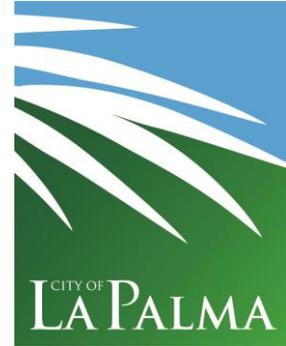


City of La Palma

Agenda Item No. 11



MEETING DATE: June 7, 2022

TO: CITY COUNCIL

FROM: CITY MANAGER

SUBMITTED BY: Conal McNamara, City Manager
Ryan Hallett Hinton, Administrative Services Director

AGENDA TITLE: Transient Occupancy Tax Ballot Measure

RECOMMENDED ACTION:

It is recommended that the City Council take the following actions:

- a) Open Public Hearing
- b) Receive Staff Report
- c) Receive Public Input
- d) City Council Comments and Questions
- e) Close the Public Hearing
- f) Adopt a Resolution that:
 1. Submits to the voters a ballot measure to increase the transient occupancy tax (TOT) from 8% to 12% in the General Election to be held on November 8, 2022;
 2. Directs the City Attorney to prepare an impartial analysis to be filed with the City Clerk on or before June 20, 2022, by 4:30 p.m.;
 3. Authorizes the City Manager to prepare a fiscal analysis to be filed with the City Clerk on or before June 20, 2022, by 4:30 p.m.;
 4. Authorizes the Mayor and/or City Council member(s) to prepare and file written arguments in favor or against the ballot measure;
 5. Establishes deadlines for direct arguments for and against the ballot measure to be filed with the City Clerk on or before June 21, 2022, by 4:30 p.m.; and

- 6. Establishes deadlines for rebuttal arguments for and against the ballot measure to be filed with the City Clerk on or before July 1, 2022, by 4:30 p.m.
- g) Direct staff to process all other documents required to proceed with the proposed ballot measure.

BACKGROUND:

One of the City Council’s goals from 2020 was a request to review the Transient Occupancy Tax (TOT) rate for consideration on the November 2020 General Election ballot. At its regular meeting on April 7, 2020, staff provided a substantial review of the TOT rate and recommended that the Council provide staff direction as to the preparation of a resolution recommending an ordinance to be put before the voters at the November 2020 General Election amending the City’s TOT. Although the Council believed raising the rate was justified, the Council directed staff not to proceed with a TOT rate increase at that time due to the uncertainty of the COVID-19 pandemic, which had just begun.

On January 18, 2022, the City Council held a study session regarding this topic and directed staff to research potential firms specializing in public outreach and ballot preparation services and return with a recommendation. Council approved an agreement with TBWBH Props & Measures for outreach and ballot measure services at their meeting on March 1, 2022. Since then, staff has created a website (www.cityoflapalma.org/tot) dedicated to a potential increase and an informational handout in addition to sending out two community mailers.

SUMMARY:

Should the City Council decide to place a TOT measure on the November 2022 ballot, the following calendar summarizes all actions to place a TOT measure on the November 2022 ballot.

Event	Scheduled Date
1. Ballot Measure resolution adoption to include: <ul style="list-style-type: none"> a. Ballot question b. Proposed ordinance c. Direct City Attorney to prepare an impartial analysis d. Authorize City Manager to prepare fiscal analysis e. Establish deadlines to receive arguments for and against as well as rebuttal arguments f. Authorize City Council member(s) to author arguments 2. Calling and Consolidating election resolutions 3. City Council to direct staff to process all documents required for a proposed ballot measure	June 7, 2022
City Clerk to post notice of deadlines for filling for, against, and rebuttal arguments	June 8, 2022
Last day to submit City Attorney’s impartial analysis & City Manager’s fiscal analysis to City Clerk	June 20, 2022
Last day to submit ballot and counter-arguments to City Clerk	June 21, 2022
Public Review Period of Arguments	June 22-July 1, 2022

FISCAL IMPACT:

The cost of including one ballot measure on the ballot is approximately \$8,500, which has been budgeted in the upcoming FY 2022-23 budget.

APPROVED:



Administrative Services
Director



City Manager

Attachment: 1. Draft Resolution

RESOLUTION NO. 2022-__

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LA PALMA, CALIFORNIA, CALLING THE ELECTION AND REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF ORANGE TO CONSOLIDATE GENERAL MUNICIPAL ELECTIONS TO BE HELD WITH THE STATEWIDE GENERAL ELECTION ON NOVEMBER 8, 2022, PURSUANT TO SECTION 10403 OF THE ELECTIONS CODE, AND CALLING FOR THE PLACEMENT OF A CITY SERVICES MEASURE ON THE BALLOT FOR THE SUBMISSION TO THE QUALIFIED VOTERS OF AN ORDINANCE TO ENACT A FOUR PERCENT INCREASE IN THE TRANSIENT OCCUPANCY TAX

WHEREAS, the City of La Palma, California, (“City”) provides an excellent quality of life for our residents with low crime rates, safe neighborhoods, good schools, and strong sense of community; and

WHEREAS, keeping the City clean, safe, and well-maintained is a top priority; and

WHEREAS, tourists arrive to the City each day to access nearby attractions including theme parks, beaches, and local parks; and

WHEREAS, many of the tourists create a demand for City services and resources including parks, community facilities, and local police; and

WHEREAS, while the City has been able to remain fiscally stable during the COVID-19 pandemic, while costs for community services continue to increase while City revenue resources have remained flat; and

WHEREAS, it is desirable that the General Municipal Elections be consolidated with the Statewide General Elections to be held on the same date; and that within the City, the vote centers, ballot drop locations; and election officers of the two elections be the same; and that the County Elections Department of the County of Orange canvass the returns of the General Municipal Elections and that the elections be held in all respects as if there were only one election; and

WHEREAS, pursuant to Article V of Chapter 14 of the La Palma City Code, the City currently levies a Transient Occupancy Tax (“TOT”); and

WHEREAS, pursuant to authority of Article XIIC of the California Constitution the City Council of the City of La Palma desires submit to voters a measure related to an increase in the TOT rate from eight percent (8%) to twelve percent (12%); and

WHEREAS, the TOT is only paid by tourists who stay in hotels and other short-term rental guests; and

WHEREAS, it is estimated that a four percent (4%) increase in the TOT will generate approximately \$200,000 annually.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of La Palma, California, as follows:

SECTION 1. That the above recitals are true and correct and are incorporated by this reference.

SECTION 2. That pursuant to the requirements of Section 10403 of the Elections Code, the Board of Supervisors of the County of Orange is hereby requested to consent and agree to the consolidation of General Municipal Elections with the Statewide General Elections on Tuesday, November 8, 2022.

SECTION 3. That a measure is to appear on the ballot as follows:

La Palma City Services Measure		
To support City of La Palma services such as providing updated equipment for local police officers, maintaining streets and sidewalks, supporting programs and services for youth, seniors, and families, and general government use, shall an ordinance be adopted increasing the City of La Palma's transient occupancy tax paid by hotel/short-term rental guests from 8% to 12%, generating approximately \$200,000 annually until ended by voters, subject to annual audits and all funds staying in La Palma?	Yes	No

SECTION 4. That the proposed complete text of the Ordinance submitted to the City's voters as a ballot measure is attached hereto as Exhibit A and incorporated herein by his reference.

SECTION 5. That the County Election Department is authorized to canvass the returns of the General Municipal Elections. The elections shall be held in all respects as if there were only one election, and only one form of ballot shall be used.

SECTION 6. That the Board of Supervisors is requested to issue instructions to the County Election Department to take any and all steps necessary for the holding of the consolidated elections.

SECTION 7. That the City of La Palma recognizes that additional costs will be incurred by the County by reason of this consolidation and agrees to reimburse the County for any costs.

SECTION 8. That in all particulars not recited in this Resolution, the election shall be held and conducted as provided by law for holding municipal elections.

SECTION 9. That the City Clerk is hereby directed to file a certified copy of this resolution with the Board of Supervisors and the County Election Department of the County of Orange.

SECTION 10. That the City Clerk is directed to submit a copy of the above-described ballot measure to the City Attorney, after which, the City Attorney is directed to prepare an impartial analysis of the proposed ballot measure pursuant to Elections Code section 9280. The impartial analysis of the measure shall show the effect of the measure on the existing law and the operation of the measure. The impartial analysis shall not exceed five hundred (500) words in length and shall be filed with the City Clerk by 4:30 p.m. on June 20, 2022.

SECTION 11. That the City Clerk is directed to submit a copy of the above-described ballot measure to the City Manager, after which, the City Manager is directed to prepare a fiscal analysis of the proposed ballot measure. The fiscal analysis of the measure shall show the estimated amount of any increase or decrease in revenue or cost to the City as a result of the measure. The fiscal analysis shall not exceed five hundred (500) words in length and shall be filed with the City Clerk by 4:30 p.m. on June 20, 2022.

SECTION 12. That, pursuant to Section 9282(b) of the Elections Code, which provides that for measures placed on the ballot by the City Council, the City Council or any member or members of the City Council authorized by the City Council may submit an argument for or against the ballot measure, the City Council hereby authorizes any City Council member or members to prepare and file a written argument for or against the ballot measure with the City Clerk on or before June 21, 2022, by 4:30 p.m., which argument shall not exceed three hundred (300) words in length.

SECTION 13. That any person wishing to submit a direct argument for or against the ballot measure shall file such argument with the City Clerk on or before June 21, 2022, by 4:30 p.m., which argument shall not exceed three hundred (300) words in length.

SECTION 14. That any rebuttal arguments for or against the ballot measure shall be filed with the City Clerk on or before July 1, 2022, by 4:30 p.m. and shall not exceed two hundred fifty (250) words in length.

SECTION 15. That the selection of arguments for printing and distribution to the voters shall be in accordance with Sections 9282 and 9287 of the Elections Code.

SECTION 16. That the City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

SECTION 17. That this Resolution shall become effective immediately upon its adoption.

PASSED, APPROVED AND ADOPTED at a regular meeting of the City Council of the City of La Palma on the 7th of June, 2022.

Michele Steggell
Mayor

ATTEST:

Kimberly Kenney, CMC
City Clerk

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF LA PALMA)

I, KIMBERLY KENNEY, City Clerk of the City of La Palma, California, DO HEREBY CERTIFY that the foregoing Resolution was adopted by the City Council of said City at a regular meeting of said City Council held on the 7th day of June 2022, and that it was so adopted by called vote as follows:

AYES:

NOES:

Kimberly Kenney, CMC
City Clerk

EXHIBIT A

ORDINANCE NO. 2022-____

AN ORDINANCE OF PEOPLE OF THE CITY OF LA PALMA, CALIFORNIA, AMENDING SECTION 14-118 OF THE LA PALMA CITY CODE TO INCREASE THE CITY'S TRANSIENT OCCUPANCY TAX RATE FROM EIGHT PERCENT (8%) TO TWELVE PERCENT (12%)

THE PEOPLE OF THE CITY OF LA PALMA DO ORDAIN AS FOLLOWS:

SECTION 1. City Code Amendment. The La Palma City Code is hereby amended by amending Section 14-118 thereof to read as follows:

Sec. 14-118. – Tax Imposed

For the privilege of occupancy in any hotel, each transient is subject to and shall pay a tax in the amount of twelve percent of the rent charged by the operator. Said tax constitutes a debt owed by the transient to the City, which is extinguished only by payment to the operator or to the City. The transient shall pay the tax to the operator of the hotel at the time the rent is paid. If the rent is paid in installments, a proportionate share of the tax shall be paid with each installment. The unpaid tax shall be due upon the transient's ceasing to occupy space in the hotel. If for any reason the tax due is not paid to the operator of the hotel, the Finance Director may require that such tax shall be paid directly to the Finance Director.

SECTION 2. Severability. If any section, subsection, subdivision, paragraph, sentence, clause, or phrase added by this Ordinance, or any part thereof, is for any reason held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity of effectiveness of the remaining portions of this Ordinance or any part thereof.

SECTION 3. Effective Date. This Ordinance shall go into effect ten (10) days after the date on which the election results are declared by the City Council.

SECTION 4. Execution. The Mayor is hereby authorized to attest to the adoption of this Ordinance by the voters of the City of La Palma by signing where indicated below.

I hereby certify that the foregoing Ordinance was PASSED, APPROVED, and ADOPTED by the People of the City of La Palma, California, voting on the 8th day of November, 2022.

Michele Steggell, Mayor
City of La Palma, California

ATTEST:

Kimberly Kenney, CMC
City Clerk

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS.
CITY OF LA PALMA)

I, KIMBERLY KENNEY, City Clerk of the City of La Palma, California, DO HEREBY CERTIFY that the foregoing Ordinance was adopted by the City Council of said City at a regular meeting of said City Council held on the ___ day of _____, 2022 and that it was so adopted by called vote as follows:

AYES:

NOES:

Kimberly Kenney, CMC
City Clerk