This meeting will be held via teleconference only in order to reduce the risk of spreading COVID-19 and pursuant to the Governor’s Executive Order N-08-21 and the County of Los Angeles Public Health Officer’s Order (revised August 16, 2021).

HOW TO VIEW THE MEETING: No physical location from which members of the public may observe the meeting and offer public comment will be provided. Please view the meeting, which will be live streamed at https://malibucity.org/video and https://malibucity.org/VirtualMeeting.

HOW TO PARTICIPATE BEFORE THE MEETING: Members of the public are encouraged to submit email correspondence to mlinden@malibucity.org before the meeting begins.

HOW TO PARTICIPATE DURING THE MEETING: Members of the public may also speak during the meeting through the Zoom application. You must first sign up to speak before the item you would like to speak on has been called and then you must be present in the Zoom conference to be recognized.

Please visit https://malibucity.org/VirtualMeeting and follow the directions for signing up to speak and to download the Zoom application.

Malibu City Council
Administration and Finance Subcommittee
Special Meeting Agenda
(to be held during COVID-19 emergency)

Tuesday, August 24, 2021
3:30 P.M.
Various Teleconference Locations

YOU MAY VIEW THIS MEETING LIVE OVER THE INTERNET AT MALIBUCITY.ORG/VIDEO

Councilmember Mikke Pierson
Councilmember Steve Uhring

Call to Order

Approval of Agenda

Report on Posting of the Agenda – August 19, 2021

1. Presentations

None.
2. **Old Business**

   None.

3. **New Business**

   A. **Approval of Minutes – May 5, 2021 and May 12, 2021**

      Recommended Action: Approve the minutes for the Administration and Finance Subcommittee Special meetings of May 5, 2021 and May 12, 2021.

      Staff Contact: Assistant City Manager Soghor, 456-2489, ext. 224

   B. **Automatic License Plate Readers**

      Recommended Action: Provide a recommendation to the City Council to authorize the purchase and installation of eight Automatic License Plate Readers for use by the Sheriff’s Department, as recommended by the Public Safety Commission.

      Staff Contact: Public Safety Manager Dueñas, 456-2489, ext. 313

   C. **Certificate of Deposit**

      Recommended Action: Review the terms of the Certificate of Deposit (CD) purchased in May 2021 and make a recommendation to the City Council approving the acquisition of the CD.

      Staff Contact: City Treasurer Quinto, 456-2489, ext. 224

   D. **Consideration of Potential Revenue Measures**

      Recommended Action: Consider potential revenue-generating measures and provide direction to staff.

      Staff Contact: Assistant City Manager Soghor, 456-2489, ext. 224

**Adjournment**

*I hereby certify under penalty of perjury, under the laws of the State of California, that the foregoing agenda was posted in accordance with the applicable legal requirements. Special meeting agendas may be amended up to 24 hours in advance of the meeting. Dated this 19th day of August 2021, at 4:00 p.m.*

Mary Linden, Executive Assistant
To: Councilmembers Pierson and Uhring
Prepared by: Mary Linden, Executive Assistant
Reviewed by: Lisa Soghor, Assistant City Manager
Approved by: Steve McClary, Interim City Manager
Date prepared: July 30, 2021                Meeting date: August 24, 2021
Subject: Approval of Minutes – May 5, 2021 and May 12, 2021

RECOMMENDED ACTION: Approve the minutes for the Administration and Finance Subcommittee Special meetings of May 5, 2021 and May 12, 2021.

DISCUSSION: Staff has prepared draft minutes for the Administration and Finance Subcommittee Special meetings of May 5, 2021 and May 12, 2021, and hereby submits the minutes to the Subcommittee for approval.

ATTACHMENTS:
1. Draft Minutes for the May 5, 2021 Administration and Finance Subcommittee Special meeting
2. Draft Minutes for the May 12, 2021 Administration and Finance Subcommittee Special meeting
The following meeting was held pursuant to the Governor’s Executive Orders N-25-20 and N-29-20 and fully teleconferenced from various locations during the coronavirus disease (COVID-19) pandemic.

CALL TO ORDER

Councilmember Pierson called the meeting to order at 2:00 p.m.

ROLL CALL

The following persons were recorded in attendance:

PRESENT: Councilmember Mikke Pierson and Councilmember Steve Uhring

ALSO PRESENT: Interim City Manager Steve McClary; Assistant City Manager Lisa Soghor; Ruth Quinto, City Treasurer; Renée Neermann, Finance Manager; Kelsey Pettijohn, Acting City Clerk; Jesse Bobbett, Community Services Director; Kristin Riesgo, Community Services Deputy Director; Yolanda Bundy, Environmental Sustainability Director; Richard Mollica, Planning Director; Rob DuBoux, Public Works Director; Susan Dueñas, Public Safety Manager; Patricia Salazar, Senior Administrative Analyst; Brandie Ayala, Senior Administrative Assistant; Tracey Rossine, Administrative Analyst; Alex Montano, Media Analyst; and Mary Linden, Executive Assistant

APPROVAL OF AGENDA

MOTION Councilmember Uhring moved and Councilmember Pierson seconded a motion to approve the agenda. The question was called, and the motion carried unanimously.

REPORT ON POSTING OF AGENDA

Executive Assistant Linden reported that the agenda for the meeting was properly posted on May 3, 2021.

ITEM 1 PRESENTATIONS

None.

ITEM 2 OLD BUSINESS

None.
ITEM 3 NEW BUSINESS

A. Approval of Minutes – April 8, 2021
   Recommended Action: Approve the minutes for the Administration and Finance Subcommittee Special meeting of April 8, 2021.

MOTION Councilmember Uhring moved and Councilmember Pierson seconded a motion to approve the minutes for the Administration and Finance Subcommittee Special meeting of April 8, 2021. The question was called, and the motion carried unanimously.

B. Funding for Amendment to the Agreement with California Skateparks for the Permanent Skate Park
   Recommended Action: Provide a recommendation to the City Council on the appropriation of $50,150 from the Designated Reserve for the Case/Crummer Parcel for an Amendment to the Agreement with California Skateparks.

At 2:02 p.m., Councilmember Pierson left the meeting. He rejoined the meeting at 2:03 p.m.

Assistant City Manager Soghor explained that all appropriations over $10,000 were reviewed by the Administration and Finance Subcommittee (A&F) prior to going to the Council.

Community Services Director Bobbett presented the report. He stated funding would be used for additional engineering and architectural plans outside the scope of the original agreement. He stated staff may assist with some items included in the proposal, which would reduce the funding required.

Assistant City Manager Soghor stated the proposed budget for Fiscal Year 2021-2022 assumes the full amount of the Case/Crummer designated reserve will be used. She clarified the requested action will not take away funding from the permanent skate park.

In response to Councilmember Uhring, Assistant City Manager Soghor stated there was not yet funding available for the full project. She stated staff was looking at potential grant sources. She stated members of the community had indicated they would help with fundraising or donations.

Community Services Director Bobbett stated staff wanted to know the full cost for the skate park before initiating fundraising. He stated the original estimate of $60 to $70 per square foot, for a project total of $1.1 million to $1.3 million was conservative. He stated staff was confident the plans were in alignment with the
Environmental Impact Report (EIR) and community input. He stated this was final step before presenting it to the Planning Commission.

Assistant City Manager Soghor stated a completely designed project would also make it easier to get grant funding.

Councilmember Pierson stated it appeared the City will receive a $600,000 donation. He agreed with Community Services Director Bobbett that members of the public had offered to assist with fundraising. He commended staff for the process taken and the design chosen.

**MOTION**
Councilmember Uhring moved and Councilmember Pierson seconded a motion to recommend the City Council appropriate $50,150 from the Designated Reserve for the Case/Crummer Parcel for an Amendment to the Agreement with California Skateparks. The question was called, and the motion carried unanimously.

**C. New Grants Analyst Job Specification for Fiscal Year 2021-2022**
**Recommended Action:** Provide a recommendation to the City Council related to the new job specification for the Grants Analyst.

Assistant City Manager Soghor presented the report. She stated this was the only new position presented to the City Council on April 22, 2021. She stated this position would be included with staffing presented to Council with the final budget in June.

In response to Councilmember Uhring, Assistant City Manager Soghor stated this position would not be funded by the General Fund. She stated this position would be funded through grants and special revenue.

Interim City Manager McClary discussed options if funding sources ran out in future years. He stated the position could be reconsidered each year.

Councilmember Uhring commended staff for the details in the job description.

**MOTION**
Councilmember Uhring moved and Councilmember Pierson seconded a motion to recommend that the City Council approve the new job specification for the Grants Analyst with staffing for Fiscal Year 2021-2022. The question was called, and the motion carried unanimously.

**D. Fiscal Year 2020-2021 Third Quarter Financial Report**
**Recommended Action:** Review Fiscal Year 2020-2021 Third Quarter financial information.
Assistant City Manager Soghor presented the report. She stated the City was on track for where it needed to be. She stated revenues were tracking where expected, and projections were based on all available information. She stated the budgets for property and sales taxes were very conservative and appeared to be coming in better than projected. She discussed distribution of County pools from which the City received a share of sales tax from online sales. She discussed impacts of the COVID-19 pandemic on transient occupancy tax (TOT) for hotels and motels. She discussed unfilled staff position vacancies.

Ryan Embree discussed unpaid property taxes. He stated property tax was likely to remain strong. He expressed agreement with budgeting for additional Sheriff crime patrols.

In response to Councilmember Uhring, Assistant City Manager Soghor explained that the online sales tax pool was based on the City’s overall percentage of sales tax within the County. She discussed recent actions by Amazon to apply sales tax to fulfillment centers, which would result in reduced revenues to cities in Los Angeles County.

Councilmember Uhring stated most vacation rentals on the east coast were filled. He stated he was hopeful that Malibu would see similar visitor numbers.

Councilmember Pierson agreed with Councilmember Uhring. He stated businesses that remained open were doing very well. He stated the major impact was on restaurants. He stated the future looks bright.

MOTION Councilmember Uhring moved and Councilmember Pierson seconded a motion to accept the Fiscal Year 2020-2021 Third Quarter financial information. The question was called, and the motion carried unanimously.

E. Proposed Budget for Fiscal Year 2021-2022
Recommended Action: Provide a recommendation to the City Council concerning the Proposed Fiscal Year 2021-2022 Budget and Annual Work Plan.

Assistant City Manager Soghor presented the report. She stated the version of the budget presented to the City Council on April 22, 2021 had projections based on March 31 numbers. She stated the proposed budget today included information through April 30. She stated the focus was on revenue. She stated projections increased by approximately $1.4 million for basic General Fund revenues based on property tax and sales tax increases through April 30. She discussed increased short-term rental projections due to an expected spike in the summer plus the new TOT rate increase from 12% to 15%. She cautioned much still was dependent on the timing of a hosted ordinance. She stated the City seemed to be rebounding faster than predicted earlier in the pandemic. She thanked the Council for not adding more
to the Work Plan on April 22. She discussed an addition of $50,000 in Building Safety for Dark Sky technical consultants. She stated numerous compliance issues were being managed by only two staff in the Environmental Sustainability Department (ESD). She stated two additional Sheriff vehicles were added, as requested by the Public Safety Commission. She stated the Los Angeles County Sheriff’s Department (LASD) Contract Law office provided costs. She discussed options for a five-day or seven-day patrol. She stated the current pilot program was a five-day car. She stated annual cost for seven-day cars would be $1.48 million annually and would decrease to $908,000 for five-day cars. She stated either option would include an additional one-time cost of $183,000 to purchase two vehicles. She stated the seven-day cost was included as separate line item in the Public Safety section of the budget. She stated the new vehicles increased the City’s law enforcement budget from $7.9 million to $9.5 million annually. She noted that LASD applied a cost of living increase each year based on the Consumer Price Index (CPI). She stated the new cars could result in the Fiscal Year 2022-2023 budget increasing by almost $.5 million. She discussed operating costs increasing from $38.8 million on April 22 to $40.6 million in the current version of the budget. She discussed expected costs of the new Sheriff substation when the Santa Monica College facility opened in Fiscal Year 2022-2023. She stated, based on the $6.5 million set aside by the City Council and projected revenues, the City could achieve the proposed budget, but it may not be sustainable further into the future.

John Mazza discussed the increasing cost of the LASD Summer Beach Team. He stated that was not a City obligation and should be a County expense. He stated that money should be spent on covering Pacific Coast Highway and weekend patrols. He stated the $50,000 for a Dark Sky consultant should be covered by fees. He stated the City needed staff for compliance on weekends.

Ryan Embree asked how many hours the City Treasurer spent on this budget. He asked if new Sheriff vehicles would include Automatic License Plate Reader (ALPR) cameras on each car. He asked if vehicles could be rented or leased. He agreed with Mr. Mazza that the Beach Team should be separate line item. He stated the City should work on bringing the California Highway Patrol (CHP) back to Malibu.

In response to Councilmember Uhring, Assistant City Manager Soghor discussed concerns about balancing the budget after next year. She stated it was not good to borrow from General Fund reserves. She discussed the impact of continued consultant costs for Woolsey Fire rebuilds.

Environmental Sustainability Director Bundy discussed inspections done and permits issued over the past year. She stated fire rebuilds were only mid-way through the process. She stated it could take two to three years to complete the process through construction.
Assistant City Manager Soghor discussed the City’s past use of consultants and its impact on the budget. She stated the City’s reserves have allowed the City to weather disasters. She stated it was important to keep the reserves strong. She discussed debt service on purchased land that comes due next year.

Councilmember Uhring agreed with Assistant City Manager Soghor that the City can get through Fiscal Year 2021-2022 but moving forward was less sure. He stated the City needed to find new revenue sources and should act on that now.

Assistant City Manager Soghor stated the Council referred searching for new revenue sources to A&F on April 22. She requested the Subcommittee suggest possible options for staff to investigate and report back. She discussed possible sources suggested in the past that could be reconsidered.

Councilmember Uhring agreed new ideas should be investigated after the budget was complete. He discussed permit fee waivers for rebuilds. He agreed with Mr. Mazza that the City should approach the County about at least sharing some of the Beach Team cost. He stated the new Sheriff substation was an important part of increasing public safety. He requested an A&F meeting be scheduled in July to discuss possible new revenue sources. He asked if restructuring the debt could be done.

Assistant City Manager Soghor stated the City’s bond underwriter had restructured debt in the past when it was advantageous to the City. She discussed restructing debt on City Hall and Legacy Park to finance the purchase of Trancas Field. She explained the 2018 land acquisition debt was structured to have low level early payments to equalize the total debt. She stated payments would increase at the same time older debt was paid.

City Treasurer Quinto welcomed Interim City Manager McClary. She agreed with Assistant City Manager Soghor about the City’s debt status. She stated she would work with Assistant City Manager Soghor and the financial advisor to look at the potential for restructuring. She stated she routinely reviewed the City’s financial documents. She stated she looked closely at the Comprehensive Annual Financial Report (CAFR) and provided input.

In response to Councilmember Uhring, City Treasurer Quinto explained how the City could keep its AAA bond rating. She stated the strength of reserves, particularly cash reserves, was the most important factor in determining a credit rating. She stated it was possible to reduce reserves over time without impacting the credit rating if a plan was shown and explained to the credit agencies. In response to Councilmember Uhring, City Treasurer Quinto stated the agencies reviewed ratings at a point in time but also took past activity into account.
In response to Councilmember Uhring, Assistant City Manager Soghor explained how the Legacy Park fund would be reimbursed from the assessment district. She stated the City’s tenants were billed annually for their portion of the assessment. In response to Councilmember Uhring, Assistant City Manager Soghor explained COVID-impacted expenses. She discussed staff time and hard costs included. She stated tracking staff time was beneficial in recovering those expenditures through available federal funding.

Councilmember Uhring suggested the Public Safety Commission review the Sheriff proposal and make a recommendation. In response to Councilmember Uhring, Assistant City Manager Soghor explained that the City was required to purchase the Sheriff vehicles and other equipment specific to the City’s contract with LASD. Councilmember Uhring asked if the new substation would reduce the City’s contract cost. Assistant City Manager Soghor stated the contract cost would increase. She explained the current contract with Lost Hills included a Captain and staff shared by the five Las Virgenes-Malibu Council of Government (COG) cities and unincorporated County area. She stated a Captain and staff in the new substation would be fully paid for by the City. She stated final costs will be determined by staffing levels the City wants from that station. She suggested those discussions could begin now with Supervisor Kuehl’s office and LASD Contract Law. She discussed plans for public meetings to evaluate the community’s expectations.

In response to Councilmember Uhring, Assistant City Manager Soghor confirmed the budget line for by-district elections was removed based on a recent court decision in the Santa Monica case. She stated a special election was not included in the budget.

Councilmember Uhring discussed the potential addition of a new Code Enforcement (CE) Officer. He suggested any new CE staff be scheduled to work nights and weekends. He suggested the City begin enforcement of the Dark Sky ordinance by focusing on the Civic Center area. In response to Councilmember Uhring, Assistant City Manager Soghor stated the City had not conducted a parking tax audit in the past five years.

In response to Councilmember Pierson, Assistant City Manager Soghor confirmed the Treasury Department would determine allowable expenditures for American Rescue Plan funds. She stated it would reimburse the City for certain losses during the pandemic. She stated the City was waiting for guidance to be issued by the Treasury Department.
Interim City Manager McClary stated it was discussed in a COG meeting that information was expected to come from the Treasury Department as early as next week.

In response to Councilmember Pierson, Assistant City Manager Soghor stated the City’s bond counsel confirmed that maintaining 65% reserves kept the City at its AAA rating.

Councilmember Pierson agreed with Councilmember Uhring about the need for new revenue sources. He agreed an A&F meeting to consider potential sources would be beneficial. He stated Dark Sky enforcement had a rollout target beginning with gas stations. Councilmember Uhring discussed the status of gas station compliance. He stated two were requesting a variance. He stated Malibu Community Alliance was providing assistance.

Councilmember Pierson discussed bringing the California Highway Patrol (CHP) back to Malibu. He suggested asking the City’s lobbyist to help move that forward. He stated that would provide relief to Sheriff contract. He stated the Beach Team changed after civil unrest on Zuma Beach. Assistant City Manager Soghor stated parking tax from the beach parking lots was paid from the County to the City to absorb some of the Beach Team cost. She stated the Beach Team started earlier this year, at the beginning of May instead of Memorial Day, which increased the budget. She stated staff could provide a historical analysis report to the Council.

Councilmember Uhring suggested involving Senator Henry Stern in discussions about the Beach Team.

Councilmember Pierson asked if the parking tax from beach parking could be adjusted. He stated he would like to see an analysis of a potential sales tax increase. He stated he would like to see visitors help pay for services provided to them.

Councilmember Uhring asked if sales tax could be structured to apply to certain types of businesses and not others.

Councilmember Pierson stated Lieutenant Braden suggested certain grant funds might be available for the new station’s costs. He stated the station benefitted the City by increasing the Sheriff presence and reducing the need for patrol cars to commute to an out-of-town station. Assistant City Manager Soghor stated the station also included a jail, which would reduce transfer time. Councilmember Pierson agreed with beginning discussions of the new station’s costs soon.

Councilmember Pierson discussed the Public Safety Commission’s recommendation for additional patrol vehicles. In response to Councilmember Pierson, Assistant City Manager Soghor explained the difference in cost of two
five-day units versus two seven-day units. She stated two seven-day units were included in the proposed budget. She stated staff could consider other combinations, such as one five-day and one seven-day unit. She requested direction for what should be presented to Council. Councilmember Pierson stated options should be presented for additional patrols, as well as Beach Team deployment.

In response to Councilmember Pierson, Assistant City Manager Soghor stated Public Safety Manager Dueñas could present cost differences between the two different schedules for additional patrols at tonight’s Public Safety Commission meeting.

Councilmember Pierson suggested using the five-day schedule initially. Councilmember Uhring agreed.

Public Safety Manager Dueñas stated there were other options to consider, including an additional one-half motor.

Councilmember Pierson discussed community support for public benefits of a proposed new hotel. Planning Director Mollica stated the hotel project would go to Planning Commission in June. Councilmember Pierson stated it was only hotel proposal ever supported by the Malibu community.

In response to Councilmember Pierson, Assistant City Manager Soghor confirmed rebuild fee waivers were included in the proposed Fiscal Year 2021-2022 budget. Councilmember Pierson suggested Council consider changing the fee waiver deadline. Councilmember Uhring agreed.

Councilmember Pierson thanked staff for their tremendous work on the budget. He stated it was the strong financial team that kept the City in good financial health.

Councilmember Pierson stated he had no further recommendations due to budget constraints. Councilmember Uhring agreed he had nothing else to add. He commended staff for a great job. In response to Assistant City Manager Soghor, Councilmember Pierson and Councilmember Uhring agreed to recommend no changes to the Work Plan.

Assistant City Manager Soghor summarized that the report to Council would include public safety recommendations, scheduling of another A&F meeting in July to discuss potential new revenue sources, $50,000 consultant costs and no additional staffing for Dark Sky compliance with enforcement on gas stations to continue.

Planning Director Mollica stated staff could amend the Dark Sky ordinance to specify enforcement date changes. Environmental Sustainability Director Bundy
stated that would be helpful. She discussed the commercial and recreational compliance schedule. She stated outreach and public education would continue. Planning Director Mollica stated an ordinance update could include target areas as suggested by Councilmember Uhring.

Councilmember Uhring requested that the July A&F meeting be publicized to encourage public participation in identifying revenue sources.

CONSENSUS
By consensus, the Subcommittee recommended that: 1) The two additional Sheriff’s patrol cars added to the budget by the City Council on April 22, 2021 be five-day per week cars; 2) The Public Safety Commission be directed to review the options for the additional patrol vehicles and provide a recommendation to the Council; 3) Council revisit and potentially reduce the deadlines for the Woolsey Fire fee waivers; 4) Staff return to A&F after the start of the new fiscal year to explore new revenue sources; and 5) The compliance dates for commercial properties in the Dark Sky ordinance be amended to address the economic impacts on businesses due to the pandemic.

ADJOURNMENT
MOTION At 4:09 p.m., Councilmember Uhring moved and Councilmember Pierson seconded a motion to adjourn the meeting. The question was called, and the motion carried unanimously.

Approved and adopted by the Administration and Finance Subcommittee of the City of Malibu on ____________.

MIKKE PIERSON, Councilmember

ATTEST:

MARY LINDEN, Executive Assistant
The following meeting was held pursuant to the Governor’s Executive Orders N-25-20 and N-29-20 and fully teleconferenced from various locations during the coronavirus disease (COVID-19) pandemic.

CALL TO ORDER

Councilmember Pierson called the meeting to order at 1:02 p.m.

ROLL CALL

The following persons were recorded in attendance:

PRESENT:  Councilmember Mikke Pierson and Councilmember Steve Uhring

ALSO PRESENT:  Interim City Manager Steve McClary; Assistant City Manager Lisa Soghor; Renée Neermann, Finance Manager; Parker Davis, Media Technician; and Mary Linden, Executive Assistant

APPROVAL OF AGENDA

MOTION  Councilmember Uhring moved and Councilmember Pierson seconded a motion to approve the agenda. The question was called, and the motion carried unanimously.

REPORT ON POSTING OF AGENDA

Executive Assistant Linden reported that the agenda for the meeting was properly posted on May 6, 2021.

ITEM 1  PRESENTATIONS

None.

ITEM 2  OLD BUSINESS

None.
ITEM 3 NEW BUSINESS

A. Fiscal Year 2021-2022 General Fund Grants
   Recommended Action: Provide a recommendation to the City Council concerning
   recipients and amounts for the Fiscal Year 2021-2022 General Fund Grant
   Program.

   Assistant City Manager Soghor presented the report. She stated $150,000 was
   allocated for the General Fund Grant Program in the proposed Fiscal Year 2021-
   2022 budget. She explained the grant application process. She stated the 23
   applications received totaled just under $440,000. She stated the Subcommittee’s
   recommendations would be included in the public hearing for the proposed Budget
   at the City Council meeting on May 24. She stated grant agreements would be sent
   to all successful applicants on July 1, 2021.

   Marlene Matlow, Friends of Malibu Urgent Care, stated the Urgent Care Center
   was a vital resource for the community due to its distance from emergency care.
   She stated the director was looking for emergency room technology for vital
   diagnostic tools and other services. She thanked the City for its past support. She
   stated the amount requested was far short of actual expenses. She discussed the
   difficulty finding donors, especially during the COVID-19 pandemic.

   Ellen Shane explained the work of the Emily Shane Foundation. She stated the
   Foundation provided academic support and mentorship at Malibu Middle School
   and 12 other sites in Los Angeles and Ventura Counties. She stated the need for
   academic support increased during the pandemic. She stated they also helped
   students cope with isolation. She stated a hybrid model was being planned.

   Helene Eisenberg was not present at the time of the hearing.

   Susan Tellem discussed the work of American Tortoise Rescue. She announced
   World Turtle Day on May 23. She stated grant funds would be used to provide
   veterinary assistance. She discussed fundraising challenges due to the pandemic.
   She expressed support for awarding a grant to Friends of Malibu Urgent Care.

   Chris Baca, Meals on Wheels West, stated they served 12 people in Malibu. He
   discussed a phone reassurance program started during the pandemic. He stated the
   need was greater than ever due to social isolation.

   Jennifer Brent, California Wildlife Center Executive Director, discussed activity
   over the past year. She stated they received more than 30,000 calls annually. She
   stated the marine mammal budget alone was $343,000. She stated this was the
   smallest amount ever requested from the City. She thanked the City for a successful
   partnership.
Julia Holland expressed support for Eco Hero Kids Foundation. She discussed the Foundation’s work to enhance environmental awareness. She discussed a new online curriculum and stated a grant would finance video shoots this summer.

Doctor Constance Scharff, Vice President, stated Rock to Recovery had provided mentors to children in Malibu for seven years. She stated they addressed needs often overlooked and provided cathartic release and improved mental health. She discussed their work to support for mental rehabilitation facilities and businesses in Malibu. She stated the $40,000 requested would fund a full year.

Michel Shane thanked the City for its support over the years. He discussed the impact of the pandemic on the Emily Shane Foundation. He discussed fundraising efforts and services provided to students during the pandemic. He commended Ellen Shane for her work to keep the Foundation going.

Ayako Yoshida, Malibu Women’s Club President, thanked the City for its first grant last year that helped fund a fire prevention campaign presented by students. She stated it was healthy and therapeutic for the children involved.

Oscar Mondragon, Malibu Labor Exchange Director, discussed the Labor Exchange’s work in Malibu over the past 28 years. He stated they were working with the Malibu Foundation to train workers to be ready to assist with future fires.

Francesca McCaffery thanked the Council and other applicants. She expressed support for Children’s Lifesaving Foundation. She stated the City been a wonderful partner in serving over 1,000 homeless and at-risk youth each year. She stated the full fallout from the pandemic had yet to be seen. She stated they hoped to see a good summer season after having to cancel programs last year due to the pandemic. Maria D’Angelo, Director, thanked the Council members.

Lisa Szilagyi expressed support for Creative Steps and Hand in Hand programs. She stated Creative Steps supported adults with disabilities. She discussed the partnership with Shemesh Farms. She stated Hand in Hand provided opportunities for disabled individuals to interact with non-disabled peers. She discussed the impacts of isolation, particularly on disabled individuals.

Karin Al-Hardan, Webster Elementary School PTA, discussed Steam Room, which prepared students for careers in areas that did not exist yet. She discussed the importance of project-based education. She stated the program was embraced by teachers and grew during distance learning. She stated supplies and teacher hours were not funded by Santa Monica-Malibu Unified School District (SMMUSD).
Lotte Cherin discussed the Malibu Arts Foundation’s work with the Malibu Arts Commission. She stated the Arts Commission had limited funding. She stated the City’s budget for the arts is pitiful.

Joel Schulman expressed support for Poison Free Malibu. He announced the City’s Local Coastal Program Amendment (LCPA) on pesticides would be voted on tomorrow by the California Coastal Commission. He discussed outreach and educational activities related to the LCPA. He discussed work related to AB 1788.

Shari Latta expressed support for Children’s Creative Workshop. She thanked the City for its support in the past. She stated it was the only freestanding, non-profit preschool in Malibu. She stated Children’s Creative Workshop would match any amount awarded by the City to offer scholarships.

Kasey Earnest, Malibu Boys and Girls Club, thanked the Council and fellow members of the service community. She discussed the Club’s work throughout the pandemic. She discussed a curriculum developed for young people recovering from trauma. She stated the program had been approved by SMMUSD to be offered as a for-credit program at Malibu High School in 2021-2022.

Jennifer Pappas, Malibu Elementary School PTA President, stated a grant would help fund a marine science program. She discussed joint efforts with Webster Elementary School to present a marine science-based fair and co-programs. She discussed challenges for both parents and students during the pandemic. She stated exposing students to science-based programs would create environmental stewards. She expressed support for the Malibu Shark Fund Grad Night application.

Oscar Mondragon continued his comments in support of the Malibu Labor Exchange.

Sean McCaffery expressed support for Children Life saving Foundation. He thanked former City Manager Reva Feldman.

Councilmember Pierson stated all the speakers’ comments were heartwarming. He commended them for their efforts on behalf of the community. He stated this was an extremely difficult decision to make.

Councilmember Uhring agreed with Councilmember Pierson. He stated it was impressive to see how many people stood up to do something to help others. He stated all the organizations were deserving.

Councilmember Pierson disclosed that he and Councilmember Uhring had not discussed any of the applications before this meeting.
Councilmember Uhring discussed his process for determining what he would suggest for grant awards.

Councilmember Pierson stated his focus was on organizations that had a direct impact on Malibu residents. He stated he considered the size of each organization, previous funding, access to other outside funding, and assets.

Councilmember Uhring stated he also considered the financial status of the organizations. He stated he tried to focus on those that impacted a broad spectrum of Malibu.

Councilmember Uhring and Councilmember Pierson provided their suggestions for potential awards to each applicant.

In response to Councilmember Pierson, Assistant City Manager Soghor explained the Fiscal Year 2020-2021 budget had $9,000 remaining for the Malibu Arts Commission. She discussed budget adjustments for cancelled programming due to the pandemic. She stated the proposed Fiscal Year 2021-2022 budget included $35,000 for arts programming, which was expected to resume, and an additional $136,000 for staff time allocated to supporting the Commission and running events. She stated the City fully funded the Malibu Arts Commission.

Councilmember Pierson suggested no additional funds be awarded to Malibu Arts Foundation since funding was allocated in the budget for the arts, a high priority for the City. Councilmember Uhring agreed with Councilmember Pierson.

Councilmember Uhring stated he wanted to consider how organizations raised funds. He stated PTAs and the Shark Fund had defined contributor bases from whom they could seek contributions. He stated he tried to offer funding to other organizations that had a harder time finding donors.

Councilmember Pierson discussed the impact on fundraising for schools while students were attending virtually. He stated SMMUSD was not very supportive.

In response to Councilmember Uhring, Assistant City Manager Soghor confirmed that funds raised by individual school PTAs stayed in Malibu.

Councilmember Uhring suggested setting $5,000 aside for possible future allocations and distributing $6,500 to Malibu Elementary School PTA, Webster Elementary School PTA, and the Shark Fund.

Councilmember Pierson suggested setting aside $7,500 and distributing the remaining amount equally to the PTAs and the Shark Fund.
Councilmember Pierson and Councilmember Uhring agreed with allocating $1,500 to each PTA and the Shark Fund, leaving $7,000 set aside for future allocations.

Assistant City Manager Soghor stated the Subcommittee’s recommendation would be presented to the Council with the budget at the public hearing on May 24, 2021, when the other Councilmembers could weigh in on the recommended distribution.

Councilmember Uhring stated it was impossible to make everyone happy. Councilmember Pierson agreed that this was a very difficult process.

Councilmember Pierson stated he would continue to work with PTAs on fundraising.

CONSENSUS

By consensus, the Subcommittee agreed to provide a recommendation to the City Council that it award 20 grants totaling $143,000 for the Fiscal Year 2021-2022 General Fund Grant Program as follows, retaining $7,000 for future allocation:

1. Adamson House Foundation ----------------------------------------- $1,500
2. American Tortoise Rescue ---------------------------------------- $750
3. Aurelia Foundation ----------------------------------------------- $1,000
4. Boys and Girls Club of Malibu Afternoon Programming ----------- $90,000
5. California Wildlife Center --------------------------------------- $2,000
6. Children’s Creative Workshop ------------------------------------ $750
7. Children’s Lifesaving Foundation ------------------------------- $2,500
8. Eco Hero Kids Foundation ---------------------------------------- $500
9. Emily Shane Foundation ------------------------------------------- $2,000
10. Friends of Malibu Urgent Care Center ---------------------------- $5,000
11. Malibu Community Labor Exchange ------------------------------- $10,000
12. Malibu Elementary School PTA ---------------------------------- $1,500
13. Malibu High School - Shark Fund, The -------------------------- $1,500
14. Malibu Jewish Center & Synagogue (Hand in Hand) ------------- $2,000
15. Malibu Mountain Rescue Team, Inc. (Malibu Search and Rescue Team) ------------------ $12,500
16. Malibu Women’s Club ------------------------------------------- $1,500
17. Meals on Wheels ------------------------------------------------ $3,500
18. Poison Free Malibu -------------------------------------------- $2,500
19. Sea Save Foundation -------------------------------------------- $500
20. Webster Elementary PTA ----------------------------------------- $1,500

SUBTOTAL OF GRANT AWARDS --------------------------- $143,000

Set Aside for Future Allocation ----------------------- $7,000

TOTAL ------------------------------------------------- $150,000
Councilmember Pierson and Councilmember Uhring thanked staff for their efforts to provide the Subcommittee what was necessary for this process.

Assistant City Manager Soghor thanked Media Technician Davis for compiling the applications, communicating with all the applicants, and running the meeting.

ADJOURNMENT

MOTION At 2:39 p.m., Councilmember Uhring moved and Councilmember Pierson seconded a motion to adjourn the meeting. The motion carried unanimously.

Approved and adopted by the Administration and Finance Subcommittee of the City of Malibu on _____________.

MIKKE PIERSON, Councilmember

ATTEST:

MARY LINDEN, Executive Assistant
RECOMMENDED ACTION: Provide a recommendation to the City Council on the appropriation of $22,000 from the General Fund Undesignated Reserve for the purchase and installation of eight fixed Automatic License Plate Readers (ALPR) for use by the Sheriff's Department, as recommended by the Public Safety Commission.

FISCAL IMPACT: This project was not included in the Adopted Budget for Fiscal Year 2021-2022. An appropriation of $22,000 from the General Fund Undesignated Reserve to Account Number 100-7031-7800-00 (Public Safety Services – Other Equipment) is needed for the proposed purchase and installation of eight fixed ALPR cameras. The projected General Fund Reserve at June 30, 2022 is $29.45 million.

WORK PLAN: This item was not included in the Adopted Work Plan for Fiscal Year 2021-2022.

DISCUSSION: City Council Policy #44 requires that all proposed appropriations over $10,000 be reviewed and discussed by the Administration and Finance Subcommittee prior to being presented to the City Council.

In 2010, the City Council approved the purchase of one Automatic License Plate Reader (ALPR) that was installed in a Sheriff's vehicle for exclusive deployment in Malibu. ALPRs capture car license plate numbers and type (in state, out of state), vehicle build and color, resident status, and the location, date, and time of the information capture. This information can be used by Sheriff's deputies after crimes have occurred to assist in locating suspects and can also alert deputies to a vehicle that is identified as being linked to a crime.
In the last ten years, ALPR systems have become substantially more sophisticated in their capabilities and have become much more affordable. For example, fixed ALPRs, which can be installed in strategic locations, can cost as little as $2,500 per camera, per year, which includes hardware, software, and upgrades, and one-time installation costs are approximately $250. The cameras can be installed anywhere and can be hard-wired or solar powered.

The Subcommittee is requested to provide a recommendation to the City Council that it appropriate $22,000 from the General Fund Undesignated Reserve for the purchase and installation of eight fixed ALPR for use by the Sheriff’s Department in a two-year pilot project, as recommended by the Public Safety Commission at its Regular meeting on April 7, 2021.

ATTACHMENTS: None.
Administrative and Finance Subcommittee Agenda Report

To: Councilmember Pierson and Councilmember Uhring

Prepared by: Ruth F. Quinto, City Treasurer

Reviewed by: Lisa Soghor, Assistant City Manager

Approved by: Steve McClary, Interim City Manager

Date prepared: August 18, 2021  Meeting date: August 24, 2021

Subject: Certificate of Deposit

RECOMMENDED ACTION: Review the terms of the Certificate of Deposit (CD) purchased in May 2021 and make a recommendation to the City Council approving the acquisition of the CD.

FISCAL IMPACT: There is no fiscal impact associated with the recommended action.

WORK PLAN: This item was not included in the Adopted Work Plan for Fiscal Year 2020-2021. This project is part of normal staff operations.

DISCUSSION: Historically, the City Treasurer has utilized CDs as a low-risk investment for portions of the City’s reserves. In May 2021, the City deposited $225,000 in a CD from JP Morgan Chase Bank NA. The term of the CD is five years and seven months with an annual yield of 0.99%. The City’s Investment Policy states that investments that exceed five years in maturity require authorization by the City Council.

The purchase of this CD was prompted by a CD that had matured in early May 2021. The earnings on the replacement purchase were evaluated as compared to other options for a shorter maturity, as well as one day holdings in the County’s investment Local Agency Investment Fund (LAIF). The LAIF rates have persisted at historic lows, approximately .33% as compared to the earning on the replacement CD at a rate of .99%. Nevertheless, the maturity of the replacement CD is seven months more than the five-year maturity stated in the investment policy. This requirement was inadvertently overlooked prior to the purchase of the five year and seven months CD.
The City’s accountant brought this to light, prompting the request for Council’s approval at this time.

At this time, the Subcommittee is requested recommend that the City Council approve the acquisition of the CD for a term beyond five years.

ATTACHMENTS: None.
Administrative and Finance Subcommittee Agenda Report

To: Councilmember Pierson and Councilmember Uhring

Prepared by: Elizabeth Shavelson, Assistant to the City Manager

Reviewed by: Lisa Soghor, Assistant City Manager

Approved by: Steve McClary, Interim City Manager

Date prepared: August 19, 2021   Meeting date: August 24, 2021

Subject: Consideration of Potential Revenue Measures

RECOMMENDED ACTION: Consider potential revenue-generating measures and provide direction to staff.

FISCAL IMPACT: There is no fiscal impact from the recommended action. Depending on what, if any, potential revenue measures the Subcommittee recommends and the City Council approves, additional staff time and other resources may be necessary that were not included as part of the Adopted Budget for Fiscal Year 2021-2022.

WORK PLAN: This item was included as Item No. 6.c. in the Adopted Work Plan for Fiscal Year 2021-2022.

DISCUSSION: On June 28, 2021, Council adopted the Annual Budget for Fiscal Year 2021-2022 and directed staff to bring a discussion of potential revenue generating measures to the Administration and Finance Subcommittee.

The Adopted Budget for Fiscal Year 2021-2022 projects General Fund annual revenue of $35.76 million and General Fund annual expenditures for ongoing City operations of $39.55 million with a General Fund budget shortfall of $3.79 million. The City’s Designated Reserve for Fiscal Year 2021-2022 will be used to make up this General Fund budget shortfall. In Fiscal Year 2020-2021, in recognition of the continuing economic impacts of the COVID-19 pandemic and the Council’s priority to help homeowners rebuild after the Woolsey Fire, the Council established a Designated Reserve for Fiscal Year 2021-2022 Operating Expenditures in the amount of $6.5
million. (The remaining unused amount in the Designated Reserve for Fiscal Year 2021-2022 Operating Expenses is available for the following fiscal year, if needed.)

Best municipal finance practices dictate that the City should present a balanced budget each fiscal year. A balanced budget is achieved when annual General Fund expenses do not exceed the annual General Fund revenue. To this end, the Council directed staff to develop plans to address any deficit between General Fund revenues and General Fund annual operating expenditures.

In the past few years in the response to the Woolsey Fire and the COVID-19 pandemic, the City was able to support ongoing General Fund operational expenses by reducing General Fund expenditures wherever possible and relying upon other revenue sources. The City eliminated multiple projects, including the long-planned City Hall Solar Project, and streamlined services to reduce costs. At this time, many of the special revenue funds have been depleted. Although the City anticipates that the impacts of the COVID-19 pandemic on the General Fund revenue will subside, the predicted onset of the “Hosted” Short-term Rental Ordinance in Fiscal Year 2021-2022 will impact General Fund revenue in Fiscal Year 2022-2023 and future fiscal years.

In light of these factors, it is prudent to consider revenue-generating measures to address projected General Fund budget shortfalls. Staff has researched potential revenue-generating measures and has summarized them below. The City’s ability to generate revenue is limited and most of the revenue-generating measures require voter approval. The requirements for voter approval depend on the purpose of the tax funds. A general tax to be used for general City purposes requires a simple majority of voters, whereas a special tax in which funds will be dedicated for a specific purpose requires a two-thirds supermajority of voters to pass. Voting on a general tax measure must be held as part of a consolidated general election that includes election of members of the governing body. Malibu’s next consolidated general election is scheduled for November 2022. There are no timing restrictions on elections to approve special taxes. Special taxes may go on the general election ballot, a special election ballot, or an all-mail ballot.

**Potential Revenue-Generating Measures**

**Parking Tax**

In April 2000, Malibu voters passed Measure B to impose a tax on occupying a space in a parking facility at the rate of 10% of the parking fee to be used for general City purposes. Many cities do not have parking tax in place; however, based on preliminary research, this appears to be mostly cities that have their own parking facilities, such as Beverly Hills, West Hollywood and Hermosa Beach. The two neighboring cities that have parking taxes, City of Los Angeles and City of Santa Monica, charge 10%. As a comparison, the cities of San Francisco and Oakland charge 25% and 18.5% respectively.
In Fiscal Year 2021-2022, the City anticipates $400,000 in revenue from this funding source. The Council could consider introducing a ballot measure to increase the parking occupancy tax rate. If voters were to approve a 5% increase, in line with the 15% transient occupancy tax (TOT) rate approved by voters in November 2020, staff estimates it could generate approximately $200,000 annually. Currently, the majority of the City’s parking tax revenue is generated from the Los Angeles County beach parking lots. If the City were to pursue this, the County or the Coastal Commission may voice concerns.

Currently, valet parking operators are exempt from the City’s parking tax. This is not the case for other cities. Specifically, neighboring Cities of Santa Monica and Los Angeles do not have valet parking exemptions. Both cities have the following language in their ordinances:

*The parking fee shall be deemed to include the total charges required to be paid by an occupant, including, but not limited to, any valet or service labor charge in connection with the use or occupancy of parking space on public or private property.*

If the Subcommittee is interested in pursuing a change to the City’s parking tax valet exemption, staff could prepare some preliminary analysis into how much revenue this would generate. Ultimately, if Council decided to put this measure on the ballot, consultant services may be needed to prepare the fiscal impact for the ballot measure.

**Sales Tax**

The City has the authority to levy a local transactions and use tax (“sales tax”) for general purposes pursuant to Revenue and Taxation Code section 7285.9. Additionally, counties and cities may adopt a transaction tax for special purposes pursuant to special statutory authorizations adopted by the State legislature. The combined rate of all transaction taxes imposed by counties, cities and other special districts are currently subject to a combined cap unless special legislation authorizes an exception.

Currently, the allowable sales tax is Los Angeles County is capped at 10.25%. Given that the current sales tax for Malibu is 9.5% (California at 7.25% plus Los Angeles County at 2.25%), Malibu could implement a district tax of up to .75%, if approved by voters, which is calculated differently from general sales tax. The City’s sales tax consultant, HdL Companies, has prepared a memo highlighting the differences between local tax allocation and district tax allocation (Attachment 1).

While sales tax is generally allocated to the jurisdiction where the sale is negotiated or the order is taken, revenues from voter-approved transactions and use tax are allocated to the place of first use. The City of Malibu can expect to receive transactions tax
revenue from normal sales tax-generating businesses like retail stores, service stations, and restaurants. Both visitors and residents alike will pay for the transactions tax on goods that are consumed or taken possession of at the place of business within the City of Malibu. In addition, any purchases shipped or delivered into a Malibu address from outside the City (e.g., business supplies, medication supplies, industrial equipment, construction equipment, furniture, appliances, etc.) will generate additional transactions tax revenue.

However, as the transactions tax relates to registered vehicles, boats and motorcycle purchases, the tax will only be paid by Malibu residents and businesses regardless of where the purchase was made. Therefore, if a Malibu resident purchases a vehicle from an auto dealer outside the City of Malibu, the auto dealer will collect and remit the City’s transactions tax.

In Fiscal Year 2021-2022 the City anticipates $3,500,000 in revenue from Sales and Use Tax. A district transactions and use tax of .75% is estimated to yield approximately $3 million annually.

If the Subcommittee is interested in pursuing a district transactions and use tax, staff could prepare some preliminary analysis into how much revenue this would generate. Ultimately, if Council decided to put this measure on the ballot, additional HdL Companies services may be needed to prepare the fiscal impact for the ballot measure.

**Documentary Transfer Tax**

A Documentary Transfer Tax is imposed on all documents that convey real property within the cities of Los Angeles County. Documentary Transfer Tax is computed when the consideration or value of the interest or property conveyed (exclusive of the value of any lien or encumbrance remaining thereon at the time of sale) exceeds one hundred dollars ($100), at the rate of fifty-five cents ($0.55) for each five hundred dollars ($500), or fractional part thereof. The Recorder’s Office collects the tax on behalf of the cities at the time the document is recorded.

Malibu received $540,656 in Fiscal Year 2018-2019 and $596,332 in Fiscal Year 2019-2020. The preliminary numbers for Fiscal Year 2020-2021 are estimated at $1.4 million. In Fiscal Year 2021-2022, the Adopted Budget anticipates $750,000 in revenue from this funding source. The Council could consider introducing a ballot measure to increase the Documentary Transfer Tax rate above the rate set by Los Angeles County. Currently, five (5) cities in Los Angeles County have special Documentary Transfer Tax rates that exceed the County rate, ranging from $2.20 to $6 per $1,000. These cities include Los Angeles, Culver City, Pomona, Redondo Beach and Santa Monica.

Recently, voters in the City of Santa Monica and Culver City approved an increase of their special Documentary Transfer Tax rates aimed to collect higher taxes from the
sale of high-end real estate. The following is the current Documentary Tax Rate for the City of Santa Monica effective March 2021:

- $3.00 (Per $1,000) on amounts of $4,999,999 or less
- $6.00 (Per $1,000) on amounts of $5,000,000 and above

Prior to March 1, 2021, the Santa Monica Documentary Transfer Tax rate was $3.00 per $1,000 for all properties.

If Council is interested in pursuing a voter-approved Documentary Transfer Tax increase, it may want to consider a similar tiered tax system. Again, the City will likely need consultant services to properly analyze the fiscal impact of this initiative for voters.

**Parking Meters**

Parking along City streets is currently available free of charge throughout Malibu. In the past, Council has considered installing parking meters at discrete locations throughout the City. Council previously directed staff to develop a comprehensive parking meter implementation plan for the Civic Center area, Cross Creek Road, and Malibu Road. In the aftermath of the Woolsey Fire, this project was removed from the City’s Adopted Work Plan to make room for other Council priorities. In its initial analysis, staff estimated that there were approximately 224 parking spaces along Cross Creek Road, Civic Center Way (between Cross Creek Road and Webb Way) and Malibu Road (between Webb Way and Pacific Coast Highway).

In addition, staff identified another approximately 190 parking spaces along portions of Westward Beach, Cliffside Drive, Heathercliff Road, Rambla Vista and Rambla Pacifico that could be considered for the installation of parking meters.

If the Council is interested in pursuing parking meters, the City’s Adopted Work Plan could be modified to make staff available to prepare an analysis of costs and potential revenue for the implementation of parking meters.

The installation of parking meters would not require a vote of the people; however, it would require staff time to develop, implement and administer, and there would be additional costs for design, installation and ongoing administration and maintenance.

**Conclusion**

Staff recommends that the Subcommittee consider the above revenue-generating measures or any other potential revenue-generating measures and provide direction to staff on which of these measures, if any, merit further staff evaluation and should brought to the City Council for further discussion.
For the purposes of this discussion, it is assumed that any potential tax measures could be incorporated into the November 8, 2022 General Election ballot.

ATTACHMENTS: HdL Companies memo regarding Local Tax Allocation vs. Transaction (District) Tax Allocation
LOCAL TAX ALLOCATION VS. TRANSACTION (DISTRICT) TAX ALLOCATION

Under the Bradley-Burns Uniform Local Sales & Use Tax Law, most retail sales are deemed to occur at the retailer’s place of business in this state, if that is where the sale is negotiated. Exceptions may include certain auctioneers, vending machine operators and construction contractors. If the retailer has more than one place of business in this state, the sale is deemed to occur at the location where the principal negotiations take place. Generally, the local one percent tax is allocated to the jurisdiction where the retailer’s place of business is located and the local use tax is allocated indirectly through the countywide pools where the property is used.

For the purposes of distributing the district tax, the tax generally follows the merchandise. That is, the tax is generally distributed to the district where the goods are delivered (and presumably used). In order for the retailer to be responsible for collecting district tax, one of the following conditions must be met:

A. The retailer has a business location in the district, and the sale and/or delivery occur at the location.

OR

B. The retailer is engaged in business in the district as defined by one of the following:
   a. The retailer has any kind of representative operating in the district for purposes of making sales or taking orders
   b. The retailer delivers goods to the buyer using their own vehicles or trucks
   c. The retailer leases or sells vehicles, undocumented vessels or aircraft that will registered within the district.

Local agencies attempt to draw a correlation between local sales and use tax and transactions and use tax collected in their city/county. Since the factors determining whether a transaction is subject to local sales and use tax differ from those that indicate whether the same transaction is subject to transaction and use tax, it is not always possible to establish a direct correlation between the two.

Examples:

- City A has a .5% district tax. A retailer has a place of business within the city. Customers purchase goods on a cash and carry basis. The retailer is responsible for collecting and remitting both the local 1% tax and the .5% district tax, both are allocated to City A.

- City A has a .5% district tax. A resident in City A purchases an appliance from a retailer located in City B. The retailer has only one location in the state, and agrees to deliver the merchandise to the buyer’s home. The local tax is allocated to City B. The retailer is obligated to collect and remit the district tax for City A only if he uses his own vehicle for the delivery, which creates nexus. If the goods are delivered by common carrier, which includes FedEx or UPS, the retailer is not considered to be “engaged in business” in City A and not liable for any district tax.

- City A has a .5 district tax. A retailer has a brick and mortar store in City A, but ships property to a buyer in City B, which has no district tax. The retailer collects only the state and local tax applicable to City A, but no district tax.

- City A has a .5% district tax. An out of state retailer has no place of business in this state, but does have home based sales representatives that call on customers within City A. Goods are shipped to California customer from an out of state location. The local 1% is allocated to the countywide pool based on place of use, and the retailer must collect the district tax which is allocated to City A.

- City A has a .5% district tax. City B has a 1% district tax. A retailer located in City A sells and delivers goods to a customer located in City B. The retailer uses their own truck for the delivery. The seller is required to collect the local tax on behalf of City A and the district tax for City B.

Attachment 1