



CITY OF NOVATO
CALIFORNIA

ITEM J1, TOT (HOTEL) TAX PRESENTATION

PRESENTED TO COUNCIL: JULY 28, 2020

INTRODUCTION

Maintain Vital City Services

- City Council Meetings
 - February 11th & March 10th
 - Gap between Revenue and Ability to Provide Critical Services to Community
 - City Council Directed Staff to Explore Revenue Options to Support / Maintain City Services
- Transient Occupancy Tax (TOT or Hotel Tax)
 - Identified as Priority Area for Exploration
 - Provides Ongoing Revenue
 - Locally Controlled Funding



BACKGROUND

Maintain Vital Services

- COVID-19 Emergency
 - Further Highlighted Need To
 - Strengthen Novato's Financial Base
 - Ensure City has Fiscal Resources on Hand to Prepare for and Respond to Emergencies
 - Access Locally Controlled Funds Needed to Maintain Services



BACKGROUND

FY20/21 Budget

- Current Deficit \$5.7 Million
 - Partially COVID-19 Impacts
 - Overall Flattening of Revenue and Increase in Operating Expenses
 - Depletion of Measure F Funds (\$1.2M)



BACKGROUND

Future Service Delivery

- Without Additional Revenue City Will Be Unable to Maintain Critical Services
 - Disaster Response
 - 9-1-1 Emergency Response
 - Neighborhood Police Patrols
 - Potholes & Streets
 - Maintain Safe, Clean and Healthy Public Areas
 - Support Business Community



TOT (HOTEL) TAX

TOT

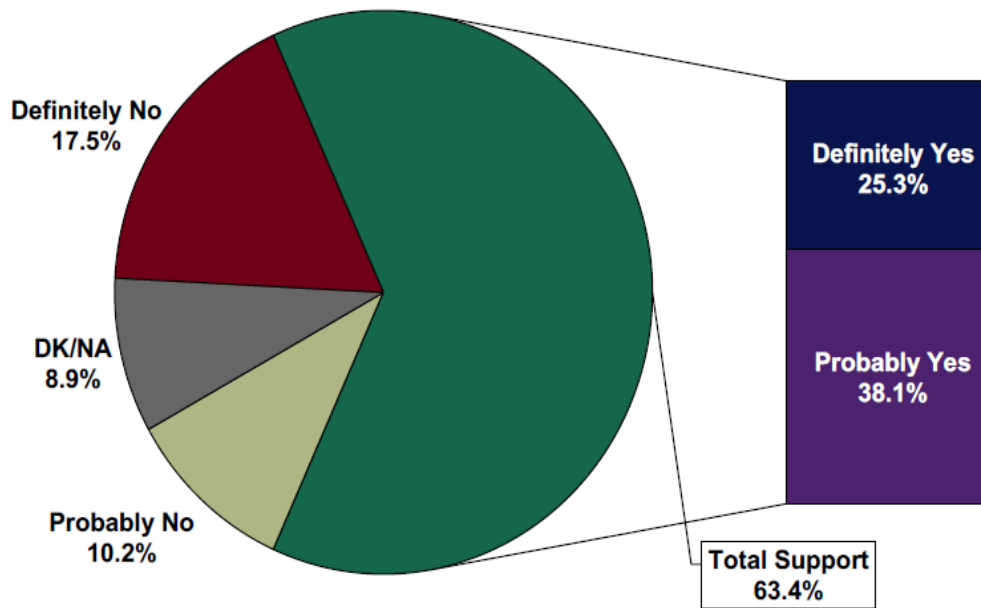
- Lodging or Hotel Tax
 - Hotels, Motels, Inns, Short-Term Rentals Occupied 30 Days or Less
- Charged to Lodger as a Percent of Room Rate
- Not a Property Tax or Tax on Novato Residents

Novato

- Current Rate 10%
 - Adopted 1997
- Updated Rate +2%
- Update Retains Similar Rate to Neighboring Cities



TOT (HOTEL) TAX



To continue funding, for Novato only, that cannot be taken by Sacramento, for general city services including, but not limited to:

- local COVID-19 crisis relief and recovery;
- neighborhood police patrols;
- 9-1-1 emergency response;
- repairing potholes and streets;
- supporting business community recovery; and
- disaster response;

shall an ordinance increasing the City of Novato's existing transient occupancy tax charged to hotel and lodging guests by 2%, until ended by voters, providing an additional \$400,000 annually, with citizens' oversight, independent audits, be adopted?

Community Priorities Survey

- Godbe Research
- Independent Public Opinion Research Firm
- 681 Likely Novato Voters
- 63% of Respondents – Support Simple Majority Measure
- Margin of Error +3.71%



CITY OF NOVATO
CALIFORNIA

ELECTION

November 3rd General Election Deadlines

Calling for Consolidation of Election	August 7, 2020
Submission of Ballot Arguments	August 17, 2020
Impartial Analysis – City Attorney	August 17, 2020
Submission of Ballot Rebuttals	August 24, 2020
Election	November 3, 2020

**Only Voters Can
Decide to
Update
TOT (Hotel Tax)**



CITY OF NOVATO
CALIFORNIA

ELECTION

Ballot Question:

To continue funding, for Novato only, that cannot be taken by Sacramento, for general city services including, but not limited to: local COVID-19 crisis relief/recovery; neighborhood police patrols; 9-1-1 emergency response; repairing potholes/streets; supporting business community recovery; disaster response; shall an ordinance increasing the City of Novato's existing transient occupancy tax by 2% (paid only by hotel/lodging guests), until ended by voters, providing an additional \$400,000 annually, with citizens' oversight, independent audits, be adopted?



RECOMMENDATION

- Adopt the Resolution approving an ordinance to be submitted to the voters of the City to increase the Transient Occupancy Tax by 2%;
- Find that the ordinance and adoption of the resolution are exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA guidelines sections 15060(c)(3) and 15378(b)(4);
- Calling and giving notice of a General Municipal Election to be held on November 3, 2020;
- Requesting the assistance of the County of Marin in connection with that election;
- Requesting consolidation of that election with the Statewide General Election held on that date; and
- Authorizing the City Clerk to carry out all the necessary procedures for said election submitting to the voters the question relating to the increase of the Transient Occupancy Tax by 2%.



QUESTIONS

