



COUNCIL REPORT

DATE: September 10, 2024

CATEGORY: Other Business

DEPT.: City Manager's Office

TITLE: **Measure G Programmatic Goals and Spending Priorities**

RECOMMENDATION

Adopt a Resolution of the City Council of the City of Mountain View Establishing Programmatic Goals and Spending Priorities for General Tax Revenue Generated by Measure G (Real Property Conveyance Tax Measure), if Passed by Mountain View Voters, to be read in title only, further reading waived (Attachment 1 to this Council report).

BACKGROUND

At the June 13, 2023 City Council meeting, Council approved the Fiscal Years 2023-24 and 2024-25 Council Work Plan. Included among Priority A work plan items was a project to "explore the feasibility of a potential 2024 revenue measure." On September 12, 2023, discussions of a potential 2024 revenue measure began in earnest with the convening of a Study Session. Among other items, the Study Session provided Council with an overview of critical unfunded Mountain View priorities. 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 to funding other needs like affordable housing, new parks, and active transportation projects.

On June 25, 2024, the City Council approved, by unanimous vote, the placement of Measure G on the ballot for the November 5, 2024 General Municipal Election for voter consideration. Provided below is the ballot language as it will appear on November 5, 2024:

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?

Measure G is a general tax measure, which means, if passed, the revenues may be used for any general governmental purpose. The funds from a general tax are fully discretionary for any and all governmental purposes and are deposited into the City's General Fund. A majority vote (50% + 1) of the electorate is required for the measure to pass. However, over the years the City has often tried to align programmatic goals with new revenue sources. The Analysis section will review current unfunded goals, prior allocations of new revenue streams, and programmatic options for Measure G revenues if passed by Mountain View voters.

ANALYSIS

As mentioned, the City endeavors to align unfunded programmatic goals with new revenue sources. The City currently has multiple unfunded program areas, which were discussed by Council during the ballot measure deliberations. Provided below are some examples of those areas:

Public Safety—The City's public safety administration building and two of the fire stations will be reaching the end of their useful lives and require replacement or extensive renovations. For more than 20 years, the City has studied and discussed the need for constructing a new public safety administration building, which houses the Police Department, Fire Department administration, emergency operations center, and 9-1-1 emergency dispatch. The current building is antiquated and does not meet modern seismic standards.

Pedestrian/Cyclist Safety—Another major priority of the City is to improve pedestrian and cyclist safety and access as well as traffic and railroad operational safety. The City is committed to improving safety in a variety of transit spaces, including cyclist and pedestrian safety, increasing safety measures around railroad crossings, and continuing to provide Safe Routes to Schools programs that help Mountain View students.

Parks/Open Space—The City currently has an open space goal to provide three acres of open space for every 1,000 residents. However, there are specific planning/neighborhood areas within the City that are not reaching this goal and do not have identified funding to purchase new parks or expand existing ones. Based on current data, the City is expected to create, on average, one to two new parks per year through the year 2030.

Affordable Housing—The City is, and will continue to be, a statewide leader in the development and preservation of affordable housing. Notably, the City is the only agency in Santa Clara County to have achieved the State's "Prohousing" designation. The City has nine affordable housing projects and three land dedications in the pipeline, totaling over 1,360 units. These affordable housing projects are not fully funded.

Carbon Neutrality Goals—As a leader in local climate action and in recognition of the serious threat of climate change, Mountain View is committed to achieving carbon neutrality. In 2020,

in response to state, national, and internal action on climate change, the City adopted a goal of carbon neutrality by 2045. The City also provides leadership in the Countywide climate collaborative and co-chairing the sea level rise working group of the collaborative. Implementing projects to advance a sustainable future with zero carbon emissions requires a significant funding plan.

Prior Programmatic Goals and Spending Priorities

2018 Business License Tax, Measure P

In 2018, the City Council opted to align the potential new revenues from the proposed business license ballot measure (Measure P) with transportation and mobility improvements. With the passage of Measure P, Council directed 80% of the new revenues toward transportation and innovative transit solutions to improve traffic congestion in the City, including, but not limited to, bicycle-pedestrian-vehicle-separated routes across the railroad tracks, new transit systems to employment centers, and the community shuttle.

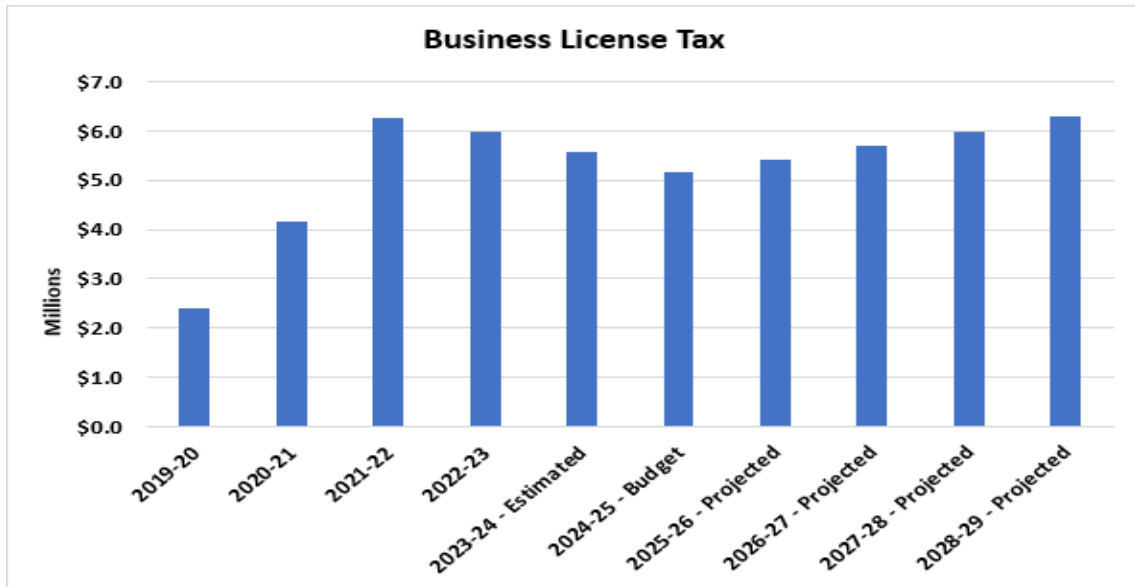
In addition, 10% of the remaining revenue was directed toward affordable housing, including, but not limited to, permanent supportive housing for the homeless and work-force housing for moderate-income residents.

The remaining funds were directed toward other permissible government purposes, including, but not limited to, Police, Fire, and medical response public safety services.

Spending Priorities—2018 Business License Tax, Measure P	
80%	Transportation and Mobility Improvements
10%	Affordable Housing
10%	Other Permissible Government Purposes

Fiscal Year 2023-24 business license tax revenue is currently estimated at \$5.6 million, a 6.9% decrease compared to the prior fiscal year. This is due primarily to decreased employee head count being reported by the major employers in the City as a result of employee layoffs over the past few years. Staff is projecting additional layoffs in Fiscal Year 2024-25, with a budgeted revenue decrease of 7.4%, resulting in projected revenue of \$5.2 million.

Since passage of Measure P in 2018, approximately \$24 million of new revenue has been generated.



2018 Moffett Gateway Development

The City of Mountain View entered a public-private partnership to develop the City-owned property adjacent to U.S. 101 along Moffett Gateway Boulevard. The City executed a long-term ground lease for the Ameswell Hotel for an initial term of 55 years with four 10-year extensions under a set of specified terms. In 2018, Council earmarked this revenue, along with Transient Occupancy Tax and sales tax generated from the property, for the Police/Fire Administration Building project.

As the table below illustrates, the project currently provides approximately \$4.1 million in annual revenue and has accumulated a fund balance to date of approximately \$19.5 million towards a new public safety building. This revenue will continue to annually generate funding through the term of the lease.

Ameswell Property Revenue to Date	
FY 2017/18	\$35,000
FY 2018/19	\$1,426,085
FY 2019/20	\$1,463,933
FY 2020/21	\$1,642,498
FY 2021/22	\$2,782,757
FY 2022/23	\$3,874,784
FY 2023/24	\$4,115,196
FY 2024/25	\$4,126,500
Total	\$19,466,753

Recommended Programmatic Goals and Spending Priorities

Given the existing funding allocations referenced above and considering current outstanding programmatic goals, staff believes the following approach is reasonable in the event Measure G is approved by Mountain View voters.

Recommended Spending Priorities—2024 Property Transfer Tax, Measure G	
35%–40%	Public Safety Facilities
30%–35%	Parks and Open Space
20%–25%	Affordable Housing
5%–15%	Other General Government Services (Road maintenance, small business support, homelessness prevention, active transportation, biodiversity, work force development)

This suggested approach creates an allocation toward parks and biodiversity goals, while continuing to build on public safety, transportation, and affordable housing goals. In addition, it maintains additional resources for other general governmental services.

FISCAL IMPACT

The funding for the elections processes, including estimated costs for the ballot measure Registrar of Voters (ROV) fees, are included as limited period funding in the Fiscal Year 2024-25 Adopted Budget in the City Clerk’s operating budget.

If approved by voters in November, the estimated additional annual revenue generated by Measure G is approximately \$9.5 million on average. These funds would be locally generated and, therefore, immune from seizure by the state.

PUBLIC NOTICING—Agenda posting.

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AA/JO/1/CAM
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Attachment: 1. Resolution Outlining Programmatic Goals