



COUNCIL REPORT

DATE: June 25, 2024

CATEGORY: New Business

DEPT.: City Manager's Office,
City Clerk's Office,
City Attorney's Office

TITLE: **Call a Municipal Election for November 5, 2024, and Place a Ballot Measure Amending Real Property Conveyance Tax**

RECOMMENDATION

Adopt a Resolution of the City Council of the City of Mountain View:

- (1) Calling a General Municipal Election and Ordering Consolidation with the Statewide General Election for the Purpose of Submitting to the Voters One Ballot Measure;
- (2) Authorizing Members of the Council to Author an Argument for the Ballot Measure;
- (3) Directing the City Attorney to Prepare an Impartial Analysis; and
- (4) Authorizing the City Clerk to Contract with the County of Santa Clara for Services to be Performed in Connection with the General Municipal Election to be Held on Tuesday, November 5, 2024, and Related Actions.

To be read in title only, further reading waived (Attachments 1 and 2 to the Council report). (Five votes required)

BACKGROUND

Mountain View is fortunate that its fiscal stewardship over the years has historically produced sufficient financial resources to maintain the high-quality services enjoyed by Mountain View residents today. However, as with most municipalities, repairs, maintenance, and eventual replacement of facilities and infrastructure will continue to be an ongoing need in the future. In addition, new initiatives to address the evolving nature of transportation in modern cities will also require additional financial resources.

At the June 13, 2023 City Council meeting, Council approved the Fiscal Years 2023-24 and 2024-25 Council Work Plan. Included among the Priority A work plan items is direction to: “Explore the feasibility of a potential 2024 revenue measure” to address areas of interest to residents.

On September 12, 2023, a Study Session was convened to review needs and interest in funding mechanisms that the City Council could consider. The Study Session provided Council with an overview of the following: critical unfunded Mountain View priorities; regional and statewide ballot measures; existing Citywide revenues and rates; regional revenue rates and potential City revenue increases; and an overview of the revenue measure adoption process.

At the conclusion of the Study Session, Council indicated support for exploring:

1. Resident interest in a potential 2024 revenue measure.
2. Creating an ad hoc committee consisting of Vice Mayor Matichak, Councilmember Ramirez, and Councilmember Ramos to review potential funding options.
3. Focusing on several general tax options, including (50 + 1) revenue types like Transient Occupancy Tax and Utility User Tax (by utility type).

The ad hoc subcommittee met five times over five months and recommended that a survey be performed for amendments to increase the City’s Transient Occupancy Tax (TOT) (Chapter 33 of the Mountain View City Code) and Real Property Conveyance Tax (Article V, Chapter 29 of the Mountain View City Code), also known as a Property Transfer Tax (PTT). On May 14, 2024, the City Council received a presentation of the initial (first, one of two statistically valid surveys) results and additional data regarding the types of property transactions that could be subject to an increase in the property transfer tax.

Following are the key observations provided at the May 14 Council meeting from the initial survey:

- Voters are optimistic about the direction of the City.
- Mountain View constituents feel the City is going in the right direction and are satisfied with their services as well as the City’s fiscal management, a marked departure from many municipalities in California.
- Housing affordability is by far the most prominent top-of-mind concern.

- Initial support for a Transient Occupancy Tax (TOT) option is just above the 50% threshold. The level of support is not significantly impacted by the order in which respondents are presented with it in the survey.
- Initial support for a PTT option is above 60%.
- Potential measure components related to public safety and road/street infrastructure are high priorities for funding.
- Additional information increases support for a TOT, while support for a PTT remains consistent.

Proposed Real Property Conveyance Tax Ballot Measure

Due to the initial support for the PTT measure, the Ad Hoc Subcommittee recommended Council consider proceeding with solely the PTT measure for the 2024 election. The proposed ballot measure would amend the City's existing Real Property Conveyance Tax Ordinance, codified in Article V of Chapter 29 of the Mountain View City Code, which has not been updated since 1973. The proposed amendment would increase the tax for property sales above \$5 million to \$15 per \$1,000. At the meeting, several Councilmembers asked about the possibility of incorporating some form of escalation factor or increasing the proposed threshold from \$5 million to \$6 million.

Furthermore, at the conclusion of the meeting, Council directed staff to continue community and stakeholder outreach regarding service needs and feedback on the PTT measure and come back to Council with recommended action at the June 25, 2024 City Council meeting, including a review of possible indexing and additional revenue projections.

ANALYSIS

Community Information, Outreach, and Stakeholder Engagement

Since the May 14, 2024 Council meeting, staff developed and implemented broad outreach and engagement to residents and other stakeholders. Feedback was solicited from the community and stakeholders both online and through a mailer. In addition, two scientific voter surveys were conducted. The first survey results were discussed at the May 14, 2024 Study Session (Attachment 3), and the second survey results will be discussed at the June 25, 2024 meeting.

The Revenue Measure project team, in conjunction with the Communications Division, developed a comprehensive communications and outreach plan, including multilingual resources in English, Spanish, Chinese, and Russian for the community to learn more and offer feedback. Though this outreach was on an expedited timeline, City leadership actively met with and

presented to a cross-section of community members, groups, and business leaders up to the publishing of the Council agenda for June 25, 2024. This includes both members of the public who have interests or concerns about the measure under consideration.

Community information has included an informational webpage, www.MountainView.gov/JointheConversation, which included a community feedback form and FAQs and a mailer to all registered voter households with a tear-off card for mail-in feedback. The City provided information in *The View* newsletter and e-newsletter, the *City Hall Connection*, and information on all other City communication channels, including social media. Staff also attended larger meeting venues, such as City advisory body meetings, the Mountain View Chamber Policy Committee, and small group meetings with private and commercial interest groups. In addition, staff attended community-based organizations and Neighborhood Association community social events. **The communication and outreach is summarized in Figure 1.**

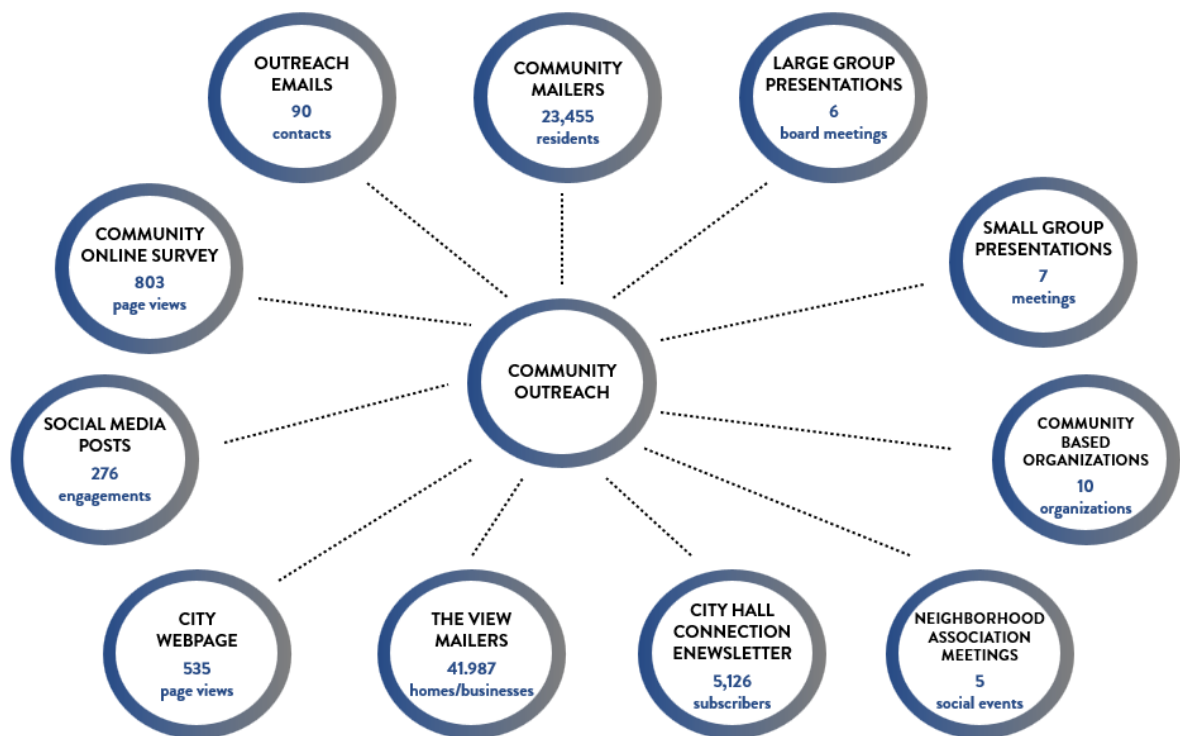


Figure 1: Communication and Outreach Summary

Community Feedback

As previously mentioned, the City mailed 23,455 informational mailers about the City’s fiscal need for “keeping Mountain View Safe and Prepared for the future.” The informational mailers included a tear-off community form asking residents to rank the priorities identified in the survey

from 1 to 6 and provide additional priorities and comments if desired. The informational mailer also included a QR code to the City’s Informational page, FAQs, and an online community survey, which offered the opportunity to give feedback in English, Spanish, Chinese, and Russian. This online survey closed on June 17, 2024 (the data reflected below is through June 13, 2024 due to Council report deadlines).

Since the mailout, the City Manager’s Office received and analyzed 693 community survey responses, including 248 returned mailers and 445 online survey forms. Among all responses shared, “maintaining 9-1-1 medical and disaster response” is the top priority for most community residents. Improving public safety, emergency response, crime prevention, and addressing homelessness were also top priorities for the community.

Residents also expressed support for fixing potholes, improving pedestrian and bicycle safety, as well as repairing streets and sidewalks. **A breakdown of the priorities which ranked No. 1 is shown below in Figure 2.**

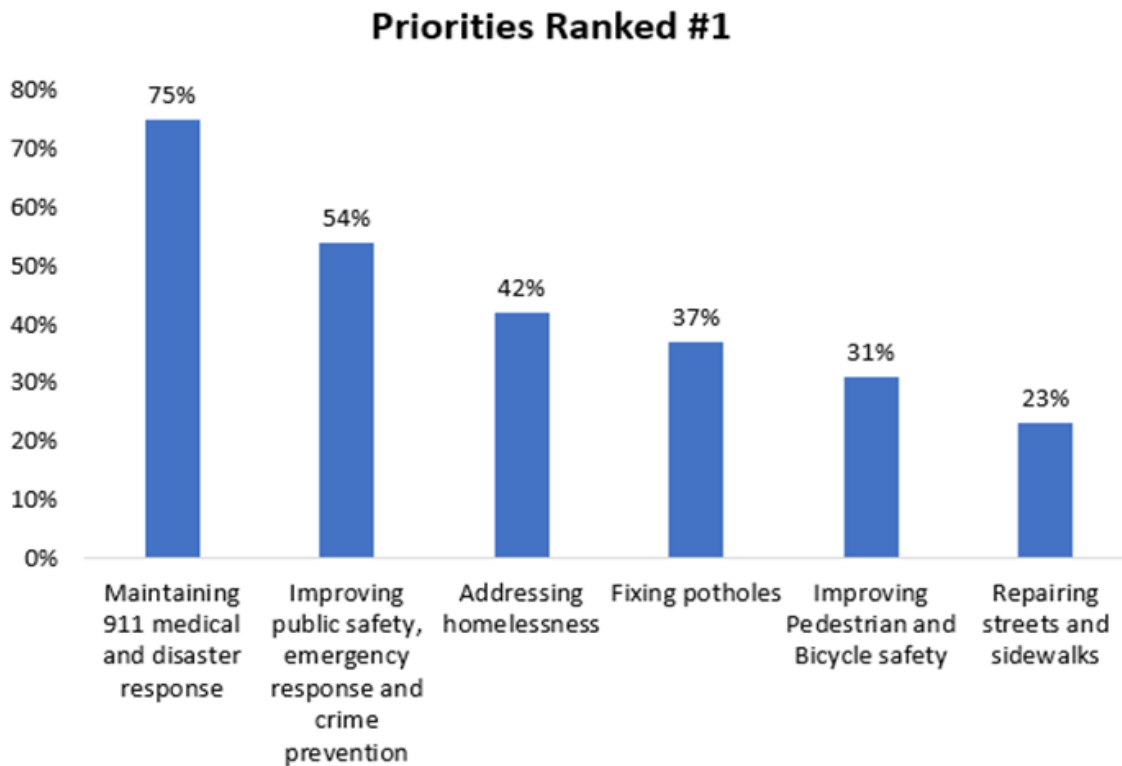


Figure 2: Top Community Priorities

While the total number of surveys received was 693, with the majority coming from online responses, the online survey did not authenticate Mountain View-only residents. However, the 248 returned mailers were from registered voter households in Mountain View who voiced their top priorities. **A chart of the received mailer responses is shown in Figure 3.**

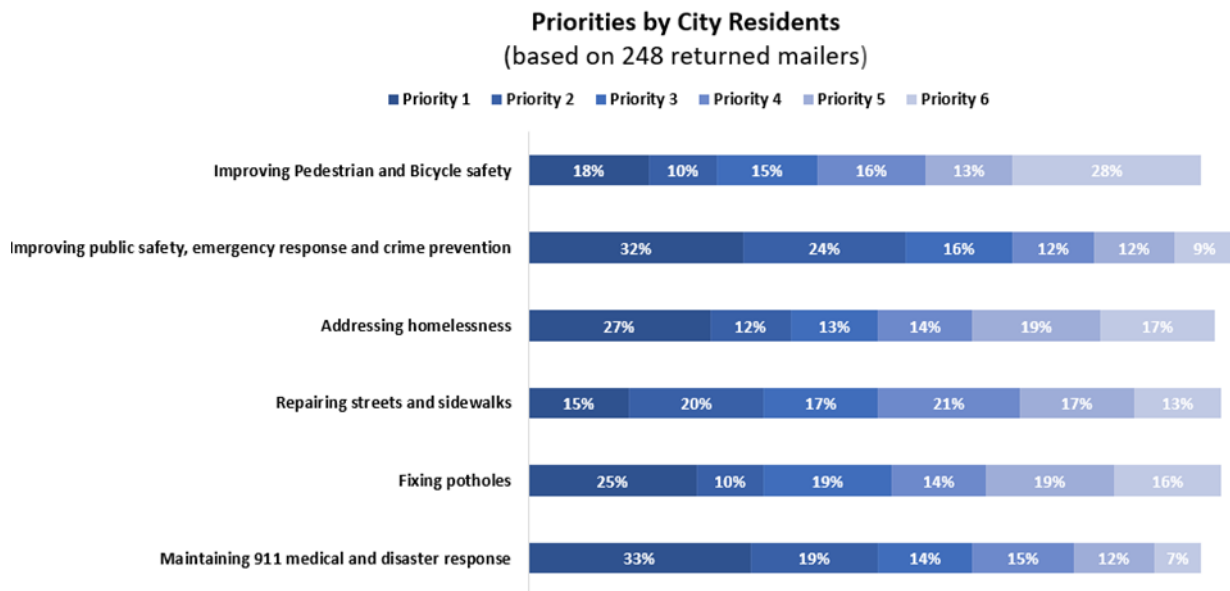


Figure 3: Priorities by City Residents

Responses from the returned mailers also correspond with the overall No. 1 ranked priorities. As such, maintaining 9-1-1 medical and disaster response is most importantly valued at 33%, followed by improving public safety, emergency response, and crime prevention at 32%, and addressing homelessness at 27%. It is also worth noting that fixing potholes rises to the top four priorities, followed by improving pedestrian and bicycle safety and repairing streets and sidewalks.

Other/Write-In Feedback

In addition to the quantitative priority ranking responses, the City provided an opportunity for an open question for respondents to write in other priorities. This additional qualitative feedback included such priorities and comments (not listed on the survey) as proactive comments about the City’s existing efforts, comments related to the high costs of living, comments about the visible potholes along El Camino Real (Caltrans jurisdiction), and comments about the need for downtown revitalization and storefront activation, among other comments.

Advisory Body Outreach and Community Meetings

The Revenue Measure project team coordinated and scheduled various informational group meetings with key stakeholders and private and commercial interests. This engagement process included informational PowerPoint presentations at several City advisory body meetings and external interest group meetings. Committee members were engaged and asked meaningful questions. While additional stakeholder meetings are still under way, the general sentiment has been positive to neutral, and the community is receptive to the conversations around the need to keep Mountain View safe and prepared for the future.

Additional Revenue Projections

During Council deliberations, several Councilmembers asked about the possibility of incorporating some form of escalation factor or increasing the proposed threshold from \$5 million to \$6 million. During the meeting, staff presented the following data on the number of property sales at the \$5.0 million threshold.

Fiscal Year	Residential	Commercial	Total
2019-20	0	22	22
2020-21	2	9	11
2021-22	3	30	33
2022-23	0	7	7
2023-24 (through March)	3	7	10
Total	8	75	83

For the five-year period, all transactions totaled \$3,344,331,544. For the same period, the eight residential transactions totaled \$46,725,500, and the 75 commercial transactions totaled \$3,297,606,044.

Staff completed a similar analysis, including the property transfers between \$5 million and \$6 million. As the table below illustrates, increasing the threshold to above \$6 million resulted in six residential property transfers and 15 commercial transfers not being subject to the proposed tax.

Fiscal Year	Residential	Commercial	Total
2019-20	0	3	3
2020-21	1	0	1
2021-22	2	6	8
2022-23	0	3	3
2023-24 (through March)	3	3	6
Total	6	15	21

Those 21 property transfers accounted for an additional \$32,725,000 in residential value and \$82,843,272 in commercial transaction value.

Fiscal Year	Residential Sales Value	Commercial Sales Value	Total
2019-20	-0-	\$16,775,000	\$ 16,775,000
2020-21	5,477,000	-0-	5,477,000
2021-22	10,700,000	32,901,000	43,601,000
2022-23	-0-	16,650,000	16,650,000
2023-24 (through March)	16,548,000	16,517,272	33,065,772
Total	\$32,725,500	\$82,843,272	\$115,568,772

Staff recommends increasing the transfer threshold to \$6 million rather than incorporating some form of escalator. Increasing the threshold amount accomplishes the same outcome as an escalator without the unnecessary complication of future administrative updates. In addition, as illustrated in the tables, the increase has a de minimis effect on the overall revenue measure and comports with some of the feedback received from stakeholder groups.

Recommended Actions

1. Submit Ballot Question for November 5, 2024 Election

Staff recommends submitting the following ballot question for the community’s consideration at the November 5, 2024 election:

“Shall the measure to provide additional funding for services that protect local property values, including 9-1-1 emergency medical/disaster response; street, sidewalk and pothole repairs; affordable housing support; and other general government services, by raising the City of Mountain View's existing voter-approved property transfer tax, imposed on residential/commercial property sales above \$6,000,000 only, up to \$15.00 per \$1,000, generating about \$9,500,000 in locally controlled funding annually until ended by voters, with independent audits, be adopted?”

A ballot measure to modify the Real Property Conveyance Tax requires a two-thirds vote pursuant to California Government Code Section 53724(b), which is a 5/7 vote of the City Council, to place it on the ballot. A general tax can be expended on any general government program, service, or capital need at the discretion of the local government’s governing body

(in this case, the Mountain View City Council). A simple majority vote (50% of voters plus one additional voter) is required for approval of a general tax.

2. Authorize Preparation of Argument in Favor of Ballot Measure

If adopted by Council, **staff recommends the Council authorize at least one, but no more than three, Councilmembers to prepare an argument in favor of the proposed ballot measure.** At the designee's/designees' discretion, the argument may also be signed by bona fide associations or by individual voters eligible to vote in Mountain View in accordance with the California Elections Code. Pursuant to California Elections Code Section 9287(a), this argument would be given preference and priority over any other argument submitted in favor of the ballot measure.

If multiple arguments in favor of or against the ballot measure are submitted to the City Clerk, they shall be prioritized in accordance with California Elections Code Section 9287. If multiple arguments are submitted that meet the same priority, an argument from multiple bona fide associations will be selected by the City Clerk based on the following criteria: the length of time the association has been in existence and the number of members enrolled in the association. If the above criteria are equal in all arguments, the City Clerk will determine which argument will be published by random selection to be posted to the City's website the business day following the deadline for submission of arguments.

3. Direct the City Attorney to Prepare Impartial Analysis Pursuant to California Elections Code Section 9280

Section 9280 of the California Elections Code allows the Council to direct the City Attorney to "prepare an impartial analysis of the measure showing the effect of the measure on the existing law and the operation of the measure" which shall not exceed 500 words in length. Attachment 1 provides this direction to the City Attorney.

4. Authorize the City Clerk to Contract with the County of Santa Clara for Services to Be Performed in Connection with the November 5, 2024 Election and Related Actions

The City Clerk will be contracting with the County to conduct the November 5, 2024 election for the four Councilmember seats and for this proposed ballot measure, as detailed in Attachment 1. The City Clerk shall also set City specific ballot measure deadlines that will be available on the City's website and at the City Clerk's Office. The City Clerk's deadlines

must be met in order to meet those of the County. Provided below are pertinent Santa Clara County's Registrar of Voters' ballot measure deadlines:

- August 13, 2024: Deadline for submitting primary arguments in favor of or against a measure.
- August 20, 2024: Deadline to submit rebuttal arguments to primary arguments in favor of and against a measure and impartial analysis.

Allocation Funding Strategy

In addition, given the robust response to outreach efforts and strong community engagement, staff recommends allowing the measure dialogue to continue over the summer and into the election. The City will provide information to the community during this time, primarily through the City website. **As such, staff is not recommending an allocation funding strategy at this time.**

FISCAL IMPACT

The revenue measure consulting services have already been funded in the Fiscal Year 2023-24 Adopted Budget (limited-period, \$250,000), and there are sufficient resources to complete the preparation of this item for the ballot. The funding for the elections processes, including estimated costs for the ballot measure Registrar of Voters (ROV) fees, is included in the Fiscal Year 2024-25 Recommended Budget in the City Clerk's Office operating budget.

If approved by voters in November, the estimated additional revenue generated by the addition of the Conveyance Tax tier is estimated to be approximately \$9,500,000 (subject to change) on average annually, depending on transaction volume and sale amounts. These funds would be locally generated and, therefore, only available for use by the City. In addition, they would enable the City to invest in the top community priorities as expressed by residents and discussed above.

ALTERNATIVES

1. Do not adopt the recommended resolution.
2. Provide other direction to staff.

PUBLIC NOTICING—Agenda posting.

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- Attachments:
1. Resolution
 2. Exhibit A to Resolution—Amended Real Property Conveyance Tax Ordinance
 3. City Council Presentation—May 14, 2024