



**City Council Agenda
June 27, 2018**

Date: June 22, 2018

To: Mayor and City Council

From: Anne Cardwell, Assistant City Manager

Subject: Review of Survey Results Regarding Voter Support for a Sales Tax Measure in Martinez and Council Direction Regarding Sales Tax Measure to Place on November 2018 Ballot

Recommendation

1. Receive a presentation of survey results regarding voter support for a sales tax measure in Martinez;
2. Receive a presentation on the updated fiscal forecast; and
3. Provide direction regarding type of sales tax measure to place on the November 2018 Ballot.

Background

At the April 4, 2018 City Council meeting, the Council received an update on the General Fund forecast. This update was provided given information received in late February that projected CalPERS costs to be beyond what was originally anticipated with the FY 2017-19 budget. (An analysis from Bartel and Associates in February provided a more precise estimate, from an actuarial perspective, on the specific impacts to the City of Martinez.)

It is now projected that the City will see an increase of approximately \$1.5 million in costs over the next three years. (Initial estimates on the effects of the CalPERS changes that were used for the budget were based on a generic methodology provided by the California Society of Municipal Finance Officers (CSMFO) and California League of Cities, which was made available to cities in 2017.) Additionally, not factored into the Bartel analysis, is the more recent CalPERS' decision to shorten the amortization period for incorporating investment losses and gains into the annual costs to member agencies. The extent of the impact of this change is not yet known, but it is known that this will further increase future pension costs for the City beyond what was illustrated in the Bartel analysis.

Staff had previously informed the Council of a plan to update the forecast this summer, in order to identify to what extent a "course correction" would be needed with the FY 2019-21 budget. As was further described at the June 20 City Council meeting, during the mid-cycle budget review, in order to maintain essential city services, such as public safety, and make progress toward modernizing key departments, such as Public Works, the City will need to identify a fiscally viable plan for addressing these critical resource needs.

Following the April 4 update on the forecast, the Council gave staff direction to begin exploring revenue enhancement options, including conducting polling of voters, and to return with that information in advance of the deadline to add a measure to the November ballot. To that end, the City contracted with FM3 to conduct a survey to assess voter support for a sales tax measure in Martinez. This survey was conducted in early June, and representatives from FM3 will be presenting the results at the June 27 special meeting.

In addition to the presentation by FM3, the Finance Director will present an updated fiscal forecast that incorporates the recent mid-cycle budget adjustments approved on June 20.

Following both presentations, staff will be seeking direction from the City Council regarding placing a revenue measure on the November 2018 ballot. Specifically, whether the City should pursue a Special Tax for Public Safety or a General Tax that would support public safety services, including addressing homelessness and school safety, as well as maintaining other essential city services such as park maintenance, preservation of open space, maintenance of storm drains, and youth and senior services.

Attachment:

- FM3 Presentation on Voter Support for a Sales Tax Measure