



**FINANCE COMMITTEE**  
Tuesday, January 18, 2022  
Special Meeting  
Virtual Meeting  
6:00 PM

**\*\*\*BY VIRTUAL TELECONFERENCE ONLY\*\*\***

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Pursuant to [AB 361](#), to prevent the spread of Covid-19, this meeting will be held by virtual teleconference only, with no physical location. The meeting will be broadcast on Midpen Media Center at <https://midpenmedia.org>. Members of the public who wish to participate by computer or phone can find the instructions at the end of this agenda. Members of the public may speak to agenda items; up to three minutes per speaker, to be determined by the presiding officer. All requests to speak will be taken until 5 minutes after the staff's presentation. Public comment may be addressed to the full Finance Committee via email at [City.Council@cityofpaloalto.org](mailto:City.Council@cityofpaloalto.org) and available for inspection on the City's website. Please clearly indicate which agenda item you are referencing in your email subject line.

## CALL TO ORDER

## ORAL COMMUNICATIONS

*Members of the public may speak to any item NOT on the agenda.*

## ACTION ITEMS

- Presentation**
1. Discuss Poll Results Regarding Potential 2022 Revenue Generating Ballot Measures and Recommend Further Refinement of Business License Tax and Utility Tax Proposals

## FUTURE MEETINGS AND AGENDAS

## ADJOURNMENT

## PUBLIC COMMENT INSTRUCTIONS

Members of the Public may provide public comments to virtual meetings via email, teleconference, or by phone.

1. **Written public comments** may be submitted by email to [city.council@cityofpaloalto.org](mailto:city.council@cityofpaloalto.org).
2. **Spoken public comments using a computer or smart phone** will be accepted through the teleconference meeting. To address the Council, click on the link below to access a Zoom-based meeting. Please read the following instructions carefully.
  - You may download the Zoom client or connect to the meeting in- browser. If using your browser, make sure you are using a current, up-to-date browser: Chrome 30+, Firefox 27+, Microsoft Edge 12+, Safari 7+. Certain functionality may be disabled in older browsers including Internet Explorer. Or download the Zoom application onto your phone from the Apple App Store or Google Play Store and enter the Meeting ID below
  - You may be asked to enter an email address and name. We request that you identify yourself by name as this will be visible online and will be used to notify you that it is your turn to speak.
  - When you wish to speak on an Agenda Item, click on "raise hand." The Clerk will activate and unmute speakers in turn. Speakers will be notified shortly before they are called to speak.
  - When called, please limit your remarks to the time limit allotted.
  - A timer will be shown on the computer to help keep track of your comments.
3. **Spoken public comments using a phone** use the telephone number listed below. When you wish to speak on an agenda item hit \*9 on your phone so we know that you wish to speak. You will be asked to provide your first and last name before addressing the Council. You will be advised how long you have to speak. When called please limit your remarks to the agenda item and time limit allotted.

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# City of Palo Alto

## Finance Committee Staff Report

(ID # 13875)

**Meeting Date: 1/18/2022**

**Title: Discuss Poll Results Regarding Potential 2022 Revenue Generating Ballot Measures and Recommend Further Refinement of Business License Tax and Utility Tax Proposals**

**From: City Manager**

**Lead Department: Administrative Services**

### RECOMMENDATION

Staff recommends that the Finance Committee:

- A. Receive a report on initial polling results and consider the results as the Committee continues to evaluate potential revenue generating ballot measures;
- B. Review refined calculations of a potential square footage-based business license tax and make recommendations to the City Council on the following tax structure characteristics:
  - a. Whether a tax should include exemptions for:
    - i. Small businesses, e.g. including a minimum square footage threshold and whether businesses below the minimum should be completely exempt or pay a flat rate;
    - ii. Small retail, including a defined square footage threshold for what is considered “small”
    - iii. Grocery stores; or
    - iv. No exemptions.
  - b. Parameters of an annual escalator for the business license tax, considering components such as the basis for the escalator (e.g. CPI), whether the escalator should be capped, and whether the escalator should be applied on a calendar year or fiscal year schedule.
- C. Review, accept, and forward to the City Council results of the Initial Polling and draft Community and Stakeholder Engagement Plan
- D. Discussion and direction on related items as needed, including:
  - a. Confirming the Finance Committee’s recommendation on December 7, 2021 regarding the Utility Tax of removing a potential Utility Users Tax increase from consideration and recommend that the City Council direct staff to develop a proposal for voter ratification of the existing gas General Fund Transfer.

## EXECUTIVE SUMMARY

This report continues the Finance Committee’s discussion and work to explore the development of a potential revenue generating local measure for the November 2022 ballot, and specifically seeks to refine components of a potential business license tax. A utility tax has also been under consideration, and the Finance Committee was presented options regarding the utility on-bill tax on December 7, 2021 ([CMR 13728](#)) and made recommendations to Council. Staff and its consultants are presenting three updates in this report. Staff requests that the Finance Committee consider the polling results and the additional analysis presented and recommend to the City Council further refinements and next steps. This report is organized as follows:

- A further refined square footage business license tax that includes and defines the following components (**Attachment A**).
  - Updated modeling that includes rates ranging from \$0.05 to \$0.20 per square foot per month
  - Scenarios for exemptions for small retail and/or grocery stores, including a definition of what is consider “small” as measured by square footage (minimum threshold), or no exemptions;
  - Options for calculation methodology of an annual escalator
- Results of the initial Palo Alto Community Issues polling survey, which includes polling related to potential business license and utility tax proposals (**Attachment B**).
- City of Palo Alto Community and Stakeholder Engagement Plan that includes planned work to seek additional community feedback through additional polling and stakeholder engagement; feedback on this plan and recommendation for Council direction. This plan includes engagement regarding business license and voter ratification of the existing gas General Fund Transfer proposals, including:
  - Any additional priorities for exploration, potential priorities for the use of funds from any measure, potential exemptions for a business license tax, and how to frame and explain a voter ratification of the existing gas General Fund Transfer.

Also attached to this report is the Summary of Prior Work on Potential Revenue Generating Ballot Measures (**Attachment C**) for reference.

The proposed business license tax would result in a tax on entities doing business in Palo Alto measured by occupied non-residential square footage, if approved by the voters. It is not a tax on non-residential parcels. For modeling purposes only, the information provided in this staff report, including **Attachment A**, was developed using real estate data as a reasonable and available approximation of the non-residential square footage occupied by businesses in Palo Alto. The purpose and goal of the modeling analysis is to provide the Finance Committee and City Council with estimated impacts of the various components (taxation level, type of exemptions, thresholds for square footage size, etc.) of a business license tax to continue to

refine direction of a potential business tax for voter consideration in November 2022. This analysis, based on non-residential occupied square footage, attempts to provide rough modeling of the impacts that various options for tax design would have on business and the City.

The attached results of the first iteration of polling will inform major aspects of the ballot measure workplan over the coming months. The Finance Committee's feedback is requested on further exploration of topic areas to be included the second round of polling and/or community outreach efforts. Potential recommendations to the City Council may include the viability of two potential revenue generating measures on the November 2022 ballot, refinements to components of the potential business license tax and the voter ratification of the existing gas General Fund Transfer, areas to further explore in the second round of polling, as well as target areas to consider in the City's community outreach plan. These topics for discussion by the Committee are intended to further narrow options and refine the work plan calendar.

Following feedback from the Finance Committee, staff will forward these materials with the Committee's feedback to the City Council for direction to staff on next steps.

## **BACKGROUND**

The City's efforts in advancing fiscal sustainability efforts have grown over the past decade. In 2019, several actions and plans were specifically outlined in the Fiscal Sustainability Workplan. The goal of the workplan was to continue to make proactive progress towards fiscal sustainability to maintain the excellent quality of life that the City of Palo Alto supports through its services. Elements of the workplan included proactive funding contributions for the City's long-term pension and other post-employment benefits (OPEB) and strategies to structurally balance and contain cost in the City's General Fund on an ongoing basis. Staff have catalogued the Council and Committee work in regard to the potential pursuit of a revenue generating tax measure in support of the priorities for investment by the Council and community in Attachment C.

Following the two meetings with the Finance Committee in September and October 2021, discussion on November 8, 2021 with the City Council ([CMR 13687](#)) considered the Finance Committee's recommendation to further explore a business license tax and a utility tax. The Finance Committee serves as the public body to review periodic progress reports and allow for structured public discussion for feedback and recommendations of the potential revenue generating ballot measure. In addition to direction regarding tax structure and modeling, the City Council also delegated the review of polls to the Finance Committee, provided that the overall ballot measure workplan stays on its timeline. The following is Council's direction to staff and the Finance Committee on November 8<sup>th</sup>:

- A. *Direct staff to model a business license tax at monthly rates of \$0.05 to \$0.20 per square foot, with a preference for no sunset and an annual escalator, and with thresholds for square footage size and possible exemptions for:*

- i. *Small retail, measured by square footage;*
  - ii. *Grocery stores;*
  - iii. *No exemptions;*
- B. *Direct staff to model two methods to replace the General Fund Equity Transfer (GFET) at risk in the Green case:*
  - i. *Seek voter approval in modifying the 2009 GFET formula to transfer a percentage of gas utility gross revenues;*
  - ii. *Distribute the change across gas and electric as an increase in the percentage of Utility Users Tax (UUT); and*
- C. *Direct staff to execute initial round of polling (**Attachment A**), delegate review of the polls to the Finance Committee, pending availability to stay on the workplan timeline, and incorporate the Council's feedback of the poll, including the modeling assumptions identified in Parts A and Parts B of the motion; and*
- D. *Remove the parcel tax as an option from the polling questions.*

**MOTION PASSED 6-1 (Tanaka no)**

This staff report includes updated analysis and other information for a potential business license tax, refined as directed by the City Council on November 8<sup>th</sup>. In addition, staff launched the initial round of polling and results are included in **Attachment B**. Staff also presented updated analysis and other information for a potential utility on-bill tax at the Finance Committee's December 7, 2021 meeting ([CMR 13728](#)). The Finance Committee tentatively recommended that Council direct staff, pending polling data, to refine the potential utility tax to focus only on a percentage of revenue methodology, to focus solely on the gas utility, and to use polling to determine whether to consider a cap on annual growth in the tax.

## **DISCUSSION & ANALYSIS**

This item is an incremental step in the process of reviewing fiscal sustainability measures through potential local revenue ballot measure(s). In response to the direction by Council at its November 8, 2021 meeting, analysis is presented in this report to assist in further formation of the characteristics of a potential business license tax. In addition, the results of the initial round of polling are presented below to inform Finance Committee recommendations regarding future polling and further refinement of the potential revenue generating ballot measure(s).

### **Square Footage Business License Tax (Attachment A)**

On November 8<sup>th</sup> ([CMR 13687](#)) the City Council directed staff to continue exploration and modeling of a business license, considering the following elements. A detailed discussion of these components can be found in **Attachment A**:

- Model a business license tax at rates of \$0.05 to \$0.20 per square foot per month, including assumptions for vacancy rates for available property categories
- Options for an annual escalator

- Options for how to approach thresholds by square footage size and exemptions for small retail (measured by square footage) and grocery stores
- Discussion of business license tax key concepts

As mentioned in the Executive Summary section of this report, the proposed business license tax would result in a tax on entities doing business in Palo Alto measured by occupied non-residential square footage. It is not a tax on non-residential parcels.

### ***Revised Calculations of Revenue Generated by a Square Footage Business License Tax***

The updated model includes staff's assumption of key policy considerations and direction yet to be decided by the City Council. Further narrowing of these aspects impacts the estimated revenue of this model, which is now in the range of \$12 million to \$59 million in comparing the baseline scenario and options 1, 2, and 3. Key policy considerations for the Finance Committee for recommendation to the City Council include characteristics for a potential business license tax including:

- A square footage business license tax be based solely on monthly rates per square foot or also include a flat annual fee for certain businesses (Options 2 and 3)
- The monthly rate to be assessed (staff modeled a range of monthly rates between \$0.05 to \$0.20 per square foot, or \$0.60 to \$2.40 per square foot annually)
- Exemptions for small retail and grocery stores
  - Definition of "small" as measured by square feet. See **Attachment A, Table A8** for property data and examples of businesses that occupy space in the City.
- Additional exemptions based on economic conditions, such as small business hardship, for further exploration. This area has not yet been explored however is a potential consideration in the coming months as ballot language is discussed and considered by the City Council.

Based on the City Council's direction, staff has modeled a variety of options that include the Council's direction to model business license tax at monthly rates of \$0.05 to \$0.20 per square foot with thresholds for square footage size and possible exemptions for small retail (measured by square footage), grocery stores, or no exemption by policy. **A baseline scenario was generated, using all non-residential properties and excluding properties that are likely to be legally exempt per the California Revenue and Tax Code.** From this baseline scenario, the following three options are modeled:

Option 1: exemptions for retail (less than or equal to 5,000 sf) and all grocery stores. Revenues estimated at \$14.3 to \$57.1 million.

Option 2: Tiered Rates, a Flat Fee for businesses less than or equal to 5,000 sf (\$50/year), for all others, assumes monthly rate per square foot. Revenues estimated at \$14 to \$56 million

Option 3: Tiered Rates, a Flat Fee for first 5,000 sf (\$50/year), and apply monthly rate/sf beyond threshold. Revenues estimated at \$11.7 to \$46.5 million

Absent Finance Committee and Council direction, staff have modeled these assuming a 5,000 square footage threshold. However, feedback on if there should be a threshold and what it should be is an area for the Council/Committee to opine on and would be helpful feedback for staff's continued work. For reference, the average coffee establishment is typically 1,500 to 2,000 square feet; a neighborhood retailer, such as Summit Bicycles is approximately 5,000 square foot; a smaller grocery store, such as Trader Joe's, is 10,000 square feet; and coworking spaces such as HanaHaus are approximately 15,000 square feet.

<b>Table A1: Business License Tax Baseline Scenario and Options</b>						
	Property Count	RBA w/ Vacancy	Estimated Annual Revenue Based on Rate per Square Foot (tax rate shown as rate per square foot per month)			
			\$0.05/sf	\$0.10/sf	\$0.15/sf	\$0.20/sf
<b>Baseline Scenario: No Policy Exemptions</b>						
100-5,000 sf	413	1,146,099	\$687,660	\$1,375,319	\$2,062,979	\$2,750,638
5,001-20,000 sf	462	4,326,445	\$2,595,867	\$5,191,735	\$7,787,602	\$10,383,469
20,001-100,000 sf	290	11,441,377	\$6,864,826	\$13,729,653	\$20,594,479	\$27,459,305
100,001+ sf	45	7,543,524	\$4,526,115	\$9,052,229	\$13,578,344	\$18,104,459
<b>Total</b>	<b>1,210</b>	<b>24,457,446</b>	<b>\$14,674,468</b>	<b>\$29,348,936</b>	<b>\$44,023,404</b>	<b>\$58,697,871</b>
<i>Estimated Monthly Fee:</i>						
5,000 sf non-retail business			\$250	\$500	\$750	\$1,000
30,000 sf non-retail business			\$1,500	\$3,000	\$4,500	\$6,000
100,000 sf non-retail business			\$5,000	\$10,000	\$15,000	\$20,000
<b>Option 1: Exemption for Retail (assumes less than or equal to 5,000 sf) and all Grocery Stores</b>						
100-5,000 sf	220	625,672	\$375,403	\$750,806	\$1,126,210	\$1,501,613
5,001-20,000 sf	457	4,263,152	\$2,557,891	\$5,115,783	\$7,673,674	\$10,231,566
20,001-100,000 sf	288	11,377,807	\$6,826,684	\$13,653,368	\$20,480,052	\$27,306,737
100,001+ sf	45	7,543,524	\$4,526,115	\$9,052,229	\$13,578,344	\$18,104,459
<b>Total</b>	<b>1,010</b>	<b>23,810,156</b>	<b>\$14,286,094</b>	<b>\$28,572,187</b>	<b>\$42,858,281</b>	<b>\$57,144,374</b>
<i>Estimated Monthly Fee:</i>						
5,000 sf non-retail business			\$250	\$500	\$750	\$1,000
30,000 sf non-retail business			\$1,500	\$3,000	\$4,500	\$6,000
100,000 sf non-retail business			\$5,000	\$10,000	\$15,000	\$20,000
<b>Option 2: Flat Fee for First Tier (assumes \$50 for less than or equal to 5,000 sf)</b>						
100-5,000 sf	413	1,146,099	\$19,411	\$19,411	\$19,411	\$19,411
5,001-20,000 sf	462	4,326,445	\$2,595,867	\$5,191,735	\$7,787,602	\$10,383,469
20,001-100,000 sf	290	11,441,377	\$6,864,826	\$13,729,653	\$20,594,479	\$27,459,305
100,001+ sf	45	7,543,524	\$4,526,115	\$9,052,229	\$13,578,344	\$18,104,459
<b>Total</b>	<b>1,210</b>	<b>24,457,446</b>	<b>\$14,006,219</b>	<b>\$27,993,028</b>	<b>\$41,979,836</b>	<b>\$55,966,644</b>
<i>Estimated Monthly Fee:</i>						
5,000 sf non-retail business			\$4.20	\$4.20	\$4.20	\$4.20
30,000 sf non-retail business			\$1,500	\$3,000	\$4,500	\$6,000



<b>Table A1: Business License Tax Baseline Scenario and Options</b>						
Property Count	RBA w/ Vacancy	Estimated Annual Revenue Based on Rate per Square Foot (tax rate shown as rate per square foot per month)				
		\$0.05/sf	\$0.10/sf	\$0.15/sf	\$0.20/sf	
<i>100,000 sf non-retail business</i>		<i>\$5,000</i>	<i>\$10,000</i>	<i>\$15,000</i>	<i>\$20,000</i>	
<b>Option 3: Flat Fee for a Defined Threshold (assumes \$50 for first 5,000 sf) and Apply Monthly Rate Beyond Threshold</b>						
100-5,000 sf	413	1,146,099	\$20,650	\$20,650	\$20,650	\$20,650
5,001-20,000 sf	462	4,326,445	\$1,237,344	\$2,451,372	\$3,665,484	\$4,879,716
20,001-100,000 sf	290	11,441,377	\$6,009,280	\$12,004,156	\$17,999,032	\$23,993,860
100,001+ sf	45	7,543,524	\$4,393,386	\$8,784,462	\$13,175,610	\$17,566,722
<b>Total</b>	<b>1,210</b>	<b>24,457,446</b>	<b>\$11,660,660</b>	<b>\$23,260,640</b>	<b>\$34,860,776</b>	<b>\$46,460,948</b>
<i>Estimated Monthly Fee:</i>						
<i>5,000 sf non-retail business</i>			<i>\$4.20</i>	<i>\$4.20</i>	<i>\$4.20</i>	<i>\$4.20</i>
<i>30,000 sf non-retail business</i>			<i>\$1,250</i>	<i>\$2,500</i>	<i>\$3,750</i>	<i>\$5,000</i>
<i>100,000 sf non-retail business</i>			<i>\$4,750</i>	<i>\$9,500</i>	<i>\$14,250</i>	<i>\$19,000</i>

*The Data: CoStar Database:*

These revised calculations use data from CoStar, a real estate database with a primary focus on information for buying, selling, or leasing property. CoStar provides specific information regarding the rentable building area (RBA) of properties within the City and does not track the number or type of companies conducting business in the City. In addition, the assigned categories in the database may not correlate with business activity being conducted in the space. RBA is expressed in square feet and includes the space a tenant or tenants will occupy (usable building area) plus a proportionate share of common areas (i.e. restrooms, lobbies, hallways, mechanical rooms, etc.), designated by a load factor. While all properties in the CoStar data base had an RBA, not all the properties listed the tenant's occupied square footage or the associated load factor. From a reporting and compliance aspect, staff selected RBA as the best available basis to estimate square footage occupied by business entities likely to be subject to the proposed tax, since it is the typical basis for which rent is calculated.

Regarding vacant properties, CoStar provides market survey reports that provide vacancy rates for a variety of property categories. Staff used vacancy rates as of November 1, 2021 in this revised model; duration of vacancy for each property is not available at this time. Should the Finance Committee and City Council direct staff to provide analysis regarding vacancy information for historical trends, comparisons with local other agencies, and updates to information presented by Matrix Consulting Group in 2019 ([CMR 10655](#)), additional staff time and resources would be needed to perform this analysis. More information and a detailed discussion of the CoStar database can be found in the Review of Available Square Footage Data section in **Attachment A**.

*Options for Small Retail (Measured by Square Footage) and Grocery Stores:*

For scaling and context, detail in **Attachment A** provides examples of specific businesses that occupy addresses in the CoStar database. Businesses in the 100 to 5,000 square feet range include the original AT&T Store on El Camino Real and Page Mill Road, while businesses that fall into the 5,001 to 20,000 range include the Trader Joe's in Town and Country Village and Patagonia on Alma Street. Approximately 55 percent of the retail properties listed in the CoStar data base are within the 100 to 5,000 square feet range. Grocery stores within the City range from 4,610 square feet (Crossroads Specialty Foods) to 41,300 (Mollie Stones). Larger retail stores, such as the West Elm on University Avenue, are above the 20,000 square feet range, with stores such as Macy's at Stanford Shopping Center being approximately 223,000 square feet in size.

These examples and context for space occupied by business should be considered as the Finance Committee discusses staff's recommended options, listed below, regarding thresholds for square footage size and deference to retail businesses that occupy smaller spaces. The underlying core of these options relies on direction from the Finance Committee and City Council on the definition of "small" as measured by square footage.

*Options for Annual Escalator:*

Research performed by Matrix Consulting ([CMR 10655](#)) describes the annual escalator or indexing methodology for Cupertino, Mountain View, Redwood City, San Jose, and Sunnyvale. Staff revisited this research and found that no significant changes were made since 2019 and that the majority of these agencies use the annual Consumer Price Index (CPI) as a basis. The section below presents options for an annual escalator, as well as the following components that should also be considered:

- A cap that potentially limits the maximum annual amount the business license tax can increase by percent
- A formula that indexes the tax to the base year CPI can be utilized
- Timing with either the calendar year or fiscal year
- An alternative index or factor should a CPI not be published
- Whether the tax rate can be reduced below the rate in effect immediately prior to the applicable adjustment

*Option 1: Align with Palo Alto Minimum Wage Escalator (Palo Alto Municipal Code 4.62.030).* Measure by the percentage increase, if any, using the preceding year of the Bay Area Consumer Price Index or its successor index as published by the U.S. Department of Labor or its successor agency, not to exceed 5 percent. This option is consistent with the practice of surrounding agencies and would align the annual escalator with the regional consumer price index and average change in prices over time within the local economy.

*Option 2: Align Increase with Annual Municipal Fee Schedule and Annual Budget Process.* During the annual budget process, staff increases municipal fees based on the average citywide salary and benefit increase in the Adopted Budget. This approach would align the

escalator for the business license tax with personnel costs (as a service driven agency, approximately 60 percent of the General Fund costs are driven by this). This approach would not be as closely reflective of changes in costs of the regional economy for the tax and would reflect the incremental cost change of services provided by the City.

*Review of Key Concepts & Terms:*

At the end of Attachment A, staff has included an initial discussion of business license key concepts for the Finance Committee’s consideration and feedback. Not a critical decision at this step, staff are beginning to highlight steps that will be forthcoming, at the direction of Council, once reviewing a formal ordinance draft for a potential tax. An example of this would be the definition of “business.” Variables for consideration in development of such a definition for a potential business license tax may include sole proprietors, home based businesses, multiple businesses that occupy a shared space. This is an introductory discussion and decisions are not needed on this topic immediately. A summary of the key elements that should be considered in the Finance Committee’s review of these terms and concepts are:

1. Definition of “business” and various considerations.
2. Definition of square footage occupied.
3. Definition of Retail.
4. Definition of Grocery Stores or Supermarkets.

For ease of reference and for discussion, staff has included a list of terms and concepts based on information from CoStar, the Santa Clara County Assessor’s Office and from the PAMC in **Attachment A**.

**Palo Alto Community Engagement, Outreach, & Initial Polling Results(Attachment B)**

The Finance Committee and Council provided feedback on a summary outline of the Palo Alto Community Issues survey at their October 19, 2021 and November 8, 2021 meetings, respectively.

***Initial Polling Summary Results***

The survey questions, that were developed based on the Committee and Council’s feedback, along with summary results are included in **Attachment B**. The survey was conducted in late November and into December. Over 801 residents responded to the survey using e-mailed online surveys and phone outreach. The survey asked respondents to share their perspective on the major issues currently facing Palo Alto and to provide feedback on business license and utility tax proposals, including potential uses of funds. The response of survey recipients to various arguments for and against the measures was assessed.

Overall, the survey results indicate a mixed mood about the City’s current direction – over 40 percent of respondents see the City as headed in the right direction, while 34 percent responded that the City is on the wrong track. In addition, 54 percent of the respondents rate quality of life as excellent or good, and 40 percent as fair or poor. These results are below

survey results in 2018 ([CMR 9107](#)) for the Funding Gap for the 2014 Infrastructure Plan. These results are similar to the results that FM3 has seen throughout the Bay Area during the pandemic and economic downturn, though the outlook in Palo Alto is generally more favorable than in other cities in the region.

The cost of housing and homelessness remain the top two concerns, with concern about crime on the rise, while concern about traffic and parking has declined, likely due to the decreased mobility of the community as more people are working from home and avoiding group settings due to the pandemic. The survey included questions regarding the concepts of the two potential ballot measures at a high-level. Questions from the survey and results regarding these topics are summarized below.

***Business License Tax.*** Roughly 60 percent of respondents backed the business tax concept tested, and a similar percentage backed a measure ratifying the current General Fund transfers from the gas utility. After hearing arguments for and against, support for the business tax concept did not decline. A majority of the responses to the survey indicated that a 0.5 to 1.5 percent increase in business rent per square foot would be either very acceptable or somewhat acceptable. Based on staff's modeling in **Attachment A**, this would roughly translate to the monthly range of \$0.05 to \$0.10 per square foot, or \$0.60 to \$1.20 annually per square foot.

***Utility Tax.*** A measure to increase the UUT on the electric and gas utilities polled at only 46 percent as compared to a measure **ratifying the current transfer from the gas utility only to the General Fund, which polled at 60 percent.** This preference by the community is consistent with the recommendations the Finance Committee made at its December 7, 2021 meeting to discontinue consideration of the UUT approach and focus solely on the gas utility.

Indications of whether voters would be open to two ballot measures were mixed. Support for the utility tax proposal did not change regardless of whether survey respondents heard about it before or after the business license tax, indicating potential support for two ballot measures. On the other hand, support for the business license tax was lower if survey respondents heard about it after the utility tax proposal. Results are inconclusive on if this was due to the influence of the gas and electric UUT version of the utility tax proposal, which did not have the same support as the version of the utility tax that focused solely on ratifying the current gas utility transfer. This concept of multiple measures on one ballot would be something to explore in a second round of polling and through stakeholder engagement.

In the poll respondents expressed support for restoring and maintaining City services, with homeless outreach and services and Fire Department emergency response times representing particularly high priorities. Investment in community assets was also a priority. Of the Council priorities listed, disaster preparedness and affordable housing were the highest priorities, though all four were recognized as important. Staff plan to return to the Committee and

Council within Q1 of 2022 to revisit and solidify feedback on funding uses. These initial polling results and unfunded needs will inform staff's work as well as the topics discussed for stakeholder engagement.

Additional insights and discussion regarding the poll results will be presented by the City's consultant, FM3, in staff's presentation. Subsequent iterations of polling, to address any concerns that surfaced in the initial round will occur following the Finance Committee's and City Council's review of these results and stakeholder outreach and engagement. A second round of polling is expected to be completed in the Spring 2022, likely around May.

### ***2022 City of Palo Alto Community and Stakeholder Engagement Plan***

On November 15, 2021, the City Council approved a contract with The Lew Edwards Group ([CMR 13626](#)) for community engagement and ballot measure strategy and preparation services related to the potential revenue generating November 2022 ballot measure. Public opinion research, ballot measure strategic planning and community and stakeholder engagement are integral components of the Ballot Measure Workplan, which is designed with a goal of establishing an iterative approach with multiple touchpoints throughout the development and refinements of a potential ballot measure. Stakeholders include, but are not limited to, the business community and the community at-large.

To engage and inform the community, staff recommends several messaging platforms that are geared towards seeking input and insight of community sentiment towards a business license tax and/or a utility tax. These strategies, expected to begin in February include:

- a Community Information Session;
- website, newsletters, and social media outlets;
- informational mailings, and
- paid media and online outreach.

An online community engagement survey will be developed by Public Dialogue Consortium (PDC) to seek input from the community at-large. In addition, up to 10 Community Input Focus Groups are planned to elicit input and feedback on a variety of topics, including perceptions of the City's financial picture, the general business climate and community issues, and general options related to a potential business license tax measure. The objective is to engage between 80 to 100 focus group participants from the business community and the community at-large.

The goal of these strategies is first to ensure community awareness of the current proposals and their ongoing development, ensure the ability for stakeholders to react to and provide effective feedback as proposals are being refined, and ensure the proposals are crafted in a way that reflect the priorities of the community. Preliminary results are anticipated to be reported in the spring, prior to finalization and issuance of a second round of polling expected in May 2022.

## **Conclusion & Next Steps**

This staff report outlines refined analysis for the potential business license tax, results of initial polling, and a draft community engagement strategy plan. Further narrowing the focus of the potential revenue generating ballot measure is critical so that staff can continue advancing the Ballot Measure Workplan that was approved by Council in August. While previous analysis presented to the Finance Committee focused on a revenue target, the direction and approach to model a range of monthly rates places emphasis on the monthly impact to businesses and the resulting estimated generated revenue of that potential monthly tax rate. Review of the updated models in this staff report, together with previous analysis provided to the Finance Committee and Council, establish a scale in which the Finance Committee and the City Council can weigh policy decisions outlined in this report regarding the structure and components of a business license tax.

The attached results of the first iteration of polling will inform major aspects of the ballot measure workplan over the coming months. The Finance Committee's feedback is requested on further exploration of topic areas to be included the second round of polling and/or community outreach efforts. Potential recommendations to the City Council may include the viability of two potential revenue generating measures on the November 2022 ballot, refinements to components of the potential business license tax and the utility tax, areas to further explore in the second round of polling, as well as target areas to consider in the City's community outreach plan are among the topics for discussion by the Committee to further narrow options and also refine the work plan calendar.

## **TIMELINE**

The below table recaps the Ballot Measure Workplan, as approved by the City Council in August, with minor adjustments, based on the process and discussion thus far.

<b>Table 1: Ballot Measure Workplan Timeline</b>	
<b>November 2021 COMPLETED</b>	<i>Council:</i> - Confirm potential revenue-generating proposals, including refined modeling and analysis - Direction to complete initial polling and initial stakeholder outreach
<b>December 2021 COMPLETED</b>	<i>Finance Committee:</i> - Consideration of additional refinements and updates for a potential utility tax ballot measure
<b>January 2022</b>	<i>Special Finance Committee:</i> - Consideration of additional refinements and updates for potential revenue generating tax measure(s), business license tax - Review results of first round polling - Review stakeholder engagement plans

**Table 1: Ballot Measure Workplan Timeline**

	<i>City Council:</i> Review the results of the first round of polling and the Finance Committee's recommendation from third round of staff analysis and seek direction to proceed with stakeholder outreach and engagement.
February and March 2022	<p><i>Stakeholder Outreach and Engagement:</i></p> <ul style="list-style-type: none"> <li>- Outreach and building awareness via websites, social media, and other outreach tools, speakers, and receiving feedback via online engagement tools</li> <li>- Community focus groups (e.g. businesses, residents, community members/organizations)</li> </ul> <p><i>Finance:</i></p> <ul style="list-style-type: none"> <li>- Review preliminary results from stakeholder engagement, provide recommendations to Council on priorities for second round of polling,</li> <li>- Review draft ballot language</li> <li>- Review funding plan; potential uses of a general tax</li> </ul>
April 2022	<p><i>Council:</i> Review results from stakeholder engagement, provide direction to staff on priorities for second round of polling and draft ballot language</p> <p><i>Stakeholder Outreach and Engagement:</i></p> <ul style="list-style-type: none"> <li>- Second round of polling initiated</li> <li>- Potential additional stakeholder engagement (e.g. website, social media, and online engagement)</li> </ul>
May 2022	<i>Finance/Council:</i> Review results from second round of polling and additional stakeholder engagement and recommend final ballot measure language.
June 2022	<i>Council:</i> Final Approval of November 2022 Ballot Measures, including ballot measure language
August 2022	Language submitted to Santa Clara County Registrar of Voters
November 2022	Election

**FISCAL/RESOURCE IMPACT**

Implementation of this workplan to develop a revenue generating local ballot measure will require significant resources that include internal staff, consultant expertise, as well as stakeholder engagement. Resource needs will scale proportionately based on the ballot measure option and the complexity of the measure that the Finance Committee and City Council direct staff to pursue. It is important that the scope of the potential ballot measure(s) be clearly defined and effectively narrowed for staff to successfully progress through the workplan.

It is expected that this initiative will require an equivalent of approximately two-three full time dedicated staff positions, and both has and will continue to have an impact on other projects. In

addition, support required from outside consultants and engagement with internal stakeholders in key departments will ramp up in intensity as this project approached June 2022. The City Council appropriated funding for this activity as part of the FY 2022 Preliminary 1<sup>st</sup> Quarter. Additional contracts and/or proposed budget amendments will be brought forward for approval as appropriate.

### **STAKEHOLDER ENGAGEMENT**

The Ballot Measure Workplan integrates stakeholder engagement through constituent polling and stakeholder outreach. Staff, throughout the process and from previous conversations, has solicited input and feedback with the Finance Committee, the City Council, residents, and the business community. The City has engaged with Fairbank, Maslin, Maullin, Metz & Associates (FM3) perform polling, Lew Edwards for stakeholder engagement planning, and the Public Dialogue Consortium (PDC) for stakeholder engagement. Staff received direction to proceed with initial polling at the November 8, 2021 Council meeting and this staff report transmits the results of this poll. The community engagement and stakeholder outreach strategy plan is outlined in this report for the Finance Committee's consideration. Based on the Ballot Measure Workplan, staff plans to seek the City Council's direction regarding initial stakeholder outreach.

### **ENVIRONMENTAL REVIEW**

This activity is not a project under California Environmental Quality Act (CEQA) as defined in CEQA Guidelines, section 15378, because it has no potential for resulting in either a direct or reasonably foreseeable indirect physical change in the environment.

#### **Attachments:**

- Attachment A: Preliminary Square Footage Business License Tax Calculations
- Attachment B: Palo Alto Community Issues Survey Results
- Attachment C: Summary of Prior Work on Potential Revenue Generating Ballot Measures



## ATTACHMENT A

### Preliminary Square Footage Business License Tax Calculations

Through the City of Palo Alto's conversations exploring a potential business tax, the City Council directed staff to pursue a business license tax using square footage occupied as the basis for such a tax. On November 8, 2021 ([CMR 13687](#)), the City Council discussed a potential revenue generating business tax and directed staff to continue exploration and modeling of a business license tax with these elements:

- Model a business license tax at monthly rates of \$0.05 to \$0.20 per square foot
- Preference for no sunset and an annual escalator
- Thresholds for square footage size
- Possible exemptions for small retail (measured by square footage) and grocery stores

This attachment includes:

- Preliminary business license tax calculations including scenarios/options for:
  - Assuming no exemptions
  - Possible exemption for small retail, measured by square footage
  - Possible exemption for grocery stores
- Options for annual escalator
- Detail of Total Rentable Building Area, including available vacancy rates
- Business license tax key concepts/terms

A business tax using square footage of the business is allowed under California law, though many structures commonly seen are based on gross receipts as the unit of measure. The California Government Code and the Business Professions Code authorize local governments, including charter cities, to impose a business license tax based on a unit of measure that fairly reflects the proportion of the taxed activity carried on within the taxing jurisdiction. An example of a nearby municipal agency that assesses a business license tax based on the square footage unit of measure is the City of Cupertino. A business license tax can be structured as a general tax, requiring a simple majority for passage, or a special tax, requiring 2/3 majority approval for passage. This distinction is based on whether revenues generated from the tax will be used for general government purposes or will be restricted in any way, which would designate the tax as a special tax.

Banks and financial institutions and non-profit entities, including medical and educational institutions, are exempt from a business license tax (Cal. Rev. & Tax. Code §23182 and § 7284.1). The business license tax provides flexibility and broad discretion to create different categories of entities to be taxed, provided that there is some reasonable and rational basis for these categories and distinctions. For example, if the Council wishes to exempt small retail and service businesses, the ballot measure language would include language defining these categories and classes. This approach poses substantially less administrative burden in assessing the tax.

**ATTACHMENT A****Data Used for Modeling: Available Square Footage Data**

Staff's calculations in this report use data from CoStar, a real estate subscription database. Previous staff analysis was developed using parcel data from the County of Santa Clara as the considerations were broader including a potential parcel tax. The primary difference between these two data sets is that parcel data is driven by property owner data and categories designated by Santa Clara County. These categories do not necessarily correlate to the business activity performed in the space and therefore, some differences in data presentation from prior reports exist.

CoStar's primary and secondary property categories were used to model information in this attachment and will be used as the authoritative data moving forward based on the direction for a business license tax exploration. CoStar is a commercial real estate data platform whose focus is information for buying, selling, or leasing a property and not track business activity being performed in the space or the number of type of companies conducting business in the City.

CoStar provides specific information regarding the City's rentable building area (RBA). RBA is expressed in square feet and includes the space the tenant will occupy (usable building area) plus a proportionate share of common areas (i.e. restrooms, lobbies, hallways, mechanical rooms, etc.), designated by a load factor. While all properties in the CoStar database had an RBA, not all the properties listed the tenant's occupied square footage or the associated load factor. From a reporting and compliance aspect, RBA was selected as the best available basis to estimate square footage occupied by business entities likely to be subject to the proposed tax since it is the typical basis for which rent is calculated.

The non-residential RBA total for the City is 27.5, 2.4 million or 9.5 percent higher than data presented in staff's previous analysis ([CMR 13687, Attachment A, p. 7](#)) totaling 25.1 million. A key assumption is that CoStar assumes space buildings that could be multi-level, where the focus of data from the County is assessed value of a parcel (a segregation of land) rather than space in a building. If the same rates were applied to the square footage in **Table A1**, the resulting revenue is approximately 40 percent higher due to the greater number of square feet and higher monthly/annual rates used in this round of modeling.

Furthermore, in comparing the RBA total for the City is 27.5 million square feet to data previously presented in 2019 ([CMR 10445](#), Attachment B: Potential Parcel Tax Revenues Based on Rentable Building Square Feet), the total RBA in **Table A1** is 1.7 million or 6.7 percent higher. The difference is due to secondary property types that were excluded in the data presented in 2019 (specifically government, school, parking garage/lot, religious facility, loading/meeting hall, self-storage, contractor storage yard, car wash, shelter, and theater/concert halls) where data in this attachment excludes property types that will most likely be exempt per the California Revenue and Tax Code.

## ATTACHMENT A

Property category detail and RBA can be found later in **Table A8**, along with **Chart A1**, which displays the distribution of rental building area in Palo Alto.

The CoStar database also includes vacancy rates for industrial, office, and retail properties in the City. Staff's revised model assumes vacancy rates as of November 1, 2021. Vacancy rates are not provided for the flex, hospitality, and specialty properties; for the purposes of modeling, a 6 percent (6%) vacancy rate is applied. No vacancy rate was applied to the sports and entertainment since there is only one property under this category.

### **Modeling for a Square Footage based Business License Tax**

Based on the City Council's direction, staff has modeled a variety of options that include the Council's direction to model business license tax at monthly rates of \$0.05 to \$0.20 per square foot with thresholds for square footage size and possible exemptions for small retail (measured by square footage), grocery stores, or no exemption by policy. **A baseline scenario was generated, using all non-residential properties and excluding properties that are likely to be legally exempt per the California Revenue and Tax Code.** From this baseline scenario, the following three options are modeled:

Option 1: exemptions for retail (less than or equal to 5,000 sf) and all grocery stores

- Revenues estimated at \$14.3 to \$57.1 million

Option 2: Tiered Rates, a Flat Fee for businesses less than or equal to 5,000 sf (\$50/year), for all others, assumes monthly rate per square foot

- Revenues estimated at \$14 to \$56 million

Option 3: Tiered Rates, a Flat Fee for first 5,000 sf (\$50/year), and apply monthly rate/sf beyond threshold

- Revenues estimated at \$11.7 to \$46.5 million

Absent Finance Committee and Council direction, staff have modeled these assuming a 5,000 square footage threshold. However, feedback on if there should be a threshold and what it should be is an area for the Council/Committee to opine on and would be helpful feedback for staff's continued work. For reference, the average coffee establishment is typically 1,500 to 2,000 square feet; a neighborhood retailer, such as Summit Bicycles is approximately 5,000 square foot; a smaller grocery store, such as Trader Joe's, is 10,000 square feet; and coworking spaces such as HanaHaus are approximately 15,000 square feet.

## ATTACHMENT A

<b>Table A1: Business License Tax Baseline Scenario and Options</b>						
	Property Count	RBA w/ Vacancy	Estimated Annual Revenue Based on Rate per Square Foot (tax rate shown as rate per square foot per month)			
			\$0.05/sf	\$0.10/sf	\$0.15/sf	\$0.20/sf
<b>Baseline Scenario: No Policy Exemptions</b>						
100-5,000 sf	413	1,146,099	\$687,660	\$1,375,319	\$2,062,979	\$2,750,638
5,001-20,000 sf	462	4,326,445	\$2,595,867	\$5,191,735	\$7,787,602	\$10,383,469
20,001-100,000 sf	290	11,441,377	\$6,864,826	\$13,729,653	\$20,594,479	\$27,459,305
100,001+ sf	45	7,543,524	\$4,526,115	\$9,052,229	\$13,578,344	\$18,104,459
<b>Total</b>	<b>1,210</b>	<b>24,457,446</b>	<b>\$14,674,468</b>	<b>\$29,348,936</b>	<b>\$44,023,404</b>	<b>\$58,697,871</b>
<u>Estimated Monthly Fee:</u>						
5,000 sf non-retail business			\$250	\$500	\$750	\$1,000
30,000 sf non-retail business			\$1,500	\$3,000	\$4,500	\$6,000
100,000 sf non-retail business			\$5,000	\$10,000	\$15,000	\$20,000
<b>Option 1: Exemption for Retail (assumes less than or equal to 5,000 sf) and all Grocery Stores</b>						
100-5,000 sf	220	625,672	\$375,403	\$750,806	\$1,126,210	\$1,501,613
5,001-20,000 sf	457	4,263,152	\$2,557,891	\$5,115,783	\$7,673,674	\$10,231,566
20,001-100,000 sf	288	11,377,807	\$6,826,684	\$13,653,368	\$20,480,052	\$27,306,737
100,001+ sf	45	7,543,524	\$4,526,115	\$9,052,229	\$13,578,344	\$18,104,459
<b>Total</b>	<b>1,010</b>	<b>23,810,156</b>	<b>\$14,286,094</b>	<b>\$28,572,187</b>	<b>\$42,858,281</b>	<b>\$57,144,374</b>
<u>Estimated Monthly Fee:</u>						
5,000 sf non-retail business			\$250	\$500	\$750	\$1,000
30,000 sf non-retail business			\$1,500	\$3,000	\$4,500	\$6,000
100,000 sf non-retail business			\$5,000	\$10,000	\$15,000	\$20,000
<b>Option 2: Flat Fee for First Tier (assumes \$50 for less than or equal to 5,000 sf)</b>						
100-5,000 sf	413	1,146,099	\$19,411	\$19,411	\$19,411	\$19,411
5,001-20,000 sf	462	4,326,445	\$2,595,867	\$5,191,735	\$7,787,602	\$10,383,469
20,001-100,000 sf	290	11,441,377	\$6,864,826	\$13,729,653	\$20,594,479	\$27,459,305
100,001+ sf	45	7,543,524	\$4,526,115	\$9,052,229	\$13,578,344	\$18,104,459
<b>Total</b>	<b>1,210</b>	<b>24,457,446</b>	<b>\$14,006,219</b>	<b>\$27,993,028</b>	<b>\$41,979,836</b>	<b>\$55,966,644</b>
<u>Estimated Monthly Fee:</u>						
5,000 sf non-retail business			\$4.20	\$4.20	\$4.20	\$4.20
30,000 sf non-retail business			\$1,500	\$3,000	\$4,500	\$6,000
100,000 sf non-retail business			\$5,000	\$10,000	\$15,000	\$20,000
<b>Option 3: Flat Fee for a Defined Threshold (assumes \$50 for first 5,000 sf) and Apply Monthly Rate Beyond Threshold</b>						
100-5,000 sf	413	1,146,099	\$20,650	\$20,650	\$20,650	\$20,650
5,001-20,000 sf	462	4,326,445	\$1,237,344	\$2,451,372	\$3,665,484	\$4,879,716
20,001-100,000 sf	290	11,441,377	\$6,009,280	\$12,004,156	\$17,999,032	\$23,993,860
100,001+ sf	45	7,543,524	\$4,393,386	\$8,784,462	\$13,175,610	\$17,566,722
<b>Total</b>	<b>1,210</b>	<b>24,457,446</b>	<b>\$11,660,660</b>	<b>\$23,260,640</b>	<b>\$34,860,776</b>	<b>\$46,460,948</b>
<u>Estimated Monthly Fee:</u>						
5,000 sf non-retail business			\$4.20	\$4.20	\$4.20	\$4.20

## ATTACHMENT A

Table A1: Business License Tax Baseline Scenario and Options					
Property Count	RBA w/ Vacancy	Estimated Annual Revenue Based on Rate per Square Foot (tax rate shown as rate per square foot per month)			
		\$0.05/sf	\$0.10/sf	\$0.15/sf	\$0.20/sf
30,000 sf non-retail business		\$1,250	\$2,500	\$3,750	\$5,000
100,000 sf non-retail business		\$4,750	\$9,500	\$14,250	\$19,000

Baseline Scenario

The baseline scenario assumes models the estimate monthly revenue if the business license tax were assessed on all non-residential properties, excluding those likely to be exempt by the California Revenue and Tax Code. The total count of properties is 1,210 (source CoStar database). The baseline scenario estimates monthly tax revenue to be in the range of \$1.2 to \$4.9 million (or \$14.7 to \$58.7 million annually). The table below provides insight into the count of properties by size.

Table A2: Baseline Scenario - No Policy Exemptions							
Range	Count of Properties	Rentable Bldg Area	RBA w/ Vacancy	Estimated Annual Tax Revenue			
				\$0.60	\$1.20	\$1.80	\$2.40
100 - 2,000	99	140,347	126,164	\$75,698	\$151,396	\$227,094	\$302,793
2,001 - 5,000	314	1,135,099	1,019,936	\$611,961	\$1,223,923	\$1,835,884	\$2,447,846
5,001 - 10,000	259	1,904,585	1,703,331	\$1,021,999	\$2,043,998	\$3,065,996	\$4,087,995
10,001 - 15,000	122	1,504,815	1,354,026	\$812,415	\$1,624,831	\$2,437,246	\$3,249,662
15,001 - 20,000	81	1,423,439	1,269,089	\$761,453	\$1,522,906	\$2,284,359	\$3,045,813
20,001 - 25,000	48	1,084,748	962,313	\$577,388	\$1,154,776	\$1,732,163	\$2,309,551
25,001 - 50,000	140	4,827,761	4,235,781	\$2,541,469	\$5,082,938	\$7,624,406	\$10,165,875
50,001 - 75,000	65	3,974,993	3,520,522	\$2,112,313	\$4,224,626	\$6,336,939	\$8,449,252
75,001 - 100,000	37	3,101,346	2,722,761	\$1,633,657	\$3,267,313	\$4,900,970	\$6,534,626
100,001 - 200,000	32	4,214,670	3,783,172	\$2,269,903	\$4,539,806	\$6,809,709	\$9,079,612
200,001 - 300,000	8	1,809,495	1,638,977	\$983,386	\$1,966,773	\$2,950,159	\$3,933,546
300,001 - 500,000	3	1,176,066	1,105,502	\$663,301	\$1,326,602	\$1,989,904	\$2,653,205
500,001+	2	1,205,069	1,015,873	\$609,524	\$1,219,048	\$1,828,572	\$2,438,096
<b>Total</b>	<b>1,210</b>	<b>27,502,433</b>	<b>24,457,446</b>	<b>\$14,674,468</b>	<b>\$29,348,936</b>	<b>\$44,023,404</b>	<b>\$58,697,871</b>

Option 1: Exemption for Retail Measured by Square Footage and All Grocery Stores

This option would exempt retail, under a threshold to be defined by City Council, including grocery stores in the City. For example, if the City Council were to determine “small” as retail businesses that occupy less than 5,000 RBA, 192 retail properties would be exempt from the business license tax. Based on monthly rates ranging \$0.05 to \$0.20 per square foot, this would result in a range of \$26,000 to \$0.1 million in monthly tax revenue (\$0.3 million to \$1.2 million annually) that would not be collected from these businesses. In comparison to the baseline scenario, this amount represents approximately 2 percent of total revenue.

Based on monthly rates ranging \$0.05 to \$0.20 per square foot, this option would result in a range of \$1.2 to \$4.8 million in monthly tax revenue (\$14 million to \$57.1 million annually), which is 2.6 percent below the baseline scenario.

## ATTACHMENT A

Table A3: Option 1 - Exemption for Retail (assumes <=5,000 sf) and all Grocery Stores							
Range	Count of Properties	Rentable Bldg Area	RBA w/ Vacancy	Estimated Annual Tax Revenue			
				\$0.60	\$1.20	\$1.80	\$2.40
100 - 2,000	44	64,095	54,487	\$32,692	\$65,384	\$98,076	\$130,768
2,001 - 5,000	176	657,705	571,185	\$342,711	\$685,422	\$1,028,134	\$1,370,845
5,001 - 10,000	257	1,889,335	1,688,996	\$1,013,398	\$2,026,796	\$3,040,193	\$4,053,591
10,001 - 15,000	122	1,504,815	1,354,026	\$812,415	\$1,624,831	\$2,437,246	\$3,249,662
15,001 - 20,000	78	1,371,356	1,220,131	\$732,078	\$1,464,157	\$2,196,235	\$2,928,313
20,001 - 25,000	48	1,084,748	962,313	\$577,388	\$1,154,776	\$1,732,163	\$2,309,551
25,001 - 50,000	138	4,760,133	4,172,211	\$2,503,327	\$5,006,653	\$7,509,980	\$10,013,306
50,001 - 75,000	65	3,974,993	3,520,522	\$2,112,313	\$4,224,626	\$6,336,939	\$8,449,252
75,001 - 100,000	37	3,101,346	2,722,761	\$1,633,657	\$3,267,313	\$4,900,970	\$6,534,626
100,001 - 200,000	32	4,214,670	3,783,172	\$2,269,903	\$4,539,806	\$6,809,709	\$9,079,612
200,001 - 300,000	8	1,809,495	1,638,977	\$983,386	\$1,966,773	\$2,950,159	\$3,933,546
300,001 - 500,000	3	1,176,066	1,105,502	\$663,301	\$1,326,602	\$1,989,904	\$2,653,205
500,001+	2	1,205,069	1,015,873	\$609,524	\$1,219,048	\$1,828,572	\$2,438,096
<b>Total</b>	<b>\$1,010</b>	<b>26,813,826</b>	<b>23,810,156</b>	<b>\$14,286,094</b>	<b>\$28,572,187</b>	<b>\$42,858,281</b>	<b>\$57,144,374</b>

### Small Retail, Measured by Square Footage

The City Council directed staff to model possible exemptions for small retail, measured by square footage. Previous staff reports used a 20,000 square foot threshold to model what distinguishes a “small” business. **Table A4** provides data for retail sizes to aid the Finance Committee and the City Council in defining a small business by square foot size. Based on this data, there are 356 retail properties within the City that total 4.0 million square feet of RBA.

Table A4: Retail Properties							
Range	Count of Properties	Rentable Bldg Area	RBA w/ Vacancy	Estimated Annual Tax Revenue			
				\$0.60	\$1.20	\$1.80	\$2.40
100 - 5,000	192	549,038	516,096	\$309,657	\$619,315	\$928,972	\$1,238,630
5,001 - 20,000	128	1,177,321	1,105,659	\$663,395	\$1,326,791	\$1,990,186	\$2,653,581
20,001 - 100,000	30	1,151,652	1,082,553	\$649,532	\$1,299,063	\$1,948,595	\$2,598,127
100,001 - 700,000	6	1,133,454	1,065,447	\$639,268	\$1,278,536	\$1,917,804	\$2,557,072
<b>Total</b>	<b>356</b>	<b>4,011,465</b>	<b>3,769,754</b>	<b>\$2,261,852</b>	<b>\$4,523,705</b>	<b>\$6,785,557</b>	<b>\$9,047,410</b>

Approximately one-third of the total retail properties in the City are within the 2,001 to 5,000 square foot range, while over 55 percent of the City’s RBA are properties above 20,000 square feet. For scale and reference, below is a sampling of businesses that occupy addresses in the CoStar database.

- AT&T Store (El Camino), 2,130 sq ft
- Summit Bicycles, 5,190 sq ft
- Patagonia, ~6,500 sq ft.
- 300 University (retail space previously Walgreens), ~16,400 sq ft
- West Elm, ~37,000 sq ft
- Neiman Marcus, 120,000 sq ft
- Macy's, 223,000 sq ft

## ATTACHMENT A

*Grocery Stores*

An internet search of grocery stores in Palo Alto resulted in 11 businesses and of the 11 grocery stores in the city, two were grouped together within a range of street addresses in the database (Piazza's Fine Foods and Sigona's Farmer's Market) and one addresses was not located in the database. For modeling purposes however staff is presenting the eight that were grocery stores that were identifiable in the database by address.

Grocery Name	Rentable Bldg Area	Estimated Annual Tax Revenue			
		\$0.60	\$1.20	\$1.80	\$2.40
Crossroads Specialty Foods	4,610	\$33,192	\$5,532	\$8,298	\$11,064
Country Sun Natural Foods	5,250	\$3,150	\$6,300	\$9,450	\$12,600
Trader Joe's	10,000	\$6,000	\$12,000	\$18,000	\$24,000
Grocery Outlet	15,850	\$9,510	\$19,020	\$28,530	\$38,040
Whole Foods	17,480	\$10,488	\$20,976	\$31,464	\$41,952
Safeway	18,760	\$11,256	\$22,512	\$33,768	\$45,024
The Market at Edgewood	26,300	\$15,780	\$31,560	\$47,340	\$63,120
Mollie Stones	41,330	\$24,798	\$49,596	\$74,394	\$99,192
Piazza's Fine Foods	N/A	-	-	-	-
Sigona's Farmers Market	N/A	-	-	-	-
Real Produce International Market	N/A	-	-	-	-
<b>Total</b>	<b>139,580</b>	<b>\$114,174</b>	<b>\$167,496</b>	<b>\$251,244</b>	<b>\$334,992</b>

For purposes of scale and to understand size of square feet occupied, **Table A5** provides RBA for 11 of the grocery stores in the City where RBA data was available.

Option 2: Annual Fixed Flat Fee for All Businesses Measured by Square Footage

This option would charge a flat fee to all small businesses under a threshold to be defined by Council. If Council were to direct that "small" be defined as a business occupying less than 5,000 RBA, and using a \$50 annual flat fee, equivalent to the City's Business Registry Fee, the tax would generate approximately \$20,000 in annual revenue (assuming vacancy) for businesses less than 5,000 square feet. However, the foregone square footage revenue in this scenario would range from \$57,000 to \$0.3 million in monthly tax revenue (\$0.7 million to \$2.8 million annually). Businesses above the 5,000 threshold in this example would still be assessed a monthly rate for all square footage occupied.

Based on monthly rates ranging \$0.05 to \$0.20 per square foot, this option would result in a range of \$1.2 to \$4.7 million in monthly tax revenue (\$14 million to \$56 million annually), which is 4.7 percent below the baseline scenario.



## ATTACHMENT A

Table A6: Option 2 - Flat Fee for First Tier (assumes \$50 for <= 5,000 sf)									
Range	Count of Properties	Rentable Bldg Area	RBA w/ Vacancy	\$50 Flat Rate (<5,000 sf)	Estimated Annual Tax Revenue Based on Rate per Square Foot				
					\$0.60	\$1.20	\$1.80	\$2.40	
100 - 2,000	99	140,347	126,164	\$4,653					
2,001 - 5,000	314	1,135,099	1,019,936	\$14,758					
5,001 - 10,000	259	1,904,585	1,703,331		\$1,021,999	\$2,043,998	\$3,065,996	\$4,087,995	
10,001 - 15,000	122	1,504,815	1,354,026		\$812,415	\$1,624,831	\$2,437,246	\$3,249,662	
15,001 - 20,000	81	1,423,439	1,269,089		\$761,453	\$1,522,906	\$2,284,359	\$3,045,813	
20,001 - 25,000	48	1,084,748	962,313		\$577,388	\$1,154,776	\$1,732,163	\$2,309,551	
25,001 - 50,000	140	4,827,761	4,235,781		\$2,541,469	\$5,082,938	\$7,624,406	\$10,165,875	
50,001 - 75,000	65	3,974,993	3,520,522		\$2,112,313	\$4,224,626	\$6,336,939	\$8,449,252	
75,001 - 100,000	37	3,101,346	2,722,761		\$1,633,657	\$3,267,313	\$4,900,970	\$6,534,626	
100,001 - 200,000	32	4,214,670	3,783,172		\$2,269,903	\$4,539,806	\$6,809,709	\$9,079,612	
200,001 - 300,000	8	1,809,495	1,638,977		\$983,386	\$1,966,773	\$2,950,159	\$3,933,546	
300,001 - 500,000	3	1,176,066	1,105,502		\$663,301	\$1,326,602	\$1,989,904	\$2,653,205	
500,001+	2	1,205,069	1,015,873		\$609,524	\$1,219,048	\$1,828,572	\$2,438,096	
<b>Total</b>		<b>\$1,210</b>	<b>27,502,433</b>	<b>24,457,446</b>	<b>\$19,411</b>	<b>\$13,986,808</b>	<b>\$27,973,617</b>	<b>\$41,960,425</b>	<b>\$55,947,233</b>

### Option 3: Define a Threshold for a Fixed Flat Fee and Apply Monthly Rate to Square Feet Beyond the Threshold for All Businesses

This option would charge a flat fee to *all square footage under a threshold* to be defined by Council, regardless of total business size. Assuming the threshold is defined as the first 5,000 square feet of RBA, a flat annual amount (assumed to be \$50 annually) could be applied to that first 5,000 of square feet and a monthly rate applied to any square footage beyond the threshold. For example, based on the CoStar database, Summit Bicycles occupies 5,190 square feet, and this business would pay \$50 for the first 5,000 square feet, and the annual rate for the remaining 190 square feet.

To compare and contrast the options: under Option 2, assuming a \$1.80 per square foot annual tax rate (\$0.15/sf/mo), a 4,500 square foot business would pay \$50 annually, while a 5,500 square foot business would pay \$9,900 annually. Under Option 3, the 4,500 square foot business would pay \$50 annually, while the 5,500 square foot business would pay \$950 annually, which avoids a “cliff” at the flat fee/exemption threshold, which might distort and complicate small business space planning decisions.

Applying this approach to the population of all properties in this report, based on a \$50 annual flat rate for the first 5,000 of square feet and monthly rates ranging \$0.05 to \$0.20 per square foot, annual revenue would range between \$11.7 million and \$46 million (\$1.0 million and \$3.9 million monthly). This revenue range is approximately 20.5 percent less than revenue totals in the baseline scenario, where no exemptions or thresholds are assumed.



## ATTACHMENT A

Table A7: Option 3 - Flat Fee for Defined Threshold (assumes \$50 for first 5,000 sf), Apply Monthly Rate Beyond Threshold							
Range	Count of Properties	Rentable Bldg Area	RBA w/ Vacancy	Estimated Annual Tax Revenue Based on Rate per Square Foot			
				\$0.60	\$1.20	\$1.80	\$2.40
100 - 2,000	99	140,347	126,164	\$4,950	\$4,950	\$4,950	\$4,950
2,001 - 5,000	314	1,135,099	1,019,936	\$15,700	\$15,700	\$15,700	\$15,700
5,001 - 10,000	259	1,904,585	1,703,331	\$262,238	\$511,454	\$760,730	\$1,010,078
10,001 - 15,000	122	1,504,815	1,354,026	\$452,584	\$898,912	\$1,345,384	\$1,791,784
15,001 - 20,000	81	1,423,439	1,269,089	\$522,522	\$1,041,006	\$1,559,370	\$2,077,854
20,001 - 25,000	48	1,084,748	962,313	\$435,768	\$869,196	\$1,302,540	\$1,736,004
25,001 - 50,000	140	4,827,761	4,235,781	\$2,128,432	\$4,249,888	\$6,371,476	\$8,492,896
50,001 - 75,000	65	3,974,993	3,520,522	\$1,920,610	\$3,837,898	\$5,755,210	\$7,672,450
75,001 - 100,000	37	3,101,346	2,722,761	\$1,524,470	\$3,047,174	\$4,569,806	\$6,092,510
100,001 - 200,000	32	4,214,670	3,783,172	\$2,175,532	\$4,349,392	\$6,523,324	\$8,697,208
200,001 - 300,000	8	1,809,495	1,638,977	\$959,788	\$1,919,176	\$2,878,564	\$3,837,952
300,001 - 500,000	3	1,176,066	1,105,502	\$654,450	\$1,308,750	\$1,963,050	\$2,617,362
500,001+	2	1,205,069	1,015,873	\$603,616	\$1,207,144	\$1,810,672	\$2,414,200
<b>Total</b>	<b>\$1,210</b>	<b>27,502,433</b>	<b>24,457,446</b>	<b>\$11,660,660</b>	<b>\$23,260,640</b>	<b>\$34,860,776</b>	<b>\$46,460,948</b>

### Options for Annual Escalator

Research performed by Matrix Consulting ([CMR 10655](#)) describes the annual escalator or indexing methodology for Cupertino, Mountain View, Redwood City, San Jose, and Sunnyvale. Staff revisited this research and found that no significant changes were made since 2019 and that the majority of these agencies use the annual Consumer Price Index (CPI) as a basis. The section below presents options for an annual escalator, as well as the following components that should also be considered:

- A cap that potentially limits the maximum annual amount the business license tax can increase by percent
- A formula that indexes the tax to the base year CPI can be utilized
- Timing with either the calendar year or fiscal year
- An alternative index or factor should a CPI not be published
- Whether the tax rate can be reduced below the rate in effect immediately prior to the applicable adjustment

#### Option 1: Align with Palo Alto Minimum Wage Escalator (Palo Alto Municipal Code 4.62.030).

Measure by the percentage increase, if any, using the preceding year of the Bay Area Consumer Price Index (Urban Wage Earners and Clerical Workers, San Francisco-Oakland-San Jose, CA for All Items) or its successor index as published by the U.S. Department of Labor or its successor agency, not to exceed 5 percent, with the amount of the business license tax increase rounded to the nearest multiple of five cents (\$0.05). If there is no net increase in the cost of living, the business license tax would remain unchanged for that year. This option is consistent with the practice of surrounding agencies and would align the annual escalator with the regional consumer price index and average change in prices over time within the local economy.

## ATTACHMENT A

### Option 2: Align Increase with Annual Municipal Fee Schedule and Annual Budget Process.

During the annual budget process, staff increases municipal fees based on the average citywide salary and benefit increase in the Adopted Budget. Staff also reviews the cost recovery of municipal fees; however, this component of the analysis would not be applicable to the business license tax. The average citywide salary and benefit increase is typically available each year in March/April. In FY 2022, the average citywide increase was 2.0 percent and can vary based on negotiated employee agreements or changes in the City's pension formula from CalPERS. This approach would align the escalator for the business license tax with agreed upon employee compensation that is primarily driven by pension rates set by CalPERS. This approach would not be as closely reflective of changes in costs of the regional economy for the tax and would reflect the incremental cost change of services provided by the City, which are primarily City employee costs.

### **Detail of Total Rentable Building Area**

As discussed earlier in this attachment, CoStar provides specific information regarding the City's rentable building area (RBA). RBA is expressed in square feet and includes the space the tenant will occupy (usable building area) and the associated common areas of the building. From a reporting and compliance aspect, RBA was selected as the basis of measure since it is the typical basis for which rent is calculated. Staff used CoStar's property type descriptions to exclude legally exempt businesses. **Table A11**, along with **Chart A1**, which displays the distribution of rental building area in Palo Alto. Staff has also included the vacancy rate, as of November 1, 2021, from the CoStar database for the industrial, office, and retail properties in the City.

ATTACHMENT A

Table A8: CoStar Total Rentable Building Area by Property Type

Sq Feet Size	Flex	Hospitality	Industrial	Office	Retail	Specialty	Sports &		Grand Total	% of Total	Running %
							Entertainment				
100 - 1,000	970	-	-	3,089	7,578	-	-	-	11,637	0.0%	
1,001 - 2,000	-	-	3,717	56,319	68,674	-	-	-	128,710	0.5%	0.5%
2,001 - 3,000	7,416	-	10,430	101,272	137,598	5,440	-	-	262,156	1.0%	1.5%
3,001 - 4,000	3,289	3,901	28,937	165,585	144,504	3,995	-	-	350,211	1.3%	2.8%
4,001 - 5,000	23,955	-	80,807	218,271	195,292	4,407	-	-	522,732	1.9%	4.7%
5,001 - 6,000	11,187	-	45,254	118,498	142,107	5,519	-	-	322,565	1.2%	5.9%
6,001 - 7,000	13,212	-	58,868	234,655	104,360	-	-	-	411,095	1.5%	7.4%
7,001 - 8,000	23,138	7,998	60,492	151,497	181,942	-	-	-	425,067	1.5%	8.9%
8,001 - 9,000	25,859	-	25,448	181,688	93,272	-	-	-	326,267	1.2%	10.1%
9,001 - 10,000	57,217	-	37,354	210,349	114,671	-	-	-	419,591	1.5%	11.6%
10,001 - 11,000	21,120	-	73,588	168,534	115,921	-	10,452	-	389,615	1.4%	13.0%
11,001 - 12,000	36,000	-	47,144	69,079	103,380	-	-	-	255,603	0.9%	13.9%
12,001 - 13,000	63,578	37,369	-	148,751	25,767	-	-	-	275,465	1.0%	14.9%
13,001 - 14,000	82,934	13,744	27,667	94,069	-	13,152	-	-	231,566	0.8%	15.7%
14,001 - 15,000	43,354	-	74,451	132,737	87,024	15,000	-	-	352,566	1.3%	17.0%
15,001 - 16,000	62,710	-	62,400	139,698	62,903	-	-	-	327,711	1.2%	18.2%
16,001 - 17,000	16,560	16,095	-	82,007	66,495	-	-	-	181,157	0.7%	18.9%
17,001 - 18,000	87,390	-	18,000	86,824	70,819	17,428	-	-	280,461	1.0%	19.9%
18,001 - 19,000	18,360	18,180	-	128,903	56,190	-	-	-	221,633	0.8%	20.7%
19,001 - 20,000	79,367	-	39,975	273,332	19,803	-	-	-	412,477	1.5%	22.2%
20,001 - 21,000	41,153	20,775	-	103,238	20,215	-	-	-	185,381	0.7%	22.9%
21,001 - 22,000	21,874	-	-	108,410	65,306	-	-	-	195,590	0.7%	23.6%
22,001 - 23,000	137,764	69,479	-	181,648	68,689	-	-	-	457,580	1.7%	25.3%
23,001 - 24,000	-	24,024	-	97,942	24,231	-	-	-	146,197	0.5%	25.8%
24,001 - 25,000	-	-	-	100,000	-	-	-	-	100,000	0.4%	26.2%
25,001 - 50,000	776,422	217,271	158,156	3,116,639	559,273	-	-	-	4,827,761	17.6%	43.8%
50,001 - 75,000	772,140	251,756	137,218	2,226,511	481,566	105,802	-	-	3,974,993	14.5%	58.3%
75,001 - 100,000	876,534	159,732	80,500	1,984,580	-	-	-	-	3,101,346	11.3%	69.6%
100,001 - 150,000	656,399	212,537	237,813	1,509,742	342,100	-	-	-	2,958,591	10.8%	80.4%
150,001 - 200,000	200,000	357,399	180,000	331,680	187,000	-	-	-	1,256,079	4.6%	85.0%
200,001 - 250,000	220,173	-	457,282	638,638	223,000	-	-	-	1,539,093	5.6%	90.6%
250,001 - 300,000	270,402	-	-	-	-	-	-	-	270,402	1.0%	91.6%
350,001 - 400,000	-	-	362,434	-	381,354	-	-	-	743,788	2.7%	94.3%
400,001 - 450,000	-	-	-	-	-	432,278	-	-	432,278	1.5%	95.8%
500,001 - 600,000	-	-	-	552,105	-	-	-	-	552,105	1.9%	97.7%
600,001 - 700,000	-	-	-	652,964	-	-	-	-	652,964	2.3%	100.0%
<b>Subtotal</b>	<b>4,650,477</b>	<b>1,410,260</b>	<b>2,307,935</b>	<b>14,369,254</b>	<b>4,151,034</b>	<b>603,021</b>	<b>10,452</b>	<b>27,502,433</b>			
Vacancy Rate	6.0%	6.0%	6.0%	15.7%	6.0%	6.0%	6.0%				
Vacant Sq Ft	279,029	84,616	138,476	2,255,973	249,062	36,181	627	3,043,964			
<b>Total</b>	<b>4,371,448</b>	<b>1,325,644</b>	<b>2,169,459</b>	<b>12,113,281</b>	<b>3,901,972</b>	<b>566,840</b>	<b>9,825</b>	<b>24,458,469</b>			
% of Total	17.9%	5.4%	8.9%	49.5%	16.0%	2.3%	0.0%				

Attachment: Attachment A: Preliminary Square Footage Business License Tax Calculations (13875 : Update, Consideration, and Potential

## ATTACHMENT A

### Review of Key Concepts & Terms

A business license tax would be codified by ordinance, including terms and key concepts, which will be presented to voters and, if approved, be incorporated into the City's Municipal Code. Decisions on details such as definition of terms is not required at this time. Staff is introducing these concepts for preliminary discussion only. Staff will return with additional analysis in early 2022. Once the Committee and Council have made policy choices regarding the details of the tax design, including definition of key terms and concepts, staff will draft ordinance language and return for Committee and Council review.

In reviewing various sources of relevant terms and definitions, such as [CoStar](#), Palo Alto Municipal Code (PAMC), [the Santa Clara County Assessor](#), and a variety of other municipal agencies with a business license tax, key elements that should be considered in the Finance Committee's review of these terms and concepts are:

1. *Definition of "business" and various considerations.* For purposes of the Business Registry, [PAMC 4.60.020](#) defines "business" as "any commercial enterprise, trade, calling, vocation, profession, occupation, or means of livelihood, whether or not carried on for gain or profit." Council is not bound to use this definition for a new business license tax.

Additional considerations for the definition of "business", as they pertain to assessing a square footage tax and how these situations should be treated from a tax perspective, including but not limited to the following (although note that the City may only tax business activity that takes place within Palo Alto):

- Independent contractors, self-employed, and sole proprietors which may or may not have identified square footage usage within the City
  - Individuals who operate a home-based business in the city
  - Individuals who manage the activities of rental of real property, whether commercial or residential (e.g. offsite property management company or the office in a multi-unit property)
2. *Definition of square footage occupied.* Staff's analysis and modeling assumes RBA due to data that is available in the CoStar data base, however definition of whether or not common areas should be assumed, as in what is typically used in lease documents to calculate rent, or occupied space only, will eventually need to be defined.
  3. *Definition of Retail.* CoStar's definition of general retail includes 26 categories that are used for various sales opportunities, including restaurants, movie theaters and parking garages. Staff included all 26 categories for modeling purposes, including supermarkets, which is also detailed separately. The Finance Committee's review and feedback of these retail subsets will assist in defining "retail" for business license tax purposes should an exemption for this classification be desired by the Council.
  4. *Definition of Grocery Stores or Supermarkets.* CoStar refers to grocery stores (aka supermarkets) in their definition of retail and similarly, the PAMC refers to grocery stores or

## ATTACHMENT A

grocery items in zoning code (PAMC Title 18), however neither source includes a specific definition.

Potential concepts to consider in the definition of grocery store include the following elements. Should the Council wish to provide exemption or tiered rates for this type of activity, ultimately a definition for the code will be needed. General feedback is helpful and will then return with specific language for the Committee and Council to review:

- Any premises where any of the following are exposed, offered for sale, or sold by retail: fresh produce; bakery; meat, poultry, or fish products; frozen foods; and processed and pre-packaged food.
- A minimum threshold of square footage where majority of floor area that is open to the public is occupied by food products sold for preparation and consumption off-site
- Retail bakers where any on-site baking is only for on-site sales.
- Stores that have more than one location
- Stores that combine full range of grocery sales and household products

### ***CoStar Terms and Definitions:***

For ease of reference and for discussion, staff has included excerpts below of terms and concepts used in this staff report:

<b>Common Area</b>	The areas on a floor such as washrooms, janitorial closets, electrical rooms, telephone rooms, mechanical rooms, elevator lobbies, and public corridors which are available primarily for the use of tenants on that floor. It does not include major vertical penetrations such as elevator shafts, stairways, equipment runs, etc.
<b>Core Factor</b>	Common Area (also known as Core Space) reflected as a percentage of Net Rentable Area (Square Feet) devoted to the building's common areas (lobbies, rest rooms, corridors, etc.). This factor can be computed for an entire building or a single floor of a building. Also known as a Loss Factor or Rentable/Usable (R/U) Factor, it is calculated by dividing the usable square footage by the rentable square footage - 1.
<b>Core Space</b>	Also known as Common Area - The areas on floor such as washrooms, janitorial closets, electrical rooms, telephone rooms, mechanical rooms, elevator lobbies, and public corridors which are available for the use of all tenants on that floor. It does not include major vertical penetrations such as elevator shafts stairways, equipment runs, etc. (Identified as a percentage of rentable area.)
<b>General Retail</b>	A retail property's primary intended use is to promote, distribute or sell products and services to the general public. It will often be in high traffic or easily accessible areas. Retail buildings are configured for the display of merchandise or the interaction of company sales personnel with others.

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Retail buildings can be used for various sales opportunities, including, but not limited to, stand-alone (convenience stores to department stores), store fronts, strip centers (no anchors), neighborhood, community, regional, and super-regional malls, power centers, factory outlet centers, and fashion or specialty centers.

### **Load Factor**

The Load Factor or Add-On Factor is calculated by dividing the Rentable Building Area by the Usable Area. This factor can then be applied to the Usable area to convert it to RBA for comparison. So in markets where space is leased by the Usable area, if we know the Load Factor is 15%, we can multiply the Usable area by 1.15, which results in the RBA.

### **Occupied Space**

Occupied space is defined as the square footage of space that is physically occupied by a tenant. It does not include space that is under a lease obligation, where the tenant does not actually occupy the space.

### **Rentable Building Area (RBA)**

Expressed in square feet, this area includes the usable area and its associated share of the common areas. Typically, rents are based on this area. It is the space the tenant will occupy in addition to the associated common areas of the building such as the lobby, hallways, bathrooms, equipment rooms, etc. There is no real difference between RBA and GLA (Gross Leasable Area) except that GLA is used when referring to retail properties while RBA is used for other commercial properties.

### **Usable Building Area (UBA)**

This consists of the space that the tenant will actually occupy in a building. The usable area on a single floor may vary depending upon corridor configurations, whether the floor is a single tenant or multiple tenant occupancy, etc. It is the rentable area minus the common areas of the floor such as lobbies, hallways, and bathrooms.

### ***Santa Clara County Assessor's Office Terms and Definitions***

#### **Assessed Value**

The taxable value of a property against which the tax rate is applied. Since 1981-82, the assessed value is 100% of the property's value pursuant to the provisions of the Revenue and Taxation Code. In prior years, the assessed value was 25% of the full cash value.

#### **Parcel**

Real property assessment unit. Land that is segregated into units by boundary lines for assessment purposes.



CITY OF  
**PALO ALTO**

# Assessing the Context for Potential Finance Measures in Palo Alto in 2021





*Key Findings of a Survey of Palo Alto Voters  
Conducted November 24-December 5, 2021*



OPINION  
RESEARCH  
& STRATEGY

Attachment: Attachment B: Palo Alto Community Issues Survey Results (13875 : Update,

# Survey Methodology

<b>Dates</b>	November 24 – December 5, 2021
<b>Survey Type</b>	Dual-mode Voter Survey
<b>Research Population</b>	Likely November 2022 Voters in Palo Alto
<b>Total Interviews</b>	801
<b>Margin of Sampling Error</b>	(Full Sample) $\pm 3.5\%$ at the 95% Confidence Level (Half Sample) $\pm 4.9\%$ at the 95% Confidence Level
<b>Contact Methods</b>	 Telephone Calls  Email Invitations
<b>Data Collection Modes</b>	 Telephone Interviews  Online Interviews

Attachment: Attachment B: Palo Alto Community Issues Survey Results (13875 : Update,

*(Note: Not All Results Will Sum to 100% Due to Rounding)*



# Survey Goals & Approach

*BLT and Utility Fund Measures Rotated*

**Business License Tax  
BLT Tax Structure**

*BLT and Utility Fund Measures Rotated*

**Utility Fund Transfer Ratification**

**Utility Users Tax**

**Uses of Funds**

**Pro-BLT Messages and Re-Vote  
Anti-BLT Messages and Re-Vote**

- Assess voter reactions to concept of three potential ballot measure concepts: a business license tax, a measure to ratify utility fund transfers, and a utility users tax increase.
- Evaluate voters' priorities for use of funds.
- Check the impact of campaigns for and against the BLT measure specifically – these were also rotated.
- To that end, voters heard either the BLT or gas tax measures first in a random order.

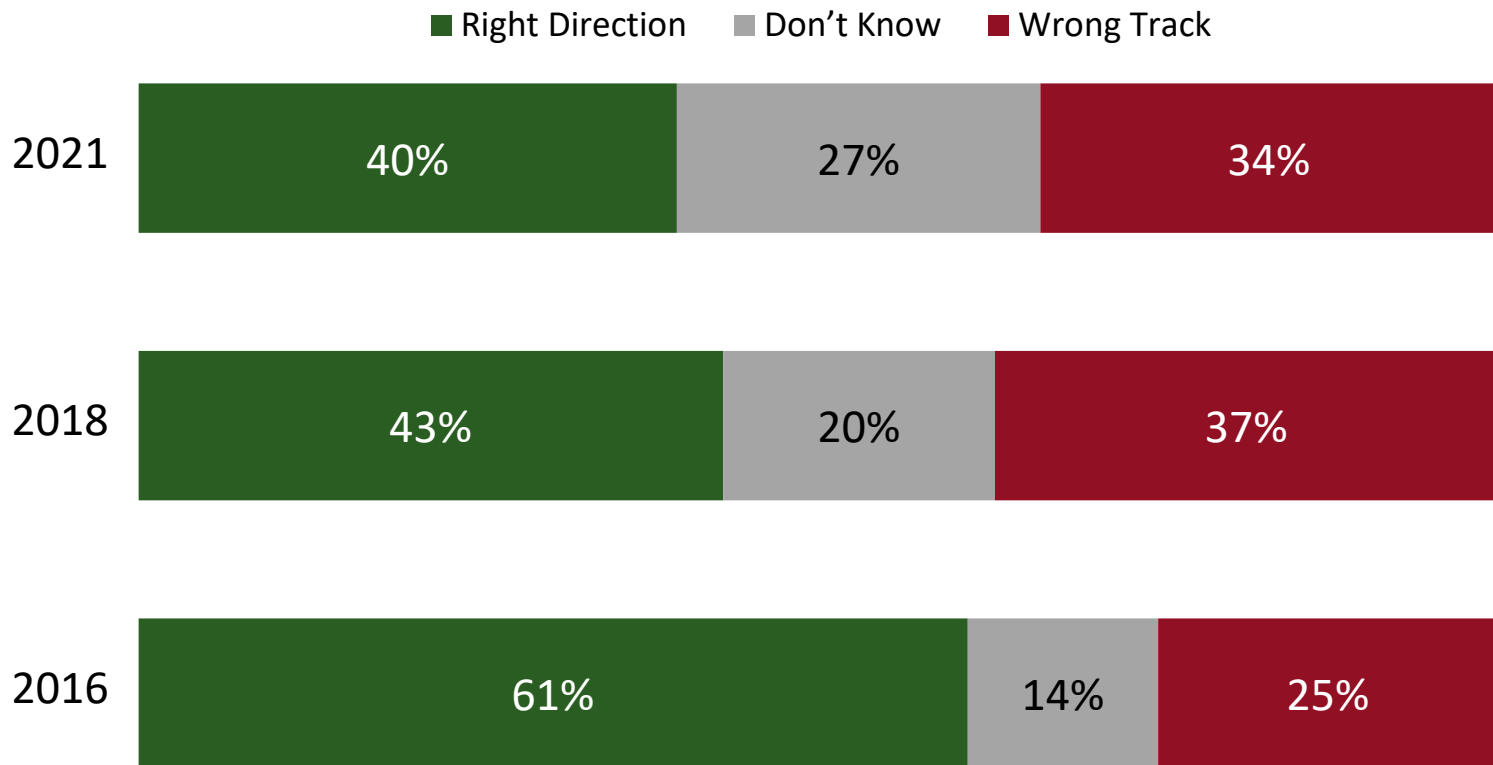
Attachment: Attachment B: Palo Alto Community Issues Survey Results (13875 : Update,



# Issue Context

# Voters are much less optimistic than 2016.

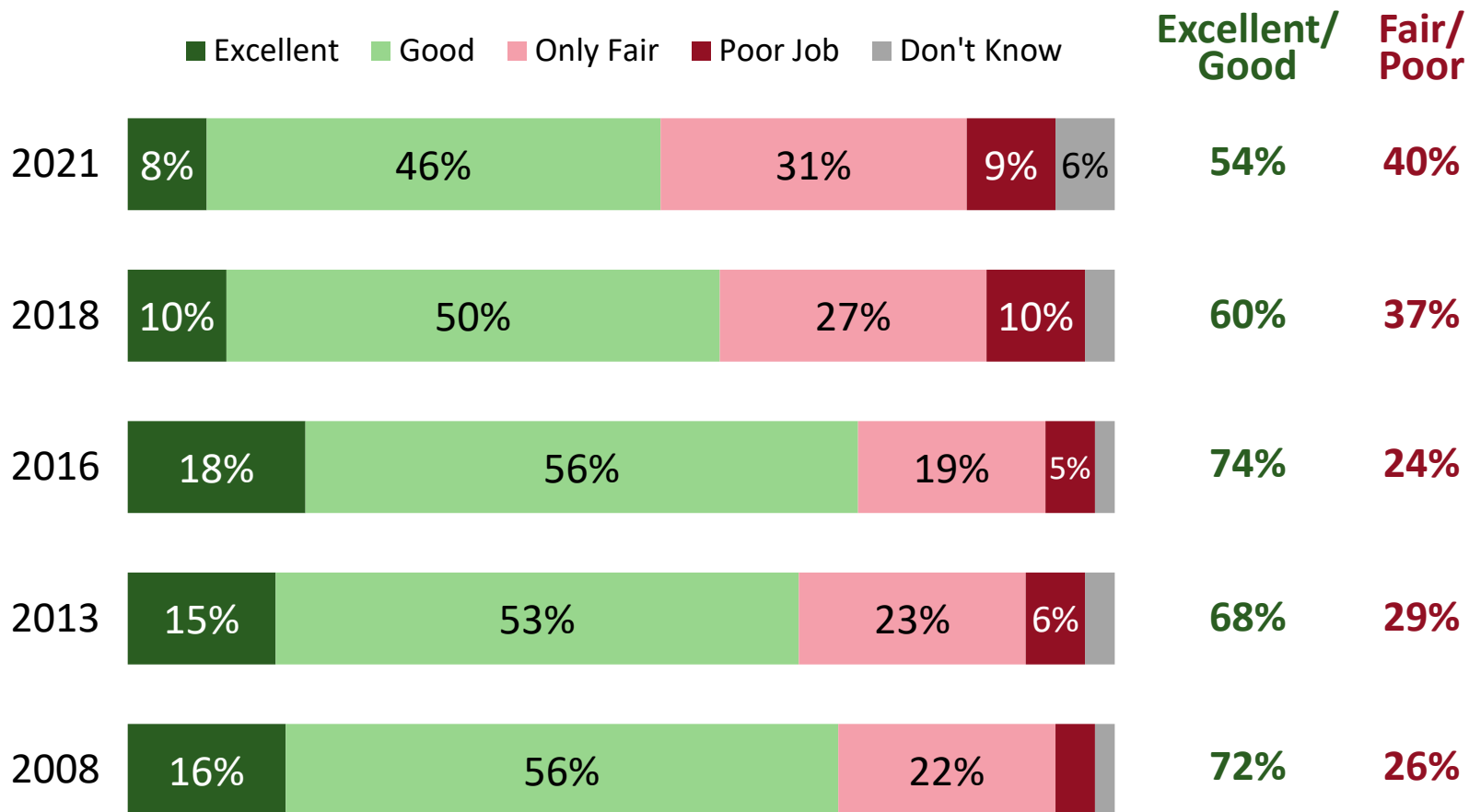
*Would you say that things in Palo Alto are generally headed in the right direction, or do you feel that things are headed in the wrong direction?*



Attachment: Attachment B: Palo Alto Community Issues Survey Results (13875 : Update,

# In the environment of COVID, a smaller majority believes City government is doing an "excellent" or "good" job.

*How would you rate the overall job being done by Palo Alto City government in providing services to the city's residents? Would you say the City is doing an ...?*



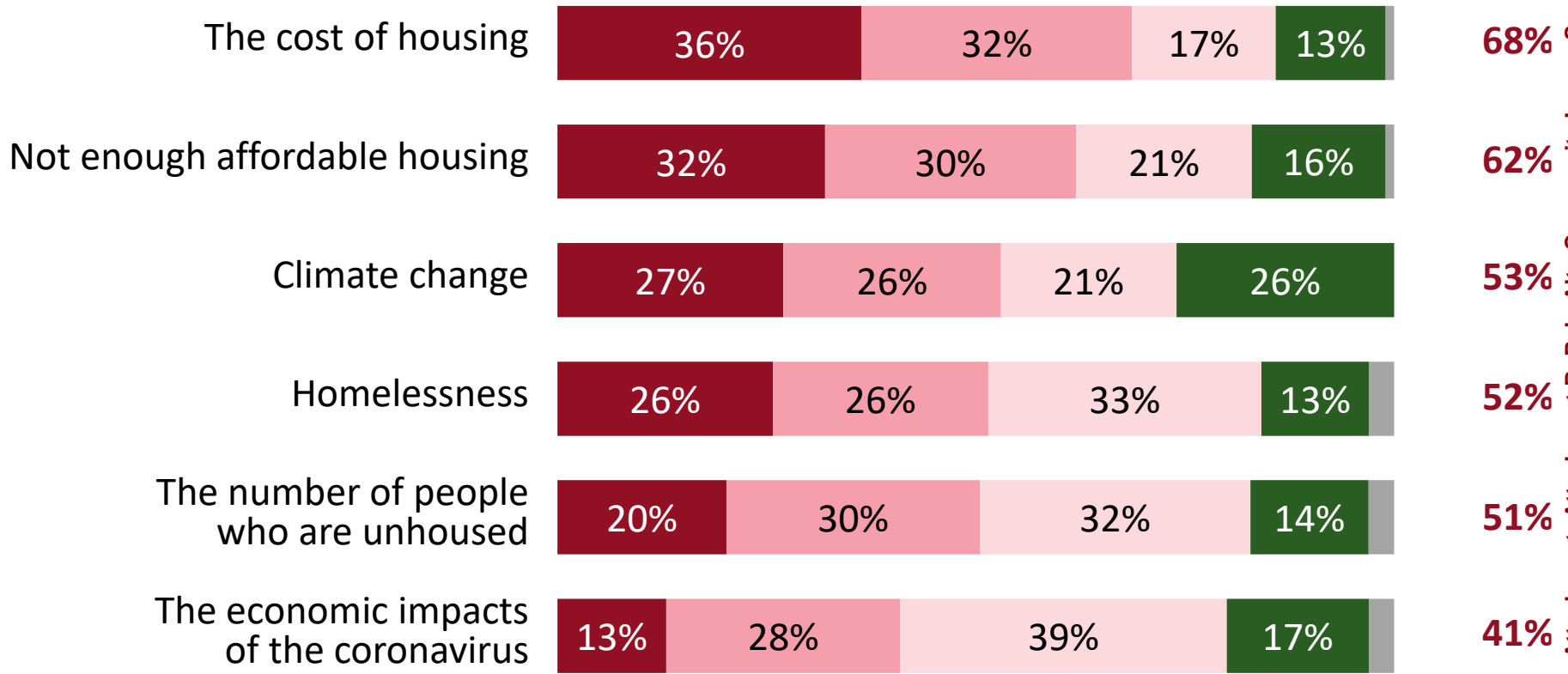
Attachment: Attachment B: Palo Alto Community Issues Survey Results (13875 : Update,

# Housing costs, climate change and homelessness are concerns for majorities.

*I'd like to read you some problems facing Palo Alto that other people have mentioned. Please tell me whether you think it is an extremely serious problem, a very serious problem, somewhat serious problem, or a not too serious problem in Palo Alto.*

■ Ext. Ser. Prob. ■ Very Ser. Prob. ■ Smwt. Ser. Prob. ■ Not Too Ser. Prob. ■ Don't Know

**Ext./Very Ser. Prob.**

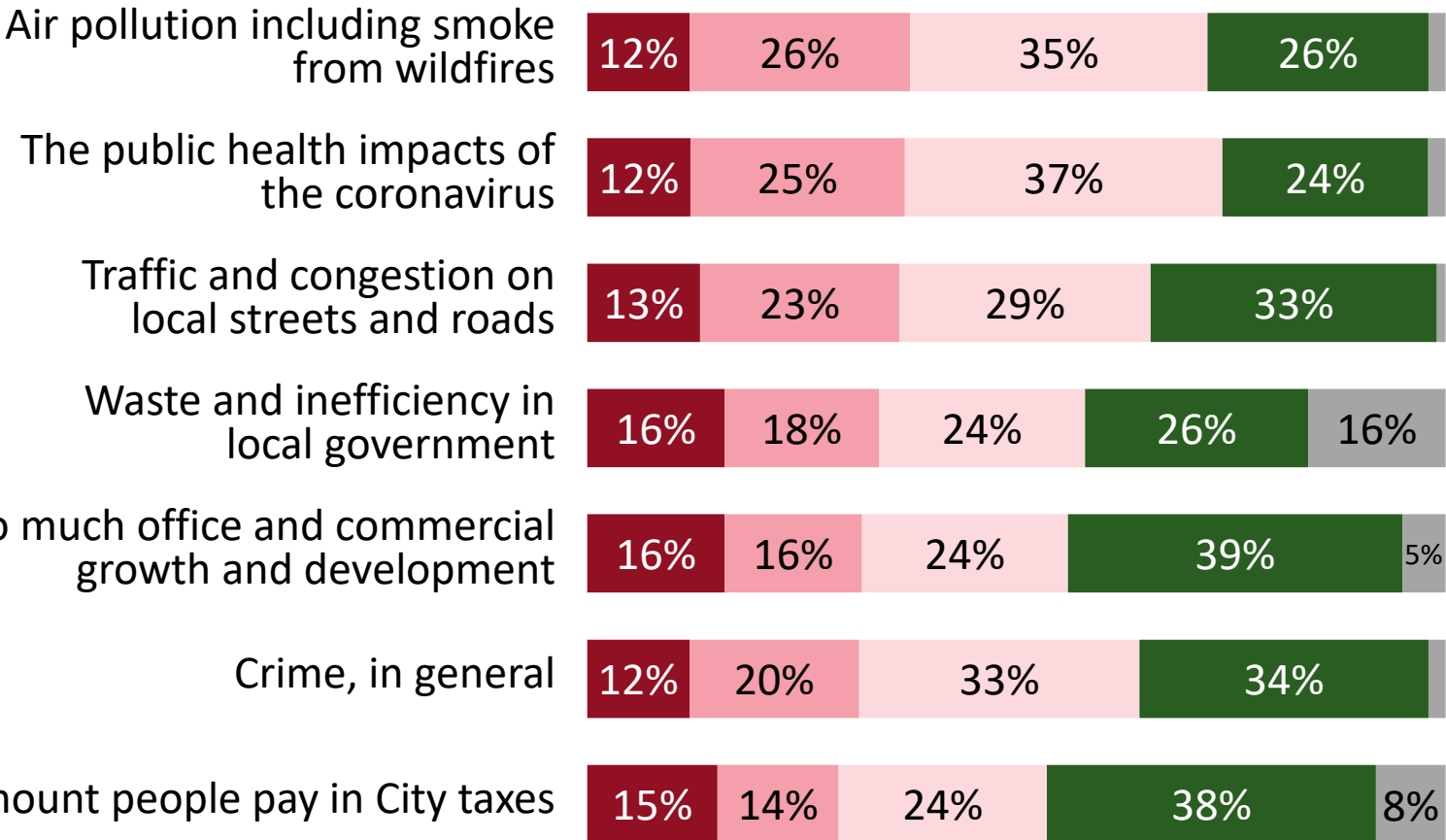


Attachment: Attachment B: Palo Alto Community Issues Survey Results (13875 : Update,

# Concerns about air pollution, public health, traffic, and crime are less-broadly shared.

■ Ext. Ser. Prob. ■ Very Ser. Prob. ■ Smwt. Ser. Prob. ■ Not Too Ser. Prob. ■ Don't Know

Ext./Ve  
Ser. Prc

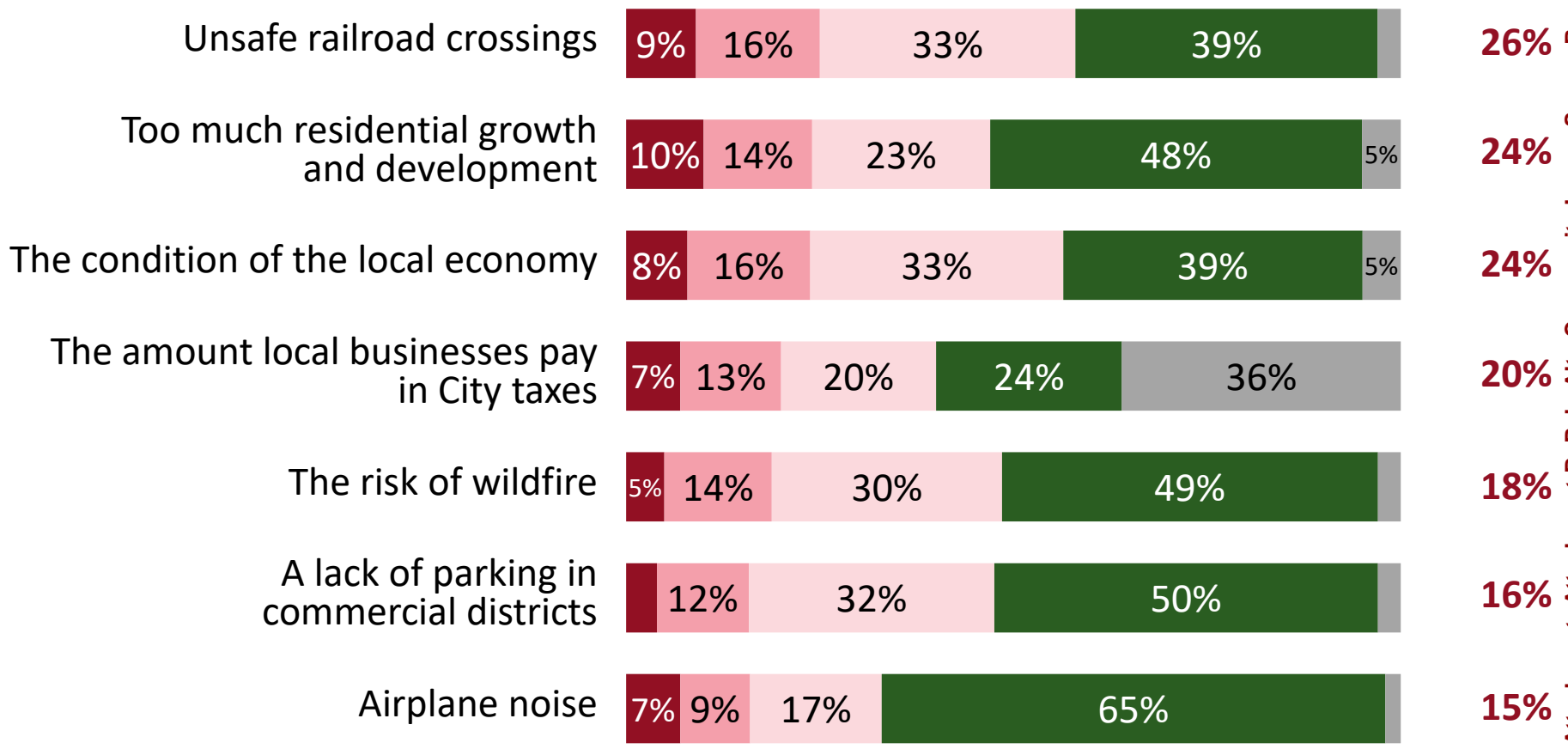


Attachment: Attachment B: Palo Alto Community Issues Survey Results (13875 : Update,

# Notably, more than one-third say they don't know enough about taxes on business to offer an opinion.

■ Ext. Ser. Prob. ■ Very Ser. Prob. ■ Smwt. Ser. Prob. ■ Not Too Ser. Prob. ■ Don't Know

Ext./Very Ser. Prob.



Attachment: Attachment B: Palo Alto Community Issues Survey Results (13875 : Update,

# Crime has become a broader concern, though it is still much lower than in other communities

*(Extremely/Very Serious Problem)*

Problem	2016	2020	2021	Difference (2021-2020)
Crime, in general	6%	16%	32%	+16%
The condition of the local economy	6%	13%	24%	+11%
The amount people pay in City taxes	18%	19%	29%	+10%
Homelessness	22%	44%	52%	+8%
The amount local businesses pay in City taxes	--	13%	20%	+7%
Waste and inefficiency in local government	17%	29%	35%	+6%
Too much office and commercial growth and development	--	34%	32%	-2%
Unsafe railroad crossings	--	29%	26%	-3%
Too much residential growth and development	--	32%	24%	-8%
The cost of housing	76%	77%	68%	-9%
A lack of parking in commercial districts	37%	30%	16%	-14%
Traffic and congestion on local streets and roads	53%	53%	36%	-17%

Attachment: Attachment B: Palo Alto Community Issues Survey Results (13875 : Update,



# Voters see a wide range of rationales motivating a tax measure as "acceptable."

*I am going to read you a list of reasons the City may place a tax measure on the ballot. Please tell me whether each purpose is an acceptable or unacceptable reason for raising new revenue.*

■ Very Acc. ■ Smwt. Acc. ■ Don't Know ■ Smwt. Inacc. ■ Very Inacc.

Total Acc. Inacc. (13875)

Attachment B: Palo Alto Community Issues Survey Results (13875) : Update, 10/1/2023

Investing in community-owned assets like roads, community centers, libraries, parks, and public safety facilities



82% 1

Maintaining the City's ability to fund basic City services



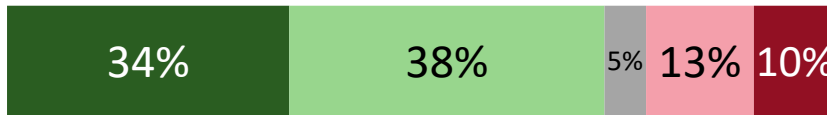
81% 1

Restoring City services, such as library hours, recreational services, and adding police and fire services



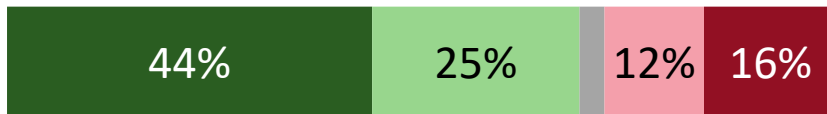
79% 1

Improving safety and reducing traffic at rail crossings



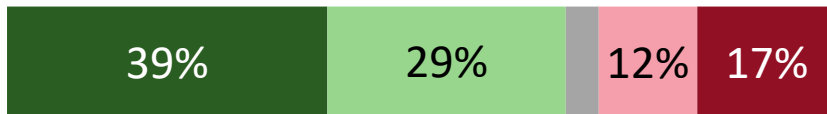
72% 2

Funding affordable housing



69% 2

Advancing the City's Climate Action Plan to help the community reduce its carbon emissions



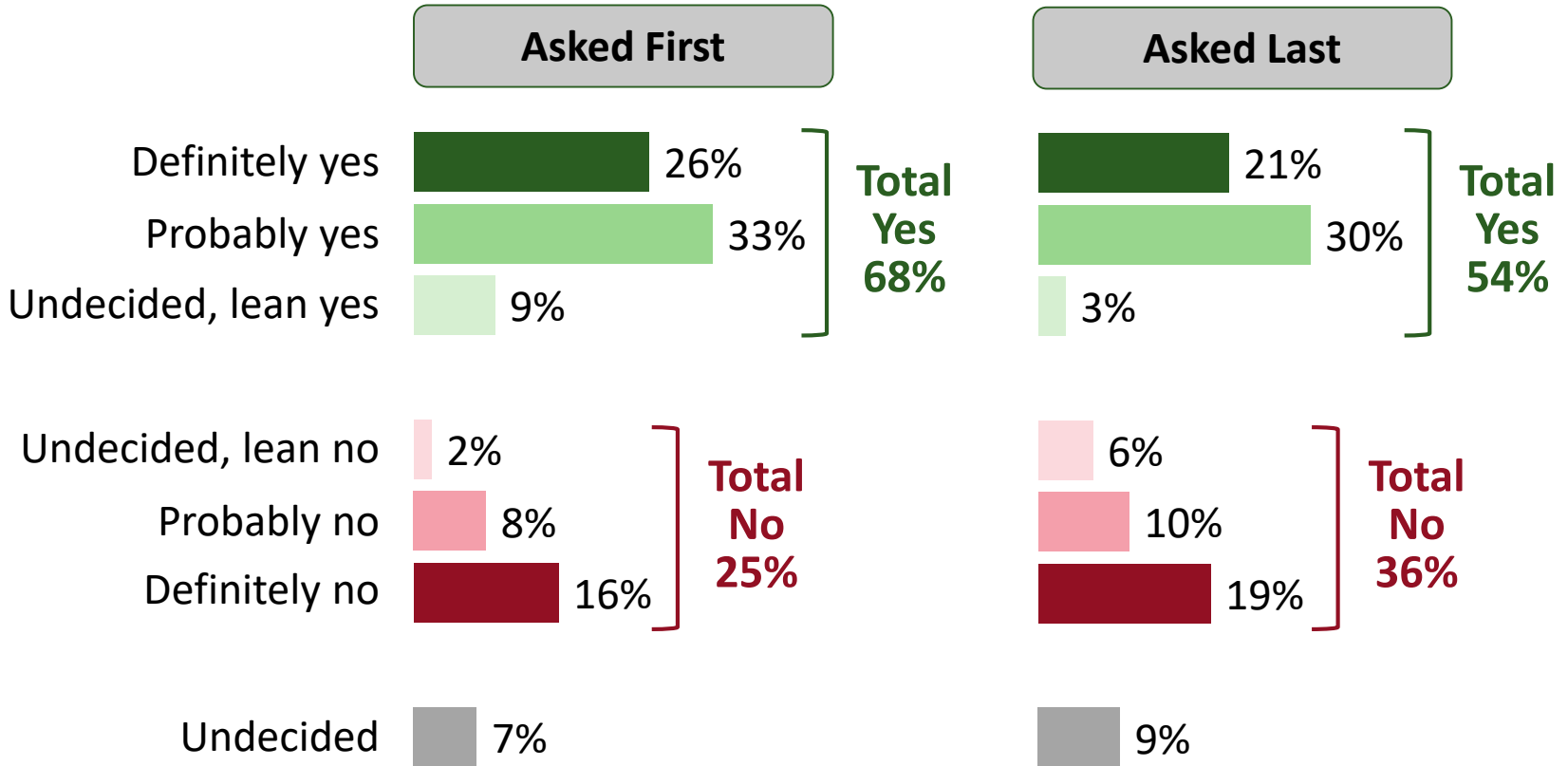
68% 2



# Views of a Business License Tax Concept

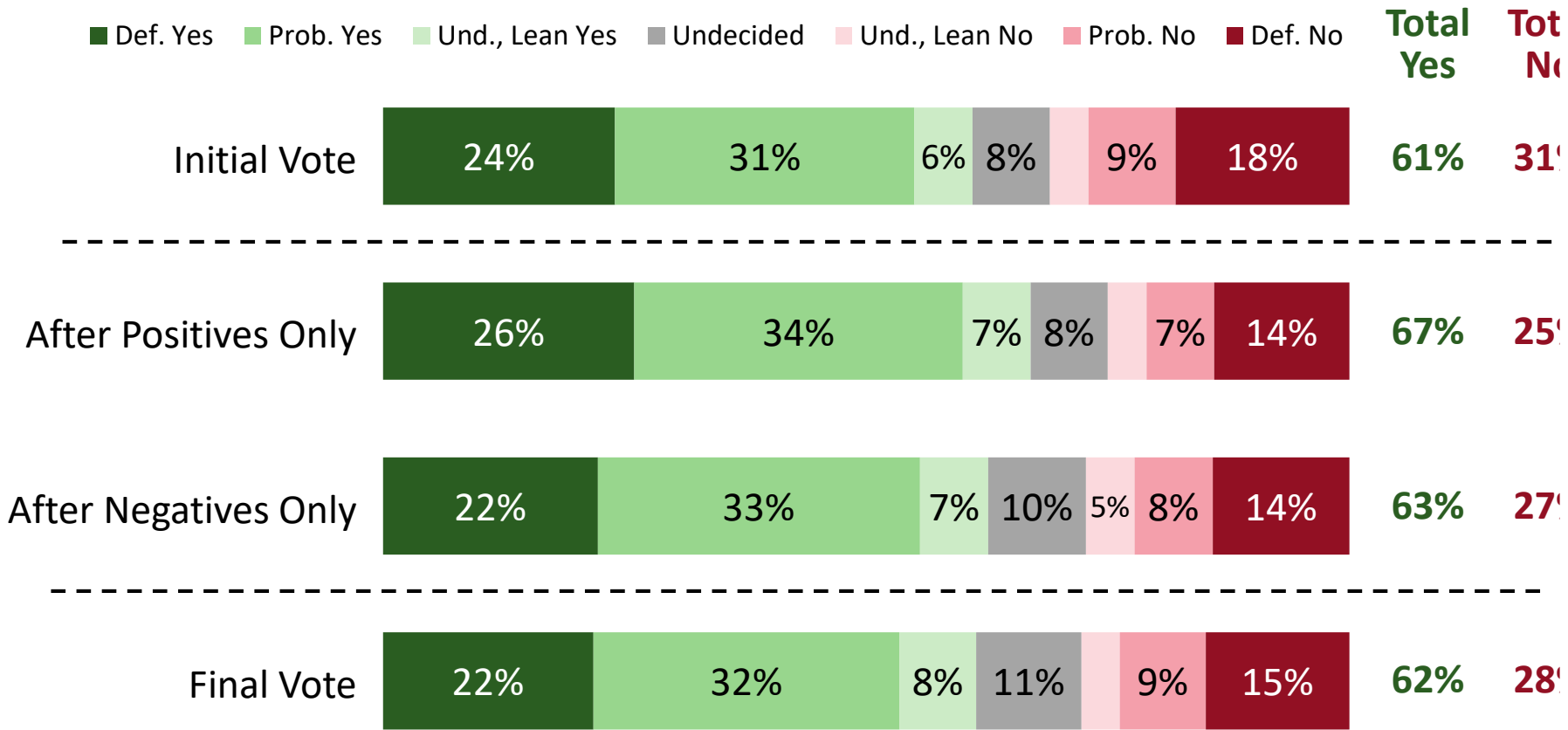
# Nearly seven in ten support the business license tax when they hear about it first.

It would create a business license tax on commercial property in the city, based on the square footage, to pay for City services such as police, fire and emergency medical response; road repair and transportation improvements; recreation, arts, and theatre programs, library and community center hours, and shuttle service, affordable housing, and the City's climate action plan.



Attachment: Attachment B: Palo Alto Community Issues Survey Results (13875 : Update,

# The concept has consistent support from three in five through an exchange of pro and con messaging.



Attachment B: Palo Alto Community Issues Survey Results (13875 : Update,

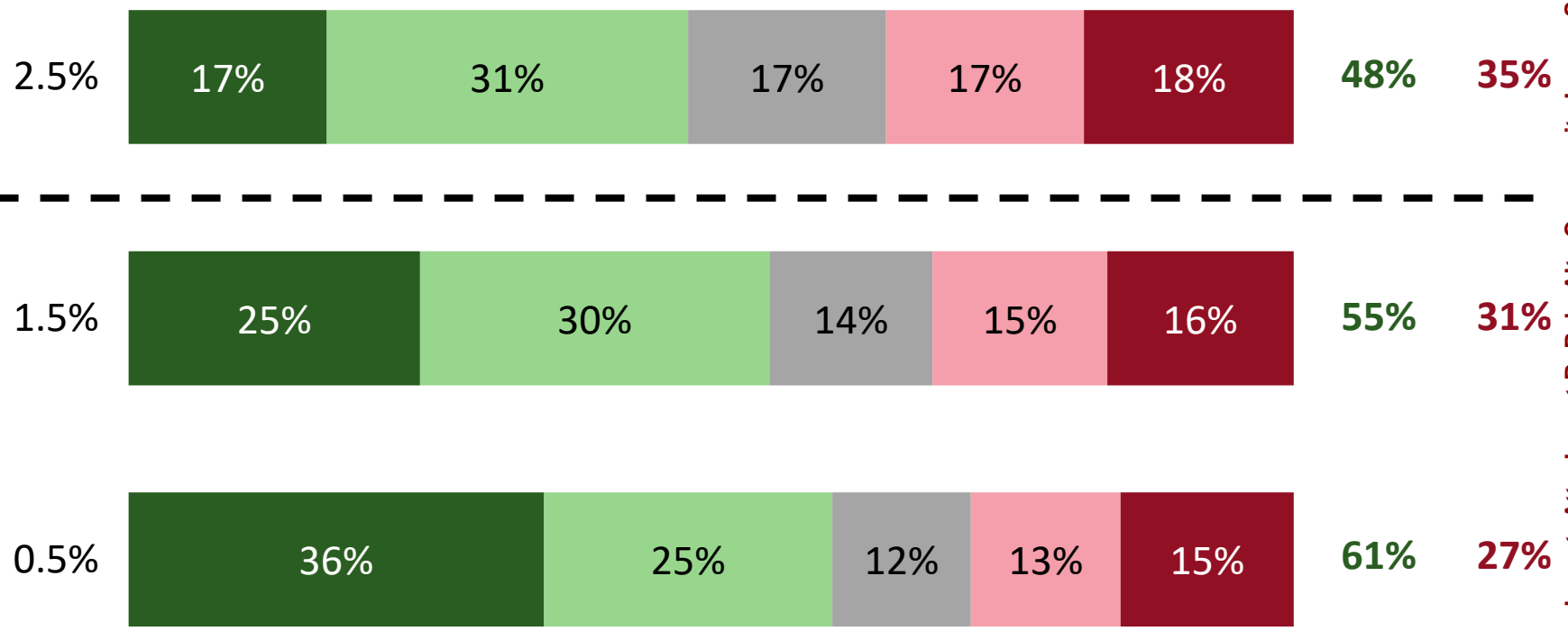


# Priorities for Measure Spending and Structure

# Majorities support a tax that would add up to 1.5% to rent per square foot.

*Would a measure that increased business rent per square foot by roughly \_\_\_\_\_ be an acceptable or unacceptable amount?*

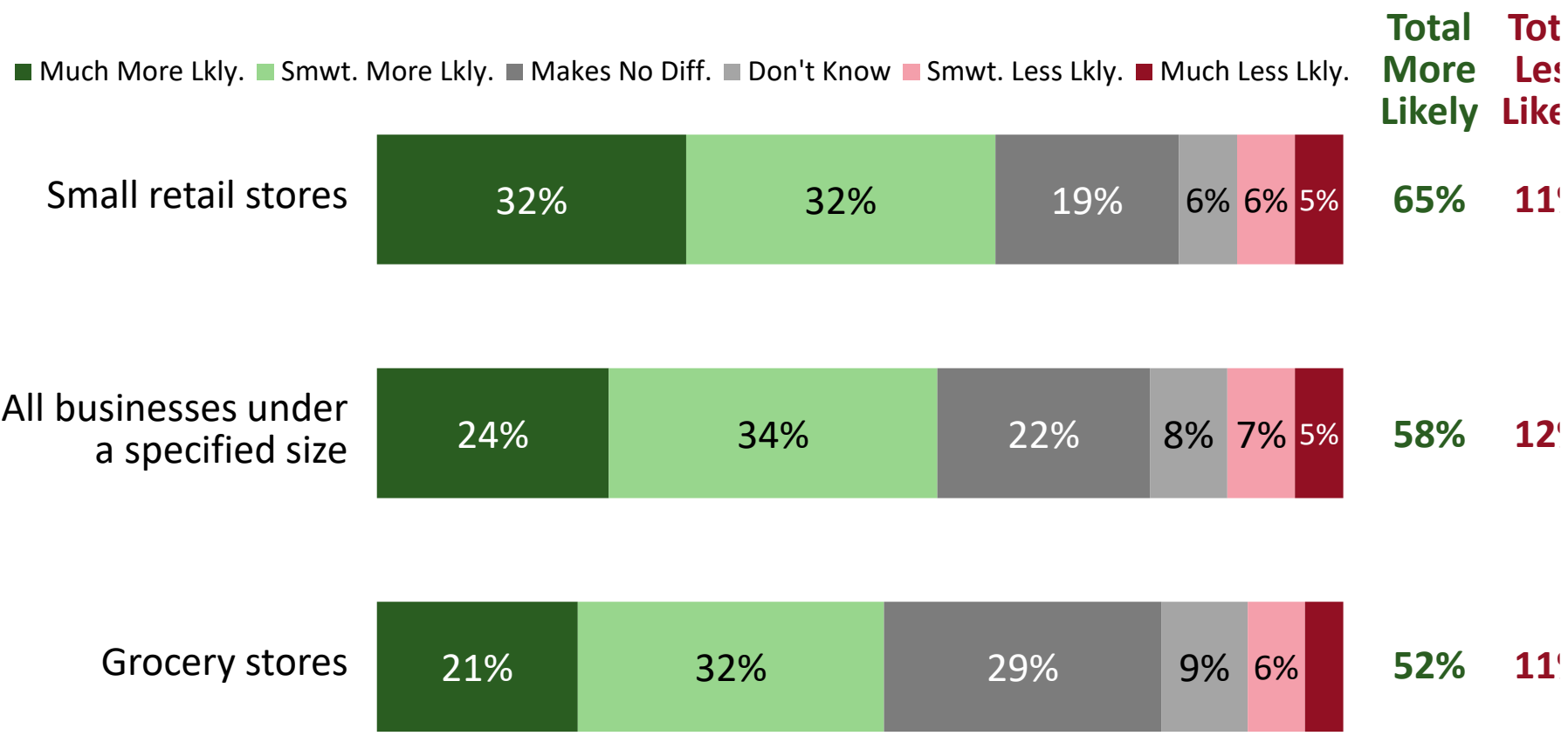
■ Very Acc.  
 ■ Smwt. Acc.  
 ■ Don't Know  
 ■ Smwt. Unacc.  
 ■ Very Unacc.



Attachment: Attachment B: Palo Alto Community Issues Survey Results (13875 : Update,

# Most voters say various exemptions would make them more likely to back a measure.

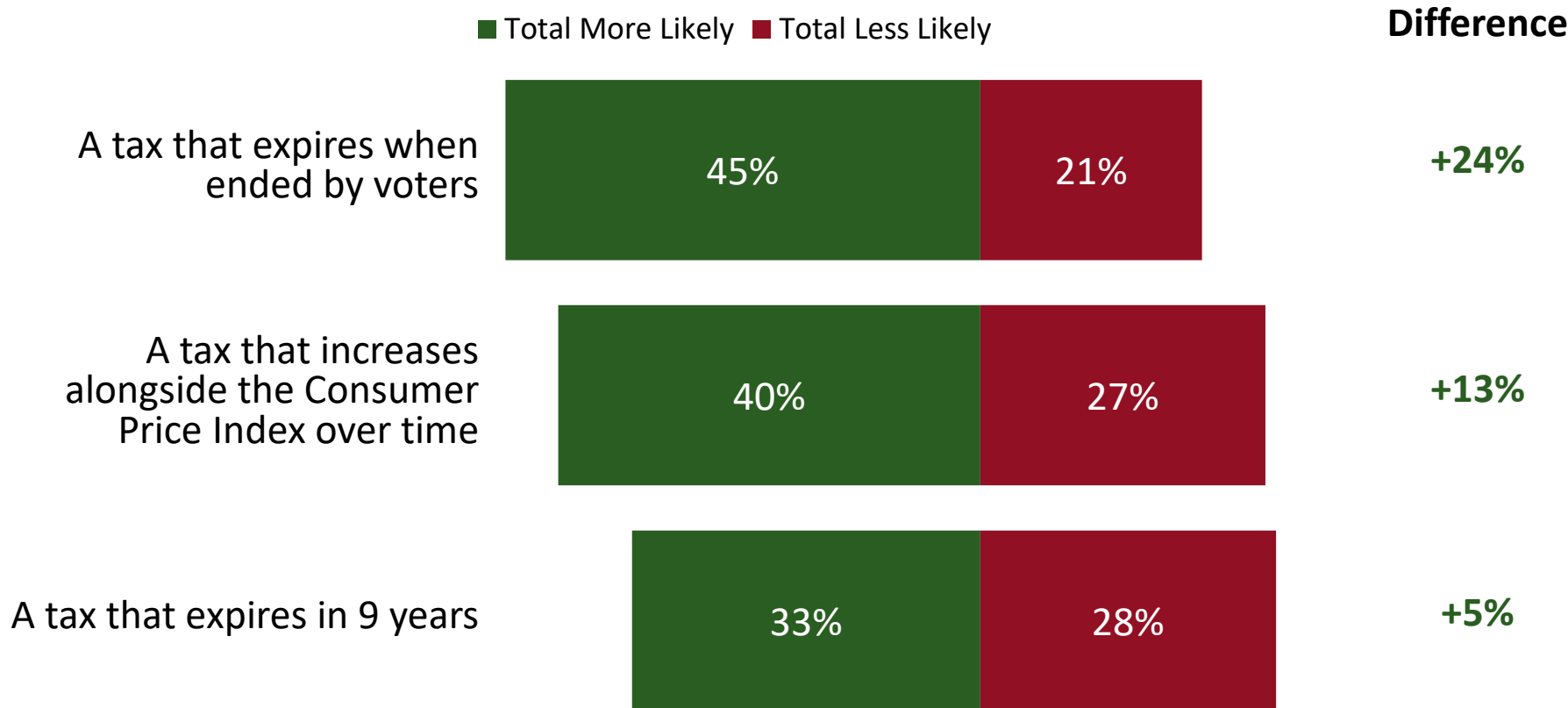
*The structure of this measure has not been finalized. If it were written to exempt \_\_\_\_\_ from the tax, would you be more likely to support it or less likely to support it? If it makes no difference, you can tell me that instead.*



Attachment: Attachment B: Palo Alto Community Issues Survey Results (13875 : Update,

# Voters are more likely to favor a tax that expires when ended by voters than one with a specific, nine-year sunset.

*Here is a list of several ways a tax on business might be structured to raise funds for some of these services. Please tell me whether you would be more likely or less likely to vote “yes” on a measure that included that provision. If it makes no difference, you can tell me that instead.*



Attachment: Attachment B: Palo Alto Community Issues Survey Results (13875 : Update,

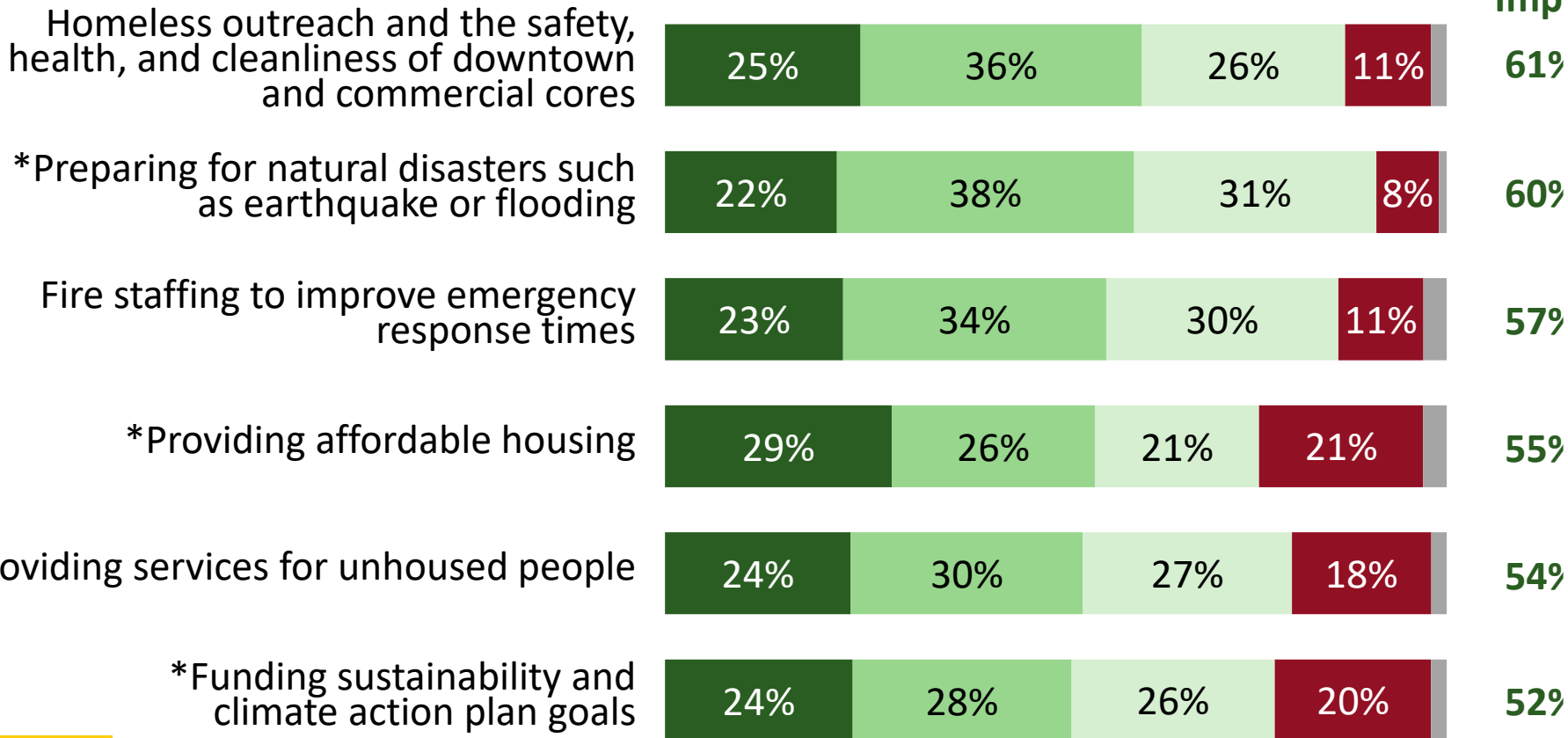


# More specifically, they rate homeless outreach, natural disaster and emergency response as important investment categories.

*I am going to read you a list of more-specific ways in which funds generated by a tax could be spent. Please tell me how important each item is to you personally: extremely important, very important, somewhat important, or not too important.*

■ Ext. Impt. ■ Very Impt. ■ Smwt. Impt. ■ Not Too Impt. ■ Don't Know

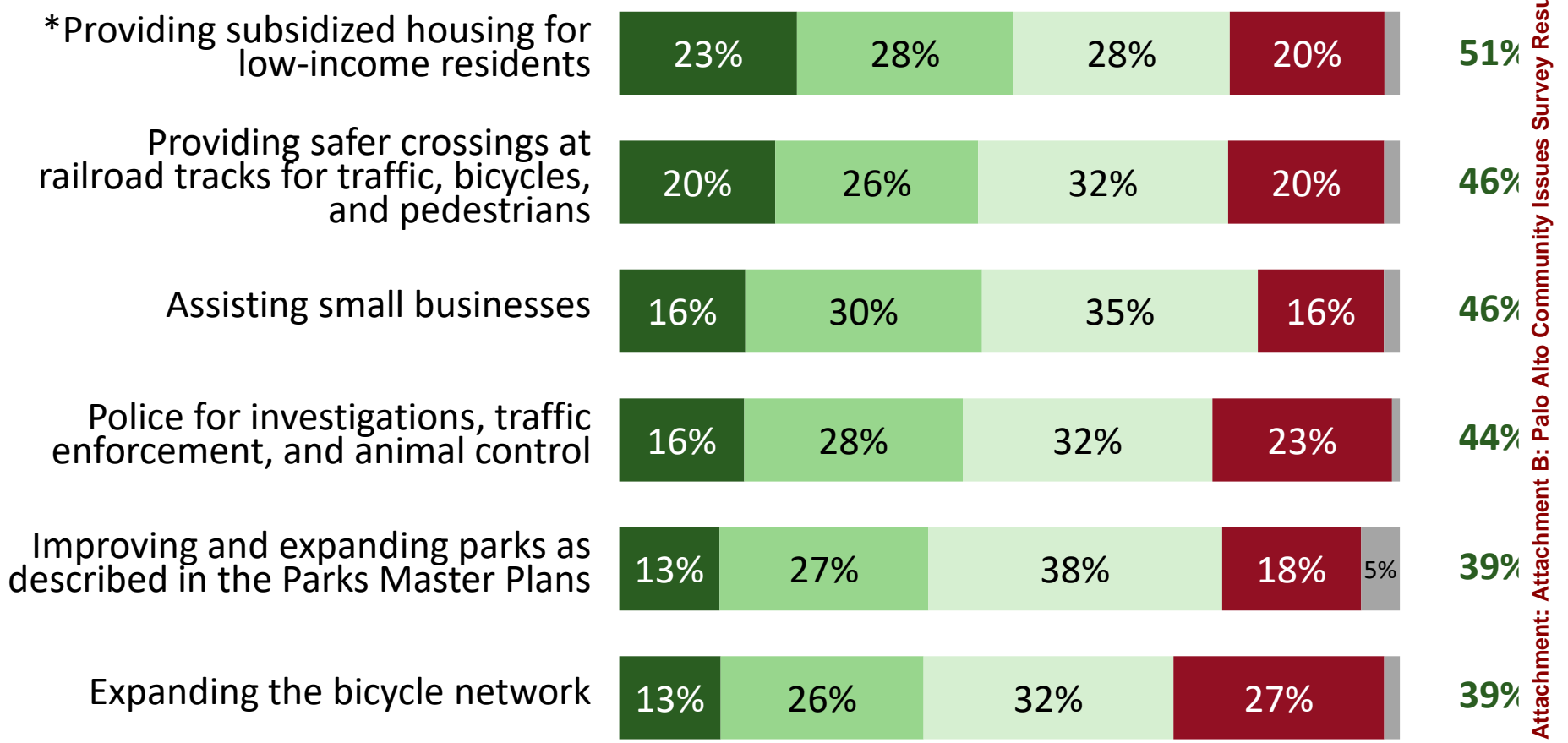
Ext./V Imp



Attachment: Attachment B: Palo Alto Community Issues Survey Results (13875 : Update, 2018)

# The bicycle network, expanded parks, and policing are relatively lower priorities.

■ Ext. Impt. ■ Very Impt. ■ Smwt. Impt. ■ Not Too Impt. ■ Don't Know

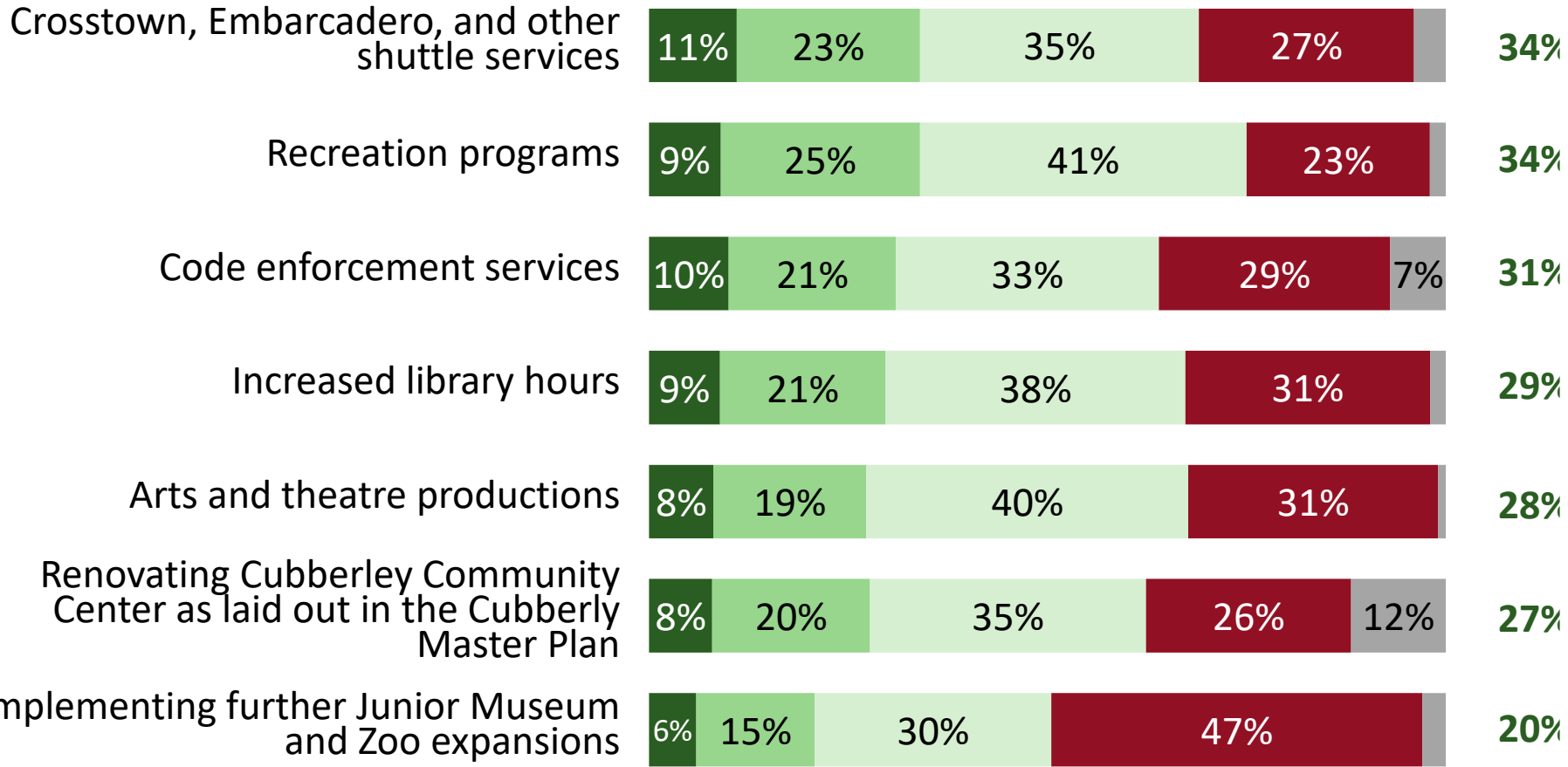


Attachment: Attachment B: Palo Alto Community Issues Survey Results (13875 : Update, 1/18/2019)

# Fewer than three in ten highly value expansions to the Junior Museum and Zoo or renovations to the community center.

■ Ext. Impt. ■ Very Impt. ■ Smwt. Impt. ■ Not Too Impt. ■ Don't Know

Ext./V Impt



Attachment: Attachment B: Palo Alto Community Issues Survey Results (13875 : Update,



# Views of Utility Fund Transfer Measures

# Voters heard or read two proposals to address utility fund transfers, in rotated order.

As you may know, the City of Palo Alto provides natural gas service to residents and businesses. As part of its routine budget practices, the City annually transfers some money from the utility fund to the general City budget which maintains core City services used throughout the community. Next year, there may be a measure on the ballot to update the structure of this practice. I'd like to ask you about 2 different ways it could be structured.

## Tax Confirmation Vote

**ONE/ANOTHER** approach would be to seek voter approval to confirm the existing budget practice of transferring not more than 18% of City of Palo Alto Utilities' gross annual sales of gas, paid by retail gas rate payers, providing over \$7 million annually to maintain general City services such as police, fire and emergency medical response; road repair and transportation improvements; recreation, parks, arts, and theatre programs; library and community center hours; and shuttle services. This approach would not increase utility rates.

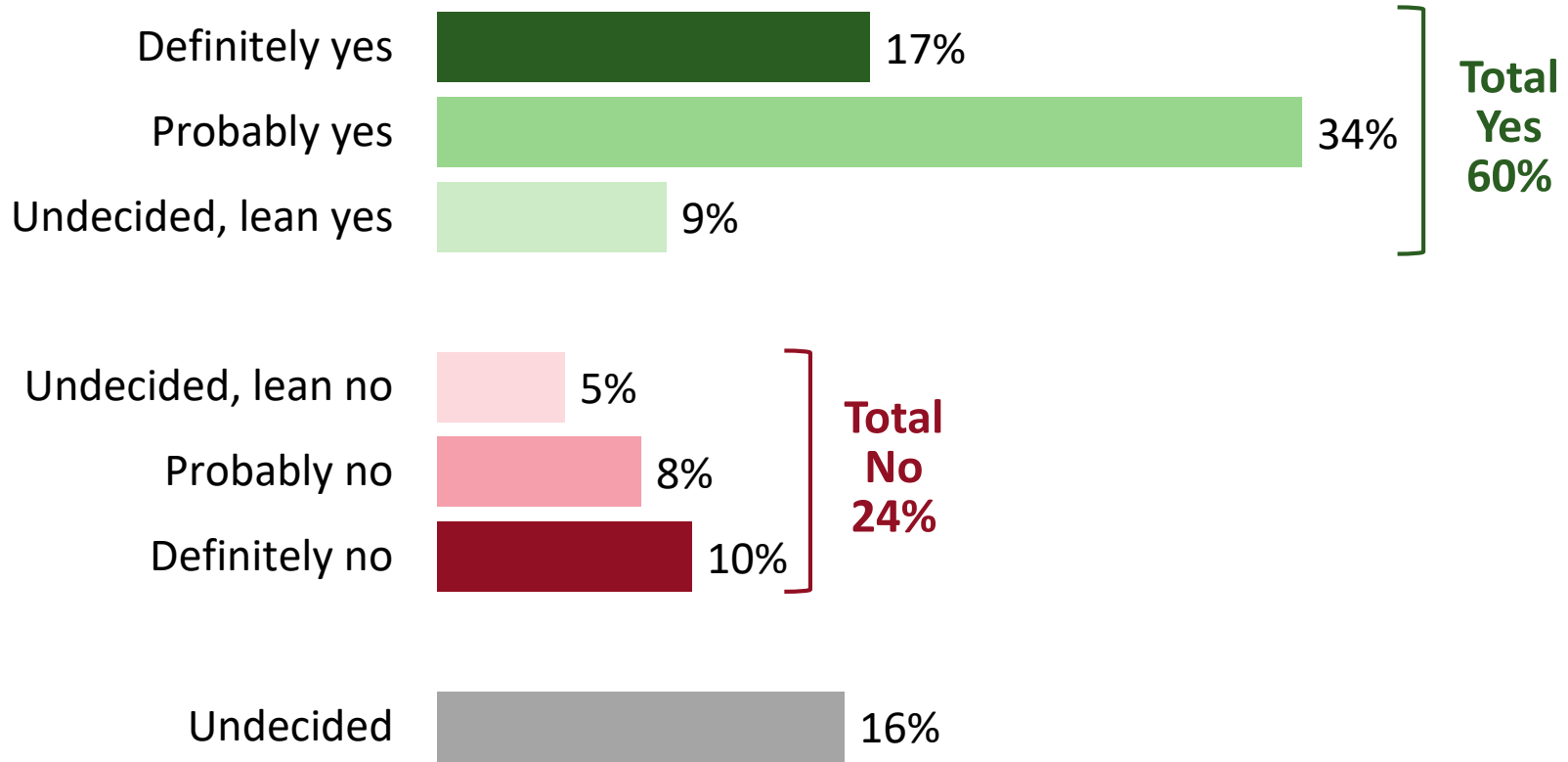
## Amendment Tax Vote

**ONE/ANOTHER** approach would be to amend the City of Palo Alto Municipal Code to replace the City's transfer from the utility fund with a voter-approved measure to increase the Utilities User's Tax paid by retail gas and electric ratepayers by 5% to provide over \$7 million annually to maintain general City services such as police, fire and emergency medical response; road repair and transportation improvements; recreation, parks, arts, and theatre programs; library and community center hours; and shuttle services. This approach would not increase total residential utility bills. Do you think you would vote yes or no on such a measure?

Attachment: Attachment B: Palo Alto Community Issues Survey Results (13875 : Update,

# On the measure to confirm existing practice, three in five would vote "yes."

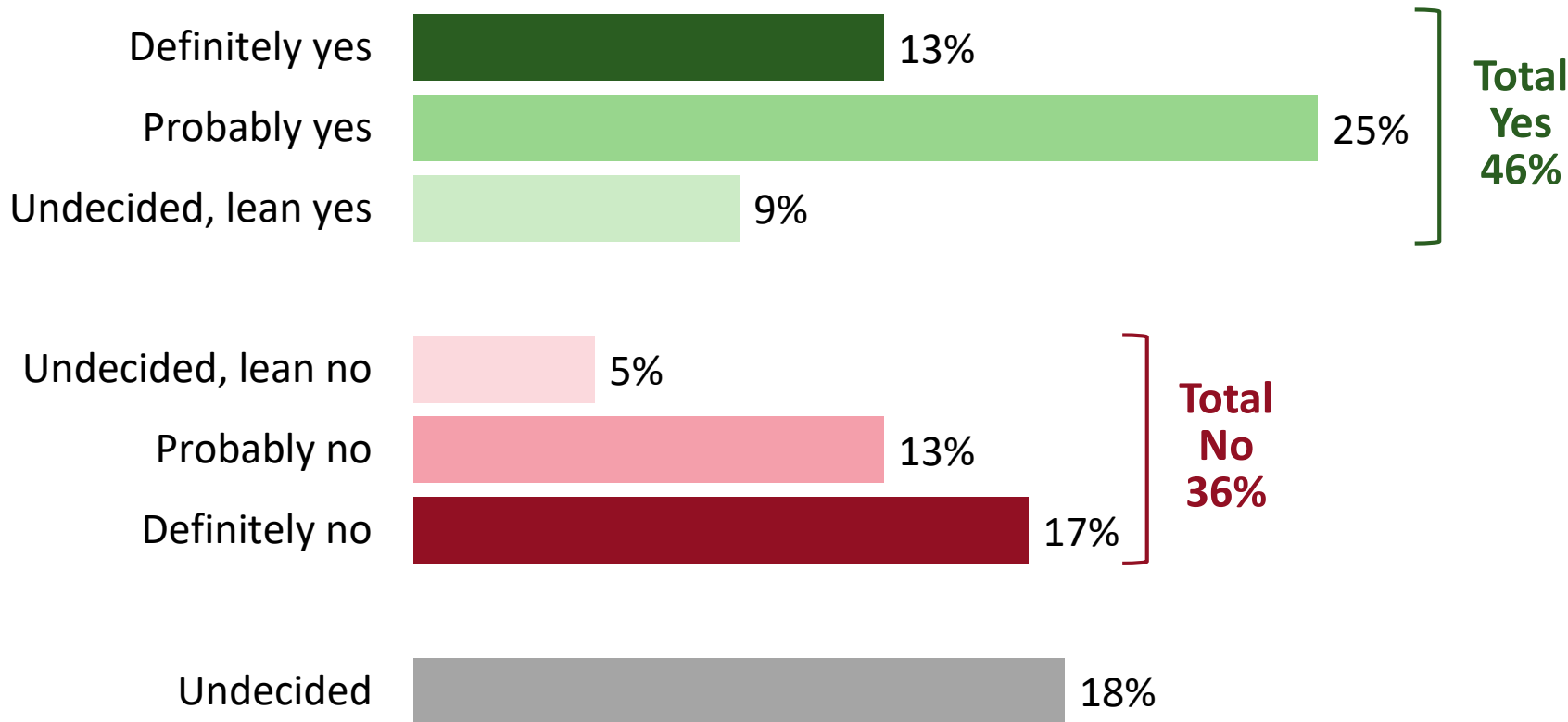
(Confirmation Vote)



Attachment: Attachment B: Palo Alto Community Issues Survey Results (13875 : Update,

# The measure to increase the UUT has less than majority support, and does not appear viable.

(UUT Vote)



Attachment: Attachment B: Palo Alto Community Issues Survey Results (13875 : Update,





# Conclusions



# Conclusions

- The mood of the city continues to be mixed, as it is in many cities around region. A majority rates City government's performance as "excellent" or "good" (54%).
- The cost of housing and homelessness remain the top two concerns; concern about crime is on the rise, while concern about traffic and parking has (not surprisingly) declined.
- Three in five back the business license tax concept we tested, which – pending more detailed exploration of measure structure – indicates viability; a measure ratifying utility fund transfers polls at 60% and is viable.
- In contrast, an increase in the UUT polls at only 46%, below the level needed for viability.
- The City might continue to consider the two viable measures, with future polling to determine whether proceeding with both is advised, including the order of ballot placement.
- Voters see maintaining basic services as the strongest rationale for placing a tax measure on the ballot. They are most enthusiastic about allocating funding toward fire staffing, disaster preparedness, affordable housing, and outreach to the unhoused.

# For more information, contact:



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NOVEMBER 24 – DECEMBER 5, 2021



**CITY OF PALO ALTO BALLOT MEASURE SURVEY**  
**220-6205 WT**  
**N=801**  
**MARGIN OF SAMPLING ERROR ±3.5% (95% CONFIDENCE LEVEL)**  
**A/B AND C/D SPLITS**

Hello, I'm \_\_\_\_\_ from \_\_\_\_\_, a public opinion research company. I am definitely not trying to sell you anything. We are conducting an opinion survey about issues that interest people living in the City of Palo Alto and we are only interested in your opinions. May I speak to \_\_\_\_\_? **(YOU MUST SPEAK TO THE VOTER LISTED. VERIFY THAT THE VOTER LIVES AT THE ADDRESS LISTED, OTHERWISE TERMINATE).**

A. Before we begin, I need to know if I have reached you on a cell phone, and if so, are you in a place where you can talk safely without endangering yourself or others? **(IF NOT ON A CELL PHONE, ASK: Do you own a cell phone?)**

Yes, cell and can talk safely ----- 67%  
 Yes, cell but cannot talk safely ----- **TERMINATE**  
 No, not on cell ----- 33%  
**(DON'T READ) DK/NA/REFUSED----- TERMINATE**

1. **(T\*)** First, would you say that things in Palo Alto are generally headed in the right direction, or do you feel that things are headed in the wrong direction?

	<u>2016</u>	<u>2018</u>	<u>2021</u>
Right direction-----	61%	43%	40%
Wrong track-----	25%	37%	34%
<b>(DON'T READ) DK/NA -----</b>	<b>14%</b>	<b>20%</b>	<b>27%</b>

2. And how would you rate the overall job being done by Palo Alto City government in providing services to the city's residents? Would you say the City is doing an ...? **(READ RESPONSES AND RECORD)**

	<u>2008</u>	<u>2013</u>	<u>2016</u>	<u>2018</u>	<u>2021</u>
<b>EXCELLENT/GOOD -----</b>	<b>72%</b>	<b>68%</b>	<b>74%</b>	<b>60%</b>	<b>54%</b>
Excellent-----	16%	15%	18%	10%	8%
Good -----	56%	53%	56%	50%	46%
<b>FAIR/POOR -----</b>	<b>26%</b>	<b>29%</b>	<b>24%</b>	<b>37%</b>	<b>40%</b>
Only fair-----	22%	23%	19%	27%	31%
Poor job -----	4%	6%	5%	10%	9%
<b>(DON'T READ) Don't know ----</b>	<b>2%</b>	<b>3%</b>	<b>2%</b>	<b>3%</b>	<b>6%</b>

Attachment: Attachment B: Palo Alto Community Issues Survey Results (13875 : Update, Consideration, and Potential Direction on Possible

3. I'd like to read you some problems facing Palo Alto that other people have mentioned. For each one I read, please tell me whether you think it is an extremely serious problem, a very serious problem, somewhat serious problem, or a not too serious problem in Palo Alto. **(RANDOMIZE)**

	<u>EXT SER PROB</u>	<u>VERY SER PROB</u>	<u>SMWT SER PROB</u>	<u>NOT TOO SER PROB</u>	<u>(DON'T READ) DK/NA</u>	<u>EXT/ VERY</u>
<b>(SPLIT SAMPLE A ONLY)</b>						
[ ]a. A lack of parking in commercial districts						
2021 -----	4%	12%	32%	50%	3%	16%
2020 -----	13%	17%	35%	32%	3%	30%
2016 -----	14%	23%	38%	25%	0%	37%
[ ]b. The cost of housing						
2021 -----	36%	32%	17%	13%	1%	68%
2020 -----	51%	26%	14%	9%	0%	77%
2016 -----	46%	30%	15%	7%	1%	76%
[ ]c. Not enough affordable housing	32%	30%	21%	16%	1%	62%
[ ]d. The public health impacts of the coronavirus	12%	25%	37%	24%	2%	37%
[ ]e. The risk of wildfire	5%	14%	30%	49%	3%	18%
[ ]f. Unsafe railroad crossings						
2021 -----	9%	16%	33%	39%	3%	26%
2020 -----	11%	18%	29%	40%	2%	29%
[ ]g. Airplane noise	7%	9%	17%	65%	2%	15%
[ ]h. The number of people who are unhoused	20%	30%	32%	14%	3%	51%
[ ]i. Too much residential growth and development						
2021 -----	10%	14%	23%	48%	5%	24%
2020 -----	14%	18%	20%	46%	3%	32%
[ ]j. The amount local businesses pay in City taxes						
2021 -----	7%	13%	20%	24%	36%	20%
2020 -----	5%	8%	20%	19%	48%	13%
<b>(SPLIT SAMPLE B ONLY)</b>						
[ ]k. The economic impacts of the coronavirus	13%	28%	39%	17%	3%	41%
[ ]l. Climate change	27%	26%	21%	26%	0%	53%
[ ]m. Air pollution including smoke from wildfires	12%	26%	35%	26%	2%	38%
[ ]n. Waste and inefficiency in local government						
2021 -----	16%	18%	24%	26%	16%	35%
2020 -----	13%	16%	24%	26%	21%	29%
2016 -----	8%	9%	34%	36%	13%	17%
[ ]o. The condition of the local economy						
2021 -----	8%	16%	33%	39%	5%	24%
2020 -----	3%	10%	18%	62%	7%	13%
2016 -----	2%	5%	16%	73%	5%	6%
[ ]p. Crime, in general						
2021 -----	12%	20%	33%	34%	2%	32%
2020 -----	4%	11%	28%	54%	2%	16%
2016 -----	1%	5%	29%	64%	1%	6%

Attachment: Attachment B: Palo Alto Community Issues Survey Results (13875 : Update, Consideration, and Potential Direction on Possible

	<u>EXT SER PROB</u>	<u>VERY SER PROB</u>	<u>SMWT SER PROB</u>	<u>NOT TOO SER PROB</u>	<u>(DON'T READ) DK/NA</u>	<u>EXT/ VERY</u>
<b>(SPLIT SAMPLE B CONTINUED)</b>						
[ ]q. Traffic and congestion on local streets and roads						
2021	13%	23%	29%	33%	1%	36%
2020	30%	23%	33%	13%	0%	53%
2016	22%	31%	29%	16%	2%	53%
[ ]r. Homelessness						
2021	26%	26%	33%	13%	3%	52%
2020	21%	23%	30%	25%	1%	44%
2016	7%	15%	49%	26%	3%	22%
[ ]s. Too much office and commercial growth and development						
2021	16%	16%	24%	39%	5%	32%
2020	20%	14%	25%	36%	5%	34%
[ ]t. The amount people pay in City taxes						
2021	15%	14%	24%	38%	8%	29%
2020	6%	14%	20%	46%	15%	19%
2016	8%	10%	33%	39%	10%	18%

**(RESUME ASKING ALL RESPONDENTS)**

**NOW I WOULD LIKE TO ASK YOU A FEW QUESTIONS ABOUT MEASURES THAT MAY APPEAR ON THE BALLOT IN AN UPCOMING ELECTION.**

**(SPLIT SAMPLE C ONLY: Q4/Q5/Q6, THEN Q7/Q8)**

**(SPLIT SAMPLE D ONLY: Q7/Q8, THEN Q4/Q5/Q6)**

4. It would create a business license tax on commercial property in the city, based on their square footage, to pay for City services such as police, fire and emergency medical response; road repair and transportation improvements; recreation, arts, and theatre programs, library and community center hours, and shuttle service, affordable housing, and the City’s climate action plan. Do you think you would vote yes or no on such a measure? **(IF YES/NO, ASK: “Is that definitely or just probably?”)** **(IF UNDECIDED, DON’T KNOW, NO ANSWER, ASK: Do you lean toward voting yes or no?)**

	<u>SPLIT C ASKED FIRST</u>	<u>SPLIT D ASKED LAST</u>	<u>TOTAL</u>
<b>TOTAL YES</b>	<b>68%</b>	<b>54%</b>	<b>61%</b>
Definitely yes	26%	21%	24%
Probably yes	33%	30%	31%
Undecided, lean yes	9%	3%	6%
<b>TOTAL NO</b>	<b>25%</b>	<b>36%</b>	<b>31%</b>
Undecided, lean no	2%	6%	4%
Probably no	8%	10%	9%
Definitely no	16%	19%	18%
<b>(DON'T READ) DK/NA</b>	<b>7%</b>	<b>9%</b>	<b>8%</b>

Attachment: Attachment B: Palo Alto Community Issues Survey Results (13875 : Update, Consideration, and Potential Direction on Possible

(SPLIT SAMPLE C ONLY: Q4/Q5/Q6, THEN Q7/Q8)  
(SPLIT SAMPLE D ONLY: Q7/Q8, THEN Q4/Q5/Q6)

5. Would a measure that increased business rent per square foot by roughly **(READ EACH ITEM)** be an acceptable or unacceptable amount? **(IF ACCEPTABLE/ UNACCEPTABLE, ASK: “Is that very or somewhat ACCEPTABLE/ UNACCEPTABLE?”)** **(READ IN ORDER)**

		<u>VERY ACC</u>	<u>SMWT ACC</u>	<u>SMWT UNACC</u>	<u>VERY UNACC</u>	<u>(DK/NA)</u>	<u>TOTAL ACC</u>	<u>TOTAL UNACC</u>
a.	2.5% -----	17%	31%	17%	18%	17%	48%	35%
b.	1.5% -----	25%	30%	15%	16%	14%	55%	31%
c.	0.5% -----	36%	25%	13%	15%	12%	61%	27%

(SPLIT SAMPLE C ONLY: Q4/Q5/Q6, THEN Q7/Q8)  
(SPLIT SAMPLE D ONLY: Q7/Q8, THEN Q4/Q5/Q6)

6. The structure of this measure has not been finalized. If it were written to exempt \_\_\_\_\_ from the tax, would you be more likely to support it or less likely to support it? If it makes no difference, you can tell me that instead. **(IF MORE/LESS, ASK: Is that much MORE/LESS LIKELY, or only somewhat?) (RANDOMIZE)**

		<u>MUCH MORE LKLY</u>	<u>SMWT MORE LKLY</u>	<u>SMWT LESS LKLY</u>	<u>MUCH LESS LKLY</u>	<u>MAKES NO DIFF</u>	<u>(DK/NA)</u>	<u>TOTAL MORE LKLY</u>	<u>TOTAL LESS LKLY</u>
[ ] a.	Small retail stores -----	32%	32%	6%	5%	19%	6%	65%	11%
[ ] b.	Grocery stores -----	21%	32%	6%	4%	29%	9%	52%	11%
[ ] c.	All businesses under a specified size -----	24%	34%	7%	5%	22%	8%	58%	12%

Attachment: Attachment B: Palo Alto Community Issues Survey Results (13875 : Update, Consideration, and Potential Direction on Possible

(SPLIT SAMPLE C ONLY: Q4/Q5/Q6, THEN Q7/Q8)  
(SPLIT SAMPLE D ONLY: Q7/Q8, THEN Q4/Q5/Q6)

NEXT, I WOULD LIKE TO ASK ABOUT ANOTHER ISSUE. AS YOU MAY KNOW, THE CITY OF PALO ALTO PROVIDES NATURAL GAS SERVICE TO RESIDENTS AND BUSINESSES. AS PART OF ITS ROUTINE BUDGET PRACTICES, THE CITY ANNUALLY TRANSFERS SOME MONEY FROM THE UTILITY FUND TO THE GENERAL CITY BUDGET WHICH MAINTAINS CORE CITY SERVICES USED BY THE COMMUNITY. NEXT YEAR, THERE MAY BE A MEASURE ON THE BALLOT TO UPDATE THE STRUCTURE FOR THIS PRACTICE. I'D LIKE TO ASK YOU ABOUT TWO DIFFERENT WAYS IT COULD BE STRUCTURED.

(SPLIT SAMPLE C ONLY: Q4/Q5/Q6, THEN Q7/Q8)  
(SPLIT SAMPLE D ONLY: Q7/Q8, THEN Q4/Q5/Q6)  
(ROTATE Q7/Q8)

7. **ONE/ANOTHER** approach would be to seek voter approval to confirm the existing budget practice of transferring not more than 18 percent of City of Palo Alto Utilities' gross annual sales of gas, paid by retail gas rate payers, providing over 7 million dollars annually to maintain general City services such as police, fire and emergency medical response; road repair and transportation improvements; recreation, parks, arts, and theatre programs; library and community center hours; and shuttle services. This approach would not increase utility rates. Do you think you would vote yes or no on such a measure? **(IF YES/NO, ASK: "Is that definitely or just probably?") (IF UNDECIDED, DON'T KNOW, NO ANSWER, ASK: "Do you lean toward voting yes or no?")**

	SPLIT C ASKED <u>LAST</u>	SPLIT D ASKED <u>FIRST</u>	<u>TOTAL</u>
<b>TOTAL YES</b> -----	<b>60%</b> -----	<b>60%</b> -----	<b>60%</b>
Definitely yes-----	18%-----	17%-----	17%
Probably yes-----	34%-----	34%-----	34%
Undecided, lean yes-----	8%-----	9%-----	9%
 <b>TOTAL NO</b> -----	 <b>23%</b> -----	 <b>25%</b> -----	 <b>24%</b>
Undecided, lean no-----	5%-----	6%-----	5%
Probably no-----	8%-----	9%-----	8%
Definitely no-----	10%-----	11%-----	10%
 <b>(DON'T READ) DK/NA</b> -----	 <b>17%</b> -----	 <b>15%</b> -----	 <b>16%</b>

(SPLIT SAMPLE C ONLY: Q4/Q5/Q6, THEN Q7/Q8)  
 (SPLIT SAMPLE D ONLY: Q7/Q8, THEN Q4/Q5/Q6)  
 (ROTATE Q7/Q8)

8. **ONE/ANOTHER** approach would be to amend the City of Palo Alto Municipal Code to replace the City’s transfer from the utility with a voter-approved measure to increase to the Utilities User’s Tax paid by retail gas and electric ratepayers by 5 percent to provide over 7 million dollars annually to maintain general City services such police, fire and emergency medical response; road repair and transportation improvements; recreation, parks, arts, and theatre programs; library and community center hours; and shuttle services. This approach would not increase total residential utility bills. Do you think you would vote yes or no on such a measure? **(IF YES/NO, ASK: “Is that definitely or just probably?”)** **(IF UNDECIDED, DON’T KNOW, NO ANSWER, ASK: “Do you lean toward voting yes or no?”)**

	SPLIT C ASKED <u>LAST</u>	SPLIT D ASKED <u>FIRST</u>	<u>TOTAL</u>
<b>TOTAL YES</b> -----	<b>46%</b> -----	<b>47%</b> -----	<b>46%</b>
Definitely yes -----	13 %-----	12 %-----	13 %
Probably yes -----	24 %-----	25 %-----	25 %
Undecided, lean yes -----	8 %-----	10 %-----	9 %
 <b>TOTAL NO</b> -----	 <b>37%</b> -----	 <b>35%</b> -----	 <b>36%</b>
Undecided, lean no -----	4 %-----	6 %-----	5 %
Probably no -----	15 %-----	12 %-----	13 %
Definitely no-----	18 %-----	17 %-----	17 %
 <b>(DON'T READ) DK/NA</b> -----	 18 %-----	 17 %-----	 18 %

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9. Stepping back a bit, I am going to read you a list of reasons the City may place a tax measure on the ballot. After each one, please tell me whether each purpose is an acceptable or unacceptable reason for raising new revenue. **(RANDOMIZE)? (IF ACCEPTABLE/UNACCEPTABLE, ASK:)** “Is that very **ACCEPTABLE/UNACCEPTABLE** or just somewhat?”

	<u>VERY ACC</u>	<u>SMWT ACC</u>	<u>SMWT UNACC</u>	<u>VERY UNACC</u>	<u>(DK/NA)</u>	<u>TOTAL ACC</u>	<u>TOTAL UNACC</u>
[ ]a. Maintaining the City’s ability to fund basic City services	49%	33%	8%	8%	4%	81%	15%
[ ]b. Restoring City services, such as library hours, recreational services, and adding police and fire services	43%	36%	11%	8%	3%	79%	19%
[ ]c. Investing in community-owned assets like roads, community centers, libraries, parks, and public safety facilities	46%	36%	9%	6%	2%	82%	15%
[ ]d. Funding affordable housing	44%	25%	12%	16%	3%	69%	28%
[ ]e. Improving safety and reducing traffic at rail crossings	34%	38%	13%	10%	5%	72%	23%
[ ]f. Advancing the City’s Climate Action Plan to help the community reduce its carbon emissions	39%	29%	12%	17%	4%	68%	28%

10. Next, I am going to read you a list of more-specific ways in which funds generated by a tax could be spent. After I read each one, please tell me how important each item is to you personally: extremely important, very important, somewhat important, or not too important. **(RANDOMIZE)**

	<u>EXT IMP</u>	<u>VERY IMP</u>	<u>SMWT IMP</u>	<u>NOT TOO IMP</u>	<u>(DON’T READ) DK/NA</u>	<u>EXT/VERY</u>
[ ]a. Police for investigations, traffic enforcement, and animal control	16%	28%	32%	23%	1%	44%
[ ]b. Homeless outreach and the safety, health, and cleanliness of downtown and commercial cores	25%	36%	26%	11%	2%	61%
[ ]c. Fire staffing to improve emergency response times	23%	34%	30%	11%	3%	57%
[ ]d. Code enforcement services	10%	21%	33%	29%	7%	31%
[ ]e. Recreation programs	9%	25%	41%	23%	2%	34%
[ ]f. Increased library hours	9%	21%	38%	31%	2%	29%
[ ]g. Crosstown, Embarcadero, and other shuttle services	11%	23%	35%	27%	4%	34%
[ ]h. Arts and theatre productions	8%	19%	40%	31%	1%	28%
[ ]i. Renovating Cubberley Community Center as laid out in the Cubberly Master Plan	8%	20%	35%	26%	12%	27%
[ ]j. Expanding the bicycle network	13%	26%	32%	27%	2%	39%
[ ]k. Implementing further Junior Museum and Zoo expansions	6%	15%	30%	47%	3%	20%

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	<u>EXT IMP</u>	<u>VERY IMP</u>	<u>SMWT IMP</u>	<u>NOT TOO IMP</u>	<u>(DON'T READ) DK/NA</u>	<u>EXT/ VERY</u>
[ ]l. Improving and expanding parks as described in the Parks Master Plans -----	13%	27%	38%	18%	5%	39%
[ ]m. Providing safer crossings at railroad tracks for traffic, bicycles, and pedestrians						
2021 -----	20%	26%	32%	20%	2%	46%
2020 -----	21%	28%	31%	21%	1%	48%
[ ]n. Assisting small businesses -----	16%	30%	35%	16%	2%	46%
[ ]o. Providing services for unhoused people-----	24%	30%	27%	18%	2%	54%
<b>(SPLIT SAMPLE A ONLY)</b>						
[ ]p. Funding sustainability and climate action plan goals -----	24%	28%	26%	20%	2%	52%
[ ]q. Providing subsidized housing for low-income residents						
2021 -----	23%	28%	28%	20%	2%	51%
2020 -----	27%	26%	31%	14%	2%	54%
<b>(SPLIT SAMPLE B ONLY)</b>						
[ ]r. Providing affordable housing						
2021 -----	29%	26%	21%	21%	3%	55%
2020 -----	40%	22%	18%	19%	1%	62%
[ ]s. Preparing for natural disasters such as earthquake or flooding						
2021 -----	22%	38%	31%	8%	1%	60%
2020 -----	25%	37%	30%	8%	1%	62%

**(RESUME ASKING ALL RESPONDENTS)**

**MY NEXT QUESTIONS RETURN TO POTENTIAL BALLOT MEASURE I MENTIONED EARLIER WHICH WOULD CREATE A BUSINESS LICENSE TAX ON PALO ALTO BUSINESSES BASED ON THEIR SQUARE FOOTAGE.**

11. Next, here is a list of several ways a tax on business might be structured to raise funds for some of these services. After you hear each one, please tell me whether you would be more likely or less likely to vote “yes” on a measure that included that provision. If it makes no difference, you can tell me that instead. **(IF MORE/LESS, ASK: Is that much MORE/LESS LIKELY, or only somewhat?) (RANDOMIZE)**

	<u>MUCH MORE LKLY</u>	<u>SMWT MORE LKLY</u>	<u>SMWT LESS LKLY</u>	<u>MUCH LESS LKLY</u>	<u>MAKES NO DIFF</u>	<u>(DK/NA)</u>	<u>TOTAL MORE LKLY</u>	<u>TOTAL LESS LKLY</u>
[ ]a. A tax that expires in 9 years -----	9%	24%	15%	13%	28%	11%	33%	28%
[ ]b. A tax that expires when ended by voters-----	17%	28%	10%	11%	24%	10%	45%	21%
[ ]c. A tax that increases alongside the consumer price index over time-----	13%	27%	13%	14%	23%	10%	40%	27%

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**NEXT, HERE ARE SOME STATEMENTS FROM SUPPORTERS AND OPPONENTS OF THE POTENTIAL BUSINESS TAX WE HAVE BEEN DISCUSSING.**

12. First, I am going to read you some statements from people who support the measure. After hearing each statement, please tell me whether you find it very convincing, somewhat convincing, or not convincing as a reason to support the measure. If you do not believe the statement, please tell me that too. (RANDOMIZE)

	<u>VERY CONV</u>	<u>SMWT CONV</u>	<u>NOT CONV</u>	<u>DON'T BEL</u>	<u>(DON'T READ) DK/NA</u>	<u>VERY/ SMWT</u>
[ ]a. <b>(ACCOUNTABILITY)</b> This measure will be subject to strict accountability provisions like annual financial audits; full public disclosure of all spending; and a requirement that all funds be spent locally in Palo Alto. This will ensure funds are used efficiently, effectively, and as promised. -----	27%	37%	20%	11%	5%	64%
[ ]b. <b>(QUALITY OF LIFE)</b> The pandemic greatly impacted quality of life in Palo Alto and required cuts to police, fire and emergency medical response; road repair and transportation improvements; recreation, parks, arts, and theatre programs; library and community center hours; and shuttle services. This measure is a way to restore services and ensure that Palo Alto remains a safe, beautiful, and vibrant place to live, work, and raise a family. -----	23%	36%	27%	11%	4%	58%
[ ]c. <b>(COMPARISON)</b> Palo Alto currently registers businesses of all sizes for 50 dollars, but is one of the only cities in the Bay Area that currently does not have a business <u>license tax</u> . This measure is a sensible way to ensure businesses pay their fair share for the services the City provides. -----	36%	35%	19%	7%	4%	70%
[ ]d. <b>(FAIRNESS)</b> It is only fair to increase what businesses pay to fund police, fire, and emergency medical response and transportation and City services in Palo Alto, since businesses benefit from our high-quality services. -----	24%	38%	26%	8%	4%	62%

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13. Now that you've learned more about it, would you support or oppose a measure that would create a business license tax on commercial properties in Palo Alto, based on their square footage, to pay for City services such as police and fire services, road repair, infrastructure maintenance, parks and recreation, services for seniors and people who are unhoused, and the climate action plan. Do you think you would vote yes or no on such a measure? **(IF YES/NO, ASK: "Is that definitely or just probably?") (IF UNDECIDED, DON'T KNOW, NO ANSWER, ASK: "Do you lean toward voting yes or no?")**

	<u>SPLIT C</u>	<u>SPLIT D</u>	<u>TOTAL</u>
<b>TOTAL YES</b> -----	<b>67%</b> -----	<b>63%</b> -----	<b>65%</b>
Definitely yes-----	26%-----	22%-----	24%
Probably yes-----	34%-----	33%-----	34%
Undecided, lean yes-----	7%-----	7%-----	7%
 <b>TOTAL NO</b> -----	 <b>25%</b> -----	 <b>27%</b> -----	 <b>26%</b>
Undecided, lean no-----	4%-----	5%-----	5%
Probably no-----	7%-----	8%-----	8%
Definitely no-----	14%-----	14%-----	14%
 <b>(DON'T READ) DK/NA</b> -----	 8%-----	 10%-----	 9%

14. Next, I am going to read you some statements from people who oppose this potential ballot measure. After hearing each statement, please tell me whether you find it very convincing, somewhat convincing, or not convincing as a reason to oppose the measure. If you do not believe the statement, please tell me that too. **(RANDOMIZE)**

	<u>VERY CONV</u>	<u>SMWT CONV</u>	<u>NOT CONV</u>	<u>DON'T BEL</u>	<u>(DON'T READ) DK/NA</u>	<u>VERY/ SMWT</u>
[ ]a. <b>(ANTI-TAX)</b> Palo Alto residents pay more than enough in taxes, and the cost of living is out of control. We simply cannot afford any additional taxes.-----	29%	25%	30%	13%	3%	54%
[ ]b. <b>(WASTE)</b> Given the amount of money we already pay in city, county, and state taxes, and the amount we pay for expensive employee pensions, salaries, and healthcare benefits, City government simply needs to tighten its belt, work together, and do a better job with the dollars they already have.-----	29%	30%	29%	9%	3%	59%

**(SPLIT SAMPLE A ONLY)**

[ ]c. <b>(RECOVERY)</b> COVID restrictions have already pushed many local businesses to slash hours or even close. The last thing we need to do is drive up prices with a sales tax, hurting small businesses just as we start to recover.-----	36%	35%	21%	5%	3%	71%
---	-----	-----	-----	----	----	-----

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	<u>VERY CONV</u>	<u>SMWT CONV</u>	<u>NOT CONV</u>	<u>DON'T BEL</u>	<u>(DON'T READ) DK/NA</u>	<u>VERY/SMWT</u>
here. -----	25%	31%	28%	13%	4%	56%

**(SPLIT SAMPLE B ONLY)**

[ ]d. **(LEAVE)** A tax of this scale would force innovative businesses to leave, taking their good-paying jobs elsewhere, and hurting other small businesses that depend on employees dining, shopping, and living here.

**(RESUME ASKING ALL RESPONDENTS)**

15. Sometimes over the course of a survey like this, people change their minds, and sometimes they do not. Let me ask you one more time about the that would create a business license tax on commercial properties in Palo Alto, based on their square footage, to pay for City services such as police and fire services, road repair, infrastructure maintenance, parks and recreation, services for seniors and people who are unhoused, and the climate action plan. Do you think you would vote yes or no on such a measure? **(IF YES/NO, ASK: "Is that definitely or just probably?") (IF UNDECIDED, DON'T KNOW, NO ANSWER, ASK: "Do you lean toward voting yes or no?")**

	<u>SPLIT C</u>	<u>SPLIT D</u>	<u>TOTAL</u>
<b>TOTAL YES</b> -----	<b>63%</b> -----	<b>61%</b> -----	<b>62%</b>
Definitely yes -----	23%-----	21%-----	22%
Probably yes -----	31%-----	32%-----	32%
Undecided, lean yes -----	9%-----	8%-----	8%
<b>TOTAL NO</b> -----	<b>28%</b> -----	<b>28%</b> -----	<b>28%</b>
Undecided, lean no -----	4%-----	4%-----	4%
Probably no -----	9%-----	9%-----	9%
Definitely no -----	15%-----	14%-----	15%
<b>(DON'T READ) DK/NA</b> -----	<b>10%</b> -----	<b>11%</b> -----	<b>11%</b>

**HERE ARE MY LAST QUESTIONS, AND THEY ARE FOR STATISTICAL PURPOSES ONLY.**

16. **(T)** Do you own a business in Palo Alto?

Yes -----	6%
No -----	90%
<b>(DON'T KNOW/NA)</b> -----	<b>4%</b>

17. Do you own or rent your place of residence?

Own -----	68%
Rent -----	27%
<b>(DON'T KNOW/NA)</b> -----	<b>5%</b>

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18. What was the last level of school you completed?

High school graduate or less-----5%  
 Some college/vocational school-----8%  
 College graduate (4 years)-----42%  
 Post graduate work/Professional school-----44%  
**(DON'T READ)** Refused-----1%

19. With which racial or ethnic group do you identify yourself: Latino or Hispanic, African American or Black, White or Caucasian, Asian or Pacific Islander, multiracial, or some other ethnic or racial background? **(IF ASIAN OR PACIFIC ISLANDER, ASK: “Are you Vietnamese, Chinese, South Asian or East Indian, or of some other Asian background?”)**

Latino/Hispanic-----4%  
 African American/Black-----1%  
 Caucasian/White-----57%  
 Vietnamese-----1%  
 Chinese-----9%  
 South Asian/East Indian-----5%  
 Other Non-Asian/Pacific Islander-----1%  
 Other Asian/Pacific Islander-----5%  
 Multiracial-----5%  
**(DON'T READ)** DK/NA/Refused-----12%

---

**THANK AND TERMINATE**


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**GENDER (BY OBSERVATION):**

Male----- 48 %  
 Female----- 51 %  
 Nonbinary----- 1 %  
 Other/Refused----- 0 %

**PARTY REGISTRATION:**

Democrat----- 60 %  
 Republican----- 10 %  
 No Party Preference----- 27 %  
 Other----- 3 %

**FLAGS**

P16----- 53 %  
 G16----- 69 %  
 P18----- 52 %  
 G18----- 71 %  
 P20----- 69 %  
 G20----- 92 %  
 BLANK----- 7 %

**AGE**

18-24----- 11 %  
 25-29----- 5 %  
 30-34----- 5 %  
 35-39----- 6 %  
 40-44----- 5 %  
 45-49----- 9 %  
 50-54----- 11 %  
 55-59----- 10 %  
 60-64----- 8 %  
 65-74----- 15 %  
 75+----- 15 %

**PERMANENT ABSENTEE**

Yes----- 91 %  
 No----- 9 %

**HOUSEHOLD PARTY TYPE**

Dem 1----- 33 %  
 Dem 2+----- 19 %  
 Rep 1----- 5 %  
 Rep 2+----- 1 %  
 Ind 1+----- 21 %  
 Mix----- 20 %

**MODE**

Phone----- 42 %  
 Online----- 58 %

## ATTACHMENT C

### Summary of Prior Work on Potential Revenue Generating Ballot Measures

The City of Palo Alto has been discussing its options for potential revenue-generating ballot measures through 2019 and 2020. This work was suspended at City Council direction in March 2020 in order to marshal available resources to manage through the COVID-19 pandemic. A brief timeline of the CMRs and discussions with the Finance Committee and the City Council since April of 2019, when staff was formally directed to begin working on this project by the City Council, is included below for additional context. The date, the forum of the meeting (Finance Committee or City Council), the summary title, and the CMR number are included for ease of reference.

#### Summary

The economic impacts of the COVID-19 pandemic, and efforts to contain and mitigate the spread of the virus resulted in a \$40 million General Fund gap between revenues and expenses in the FY 2021 Adopted Budget. This gap was balanced through significant service reductions throughout the organization, concessions from the City's labor groups, as well as substantive reductions in the City's capital investments, impacting catch-up and keep-up costs and funding of new projects. Significant service reductions taken in FY 2021 persist this year due to both the current impacts of *Green v. City of Palo Alto*, a class action lawsuit that challenges the City's gas and electric rates under Proposition 26, and the recovery period of the pandemic. In addition, the City faces significant unmet needs in areas such as affordable housing and transportation, including but not limited to a significant capital investment in the railroad Caltrain train/grade crossings. This report represents the next step of discussions with the Finance Committee and City Council regarding a potential revenue generating ballot measure(s) to balance the project and services needs of the City with available resources.

In March 2020, the City Council, considering the uncertain economic impacts of the pandemic, paused efforts that were underway at that time to explore a revenue generating ballot measure. Resumption of this review was later outlined in the Community and Economic Recovery Workplan and Council Priority in 2021. On June 15, 2021, the Finance Committee reviewed the Workplan for the November 2022 Local Ballot Measure(s) and Affordable Housing Funding Referral ([CMR 12299](#)), where the Finance Committee recommended that the City Council:

- Approve the Ballot Measure Workplan, with a focus on development of a business tax and a utility use-based tax,
- Refinement of estimates, evaluation of a stakeholder outreach plan and polling, and
- Additional information regarding affordable housing.

These Finance Committee recommendations were considered by the City Council in their August 16, 2021 meeting ([CMR 12381](#)). Consistent with past practice, the City Council directed the Finance Committee be the main deliberative body for the development of the potential revenue generating ballot measure and, through an iterative process outlined in the Ballot Measure Workplan, that updates



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will be taken to the City Council for review through June 2022. The Summary of Prior Work on Potential Revenue Generating Ballot Measures is included as **Attachment C**. At this meeting, the City Council approved the Ballot Measure Workplan for the November 2022 General Election and directed the Finance Committee to:

- Pursue a business tax and the preference of a square footage-based tax;
- Continue exploration of a utility use-based tax and options to incorporate revenue on climate adaptability
- Refine estimates and continue evaluation of potential tax measures, and
- The Finance Committee to discuss and develop initial polling to inform future exploration.

On September 21, 2021 ([CMR 13469](#)) and October 19, 2021 ([CMR 13648](#)), the Finance Committee directed staff to continue exploration of a business tax and utility tax by returning to the Committee with refined modeling and additional information. The Finance Committee was presented with refined modeling for the business tax and utility tax modeling and analysis, along with additional research discussing the key differences between a parcel tax and business license tax.

**Timeline**

4/22/2019 City Council, “2019 Fiscal Sustainability Workplan”, [CMR 10267](#)

4/22/2019 City Council, “Approve Workplan for a Potential Revenue Generated Ballot Measure”, [CMR 10261](#)

6/18/2019 Finance Committee, “Review, Comment, and Accept Preliminary Revenue Estimates for Consideration of a Ballot Measure”, [CMR 10392](#)

8/20/2019 Finance Committee, “Evaluation and Discussion of Potential Revenue Generating Ballot Measures”, [CMR 10445](#)

9/16/2019 City Council, “Evaluation and Discussion of Potential Revenue Generating Ballot Measures and Budget Amendment”, [CMR 10615](#)

10/1/2019 Finance Committee, “Revised Workplan for Consideration of a Ballot Measure”, [CMR 10712](#)

10/15/2019 Finance Committee, “Stakeholder Outreach, Initial Polling, and Discussion of a Potential Ballot Measure”, [CMR 10743](#)

11/4/2019 City Council, “Potential Ballot Measure Polling/Outreach, Contract, Solicitation Exemption and Budget Amendment”, [CMR 10792](#)

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12/2/2019 City Council, “Structure and Scenarios of Initial Round of Polling for a Potential Local Tax Measure”, [CMR 10891](#)

12/17/2019 Finance Committee, “Consideration, Evaluation, and Discussion of a Revenue Generating Local Tax Ballot Measure, Review of Refined Modeling, Analysis, Tax Structure and Recommendation to the City Council”, [CMR 10655](#)

1/27/2020 City Council, “Update, Consideration, and Potential Direction on Possible Local Tax Measure for 2020 Election”, [CMR 11019](#)

3/23/20 City Council, “Consideration of Analysis, Public Outreach, and Refined Polling and Further Direction on a Potential Local Business Tax Ballot Measure for 2020 Election”, [CMR 11161](#)

3/23/20 City Council, “Consideration of Analysis, Public Outreach, and Refined Polling and Further Direction on a Potential Local Business Tax Ballot Measure for 2020 Election”, [At-Places Memorandum](#)

6/15/2021, Finance Committee Staff Report, “Recommend the City Council Approve the Workplan for Pursuit of a Revenue-Generating Local Ballot Measure for the November 2022 General Election; Review and Potential Guidance to Staff on Affordable Housing Funding as Referred by the Council”, [CMR 12299](#)

8/16/2021 City Council, “Approve the Workplan for Development of a Revenue-Generating Local Ballot Measure for the November 2022 General Election; Review and Potential Guidance to Staff on Affordable Housing Funds as Referred by the City Council”, [CMR 12381](#)

9/21/2021 Finance Committee, “Discuss Updates and a Recommended Further Refinement of Potential Revenue Generating Local Ballot Measures,” [CMR 13514](#)

10/19/2021 Finance Committee, “Discuss Updates and Recommend Further Refinement of Potential Revenue Generating Local Ballot Measures, and Review Draft Initial Polling Outline”, [CMR 13648](#)

11/8/2021 City Council, “Discuss Updates and Recommend Further Refinement of Potential Revenue Generating Local Ballot Measures, and Review Draft Initial Polling Outline”, [CMR 13687](#)

12/7/2021 Finance Committee, “Discuss Updates and Recommend Further Refinement of Potential Revenue Generating Local Ballot Measures”, [CMR 13728](#)