



**SPECIAL MEETING**  
**TOWN OF LOS GATOS**  
**TOWN COUNCIL AD HOC CITIZEN**  
**COMMITTEE**

***Town Council Ad Hoc Citizen Committee***

*Marico Sayoc, Vice Mayor*  
*Steve Leonardis, Council Member*  
*Lee Fagot, Resident*  
*Mark Robinson, Resident*  
*Jak Van Nada, Resident*

**AGENDA**

**TOWN COUNCIL CHAMBERS**  
**110 EAST MAIN STREET**

**February 23, 2016 – 1:00 P.M.**

**MEETING CALLED TO ORDER**

**ROLL CALL**

**VERBAL COMMUNICATIONS** *(Three minute time limit)*

1. Approve the February 18, 2016 Ad Hoc Committee Draft Minutes
2. Discuss Information Contained in the Staff Report
3. Discuss and Make Recommendations to Council Regarding Potential Ballot Measure(s)

**ADJOURNMENT**

Attachments:

1. February 18, 2016 Ad Hoc Committee Draft Minutes (Item 1)
2. Staff Report (Item 2)

cc: Post *(also posted on Town Web)*  
Town Council

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Town Manager's Office at (408) 354-6834. Notification 48 hours before the meeting will enable the Town to make reasonable arrangements to ensure accessibility to this meeting [28 CFR §35.102-35.104]

DRAFT

TOWN OF LOS GATOS  
AD HOC CITIZEN COMMITTEE  
February 18, 2016, 1:00 p.m.

110 E. Main Street  
Town Council Chambers  
Los Gatos, California

**MINUTES**

**Call to Order**

The Ad Hoc Citizen Committee meeting was called to order at 1:00 p.m.

**Members and Staff present:**

Vice Mayor Marico Sayoc  
Council Member Steve Leonardis  
Lee Fagot, Resident  
Mark Robinson, Resident  
Jak Van Nada, Resident  
Rob Schultz, Town Attorney  
Jennifer Callaway, Assistant Town Manager  
Stephen Conaway, Finance Director  
Matt Morley, Parks and Public Works Director  
Gitta Ungvari, Administrative Analyst  
Christina Gilmore, Assistant to the Town Manager

**Verbal Communications**

Angelia Doerner spoke in opposition of a User Utility Tax (UUT) and in favor of increasing the Transient Occupancy Tax (TOT) to 13% and placing the tax measure on the November 2016 ballot. Ms. Doerner also expressed concern about the results of the Police Cost Analysis report and the costs of maintaining roads due to the numerous trips waste and recycling companies make as part of their service delivery in Los Gatos neighborhoods.

**Agenda Items**

**1. Approve the February 4, 2016 Ad Hoc Committee Draft Minutes**

The Committee unanimously approved the draft minutes with no changes.

## 2. Discuss Information Contained in the Staff Report

The Committee reviewed and discussed the information contained in the staff report and made the following motion in regards to a TOT ballot initiative:

**MOTION:** Motion by Council Member Leonardis to submit a recommendation to the Town Council to place on the November 2016 ballot, a tax measure initiative to increase the Transient Occupancy Tax (TOT) by 2% for a total of 12%. **Seconded** by Committee Member Robinson.

**VOTE:** Motion passed 3-2, with Vice Mayor Sayoc and Committee Member VanNada voting in opposition to the motion, stating they support a recommendation to increase the Transient Occupancy Tax (TOT) by 3% for a total of 13%.

The Committee discussed the pros and cons for placing a UUT ballot initiative on the November 2016 or November 2018 general election ballots. The Committee expressed an interest in exploring draft language for a future UUT ballot initiative that would include the following:

- The proposed UUT tax would be a general tax
- The proposed UUT tax uses would be worded in general terms so that it could be used for infrastructure and/or capital improvement projects
- A Town Council appointed oversight committee would be formed to monitor the use of funds for infrastructure and/or capital improvement projects
- The proposed UUT tax could be up to 5% and divided in 1% increments over the following utilities:
  - Phone/Mobile Phone
  - Electricity
  - Gas
  - Water
  - Cable Television

## 3. Review of Ad Hoc Citizen Committee Timeline and Next Steps

The Committee requested staff to return at the February 22, 2016 Ad Hoc Citizen Committee meeting with the following information for review and discussion:

- Draft language for both a TOT and UUT ballot initiative
- Recommendations for a political consulting firm that includes:
  - Estimated consultant costs
  - Proposed timeline for placing an initiative on the November 2016 and November 2018 ballots.

Adjourned at 2:21 p.m.



MEETING DATE: 02/23/16  
ITEM NO: 2

## AD HOC CITIZEN COMMITTEE REPORT

DATE: FEBRUARY 22, 2016

TO: AD HOC CITIZENS COMMITTEE

FROM: LAUREL PREVETTI, TOWN MANAGER *Laurel Prevetti*

SUBJECT: REVIEW AND DISCUSS DRAFT BALLOT LANGUAGE, POLITICAL CONSULTANT RECOMMENDATIONS, PROPOSED COSTS, AND TIMELINE FOR A UTILITY USER TAX (UUT) AND TRANSIENT OCCUPANCY TAX (TOT) BALLOT INITIATIVES

### RECOMMENDATION:

Discuss the information contained in the staff report.

### BACKGROUND:

At its February 18, 2016 meeting, the Ad Hoc Citizen Committee asked staff to return with information that included draft ballot language, political consultant recommendations, proposed costs, and a proposed ballot initiative timeline in its continued discussion of a TOT or UUT ballot measure.

### DISCUSSION:

Staff is providing sample language for the Committee to consider in its continued discussion of a TOT or UUT ballot measure. The samples given below were taken from other ballot initiatives and are being provided as a starting point for the Committee to begin drafting language specific for the Town of Los Gatos's needs.

### **Transient Occupancy Tax**

#### *Option 1:*

"To provide funding that cannot be taken away by the State for general fund infrastructure and Town services such as pedestrian and bike improvements including safe routes to school, streets, sidewalks, paths, and bridges; and maintaining parks and recreation facilities, shall the Town of Los Gatos increase

PREPARED BY:

*Steve Conway*  
STEVE CONWAY  
Finance Director

*Christina Gilmore*  
CHRISTINA GILMORE  
Assistant to the Town Manager

Reviewed by: *nc* Assistant Town Manager *Res* Town Attorney *gc* Finance

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AD HOC CITIZENS COMMITTEE

SUBJECT: REVIEW AND DISCUSS DRAFT BALLOT LANGUAGE, POLITICAL CONSULTANT RECOMMENDATIONS, PROPOSED COSTS, AND TIMELINE FOR A UTILITY USER TAX (UUT), AND TRANSIENT OCCUPANCY TAX (TOT) BALLOT INITIATIVES

FEBRUARY 22, 2016

DISCUSSION (cont'd):

the hotel/motel tax by two percentage points and update language to confirm equal treatment of traditional and online bookings?"

*Option 2:*

"Shall the Town of Los Gatos increase the transient occupancy tax (commonly known as the "hotel bed tax"), which is charged only to persons who occupy hotel or motel rooms within the Town for 30 days or less, from the current 10 to 12 percent?"

*Option 3:*

"Shall the Town of Los Gatos Municipal Code be amended to increase the transient occupancy tax (TOT) paid solely by hotel and motel visitors from 10 percent to 12 percent to be used for general governmental purposes?"

*Option 4:*

"In order to protect the quality of life in the Town of Los Gatos by supporting efforts to create jobs for local residents; investing in a vibrant local economy; and supporting police, fire, parks and recreation, and other essential city services, shall the Town of Los Gatos be authorized to augment the Town's General Fund by levying an additional tax of two percent in the Transient Occupancy Tax on people staying at local hotels and motels?"

*Option 5:*

"Shall the Town of Los Gatos Municipal Code be amended to increase the transient occupancy tax, commonly called the "hotel tax," which is charged only on persons who occupy hotel rooms in the Town for 30 days or less, from 10 percent to 12 percent in order to contribute funding towards basic Town services such as police, street repair, park maintenance, and community programs?"

**Utility User Tax**

*Option 1:*

"To help ensure that the Town of Los Gatos has the funds necessary to support the quality of life its residents have come to expect through such essential services as adequate law enforcement, and the maintenance and repair of local streets and public facilities shall the Town place a \_\_\_ percent (\_\_\_%) Utility Users Tax on all electricity and gas usage in the Town, beginning March 1, 2017, and automatically terminating five years later?"

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AD HOC CITIZENS COMMITTEE

SUBJECT: REVIEW AND DISCUSS DRAFT BALLOT LANGUAGE, POLITICAL CONSULTANT RECOMMENDATIONS, PROPOSED COSTS, AND TIMELINE FOR A UTILITY USER TAX (UUT), AND TRANSIENT OCCUPANCY TAX (TOT) BALLOT INITIATIVES  
FEBRUARY 22, 2016

DISCUSSION (cont'd):

*Option 2:*

“To help protect local funding for general Town services such as public safety, shall the Town of Los Gatos establish a \_\_\_ percent general utility users' tax, with low-income exemptions, subject to mandatory annual audits, all funds staying local, and to be reviewed by the Town Council every two years and terminated if findings are not made that the tax is necessary for the Town's financial health?”

*Option 3:*

To create local funding for local needs; maintain Los Gatos' independent, local Police Department; prevent further cuts to police officers, 911 response, violent/property crimes investigation; maintain storm drains, pothole/street repair, local business support, and other City services; shall the Town of Los Gatos establish a utility user tax at a \_\_\_ rate for \_\_\_\_\_ years with low-income senior exemptions, citizens' oversight, and annual independent audits?

*Political Consultant Recommendations, Estimated Costs, and Timeline*

After last week's meeting on February 18, 2016 staff identified two consultants that could potentially provide services for the Town. Staff has reached out to both of these consultants but has yet to speak to either. Any information that is obtained will be shared with the Committee at Tuesday's meeting.

CONCLUSION AND NEXT STEPS:

Staff recommends that the Committee review and discuss the information provided within the staff report and formulate a final recommendation for a TOT and/or UUT ballot measure tentatively scheduled to be presented to the Town Council on March 1, 2016.

The following questions may assist the Committee with the discussion:

1. Which utilities should be taxed?
2. At what rate(s) should the utilities be taxed?
3. For how long should the tax last?
4. Should the tax be a general or a special tax? Staff recommends a general tax, which has a 50%-plus-one voter threshold.

COORDINATION:

The preparation of this report was coordinated with the Finance Director, the Town Attorney, the Clerk Department, and the Town Manager's Office.