



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 05/21/2024

DATE: May 14, 2024
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Review Polling Results, Authorize the Town Manager to Execute an Amendment to the NBS Agreement to Include Phase 2 in the Scope of Services to Prepare a 1/8th Cent Sales Tax Measure for the November 2024 Ballot and Increase the Not to Exceed Amount to \$105,000, and Authorize an Expenditure Budget Adjustment in an Amount of \$60,400 from the Available General Fund Capital/Special Projects Reserve

RECOMMENDATION:

Review polling results, authorize the Town Manager to execute an amendment to the NBS agreement to include Phase 2 in the Scope of Services to prepare a 1/8th cent sales tax measure for the November 2024 Ballot and increase the not to exceed amount to \$105,000 (Attachment 1), and authorize an expenditure budget adjustment in an amount of \$60,400 from the available General Fund Capital/Special Projects Reserve.

REMARKS:

At its meeting on May 7, 2024, the Council received the polling results for a 1/8th cent sales tax and continued the discussion to the May 21, 2024 Town Council meeting. The Council also referred the topic of reviewing the polling results and discussing next steps to the Finance Commission. The staff report (Attachment 2) and polling summary presentation (Attachment 3) from the May 7 Council meeting are attached as well as the polling topline report (Attachment 4).

At its May 13, 2024 meeting, the Finance Commission recommended that the Town Council pursue the 1/8th cent sales tax increase only if the use of proceeds are tied to specific needs, such as building infrastructure, and are not for general revenue purposes. A specific tax would require a two-thirds vote to pass. A general tax would require a majority vote to pass.

PREPARED BY: Katy Nomura
Assistant Town Manager

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

REMARKS (continued):

If the Council chooses to prepare a sales tax measure, staff recommends that the ballot language include a sunset date as well as a requirement for an independent oversight committee to ensure full transparency of the allocation of funds regardless of whether it is a specific or general tax. Prior to the November 2024 vote, the Council could also adopt a resolution specifying how to prioritize dollars from the potential sales tax measure if pursued.

Staff looks forward to Council's discussion and direction on whether to pursue a 1/8th cent sales tax measure. If a measure is pursued, final ballot measure language and a resolution to place the measure on the November 2024 ballot would return to Council in June to meet the August 9, 2024 submittal deadline to the Santa Clara County Registrar of Voters.

COORDINATION:

The preparation of this report was coordinated with the Town Manager, Town Attorney, and Director of Finance.

FISCAL IMPACT:

On October 17, 2023, Council authorized the Town Manager to enter into an agreement with NBS for the initial phase of the revenue ballot measure work for amount not to exceed \$44,600. The proposed amendment would allow the second phase of work to begin and bring the total not to exceed amount for the contract to \$105,000. This would require an expenditure budget adjustment of \$60,400 from the Available General Fund Capital/Special Projects Reserve. Placing a measure on the 2024 general election ballot is estimated to cost approximately \$60,000. If a measure is pursued, the \$60,000 expenditure budget adjustment would be requested when the Council considers the resolution to place the measure on the ballot.

If a 1/8th cent sales tax measure is successful, it is estimated to generate approximately \$1 million in additional revenue for the Town annually.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Draft Amendment to NBS Agreement
2. May 7, 2024 Council Meeting Staff Report on Polling Results
3. Polling Results Summary
4. Polling Topline Report