



Item No. 20 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: JANUARY 17, 2018

**SUBJECT: REVIEW, DISCUSS, AND, IF APPROPRIATE, AUTHORIZE STAFF TO
SEEK PROPOSALS FROM CONSULTANT FIRMS TO ASSIST WITH
THE UPDATES TO THE TOWN'S BUSINESS LICENSE ORDINANCE
AND PROPOSED TAX MEASURE**

RECOMMENDATION

Review, Discuss, and, if appropriate, authorize staff to seek proposals from consultant firms to assist with the updates to the Town's business license ordinance and proposed tax measure.

BACKGROUND

In 2016, the City Council discussed a strategy plan for the Town's Business License Tax and possible adjustments to the Tax and other alternative revenue options to bring them current. During these discussions, the Council narrowed the list of other revenue options and directed that staff provide further details on the selected options. The options were the pursuit of Benefit Assessment District's where feasible, annual review of Rents and Uses, and the possibility of a Utility User's Tax or Real Estate Transfer Tax.

In May 2017, staff presented a more in-depth look at Business License Tax structures and the Council discussed various models that might be useable in Atherton.

ANALYSIS

The Council set a strategy plan for the Business License Tax that will involve community educational meetings to bring the Tax to a vote at the November 2018 election. At this time, the Town remains on target with this strategy plan. There are community meetings that will be scheduled in the coming months. **Staff recommends the Council engage a survey and tax consultant to assist with the next steps toward a 2018 ballot measure.**

Staff suggests the use of a firm to assist with public education materials, surveys, and other revenue alternative opportunities during the ballot measure preparation. One suggestion is to solicit the help of a firm to assist with the design and implementation of a community survey in connection

with the proposed business tax or other revenue alternative ballot measure. Staff encourages the use of a consultant to assist in the measure development process and community engagement. As the Council may recall, part of the strategy plan timeline included meetings and outreach with the community and stakeholders. The stakeholders include local builders and contractors as well as Realtor's Association(s).

The community meetings are to help educate and inform stakeholders about the business license tax models. In order for any kind of revenue alternative measure to be successfully, objectivity and public education is important for the Town. Engaging a consultant will allow the Town to educate the community about the needs of the Town, why the revenue measure is needed, and how the revenue will be used. Such services provided from a survey and tax consultant include polling services, public outreach building community awareness, and development of material and communications strategies. Some firms assist also with an initial assessment of viability of revenue tax measures.

During this process, the Council will decide upon a methodology and framework for the new Business License Tax, which are based on two models that will be presented to the community for consideration: Flat Tax Model and Gross Receipts Model. Depending on the options selected, the Flat Tax Model would increase revenue to the Town from business licenses by a range of \$150,000 to \$225,000. Depending on the options selected, the Gross Receipts Model would increase revenue to the Town from business licenses by a range of \$500,000 to \$800,000.

Some firms to seek proposals from could include Tramutola Advisers, Godbe Research, EMC research, MuniServices, or National Citizen Survey.

There are numerous options for types of services desired from an outside consultant. The Council can choose to only use the services of a professional firm to assist with the design and implementation of a survey on a proposed ballot measure. The Council could also decide to engage a consultant to only assist in the business license tax and/or alternative revenue discussions and surveying of residents. With Council authorization, staff would solicit proposals from consultants, and make a recommendation to Council based on qualifications, references and cost.

POLICY FOCUS

As part of the strategy plan for the business license tax or revenue alternative opportunities, Staff is seeking direction of whether to engage a polling, survey, and tax consultant to assist with next steps toward a 2018 ballot measure. The Council will also work on a defined business license tax revision or other alternative revenues for the 2018 ballot.

FISCAL IMPACT

If the Council supports the hiring of a consultant, staff will return with a budget amendment for an amount to cover consultant 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.