

East P.A. ballot is battleground for utility, hotel taxes

■ Measure H would expand city's utility tax; Measures I and J would earmark hotel taxes for specific programs

By Suzanne Zalev

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EAST PALO ALTO — Three measures on the Nov. 5 ballot that would continue a utility tax and earmark part of the city's hotel tax revenue may turn out to be a vote of confidence — or not — on the City Council.

Measure H would extend and expand an existing utility tax that brings in almost \$1 million a year for the city's general fund — money that Mayor Duane Bay said is essential for providing city services.

But opponents of the tax question how the city spends its money. Too much goes to lawsuits, said John Hally, who wrote the argument against Measure H. City funds "seem to be used for things other than services," he said.

"It seems like not a good idea to give more money to be thrown away," Halley said.

Peter Evans, a City Council candidate who signed the argument against the tax, added that most people in East Palo Alto wouldn't mind supporting a tax, but the City Council is too removed from the residents.

There are "repetitive lawsuits" stemming from the Police Department, Evans said, adding that the city "kept throwing money" at ex-Sgt. Robert Cole's

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wrongful dismissal lawsuit before settling with Cole several months ago for \$525,000.

The utility tax, which Bay said costs the average household about \$10 a month, is on the ballot because a court ruling threw into question the legality of taxes that had not been approved by the voters. If approved, Measure H would extend the tax through 2006 and implement the tax on cell phones.

If it's approved, by the time the tax expires, the city will have new revenue sources — IKEA and the Four Seasons hotel —

and will no longer be paying off a parcel tax settlement, Bay said. At that point, the city may go to the voters again.

Measures I and J would designate 10 percent of the hotel tax for services for families, seniors and children and for affordable housing, respectively. There are currently no hotels in East Palo Alto, but a Four Seasons is slated to open in 2004.

Bay said the council wanted to make sure there was money earmarked for issues members felt strongly about, and based on what they hear from the community. The money for affordable housing would help mitigate effects of gentrification, Bay said. And many other cities have grant programs for non-profit organizations, but East

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Palo Alto hasn't had the money to do something like that.

But opponents slammed the measures, calling them a "terrible proposal" and a way to give consultants money. Funds from the hotel tax would otherwise go into the city's general fund, and Evans said the council does not need a special ordinance to spend that money on affordable housing or programs. He also

questioned whether 10 percent of the hotel tax would be enough to do much for affordable housing.

"You don't create ballot issues that will cost thousands of dollars for no reason," Evans said.

Bay said 10 percent of the hotel tax is projected to be about \$250,000 once the hotel opens, and it costs about \$50,000 to subsidize an affordable housing unit.

"It's hard to say that's nothing," he said, adding he doesn't understand the argument about consultants.

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