City of Mountain View

COUNCIL REPORT

DATE: June 23, 2026

CATEGORY: New Business

DEPT.: City Manager's Office

TITLE: **Call a Municipal Election for November 3, 2026, and Place a Measure for Transient Occupancy Tax on the Ballot**

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 a Ballot Measure to Amend Mountain View City Code Section 33.2 to Authorize City Council to Increase the City's Transient Occupancy Tax; (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 3, 202, to be read in title only, further reading waived (Attachment 1 to the Council report).

BACKGROUND

The Fiscal Years 2025-26 and 2026-27 Council Work Plan includes an item to pursue a 2026 revenue measure to seek additional funding for priority community projects and services. On September 23, 2025, the Council approved a 2026 Revenue Measure Ad Hoc Sub-Committee and assigned the members of the Council Finance Committee (CFC) to the Subcommittee to begin this work.

At the first Ad Hoc Committee meeting on October 22, 2025, the Committee directed staff to develop a survey instrument and potential ballot question for consideration of a General Obligation Bond (GO) measure to address the City's significant long-term capital needs to build the *Mountain View of Tomorrow.*

At the second Ad Hoc Committee meeting on December 2, 2025, staff received feedback and recommendations from the Committee on the survey instrument and potential ballot question, as well as direction to conduct the initial baseline poll starting in January 2026.

At the third Ad Hoc Committee meeting on February 25, 2026, the Committee received the initial poll results and provided recommendations on refining the survey instrument and the potential ballot question, as well as direction to conduct a second poll starting in March 2026.

At the fourth Ad Hoc Committee meeting on April 24, 2026, the Committee received the 2nd poll results and provided recommendations to staff on refining the survey instrument and a potential ballot question, and on moving forward with the third poll in May 2026.

At the fifth Ad Hoc Committee meeting on June 4, 2026, the Committee received the final poll data and additional Transient Occupancy Tax (TOT) information. At the conclusion of the meeting, the Committee provided direction to present the City Council with the TOT revenue measure option.

Community Outreach and Feedback

The City mailed 40,838 informational mailers about the City's need for *Building the Mountain View of Tomorrow Together*. The informational mailers included a tear-off form asking residents to rank the survey-identified priorities from 1 to 6 and to provide additional priorities and comments, if desired. The informational mailer also included a QR code to the City's Informational webpage with a link to take the survey online.

Since the mailing, the City Manager's Office received and analyzed 1,257 community survey responses, including 192 returned mailers and 1,065 online survey forms. Among all responses shared, "Streets & Roads" is the top priority for most community residents, followed by "Public Safety", "Affordable Housing", and "Local Parks."

Residents also provided feedback on a range of other issues, including oversized vehicles, commercial vacancies, appliance electrification, parking, pickleball courts, and road diets.

In addition to the survey, staff also informed the community about a potential revenue measure through the following: City webpage – www.MountainView.gov/Listens; *The View* newsletter sent to every household; State of the City; and the FY 2026-27 Budget Transmittal Letter.

ANALYSIS

Potential Revenue Measure – Transient Occupancy Tax Modernization

During deliberations for the 2024 ballot initiative, the Council considered amending the City's Transient Occupancy Tax (TOT). TOT is a tax assessed on hotel and motel per-room occupancies. This tax is self-reported quarterly by hotels and motels within the City limits, and compliance audits are conducted periodically. Occupancy by government employees on official business and stays exceeding 30 consecutive days are exempt from the tax.

Voters last amended the City's Transient Occupancy Tax (TOT) in 1991, increasing the TOT rate from 8% to 10%. Since that time, many neighboring jurisdictions have increased their TOT rates.

As a result, **Mountain View currently has one of the lowest TOT rates among major Silicon Valley and Bay Area cities**.

TOT Peer Comparison

City	TOT Rate	Effective Tax Rate
Palo Alto	15.5%	
Anaheim	15%	17%
Los Angeles	14%	16%
Milpitas	14%	
Oakland	14%	16%
San Francisco	14%	17.5%
San Diego	13.75%	15.75%
Santa Clara	13.5%	17.5%
Long Beach	13%	
Sunnyvale	12.5%	
Campbell	12%	
San Jose	12%	16.5% to 17.1%
Sacramento	12%	13%
Freemont	10%	
Mountain View	**10%**	

If approved by voters, the City's maximum allowable TOT rate would become comparable to many neighboring jurisdictions. **Staff reviewed TOT rates throughout Silicon Valley and the Bay Area and found that the proposed increase would maintain Mountain View's competitiveness within the regional lodging market.**

The City currently has 19 hotels ranging from budget accommodation to upscale offerings, with individual hotels ranging in size from 17 to 255 rooms and representing approximately 1,780 hotel rooms citywide. Since Fiscal Year 2023-24, TOT revenues have increased from approximately $8.0 million to more than $11.0 million annually, reflecting continued strength in the local hotel market and business travel activity. Even with a rate increase, the tax would continue to be paid primarily by visitors rather than Mountain View residents.

The table below illustrates the estimated additional annual revenue that would have been generated historically and is projected to be generated during the forecast period, under various TOT rate increase scenarios. Based on historical revenues, a TOT increase between 2% and 5% would have generated approximately $1.6 million to $5.5 million in additional annual revenue. Based on the current forecast, a TOT increase between 2% and 5% is expected to generate

approximately $2.1 million to $5.4 million in additional annual revenue between Fiscal Years 2026-27 and 2028-29.

TOT Funding Scenarios

	FY 2023-24	FY 2024-25	FY 2025-26 Estimated	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast
Baseline TOT	$7,961,020	$10,564,518	$11,022,400	$10,356,000	$10,562,000	$10,772,000
2% Inc	$1,592,204	$2,112,904	$2,204,480	$2,071,200	$2,112,400	$2,154,400
3% Inc	$2,388,306	$3,169,355	$3,306,720	$3,106,800	$3,168,600	$3,231,600
4% Inc	$3,184,408	$4,225,807	$4,408,960	$4,142,400	$4,224,800	$4,308,800
5% Inc	$3,980,510	$5,282,259	$5,511,200	$5,178,000	$5,281,000	$5,386,000

Ballot Language

Staff recommends the following ballot question for Council consideration and adoption:

"Shall the measure to provide locally controlled funding for repairing potholes, streets and sidewalks, improving police, fire, and 911 emergency response services, supporting affordable housing, and adding new parks, and other general government services by authorizing City Council to increase the CityofMountainView's existing Transient Occupancy Tax paid by hotel and short-term rental guests from 10% up to 15%, generating up to $5,200,000 annually until ended by voters, with independent audits, be adopted?"

Next Steps

If the Council adopts the Resolution to place a ballot question seeking to increase the City's TOT rate by up to 15%, and if approved by voters in November, staff will return to the Council to consider a new TOT rate. Other milestones include:

- August 7, 2026: Last day for resolutions calling a measure.
- TBD: Deadline for submitting primary arguments in favor of or against a measure.
- August 12, 2024: Last day to amend or withdraw a measure.
- TBD: Deadline for submitting rebuttal arguments to primary arguments in favor of and against a measure.
- TBD: Deadline for submitting impartial analysis.
- Nov/Dec: Return to Council to consider a new TOT rate.

FISCAL IMPACT

Revenue measure consulting services are included in the Adopted Fiscal Year 2025-26 Budget through a limited-period appropriation of $250,000, and sufficient funding is available to complete preparation of the ballot measure. Funding for election-related costs, including Registrar of Voters (ROV) fees and associated election administration expenses, is included in the Fiscal Year 2026-27 Recommended Budget within the City Clerk's Office budget.

If approved by voters in November, the potential increase in the City's Transient Occupancy Tax from a rate of 10% to 15% is estimated to generate up to approximately $5.2 million annually in additional locally controlled revenue. Actual revenues will vary based on hotel occupancy levels, average room rates, business travel activity, tourism demand, and overall economic conditions.

Because these revenues would be locally generated, they are generally protected from state reallocation and would provide an ongoing General Fund source to support municipal services, infrastructure maintenance, public safety, parks, affordable housing initiatives, and other Council priorities.

LEVINE ACT

California Government Code Section 84308 (also known as the Levine Act) prohibits city officials from participating in any proceeding involving a "license, permit, or other entitlement for use" if the official has received a campaign contribution exceeding $500 from a party, participant, or agent of a party or participant within the last 12 months. The Levine Act is intended to prevent financial influence on decisions that affect specific, identifiable persons or participants. For more information see the Fair Political Practices Commission website: www.fppc.ca.gov/learn/pay-to-play-limits-and-prohibitions.html

Please see below for information about whether the recommended action for this agenda item is subject to or exempt from the Levine Act.

EXEMPT FROM THE LEVINE ACT

☒ General policy and legislative actions

ALTERNATIVES

1. Do not adopt the recommended resolution to call a municipal election for November 3, 2026, requesting that the County consolidate the municipal election with the general election on November 3, 2026.

2. Do not adopt the recommended resolution, submitting to the qualified electors of the City at the November 3, 2026, consolidated general election a measure to amend Chapter 33, Transient Occupancy Tax, of the Mountain View City Code relating to Section 33.2, Tax Imposed.

3. Do not adopt the recommended resolution for the Mountain View City Code relating to the imposition of Transient Occupancy Tax up to 15%.

4. Provide other direction.

PUBLIC NOTICING—Agenda posting.

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Attachment: 1. Resolution