



COUNTY OF HUMBOLDT

For the meeting of: 6/15/2021

File #: 21-756

To: Board of Supervisors
From: County Administrative Office

Agenda Section: Departmental

SUBJECT:
Discussion to Consider Update and Reform Measures in 2022

RECOMMENDATION(S):

That the Board of Supervisors:

1. Authorize the County Administrative Office (CAO) to execute a professional services agreement with Lew Edwards Group (LEG) to conduct public opinion research on the public's priorities and needs, engage the community, and advise on potential update and reform measures in 2022, and perform other services as required, up to \$200,000;
2. Authorize the CAO, or a designee thereof, to execute any and all subsequent amendments to the professional services agreement with LEG, including amendments that require the contract to exceed \$200,000;
3. Direct staff to solicit all incorporated cities regarding renewal of the Abandoned Vehicle Abatement program and return to the Board with a resolution to place the question on the ballot and approve a synopsis of the ballot measure; and
4. Return to your Board with findings and recommendations regarding the June, 2022 election.

SOURCE OF FUNDING:

General Fund 1100

DISCUSSION:

In this post-COVID recovery environment, the county has a responsibility to continue its strong fiscal management and sustainability to maintain the services the public and its local business community rely on. Consistent with the county's tradition, the county continues to embrace opportunities for voters to weigh in on important policies and issues affecting Humboldt County's and their families' futures. There are a number of update and reform issues that have been identified by staff and/or stakeholders that could warrant placing proposals on the ballot for voters to decide. At this point, staff are recommending that your Board authorize the CAO to engage with long-time county consultant Lew Edwards Group (LEG) to conduct public opinion research, engage the community, report back on public priorities and interests, and perform other services as required, and return to your Board to discuss potential next steps or opportunities in 2022.

Transient Occupancy Tax (TOT) Reform Measure

On Feb. 9 (item H-1), after hearing a report on travel and tourism from the Humboldt County Visitors Bureau, your Board directed staff to perform a detailed analysis of Humboldt County's TOT rate and return to the Board. The CAO's Economic Development Team and Management & Budget Team worked with the Treasurer-Tax Collector on an analysis and interviews with local stakeholders. Through these processes, stakeholder groups have expressed to your Board and county staff additional economic development services that require additional funding.

TOT is charged in California when visitors rent a living space for 30 days or less, such as during a typical hotel stay. This type of local funding mechanism is not a tax charged on Humboldt County residents' homes or property. In other words, residents who are not hotel, lodging or vacation rental guests are not charged. In the unincorporated parts of the county, all short-term rental visitors pay 10% TOT on gross rent charged, except those renting space in RV parks and campgrounds, which were exempted by the Board from paying TOT in 1996. Funding generated by TOT and Tourism Assessment (2%) is used to offset tourism impacts and is also distributed to various economic development and tourism agencies for marketing and other services. The county has voluntary collection agreements with Airbnb and Vrbo for TOT collection within the unincorporated area.

There is also a 2% Tourism Assessment on short-term rentals only applicable to those rental facilities with 5 units or more at a single location. This tourism assessment is collected by the county and remitted to the Humboldt Lodging Alliance for distribution toward efforts to promote additional tourism. The VCAs with Airbnb and Vrbo do not include collecting the Tourism Assessment.

Stakeholder groups have expressed to county staff and your Board that the TOT program be reviewed for enhancements to support community, and visitor, interest-based enterprises to help ensure their continued economic viability into the future, and the need for a fair, equitable levy moving forward.

Renewal of Abandoned Vehicle Abatement Measure

In 1992, like many other regions, Humboldt County implemented a fee of \$1.00 per vehicle registration, to be used for the removal of abandoned vehicles in accordance with Section 9250.7 of the California Vehicle Code (AVA Fee). In 2001, Section 9250.7 was amended to require that AVA Fees be renewed every 10 years. On Nov. 13, 2001, the Board of Supervisors approved a Resolution extending the county's fee through April 30, 2012.

The passage of Proposition 26 in 2010 altered the definitions of "fee" and "tax" under the California Constitution, and legal counsel advised that the AVA Fee is now considered a tax that is subject to a voter approval requirement. Pursuant to Senate Bill (SB) 106, Chapter 175 of the Statutes of 2001, amended California Vehicle Code sections 22710 and 9250.7, the \$1 fee may be imposed in a county if the board of supervisors of the county, by a two-thirds vote, and a majority of the cities having a majority of the incorporated population within the county have adopted resolutions providing for the establishment of the authority and imposition of the fee. Such resolutions were adopted in 2012 and voters passed Measure Y on ballot in the June election with 79% of voters voting in favor of the measure, which required 2/3 vote of the electorate.

The current Abandoned Vehicle Abatement program sunsets on April 30, 2022 and the Department of Motor Vehicles requires the Board submit a Resolution by Aug. 21, 2021 in order for the program to be considered for reauthorization. This agenda item would direct staff to solicit cities for the requisite resolutions and also return to the Board with a resolution to place the question on the ballot and approve a synopsis of the ballot measure.

Clarity and Transparency On Cannabis Cultivation Measure

In light of the Court of Appeal’s decision in Silva v. County of Humboldt, taxpayers may submit an application for a potential full or partial refund of excise tax paid under Measure S between the years of 2017 and 2021. There appears to still be much confusion and lack of a streamlined process to calculate these tax bills. Staff recommend researching the community’s interest in a measure to update, clarify and streamline this process without raising current tax rates.

FINANCIAL IMPACT:

A supplemental budget would increase the CAO-Management & Budget Team’s (1100-103) by \$200,000 and will come before your Board during the Fiscal Year 2021-22 public hearings. There is a sufficient balance in the General Fund to accommodate this request. The revenue generated by the revenue approaches discussed in this staff report averages between \$15 and \$20 million per year for public safety, firefighting, health/COVID response, homeless services, street infrastructure, open space preservation and business revitalization and support. This locally generated funding is reserved for Humboldt County needs and cannot be seized by the state. Revenue estimates for the cannabis excise tax is particularly challenging given the recent court decision, and successfully clarifying the calculation process would allow staff to provide better annual estimates while expanding transparency, fairness and accountability within the current measure framework.

STRATEGIC FRAMEWORK:

This action supports your Board’s Strategic Framework by facilitating the establishment of local revenue sources to address local needs .

OTHER AGENCY INVOLVEMENT:

None

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Your Board could choose not to contract with LEG for professional services, or require staff to use a Request for Proposals (RFP) process for these services. However, staff do not have the expertise required to perform the services offered by LEG or similar firm. LEG has worked with the county on several enacted ballot measures that reflected community priorities and sentiments, and due to their unique services and history with the county, staff do not recommend going to RFP.

ATTACHMENTS:

N/A

PREVIOUS ACTION/REFERRAL:

Board Order No.: H-1, M-1

File #: 21-756

Meeting of: 2/9/21; 2/20/12

File No.: 21-75, 16-3016