



City of Palo Alto

Finance Committee Staff Report

(ID # 10743)

Report Type: Action Items

Meeting Date: 10/15/2019

Council Priority: Fiscal Sustainability

Summary Title: Stakeholder Outreach, Initial Polling, and Discussion of a Potential Ballot Measure

Title: Consideration of Revenue Generating Ballot Measure and Potential Recommendation to City Council to Approve Framework and Direct Staff to Proceed With Stakeholder Outreach and Initial Polling

From: City Manager

Lead Department: Administrative Services

Recommendation

Staff recommends that the Finance Committee review the stakeholder outreach and initial polling framework as outlined in this report and recommend to Council that Council approve the framework and direct staff to begin stakeholder outreach and conduct initial polling for a potential ballot measure.

Background

As part the 2019 Fiscal Sustainability City Council Priority, the Finance Committee has served as the working body throughout development process for a potential revenue measure, including reviewing revenue ballot measure options; reviewing staff, consultant, and stakeholder feedback; and forwarding the Committee's recommendations to Council for review and direction. Throughout this iterative process, several relevant reports were presented to the Committee and Council and are linked below:

2019 Fiscal Sustainability Workplan, 4/22/19, CMR ID 10267:

- <https://www.cityofpaloalto.org/civicax/filebank/documents/70506>

City Council Approve Workplan for a Potential Revenue Generated Ballot Measure, 4/22/19, CMR ID 10261:

- <https://www.cityofpaloalto.org/civicax/filebank/documents/70507>

Finance Committee Review, Comment, and Accept Preliminary Revenue Estimates for Consideration of a Ballot Measure, 6/18/19, CMR ID 10392:

- <https://www.cityofpaloalto.org/civicax/filebank/documents/72101>

Finance Committee Evaluation and Discussion of Potential Revenue Generating Ballot Measures, 8/20/19, CMR ID 10445:

- <https://www.cityofpaloalto.org/civicax/filebank/documents/73071>

City Council Evaluation and Discussion of Potential Revenue Generating Ballot Measures and Budget Amendment, 9/16/19, CMR ID 10615:

- <https://www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?t=59472.38&BlobID=73287>

Finance Committee Approve Revised Workplan to Address the City Council Direction for Further Consideration of a Ballot Measure, 10/1/19, CMR ID 10712:

- <https://www.cityofpaloalto.org/civicax/filebank/documents/73494>

Discussion

Based on direction provided by Council on September 16, 2019, on October 1, 2019 the Finance Committee reviewed and approved the revised workplan timeline (as outlined in [CMR ID 10712](#)). At the October 1st Finance Committee meeting, the Committee provided staff with input, general guidelines, and a proposed framework on how to proceed with polling and outreach efforts. As summarized in this report, staff recommends that the Committee review the polling and outreach framework described in this report and forward this framework to Council for review and approval and direction to proceed.

Proposed Polling

According to the revised workplan, polling will be performed in two phases. The first round of polling will occur in November where the goal of this survey will be to ascertain public opinion and mood towards a revenue generating ballot measure. The questionnaire will be an exploratory 15- to 20-minute survey to assess public reactions to various components of a potential business tax, such as methodology of tax (employee headcount, square footage or payroll), tiering, rates, and exemptions, and mood of the electorate.

In mid-November, the Finance Committee will also receive more refined analysis from the City's consultant, Matrix Consulting Group, on narrowed options, scenarios for rates, exemptions, and tiers. A second refined survey will test the selection of more fully developed model measures later, using analysis and data collected from the initial poll.

Based on the discussion with the Committee, the initial poll should begin with the same methodology used in the [2016 Funding Transportation Improvements Citywide Voter Survey](#). The general framework of polling should address and/or include the following and the actual polling questions will be developed by the consultant and staff:

- Concern about taxation and the economy and whether a business tax ballot measure will be supported if a recession were to occur
- Community opinion of City service delivery, maintaining infrastructure, fiscal management, need for additional funding, responsible spend of resources
- Include open-ended questions about what a potential tax will fund and whether the tax

should be general or specific

- Questions that compel survey responders to choose options or consider trade-offs
- Types of possible exemptions, tiers, and rates to determine the level of taxation and ranges voters believe is appropriate
- Voter opinion on types of exemptions and whether these exemptions will impact certain industries
- Data collection of business segments' demographic profiles

Results of the initial poll will be presented to Council in December 2019 where Council can provide feedback and direction to the City's polling consultant and staff for the second round of polling.

Stakeholder Outreach

Stakeholder outreach was also discussed in the last Finance Committee meeting and, like direction provided to staff for polling, the Committee discussed the general framework for stakeholder outreach and what to consider. As outlined in the revised workplan, stakeholder outreach will occur beginning in late-October and November with the goal of results presented to the City Council in December 2019.

The general framework for stakeholder outreach should:

- Consider the types of businesses to survey and conduct discussions
- Conduct surveys that target small businesses and medium/large businesses
- Strategically select groups and focus
- Engage the community at large and conduct an ongoing dialogue throughout the process
- Ask open ended questions and/or questions that focus on trade-offs

The actual questions and selection of groups and focus will be developed by the consultant and staff.

Resource Impact

Staff expects consulting services of an additional \$175,000 for polling and outreach services. Funding for these services is not currently budgeted, therefore, it is anticipated that staff will bring forward funding requests to Council later this month when the Council reviews this recommended plan.

Policy Implications

This recommendation aligns with existing City policy and City Council direction as part of the 2019 Fiscal Sustainability Workplan.

Environmental Review

This report is not a project for the purposes of the California Environmental Quality Act (CEQA).
Environmental review is not required.