



Revenue Recovery:

From Riches to Rags, and Back to Riches?

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// City of Belmont Case Study

- ❖ Case Study Background
- ❖ Solution – Fiscal Impact Analysis with CFD
- ❖ Solution – Business License Tax, Transient Occupancy Tax Updates



Case Study Background



General law city
incorporated in
1926



Population: 27,000



Midway between
San Francisco and
San Jose/Silicon
Valley



Comprehensive
range of services



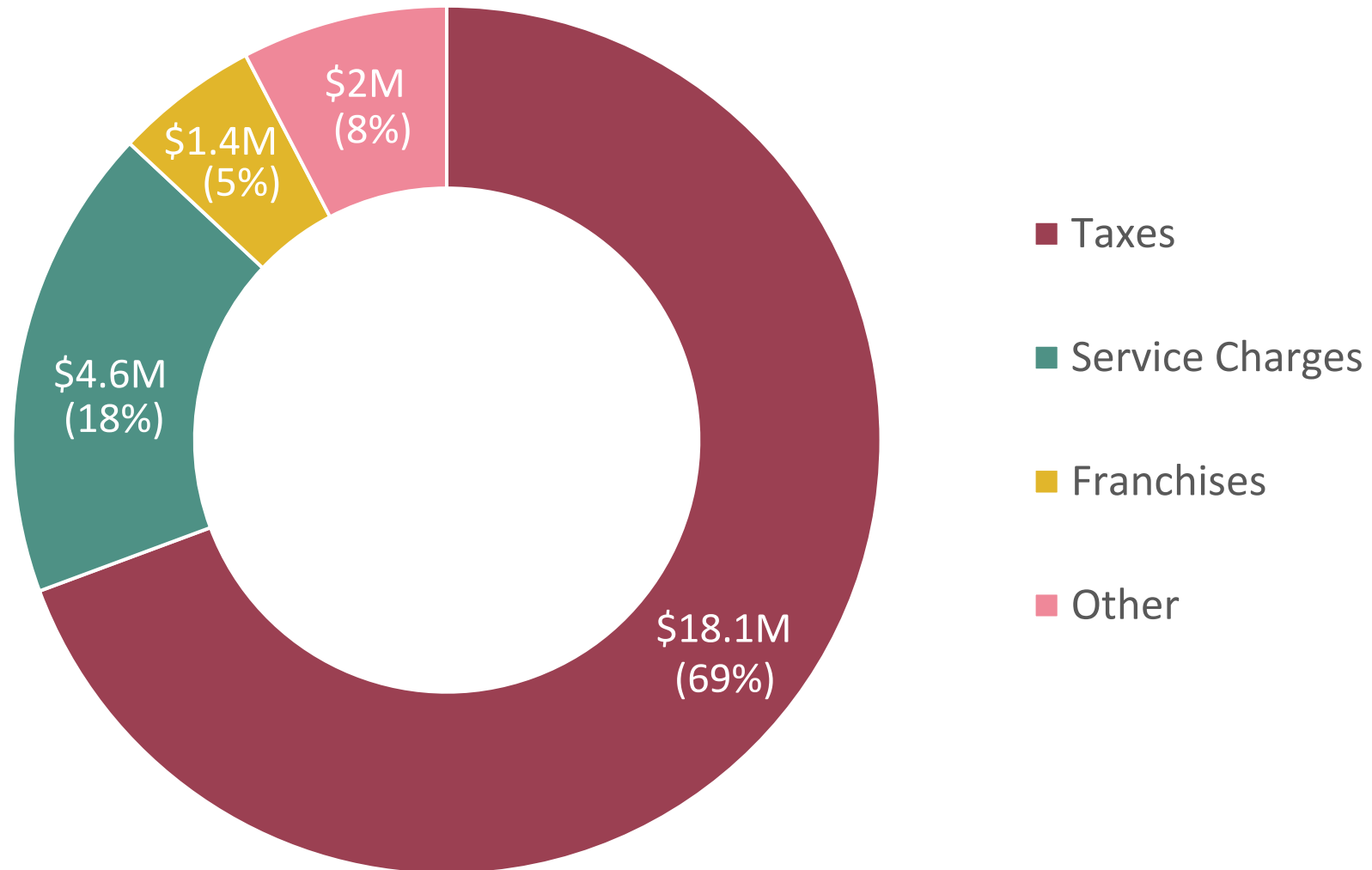
135 FTEs



\$27M General Fund



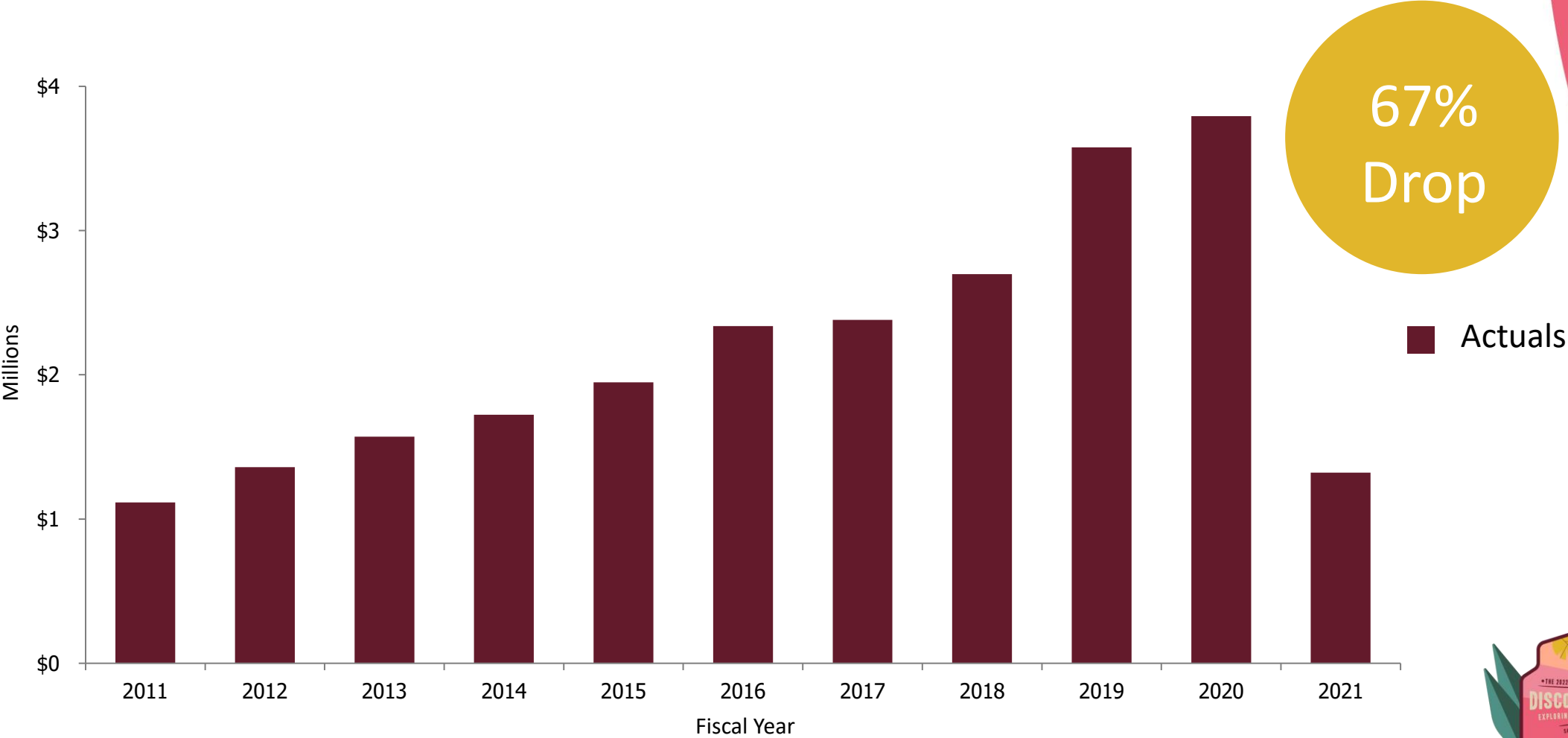
General Fund



Twin Crises



TOT



Property Tax

Residual RDA

- 7%/yr shortfall in property tax

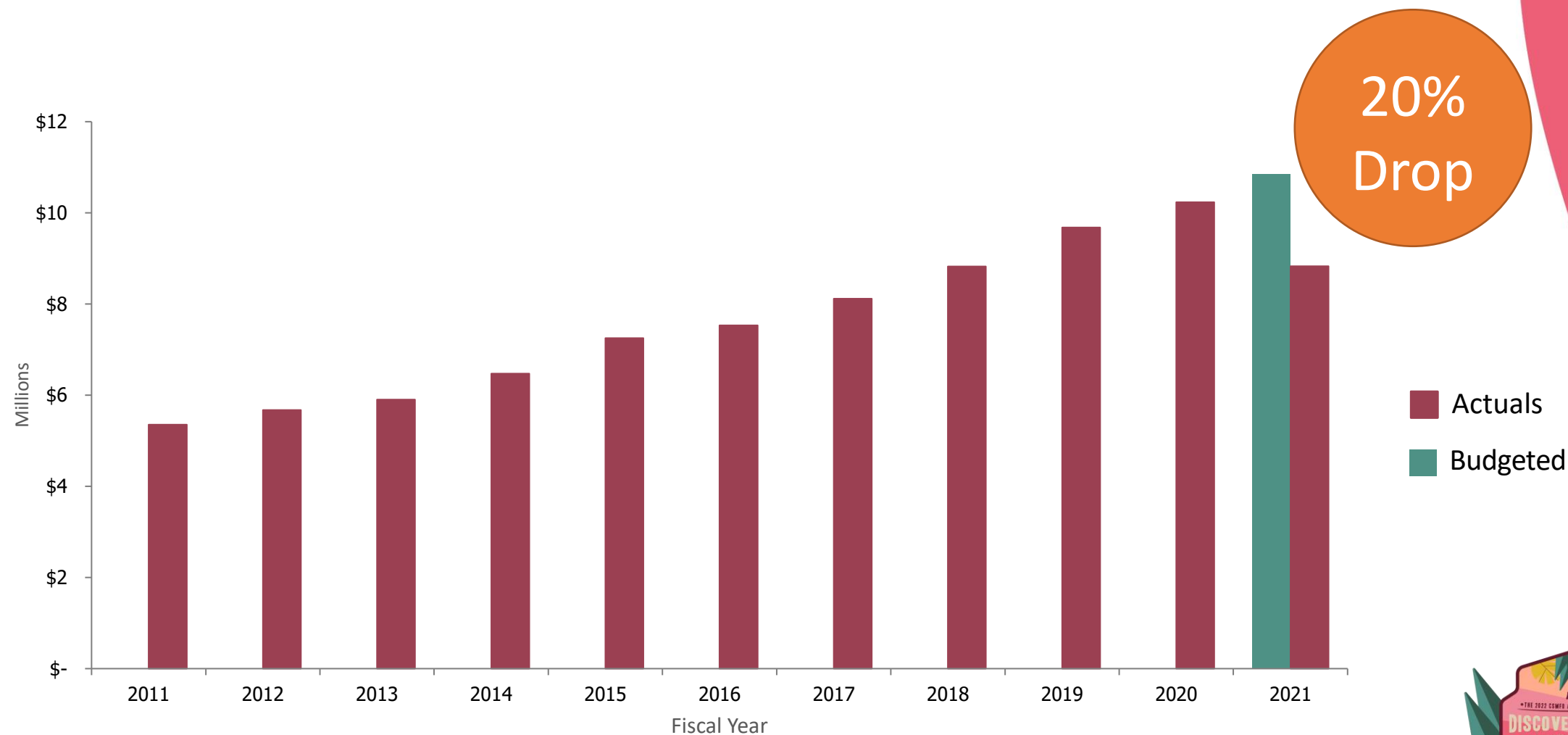
VLF Shortfall

- 15% FY 2020-21
- 40% 6-7 years out

20%-40%
shortfall per
year



Property Tax



Mitigation Strategies



RDA bond cash defeasance strategy



Legislative fix for VLF shortfall



... but are we prepared for the next crisis?



Revenue Enhancements

2021 Strategic Planning Workshop

City Council reaffirmed the strategic objectives of:

- ❖ “Maximizing existing sources of revenue”
- ❖ “Identifying new revenue sources to maintain financial stability ”



Revenue Enhancements



- Sales Tax
- UUT



- Business License Tax
- TOT

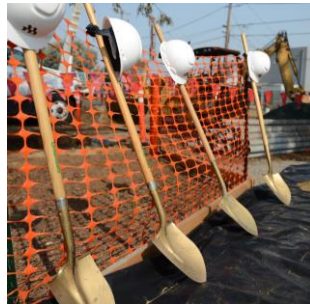


- New Stormwater Fee
- Community Development Fee Study



Revenue Diversification

- ❖ Increasing development activities in past few years
 - ❖ 930 housing units under construction/pipeline
 - ❖ 3.4 million sq. ft. life science commercial development under construction



- ❖ Strain on existing demand on services
 - ❖ Community Facilities District (CFD) to support citywide services



Revenue Diversification

- ❖ Increasing demand for cannabis commercial activities
- ❖ Lack of retail operations
 - ❖ Cannabis ordinance and tax



CITY OF BELMONT
ZONING ADMINISTRATOR
NOTICE OF APPROVAL
TUESDAY, APRIL 7, 2020

Solution – Fiscal Impact Analysis & CFD

Increasing development activities in past few years

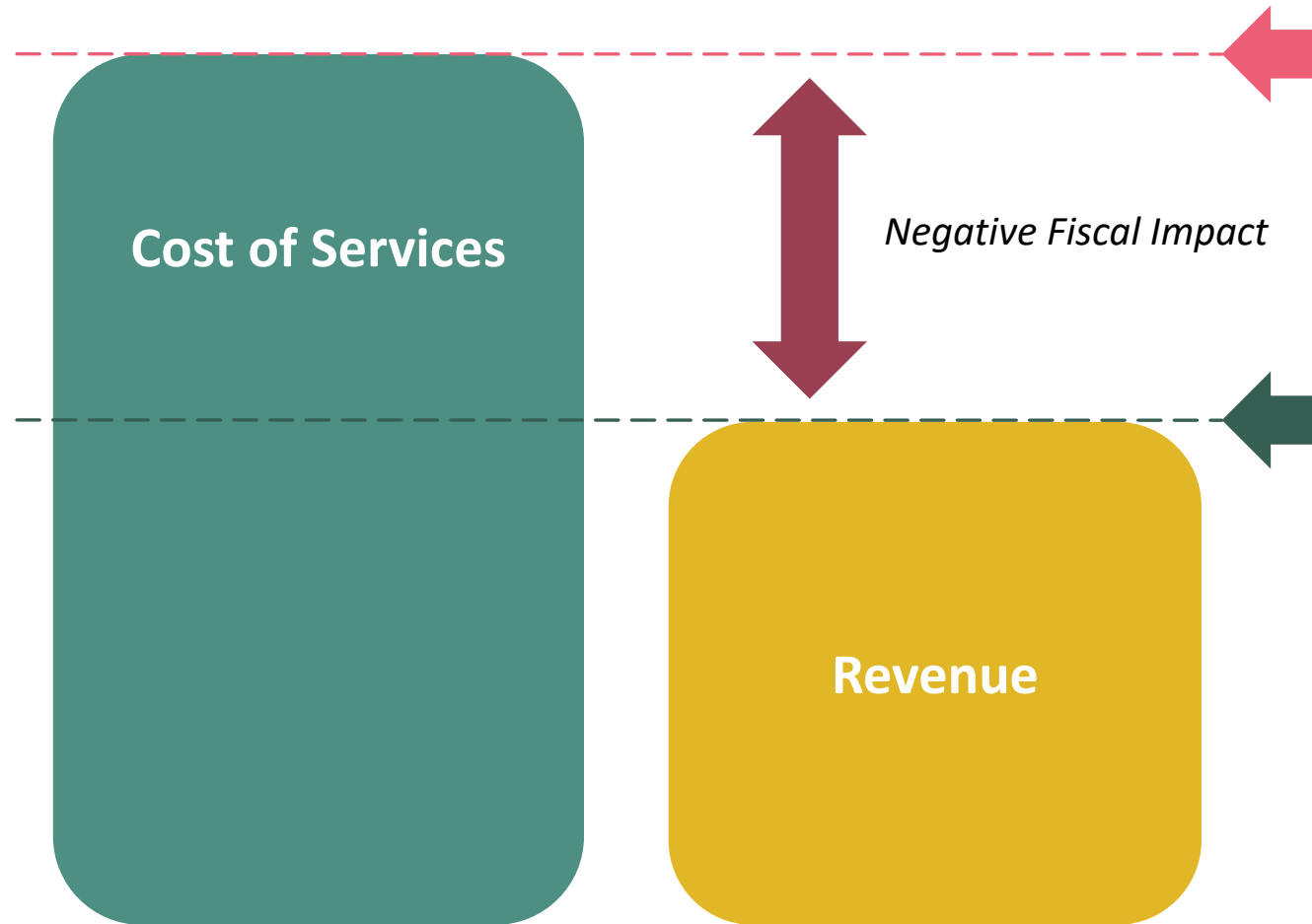
Strain on existing demand for services

Fiscal Impact Analysis quantifies new development revenue and costs

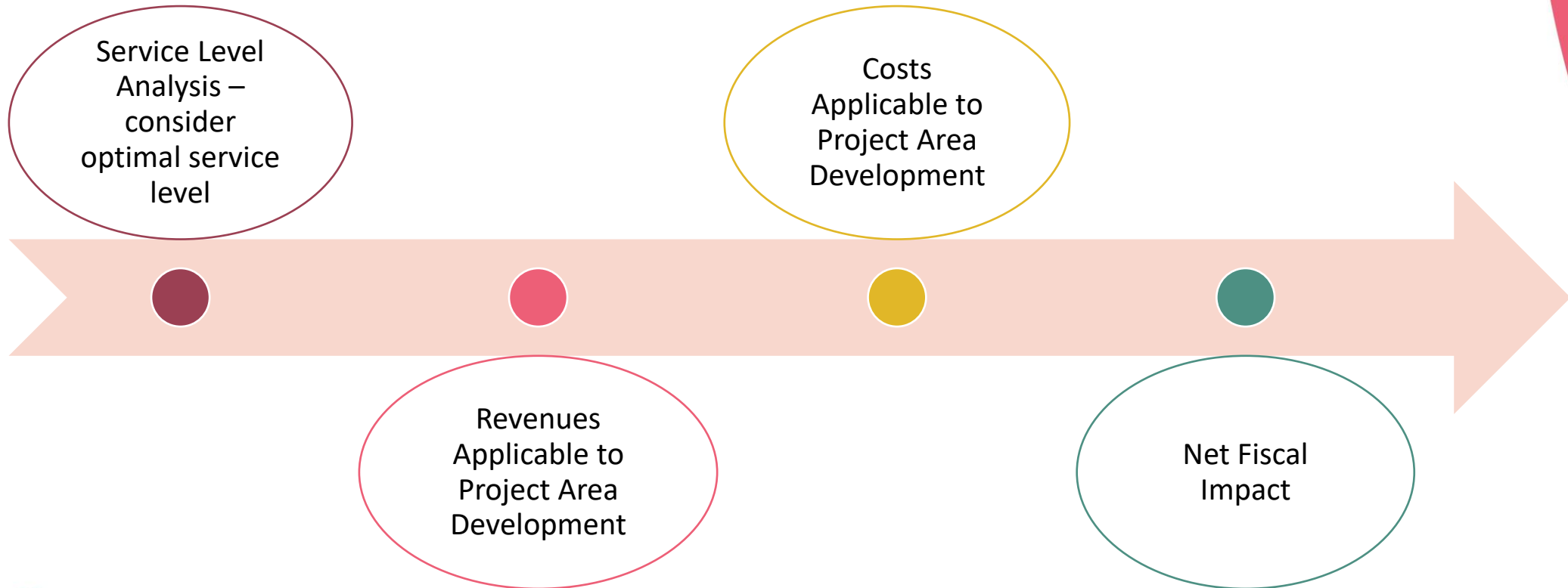
Community Facilities District is funding mechanism for services



Fiscal Impact Analysis



Fiscal Impact Analysis



Community Facilities District

Not Benefit Based

- Reasonable metrics
- Achieves local goals and policies

Approval Mechanism

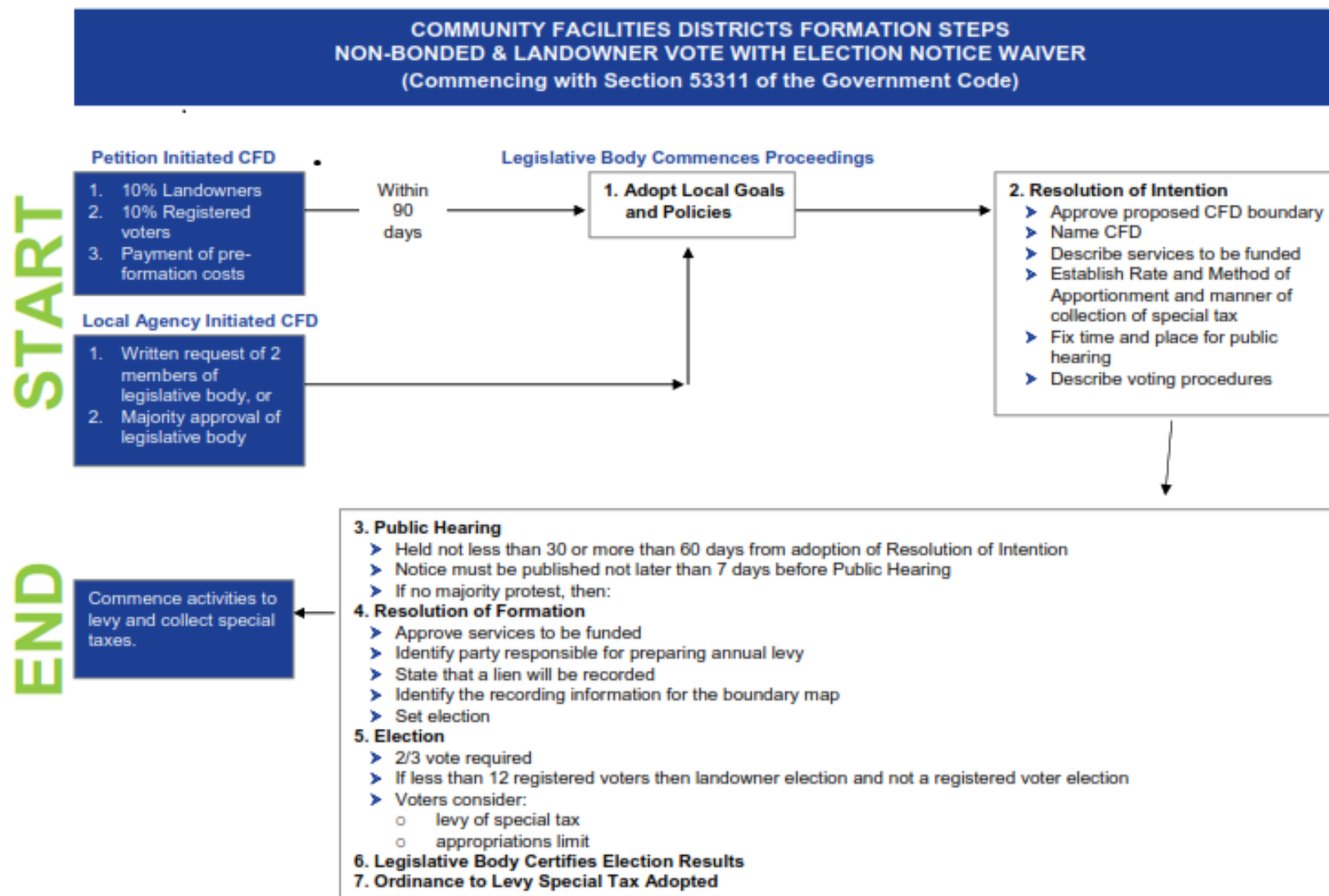
- Registered voter election
- OR
- Landowner voter election
 - 2/3 votes in favor

Sample List of Services

- Police and Fire
- Park, road, open space maintenance
- Flood/storm protection system maintenance



Community Facilities District



Solution – Business License Tax

May 2020 Focus Groups Key Principles Identified:



BLT

Business License Tax Modernization



Last updated in 1990



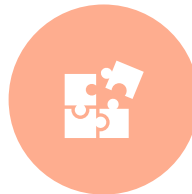
- Flat rates
- # of employees
- Gross receipts
- ~20 different categories



4% of General Fund Revenues



Inequities to small businesses

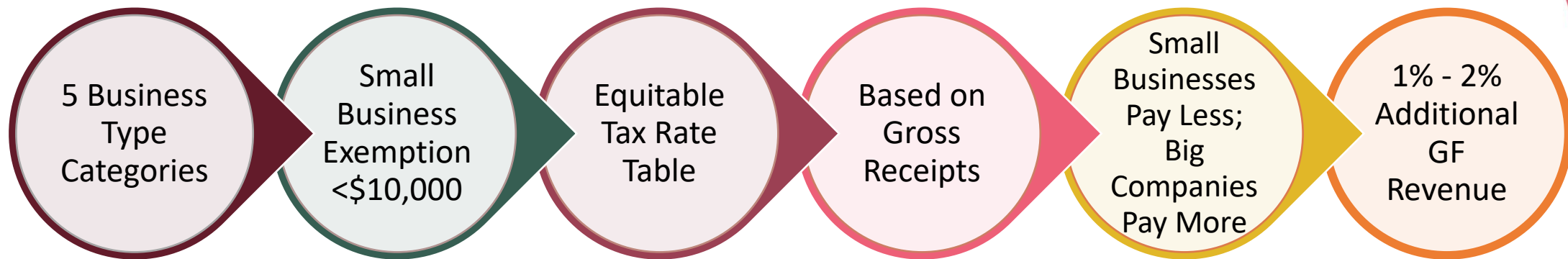


Complex to understand

- ❖ Halted by pandemic, restarted in 2021
- ❖ Requires a vote of Belmont residents
- ❖ Majority versus $\frac{2}{3}$ vote requirements



BLT – Proposed Tax Structure



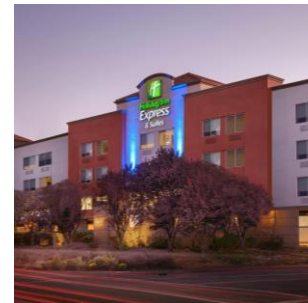
BLT – New Tax Considered

- ❖ Cannabis tax
 - ❖ Not currently a permitted land use
 - ❖ Concurrent work on developing land use regulations and ordinance
 - ❖ Include commercial cannabis as business type category with tax rate incorporated as part of BLT update
-

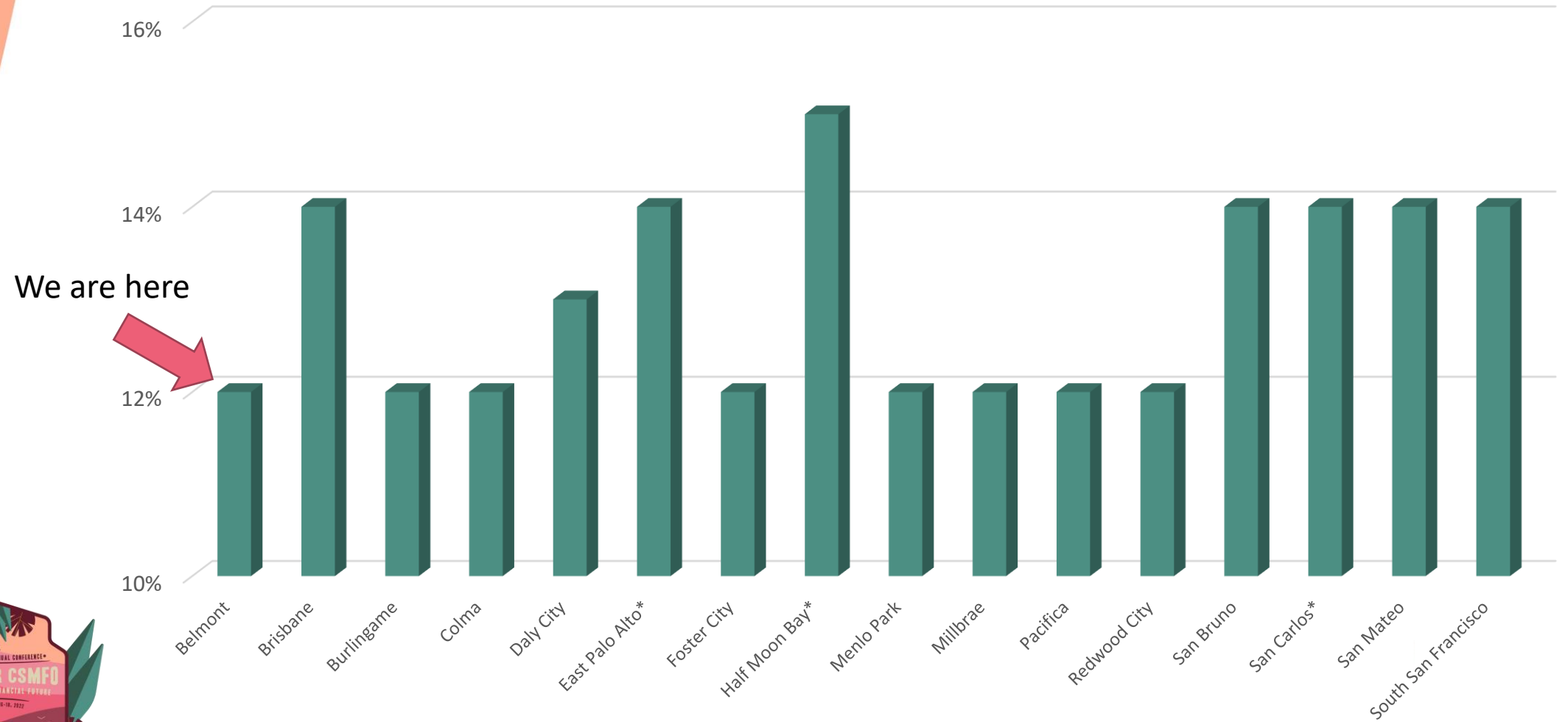


Solution – TOT

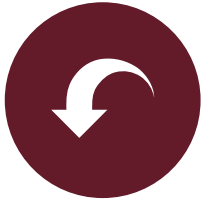
- ❖ 10 hotels – 950 rooms
 - ❖ Current rate – 12%
 - ❖ Pre-COVID: 3rd largest source of General Fund revenues
-



TOT Comparison



TOT



Currently lowest rate
in the County



Last ballot measure
in 2018



5 cities since 2018
increased TOT rates



Long-term lens for
TOT post-recovery




Stay comparable
with other cities



Summary

- 
- Preparing for the next crisis

- 
- Enhancing existing revenue sources
 - BLT
 - TOT

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- New revenue sources
 - CFD
 - Cannabis tax

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- Explore fee-supported programs
 - Stormwater fee
 - Comprehensive Community Development fee study
 - Franchise fee





Thank you!
Questions?