



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 8/6/2019

ITEM NO: 7

DATE: July 30, 2019
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Adoption of Revised Enabling Resolutions for the Sales Tax Oversight Committee and Finance Committee Respectively to Allow for Finance Committee Members to Serve as Sales Tax Oversight Committee Members when Vacancies exist, and Rescission of Resolutions 2018-056 and 2017-008

RECOMMENDATION:

Adoption of revised enabling resolutions for the Sales Tax Oversight Committee and Finance Committee respectively to allow for Finance Committee Members to serve as Sales Tax Oversight Committee members when vacancies exist, and rescission of Resolutions 2018-056 and 2017-008.

BACKGROUND:

On November 6, 2018, the residents of Los Gatos approved the imposition of a local sales tax with the passage of ballot Measure G. The ballot language included the required formation of an independent citizen oversight committee. The approved Ordinance 2274 (Attachment 1) which accompanied the ballot initiative spelled out the requirements for the establishment of the Citizens' Oversight Committee. The ordinance language is as follows:

Sec. 2.60.140. Citizens' oversight and annual audit.

- A. There shall be a committee appointed by the Town Council to review and report on the receipt of revenue and expenditure of funds from the tax authorized by this chapter ("revenues and expenditures"). The number, qualifications and duties of Committee members shall be established by ordinance or resolution of the Town Council.

PREPARED BY: Arn Andrews
Assistant Town Manager

Reviewed by: Town Manager, Finance Director, and Town Attorney

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- B. Beginning with the fiscal year that ends June 30, 2019, the Town's independent auditors shall, as part of their annual audit of the Town's financial statements, review the collection and expenditure of revenue from the tax authorized by this chapter. The auditors' review shall be a public document. The committee shall annually review the auditors' findings and report in writing to the Town Council regarding the auditors' findings regarding the revenues and expenditures. The Committee's statement shall be transmitted to the Town Council for consideration at a public meeting.
- C. By January 31, 2019, the Town Council shall adopt a resolution establishing the composition of the committee and further defining its responsibilities consistently with this section. Provisions defining the scope of committee responsibilities and reporting requirements shall address bond oversight, in the event that a decision is made at a later time to sell bonds that are in part backed by the revenues referenced in this section. The Town Council shall appoint the initial members of the committee no later than March 1, 2019.

DISCUSSION:

On December 18, 2018, the Town Council adopted Resolution 2018-056 (Attachment 2) establishing a Sales Tax Oversight Committee in accordance with the provisions of Section 2.60.140 of Ordinance 2274. The Resolution established a seven (7) member Committee appointed by a majority vote of Council. On February 19, 2019, the Town Council appointed the two applicants who applied for the Sales Tax Oversight Committee. Given that only two residents applied for appointment to the Sales Tax Oversight Committee and the need to have a functional Committee, staff has reviewed alternative options for establishing the required seven-member Committee per the Resolution.

Staff recommends that the Town Council adopt revised enabling resolutions for both the Sales Tax Oversight Committee (Attachment 4) and the Finance Committee (Attachment 5) to provide the latitude for the Finance Committee to complete the Sales Tax Committee membership if the Sales Tax Committee continues to have vacancies. Currently the composition of the Finance Committee is five members who as part of their Committee purview have familiarity with the Town's sales tax measure, Town finances, and the Town's independent auditor (see Attachment 3). In addition, the Finance Committee members meet the criteria of the Sales Tax Oversight Committee. Finance Committee members are all residents of Los Gatos and if this recommendation is approved will have all been appointed by a majority of the Town Council.

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DISCUSSION (continued):

The other option for Council consideration is to continue to recruit for the Sales Tax Committee. Staff is not recommending this option due to past challenges in filling the available positions and the importance of being able to convene the Sales Tax Committee consistent with the voter approved ballot measure.

CONCLUSION

Approval of this recommendation will allow for the timely convening of the initial Sales Tax Oversight Committee meeting and provide a mechanism for future meetings in the event additional residents do not seek appointment to the Sales Tax Oversight Committee.

COORDINATION:

This staff report was coordinated with the Town Manager, Finance Director, and Town Attorney.

FISCAL IMPACT:

This action has no fiscal impact.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. Measure G Ordinance 2274
2. Sales Tax Oversight Committee Resolution 2018-056
3. Finance Committee Resolution 2017-008
4. Draft Revised Enabling Resolution for the Sales Tax Oversight Committee Redline
5. Draft Revised Enabling Resolution for the Finance Committee Redline