

# **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.

  
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Richard D. Murphy, Council Member

Attest:

  
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Maria-Luisa Valdez, Interim Director  
Administrative Services Department