



# STAFF REPORT

AGENDA NO: 11b

MEETING DATE: July 6, 2026

**To:** Honorable Mayor and City Council

**Date:** July 6, 2026

**From:** Lisa K. Goldman, City Manager – (650) 558-7243

**Subject:** Second Reading and Adoption of an Ordinance to Place a Transient Occupancy Tax Revenue Measure on the November 2026 Ballot to Increase the City's Transient Occupancy Tax Rate from Twelve Percent to Fifteen Percent; Adoption of a Resolution Calling an Election in the City of Burlingame to Place a Transient Occupancy Tax Measure on the November 3, 2026, Ballot; and Consideration of Appointing a Subcommittee of the City Council to Draft and Sign the Ballot Argument and Rebuttal or to Recruit Alternative Signatories

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## RECOMMENDATION

Staff recommends that the Council take the following actions:

1. By motion, adopt the proposed Ordinance as follows:

**ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BURLINGAME AMENDING SECTION 4.09.025 (TAX RATE) WITHIN CHAPTER 4.09 (UNIFORM TRANSIENT OCCUPANCY TAX) OF TITLE 4 (REVENUE AND FINANCE) OF THE BURLINGAME MUNICIPAL CODE TO UPDATE THE CITY'S TRANSIENT OCCUPANCY TAX BY INCREASING THE RATE TO FIFTEEN PERCENT (15%); CEQA DETERMINATION: EXEMPT PURSUANT TO STATE CEQA GUIDELINES SECTION 15378, 15060, AND 15061(b)(3)**

2. Direct the City Clerk to publish a summary of the ordinance within 15 days of adoption.
3. Adopt the following Resolution:

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BURLINGAME CALLING AN ELECTION IN THE CITY OF BURLINGAME TO BE CONSOLIDATED WITH THE CITY'S NEXT GENERAL MUNICIPAL ELECTION ON NOVEMBER 3, 2026, AND SUBMITTING TO THE ELECTORS A BALLOT MEASURE TO INCREASE THE CITY'S TRANSIENT OCCUPANCY TAX FROM TWELVE PERCENT (12%) TO FIFTEEN PERCENT (15%) BY AMENDING CHAPTER 4.09 (UNIFORM TRANSIENT OCCUPANCY TAX) OF TITLE 4 (REVENUE AND FINANCE) OF THE BURLINGAME MUNICIPAL CODE; ESTABLISHING THE POLICIES AND PROCEDURES FOR SUCH AN ELECTION, REQUESTING THAT SAN**

**MATEO COUNTY PROVIDE ELECTION SERVICES; DIRECTING THE CITY ATTORNEY TO PREPARE AN IMPARTIAL ANALYSIS; AND AUTHORIZING THE FILING OF A REBUTTAL ARGUMENT; CEQA DETERMINATION: EXEMPT PURSUANT TO STATE CEQA GUIDELINES 15378, 15060, AND 15061**

4. Consider the appointment of a subcommittee of the City Council to draft and sign the ballot argument and rebuttal.

## **BACKGROUND**

The City of Burlingame has a long tradition of fiscal prudence with balanced budgets and emergency reserves. However, Burlingame faces economic challenges brought about by rising costs and the economic effects of ongoing geopolitical tensions, elevated energy prices, high inflation, and high interest rates.

Although the City's total General Fund revenues of \$96.1 million for the upcoming fiscal year are sufficient to fund departmental operations, they will not cover the total anticipated expenditures of \$99.4 million, which include mandatory debt service payments and necessary spending on capital projects. Moreover, the City's five-year forecast shows expenditures exceeding revenues during this period, necessitating draws on the City's rainy day reserves absent new revenues.

## **DISCUSSION**

Like other communities, the City of Burlingame faces increased costs to carry out those responsibilities that the community expects and deserves, including street repair and resurfacing, emergency preparedness and response, high-quality library services, and robust recreation programs. In addition, the City has a large number of capital projects on the horizon, including the Broadway grade separation, undergrounding the power lines on El Camino Real, the purchase of the new City Hall and its associated tenant improvements, and updates to the Parks Yard facilities. While the City has set aside funding for some of these projects, the total costs are still unknown for many of the projects.

Given the City's ongoing and expected financial challenges, the City Council held a study session on January 20, 2026, to discuss pursuing an increase in the City's transient occupancy tax. A transient occupancy tax (TOT) is levied when a room in a hotel (or other temporary lodging) is occupied for 30 or fewer days. These taxes are usually levied as general taxes, with revenues used for general governmental services such as street repairs, public safety, and capital improvements.

TOT rates in San Mateo County range from 10% in County unincorporated areas to 15.5% in Menlo Park. Burlingame's voters last approved an increase, from 10% to 12%, in November 2009. Burlingame's current 12% rate is lower than the rates in 11 out of the 16 San Mateo County cities that have hotels.

The City's 12% TOT is levied on approximately 3,500 hotel rooms in Burlingame. (That number will drop by 146 when the Holiday Inn Express closes at some point to make way for the DivcoWest/Peninsula Crossing project.) At its pre-pandemic height, the City's TOT brought in \$29.4

million. In the first full year of the pandemic, FY 2020-21, TOT receipts dropped to \$5.7 million. Staff estimates that the tax will bring in \$23.0 million in FY 2026-27, an amount still significantly below the pre-pandemic level.

At the January 20 study session, the City Council directed staff to engage a polling firm and a public information consultant to explore the feasibility of increasing the City's TOT. Staff subsequently hired Godbe Research to conduct a survey of local voters. Bryan Godbe presented the results of the survey to the City Council at the April 6 Council meeting, noting that there is broad support among likely voters for increasing the TOT from 12% to 15%.

### Proposed Locally Controlled Revenue Measure

Working with Godbe Research and the City's public information consultant, staff crafted the following ballot measure question, which meets the word limit requirement for ballot measures:

To support city services such as: maintaining city streets/sidewalks and repairing potholes; maintaining parks and trees; enhancing emergency response, preparedness, and wildfire prevention; and for general government use; shall the City of Burlingame measure be adopted raising the transient occupancy (hotel) tax from 12% to 15%, paid only by hotel and lodging guests, until ended by voters, providing an estimated \$5,700,000 annually, all funds locally controlled, with independent citizen oversight? YES \_\_\_ NO \_\_\_

The proposed ballot measure safeguards the use of public funds and ensures transparency and accountability. The measure requires independent citizens' oversight and annual mandatory financial audits to ensure that all funds are spent as promised. Specifically, the City Council would be required to appoint a citizens' oversight committee that would meet annually to review expenditures and an external auditor's report on the use of these funds and report independently to the City Council.

The TOT increase would be a general purpose tax, requiring the approval of a simple majority of voters. By placing a general tax on the ballot, the City Council is not approving a specific spending plan at this juncture. If the measure is successful, then staff will return to Council with a recommended expenditure plan that will be informed by the community feedback received from the survey and ongoing community engagement efforts.

### Next Steps

To proceed, the Council must adopt the proposed Ordinance and the attached Resolution calling for the ordinance to be submitted to the voters of the City at an election to be held on November 3, 2026. The Resolution also directs the City Attorney to prepare the impartial analysis.

In addition, the City Council should discuss and determine the individuals who will draft and sign the ballot argument in favor of the measure. No more than two Councilmembers can draft the argument, but all five Councilmembers can sign the argument in favor. Alternatively, members of the public can sign the argument in favor of the ballot measure as was the case with Measure I in 2017 and Measure X in 2022. The Council should also determine who will sign the rebuttal argument should an argument against the measure be filed.

The timeline for the TOT measure is as follows:

June 15	Introduction of ordinance
July 6	Adoption of ordinance and resolution
August 7	Last date to file Measure with the County
August 11	Last date to file arguments for and against a Measure
August 18	Last date to file rebuttal arguments related to the Measure
August 18	City Attorney's Impartial Analysis due
November 3	Election Day

**FISCAL IMPACT**

If approved by voters in November, the increase in the TOT from 12% to 15% is estimated to raise an additional \$5.7 million annually. The actual amount raised will be dependent on occupancy rates and room rates.

Exhibits:

- Proposed Ordinance
- Proposed Resolution