

**City of Culver City, California
Agenda Item Report**

Meeting Date: 07/25/2011		Item Number: <u>A-2</u>	
CITY COUNCIL AGENDA ITEM: Discussion and Direction Regarding a Recommendation to Place a Ballot Measure on the April 10, 2012 Ballot to Increase the City's Transient Occupancy Tax Rate from 12% to 14%.			
Contact Person/Dept.: Martin R. Cole/ City Manager's Office Jeff Muir/Finance		Phone Number: (310) 253-6000 (310) 253-5865	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Commission Action Required: Yes ☐ No ☒		Date: _____	
Public Notification: (E-Mail) Meetings and Agendas – City Council (07/20/11)			
Department Approval: Jeff Muir (07/20/11)		City Attorney Approval: Carol Schwab (by H. Baker) (07/20/11)	
Chief Financial Officer Approval: Jeff Muir (07/20/11)		City Manager Approval: John M. Nachbar (07/20/11)	
<u>RECOMMENDATION:</u> Staff recommends the City Council consider directing staff to prepare the resolutions and other items necessary to place an item before the Culver City electors (voters) regarding an increase in the City's Transient Occupancy Tax (TOT) from the current rate of 12% to 14%. <u>BACKGROUND:</u> On July 12, 2010, the City Council considered a report on this subject and took the following actions: (1) directed staff to return to the City Council with the item necessary for the City Council to consider placing a measure on the November 2, 2010 ballot to increase the City's Transient Occupancy Tax rate from 12% to 14%; and, (2) authorized the use of a consultant to develop and implement an impartial public education program Pursuant to that direction, on July 26, 2010, staff presented four resolutions to the City Council which, if adopted, would have placed such an item before Culver City voters. However, pursuant to Section XIII C of the California Constitution, in order to place this item on a ballot on an election other than a regularly scheduled election where members of the City Council are standing for election, a unanimous vote declaring a fiscal emergency is necessary. Based upon the discussion at the July			

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26, 2010 meeting, it was evident that the required unanimous vote would not be achieved. Therefore the City Council did not take action on any of the resolutions presented that evening.

DISCUSSION:

Attached for the City Council's information are the staff reports and minute excerpts from the July 12, 2010 and July 24, 2010 City Council meetings where the above items were discussed. The July 12, 2010 report contains important information on the history and important funding the TOT provides.

At its July 12, 2010 meeting, the City Council provided its approval for the use of a consultant to prepare a public education program. Should the City Council direct staff to prepare the item for placement on the April, 2012 ballot, then staff will engage the appropriate consultant to prepare such a program.

During preparation of the City Manager's Proposed Budget for Fiscal Year 2011/2012, staff assumed \$83,000 in general fund revenues from an increase in the TOT from 12% to 14% for Fiscal Year 2011/2012, and \$500,000 per year thereafter. Therefore, in the case the City Council should determine to not move forward with this item, the projected deficit in the General Fund for Fiscal Years 2011/2012 and beyond would need to be increased by those amounts.

FISCAL ANALYSIS:

Please see the attachments for detailed information about the fiscal impact of this proposal.

ATTACHMENTS:

1. Staff Report from the July 12, 2010 City Council Meeting
2. Excerpt from the Approved Minutes of the July 12, 2010 City Council Meeting
3. Staff Report from the July 26, 2010 City Council Meeting
4. Excerpt from the Approved Minutes of the July 26, 2010 City Council Meeting

MOTION:

That the City Council:

1A. Direct staff to bring back the necessary items for City Council action in order to place a measure on the April 10, 2012 ballot to increase the City's Transient Occupancy Tax rate from 12% to 14%.

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OR

1B. Take no action.