



Legislation Text

File #: 18-0398, **Version:** 1

TO:
Honorable Mayor and Members of the City Council

THROUGH:
Bruce Moe, City Manager

FROM:
Steve S. Charelian, Interim Finance Director
Gwen Eng, Purchasing Manager

SUBJECT:
Resolution No. 18-0128 Approving a Contract with the Lew Edwards Group for Consulting Services in Connection with the City's Hotel/Motel Transient Occupancy Tax (Transient Occupancy Tax) Ballot Measure in the Amount of \$57,850 (Interim Finance Director Charelian).

- a) **ADOPT RESOLUTION NO. 18-0128**
- b) **APPROPRIATE FUNDS**

RECOMMENDATION:
Staff recommends that the City Council:

1. Adopt Resolution No. 18-0128 approving an agreement with the Lew Edwards Group for consulting services for a Transient Occupancy Tax (TOT) rate update in the amount of \$57,850; and
2. Appropriate the amount of \$57,850 from the City Council Contingency for these services.

FISCAL IMPLICATIONS:
The City Council Contingency has an available balance of \$100,000 that can be used for this purpose. The total cost for these consulting services is \$57,850.

BACKGROUND:
On August 21, 2018, the City Council directed staff to assess the City's current TOT rate and analyze whether an increase in the rate should be presented to the voters at the March 2019 general municipal election. Currently, the City collects approximately \$5.2 million in TOT revenue each year from 12 hotels and motels through a "hotel bed tax" of 10%, which is paid by lodging guests. If that rate is adjusted between 12% - 14%, it is estimated to generate an additional \$1.0 - \$2.0 million for the general fund which could be used to address priorities valued by the community such as upgrading outdated public infrastructure, street maintenance, storm water, police and fire public safety, capital improvement projects, street lighting, senior services and reinvested in programs that support our business community. A TOT is not a tax on residents but on visitors who stay in lodging establishments within city limits.

Any revenue measure, such as a TOT rate adjustment, requires majority voter approval for passage.

This item could be placed on the March 5, 2019 ballot, along with the City General Municipal Election. Any new revenue generated by the approval of such a measure would be considered a general tax to be used for general municipal purposes as determined by the City Council.

DISCUSSION:

In order to determine the feasibility of a rate adjustment, consulting services from a firm specializing in this arena are needed. In the past, the City has used the Lew Edwards Group to perform public opinion research for constituent perspectives on service priorities and the Library upgrade. This firm has extensive experience with TOT ballot measures in cities such as Artesia, West Hollywood, Palm Desert and San Leandro as well as many others.

The Lew Edwards Group will provide lead project coordination, perform community outreach, update opinion research, assist with Ballot Measure development and develop public information communications. Results from the questionnaire to constituents will be evaluated and will influence the ballot measure components to address the public's interests. This will also ensure appropriate education of the public to raise awareness of the needs that a potential TOT is designed to address.

Staff recommends that the City Council adopt Resolution No. 18-0128 approving a contract with the Lew Edwards Group in the amount of \$57,850 and appropriate the amount of \$57,850 from the City Council Contingency. Contracts for services of specially-trained and professional persons are exempt from bidding per state laws and Municipal Code Section 2.36.130 (professional services). However, because the value of the contract exceeds \$50,000, City Council approval is necessary. In addition, the City may cancel the contract at any time without cause if necessary.

PUBLIC OUTREACH/INTEREST

As part of the Lew Edwards Group's services, a questionnaire will be sent to a stratified sample of respondents for views on quality of life, attitudes towards fiscal issues, priorities for revenue, and ballot measure construction will be released.

ENVIRONMENTAL REVIEW

The City has reviewed the proposed project for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15379 of the State CEQA Guidelines; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no further environmental review is necessary.

LEGAL REVIEW

The agreement has been reviewed by the City Attorney and is approved as to form.

Attachments:

1. Resolution No. 18-0128
2. Agreement - The Lew Edwards Group