

THE CITY

Presented by:

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Learn, grow, think, challenge, have fun

Part I: The Economy – Where are we now?

Part II: How Do Cities Work? – Purpose, organizational structure, finances, economics, politics

Part III: A Tale of Two Cities – Campbell and Mountain View

Part IV: Future Sustainability

Spread of Products to a Quarter of the Population

Product	Year Invented	Years to Spread
Electricity	1873	46
Telephone	1876	35
Automobile	1886	55
Airplane	1903	64
Radio	1906	22
Television	1926	26
VCR	1952	34
Microwave Oven	1953	30
PC	1975	16
Cellular Phone	1983	13
Internet	1991	7

Source: Federal Reserve Bank of Dallas

IS A CITY LIKE A BUSINESS?

CITIES

- Services
- Customers
- Complaints
- No profit or loss
- Revenue and reserves
- Expenses
- Operating budget
- Capital budget
- Market and promote

BUSINESSES

- Service or product
- Customers
- Complaints
- Profit and loss
- Revenue
- Expenses
- Operating budget
- Market and promote

CITIES PROVIDE SERVICES: THEY SPEND MONEY

- Planning – Community Development
- Building
- Public Works
- Streets and Traffic
- Environmental
- Parks and Recreation
- Libraries
- Police
- Fire
- Garbage
- Revenue/finance
- IT
- Human Resources
- General Services/Purchasing
- City Attorney

ADDITIONAL CITY SERVICES

- Water & Electricity
- Sewer (shared)
- Animal services (shared)
- Economic Development
- Cultural Affairs
- Community Services
- Unhoused
- School Programs

CITIZEN BOARDS, COMMITTEES AND COMMISSIONS

San Jose has 27 boards,
committees, and
commissions

1. Arts Commission
2. Youth Commission
3. Senior Citizens Commission
4. Planning Commission
5. Special Oversight Committees
6. Historic Landmarks Commission
7. Library
8. General Plan Taskforce

WHERE DOES
THE REVENUE
COME FROM?



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REVENUE SOURCES FOR CALIFORNIA CITIES

- Sales/Use Tax
- Property Tax
- Hotel Tax – Transient Occupancy Tax
- Business License Tax
- Utility Tax
- Use of Money and Leases
- Enterprise Funds
- Subventions and Grants
- Licenses and Permits
- Use of Money and Property
- Fines and Penalties
- Charges for Current Services
- Miscellaneous Revenues



Three Grocery Stores: Trader Joe's,
Safeway, Amazon

- Three Airlines: Southwest, Delta, Amazon
- Three Banks: Chase, Bank of America, Amazon

RETAIL STORE CLOSURES

The list of store bankruptcies
and closures is 12 pages long,
single space



MAJOR SOURCE OF TAX REVENUE FOR CITIES

CITY	SALES TAX	PROPERTY TAX
SAN JOSE	20.2%	31.8%
LOS ALTOS	6%	62%
MOUNTAIN VIEW	11.7%	43%
CAMPBELL Highest sales tax in SCC – 9.875%	23.28%	34.43%

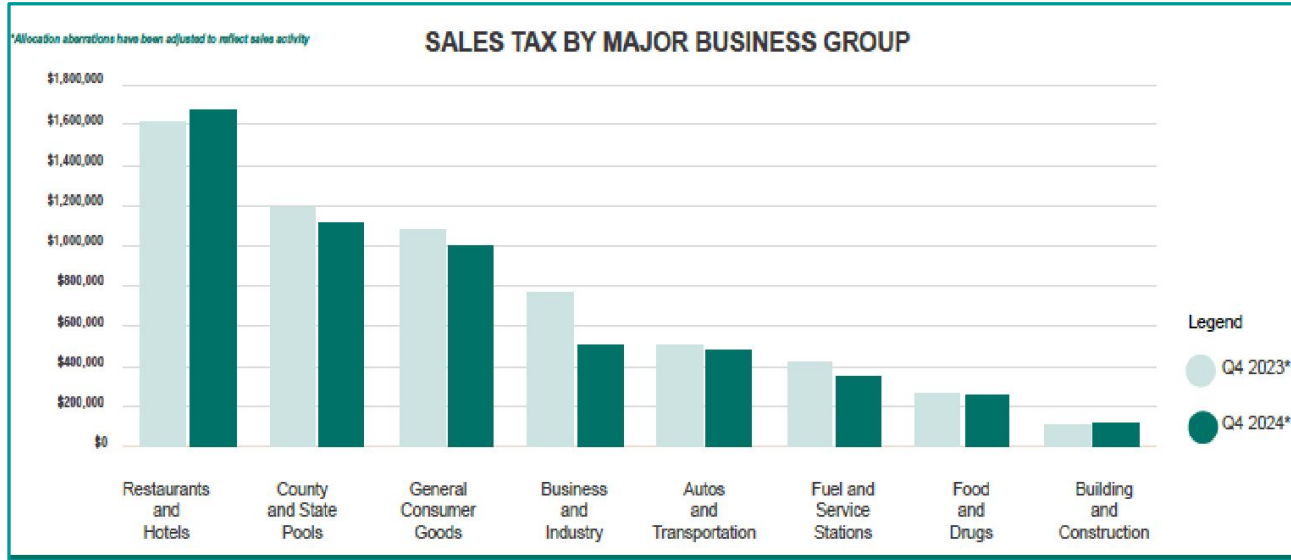
TOP SALES/USE TAX GENERATORS (SAN JOSE, MTN.VIEW, SUNNYVALE, ETC.)

- Costco
- Home Depot
- Walmart
- Target
- Sam's Club
- Auto Dealerships
- Tech Businesses
- Gas Stations
- Department Stores
- Apple Store
- Chick-fil-A
- In-and-Out

WHAT I DO?

- 30 plus years in economic development and building communities
- Large cities: San Jose, San Francisco Bay Area, Portland, Phoenix, Honolulu, Anchorage, St. Louis
- Medium and small cities: San Carlos, Millbrae, Palo Alto, Half Moon Bay, Redwood City, Burlingame, Redwood City, Campbell
- Focus: Practical actions for sustaining the local economy (or at least not make it worse) and build community

Mountain View Retail Vital Signs



Top 25 Sales Tax Producers (Alphabetical)

Allison BMW

Best Buy

Bon Appetit

Bruce Bauer

Lumber &

Supplies

Chevron

Compass Group

USA

Costco

Financial

Services Vehicle

Trust

Good Eating Co

Google Fiber

In N Out Burger

Keysight

Technologies

Kiwi Co

Kohls

Marshalls

Mountain View

ARCO

Mountain View

Shell

Safeway

Target

Total Wine &

More

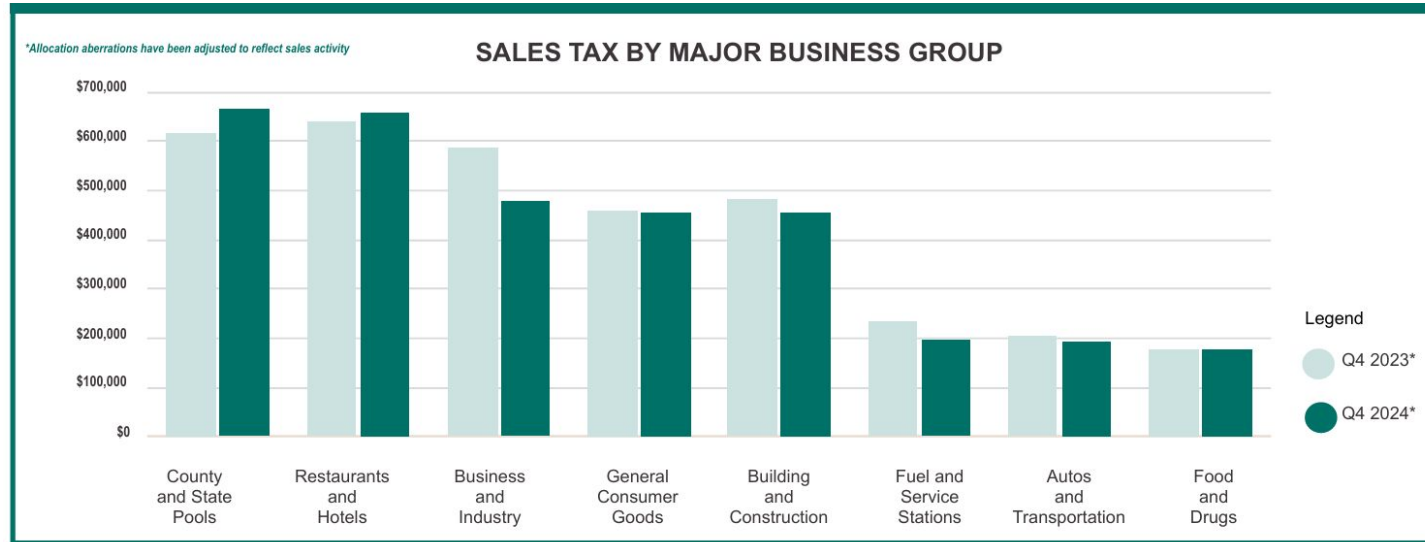
Valley Oil

Walmart

Waymo

Wisk Aero

Campbell Retail Vital Signs



Our Top 25 Sales Tax Payers

(Alphabetical)

America's Tire
AR Kitchens
Argonaut Window & Door
Chevron
Dasher Technologies
Gardenland Power Equipment
Hayward Lumber

Home Depot
Imperative Care
Jillbee Delivers
Joe Escobar
Diamonds
Kohl's
Luna Mexican Kitchen
Marshalls

Murray Window & Door
Orchard City Kitchen
Ross
Rotten Robbie
Safeway
Safeway Fuel
Sierra Pacific Turf Supply

Sports Basement
Summerwinds Nursery
Sunnyoaks Gas Food
Mart
Whole Foods Market

THE GENERAL FUND

- Budgets approved by June 30
- Covers a single fiscal year; some cities cover two years
- Budget must balance – a projected deficit must be resolved
- Unfunded needs – capital, retirees (pension & benefits), other services (fire districts), community requests, capital improvements
- City of Mountain View: \$195 million
- City of Los Altos: \$65 million
- City of Campbell: \$64 million
- City of San Jose: \$2.1 billion
- City and County of San Francisco: \$15.9 billion

OPTIONS FOR INCREASING REVENUES

- Special taxes – usually sales tax or utility tax
- One time use tax opportunities
- Bake sales
- Car washes
- Bingo

PERCEPTIONS ABOUT GOVERNMENT

- Too many workers that are dead wood
- Lack of accountability
- Entitled and entrenched
- Protected species – unions
- Fat salaries and benefits
- Then how will the work get done?

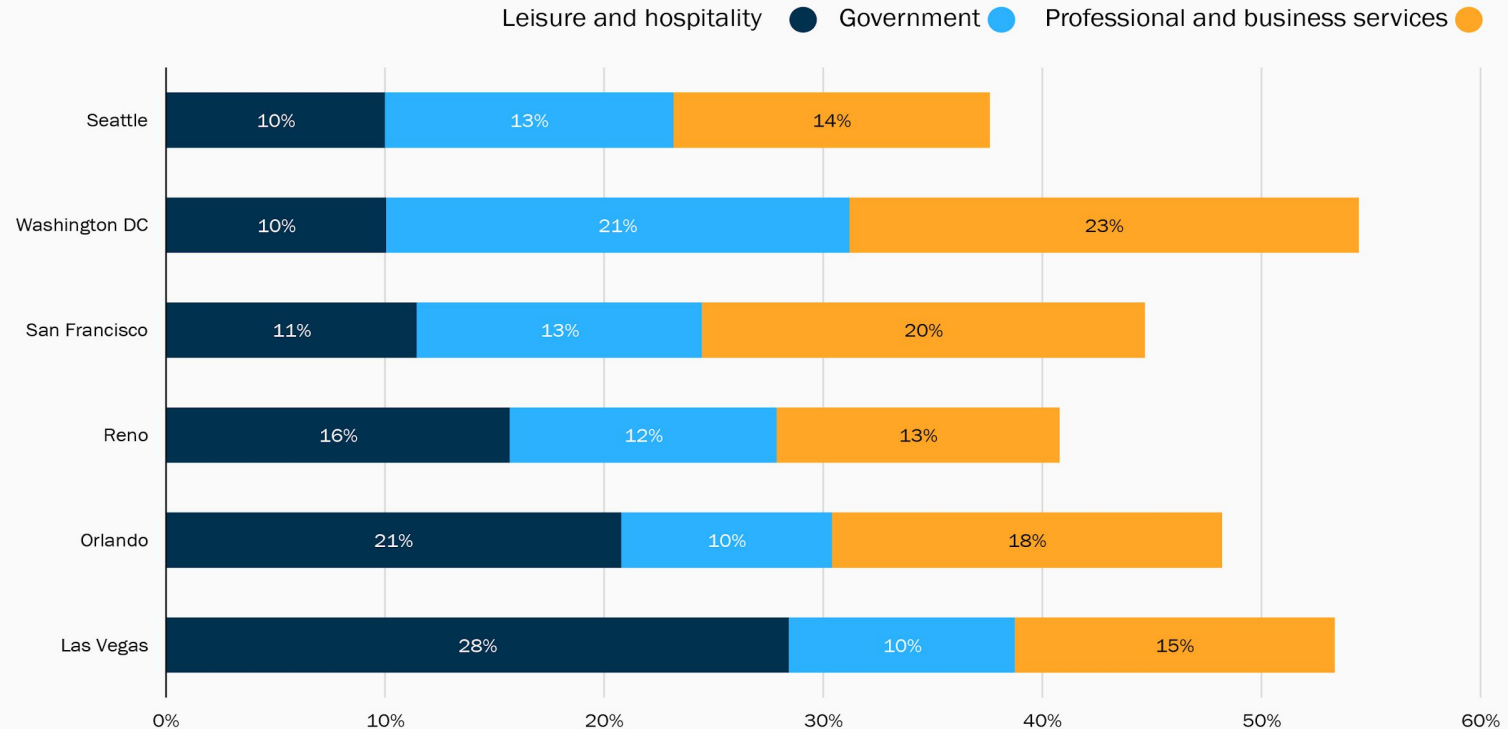
WHAT WE WILL DO

I. The Economy	Where we were and where are we now?
II. How Do Cities Work?	Purpose, Organizational Structure, Finances, Economics, Politics
III. A Tale of Two Cities:	Campbell and Mountain View, CA
IV. Future Sustainability	How will Cities Pay Their Bills?

HALLMARKS OF TODAY'S ECONOMY

Economies driven by tourism and locally serving businesses	Limited upward mobility
Mostly small businesses	Increasing cost of living
Fewer permanent jobs	Limited multiplier effect
Fewer jobs (period)	Constant shift in retail sales
Lower wage jobs	Declining standard of living and quality of life

Figure 2. Select metropolitan area industry employment
Portion of total employment



Source: U.S. Bureau of Labor Statistics, “Metropolitan Statistical Areas at a Glance,” 2019 average nonfarm employee counts, not seasonally adjusted.

BROOKINGS

II. HOW DO CITIES WORK?

DEFINITION OF A CITY

- A **city** is a large human settlement. It can be defined as a permanent and densely settled place with administratively defined boundaries whose members work primarily on non-agricultural tasks.
- Cities generally have a systems for housing, transportation, sanitation, utilities, land use, production, and communication.
- Their density facilitates interaction between people, government organizations and businesses, sometimes benefiting different parties in the process, such as improving efficiency of goods and service distribution.

CALIFORNIA MUNICIPALITIES

San Jose – Charter City

Campbell – General Law

Los Altos – General Law

Cities that have not adopted a charter are **general law cities**.

General law cities are bound by the state's general law, even with respect to municipal affairs.

A general law city's ability to impose taxes on real estate transfers is limited to the rate set by state law.

A **charter city** is a city in which the governing system is defined by the city's own charter document (approved by voters) rather than solely by general law.

More autonomy.

Of California's 478 cities, 108 are charter cities.

WHAT CITIES CAN AND CANNOT DO

- Must bid projects and consulting work
- Often must choose lowest bid
- Prevailing wage required for housing, public projects
- Agreements for everything that require indemnification of a city, insurance, terms
- Management must complete FPPC Statement of Economic Interests
- Bargaining units represent most employees
- City attorney
- Community process/engagement
- Help electeds make an informed decision
- **It's not personal**
- **Remember to turn off the microphone in a public hearing**