

Resolution No. 10068

Resolution of the Council of the City of Palo Alto
Adopting Advisory Spending Guidelines for Proceeds of a Business Tax
to be Submitted to the Voters for Approval in November 2022

R E C I T A L S

A. The City of Palo Alto is a well-run municipality, with a Triple-A bond rating and a reputation for pro-active fiscal management, strong ongoing investments in public infrastructure, and conservative financial planning. However, the impacts of COVID-19, the subsequent economic downturn, and legal challenges to longstanding historic revenue sources have contributed to a projected budget gap in the City of Palo Alto's general fund.

B. Unlike most communities in California, the City of Palo Alto does not require local businesses to contribute to city projects and services through a local business tax. As Palo Alto looks to the future, City leaders have determined that the time has come to seek voter approval to tax mid-sized and large businesses operating in the City as neighboring communities do. Diversifying revenues with contributions from business will ensure that businesses pay a fair share and contribute to services used by residents, visitors and workers in the community.

C. If a business tax is approved by voters, its proceeds will be placed in the City's general fund for use on general government services. Council Members elected by the voters will determine the uses of those proceeds that best serve the public interest.

D. With this Resolution, the City Council informs voters of its intentions regarding the public services and programs that would be supported by business tax revenues.

Accordingly the Council of the City of Palo Alto RESOLVES as follows:

SECTION 1. This Resolution No. 10068 updates and supersedes Resolution No. 10063, which is hereby repealed and shall be of no force or effect.

SECTION 2. Council hereby adopts the above Recitals as findings of the Council.

SECTION 3. It is the Council's intention to use proceeds of a business tax—a general tax for general government uses—to fund services and programs that support safety and quality of life. The Council approves the following advisory spending guidelines:

One-Third for Transportation and Safe Train Crossings. In the coming years, Palo Alto will need to need to invest substantial local funds in the improvement and safety of train crossings. CalTrain is electrifying and trains are increasing in number. To maintain traffic flow, bicycle and pedestrian mobility, and safety, the City's four at-grade road crossings must be modified and separated from the train right-of-way. It is estimated that an average investment of \$250 million will be needed for the improvements needed at each crossing. City funds will be used as matching funds to secure additional county, state, and federal funds for these investments in transportation infrastructure. The Council plans to spend one-third of business tax proceeds on safe and efficient crossings for vehicles, bicyclists, and pedestrians.

One-Third for Housing Affordability and Services for the Unhoused. A balanced and healthy community welcomes families and individuals from all walks of life. In Palo Alto, significant investments are needed to bring housing costs into reach for many moderate earners who work in the City, such as teachers, public safety employees, and workers in the trades and service industries. With few affordable local housing options, these workers must travel long distances between home and work, contributing to green-house gas emissions and traffic congestion. In addition, longtime residents—especially those who rent—are at risk of losing housing and being forced to relocate to other communities or become unhoused. Those who are already living in the City without housing need financial support to transition to stable, safe and clean housing. Substantial funding is needed to advance these goals. The Council plans to spend one-third of business tax proceeds on affordable housing and unhoused services.

One-Third for Public Safety. Rising costs and constrained revenues have limited the City’s ability to provide public safety services—including police, fire, 911, and emergency services—at the level desired by the community. Stable long-term revenues from a business tax will put these highly-valued City services on sound footing into the future. The Council plans to spend one-third of business tax proceeds on public safety.

SECTION 4. During its regular annual fiscal reporting, the City will separately report receipts from the business tax and that year’s spending from business tax proceeds on transportation and safe train crossings, housing affordability and services for the unhoused, and public safety.

SECTION 5. The Council finds that adoption of this Resolution is not a project under the California Environmental Quality Act and, therefore, no environmental impact assessment is necessary.

INTRODUCED AND PASSED: AUGUST 22, 2022

AYES: BURT, CORMACK, DUBOIS, FILSETH, KOU, STONE

NOES: TANAKA

ABSTENTIONS:

ABSENT:

ATTEST:

DocuSigned by:
Lesley Milton
E56491CF3DBB34FA...
City Clerk

APPROVED:

DocuSigned by:
Pat Burt
ED0E0CFB80E64FF...
Mayor

APPROVED AS TO FORM:

DocuSigned by:
Molly Stump
39A473B653574A9...
City Attorney

DocuSigned by:
Ed Shikada
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City Manager

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Status: Completed

Subject: Please DocuSign: RESO 10068.docx

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Signatures: 4

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Certificate Pages: 2

Initials: 0

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City Attorney

City of Palo Alto

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Ed Shikada, City Manager

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Mr

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City Clerk

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Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps
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