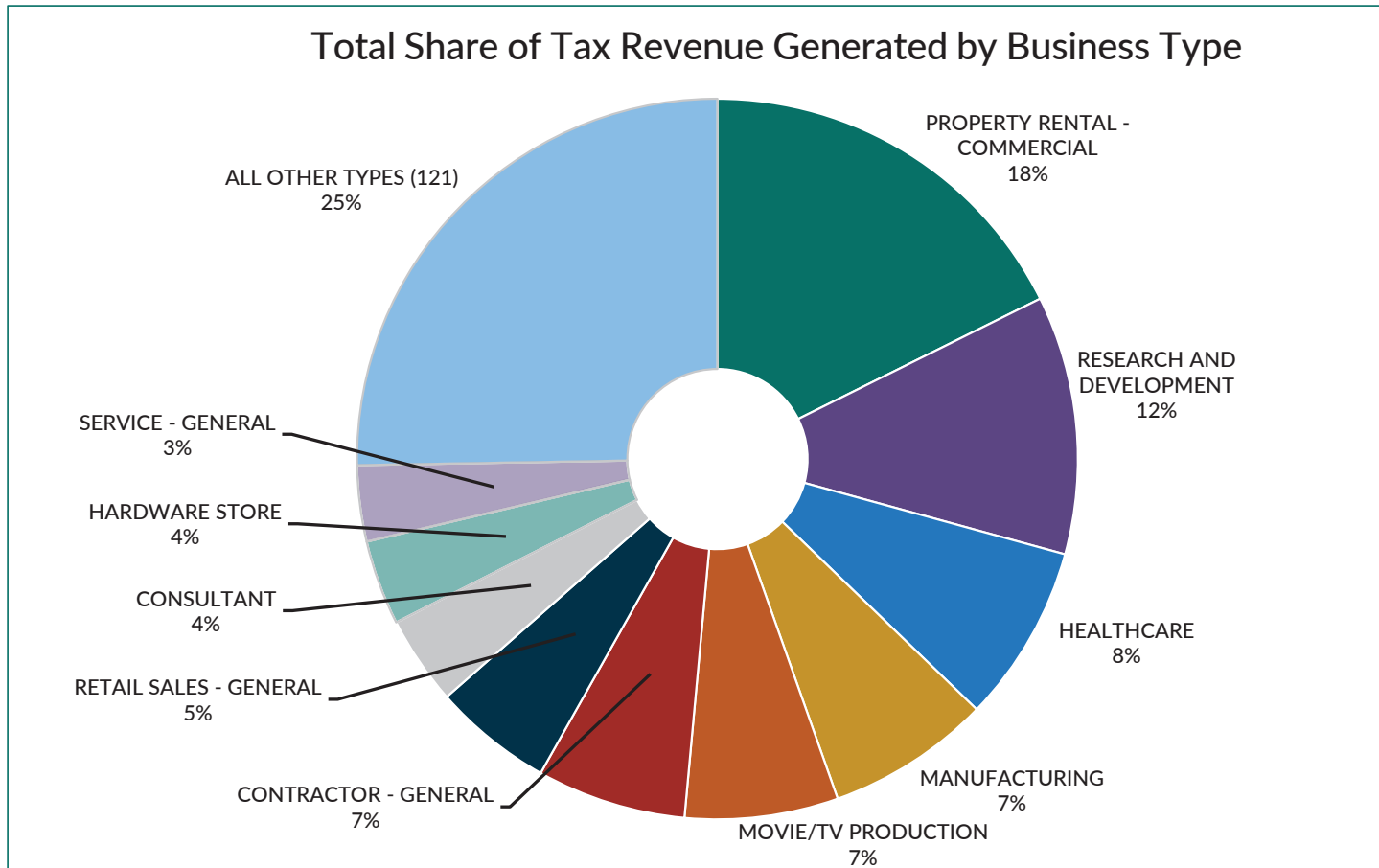


\*33 rates enumerated in the tax code are not used by active businesses; 95% of businesses are represented in the top 7 categories





# Where is the City now?

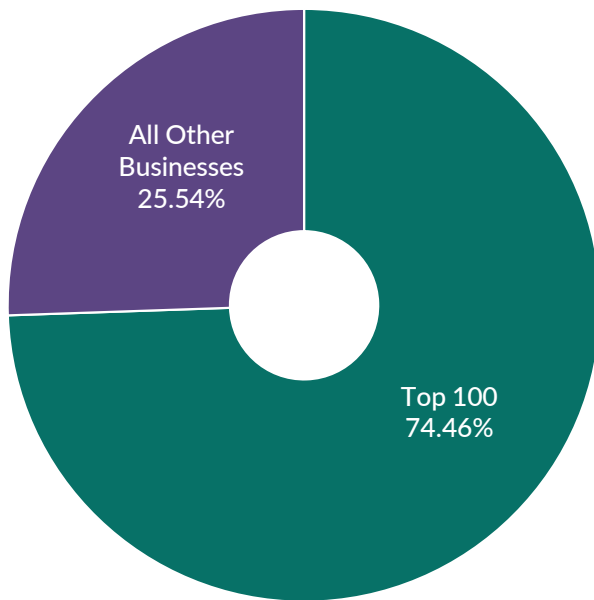




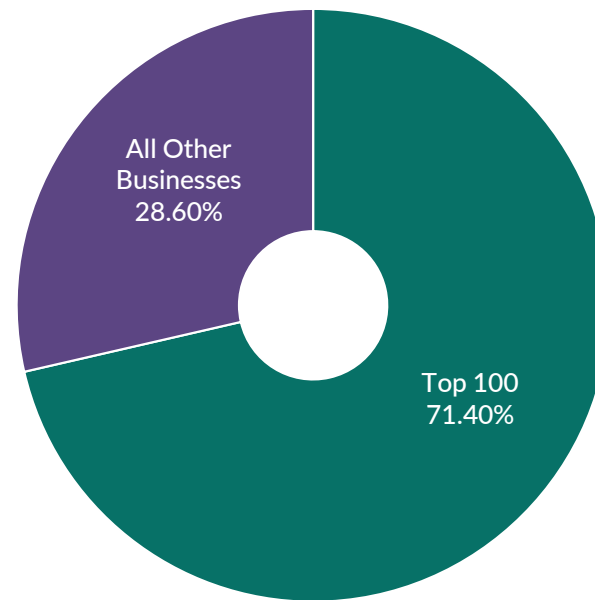
# Where is the City now?

The top 100 businesses account for 75% of the City's business activity and 73% of the total tax collected.

Top 100 - Percent of  
Total Reported Gross Receipts



Top 100 - Percent of  
Total Taxes Charged



# Jurisdiction Comparison:

## Basic Overview

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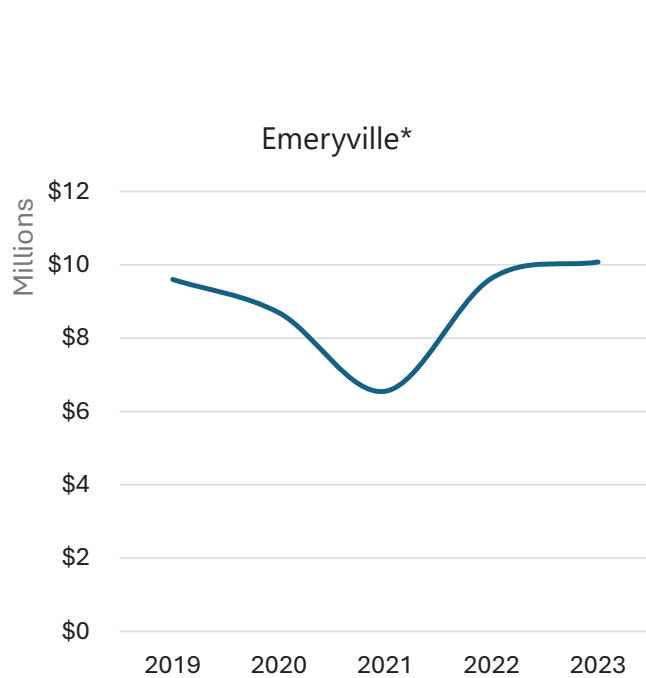
## Jurisdiction Comparison

### *Demographic and Economic Statistics by Location*

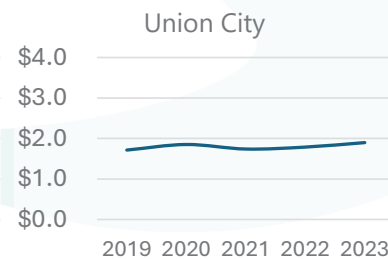
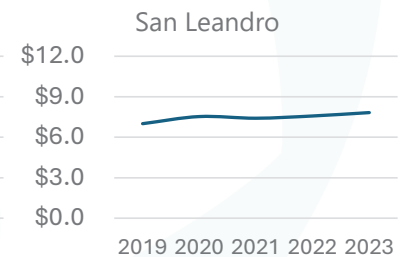
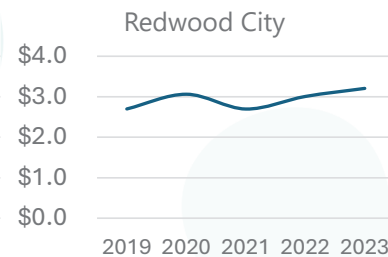
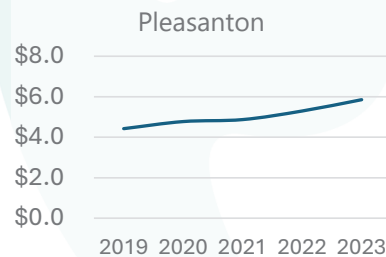
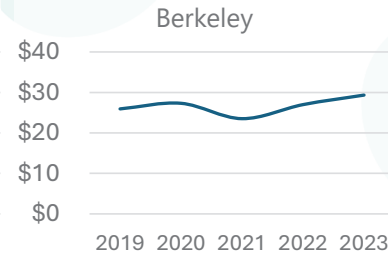
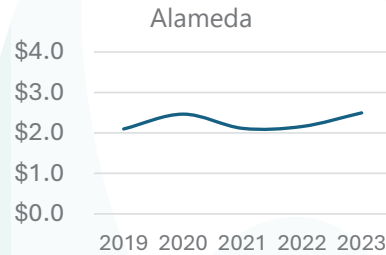
Location	Population	Business Count	Business Tax Revenue	Revenue Per Capita	Revenue Per Business	Ordinance Last Modified	Tax Basis	Cap/Maximum?
Emeryville	12,732	3,100	\$10,076,975*	\$791	\$3,251	1984	Gross Receipts	Y
Alameda	73,353	5,500	\$2,495,924	\$33	\$454	1990	Gross Receipts	N
Berkeley	118,962	11,700	\$29,343,969	\$247	\$2,508	2018	Gross Receipts	N
Oakland	436,504	30,100	\$115,376,772	\$264	\$3,833	2022	Gross Receipts	N
Pleasanton	74,653	9,500	\$5,853,515	\$78	\$616	2017	Gross Receipts	N
Redwood City	80,996	16,700	\$3,205,868	\$40	\$192	2024	Per Employee	Y
San Leandro	85,784	8,400	\$7,824,136	\$91	\$931	1995	Per Employee	N
South San Francisco	63,123	6,500	\$3,831,306	\$61	\$589	2024	Per Employee	N
Union City	65,414	5,500	\$1,898,579	\$29	\$345	2024	Gross Receipts	N
Walnut Creek	69,152	7,900	\$3,680,457	\$53	\$466	2010	Gross Receipts	N

\* Revenue is based on state reported revenue and contains general business license and cannabis revenue.

## Business License Revenue Comparison 5-Year Revenue Trend



\*Revenue is based on state reported revenue and contains general business license and cannabis revenue.



# Jurisdiction Comparison: Detailed Analysis

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# Jurisdictions for Detailed Analysis

- Emeryville
- Berkeley
- South San Francisco
- Walnut Creek

# Rate Calculations

Business Class \ Jurisdiction	Emeryville	Berkeley	South San Francisco	Walnut Creek
Contractors	Greater of \$200 per Year or \$1/\$1,000 of gross receipts Maximum: \$450,997.99	\$1.80 per thousand of gross receipts Minimum \$77	\$1.80 per thousand of Construction Value on Permit	\$656 Flat Rate
General Business / Retail	\$1 per thousand of gross receipts Minimum \$25 Maximum: \$450,997.99	\$1.20 per thousand of gross receipts Minimum \$77	\$150 + Per Employee Rate + \$30 per employee < 9 + \$45 per employee < 99 + \$55 per employee > 99	<p>Businesses in these categories have two (2) options:</p> <p>Flat Rate based on tiered gross receipts ranges from: \$23 to \$2,019 + \$0.02 per thousand of gross receipts in excess of \$10 million.</p> <p>or</p> <p>Employee Rate: + \$33 per employee ≤ 300 + \$16 per employee &gt; 300</p>
Professionals	\$1 per thousand of gross receipts Minimum \$25 Maximum: \$450,997.99	\$3.60 per thousand of gross receipts Minimum \$77	\$275 + \$275 per additional partner or associate	
Rental – Commercial	\$3.50 per thousand of gross receipts Minimum \$25 Maximum: \$450,997.99	(1 – 4 Units) + \$10.81 or (5 or more) + 28.80 per thousand of gross receipts Minimum \$77	\$150 + Per Employee Rate + \$30 per employee < 9 + \$45 per employee < 99 + \$55 per employee > 99	
Rental – Residential	\$1 per thousand of gross receipts Minimum \$25 Maximum: \$450,997.99	(1 – 4 Units) + \$10.81 or (5 or more) + 28.80 per thousand of gross receipts Minimum \$77	\$50 per unit (Long-Term Rentals)	
Services	\$1 per thousand of gross receipts Minimum \$25 Maximum: \$450,997.99	\$2.40 per thousand of gross receipts Minimum \$77	\$150 + GB Per Employee Rate + \$30 per employee < 9 + \$45 per employee < 99 + \$55 per employee > 99	



# Business Scenarios – Tax Structure

Hypothetical Business	Business Type	Gross Receipts	Employees	Emeryville	Berkeley	South San Francisco	Walnut Creek
Consulting Firm	Professional services (management consulting)	\$1,800,000	12	Professional Business: Gross Receipts x 0.1% Minimum \$25	Professional Business: Gross Receipts x 0.36% Minimum \$51	Professional: \$275 + \$275 per additional partner or associate	General: \$414 + (GR over \$1M*0.026%)
Supermarket	Grocer (retail)	\$9,500,000	80	General Business: Gross Receipts x 0.1% Minimum \$25	Grocer: Gross Receipts x 0.06% Minimum \$51	General Business: \$150 + \$30 per employee < 9 + \$45 per employee < 99	General: \$1,674 + (GR over \$7M*0.0115%)
Biotech/R&D Business	Research and Development	\$250,000,000	100	General Business: Gross Receipts x 0.1% Minimum \$25	Professional Business: Gross Receipts x 0.36% Minimum \$51	General Business: \$150 + \$30 per employee < 9 + \$45 per employee < 99	General: \$2,019 + (GR over \$10M*0.002%)
Sit-down Restaurant	Restaurant (food service)	\$2,200,000	28	General Business: Gross Receipts x 0.1% Minimum \$25	Miscellaneous Business: Gross Receipts x 0.24% Minimum \$51	General Business: \$150 + \$30 per employee < 9 + \$45 per employee < 99	General: \$674 + (GR over \$2M*0.0245%)
Commercial Landlord	Rental of commercial real property	\$1,200,000	2	Commercial Property Rental: Gross Receipts x 0.35%	Rental of Real Property: Gross Receipts x 1.081% Minimum \$77 per building	No Taxation for Commercial Rental	General: \$414 + (GR over \$1M*0.026%)
General Contractor	Construction contractor	\$5,000,000	30	Contractor: Greater of \$200 or Gross Receipts x 0.1%	Construction Contractor: Gross Receipts x 0.18% Minimum \$51	Contractor: Work Valuation x 0.18%	General Contractor: \$656 per Year
Retail Boutique	Retail trade (clothing boutique)	\$400,000	6	General Business: Gross Receipts x 0.1% Minimum \$25	Retail Trade: Gross Receipts x 0.12% Minimum \$51	General Business: \$150 + \$30 per employee	General: \$293.25 per Year

# Business Scenarios – Estimated Revenue

Hypothetical Business	Business Gross Receipts	Business Employee Count	Emeryville	Berkeley	South San Francisco	Walnut Creek
Consulting Firm	\$1,800,000	12	\$1,800	\$6,480	\$3,300	\$622
Supermarket	\$9,500,000	80	\$9,500	\$5,700	\$3,615	\$1,962
Biotech/R&D Business	\$250,000,000	100	\$250,000	\$900,000	\$4,515	\$6,814
Sit-down Restaurant	\$2,200,000	28	\$2,200	\$5,280	\$1,275	\$723
Commercial Landlord	\$1,200,000	2	\$1,200	\$12,972	\$0	\$466
General Contractor	\$5,000,000	30	\$5,000	\$9,000	\$9,000	\$656
Retail Boutique	\$400,000	6	\$400	\$480	\$330	\$293

# Models

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# Single Gross Receipts Rate Models

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## Model Structure:

- One Gross Receipts Rate for all Businesses
- Small Minimum Fee
- Exempt business definition remains unchanged
- Proposed models have higher rates than the existing \$1 per \$1,000 rate for most businesses
- Removes the current taxation cap

---

### Pros:

- Simple for businesses to know what they will pay
- Increased Revenues
- Increases equity as all businesses pay the same rate on gross receipts
- Like the current structure outcome, where most businesses pay the same rate, this further increases simplicity and allows no other option based on business type

### Cons:

- Does not consider the business type in deciding rates



# Single Gross Receipts Rate

Tax Basis	Taxable Gross Receipts
Flat Rate	\$25 Flat Rate (Up to \$25,000 Gross Receipts)
Gross Receipts Tax	+ \$1.50 per thousand dollars of Gross Receipts (0.0015 x Gross Receipts)

Number of Businesses	Total Taxable Gross Receipts	Current Revenues	Option 1: Tax Amount \$1.50/thousand	Option 2: Tax Amount \$2.00/thousand
3,190	\$5.04 Billion	\$6,561,000	\$7,498,000	\$9,970,000
		Increased Revenue	\$937,000	\$3,409,000



# Variable Gross Receipts Rate Models

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## Model Structure:

- Variable Gross Receipts Rate for businesses based on business type
  - Small Minimum Fee
  - Model removes the special or specific categories in the current code in favor of 5 base categories and an exempt category.
  - Removes the current taxation cap
- 

### Pros:

- Only five taxable categories – Improved Simplicity
- Increased Revenues depending on the rates chosen
- Increases equity further by accounting for differences in business activity

### Cons:

- Definitions have the potential to be too ambiguous
- Businesses with multiple tax types will need multiple licenses
- Could be considered unfair if the rate is specifically targeted for a break or higher rate



# Variable Gross Receipts Rate Models

## Rate Structure

Categories*	Minimum Rate	Option 1	Option 2
Contractor	\$25 Flat Rate (Up to \$25,000 Gross Receipts)	0.002 X Gross	0.003 X Gross
General/Retail		0.00075 X Gross	0.001 X Gross
Property Rental		0.0035 X Gross	0.004 X Gross
Services		0.002 X Gross	0.003 X Gross
Professional		0.003 X Gross	0.004 X Gross
Exempt	\$0	\$0	\$0

\*These categories are roughly defined in Appendix A.



# Variable Gross Receipts Models

Business Type	Number of Businesses	Est. Taxable Gross Receipts	Current Taxes	Variable Gross Receipts Option 1 Est. Revenue	Variable Gross Receipts Option 2 Est. Revenue
Contractor	719	\$379 Million	\$481,000	\$745,000	\$1,108,000
General/Retail	337	\$1.77 Billion	\$2,059,000	\$1,325,000	\$1,764,000
Property Rental	1,072	\$418 Million	\$1,312,000	\$1,406,000	\$1,602,000
Professional	429	\$1.54 Billion	\$1,713,000	\$4,566,000	\$6,087,000
Services	566	\$1.1 Billion	\$1,213,000	\$1,842,000	\$2,755,000
Exempt	67	\$0	\$0	\$0	\$0
Totals	3,190	\$5.04 Billion	\$6,561,000	\$9,884,000	\$13,314,000
			Increased Rev.	\$3,323,000	\$6,753,000



# Business Scenarios – Estimated Revenue

Hypothetical Business	Business Gross Receipts	Business Employee Count	Emeryville (Current)	Single Gross Receipts Option 1	Single Gross Receipts Option 2	Variable Gross Receipts Option 1	Variable Gross Receipts Option 2	Berkeley	South San Francisco	Walnut Creek
Consulting Firm	\$1,800,000	12	\$1,800	\$2,688	\$3,575	\$5,350	\$7,125	\$6,480	\$3,300	\$622
Supermarket	\$9,500,000	80	\$9,500	\$14,238	\$18,975	\$7,131	\$9,500	\$5,700	\$3,615	\$1,962
Biotech/R&D Business	\$250,000,000	100	\$250,000	\$374,988	\$499,975	\$749,950	\$999,925	\$900,000	\$4,515	\$6,814
Sit-down Restaurant	\$2,200,000	28	\$2,200	\$3,288	\$4,375	\$1,656	\$2,200	\$5,280	\$1,275	\$723
Commercial Landlord	\$1,200,000	2	\$1,200	\$1,788	\$2,375	\$4,138	\$4,725	\$12,972	\$0	\$466
General Contractor	\$5,000,000	30	\$5,000	\$7,488	\$9,975	\$9,975	\$14,950	\$9,000	\$9,000	\$656
Retail Boutique	\$400,000	6	\$400	\$588	\$775	\$306	\$400	\$480	\$330	\$293



# Taxation Cap Analysis

Cap Amount\*

\$450,997.99

Revenues shown in this table are revenues lost from total revenue estimates presented earlier if a cap is retained.

Number of Businesses	Single Gross Receipts Option 1	Single Gross Receipts Option 2	Variable Gross Receipts Option 1	Variable Gross Receipts Option 2
Count of Businesses Affected	3	4	2	2
Total Revenue Impact	\$389k	\$1M	\$830k	\$1.41M

\*Cap amount for this example is the current maximum tax for Emeryville as of August 2025

# Questions?

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# Appendix A – Category Definitions

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In Model 3, we use five basic business categories along with an exempt category. These are five basic structures that are common across municipalities. The definitions below are general and not meant to be the complete definitions that would appear in a municipal code.

**Contractors:** These are persons or firms that are carrying on the business of a contractor, subcontractor, or builder, particularly the construction or repair of any buildings. Examples include but are not limited to construction, plumbing, HVAC, etc.

**General Commerce/Retail:** These are retailers, restaurateurs, and other general businesses. All these businesses are likely to contribute to your tax base in other ways (i.e., sales tax) and often have lower profit margins.

**Property Rental:** Although listed separately, this category includes any business that leases, rents, or provides use of real property to another individual or entity for compensation. Examples include, but are not limited to, commercial leasing, residential rental, parcel leasing, hoteliers, etc. The city could also include language and rates for taxing short-term rentals in this category.

**Services:** This sector offers services that require minimal to no higher education or training. It is also the default category for any business that is not explicitly defined in one of the other five categories. Examples include, but are not limited to, hair stylists, gardeners, nail salons, etc.

**Professional and Advanced:** These businesses offer services that require rigorous training through higher education or vocational institutions that certify the complete acquisition of skills and the ability to provide such professional services. This also includes businesses that can be considered "Advanced Services," such as those in the research and development and scientific fields. Examples include, but are not limited to, a doctor's office, a law office, a consulting firm, etc.

## Appendix B – Rate Type Crosswalk

Current Rate Type	Current Registry Business Count	Current Tax Rate	Proposed Category	Proposed Rate Model 3a (\$/\$1000)
EM: Gross Receipts	1,025	Gross Receipts \$1/\$1,000	Varies based on specific type	Between \$0.75 and \$3.50 per \$1,000
EM: GR Tax Residential Landlords	872	Gross Receipts \$1/\$1,000	Rental	\$3.50
EM: Annual Contractors	658	Greater of GR \$1/\$1,000 or Flat Rate	Contractor	\$2.00
EM: Rental of Commercial Property	188	Gross Receipts \$3.50/\$1,000	Rental	\$3.50
EM: Professional and Semi-pro	177	Gross Receipts \$1/\$1,000	Professional	\$3.00
EM: Exemption for Nonprofit Corp	67	Exempt from BLT	Exempt	\$0.00
EM: Certain Businesses Not Having Gross Receipts	60	Gross Payroll \$1/\$1,000	Varies based on specific type	Between \$0.75 and \$3.50 per \$1,000
All Other Rate Types (49)*	143	Varies from Flat Rates to Gross Receipts	Varies based on specific type	Between \$0.75 and \$3.50 per \$1,000
Totals	3,190			

\*Please see the supplemental documentation for full crosswalk

# CITY OF EMERYVILLE

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## *Special Tax Analysis*

September 2025



[nbsgov.com](http://nbsgov.com)

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# 1. INTRODUCTION

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## 1.1 Purpose of this Report

This report is intended to provide an introduction and evaluation of parcel tax and community facilities district options that the City of Emeryville (the “City”) may consider implementing to fund services within the community.

## 1.2 City Background

The City was established in 1896 as a general law city and, with the passage of Measure U on November 4, 2014 established as a charter city.

## 1.3 Legislative Context

In order to increase revenue collections, the City must comply with the requirements set forth in Article XIII of the California Constitution. This report specifically focuses on the special tax options of parcel tax and community facilities district. The approval method, approval threshold and requirements for the basis of the charge are shown in the table below.

REVENUE MECHANISM OVERVIEW			
Type	Approved by	Approval Threshold	Required Findings
Special Tax	Registered Voters	2/3 Ballots Cast*	Method must be reasonable, not assessed value/benefit/cost based

\*Super majority approval required if the City puts the tax measure on the ballot; majority approval required if a Parcel Tax measure is put on the ballot by a citizen’s initiative. There are efforts underway to retroactively repeal the ability to approve a Parcel Tax by a majority of voters via a citizen’s initiative. Please check with legal counsel for the latest updates.



## 2. SPECIAL TAXES

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### 2.1 Background

A Special Tax may be established under either the Voter-Approved Special Taxes<sup>1</sup> law under California’s Government Code (“Parcel Tax”) or the Mello-Roos Community Facilities District Act of 1982<sup>2</sup> (“CFD”). Special Taxes involve identifying specific services to be provided and the tax may not be based on the value of the property.

Special Taxes describe a family of charges levied against a parcel of land under a reasonable methodology that is approved by a super-majority vote of registered voters<sup>3</sup>. Parcel taxes are local agency-wide while CFDs may be established over an identified boundary that is a subset of the agency boundary. Both the Parcel Tax and CFD structure options include a uniform rate that could be levied on a per parcel, per building square foot or per acre basis as examples. The Parcel Tax and CFD also include the added option of taxing different land uses differently, i.e. per unit for residential and per building square foot for non-residential. Since Special Taxes are not benefit or cost based, they can include provisions for age or income-based exemptions.

### 2.2 Formation Process

The Special Tax formation process consists of three main efforts: developing tax method and rates, outreach and engagement, and the legal formation proceedings.

#### TAX DEVELOPMENT

The tax development effort consists of first identifying services to be provided and estimating the cost of the services. From there, various tax methods are modeled and evaluated to determine the most reasonable approach.

#### OUTREACH & ENGAGEMENT

Outreach and engagement efforts are highly recommended. They can run in advance of, or concurrently with, the tax development process. Often polling is used to test tax rates to determine the rate that is likely to achieve the super majority approval required. The scope of outreach and engagement efforts can vary broadly.

#### FORMATION PROCEEDINGS

Parcel taxes are introduced by resolution of the Board at least 90 days prior to the target election date. Working with the County registrar of voters to ensure all procedural and substantive requirements are met is recommended. The CFD formation process consists of two resolutions considered by the Board at least 30 but not more than 60 days apart, followed by an election at least 90 but not more than 180

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<sup>1</sup> California Government Code Section 50075

<sup>2</sup> California Government Code Section 53311

<sup>3</sup> See note in Section 1 about Citizen’s Initiatives

days later. CFDs have the option to be approved by a mailed ballot election on the date of the District's choosing, in coordination with the County election official.

## 2.3 Special Tax Usage

Both Parcel Taxes and CFDs are commonly used throughout California and Alameda County to raise revenue for local government agencies. Parcel taxes are more commonly used for services funding, including public safety, library services, park and rec services, though several have added revenue bonds for capital needs. CFDs are most commonly used in a development context where the landowner/developer is the voter and development related infrastructure is being financed. It is becoming more common for these developer CFDs to also fund services related to the negative fiscal impact to the general fund for the development, including public safety, road maintenance and park and rec services. It is noted that the CFD law has a discrete list of services that can be funded. There are a few CFDs that have been approved by registered voters that fund services, finance infrastructure or both. Below are some recent examples:

### PARCEL TAXES

There were 42 parcel taxes on the November 2024 ballot, 28 of which passed including the following in Alameda County:

- Berkeley Measure X library tax (addition to existing parcel tax)
- Berkeley Measure Y parks & landscaping (increase to existing parcel tax)
- Oakland Measure MM fire prevention (new parcel tax)
- Oakland Measure NN police (renewal of existing parcel tax)
- Albany Measure C sidewalks (replace existing parcel tax)

There are several other local parcel taxes in effect:

- Albany Measure K paramedic, ALS & fire protection
- Piedmont Measure F public safety, park and rec & fire protection
- Berkeley Measure FF sidewalk & street repairs
- Berkeley Measure FF emergency response & preparedness
- Union City Measure (1997) paramedic tax

### CFDS

There are relatively few examples of City/Agencywide CFDs as this tool is primarily used in a development context:

- Altadena Library District CFD for library infrastructure and services
- Santa Cruz Library Authority CFD for library infrastructure
- EBRPD CFD for park maintenance and services

### 3. PARCEL TAX & CFD COMPARISON

---

The following sections provide a comparison of the Parcel Tax and CFD as tools to aid in the evaluation of each as options for increasing revenue.

#### 3.1 Term

The term of the Parcel Tax and CFD are both flexible. The most advantageous for the City is typically to set the term in perpetuity, or until ended by voters, to ensure funds for services are available on an ongoing basis without the need to renew the funding via voter approval. This may not be politically feasible and polling can aid in determining what term voters may be more comfortable with. The term should be considered if there is a desire for debt financing as the revenue must be in place for the term of the debt.

#### 3.2 Methodology

Both the Parcel Tax and CFD allow for flexibility in how the special tax methodology is designed. The tax may be spread on a per parcel basis, a per building square foot basis, or establish different rates based on other factors such as land use and development status. It is noted that the more complex the methodology the harder it is to explain in the ballot measure language.

#### 3.3 Exemptions

Both the Parcel Tax and CFD allow the City to provide for exemptions. Generally, property that is owned by public agencies or otherwise not subject to general taxation is exempt from special taxes, though there are exceptions where property exempt from general taxation are subject to parcel taxes. In addition, the Parcel Tax or CFD tax measures can include other types of exemptions such as age-based or income-based exemptions.

#### 3.4 Cost Increase/Inflators

Both the Parcel Tax and CFD can include provisions for the rates to increase by the desired inflationary adjustment. The inflator can be a flat percentage, tied to a specific index such as CPI, or tied to a specific index with a minimum and/or maximum boundary (i.e. CPI up to a max of 4%). It is noted that the amount of revenue may increase annually if the special tax is based on building square footage and the total building square footage grows year over year in the City, functioning somewhat as an inflator without having to include that provision in the measure language. The average increase in building square footage within the City is approximately 500,000 building square feet over the last 5 years. At \$0.18 per building square foot, that is a \$90,000 increase to revenue without increasing the rate, or the equivalent of an approximately 2.5% inflator.

### **3.5 Boundary**

The Parcel Tax may be established only with a boundary that is coterminous with the City boundary. The CFD boundary may be established as coterminous with the City boundary, or may be a subset of the City boundary. Only voters within the CFD boundary are considered eligible voters.

### **3.6 Special Tax Lien**

The CFD requires, whether for services funding or debt financing, that a lien be recorded on every taxable parcel in the CFD boundary to allow for the annual levy and collection of special taxes. There is an initial cost to record the lien with the County Recorder's office. It is also noted that the first couple of years after the lien is recorded may require some outreach and interaction with the real estate community as the lien will show up on title reports during real estate transactions, including mortgage refinancing. This is not an insurmountable obstacle, and East Bay Regional Parks District has a District-wide CFD that local realtors may be accustomed to.

The Parcel Tax has no requirement to record a lien.

### **3.7 Debt Financing**

While the primary focus of this analysis is funding for services, operations and maintenance activities on an ongoing basis, it is noted that both the Parcel Tax and the CFD have the ability to finance capital needs.

The Parcel Tax may serve as the revenue stream for revenue bonds at any time. It is not required to specifically indicate the potential for debt issuance in the measure and as long as the capital needs are in line with specific services included in the measure, the debt is allowable.

The CFD must indicate the potential for debt issuance during the formation process as there are additional resolutions and requirements that must be met. The debt would typically be issued as a limited obligation bond of the City.

## 4. SPECIAL TAX MODELING

As noted above, both the Parcel Tax and CFD have similar flexibility in setting the special tax methodology, therefore the modeling that follows is appropriate to be used with either funding tool.

### 4.1 Revenue Targets

The City requested that special taxes be modeled to target between \$3.5 million and \$5 million in half million-dollar revenue increments.

The revenue growth that may be expected under various example scenarios is shown in the table below:

REVENUE GROWTH					
Initial Revenue Target	Increase Scenario	Year 2	Year 3	Year 4	Year 5
\$3.5M	3%	\$3,605,000	\$3,713,150	\$3,824,545	\$3,939,281
\$4M	2%	4,080,000	4,161,600	4,244,832	4,329,729
\$3.5M	0% (bldg. sq ft)	3,590,000	3,680,000	3,770,000	3,860,000

### 4.2 Tax Per Parcel

The tax rates per parcel at the various revenue targets are shown in the table below:

TAX PER PARCEL				
Taxable Parcels	\$3.5M Revenue	\$4M Revenue	\$4.5M Revenue	\$5M Revenue
4,859	\$721	\$824	\$927	\$1,030

### 4.3 Tax Per Building Square Foot

The tax rates per building square foot at the various revenue targets are shown in the table below:

TAX PER BUILDING SQUARE FOOT				
Taxable Parcels	\$3.5M Revenue	\$4M Revenue	\$4.5M Revenue	\$5M Revenue
19,331,876	\$0.18	\$0.21	\$0.23	\$0.26

#### 4.4 Tax by Land Use

One structure option for the tax rates by land use at the various revenue targets are shown in the table below:

TAX BY LAND USE				
Residential Per Unit	\$3.5M Revenue	\$4M Revenue	\$4.5M Revenue	\$5M Revenue
7,872	\$50	\$75	\$100	\$125
Non-Residential Per Bldg Sq Ft	\$3.5M Revenue	\$4M Revenue	\$4.5M Revenue	\$5M Revenue
11,692,206	\$0.27	\$0.29	\$0.32	\$0.34

## 5. RECOMMENDATIONS

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Of the Parcel Tax and CFD options, NBS recommends the City engage in polling to test the Parcel Tax at various rates. Unless there is a desire to implement the tax within a boundary that is a subset of the City boundary, the CFD does not offer an advantage over the Parcel Tax.