MINUTES OF THE
BUDGET STANDING COMMITTEE
OF THE CITY OF LOS ALAMITOS

SPECIAL MEETING
WEDNESDAY, May 24, 2017 – 2:00 p.m.

1. CALL TO ORDER

The Budget Standing Committee met in Special Session at 2:00 p.m., Monday, May 24, 2017, at City Hall, 3191 Katella Avenue, Council Members Murphy and Wilson presiding.

2. ROLL CALL

Present: Committee Members: Council Member Murphy
         Council Member Wilson

Absent: Committee Members: None

Present: Staff: Bret M. Plumlee, City Manager
          Jason Al-Imam, Admin. Services Director
          Steven Mendoza, Development Svcs. Director

3. CONSENT CALENDAR

All Consent Calendar items may be acted upon by one motion unless a Committee Member requests separate action on a specific item.

Motion/Second: Wilson/Murphy
Unanimously Carried: The Budget Standing Committee approved the following Consent Calendar item:

A. Approval of Minutes

Approved the Minutes of the Special Meeting on May 15, 2017

4. DISCUSSION ITEMS

Council Member Murphy opened the item for public comment. There being no one present wishing to speak, Council Member Murphy closed the item for public comment.

A. Business and Residential Improvement Program

Development Services Director Steven Mendoza discussed the City’s 2013 Business and Residential Improvement Program, which incentivized construction by reimbursing permit fees. This program reimbursed building, planning, and
driveway permit fees equal to the dollars spent locally on construction related materials. The Budget Standing Committee recommended consideration of resurrecting this program for 2017-18 with a funding level of $75,000, which will be brought forward to the City Council for consideration in July 2017.

B. Fiscal Year 2017-18 Proposed Budget

Administrative Services Director Jason Al-Imam provided an update on the Proposed Fiscal Year 2017-18 General Fund Operating Budget, which projects a balanced budget with revenues exceeding expenditures by $4,466.

C. Transient Occupancy Tax

Administrative Services Director Jason Al-Imam provided an overview of the City's Transient Occupancy Tax (TOT) revenue, which is approximately $160,000 annually. The City's TOT rate is 8% compared to a TOT rate in the surrounding cities that ranges from 8% to 14.5% in the cities of Stanton (8%), La Palma (8%), Westminster (8%), Cypress (10%), Seal Beach (12%) and Garden Grove (14.5%).

If the City increased the TOT rate to 10%, it would increase annual TOT revenue by 25% (or approximately $40,000 annually). However, the cost of an election would be approximately $40,000 for registrar's services and $25,000 to $50,000 for consulting services. The payback period to recoup the costs associated with a potential ballot measure based on the City's current number of hotel operators would be approximately two years. However, a potential ballot measure to increase the TOT rate could potentially impact the development that has been proposed by Marriott for a 108-room Fairfield Inn. Therefore, staff recommended that the City consider a potential TOT ballot initiative to increase the TOT rate in calendar year 2019, which would avoid an impact on the proposed development by the Marriott. The Budget Standing Committee agreed with staff's recommendation to not pursue a potential ballot initiative to increase the TOT rate anytime within the next eighteen months.

5. ADJOURNMENT

The Budget Standing Committee adjourned at approximately 3:30 p.m.

Attest:

Richard D. Murphy, Council Member

Maria-Luisa Valdez, Interim Director
Administrative Services Department