

## Agenda Item 7b.

May 10, 2022

Direction Regarding Voter Consideration of Proposed  
Extension of One-Half Cent Sales Tax:

Informational Efforts and Proposed Ballot Measure



# Background

- **October 2021, Adopted Revised Strategic Plan**
  - **Goal A: Fiscal Stability and Sustainability**
  - **Strategy 2, Study and prepare for placement of a revenue measure on the November 2022 election that addresses the expiration of the one-half cent sales tax; or prepare for \$6 million in service cuts**



# Background

- **January 11:** City Council resolution authorized agreement with consultants to assess the feasibility of a revenue measure or measures
- **January 25:** City Council resolution authorized Mayor to appoint subcommittee to evaluate and provide recommendations
- **February 22:** Ad Hoc Subcommittee presented findings to proceed with ½ cent sales tax and continue studying BLT



# Background

- **April 26, 2022:** City Council reviewed Community Survey results to extend one-half cent sales tax
  - 64.1% support extension
  - Time: Until ended by voters and 12 years
- **Council discussion:**
  - Ballot measures need 4/5 support of the Council
  - No consensus on next steps
- **May 10:** Agendized to:
  - Consider ending contract
  - Stopping process to place ballot measure before voters, November 2022 election, including elimination of informational efforts



# Discussion

- **Key Dates - Expiration of Revenue Measures and Retirement of Bonds:**

Date	Measure/Bond	+ Revenue	- Revenue
April 2025	½ Cent Sales Tax		\$7,500,000
2027 (Retires July 2026)	Pension Obligation Bond	\$3,000,000	
Dec 2028	UUT		\$5,500,000
2034 (Retires Oct 2033)	RDA Bond Retires (UC share)	\$1,200,000	
2039 (Retires Oct 2038)	RDA Bond Retires (UC share)	\$1,800,000	

- In 2022 dollars
- Sources: HdL, Union City



# Discussion

- **Key Points**

- Voter approved measures must be consider at **general elections**
- Renewing in advance creates **fiscal certainty** to implement the Strategic Plan and maintain staffing
  - Plan ahead, avoid fiscal cliff
- Retirement of bonds helps, but **does not cover the revenue** generated by voter-approved measures

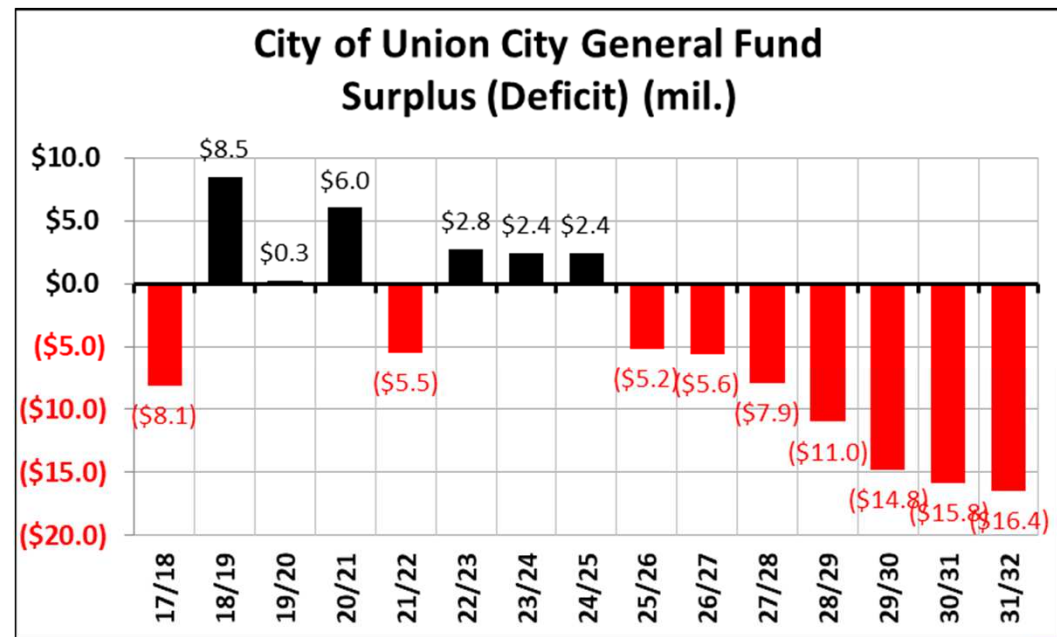
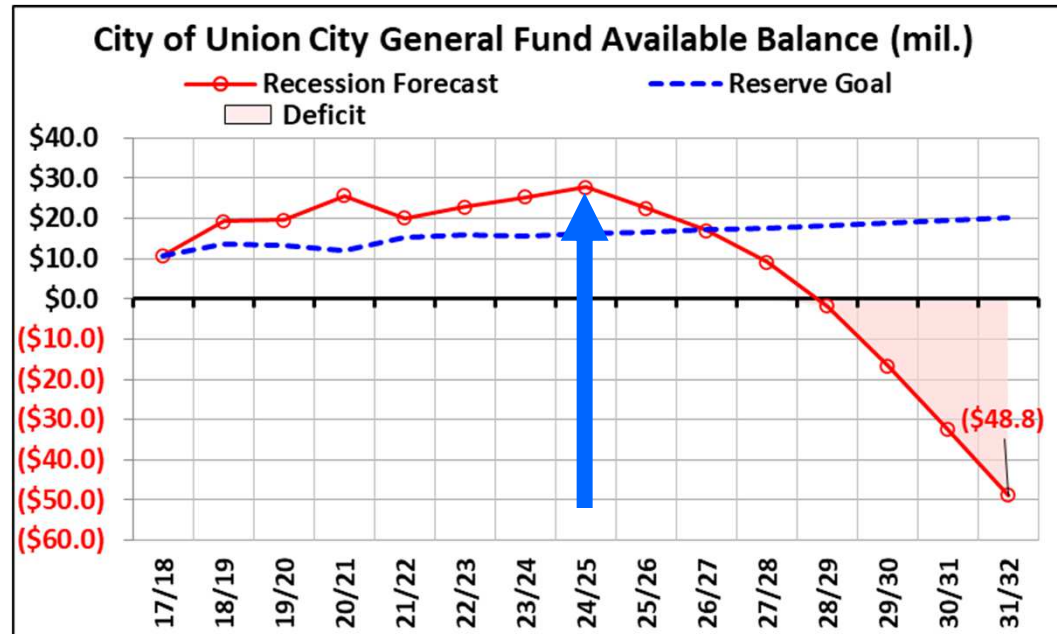


# Discussion

## Long-term Budget Projections

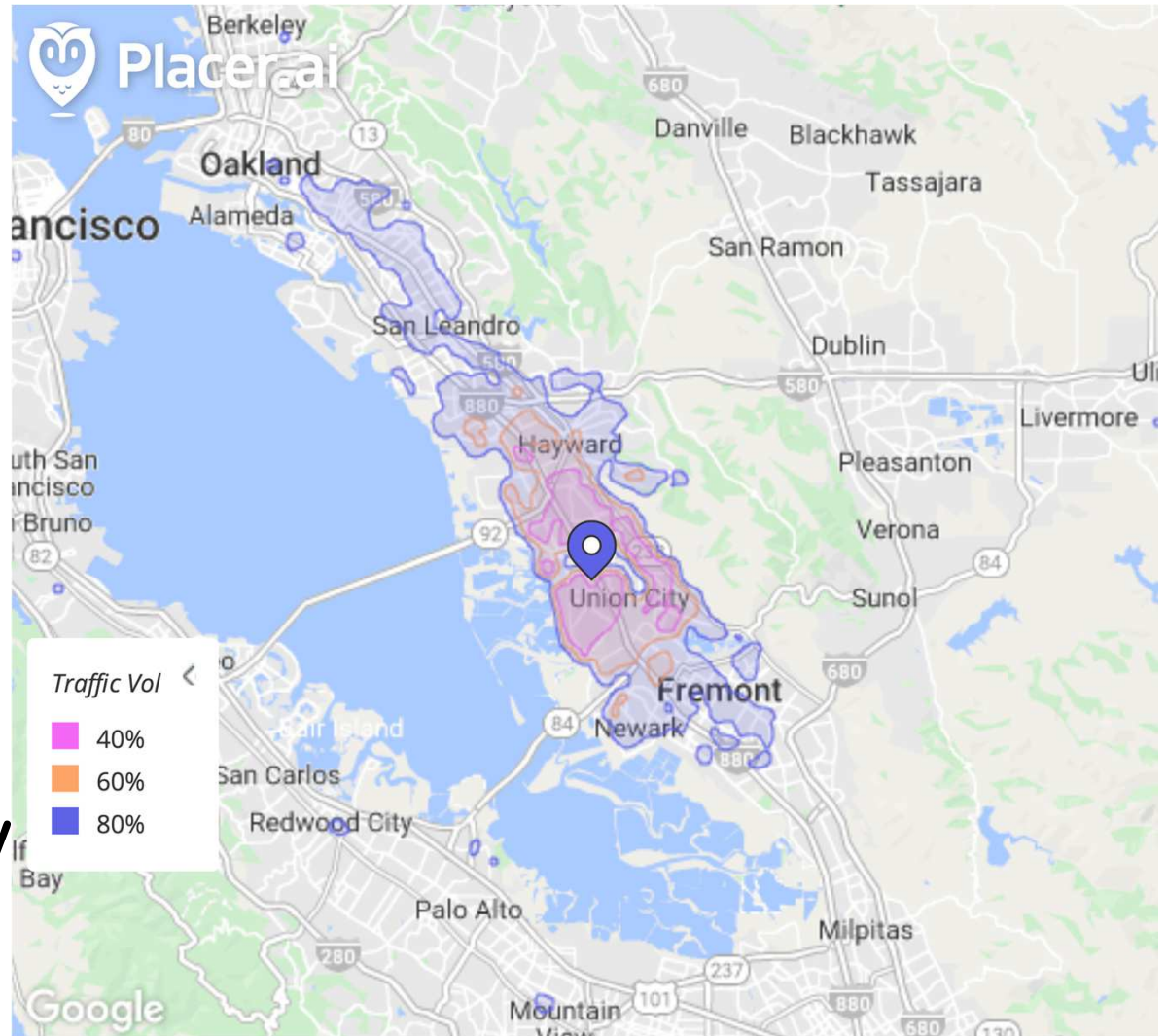
- Ten-year forecast
- Without renewal there is deficit spending or cuts
- Survey tested 12-year extension; covers forecast model

\*Prepared by  
Management Partners



# Discussion

- Sales Tax Draws from Region
- 80% - Oakland to Fremont, and Peninsula
- 40% from Union City and So. Hayward
- Groceries and prescriptions are not taxed



Union Landing / Dyer Street, Union City, CA | Apr 1st, 2021 - Mar 31st, 2022 | True Trade Area | Vol: 40%, 60%, 80% 50mi

## Union Landing Trade Area





## Conclusion

- 64.1% of voters supports extension of the half-cent sales tax
- Survey: Extend until ended by voters or 12 years
- Best to place on ballot now rather than wait until 2024
- Without extension, new revenues or permanent cuts will be required
- Sales tax draws from region
- Not assessed on groceries or prescriptions



## Next Steps and Key Deadlines

- Implement informational communication plan
- Initiate stakeholder outreach
- Distribute informational messaging via direct mail, social media, email, websites and other communication channels
- Develop draft election resolution and sales tax ordinance
- **June 28** Council Meeting: Council input on draft resolution and ordinance
- **July 12** Council Meeting: Council action on resolution and ordinance
- **August 12, 2022**: Deadline to qualify for November 2022 ballot



# Recommendation

- **Provide direction to staff**
  - Proceed with informational efforts for a proposed ballot measure
  - Proceed with preparation of a ballot measure
- Supermajority – 4/5 vote – required to place ballot measure

