


# REPORT OF THE CHIEF LEGISLATIVE ANALYST

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CF 11-1357  
WAS #11-07-0639

DATE: August 10, 2011

TO: The Honorable Members of the Los Angeles City Council

FROM: Gerry F. Miller   
Chief Legislative Analyst

SUBJECT: UPDATED Options for Revenue Generation

As requested by the City Council pursuant to Motion (Parks-Garcetti) (CF 11-1357), attached are two updated matrices summarizing proposed revenue generation ideas for the City Council's consideration at the Council's Revenue Day discussions on Wednesday, August 10, 2011. The first attached matrix shows those items which could be implemented this year and could impact 2011-12 revenues. The second matrix lists various revenue options that have been proposed or considered by the Council in the past that would require voter approval on a future ballot. This matrix also lists deadlines and cost estimates should the Council choose to place measures on either the State's upcoming 2012 ballot, or the City's 2013 election ballots.

Upon the instruction of the Council, we will further refine the details and cost figures for any of the measures presented and submit a followup report with recommendations.

## REVENUE OPTIONS

OPTION	DESCRIPTION	REQUIRED ACTION(S)	Estimated Annual Increase in Revenue	COMMENTS
A. EMS Voluntary Fee	<ul style="list-style-type: none"> <li>• Several Southern California cities (e.g., Glendale, Santa Ana, Fullerton, Huntington Beach, Arcadia, and Anaheim) have instituted a voluntary EMS fee.</li> <li>• Payment of this voluntary fee will entitle the subscriber to free EMS service for those with insurance and reduced cost EMS service for those without insurance.</li> <li>• Propose a fee of \$5-\$10 on the DWP bi-monthly bill.</li> </ul> <p>Since July 1985, the City of Anaheim's "Paramedic Membership Program" has offered residents and businesses the option to pay \$3/month (\$36/year) to avoid charges of \$350 per response, per person for each medical aid response. Exemption available for those with income of less than \$25K.</p> <p>In January 2009, the City of Loma Linda initiated its "Fire Medical" program, a voluntary EMS subscription program. For \$48/year, subscribers receive EMS response at no "out-of-pocket cost." Otherwise, non-subscribers who are residents are charged \$300 per EMS call, and non-residents are charged \$400 per EMS response.</p>	<ul style="list-style-type: none"> <li>- Instruct the City Attorney to prepare and present an ordinance to implement an EMS Voluntary Fee that will generate General Fund revenues, and to deposit the proceeds from this Fee.</li> <li>- Instruct LAFD to develop a flyer to advertise the availability of this fee for service.</li> <li>- Instruct CAO to finalize arrangements with DWP to place this flyer in the DWP bill.</li> <li>- Request that the DWP expedite modification of its collection system to begin collection of this fee as soon as possible.</li> </ul>	\$5-\$10M annually, based on a 10-15% participation rate.	<p>Endorsed by Council on February 10, 2010. The CAO and LAFD have begun preliminary discussions of this initiative, based upon the City of Huntington Beach FireMed program. This program funds EMS services through a monthly fee on local utility bills.</p> <p><b>RECOMMENDATION:</b>  <b>Instruct the LAFD to submit a status report to the Council within 30 days.</b></p>

OPTION	DESCRIPTION	REQUIRED ACTION(S)	Estimated Annual Increase in Revenue	COMMENTS
B. Ambulance Billings	Explore feasibility of charging for "treatment/non-transport" for any medical treatment provided at the scene (Medicare non-reimbursable). Currently, the City only charges for the cost of transporting patients to the hospital.	None	\$3.5M annually assuming \$342 non-transport fee.	<p>On May 18, 2011, the Council approved Budget Motion #4 (Hahn-Rosendahl) instructing the LAFD to report on the status of the new Fire Treatment / No Transport fee, and request the City Attorney to draft the necessary ordinance.</p> <p><b>RECOMMENDATION:</b>  <b>Instruct the City Attorney to prepare and present a draft ordinance for consideration by September 1, 2011, pursuant to the Council's May 18, 2011 action.</b></p>
C. New cost recovery fees for the LAFD	<ul style="list-style-type: none"> <li>- Charge Stand By fees for special events.</li> <li>- Charge for the cost of removing standing or rushing water.</li> <li>- Charge individuals for rescue services, as authorized by the State Government Code.</li> <li>- Establish tiered hazardous material storage fee based on volume rather than flat fee.</li> </ul>	Instruct the LAFD and the CAO to analyze the proposed changes and report with recommendations	Unknown	<p>Previously presented at the last two Council Revenue Days. No formal action taken.</p> <p><b>RECOMMENDATION:</b>  <b>Instruct the LAFD to report to the Council in 30 days with recommendations for new cost recovery fees or adjustments to existing fees.</b></p>

<p>D. Formalize and post no-parking for all street sweeping areas.</p>	<ul style="list-style-type: none"> <li>• City sweeps 4,400 miles of streets on a weekly basis and posts “no-parking Tuesday 12pm-6am” type signs on the swept streets.</li> <li>• City also sweeps about 8,000 miles of streets that are not posted. These are swept every 4 weeks.</li> <li>• If the un-posted streets were posted and enforced additional parking fine revenue, offset partially by the financing cost of one time signage and the annual cost of signage replacement and parking enforcement staff, would be generated (\$30 million/full year).</li> </ul>	<ul style="list-style-type: none"> <li>• Approval of approach</li> <li>• Further analysis of costs and probable revenues; including a multi-year “bonding” of up front signage costs.</li> <li>• Schedules for these routes will need to be formalized and met.</li> </ul>	<p>\$30 million annually if all 8,058 miles of unposted streets were posted and enforced (net incremental revenue of \$400K per 100 miles)</p>	<p>In response to the April 2008 Council Revenue Day discussion, the CLA Report submitted a report on October 24, 2008 regarding this proposal (CF 08-0600-S28). Motion (Cardenas-Rosendahl) (CF 09-1305) was subsequently introduced in April 2009, and the Bureau of Street Services submitted a report in response to that Motion. This matter is pending in the Public Works Committee.</p>
<p>E. Privatization of the Zoo</p>	<p>CF 11-0993 - Develop an alternative management structure for the LA Zoo</p> <p>CF 11-0600-S91 - RFP for privatization of the LA Zoo</p>		<p>Unknown</p>	<p>CAO report submitted on July 28, 2011, and considered by the Arts/Parks Committee. Report has been forwarded to Council for consideration on August 12, 2011.</p>
<p>F. Privatization of the Convention Center</p>	<p>CF 11-0020 - CAO and LA Convention Center to report with an update on the private management RFP and how it may be impacted by plans for a new Downtown stadium</p>		<p>Unknown</p>	<p>CF 11-0020 approved by Council on February 2, 2011</p>

G. City Parking Garages	<p><b>CF 10-0139-S2</b> - Motion (Garcetti - LaBonge) regarding alternatives and options for the operation of the City's parking garages.</p> <ul style="list-style-type: none"> <li>- CRA buy down debt on Hollywood area garages</li> <li>- Pension funds to provide relief in lieu of the normal General Fund obligation</li> <li>- The sale of individual garages</li> </ul> <p>LADOT is also instructed to report on upgrades and modernization to maximize parking structure revenues.</p>		Unknown	<p>CF 10-0139-S2 - Motion (Garcetti-LaBonge) approved by Council February 16, 2011</p> <p><b>Recommendation: Instruct the CAO to submit a status report within 30 days regarding the alternatives in Motion (Garcetti-LaBonge).</b></p>
H. Non-Profit Leasing Policy	<b>CF 08-2762</b> - Non-Profit Leasing Policy		Unknown	CAO and CLA Report and related Motions pending in the IT&GA Committee.

<p>I. Signage</p>	<p><b>CF 08-2020</b> – Planning Department report, dated July 22, 2011, regarding modifications to the City’s signage regulations.</p> <p>The following Budget Instructions were adopted as part of the 2011-12 Adopted Budget:</p> <p><b><u>Exhibit H Recommendation 74Q:</u></b> Request the City Attorney, with the assistance of the Planning Department, the Zoo Department, the Department of Recreation and Parks, the City Administrative Officer, and the Chief Legislative Analyst to prepare and present any necessary ordinances, including an amendment to the sign ordinance to allow the Zoo and the Department of Recreation and Parks to maximize special fund revenue from advertising opportunities, such as banners and signage at the Zoo and at parks. Further, request the Working Group on signage issues to review any amendments to the sign ordinance and report to the PLUM Committee</p> <p><b><u>CF 11-0600-S10:</u></b> Recommendation 94.10 of the 2011-12 Adopted Budget instructs the CAO and CLA, with the assistance of the City Attorney, Department of Recreation and Parks, Planning Department, and the Zoo Department, to form a working group to evaluate the following sign-related issues:</p> <p>A. Clarify of the City's sign ordinance as it applies to uses by various departments, including Recreation and Parks, Zoo, Transportation (DASH buses), and so on, and its Applicability to on and off-site uses.</p> <p>B. Impact of the sign ordinance specifically on the operations of the Recreation and Parks and Zoo Departments.</p> <p>C. Distinction between sponsorships and off-site signs.</p> <p>D. Mitigating measures to be taken with regard to various sign-related issues.</p> <p>E. Legality of establishing fees for digital and flip billboards.</p> <p>F. Applicability to naming rights.</p> <p>G. Establishment of a sign unit within in the Planning Department to administer a sign fee or surcharge program which can be applied to digital and flip billboards, and other signage as appropriate.</p> <p>H. Report findings and recommendations to the Council for possible</p>	<p>Unknown</p>	<p>Instruction Adopted by Council. Council File is in the PLUM Committee awaiting a report/ordinance from the City Attorney.</p> <p>Instruction Adopted by Council. Council File is in the PLUM Committee awaiting a report from the CAO and CLA.</p>
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	<p>inclusion as a "Sign Day" at a future City Council meeting.</p> <p><b>CF 11-0600-S75:</b> Recommendation 94.75 of the 2011-12 Adopted budget instructs the Bureau of Street Services to report to the Public Works Committee on a revised fee schedule for illegal sign removal activities.</p> <p><b>CF 11-1122:</b> Draft Ordinance to reduce the time cycle of off-site sign periodic inspections from three years to two years.</p>			<p>Instruction Adopted by Council. Council File is in the Public Works Committee awaiting a report from BOSS</p> <p>Instruction Adopted by Council. Council File is in the PLUM Committee awaiting a report/ordinance from the City Attorney.</p>
<p>J. Telecomm equipment on City buildings / property</p>	<p>In December 2003, Council approved Ordinance No. 175602 (CF 98-0882) which delegated to the General Manager of General Services the authority to market City buildings and property as sites for the placement of telecommunications equipment, and execute any agreements for up to 5 years.</p>		<p>Unknown</p>	<p>The City Attorney filed a report on June 7, 2011 detailing current regulations regarding the installation of cell towers and related equipment, and recommend modification of the City's regulations (CF 09-2645). On July 26, 2011, the PLUM and Public Works Committees instructed the City Attorney to convene a Task Force to draft an ordinance consistent with the City Attorney's report to revise the City's regulations, following which the draft ordinance would be presented to stakeholders for comment.</p>

K. Telecomm equipment on Street Lights	<p>New potential revenue generation proposal.</p> <p>Motion (Wesson-Cardenas) was introduced on June 8, 2011, instructing staff to explore the feasibility of allowing wireless carriers to install "lightRadio" or similar technology on City-owned utility poles/facilities (CF 11-0964)</p>		Unknown	<p><b>Motion (Wesson-Cardenas) is pending in the IT&amp;GA Committee, awaiting a report.</b></p> <p><b>RECOMMENDATION:</b>  <b>Instruct the Bureau of Street Lighting and ITA to report on the feasibility of this proposal, and submit recommendations.</b></p>
L. Charging utilities and telecomm companies for use of the public right of way.	<p>New potential revenue generation proposal.</p>		Unknown	<p><b>RECOMMENDATION:</b>  <b>Instruct the LADOT to explore the feasibility of this proposal, and submit recommendations.</b></p>
M. Administrative Citation Enforcement (ACE) program	<p><b>CF 10-0085:</b> On June 27, 2011, the City Attorney submitted a draft revised ordinance in response to the Budget &amp; Finance Committee's April 11, 2011 instructions.</p>			<p>CF 10-0085: On 4/11/2011, the Budget &amp; Finance Committee requested revisions to the draft ordinance submitted by the City Attorney. The City Attorney submitted a revised ordinance on 6/27/11. This issue has been referred to Budget &amp; Finance pending further review.</p>
N. Commission on Revenue Efficiency (CORE)	<p><b>CF 09-2560 and CF 10-0225:</b> CORE report "Blueprint for Reform of City Collections"</p>			<p>Representatives of CORE will provide an update on the status of CORE's recommendations</p>
O. Macias Consulting Group	<p><b>CF 07-1886 and CF 10-0225:</b> Feasibility Study: Centralization of Billing and Collections Activities</p> <p><b>CF 08-2122 and CF 10-0225:</b> Appointment of a "Collection Sheriff"</p>			<p>The Office of Finance will provide an update on the status of the Macias Study recommendations, and the appointment of a Collection Sheriff.</p>



P. League of California Cities and National League of Cities	<b>Revenue ideas and programs implemented at the local level</b>			CLA to do research.
Q. 2011-12 Adopted Budget Instructions	<p>The following potential revenue generation items were included in the 2011-12 Adopted Budget:</p> <p><b>CF 11-0600-S19:</b> CAO to evaluate and report to the Budget and Finance Committee on the establishment of a City of Los Angeles affinity credit card program.</p> <p><b>CF 11-0600-S20:</b> CAO to evaluate and report to the Budget and Finance Committee on the City Attorney's proposal to establish a Deferred Entry of Judgment program that could achieve efficiencies and generate revenues.</p> <p><b>CF 11-0600-S120:</b> CAO, CLA, LAHD, and Building &amp; Safety to report to the PLUM Committee by June 30, 2011 with recommendations to allow the City to generate \$5 million or more per year in revenue from the Foreclosure Registry Program and specifically address any staffing issues that may be preventing the program from collecting fees from banks that fail to maintain foreclosed properties, inasmuch as the adopted FY 2010-11 Budget anticipated that the City would generate several million dollars in revenue from the Foreclosure Registry Program, but this goal has not been realized. (Note: Foreclosure Registry Program enacted pursuant to Ordinance # 181185, approved in June 2010)</p> <p><b>CF 11-0600-S80:</b> CAO and Recreation and Parks to report to the Jobs and Business Development and Arts, Parks, Health and Aging Committees within 90 days on a strategy the filming fees at the City's beaches, to include a comparison with other local beach cities.</p>			<p>Instruction Adopted by Council. Council File is in the Budget &amp; Finance Committee awaiting a CAO report.</p> <p>Instruction Adopted by Council. Council File is in the Budget &amp; Finance Committee awaiting a CAO report.</p> <p>Instruction Adopted by Council. Council File is in the PLUM Committee awaiting a report.</p> <p>Instruction Adopted by Council. Council File is in the Jobs &amp; Business Development Committee awaiting a report.</p>

	<p><b>CF 11-0600-S82:</b> Recreation and Parks to report to the Arts, Parks, Health and Aging Committee and Budget and Finance Committees on the application and use of Quimby fees.</p> <p><b>CF 11-0600-S83:</b> Recreation and Parks to report to the Arts, Parks, Health and Aging Committee on fees for the use of facilities by sports teams.</p> <p><b>CF 11-0600-S90:</b> LADOT to examine and report to the Transportation and Budget and Finance Committees on the cost, revenue potential, and other options in pursuing the recovery of lost parking meter revenue due to activities such as private construction and special events.</p> <p><b>CF 11-0600-S92:</b> CAO and the Zoo Department to report to the Arts, Parks, Health and Aging and Budget and Finance Committees on eliminating the remaining 26 percent of the Department's budget that is still reliant on the General Fund.</p> <p><b>Exhibit H – Recommendation 74V:</b> City Attorney to prepare and present an ordinance to increase the car share civil parking penalty from \$63 to \$158</p> <p><b>Exhibit H -</b> City Attorney, with the assistance of the Police Commission and the CAO, to prepare and present an ordinance to amend the fees for police permits and other special services and to establish a new special service fee administered by the Police Commission, consistent with the fees adopted by the Police Commission on April 5, 2011.</p> <p><b>Exhibit H -</b> City Attorney, with the assistance of the LADOT, to prepare and present an ordinance to establish metered parking in commercial loading zones located within City-designated Parking Meter Zones.</p>		<p>On 7/12/2011 the Arts, Parks Committee continued item to/for 90 days for report.</p> <p>On 7/12/2011, the Arts, Parks Committee continued item for report to/for a date to be determined.</p> <p>Instruction Adopted by Council. Council File is in the Transportation Committee awaiting a report from the LADOT.</p> <p>Instruction Adopted by Council. Council File is in the Budget &amp; Finance Committee awaiting a report from the CAO and Zoo.</p> <p>Instruction Adopted by Council. Awaiting a report and ordinance from the City Attorney.</p> <p>Instruction Adopted by Council. Police Commission report transmitted to CAO in April 2011 for review and recommendations.</p> <p>Instruction Adopted by Council. Awaiting a report and ordinance from the City Attorney.</p>
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**VOTER APPROVAL REQUIREMENTS:** The following chart shows the requirements for placing measures on the 2012 and 2013 ballots, the voter approval requirements, and the deadlines for the City Council to request the City Attorney to prepare resolutions placing measures on each ballot.

<p><b>State Primary Election</b> June 5, 2012</p>	<p><b>Estimated cost:</b> \$4.2M for initial ballot measure.</p>	<p><b>General Tax:</b> If Council declares an Emergency by Unanimous Council Vote &amp; Mayoral approval, the a General Tax measure would require 50%+1 vote of the electorate to pass. Otherwise, it would require a 2/3 vote.</p>	<p><b>DEADLINE for Council to request ballot measures for June 2012 Ballot:</b> <u>February 1, 2012</u></p>
<p><b>State General Election</b> November 6, 2012</p>	<p>\$300K for each additional measure.  (based on cost figures from 2010 elections)</p>	<p><b>Special Tax:</b> Requires 2/3 Council Vote &amp; Mayoral approval. Measure requires 2/3rds vote of the electorate to pass.</p>	<p><b>DEADLINE for Council to request ballot measures for November 2012 Ballot:</b> <u>July 3, 2012</u></p>
<p><b>City Primary Nominating Election</b> March 5, 2013</p>	<p><b>Estimated cost:</b> Funding for 2 or 3 ballot measures is typically included in the annual Adopted Budget, with minor incremental cost if the number of measures exceeds that amount.</p>	<p><b>General Tax:</b> Measure requires 50%+1 vote of the electorate to pass.</p> <p><b>Special Tax:</b> Requires 2/3 Council Vote &amp; Mayoral approval. Measure requires 2/3rds vote of the electorate to pass.</p>	<p><b>DEADLINE for Council to request ballot measures for March 2013 Ballot:</b> <u>October 31, 2012</u></p>
<p><b>City General Election</b> May 2013</p>	<p><b>Estimated cost:</b> Funding for 2 or 3 ballot measures is typically included in the annual Adopted Budget, with minor incremental cost if the number of measures exceeds that amount.</p>	<p><b>General Tax:</b> Measure requires 50%+1 vote of the electorate to pass.</p> <p><b>Special Tax:</b> Requires 2/3 Council Vote &amp; Mayoral approval. Measure requires 2/3rds vote of the electorate to pass.</p>	<p><b>DEADLINE for Council to request ballot measures for May 2013 Ballot:</b> <u>January 16, 2013</u></p>

**NOTE:** Proposition 218 authorizes local government to propose “property-related” fees to property owners affected by the proposed fee (other than fees for water, sewer, or refuse collection), which can be approved by a **majority** of property owners. The Proposition also authorizes local government to weigh ballots in proportion to fee liability, for the purposes of determining the outcome of the vote. Any parcel tax is considered a special tax for voting purposes.

## REVENUE OPTIONS WITH VOTER APPROVAL REQUIRED

OPTION	DESCRIPTION	REQUIRED ACTION(S)	Estimated Annual Increase in Revenue beginning in 2012-13, at the earliest	COMMENTS
<p>A. Recovery fee for cost of 911 and dispatch operations</p>	<ul style="list-style-type: none"> <li>• A fee charged per line on every phone bill</li> <li>• Amount designed to recover the cost of the emergency call center.</li> <li>• Previously used in San Jose and San Francisco and selected other CA cities.</li> <li>• Preliminary estimate is a fee of \$2.25/line/mo.</li> </ul>	<ul style="list-style-type: none"> <li>• Analyze number of phone lines and collection delays.</li> <li>• Determine appropriate Exemptions.</li> <li>• Develop a ballot measure for placement on the next available ballot</li> <li>• Approval by 2/3rds vote of the electorate</li> <li>• County validates election results.</li> <li>• City begins collection.</li> </ul>	<p>\$65M annually thereafter, upon full implementation depending on the number and type of exemptions authorized, and collection rates.</p>	<p>Union City adopted an ordinance in 2004 to impose a fee on telephone lines to fund the 911 system but the Courts subsequently determined that this was a special tax that requires approval by 2/3 of the electorate under Proposition 218.</p>

<p>B. Increase Documentary Transfer Tax rate</p>	<p>Currently, the City of Los Angeles requires payment of a documentary transfer tax of \$4.50/\$1000 of property sales value. In 2009-10, this assessment is estimated to generate \$92M in city revenue.</p> <p>The City may consider increasing its documentary transfer tax to \$9/\$1000 of property sales value. Under this revision, a house valued at \$400K that would be charged \$1,800 under the current fee structure would be required to pay \$3,600 under a revised fee structure.</p>	<ul style="list-style-type: none"> <li>• Development of ballot measure</li> <li>• Placement on the next available ballot</li> <li>• Approval by 2/3rds vote of the electorate</li> <li>• County validates election results.</li> <li>• City begins to levy new rate and collect revenues on a monthly basis.</li> </ul>	<p>\$90M annual increase in Documentary Transfer Tax revenues from a doubling of the rate, although the actual amount would likely be much less due to the status of the real estate industry.</p>	<p>Current City documentary transfer tax rates per \$1000 of value:</p> <p>Oakland: \$15.00  Berkeley: \$15.00  San Francisco: \$5.00 to \$15.00, depending on sales price  Culver City: \$4.50  Los Angeles \$4.50  Pomona \$2.20  Redondo Beach \$2.20  Santa Monica \$3.00  Most others: \$0.55</p>
<p>C. Parking Occupancy Tax</p>	<p>The City imposes a 10% tax on all parking fees collected from patrons at parking facilities, which in 2009-10 generated \$82.3M in Parking Users' Tax income.</p> <p>Proposal is to increase the City's Parking Occupancy tax from 10% to 15%.</p>	<ul style="list-style-type: none"> <li>• Development of ballot measure</li> <li>• Placement on the next available ballot</li> <li>• Approval by 2/3rds vote of the electorate</li> <li>• County validates election results.</li> <li>• City begins to levy new rate and collect revenues on a monthly basis.</li> </ul>	<p>Upon full implementation, this increase would generate an additional \$41.15M annually</p>	<p>Current rates in other major cities:</p> <p>Pittsburgh (45%), San Francisco (25%), Chicago (18.75% to 50%), New York (10.375% to 18.375%), Miami (15%), Philadelphia (15%), New Orleans (12%), Oakland (10%), Seattle (10%).</p>

<p>D. Additional Billboard Gross Receipts Tax</p>	<p>Currently, the billboard industry is taxed at three different rates:  Commercial Property Rental : \$1.27/\$1000  Advertising Agencies: \$3.56/\$1000  Professions &amp; Occupations: \$5.07/\$1000</p> <p>The City currently collects approximately \$900K on an estimated \$180M in gross receipts from billboard companies. This is effectively a tax rate of about 0.5%. The Mayor's Office has proposed to double this percentage to 1% or more. To do so, the City can create a new tax category that applies solely to billboard advertisers and seek voter approval to increase the tax rate on this new category to 1% or higher.</p>	<ul style="list-style-type: none"> <li>• Development of ballot measure</li> <li>• Placement on the next available ballot (November 2010)</li> <li>• Approval by 2/3rds vote of the electorate</li> <li>• County validates election results.</li> <li>• City begins to levy new rate and collect revenues.</li> </ul>	<p>Upon full implementation, the following is an estimate of the annual increase in revenues from each of the following options:</p> <p>1% rate = + \$900K  2% rate = +\$2.7M  5% rate = + \$8.1M</p> <p>Alternatively, the City could adjust the three tax rates that currently apply to billboards to effectuate the additional revenues. This would generate significantly more revenue, but would impact all other businesses taxed under those same categories.</p>	<p>In response to instructions in the 2010-11 Adopted Budget, on October 8, 2010 the CAO and CLA submitted a report recommending that the Council request the City Attorney to prepare and present a ballot title and resolution to establish an excise tax of 12% on the transaction price paid for the use of off-site signs.</p> <p>The Rules Committee referred the matter to the PLUM Committee on October 27, 2010.</p>
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<p>E. Increase Transient Occupancy Tax (TOT) tax rate</p>	<ul style="list-style-type: none"> <li>• Current tax of 14% on hotel/motel bills.</li> <li>• Each 1% increase adds \$1.00 on a hotel bill of \$100/night.</li> <li>• Proposal: Increase TOT to 15%.</li> </ul> <p><b>Alternative proposal: Increase the TOT to 16%</b></p> <p>NOTE: On June 8, 2011, the City of Los Angeles adopted Ordinance #181741 to create the Los Angeles Tourism Marketing District. Each lodging business with 50 or more rooms within the District will be assessed at an annual rate of 1.5% of Gross Room Rental Revenue for Transient stays of less than 31 days (CF 11-0378). Revenues will be used to fund improvements and activities that will benefit the lodging businesses being assessed.</p>	<ul style="list-style-type: none"> <li>• Development of ballot measure for placement on the next available ballot</li> <li>• Approval by 2/3rds vote of the electorate</li> <li>• County validates election results.</li> <li>• City begins to levy new rate and collect revenues on a monthly basis.</li> </ul>	<p>\$8.76M annual increase from each 1% increase in TOT, based on current data.</p>	<p>According to the California Local Government Finance Almanac, State Controller data from 427 cities shows that TOT's range from a low of 3.5% (City of Bell), to a high of 15% (City of Anaheim). The median rate is a TOT of 10%. 53 cities have no TOT.</p>
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<p>F. Special Fire Assessment</p>	<p>Levy a special tax per parcel of property within the City to enable the Fire Department to maintain and enhance fire and paramedic services.</p> <p>In 1997, LA County voters approved Prop E to levy an annual assessment on all improvements to fund County fire services. The current rate for a single family dwelling is \$56.17, and the rate varies for other types of structures.</p> <p>In 2002, LA County voters approved Prop B to levy a per-square-foot tax to fund County trauma rooms, emergency services and bioterrorism preparedness. The current rate for this tax is 3.72 cents/square foot.</p> <p>As background, in 2009, the County assessed 603,363 single family residential parcels, 108,879 residential income parcels, and 66,419 commercial/industrial parcels in the City of Los Angeles (total 778,661) with a total assessed value of \$413.4B.</p>	<ul style="list-style-type: none"> <li>• Development of ballot measure</li> <li>• Placement on the next available ballot</li> <li>• Approval by 2/3rds vote of the electorate</li> <li>• County validates election results.</li> <li>• City begins to levy new rate and collect revenues on the next property tax bill.</li> </ul>	<p>\$42.8M annually, upon full implementation at \$55/parcel per year.</p>	
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<p>G. Wastewater franchise fee</p>	<ul style="list-style-type: none"> <li>• The City enacted this fee in 1995-96 and collected it as part of the wastewater fee.</li> <li>• The fee was phased out beginning in 2000.</li> <li>• The Court of Appeals struck down a City of Roseville in- lieu franchise fee of 4% they imposed on three municipal utilities (water, sewer, collection services) because it violated Prop 218 by imposing a tax, rather than a fee for service.</li> <li>• The City has issues with surrounding jurisdictions on Wastewater. The City could re-institute this fee and share it with participating cities.</li> </ul>	<ul style="list-style-type: none"> <li>• Development of ballot measure</li> <li>• Placement on the next available ballot</li> <li>• Approval by 2/3rds vote of the electorate</li> <li>• County validates election results.</li> <li>• City begins to levy new rate and collect revenues on the next property tax bill.</li> </ul>	<p>\$38M estimated full year income, less shared revenue of perhaps \$2-3 million.</p>	
<p>H. Flood Control Assessment (Stormwater pollution abatement Fee)</p>	<ul style="list-style-type: none"> <li>• The City has a Stormwater Pollution Abatement assessment on property tax bills which varies by type of parcel use which produces \$28 million/year.</li> <li>• The typical current rate is \$1.92/mo for a normal single family dwelling and has not changed in 10 years.</li> <li>• Current shortfall is about \$12M to \$37M per year, based on recovery of full costs for the program.</li> <li>• City staff projects significant increases needed over the next 5 years (perhaps 400-450%).</li> <li>• All Counties and some cities or special districts charge on the property tax bill an assessment that recovers their cost of providing flood control &amp; storm water services.</li> <li>• With an assessed value around \$350 billion, this is a tax rate of about .0033¢/\$1 of assessed value on the property tax rate if applied equally to all properties.</li> </ul>		<p>Current cost recovery for 2011-12 and beyond is estimated to be \$37M, assuming full cost recovery of all Prop O project maintenance costs, once those projects are fully implemented.</p>	<p>The City has completed negotiations with the County of Los Angeles to arrive at a long-term solution to fund TMDL and Stormwater Permit mandates. Non-compliance with the NPDES Stormwater Permit can expose the City to civil penalties, fines, federal enforcement action, and third-party liabilities. The County is finalizing a draft ordinance to be submitted to the County Board of Supervisors in January 2012.</p> <p>CAO and CLA will be reporting to the Council with an update on the status of the SPA fee negotiations.</p>

<p>I. Neighborhood Assessments Like BIDS</p>	<p>Initiated by the Mayor, identify one or more neighborhoods in which a package assessment is proposed to fund a bundle of services (e.g., tree trimming, street paving, and expanded library hours) crafted to meet the specific needs of the community that is being assessed, to supplement basic services provided by the City in the area.</p>	<p>Instruct the DONE and the CAO to identify one or more neighborhood councils interested in participating in the development of a 5 year service level agreement, and a ballot measure to fund those supplemental services.</p>	<p>Unknown</p>	<p>The Mayor estimates that this proposal could generate \$1M per year, depending on the scope and scale of the proposal.</p> <p>In 2004, San Francisco enacted a similar mechanism, authorizing the formation of "Community Benefit Districts" which are essentially special benefit districts created to generate a stable revenue source to fund a set of services tailored to the needs of that community, which can include such services as sidewalk cleaning, supplemental security, special lighting, graffiti removal, and neighborhood beautification and decorations.</p>
<p>J. Rental Car tax</p>	<p>In 1998, the City Council asked the City Attorney to explore the legality of a rental car access fee (CF 94-2341), which the City Attorney subsequently reported would be subject to the vote requirements of Proposition 218.</p> <p>A proposal was recently made to explore a tax on rental cars to help address the City's budget deficit. No levy rate was suggested in the proposal.</p> <p>Preliminary analysis indicates a possible conflict with the 1% sales tax limitations in the Revenue &amp; Tax Code.</p>	<p>Instruct the City Attorney and the CAO to explore the potential of a ballot measure that would not violate the Bradley-Burns Uniform Local Sales and Use Tax Law, as well as the feasibility of using the revenues for general purposes.</p>	<p>Unknown</p>	

K. Gang Reduction and Youth Development Tax	Property based tax to fund gang prevention and intervention programs	<ul style="list-style-type: none"> <li>• Development of ballot measure</li> <li>• Placement on the next available ballot</li> <li>• Approval by 2/3rds vote of the electorate</li> <li>• County validates election results.</li> <li>• City begins to levy new rate and collect revenues on the next property tax bill.</li> </ul>	\$30M upon full implementation.	In November 2008, the City placed the Proposition A on the ballot. This measure would have authorized a special tax of \$36 per year on each parcel to fund gang prevention, intervention, after-school and job training programs. Proposition A failed to reach the 2/3 vote requirement, receiving approval from 66.27% of the voters, with 33.73% voting no.
L. Tax on sports & entertainment events (Koretz)	Unknown	Prop 218 vote likely required	Unknown	Unknown