



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

AGENDA ITEM SUMMARY REPORT

TITLE:

RECEIVE REPORT AND CONSIDER ADOPTION OF CITY COUNCIL RESOLUTION ENDORSING MEASURES AA AND AB TO INCREASE FORT BRAGG'S TRANSIENT OCCUPANCY TAX

ISSUE:

On November 8, 2016, the voters of Fort Bragg will cast ballots in the General Election. The Fort Bragg City Council has placed two measures on the ballot for voter consideration. Measure AA would increase the Transient Occupancy Tax (TOT) rate paid by visitors staying at lodging facilities in Fort Bragg from 10% to 12%. Measure AB is a companion 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. The Council's ad hoc committee that has been working on this measure recommended that a resolution be brought forward for Council consideration to let the voters know that the Fort Bragg City Council endorses Measure AA and AB.

RECOMMENDED ACTION:

Approve Resolution Endorsing Measures AA and AB to Increase Fort Bragg's Transient Occupancy Tax

ALTERNATIVE ACTION(S):

1. No action.
2. Revise the resolution prior to adoption.

ANALYSIS:

Earlier this year, the Council established an ad hoc committee comprised of Mayor Dave Turner and Vice Mayor Lindy Peters 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 ad hoc 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. The feedback was surprisingly supportive and a considerable amount of advice was provided regarding how the City could use the new funds to support our tourism industry.

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.

Subsequently, the City Council introduced and adopted 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. 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.

AGENDA ITEM NO. 6B

The attached Resolution (Attachment 1) explains the rationale for the ballot measures. The ballot measures and the Argument in Support of Measure AA and the companion Advisory Measure are presented in Attachment 2.

FISCAL IMPACT:

A 2% increase in the TOT rate will generate nearly \$400,000 per year in additional revenue collected from visitors to Fort Bragg. 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, special 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:

1. Resolution
2. Ballot Measures and Argument in Support of Measure A

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:	_____		