



Agenda Report

22-891

Agenda Date: 7/5/2022

REPORT TO COUNCIL

SUBJECT

Adoption of Resolutions Calling for a Municipal General Election and Ordering Consolidation with the Gubernatorial General Election for the Purpose of Submitting to the Voters a Business License Tax (BLT) Modernization Measure and Utility Transfer Charter Amendment; Authorizing the City Clerk to Contract with the County of Santa Clara for Services to be Performed in Connection with the Gubernatorial General Election to be Held on November 8, 2022, as well as Directing the City Attorney to Prepare an Impartial Analysis; and Setting Priorities for Ballot Arguments

COUNCIL PILLAR

Deliver and Enhance High-Quality, Efficient Services and Infrastructure

BACKGROUND

The City Council has identified modernization of the City's employee-based business license tax and an amendment of the Utility Transfer Tax provisions in the City Charter as priorities for voter consideration on the November 2022 General Election Ballot. The Council directed Staff to bring forward a workplan and timeline for successfully placing these measures before the voters. This information was presented and approved by the City Council at the February 8, 2022 Council Priority Setting Session.

On December 7, 2021, the City conducted voter research and community engagement through the City's professional and public opinion research experts. In January 2022, 600 voters likely to participate in a November 2022 General Election were surveyed on a variety of issues, attitudes, and service priorities, including gauging support for various mechanisms to achieve those goals, inclusive of a Business License Tax Modernization Measure and a Utilities Transfer Tax Charter Amendment. This work was augmented by focus group meetings conducted with local businesses in February 2022. Results of this preliminary voter research and stakeholder outreach were presented to the City Council at the February 2022 Council Priority Setting Session.

At that time, the City Manager advised the City Council that Staff would continue with best practice research and a community engagement process with a goal of bringing forward ballot measure recommendations to the City Council before July 12, 2022, ahead of the August deadline to submit to the County Registrar of Voters.

The purpose of this report is to provide the Council with a summary of the community and stakeholder engagement process completed to date, to share feedback from stakeholders and to bring forward the required resolutions to place two measures on the November 2022 ballot: 1) Modernization of the City's Business License Tax; and a 2) Utilities Transfer Tax Charter Amendment to update Section 1320 of the City Charter to align the City's Charter with recent amendments to the California Constitution that requires certain fees and charges by public agencies to be approved by voters. Affirmation of the practice and amendment of the Charter will preserve the City's long-standing practice of an annual utilities transfer in the amount of approximately \$30,000,000 to the City's General Fund to fund and maintain essential City services.

DISCUSSION

Modernization of the Business License Tax:

All businesses operating within the City of Santa Clara (including those operating in but located outside of Santa Clara), must have a license to transact business or occupy space in the city.

Last updated in 1992, the current employee-based tax rate ranges from a low of \$15 for a sole proprietor to a maximum of \$500 for businesses that exceed a total of 1,000 employees. With approximately 7,000 current business license

holders in the City, the business license tax program generates approximately \$900,000 annually to support General Fund programs. This represents about .4% of the City's total General Fund. While the business license tax has remained unchanged for the past thirty (30) years, without a cost escalator component, the value of that revenue has declined. In comparison, the City is currently projected to receive approximately \$9 million in transient occupancy taxes (TOT) from the hospitality industry or 5% of the City's total General Fund - this is down from \$24 million pre-pandemic. The TOT was updated two years ago to reflect current needs.

The City of Santa Clara business license tax structure includes multiple tax categories with varying rates and more than 20 alternative tax rates for businesses such as ambulance services, contractors, theaters, taxi cabs and bowling lanes that have historically been exempt from the employee headcount tax rate. This area has been identified as an opportunity to streamline the administration to create a more equitable, easily understood tax structure.

Another opportunity for ease of administration is consolidating business license tax bills. Currently, each business location is required to obtain a separate business license. As a result, businesses with multiple locations receive multiple tax bills, pay per location and, potentially, at various times throughout the year. The business community has asked the City to explore the feasibility of bill consolidation so that they receive one bill and can pay in one transaction.

Technological advances have given rise to a new phenomenon in the business environment that could not have been envisioned when the business tax program was initially adopted - the remote and/or hybrid work environment that has become a hallmark of the COVID19 business environment. As employers struggle to adapt to this evolving shift in the workplace, it becomes increasingly important and difficult to properly account for the number of employees that should be factored into the business tax rate calculation. The business community has asked the City to develop simple, objective measures for accounting and reporting purposes that consider the new hybrid work environment when looking to modernize the Business License Tax program.

Over the past 30 years, the business environment in Santa Clara and the surrounding valley has changed significantly. The size and number of businesses located in the City and the number of employees who work in Santa Clara, have increased exponentially. While the \$500 cap may have been appropriate in 1992, it is now an equity issue for small businesses who view the disproportionate impact of their fee compared to the fees charged to large businesses. Moreover, the ability of local businesses to pay what is perceived to be "their fair share" has also changed significantly as local businesses have grown in size and profits.

The following chart illustrates how Santa Clara's current Business License Tax rate compares to select neighboring cities with employee-based business taxes:

City	Single employee	5 employees	50 employees	1,000 employees	2,500 employees	5,000 employees
Mountain View	\$75	\$95	\$445	\$84,195	\$271,695	\$584,195
San Jose	\$207	\$307	\$1,966	\$59,544	\$159,219	\$166,365
Santa Clara	\$15	\$30 - \$70	\$100-\$380	\$500	\$500	\$500
Sunnyvale	\$41	\$69	\$694	\$13,188	\$13,188	\$13,188

This chart illustrates that Santa Clara's current tax rate is significantly lower than the market. It is important to note that while the City of Mountain View is on the high end for large businesses, their methodology factors into account one very large employer. In the case of San Jose, the tax is significantly higher for small businesses and considerably lower for large businesses than in the City of Mountain View. This methodology is in direct contrast to the desired values expressed to Staff by the City Council to protect small businesses. While the rate in Sunnyvale is on the low end, Sunnyvale had considered a possible adjustment pre-COVID but has since deferred action on this item. Unlike Santa Clara, however, the Sunnyvale model includes a Consumer Price Index (CPI) adjustment factor.

It is the opportunity to modernize a tax structure that is difficult to administer, inequitable in its application, and has the potential to realize much-needed revenue to maintain essential City services that has led to the study of a potential November 2022 ballot measure. The following section of this report provides a summary of the voter research and community engagement process that has been utilized in the development of the recommended ballot measure being brought forward in this report for Council's consideration.

Voter Research and Community Engagement

In December 2021, the City retained the Lew Edwards Group to conduct voter research and community engagement. A survey of 600 likely voters was conducted in January 2022. The results of this preliminary survey indicated that support for a potential modernization measure was as high as 64% for a simple majority requirement measure. .

In directing Staff to proceed with the development of a ballot measure for the modernization of the business license tax, the Council expressed the following values to guide the work:

1. Modernization of Business License Tax should be structured on a progressive employee head count basis
2. The measure should be equitable in design so that all businesses pay their fair share
3. The measure should be business-friendly and mindful of the impact on small businesses; and
4. Staff should work collaboratively with stakeholders in the development of solutions that will address modernization needs and help maintain essential City services

Since January, a team comprised of staff from the City Manager's Office, the Finance Department and the City Attorney's Office has worked collaboratively with trained community facilitators to design and implement a robust outreach plan. This plan has included:

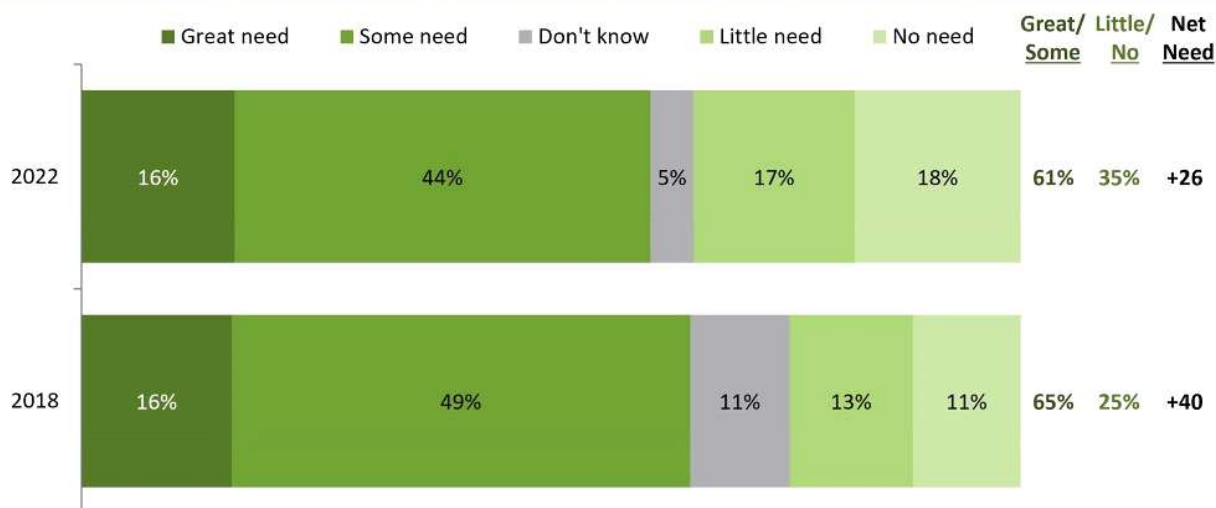
- Two voter research surveys of likely voters in the November 2022 election
- Focus group meetings with local businesses, including data centers
- Listening sessions conducted in coordination with the Silicon Valley Chamber of Commerce (1), a listening session with members of City Boards and Commissions (1); and a listening session for the public and local businesses at large
- Two rounds of Council briefings to keep the Council apprised of stakeholder input and timelines
- Best practice research and conversations with outside agencies considering their own business license tax measures
- Meetings with Chamber representatives (3), NAIPO representatives (1) and a consortium of Santa Clara's largest employers (3)
- Two interviews with San Jose Spotlight and one with the Silicon Valley Business Journal
- Invitations to participate in the community engagement process were sent to the approximately 7,000 current business license tax holders

As noted in the voter research survey results conducted in January 2022, a solid majority (61%) perceive a need for additional funding for the City.

Santa Clara Need for Funding Over Time



A solid majority of voters continue to perceive a need for additional funding for the City.



This sentiment was echoed consistently by stakeholders throughout the community engagement process. While the current economic environment presents challenges, stakeholders consistently acknowledged the need to modernize the 1992 business license tax structure to generate revenue and maintain essential City services.

Other consistent themes include:

- Modernization of the BLT should be fair and equitable. A tiered, employee headcount model is preferred. Strong opposition was expressed to a square footage methodology or a methodology that targeted specific industries.
- The BLT should be simple and easy to administer for both the business community and the City
- Adjustments to the tax rate should be reasonable and predictable.
- The rate and administration of the BLT should not act as a disincentive for attracting new business or a factor in compelling current businesses to re-locate outside of Santa Clara
- The tax rate should objectively account for remote work, allowing for self-reporting but with clear and consistent criteria for defining employee counts
- The City should ensure that services are delivered in the most cost-efficient and cost-effective manner
- Modernization should preserve Santa Clara's business-friendly environment while balancing the need to maintain high-quality, reliable City services.

Enclosed as Attachment 1 is a more detailed summary of the feedback that has received throughout the process.

Consistent with Council's direction, Staff has utilized an approach of "listening sessions" to gather input from all stakeholders (businesses, large and small; community leaders and residents in Santa Clara and those who work in Santa Clara) on which elements of the current BLT program work and which areas needed modernization. Staff evaluated this feedback within the context of the values expressed by Council in directing Staff to evaluate modernization:

1. Modernization of Business License Tax should be structured on a progressive employee head count basis
2. The measure should be equitable in design so that all businesses pay their fair share
3. The measure should be business-friendly and mindful of the impact on small businesses; and
4. Staff should work collaboratively with stakeholders in the development of solutions that will address modernization needs and help maintain essential City services

Proposed Elements of a Modernized Business License Tax Program:

Based on this engagement process, Staff is recommending the following elements of a modernized BLT:

1. Adoption of a tiered, employee-based head count model with a base rate of \$75 with incremental increases of \$15 to \$135 per employee or rental unit with larger businesses paying more, up to a maximum cap of \$350,000 (approximately 2,800 employees).
2. Inclusion of a CPI adjustment provision to be reviewed annually by the City Council, with a cap of 5%.
3. An exemption to the business license tax for businesses with gross receipts under \$5,000 per year.
4. An effective date of no sooner than January 1, 2024
5. Use of \$330,000 in settlement funds in the City Manager's Office budget to help small businesses transition to tax rates in Year 1 of the new program (2024). Businesses with 1 to 4 employees would be eligible to receive a one-time subsidy in the amount of \$80.
6. A reduction in the number of alternative tax rates and the elimination of multiple business categories.
7. The adoption of a base rate of \$75 for rental units with an additional flat rate of \$15 per unit.
8. The adoption of a base rate of \$75 for out-of-town businesses with a per-employee tax pro-rated based on the number of days work is performed in the City.
9. The consolidation of business license tax requirements such that licenses are no longer required by site but by tax identification number
10. Use of Employment Development Department definitions related to the proper accounting for remote workers with the delegation of authority to the City Finance Director to develop specific criteria related to compliance with reporting requirements and the authority to make necessary adjustments that reflect accurate employee counts.

The following chart illustrates the application of the proposed schedule on a per employee count basis:

Range of Employees	Business Tax Rate
1-4	\$75 plus \$15 per employee
5-9	\$135 plus \$30 per employee over 4
10-19	\$285 plus \$45 per employee over 9
20-49	\$735 plus \$60 per employee over 19
50-99	\$2,535 plus \$75 per employee over 49
100-249	\$6,285 plus \$90 per employee over 99
250-499	\$19,785 plus \$105 per employee over 249
500-999	\$46,035 plus \$120 per employee over 499
1000+	\$106,035 plus \$135 per employee over 999

This model reflects Council's direction to assume a progressive per-employee head count basis. It includes consistent incremental increases to ensure equity across the range of businesses.

Using this model, Staff then re-visited comparable tax rates in other jurisdictions and the potential impact on the range of business license taxpayers in Santa Clara. The following two charts illustrate this impact:

Chart of Comparable Jurisdictions Utilizing Proposed Tax Rates

City	Single employee	5 employees	50 employees	1,000 employees	2,500 employees	5,000 employees
Mountain View	\$75	\$95	\$445	\$84,195	\$271,695	\$584,195
San Jose	\$207	\$307	\$1,966	\$59,544	\$159,219	\$166,365
Santa Clara	\$90	\$160	\$3,510	\$107,070	\$309,570	\$647,070
Sunnyvale	\$41	\$69	\$694	\$13,188	\$13,188	\$13,188

Impact Analysis on Current City of Santa Clara Business License Holders

Employee Range	# of Businesses	Est. Revenue	Avg. Per Business
0-4	3,838	\$366,315	\$95
5-9	842	\$173,820	\$206
10-19	559	\$268,620	\$4,801
20-49	445	\$607,635	\$1,365
50-99	151	\$591,135	\$3,915
100-249	87	\$977,715	\$11,238
250-499	34	\$1,053,945	\$30,998
500-999	32	\$2,211,720	\$69,116
1000+	15	\$3,218,490	\$214,566
	6,003	\$9,469,395	

In the first chart, it was clear that the original model-while consistent with Council's value to protect small businesses-would result in a significant increase for the City's largest employers, thereby conflicting with the Council's value to remain business-friendly and not be detrimental to business growth.

With this in mind, Staff met on several occasions with representatives of the City's largest employers as well as with the Silicon Valley Central Chamber of Commerce. The recommendation from these meetings was that the City should consider a maximum cap on the amount of tax any one employer would pay. The group initially communicated that an increase of 500 times the current rate would be acceptable; however, a rate of 1,000 times would be problematic and would necessitate the need for organized opposition. The group also communicated that a cap would be viewed as recognition by the City of the value added by Santa Clara businesses who contribute in many ways to the well-being of the City and are important partners in the City's economic recovery.

On June 28, 2022, Staff presented a proposal for a cap of \$400,000 which would have maintained Santa Clara's position in the middle of the market - significantly lower than Mountain View but higher than San Jose, whose methodology again has a much higher impact on small businesses. The group indicated that the proposed cap was higher than anticipated and a request was made for the City to consider a lower cap. When asked by staff if a proposal to meet halfway would be acceptable, the sentiment was that while the preference would be for a cap in the range of \$300,000, meeting halfway would not be a deal-breaker. For this reason, given the City's need to generate as much revenue as possible while maintaining the viability of a potential measure, Staff recommends that a cap of \$350,000 per adopted, subject to the annual CPI adjustment.

In the second chart, it is important to note the disproportionate number of small businesses in Santa Clara with 1 to 4 employees. This data helped inform the Staff recommendation to provide a one-time subsidy to these businesses utilizing \$330,000 in settlement agreement funds earmarked for small business assistance. This subsidy would be used to help the City's smallest business owners to transition to a new tax rate with the least amount of impact. Given the 30 years that have passed since the current rates were adopted, a large increase is unavoidable; however, the recommendation to delay implementation for all businesses until 2024 and to offer subsidies for the City's smallest employers is intended to help mitigate this impact.

Utility Transfer Tax Charter Amendment

In 1951, City of Santa Clara voters approved a City Charter amendment authorizing the partial use of utility rate revenues for City services. It was subsequently amended by the voters in 1980 to increase the transfer percentage from 4.5% to 5%. The current provision allows for a general fund transfer ("GFT") from utilities in "an amount not to exceed 5% of the gross receipts from such utilities" to provide a locally-controlled revenue source to the General Fund. Combined with other sources of revenue (sales tax, property tax, utility users' tax, etc.), the General Fund is the primary revenue source used to fund essential City services including, but not limited to, police, fire, street repairs, parks, libraries, senior services, and other municipal services.

Subsequent to the adoption of the City's Charter provision, California voters approved Proposition 218 in 1996 and Proposition 26 in 2010. Both of these propositions amended the California Constitution to provide that certain fees and charges imposed by public agencies must be approved by voters. In general, if a fee or charge for a service exceeds the cost to provide that service, voters

must approve the fee or charge. Proposition 218 applies to water service fees, and Proposition 26 applies to electric service.

While these propositions do not directly address utility transfers, out of an abundance of caution and to preserve the City's long-standing voter approved utility tax transfer to the General Fund in the amount of approximately \$30,000,000 annually to support essential City services, Staff has prepared an amendment to Charter Section 1320 to align with the amendments in the California Constitution requiring voter approval. The proposed amendment will not result in any rate increase but will simply reaffirm this community's desire to continue the transfer of utility revenues to fund essential City services.

Loss of this revenue source would require immediate and significant reductions in the service areas mentioned above. The City is already experiencing a significant structural deficit in amount of approximately \$27 million ongoing due to the COVID19 pandemic and failure to reaffirm voter approval for this long-standing practice would be catastrophic.

Proposed Ballot Language

State Elections Code Section 9051 requires that a ballot question not exceed 75 words. The proposed compliant ballot questions are as follows:

City of Santa Clara Business License Update / Tax Equity Measure

"To protect Santa Clara's financial stability and maintain essential services such as 911 emergency/public safety/crime reduction services, safe/clean public areas, pothole repair, parks and libraries, shall an ordinance to update Santa Clara's 1992 business license tax to \$75, increasing incrementally between \$15 to \$135 per employee or rental unit, with larger businesses paying more, generating approximately \$9,000,000 annually until ended by voters with independent financial audits, all funds staying local, be adopted?"

The revenue projection in the proposed ballot language is based recent business license tax data which includes self-reported employee counts. Because the accuracy of the information could not be verified, the actual amount of revenue will differ.

Utility Transfer Charter Amendment

"City of Santa Clara No Tax Increase/ Services Protection Measure. To protect essential services without raising taxes, such as 9-1-1 response; police patrols, fire protection; street/storm drain repair, and maintaining reliable local utility service; shall Section 1320 of the Charter continuing the annual budget transfer of funds from City utilities to the general fund at 5% of gross receipts until ended by voters, generating approximately \$30,000,000 annually, with independent audits, all funds local, be reaffirmed/adopted?"

The revenue projection in the proposed ballot language is based on recent revenue projections. The actual amount of revenue may differ.

Next Steps

To place an item before the voters, the Council must adopt a resolution. The attached draft resolutions call for the following:

1. Approval of the ballot language to be presented to the voters of the City of Santa Clara;
2. A Special Election to be held on November 8, 2022 and requesting consolidation with the Gubernatorial General Election and the services of the Registrar of Voters to conduct the election;
3. Direction to the City Attorney to prepare an impartial analysis for the measure;
4. Direction on ballot arguments to the City Clerk to be printed in the Sample Ballot; and
5. Approval of a draft amendment to the City Charter or Municipal Code, as applicable, to incorporate the proposed

changes if the voters approve the measures.

Calling of an Election

As required by the State Elections Code, the City Council must adopt a resolution calling an election, requesting consolidation with the Gubernatorial General Election and request the County Registrar of Voters to provide election services. The attached resolution meets those requirements.

Impartial Analysis by the City Attorney

The State Elections Code Section 9280 authorizes the Council to direct the City Attorney to prepare an impartial analysis of the measure. The authorization is included in the attached resolution.

Ballot Argument Process

State Elections Code Section 9282(b) provides for the filing of ballot measure arguments by the following: City Council or any member(s) of the Council authorized by the Council, any individual voter eligible to vote on the measure, bona fide association of citizens or any combination of voters and associations.

The City Council determines whether the Council or members of the Council authorized by the Council will draft the argument supporting the ballot measure or whether it will, instead, allow a third party to do so. The City Charter and the California Elections Code authorize, but do not require, the City Council to write the argument in support of the ballot measure. If the City Council chooses to write the ballot argument, it should designate a maximum of three Council members to draft the argument. These designees would prepare and sign the argument and submit it to the City Clerk. Alternatively, the Council may designate the Mayor to sign on behalf of the entire Council. A total of five individuals and/or organizations may sign the ballot argument and the Council may designate which individuals or organization fill any available signature slots. If the City Council decides not to draft the argument itself, any registered voter or bona fide association of citizens may submit a proposed argument to the City Clerk. If the City Clerk receives multiple proposed arguments, the City Clerk shall select one of the arguments in adherence to Elections Code Section 9287.

The City's ballot measure resolution must be received by the Registrar of Voters between **July 28 - August 12th**; with arguments due by **August 16th**; and rebuttal arguments and impartial analysis due on **August 23rd**. In order to meet these deadlines, the resolution is being brought forward for Council action on the **July 5, 2022** agenda to allow for the required 14-day public comment period for arguments and the 10-day public comment period for rebuttals that must be completed before submission of the required documents to the County Registrar of Voters. As such, in accordance with Elections Code Section 9285(a) the City Clerk as the local Elections Official has set the following deadlines: adoption of the ballot resolution on **July 5, 2022**; arguments due by 5:00 p.m. to the City Clerk's office on **July 19, 2022**; rebuttals due by 5:00 p.m. to the City Clerk's office on **July 29, 2022**. The City Attorney shall draft an impartial analysis on the measure, which is also due on Friday, **July 29, 2022**.

Draft Amendment to the Santa Clara City Charter Section

The proposed ballot measures require an amendment to the City of Santa Clara City Charter Section 1320 and voter approval. There is no tax increase on taxes. The Amendment would not take effect, unless and until, approved by a vote of at least 50% plus one of the voters voting on the questions at the election.

The proposed amendment is as follows (with deletions shown in strikethrough):

Charter Section Sec. 1320 Utilities fund.

Receipts from the utilities operated by the City shall be paid into the City Treasury and maintained in a separate utilities fund for such utilities.

Expenditures from such fund shall be made for the following purposes only for such utilities in the order named, viz.:

- (a) For the payment of operating expenses, pension charges and proportionate payments to such compensation and other insurance and accident reserve funds as the City or the City Council may establish;
- (b) For repairs and maintenance;

- (c) For the payment of interest and sinking funds on bonds issued for acquisition, construction or extensions;
- (d) For the payment of ~~not to exceed~~ five percent of the gross receipts from such utilities to the general fund of the City ~~in payment for services rendered~~; subject, however, to such limitations as may be contained in any resolution or indenture heretofore adopted providing for the issuance of revenue bonds for the acquisition, construction or improvement of such utilities, which bonds are now outstanding or may hereafter be issued under such existing resolution or indenture;
- (e) For extensions and improvements;
- (f) For the establishment of a sinking fund within the utilities fund for the replacement of utilities property in the minimum amount of two million five hundred thousand dollars (\$2,500,000.00).

The City Council shall cause records to be kept of the receipts and expenditures of each utility and of credits and debits of each utility in the aforementioned utilities fund. The City Council may, however, order expenditures from the utilities fund for any utility even though that utility has no credit in the utilities fund, provided only that the balance in the utilities fund is greater than the proposed expenditure.

Draft Amendment to the Santa Clara Municipal Code Chapter 3.40

The proposed increase to the Business License Tax requires an amendment to the City of Santa Clara Municipal Code and voter approval. The rate change would not take effect unless and until approved by a vote of at least 50% plus one of the voters voting on the questions at the election. The proposed ordinance will repeal the existing Chapter 3.40 and replace it with the proposed ordinance, which can be reviewed in Attachment 3.

Election Timing

To place a measure on the November 8, 2022 ballot, the Registrar of Voter's deadline is August 12, 2022. This item is being considered on July 5, 2022 to allow sufficient time for arguments, rebuttals and preparation of the impartial analysis.

Community Outreach

Should the Council submit a ballot measure for the November 8, 2022 general election, a communications plan will be implemented using the City's many public education channels including, but not limited to:

- City website
- Email campaign via GovDelivery
- Social media (Facebook, Twitter, Next Door, etc.)
- Government Access Channels
- City digital newsletters (i.e. City Hall News, Library, Senior Center)
- News Releases
- Ads in local and ethnic media outlets
- Direct mailers to Santa Clara likely voters
- Utility Bill Inserts
- Educational videos like those used in the Prioritize Santa Clara Transit Occupancy Tax campaign
- Digital billboards
- Informational flyers available at City-owned public facilities

Conclusion

The City anticipates a FY 2022/23 budget deficit in excess of \$27 million dollars ongoing. Should the Council wish to place both, or either measure, on the November 8, 2022 General Municipal Election, appropriate documentation supporting formal action by the Council must be received by the Santa Clara County Registrar of Voters no later than August 12, 2022. The purpose of this report is to seek Council direction on the placement of two ballot measures on the November 8, 2022 ballot.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA guidelines section 15378(b)(5) in that it is a governmental organization or administrative activity that will not result in direct or indirect changes in the environment.

FISCAL IMPACT

Additional ongoing revenues of approximately \$8 million is projected from a successful passage of the proposed Business License Tax Ballot Measure, effective January 1, 2024. With the passage of the Utilities Transfer Charter Amendment, \$30 million in existing transfers would continue.

The FY2022/23 Adopted Budget includes \$350,000 to cover election costs and existing funding to conduct basic education and voter outreach. Actual costs will be determined by the County Registrar of Voters based on the number of ballots and the actual printing costs allocated to the City of Santa Clara. A future budget amendment may be brought forward at a later date if required.

COORDINATION

This report has been coordinated with the City Manager's Office, the Finance Department and City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov.

ALTERNATIVES

1. Adopt a resolution ordering submission of a ballot measure to the qualified electors of the City; calling for a Special Municipal Election to be held in the City of Santa Clara on Tuesday, November 8, 2022, for the purpose of submitting to City voters a measure modernizing the City's Business License Tax; requesting consolidation with the Gubernatorial General Election and election services from Santa Clara County; directing the City Attorney to prepare an impartial analysis; setting priorities for ballot arguments; and approval of the draft amendment to the Santa Clara City Code to incorporate the proposed changes if the measure is approved by the voters.
2. Adopt a resolution ordering submission of a ballot measure to the qualified electors of the City; calling for a Special Municipal Election to be held in the City of Santa Clara on Tuesday, November 8, 2022, for the purpose of submitting to City voters a measure to amend the City's Charter regarding Utility Transfers; requesting consolidation with the Gubernatorial General Election and election services from Santa Clara County; directing the City Attorney to prepare an impartial analysis; setting priorities for ballot arguments; and approval of the draft amendment to the Santa Clara City Code to incorporate the proposed changes if the measure is approved by the voters.
3. Other direction as approved by the City Council

RECOMMENDATION

1. Adopt a resolution ordering submission of a ballot measure to the qualified electors of the City; calling for a Special Municipal Election to be held in the City of Santa Clara on Tuesday, November 8, 2022, for the purpose of submitting to City voters a measure modernizing the City's Business License Tax; requesting consolidation with the Gubernatorial General Election and election services from Santa Clara County; directing the City Attorney to prepare an impartial analysis; setting priorities for ballot arguments; and approval of the draft amendment to the Santa Clara City Code to incorporate the proposed changes if the measure is approved by the voters.
2. Adopt a resolution ordering submission of a ballot measure to the qualified electors of the City; calling for a Special Municipal Election to be held in the City of Santa Clara on Tuesday, November 8, 2022, for the purpose of submitting to City voters a measure to amend the City's Charter regarding Utility Transfers; requesting consolidation with the Gubernatorial General Election and election services from Santa Clara County; directing the City Attorney to prepare an impartial analysis; setting priorities for ballot arguments; and approval of the draft amendment to the Santa Clara City Code to incorporate the proposed changes if the measure is approved by the voters.

Reviewed by: Cynthia Bojorquez, Assistant City Manager

Approved by: Rajeev Batra, City Manager

ATTACHMENTS

1. Summary of Community Engagement Process Input
2. Resolution Placing Business License Tax on November 2022 Ballot
3. Resolution Placing Utility Transfer on November 2022 Ballot