



City of Needles, California Request for City Council Action

CITY COUNCIL NPUA RDA Regular Special

Meeting Date: June 14, 2022

Title: City Council Ordinance No. 651-AC
Amending Sections 20-8, 20-8.2(c) and 20-8.2(e) of the Needles Municipal Code to include in the city's transient occupancy tax, short term residential units

Background: On February 22, 2022 the City Council gave direction to staff to draft a Ballot Measure to be included at the General Municipal Election on Tuesday, November 8, 2022.

A short term rental is often a substitute for a hotel or motel room rental. A visitor renting a short term rental creates the same impacts as a hotel guest such as traffic, demands for law enforcement, fire safety, and other demands on the public service system. As such, the Planning Commission also recommends that the City's Transient Occupancy Tax (10% of total rental charge) be collected from short term rentals. The City of Needles currently levies a 10% Transient Occupancy Tax on all hotels, motels, apartment hotels, apartment motels, trailer courts, recreational vehicle parks and any other commercial establishment furnishing lodging space in exchange for monetary compensation located within the City.

On April 26, 2022 the City Council approved Ordinance No. 649-AC which amended the Municipal Code to include Short-Term Residential Rentals. Within the Ordinance, a short-term residential unit was subject to the uniform transient occupancy tax, if and when approved by the voters. The City Charter requires that application of the Transient Occupancy Tax requires voter approval on even numbered year general elections such as November 2022.

Section 20-8 of the Needles Municipal Code is amended to read:

Tax levied. Every operator of a hotel, motel, apartment hotel, apartment motel, trailer court, recreational vehicle park, short term residential rental unit and/or property, or any other commercial establishment furnishing lodging space in exchange for monetary compensation, located within the city, shall pay a transient occupancy tax of ten percent which shall be based on the operator's gross monthly receipts received from transient lodgers.

Section 20-8.2(c) of the Needles Municipal Code is amended to read:

"Operator" shall mean the person who is an owner and/or proprietor of a hotel, motel, apartment hotel, apartment motel, trailer court, recreational vehicle park, short term residential rental unit and/or property, or any other commercial establishment furnishing lodging space in exchange for monetary compensation within the city. If an operator utilizes a managing agent who is not an employee, then such agent shall also constitute

an "operator" for the purposes of this Article. Compliance with this Article by either the principal or the managing agent shall constitute compliance by both.

Section 20-8.2(e) of the Needles Municipal Code is amended to read:

"Lodging space" shall mean (i) one or more rooms used or intended to be used for dwelling or sleeping purposes, (ii) land in a trailer court or recreational vehicle park used or intended to be used for the parking of a trailer, recreational vehicle or other type vehicle used or intended to be for dwelling or sleeping purposes, and or a short term residential rental unit as defined in section 12-68.3.030, as may be amended from time to time.

Fiscal Impact: By including short term residential rental units in the transient occupancy tax (10%), it is estimated the City will raise approximately \$84,300 annually, which will be used for general city services, including protecting residents' quality of life and property values and continue to provide excellent services.

Environmental: N/A

Recommendation: Approve Ordinance No. 651-AC Amending Sections 20-8, 20-8.2(c) and 20-8.2(e) of the Needles Municipal Code to include in the city's transient occupancy tax, short term residential units

Submitted By: Patrick Martinez, Assistant City Manager/Development Services

City Management Review: PM for RD **Date:** 6/9/2022

Agenda Item: 8

EXHIBIT A

ORDINANCE NO. 651-AC

AN ORDINANCE OF THE CITY OF NEEDLES TO INCLUDE IN THE CITY'S TRANSIENT OCCUPANCY TAX, SHORT TERM RESIDENTIAL UNITS, AND AMENDING SECTIONS 20-8, 20-8.2(C) AND 20-8.2(E) OF THE NEEDLES MUNICIPAL CODE

THE PEOPLE OF THE CITY OF NEEDLES DO HEREBY ORDAIN AS FOLLOWS:

SECTION 1. Recitals.

A. The purpose of this Ordinance is to apply the City's existing transient occupancy tax to operators of short term residential properties and rental units.

B. The current transient occupancy tax is applied to and collected from operators of local hotels, motels and similar lodgings. The transient occupancy tax is not currently applied to or collected from operators of short term residential properties and rental units.

C. The transient occupancy tax is paid only by guests who stay in local hotels and other lodgings so that out-of-town visitors pay their fair share of their use of City roads, parks, the beach, public safety and other City services

D. The revenues from the transient occupancy tax remain in the City, are controlled by the City, and are used for unrestricted general municipal purposes such as public safety, infrastructure, street repair and park improvements. Transient occupancy tax revenues cannot be taken by San Bernadino County or the State of California.

D. By including short term residential rental units in the transient occupancy tax, it is estimated the City will raise approximately \$84,300 annually, which will be used for general city services, including protecting residents' quality of life and property values and continue to provide excellent services.

SECTION 2. Code Amendment. The Needles Municipal Code is amended as follows:

Section 20-8 of the Needles Municipal Code is amended to read:

Tax levied. Every operator of a hotel, motel, apartment hotel, apartment motel, trailer court, recreational vehicle park, short term residential rental unit and/or property, or any other commercial establishment furnishing lodging space in exchange for monetary compensation, located within the city, shall pay a transient occupancy tax of ten percent which shall be based on the operator's gross monthly receipts received from transient lodgers.

Section 20-8.2(c) of the Needles Municipal Code is amended to read:

"Operator" shall mean the person who is an owner and/or proprietor of a hotel, motel, apartment hotel, apartment motel, trailer court, recreational vehicle park, short term residential rental unit and/or property, or any other commercial establishment furnishing lodging space in exchange for monetary compensation within the city. If an operator utilizes a managing agent who is not an employee, then such agent shall also constitute an "operator" for the purposes of this Article. Compliance with this Article by either the principal or the managing agent shall constitute compliance by both.

Section 20-8.2(e) of the Needles Municipal Code is amended to read:

"Lodging space" shall mean (i) one or more rooms used or intended to be used for dwelling or sleeping purposes, (ii) land in a trailer court or recreational vehicle park used or intended to be used for the parking of a trailer, recreational vehicle or other type vehicle used or intended to be for dwelling or sleeping purposes, and or a short term residential rental unit as defined in section 12-68.3.030, as may be amended from time to time.

SECTION 3. Severability. If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be invalid, such decision shall not affect the validity of the remaining portions of this ordinance. The people of the City of Needles hereby declare that they would have passed this ordinance and each section, subsection, sentence, clause, and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared invalid.

Section 4. Environmental Compliance. The City Council hereby finds and determines that this resolution or ordinance is exempt from the California Environmental Quality Act, Public Resources Code Sections 21000 et seq. ("CEQA") and 14 Cal. Code Re. Sections 15000 et seq. ("CEQA Guidelines"). The calling and noticing of an election for the submission of a ballot measure to voters is not a project within the meaning of CEQA Guidelines 15378. The tax submitted to the voters is a general tax that can be used for any governmental purpose; it is not a commitment to any particular action or actions.

As such, under CEQA Guidelines Section 15378 (b)(4), the tax is not a project within the meaning of CEQA because it creates a government funding mechanism that does not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment. If revenue generated by the tax were used for a purpose that would have such an effect, the City of Needles would undertake the required CEQA review for that particular project. Therefore, pursuant to CEQA Guideline Section 15060 CEQA analysis is not required.

Section 5. Effective date. Pursuant to the California Constitution, Article XIIC(2)(b) and California Elections Code § 9217, if a majority of the voters voting in the election on this measure

vote in favor of the adoption of this measure, this ordinance shall be deemed valid and binding and shall be considered adopted upon the date that the vote is declared by the City Council and shall go into effect ten (10) days after that date.

Section 5. The City Clerk shall certify to the adoption of this ordinance and cause it, or a summary of it, to be published once in a newspaper of general circulation printed and published within the City of Needles, and shall post a certified copy of this Ordinance, including the vote for and against the same, in the Office of the City Clerk in accordance with Government Code Section 36933.

NOW, THEREFORE, BE IT ORDAINED that the City Council of the City of Needles, California, approve an amendment to the City Code.

INTRODUCED AND READ for the first time and ordered posted at a regular meeting of the City Council of the City of Needles, California, held on the 14th day of June, 2022 by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Jeff Williams, Mayor

ATTEST:

Dale Jones, City Clerk

APPROVED AS TO FORM:

John O. Pinkney, City Attorney