



**AGENCY:** City Council  
**MEETING DATE:** July 11, 2016  
**DEPARTMENT:** Administration  
**PRESENTED BY:** L. Ruffing

## AGENDA ITEM SUMMARY REPORT

**TITLE:**

**RECEIVE REPORT FROM TRANSIENT OCCUPANCY TAX (TOT) AD-HOC COMMITTEE AND CONSIDER APPROVAL OF ARGUMENT IN SUPPORT OF TOT BALLOT MEASURE (MEASURE AA) TO BE SUBMITTED FOR INCLUSION ON THE NOVEMBER 8, 2016 GENERAL ELECTION BALLOT**

**ISSUE:**

At the February 8, 2016 City Council meeting, an ad hoc committee comprised of Mayor Dave Turner and Vice Mayor Lindy Peters was formed to explore the possibility of a ballot measure to increase the Transient Occupancy Tax (TOT) rate to generate revenue for activities that will help expand Fort Bragg's slice of the California tourism business. TOT is a tax imposed on visitors staying at lodging facilities. In late February and early March, the committee met with owners and/or operators of nearly all of Fort Bragg's 24 lodging establishments to receive feedback on the possibility of a TOT increase.

At the March 28, 2016 City Council meeting, the ad hoc committee recommended that the Council place two measures on the November 8, 2016 general election ballot: (1) a general tax measure that increases the TOT rate in the City of Fort Bragg from 10% to 12% effective April 1, 2017, and (2) a companion non-binding advisory measure that informs the Council, if the voters approve the general tax measure, about how the revenues generated by the TOT increase should be used.

On June 13, 2016, the City Council introduced Ordinance No. 924-2016 amending Fort Bragg Municipal Code Chapter 3.12 to increase the City's TOT from 10% to 12% subject to voter approval. On June 27, 2016, the Council adopted the ordinance. The Council also adopted Resolution No. 3912-2016 calling and giving notice of the holding of an election to submit the TOT measure to the voters along with a non-binding advisory measure that indicates how the revenues generated by the TOT increase should be used.

At the June 27, 2016 Council meeting, Mayor Turner indicated that the TOT ad hoc committee would prepare an "Argument in Support of" the ballot measures for consideration by the full Council. The deadline for submitting the direct arguments is July 18, 2016.

**RECOMMENDED ACTION:**

Approve the Argument in Support of Measure AA as recommended by the Council's TOT ad hoc committee.

**ALTERNATIVE ACTION(S):**

1. Continue action on the matter and provide alternative direction to staff.

**ANALYSIS:**

The ballot measures and a draft Argument in Support of Measure AA and the companion Advisory Measure are presented below:

**Measure AA - APPROVAL OF INCREASE TO THE TRANSIENT OCCUPANCY TAX**

<p>Shall Ordinance No. 924-2016 amending portions of Chapter 3.12 of the Fort Bragg Municipal Code to increase the City of Fort Bragg’s existing Transient Occupancy Tax (a bed tax paid when overnight visitors rent a room) from ten percent (10%) to twelve percent (12%) to fund public services and maintain public areas, effective April 1, 2017, which proposed rate increase and amendment is anticipated to raise an additional \$400,000 per year in revenue and which will continue until repealed by the City Council or the city voters, be adopted?</p>	<p><b>YES</b></p>	
	<p><b>NO</b></p>	

**MEASURE AB - ADVISORY VOTE ONLY**

<p>If Measure AA is approved by voters, shall the People of the City of Fort Bragg advise the City Council to use the additional funds in the following manner: (i) One-half of the revenues to substantially increase promotions, events and marketing for Fort Bragg; (ii) One-quarter of the revenues to enhance Coastal Trail maintenance and security; (iii) One-eighth of the revenues to support establishment of the Noyo Center for Marine Science as a premiere visitor attraction; and (iv) One-eighth of the revenues to undertake special projects that support tourism and benefit the community including, but not limited to, repair and enhancement of local athletic fields?</p>	<p><b>YES</b></p>	
	<p><b>NO</b></p>	

**ARGUMENT IN SUPPORT OF MEASURE AA**

**Vote YES on Measure AA!** Tourism is a vital part of Fort Bragg’s economy. Last year, visitors spent an estimated \$90 million in Fort Bragg – providing essential support for local shops, restaurants, gas stations, lodging, grocery stores, and other attractions. Measure AA will help sustain and grow Fort Bragg’s tourism industry.

Measure AA will increase Fort Bragg’s Transient Occupancy Tax (TOT) rate from 10% to 12%. TOT is a tax paid by visitors to Fort Bragg, not local residents. It is a major revenue source for the City’s general fund and helps pay for core services like the police and fire departments, park maintenance and community development. Last year, Fort Bragg’s hotels, motels and B&Bs collected nearly \$2 Million in TOT from overnight guests. Measure AA will result in visitors contributing an additional \$400,000 per year in TOT.

Many northern California towns that are also tourist destinations have TOT rates in the 12% to 15% range. Increasing Fort Bragg’s TOT rate to 12% will generate funds to invest in activities that support year-round tourism. The City Council’s intended uses of the revenues

generated by Measure AA are identified in the Advisory Measure and include: a robust promotional and marketing campaign (including special events and festivals), improved maintenance and security for the Coastal Trail, support for development of the Noyo Center for Marine Sciences as a premiere visitor attraction, rehabilitation of the School District's athletic fields, and funding for other special projects that support tourism and our community.

All Fort Bragg businesses and residents benefit from the many millions of dollars that visitors spend in our town. By investing in Fort Bragg's tourism infrastructure, Measure AA will strengthen the entire local economy.

**A YES vote on Measure AA is a vote for Fort Bragg's prosperous future!**

**FISCAL IMPACT:**

A 2% increase in the TOT rate would generate nearly \$400,000 per year in additional revenue. If used for the purposes and in the amounts specified in the advisory measure, this would mean an additional \$200,000 per year for marketing, events and promotion, \$100,000 to enhance Coastal Trail maintenance and security, \$50,000 to support establishment of the Noyo Center as a premiere visitor destination, and \$50,000 for special projects that support tourism and benefit the community, including, but not limited to, repair and maintenance of the school district's athletic fields.

**IMPLEMENTATION/TIMEFRAMES:**

Measure AA will be on the November 8, 2016 General Election ballot for voters in the City of Fort Bragg. If it passes, the TOT increase will take effect on April 1, 2017.

**ATTACHMENTS:**

None.

**NOTIFICATION:**

None.

**City Clerk's Office Use Only**

Agency Action	<input type="checkbox"/> Approved	<input type="checkbox"/> Denied	<input type="checkbox"/> Approved as Amended
Resolution No.:	_____	Ordinance No.:	_____
Moved by:	_____	Seconded by:	_____
Vote:	_____		
<input type="checkbox"/> Deferred/Continued to meeting of:	_____		
<input type="checkbox"/> Referred to:	_____		