



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 10/17/2023

ITEM NO: 15

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DATE: October 5, 2023  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Authorize the Town Manager to Execute an Agreement for Revenue Ballot Measure Consultant Services with NBS in an Amount Not to Exceed \$105,000 and Authorize an Expenditure Budget Adjustment in an Amount of \$105,000 from the Available General Fund Capital/Special Projects Reserve

**RECOMMENDATION:**

Authorize the Town Manager to execute an agreement for revenue ballot measure consultant services with NBS in an amount not to exceed \$105,000 and authorize an expenditure budget adjustment in an amount of \$105,000 from the available General Fund Capital/Special Projects Reserve.

**BACKGROUND:**

On January 24, 2023, the Town Council determined its Strategic Priorities for 2023-2025, which included exploring new revenue opportunities and addressing the forecasted structural deficit.

Over the years, the Town has added the following additional revenues in an incremental and diversified way:

- November 2016 Measure T increased the Transient Occupancy Tax (TOT) from 10 percent to 12 percent. The 2% increase raises approximately \$400,000 annually in additional revenue.
- November 2018 Measure G creates a 1/8 cent dedicated district sales tax for a 20-year period. The adoption of the dedicated tax provides approximately \$1,000,000 annually in additional revenue.
- In February 2019, Council approved an Ordinance allowing regulated short-term rentals subject to TOT. Approximately \$80,000 of additional TOT is collected annually.

**PREPARED BY:** Katy Nomura  
Assistant Town Manager

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

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BACKGROUND (continued):

- In June 2019, Council voted to annex 24 unincorporated County pockets. This action results in approximately \$1,000,000 in property taxes remaining in the Town instead of being diverted to the County.
- November 2022 Measure J increased business license taxes for the first time since 1991, raising approximately \$1,100,000 annually in additional revenue.

In an effort to explore new revenue opportunities to address the forecasted deficits, the Town may want to consider a revenue ballot measure in 2024. On June 20, 2023, the Town Council authorized the Town Manager to issue a Request for Qualifications (RFQ) for revenue ballot measure consulting services. Revenue ballot measure consulting services provide public opinion research, polling, public information and engagement strategies, ballot measure recommendations, and overall support if a ballot measure is pursued.

On July 11, 2023, the Town issued a Revenue Ballot Measure RFQ and submissions were due on August 1, 2023. The Town received five submissions from the following firms by the deadline:

- FM3 Research
- NBS (subcontracting with Gene Bregman & Associates)
- Props and Measures and Probolsky Research
- Team CivX and True North Research
- Tripepi Smith

Based on the submissions, interviews, and reference checks considered during the review process, staff selected NBS to provide the Town with revenue ballot measure consulting services.

DISCUSSION:

NBS and their subconsultant Gene Bregman & Associates (GBA) have decades of experience supporting local governments with revenue ballot measures. While NBS would focus on strategy, community engagement, and communications, GBA specializes in public opinion research and polling. Both firms have worked together successfully on several ballot measures.

The consulting work from NBS and GBA would help inform the type of potential revenue measures the Town may want to consider, and GBA would conduct polling to determine how viable the measures may be. From this analysis, NBS and GBA would provide recommendations on which measures may be most viable and whether the Town should pursue a measure in 2024. These recommendations would be brought to the Finance Commission and the Town Council in early 2024. The work leading up to and including providing these recommendations will be considered Phase I and is estimated to cost \$44,600.

DISCUSSION (continued):

At that point, the Town Council would review the recommendations with the Finance Commission's input and determine whether or not to pursue a revenue measure.

If the Town Council wishes to pursue a revenue measure at that time, the consultant would begin Phase 2 which includes public education and outreach, ballot measure language refinement, and a final resolution for the Town Council to place the measure on the 2024 ballot. Phase 2 is anticipated to cost \$39,325.

Throughout Phase 1 and 2, mailing and printing costs are estimated at \$12,000 and travel expenses are estimated to be \$3,500. Combining these costs with Phase 1 and 2 estimates results in an approximate total cost of \$99,425. A 5.6% buffer of \$5,575 has been included to account for any unforeseen costs, resulting in a not to exceed amount of \$105,000.

CONCLUSION:

Staff recommends that the Town Council authorize the Town Manager to execute an agreement for revenue ballot measure consultant services with NBS in an amount not to exceed \$105,000 and authorize an expenditure budget adjustment in an amount of \$105,000 from the General Fund.

If the Town does not move forward with these consulting services, an opportunity for revenue generation to address the forecasted structural deficit may be missed. Without additional revenue sources, the Town may need to reduce levels of service to have a balanced budget in light of the forecasted deficit.

COORDINATION:

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

FISCAL IMPACT:

Revenue ballot measure consulting services were not budgeted in Fiscal Year 2023/24. As a result, an expenditure budget adjustment in an amount of \$105,000 from the available General Fund Capital/Special Projects is necessary to engage in these services. If the Town Council does not wish to pursue a revenue measure after the completion of Phase 1, the remaining funds unspent for Phase 2 will return to the General Fund at year end, unless otherwise directed.

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SUBJECT: Revenue Ballot Measure Consultant

DATE: October 5, 2023

ENVIRONMENTAL ASSESSMENT:

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

Attachment:

1. Draft Agreement with Exhibit A - Scope of Services