



Memorandum

TO:HONORABLE MAYOR AND
CITY COUNCIL

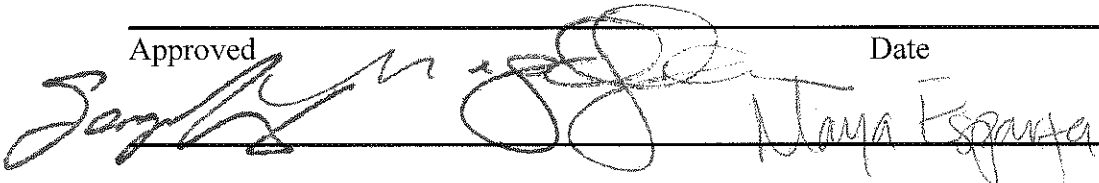
FROM:Councilmember Maya Esparza
Councilmember Magdalena Carrasco
Councilmember Sergio Jimenez

SUBJECT: SEE BELOW

DATE:September 20, 2019

Approved

Date

 9/20/19

SUBJECT: REVENUE CAPTURE AGREEMENT BETWEEN CITY OF SAN JOSE AND EBAY INC.

RECOMMENDATION

1. Direct staff to begin tracking revenue resulting from this agreement in future budget and related financial reports, including the Mid Year Budget Review and Comprehensive Annual Financial Report;
2. Recommend that funds generated from the Revenue Capture Agreement with eBay be directed towards the City of San Jose's Affordable Housing Fund for the acquisition, rehabilitation, preservation, and construction of affordable housing, homeless solutions, and neighborhood services;
3. Direct staff to incorporate provisions by which the City can audit financials of eBay Inc to confirm tax receipts.

BACKGROUND

We want to thank staff, eBay, and all involved for their diligence and creativity as they bring forward this proposal that provides a much needed infusion of revenue into our City's General Fund.

As we move forward in this partnership, we must do so prudently and with transparency.

Consequently, we request that the tax receipts be made available to the City for auditing purposes. While we recognize our potential partner as a responsible business based in San Jose, it behooves both us and eBay Inc. to ensure that the public is well aware of the source and amount of revenue that is being generated through this agreement.

According to staff, this agreement could potentially represent 11% of the City's modified budget for sales tax, which translates into \$29.5 million in annual revenue. As we move ahead, we ask our colleagues to consider directing these new resources to address issues of highest priority. At present, the housing crisis has forced over 6,000 of our residents into homelessness. This

represents an over 40% increase in population from the 2017 Point-In-Time census. With such exponential growth in the unhoused population, it is incumbent upon us to focus our efforts in addressing the housing crisis and its impacts.

Our Housing staff have repeatedly indicated that the primary reason why people have become unhoused is due to a lack of affordable housing. According to a report presented by the City's Housing Department to the Neighborhood Services and Education Committee on September 9th, nearly 70% of the homeless individuals who were surveyed in San Jose identified "...inability to afford rent as the primary obstacle to obtain housing." We therefore encourage our colleagues to take a bold step and steer some of these much needed resources towards addressing this crisis.

Unfortunately, our City still stands out as one of the most thinly staffed large cities in the nation. We regularly hear from constituents as they request city services and are frustrated as the response is delayed or sometimes closed out before the issue is addressed. While I recognize our staff's efforts as they do more with less, this operational model is unsustainable. For example, the Homeless Response Team, which is tasked with responding to some of the most volatile situations in our City, is comprised of a total of three frontline staff and one staff specialist. They are overwhelmed by an ever growing number of calls for service. The same can be applied to other high demand services such as illegal dumping, anti-litter, and vehicle abatement. All of the aforementioned services address quality of life issues that impact every district in San Jose

We must let the residents of San Jose know that we have every intention of continuing to invest in affordable housing as an essential solution to the housing crisis. Furthermore, we must increase our investment in neighborhood services to clearly demonstrate to our residents our seriousness in focusing on quality of life issues here in our City.
