

TOWN OF YUCCA VALLEY

TOWN COUNCIL STAFF REPORT

To: Honorable Mayor & Town Council
From: Curtis Yakimow, Town Manager

Date: July 14, 2022
Meeting Date: July 19, 2022

Subject: Consideration of Resolution to Place a Hotel / Short-term Vacation Rental (Transient Occupancy) Tax Ordinance on the Ballot for the November 8, 2022 Election

Recommendation

Staff recommends that the Town Council adopt Resolution No. 22-40 entitled:

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF YUCCA VALLEY ORDERING THE SUBMISSION TO THE QUALIFIED ELECTORS OF THE TOWN OF YUCCA VALLEY A MEASURE AMENDING THE TRANSIENT OCCUPANCY TAX ORDINANCE OF THE TOWN AND APPROVING THE FORM OF THE ORDINANCE TO BE SUBMITTED TO THE VOTERS

Prior Review

None for this item.

Order of Procedure

- Request Staff Report
- Request Public Comment
- Council Discussion / Questions of Staff
- Motion/Second
- Discussion on Motion
- Call the Question

Discussion

Town of Yucca Valley currently imposes a Transient Occupancy Tax (“TOT”) on all visitors for the privilege of occupancy in any hotel/short-term vacation rental, as defined in Section 3.24.020 of the Town of Yucca Valley Municipal Code. This tax is often referred to as a “hotel/short-term vacation rental tax,” and is not paid for by anyone other than a hotel or lodging (including short-term vacation rentals) guest. It is not a tax on residential homes or property, nor related to issues of homelessness nor unhoused transient population.

The recent increase in Short Term Vacation Rentals has placed an additional burden on the services provided by the Town of Yucca Valley to local residents. The Town has significant obligations for public safety, infrastructure, and quality of life. Additional funding paid for by hotel and short-term vacation rental visitors, can help the Town to keep up with public safety and 9-1-1 response, crime prevention, short-term rental compliance, and maintenance to streets, sidewalks, and other facilities before they become more expensive in the future. By

keeping the Town safe, clean, and well-maintained, the Town seeks to protect property values of local residents, and preserve the small-town character that makes Yucca Valley a special place to live.

The current transient occupancy tax rate has not been changed or adjusted in over thirty years since incorporation, despite significant increases in public safety and infrastructure costs. Visitors to the Town of Yucca Valley place additional burdens on the Town's public safety service, parks and facilities, and streets and roads. The current TOT rate is significantly below the TOT rates in neighboring communities as illustrated:

City/Town	TOT Rate*
Palm Springs	13.50%
Indian Wells	13.25%
Indio	13%
Cathedral City	13%
Palm Desert	12%
La Quinta	12%
29 Palms	10.5%
Yucca Valley	7%

*Reflects blended rate of TOT/TBID as of 7/1/2022 for small hotels/vacation rentals

Town staff is recommending that the Town Council submit to the voters, at the regular municipal election on November 8, 2022, a proposed ordinance to adjust the existing TOT to 12%. This adjustment to the TOT would provide an additional estimated \$1.3 million annually in locally controlled and independently audited dollars for general government use, until ended by voters. This adjustment would fund important general services in the Town of Yucca Valley, such as:

- Police patrols and 9-1-1 emergency response
- Gang and crime prevention
- Street maintenance and traffic management
- Keeping public parks, buildings, and facilities safe and clean
- Supporting fire protection and affordable housing

Staff is proposing the following ballot question as shown below.

Hotel/Vacation Rental Tax Measure	
To fund general services in the Town of Yucca Valley, such as:	YES
Police patrols/9-1-1- emergency response;	
Gang / crime prevention	
Street maintenance / traffic management;	
Keeping parks / facilities safe and clean;	
Supporting fire protection;	
Affordable housing;	NO
shall an ordinance be adopted changing the Town’s existing transient occupancy tax (paid by hotel / vacation rental guests)to 12%, providing an additional \$1,300,000 annually for general governmental use until ended by voters, with all funds locally controlled?	

Next Steps

Should the Council desire to place the measure before Town voters in November 2022, the following materials will be prepared and submitted to the Town Clerk on or before the dates listed below:

- Town Attorney Impartial Analysis: August 19, 2022, by 5:00 p.m.
- Arguments in favor and/or against the proposed measure: August 19, 2022, by 5:00 p.m.
- Rebuttal to arguments: August 25, 2022, by 5:00 p.m.
- Election November 8th, 2022

CEQA:

The adoption of this resolution is not a “project” subject to the requirements of the California Environmental Quality Act (CEQA) (Public Resources Code Section 21000 et seq.). CEQA Guideline 15378(b)(4) provides that the creation of government funding mechanisms or other government fiscal activities that do not involve any commitment to a specific project that may result in a potentially significant physical impact on the environment are not projects subject to the requirements of CEQA.

Alternatives

Do not adopt the resolution.

Fiscal Impact

If approved, the proposed adjustment to the TOT would provide an additional estimated \$1.3 million annually in locally controlled dollars for general government use, until ended by voters.

RESOLUTION NO. 22-40

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF YUCCA VALLEY ORDERING THE SUBMISSION TO THE QUALIFIED ELECTORS OF THE TOWN OF YUCCA VALLEY A MEASURE AMENDING THE TRANSIENT OCCUPANCY TAX ORDINANCE OF THE TOWN AND APPROVING THE FORM OF THE ORDINANCE TO BE SUBMITTED TO THE VOTERS

WHEREAS, pursuant to section 2.05.090 of the Yucca Valley Municipal Code, the general municipal election of the Town shall be held on the same day as the statewide general election; and

WHEREAS, pursuant to Section 9222 of the California Elections Code the Town Council may submit a proposition for the repeal, amendment, or enactment of an Ordinance directly to the voters; and

WHEREAS, Town of Yucca Valley currently imposes a Transient Occupancy Tax (“TOT”) on all visitors for the privilege of occupancy in any hotel, as defined in Section 3.24.020 of the Town of Yucca Valley Municipal Code; and

WHEREAS, the TOT Ordinance imposes a general tax, as defined by California Constitution Articles XIII C, § 1(a); and

WHEREAS, the Town Council desires to submit to the voters at the general municipal election scheduled for Tuesday, November 8, 2022 (the “Election”), a measure amending the TOT Ordinance to adjust the TOT tax from seven percent (7%) to twelve percent (12%); and

WHEREAS, such an amendment must be presented to and adopted by a majority the qualified voters of the Town, pursuant to California Constitution Article XIII C, § 2(c) and Government Code § 53723; and

WHEREAS, the County of San Bernardino will be conducting a statewide general election in Yucca Valley on November 8, 2022; and

WHEREAS, an increase in Short Term Vacation Rentals has placed an additional burden on the services provided by the Town of Yucca Valley; and

WHEREAS, the Town is required to maintain 145+ miles of roads, Yucca Valley needs to keep up with repairs, maintenance to streets, sidewalks, storm drains, and other facilities before they become more expensive in the future; and

WHEREAS, additional funding to maintain the quality of services, such as police, 9-1-1 response times, maintenance of streets, parks, infrastructure, and programs for youth and seniors is needed; and

WHEREAS, by keeping Yucca Valley safe, clean, and well-maintained, the Town seeks to protect property values and preserve the small-town character that makes Yucca Valley a special place to live; and

WHEREAS, the TOT does not raise residents' taxes, it applies only to those who stay in local hotels, motels and short-term vacation rentals, ensuring visitors pay their fair share of services they use while in town; and

WHEREAS, it is in the best interest of the Town of Yucca Valley to consolidate the Town election with the County election to be conducted on November 8, 2022; and

NOW THEREFORE, BE IT RESOLVED that the Town Council of the Town of Yucca Valley does resolve, declare, determine and order as follows:

SECTION 1. The above recitals are true and correct and are incorporated herein by this reference.

SECTION 2. Pursuant to Government Code section 36503, and Yucca Valley Municipal Code section 2.05.090, on June 21, 2022, via Resolution No. 22-33, the Town Council called and ordered to be held in the Town of Yucca Valley a general municipal election.

SECTION 3. The Town Council orders submitted to the voters a measure for the approval of a proposed ordinance amending the TOT Ordinance of the Town to adjust the TOT tax applicable within the Town from seven percent (7%) to twelve percent (12%) ("Proposed Ordinance"). The full text of the Proposed Ordinance, attached hereto as Exhibit A, shall be printed and made available to voters pursuant to Section 9223 of the California Elections Code. The Town Council hereby approves the Proposed Ordinance, and its submission to the voters of the Town at the November 8, 2022, election.

SECTION 4. Pursuant to Elections Code Section 10002, the Town Council hereby requests the Board of Supervisors of the County of San Bernardino to consolidate the election for the above referenced Proposed Ordinance with the November 8, 2022, general election and to permit the San Bernardino County Elections Department to provide any and all services necessary for conducting the election. The County of San Bernardino and its staff are authorized and instructed to procure and furnish any and all official ballots, notices, printed matter and all supplies and equipment and other necessary items in order to properly and lawfully conduct the election; the County of San Bernardino is authorized to canvass the returns of the election, which shall be held in all respects as if there were only one election, and only one form of ballot shall be used; and the Town Council recognizes that additional cost will be incurred by the County of San Bernardino by reason of the consolidation of the election with the Statewide election and agrees to reimburse the County of San Bernardino for any costs that are not reimbursed by the State. The Town Council hereby authorizes the Town Manager to pay the County of San Bernardino for said services in full.

SECTION 5. The Proposed Ordinance measure shall be designated by letter by the San

Bernardino County Elections Department. The question to appear on the ballot for voter consideration shall be as follows:

<p>Hotel / Vacation Rental Tax Measure To fund general services in the Town of Yucca Valley, such as: Police patrols / 9-1-1 emergency response; Gang / crime prevention; Street maintenance / traffic management; Keeping parks / facilities safe and clean; Supporting fire protection; Affordable housing; shall an ordinance be adopted changing the Town’s existing transient occupancy tax (paid by hotel / vacation rental guests) to 12%, providing an additional \$1,300,000 annually for general government use until ended by voters, with all funds locally controlled?</p>	<p>YES</p>
	<p>NO</p>

SECTION 6. Pursuant to Article XIII C of the California Constitution, this measure shall not take effect unless a majority of votes cast on the measure at the Election are in favor of the measure, unless another threshold is otherwise required by law.

SECTION 7. The Town Clerk is hereby directed to transmit a copy of the Proposed Ordinance to the Town Attorney, who shall prepare an impartial analysis of the measure showing the effect of the measure on the existing law and the operation of the measure in accordance with Section 9280 of the California Elections Code.

SECTION 8. The Board of Supervisors of San Bernardino County is hereby requested to issue instructions to the County Election Department to take any and all steps necessary for the holding of the election and to consolidate this ballot measure with any other applicable election conducted on the same day in the Town. The Board of Supervisors is further requested to order the County Clerk to set forth in the voter information portion of all sample ballots to be mailed to the qualified electors of the Town the full text of the Proposed Ordinance and to mail with the sample ballots to the electors printed copies of the full text of the Proposed Ordinance, together with the arguments and rebuttal arguments (if any) for and against the measure.

SECTION 9. Notice of the Election is hereby given and the Town Clerk shall give such further notice of the election as required by law. In accordance with Section 12111 of the Elections Code and Section 6061 of the Government Code, the Town Clerk is hereby authorized and directed to cause notice of the measure in Section 6 to be published once in a newspaper of general circulation, printed, published, and circulated in the Town of Yucca Valley and hereby designated for that purpose by the Town Council of the Town of Yucca Valley. The Town Clerk may request that the County of San Bernardino Elections Department prepare and publish the required notice.

SECTION 10. The Town Clerk is hereby directed to file a certified copy of this Resolution with the San Bernardino County Board of Supervisors and the San Bernardino County Elections Department.

SECTION 11. The Town Clerk is authorized and directed to take all other steps necessary to conduct the election on the Proposed Ordinance.

SECTION 12. The Town Manager is authorized and directed to appropriate the funds necessary to fund the cost of the Election.

SECTION 13. The adoption of this resolution is not a “project” subject to the requirements of the California Environmental Quality Act (CEQA) (Public Resources Code Section 21000 et seq.). CEQA Guideline 15378(b)(4) provides that the creation of government funding mechanisms or other government fiscal activities that do not involve any commitment to a specific project that may result in a potentially significant physical impact on the environment are not projects subject to the requirements of CEQA.

SECTION 14. In all particulars not recited in this resolution, the Election shall be held and conducted as provided by State law for holding municipal elections.

SECTION 15. This Resolution shall take effect upon its adoption by a two thirds vote of the Town Council.

PASSED, APPROVED AND ADOPTED this 16th day of July, 2022.

Jim Schooler, Mayor

ATTEST:

APPROVED AS TO FORM:

Lesley Copeland, Town Clerk

Thomas Jex, Town Attorney

ORDINANCE NO. ____

AN ORDINANCE OF THE TOWN OF YUCCA VALLEY, CALIFORNIA, AMENDING SECTION 3.24.030 OF THE MUNICIPAL CODE REGARDING THE TRANSIENT OCCUPANCY TAX AS ENACTED BY THE TOWN OF YUCCA VALLEY VOTERS

WHEREAS, Town of Yucca Valley currently imposes a Transient Occupancy Tax (“TOT”) on all visitors for the privilege of occupancy in any hotel, as defined in Section 3.24.020 of the Town of Yucca Valley Municipal Code; and

WHEREAS, the TOT Ordinance imposes a general tax in the amount of seven percent (7%) of the rent charged by the operator of the hotel; and

WHEREAS, the Town and the people of the Town of Yucca Valley desire to adjust the TOT from seven percent (7%) to twelve percent (12%); and

WHEREAS, the TOT does not raise residents’ taxes, it applies only to those who stay in local hotels, motels and short-term vacation rentals, ensuring visitors pay their fair share of services they use while in town; and

WHEREAS, an increase in Short Term Vacation Rentals has placed an additional burden on the services provided by the Town of Yucca Valley; and

WHEREAS, the Town is required to maintain 145+ miles of roads, Yucca Valley needs to keep up with repairs, maintenance to streets, sidewalks, storm drains, and other facilities before they become more expensive in the future; and

WHEREAS, additional funding to maintain the quality of services, such as police, 9-1-1 response times, maintenance of streets, parks, infrastructure, and programs for youth and seniors is needed; and

WHEREAS, by keeping Yucca Valley safe, clean, and well-maintained, the Town seeks to protect property values and preserve the small-town character that makes Yucca Valley a special place to live; and

WHEREAS, the revenues the proposed TOT adjustment would be used by the Town to pay for all of the aforementioned services, as well as other general municipal services; and

NOW, THEREFORE, THE PEOPLE AND TOWN COUNCIL OF THE TOWN OF YUCCA VALLEY ORDAINS AS FOLLOWS:

SECTION 1. RECITALS.

The recitals set forth above are true and correct and are adopted as findings.

SECTION 2. AMENDMENT OF SECTION 3.24.030.

Section 3.24.030 (Tax Imposed) of Chapter 3.24 (Transient Occupancy Tax) of the Town of Yucca Valley Municipal Code is hereby amended and restated in its entirety as follows:

“For the privilege of occupancy in any hotel, each transient is subject to, and shall pay a tax in the amount of twelve percent (12%) of the rent charged by the operator or otherwise payable by the transient. Insofar as the transient is concerned, said tax constitutes a debt owed by the transient to the operator or to the town. If the rent is paid in installments, a proportionate share of the tax shall be paid with each installment. The unpaid tax shall be due upon the transient's ceasing to occupy space in the hotel. If the tax is not paid to the hotel operator, the tax administrator may require payment directly to him.”

SECTION 3. SEVERABILITY

Should any provision, section, paragraph, sentence or word of this Ordinance be rendered or declared invalid by any final court action in a court of competent jurisdiction or by reason of any preemptive legislation, the remaining provisions, sections, paragraphs, sentences or words of this Ordinance as hereby adopted shall remain in full force and effect.

SECTION 4. CEQA

The adoption of this ordinance is not a “project” subject to the requirements of the California Environmental Quality Act (CEQA) (Public Resources Code Section 21000 et seq.). CEQA Guideline 15378(b)(4) provides that the creation of government funding mechanisms or other government fiscal activities that do not involve any commitment to a specific project that may result in a potentially significant physical impact on the environment are not projects subject to the requirements of CEQA.

SECTION 5. EFFECTIVE DATE

This ordinance shall be submitted to the voters at the regular municipal election to be held on November 8, 2022. This ordinance shall not become operative unless and until a majority of the electors voting on the measure vote to approve this ordinance, in which case this ordinance shall go into effect ten (10) days after the date on which the election results are declared by the Town Council.

PASSED, APPROVED, AND ADOPTED BY THE PEOPLE OF THE TOWN OF YUCCA VALLEY AT THE REGULAR MUNICIPAL ELECTION HELD ON THE 8TH DAY OF NOVEMBER 2022.