What about CSA’s and other Revenue Tools?

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Why this OBSESSION with revenues?
Why the OBSESSION?

1977: > 90%

Today: < 66%

Local Government Revenue
Dropped Immediately After Proposition 13

Local Government Annual Property Tax Revenue (In Billions, 2014-15 Dollars)
Is there Salvation?

I will not attempt the salvation of a bureaucrat.
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I will not attempt the salvation of a bureaucrat.
I will not attempt.
What primarily filled the gap?

- Sales/Hotel/Utility taxes
- Parcel taxes
- Community Facilities Districts/CFD
- Special (Benefit) assessments
- Rates, fees and charges
- CSA property-related fees
Property-related fees charged - CSA provides ‘municipal’ services including:

• Yolo County CSA 10 provides water, sewer, storm drain, street lighting and public landscaping services

• San Diego County CSA 135 provides regional communications system and fire protection/EMS
Some references:

• Senate Bill 1458 (2008-2009)

• CALAFCO -
  https://calafco.org/sites/default/files/resources/STPIPublication.pdf

• https://www.nbsgov.com/featured/what-the-heck-is-a-csa/
County Service Areas/CSAs

What can they do?
• Provide a wide array of local (municipal) services and infrastructure
• Often includes police, fire, ambulance, roads, parks, broadband services, etc.
  > A CSA may provide any service or facility that a County may provide

How are they governed and funded?
• They are not independent special districts
• They can overlap city and county boundaries
• SB 1458 (2009) cleaned up and modernized the CSA laws (after 60 years!)
  > CSAs may receive general property taxes, charges rates/fees, and incur debt
Santa Cruz County Libraries

- CFD ‘parcel tax’
- Renovate and rebuild libraries
- Community-wide support
- Registered voter vote
Regional Parks-related Parcel Tax Measure

NEEDS AND POLICY AIMS
- Maintain parks
- Provide services for many users
- Fairness to payers

FORMATION AND APPROVAL
- Research and poll
- Educate and inform
- Develop tax formula
- Mailed ballot election (2/3)

ANNUAL ADMIN
- Tracking, calculating, and collections
- Responding to inquiries
- Annual reporting

INITIAL FORMATION

ONGOING
Los Carneros Area Recycled Water Infrastructure

- Special/benefit assessment
- Recycled water infrastructure
- Strong community support
- Property-owner ballot process

WINNER: Water Hero Award
What was common factor with these tax, fee, and assessment case studies?

*Engagement and Collaboration*
Public Engagement – Why It Matters

• Local governments need the input of residents to make informed decisions
• The best ideas and policies often fail if the stakeholders are excluded from the process
• Including the public in collaborative governance facilitates trust and accountability
Key Pitfalls

• Overpromising
  - Can result from underestimating the time, resources, and expertise needed
  - This applies to both the process (engagement) and the policy change (outcome)

• Public Misunderstanding
  - Goes both ways as the public may misunderstand the policy proposal and the local government may misunderstand the values and priorities of the public
Barriers to Success for Public Engagement

• Internal Readiness
  - Do elected officials understand the process?
  - Do they have time for the process?
  - Is there a willingness to experiment?
  - Is there funding available?
Barriers to Success for Public Engagement

• External Readiness
  - Is the community aware that there is a problem?
  - What is the community’s level of trust in the agency?
  - Are there language, cultural, geographic, or economic barriers to participation?
Managing Expectations and Capacity

• Understanding your organizational capacity at the outset of a project will make the process much easier
  - Not always possible
  - Don’t overestimate time/resources or underestimate difficulty

• Setting clear expectations from the beginning is crucial
  - Internally with staff
  - Externally with the public
Levels of Public Engagement
Increasing level of public impact

Inform
Consult
Involve
Collaborate
Empower
Key Distinction: Outreach vs Engagement

• Public Outreach
  - Emphasis on informing and/or communicating with the public
  - Communication tends to be one way
  - Often an integral part of the broader engagement process

• Public Engagement
  - Emphasis on including the public in the decision making
  - Communication is necessarily two-way
  - Overlying goal is to have community members influence and/or determine final policy decisions
Outreach – Tools to Provide Information

• Education/Awareness
  - Flyers
  - Informational Meetings
  - Website
  - Social Media

• Transparency
  - Availability of documents like resolutions, financial reports, engineer’s reports, etc.
Engagement – Tools to Gather Information

• Contact Lists
• Community Workshops
• Advisory Committees
• Polls
• Surveys
• Contests
• Virtual Meetings (webinars with participation)
• Community Building
Successful Public Engagement Methods
Community Workshops
Community Workshops

- Workshops offer a great way to bring community members together to understand and address problems
- A wide range of topics can be covered, but the most salient issues should be prioritized
- The following are features of successful workshops:
  - Can be formal or informal, but must be structured
  - Organized by staff but ultimately led by the community
  - Hosted at a location that is accessible to as much of the community as possible
Surveys

- Surveys are a highly efficient tool to measure public knowledge, gather input, and receive comments and questions.
- They can be used before, during, and/or after the public engagement process depending on project goals.
- Surveys with the following features tend to be more effective:
  - Online and print availability
  - Simple language that is understandable for the average reader
  - At least a few week window of opportunity to complete the survey
Citizen Advisory Committees
Citizen Advisory Committees

- Citizen advisory committees allow select community members to serve as representatives who work directly with their local government.
- These committees share input from the community to local officials and vice versa, serving a key role in public engagement.
- Advisory committees are especially useful for the following:
  - Sharing information with the broader community
  - Finding highly informed and engaged residents to shape the decision-making process and policies that are produced
  - Building trust with the community
Continuous Action

• Consistency = Trust
  - Public engagement is not a one-time effort to gain public input and/or trust
  - It is a continuous mechanism by which local governments inform and learn from those they serve

• Practice Makes (Almost) Perfect
  - There may be growing pains at first, but learning through experience will make your public engagement efforts more effective over time
Common Property-Related Fees: Article XIII D, § 6
• Volumetric rates
• Enhanced analysis of customer classes and usage data
• Better synchronicity between residential and non-res
• Community support
• Marin Grand Jury comments
What is up with Parcel Taxes, CFDs, Fees, and Benefit Assessments?
The Spectrum of Tax to Fee/Assessments...

- **GLOBAL BENEFIT**
  - Public Safety Response
  - General Street Maintenance

- **BLENDED BENEFIT**
  - Recreation/Community Services
  - General Fire Prevention

- **INDIVIDUAL BENEFIT**
  - Fire Sprinkler, Encroachment Permits
  - Enhanced services
  - Undergrounding utilities

TAX FUNDED \rightarrow FEE OR ASSESSMENT FUNDED
## SFD Revenue Tools: The Short List

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Community Facilities District, or CFD</td>
</tr>
<tr>
<td>2</td>
<td>“Special” Parcel Tax</td>
</tr>
<tr>
<td>3</td>
<td>Special/Benefit Assessment Districts</td>
</tr>
<tr>
<td>4</td>
<td>Property-related fee <em>(CSA’s are special)</em></td>
</tr>
</tbody>
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Choosing Among Taxes/Fees/Assessments...

1. Develop Priorities
2. Choose SFD Tool(s)

Note: SFD=Special Financing Districts
# CFDs and Parcel Taxes

<table>
<thead>
<tr>
<th>NOT BENEFIT-BASED</th>
<th>APPROVAL MECHANISM</th>
<th>SAMPLE PROJECTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Reasonable metrics</td>
<td>• Voter approved, still 2/3 required</td>
<td>• Schools and libraries</td>
</tr>
<tr>
<td>• Achieves local goals and policies</td>
<td>• CFD landowner vote(s)</td>
<td>• New development</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Open space acquisition and maintenance</td>
</tr>
</tbody>
</table>
# Benefit Assessments

<table>
<thead>
<tr>
<th>ARE BENEFIT-BASED</th>
<th>APPROVAL MECHANISM</th>
<th>SAMPLE PROJECTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• General benefit</td>
<td>• Property-owner</td>
<td>• Infrastructure, new and replacement</td>
</tr>
<tr>
<td>• Rigor of assessment engineering</td>
<td>• Protest ballot</td>
<td>• Ongoing maintenance</td>
</tr>
<tr>
<td>• Still viable...</td>
<td>• 50% + protest?</td>
<td>• PBIDs/CBDs</td>
</tr>
</tbody>
</table>
Property-Related Fee (not water, sewer, trash)

**ANALYTICAL RIGOR**
- Voluntary nature?
- Analytical analysis

**APPROVAL MECHANISM**
- “Property-based fees” balloted

**SAMPLES**
- Sacramento Storm drain fee
- CSA fees for roads, fire, etc.
Should you update your general fee schedule?
<table>
<thead>
<tr>
<th>Type of Fee or Rate</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>User/Regulatory Fees – P26</td>
<td>Building Permits</td>
</tr>
<tr>
<td>Entrance / Use Gov’t. Property – P26</td>
<td>Facility Rentals</td>
</tr>
<tr>
<td>Fines and Penalties – P26</td>
<td>Library Fines</td>
</tr>
<tr>
<td>Impact Fee (AB1600)</td>
<td>Traffic Mitigation Fees</td>
</tr>
<tr>
<td>Rates (P218)</td>
<td>Water / Sewer Rates</td>
</tr>
</tbody>
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User and Regulatory Fees

- User Fees: Charges imposed for a service provided or required due to the request or action of an individual/entity
- Regulatory Fees: Charges imposed to recover costs associated with the City’s power to govern certain activities

✓ Cost recovery opportunities
✓ Revenues which the City Council / Board implements
✓ NOT: Taxes, Fines, Development Impact Fees, Utility Rates, etc.
Cost Allocation Plan (CAP) - Highlights

- **Legally Defensible Tool**
  Complies with Federal Law, Industry Standards, and GAAP

- **Industry Recognized Plan of Fair and Reasonable Costs**

- **Empowers Staff**
  Understanding of overhead costs, better cost recovery

- **Multiple Uses** –
  Available for Internal Costs Allocation and/or Title 2 CFR, Part 225 (OMB-87)
Let’s talk legal stuff!