



To: Council Colleagues
From: Bern Beecham, Mayor and Jim Burch, Vice Mayor
Date: December 6, 2004
Subject: Mayor's Ad Hoc Committee on Sales Tax Enhancement

Our largest source of City revenue is the sales tax from retailers, service providers and businesses. It is essential that we consider all reasonable steps to protect and increase our local sales taxes.

In support of this objective, Mayor Beecham established the Mayor's Ad Hoc Retail Committee earlier this year. The Committee's purpose was to provide Council with recommendations to strengthen and support Palo Alto's retail sector. The Committee completed its work this fall and reported its recommendations to Council. Council directed the City Manager to proceed in implementing those recommendations.

That Committee's recommendations were focused on policies and actions that support Palo Alto's 2800 existing retailers and service providers.

As a critical follow up to that Committee's work, we are now establishing a new ad hoc committee to identify and examine policies and administrative actions appropriate to enhancing Palo Alto's retail sales tax base by attracting the right mix of new retail businesses to Palo Alto. This Committee will operate on a time-limited basis. By Fall, 2005, the Committee will provide the City Council and City Manager with specific recommendations for policy changes and/or administrative actions to build our retail sales tax sectors. See the attachment for more details.

If you have any suggestions, please contact either of us.

Committee on Sales Tax Enhancement

1. Purpose

The purpose of the Committee on Sale Tax Enhancement is to support increasing our sales tax base by identifying how we can better attract productive, desirable new retailers to Palo Alto.

2. Reports to City Council

A final report will be presented to the City Council in Fall 2005. The final report will provide recommendations for implementation by staff and City Council.

3. Term

The Committee will convene for a six to nine month period, beginning in January 2005.

4. Committee Composition

The Committee will be comprised approximately as follows:
Mayor Beecham, Vice Mayor Burch and Councilmember Kleinberg
Two Palo Alto residential representatives
Chamber of Commerce representative
Two retail real estate developers with Palo Alto experience
Two commercial brokers with retail experience
One representative with financial experience
Staff from: City Manager's Office, Planning, ASD and Auditor's Office

5. Activities of the Committee

The Committee will analyze available information and develop a menu of recommendations for implementation by staff or at a policy level by City Council. The Committee may invite experts or specialists in retail requirements and trends for additional discussions and will hold one or more outreach meetings with the community.

6. Staffing and other resources

No additional costs will be incurred in the study of retail issues. The Committee will utilize existing staff and existing contractors (e.g., sales tax consultants, real estate brokers) or other no-cost presenters to provide information.