From: Hale, Matthew
To: CityRecorder
Subject: Comments: City Council Work Session - Revenue Options to Sustain City Services 4/5/2023
Date: Wednesday, April 5, 2023 9:56:57 AM

Comments on Proposed Options under Consideration for Revenue Options to Sustain City Services (under consideration 4/5/2023)

Good Evening Mayor Hoy and City Councilors. I'm Matt Hale, and I reside in Ward #4. Thank you for providing the background information for tonight's information work session, specifically the 3 options presented to you by the City Chief Financial Officer. First of all, I continue to advocate for efficiency gains and cost cutting before you consider asking voters to approve additional revenue. Our City chose to spend upwards of $23.33 million in state and American Rescue Plan funds to expand sheltering options and address livability concerns to address homelessness concerns in our community, and these one-time funds will be exhausted next year. Rather than build a long-term and sustainable approach towards addressing homelessness, the City's actions created this budget dilemma now facing us.

I commend you for recently stating in the State of the City address that "If we want to increase the safety of our city and see a reduction in crime, if we want relation-based policing, if we want safer neighborhoods and safer streets, we need additional revenue for public safety," However, I'm disappointed that our City continues to spend one-time funds on long-term projects, rather than projects that can be completed in entirety with those limited funds. Then pivoting immediately to the voters that the City desperately needs more revenue to maintain and expand services, after spending more than $23 million is disingenuous! All three options you are considering this evening propose adding an additional $5.50 to the monthly operations fee, an increase equivalent to passing three library renovation bonds akin to Measure 24-423 in November, 2017. That singular bond in 2017 was for an estimated $0.12 for every $1,000 in assessed property value based on a home assessed at $200,000. This singular increase in the monthly operations fee of $5.50 is equivalent to a permanent bond, also indexed for inflation, valued at $0.33 for every $1,000 in accessed value. I ask that if you pursue this option, please be clear and transparent with voters (ensure you mention the 6.25% increase on 1/1/2024 the City CFO stated in the February work session, adding almost another dollar to residential rates), and be specific on what you plan to spend that money on and make a good argument to garner their support, since this is akin to an additional bond of almost $100 million over ten years.

I offer initial support to your Employee-Paid Self Employment Tax proposals; however, I remain concerned that the singular focus on increased revenue, without looking for efficiency gains and cost reductions will continue to erode any semblance of trust voters have in city government. Be transparent and clearly communicate who would be subject to this

Employee-Paid Self Employment Tax. If Seniors and Retirees are included in this tax proposal you will likely face stiff opposition, and I would immediately withdraw my initial support. I urge you to consider the recent study published in 2018 from the International Monetary Fund that found that "stabilization that eliminates uncertainty about higher fiscal costs in the future stimulates demand today, and business confidence increases immediately at the start of a spending-based austerity plan, in contrast to what happens at the beginning of a tax-based plan." More taxes are likely to disincentivize growth in our community rather than lead to more economic growth.

As you begin to evaluate options, be emphatic to our community and know that many people are struggling economically, and these are just a few important headlines to read:

- Reed Abelson from the New York Times on 2/16/2023 found that "Nearly four of 10 Americans said they had put off care in 2022 because of cost, the highest number since Gallup started asking people about delaying care more than 20 years ago. The percentage reporting they or a family member delayed health care because of cost rose to 38 percent from 26 percent in 2021."
- Kassandra Martinchek, Poonam Gupta, Michael Karpman, and Dulce Gonzalez from the Urban Institute on 3/21/2023 found that "In December 2022, 63.2 percent of adults reported their household grocery costs increased a lot in the last year, higher than the shares reporting costs increased a lot for gasoline (55.5 percent), home heating (26.4 percent), rent (26.2 percent), child care (14.3 percent), health insurance (12.5 percent), and mortgage payments (8.1 percent)."
- Brett Arends from MarketWatch on 3/31/2023 found that "from January 2018 through December 2022, government data show that the average senior's expenses — as measured by the CPI-E — rose 20%. But benefits during that time rose just 12%. In real, spending-power terms, by the end of 2022 they were getting 8% less per month than they had been at the start of 2018.", and
- Gail Marks Jarvis from The Barron's Daily on 3/20/2023 found that "Peter Stahl, president of financial advisor training firm, Bedrock Business Results is advising retirees to plan on 10% to 14% increases in health care costs for a couple of years, before dropping closer to the 5% historical norm as pressures ease; and McKinsey and Co. is forecasting sharp healthcare inflation through 2027."

On a final note, be advised the Social Security program Board of Trustees this past Friday provided a dire warning about the solvency of the program. According to the most current estimates, 66 million Social Security recipients would see their benefits cut by 23% starting in 2033 since the program is expected to run short of cash to pay promised benefits in about ten years. The Social Security website states that "The Old-Age and Survivors

Insurance (OASI) Trust Fund will be able to pay 100 percent of total scheduled benefits until 2033, one year earlier than reported last year. At that time, the fund's reserves will become depleted and continuing program income will be sufficient to pay 77 percent of total scheduled benefits."

The most sensible and prudent strategy now is to cut costs, be more efficient, and only seek additional revenue that you absolutely need.

Sincerely,

Matt Hale
Ward #4