



**TOWN OF LOS GATOS
SPECIAL MEETING OF THE TOWN COUNCIL AGENDA
AUGUST 11, 2022
TELECONFERENCE
3:00 PM**

*Rob Rennie, Mayor
Maria Ristow, Vice Mayor
Mary Badame, Council Member
Matthew Hudes, Council Member
Marico Sayoc, Council Member*

PARTICIPATION IN THE PUBLIC PROCESS

How to participate: The Town of Los Gatos strongly encourages your active participation in the public process, which is the cornerstone of democracy. If you wish to speak to an item on the agenda, please follow the participation instructions on page 2 of this agenda. The time allocated to speakers may change to better facilitate the Town Council meeting.

Effective Proceedings: The purpose of the Town Council meeting is to conduct the business of the community in an effective and efficient manner. For the benefit of the community, the Town of Los Gatos asks that you follow the Town's meeting guidelines while attending Town Council meetings and treat everyone with respect and dignity. This is done by following meeting guidelines set forth in State law and in the Town Code. Disruptive conduct is not tolerated, including but not limited to: addressing the Town Council without first being recognized; interrupting speakers, Town Council or Town staff; continuing to speak after the allotted time has expired; failing to relinquish the podium when directed to do so; and repetitiously addressing the same subject.

Deadlines for Public Comment and Presentations are as follows:

- Persons wishing to make an audio/visual presentation on any agenda item must submit the presentation electronically, either in person or via email, to the Clerk's Office no later than 3:00 p.m. on the day of the Council meeting.
- Persons wishing to submit written comments to be included in the materials provided to Town Council must provide the comments as follows:
 - For inclusion in the regular packet: by 11:00 a.m. the Thursday before the Council meeting
 - For inclusion in any Addendum: by 11:00 a.m. the Monday before the Council meeting
 - For inclusion in any Desk Item: by 11:00 a.m. on the day of the Council Meeting

***Town Council Meetings Broadcast Live on KCAT, Channel 15 (on Comcast) on the 1st and 3rd Tuesdays at 7:00 p.m.
Rebroadcast of Town Council Meetings on the 2nd and 4th Mondays at 7:00 p.m.
Live & Archived Council Meetings can be viewed by going to:
www.LosGatosCA.gov/TownYouTube***

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT THE CLERK DEPARTMENT AT (408) 354-6834. NOTIFICATION 48 HOURS BEFORE THE MEETING WILL ENABLE THE TOWN TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THIS MEETING [28 CFR §35.102-35.104]

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IMPORTANT NOTICE

This meeting is being conducted utilizing teleconferencing and electronic means consistent with Government Code Section 54953, as Amended by Assembly Bill 361, in response to the state of emergency relating to COVID-19 and enabling teleconferencing accommodations by suspending or waiving specified provisions in the Ralph M. Brown Act (Government Code § 54950 et seq.). Consistent with AB 361 and Town of Los Gatos Resolution 2021-044, this meeting will not be physically open to the public and the Council will be teleconferencing from remote locations. Members of the public can only participate in the meeting by joining the Zoom webinar (log in information provided below).

PARTICIPATION

To provide oral comments in real-time during the meeting:

- **Zoom webinar:** Join from a PC, Mac, iPad, iPhone or Android device: Please click this URL to join. <https://losgatosca.gov.zoom.us/j/86952984802?pwd=TSsvQWFFU2FidHNjd3RXTjVYR0w1Zz09>
Passcode: 106076. You can also type in 86952984802 in the “Join a Meeting” page on the Zoom website at <https://zoom.us/join>.
- **Join by telephone:** Join by Telephone: Dial: USA 877 411 9748 US Toll-free or 6 636 651 3128 US Toll. Conference code: 363432

When the Mayor announces the item for which you wish to speak, click the “raise hand” feature in Zoom. If you are participating by phone on the Zoom app, press *9 on your telephone keypad to raise your hand. If you are participating by calling in, press #2 on your telephone keypad to raise your hand.

When called to speak, you will be asked to provide your full name and your town/city of residence. This identifying information is optional and not a requirement for participation. Please limit your comments to three (3) minutes, or such other time as the Mayor may decide, consistent with the time limit for speakers at a Council meeting.

If you wish to speak to an item or items on the Consent Calendar, please state which item number(s) you are commenting on at the beginning of your time.

If you are unable to participate in real-time, you may email to PublicComment@losgatosca.gov the subject line “Public Comment Item #__” (insert the item number relevant to your comment) or “Verbal Communications – Non-Agenda Item.” Comments received by 11:00 a.m. the day of the meeting will be reviewed and distributed before the meeting. All comments received will become part of the record.

REMOTE LOCATION PARTICIPANTS *The following Council Members are listed to permit them to appear electronically or telephonically at the Town Council meeting: MAYOR ROB RENNIE, VICE MAYOR MARIA RISTOW, COUNCIL MEMBER MARY BADAME, COUNCIL MEMBER MATTHEW HUDES, and COUNCIL MEMBER MARICO SAYOC. All votes during the teleconferencing session will be conducted by roll call vote.*

RULES OF DECORUM AND CIVILITY

To conduct the business of the community in an effective and efficient manner, please follow the meeting guidelines set forth in the Town Code and State law.

The Town does not tolerate disruptive conduct, which includes but is not limited to:

- addressing the town Council without first being recognized;
- interrupting speakers, Town Council, or Town staff;
- continuing to speak after the allotted time has expired;
- failing to relinquish the microphone when directed to do so;
- repetitiously addressing the same subject.

Town Policy does not allow speakers to cede their commenting time to another speaker. Disruption of the meeting may result in a violation of Penal Code 403.

MEETING CALL TO ORDER

ROLL CALL

VERBAL COMMUNICATIONS *(Members of the public are welcome to address the Town Council on any matter that is listed on the agenda. To ensure all agenda items are heard and unless additional time is authorized by the Mayor, this portion of the agenda is limited to 30 minutes and no more than three (3) minutes per speaker. In the event additional speakers were not able to be heard during the initial Verbal Communications portion of the agenda, an additional Verbal Communications will be opened prior to adjournment.)*

OTHER BUSINESS *(Up to three minutes may be allotted to each speaker on any of the following items.)*

1. Receive the Updated Five-Year Financial Forecast to Reflect the Town's New Labor Agreements.
2. Adopt a Resolution of the Council of the Town of Los Gatos, Calling a Municipal Election for November 8, 2022, Requesting that the County Consolidate the Municipal Election with the General Election on November 8, 2022, and Submitting to the Qualified Electors of the Town at the November 8, 2022 Consolidated General Election a Measure to Amend Chapter 14 of the Los Gatos Town Code Relating to Business License Taxes.

ADJOURNMENT *(Council policy is to adjourn no later than midnight unless a majority of Council votes for an extension of time)*

Writings related to an item on the Town Council meeting agenda distributed to members of the Council within 72 hours of the meeting are available for public inspection at the front desk of the Los Gatos Town Library, located at 100 Villa Avenue, and are also available for review on the official Town of Los Gatos website.

Note: The Town of Los Gatos has adopted the provisions of Code of Civil Procedure §1094.6; litigation challenging a decision of the Town Council must be brought within 90 days after the decision is announced unless a shorter time is required by State or Federal law.



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 08/11/2022

ITEM NO: 1

DATE: August 8, 2022
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive the Updated Five-Year Financial Forecast to Reflect the Town's New Labor Agreements

RECOMMENDATION:

Receive the updated Five-Year Financial Forecast to reflect the Town's new labor agreements.

BACKGROUND:

An important aspect of the Town's budget development process is taking a multi-year approach to understand revenue and expenditure trends over time. Serving as the foundation of the budget planning process, the Town develops a Five-Year Financial Forecast ("Forecast") beginning in the late fall of each year. The Forecast takes a forward look at the Town's General Fund revenues and expenditures and is updated regularly. Its purpose is to identify financial trends, potential shortfalls, and other issues so the Town can proactively address them and budget accordingly.

The Five-Year Financial Forecast is not a budget, nor a proposed plan. The Five-Year Financial Forecast sets the stage for the upcoming budget process and is a tool in facilitating both the Town Council and Town Manager in establishing priorities and allocating resources appropriately.

DISCUSSION:

On May 17, 2022, the Town Council received the Fiscal Year 2022-23 Proposed budget including the Five-Year forecast. Since the presentation of the Proposed Operating Budget on May 17, 2022, the Town successfully completed negotiations with all bargaining units. To meet the financial terms of the agreements, the Council adopted a balanced budget at the June 21, 2022

PREPARED BY: Gitta Ungvari
Interim Finance Director

Reviewed by: Town Manager, Town Attorney, and Assistant Town Manager

DISCUSSION (continued):

meeting utilizing additional funding from the OPEB 115 Trust to fund retiree pay-go medical payments directly and allocating the remaining residual Measure G balance to the General Fund for FY 2022/23.

Given the recent budget adoption, the Forecast on the following page has been updated to reflect only the adjustments to salary and benefit costs.

Staff anticipates updating revenues and other elements of the Forecast in the coming months as part of the normal Mid-Year Budget and Forecast development cycle.

The following table illustrates the previous projected deficits relative to the updated Forecast.

Original 5 Year Forecast	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2024/25 Forecast (\$M)	2024/25 Forecast (\$M)	2024/25 Forecast (\$M)
Original Surplus/Deficit	(\$2.2)	(\$2.9)	(\$2.3)	(\$2.5)	(\$2.6)
Updated Surplus/Deficit	(\$3.8)	(\$4.3)	(\$3.7)	(\$4.0)	(4.0)

This information was presented to the Finance Commission at its August 8, 2022 meeting. The Commission did not provide any specific comments on the updated Forecast. Rather, the Forecast provided a starting point for the Commission to identify the types of information it will need to evaluate costs and revenues and recommend deficit reduction options pursuant to Town Council direction.

DISCUSSION (continued):

Town of Los Gatos General Fund 5-Year Forecast (in \$ million)									
Account	Revenue Category	2021/22 Adjusted Budget	2021/22 Estimates	2022/23 Proposed Budget	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
4100	Property Tax	\$ 15.4	\$ 15.7	\$ 16.6	\$ 15.7	\$ 16.1	\$ 16.6	\$ 17.1	\$ 17.6
4110	VLF Backfill Property Tax	4.2	4.2	4.4	4.5	4.6	4.8	4.9	5.1
4200	Sales & Use Tax	7.0	7.5	7.9	8.2	8.5	8.8	9.1	9.3
4200	Measure G District Sales Tax	1.2	1.2	1.3	1.4	1.4	1.5	1.5	1.5
4250	Franchise Fees	2.5	2.4	2.5	2.6	2.6	2.7	2.8	2.9
4251	Transient Occupancy Tax	1.4	1.4	1.6	1.7	1.8	1.9	1.9	2.0
4400	Business License Tax	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4
4400	Licenses & Permits	3.1	3.1	2.8	2.8	2.9	3.0	3.1	3.2
4500	Intergovernmental	4.0	1.1	1.1	1.0	1.0	1.0	1.2	1.1
4600	Town Services	4.2	4.3	3.5	4.0	4.1	4.1	4.2	4.3
4700	Fines & Forfeitures	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
4800	Interest	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3
4850	Other Sources	2.6	2.4	3.8	2.2	2.2	2.2	2.3	2.2
4900	Fund Transfers In	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5
TOTAL OPERATING REVENUES & TRANSFERS*		\$ 48.1	\$ 45.8	\$ 48.0	\$ 46.5	\$ 47.6	\$ 49.0	\$ 50.5	\$ 51.6
	Use of Capital/Special Project Reserve - Capital	0.6	0.6	2.4	0.8	0.8	0.8	0.8	0.8
	Use of Pension/OPEB Reserve	-	0.3	-	-	-	-	-	-
	Use of Property Surplus Reserve	1.2	1.2	-	-	-	-	-	-
	Use of Measure G Reserve	1.1	1.1	0.7	-	-	-	-	-
	ARPA Replacement Revenue	-	-	1.6	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		\$ 51.0	\$ 49.0	\$ 52.7	\$ 47.3	\$ 48.4	\$ 49.8	\$ 51.3	\$ 52.4
Account	Expenditure Category	2021/22 Adjusted Budget	2021/22 Estimates	2022/23 Proposed Budget	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
5110	Salary	20.9	19.2	23.2	23.0	23.5	23.9	24.5	25.0
5120	CalPERS Benefits	7.3	6.2	7.7	7.9	8.3	8.1	8.4	8.5
5200	All Other Benefits	4.2	3.4	4.6	4.4	4.5	4.6	4.7	4.8
6211	OPEB Pay as You Go	1.5	1.5	1.5	1.5	1.6	1.7	1.8	1.9
6000	Operating Expenditures	6.4	7.0	6.9	6.8	7.1	7.1	7.4	7.5
7200	Grants & Awards	1.0	0.8	0.2	0.2	0.2	0.2	0.2	0.3
7400	Utilities	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7
8060	Internal Service Charges	2.7	2.6	2.7	2.9	3.1	3.4	3.7	3.8
8900	Debt Service	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
TOTAL OPERATING EXPENDITURES		\$ 46.6	\$ 43.3	\$ 49.3	\$ 49.2	\$ 50.8	\$ 51.6	\$ 53.3	\$ 54.4
	GASB 45 Retiree Medical Actuarial	0.1	0.1	-	-	-	-	-	-
	Additional Discretionary Payment - Pension	0.4	0.7	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		\$ 47.1	\$ 44.1	\$ 49.7	\$ 49.6	\$ 51.2	\$ 52.0	\$ 53.7	\$ 54.8
	Capital Transfers Out to GFAR	2.8	2.8	2.3	0.8	0.8	0.8	0.8	0.8
	Capital Transfer Out - 1/2 of Measure G Proceeds	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.8
AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS									
	Allocate to Budget Stabilization/Catastrophic	-	0.5	-	-	-	-	-	-
	Allocate to Compensated Absences	-	-	-	-	-	-	-	-
	Allocate to Market Fluctuation	-	-	-	-	-	-	-	-
	Allocate to CalPERS/Pension	-	0.3	-	-	-	-	-	-
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		\$ 50.5	\$ 48.3	\$ 52.7	\$ 51.1	\$ 52.7	\$ 53.5	\$ 55.3	\$ 56.4
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE		\$ 0.5	\$ 0.6	\$ -	\$ (3.8)	\$ (4.3)	\$ (3.7)	\$ (4.0)	\$ (4.0)
* Due to rounding of individual categories FY 2021/22 Total Expenditures and Reserve Allocations includes \$0.1 million. General Fund (111) Forecast does not include Pension Trusts activities.									



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 08/11/2022

ITEM NO: 1

ADDENDUM

DATE: August 10, 2022
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive the Updated Five-Year Financial Forecast to Reflect the Town's New Labor Agreements

REMARKS:

Attachment 1 contains correspondence received after publication of the agenda on August 9, 2022 and before 11:00 a.m. on August 10, 2022.

Attachment Provided with this Addendum:

1. Public Comment

PREPARED BY: Gitta Ungvari
Interim Finance Director

Reviewed by: Town Manager, Town Attorney, and Assistant Town Manager

From: Phil Koen

Sent: Wednesday, August 10, 2022 7:41 AM

To: Rob Rennie <RRennie@losgatosca.gov>; Maria Ristow <MRistow@losgatosca.gov>; Marico Sayoc <MSayoc@losgatosca.gov>; Mary Badame <MBadame@losgatosca.gov>; Matthew Hudes <MHudes@losgatosca.gov>

Cc: Laurel Prevetti <LPrevetti@losgatosca.gov>; Arn Andrews <aandrews@losgatosca.gov>; Gabrielle Whelan <GWhelan@losgatosca.gov>; [jvannada](#); Rick Van Hoesen Lee Fagot

Subject: Impact of Operating Deficits on General Fund Balance - Agenda Item #1 Special Meeting August 11, 2022

EXTERNAL SENDER

Dear Mayor and Council Members,

I have attached an additional spreadsheet which shows two important pieces of information for your consideration as you receive the updated Five-Year Financial Forecast.

First, the updated forecast projects that the Town's General Fund Balance, which as of June 30, 2021, had a balance of \$23,914,618 will be essentially liquidated by the end of fiscal year 2028 assuming no further changes. Based on this revised forecast, which does not include realistic increases for further salary increases for Staff beginning in FY 25, the General Fund balance will be approximately \$1.1 million at the end of FY 28 .

The forecast assumes that all of the budget stabilization and catastrophic reserves will be consumed to fund the operating deficits and only restricted and non- spendable reserve balances totaling \$1.1 million will remain. Receiving this forecast as is, should not be taken lightly and hopefully the weakened projected financial condition of the Town is not lost on this Council. Additionally, I am unsure of the legal ramifications of liquidating all of the rainy-day funds since these are committed reserves controlled by the Council.

Secondly, I have added the projected surplus that was shown on the FY 18/19 budget book as a separate line item. I realize that this was pre- Covid and obviously the Town's finances have been impacted to some degree by Covid. As you can see, for FY 24 the FY 19 forecast was projecting a surplus of \$.2 million which has now been revised downward to a \$3.8m deficit. That is a \$4 million turn around in the FY 24 forecast, which is only two years away. Substantially all of this decrease can be directly attributed to a \$4.9 million increase in salary expenditures for FY 24 when comparing the two forecasts. One simply cannot blame the Town's dramatic financial reversal solely on the impact of Covid while ignoring financial decisions that have been made by this Council.

Let me close by saying, these forecasts have been produced by the Staff. Presumably, the forecasts are accurate based on all known data and are a fair representation of the Town's financial future. It might have been helpful for the Staff to include the impact on the General Fund in their work product and to show the forecasted impact of an increase in business license taxes on the General Fund Balance. Obviously if enacted, the incremental revenue will help, but it will not be sufficient to prevent the liquidation of the General Fund Balance as shown. It will only delay the timing of when the General Fund is exhausted.

Thank you.

Los Gatos Community Alliance

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DISCUSSION (continued):

meeting utilizing additional funding from the OPEB 115 Trust to fund retiree pay-go medical payments directly and allocating the remaining residual Measure G balance to the General Fund for FY 2022/23.

Given the recent budget adoption, the Forecast on the following page has been updated to reflect only the adjustments to salary and benefit costs.

Staff anticipates updating revenues and other elements of the Forecast in the coming months as part of the normal Mid-Year Budget and Forecast development cycle.

The following table illustrates the previous projected deficits relative to the updated Forecast.

Original 5 Year Forecast	2023/24 (\$M)	2024/25 Forecast (\$M)	2024/25 Forecast (\$M)	2024/25 Forecast (\$M)	2024/25 Forecast (\$M)
Original Surplus/Deficit	(\$2.2)	(\$2.9)	(\$2.3)	(\$2.5)	(\$2.6)
Updated Surplus/Deficit	(\$3.8)	(\$4.3)	(\$3.7)	(\$4.0)	(4.0)

This information was presented to the Finance Commission at its August 8, 2022 meeting. The Commission did not provide any specific comments on the updated Forecast. Rather, the Forecast provided a starting point for the Commission to identify the types of information it will need to evaluate costs and revenues and recommend deficit reduction options pursuant to Town Council direction.

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Original 5 Year Forecast Surplus/Deficit	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28
FY 19/20	0.1	0.3	0.2				
FY 22/23 original	0.6	0	-2.2	-2.9	-2.3	-2.5	-2.6
FY 22/23 revised	0.6	0	-3.8	-4.3	-3.7	-4	-4
Projected GF Balance - ending	22.9	20.9	17.1	12.8	9.1	5.1	1.1



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 08/11/2022

ITEM NO: 1

DESK ITEM

DATE: August 11, 2022
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive the Updated Five-Year Financial Forecast to Reflect the Town's New Labor Agreements

REMARKS:

One of the key responsibilities of the Town Manager is to keep the Town Council apprised of the Town's financial condition and future needs, and to make recommendations to the Town Council to address these issues. The financial circumstances of the Town have been a high priority for the Town for many years. Working with the former Council Finance Committee, current Finance Commission, and directly with the Council, staff has brought forward many recommendations to ensure that the Town maintains an annual balanced budget, plans for future needs, anticipates trends, and prepares accordingly. To this end, the following items have been brought forward and acted upon by the Town Council:

- The Town Council approved placing a ballot measure for the November 2016 election to increase the Transient Occupancy Tax (TOT) from 10 percent to 12 percent. The voters approved Measure T and the 2% increase raises approximately \$400,000 annually in additional revenue.
- In 2016, the Town's bargaining groups approved the introduction of dependent cost sharing and a reimbursement cap to Medicare eligible employees.
- May 2018, the Council updated the General Fund Reserve Policy to provide for additional discretionary payments (ADPs) of \$400,000 per year to address the unfunded pension liability. Under the updated Policy, a 20-year amortization equivalence will be achieved through additional Unfunded Actuarial Liability (UAL) payments of approximately \$400,000 per year. The total savings associated with the ADP methodology is approximately \$13.8 million.

Reviewed by: Town Manager, Town Attorney, Assistant Town Manager, and Interim Finance Director

REMARKS (continued):

- The Town Council approved placing a ballot measure for the November 2018 election to create a 1/8 cent dedicated district sales tax for a 20-year period. The voters approved Measure G and the dedicated tax provides approximately \$1,200,000 annually in additional revenue.
- In 2018, the bargaining groups agreed to the elimination of the Town's existing retiree healthcare benefit prospectively. The Normal Cost per employee per year will go from \$8,300 to \$1,800 or a difference of \$6,500 per year. When calculated for 150 employees, this results in an ongoing savings of \$975,000 per year. In addition, the Town currently has 37 employees in this group out of 150.
- In February 2019, Council approved an Ordinance allowing regulated short-term rentals subject to TOT. Approximately \$60,000 of additional TOT is collected annually.
- In March 2019, the Town entered into a Public/Private Partnership with Imwalle Asset Management for the renovation/lease up of 4 Tait Avenue and Forbes Mill properties.
- In May 2019, the Town sold 148000 Winchester Blvd to Santa Clara County Fire District ("County Fire") for \$1.9 million.
- In June 2019, the Council voted to annex 24 unincorporated County pockets. This action results in approximately \$1,000,000 in property taxes remaining in the Town instead of being diverted to the County.
- From 2019 to the present, allocated additional discretionary pension funding totaling \$10.4 million. These additional discretionary payments will ultimately yield an approximate \$12.7 million in contribution savings.
- Beginning in February 2019, staff began providing scenarios (sensitivity analyses) of economically sensitive revenues and costs as part of the Five-Year Forecast discussion, anticipating a future downturn.
- In April 2020, the Town sold 14850 Winchester Blvd to Santa Clara County Fire District ("County Fire") for \$1.2 million.
- In Summer 2022, the Council is considering placing a ballot measure for the November 2022 election to modernize the Town's Business License program. Approximately \$1,200,000 of additional revenue would be received annually if the Council places it on the ballot and it is passed by the voters.

REMARKS (continued):

As the Council considers the updated Five-Year Financial Forecast, the Town Manager's Office is already preparing for future fiscal year budgets. Staff is fully aware that the budget balancing options of the past are not going to be available in the future and therefore, it is critical that the Town begin planning proactively now. The Manager's Office together with other Department Directors will be evaluating the cost structure of different services to identify potential savings without significantly reducing service levels. Management is also looking at potential cost controls and other mechanisms to save resources and plan for the future. Staff also carefully monitors revenues and expenses throughout the budget year. All of this work builds upon the Council's past actions that provide significant savings over the short and long term as described above.

In addition, staff is supporting the Finance Commission in its Council directed consideration of potential recommendations to the Town Council regarding cost savings and enhanced revenues.

Attachment Provided with Previous Addendum:

1. Public Comment



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 08/11/2022

ITEM NO: 2

DATE: August 8, 2022
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Adopt a Resolution of the Council of the Town of Los Gatos, Calling a Municipal Election for November 8, 2022, Requesting that the County Consolidate the Municipal Election with the General Election on November 8, 2022, and Submitting to the Qualified Electors of the Town at the November 8, 2022 Consolidated General Election a Measure to Amend Chapter 14 of the Los Gatos Town Code Relating to Business License Taxes

RECOMMENDATION:

Adopt a Resolution (Attachment 1) of the Council of the Town of Los Gatos, calling a municipal election for November 8, 2022, requesting that the County consolidate the municipal election with the general election on November 8, 2022, and submitting to the qualified electors of the Town at the November 8, 2022 consolidated general election a measure to amend Chapter 14 – Licenses and Miscellaneous Business Regulations (Chapter 14) of the Los Gatos Town Code relating to business license taxes.

BACKGROUND:

On August 2, 2022, the Town Council received information regarding business outreach efforts and additional tax structure modeling for a proposed business license tax modernization. At the conclusion of the meeting, the Council unanimously asked staff to return at a special meeting prior to August 12 with a draft resolution revising Model 3 to encompass a 40% increase in Retailing gross receipts, a 30% increase for flat fees, add E-Commerce to the Manufacturing, Wholesaling, and Jobbing gross receipts tax schedule and increase the tax by 120%, and implement an ongoing Bay Area Consumer Price Index adjustment to account for future inflation on flat fees.

PREPARED BY: Arn Andrews
Assistant Town Manager

Reviewed by: Town Manager, Town Attorney, and Interim Finance Director

DISCUSSION:

A ballot measure to modify the Business License Tax requires a 4/5 vote of the Town Council to place it on the ballot. A General Tax can be expended on any program, service, or capital need at the discretion of the local government's governing body (in this case, the Los Gatos Town Council). A simple majority vote (50 percent of voters plus one additional voter) is required for approval of a general tax.

The resolution and draft ordinance in Attachment 1 includes the following ballot language:

Shall the measure to fund critical Town needs such as public safety by amending business license taxes, unchanged since 1991 while inflation increased 117%, to increase flat taxes by 30%, adjusted annually for inflation, Retailing gross receipts tax by 40%, and to add E-Commerce to the Manufacturing, Wholesaling, and Jobbing gross receipts tax schedule and increase that schedule by 120%, raising about \$1,100,000 yearly for general fund purposes until ended by voters, be adopted?	YES
	NO

Provided below are ballot measure milestone dates:

- August 12, 2022: Last day for Resolutions calling a measure.
- August 16, 2022: Deadline for submitting primary arguments in favor of or against a measure.
- August 17, 2022: Last day to amend or withdraw a measure.
- August 23, 2022: Deadline for submitting impartial analysis.
- August 23, 2022: Deadline for submitting rebuttal arguments to primary arguments in favor of and against a measure.

If adopted by Council, the proposed resolution authorizes the Mayor, or his designee(s), to prepare a written argument in favor of the proposed measure on behalf of the Town Council. At the Mayor's discretion, the Argument may also be signed by bona fide associations or by individual voters eligible to vote in Los Gatos.

CONCLUSION:

Based on Council direction on August 2, 2022, staff recommends that the Town Council adopt the resolution in Attachment 1 and call a municipal election for November 8, 2022, requesting that the County consolidate the municipal election with the general election on November 8, 2022 and submitting to the qualified electors of the Town at the November 8, 2022 consolidated general election a measure to amend Chapter 14 of the Los Gatos Town Code.

PAGE 3 OF 3

SUBJECT: Business License Modernization

DATE: August 8, 2022

COORDINATION:

This staff report was coordinated with the Town Manager, Town Attorney, and Finance Director.

FISCAL IMPACT:

If approved by voters in November, the estimated additional revenue generated by the model is approximately \$1,200,000 annually. These funds would be locally generated and therefore be safe from seizure by the State. In addition, they would enable the Town to invest in services and infrastructure that the community values. The cost of the ballot measure is approximately \$59,000 and incorporated in the FY 2022/23 adopted budget.

ENVIRONMENTAL ASSESSMENT:

In accordance with CEQA Guidelines Section 15378(b)(4), placement of a ballot measure on the ballot to amend the Town's business license tax is not a project subject to CEQA, because it is a government fiscal activity.

Attachments:

1. Public Comment
2. Resolution with corresponding Ordinance as Exhibit A

Hello,

I have been in business in Los Gatos since 2014. Prior to that I did business, first in Cupertino for about 16 years, then in San Jose for 6 or so years. The fees in Los Gatos have been about 10 times or more than I paid in those other cities.

As a very small business owner, which has now become part time, virtual only, I would not vote for increasing business fees. Businesses are struggling enough in this town.

Thank you,

Lois Morrison-Keffer, Ph.D.

EXTERNAL SENDER

this is a terrible idea and will further harm businesses in Los Gatos.

the business community is already not doing well in Los Gatos, mainly due to years of bad policy and planning decisions.

each bad planning decision and tax increase further weakens the business community, causing tax revenue to drop further, which leads the town staff to demand tax increases.

a tax increase will only make things worse and contribute to inflationary pressures.

how about reducing town salaries and pensions by 5% first to make everyone is part of the solution.

good luck,

Mark Millen
Los Gatos, CA

DRAFT RESOLUTION 2022-

**RESOLUTION OF THE COUNCIL OF THE TOWN OF LOS GATOS
CALLING A MUNICIPAL ELECTION FOR NOVEMBER 8, 2022,
REQUESTING THAT THE COUNTY CONSOLIDATE THE MUNICIPAL ELECTION
WITH THE GENERAL ELECTION ON NOVEMBER 8, 2022 AND
SUBMITTING TO THE QUALIFIED ELECTORS OF THE TOWN AT THE
NOVEMBER 8, 2022 CONSOLIDATED GENERAL ELECTION A MEASURE
TO AMEND CHAPTER 14 OF THE LOS GATOS TOWN CODE REGARDING BUSINESS
LICENSE TAXES**

R E C I T A L S

WHEREAS, the Town’s business license tax ordinance was adopted in 1968 and the amount of the tax has not increased since 1991.

WHEREAS, the Town Council desires to adjust the business license tax to increase revenue to fund critical Town needs.

WHEREAS, a proposed ordinance attached hereto and incorporated herein by reference as Attachment “A” (“the Ordinance”) would amend Chapter 14 of the Los Gatos Town Code to revise the license tax on businesses operating in the Town of Los Gatos.

WHEREAS, a statewide general election is scheduled for November 8, 2022. The Town Council wishes to call a municipal election for the Town to be held on November 8, 2022 and to request the County of Santa Clara to consolidate the municipal election with the statewide general election.

The Town Council of the Town of Los Gatos now resolves as follows:

Section 1. Findings. The Town Council finds and determines that each of the findings set forth above are true and correct.

Section 2. Calling the Election. The Council calls for a municipal election to be held on November 8, 2022 (“the Election”).

Section 3. Measure. Pursuant to Government Code Section 53724 and Elections Code Section 9222, the Town Council hereby submits the Ordinance attached hereto as Attachment A to the voters at the Election and orders the following question to be submitted to the voters at the Election:

Shall the measure to fund critical Town needs such as public safety by amending business license taxes, unchanged since 1991 while inflation increased 117%, to increase flat taxes by 30%, adjusted annually for inflation, Retailing gross receipts tax by 40%, and to add E-Commerce to the Manufacturing, Wholesaling, and Jobbing gross receipts tax schedule and increase that schedule by 120%, raising about \$1,100,000 yearly for general fund purposes until ended by voters, be adopted?	YES	
	NO	

This question requires the approval of a majority of those casting votes.

Section 4. Notice of Election. Notice of the time and place of holding the election is hereby given, and the Town Clerk is authorized, instructed, and directed to give further or additional notice of the election, in time, form, and manner as required by law.

Section 5. Impartial Analysis. Pursuant to California Elections Code Section 9280, the Town Council hereby directs the Town Clerk to transmit a copy of the measure to the Town Attorney. The Town Attorney shall prepare an impartial analysis of the measure, not to exceed 500 words in length, showing the effect of the measure on the existing law and the operation of the measure, and transmit such impartial analysis to the Town Clerk on or before 4:00 p.m. on August 23, 2022.

In the event the entire text of the Measure is not printed on the ballot, nor in the voter information portion of the sample ballot, there shall be printed immediately below the impartial analysis, in no less than 10-font bold type, the following: **“The above statement is an impartial analysis of Ordinance or Measure __. If you desire a copy of the ordinance or measure, please call the Town Clerk at 408-354-6888 and a copy will be emailed at no cost to you.”**

Section 6. Ballot Arguments. Pursuant to Elections Code Section 9286 et. seq., August 16, 2022, at 4:00 p.m. shall be the deadline for submission of arguments in favor of, and arguments against, this measure. Arguments in favor or against the measure shall not exceed 300 words in length. The Mayor, or his designee(s), is hereby authorized to prepare a written argument in favor of the proposed measure on behalf of the Town Council. At the Mayor’s discretion, the Argument may also be signed by bona fide associations or by individual voters who are eligible to vote in the Town of Los Gatos. Each argument shall be signed, filed with the Town Clerk, and include the printed name(s) and signature(s) of the author(s) submitting the argument. If more than one argument for or against is received, the priorities established by Elections Code Section 9287 shall control.

Section 7. Rebuttal Arguments. Subdivision (a) of section 9285 of the Elections Code shall apply to the Election and shall control the submission of any rebuttal arguments for this measure. If an argument in favor and an argument against the measure have been selected to be printed in the voter information guide, the Clerk shall send a copy of the argument in favor of the

measure to the authors of the argument against the measure and a copy of an argument against the measure to the authors of the argument in favor of the measure. The rebuttal authors or persons designated by them may prepare and submit rebuttal arguments not to exceed 250 words in length. Rebuttal arguments must be submitted not later than August 23, 2022, by 4:00 p.m.

Section 8. Consolidation Request. The Council of the Town of Los Gatos requests that the Board of Supervisors of Santa Clara County consolidate the municipal election and the election on this measure with the November 8, 2022 statewide general election. The Council further requests that the Board of Supervisors of Santa Clara County include on the ballots and sample ballots, all qualified measures submitted by the Town Council to be submitted to the qualified electors of the Town of Los Gatos. The Council acknowledges that the election will be held and conducted according to procedures in the Elections Code, including Section 10418.

Section 9. Request for County Services. Pursuant to Section 10002 of the California Elections Code, the Council of the Town of Los Gatos hereby requests the Board of Supervisors of Santa Clara County to permit the Registrar of Voters to render services to the Town of Los Gatos relating to the conduct of the Town's Municipal and Special Elections which are called to be held on Tuesday, November 8, 2022. The services shall be of the type normally performed by the Registrar of Voters in assisting the clerks of municipalities in the conduct of elections including, but not limited to, checking registrations, mailing ballots, hiring election officers, and arranging for polling places, receiving absentee voter ballot applications, mailing and receiving absent voter ballots, and opening and counting ballots, providing and distributing election supplies, and furnishing voting machines.

Section 10. Transmittal of Resolution. The Town Clerk is hereby directed to submit forthwith an original copy of this resolution including the measure attached hereto as Attachment "A" to the Santa Clara County Board of Supervisors and a certified copy to the Registrar of Voters.

Section 11. Placement on the Ballot. The Town Clerk is hereby authorized and directed to take all steps necessary to place the measure on the ballot and the full text of the Measure shall not be printed in the voter pamphlet. A statement shall be printed in the ballot pursuant to Section 9280 of the Elections Code advising voters that they may obtain a copy of this resolution and the Measure, at no cost, upon request made to the Town Clerk, as well as a link to the ballot measure materials on the Town's website.

PASSED AND ADOPTED at a special meeting of the Town Council of the Town of Los Gatos, California, held on the 11th day of August, 2022 by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Town Clerk

Mayor

APPROVED AS TO FORM:

Town Manager

Town Attorney

Interim Director of Finance

DRAFT ORDINANCE

**ORDINANCE OF THE TOWN OF LOS GATOS
AMENDING CHAPTER 14 OF THE TOWN CODE REGARDING BUSINESS
LICENSE TAXES**

The People of the Town of Los Gatos ordain as follows:

Section 1. Chapter 14 of the Los Gatos Town Code is hereby amended by adding, deleting, and modifying provisions as set forth in this section below. Additions are indicated by underscoring and deletions are indicated by ~~strike-through type~~. Portions of the Chapter not included in this Ordinance or not shown in underscoring or strike-through type are not changed.

**Chapter 14
LICENSES AND MISCELLANEOUS BUSINESS REGULATIONS**

ARTICLE I. IN GENERAL

Sec. 14.10.010. Definitions.

For the purposes of this chapter, the following words and phrases shall have the meanings respectively ascribed to them by this section:

Business means professions, trades and occupations and every kind of calling carried on for profit or livelihood, including the business of renting or leasing apartments.

E-commerce means commercial transactions conducted electronically on the Internet.

Fixed place of business means the premises occupied for the particular purpose of conducting the business thereat, and regularly kept open for that purpose, with a competent person in attendance for the purpose of attending to such business. Included in such term is the premises rented or leased by persons owning apartments located in the Town.

Gross receipts means the total amount of the sale price of all sales and the total amount charged or received for the performance of any act, service or employment of whatever nature it may be, for which a charge is made or credit allowed, whether or not such service, act or employment is done as a part of or in connection with the sale of materials, goods, wares or merchandise. Included in such term shall be all receipts, cash, credits and property of any kind or nature, and any amount for which credit is allowed by the seller to the purchaser without any deduction therefrom on account of the cost of the property sold, the cost of the materials used, labor, or service costs, interest paid or payable or losses or other expenses whatsoever.

Excluded from such term shall be cash discounts allowed and taken on sales, any tax required by law to be included in, or added to, the purchase price and collected from the

consumer or purchaser, and such part of the sale price of property returned by purchasers upon rescission of the contract of sale as is refunded either in cash or by credit.

Home occupation has the same meanings as it does in the zoning ordinance.

Jobbing business means any business conducted solely for the purpose of selling goods, wares or merchandise in job lots to wholesale merchants for resale at wholesale to the trade by such wholesale merchants.

Quarter means a period of three (3) calendar months. The quarters begin on the first day of January, April, July and October of each year. The quarter shall include fractions thereof.

Real estate broker means the managing broker and/or partner of any real estate office.

Retail business means any business conducted for the purpose of selling, or offering to sell, any goods, wares or merchandise, other than as a part of a wholesale business and jobbing business.

Tax ~~and license~~ collector is the Finance Director or designee.

Vehicle means any device in, upon or by which any person or property is or may be transported or drawn upon a public street or highway, except devices moved by human power or used exclusively upon stationary rails or tracks.

Wholesale business means any business conducted solely for the purpose of selling goods, wares or merchandise in wholesale lots to retail merchants for resale at retail to the trade by such retail merchants.

(Code 1968, § 15-1; Ord. No. 1929, § I, 1-19-93; Ord. No. 2026, §§ V, VI, 2-18-97)

Cross reference(s)—Definitions and rules of construction generally, § 1.10.015; zoning ordinance definitions, § 29.10.020.

Sec. 14.10.040. Statements required—Upon application for original business license.

- (a) Upon a person making application for the first business license under this chapter, or for a newly established business, in all cases where the amount of business license tax to be paid is based upon gross receipts or is graduated according to some other sliding scale, such person shall furnish to the Tax ~~and License~~ Collector, for guidance in ascertaining the amount of business license tax to be paid by the applicant, a written statement upon a form provided by the Tax ~~and License~~ Collector, signed and certified under penalty of perjury to be true and correct.
- (b) If the amount of the business license tax to be paid by the applicant is based upon the amount of gross receipts, the applicant shall estimate the amount of gross receipts for the period to be covered by the business license for the purpose of determining the licensing bracket which will be applicable for the period to be covered by the license to be issued. Such estimate, if accepted by the Tax ~~and License~~ Collector as reasonable, shall be used in determining the amount of business license tax to be paid by the applicant. The tax so determined shall be tentative only and such person shall, by not later than January 31st ~~May fifteenth~~ ~~next~~ following the period for which the license was issued, furnish the Tax ~~and License~~ Collector with a certified or sworn statement upon a form furnished by the Tax

Collector, containing the data required to show the licensing bracket properly applicable to such person during the period of such business license, and the business license tax for such period shall be finally ascertained and paid in the manner provided in this chapter, after deducting from the payment found to be due the amount paid at the time such first business license was issued. The Tax ~~and License~~-Collector shall not issue to any such person another license for the same or any other business until such person shall have furnished the written statement and paid the business license tax as required in this chapter.

- (c) If the amount of the business license tax to be paid by the applicant is graduated according to some sliding scale other than gross receipts, the applicant shall furnish to the Tax ~~and License~~-Collector for guidance in ascertaining the amount of business license tax to be paid, a certified or sworn statement upon a form provided by the Tax ~~and License~~-Collector setting forth such information as may be therein required and as may be necessary properly to determine the amount of business license tax to be paid by the applicant and which statement shall show, among other things, the number of vehicles or tonnage thereof or the number of seats, chairs, rooms, tables or other units used or involved in such person's business as of the time of filing such application. Such person shall thereupon pay the required license tax in advance, computed in accordance with the information contained in such statement.

- (d) Repealed.

(Code 1968, § 15-7; Ord. No. 1929, § IV, 1-19-93; Ord. No. 2026, §§ VIII, IX, 2-18-97)

Sec. 14.10.095. Term.

A business license issued under this chapter shall expire at the end of the term ~~year~~-for which the license or renewal is issued unless the license is renewed for an additional period.

(Code 1968, § 15-18; Ord. No. 2026, § XIII, 2-18-97)

ARTICLE II. LICENSES

DIVISION 2. SCHEDULES

Sec. 14.20.110. Gross receipts tax.

Every person doing business in the Town, except a person whose business is taxed under the terms of section 14.20.115, shall pay an annual business license tax based on the gross receipts of the business. The tax is levied according to one (1) or both of the following schedules. When the business activities of one (1) person, taxable under the provisions of this section, involve both retail and e-commerce, manufacturing, wholesaling or jobbing transactions, the total gross income is apportioned between the two (2) schedules, according to its source.

RETAILING

At least	But less Than	Tax	
		Current	Proposed
\$0	\$50,000	\$75.00	<u>\$75.00</u>
\$50,000	\$100,000	\$112.50	<u>\$157.50</u>
\$100,000	\$150,000	\$150.00	<u>\$210.00</u>
\$150,000	\$200,000	\$187.50	<u>\$262.50</u>
\$200,000	\$250,000	\$225.00	<u>\$315.00</u>
\$250,000	\$300,000	\$262.50	<u>\$367.50</u>
\$300,000	\$350,000	\$300.00	<u>\$420.00</u>
\$350,000	\$400,000	\$337.50	<u>\$472.50</u>
\$400,000	\$450,000	\$375.00	<u>\$525.00</u>
\$450,000	\$500,000	\$412.50	<u>\$577.50</u>
\$500,000	\$600,000	\$450.00	<u>\$630.00</u>
\$600,000	\$700,000	\$487.50	<u>\$682.50</u>
\$700,000	\$800,000	\$525.00	<u>\$735.00</u>
\$800,000	\$900,000	\$562.50	<u>\$787.50</u>
\$900,000	\$1,000,000	\$600.00	<u>\$840.00</u>
\$1,000,000	\$1,100,000	\$637.50	<u>\$892.50</u>
\$1,100,000	\$1,200,000	\$675.00	<u>\$945.00</u>
\$1,200,000	\$1,300,000	\$712.50	<u>\$997.50</u>
\$1,300,000	\$1,400,000	\$750.00	<u>\$1,050.00</u>
\$1,400,000	\$1,500,000	\$787.50	<u>\$1,102.50</u>
\$1,500,000	\$1,600,000	\$825.00	<u>\$1,155.00</u>
\$1,600,000	\$1,700,000	\$862.50	<u>\$1,207.50</u>
\$1,700,000	\$1,800,000	\$900.00	<u>\$1,260.00</u>
\$1,800,000	\$1,900,000	\$937.50	<u>\$1,312.50</u>
\$1,900,000	\$2,000,000 and above	\$975.00	<u>\$1,365.00</u>

E-COMMERCE, MANUFACTURING, WHOLESALING AND JOBBING

At least	But less Than	Tax	
		Current	Proposed
\$0.00	\$200,000.00	\$150.00	\$330.00
\$200,000.00	\$300,000.00	\$187.50	\$412.50
\$300,000.00	\$400,000.00	\$262.50	\$577.50
\$400,000.00	\$500,000.00	\$337.50	\$742.50
\$500,000.00	\$600,000.00	\$450.00	\$990.00
\$600,000.00	\$800,000.00	\$562.50	\$1,237.50
\$800,000.00	\$1,000,000.00	\$675.50	\$1,486.10
\$1,000,000.00	\$1,200,000.00	\$787.50	\$1,732.50
\$1,200,000.00	\$1,400,000.00	\$900.00	\$1,980.00
\$1,400,000.00	\$1,600,000.00	\$1,012.50	\$2,227.50
\$1,600,000.00	\$1,800,000.00	\$1,125.00	\$2,475.00
\$1,800,000.00	\$2,000,000.00	\$1,237.50	\$2,722.50
\$2,000,000.00	\$2,500,000.00	\$1,350.00	\$2,970.00
\$2,500,000.00	\$3,000,000.00	\$1,462.50	\$3,217.50
\$3,000,000.00	\$3,500,000.00	\$1,575.00	\$3,465.00
\$3,500,000.00	\$4,000,000.00	\$1,687.50	\$3,712.50
\$4,000,000.00	\$4,500,000.00	\$1,800.00	\$3,960.00
\$4,500,000.00	\$5,000,000.00	\$1,912.50	\$4,207.50
\$5,000,000.00	\$5,500,000.00	\$2,025.00	\$4,455.00
\$5,500,000.00	\$6,000,000.00	\$2,137.50	\$4,702.50
\$6,000,000.00	\$6,500,000.00	\$2,250.00	\$4,950.00
\$6,500,000.00	\$7,000,000.00	\$2,362.00	\$5,196.40
\$7,000,000.00	\$7,500,000.00	\$2,475.00	\$5,445.00
\$7,500,000.00	\$8,000,000.00	\$2,587.50	\$5,692.50
\$8,000,000.00	\$8,500,000.00	\$2,700.00	\$5,940.00
\$8,500,000.00	\$9,000,000.00	\$2,812.50	\$6,187.50
\$9,000,000.00	\$9,500,000.00	\$2,925.00	\$6,435.00
\$9,500,000.00	\$10,000,000.00	\$3,037.50	\$6,682.50
\$10,000,000.00	\$10,500,000.00	\$4,500.00	\$9,900.00
\$10,500,000.00	\$11,000,000.00	\$4,612.50	\$10,147.50
\$11,000,000.00	\$11,500,000.00	\$4,725.00	\$10,395.00
\$11,500,000.00	\$12,000,000.00	\$4,837.50	\$10,642.50
		Plus \$75.00 \$165 for each \$550,000 or fraction thereof in excess of \$12,000,000	

(Code 1968, § 15-27; Ord. No. 1857, §§ I, II, 6-3-91)

Sec. 14.20.115. License taxes for specified businesses.

Every person doing any of the kinds of business specified in this section shall pay the flat business license tax specified in this section. The taxes in this section fees are annual unless otherwise specified. On January 1 of each year the tax rates in this section shall be automatically adjusted by a percentage equal to the percentage increase or decrease in the Consumer Price Index for the preceding CPI Year as published by the U.S. Bureau of Labor Statistics for "All Urban Consumers for All Items for the San Francisco-Oakland-Hayward Area" or any successor to that index designated by the U.S. Bureau of Labor Statistics or the Town Council. As used in this section, "CPI Year" means the year beginning November 1 and ending October 31. The "preceding CPI Year" is the CPI Year that ended October 31 of the year immediately before the automatic tax rate adjustment in this section.

	Current	Proposed
Advertising signs		
Signposting and painting	\$420.00	\$546.00
Amusement		
Shows, concerts, and the like (per day)	\$42.00	\$54.60
Circuses, menageries and the like:		
Less than 2,000 seating capacity		
First day	\$420.00	\$546.00
Each succeeding day	\$52.50	\$68.25
More than 2,000 seating capacity		
First day	\$630.00	\$819.00
Each succeeding day	\$105.00	\$136.50
Sideshow (per day):		
—Entrance fee not exceeding \$0.10	\$21.00	
—Entrance fee exceeding \$0.10	\$42.00	
Circus procession or parade (each)	\$210.00	\$273.00
Carnivals (per day)	\$42.00	\$54.60
Ferris wheels, merry-go-rounds, and the like (per month)	\$210.00	\$273.00
Public dances (per dance)	\$21.00	\$27.30
Apartment rental and mobile home parks (per unit)	\$7.50	\$9.75
<i>The term "apartment" includes all buildings or groups of buildings on the same premises, composed of a total of three (3) or more dwelling units</i>		
Auctioneers	\$112.50	\$146.25
Billiard and Pool Rooms (per table)	\$52.50	\$68.25
Boardinghouses		
<i>Boardinghouses licensed by the state or county as boardinghouses for pensioners, and who board pensioners exclusively, are exempt from the business license tax.</i>		

For first 4 boarders	\$21.00	<u>\$27.30</u>
For each person over 4	\$4.50	<u>\$5.85</u>
Cleaning and dyeing laundry delivery		
Vehicles (annual, per vehicle)	\$168.00	<u>\$218.40</u>
The tax applies to those who have no fixed place of business in the town.		
Contractors (annual)	\$224.00	<u>\$291.20</u>
<i>A separate fee for each type of work activity, such as general engineering, building, plumbing, plastering, painting, masonry, termite service, installation or other specialty, in addition to any sales or jobbing license fee. Contractors with businesses not located in Los Gatos but doing a short-term work activity may pay the daily fee <u>when the job including inspection is finished within a day</u>. A contractor must show proof of a valid California Contractor's License or a signed Declaration of Exemption from California Contractor's License law.</i>		
Contractors (daily)	\$105.00	<u>\$136.50</u>
Day care facilities		
<i>Day care facilities provide day care for children under eighteen (18) years of age who are unrelated to the licensee.</i>		
Small family day care home (a facility providing day care for six (6) children or less, including resident children)	No fee	<u>No fee</u>
Large family day care home (a facility providing day care for seven (7) to twelve (12) children, including resident children)	No fee	<u>No fee</u>
Nursery school (a facility providing day care for thirteen (13) or more children)	No fee	<u>No fee</u>
Hospitals, rest homes, and the like:		
Annual, or	\$140.00	<u>\$182.00</u>
Per bed, if that is larger	\$10.00	<u>\$13.00</u>
Hotels and motels (annual, per guest room)	\$7.50	<u>\$9.75</u>
<i>Business activities other than renting rooms, conducted in connection with a hotel, are taxed separately.</i>		
House movers		
Annual license	\$105.00	<u>\$136.50</u>
Additional, per structure moved	\$84.00	<u>\$109.20</u>
Itinerant photographers(annual)	\$210.00	<u>\$273.00</u>
Itinerant vendors (daily)	\$105.00	<u>\$136.50</u>

The words "itinerant vendor" mean any person, both principal and agent, who engages in a temporary and transient business in the Town selling goods, wares and merchandise with the intention of continuing such business in the Town for a period of not more than ninety (90) days, and who, for the purpose of carrying on such business, hires, leases or occupies any room, building or structure for the exhibition or sale of such goods, wares, or merchandise, or from which room, building or structure the sales shall be made or business solicited by means of samples or delivery from house to house. The person so engaged is not relieved from the provisions of this section by reason of associating temporarily with any local dealer, trader, merchant or auctioneer, or by conducting temporary or transient business in connection with, or as a part of, or in the name of any local dealer, trader, merchant or auctioneer. The provisions of this section do not apply to commercial travelers or selling agents selling their goods to dealers, whether selling for present or future deliveries, by sample or otherwise, nor to hawkers on the street, nor peddlers from vehicles, nor to persons selling fruit, vegetables, butter, eggs, or other fruit or ranch products.

Junk collectors (annual, per vehicle)	\$84.00	<u>\$109.20</u>
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Junk collector means any person who has no fixed place of business in the Town and who engages in or carries on the business of collecting, buying or selling any old rags, sacks, bottles, cans, papers, metals or other articles of junk.

Junk dealers (annual)	\$420.00	<u>\$546.00</u>
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Junk dealer means any person who has a fixed place of business in the Town, and who engages in or carries on the business of buying or selling, either at wholesale or retail, any old rags, sacks, bottles, cans, papers, metals or other articles of junk.

Peddlers

Peddlers of wares other than food, per person, per day	\$21.00	<u>\$27.30</u>
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Peddlers of food, except lunch wagon operators:

Using a vehicle (per vehicle, annual)	\$210.00	<u>\$273.00</u>
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Not using a vehicle, carrying wares by hand	\$42.00	<u>\$54.60</u>
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Lunch wagon operators (per vehicle, annual)	\$210.00	<u>\$273.00</u>
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<i>Peddlers engaged in the business of selling any personal property at a sale conducted by an organization exempt from the business license tax under the provisions of section 14.10.030 of this chapter shall pay a license tax of \$7.50 <u>\$9.75</u> per day. This rule applies only when all fees, commissions or other remuneration of any kind paid by the peddler to the organization conducting, sponsoring or promoting the sale is devoted exclusively to the business license tax-exempt purposes of the organization and the organization has obtained prior approval from the Town Council to conduct the sale, per day \$7.50 <u>\$9.75</u></i>	\$7.50	<u>\$9.75</u>
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Peddlers engaged in the business of selling any personal property at a sale conducted by an organization exempt from the business license tax under the provisions of section 14.10.030 of this chapter shall pay a license tax of ~~\$7.50~~ \$9.75 per day. This rule applies only when all fees, commissions or other remuneration of any kind paid by the peddler to the organization conducting, sponsoring or promoting the sale is devoted exclusively to the business license tax-exempt purposes of the organization and the organization has obtained prior approval from the Town Council to conduct the sale, per day ~~\$7.50~~ \$9.75

A "peddler" is every person not having a regularly established place of business in the Town who travels from place to place, or has a stand upon any public street, alley or other public place, doorway or any building,

unenclosed or vacant lot, or parcel of land, who sells, offers for sale, any goods, wares or merchandise in the peddler's possession.

Professional and semiprofessional occupations

Per professional or semiprofessional person \$200.00 \$260.00

Support Staff additional per employee \$15.00 \$19.50

Professional services are occupations in the service sector requiring special training in the arts or sciences. Some professional services require the practitioner to hold professional degrees or licenses and possess specific skills. Other professional services involve providing specialist business support to businesses of all sizes and in all sectors. Professional Services means the business is offering any professional, scientific, or technical service including, but not limited to legal advice and representation; accounting, bookkeeping, and payroll services; architectural, engineering, and specialized design services; computer services; consulting services; research and development services; advertising services; photographic services; translation and interpretation services; veterinary services; and other professional, scientific, and technical services. Professional or semiprofessional business or service occupations include, but are not limited to, the following: Accountant; Advertising counsel; Appraiser; Architect; Artist; Assayer; Attorney at-law; Auditor; Bacteriologist; Broker, stock or bond; Chemist; Chiropodist; Chiropractor; Dental hygienist, Dentist; Designer or decorator; Detective or investigative personnel; Draftsperson; Drugless practitioner; Electrologist; Engineer: civil, mining, electrical, construction; Engineer: structural, consulting, mechanical, hydraulic; Engraver; Feed, grain and fruit broker; Geologist; Illustrator or showcard writer; Landscape architect; Lapidary; Lithographer; Licensed financial planner; Licensed investment counselor; Masseuse or masseur Marriage Therapist; Massage Therapist; Nurse; Oculist, optician or optometrist; Osteopath; Physical therapist; Physician; Property Management; Reals estate brokers; Surgeon; Surveyor; Taxidermist; Veterinarian; X-ray, dental or medical laboratory
Support staff include, but are not limited to the following: receptionist, office assistant, real estate agents

Service occupations \$100.00 \$130.00

Service occupations include, but are not limited to the following: appliance, home furnishing or radio and television installation, janitorial and building maintenance, landscape installation and maintenance, secretarial service, security guards, etc.

Shooting galleries \$105.00 \$136.50

Solicitors (per business) \$210.00 \$273.00

A solicitor is one who engages in the business of going from house to house, place to place or in or along the streets within the Town selling or taking orders for, or offering to sell or take orders for, goods, wares, merchandise, advertising or other things of value for future delivery, or for services to be performed in the future.

Taxicabs

Per business \$150.00 \$195.00

Additional per taxi	\$22.50	\$29.25
Theaters and concert halls	\$105.00	\$136.50
Trucking (annual, per vehicle)	\$140.00	\$182.00
<i>Persons other than peddlers who sell or deliver food or any other goods by means of a vehicle, and who have no fixed place of business in the Town. Persons who make no more than two deliveries or sales per quarter are exempt from the foregoing tax. All other motor vehicle delivery business, whether the business operates on a regular route or between fixed termini or not:</i>		
For one vehicle	\$45.00	\$58.50
For each additional vehicle	\$22.00	\$28.60

(Ord. No. 1755, §§ 1—3, 7-5-88; Ord. No. 1857, §§ I, II, 6-3-91; Ord. No. 1929, § X, 1-19-93; Ord. No. 2026, § XV, 2-18-97; Ord. No. 2320, § III, 9-7-21)

~~Sec. 14.20.120. Credit for businesses in Parking and Business Improvement Area.~~

- (a) ~~Any business located and operating within a parking and business improvement area established pursuant to Streets and Highway Code section 36500 and following shall receive a credit on the annual license tax as set forth in this section if:~~
- (1) ~~An assessment pursuant to the parking and business improvement area district ordinance has been levied on the business by the Town for the license year; and~~
 - (2) ~~The business has paid its parking and business improvement area district assessment for the prior year.~~
- (b) ~~Each person doing any of the kinds of businesses identified as "Contractor," "Hospitals, rest homes, and the like," "Professional and semiprofessional occupations," "Service occupations," and "Trucking" in section 14.20.115 shall receive a credit equal to fifty (50) percent of the annual business license tax.~~
- (c) ~~Every person doing any other kind of business shall receive a credit equal to thirty three and a third (33⅓) percent of the annual business license tax.~~

~~(Ord. No. 1857, §§ I, II, 6-3-91; Ord. No. 1970, § I, 2-22-94)~~

~~Sec. 14.20.125. Exemption for contractors to the town.~~

~~Any business whose income from business in the Town is not more than five hundred dollars (\$500.00) during any calendar year and is derived solely from contracts with the Town is exempt from payment of the business license taxes set forth in this article for that calendar year.~~

~~(Ord. No. 1983, § II, 7-5-94)~~

Section 2. Severability. Should any provision of this Ordinance, or its application to any person or circumstance, be determined by a court of competent jurisdiction to be unlawful, unenforceable, or otherwise void, that determination shall have no effect on any other provision of this Ordinance or the application of this Ordinance to any other person or circumstance and, to that end, the provisions hereof are severable. It is hereby declared to be the intention of the electorate that they would have adopted this Ordinance had such unconstitutional, illegal, or invalid provision, sentence, clause section, or part thereof not been included herein.

Section 3. California Environmental Quality Act. This Ordinance is exempt from the California Environmental Quality Act, Public Resources Code section 21000 et seq., under, including without limitation, Public Resources Code section 21065, and CEQA Guidelines sections 15378(b)(4) and 15061(b)(3), as it can be seen with certainty that there is no possibility that the activity authorized herein may have a significant effect on the environment.

Section 4. Council Implementation. The Town Council of the Town of Los Gatos shall adopt any and all laws it deems necessary to implement this Ordinance.

Section 5. Council Amendments. The Town Council of the Town of Los Gatos is authorized to amend Chapter 14 of the Los Gatos Town Code in any manner that does not increase the rate of any tax or otherwise constitutes a tax increase for which voter approval is required by Article XIII C of the California Constitution, including adopting exemptions, waivers, or reductions of the tax.

Section 6. Administrative Regulations and Delegation. The Town Manager is authorized to adopt rules and regulations consistent with this measure as needed to implement this measure and Chapter 14 of the Los Gatos Town Code and to develop all related forms and other materials and to take any other steps as needed to implement this measure and Chapter 14 and to make such interpretations of this measure and Chapter 14 as the Town Manager may consider necessary to achieve the purposes of this measure and Chapter 14. The Town Manager may delegate any authority within their discretion pursuant to this measure as they deem reasonably necessary.

Section 7. Liberal Construction. This Ordinance shall be liberally construed to effectuate its purposes.