



**TOWN OF LOS GATOS
SALES TAX OVERSIGHT COMMITTEE MEETING
DECEMBER 9, 2019
TOWN COUNCIL CHAMBERS
110 E. MAIN STREET
LOS GATOS, CA 95030
5:15 P.M.**

*Paul Lawryk, Sales Tax Committee
Mark Secchia, Sales Tax Committee
Rick Tinsley, Finance Committee
Ron Dickel, Finance Committee
Terry Duryea, Finance Committee*

MEETING CALLED TO ORDER

ROLL CALL

CONSENT ITEMS (TO BE ACTED UPON BY A SINGLE MOTION) *(Items appearing on the Consent Calendar are considered routine and may be approved by one motion. Unless there are separate discussion and/or actions requested by the Committee, staff, or a member of the public, it is requested that items under the Consent Calendar be acted on simultaneously. Any member of the Committee or public may request to have an item removed from the Consent Calendar for comment and action.)*

No Consent Items.

VERBAL COMMUNICATIONS *(Members of the public are welcome to address the Committee on any matter that is not listed on the agenda. To ensure all agenda items are heard and unless additional time is authorized by the Chair, 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. Adopt Commission Organization: Selection of Chair and Vice Chair
2. Review and Discuss the Revenues and Potential Expenditures and Advise the Town Council on Whether Such Expenditures Meet the Town Council's Objectives Stated in Ordinance 2274 and Measure G.

ADJOURNMENT

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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TOWN OF LOS GATOS
SALES TAX OVERSIGHT
COMMITTEE REPORT

MEETING DATE: 12/09/2019

ITEM NO: 2

DATE: December 4, 2019
TO: Sales Tax Oversight Committee
FROM: Laurel Prevetti, Town Manager
SUBJECT: Review and Discuss the Revenues and Potential Expenditures and Advise the Town Council on Whether Such Expenditures Meet the Town Council's Objectives Stated in Ordinance 2274 and Measure G.

RECOMMENDATION:

Review and Discuss the Revenues and Potential Expenditures and Advise the Town Council on Whether Such Expenditures Meet the Town Council's Objectives Stated in Ordinance 2274 and Measure G.

BACKGROUND:

On June 19, 2018 the Los Gatos Town Council adopted Ordinance No. 2274 establishing a General Transaction and Use Tax ("Ordinance 2274") for a period of twenty years (Attachment 1). On November 6, 2018, the voters of the Town approved the Sales Tax (Measure G) on the November ballot. Among other items, Ordinance 2274 and Measure G required Citizens Oversight, mandatory financial audits, and yearly reports to the community to ensure funds are spent as promised.

Following is the relevant section of the Ordinance discussing citizen oversight and annual audit.

Sec. 2.60.140. Citizens' oversight and annual audit.

A. There shall be a committee appointed by the Town Council to review and report on the receipt of revenue and expenditure of funds from the tax authorized by this chapter ('revenues and expenditures'). The number, qualifications and duties of Committee members shall be established by ordinance or resolution of the Town Council.

PREPARED BY: Arn Andrews
Assistant Town Manager

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

SUBJECT: Revenues and Potential Expenditures Associated with Ordinance 2274 and Measure G.

DATE: December 4, 2019

BACKGROUND (continued):

B. Beginning with the fiscal year that ends June 30, 2019, the Town's independent auditors shall, as part of their annual audit of the Town's financial statements, review the collection and expenditure of revenue from the tax authorized by this chapter. The auditors' review shall be a public document. The committee shall annually review the auditors' findings and report in writing to the Town Council regarding the auditors' findings regarding the revenues and expenditures. The committee's statement shall be transmitted to the Town Council for consideration at a public meeting.

C. By January 31, 2019, the Town Council shall adopt a resolution establishing the composition of the committee and further defining its responsibilities consistently with this section. Provisions defining the scope of committee responsibilities and reporting requirements shall address bond oversight, in the event that a decision is made at a later time to sell bonds that are in part backed by the revenues referenced in this section. The Town Council shall appoint the initial members of the committee no later than March 1, 2019.

On December 18, 2018, the Town Council adopted Resolution 2018-056 establishing a Sales Tax Oversight Committee in accordance with the provisions of Section 2.60.140 of Ordinance 2274. On August 6, 2019, the Town Council revised the enabling resolution with the adoption of Resolution 2019-041 (Attachment 2).

Following is the relevant section of Resolution 2019-041 discussing the function of the Los Gatos Sales Tax Oversight Committee.

Section 12. The function of the Los Gatos Sales Tax Oversight Committee shall be to serve in an advisory capacity to the Town Council. Prior to the Town's expenditure of any Sales Tax revenues, the Los Gatos Sales Tax Oversight Committee shall review the Town's proposed expenditures and advise the Town Council on whether such expenditures meet the Town Council's objectives stated in Ordinance 2274 and Measure G. It shall not be within the purview of the Sales Tax Oversight Committee to direct staff, recommend any particular contract or project but only to determine whether such expenditures meet the Town Council's objectives stated in Ordinance 2274 and Measure G. In addition, the final determination of whether such expenditures meet the Town Council's objectives and the approval of any such expenditure shall be made by Town Council. The Los Gatos Sales Tax Oversight Committee shall issue an annual public report of the expenditures and appropriations of the Sales Tax revenues which were approved by the Town Council during the applicable fiscal year. The Los Gatos Sales Tax Oversight Committee shall undertake such other and additional duties as the City Council may direct.

SUBJECT: Revenues and Potential Expenditures Associated with Ordinance 2274 and Measure G.

DATE: December 4, 2019

DISCUSSION:

Per the aforementioned Ordinance and corresponding Resolution, the Sales Tax Oversight Committee shall review the revenues associated with the dedicated District Sales Tax and the potential expenditure of those revenues. The meeting on December 9th is the first convening of the newly established Sales Tax Committee for this purpose.

District Sales Tax Revenue Overview

As part of the administrative process associated with implementing the District Sales Tax, the Town was required to establish a separate account with the California Department of Tax and Fee Administration (CDTFA). As such, CDTFA remits the District Sales tax separately (Attachment 3) from the general sales tax. In addition, the Finance Department established a separate accounting of the District Sales tax for financial reporting purposes.

| | Taxes | Fees | Received |
|------------------------------|---------------------|---------------------|---------------------|
| January – March 2019 | \$809.23 | \$0.00 | \$809.23 |
| Advance for April 2019 | \$44,189.32 | \$0.00 | \$44,189.32 |
| May – June 2019 & Q2 True-up | \$183,132.36 | (\$9,330.00) | \$173,802.36 |
| 2019 Totals | \$228,130.91 | (\$9,330.00) | \$218,800.91 |

Given the timing of initial District Sales Tax receipts, and the establishment and convening of the Sales Tax Oversight Committee, monies received through June 30, 2019 were carried forward into the current fiscal year. In addition, provided below are receipts to date for the current fiscal year.

| | Taxes | Fees | Received |
|-------------------------------|---------------------|---------------------|---------------------|
| July Advance 2019 | \$68,300.55 | \$0.00 | \$68,300.55 |
| August Advance | \$80,480.03 | \$0.00 | \$80,480.03 |
| July – Sept 2019 & Q3 True-up | \$115,380.74 | (\$9,330.00) | \$106,050.74 |
| Year to Date Totals | \$264,161.32 | (\$9,330.00) | \$254,831.32 |

Based on initial receipts and year to date totals and estimates provided by the Town’s Sales tax consultant MuniServices, annual revenue estimates for FY 2019/20 are approximately \$1,000,000.

SUBJECT: Revenues and Potential Expenditures Associated with Ordinance 2274 and Measure G.

DATE: December 4, 2019

DISCUSSION (continued):

District Sales Tax Potential Expenditure Overview

Provided below is the Measure G ballot language as a reference for the Sales Tax Committee to align estimated revenues with potential expenditures.

“Shall the measure to fund essential Town services such as maintaining neighborhood police patrols; improving traffic flow to reduce congestion; repairing potholes and fixing neighborhood streets; maintaining the Town’s long-term financial stability and other unrestricted general revenue purposes by enacting a one-eighth cent (\$0.125%) sales tax for 20 years, providing about \$800,000 annually, requiring Independent Citizens Oversight with public review of spending, and all revenues controlled locally, be adopted?”

In the following tables staff has provided examples from the current FY 2019/20 Operating Budget and FY 2019/20 – 2023/24 Capital Improvement Program of budgeted items which align with the Measure G ballot language.

| Expenditure Categories | FY 2019/20 |
|---|-------------------|
| <u>Maintaining Neighborhood Police Patrols</u> | |
| Strategic Patrol Deployment Methods (OB D-160) | \$7,512,107 |
| <u>Improving Traffic Flow to Reduce Congestion</u> | \$106,050.74 |
| Massol Intersection Improvements (CIP C-27) | \$450,000 |
| <u>Repairing Potholes and Fixing Neighborhood Streets</u> | |
| Street Repair and Resurfacing GFAR (CIP C-8) | \$2,700,000 |
| Sidewalk Improvements/Shannon/LGB/Cherry Blossom (CIP C-40) | \$129,896 |
| <u>Maintaining the Town’s Long-term Financial Stability</u> | |
| General Fund Reserve Policy/Shortened Amortization (OP A-3) | \$390,000 |

CONCLUSION:

With this information, the Committee should review and discuss the revenues and potential expenditures and advise the Town Council on whether such expenditures meet the Town Council’s objectives stated in Ordinance 2274 and Measure G.

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SUBJECT: Revenues and Potential Expenditures Associated with Ordinance 2274 and Measure G.

DATE: December 4, 2019

COORDINATION:

This staff report has been coordinated with the Town Manager, Town Attorney, Director of Parks and Public Works, and the Director of Finance.

FISCAL IMPACT:

This item has no fiscal impact.

Attachments:

1. Ord 2274 - Imposing a General Transactions and Use Tax
2. Updated Resolution Updating the Sales Tax Oversight Committee
3. CDTFA Statements

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ORDINANCE 2274

**AN ORDINANCE OF THE PEOPLE OF THE TOWN OF LOS GATOS, CALIFORNIA
IMPOSING A GENERAL TRANSACTIONS AND USE TAX
FOR A PERIOD OF TWENTY YEARS**

WHEREAS, Town of Los Gatos residents have indicated that the quality of life in Los Gatos is highly valued; and

WHEREAS, the Town of Los Gatos has over \$70 Million in unmet infrastructure needs for projects such as pothole, street, and road repair, the proper maintenance of which are important to maintaining local property values and quality of life; and

WHEREAS, the Town seeks to not only maintain, but enhance neighborhood police patrols and local crime prevention programs, both of which are priorities identified by the public; and

WHEREAS, the Town also seeks to improving traffic flow to reduce traffic congestion; and

WHEREAS, repairing potholes and maintaining Los Gatos' streets, roads, and sidewalks so they do not deteriorate further and become even more costly to fix in the future has been a longstanding objective of the Town; and

WHEREAS, locally-enacted funding sources such as a voter-approved sales tax are not subject to seizure by the State, and must be spent in Los Gatos to maintain its local services; and

WHEREAS, the proposed measure imposes an unrestricted general sales tax that can be used for any legitimate governmental purpose and it is not a commitment to any particular action; and

WHEREAS, the proposed measure requires Independent Citizens Oversight and mandatory financial audits to ensure funds are spent in furtherance of Town objectives to enhance local services and the quality of life in the Town, and yearly reports to the community to ensure funds are spent as promised and would sunset in 20 years; and

WHEREAS, under the provisions of the laws relating to general law cities in the State of California, an election shall be held on November 6, 2018, for the submission to the voters of a question relating to a local one-eighth-cent (0.125%) sales tax; and

WHEREAS, it is desirable that the election be consolidated with the statewide election to be held on the same date, and that within the Town, the precincts, polling places, and election officers of the two elections be the same.

NOW THEREFORE, THE PEOPLE OF THE TOWN OF LOS GATOS DO ORDAIN AS FOLLOWS:

SECTION 1. INCORPORATION OF RECITALS. The People of Los Gatos, subject to voter approval, find that all Recitals are true and correct and incorporate them herein by this reference.

SECTION 2. AMENDMENT OF MUNICIPAL CODE. Chapter 2.60, Transactions and Use Tax, of the Los Gatos Town Code, is hereby added to read as follows:

Sec. 2.60.010. Title.

This ordinance shall be known as the Los Gatos Transactions and Use Tax Ordinance. The Town of Los Gatos hereinafter shall be called "Town." This ordinance shall be applicable in the incorporated territory of the Town.

Sec. 2.60.020. Operative Date.

"Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the adoption of this ordinance, the date of such adoption being as set forth below.

Sec. 2.60.030. Purpose.

This ordinance is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.9 of Part 1.7 of Division 2 which authorizes the Town to adopt this tax ordinance which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

B. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

C. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefore that can be administered and collected by the California Department of Tax and Fee Administration in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the California Department of Tax and Fee Administration in administering and collecting the California State Sales and Use Taxes.

D. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of

Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this ordinance.

E. To provide transactions and use tax revenue to the Town to be used to fund general revenue purposes.

Sec. 2.60.040. Contract with State.

Prior to the operative date, the Town shall contract with the California Department of Tax and Fee Administration to perform all functions incident to the administration and operation of this transactions and use tax ordinance; provided, that if the Town shall not have contracted with the California Department of Tax and Fee Administration prior to the operative date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

Sec. 2.60.050. Transactions Tax Rate.

For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the Town at the rate of one-eighth of one percent of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of this ordinance.

Sec. 2.60.060. Place of Sale.

For the purposes of this ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the California Department of Tax and Fee Administration.

Sec. 2.60.070. Use of Tax Rate.

An excise tax is hereby imposed on the storage, use or other consumption in the Town of tangible personal property purchased from any retailer on and after the operative date of this ordinance for storage, use or other consumption in said territory at the rate of one-eighth of one percent (0.125%) of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

Sec. 2.60.080. Adoption of Provisions of State Law.

Except as otherwise provided in this ordinance and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this ordinance as though fully set forth herein.

Sec. 2.60.090. Limitations of Adoption of State Law and Collection of Use Tax.

In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of this Town shall be substituted therefor. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Treasury, the California Department of Tax and Fee Administration or the Constitution of the State of California;

2. The result of that substitution would require action to be taken by or against this Town or any agency, officer, or employee thereof rather than by or against the California Department of Tax and Fee Administration or the State Board of Equalization, in performing the functions incident to the administration or operation of this Ordinance.

3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;

b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word "Town" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

Sec. 2.60.100. Permit Not Required.

If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this ordinance.

Sec. 2.60.110. Exemptions and Exclusions.

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any town, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the Town which is shipped to a point outside the Town, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the Town shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-Town address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

b. With respect to commercial vehicles, by registration to a place of business out-of-Town and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this ordinance, the storage, use or other consumption in this Town of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the Town shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the Town or participates within the Town in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the Town or through any representative, agent, canvasser, solicitor, subsidiary, or person in the Town under the authority of the retailer.

7. "A retailer engaged in business in the Town" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing

with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the Town.

D. Any person subject to use tax under this ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

Sec. 2.60.120. Amendments.

All amendments subsequent to the effective date of this ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this ordinance, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this ordinance.

Sec. 2.60.130. Enjoining Collection Forbidden.

No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the Town, or against any officer of the State or the Town, to prevent or enjoin the collection under this ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

Sec. 2.60.140. Citizens' oversight and annual audit.

A. There shall be a committee appointed by the Town Council to review and report on the receipt of revenue and expenditure of funds from the tax authorized by this chapter ("revenues and expenditures"). The number, qualifications and duties of Committee members shall be established by ordinance or resolution of the Town Council.

B. Beginning with the fiscal year that ends June 30, 2019, the Town's independent auditors shall, as part of their annual audit of the Town's financial statements, review the collection and expenditure of revenue from the tax authorized by this chapter. The auditors' review shall be a public document. The committee shall annually review the auditors' findings and report in writing to the Town Council regarding the auditors' findings regarding the revenues and expenditures. The committee's statement shall be transmitted to the Town Council for consideration at a public meeting.

C. By January 31, 2019, the Town Council shall adopt a resolution establishing the composition of the committee and further defining its responsibilities consistently with this section. Provisions defining the scope of committee responsibilities and reporting requirements shall address bond oversight, in the event that a decision is made at a later time to sell bonds that are in part backed by the revenues referenced in this section. The Town Council shall appoint the initial members of the committee no later than March 1, 2019.

Sec. 2.60.150. Termination Date.

The authority to levy the tax imposed by this chapter shall automatically expire on March 31, 2039, without further action by the Town Council or the voters of the Town. After said date, the tax imposed by this Chapter can only be continued or reestablished by a majority vote of Los Gatos voters.

SECTION 3. ADJUSTMENT OF APPROPRIATIONS LIMIT. Pursuant to Article XIII B of the Constitution of the State of California and applicable laws, the appropriations limit for the Town is hereby increased by the aggregate sum authorized to be levied by this tax for fiscal year 2018-2019 and each year thereafter.

SECTION 4. COMPLIANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT. The approval of this ordinance is exempt from the California Environmental Quality Act (Public Resources Code §§ 21000 et seq., "CEQA," and 14 Cal. Code Reg. §§ 15000 et seq., "CEQA Guidelines"). This ordinance imposes a general tax that can be used for any legitimate governmental purpose; it is not a commitment to any particular action. As such, under CEQA Guidelines section 15378(b)(4), the ordinance is not a "project" within the meaning of CEQA because it creates a government funding mechanism that does not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment. If revenue from the tax were used for a purpose that would have either such effect, the Town would undertake the required CEQA review for that project. Therefore, pursuant to CEQA Guidelines section 15060, CEQA analysis is not required.

SECTION 5. SEVERABILITY. If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

SECTION 6. EFFECTIVE DATE. This ordinance relates to the levying and collecting of the Town transactions and use taxes and shall take effect immediately.

SECTION 7. NOTICE. Upon approval by the voters, the Town Clerk Administrator shall certify to the passage and adoption of this Ordinance and shall cause it to be published according to law.

* * * * *

It is hereby certified that this Ordinance was duly adopted by the voters at the November 6, 2018 Election and took effect 10 days following adoption of a resolution declaring the results of the election at a regular meeting of the Town Council held on the 18th day of December 2018 by the following vote:

COUNCIL MEMBERS:

AYES: Marcia Jensen, Rob Rennie, Marico Sayoc, Mayor Steven Leonardis

NAYS: Barbara Spector

ABSENT: None.

ABSTAIN: None.

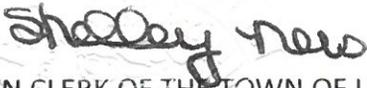
SIGNED:



MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: 12.21.18

ATTEST:



TOWN CLERK OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: 12-21-18

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RESOLUTION 2019-041

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS, CALIFORNIA
RESCINDING RESOLUTION 2018-056 AND ADOPTING A REVISED ENABLING
RESOLUTION TO ESTABLISH A SALES TAX OVERSIGHT COMMITTEE**

WHEREAS, on June 19, 2018 the Los Gatos Town Council adopted Ordinance No. 2274 imposing a General Transaction and Use Tax ("Ordinance 2274") for a period of twenty years.

WHEREAS, the purpose of the Ordinance 2274 is to impose a local one-eighth cent (0.125%) sales tax on retail transactions ("Sales Tax") within the town limits of the Town of Los Gatos; and

WHEREAS, on November 6, 2018, the citizens of the Town approved imposition of the Sales Tax by approving ballot Measure G on the November 6, 2018 ballot; and

WHEREAS, Ordinance 2274 and Measure G state that funds raised from the Sales Tax shall be used to fund essential Town services such as maintaining neighborhood police patrols; improving traffic flow to reduce congestion; repairing potholes and fixing neighborhood streets; and maintaining the Town's long-term financial stability; and

WHEREAS, the Ordinance 2274 and Measure G require Citizens Oversight, mandatory financial audits, and yearly reports to the community to ensure funds are spent as promised; and

WHEREAS, in accordance with the provisions of Section 2.60.140 of Ordinance 2274, the Town Council shall appoint a Committee to advise the Town Council on the expenditures funded by the Sales Tax revenues in order to ensure that said revenues are spent in accordance with the Town Council objectives stated in Ordinance 2274 and Measure G; and

WHEREAS, on December 18, 2018, the Town Council adopted Resolution 2018-056 to establish the Sales Tax Oversight Committee; and

WHEREAS, the Town needs a viable Committee structure to ensure the Sales Tax Oversight Committee can meet and fulfill its obligations.

NOW, THEREFORE, BE IT RESOLVED, that the Los Gatos Town Council orders as follows:

Section 1. The Town Council hereby rescinds Resolution 2018-056.

Section 2. The Town Council hereby adopts a revised enabling Resolution to establish the Town of Los Gatos Sales Tax Oversight Committee pursuant to Ordinance 2274 and Measure G.

Section 3. The Los Gatos Sales Tax Oversight Committee shall consist of a minimum of five (5) members.

Section 4. The members of the Los Gatos Sales Tax Oversight Committee shall be appointed by a majority vote of the Town Council.

Section 5. Each member of the Los Gatos Sales Tax Oversight Committee shall, on the date of appointment and throughout the member's term on the Los Gatos Sales Tax Citizens Oversight Committee, be a resident of the Town of Los Gatos.

Section 6. The term of each member of the Los Gatos Sales Tax Oversight Committee shall be four (4) years.

Section 7. The terms of office of the resident members of the Los Gatos Sales Tax Oversight Committee shall be staggered and overlapped in such a manner that the terms of no more than one-third of the members expire each year.

Section 8. The Town Council shall fill any resident member vacancies of the Los Gatos Sales Tax Oversight Committee occurring during the term of the Committee. In the event there are insufficient applicants for the Town Council to fill Committee vacancies, the resident members of the Town's Finance Committee may fill those vacancies so a Sales Tax Oversight Committee meeting can be convened.

Section 9. The members of the Los Gatos Sales Tax Oversight Committee shall serve without compensation, provided that with advance budgetary approval of the Town Council, the actual and necessary expenses (if any) incurred by the members in the conduct of Town business shall be reimbursable pursuant to the provisions of the current Administrative Policy.

Section 10. The Los Gatos Sales Tax Oversight Committee shall meet semi-annually and all meetings shall be noticed and conducted in accordance with the applicable provisions of the Brown Act and Robert's Rules of Order and Town Policies established for Commissions and Committees.

Section 11. Minutes of the actions taken during the Los Gatos Sales Tax Oversight Committee's meetings shall be kept and shall be a public record.

Section 12. The function of the Los Gatos Sales Tax Oversight Committee shall be to serve in an advisory capacity to the Town Council. Prior to the Town's expenditure of any Sales Tax revenues, the Los Gatos Sales Tax Oversight Committee shall review the Town's proposed expenditures and advise the Town Council on whether such expenditures meet the Town Council's objectives stated in Ordinance 2274 and Measure G. It shall not be within the purview of the Sales Tax Oversight Committee to direct staff, recommend any particular contract or project but only to determine whether such expenditures meet the Town Council's objectives stated in Ordinance 2274 and Measure G. In addition, the final determination of whether such

expenditures meet the Town Council's objectives and the approval of any such expenditure shall be made by Town Council. The Los Gatos Sales Tax Oversight Committee shall issue an annual public report of the expenditures and appropriations of the Sales Tax revenues which were approved by the Town Council during the applicable fiscal year. The Los Gatos Sales Tax Oversight Committee shall undertake such other and additional duties as the City Council may direct.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 6th day of August, 2019 by the following vote:

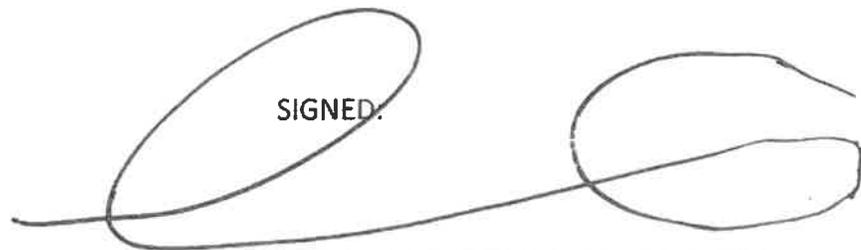
COUNCIL MEMBERS:

AYES: Marcia Jensen, Rob Rennie, Marico Sayoc, Barbara Spector, Mayor Steven Leonardis

NAYS: None

ABSENT: None

ABSTAIN: None

SIGNED: 

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: _____

ATTEST:

Shelley Reis

TOWN CLERK OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: 8/19/19

Local Jurisdiction Statement of Tax Distribution

Juris Code: 721

Date: 05/21/2019

For the periods shown below

Payee: CITY OF LOS GATOS

TRANSACTIONS & USE TAX

| | | |
|------------------------|------------|--------|
| Total Due | 1ST QTR 19 | 809.23 |
| Prior Credits | | 0.00 |
| Prior Distributions | 1ST QTR 19 | 0.00 |
| Prior Advances | 1ST QTR 19 | 0.00 |
| Cost of Admin | | 0.00 |
| | | |
| Balance | 1ST QTR 19 | 809.23 |
| Total Payment (by EFT) | | 809.23 |

Total Due Breakdown by Period:

| | |
|--|---------------|
| Distribution Prior to 3rd Quarter 2018 | 0.00 |
| Distribution 3rd Quarter 2018 | 0.00 |
| Distribution 4th Quarter 2018 | 0.00 |
| Distribution 1st Quarter 2019 | 754.28 |
| Distribution 2nd Quarter 2019 | 54.95 |
| Total Due (As Above) | 809.23 |

If you have any questions, please contact CDTFA Local Revenue Branch by phone at (916) 324-3000 or mail:

California Department of Tax and Fee Administration
 Local Revenue Branch, MIC: 27
 PO Box 942879
 Sacramento, CA 94279-0027

ATTACHMENT 3

Local Jurisdiction Statement of Tax Distribution

Juris Code: 721

Date: 06/19/2019

For the periods shown below

Payee: CITY OF LOS GATOS

FINANCE & BUDGET MANAGER

| | | |
|------------------------|----------|-----------|
| Current Distributions | APR 2019 | 1,689.32 |
| Current Advance | APR 2019 | 42,500.00 |
| Prior Credits | | 0.00 |
| | | |
| Balance | APR 2019 | 44,189.32 |
| Total Payment (by EFT) | | 44,189.32 |

Current Distributions Breakdown by Period:

| | |
|--|----------|
| Distribution Prior to 4th Quarter 2018 | 0.00 |
| Distribution 4th Quarter 2018 | 0.00 |
| Distribution 1st Quarter 2019 | 195.09 |
| Distribution 2nd Quarter 2019 | 1,494.15 |
| Distribution 3rd Quarter 2019 | 0.08 |
| Current Distributions (As Above) | 1,689.32 |

If you have any questions, please contact CDTFA Local Revenue Branch by phone at (916) 324-3000 or mail:

California Department of Tax and Fee Administration
 Local Revenue Branch, MIC: 27
 PO Box 942879
 Sacramento, CA 94279-0027

Local Jurisdiction Statement of Tax Distribution

Juris Code: 721

Date: 07/19/2019

For the periods shown below

**Payee: CITY OF LOS GATOS TRANS & USE
FINANCE & BUDGET MANAGER**

| | | |
|------------------------|----------|-----------|
| Current Distributions | MAY 2019 | 19,285.12 |
| Current Advance | MAY 2019 | 42,500.00 |
| Prior Credits | | 0.00 |
| | | |
| Balance | MAY 2019 | 61,785.12 |
| Total Payment (by EFT) | | 61,785.12 |

Current Distributions Breakdown by Period:

| | |
|--|-----------|
| Distribution Prior to 4th Quarter 2018 | 0.00 |
| Distribution 4th Quarter 2018 | 0.00 |
| Distribution 1st Quarter 2019 | 0.07 |
| Distribution 2nd Quarter 2019 | 19,285.05 |
| Distribution 3rd Quarter 2019 | 0.00 |
| Current Distributions (As Above) | 19,285.12 |

If you have any questions, please contact CDTFA Local Revenue Branch by phone at (916) 324-3000 or mail:

California Department of Tax and Fee Administration
Local Revenue Branch, MIC: 27
PO Box 942879
Sacramento, CA 94279-0027

Local Jurisdiction Statement of Tax Distribution

Juris Code: 721

Date: 08/21/2019

For the periods shown below

**Payee: CITY OF LOS GATOS TRANS & USE
FINANCE & BUDGET MANAGER**

| | | |
|------------------------|------------|------------|
| Total Due | 2ND QTR 19 | 227,321.68 |
| Prior Credits | | 0.00 |
| Prior Distributions | 2ND QTR 19 | -20,974.44 |
| Prior Advances | 2ND QTR 19 | -85,000.00 |
| Cost of Admin | | -9,330.00 |
| <hr/> | | |
| Balance | 2ND QTR 19 | 112,017.24 |
| Total Payment (by EFT) | | 112,017.24 |

Total Due Breakdown by Period:

| | |
|--|------------|
| Distribution Prior to 4th Quarter 2018 | 0.00 |
| Distribution 4th Quarter 2018 | 0.00 |
| Distribution 1st Quarter 2019 | 195.16 |
| Distribution 2nd Quarter 2019 | 227,122.11 |
| Distribution 3rd Quarter 2019 | 4.41 |
| Total Due (As Above) | 227,321.68 |

If you have any questions, please contact CDTFA Local Revenue Branch by phone at (916) 324-3000 or mail:

California Department of Tax and Fee Administration
Local Revenue Branch, MIC: 27
PO Box 942879
Sacramento, CA 94279-0027

Local Jurisdiction Statement of Tax Distribution

Juris Code: 721

Date: 09/19/2019

For the periods shown below

**Payee: CITY OF LOS GATOS TRANS & USE
FINANCE & BUDGET MANAGER**

| | | |
|------------------------|----------|-----------|
| Current Distributions | JUL 2019 | 15,700.55 |
| Current Advance | JUL 2019 | 52,600.00 |
| Prior Credits | | 0.00 |
| | | |
| Balance | JUL 2019 | 68,300.55 |
| Total Payment (by EFT) | | 68,300.55 |

Current Distributions Breakdown by Period:

| | |
|--|-----------|
| Distribution Prior to 1st Quarter 2019 | 0.00 |
| Distribution 1st Quarter 2019 | 114.97 |
| Distribution 2nd Quarter 2019 | 13,110.38 |
| Distribution 3rd Quarter 2019 | 2,475.20 |
| Distribution 4th Quarter 2019 | 0.00 |
| Current Distributions (As Above) | 15,700.55 |

If you have any questions, please contact CDTFA Local Revenue Branch by phone at (916) 324-3000 or mail:

California Department of Tax and Fee Administration
Local Revenue Branch, MIC: 27
PO Box 942879
Sacramento, CA 94279-0027

Local Jurisdiction Statement of Tax Distribution

Juris Code: 721

Date: 10/21/2019

For the periods shown below

**Payee: CITY OF LOS GATOS TRANS & USE
FINANCE & BUDGET MANAGER**

| | | |
|------------------------|----------|-----------|
| Current Distributions | AUG 2019 | 27,880.03 |
| Current Advance | AUG 2019 | 52,600.00 |
| Prior Credits | | 0.00 |
| | | |
| Balance | AUG 2019 | 80,480.03 |
| Total Payment (by EFT) | | 80,480.03 |

Current Distributions Breakdown by Period:

| | |
|--|-----------|
| Distribution Prior to 1st Quarter 2019 | 0.00 |
| Distribution 1st Quarter 2019 | 0.00 |
| Distribution 2nd Quarter 2019 | 2,864.45 |
| Distribution 3rd Quarter 2019 | 25,015.45 |
| Distribution 4th Quarter 2019 | 0.13 |
| Current Distributions (As Above) | 27,880.03 |

If you have any questions, please contact CDTFA Local Revenue Branch by phone at (916) 324-3000 or mail;

California Department of Tax and Fee Administration
Local Revenue Branch, MIC: 27
PO Box 942879
Sacramento, CA 94279-0027

Local Jurisdiction Statement of Tax Distribution

Juris Code: 721

Date: 11/20/2019

For the periods shown below

**Payee: CITY OF LOS GATOS TRANS & USE
FINANCE & BUDGET MANAGER**

| | | |
|------------------------|------------|-------------|
| Total Due | 3RD QTR 19 | 264,161.32 |
| Prior Credits | | 0.00 |
| Prior Distributions | 3RD QTR 19 | -43,580.58 |
| Prior Advances | 3RD QTR 19 | -105,200.00 |
| Cost of Admin | | -9,330.00 |
| <hr/> | | |
| Balance | 3RD QTR 19 | 106,050.74 |
| Total Payment (by EFT) | | 106,050.74 |

Total Due Breakdown by Period:

| | |
|--|-------------------|
| Distribution Prior to 1st Quarter 2019 | 0.00 |
| Distribution 1st Quarter 2019 | 114.97 |
| Distribution 2nd Quarter 2019 | 16,310.15 |
| Distribution 3rd Quarter 2019 | 247,686.74 |
| Distribution 4th Quarter 2019 | 49.46 |
| Total Due (As Above) | 264,161.32 |

If you have any questions, please contact CDTFA Local Revenue Branch by phone at (916) 324-3000 or mail:

California Department of Tax and Fee Administration
Local Revenue Branch, MIC: 27
PO Box 942879
Sacramento, CA 94279-0027

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