



July 18, 2016

RE: Transient Occupancy Tax Compliance Review

Dear City of Manhattan Beach Council Members,

It was brought to my attention that Shade Hotel recently went through a compliance review audit of the Transient Occupancy Tax. The audit conveyed a deficiency in the amounts owed under the Transient Occupancy Tax Ordinance due to charges unreported labeled as "Other Guest Charges" of \$22,125.79 over the three-year audit. Of the unreported charges, approximately 85% of charges were for no shows or cancellation fees. Early departure, upgrade and pet fees make up the other 15%. We did not know that these fees were subject to TOT. Since we were made aware of this, we have fixed our property management system to properly charge the guests TOT.

It should also be noted that throughout this three-year audit, Shade Hotel did not once fail to pay TOT tax that it collected from guests.

Please consider this Shade Hotel's formal request for appeal in this matter. Also, note that there was an error on the initial letter sent from the City to Shade Hotel that overstated the amount owed and delayed the timetable in which we needed to submit a formal request to appeal.

We appreciate the City of Manhattan Beach's consideration in this manner.

Sincerely,

Michael Zislis
Owner

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