

RICHMOND, CALIFORNIA,

February 1, 2022, 5:00 p.m.
Community Services Building
440 Civic Center Plaza
Richmond, CA 94804

A. OPEN SESSION TO HEAR PUBLIC COMMENT BEFORE CLOSED SESSION

February 1, 2022 - 5:00 p.m.

The Richmond City Council Evening Open Session was called to order at 5:00 p.m. by Mayor Thomas K. Butt via teleconference.

B. ROLL CALL

Present: Councilmembers Eduardo Martinez, Gayle McLaughlin, Melvin Willis, and Mayor Thomas K. Butt. **Absent:** Councilmembers Nathaniel Bates, Claudia Jimenez, and Vice Mayor Demnlus Johnson III arrived after the roll was called.

C. CLOSED SESSION

C.1 CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (paragraph (1) of Subdivision [d] of Government Code Section 54956.9)

- Hernandez v. Hodges
- SPRAWLDEF et al. v. City of Richmond
- The Guidiville Rancheria of California, et al. v. The United States of America, et. al.
- North Coast Rivers Alliance et al./Point Molate Alliance et al. v. City of Richmond

C.2 CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (Significant exposure to litigation pursuant to paragraph (2) or (3) of Subdivision (d) [as applicable] of Government Code Section 54956.9)

- **Three Cases**

In light of the California Court of Appeal's decision in Fowler v. City of Lafayette, the City Attorney's Office is attaching to this agenda four communications regarding the amended judgment and various agreements related to Point Molate. These letters provide the existing facts and circumstances for going into closed session on these items pursuant to California Government Code Section 54956.9(d)(2) and (e)(3).

C.3 CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (initiation of litigation pursuant to paragraph (4) of Subdivision (d) of Government Code Section 54956.9)

- One case - Veolia Mediation

C.4 PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Government Code Section 54957)

- Title: City Manager

D. PUBLIC COMMENT BEFORE CLOSED SESSION

There were no public comments via teleconference.

E. ADJOURN TO CLOSED SESSION

The Open Session adjourned to Closed Session at 5:02 p.m. Closed Session adjourned at 6:42 p.m.

F. REGULAR MEETING OF THE RICHMOND CITY COUNCIL

February 1, 2022 - 6:30 p.m.

The Regular Meeting of the Richmond City Council was called to order at 6:46 p.m. by Mayor Butt via teleconference.

G. ROLL CALL

Present: Councilmembers Claudia Jimenez, Eduardo Martinez, Gayle McLaughlin, Melvin Willis, Vice Mayor Demnlus Johnson III, and Mayor Butt. **Absent:** Councilmember Nathaniel Bates arrived after the roll was called.

H. PUBLIC COMMENT INSTRUCTIONAL VIDEO

The public comment instructional video was shown.

I. STATEMENT OF CONFLICT OF INTEREST

None.

J. AGENDA REVIEW

Mayor Butt proposed to move Item R.3 for discussion immediately following the Consent Calendar.

City Clerk Pamela Christian announced the following corrections to the ordinance for Item O.2.a regarding coal: (1) on page two of the draft ordinance (page 28 of 789 of the agenda packet), a recital states that the first reading occurred “on January 11, 2022”, this should read “January 18, 2022”; (2) on page four of the draft ordinance (page 30 of 789 in the agenda packet), the Supporting Statement of Fact for finding D stated, “The proposed amendments to not” and should state, “The proposed amendments do not”; and (3) on page five of the draft ordinance (page 31 of 789 of the agenda packet), the date for the first reading should be changed from “January 11, 2022” to “January 18, 2022”.

Motion by Councilmember Gayle McLaughlin

Seconded by Councilmember Eduardo Martinez

To overrule the mayor and hear the Open Forum, Item Q.1, and Item R.3 respectively following Item P.1 failed.

Ayes (3): Councilmembers Claudia Jimenez, Eduardo Martinez, and Gayle McLaughlin

Noes (3): Mayor Tom Butt, Vice Mayor Demnlus Johnson III, and Councilmember Nathaniel Bates

Abstentions (1): Councilmember Melvin Willis

Items R.3 and Q.1 were moved respectively for discussion immediately following the Consent Calendar.

K. REPORT FROM THE CITY ATTORNEY OF FINAL DECISIONS MADE DURING CLOSED SESSION

Interim City Attorney Dave Aleshire reported there was no action taken on the Hernandez v. Hodges litigation. Mr. Aleshire reported in regard to the three existing litigations related to Point Molate, there was a motion that indicated the City of Richmond received a communication from the East Bay Park District and the city attorney was directed to respond to that matter. Mr. Aleshire reported with regard to a clarifying letter related to the anticipated litigation cases, the city attorney was directed to return a letter to the Court of Appeals on the matter by a vote of 4 to 3, Councilmember Nathaniel Bates, Vice Mayor Demnlus Johnson III, and Mayor Tom Butt voted no. Mr. Aleshire reported that the Veolia mediation matter was discussed with no action taken and the city manager's performance evaluation was deferred. Mr. Aleshire stated that the letter regarding Point Molate was clarifying that the council previously decided not to participate in the litigation matter, and the council was reaffirming that with regards to the brief that was filed, the City of Richmond was not taking any position with regards to that litigation.

L. REPORT FROM THE CITY MANAGER (public comment allowed under Open Forum)

Interim City Manager Shasa Curl invited the community to the virtual Pan-African Flag Raising Ceremony in honor of Black History Month on February 2, 2022, at 10:00 a.m. at the Richmond City Hall via Zoom. Ms. Curl announced the following three City of Richmond grant opportunities: Richmond Fund for Children and Youth grant application deadline was February 7, 2022; Environmental Community and Investment Agreement competitive grant application deadline was February 13, 2022; and Love Your Block grant application deadline was February 25, 2022. Ms. Curl encouraged the community to call (510) 620-6563 with questions regarding the grants or visit the City of Richmond's website. Ms. Curl acknowledged all of the City of Richmond's grant administrators for their work.

M. ABATEMENT REPORT FROM THE PUBLIC WORKS DIRECTOR (public comment allowed under Open Forum)

Public Works Director Joe Leach presented a Powerpoint that highlighted the following abatement activities: Unity Park/Martin Luther King Day of Service and Booker T. Anderson Park debris management; illegal dumping removal, encampment abatement, and total tonnage collected; graffiti removal; and partnerships. The council recommended video surveillance in targeted illegal dumping areas. The council reported an abandoned vehicle and debris located near the Veterans Memorial Hall building on 23rd Street. The council recommended repairing the recurring damaged fence, located at Cutting Boulevard and Interstate-80 near Laurel Park, with iron fencing.

N. OPEN FORUM FOR PUBLIC COMMENT

The following individuals gave comments via teleconference:

Robert Travis gave comments regarding contract negotiations between the United Steel Workers (USW) labor union and the Richmond Chevron Refinery. Mr. Travis reported that the refinery was refusing a safe and orderly shutdown despite a potential work stoppage and may assign unskilled labor. Mr. Travis urged the council to support the USW in protecting the community.

Don Gosney gave comments regarding the redistricting process and draft maps. Mr. Gosney thanked the City Clerk's Office for the improvements to the draft maps per his suggestions.

Mark Wassberg gave comments regarding a post on Tom Butt’s E-Forum regarding the vice mayor signing a city contract for legal services on the mayor’s signature line.

Elsa Stevens gave comments in support of the Richmond Progressive Alliance and its affiliate organizations. Ms. Stevens expressed that the USW deserved a safe workplace at the Richmond Chevron Refinery and that she planned to show solidarity.

Linda Whitmore requested pothole repairs on Florida Street from South 2nd Street to Harbour Way. Ms. Whitmore reported that there was a homeless encampment with several tents in a fenced-off area on Cutting Boulevard and Harbour Way.

Vice Mayor Demnlus Johnson III invited the community to the virtual Pan-African Flag Raising Ceremony on February 2, 2022, at 10:00 a.m. at the Richmond City Hall via Zoom. Vice Mayor Demnlus Johnson III stated that whenever the council voted to take action and the mayor refused to execute his duties, it was his responsibility as the vice mayor to carry the duties out if the mayor chose not to perform such duties.

O. CITY COUNCIL CONSENT CALENDAR

Motion by Councilmember Eduardo Martinez
Seconded by Vice Mayor Demnlus Johnson III

To approve all items on the Consent Calendar passed.

Ayes (7): Mayor Tom Butt, Vice Mayor Demnlus Johnson III, Councilmembers Nathaniel Bates, Claudia Jimenez, Eduardo Martinez, Melvin Willis, and Gayle McLaughlin

O.1 City Clerk's Office

O.1.a Minutes of the Regular December 21, 2022, City Council Meeting

APPROVE the minutes of the December 21, 2022, Regular City Council Meeting - City Clerk's Office (Pamela Christian 510-620-6513).

O.2 Community Development

O.2.a Amendments to Richmond Municipal Code (RMC) Article 15.04.615 (PLN21-427)

ADOPT an ordinance (second reading) amending Richmond Municipal Code Sections 15.04.615.050.C and 15.04.615.010.B to extend the amortization period for existing nonconforming land uses related to coal and petroleum coke storage and handling and require the discontinuation of all such uses by December 31, 2026; and; DETERMINE that the ordinance is exempt from the California Environmental Quality Act (“CEQA”) because it is not a Project under CEQA (CEQA Guidelines section 15378) and because it is exempt from CEQA pursuant to CEQA Guidelines sections 15301 (existing facilities exemption), 15307 (action to protect natural resources), 15308 (action to protect the environment), and/or 15061(b)(3) (“Common Sense” exemption where there is no reasonable possibility of a significant effect on the environment) – Community Development Department (Lina Velasco 510-620-6841).

Adopted Ordinance No. 02-22 N.S.

O.3 Economic Development

O.3.a City-Wide Community Benefits Policy (Ordinance)

ADOPT an ordinance (second reading) for a city-wide community benefits policy – City Manager’s Office (Shasa Curl 510-620-6512).

Adopted Ordinance No. 03-22 N.S.

O.4 Finance Department

O.4.a Investment and Cash Balance Report for the Month of December 2021

RECEIVE the City’s Investment and Cash Balance Report for the month of December 2021 – Finance Department (Belinda Brown 510-620-6740).

O.5 Human Resources

O.5.a Resolution amending the salary schedule for Police Chief, City Clerk, and Director of Information Technology Classifications

ADOPT a resolution amending the City’s salary schedule to revise the salary ranges for City Clerk, Director of Information Technology, and Police Chief – Human Resources Department (Anil Comelo/Sharrone Taylor 510-620-6600).

Adopted Resolution No. 13-22

O.6 Mayor's Office

O.6.a Black History Month – February 2022

PROCLAMATION declaring February 2022 as Black History Month in the City of Richmond – Mayor’s Office (Mayor Tom Butt 510-620-6503).

O.7 Police Department

O.7.a Proposed 2-year sole-source contract with T2 Systems (referred to as “T2”) to provide citation services, collection services support, and data transfer to California Department of Motor Vehicles.

APPROVE a 2-year sole source contract with T2 Systems for an amount not to exceed \$50,000, for the period January 1, 2021, to December 31, 2022 – Police Department (Louie Tirona 510-621-1802).

O.8 Public Works

O.8.a Resolution to Accept and Appropriate Hellman Foundation Grant Funds to Purchase Maintenance Equipment to Support the City of Richmond Parks Maintenance

APPROVE a resolution to ACCEPT and APPROPRIATE grant funds in the amount of \$264,000 from Hellman Foundation to purchase maintenance equipment to support City of Richmond Parks and Landscape Maintenance Division – Public Works Department (Joe Leach 510-620-5478).

Adopted Resolution No. 14-22

P. PUBLIC HEARINGS

P.1 Redistricting Public Hearing

HOLD THE FOURTH PUBLIC HEARING AT 7:00 P.M. to receive public input on draft maps of voting district boundaries as part of the City’s redistricting process; SELECT a map to establish district boundaries; and determine election sequence – City Clerk’s Office (Pamela Christian 510-620-6513).

City Clerk Pamela Christian announced that it was time, pursuant to public notice, to hold a public hearing. Senior Consultant Shalice Tilton of National Demographics Corporation presented a Powerpoint that highlighted the following: redistricting process, rules, and goals; demographic summary of existing districts; draft maps summary and review; Interactive Map Viewer tool; redistricting webpage; and proposed sequencing. Discussion ensued. Mayor Butt declared the public hearing opened. The following individuals gave comments via teleconference: Don Gosney, Elsa Stevens, Jan Mignone, Mark Wassberg, Leisa Johnson, Eunice (last name not stated), Philip Rosenthal, Madalyn Law, Susan Wehrle, Oscar Garcia, Yenny Garcia, Linda Whitmore, Ahmad Anderson, Arto Rinteela, Debi McIntyre, Annie P., David Sharples, Jim Hanson, Norma (last name not stated), Brendan Boland, Randy Joseph, Lori Hart, Cesar Zepeda, Emily Ross, Luis Chacon, Bhavin Khatri, Samuel Lewis, James Daniels, Naomi Williams, Garland Ellis, Eli Moore, Paul Carman, Rita Barouch, Shawn Dunning, Michele Rappaport, Edith Pastrano, Deborah Bayer, Marisol Cantu, Lory Poulson, Sara Cantor, Susan Singh, and David Gutfield. Mayor Butt closed the public hearing. Further discussion ensued. The council recommended staff hold another redistricting community workshop before the next public hearing on this matter.

Motion by Councilmember Nathaniel Bates

Seconded by Councilmember Melvin Willis

To close the public hearing, allow the council to review the public comments received and obtain information from staff, and determine the voting district boundaries at a future City Council meeting. A friendly amendment made by Councilmember Claudia Jimenez to allow map submitters an opportunity to submit revised maps was not accepted.

Motion by Councilmember Gayle McLaughlin

Seconded by Councilmember Eduardo Martinez

Substitute motion to allow map submitters an opportunity to submit revised maps, hold off on voting, and vote on the matter at a subsequent City Council meeting passed.

Ayes (5): Vice Mayor Demnlus Johnson III, Councilmembers Claudia Jimenez, Eduardo Martinez, Melvin Willis, and Gayle McLaughlin

Noes (2): Mayor Tom Butt and Councilmember Nathaniel Bates

P.2 Appeal of Planning Commission’s approval of a conditional use permit and design review (PLN20-043)

ADOPT a Resolution Denying the Appeal and Affirming the Planning Commission’s conditional approval of a Conditional Use Permit and Design Review, to construct a single-family residence on a vacant parcel located within the RL1 zoning district and -S, Shoreline overlay district at 357 Western Drive – Community Development Department (Lina Velasco 510-620-6706). This item

was continued from the December 7, 2021, January 11, 2022, and January 18, 2022 meetings. The public hearing is closed on this item; for council discussion and resolution only.

Continued to the February 15, 2022, City Council meeting.

Q. NEW BUSINESS

Q.1 Potential Formation of a Community Facilities District for Point Molate

RECEIVE information and quantitative analysis regarding the potential formation of a Community Facilities District for the Point Molate development project; and after deliberation, CONSIDER providing any policy direction, as needed, regarding formation of a Community Facilities District for the Point Molate development project – Finance Department (Belinda Brown 510-620-6740). This item was continued from the January 25, 2022, meeting.

Public Works Director Joe Leach introduced the item. Public Finance Manager and Consultant Mark Northcross of NHA Advisors and Senior Managing Director Eric Segal of Integra Realty Resources presented a Powerpoint that highlighted the following: addressing policy questions; Integra Study; comparisons; potential “surplus” tax revenues; key negotiating points with SunCal and legal documents for resolving; and council actions required to form a Community Facilities District. Discussion ensued. *(At 10:59 p.m. - a motion by Councilmember Claudia Jimenez, seconded by Councilmember Gayle McLaughlin, to extend the meeting to complete the discussion for Item Q.1., passed by the following vote: Ayes: Councilmembers Claudia Jimenez, Eduardo Martinez, Gayle McLaughlin, Melvin Willis, and Mayor Tom Butt. Noes: Councilmember Nathaniel Bates and Vice Mayor Demnlus Johnson III. Abstentions: None. Absent: None).* Further discussion ensued. The council recommended the following: SunCal to share the impacts for the entire build-out time; the value-to-lien ratio was four to one instead of three to one; and provide the council with a 50-year cashflow impact analysis and any other additional analysis necessary for the council to make policy decisions on the matter. *(At 11:30 p.m. - a motion by Councilmember Gayle McLaughlin, seconded by Councilmember Eduardo Martinez, to suspend the rules and extend the meeting to complete the discussion for Item Q.1., failed by the following vote: Ayes: Councilmembers Claudia Jimenez, Eduardo Martinez, Gayle McLaughlin, and Melvin Willis. Noes: Councilmember Nathaniel Bates, Vice Mayor Demnlus Johnson III, and Mayor Tom Butt. Abstentions: None. Absent: None).*

Continued to the February 24, 2022, Special City Council Meeting.

Q.2 Approval of the Juneteenth Freedom Mural Project and Resolution of Intent to Rename

APPROVE the Juneteenth Freedom Mural Project at the South 37th Street Underpass; ADOPT a Resolution of Intention to rename the South 37th Street Underpass to Juneteenth Freedom Underpass; and SCHEDULE a Public Hearing for February 15, 2022 – Library and Community Services Department (LaShonda White/Ranjana Maharaj/Stephanie Ny 510-620-6523).

Continued to the February 15, 2022, City Council meeting.

R. BUDGET SESSION

R.1 Final Adjustments to Fiscal Year 2020-2021 Budget

RECEIVE an update on the Fiscal Year 2020-2021 budget – City Manager’s Office/Finance Department (Shasa Curl/Anil Comelo/Belinda Brown/Antonio Banuelos 510-620-6740).

Continued to the February 15, 2022, City Council meeting.

R.2 City of Richmond Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021

RECEIVE a report on the City’s Annual Comprehensive Financial Report (ACFR) for Fiscal Year 2020-2021 – Finance Department (Belinda Brown/Delmy Cuellar 510-620-6740).

Continued to the February 15, 2022, City Council meeting.

R.3 Gross Receipts Business Tax Measure U Fiscal Impact Estimates

RECEIVE an update on Measure U Fiscal Estimates – Finance Department (Anil Comelo 510-620-6600/Belinda Brown 510-620-6740/Antonio Banuelos 510-620-6741).

Interim Deputy City Manager Anil Comelo introduced the item. Mr. Camelo, Director of Finance Belinda Brown, and Accounting Manager Antonio Banuelos presented a Powerpoint that highlighted the following: Business tax estimates; transition year; community outreach; revenue and rate comparisons; and administrative rulings and procedures. Discussion ensued. Staff urged the business community to provide the data requested by the City of Richmond needed to update revenue projections. The following individuals gave comments via teleconference: Mark Wassberg, Judy Barr, John Varga, Katrinka Ruk, Shiva Mishek, Don Lee, Leisa Johnson, and Randy Joseph.

S. REPORTS OF OFFICERS: REFERRALS TO STAFF, AND GENERAL REPORTS (INCLUDING AB 1234 REPORTS)

None.

T. ADJOURNMENT

There being no further business, the meeting adjourned at 11:31 p.m., in memory of Eugene Clines and Linda Carr-Brown, to meet again on Tuesday, February 15, 2022, at 6:30 p.m.

Clerk of the City of Richmond

Mayor

From: [Cordell Hindler](#)
To: [City Clerk Dept User](#)
Subject: Public Comments- Open Session prior to closed session
Date: Thursday, January 27, 2022 4:31:50 PM

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Good Evening Mayor Butt, Council Members and City Staff,

I have a couple of Comments for the Record

1. I think that Shasa Curl has done an incredible job as the Interim City Manager
2. she also listens to not only the Department Heads, but the Community at large

Sincerely
Cordell

From: [Cordell Hindler](#)
To: [City Clerk Dept User](#)
Subject: public comments-open forum
Date: Thursday, January 27, 2022 4:37:00 PM

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good Evening Mayor Butt, council members and Staff,

I have a couple of items to consider for the Record

1. I am in full Support of O.5 on the consent calendar
2. the Update is that I will be having a Meeting with EL CERRITO high school Principal to discuss filling the Vacancies on the Youth Council

Sincerely
Cordell

From: [Ann Howard](#)
To: [City Clerk Dept User](#)
Cc: [Jim Hanson](#)
Subject: Public Comments Item P-1 Redistricting Public Hearing
Date: Monday, January 31, 2022 4:13:56 PM

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Dear Mayor and Council Members,

I strongly oppose the proposal to include the East Richmond neighborhood with the San Pablo Dam Road area. The East Richmond and North & East neighborhoods (Area 6 in the configuration shown on Map 201) are closely related in terms of geography and social concerns. I believe that we in East Richmond have little in common with the residents on the other side of the hills, in the San Pablo Dam Road district (Area 4.)

I volunteered for Meals on Wheels for about seven years making weekly deliveries throughout that Dam Road Area 4 and know that it is a very different environment from our more urban neighborhood. It is hard to imagine us having common goals and/or concerns.

Thank you for your attention,

Ann Howard
East Richmond Heights neighborhood

From: [Barbara Tanaka](#)
To: [City Clerk Dept User](#)
Cc: [Jim Hanson](#); [Dennis Hicks](#); [Claudia Jimenez](#)
Subject: Public Comments - Agenda Item P.1 - Redistricting Public Hearing
Date: Tuesday, February 1, 2022 11:39:42 AM

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Dear Council Members,

I am writing again with my support of maps 201 & 202 and my opposition to maps 101,102,106, 106b, 107 and 203. I have owned my home for 38 years on Macdonald Avenue, and lived in this neighborhood for most of my life. Maps 201 & 202 keep our East Richmond neighborhood in the same council district with the North and East neighborhoods and results in a district that is geographically contiguous with "communities of interest" and easily identifiable boundaries. Retaining this district should allow the city to achieve districts overall with balanced populations under the 2020 census.

Our East Richmond neighborhood is predominantly east from San Pablo Avenue to the city border, an area also served by the Richmond Heights Neighborhood Council. I live at the edge of the Richmond border with El Cerrito and consider my neighborhood to be on the western side of the El Sobrante hills. I often frequent locations and businesses currently represented by districts 1, 2, 3, 5 and 6. I haven't traveled into areas currently represented by district 4 in over a decade. Our neighborhood has similar interests with the North and East neighborhoods, with whom we are currently connected in district 6, as represented in maps 201 and 202.

We do not have common neighborhood interests with areas represented by the Fairmede/Hilltop, Hilltop Green, Quail Hill, Greenridge Heights, May Valley, El Sobrante Hills, Greenbriar, Carriage Hills (North & South) or Countryside neighborhoods, as they are geographically distant from where we live, in very different communities. Dividing us from our immediately contiguous North & East neighbors and putting us in the same district as the Richmond neighborhoods surrounding El Sobrante are represented in maps 101,102,106, 106b, 107 and 203, which I oppose.

I understand that there is a lot of community support for map 102 and my only objection to that map is dividing us from our neighborhood and placing us in district 4, with whom we have no common interest. If map 102 was reworked to keep Richmond heights in the same district as north and east neighborhoods rather than in district 4 with Carriage Hills, et al, I could support that change.

Thank you for your consideration,

Barbara Tanaka
5224 Macdonald Ave
Richmond, CA 94805

From: [Jim Hanson](#)
To: [Buzz Vanderschoot](#); [City Clerk Dept User](#)
Subject: Re: Public Comments Item P-1 Redistricting Public Hearing
Date: Monday, January 31, 2022 11:56:05 AM

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Hi Buzz,
Just get rid of that colon that got into the city clerk's email in the address line and it should work fine.

This will work.....To: cityclerkdept@ci.richmond.ca.us

Thanks for writing in!
Jim

On Mon, Jan 31, 2022 at 9:23 AM Buzz Vanderschoot <buzzv@sonic.net> wrote:
Mayor, Councilmembers:

I feel it's best to keep East Richmond connected to Central Richmond. This way is geographically contiguous and maintains undivided neighborhoods. Any other arrangement seems more like gerrymandering. Keeping it as it is should contribute to a better functioning Richmond.

Thank you and Good Luck to Richmond.

Buzz Vanderschoot
Resident here 44 years.

From: chr3@juno.com
To: [City Clerk Dept User](#)
Cc: richmondhtsneighcouncil@gmail.com
Subject: Re: Public Comments Item P-1 Redistricting Public Hearing
Date: Tuesday, February 1, 2022 1:25:42 PM

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Dear Mayor and Councilmembers,

Keep East Richmond connected to central Richmond.

Our geographical and social connection and interests - what the State of California calls "communities of interest" - is along the San Pablo Avenue corridor.

Additionally, keeping East Richmond with central Richmond (maps **201** and **202**) complies with California's districting criteria: geographically contiguous, maintain undivided neighborhoods, have easily identifiable boundaries, and are compact.

Keep us connected to central Richmond. East Richmond contributes to our city in many ways.

Thank you for your kind attention to this matter.

Sincerely yours,
Charles Rammelkamp
5634 Marin Avenue
Richmond, CA 94805

Choose to be safer online.

Opt-in to Cyber Safety with NortonLifeLock.
Get Norton 360 with LifeLock starting at \$9.95/month.*

NetZero.com/NortonLifeLock

From: [Elaine Barbara](#)
To: [City Clerk Dept User](#)
Subject: Public Comments Agenda Item # P1
Date: Tuesday, February 1, 2022 11:59:32 AM

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Dear City Council -

Please adopt the Map favored by the City Council.

Specifically, do not accept or use other maps at this time.

We need time to review and learn the consequences on the voting public.

Thanks for listening,
Elaine Dockens
Richmond District #2
22ebd01@gmail.com
312-927-4607 cell (text or email is best)

From: theseskins@aol.com
To: [City Clerk Dept User; richmondhtsneighcouncil@gmail.com](mailto:richmondhtsneighcouncil@gmail.com)
Subject: Subject: Public Comments Item P-1 Redistricting Public Hearing
Date: Sunday, January 30, 2022 9:16:07 PM

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I am writing this to express my concerns over one of the proposals for drawing new districts in Richmond.

Richmond is split into nearly 30 neighborhoods. While people in different neighborhoods certainly are friends, there are things that are done only as a neighborhood. Two official things are the neighborhood picnic and National Night Out. For the most part, we attend with the neighborhood where we live.

I have lived in the North and East for over 30 years. There have been times when people who live in East Richmond have made it very clear that they are very different from those of us "across San Pablo" and their concerns and desires are very different from ours. While my friends don't feel that way, there are people who have no qualms in expressing themselves. As a result, I feel no affinity with those who live in East Richmond.

Indeed, I feel very connected to the people in the North and East. This is my home, my neighborhood. To split us into different groups feels very odd; to have part of us join with East Richmond is almost insulting. With the nearly 30 neighborhoods we have, why should any of them be split to make the six voting districts. If the idea is to be certain that each district will be represented, I can say with all honesty that splitting ANY neighborhood into two or more districts would be counterintuitive and counterproductive. I really don't understand why anyone would think that should be done. And please don't put us into a district that has already made it clear to some of us that they somehow feel inferior.

Thank you for considering what I have to say.

Ellen Seskin

Sent from my iPhone

From: [Heather Bristow](#)
To: [City Clerk Dept User](#)
Cc: [Jim Hanson](#)
Subject: Public Comments Item P-1 Redistricting Public Hearing
Date: Monday, January 31, 2022 8:29:45 PM

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Dear Mayor and Councilmembers,

Keep East Richmond connected to central Richmond.

We, as neighbors, have worked so hard to forge connections with each other, which span from East Richmond Heights to San Pablo Ave and Barrett Ave. It's upsetting to learn we could have new lines drawn and have to start our organization and efforts over again, particularly when the existing map already so exquisitely outlines our inherent land-use and relational patterns to one another over space. Changing this would be disruptive to the neighbor connections and land-use connections we've already forged with one another.

Our geographical and social connection and interests - what the State of California calls "communities of interest" - is along the San Pablo Avenue corridor.

Additionally, keeping East Richmond with central Richmond (maps **201** and **202**) complies with California's districting criteria: geographically contiguous, maintain undivided neighborhoods, have easily identifiable boundaries, and are compact.

Keep us connected to central Richmond. East Richmond contributes to our city in many ways.

Thank you for your time.

All the best,

--

Heather Bristow

Mission Blue Gardens, Inc.
Elegant Gardens. Ecologically-inspired.
Oakland, CA
Landscape Contractor Lic #987728

510-221-6106
missionbluegardens.com

From: [VPhoto](#)
To: [City Clerk Dept User](#)
Cc: richmondhtsneighcouncil@gmail.com
Subject: Public Comments Item P-1 Redistricting Public Hearing
Date: Sunday, January 30, 2022 10:36:53 PM

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Dear Mayor and Councilmembers,

I write this to urge you to keep East Richmond connected to central Richmond.

Our geographical and social connection and interests - what the State of California calls "communities of interest" - is along the San Pablo Avenue corridor.

Frankly, on the rare occasions when I have gone along the Dam Road into the El Sobrante part of Richmond, it feels very different and distinct from East Richmond--like another city altogether.

Additionally, keeping East Richmond with central Richmond (maps **201** and **202**) complies with California's districting criteria: geographically contiguous, maintain undivided neighborhoods, have easily identifiable boundaries, and are compact.

So, vote to keep us connected to central Richmond. East Richmond contributes to our city in many ways.

Sincerely,
Jeanne Rogers

From: [Karen Henry](#)
To: [City Clerk Dept User](#)
Cc: richmondhtsneighcouncil@gmail.com
Subject: Subject: Public Comments Item P-1 Redistricting Public Hearing
Date: Sunday, January 30, 2022 8:32:35 PM

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Dear Mayor and Council members,

Keep East Richmond connected to central Richmond.

My family does most of its shopping, patronizing of health and social establishments, and connecting with other family and friends through the San Pablo Avenue corridor and central Richmond. This is OUR social, economic, and political community.

Additionally, keeping East Richmond with central Richmond (maps **201** and **202**) complies with California's districting criteria: **geographically contiguous, maintain undivided neighborhoods, have easily identifiable boundaries, and are compact. Besides, it is sensibly economical for the City to manage and maintain geographically connected neighborhoods rather than disconnected blocks.**

Keep us connected to central Richmond. East Richmond contributes to our city in many ways.

Kind regards,
Karen Henry
Resident of East Richmond Heights

From: [kim.nishimoto](#)
To: [City Clerk Dept User](#)
Cc: richmondhtsneighcouncil@gmail.com
Subject: Keep East Richmond connected to Central Richmond
Date: Tuesday, February 1, 2022 8:41:17 AM

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Dear Mayor and Councilmembers,

Keep East Richmond connected to central Richmond.
Our geographical and social connection and interests are along the San Pablo Avenue corridor.

Thank you,
Kim Nishimoto
403 Dimm Street

From: [Leisa Johnson](#)
To: [City Clerk Dept User](#)
Cc: [Pamela Christian](#); [Leisa Johnson](#)
Subject: Public Comments for Public Hearing Item P.1 on Redistricting
Date: Tuesday, February 1, 2022 5:24:21 PM

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Dear City Clerk,

Can you please include my below written comments as part of the formal written record & supplementary materials/minutes?

Thank you.

Best,
Leisa

Good Evening Mayor and Councilmembers:

My name is Leisa Johnson and I've been a Richmond resident for nearly 22 years. I'm proud to say that I have actively participated in this district mapping process since it began in 2019.

Tonight, I am speaking in full support of Maps 102C, 102D, and 102E as:

- They were **developed & are supported by a broad coalition of more than a dozen neighborhood councils** throughout our City;
 - This is the first time most neighborhood councils are speaking in unison, and the council is elected to represent the neighborhoods. You cannot just ignore our input.
- They are the most **socially just** maps.
- They are the only maps that have **legally compliant and defensible Voting Right Act districts for both Hispanics/Latinos** (District 1) **and Blacks** (District 3), which will ensure the future election of people of color.
- The RPA claims to support social justice and electing people of color. These maps are the best ones to meet those goals.
- Ironically, today is the start of Black History Month, yet the RPA is using people of color for a 'Call to Action' **against** establishing 53% Voter Rights Act, **legally-compliant and defensible districts for both Blacks and Hispanics/Latinos. Why?**

- These maps reunite Black and Brown communities;
- They are more equitable as Hispanics/Latinos, Blacks and Whites each have two

- majority districts, which is reflective of the top 3 overall CVAP % by race in Richmond;
- **In contrast**, Maps 201 and 202 create **three White**, two Black and **one Hispanic/Latino majority districts**, and **no Black VRA-compliant district**.
 - They have the **lowest overall population deviations**;
 - They **respect neighborhood council boundaries** to the greatest degree possible, while meeting both VRA and population deviation requirements;
 - They are **superior in keeping “communities of interest”** together:
 - District 1 retains its strong Hispanic/Latino majority;
 - They bring Southside neighbors together in District 3 and this has been their call to action;
 - Hilltop is reunited in District 2 as they have a keen interest in the redevelopment of the Hilltop Mall area;
 - They create a shoreline, bay trail District 5 including Point Richmond, Marina Bay and the Annex, reflecting voters of similar income levels, ethnicity and common interests, including commercial;
 - They reunite the 23rd Street and Cutting Blvd small business corridors;
 - The San Pablo Ave corridor remains split into 2 districts (D4 & D5), with both sides of San Pablo Ave residing in a single district.
 - They address concerns from Richmond Heights neighbors by joining them together with more of North & East.

Maps 201 and 202 fail to meet these critical objectives with the sole exception of have a comparable 53% Hispanic/Latino District 1.

I think we all can recognize that there is no perfect map. It’s also important to remember that it is **routine** for cities to require an election cycle for new maps to resolve, especially when we had to start with a badly gerrymandered map that did not equitably represent our community.

I live in Point Richmond, a predominantly white area, and if one of these three maps that I am fully supporting are adopted, that means that my neighborhood will **not** get to run or vote for a district representative in back-to-back elections, 2020 & 2022. Is that ideal? No. But I and many others fully understand that this is what is needed for the betterment of all of Richmond.

I respectfully request you to vote for one of these three maps. **Map 102C is slightly preferred** as it unites Pullman and Park Plaza, with only two neighborhoods in the entire City being split — the Iron Triangle and North & East (N&E). The Iron Triangle must be split to generate a VRA-compliant Hispanic/Latino district, and the N&E neighborhood must be split as its overall population is too high.

These maps were made by the people, for the people.

Thank you,
Leisa

From: [Lory Poulson](#)
To: [City Clerk Dept User](#)
Subject: Public Comments Item P-1 Redistricting Public Hearing
Date: Tuesday, February 1, 2022 11:56:09 AM

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Dear Mayor and Councilmembers,

I would like to join my neighbors' voices in requesting that you keep East Richmond connected to central Richmond:

Our geographical and social connection and interests — what the State of California calls "communities of interest" — align along the San Pablo Avenue corridor.

Additionally, keeping East Richmond with central Richmond (maps 201 and 202) complies with California's districting criteria: geographically contiguous, maintain undivided neighborhoods, have easily identifiable boundaries, and are compact.

Keep us connected to central Richmond. East Richmond contributes to our city in many ways.

Finally, I don't think any other districts are harmed by maintaining our current district.

Thank you,
Lory

—

Lory Poulson
5610 Hazel Avenue
Richmond CA 94805
510-236-4143 land
510-701-1681 cell

From: [Marena Brown](#)
To: [City Clerk Dept User](#)
Subject: Redistricting Maps 102C D & E
Date: Tuesday, February 1, 2022 12:33:30 PM

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Hello City of Richmond Clerk's Office (Mrs. Christian)

I am forwarding this communication on behalf of the Shields-Reid Neighborhood Council in support of the City Council accepting; Maps 102C, D & E to ensure that residents are served and represented fairly in the City of Richmond.

Thank you so much,

Marena Brown, President of Shields-Reid NC.

From: [MARY ANN RUBALCABA](#)
To: [City Clerk Dept User](#)
Cc: richmondhtsneighcouncil@gmail.com
Subject: Public Comments Item P-1 Redistricting Public Hearing
Date: Tuesday, February 1, 2022 12:10:45 PM

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Dear Mayor and Councilmembers,

Keep East Richmond connected to central Richmond.

Our geographical and social connection and interests - what the State of California calls "communities of interest" - is along the San Pablo Avenue corridor.

Additionally, keeping East Richmond with central Richmond (maps **201** and **202**) complies with California's districting criteria: geographically contiguous, maintain undivided neighborhoods, have easily identifiable boundaries, and are compact.

Please keep us connected to central Richmond. East Richmond contributes to our city in many ways.

Mary Ann Rubalcaba
464 Key Blvd
Richmond CA 94805

From: [Megan Zapanta](#)
To: [City Clerk Dept User](#)
Subject: Public Comments Agenda Item # P-1
Date: Tuesday, February 1, 2022 10:51:32 AM

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Dear City Council,

I am the Richmond Organizing Director of the Asian Pacific Environmental (APEN). We work with Laotian refugees and other Asian American immigrants and their families who believe that everyone deserves a voice in the decisions that impact our lives. As we work to educate our members and ensure they participate in the upcoming elections, we are concerned about the current redistricting process.

It has come to our attention that there is some support behind Map 102. Map 102 would disenfranchise over 8000 voters who were not able to vote in the last election and would leave District 1 unrepresented. It would also ensure that Asian Americans - the base we represent - would have no district where we are even tied for the majority of voting age citizens. District elections are supposed to ensure that under-represented groups have a voice in elections. Map 102 would undermine that effort.

Please vote in support of Map 201, which would ensure the least disruption to the current electoral process and best represent voters of color.

Thank you for attention,
Megan Zapanta
Richmond Organizing Director
Asian Pacific Environmental Network

--



Megan Zapanta
Pronoun: She, Her
Richmond Organizing Director, Asian Pacific Environmental Network
p: 510-236-4616 X 331 a: 12818 San Pablo, Richmond, CA 94805
426 17th Street, #500 Oakland, CA 94612
s: apen4ej.org e: megan@apen4ej.org,



From: [Owen Martin](#)
To: [City Clerk Dept User](#)
Subject: District map
Date: Sunday, January 30, 2022 7:26:03 PM

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Hello,
Please keep Richmond Heights and the North & East neighborhoods in the same district.
Thank you,
Owen Martin
1019 Ventura St.
510 231 0914

From: [Richard Brabham](#)
To: [City Clerk Dept User](#)
Subject: Redistricting Map 102
Date: Monday, January 31, 2022 3:31:00 PM

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Dear Ms. Christian,

I am writing in favor of adopting redistricting map 102. I feel it is the fairest for all facets of the city.

Thank you,

Richard Brabham

2823 Esmond Avenue, Richmond, CA 94804

510-234-0545

From: [Ryan Jones](#)
To: [City Clerk Dept User](#)
Subject: Public Comments Item P-1 Redistricting Public Hearing
Date: Tuesday, February 1, 2022 11:36:25 AM

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Dear Mayor and Councilmembers,

I am writing to you to express my desire to keep East Richmond connected to central Richmond.

With our geographical and social connection and interests connecting to the San Pablo Avenue corridor I see no reason why this redistricting would make any sense.

Additionally, keeping East Richmond with central Richmond complies with California's districting criteria: geographically contiguous, maintain undivided neighborhoods, have easily identifiable boundaries, and are compact.

Please keep us connected to central Richmond so we can make better decisions as a whole.

thank you for your consideration,
Ryan and Melissa
448 Key Blvd, Richmond, CA 94805

From: [Samantha Andonian](#)
To: [City Clerk Dept User](#)
Subject: Public Comments Item P-1 Redistricting Public Hearing
Date: Sunday, January 30, 2022 8:02:50 PM

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Dear Mayor and Councilmembers,

Please keep East Richmond connected to central Richmond. Our geographical and social connection and interests - what the State of California calls "communities of interest" - is along the San Pablo Avenue corridor.

Additionally, keeping East Richmond with central Richmond (maps **201** and **202**) complies with California's districting criteria: geographically contiguous, maintain undivided neighborhoods, have easily identifiable boundaries, and are compact.

We want to stay connected to central Richmond!

Samantha Andonian

m: (310) 467-0028

e: samanthakaden@gmail.com

From: [Sandra Tarbet](#)
To: [Tom Butt - external](#); [Demnlus Johnson](#); [Nat Bates](#); [Melvin Willis](#); [Claudia Jimenez](#); [Gayle McLaughlin](#); [Eduardo Martinez](#); [City Clerk Dept User](#)
Subject: Redistricting
Date: Tuesday, February 1, 2022 3:31:55 PM

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We want to keep East Richmond connected to Central Richmond.
Our geographical and social interests are along the San Pablo Avenue corridor!

Please continue to keep us in NDC 201.

From: [Steve Bischoff](#)
To: [City Clerk Dept User](#)
Subject: Public comments Agenda Item P 1
Date: Tuesday, February 1, 2022 10:55:49 AM

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Dear Mayor Butt, Vice-Mayor Johnson and other members of the Richmond CityCouncil - we the undersigned members of the May Valley Neighborhood Council ask that you adopt Redistricting Map 102 - this map was created by Neighborhood Councils and reflects their preferences - it deserves your support - thank you

Darcy Crosman, Steve Bischoff, Josephine Velazquez and Marilyn Saarni

From: [Sue Britson](#)
To: [City Clerk Dept User](#)
Cc: richmondhtsneighcouncil@gmail.com
Subject: East Richmond districting
Date: Monday, January 31, 2022 10:34:56 AM

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Dear Mayor and Councilmembers,

Keep East Richmond connected to central Richmond. I have been a resident on Amador St for the past 22 years.

Our area's geographical and social connection and interests - what the State of California calls "communities of interest" - is along the San Pablo Avenue corridor.

Additionally, keeping East Richmond with central Richmond complies with California's districting criteria: geographically contiguous, maintain undivided neighborhoods, have easily identifiable boundaries, and are compact.

Keep us connected to central Richmond. East Richmond contributes to our city in many ways.

Sincerely,

Sue Britson
664 Amador St
Richmond 94805

From: [Susan Wehrle](#)
To: [City Clerk Dept User](#)
Subject: Please keep our district together
Date: Monday, January 31, 2022 10:28:18 AM

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Dear Mayor and Councilmembers,

My household, my neighbors, and I are asking that you vote to keep East Richmond connected to central Richmond.

Our geographical and social connection and interests - what the State of California calls "communities of interest" - is along the San Pablo Avenue corridor.

Additionally, keeping East Richmond with central Richmond (maps **201** and **202**) complies with California's districting criteria: geographically contiguous, maintain undivided neighborhoods, have easily identifiable boundaries, and are compact.

Keep us connected to central Richmond. East Richmond contributes to our city in many ways.

(When I wrote before I may have given the incorrect map numbers. Therefore, I am writing again.)

My husband and I favor maps 201 and 202: PLEASE leave our district the way it is. The Heights and North and East, please. We live in the "Heights" district, but on the FLAT side, west of I-80, across San Pablo Ave from Richmond North and East. **They ARE our neighbors. My block is ethnically diverse.** (I have a problem with people who decide who we are, without knowing us.) A speaker at the last City Council meeting suggested that we are all white. Nope. Not my neighborhood. And, in fact, the Richmond hills are NOT a wealthy place, actually. (This is NOT Montclair or even Berkeley.)

We need to work to unify our city, not separate us. And, yes, **our City Council is actually rather representational of who we are in Richmond.** We have what appears to be some ethnic diversity (although I would rather ask people about their backgrounds than assume I can tell by looking at them). We have some younger folks and some older, and some in between. We have women and men (would love to have equal numbers of each). I don't know people's income levels. I am a retired teacher, as is Mr. Martinez. I almost know Mr. Johnson's age, since he was my student. I imagine we all have more in common than not, and I would appreciate if we acted on that premise.

Thank you for your consideration.

Susan Wehrle
John Wehrle
775 Lassen Street
Richmond 94805

From: [Tangie Young](#)
To: [City Clerk Dept User](#)
Subject: Public Comments Item P-1 Redistricting Public Hearing
Date: Sunday, January 30, 2022 10:33:25 PM

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Dear Mayor and Councilmembers,

Keep East Richmond connected to central Richmond.

Our geographical and social connection and interests - what the State of California calls "communities of interest" - is along the San Pablo Avenue corridor.

Additionally, keeping East Richmond with central Richmond (maps **201** and **202**) complies with California's districting criteria: geographically contiguous, maintain undivided neighborhoods, have easily identifiable boundaries, and are compact.

Keep us connected to central Richmond. East Richmond contributes to our city in many ways.

Tangie Young-Hooks, B.S.,LVN

From: [Yolanda and Lobsang](#)
To: [City Clerk Dept User](#)
Cc: [Jim Hanson](#)
Subject: Public Comments Item P-1 Redistricting Public Hearing
Date: Monday, January 31, 2022 9:38:18 AM

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Dear Mayor and Councilmembers,

I live in East Richmond, and I am speaking in favor of keeping East Richmond connected to central Richmond.

I have lived in East Richmond (5101 Prather Avenue) for 18 years and can tell you that our area is much more closely linked, in every way I can think of, to Central Richmond than the San Pablo Dam and El Sobrante areas.

We shop, recreate, go to Kaiser Richmond, and are physically closer to the N and E District than the San Pablo Dam Area, which has a completely different neighborhood feeling and commercial cluster than us. When we go to the SP Dam area, we feel we are going to a different neighborhood, more suburban than urban, with a different population.

If we were to be redistricted to SP Dam area, we would be outliers — marginalized because we have little in common.

Additionally, keeping East Richmond with central Richmond (maps **201** and **202**) complies with California's districting criteria: geographically contiguous, maintain undivided neighborhoods, have easily identifiable boundaries, and are compact.

Please keep us connected to central Richmond. East Richmond contributes to our city in many ways.

Thank you,
Yolanda O'Bannon

From: [Sally Tobin](#)
To: [City Clerk Dept User](#); [Gayle McLaughlin](#); [Eduardo Martinez](#); [Melvin Willis](#); [Claudia Jimenez](#); [Demnlus Johnson](#); [Tom Butt - external](#); [Nat Bates](#)
Cc: [Lina Velasco](#); [Shasa Curl](#); [Dave Aleshire](#)
Subject: Public Comments Agenda Item # Q.1.
Date: Monday, January 31, 2022 11:13:19 AM

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To: Mayor Butt, Vice Mayor Johnson, and Council Members Bates, Jimenez, Martinez, McLaughlin, and Willis

Item Q.1.

Potential Formation of a Community Facilities District for Point Molate

Review

What are land-secured Community Financing Districts (CFD's), and how do they work? The City is being asked to sponsor formation of tax districts with the help of specialists. Bonds would be issued and sold to investors, and the money would reimburse the developer for certain kinds of expenses. This means that the developer doesn't need to build some parts of infrastructure with cash out of pocket. When the units are sold, those debts are passed to the buyers and are included in the property tax bill every year until they are paid off. This means that homebuyers will be paying for infrastructure, and this will increase the profits and reduce risk to the developer.

In 2020, the previous Richmond City Council (Mayor Butt and Councilmembers Bates, Choi, and Johnson) voted in favor of selling Point Molate (422 acres of public land extending from the ridgetop to the Bay floor) to SunCal, a Southern California developer. The agreement requires the current City Council to "cooperate" with the developer. SunCal now wants the City to create a CFD so that the costs for infrastructure (power, water, sewer, roads, drainage, etc.) can be passed on to future buyers of the upscale homes and businesses that SunCal plans to build.

Outline:

1. A closer look at the Integra report
2. Protect Richmond residents from financial risks
3. Check out business practices and bankruptcy history of SunCal and their LLCs

1. The Integra Report

At the November 23 City Council meeting, members requested detailed information on CFD financing options, not a marketing survey. Ideally, such information would have included cost scenarios, ways to protect the Richmond General Fund, breakdowns of homeowner costs, and detailed pros and cons of the risk mitigation measures discussed at that meeting. Richmond City Staff, with the approval of SunCal, engaged a company called Integra, described as "a national real estate appraisal firm with extensive California experience," to provide answers to the council members' questions. However, the questions

listed in the Staff Report are not the same as those asked by the City Council Members. There may have been some confusion, because Integra somehow interpreted the job as a market analysis. Integra attempted to show that people would purchase homes near refineries, and in a separate assessment, that there were enough people within a 7 mile radius who could afford the proposed units. In addition, they suggested that current market conditions would permit increases in the estimated values of most of the proposed units. However, the Integra report seems superficial in several respects. Apparently their analyses were mostly carried out using MLS, CoStar, and the Gregory Group databases. Though homebuilders and developers were interviewed about buyer willingness to pay for CFD taxes, apparently local experts such as real estate sales agents and brokers were not included. This may have led to glossing over important considerations. For instance, do the four locations near refineries have petroleum storage tanks looming over a two-lane road that is the only way in and out? I suspect not. I live south of the refinery, closer than either of the two house sales cited...but I have more than one emergency escape route. The maps included in their packet do not show the refinery locations or topography. One location has only two data points. Were there efforts to gather more information? None are presented. Did Integra make contacts with local real estate agents or other experts? None are mentioned, except for one contact with a specific condo project in El Cerrito...but only the asking price was included, when sales prices would be more useful. The Integra report also incorporated a 7-mile-radius test of ability to purchase the units being offered for sale. Apparently the idea is that the units will sell rapidly if enough people within a designated area can afford to buy into a risky development with poor emergency exits, residual contamination, horrendous traffic snarls at the only freeway entrance/exit, and fumes from the refinery when the winds are from the east. Their findings then allowed the estimated home sale prices to be inflated, apparently with the thought that the CFD income will be proportionally higher. But this is all castles in the air. The analysis lacks thorough comparisons with all other Richmond shoreline home sales, and also the absorption rate (the number of sales per year until all are sold). This is a key element because payment of CFDs will only begin when units are sold. This particular report seems not to live up to the claim in the Integra mission statement: "Local Expertise...Nationally."

2. Richmond residents take the risk for SunCal and people who can afford units

The financial analysis shows no surprises: Incomes over \$225,000 will be required for purchase of even the least expensive townhomes. The proposed development is not designed to benefit Richmond residents, who have average household incomes of \$68,000. The 7-mile radius used in the report glosses over wide disparities from neighborhood to neighborhood and includes pieces of neighboring cities. Instead, shouldn't the Richmond residents who will be carrying all the financial risks from the development be able (in theory) to afford a unit? And why is the City considering such an outsize luxury development instead of working to build affordable housing near transit centers?

If the development fails for any reason, it is Richmond residents who will be left holding the bag. The City may be forced into bankruptcy, and if so, public services would surely decline. This would weaken the City's financial situation, and despite the assurances of consultants, this can't be good for the City's bond rating. Richmond residents don't deserve to have a financially risky, environmentally destructive luxury development take the place of what could be a fabulous city park that would provide real benefits to residents and their families. In contrast with reliable projections that the proposed development will require subsidies from all Richmond taxpayers for twenty years or more, the Community Plan for parkland at Point Molate is projected to bring revenue and to attract families, as well as investment.

3. SunCal's business plan: LLC + bankruptcy = crisis for Richmond

SunCal has legions of attorneys to protect itself from risk. SunCal creates LLCs for each project so that if there are problems, bankruptcy can be declared with no damage to the parent company. According to news reports, multiple SunCal LLCs have declared bankruptcy in the past, sometimes leaving eroding hillsides, as well as roads, water lines, sewers, and in one case, a bridge, far from completion. If that happens here, the city will be saddled with bankruptcy costs for years, and recovery of city funds will depend on the auction value of the lots after bulldozers have destroyed the landscape.

Then what are the risks to the City of Richmond? There are several: bankruptcy by the developer, failure of the development, and decrease in the value of the lots. Taking those one at a time: Bankruptcy by the

developer could be caused by several factors, such as loss of investor support. In 2008, more than 20 SunCal LLC bankruptcies were triggered by the Lehman Brothers collapse.

A bankruptcy declaration by the developer involved in land-secured financing districts means that Richmond would need to defend itself in bankruptcy court. The legal costs would be high, and the process would take years. At the end of this process, Richmond would receive some reimbursement for its expenses, but in the meantime, the legal costs would affect the General Fund and thus the City budget substantially. Would the city receive full reimbursement? The funds for reimbursement would come from an auction of the land at Point Molate. There might not be full reimbursement if the value of the property has decreased. For example, the investors in the development might withdraw due to economic events (like a worldwide depression or a new pandemic), so it's possible that a new purchaser of the development's assets might not be found. Second, bankruptcy by the developer might be triggered if too few units are sold, perhaps because of inflated unit prices and required fees for the land-secured financing district. Third, there could be a destructive event, such as fire or explosion. This is not an unreasonable possibility for a development next door to a major refinery, and would presumably reduce the value of real estate in the vicinity.

Of course, City can require that some CFD income be set aside for community benefits such as library services, recreational programs, fire, police, roads, open space, flood control, or remediation. But under the current oversized and underfunded development plan, Richmond would end up losing both a park and a historic chance to serve (instead of exploit) the existing residents of the City. Support for the proposed development is support for gentrification. This is too high a price to pay, and is especially unjust because Richmond's diverse residents would be subsidizing it.

Conclusion

The best benefit that Richmond can have is a gorgeous park for its residents and for the region. A park with a ranger station, with educational programs, with water recreation, with hiking and with a beach, all belonging to the public.

I urge the City Council to refuse CFD sponsorship.

Sincerely,
Sally Tobin

From: [Cordell Hindler](#)
To: [City Clerk Dept User](#)
Subject: public comments-R-1 Budget Session
Date: Thursday, January 27, 2022 4:41:14 PM

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good Evening Mayor Butt, council Members and Staff

I do appreciate the Hard work that the City Manager's Office and Finance has put into preparing this report

Sincerely
Cordell

From: [Don Lee](#)
 To: [City Clerk Dept User](#)
 Subject: PUBLIC COMMENTS AGENDA ITEM# R.3 Gross Receipts Business Tax Measure U Fiscal Impact Estimates
 Date: Monday, January 31, 2022 12:24:20 PM

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- My name is Don Lee. I am CEO of Hanlees Auto Group. We Have been operating four auto dealerships in Richmond for the past 27 years. We are now faced with a very unusual tax hike that has never been seen anywhere in the country. Here are the examples of increases under Measure U:

	2021 Gross Receipts	2021 Business License fee Paid	Under Measure U proposed fee	percent increase	Proposed Rate	Fairfield Rate	Davis Rate
Hanlee Hilltop Toyota	\$ 85,884,603.00	\$ 3,154.15	\$ 356,173.02	11292%	\$41.47 / \$10000	\$1.54/\$10000	\$2.99 / 10000 (has sales tax reduction of up to 70% based on district tax to City of Davis)
Hanlees Hilltop Nissan	\$ 27,382,167.00	\$ 1,763.48	\$ 84,016.88	4764%	\$30.68 / \$10000	\$1.54/\$10000	\$2.99 / 10000
Hanlees Hilltop Hyundai/Genesis	\$ 28,974,848.00	\$ 1,220.90	\$ 90,546.88	7416%	\$31.25 / \$10000	\$1.54/\$10000	\$2.99 / 10000
Hanlees Hilltop Buick GMC	\$ 20,529,802.00	\$ 940.10	\$ 60,392.39	6424%	\$29.41 / \$10000	\$1.54/\$10000	\$2.99 / 10000

As can be seen above, the increases are simply too extreme and we can NOT afford to pay. I would appreciate an opportunity to speak at the council meeting tomorrow. Please call me at 510-282-0703 if you have any questions.

From: [Guy Corrie](#)
To: [City Clerk Dept User](#)
Subject: PUBLIC COMMENTS ITEM# R.3 Gross Receipts Business Tax Measure U Fiscal Impact Estimates
Date: Tuesday, February 1, 2022 2:47:30 PM

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Dear Council Members,

This measure was rushed to make it to the ballot, and the business community was promised there would be an opportunity to interact with The City and amend this measure. There has been minimal interaction, and in the recent consultant's report, zero mention of our concerns or input delivered to The Council. As business is being asked to do the heavy lifting for the City's financial crisis, it would be nice to be heard. I am confident in saying that businesses within the City feel that an increase is needed, and are more than willing to pay their fare share. This measure, as written, is anything but.

I am asking, once again, for you to consider some ideas to amend this measure and make it more equitable and sustainable.

Most businesses, under Measure U, will not pay any tax on receipts of \$250,000 or less: just a fee of \$100. Why aren't property owners included? Instead, we will be taxed at the highest rates within this measure: 1.08% to 2.88%. At the very least, receipts up to \$250,000 should have a flat fee, and those in excess at the proposed tax rates.

The 1-4 unit provision rule is particularly vexing. If a property exceeds 4 units its rate increases another 2%? Same square footage, same receipts, but a tax nearing 3%: what is this? My understanding is that this rule was to accommodate residential property owners as they are small mom and pop investors. News flash: so are many of the commercial and industrial property owners who invested in Richmond for their retirement. This could in fact incentivize many property owners to reduce the number of units by increasing their size and making fewer units available to small business.

There have been many questions and comments about businesses leaving the City due to this proposal. It's not theoretical: they're leaving. One of our tenants is relocating to Vacaville and another is on the fence. Their 2022 Measure U licensing bill could be the tipping point, and these are only the ones we've heard from.

The State and Counties send property tax bills to be paid in 2 installments. The Fed and State have

an estimated quarterly payment system to accommodate taxpayers. As this is one of, if not the largest, tax increase in Richmond history, what payment options is the City offering? As they have scheduled payment due ahead of April 15th, I'm sure this is a question we would all like to have answered.

All landlords at some point will have to recoup the increases to their cost of doing business. ie: raising rents. This amounts to double taxes on small businesses still trying to recover.

This is crunch time: while harvesting some short-term relief from a cash windfall may ease the current crisis this seems unsustainable. Nearby cities may well be the biggest beneficiaries of Measure U. Cities and businesses build partnerships. It's been our observation that some are looking for new partners.

We are in favor of raising much needed funds for the City and would like to pay our fair share, but Measure U, as written, is not a fair and equitable response to the City's financial woes.

Thank you for your consideration.

Guy Corrie

Rest LLC

From: [Judy Dobbert](#)
To: [City Clerk Dept User](#)
Subject: public comments agenda item #R.3.
Date: Monday, January 31, 2022 6:25:49 PM

Revised Comment

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Regarding measure U, we understand the need for the City to change the taxation structure of our local businesses. However, the current rates being imposed are out of line. Currently, the city of Oakland, charging one of the highest rates in the Bay Area, is at \$1.20/\$1000 in receipts for auto dealers. Richmond is at \$3.94/\$1000! As a auto dealer, we receive an extremely high volume of receipts which in turn generates over \$8,500,000 in sales tax revenue. The high dollar volume in receipts however, is not related to our profitability and we cannot afford a \$500,000 business tax. Additionally, The Estimated Fiscal Impact Statement indicates that \$3.4 million dollars will be collected from the business community. However, the Hilltop Auto Dealerships are being asked to pay in excess of \$1 million. There is clearly a problem with the rate formulas. Please feel free to contact me should you need further information.

Respectfully,
Judy Barr
Compliance
Hilltop Ford/Kia
Hilltop CJDR

Your privacy is important to us. Before providing personal information, you may view our notice at collection of personal information and privacy policy at the following URL: <https://www.steadauto.com/privacy-links.htm> or ask a dealership representative for a copy.

From: [Shasa Curl](#)
To: [Pamela Christian](#); [City Clerk Dept User](#)
Subject: FW: measure U
Date: Monday, January 31, 2022 1:55:39 PM
Attachments: [measure U public comments 12-21.docx](#)
[CITY COMPARISON.xlsx](#)
[oakland task force results.pdf](#)
[OAKLAND BUSINESS LICENSE.pdf](#)

Public comment pertaining to Measure U -

From: Judy Dobbert <jdobbert@steadauto.com>
Sent: Monday, January 31, 2022 1:49 PM
To: Shasa Curl <Shasa_Curl@ci.richmond.ca.us>; Tom Butt - external <tom.butt@intres.com>; kpruk@sbcglobal.net; Eduardo Martinez <Eduardo_Martinez@ci.richmond.ca.us>; Gayle McLaughlin <Gayle_McLaughlin@ci.richmond.ca.us>; Melvin Willis <melvin_willis@ci.richmond.ca.us>; Demnlus Johnson <demnlus_johnson@ci.richmond.ca.us>
Cc: Don Lee <hanleesauto@yahoo.com>; Sid Savarani <sidsavarani@yahoo.com>; Barbara Martinez <barbara.martinez@hanlees.net>
Subject: measure U

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Greetings,

The attachments above were sent in as public comments regarding measure U in December.

We currently have 2 Auto Dealerships in Richmond and the proposed rates would cost us approximately \$500,000.

There is a definite problem with the rates or percentages used to calculate the business tax on dealerships.

We look forward to having conversations tomorrow as to how this situation can be resolved.

Respectfully,

Judy Barr

Stead Auto Group

925-550-4092

Your privacy is important to us. Before providing personal information, you may view our notice at collection of personal information and privacy policy at the following URL: <https://www.steadauto.com/privacy-links.htm> or ask a dealership representative for a copy.

We currently have 2 new car dealerships in the City of Richmond. Gross receipts in the automotive industry have nothing to do with our profitability. Our high volume in gross receipts is due to the selling of new vehicles which are simply not profitable.

We have looked into the business license/tax imposed by the surrounding Cities in which dealerships are located and have found their rates to be much lower. Please see attachment 1.

Additionally, when the City of Oakland was in the process of implementing changes to their business license fees, a Business Community Advisory Board as well as a Task Force were formed to ensure that the fees would support the attraction and retention of the City's businesses. Please see the resulting analysis and recommendations proposed in Oakland, attachment 2.

The proposed rates will impose an additional \$500,000 on our 2 dealerships. We take pride in our employee retention paying high wages, full medical package for not only our employees but their family members and a 401k plan. The increased fee could lead to layoffs at both of our dealerships.

The increase in the annual business license fees, puts our dealerships at a competitive disadvantage and could very well lead to a decrease in sales tax revenues paid to the City of Richmond.

Respectfully,

Judy (Dobbert) Barr

Compliance

Hilltop Ford Kia

Hilltop Chrysler Jeep Dodge Ram

CITY	GROSS RECEIPTS	\$70,000,000.00
RICHMOND	PER CALCULATOR	\$276,750.00 (Over \$50,000)
OAKLAND	\$1.2 /\$1000	\$84,000.00
BERKELEY	\$1.2 /\$1001	\$84,000.00
ALAMEDA	\$.4/\$1000	\$28,000.00 MAY USE G
FREMONT	\$.25/\$1000	\$17,500.00
NAPA	UP TO 1499999=\$250+\$10/\$1000	\$7,100.00

000,000 \$176,750, plus \$5.00 per \$1,000 of annual gross receipts over \$50,000,000)



CITY OF OAKLAND BUSINESS TAX CLASSIFICATION & RATE SCHEDULE

Ind. Code	Business Description & Tax Basis	Minimum Tax	How to Calculate The Tax
A C D I J K T W	Retail Sales (based on gross receipts) Automobile Sales (based on gross receipts) Wholesale Sales (based on gross receipts) Manufacturing (based on value-added) ¹ Mfg. (2) (based on Oakland expenses) Admin Headquarters (gross payroll) ² Media Firms (based on gross receipts) Miscellaneous (based on gross payroll)	If under \$50,000: \$60.00	If \$50,001 or more: (Gross Receipts, etc.) x .0012 (tax rate = \$1.20 per \$1,000)
B	Grocers (based on gross receipts)	If under \$100,000: \$60.00	If \$100,001 or more: Gross Receipts x .0006 (tax rate = \$.60 per \$1,000)
E H O P	Business/Personal Svcs. (gross receipts) Contractors (Oakland gross receipts) Commercial Rental—5-Yr Exemption ³ Hotel/Motel (based on gross receipts)	If under \$33,335: \$60.00	If \$33,336 or more: Gross Receipts x .0018 (tax rate = \$1.80 per \$1,000)
F	Professional/Semi-Professional Services (based on gross receipts)	If under \$16,666: \$60.00	If \$16,667 or more: Gross Receipts x .0036 (tax rate = \$3.60 per \$1,000)
G	Recreation/Entertainment (based on gross receipts)	If under \$13,335: \$60.00	If \$13,336 or more: Gross Receipts x .0045 (tax rate = \$4.50 per \$1,000)
L	Trucking/Transportation (based on the number of full-time employees)	None	See Tax Table II, below
M	Residential Rental Property (based on gross receipts)	If under \$1,000: \$13.95	If \$1,001 or more: Gross Receipts x .01395 (tax rate = \$13.95 per \$1,000)
N	Commercial Rental Property (based on gross receipts)	If under \$1,000: \$13.95	If \$1,001 or more: Gross Receipts x .01395 (tax rate = \$13.95 per \$1,000)
U	Utility Companies (based on gross receipts)	If under \$60,000: \$60.00	If \$60,001 or more: Gross Receipts x .001 (tax rate = \$1.00 per \$1,000)
X	Taxicabs (based on the number of permits)	None	\$180.00 per Permit
Y	Ambulances & Limousines (based on the number of vehicles)	None	\$75.00 per Vehicle
Z	Cannabis (based on gross receipts)	\$60.00	<u>2020 Cannabis Business Tax Rates</u>

¹ Value Added = Total Gross Receipts less the cost of raw materials used to make the product.

² Administrative Headquarters: This office location must be for administrative (non-revenue producing) purposes only. Must have at least one other revenue-producing location.

³ Newly constructed commercial building(s) with major renovations completed after 7/1/1981: May qualify for a lower tax rate of \$1.80 per \$1,000 for five (5) years. Contact the Revenue Audit Section at 510-238-3084 for further information.

TAX TABLE II (INDUSTRY CODE L)

Tax Rate Per Employee	Applicable Number of Employees
\$72.00	1 st Employee (business owner)
\$18.00	For each of the next 19 employees
\$9.00	For each of the next 80 employees
\$7.50	For each of the next 100 employees
\$4.50	For each of the next 200+ employees



Distribution Date: 10.29.21

MEMORANDUM

TO: HONORABLE MAYOR &
CITY COUNCIL

FROM: Erin Roseman
Director of Finance

SUBJECT: Blue Ribbon Equitable Business Tax Task
Force Analyses & Recommendation Report

DATE: October 29, 2021

INFORMATION

The purpose of this informational memo is to transmit an Analyses and Policy Recommendations report (**Attachment A**) prepared and adopted by the Blue Ribbon Equitable Business Tax Task Force on October 21, 2021, regarding the proposed new rates and the economic impacts of the recommended business tax rates as requested by the City Council pursuant to the Resolution 88478 C.M.S.

Respectfully submitted,

[Erin Roseman \(Oct 28, 2021 10:17 PDT\)](#)

Erin Roseman
Director of Finance
Finance Department

For questions, please contact Margaret O'Brien, Revenue & Tax Administrator, (510) 238-7480.

Attachment A:
Blue Ribbon Equitable Business Tax Task Force's Analyses and Recommendation Report



City of
OAKLAND California



CITY OF OAKLAND

BLUE RIBBON EQUITABLE BUSINESS TAX

TASK FORCE

ANALYSES AND RECOMMENDATION REPORT

Members:

Ari Takata-Vasquez, Chair, (District 2); Cynthia Larsen, Vice Chair (Mayor); Tasion Kwamilele, (At Large) Winter Williams (District 1); Adrionna Fike (District 3); Daniel Swafford (District 4); Minh Tsai (District 5); Ben Wanzo (District 6); Zain Oke, (District 7); Michael Katz (Resolution Appointment 1/12/2021); Elizabeth Ortega, (Resolution Appointment 1/12/2021)

Date of Issuance: Thursday, October 21, 2021

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EXECUTIVE SUMMARY

On January 12, 2021, the Oakland City Council amended Resolution No. 88227, which created a limited duration 11-member Blue Ribbon Equitable Business Tax Task Force (“Task Force”) to, “after thorough analysis and extensive community and stakeholder engagement, deliver for Council adoption [by October 31, 2021] a comprehensive recommendation for a modernized progressive business tax structure that achieves the City’s goals for revenue enhancement, reduction of race and equity disparities, tax code modernization, equitable economic development, and living wage job creation.” The Task Force held its meetings between April and October 2021. The Task Force engaged various stakeholders during their meetings, reviewed economic data provided by City staff and the consulting team from the Blue Sky Consulting Group, and examined tax rates in comparable and neighboring jurisdictions.

At the meeting held on September 30, 2021, the Task Force voted by a vote of 7 ayes to 3 nays to approve a tiered or progressive rate structure in which larger businesses pay a higher rate relative to smaller businesses in the same category. Rates vary from \$0.45 per \$1,000 of gross receipts for grocers to \$15 per \$1,000 in payroll for large administrative headquarters firms. Under the adopted Proposal, approximately 20,000 of the smallest businesses in the City (about 39% of all businesses) would see a tax reduction averaging about \$60 while approximately 1,500 larger business (about 3% of all businesses) would see increases in taxes, with substantial increases for the largest businesses. In addition, the Task Force Proposal would create a new administrative headquarters tax for large national firms with administrative functions in Oakland. This tax would apply in lieu of the regular payroll-based administrative headquarters tax for firms with more than 1,000 employees nationally and \$1 billion in revenue. The tax rate would be \$15 per \$1,000 of Oakland based payroll; on average administrative, headquarters firms would see a tax increase of more than 760%.

To provide ongoing recommendations with respect to the City’s disbursement of the additional revenues raised by the Business License Tax, the Task Force recommended that the City Council create a Business Community Advisory Board with broad representation reflecting the diversity of the City’s business community. The Task Force further recommended that the additional revenue be used for support of small business loan initiatives, funding a range of initiatives that would support the attraction and retention of businesses, increased funding to keep commercial neighborhoods clean and welcoming, efforts to make commercial retail space more accessible and affordable, and providing sufficient funding for collection and administration of the Business License Tax.

If placed on the ballot by the City Council and approved by the voters, the proposal is expected to raise an additional \$32.7 million for the City of Oakland, with the substantial majority of these revenues coming from the City’s largest firms.

BLUE RIBBON EQUITABLE BUSINESS TAX TASK FORCE TASKS AND FUNCTIONS

Background

On January 12, 2021, the Oakland City Council amended Resolution No. 88227, which created a limited duration 11-member Blue Ribbon Equitable Business Tax Task Force (“Task Force”) to, “after thorough analysis and extensive community and stakeholder engagement, deliver for Council adoption [by October 31, 2021] a comprehensive recommendation for a modernized progressive business tax structure that achieves the City’s goals for revenue enhancement, reduction of race and equity disparities, tax code modernization, equitable economic development, and living wage job creation.”

The amended Resolution called for the Mayor and each Councilmember to appoint one Task Force member and stated that the make-up of the Task Force should consist, “to the greatest extent practicable,” of at least one member in each of the following categories but no more than two members representing any one category:

- a) the very small business community (gross receipts below \$2.5M);
- b) the small to mid-sized business community (gross receipts below \$10M);
- c) large businesses (gross receipts above \$25M);
- d) an organization which focuses on economic development, entrepreneurship, or business development, with experience working in the City of Oakland;
- e) an economic expert or tax professional who has experience analyzing economic trends and business tax structures; and
- f) a community organization or labor union who has experience with City budgets and/or City services.

All members of the Task Force serve a single term beginning on their respective date of appointment and ending on January 1, 2022 unless the Task Force and members’ terms of appointment are extended by appropriate Council action. A list of the Task Force members is presented in Figure 1.

FIGURE 1: BLUE RIBBON TASK FORCE MEMBERS

Task Force Member	District Council Member	Category
Ari Takata-Vasquez, Chair , Small Business Owner, Executive Director of Oakland Indie Alliance, Oakland Resident	District 2: Nikki Fortunato Bas	A
Cynthia Larsen, Vice Chair , Director, Corporate Tax at Blue Shield of CA	Mayor Schaaf	C E
Tasion Kwamilele , Schnitzer Steel, Oakland resident	At Large: Rebecca Kaplan	C
Winter Williams , Small Business Owner, prior banking background, Oakland Resident	District 1: Dan Kalb	A
Adrionna Fike , Member/Owner of Mandela Grocery Cooperative *	District 3: Carol Fife	A
Daniel Swafford , BID District Manager for Montclair and Laurel, Oakland Resident	District 4: Sheng Thao	D
Minh Tsai , Founder and CEO of HODO Foods	District 5: Noel Gallo	B
Ben Wanzo , College Professor. Incubator lab/small business, Oakland Resident	District 6: Loren Taylor	A D
Zain Oke , Small Business Owner and former tax consultant for Deloitte, Oakland Resident	District 7: Treva Reid	A
Michael Katz , Regional Organizer for East Bay Works, Oakland Resident	Resolution Appointment	F
Elizabeth Ortega , Executive Secretary-Treasurer for Alameda Labor Council	Resolution Appointment	F

* Member Fike replaced Member Jessica Moncada Konte.

Task Force Process

The Task Force held its meetings every other Thursday beginning on April 22, 2021 with the last meeting held on October 21, 2021. Pursuant to the Governor’s Executive Order N-29-20, these meetings were conducted virtually, with Task Force members, City staff, and the public attending via video conferencing software. Recordings of the Task Force meetings, along with related documents such as the posted agendas and minutes, are available on the City of Oakland’s website at <https://www.oaklandca.gov/boards-commissions/blue-ribbon-equitable-business-tax-task-force>.

To facilitate their work, the Task Force established ad hoc subcommittees to focus on specific areas of interest. These subcommittees met as needed (typically once during the weeks when

no Task Force meeting was scheduled) and provided updates at subsequent Task Force meetings. Originally three subcommittees were formed:

- Committee A: Job Quality & Employment (Katz, Konte, Kwamilele and Oke)
- Committee B: Business Mobility, Real Estate, Attraction & Retention (Katz, Takata-Vasquez, Wanzo, and Williams)
- Committee C: Tax Categories & Implementation (Larsen and Swafford)

As of August 19, the Task Force disbanded the three existing subcommittees and created three new ad hoc subcommittees:

- Committee 1: Use of Funds (Swafford and Williams)
- Committee 2: Review of proposals called “City Council” and “City Council Alternate” (Katz, Kwamilele, Larsen and Ortega)
- Committee 3: Review of proposals from former Subcommittee C (Takata-Vasquez and Wanzo)

On September 16, the Task Force disbanded Subcommittees 2 and 3 and formed a new subcommittee to review the tax rates under consideration and provide additional guidance to the full Task Force:

- Committee 4: (Fike, Katz, Oke, Takata-Vasquez, and Wanzo)

Task Force Support and Materials Reviewed

Support for the Task Force was provided by City of Oakland staff and the Blue Sky Consulting Group. City staff and the consulting team provided the Task Force with relevant presentations and reports, including the July 8, 2020 report to the City Council prepared by City staff and the Beacon Economics report presented to the City Council on July 7, 2020.

Additional presentations, prepared using the most recent Business License Tax (BLT) data and economic forecasts prepared by City staff and the Blue Sky Consulting Group, were also prepared and distributed to the Task Force members. Key materials prepared by City staff and the Blue Sky Consulting Group include the following:¹

April 22, 2021: Orientation materials including an overview of the Brown Act Sunshine Ordinance and Robert’s Rule of Order.

“Designing a Progressive Business Tax” presentation, including an overview of the City’s General Purpose Fund (GPF) revenue sources; detailed data for the BLT including the current BLT structure and historical actuals and current

¹ All presentations and materials provided to the Task Force are available at the Task Force [website](#).

revenue forecasts; detailed information for the number of businesses, gross receipts reported, and tax revenues collected by business sector and business size; an overview of the Task Force’s goals and the economic trade-offs these goals may involve.

April 29, 2021: “Designing a Progressive Business Tax” updated presentation with historical data on the annual number of BLT accounts and BLT revenue by sector; comparative information on business tax structures and rates for other major California cities (e.g., San Jose and Los Angeles) and surrounding cities (e.g., Emeryville, Berkeley, and Richmond).

May 13, 2021: “Evaluating Potential Impacts from Changes to Oakland’s Business Tax” presentation with discussion of business mobility and factors that influence location decisions; review of economic literature on how businesses respond to tax changes and the impact these changes have on overall economic activity; Oakland job market statistics and data on the largest Oakland employers and employment by sector and size; considerations for the Task Force including what to consider when evaluating potential changes to the BLT rate structure.

May 27, 2021: “Blue Ribbon Equitable Business Tax Task Force” presentation with detailed data on the number of businesses, tax revenue collected, and gross receipts reported by sector and by size; illustrative examples of Oakland businesses of various types and sizes to show current business taxes in context of other financial data; estimates of the share of other Oakland tax revenues (e.g., property taxes, sales taxes, and transient occupancy taxes) from Oakland businesses, by business sector.

In addition, the Blue Sky Consulting Group developed a model to estimate the fiscal and economic impacts of changes to Oakland’s BLT rate structure. This model relies on the City’s BLT data as well as up-to-date forecasts of economic activity in Oakland to estimate BLT revenue. The model presents the overall estimated change in tax revenue under specified proposals, as well as detailed estimates of the changes to City BLT revenue by business sector and by business size. The model uses both a “static” analysis, which estimates the revenue change assuming no business response to the tax changes, and a “dynamic” analysis, which assumes businesses will respond to the tax changes. As such, it provides estimates not only of BLT revenue but also of changes in Oakland economic activity. This model was used extensively both at the Task Force meetings and at the subcommittee meetings to analyze the original City Council proposal as well as alternatives suggested by members of the Task Force.

Community and Stakeholder Outreach

The Task Force engaged various stakeholders during their meetings. These included members of the business community in Oakland and representatives of the cities of Richmond and San Francisco. A list of the Task Force and subcommittee guest speakers is provided below.

- Council President Fortunato-Bas (Task Force Meeting, May 27)
- May Seto Wasem, owner of Grand Lake Kitchen (Subcommittee A, June 30)
- Kris Kwei, President at Oakland Kia / Managing Principal at Broadway Investors LLC (Subcommittee A, June 30)
- Barbara Leslie, President/CEO of Oakland Metropolitan Chamber of Commerce. (Task Force Meeting, July 22)
- Heidi Pickman, Vice President, Programs & Policy, of California Association of Micro Enterprise Opportunity (CAMEO) (Task Force Meeting, August 5)
- Edward Del Beccaro, Executive Vice President / SF Bay Area Regional Manager of TRI Commercial Real Estate Services, Inc. (Task Force Meeting, August 5)
- Antonio Banuelos, Revenue Manager, City of Richmond (Task Force Meeting, August 19)
- Ted Egan, Chief Economist, City & County of San Francisco (Task Force Meeting, September 2)
- Hilary Abell, Co-Founder, Project Equity (Task Force Meeting, September 16)

OVERVIEW OF CURRENT BUSINESS TAX STRUCTURE

The BLT applies to businesses located or operating within the City of Oakland. The current tax system classifies businesses into 22 separate categories, each with their own rate structure. For most businesses, taxes are based on the total gross receipts received by the business during a calendar year for economic activity in the City. Certain sectors pay BLT based on value added, employees, permits, or total Oakland payroll.

As shown in Table 1, tax rates vary from \$0.60 per \$1,000 in gross receipts for grocers to \$13.95 per \$1,000 for residential and commercial landlords. Many businesses, including retail businesses and restaurants, pay \$1.20 per \$1,000 in gross receipts (i.e., 0.12% of gross receipts). Many other businesses, including business & personal services firms and contractors, pay \$1.80 per \$1,000 in gross receipts. There is also a minimum tax payment of \$60. While the current tax structure applies varying rates across sectors, the same rate applies to all businesses within a given sector, regardless of their size.

FIGURE 2: TAX RATES AND MINIMUM PAYMENTS BY BUSINESS SECTOR (CURRENT LAW)

Code	Sector	Tax Basis	Minimum Tax	Tax per \$1,000
A	Retail Sales	Gross Receipts	\$60.00	\$1.20
C	Auto Sales	Gross Receipts	\$60.00	\$1.20
D	Wholesale Sales	Gross Receipts	\$60.00	\$1.20
I	Manufacturing	Value Added	\$60.00	\$1.20
J	Manufacturing (2)	Oakland Expenses	\$60.00	\$1.20
K	Admin Headquarters	Gross Payroll	\$60.00	\$1.20
T	Media Firms	Gross Receipts	\$60.00	\$1.20
W	Miscellaneous	Gross Receipts	\$60.00	\$1.20
B	Grocers	Gross Receipts	\$60.00	\$0.60
E	Business & Personal Services	Gross Receipts	\$60.00	\$1.80
H	Contractors	Gross Receipts	\$60.00	\$1.80
O	Commercial Rental - 5-Yr Exempt [^]	Gross Receipts	\$60.00	\$1.80
P	Hotel, Motel	Gross Receipts	\$60.00	\$1.80
F	Professional & Semi-Prof. Services	Gross Receipts	\$60.00	\$3.60
G	Recreation And Entertainment	Gross Receipts	\$60.00	\$4.50
L	Trucking & Transportation	Employees	None	N/A
M	Residential Rental	Gross Receipts	\$13.95	\$13.95
N	Commercial Rental	Gross Receipts	\$13.95	\$13.95
U	Utility Companies	Gross Receipts	\$60.00	\$1.00
X	Taxicabs	Permits	None	N/A
Y	Ambulances & Limousines	Vehicles	None	N/A
Z	Cannabis	Gross Receipts	\$60	N/A

Note: Categories shaded in grey are not subject to tax rate changes under the City Council’s proposal and were similarly not considered for modification by the Task Force (see City Council Proposed Business Tax Structure).

TAX RATES IN COMPARABLE JURISDICTIONS

The Task Force examined the tax rates charged to businesses in neighboring and comparable jurisdictions. These tax rates vary across the region. San Francisco and Richmond have recently adopted tiered or progressive rate structures, with tax rates that increase with business size (as measured by gross receipts). Other jurisdictions, such as Emeryville and Berkeley, have structures similar to the current system in Oakland, with businesses of all sizes paying the same rates. Some jurisdictions, such as Walnut Creek, Concord and Antioch have rates that decrease with business size. Figure 3 presents a summary comparison of business tax rates and structures for selected comparable and neighboring jurisdictions. Figure 4 presents detailed tax rates by sector for selected jurisdictions.

FIGURE 3: BUSINESS TAX RATES FOR COMPARABLE JURISDICTIONS

City	Business Tax Type	Exemptions *	Rates
Oakland	Primarily GRT, some exceptions (e.g., employees, payroll, etc.)	Threshold limits (vary by category); Non-profits; some affordable housing; licensed family daycare <= 14 children	Range from \$0.60 (grocers) to \$13.95 (commercial and residential rental property) per \$1,000 Cannabis rates are progressive, \$1.20 to \$13.95 per \$1,000
Emeryville	GRT	Charitable organizations	For most businesses, \$1.00 per \$1,000; Commercial rent = \$3.50; Cannabis = \$60
Berkeley	Primarily GRT (similar to Oakland)	Wholly charitable organizations; Small businesses with government R&D grants	Rates range from \$0.60 (grocers) to \$4.50 per \$1,000 for most categories, with some much higher rates: Professional sporting events = \$100; Firearms and ammunition = \$150; Cannabis = \$25 to \$50
Richmond	Currently flat fee + tax per employee; Measure U (2020) implements GRT to take effect July 2021 and is described here(?)	Non-profits; small businesses < \$250K; affordable housing, some owner-occupiers room and ADU rentals if < 150% AMI; family daycare providers; hardship exemptions (1 yr. must apply)	Progressive system, rates are marginal and by category, most range between \$0.60 and \$2.00 (grocers) to \$3.60 to \$6.80 (professional services); Cannabis = \$50.00; Firearms = \$60 first \$2,500 then \$24; seems to pull from Oakland and Berkeley
San Francisco	Primarily GRT	Primarily non-profits	Progressive system, varies by category. (Note: Prop F (2020) modified categories and set rates for Jan 2021 w/annual increases through 2024). Most currently range from \$0.53 to \$9.10 per \$1,000 (Cannabis higher)
Los Angeles	Primarily GRT, some exceptions (e.g., Movie production = cost)	Non-profits; Small biz (< \$100K/yr.); Mutual funds; New auto dealers, Contractors < \$60K (\$153 flat fee)	Rates per \$1,000 range from \$1.01 (childcare provider & others) to \$4.25 (Professions & Occupations, others); Medical marijuana = \$60 per \$1,000
San Jose	Primarily num employees, some exceptions	Non-profits; Farmers within Santa Clara County selling own products in City	Base tax of \$203.85, most categories then taxed per employee starting at 3rd employee, progressive marginal tax (e.g., \$32.70 per employee for 3-35 employees, up to \$65.45 for 500+). All capped at \$163,745.
San Leandro	Flat fees, some categories add'l taxes (GR, headcount, sq ft)	Non-profits and most businesses with 3 or fewer employees within City	\$146.20 base for most businesses; GRT applied only to limited categories: Coin operated devices & towing (\$1.30); Firearms (concealed weapons & ammo) = \$44.00; parking lot (\$100)
Hayward	Limited GRT, most categories pay flat fees, per emp, per sq ft, etc.	Charities/non-profits; Peddlers or solicitors who are veterans, disabled, or indigent.	Most Retail/wholesale = up to \$373.35 fee if <\$3M, add'l GRT of \$0.11 for \$3M+ (some \$0.27 for \$400K+); Other rates at \$1.07 to \$1.33, Cannabis = \$70.
Walnut Creek	Most businesses may choose GRT or a flat rate + headcount	Charitable organizations; Minors (< 18 yrs.) with up to \$1,000 revenues	GRT of \$2.30 first \$10K then decreasing rate up to \$0.02 for revenues > \$10M; OR flat \$416.00 for 1 owner/partner + Add'l partners \$139.00 then \$28 per employee up to 300 then \$14 for above 300
Concord	GRT (wholesale/retail, comm rents, contractors > \$204K); rest per employee or flat fee	Non-profits may qualify for no-fee business license	GRT: minimum \$25 up to \$25K revenues, then marginal GRT rates that decrease from \$0.90 to \$0.30 per \$1,000 at \$7.5M annual revenues; Varying rates per employee for most other categories

City	Business Tax Type	Exemptions *	Rates
Antioch	GRT except per-unit for residential rentals	Non-profits	\$1.25 per \$1,000 up to \$1M, then add'l \$0.20 per \$1,000 of revenues > \$1M, Min of \$100 (\$25 home-based) Residential rental units = \$250/unit for Single-family, \$150/unit for multi-family
Pleasanton	GRT	Non-profits	Fees up to \$75 up to \$250K annual revenue, above that = \$0.30 per \$1,000.00
Fremont	GRT	Non-profits; Agricultural (non-retail); Part-time jobs (youths & seniors); Veterans	Most pay \$30 fee plus GRT per \$1,000 that varies from \$0.25 (retail) to \$1.50 (rec & entertainment). Charge extra \$0.30 for retail/wholesale in residential areas
Dublin	Fixed fees	Non-profits; Agricultural (non-retail); Attorneys; Part-time jobs (youths & seniors); Disabled veterans	\$94 new, \$26 renewal
<p><i>* California prohibits taxation by any local jurisdiction for certain entities including the following: (1) banks and financial corporations; (2) insurance companies; (3) persons engaging in business as a for-hire motor carrier of property; (4) persons engaging in intercity transportation as a household goods carrier; (5) charter-party carriers operating limousines that are neither domiciled nor maintain a business office within the taxing jurisdiction.</i></p>			

FIGURE 4: BUSINESS TAX RATES ⁽¹⁾ - SELECTED CITIES BY CATEGORY

Business Category		Oakland	Emeryville	Berkeley	Richmond ⁽²⁾	San Francisco ⁽²⁾	Los Angeles
A	Retail Sales	\$1.20	\$1.00	\$1.20	\$1.20 / \$3.20	\$1.05 / \$2.24	\$1.27
B	Grocers	\$0.60	\$1.00	\$0.60	\$0.60 / \$2.00	\$1.05 / \$2.24	\$1.27
C	Automobile Sales	\$1.20	\$1.00	\$1.20	\$1.20 / \$5.00	\$1.05 / \$2.24	(Exempt)
D	Wholesale Sales	\$1.20	\$1.00	\$1.20	(TBD)	\$1.05 / \$2.24	\$1.01
E	Business/Personal Services	\$1.80	\$1.00	\$1.80	\$1.80 / \$5.40	\$8.14 / \$10.08	\$1.27
F	Professional Services	\$3.60	\$1.00	\$3.60	\$3.60 / \$6.80	\$6.40 / \$8.96	\$4.25
G	Recreation/Entertainment	\$4.50	\$1.00	\$4.50	\$4.50 / \$5.00	\$4.20 / \$5.60	\$1.27 to \$2.55
H	Contractors	\$1.80	\$1.00	\$1.80	\$1.80 / \$3.00	\$4.20 / \$6.30	\$1.01
I	Manufacturing	\$1.20	\$1.00	\$1.20	\$1.20 / \$5.00	\$1.75 / \$6.65	\$4.25
J	Mfg. (unfinished good)	\$1.20	\$1.00	\$1.20	\$1.20 / \$5.00	\$1.75 / \$6.65	\$4.25
K	Admin Headquarters	\$1.20	\$1.00	\$1.20	\$1.20 / \$2.40	\$14.00 Biz Tax \$15.00 Homeless Tax ⁽³⁾	\$4.25
L	Taxicabs	\$180.00	\$200.00	\$215.00	\$180.00	\$1.75 / \$6.65	\$54.99
M	Residential Rental Property	\$13.95	\$1.00	\$10.81 (< 5 units) \$28.80 (5+ units)	\$10.81 (< 5 units) \$28.80 (5+ units)	\$4.42 / \$4.85	\$1.27
N	Commercial Rental Property	\$13.95	\$3.50	\$10.81	\$10.81 (< 5 units) \$28.80 (5+ units)	\$10.00 (warehouse) \$35.00 (other)	\$1.27
O	Commercial Rental(5-yr Exemption)	\$1.80	NA	NA	(1-yr exemption, lower rates)	NA	NA
P	Hotel/Motel	\$1.80	\$1.00	\$2.40 ⁽⁴⁾	\$1.80 / \$5.00	\$4.20 / \$5.60	\$1.27
T	Media Firms	\$1.20	\$1.00	\$2.40 ⁽⁴⁾	\$2.40 / \$4.80 ⁽⁴⁾	\$5.60 / \$7.84	\$1.01
U	Utility Companies	\$1.00	\$1.00	\$2.40 ⁽⁴⁾	\$2.40 / \$4.80 ⁽⁴⁾	\$4.20 / \$5.60	\$1.01
W	Miscellaneous	\$1.20	\$1.00	\$2.40	\$2.40 / \$4.80 ⁽⁴⁾	(varies)	(varies)
X	Ambulance, Limousines	\$75.00	\$200.00	\$215.00	\$75.00	\$1.75 / \$6.65	\$54.99
Y	Trucking/Transportation	\$72.00 (first), \$4.50 (201+)	\$1.00	\$2.40 ⁽⁴⁾	\$72.00 (first), \$4.50 (201+)	\$1.75 / \$6.65	\$88.69
Z	Cannabis	\$1.20 - \$95.00	\$60.00	\$25.00 / \$50.00	\$50.00	\$25.00 / \$50.00	\$10.00 to \$100.00
<i>(1) Rate is per \$1,000 in gross receipts except as noted by color coding:</i>		<i>(2) San Francisco and Richmond have adopted progressive GRT systems. For these cities, the min and max rates are presented (MIN/MAX). Note that Richmond's rates, which were passed by Measure U (2020) and will begin in 2021, represent the upper limit for the rates (the City Council has the authority to lower rates below these maximum rates). For San Francisco, some rates increase through 2024; the rates presented here are the rates set to take effect in 2024 unless otherwise noted.</i>					
<i>Value-added (per \$1,000)</i>		<i>(3) San Francisco's "Administrative Office" tax rate is the current (2021) rate and only applies to firms with 1,000+ U.S. employees and \$1 Billion or more in annual U.S. sales. San Francisco levies an additional 1.5% (\$15/\$1,000) Homelessness Tax on these firms.</i>					
<i>Local (In-City) Expenses (per \$1,000)</i>		<i>(4) These categories did not have a specific rate listed in the city's tax schedule and were therefore assigned the rate in the city's "Miscellaneous" category.</i>					
<i>Gross payroll (per \$1,000)</i>							
<i>Per permit or per Vehicle</i>							
<i>Per Owner/Officer/Employee</i>							

CITY COUNCIL PROPOSED BUSINESS TAX STRUCTURE

Prior to the creation of the Task Force, the City Council proposed a re-design of the Business Tax (the “City Council Proposal”) in 2020.² The City Council Proposal introduces a tiered or progressive rate structure for most business sectors, in which businesses with higher gross receipts totals pay higher rates relative to businesses in the same sector earning lower gross receipts. As shown in Figure 5, the affected sectors—i.e., those from which the City Council proposes raising additional revenue—account for roughly half of business tax revenues generated under the current tax code.

FIGURE 5: FY 2019-20 REVENUES RAISED, BY SECTOR

Affected Sectors		Unaffected Sectors		
A	Retail Sales	\$4,558,922	L Trucking & Transportation*	\$82,430
C	Auto Sales	\$850,949	M Residential Rental	\$20,902,935
D	Wholesale Sales	\$2,678,348	N,O Commercial Rental	\$13,726,051
I, J	Manufacturing	\$898,972	X Taxicabs*	\$25,020
K	Admin Headquarters	\$1,173,484	Y Ambulances & Limousines*	\$4,223
T	Media Firms	\$462,635	Z Cannabis	\$11,593,521
W	Miscellaneous	\$25,813	NP Non-Profit	\$20,778
B	Grocers	\$516,842		
E	Business & Personal Services	\$5,142,362		
H	Contractors	\$7,415,619		
P	Hotel, Motel	\$459,185		
F	Prof. & Semi-Professional Services	\$18,419,956		
G	Recreation And Entertainment	\$1,291,082		
U	Utility Companies	\$786,275		
TOTAL		\$44,702,100	TOTAL	\$46,354,958

* The Task Force was presented with information regarding the changes to the Trucking & Transportation, Taxicabs, and Ambulance & Limousine sectors proposed by Council Member Kalb but did not take any action on these proposals.

According to analysis prepared by the City Finance Department, the City Council Proposal would have raised an estimated \$27 million in additional revenue in FY 2018-19 (assuming no change in business activity in the City due to the tax increase). By FY 2023-24—the first year of full implementation if the voters were to approve this proposal in November 2022—the proposal would add a projected \$34.7 million over current law, a 34% increase in taxes collected over the status quo system and a 72% increase in revenue from the affected sectors.

² Adam Benson, “Equitable Business Tax Update,” July 8, 2020. This memo assesses the fiscal impacts of two separate City Council proposals. For purposes of this memorandum, the City Council’s proposal is the one referred to as “Proposal 2” in the Department of Finance memorandum.

City Council’s new proposed tax rates

For all business categories impacted by the City Council Proposal, progressively increasing marginal tax rates are imposed across five new tax brackets (see Figure 6). For the retail and wholesale sales sectors, the proposed tax rates imposed on the lowest bracket of gross receipts (from \$0 to \$1 million) are lower than the rates imposed on those sectors under current law. For most other sectors, small businesses would face an increase in taxes. For example, businesses with less than \$1 million in gross receipts in the Administrative Headquarters, Miscellaneous, and Contractors sectors would see an increase of over \$1.00 per \$1,000 relative to each sector’s current rate.

Across all sectors except for retail and wholesale sales, the marginal rates imposed at the highest bracket (above \$50 million in gross receipts) are at least twice as high as the sector’s current rate. For the Auto Sales, Manufacturing, Administrative Headquarters, and Miscellaneous sectors, this top rate is over four times greater than the sector’s current rate.

The City Council Proposal largely generates additional revenue by shifting the business tax burden onto larger businesses. Those receiving over \$50 million in gross receipts annually in FY 2023-24 would account for \$21.4 million in additional revenue—nearly two-thirds of the total additional revenue raised. The proposal reduces taxes on businesses with less than \$250,000 in gross receipts by over \$1.5 million, due to two new tax relief measures proposed for small businesses.

FIGURE 6: CITY COUNCIL PROPOSAL

Sector	Current Law, Tax per \$1,000	City Council Proposal – Tax Rates by Bracket (Gross Receipts, mil \$)				
		\$0 – \$1.0	\$1 – \$2.5	\$2.5 - \$25	\$25 - \$50	Over \$50
Retail Sales	\$1.20	\$0.75	\$1.00	\$1.25	\$1.50	\$2.00
Auto Sales	\$1.20	\$1.25	\$2.25	\$3.25	\$4.25	\$5.25
Wholesale Sales	\$1.20	\$0.75	\$1.00	\$1.25	\$1.50	\$2.00
Manufacturing	\$1.20	\$1.25	\$2.25	\$3.25	\$4.25	\$5.25
Admin Headquarters	\$1.20	\$3.50	\$4.50	\$5.50	\$6.50	\$7.00
Media Firms	\$1.20	\$1.80	\$2.80	\$3.80	\$4.80	\$5.00
Miscellaneous	\$1.20	\$3.50	\$4.50	\$5.50	\$6.50	\$7.00
Grocers	\$0.60	\$0.60	\$1.00	\$1.25	\$1.50	\$2.00
Business & Personal Services	\$1.80	\$2.00	\$3.00	\$4.00	\$5.50	\$6.00
Contractors	\$1.80	\$3.00	\$3.50	\$4.00	\$4.50	\$5.00
Hotel, Motel	\$1.80	\$1.80	\$2.80	\$3.80	\$4.80	\$5.00
Prof. & Semi-Prof. Servs	\$3.60	\$4.00	\$4.50	\$5.00	\$5.50	\$7.50
Recreation & Entertainment	\$4.50	\$4.50	\$4.60	\$4.70	\$4.80	\$5.00
Utility Companies	\$1.00	\$1.80	\$2.80	\$3.80	\$4.80	\$5.00

City Council’s proposed tax relief for small businesses

The City Council Proposal includes two measures that would reduce tax bills for small businesses.

1. *Maximum tax payment for small businesses:* Businesses that both (i) receive annual gross receipts of less than \$250,000; and (ii) are not in the residential property, commercial property, or cannabis sectors, may make an “alternative” tax payment of \$100 rather than the calculated payment under the City Council Proposal’s standard rates.
2. *Elimination of the minimum payment:* The City Council Proposal would eliminate the standard minimum payment of \$60 that under current law applies to most business sectors.

TASK FORCE PROPOSED TAX RATES

At the meeting held on September 30, 2021, the Task Force voted by a vote of 7 ayes (Katz, Fike, Oke, Ortega, Swafford, Takata-Vasquez, Wanzo) to 3 nays (Kwamilele, Larsen, Williams) to approve a rate proposal with the following characteristics:³

1. A tiered or progressive rate structure in which larger businesses pay a higher rate relative to smaller businesses in the same category. Rates vary from \$0.45 per \$1,000 of gross receipts for grocers to \$15 per \$1,000 in payroll for large administrative headquarters firms.
2. Seven distinct marginal tax brackets with gross receipts up to the bracket threshold taxed at the bracket rate, and revenue over the bracket threshold taxed at the higher rate in the next bracket.
3. A net tax reduction for some of the smallest businesses in the City, averaging about \$60 for approximately 20,000 businesses. This reduction is comprised of a lowering of the minimum payment from \$60 to \$50 for some businesses, and a reduction relative to current rates for other small businesses in some categories.
4. The creation of a new administrative headquarters tax for large national firms with administrative functions in Oakland. This tax would apply in lieu of the regular payroll-based administrative headquarters tax for firms with more than 1,000 employees nationally and \$1 billion in revenue. The tax rate would be \$15 per \$1,000 of Oakland based payroll.

³ Member Minh Tsai was not in attendance and did not vote.

The specific tax rates are presented in Figure 7 below.

FIGURE 7: TASK FORCE PROPOSAL

Sector	Current Law, Tax per \$1,000	Task Force Proposal – Tax Rates by Bracket (Gross Receipts, mil \$)						
		\$0 - \$1.0	\$1 - \$2.5	\$2.5 - \$10	\$10 - \$25	\$25 - \$50	\$50 - \$75	Over \$75
Retail Sales	\$1.20	\$0.90	\$1.08	\$1.25	\$1.50	\$1.75	\$2.00	\$2.50
Auto Sales	\$1.20	\$1.20	\$1.25	\$1.50	\$1.75	\$2.00	\$2.25	\$2.75
Wholesale Sales	\$1.20	\$1.08	\$1.14	\$1.25	\$1.50	\$1.75	\$2.00	\$2.50
Manufacturing	\$1.20	\$0.90	\$1.20	\$2.25	\$2.75	\$3.00	\$3.25	\$4.80
Admin Headquarters	\$1.20	\$3.50	\$4.50	\$5.00	\$5.50	\$6.00	\$6.50	\$7.00
Media Firms	\$1.20	\$1.80	\$2.80	\$3.20	\$3.80	\$4.80	\$5.00	\$5.50
Miscellaneous	\$1.20	\$3.50	\$4.50	\$5.00	\$5.50	\$6.00	\$6.50	\$7.00
Grocers	\$0.60	\$0.45	\$0.54	\$1.00	\$1.35	\$1.50	\$1.75	\$2.00
Business & Pers. Svcs	\$1.80	\$1.62	\$1.71	\$3.25	\$4.00	\$5.00	\$5.25	\$6.00
Contractors	\$1.80	\$1.80	\$2.75	\$4.00	\$4.50	\$5.00	\$5.50	\$6.00
Hotel, Motel	\$1.80	\$1.62	\$1.71	\$3.80	\$4.80	\$5.00	\$5.25	\$5.50
Prof. & Semi-Prof. Svcs	\$3.60	\$3.24	\$3.42	\$5.00	\$5.00	\$5.50	\$6.50	\$7.50
Recr. & Entertainment	\$4.50	\$4.50	\$4.70	\$4.70	\$4.70	\$4.80	\$5.00	\$5.50
Utility Companies	\$1.00	\$4.00	\$4.50	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00

FISCAL AND ECONOMIC EFFECTS OF PROPOSED TAX CHANGES

The task force reviewed estimated fiscal and economic impacts of the proposed tax changes, compared both to current law and the City Council Proposal. The estimated fiscal and economic impacts considered by the Task Force were based on analysis conducted by City staff and the Blue Sky Consulting Group showing that business responsiveness to tax rates depends on the cost of locating elsewhere and the nature of the customers served by the business, among other factors. For instance, businesses in some sectors functionally cannot “move” locations. Construction contractors, for example, must pay business taxes on the gross receipts derived from projects located inside City borders, regardless of where the contractor’s offices are located. Similarly, restaurants, grocery stores, dry cleaners, and other locally-serving retailers and service providers need to be near customers and therefore are less likely to move in response to a tax change. In contrast, professional service firms, for example, can relocate more easily to offices in other jurisdictions if business conditions (including tax rates) make such a move more attractive. Firms that sell primarily to customers outside of the City, such as manufacturers, may not be able to pass on tax increases to customers since competing firms located outside of the City are not impacted by the tax increase.

For the Task Force’s purposes, estimation of the additional tax revenue generated by a given tax proposal was subject to both “static” and “dynamic” scoring. Under a static model, taxpayers do not adjust their behavior in response to changes in tax rates. Static estimates of future revenues

generated by the City's business tax, therefore, assume that the City's economic growth is the same whether current rates remain in effect or are replaced with a tax increase. Static scoring likely overestimates the revenue generated by a business tax increase, since it fails to account for revenues lost due to businesses choosing to relocate or expand outside the City in response to the increase in rates. However, such a scoring provides a baseline for comparing across proposals. Under a dynamic model, by contrast, the fiscal analysis accounts for behavioral changes on the part of taxpayers (i.e. some taxpayers relocate, grow more slowly, expand outside of the City or choose to locate in a different jurisdiction in response to the tax increase).

For purposes of estimating the revenues generated by the proposals considered by the Task Force, three separate estimates are provided:

- The Static Scenario shows the estimated tax revenues generated by each proposal given an assumption that the City's business sectors would grow at the same rate regardless of whether the current rates remain in effect or are replaced with higher tax rates.
- The Constant Elasticity Scenario shows the revenues that would be generated if all businesses respond in the same way to a tax increase; specifically, estimates were developed based on an elasticity of -0.2, indicating that if a given tax proposal raises the total state and local tax burden (including estimated property and state income taxes) on a business by 10%, the business's projected gross receipts will be reduced by 2% relative to the gross receipts projected under the Static Scenario.
- The Variable Elasticity Scenario estimates the likely effects of a proposal based on the theory that larger increases in taxes produce a larger response from businesses. Under this scenario, small changes in taxes are estimated to produce a small change in economic activity (elasticity of -0.1) while larger changes in taxes produce a larger change in economic activity (elasticity of -0.6).

Fiscal and Economic Effects of Proposed Changes

Figure 8 presents the estimated revenue to be generated from both the City Council Proposal and the Task Force Proposal. As shown in Figure 8, under the Static Scenario, the City Council Proposal would generate \$34.7 million in additional revenue in FY 2023-24 while the Task Force Proposal would generate \$35.7 million. Under the Variable Elasticity Scenario, which takes into account the likely response of businesses to the tax change, the City Council Proposal is estimated to generate \$30.78 million compared with \$32.72 under the Task Force Proposal.

FIGURE 8: ESTIMATED REVENUE FROM TASK FORCE PROPOSAL

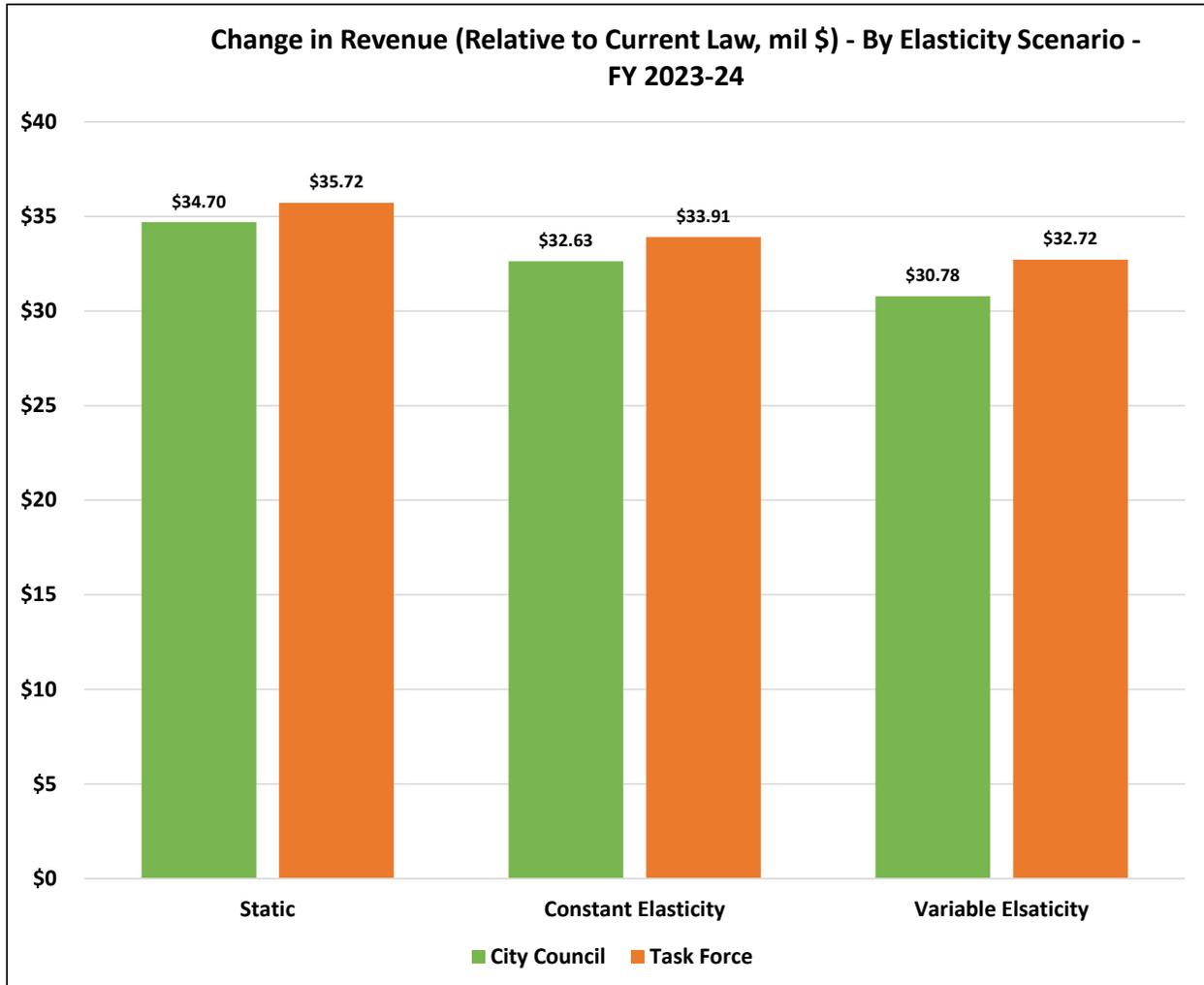


Figure 9 shows the estimated change in jobs likely to result from each proposal. Under the Constant Elasticity Scenario, which assumes the same response across all businesses, the net reduction in jobs would be approximately 1,300 under both the City Council and the Task Force Proposals. Under the Variable Elasticity Scenario, which estimates a larger business reaction to larger tax increases, the City Council Proposal is estimated to result in a reduction of about 2,300 jobs compared with a reduction of about 2,250 jobs under the Task Force Proposal.⁴

⁴ Note that the City’s private sector employment is approximately 200,000.

FIGURE 9: ESTIMATED CHANGE IN JOBS

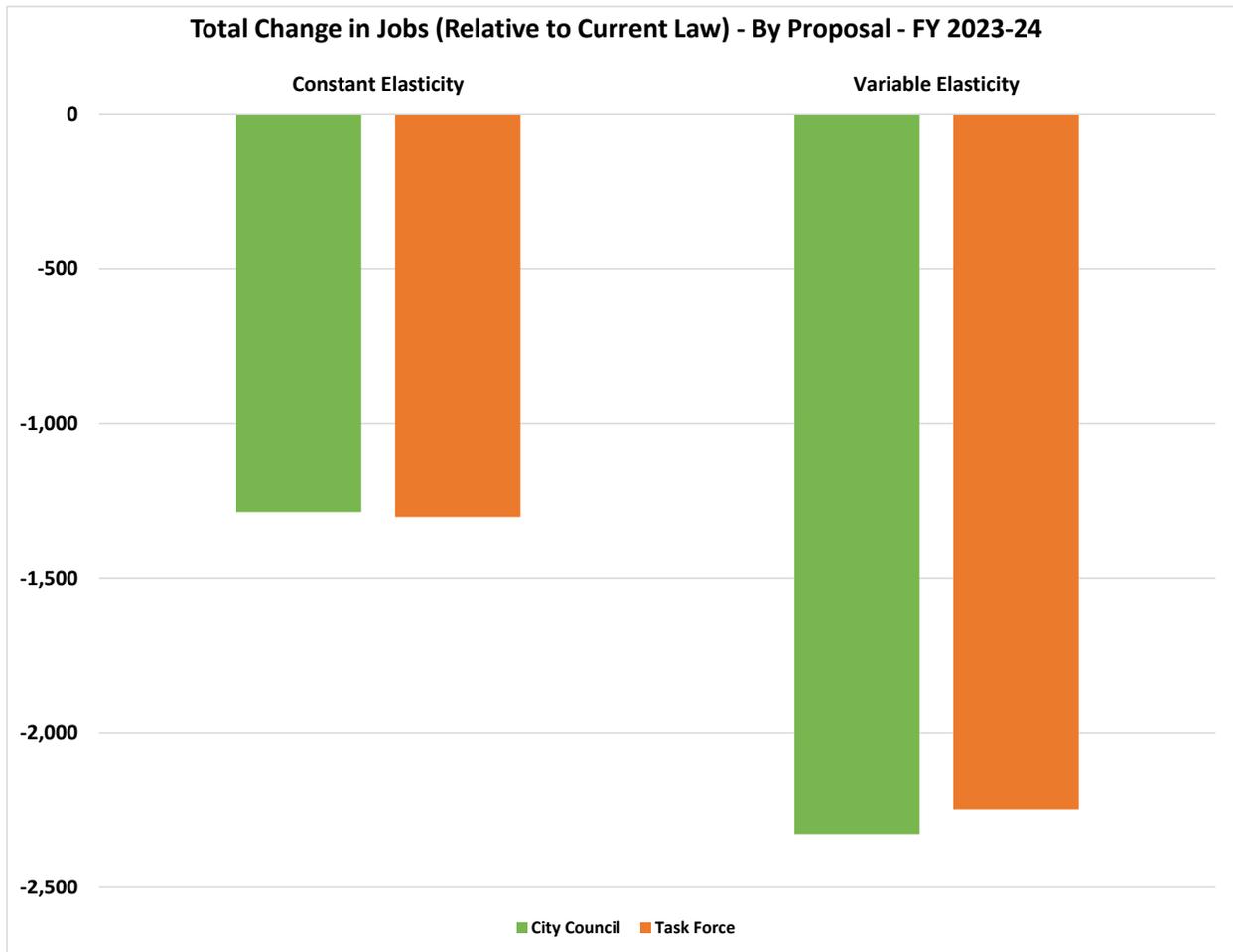


Figure 10 shows the extent to which the current tax system, the City Council Proposal and the Task Force Proposal rely on the largest 10 taxpayers to generate revenue. Under current law, these 10 taxpayers are expected to account for 11.3% of tax revenue from the sectors affected by the Task Force Proposal. Both the City Council Proposal and the Task Force Proposal would rely more heavily on these 10 taxpayers, who would account for 18.1% and 22.0% of revenue, respectively.

FIGURE 10: PERCENT OF REVENUE FROM LARGEST 10 TAXPAYERS

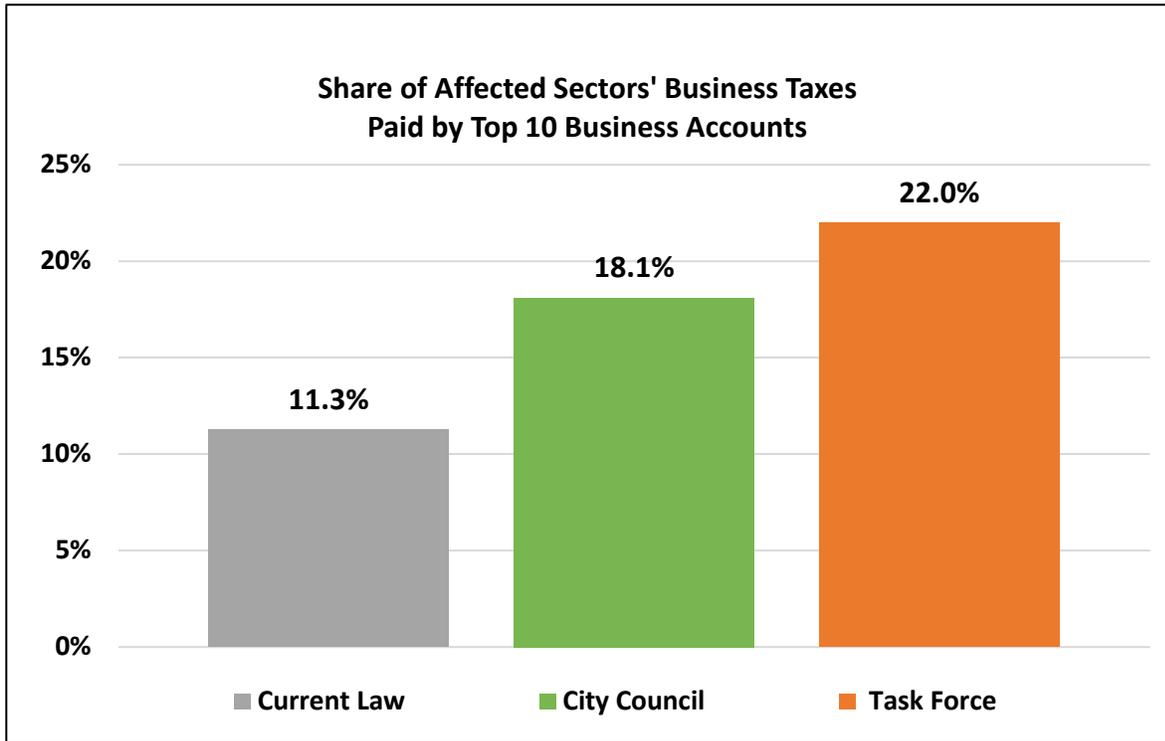


Figure 11 shows the estimated increase in taxes for affected sectors. Under both the City Council Proposal and the Task Force Proposal, the retail sector would experience an overall reduction in taxes, although the City Council Proposal would reduce taxes on this sector more. Relative to the City Council Proposal, the Task Force proposal would increase taxes less on the automobile sales, manufacturing, grocery, business and personal services, contactors, and professional services sectors. Tax increases would be somewhat higher relative to the City Council Proposal for the wholesale, media, recreation and entertainment, and utility sectors. Both proposals would significantly increase taxes on administrative headquarters companies, with taxes increasing by more than 400% under the City Council Proposal and more than 760% under the Task Force Proposal.

FIGURE 11: ESTIMATED CHANGE IN TAX PAYMENTS

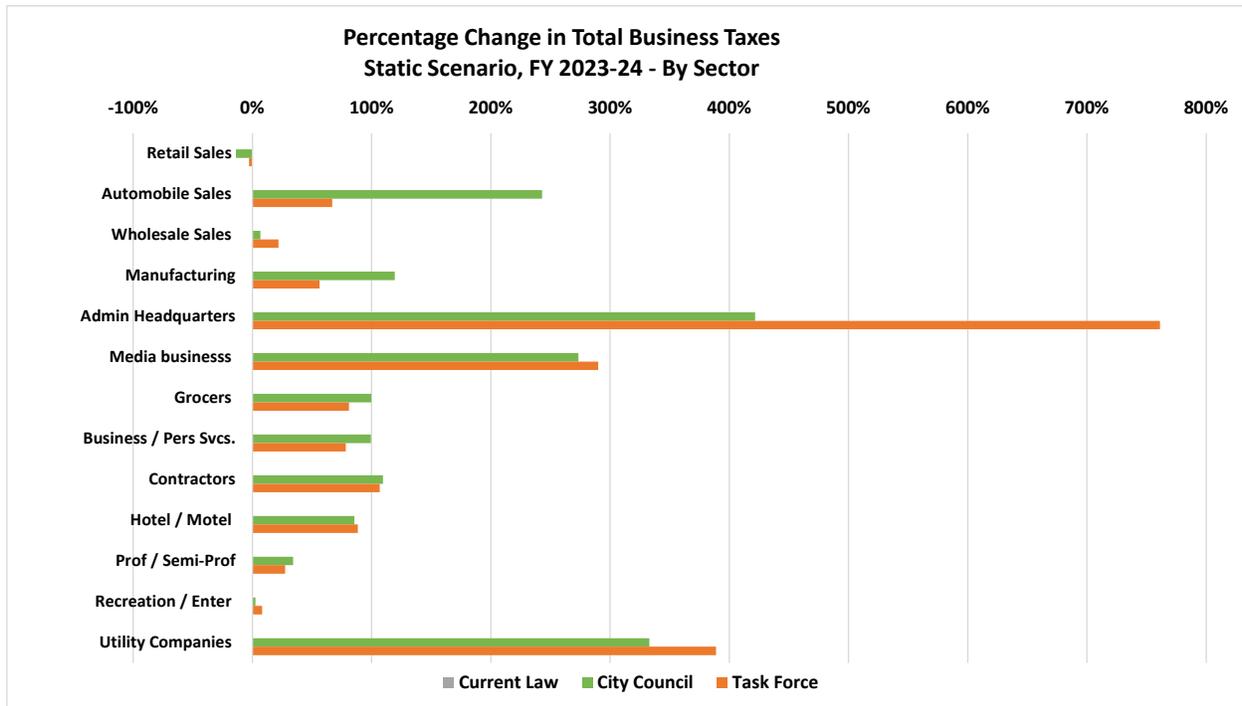


Figure 12 shows the change in taxes by firm size. Both the City Council and the Task Force Proposals would result in small reductions in taxes for the smallest firms (less than \$250,000 in gross receipts). Taxes for businesses with between \$250,000 and \$1 million in gross receipts would increase modestly under both proposals. Similarly, both proposals would significantly increase taxes for businesses with more than \$100 million in gross receipts or Oakland payroll, which represent the largest 24 firms in the City. Specifically, the City Council Proposal would raise an additional nearly \$16 million from these firms while the Task Force Proposal would raise nearly \$20 million from these firms.

FIGURE 12: CHANGE IN TAXES BY FIRM SIZE

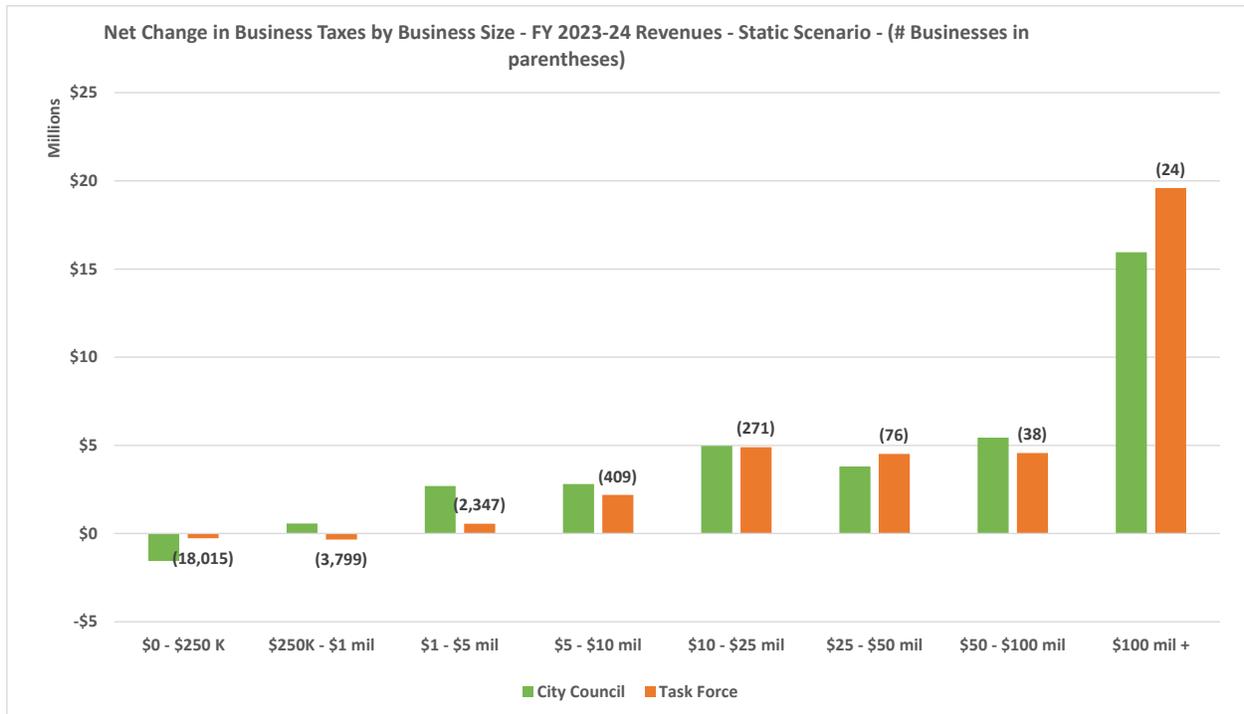


Figure 13 shows the likely tax reduction for the smallest firms in the City. Under the City Council Proposal, an estimated 17,466 firms would receive a net reduction in taxes, with an average reduction of \$138 annually. Under the Task Force Proposal, an estimated 20,779 firms would receive an average reduction in taxes of \$62 annually.

FIGURE 13: SMALL BUSINESS TAX REDUCTION

TAX BREAKS FOR SMALL BUSINESSES		
	City Council	Task Force
Businesses with Tax Cut of \$100+		
# Businesses Benefitting	5,665	3,675
Avg. Tax Cut	(\$328)	(\$255)
Total Cost	(\$1,856,797)	(\$938,452)
Businesses with Tax Cut of < \$100		
# Businesses Benefitting	11,801	17,104
Avg. Tax Cut	(\$47)	(\$21)
Total Cost	(\$550,023)	(\$351,067)
All Businesses with Tax Cut		
# Businesses Benefitting	17,466	20,779
Avg. Tax Cut	(\$138)	(\$62)
Total Cost	(\$2,406,820)	(\$1,289,520)

Impact of COVID-19

The COVID-19 pandemic, which began in early 2020, resulted in steep and sudden increases in unemployment and reductions in economic activity in the City of Oakland and across the country as many businesses closed to prevent the spread of the infection. This had a negative impact on many of the City’s most important revenue sources, including the BLT as well as the sales tax, Transient Occupancy Tax, and parking-related revenues.

Some of the negative economic impacts of the pandemic were partially mitigated by state and federal programs such as the Paycheck Protection Program, which allowed many Oakland businesses to remain open even as their revenue fell, and increased unemployment benefits for Oakland residents, which provided crucial funds for Oakland families to meet their basic needs and allowed these individuals to continue to patronize local businesses. These programs offered critical support over the past 18 months and likely prevented even worse economic and fiscal outcomes.

Going forward, the impact of the pandemic and the related shift to remote work remains uncertain. To the extent business travelers choose video conferences over in-person meetings, consumers continue to prefer online to in-person shopping, and commuters telecommute rather than return to in-person work, the City’s economy will continue to suffer, and with it the City’s revenue receipts.

The estimated fiscal and economic effects considered by the Task Force envision a return to pre-pandemic levels of economic activity for most sectors by the first year of full implementation of

the proposed tax rate changes (i.e. 2023-24), although some continued telework is anticipated and travel is not expected to return to pre-pandemic levels for several years. To the extent telework persists at its current high level, or business and leisure travelers do not eventually return to the city's hotels, shops, and restaurants, the results considered by the Task Force may be overly optimistic. Additionally, while the dynamic scenarios capture expected losses from business exits, City revenues are highly sensitive to the departure of a small number of the largest firms. Therefore, actual losses driven by exits may be larger than predicted.

USE OF REVENUE

To provide ongoing recommendations with respect to the City's disbursement of the additional revenues raised by the BLT and to support small businesses and contribute towards a thriving business community in the City of Oakland, the City Council should create a Business Community Advisory Board, modeled on the Community Advisory Board established in connection with the City's enactment of the Sugar-Sweetened Beverage Distribution Tax. This board should include members representing:

- 1) Businesses located within the City, including both new and well-established businesses from a wide range of sectors, including a representative from each council district. The make-up of the Advisory Board should be representative of the make-up of businesses located within the City.
- 2) Business organizations and alliances, especially those with broad and diverse membership bases.
- 3) Non-profit organizations, with particular focus on those providing research, advocacy, technical assistance, and educational services related to small business formation, employee empowerment, and sustainable and equitable economic growth.

The Task Force considered how the funds raised by the proposed increases in tax rates should be spent and made the following recommendations:

- 1) *Support of small business loan initiatives*: A portion of the additional revenue raised should be allocated for financial support of City's small business community through grants or loan programs.
- 2) *Shared City resource for small businesses*: The City Council should consider funding a range of initiatives that would support the attraction and retention of businesses.
 - a) Hiring additional City staff to conduct outreach to small businesses, market opportunities for support, and educate employees on the benefits of forming worker cooperatives.
 - b) Further funding the City's Business Improvement Districts, which already perform much of this work and invest in district improvements.

-
- 3) *Increased funding for city services:* To attract and retain businesses, the City Council should spend more on the services that keep commercial neighborhoods clean and welcoming, including, for example:
 - a) Stricter enforcement of rules against illegal dumping, more timely street cleaning, and the placement of additional public litter receptacles.
 - b) Increased funding for services and shelter for the homeless.
 - 4) *Making commercial retail space more accessible and affordable:* The City should look for ways to incentivize property owners to make retail space more accessible and affordable for small businesses.
 - 5) *Provide sufficient additional resources needed for tax collection and enforcement.* The City should provide sufficient additional staff and other resources to ensure adequate enforcement and collection of the business tax.

From: [Katrinka Ruk](#)
To: [City Clerk Dept User](#); [Tom Butt - external](#); [Demnlus Johnson](#); [Nat Bates](#); [claudia jimenez](#); [Eduardo Martinez](#); [Melvin Willis](#); [Gayle McLaughlin](#)
Cc: [Shasa Curl](#); [Vernon Whitmore](#); [Trina Jackson-Lincoln](#)
Subject: 02/01/22 City Council - Public comment: R.3. Gross Receipts Business Tax Measure U Fiscal Impact Estimates
Date: Tuesday, February 1, 2022 12:34:03 PM
Attachments: [10.29.21 oakland task force results \(1\).pdf](#)
[02.01.22 Item R-3 Bus Lic Tax.docx](#)

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TO: Mr. Mayor, Vice Mayor, City Council
TO: City Clerk

From: Council of Business & Industries

02/01/22

R.3. Gross Receipts Business Tax Measure U Fiscal Impact Estimates

The following is being submitted on behalf of the Council of Business & Industries regarding the gross receipts business tax measure U.

First, we would like to thank city staff for creating a cross reference of business activity classifications with associated NAICS numbers and posting these on the city website. Providing the 15-minute one-on-one meetings with finance staff and contact information has been helpful but needs to be publicized.

There are still clarifications and issues that need to be addressed. Many businesses have yet to receive their business tax letters from the city. Businesses have submitted questions to staff and have yet to receive responses.

Clarification is required on the following:

(1) gross receipts are those based only on sales made in the city of Richmond. According to the ordinance (pg. 4): "Gross receipts" means the total amount of money, credits, reimbursed expenses, value of any free or reduced rent, or other things of value actually received or receivable in connection with **engaging in business in the City of Richmond..**"

(2) At the 11/23/22 council meeting, it was determined that wholesale distributors should be placed in Classification G Business & Personal Services, however this

business group was placed under Classification A Retail when staff presented an administrative ruling 1.0 at the 12/02/22 council meeting.

(3) distributors – similar to manufacturers – should be allowed to deduct the cost of goods from their gross receipts.

After conversations with many Richmond-based businesses we are very concerned that this alternative progressive tax will have detrimental economic impact on the city with businesses closing or leaving the city. The business community agrees that the city's need to raise the business license tax is understandable however many businesses will incur 1000% increases with some in auto sales at 11,000%! We have continued to ask the city for the economic impact that this tax will have on the businesses.

The city opted to look to Oakland's proposed alternative progressive tax as a model and Berkeley's as a floor. Oakland's Blue Ribbon Business Tax Task Force (Task Force) submitted their report on October 21, 2021 (attached). The Task Force – of which Antonio Banuelos, Revenue Manager, City of Richmond, was a member – created a **Business Community Advisory Board** representing the diversity of the City's business community. They further recommended that (pg1)

“...the additional revenue be used for support of small business loan initiatives, funding a range of initiatives that would support the attraction and retention of businesses, increased funding to keep commercial neighborhoods clean and welcoming, efforts to make commercial retail space more accessible and affordable, and providing sufficient funding for collection and administration of the Business License Tax.”

It is unfortunate that Richmond did not enlist business representatives in an advisory board modeled after Oakland. In addition, Richmond has yet to consider the added revenues for economic driven initiatives which the Oakland Task Force recommended.

The Task Force also looked at other cities (pg7): “San Francisco and Richmond have recently adopted tiered or progressive rate structures, with tax rates that increase with business size (as measured by gross receipts). Other jurisdictions, such as Emeryville and Berkeley, have structures similar to the current system in Oakland, with businesses of all sizes paying the same rates. Some jurisdictions, such as **Walnut Creek, Concord and Antioch have rates that decrease with business size.**” What is to stop businesses from moving to cities such as Concord or Antioch with more lucrative business license taxes?

The Task Force summary of other cities (pgs 8, 9, 10) clearly shows that the city of Richmond has some of the highest rates – particularly for RETAIL SALES, AUTOMOBILE SALES, RESIDENTIAL & COMMERCIAL RENTAL PROPERTIES. The impact of these rates has been heard by testimonies from retailers, our automobile sales businesses and rental property owners at city council meetings. If these businesses were to pass the increases onto their customers, customers could easily purchase retail items and automobiles from outside the city of Richmond.

Note, under both Oakland's Council and TF proposals (pg. 18) "...the retail sector would experience an overall reduction in taxes, although the Council Proposal would reduce taxes on this sector more." Richmond should also consider this reduction in taxes.

The impact on the city will be decreased business license taxes, potential loss of property taxes if businesses leave the city, and potential impact on the competitive ability of the businesses, which can be in violation of "Constitutional Apportionment". The city's ordinance provides (pg. 21):

"7.04.270 Constitutional Apportionment. A. Right to Apportionment. No taxes, penalties, fees, or interest provided for by this chapter shall be applied so as to impose an undue burden upon interstate commerce or be violative of the equal protection and due process clauses of the constitutions of the United States and of the State of California."

In Oakland's TF analysis (pg16), they determined that the net reduction in jobs could be between 1300 to 2250. A cursory review of the impact of COVID pandemic and impending business license tax has noted 25+ businesses closed, moved to other cities or sold, with another 12 considering moving from the city. Each of these businesses represent lost funding for the city and loss of local jobs.

The City's business tax estimates resulting from this tax continue to change – from \$9.5 million in the Measure U tax measure presented to the voters, to \$7.9 million in the February 1, 2022, finance staff power point presentation, and \$6.4 million on pg. 18 presented at the February 1, 2022, council meeting, "Annual Comprehensive Financial Report For the year ended June 30, 2021". **We would like to have an accurate reporting of what the city has received in regard to the business license tax, and the number of businesses that are still outstanding in reporting their taxes.**

Ongoing:

- We have asked to meet with city staff and their consultants to discuss the viability of the alternative progressive tax that the business community supports. Particularly the aggressive rates applied to retail sales, automobile sales, residential/commercial/industrial rental properties.
- We continue to ask the city for a report on the impact on the business community from the COVID pandemic and the implementation of this new progressive tax.
- We would like to receive clarifications on the questions raised in this letter.
- Request that the city apply some of the monies received to economic development programs.
- City provide an accurate reporting of business license tax received, number of

businesses who renewed their licenses, and number of businesses outstanding

Thank you for your consideration.

Katrinka Ruk
Executive Director
Council of Business & Industries
510)260-4820 cell
<http://www.councilofindustries.com>

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Distribution Date: 10.29.21

MEMORANDUM

TO: HONORABLE MAYOR &
CITY COUNCIL

FROM: Erin Roseman
Director of Finance

SUBJECT: Blue Ribbon Equitable Business Tax Task
Force Analyses & Recommendation Report

DATE: October 29, 2021

INFORMATION

The purpose of this informational memo is to transmit an Analyses and Policy Recommendations report (**Attachment A**) prepared and adopted by the Blue Ribbon Equitable Business Tax Task Force on October 21, 2021, regarding the proposed new rates and the economic impacts of the recommended business tax rates as requested by the City Council pursuant to the Resolution 88478 C.M.S.

Respectfully submitted,

[Erin Roseman \(Oct 28, 2021 10:17 PDT\)](#)

Erin Roseman
Director of Finance
Finance Department

For questions, please contact Margaret O'Brien, Revenue & Tax Administrator, (510) 238-7480.

Attachment A:
Blue Ribbon Equitable Business Tax Task Force's Analyses and Recommendation Report



City of
OAKLAND California



CITY OF OAKLAND

BLUE RIBBON EQUITABLE BUSINESS TAX

TASK FORCE

ANALYSES AND RECOMMENDATION REPORT

Members:

Ari Takata-Vasquez, Chair, (District 2); Cynthia Larsen, Vice Chair (Mayor); Tasion Kwamilele, (At Large) Winter Williams (District 1); Adrionna Fike (District 3); Daniel Swafford (District 4); Minh Tsai (District 5); Ben Wanzo (District 6); Zain Oke, (District 7); Michael Katz (Resolution Appointment 1/12/2021); Elizabeth Ortega, (Resolution Appointment 1/12/2021)

Date of Issuance: Thursday, October 21, 2021

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EXECUTIVE SUMMARY

On January 12, 2021, the Oakland City Council amended Resolution No. 88227, which created a limited duration 11-member Blue Ribbon Equitable Business Tax Task Force (“Task Force”) to, “after thorough analysis and extensive community and stakeholder engagement, deliver for Council adoption [by October 31, 2021] a comprehensive recommendation for a modernized progressive business tax structure that achieves the City’s goals for revenue enhancement, reduction of race and equity disparities, tax code modernization, equitable economic development, and living wage job creation.” The Task Force held its meetings between April and October 2021. The Task Force engaged various stakeholders during their meetings, reviewed economic data provided by City staff and the consulting team from the Blue Sky Consulting Group, and examined tax rates in comparable and neighboring jurisdictions.

At the meeting held on September 30, 2021, the Task Force voted by a vote of 7 ayes to 3 nays to approve a tiered or progressive rate structure in which larger businesses pay a higher rate relative to smaller businesses in the same category. Rates vary from \$0.45 per \$1,000 of gross receipts for grocers to \$15 per \$1,000 in payroll for large administrative headquarters firms. Under the adopted Proposal, approximately 20,000 of the smallest businesses in the City (about 39% of all businesses) would see a tax reduction averaging about \$60 while approximately 1,500 larger business (about 3% of all businesses) would see increases in taxes, with substantial increases for the largest businesses. In addition, the Task Force Proposal would create a new administrative headquarters tax for large national firms with administrative functions in Oakland. This tax would apply in lieu of the regular payroll-based administrative headquarters tax for firms with more than 1,000 employees nationally and \$1 billion in revenue. The tax rate would be \$15 per \$1,000 of Oakland based payroll; on average administrative, headquarters firms would see a tax increase of more than 760%.

To provide ongoing recommendations with respect to the City’s disbursement of the additional revenues raised by the Business License Tax, the Task Force recommended that the City Council create a Business Community Advisory Board with broad representation reflecting the diversity of the City’s business community. The Task Force further recommended that the additional revenue be used for support of small business loan initiatives, funding a range of initiatives that would support the attraction and retention of businesses, increased funding to keep commercial neighborhoods clean and welcoming, efforts to make commercial retail space more accessible and affordable, and providing sufficient funding for collection and administration of the Business License Tax.

If placed on the ballot by the City Council and approved by the voters, the proposal is expected to raise an additional \$32.7 million for the City of Oakland, with the substantial majority of these revenues coming from the City’s largest firms.

BLUE RIBBON EQUITABLE BUSINESS TAX TASK FORCE TASKS AND FUNCTIONS

Background

On January 12, 2021, the Oakland City Council amended Resolution No. 88227, which created a limited duration 11-member Blue Ribbon Equitable Business Tax Task Force (“Task Force”) to, “after thorough analysis and extensive community and stakeholder engagement, deliver for Council adoption [by October 31, 2021] a comprehensive recommendation for a modernized progressive business tax structure that achieves the City’s goals for revenue enhancement, reduction of race and equity disparities, tax code modernization, equitable economic development, and living wage job creation.”

The amended Resolution called for the Mayor and each Councilmember to appoint one Task Force member and stated that the make-up of the Task Force should consist, “to the greatest extent practicable,” of at least one member in each of the following categories but no more than two members representing any one category:

- a) the very small business community (gross receipts below \$2.5M);
- b) the small to mid-sized business community (gross receipts below \$10M);
- c) large businesses (gross receipts above \$25M);
- d) an organization which focuses on economic development, entrepreneurship, or business development, with experience working in the City of Oakland;
- e) an economic expert or tax professional who has experience analyzing economic trends and business tax structures; and
- f) a community organization or labor union who has experience with City budgets and/or City services.

All members of the Task Force serve a single term beginning on their respective date of appointment and ending on January 1, 2022 unless the Task Force and members’ terms of appointment are extended by appropriate Council action. A list of the Task Force members is presented in Figure 1.

FIGURE 1: BLUE RIBBON TASK FORCE MEMBERS

Task Force Member	District Council Member	Category
Ari Takata-Vasquez, Chair , Small Business Owner, Executive Director of Oakland Indie Alliance, Oakland Resident	District 2: Nikki Fortunato Bas	A
Cynthia Larsen, Vice Chair , Director, Corporate Tax at Blue Shield of CA	Mayor Schaaf	C E
Tasion Kwamilele , Schnitzer Steel, Oakland resident	At Large: Rebecca Kaplan	C
Winter Williams , Small Business Owner, prior banking background, Oakland Resident	District 1: Dan Kalb	A
Adrionna Fike , Member/Owner of Mandela Grocery Cooperative *	District 3: Carol Fife	A
Daniel Swafford , BID District Manager for Montclair and Laurel, Oakland Resident	District 4: Sheng Thao	D
Minh Tsai , Founder and CEO of HODO Foods	District 5: Noel Gallo	B
Ben Wanzo , College Professor. Incubator lab/small business, Oakland Resident	District 6: Loren Taylor	A D
Zain Oke , Small Business Owner and former tax consultant for Deloitte, Oakland Resident	District 7: Treva Reid	A
Michael Katz , Regional Organizer for East Bay Works, Oakland Resident	Resolution Appointment	F
Elizabeth Ortega , Executive Secretary-Treasurer for Alameda Labor Council	Resolution Appointment	F

* Member Fike replaced Member Jessica Moncada Konte.

Task Force Process

The Task Force held its meetings every other Thursday beginning on April 22, 2021 with the last meeting held on October 21, 2021. Pursuant to the Governor’s Executive Order N-29-20, these meetings were conducted virtually, with Task Force members, City staff, and the public attending via video conferencing software. Recordings of the Task Force meetings, along with related documents such as the posted agendas and minutes, are available on the City of Oakland’s website at <https://www.oaklandca.gov/boards-commissions/blue-ribbon-equitable-business-tax-task-force>.

To facilitate their work, the Task Force established ad hoc subcommittees to focus on specific areas of interest. These subcommittees met as needed (typically once during the weeks when

no Task Force meeting was scheduled) and provided updates at subsequent Task Force meetings. Originally three subcommittees were formed:

- Committee A: Job Quality & Employment (Katz, Konte, Kwamilele and Oke)
- Committee B: Business Mobility, Real Estate, Attraction & Retention (Katz, Takata-Vasquez, Wanzo, and Williams)
- Committee C: Tax Categories & Implementation (Larsen and Swafford)

As of August 19, the Task Force disbanded the three existing subcommittees and created three new ad hoc subcommittees:

- Committee 1: Use of Funds (Swafford and Williams)
- Committee 2: Review of proposals called “City Council” and “City Council Alternate” (Katz, Kwamilele, Larsen and Ortega)
- Committee 3: Review of proposals from former Subcommittee C (Takata-Vasquez and Wanzo)

On September 16, the Task Force disbanded Subcommittees 2 and 3 and formed a new subcommittee to review the tax rates under consideration and provide additional guidance to the full Task Force:

- Committee 4: (Fike, Katz, Oke, Takata-Vasquez, and Wanzo)

Task Force Support and Materials Reviewed

Support for the Task Force was provided by City of Oakland staff and the Blue Sky Consulting Group. City staff and the consulting team provided the Task Force with relevant presentations and reports, including the July 8, 2020 report to the City Council prepared by City staff and the Beacon Economics report presented to the City Council on July 7, 2020.

Additional presentations, prepared using the most recent Business License Tax (BLT) data and economic forecasts prepared by City staff and the Blue Sky Consulting Group, were also prepared and distributed to the Task Force members. Key materials prepared by City staff and the Blue Sky Consulting Group include the following:¹

April 22, 2021: Orientation materials including an overview of the Brown Act Sunshine Ordinance and Robert’s Rule of Order.

“Designing a Progressive Business Tax” presentation, including an overview of the City’s General Purpose Fund (GPF) revenue sources; detailed data for the BLT including the current BLT structure and historical actuals and current

¹ All presentations and materials provided to the Task Force are available at the Task Force [website](#).

revenue forecasts; detailed information for the number of businesses, gross receipts reported, and tax revenues collected by business sector and business size; an overview of the Task Force’s goals and the economic trade-offs these goals may involve.

April 29, 2021: “Designing a Progressive Business Tax” updated presentation with historical data on the annual number of BLT accounts and BLT revenue by sector; comparative information on business tax structures and rates for other major California cities (e.g., San Jose and Los Angeles) and surrounding cities (e.g., Emeryville, Berkeley, and Richmond).

May 13, 2021: “Evaluating Potential Impacts from Changes to Oakland’s Business Tax” presentation with discussion of business mobility and factors that influence location decisions; review of economic literature on how businesses respond to tax changes and the impact these changes have on overall economic activity; Oakland job market statistics and data on the largest Oakland employers and employment by sector and size; considerations for the Task Force including what to consider when evaluating potential changes to the BLT rate structure.

May 27, 2021: “Blue Ribbon Equitable Business Tax Task Force” presentation with detailed data on the number of businesses, tax revenue collected, and gross receipts reported by sector and by size; illustrative examples of Oakland businesses of various types and sizes to show current business taxes in context of other financial data; estimates of the share of other Oakland tax revenues (e.g., property taxes, sales taxes, and transient occupancy taxes) from Oakland businesses, by business sector.

In addition, the Blue Sky Consulting Group developed a model to estimate the fiscal and economic impacts of changes to Oakland’s BLT rate structure. This model relies on the City’s BLT data as well as up-to-date forecasts of economic activity in Oakland to estimate BLT revenue. The model presents the overall estimated change in tax revenue under specified proposals, as well as detailed estimates of the changes to City BLT revenue by business sector and by business size. The model uses both a “static” analysis, which estimates the revenue change assuming no business response to the tax changes, and a “dynamic” analysis, which assumes businesses will respond to the tax changes. As such, it provides estimates not only of BLT revenue but also of changes in Oakland economic activity. This model was used extensively both at the Task Force meetings and at the subcommittee meetings to analyze the original City Council proposal as well as alternatives suggested by members of the Task Force.

Community and Stakeholder Outreach

The Task Force engaged various stakeholders during their meetings. These included members of the business community in Oakland and representatives of the cities of Richmond and San Francisco. A list of the Task Force and subcommittee guest speakers is provided below.

- Council President Fortunato-Bas (Task Force Meeting, May 27)
- May Seto Wasem, owner of Grand Lake Kitchen (Subcommittee A, June 30)
- Kris Kwei, President at Oakland Kia / Managing Principal at Broadway Investors LLC (Subcommittee A, June 30)
- Barbara Leslie, President/CEO of Oakland Metropolitan Chamber of Commerce. (Task Force Meeting, July 22)
- Heidi Pickman, Vice President, Programs & Policy, of California Association of Micro Enterprise Opportunity (CAMEO) (Task Force Meeting, August 5)
- Edward Del Beccaro, Executive Vice President / SF Bay Area Regional Manager of TRI Commercial Real Estate Services, Inc. (Task Force Meeting, August 5)
- Antonio Banuelos, Revenue Manager, City of Richmond (Task Force Meeting, August 19)
- Ted Egan, Chief Economist, City & County of San Francisco (Task Force Meeting, September 2)
- Hilary Abell, Co-Founder, Project Equity (Task Force Meeting, September 16)

OVERVIEW OF CURRENT BUSINESS TAX STRUCTURE

The BLT applies to businesses located or operating within the City of Oakland. The current tax system classifies businesses into 22 separate categories, each with their own rate structure. For most businesses, taxes are based on the total gross receipts received by the business during a calendar year for economic activity in the City. Certain sectors pay BLT based on value added, employees, permits, or total Oakland payroll.

As shown in Table 1, tax rates vary from \$0.60 per \$1,000 in gross receipts for grocers to \$13.95 per \$1,000 for residential and commercial landlords. Many businesses, including retail businesses and restaurants, pay \$1.20 per \$1,000 in gross receipts (i.e., 0.12% of gross receipts). Many other businesses, including business & personal services firms and contractors, pay \$1.80 per \$1,000 in gross receipts. There is also a minimum tax payment of \$60. While the current tax structure applies varying rates across sectors, the same rate applies to all businesses within a given sector, regardless of their size.

FIGURE 2: TAX RATES AND MINIMUM PAYMENTS BY BUSINESS SECTOR (CURRENT LAW)

Code	Sector	Tax Basis	Minimum Tax	Tax per \$1,000
A	Retail Sales	Gross Receipts	\$60.00	\$1.20
C	Auto Sales	Gross Receipts	\$60.00	\$1.20
D	Wholesale Sales	Gross Receipts	\$60.00	\$1.20
I	Manufacturing	Value Added	\$60.00	\$1.20
J	Manufacturing (2)	Oakland Expenses	\$60.00	\$1.20
K	Admin Headquarters	Gross Payroll	\$60.00	\$1.20
T	Media Firms	Gross Receipts	\$60.00	\$1.20
W	Miscellaneous	Gross Receipts	\$60.00	\$1.20
B	Grocers	Gross Receipts	\$60.00	\$0.60
E	Business & Personal Services	Gross Receipts	\$60.00	\$1.80
H	Contractors	Gross Receipts	\$60.00	\$1.80
O	Commercial Rental - 5-Yr Exempt [^]	Gross Receipts	\$60.00	\$1.80
P	Hotel, Motel	Gross Receipts	\$60.00	\$1.80
F	Professional & Semi-Prof. Services	Gross Receipts	\$60.00	\$3.60
G	Recreation And Entertainment	Gross Receipts	\$60.00	\$4.50
L	Trucking & Transportation	Employees	None	N/A
M	Residential Rental	Gross Receipts	\$13.95	\$13.95
N	Commercial Rental	Gross Receipts	\$13.95	\$13.95
U	Utility Companies	Gross Receipts	\$60.00	\$1.00
X	Taxicabs	Permits	None	N/A
Y	Ambulances & Limousines	Vehicles	None	N/A
Z	Cannabis	Gross Receipts	\$60	N/A

Note: Categories shaded in grey are not subject to tax rate changes under the City Council’s proposal and were similarly not considered for modification by the Task Force (see City Council Proposed Business Tax Structure).

TAX RATES IN COMPARABLE JURISDICTIONS

The Task Force examined the tax rates charged to businesses in neighboring and comparable jurisdictions. These tax rates vary across the region. San Francisco and Richmond have recently adopted tiered or progressive rate structures, with tax rates that increase with business size (as measured by gross receipts). Other jurisdictions, such as Emeryville and Berkeley, have structures similar to the current system in Oakland, with businesses of all sizes paying the same rates. Some jurisdictions, such as Walnut Creek, Concord and Antioch have rates that decrease with business size. Figure 3 presents a summary comparison of business tax rates and structures for selected comparable and neighboring jurisdictions. Figure 4 presents detailed tax rates by sector for selected jurisdictions.

FIGURE 3: BUSINESS TAX RATES FOR COMPARABLE JURISDICTIONS

City	Business Tax Type	Exemptions *	Rates
Oakland	Primarily GRT, some exceptions (e.g., employees, payroll, etc.)	Threshold limits (vary by category); Non-profits; some affordable housing; licensed family daycare <= 14 children	Range from \$0.60 (grocers) to \$13.95 (commercial and residential rental property) per \$1,000 Cannabis rates are progressive, \$1.20 to \$13.95 per \$1,000
Emeryville	GRT	Charitable organizations	For most businesses, \$1.00 per \$1,000; Commercial rent = \$3.50; Cannabis = \$60
Berkeley	Primarily GRT (similar to Oakland)	Wholly charitable organizations; Small businesses with government R&D grants	Rates range from \$0.60 (grocers) to \$4.50 per \$1,000 for most categories, with some much higher rates: Professional sporting events = \$100; Firearms and ammunition = \$150; Cannabis = \$25 to \$50
Richmond	Currently flat fee + tax per employee; Measure U (2020) implements GRT to take effect July 2021 and is described here(?)	Non-profits; small businesses < \$250K; affordable housing, some owner-occupiers room and ADU rentals if < 150% AMI; family daycare providers; hardship exemptions (1 yr. must apply)	Progressive system, rates are marginal and by category, most range between \$0.60 and \$2.00 (grocers) to \$3.60 to \$6.80 (professional services); Cannabis = \$50.00; Firearms = \$60 first \$2,500 then \$24; seems to pull from Oakland and Berkeley
San Francisco	Primarily GRT	Primarily non-profits	Progressive system, varies by category. (Note: Prop F (2020) modified categories and set rates for Jan 2021 w/annual increases through 2024). Most currently range from \$0.53 to \$9.10 per \$1,000 (Cannabis higher)
Los Angeles	Primarily GRT, some exceptions (e.g., Movie production = cost)	Non-profits; Small biz (< \$100K/yr.); Mutual funds; New auto dealers, Contractors < \$60K (\$153 flat fee)	Rates per \$1,000 range from \$1.01 (childcare provider & others) to \$4.25 (Professions & Occupations, others); Medical marijuana = \$60 per \$1,000
San Jose	Primarily num employees, some exceptions	Non-profits; Farmers within Santa Clara County selling own products in City	Base tax of \$203.85, most categories then taxed per employee starting at 3rd employee, progressive marginal tax (e.g., \$32.70 per employee for 3-35 employees, up to \$65.45 for 500+). All capped at \$163,745.
San Leandro	Flat fees, some categories add'l taxes (GR, headcount, sq ft)	Non-profits and most businesses with 3 or fewer employees within City	\$146.20 base for most businesses; GRT applied only to limited categories: Coin operated devices & towing (\$1.30); Firearms (concealed weapons & ammo) = \$44.00; parking lot (\$100)
Hayward	Limited GRT, most categories pay flat fees, per emp, per sq ft, etc.	Charities/non-profits; Peddlers or solicitors who are veterans, disabled, or indigent.	Most Retail/wholesale = up to \$373.35 fee if <\$3M, add'l GRT of \$0.11 for \$3M+ (some \$0.27 for \$400K+); Other rates at \$1.07 to \$1.33, Cannabis = \$70.
Walnut Creek	Most businesses may choose GRT or a flat rate + headcount	Charitable organizations; Minors (< 18 yrs.) with up to \$1,000 revenues	GRT of \$2.30 first \$10K then decreasing rate up to \$0.02 for revenues > \$10M; OR flat \$416.00 for 1 owner/partner + Add'l partners \$139.00 then \$28 per employee up to 300 then \$14 for above 300
Concord	GRT (wholesale/retail, comm rents, contractors > \$204K); rest per employee or flat fee	Non-profits may qualify for no-fee business license	GRT: minimum \$25 up to \$25K revenues, then marginal GRT rates that decrease from \$0.90 to \$0.30 per \$1,000 at \$7.5M annual revenues; Varying rates per employee for most other categories

City	Business Tax Type	Exemptions *	Rates
Antioch	GRT except per-unit for residential rentals	Non-profits	\$1.25 per \$1,000 up to \$1M, then add'l \$0.20 per \$1,000 of revenues > \$1M, Min of \$100 (\$25 home-based) Residential rental units = \$250/unit for Single-family, \$150/unit for multi-family
Pleasanton	GRT	Non-profits	Fees up to \$75 up to \$250K annual revenue, above that = \$0.30 per \$1,000.00
Fremont	GRT	Non-profits; Agricultural (non-retail); Part-time jobs (youths & seniors); Veterans	Most pay \$30 fee plus GRT per \$1,000 that varies from \$0.25 (retail) to \$1.50 (rec & entertainment). Charge extra \$0.30 for retail/wholesale in residential areas
Dublin	Fixed fees	Non-profits; Agricultural (non-retail); Attorneys; Part-time jobs (youths & seniors); Disabled veterans	\$94 new, \$26 renewal
<p><i>* California prohibits taxation by any local jurisdiction for certain entities including the following: (1) banks and financial corporations; (2) insurance companies; (3) persons engaging in business as a for-hire motor carrier of property; (4) persons engaging in intercity transportation as a household goods carrier; (5) charter-party carriers operating limousines that are neither domiciled nor maintain a business office within the taxing jurisdiction.</i></p>			

FIGURE 4: BUSINESS TAX RATES ⁽¹⁾ - SELECTED CITIES BY CATEGORY

Business Category		Oakland	Emeryville	Berkeley	Richmond ⁽²⁾	San Francisco ⁽²⁾	Los Angeles
A	Retail Sales	\$1.20	\$1.00	\$1.20	\$1.20 / \$3.20	\$1.05 / \$2.24	\$1.27
B	Grocers	\$0.60	\$1.00	\$0.60	\$0.60 / \$2.00	\$1.05 / \$2.24	\$1.27
C	Automobile Sales	\$1.20	\$1.00	\$1.20	\$1.20 / \$5.00	\$1.05 / \$2.24	(Exempt)
D	Wholesale Sales	\$1.20	\$1.00	\$1.20	(TBD)	\$1.05 / \$2.24	\$1.01
E	Business/Personal Services	\$1.80	\$1.00	\$1.80	\$1.80 / \$5.40	\$8.14 / \$10.08	\$1.27
F	Professional Services	\$3.60	\$1.00	\$3.60	\$3.60 / \$6.80	\$6.40 / \$8.96	\$4.25
G	Recreation/Entertainment	\$4.50	\$1.00	\$4.50	\$4.50 / \$5.00	\$4.20 / \$5.60	\$1.27 to \$2.55
H	Contractors	\$1.80	\$1.00	\$1.80	\$1.80 / \$3.00	\$4.20 / \$6.30	\$1.01
I	Manufacturing	\$1.20	\$1.00	\$1.20	\$1.20 / \$5.00	\$1.75 / \$6.65	\$4.25
J	Mfg. (unfinished good)	\$1.20	\$1.00	\$1.20	\$1.20 / \$5.00	\$1.75 / \$6.65	\$4.25
K	Admin Headquarters	\$1.20	\$1.00	\$1.20	\$1.20 / \$2.40	\$14.00 Biz Tax \$15.00 Homeless Tax ⁽³⁾	\$4.25
L	Taxicabs	\$180.00	\$200.00	\$215.00	\$180.00	\$1.75 / \$6.65	\$54.99
M	Residential Rental Property	\$13.95	\$1.00	\$10.81 (< 5 units) \$28.80 (5+ units)	\$10.81 (< 5 units) \$28.80 (5+ units)	\$4.42 / \$4.85	\$1.27
N	Commercial Rental Property	\$13.95	\$3.50	\$10.81	\$10.81 (< 5 units) \$28.80 (5+ units)	\$10.00 (warehouse) \$35.00 (other)	\$1.27
O	Commercial Rental(5-yr Exemption)	\$1.80	NA	NA	(1-yr exemption, lower rates)	NA	NA
P	Hotel/Motel	\$1.80	\$1.00	\$2.40 ⁽⁴⁾	\$1.80 / \$5.00	\$4.20 / \$5.60	\$1.27
T	Media Firms	\$1.20	\$1.00	\$2.40 ⁽⁴⁾	\$2.40 / \$4.80 ⁽⁴⁾	\$5.60 / \$7.84	\$1.01
U	Utility Companies	\$1.00	\$1.00	\$2.40 ⁽⁴⁾	\$2.40 / \$4.80 ⁽⁴⁾	\$4.20 / \$5.60	\$1.01
W	Miscellaneous	\$1.20	\$1.00	\$2.40	\$2.40 / \$4.80 ⁽⁴⁾	(varies)	(varies)
X	Ambulance, Limousines	\$75.00	\$200.00	\$215.00	\$75.00	\$1.75 / \$6.65	\$54.99
Y	Trucking/Transportation	\$72.00 (first), \$4.50 (201+)	\$1.00	\$2.40 ⁽⁴⁾	\$72.00 (first), \$4.50 (201+)	\$1.75 / \$6.65	\$88.69
Z	Cannabis	\$1.20 - \$95.00	\$60.00	\$25.00 / \$50.00	\$50.00	\$25.00 / \$50.00	\$10.00 to \$100.00
<i>(1) Rate is per \$1,000 in gross receipts except as noted by color coding:</i>		<i>(2) San Francisco and Richmond have adopted progressive GRT systems. For these cities, the min and max rates are presented (MIN/MAX). Note that Richmond's rates, which were passed by Measure U (2020) and will begin in 2021, represent the upper limit for the rates (the City Council has the authority to lower rates below these maximum rates). For San Francisco, some rates increase through 2024; the rates presented here are the rates set to take effect in 2024 unless otherwise noted.</i>					
<i>Value-added (per \$1,000)</i>		<i>(3) San Francisco's "Administrative Office" tax rate is the current (2021) rate and only applies to firms with 1,000+ U.S. employees and \$1 Billion or more in annual U.S. sales. San Francisco levies an additional 1.5% (\$15/\$1,000) Homelessness Tax on these firms.</i>					
<i>Local (In-City) Expenses (per \$1,000)</i>		<i>(4) These categories did not have a specific rate listed in the city's tax schedule and were therefore assigned the rate in the city's "Miscellaneous" category.</i>					
<i>Gross payroll (per \$1,000)</i>							
<i>Per permit or per Vehicle</i>							
<i>Per Owner/Officer/Employee</i>							

CITY COUNCIL PROPOSED BUSINESS TAX STRUCTURE

Prior to the creation of the Task Force, the City Council proposed a re-design of the Business Tax (the “City Council Proposal”) in 2020.² The City Council Proposal introduces a tiered or progressive rate structure for most business sectors, in which businesses with higher gross receipts totals pay higher rates relative to businesses in the same sector earning lower gross receipts. As shown in Figure 5, the affected sectors—i.e., those from which the City Council proposes raising additional revenue—account for roughly half of business tax revenues generated under the current tax code.

FIGURE 5: FY 2019-20 REVENUES RAISED, BY SECTOR

Affected Sectors			Unaffected Sectors		
A	Retail Sales	\$4,558,922	L	Trucking & Transportation*	\$82,430
C	Auto Sales	\$850,949	M	Residential Rental	\$20,902,935
D	Wholesale Sales	\$2,678,348	N,O	Commercial Rental	\$13,726,051
I, J	Manufacturing	\$898,972	X	Taxicabs*	\$25,020
K	Admin Headquarters	\$1,173,484	Y	Ambulances & Limousines*	\$4,223
T	Media Firms	\$462,635	Z	Cannabis	\$11,593,521
W	Miscellaneous	\$25,813	NP	Non-Profit	\$20,778
B	Grocers	\$516,842			
E	Business & Personal Services	\$5,142,362			
H	Contractors	\$7,415,619			
P	Hotel, Motel	\$459,185			
F	Prof. & Semi-Professional Services	\$18,419,956			
G	Recreation And Entertainment	\$1,291,082			
U	Utility Companies	\$786,275			
TOTAL		\$44,702,100	TOTAL		\$46,354,958

* The Task Force was presented with information regarding the changes to the Trucking & Transportation, Taxicabs, and Ambulance & Limousine sectors proposed by Council Member Kalb but did not take any action on these proposals.

According to analysis prepared by the City Finance Department, the City Council Proposal would have raised an estimated \$27 million in additional revenue in FY 2018-19 (assuming no change in business activity in the City due to the tax increase). By FY 2023-24—the first year of full implementation if the voters were to approve this proposal in November 2022—the proposal would add a projected \$34.7 million over current law, a 34% increase in taxes collected over the status quo system and a 72% increase in revenue from the affected sectors.

² Adam Benson, “Equitable Business Tax Update,” July 8, 2020. This memo assesses the fiscal impacts of two separate City Council proposals. For purposes of this memorandum, the City Council’s proposal is the one referred to as “Proposal 2” in the Department of Finance memorandum.

City Council’s new proposed tax rates

For all business categories impacted by the City Council Proposal, progressively increasing marginal tax rates are imposed across five new tax brackets (see Figure 6). For the retail and wholesale sales sectors, the proposed tax rates imposed on the lowest bracket of gross receipts (from \$0 to \$1 million) are lower than the rates imposed on those sectors under current law. For most other sectors, small businesses would face an increase in taxes. For example, businesses with less than \$1 million in gross receipts in the Administrative Headquarters, Miscellaneous, and Contractors sectors would see an increase of over \$1.00 per \$1,000 relative to each sector’s current rate.

Across all sectors except for retail and wholesale sales, the marginal rates imposed at the highest bracket (above \$50 million in gross receipts) are at least twice as high as the sector’s current rate. For the Auto Sales, Manufacturing, Administrative Headquarters, and Miscellaneous sectors, this top rate is over four times greater than the sector’s current rate.

The City Council Proposal largely generates additional revenue by shifting the business tax burden onto larger businesses. Those receiving over \$50 million in gross receipts annually in FY 2023-24 would account for \$21.4 million in additional revenue—nearly two-thirds of the total additional revenue raised. The proposal reduces taxes on businesses with less than \$250,000 in gross receipts by over \$1.5 million, due to two new tax relief measures proposed for small businesses.

FIGURE 6: CITY COUNCIL PROPOSAL

Sector	Current Law, Tax per \$1,000	City Council Proposal – Tax Rates by Bracket (Gross Receipts, mil \$)				
		\$0 – \$1.0	\$1 – \$2.5	\$2.5 - \$25	\$25 - \$50	Over \$50
Retail Sales	\$1.20	\$0.75	\$1.00	\$1.25	\$1.50	\$2.00
Auto Sales	\$1.20	\$1.25	\$2.25	\$3.25	\$4.25	\$5.25
Wholesale Sales	\$1.20	\$0.75	\$1.00	\$1.25	\$1.50	\$2.00
Manufacturing	\$1.20	\$1.25	\$2.25	\$3.25	\$4.25	\$5.25
Admin Headquarters	\$1.20	\$3.50	\$4.50	\$5.50	\$6.50	\$7.00
Media Firms	\$1.20	\$1.80	\$2.80	\$3.80	\$4.80	\$5.00
Miscellaneous	\$1.20	\$3.50	\$4.50	\$5.50	\$6.50	\$7.00
Grocers	\$0.60	\$0.60	\$1.00	\$1.25	\$1.50	\$2.00
Business & Personal Services	\$1.80	\$2.00	\$3.00	\$4.00	\$5.50	\$6.00
Contractors	\$1.80	\$3.00	\$3.50	\$4.00	\$4.50	\$5.00
Hotel, Motel	\$1.80	\$1.80	\$2.80	\$3.80	\$4.80	\$5.00
Prof. & Semi-Prof. Servs	\$3.60	\$4.00	\$4.50	\$5.00	\$5.50	\$7.50
Recreation & Entertainment	\$4.50	\$4.50	\$4.60	\$4.70	\$4.80	\$5.00
Utility Companies	\$1.00	\$1.80	\$2.80	\$3.80	\$4.80	\$5.00

City Council’s proposed tax relief for small businesses

The City Council Proposal includes two measures that would reduce tax bills for small businesses.

1. *Maximum tax payment for small businesses:* Businesses that both (i) receive annual gross receipts of less than \$250,000; and (ii) are not in the residential property, commercial property, or cannabis sectors, may make an “alternative” tax payment of \$100 rather than the calculated payment under the City Council Proposal’s standard rates.
2. *Elimination of the minimum payment:* The City Council Proposal would eliminate the standard minimum payment of \$60 that under current law applies to most business sectors.

TASK FORCE PROPOSED TAX RATES

At the meeting held on September 30, 2021, the Task Force voted by a vote of 7 ayes (Katz, Fike, Oke, Ortega, Swafford, Takata-Vasquez, Wanzo) to 3 nays (Kwamilele, Larsen, Williams) to approve a rate proposal with the following characteristics:³

1. A tiered or progressive rate structure in which larger businesses pay a higher rate relative to smaller businesses in the same category. Rates vary from \$0.45 per \$1,000 of gross receipts for grocers to \$15 per \$1,000 in payroll for large administrative headquarters firms.
2. Seven distinct marginal tax brackets with gross receipts up to the bracket threshold taxed at the bracket rate, and revenue over the bracket threshold taxed at the higher rate in the next bracket.
3. A net tax reduction for some of the smallest businesses in the City, averaging about \$60 for approximately 20,000 businesses. This reduction is comprised of a lowering of the minimum payment from \$60 to \$50 for some businesses, and a reduction relative to current rates for other small businesses in some categories.
4. The creation of a new administrative headquarters tax for large national firms with administrative functions in Oakland. This tax would apply in lieu of the regular payroll-based administrative headquarters tax for firms with more than 1,000 employees nationally and \$1 billion in revenue. The tax rate would be \$15 per \$1,000 of Oakland based payroll.

³ Member Minh Tsai was not in attendance and did not vote.

The specific tax rates are presented in Figure 7 below.

FIGURE 7: TASK FORCE PROPOSAL

Sector	Current Law, Tax per \$1,000	Task Force Proposal – Tax Rates by Bracket (Gross Receipts, mil \$)						
		\$0 - \$1.0	\$1 - \$2.5	\$2.5 - \$10	\$10 - \$25	\$25 - \$50	\$50 - \$75	Over \$75
Retail Sales	\$1.20	\$0.90	\$1.08	\$1.25	\$1.50	\$1.75	\$2.00	\$2.50
Auto Sales	\$1.20	\$1.20	\$1.25	\$1.50	\$1.75	\$2.00	\$2.25	\$2.75
Wholesale Sales	\$1.20	\$1.08	\$1.14	\$1.25	\$1.50	\$1.75	\$2.00	\$2.50
Manufacturing	\$1.20	\$0.90	\$1.20	\$2.25	\$2.75	\$3.00	\$3.25	\$4.80
Admin Headquarters	\$1.20	\$3.50	\$4.50	\$5.00	\$5.50	\$6.00	\$6.50	\$7.00
Media Firms	\$1.20	\$1.80	\$2.80	\$3.20	\$3.80	\$4.80	\$5.00	\$5.50
Miscellaneous	\$1.20	\$3.50	\$4.50	\$5.00	\$5.50	\$6.00	\$6.50	\$7.00
Grocers	\$0.60	\$0.45	\$0.54	\$1.00	\$1.35	\$1.50	\$1.75	\$2.00
Business & Pers. Svcs	\$1.80	\$1.62	\$1.71	\$3.25	\$4.00	\$5.00	\$5.25	\$6.00
Contractors	\$1.80	\$1.80	\$2.75	\$4.00	\$4.50	\$5.00	\$5.50	\$6.00
Hotel, Motel	\$1.80	\$1.62	\$1.71	\$3.80	\$4.80	\$5.00	\$5.25	\$5.50
Prof. & Semi-Prof. Svcs	\$3.60	\$3.24	\$3.42	\$5.00	\$5.00	\$5.50	\$6.50	\$7.50
Recr. & Entertainment	\$4.50	\$4.50	\$4.70	\$4.70	\$4.70	\$4.80	\$5.00	\$5.50
Utility Companies	\$1.00	\$4.00	\$4.50	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00

FISCAL AND ECONOMIC EFFECTS OF PROPOSED TAX CHANGES

The task force reviewed estimated fiscal and economic impacts of the proposed tax changes, compared both to current law and the City Council Proposal. The estimated fiscal and economic impacts considered by the Task Force were based on analysis conducted by City staff and the Blue Sky Consulting Group showing that business responsiveness to tax rates depends on the cost of locating elsewhere and the nature of the customers served by the business, among other factors. For instance, businesses in some sectors functionally cannot “move” locations. Construction contractors, for example, must pay business taxes on the gross receipts derived from projects located inside City borders, regardless of where the contractor’s offices are located. Similarly, restaurants, grocery stores, dry cleaners, and other locally-serving retailers and service providers need to be near customers and therefore are less likely to move in response to a tax change. In contrast, professional service firms, for example, can relocate more easily to offices in other jurisdictions if business conditions (including tax rates) make such a move more attractive. Firms that sell primarily to customers outside of the City, such as manufacturers, may not be able to pass on tax increases to customers since competing firms located outside of the City are not impacted by the tax increase.

For the Task Force’s purposes, estimation of the additional tax revenue generated by a given tax proposal was subject to both “static” and “dynamic” scoring. Under a static model, taxpayers do not adjust their behavior in response to changes in tax rates. Static estimates of future revenues

generated by the City's business tax, therefore, assume that the City's economic growth is the same whether current rates remain in effect or are replaced with a tax increase. Static scoring likely overestimates the revenue generated by a business tax increase, since it fails to account for revenues lost due to businesses choosing to relocate or expand outside the City in response to the increase in rates. However, such a scoring provides a baseline for comparing across proposals. Under a dynamic model, by contrast, the fiscal analysis accounts for behavioral changes on the part of taxpayers (i.e. some taxpayers relocate, grow more slowly, expand outside of the City or choose to locate in a different jurisdiction in response to the tax increase).

For purposes of estimating the revenues generated by the proposals considered by the Task Force, three separate estimates are provided:

- The Static Scenario shows the estimated tax revenues generated by each proposal given an assumption that the City's business sectors would grow at the same rate regardless of whether the current rates remain in effect or are replaced with higher tax rates.
- The Constant Elasticity Scenario shows the revenues that would be generated if all businesses respond in the same way to a tax increase; specifically, estimates were developed based on an elasticity of -0.2, indicating that if a given tax proposal raises the total state and local tax burden (including estimated property and state income taxes) on a business by 10%, the business's projected gross receipts will be reduced by 2% relative to the gross receipts projected under the Static Scenario.
- The Variable Elasticity Scenario estimates the likely effects of a proposal based on the theory that larger increases in taxes produce a larger response from businesses. Under this scenario, small changes in taxes are estimated to produce a small change in economic activity (elasticity of -0.1) while larger changes in taxes produce a larger change in economic activity (elasticity of -0.6).

Fiscal and Economic Effects of Proposed Changes

Figure 8 presents the estimated revenue to be generated from both the City Council Proposal and the Task Force Proposal. As shown in Figure 8, under the Static Scenario, the City Council Proposal would generate \$34.7 million in additional revenue in FY 2023-24 while the Task Force Proposal would generate \$35.7 million. Under the Variable Elasticity Scenario, which takes into account the likely response of businesses to the tax change, the City Council Proposal is estimated to generate \$30.78 million compared with \$32.72 under the Task Force Proposal.

FIGURE 8: ESTIMATED REVENUE FROM TASK FORCE PROPOSAL

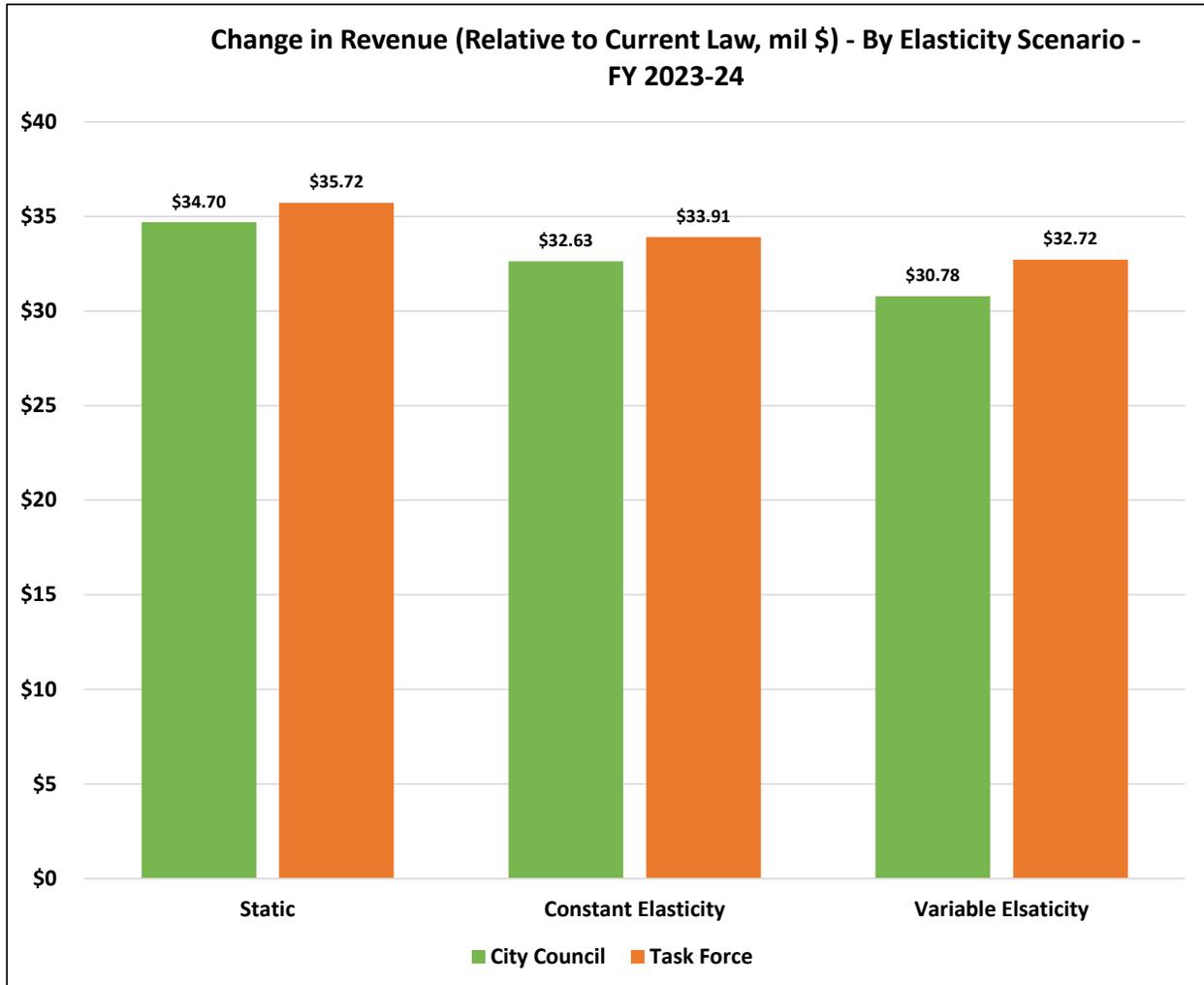


Figure 9 shows the estimated change in jobs likely to result from each proposal. Under the Constant Elasticity Scenario, which assumes the same response across all businesses, the net reduction in jobs would be approximately 1,300 under both the City Council and the Task Force Proposals. Under the Variable Elasticity Scenario, which estimates a larger business reaction to larger tax increases, the City Council Proposal is estimated to result in a reduction of about 2,300 jobs compared with a reduction of about 2,250 jobs under the Task Force Proposal.⁴

⁴ Note that the City’s private sector employment is approximately 200,000.

FIGURE 9: ESTIMATED CHANGE IN JOBS

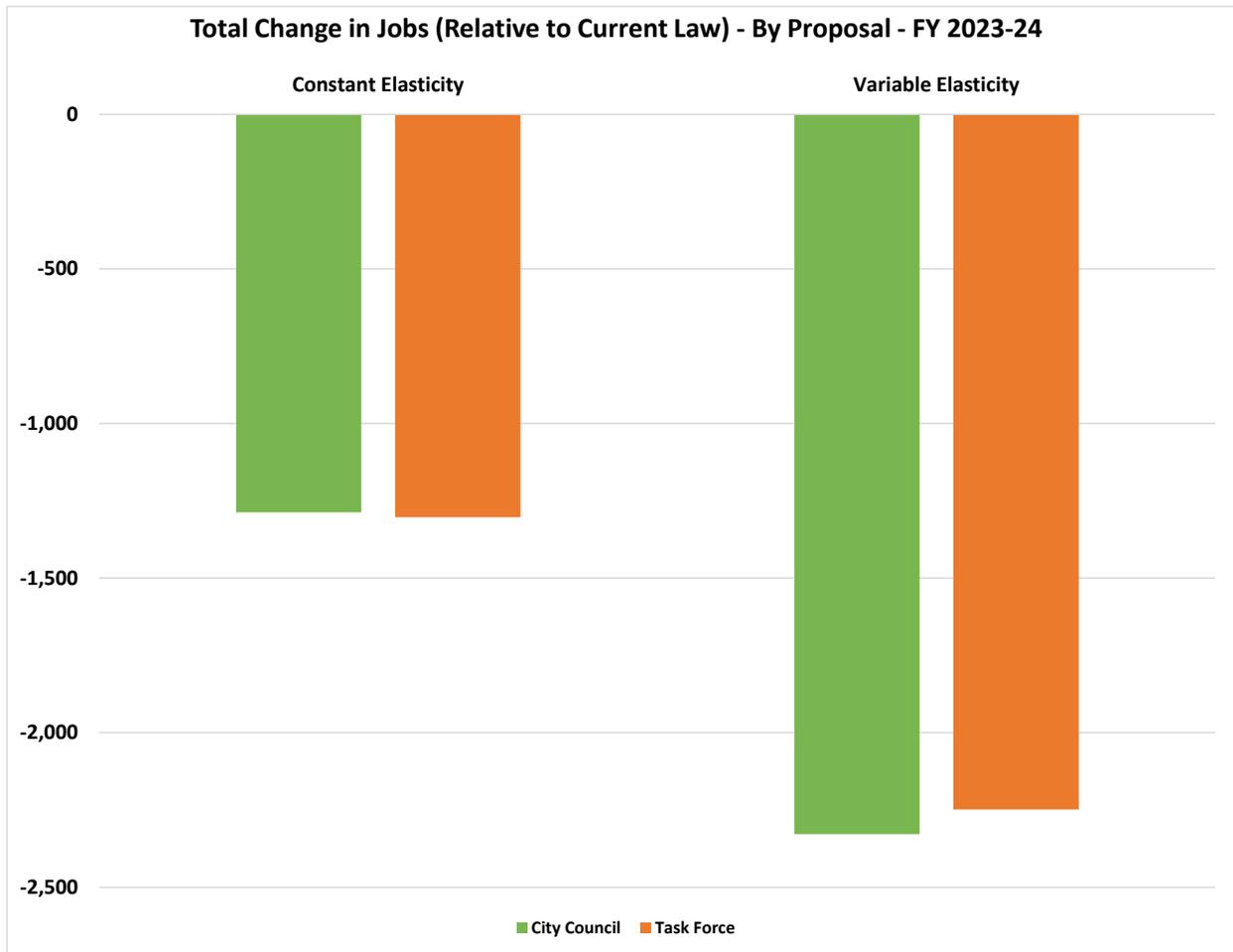


Figure 10 shows the extent to which the current tax system, the City Council Proposal and the Task Force Proposal rely on the largest 10 taxpayers to generate revenue. Under current law, these 10 taxpayers are expected to account for 11.3% of tax revenue from the sectors affected by the Task Force Proposal. Both the City Council Proposal and the Task Force Proposal would rely more heavily on these 10 taxpayers, who would account for 18.1% and 22.0% of revenue, respectively.

FIGURE 10: PERCENT OF REVENUE FROM LARGEST 10 TAXPAYERS

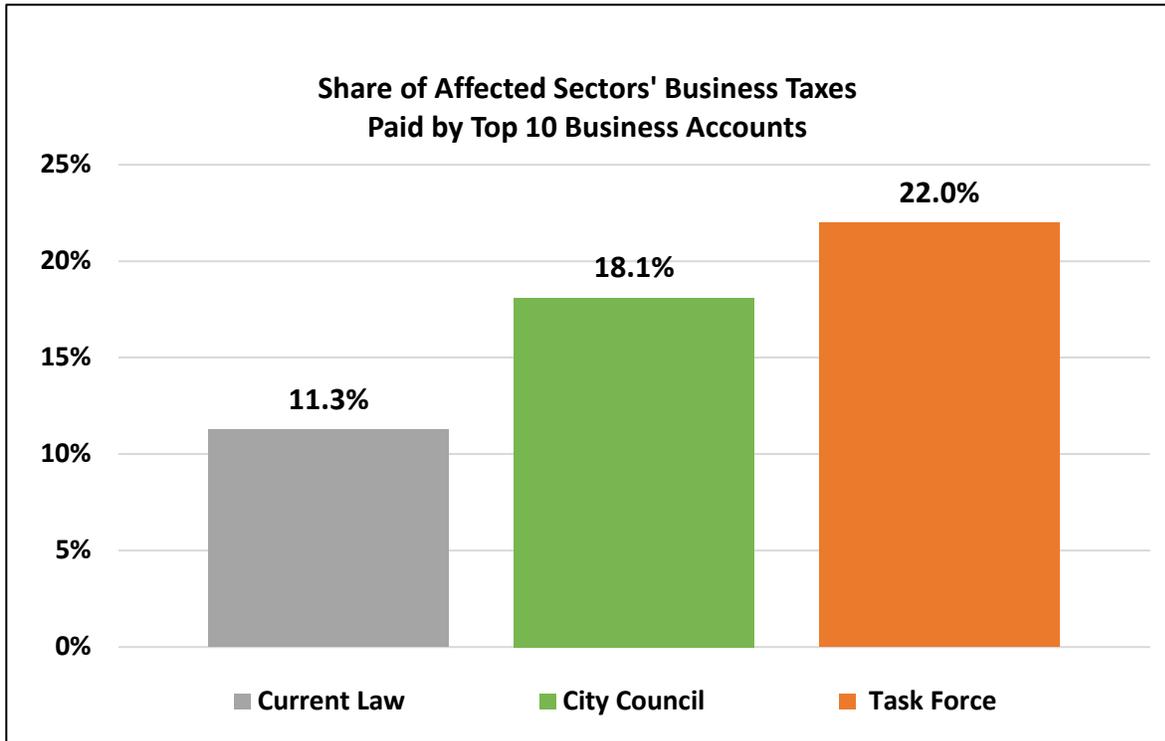


Figure 11 shows the estimated increase in taxes for affected sectors. Under both the City Council Proposal and the Task Force Proposal, the retail sector would experience an overall reduction in taxes, although the City Council Proposal would reduce taxes on this sector more. Relative to the City Council Proposal, the Task Force proposal would increase taxes less on the automobile sales, manufacturing, grocery, business and personal services, contactors, and professional services sectors. Tax increases would be somewhat higher relative to the City Council Proposal for the wholesale, media, recreation and entertainment, and utility sectors. Both proposals would significantly increase taxes on administrative headquarters companies, with taxes increasing by more than 400% under the City Council Proposal and more than 760% under the Task Force Proposal.

FIGURE 11: ESTIMATED CHANGE IN TAX PAYMENTS

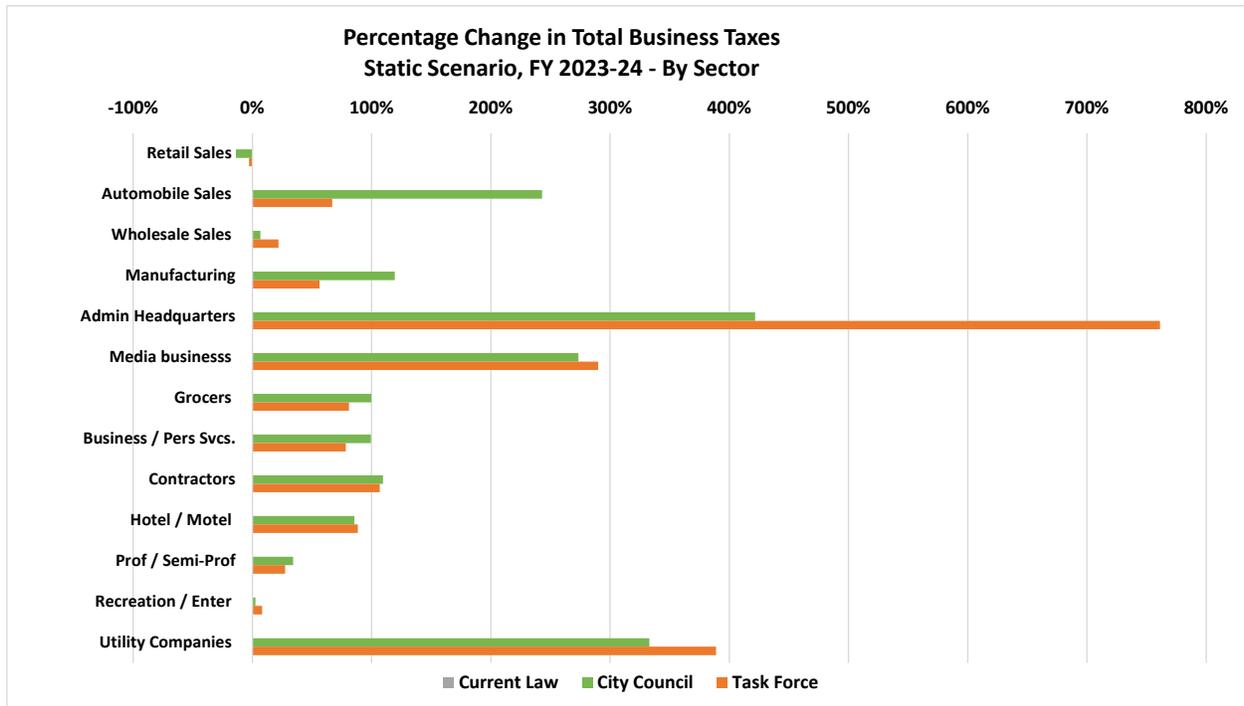


Figure 12 shows the change in taxes by firm size. Both the City Council and the Task Force Proposals would result in small reductions in taxes for the smallest firms (less than \$250,000 in gross receipts). Taxes for businesses with between \$250,000 and \$1 million in gross receipts would increase modestly under both proposals. Similarly, both proposals would significantly increase taxes for businesses with more than \$100 million in gross receipts or Oakland payroll, which represent the largest 24 firms in the City. Specifically, the City Council Proposal would raise an additional nearly \$16 million from these firms while the Task Force Proposal would raise nearly \$20 million from these firms.

FIGURE 12: CHANGE IN TAXES BY FIRM SIZE

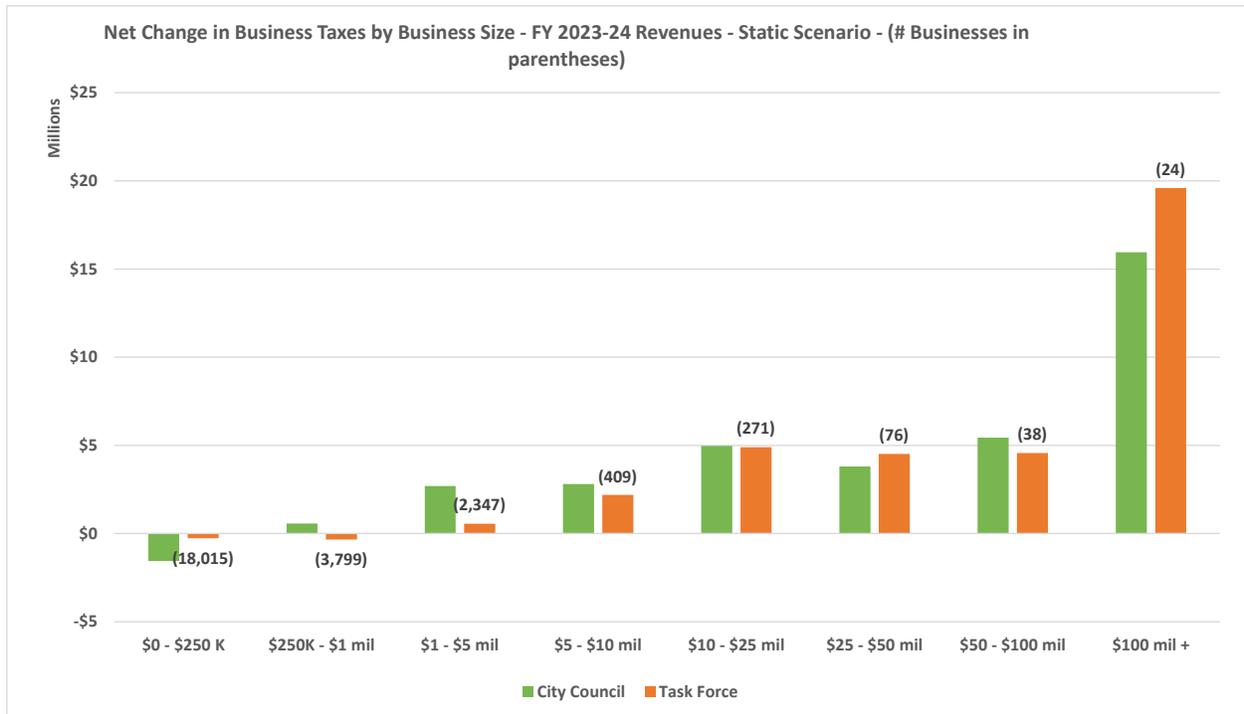


Figure 13 shows the likely tax reduction for the smallest firms in the City. Under the City Council Proposal, an estimated 17,466 firms would receive a net reduction in taxes, with an average reduction of \$138 annually. Under the Task Force Proposal, an estimated 20,779 firms would receive an average reduction in taxes of \$62 annually.

FIGURE 13: SMALL BUSINESS TAX REDUCTION

TAX BREAKS FOR SMALL BUSINESSES		
	City Council	Task Force
Businesses with Tax Cut of \$100+		
# Businesses Benefitting	5,665	3,675
Avg. Tax Cut	(\$328)	(\$255)
Total Cost	(\$1,856,797)	(\$938,452)
Businesses with Tax Cut of < \$100		
# Businesses Benefitting	11,801	17,104
Avg. Tax Cut	(\$47)	(\$21)
Total Cost	(\$550,023)	(\$351,067)
All Businesses with Tax Cut		
# Businesses Benefitting	17,466	20,779
Avg. Tax Cut	(\$138)	(\$62)
Total Cost	(\$2,406,820)	(\$1,289,520)

Impact of COVID-19

The COVID-19 pandemic, which began in early 2020, resulted in steep and sudden increases in unemployment and reductions in economic activity in the City of Oakland and across the country as many businesses closed to prevent the spread of the infection. This had a negative impact on many of the City’s most important revenue sources, including the BLT as well as the sales tax, Transient Occupancy Tax, and parking-related revenues.

Some of the negative economic impacts of the pandemic were partially mitigated by state and federal programs such as the Paycheck Protection Program, which allowed many Oakland businesses to remain open even as their revenue fell, and increased unemployment benefits for Oakland residents, which provided crucial funds for Oakland families to meet their basic needs and allowed these individuals to continue to patronize local businesses. These programs offered critical support over the past 18 months and likely prevented even worse economic and fiscal outcomes.

Going forward, the impact of the pandemic and the related shift to remote work remains uncertain. To the extent business travelers choose video conferences over in-person meetings, consumers continue to prefer online to in-person shopping, and commuters telecommute rather than return to in-person work, the City’s economy will continue to suffer, and with it the City’s revenue receipts.

The estimated fiscal and economic effects considered by the Task Force envision a return to pre-pandemic levels of economic activity for most sectors by the first year of full implementation of

the proposed tax rate changes (i.e. 2023-24), although some continued telework is anticipated and travel is not expected to return to pre-pandemic levels for several years. To the extent telework persists at its current high level, or business and leisure travelers do not eventually return to the city's hotels, shops, and restaurants, the results considered by the Task Force may be overly optimistic. Additionally, while the dynamic scenarios capture expected losses from business exits, City revenues are highly sensitive to the departure of a small number of the largest firms. Therefore, actual losses driven by exits may be larger than predicted.

USE OF REVENUE

To provide ongoing recommendations with respect to the City's disbursement of the additional revenues raised by the BLT and to support small businesses and contribute towards a thriving business community in the City of Oakland, the City Council should create a Business Community Advisory Board, modeled on the Community Advisory Board established in connection with the City's enactment of the Sugar-Sweetened Beverage Distribution Tax. This board should include members representing:

- 1) Businesses located within the City, including both new and well-established businesses from a wide range of sectors, including a representative from each council district. The make-up of the Advisory Board should be representative of the make-up of businesses located within the City.
- 2) Business organizations and alliances, especially those with broad and diverse membership bases.
- 3) Non-profit organizations, with particular focus on those providing research, advocacy, technical assistance, and educational services related to small business formation, employee empowerment, and sustainable and equitable economic growth.

The Task Force considered how the funds raised by the proposed increases in tax rates should be spent and made the following recommendations:

- 1) *Support of small business loan initiatives*: A portion of the additional revenue raised should be allocated for financial support of City's small business community through grants or loan programs.
- 2) *Shared City resource for small businesses*: The City Council should consider funding a range of initiatives that would support the attraction and retention of businesses.
 - a) Hiring additional City staff to conduct outreach to small businesses, market opportunities for support, and educate employees on the benefits of forming worker cooperatives.
 - b) Further funding the City's Business Improvement Districts, which already perform much of this work and invest in district improvements.

-
- 3) *Increased funding for city services:* To attract and retain businesses, the City Council should spend more on the services that keep commercial neighborhoods clean and welcoming, including, for example:
 - a) Stricter enforcement of rules against illegal dumping, more timely street cleaning, and the placement of additional public litter receptacles.
 - b) Increased funding for services and shelter for the homeless.
 - 4) *Making commercial retail space more accessible and affordable:* The City should look for ways to incentivize property owners to make retail space more accessible and affordable for small businesses.
 - 5) *Provide sufficient additional resources needed for tax collection and enforcement.* The City should provide sufficient additional staff and other resources to ensure adequate enforcement and collection of the business tax.

From: [Paul Butler](#)
To: [City Clerk Dept User](#)
Subject: Measure U
Date: Tuesday, February 1, 2022 2:28:19 PM

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To: The City Council

Sirs/Ms:

I am Paul Butler. I own and have operated StorQuest Richmond (Formerly Payless Self Storage/"A"Mini Warehouse) since 1984. Here are the primary points I would like to make in regards to classifying us in "G" rather than "K".

1. Our current business license cost is \$430. Under "G" we would pay about \$9,500. Under "K" we would pay about **\$95,000**. Need I say more?
2. Storage is looked at distinctly different from residential and commercial rentals. There is a separate Self Storage Act that governs our industry.
3. We are subject to a Lien process as compared to an Eviction process.
4. We are a "Warehouse"... in fact, from the beginning of our industry to about 2000 we were known as "Mini Warehouses". In fact, our property was known as "A Mini Warehouse" for the first 20 years that we were in business. I changed our name to Payless Self Storage in about 2000 to use the more modern name.
5. Our leases are month to month and can be shorter on occasion.
6. The statutory requirements of notice are completely different from commercial leases.
7. The Council, understanding that we belong in "G" included the term "Warehouse" in their definition of "G".

I do understand that Richmond needs to raise more revenue and I support that. However, I personally feel that classifying us in "K" would result in a totally unreasonable increase in our taxes.

Thanks for your consideration.

Paul Butler
Owner, StorQuest Richmond