City of Pacifica
Financing City Services Taskforce
Minutes – September 19, 2011

1. Call to Order: 6:32 by Chair Bruce Banco. Attending: Pete Shoemaker, Bill Bent, Karen Ervin, Omar Saleh, Mary Ellen Carroll, Greg Cochran, Joe Kell and Councilmember Mary Ann Nihart
   Staff: Steve Rhodes, Ann Ritzma
   Excused: Councilmember Len Stone and Suzan Getchell-Wallace

2. Minutes:
   September 9, 2011 minutes approved.

3. Final Goals and Objectives
   Approved as presented.

4. Final Meeting Schedule
   Approved as presented.

5. Review of Potential New Revenue Sources
   Staff presented and discussed potential "new" or "increased" revenue sources in for the General Fund.
   Business License: Restructure/increase the % charged for each business type. A business license in Pacifica can range from the minimum of $40 per year to the maximum of $12,457. Businesses with gross sales under $25,000 pay the minimum, contractors are $50 and professionals (dentist, doctor, lawyer) are $100. It was noted that the majority of Pacifica business licenses issued are less than $100 per year.
   Transient Occupancy Tax (TOT) (Hotel tax): The voter approved measure increased TOT from 10% to 12% resulting in an additional $180,000 annually. Another source of TOT is collecting on Vacation Rentals By Owners (VRBO's). From a quick survey of online Pacifica VRBO (a total of 12), a potential $30,000 to $40,000 could be collected annually.
   Sales Tax: The City receives one cent on every dollar spent in Pacifica. Staff presented a summary quarterly report on Pacifica's sales tax – sources and changes over the past year. Fuel and service stations continue to be the largest source of sales tax for the City. The report also listed in alphabetical order the top 25 sales tax producers. A note, the City proposed an increase of one cent in the sales tax in 2009 and it was not approved by the voters. A one cent increase in the sales tax was projected to generate $1.2 million per year.
   Utility Users Tax (UUT): The City current UUT is 6.5% on gas and electricity. This is collected through the utility companies and paid to the City. There is a maximum annual tax of $500. In many cases small/medium businesses pay $500 annually in UUT and very large businesses reach the maximum of $500 in just the first few months of each annual cycle. The 5 year Financial Plan recommended restructuring the UUT by lowering the 6.5% to 6.00% and adding telecommunications to gas and electric utilities. Telecommunications would be

phone services. An additional $800,000 per year was projected with the restructuring the UUT.

Parcel Tax: The Pacifica School District has been successful in using a per parcel tax for school improvements and programs.

Fees, Charges and Rates: Charged by the city for services like recreation classes, inspections, permits and other transactions. These fees can only be increased if there is an increased cost for the service. A study is done to determine the cost to provide the service or a charge may be set by regulation (for example building code, state law or County charge).

Revenue from other government agencies

The City receives state collected revenue like the Gas Tax and Motor Vehicle License Fee (VLF).

Rent for Use of Public Property

The City receives rent from a variety of non-profit entities for facilities like the Sanchez Art Center, the Pacifica Pier and cell towers. Additionally, the City gets franchise fees from Comcast (cable television) and Recology (trash collection).

Fines, Forfeitures and Penalties

The City issues tickets, charges penalties and receives revenue from forfeitures. Fines for violations of the law are set by the State and County.

Staff has looked at three new revenues that have not been included in the 5 year financial plan.

Update Bldg. Permit Fees	$22,000-$33,000 annually
Winter Storm Water/Erosion Control Inspection	$14,000 annually
Towing Contract Fee	$32,500-$37,500 annually

The Task Force then discussed the need to look at not only options for increasing revenues for the 5 yr financial plan but the link between revenue increases and longer term economic development. Members of the Task Force commented on prior economic development issues in the City including development in the Quarry, Rockaway Beach and general residential development.

Staff noted that a report from the Economic Development Committee would be part of the next Task Force meeting. There was discussion about the Beach Boulevard project (development of the City owned property across from the Pacifica Pier). Staff noted that revenue projections for a housing/hotel/retail development on this site would generate $400,000-$500,000 annually (a combination of property tax, sales tax and transient occupancy tax). Under ideal circumstances this project can take up to five to seven years to develop prior to generating revenue.

A task force member asked about paid parking at Linda Mar Beach. Staff said the project continues to move through the approval process (State Coastal Commission). The revenue generated from the beach parking lot is projected at $180,000 annually which would offset the current staffing expenditures for a ranger and provide additional staffing for the beach area.

Other economic development projects like an outlet center at the Quarry or a hotel expansion at Rockaway Beach have a longer time frame and are privately owned so the City does not have control over what and when development might occur. Staff emphasized that the focus of the Economic Development Committee has been marketing the City of Pacifica that supports current businesses and attracts new business/development opportunities.

6. Oral Communications – None

7. Adjourn at 8:15 pm – Next meeting on Tuesday, Oct. 4th at 6:30pm