



## Item No. 15 Town of Atherton

### **CITY COUNCIL STAFF REPORT – REGULAR AGENDA**

**TO: HONORABLE MAYOR AND CITY COUNCIL  
GEORGE RODERICKS, CITY MANAGER**

**FROM: ROBERT BARRON III, FINANCE DIRECTOR**

**DATE: SEPTEMBER 21, 2016**

**SUBJECT: PROVIDE FEEDBACK TO STAFF REGARDING THE BUSINESS  
LICENSE TAX STRATEGY PLAN/CALENDAR**

#### **RECOMMENDATION**

Provide feedback to staff regarding the business license strategy plan and timeline for putting the business license tax on the November 2018 election ballot.

#### **BACKGROUND**

In 2014 the City Council initiated revenue alternative discussions and the business license tax was identified as a potential revenue augmentation to the General Fund. There were several meetings that focused on the business license ordinance where Council discussed the defined categories, quantities of business licenses issued, and types of licenses issued. At the July 20, 2016 Council meeting, staff presented the option of adding a Business License Tax Revisions as a ballot measure to the November 2016 Election Ballot. During the meeting, the City Council discussed various issues related to the Business License Tax. Discussions included issues related to enforcement, timing of the potential increase of the business license, tax models, other community tax strategies and outreach efforts.

Following discussion, the Council directed that consideration of the business license tax measure be postponed and that staff return in September with a 12- to 18-month strategy plan for placing the Business License Tax Revisions on the November 2018 ballot. The strategy plan should include target dates of necessary meetings, survey proposals, outreach proposals, possible polling, and tax model alternatives for Council consideration. The Council also directed that staff provide the Council with a refresh on other tax alternatives for consideration.

Below is a broad-based 18-month strategy plan for outreach, surveys, and possible review process for amending the business license ordinance. Part of this timeline will include reviewing additional revenue augmentation alternatives to the Town, some of which could also lead to a ballot initiative.

**ANALYSIS**

The proposed timeline includes a strategy for gathering information from stakeholders and engaging the community. The Council will need to decide whether it would like to engage a consultant to assist in the business license tax discussions and polling. If the Council wishes to engage in polling, staff would interview consultants and make a recommendation to Council based on qualifications, references and cost.

The timeline includes several meetings with City Council to further define the new business license tax model and would involve meetings and outreach with the community and stakeholders. Stakeholders include local builders and contractors as well as the Realtor’s Association(s). The timeline includes community meetings to help educate and inform. During this process, staff will continue to research other agencies similar to Atherton and present alternative business license ordinance categories and methodologies. Staff encourages the use of a consultant to assist in the ordinance development process as well as community engagement.

The deadline to add the Business License Tax measure to the November 2018 ballot is August 2018. Staff believes the establishment of a strategy and timeline will allow for ample time to make adjustments and add additional meetings or outreach if necessary. Tonight, staff seeks Council input on the timeline.

<b>Business License Ordinance Revision Strategy/Timeline</b>	
Nov/Dec 2016	Meet with the <u>Builder’s Roundtable</u> to gather input on the current and draft business license model presented to the Council in July 2016.
Jan/Feb 2017	Meet with the local <u>Realtor Association(s)</u> to gather input on the current and draft business license model presented to the Council in July 2016.
Feb/Apr 2017	Gather Feedback and Create Modifications/Alternatives
Apr/May 2017	Conduct a 1 <sup>st</sup> Revenue Alternatives Workshop with the <u>City Council</u> to discuss revenue alternatives and taxing models (to include the business license tax).
May/June 2017	Engage Polling & Tax Consultant(s)/ <u>Council Subcommittee</u> to Assist.
June/July/Aug/Sep 2017	Polling and Data Gathering
Sept 2017	Conduct 2 <sup>nd</sup> <u>City Council</u> Workshop to discuss polling results and feedback.
Oct 2017	Conduct 3 <sup>rd</sup> <u>City Council</u> Workshop on defined Business License Tax Revisions   Comparisons to Other Communities Creation of Ballot Measure Language.
Oct/Nov 2017	Host 1 <sup>st</sup> <u>Community Workshop</u> on Proposed Business License Tax Ballot Measure (focus to Builder’s and Realtors).

Nov/Dec 2017	Conduct <u>City Council</u> review of any proposed modifications to Business License Tax Measure.
Dec 2017/Jan 2018	Host 2 <sup>nd</sup> Community Workshop on Proposed Business License Tax Ballot Measure (focus to broader community).
Feb/Mar/Apr 2018	Finalize Business License Tax Measure for November 2018
May 2018	City Council authorizes Business License Tax Measure for November 2018 Ballot

### **POLICY FOCUS**

The purpose of a business license tax is solely to raise revenue for the Town. The policy focus for the City Council is how to proceed with outreach efforts and changes to the business license tax.

Staff seeks input on the timeline for the project. Staff is also seeking concurrence from the Council that for this issue, the Town should engage an ordinance development consultant and polling consultant at the appropriate times.

### **FISCAL IMPACT**

None at this time. If the Council wishes to engage consultant(s) there would be associated costs.

### **PUBLIC NOTICE**

Public notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting in print and electronically. Information about the project is also disseminated via the Town's electronic News Flash and Atherton Online. There are approximately 1,200 subscribers to the Town's electronic News Flash publications. Subscribers include residents as well as stakeholders – to include, but be not limited to, media outlets, school districts, Menlo Park Fire District, service providers (water, power, and sewer), and regional elected officials.

### **ATTACHMENT(S)**

None