



FINANCE COMMITTEE SUMMARY MINUTES

Special Meeting
June 15, 2021

The Finance Committee of the City of Palo Alto met on this date in virtual teleconference at 6:02 P.M.

Present: Burt, Cormack, Filseth

Absent:

Oral Communications

None

Agenda Items

1. Staff Recommends the Finance Committee Review the Lease Agreement With BioScience Properties for the Regional Water Quality Control Plant Workspace at 1900 Embarcadero Road in an Estimated Total Amount of \$1.73 Million for a Period of Five Years and Recommend City Council Approval.

Phil Bobel, Public Works Management Specialist indicated that the item before the Finance Committee (Committee) is about leasing space that is adjacent to the Regional Water Quality Control Plant (RWQCP) to provide space for the Capital Improvement Program (CIP) at the plant. The space is imperative so that the RWQCP can continue operations while conducting construction upgrades. If approved, the new space would free up three trailers that are can be repurposed for contractors and consultants. Also, the new space will allow for more parking and folks can move out of the substandard administration building. The administration building would be repurposed into the pumping and control center for recycled and purified water. If approved, the leasing agreement could start as early as July 1, 2021. The lease terms were for 5-years with the first 4-months having free rent and the monthly unit cost is \$5.30 per square foot. Additionally, the cost of rent would increase by 7 percent per year. If City Council (Council) does not appropriate funds for the lease during the budget cycle, the lease would be terminated. Staff proposed to fund the lease through the Operating Budget of the RWQCP. If the lease is approved by the Committee,

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Staff will bring forward a budget amendment for Council to approve alongside the Fiscal Year (FY) 2022 Budget.

Council Member Filseth asked if there is a termination penalty if the Council decides not to provide funding in the outer years.

Brad Eggleston, Public Works Director specified that there are no termination penalties.

Council Member Filseth inquired if there are any constraints if the City decides to renew the lease in 5-years.

Sunny Tong, Real Property Manager for Administrative Services informed the Committee that there is an option to renew the lease with the original terms.

Council Member Filseth assumed that in the future, the RWQCP will have space to house everything on site.

Mr. Eggleston agreed and noted there is a CIP to build a new laboratory building to house everything.

Vice Mayor Burt requested more information regarding the renewal of the lease.

Mr. Tong reported that the City has the option to extend the lease for another 5-years at 95 percent of the then daily market rate. All other terms would remain as is in the currently proposed lease.

Vice Mayor Burt asked how is the prevailing market rate defined and how does the initial rate compare to the existing market.

Mr. Tong explained that there is a condition in the lease that allows an outside appraiser to come in to help determine what the market rent would be at the renewal time. In terms of current market rent, an appraiser determined that the current market is at \$4.75 per square foot, but that did not consider any concessions.

Vice Mayor Burt agreed that the location is ideal and found it reasonable to recommend approval of the lease to the Council.

Chair Cormack acknowledged that the space is better than the Cubberley Community Center. She appreciated the explanation of why the location of the space is important and the free rent. In terms of a budget amendment, she asked if the lease would affect what the rate should be for the next fiscal year.

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Mr. Eggleston shared that Staff was not proposing any rate changes.

MOTION: Chair Cormack moved, seconded by Vice Mayor Burt to recommend the City Council authorize the City Manager to execute the Lease Agreement with BioScience Properties for the Regional Water Quality Control Plant Workspace.

Chair Cormack felt that the higher than market price is a small negative in what is otherwise a necessary approval.

MOTION PASSED: 3-0

2. Recommend the City Council Approve the Workplan for Pursuit of a Revenue-generating Local Ballot Measure for the November 2022 General Election; and Review and Provide Potential Guidance to Staff on Affordable Housing Funding as Referred by the Council.

Ed Shikada, City Manager mentioned that the City Council (Council) will be receiving an update on the Community and Economic Recovery Workplan at the next Council meeting. The development of a ballot measures is one element of that work plan. Staff acknowledged that any revenue-generating measures must be mindful of the impacts on taxpayers.

Kiely Nose, Administrative Services Director emphasized that this was step one in a multi-step process in pursuing a Business Tax, an On-Bill Tax for Gas and Electric service and funding for affordable housing. In summary, there has been a significant decline in the General Fund (GF) revenues over the years and so the City must explore other revenue-generating measures. Staff proposed several options the Finance Committee (Committee) and Council can explore. These included a General Tax, a Special Tax, a Parcel Tax, Sales Tax, a Business Tax, Transient Occupancy Tax (TOT), and a Utility User Tax. A General Tax must be approved by a simple majority vote and must be put before voters at a regular general election. A Special Tax required a 2/3s super-majority vote with a specific purpose and must be put before voters at a regular election. Per direction from the Council and the Committee, Staff has been focused on a Business Tax. Staff recommended the Committee use the EASE framework when assessing the different types of tax measures. The EASE framework included categories of equity, administrability, stability, and economic benefit. Previous work done on a Business Tax included research, analysis, and modeling; stakeholder outreach; and polling. Staff was seeking input on if the Committee and ultimately the Council were still looking to use employee headcount as the unit of measure. Other units of measure included square footage, gross receipts, and payroll. She emphasized that the City has not funded or resourced the tax initiative as of yet. Staff recommended that the

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Committee use the Strategic Investment Reserve to fund the remaining work Staff must-do for any type of tax measure. Staff provided a list of areas the funds could be used for if a tax is approved. Those areas included affordable housing, electrification, climate change resilience and adaptation, capital needs, and funding for the delivery of core services. In terms of affordable housing funding options, Staff listed several mechanisms that could be used including a General Tax, Inclusionary Housing Requirements and Fees, a Commercial Linkage Fee, and several others. She provided a summary of the timeline for next steps.

Molly Stump, City Attorney clarified that a Business Tax that is structured as a Special Tax can be placed on any election and is not restricted to a general municipal election. Also, a Parcel Tax requires a supermajority vote of 2/3s, but it could be structured as a General Tax or a Special Tax.

Chair Cormack called for public comment; seeing none she requested comments from the other Committee Members.

Council Member Filseth inquired if the City has a ballot measure to restore the Gas Equity Transfer and if so, what are the limits.

Ms. Stump explained that with voter approval, that tax is an exception to Proposition 26.

Council Member Filseth predicted that a Utility User Tax is not subject to Proposition 26.

Ms. Stump confirmed that it can be used for whatever voters approve.

Council Member Filseth questioned if each utility has to have their own tax or can they be grouped.

Ms. Stump noted that there can be a tax for each utility.

Council Member Filseth remarked that if the City decides to include a climate component into a tax measure, that can be linked to a Gas Equity Transfer and a Utility User Tax.

Ms. Stump answered that the voter-approved fix, in terms of the Gas Equity Transfer, is a form of Utility User Tax. Council can adjust the rate of the existing Gas Tax or call it out as a separate line on the utility bill.

Council Member Filseth noted that the California Community Housing Agency (Cal-CHA) purchases properties and then deed restricts them to various income levels. He inquired if there is an agency that does not buy the property, but instead buys only the deed restriction.

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Rachael Tanner, Planning and Development Services Assistant Director was not aware of that practice.

Council Member Filseth noted that the concept would require less capital to be tied up in fixed assets.

Ms. Tanner shared that there are voucher-based programs for individuals who pay market-rate rent who are low-income.

Ms. Stump specified that Council Member Filseth was describing something similar to a Conservation Easement.

Council Member Filseth confirmed that is correct.

Ms. Stump remarked that Staff would have to explore that further.

Council Member Filseth predicted that with that concept, folks would not be subject to fluctuation of market-rate rents like in a voucher program.

Vice Mayor Burt understood that Council's direction was to backfill the loss from the Gas Utility, but the Staff report mentioned the Electric Utility as well.

Ms. Nose confirmed that the backfill is only in the Gas Utility, but that is based on the projected revenue in the Electric Utility. Based on the current litigation, Council could choose to shore up all aspects of the transfer.

Ms. Stump agreed with Ms. Nose's explanation.

Vice Mayor Burt noted that the Staff report says that the court held that a portion of the City's long-standing transfer funds from the Gas and Electric Utilities could not be lawfully continued. He suggested that be clarified.

Ms. Stump expressed that is an overstatement and the court approved the City's transfer from the Electric Utility.

Vice Mayor Burt articulated he would like to understand from the polls if folks are interested in linking the climate action initiative to the Electric Utility Tax. He asked if that type of action would require a simple majority vote.

Ms. Stump explained that it depended on how the structure is for the expenditure side.

Vice Mayor Burt noted that in past polls, folks were generally supportive of having a Special Tax for the Electric Utility, but often it came in below the

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2/3's threshold. General Taxes often received over 50 percent of support, but the tax only needs a simple majority. He said it will be interesting to see how the electric sentiments have changed. He noticed that in previous work done by Staff, there was no exploration of a Parcel Tax for commercial buildings as a form of a Business Tax. He advised Staff to do that analysis because the City of East Palo Alto's Business Tax is structured that way and it is very successful. He predicted that a Parcel Tax could be applied to major non-profits.

Ms. Stump believed that was right, but would have to confirm it.

Vice Mayor Burt was surprised that the table that broke down the City's percentage of the workforce only showed healthcare at 11 percent. He expressed concern that if the larger healthcare non-profits are exempt from a tax, that would cause a significant impact. He advised Staff to use the most current revenue projections moving forward.

Ms. Nose commented that on Table A-2, Staff provided what a \$1.00 per square foot Parcel Tax would look like based on property types.

Vice Mayor Burt stated that most folks look at monthly rates and that should be included to help folks understand. He noted that in the analysis the consultants did, they chose one business-related tax per City, but many Cities have several Business Taxes. He suggested the City explore a Business Tax as an aggregate and he advised to use revenue per worker in the City. To help with communication to the public, he suggested showing how a proposed Business Tax for the City compared to other Cities and what impacts businesses would see.

Chair Cormack acknowledged that the needs for services within the community are high. She wanted to see the Gas Utility be taxed for the climate initiative, not the Electric Utility. She noted that the things that residents are asking for are items that are used by residents and a Parcel Tax could incorporate that. She commented that 2/3's of the folks living in Palo Alto work elsewhere. For that reason, she did not understand why businesses in Palo Alto should be taxed to pay for affordable housing. She said there is a nexus between a Business Tax and transportation because the vast majority of folks who use Caltrain do not live in Palo Alto. She acknowledged that the School Parcel Tax is used for services and that the same concept could be used for a Parcel Property Tax. She inquired what the motion was when the Council last discussed business taxes and what percent was approved for the General Fund.

Ms. Nose predicted 5 to 10 percent.

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Chair Cormack asked how many millions would that percentage generate. She requested Staff provide that for reference.

Council Member Filseth asked in terms of Table B-5, was the City of Mountain View applying their employee headcount tax to a small portion of people.

Ms. Nose explained that one of the metrics that the consultant had used was full-time equivalent (FTE) positions and that FTE is Staff. That metric is not associated with who the tax is assessed on, but a metric for the size of the organization.

Council Member Filseth challenged if the FTE is the folks who work for the City of Mountain View directly.

Ms. Nose answered yes.

Council Member Filseth questioned if the City of San Francisco's had ended one of their Business Taxes in 2019.

Ms. Nose reported that the City of San Francisco has many taxes and one tax did end because the City of San Francisco was moving away from payroll as a unit of measure.

Council Member Filseth wanted to know which is easier to administer, a headcount tax or a payroll tax.

Ms. Nose answered headcount is easier than payroll.

Council Member Filseth pressed if it is practical to measure headcount.

Ms. Nose commented that it is untested. Typically, businesses self-report their headcount and so Staff would use outside data sources to audit the self-reported numbers.

Council Member Filseth inquired if the administration was part of the reason the City of San Francisco moved away from its payroll tax.

Ms. Nose believed that was one reason as well as other challenges.

Council Member Filseth observed that during prior discussions, a headcount tax was a logical nexus because transportation was the primary goal the revenues would be used for. However, due to the complexity of a headcount tax and volatility, a payroll tax may be a better choice. He noted that a Parcel Tax may be the simplest.

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Ms. Nose answered that the assessor's office will have the square footage of the land, but the surface area of the lot does not account for the height or depth of a structure. For square footage, one concern was that the assessor's office's data could be out of date and the other was who is the tax assessed on. The other option was to tax the property owner and there have been discussions of having a credit refund program for businesses that may be exempted.

Vice Mayor Burt touched on that the users of Caltrain are not usually Palo Alto residents and that their employers should be paying a tax for the grade separation project. He noted the key driver of why there should be grade separation is due to business needs, which included Stanford University. Also, the increased number of employees drives the need for housing and so the affordable housing nexus is principal to businesses as well. He recalled that the City of San Francisco's Business Tax is roughly \$1,500 per employee and that was averaged across all employees. On the other hand, the average tax rate in Silicon Valley was less than 5 percent of what the City of San Francisco charges on a per employee or per square footage metric. He concluded that the City of San Francisco is a good comparison and the City should explore the aggregate of their taxes. In terms of a payroll tax, he said the problem was that Charter Cities in California cannot have payroll taxes and that is why the City of San Francisco changed their taxes.

Ms. Nose shared that in terms of the request from Chair Cormack regarding the January 2020 Council motion, the motion stated that Staff develop a potential local tax ballot measure including, but not limited to, a General Business Tax that is based on employee headcount. That was predicted to raise approximately \$10 million per year and that it should be used for transportation projects and/or service and affordable housing. Also, there would be tiers with no additional exemptions and would have an annual escalator.

Chair Cormack remembered that the General Fund was at approximately \$230 million.

Ms. Nose answered yes.

Chair Cormack determined that the Committee will have to identify the needs that the various taxes would be funding. She asked if healthcare is listed in Table A-2.

Ms. Nose assumed that it is included.

Chair Cormack advised that be clarified due to there being large healthcare providers located in the City.

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Ms. Nose clarified that any government health facility would not be included in healthcare.

Chair Cormack suggested that Staff provide to Council a table that lays out the data in terms of what are the needs that the City is trying to pay for. She did not recall the Committee or Council ever discussing a varying Documentary Transfer Tax and she found it interesting that the City of San Francisco has a surcharge for certain levels. She wanted to understand that tax a little more in detail.

Steve Guagliardo, Principal Management Analyst confirmed that medical was included in Table A-2.

The Finance Committee took a break at 7:40 P.M. and returned at 7:49 P.M.

Council Member Filseth understood that no public vote is needed to establish an Infrastructure Financing District (IFD).

Ms. Tanner confirmed that is correct.

Council Member Filseth asked what the constraint are.

Ms. Tanner understood that a local municipality would create it and the County can support it, but school districts are prohibited from joining. The local municipality would create a Board, the Board then creates a plan of what the financing district would support, and then the Board approves the plan. She shared that the funds can be used for any type of infrastructure in that district.

Council Member Filseth inquired how is it assessed.

Ms. Tanner said it is typically focused on areas where a City believes there will be an increase in property tax revenues. Then an increment of funds is set aside to be used for infrastructure in the designated area.

Council Member Filseth gave a scenario of a section of the City that has an industrial intent and the City designates that section to be used for a new use. He inquired if the IFD would require existing facilities to fund the shift to the new use.

Ms. Tanner predicted that the IFD could be used in that way.

Council Member Filseth summarized that it would be revenue-neutral to the City.

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Ms. Nose explained at a basic level, yes, but at a broader level, there are assumed growths to Property Taxes. An IFD caps the growth in a specific area and the growth no longer goes to the general forecast.

Council Member Filseth indicated that the concept is moving funds from one funding bucket to a different bucket and is not a new source of revenue.

Ms. Tanner clarified that the idea is to leverage the funds for bonds.

Council Member Filseth disclosed to voter approval is needed to issue bonds.

Ms. Tanner explained that a recent change was made that voter approval is not needed if the bonds are in an IFD.

Vice Mayor Burt asked if the Property Tax dollars that are placed in an IFD are only the City share dollars of the Property Tax.

Ms. Tanner answered that is correct, but counties can join.

Vice Mayor Burt inquired when will the tax item be coming to Council for discussion.

Ms. Nose stated that any recommendations made by the Committee will be presented to Council in August of 2021.

Vice Mayor Burt was concerned that the proposed timeline was too optimistic and suggested that the Committee review the timeline realistically. He said the more appropriate basis for the scale of a Business Tax was to first consider what the needs are. He pointed out that the EASE framework states that a Business Tax will promote economic development. He disclosed he could not see how a tax would promote economic development, that it may be harmful if the tax is implemented wrong, and that is an incorrect metric for a Business Tax. He noted that a small tax will not be considered onerous compared to the premiums the companies are paying already to be located within the City.

Chair Cormack indicated that she spoke with Catalyst who implements Cal-CHA and connected the group with Staff in Planning and Development Services Department. She shared that the City of Mountain View is already pursuing that path and the City should explore the avenue further. The one negative was that the program is exempt from Property Tax rules. She concurred with Vice Mayor Burt that the timeline is very ambitious, but she believed that the timeline is doable. She advised Staff to draft a table of the ranges of needs in each category for each tax. She asked how much funding did the City provide for the Wilton Court Project.

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Council Member Filseth answered \$22 million.

Chair Cormack suggested that Staff use that project as an example and consider what tax would be needed to build an affordable housing project of that magnitude every year. She acknowledged that the City is facing a capital project deficit and that will continue to grow through the years. She advised the Committee to take a broader approach and explore bonding a general amount. She summarized that the categories she is interested in learning more about included services that the community wants that historically have been paid for by visitors, building affordable housing every year, and capital projects.

Council Member Filseth asked if the City could do a Parcel Tax targeted at a specific sector.

Ms. Stump answered yes.

Ms. Nose agreed, but it cannot be ad valorem.

Council Member Filseth pressed if the tax could be targeted to a specific geography.

Ms. Nose mentioned she has not heard of that, but a boundary map would have to be drawn.

Ms. Stump announced that Staff could explore it.

Mr. Shikada remarked that the boundary criteria is political and that there needed to be a nexus between the charge and who is charged. Also, administering that type of tax would be very complex.

Council Member Filseth requested what the primary challenges would be for that type of targeted tax.

Ms. Stump explained that a nexus has to be shown with the jurisdiction to tax.

Mr. Shikada added that there is the fairness argument as well and those types of challenges are easy to argue against in a campaign.

Council Member Filseth commented that the most direct need is the gap in basic City services. He concurred with Vice Mayor Burt regarding the appropriateness of various mechanisms and that Silicon Valley has generated mass wealth, but has not invested enough in transportation, housing, and social services. He commented that if the region is ever going

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to come into a more sustainable model, the only place to receive the funding was from the technology sector.

Vice Mayor Burt agreed that Silicon Valley has some of the most successful economies in the world, but Cities in Silicon Valley have been stuck at an exceptionally low Business Tax rate. He mentioned that if the City uses the Nexus Study from 2016 for the Affordable Housing Impact Fee, the timeline may be able to be streamlined. He emphasized that there is no perfect tax and every tax has complexities, inequities, and imperfections. He noted that folks who generally oppose a tax will advocate that the City should pursue a tax that will not pass on the ballot. He indicated that the more complex a tax is, the less likely it will pass.

MOTION: Vice Mayor Burt moved, seconded by Council Member Filseth to recommend the City Council approves the workplan for pursuit of a revenue-generating local ballot measure for the November 2022 General Election, with the following focus:

- A. The pursuit of a business tax, and refine the basis for such a tax (e.g. headcount, payroll, square footage, gross receipts, or other);
- B. The pursuit of a utility use-based tax;
- C. Proceed with refinement of estimates and evaluation of potential tax measures, including stakeholder outreach, polling and further feasibility analysis; and
- D. Review of additional information regarding affordable housing funding as directed by the City Council.

Chair Cormack believed by moving the Staff recommendation, the Committee is not providing the answers that has been requested by Staff.

Ms. Nose agreed that at a bare minimum, the Staff Motion is acceptable. She advised the Committee to narrow any components if possible. She informed the Committee that there has been a lot of discussion around square footage as a unit of measure, curing the utility transfer, and exploring further Cal-CHA funding, IFD, and Impact Fees.

Council Member Filseth clarified that his interest in IFD only went as far as a net increase in revenue to the City overall, as opposed to moving the resources from one bucket to another.

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Chair Cormack recommended in Motion Part A to remove “payroll and gross receipts”. She argued that they should be removed because they are too hard to administer.

Council Member Filseth did not support eliminating payroll.

Vice Mayor Burt suspected that further legal guidance is needed regarding a payroll tax. He disclosed that it is a very common tax for Cities throughout the entire country and looked forward to receiving more information on it. He was not comfortable removing gross receipts as well.

Chair Cormack asked if any Committee Members wanted to narrow Motion Part B based on the discussion.

Council Member Filseth said to narrow it to a gas-based tax.

Vice Mayor Burt agreed.

Chair Cormack inquired if Staff was comfortable with that change.

Mr. Shikada preferred to keep the options broad and leave it as a utility-based tax.

Chair Cormack restated if the Committee wished to cure the problem, backfill the potential problem, or wish to use it as a method to fund the additional services not covered going forward.

Vice Mayor Burt indicated that is different from what utility should be taxed.

Ms. Stump commented that both Chair Cormack’s and Vice Mayor Burt’s statements are policy questions that need to be answered. She suggested leaving the language for Motion Part B as-is.

Council Member Filseth agreed to leave the language broad.

Ms. Nose suggested that the Committee rank the tax mechanisms in a preferred order to better guide Staff in their research.

Council Member Filseth articulated square foot and payroll are Tier 1 with the remainder being Tier 2.

Vice Mayor Burt agreed with Council Member Filseth’s ranking order.

Chair Cormack shared that headcount and square footage were her top priorities. She was not interested in pursuing payroll and gross receipts.

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Council Member Filseth acknowledged that headcount may be too complex and payroll is much simpler.

Chair Cormack argued that there are many complexities with payroll as well, but was willing to explore it again if there is new information.

Vice Mayor Burt reminded the Committee that there will have to be a discussion on who will be taxed and who will not be taxed.

Chair Cormack said it will be up to the Committee to do the heavy lifting for Council if the Committee chooses to pursue a headcount and payroll tax.

Vice Mayor Burt affirmed that square footage has been ranked as the first priority.

Council Member Filseth agreed.

Chair Cormack concurred.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, Part A, "...and the preference of square footage as the basis..."

Chair Cormack commented that the work plan is more robust than it was when the Committee last discussed taxes. In terms of affordable housing, she asked if Staff needed any more direction from the Committee.

Ms. Tanner summarized that there was interest from the Committee regarding Cal-CHA and IFD. Of the remaining items on the list, she requested that the Committee prioritize those.

Vice Mayor Burt concurred that the Impact Fees are already coming to Council. He disclosed that during a discussion with Palo Alto Housing, they predicted that with the Impact Fee and a potential Business Tax. Affordable housing funding will triple and developers will be able to leverage those dollars.

Chair Cormack noted that the City of San Jose is exploring a Documentary Transfer Tax.

Council Member Filseth found that concept interesting as well.

Vice Mayor Burt indicated that having multiple taxes on the same ballot is harmful. He suggested either do a Business Tax or a Documentary Transfer Tax, but not both at the same time.

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Council Member Filseth acknowledged that it is hard to do, but he suggested packaging them together.

Chair Cormack wanted to understand how much a Documentary Transfer Tax would generate.

Council Member Filseth also requested more information on a Documentary Transfer Tax.

Vice Mayor Burt believed that a Documentary Transfer Tax would go under Motion Part A as a subset because Motion Part A is about forms of taxes and Motion Part D is about the use of a tax.

Chair Cormack argued that Motion Part A is a Business Tax and a Documentary Transfer Tax is not a Business Tax.

Vice Mayor Burt was comfortable with Staff evaluating Documentary Transfer Tax, but he did not support the implication that a Documentary Transfer Tax is linked to affordable housing.

Ms. Nose explained that a Documentary Transfer Tax can be done as a General Tax as well as a Special Tax.

Council Member Filseth wanted to know how many Documentary Transfer Taxes there are per year that are over \$10 million.

MOTION AS AMENDED: Vice Mayor Burt moved, seconded by Council Member Filseth to recommend that the City Council approves the workplan for pursuit of a revenue-generating local ballot measure for the November 2022 General Election, with the following focus:

- A. The pursuit of a business tax, and the preference of square footage as the basis for such a tax;
- B. The pursuit of a utility use-based tax;
- C. Proceed with refinement of estimates and evaluation of potential tax measures, including stakeholder outreach, polling and further feasibility analysis; and
- D. Review of additional information regarding affordable housing funding as directed by the City Council.

MOTION PASSED: 3-0

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Ms. Nose requested that the Committee recommended to Council direct Staff to bring back the resources to fund Staff's work.

BY ACCLAMATION THE COMMITTEE INCORPORATED INTO THE MOTION to add to the Motion, Part C, "...and bring forward the budget actions necessary..."

Ms. Stump advised the Committee to agree to include the amendment in the motion.

Vice Mayor I AGREE

Council Member Filseth I AGREE

Chair Cormack I AGREE

MOTION AS AMENDED: Vice Mayor Burt moved, seconded by Council Member Filseth to recommend the City Council approves the workplan for the pursuit of a revenue-generating local ballot measure for the November 2022 General Election, with the following focus:

- A. The pursuit of a business tax and the preference of square footage as the basis for such a tax;
- B. The pursuit of a utility use-based tax;
- C. Proceed with the refinement of estimates and evaluation of potential tax measures—including stakeholder outreach, polling and further feasibility analysis—and bring forward the budget actions necessary; and
- D. Review additional information regarding affordable housing funding as directed by the City Council.

MOTION AS AMENDED PASSED: 3-0

Future Meetings and Agendas

Kiely Nose, Administrative Services Director confirmed that the next meeting is on August 17, 2021.

Adjournment: The meeting was adjourned at 8:54 P.M.