



DATE: December 4, 2018

CATEGORY: Consent

DEPT.: Finance and Administrative Services

TITLE: **Authorize Addition of 0.5 FTE
Account Clerk I/II Position for the
Recently Voter-Approved
Restructured Business License Tax**

RECOMMENDATION

Authorize the addition of a 0.50 FTE Account Clerk I/II position and appropriate \$66,000 in the Finance and Administrative Services Department for the administration of the recently voter-approved restructured Business License Tax. (Five votes required)

BACKGROUND

On November 6, 2018, the voters of the City of Mountain View approved Measure P, which restructures the Business License Tax. The new structure is an incremental, progressive, tax based on the number of employees and more complex than the current tax structure of a basic \$30 tax per business (for the majority of businesses). The new tax is structured into tiers and is phased in over a three-year period, with the first phase of the new tax rates effective January 1, 2020.

ANALYSIS

The current Business License system is a simple system and is unable to accommodate the new, more complex Business License Tax structure; therefore, a new system is required to be implemented. Staff is in the initial stages of developing the specifications in order to be able to issue a Request for Proposal (RFP) for a new system. A new system to issue the Business License renewals with the new tax rate effective January 1, 2020 will need to be implemented by November 2019. Staff currently does not have the capacity to support the RFP process, implement a new system, and administer the more complicated Business License tax structure.

It was anticipated additional staff would be necessary to administer the new Business License Tax and rate structure. With the passage of Proposition P, staff is now requesting additional resources. The City Council recently authorized the addition of a 0.50 FTE Account Clerk I/II for administration and collection for the Short-Term Rental

(STR) program. Staff is requesting an additional 0.50 FTE Account Clerk I/II to combine with the existing 0.50 FTE and believes a full-time position would maximize the likelihood of an effective recruitment and will be sufficient to administer both programs.

The STR program will begin having an impact on workload in the next month. The additional one-half position would provide additional resources to support the workload of implementing a new Business License system and the ongoing administration of the new tax structure thereafter.

FISCAL IMPACT

The annual cost for an additional 0.50 FTE Account Clerk I/II position is \$66,000 and would be funded from the General Operating Fund. Although the revenues for the program may not begin until Fiscal Year 2019-20, there is a sufficient balance in the General Operating Fund for the current fiscal year. For Fiscal Year 2019-20 and thereafter, the revenues resulting from both the STR program and Business License Tax restructuring will be more than sufficient to fund this position in the General Operating Fund.

ALTERNATIVES

1. Postpone the request for the additional position for administration of the Business License Tax restructuring until the Fiscal Year 2019-20 Budget and delay the implementation of a new Business License system and the new Business License Tax and rate structure.
2. Approve more resources than requested.
3. Provide other direction.

PUBLIC NOTICING – Agenda posting.

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