

(R-93-110)

RESOLUTION NUMBER R- 280380

ADOPTED ON JUL 21 1992

RESOLUTION AMENDING COUNCIL POLICY NO. 100-03  
REGARDING TRANSIENT OCCUPANCY TAX.

BE IT RESOLVED, by the Council of The City of San Diego,  
that Council Policy No. 100-03 entitled, "TRANSIENT OCCUPANCY  
TAX," be and it is hereby amended as set forth in the Council  
Policy filed in the office of the City Clerk as Document No.  
RR- 280380.

BE IT FURTHER RESOLVED, that the City Clerk is hereby  
instructed to add the aforesaid to the Council Policy Manual.

APPROVED: JOHN W. WITT, City Attorney

By Stuart H. Swett  
Stuart H. Swett  
Senior Chief Deputy

SHS:smm  
07/16/92  
Or.Dept:Fin.Mgmt.  
R-93-110  
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DRAFT COUNCIL POLICY - TRANSIENT OCCUPANCY TAX Policy # 100-03

PURPOSE

It is the intent of this policy to consolidate existing Council Policies which encompass Transient Occupancy Tax (TOT) allocation information as well as include information from the Municipal Code relative to TOT (Council Policies 100-03, 100-04, 100-11, 100-13 and Municipal Code Sections 26 and 35).

It is further the intent of the City Council to maintain the City of San Diego as a competitive tourist market and to support those programs which enhance and promote the City as a cultural, tourist, recreational and convention destination.

In addition, the purpose of this policy is to:

1. provide funding for promoting the City of San Diego, including the planning, construction, maintenance and operation of tourist-related cultural, recreational and convention facilities.
2. provide guidance to the City Manager in the preparation of the annual budget submittal to Council.
3. provide a set of uniform guidelines, conditions, and criteria governing the application for, and granting of, funds to private organizations for the purpose of supporting their ongoing operational expenses and/or their sponsorship of special events.
4. assure a local revenue source to be used as matching funds to qualify for State and Federal funding required to implement extension of the San Diego Trolley as called for in the Regional Transportation Plan.
5. provide for limitations on future Transient Occupancy Tax rate increases levied by the City of San Diego.
6. provide continual financial support in accordance with Municipal Code/Council Policy for the following programs (see Attachment A):
  - A. Balboa Park/Mission Bay Park Improvements Program
  - B. Housing Trust Fund
  - C. San Diego Convention Center
  - D. San Diego Convention and Visitors Bureau (CONVIS)
  - E. Trolley Extension Project
  - F. Art in Public Places
  - G. Major Events Revolving Fund

7. ensure a local revenue source to be used to finance and promote the City's art and cultural organizations.
8. ensure a local revenue source to be used to finance and promote economic development in San Diego.

**HISTORY OF TOT RATES**

Ordinance Number	Effective Date	TOT Rate
0-9033	06/09/64	4%
0-9767	04/01/68	5%
0-11077	06/05/73	6%
0-16286	01/01/85	7%
0-17108	08/01/88	8%
0-17154	06/01/89	9%

**UTILIZATION OF REVENUES**

1. four-ninths (4/9) of the revenue collected may be used for promotion of the City and are deposited in the Transient Occupancy Tax Fund 10223;
2. one-ninth (1/9) may be expended for any purpose directed by Council and is deposited in the Transient Occupancy Tax Fund 10224;
3. four-ninths (4/9) is deposited in the General Fund for general government purposes.

**POLICY**

1. **Funding of Private Organizations for Operational Expenses or Sponsorship of Special Events**

Any package of community services includes elements which cannot be provided through governmental channels either because of a lack of resources or because government may not have the necessary expertise to provide the service. Such services, if they are to be offered, must be provided by private organizations with private funding. In areas where the public interest is sufficiently broad, local government can improve its level of service to the community by assisting such efforts financially. Some guidelines are needed to assist the Council in receiving and acting upon requests for funding by private organizations.

This policy applies to City funding of community programs or events operated by private organizations to which the City contributes in the form of City support services or allocations from the General Fund or Transient Occupancy Tax (TOT) Fund. Applicants for funding must comply with the requirements and conditions is Attachment B.

**2. Allocation of Transient Occupancy Tax Funds to the Convention and Visitors Bureau**

Since its formation in 1954, the San Diego Convention and Tourist Bureau (renamed the San Diego Convention and Visitors Bureau, CONVIS) has served to promote the City of San Diego as a destination for tourists and conventioners. In addition to general City promotion, CONVIS is also required to market the San Diego Convention Center and the Convention of Performing Arts Center. Recognizing the importance of this function, the City of San Diego has funded CONVIS since its inception, with general funds initially, and with Transient Occupancy Tax funds since 1964.

The allocation amount for CONVIS, per Municipal Code, shall be 20% of all revenue generated by the first six cents of TOT net of Navy Field revenue, administrative costs and the Housing Trust Fund. In addition, per this policy, an amount equivalent to 20% of all revenue generated by the seventh and eighth cents of TOT net of Navy Field revenue and administrative costs shall be allocated towards CONVIS, as indicated in 2B below.

- A. Every two to five years, CONVIS will submit to a performance audit which will be conducted by a contractor selected by the City and financed with Transient Occupancy Tax funds other than those allocated to CONVIS.
- B. Increases in the allocation to CONVIS for general promotion over and above the aforementioned formula for the first six cents may be granted by the City Council up to and possibly exceeding 20% of the seventh and eighth cents. The increase in allocation will be considered during the annual budget review and based on the above audit and justified requests from CONVIS.

**3. Allocation of Transient Occupancy Tax Funds to the Extension of the San Diego Trolley**

The Downtown to Tijuana Line of the San Diego Trolley was completed with local source funding and has been successful since its inception. The Regional Transportation Plan established by the Metropolitan Transit Development Board recommends several extensions of the Trolley. Those extensions will require State and Federal funding. In order to qualify

for that funding, the City must be able to provide necessary matching funds.

On October 1, 1984, the City Council adopted Ordinance No. 0-16286, which increased the Transient Occupancy Tax from 6 percent to 7 percent commencing on January 1, 1985. The Ordinance specifically provides that the additional 1 percent tax is to be deposited in the General Fund of the City to be used for general governmental purposes as the City Council so designates.

The allocation amount, per this Policy, shall be those funds equivalent to 80% of one cent TOT, net of Navy Field revenue and administrative costs. Per Ordinance No. 0-16947, the City Council approved the issuance of \$31.2 million in revenue bonds to fund the Bayside Light Rail Transit project. Resolution No. R-271995, dated 9/26/88, was adopted to provide TOT funds to retire the MTDB debt service schedule of approximately \$3.0 million/year.

Each fiscal year, the City Council shall consider in the course of the budget review, the allocation of funds for the extension of the San Diego Trolley in accordance with the Regional Transportation Plan.

**4. Allocation of Transient Occupancy Tax Funds to the Major Events Revolving Fund**

The allocation amount, per this Policy, shall be at least \$100,000 per year for the purpose of bidding for and funding major events.

**5. Allocation of Transient Occupancy Tax Fund to the Housing Trust Fund**

On April 6, 1990, the City Council adopted Ordinance No. 0-17455, which provides for an annual allocation of TOT to establish and maintain a Housing Trust Fund. This ordinance was revised by Ordinance No. ~~0-17807~~. An annual allocation, per Municipal Code, from revenues collected by the City under Section 35.0103 shall be deposited in the Housing Trust fund, at the direction of the City Council.

**6. Allocation of Transient Occupancy Tax Funds to the San Diego Convention Center**

The allocation amount, per Municipal Code, shall be an amount designated by the City Council as a part of the annual budget process and allocated from those funds equivalent to the first six cents of TOT revenues generated from hotels on Navy Field net of a proportionate share of administrative costs and the Housing Trust Fund. This allocation shall be for the purpose

of planning, promoting, operating and maintaining the San Diego Convention Center, subject to the provisions of paragraph 35.0128 (3) (e) of the Municipal Code. In addition, per this Policy, an additional amount may be designated by the City Council as a part of the annual budget process not to exceed those funds equivalent to the seventh, eighth and ninth cent of TOT revenues generated from hotels on Navy Field net of a proportionate share of administrative costs will be allocated to the San Diego Convention Center. This allocation shall be for the purpose of planning, promoting, operating and maintaining the San Diego Convention Center, subject to the provisions of paragraph 35.0128 (3) (e) of the Municipal Code.

**7. Allocation of Transient Occupancy Tax Funds to the Art in Public Places Fund**

The allocation amount, per Municipal Code, shall be an amount of money equivalent to 1% of the Capital Outlay Fund.

**8. Allocation of Transient Occupancy Tax Fund to the Balboa Park/Mission Bay Park Improvements**

The allocation amount, per this Policy, shall be those funds equivalent to all revenue generated by one cent of TOT. Per Resolution No. R-271992, the City Council approved the first phase of debt financing of \$45,000,000 over a 30 year period for capital improvements to Balboa Park/Mission Bay Park.

**9. Transient Occupancy Tax Future Increases**

The City Council shall limit the Transient Occupancy Tax to 9% for at least three years (through Fiscal Year 1992).

The City Council shall limit future increases in the Transient Occupancy Tax to a rate that is no greater than the average rate, at that time, of the 15 following major cities:

Atlanta, Boston, Chicago, Denver, Honolulu, Houston, Las Vegas, Los Angeles, Miami Beach, New Orleans, New York, San Francisco, Santa Fe, Seattle, Washington D.C.

The adoption of this policy is not intended to be and shall not constitute an irrevocable commitment by the Council to allocate monies for this purpose. Such a commitment may be made only at the time the annual budget ordinances are adopted.

Attachment A

Summary of TOT Municipal Code/Council Policy Formulas

Attachment B

General Requirements and Conditions

**HISTORY**

(Council Policy 100-03)

Adopted by Resolution R-183022 03/09/65  
Amended by Resolution R-191654 09/21/67  
Amended by Resolution R-211279 08/08/74  
Amended by Resolution R-218061 04/05/77  
Amended by Resolution R-220777 05/01/78  
Amended by Resolution R-222451 12/19/78  
Amended by Resolution R-254157 05/11/81  
Amended by Resolution R-272990 03/06/89  
Retitled to "Transient Occupancy Tax" with  
inclusion of Policies 100-04, 100-11 and  
100-13 by Resolution R-279227 01/06/92  
Amended by Resolution R-\_\_\_\_\_

**SUMMARY OF TRANSIENT OCCUPANCY TAX  
MUNICIPAL CODE/COUNCIL POLICY FORMULAS**

**Program: Balboa Park/Mission Bay Park Improvements**

**Funding Authorization: Council Policy**

Funds equivalent to all revenue generated by one cent of TOT shall be allocated towards park improvements. This does not include any offset for allocations of Navy Field to the San Diego Convention Center.

**Program: Housing Trust Fund**

**Funding Authorization: Municipal Code**

An annual amount, as determined by Council, from revenues collected by the City under Municipal Code Section 35.0103, shall be allocated towards the Housing Trust Fund.

**Program: San Diego Convention Center**

**Funding Authorization: Municipal Code**

An amount designated by the City Council as a part of the annual budget process and allocated from those funds equivalent to six cents of TOT revenue generated from hotels on Navy Field net of a proportionate share of administrative costs and the Housing Trust Fund shall be allocated towards the San Diego Convention Center for the purpose of planning, promoting, operating and maintaining the San Diego Convention Center, subject to the provisions of paragraph 35,1028 (3) (e) of the Municipal Code.

**Funding Authorization: Council Policy**

An additional amount may be designated by the City Council as a part of the annual budget process not to exceed those funds equivalent to the seventh, eighth and ninth cents of TOT revenue generated from hotels on Navy Field net of a proportionate share of administrative costs shall be allocated towards the San Diego Convention Center for the purpose of planning, promoting, operating and maintaining the San Diego Convention Center, subject to the provisions of paragraph 35.0128 (3) (e) of the Municipal Code.



**Program: San Diego Convention and Visitors Bureau (CONVIS)**

**Funding Authorization: Municipal Code**

Funds equivalent to 20% of all revenue generated by the first six cents of TOT net of Navy Field revenue, administrative costs and the Housing Trust Fund shall be allocated towards the San Diego Convention and Visitors Bureau.

**Funding Authorization: Council Policy**

An amount equivalent to 20% of all revenue generated by the seventh and eighth cent of TOT net of Navy Field revenue and administrative costs shall be allocated towards the San Diego Convention and Visitors Bureau.

**Program: Trolley Extension Project**

**Funding Authorization: Council Policy**

An amount equivalent to 80% of one cent TOT net of Navy Field revenue and administrative costs shall be allocated towards the Trolley Extension Project.

**Program: Art in Public Places**

**Funding Authorization: Municipal Code**

An amount equivalent to 1% of the Capital Outlay Fund shall be allocated to the Art in Public Places Fund.

**Program: Major Events Revolving Fund**

**Funding Authorization: Council Policy**

At least \$100,000 shall be allocated annually towards the Major Events Revolving Fund.

General Requirements and Conditions

A. General

1. City funding support for private organization operational expenses and for special events will be established so as to contribute to a balance of community cultural, recreational, and promotional programs designed to enhance the well-being of the community.
2. The functions or services to be provided by a private organization must be of such nature that the interests of the City are better served by an agreement with a private organization than by the performance of the services or functions by the City.
3. Programs or special events supported by the City must be open to the public and be free of charge. Donations, however, are not prohibited.
4. It is the policy of the City to encourage similar organizations to operate in a coordinated and cooperative manner. If the City funds an "umbrella" organization for federated support of similar activities, then the City will not independently fund other organizations which should properly be part of the "umbrella" organization.
5. The City will only provide funding support to a legally constituted nonprofit corporation completely directing and in complete control of its own affairs through its own officers or members. Support for special events must also be directed to a sponsoring nonprofit corporation. It is the policy of the City to fund local community organizations only. A representative of the City designated by the City Manager shall conduct liaison with the corporation and shall be permitted to attend meetings of the board of directors of such organizations.
6. The City will not provide funding support to a private organization for the conduct of any religious or political activity.
7. The City will only provide funding support to a private organization that, in the conduct of its activities and affairs, adheres to the objectives of the City's Affirmative Action Program. The organization must not discriminate against any person because of sex, race,

color, creed, national origin, physical handicaps, or age.

8. The City Council retains the prerogative to waive any policy or requirement herein contained. The Council may also impose such other conditions on City support to private organizations as it deems appropriate.

B. Funding

1. Expenses must be both incurred and paid by an organization before the City will release funding to the organization, except as otherwise may be provided
2. Expenses must be incurred during the City's fiscal year (July 1 - June 30) for which the program is funded, except as otherwise may be provided.
3. City funds may not be used for travel, meals, lodging or entertainment expenses, except as otherwise may be provided.
4. City funds will be used only to assist an organization in its annual operating program or in its sponsorship of special events. City funding will not be used for capital or equipment outlay, for the purchase of awards, trophies, gifts, or uniforms, nor for the buildup of reserves.
5. Except as otherwise may be provided, funding for an operating program will be predicated on an organization matching every City funded dollar with at least three dollars from sources other than the City. Funding for a special event will be predicated on an organization matching every City funded dollar with at least one dollar from sources other than the City. Any support services provided by the City shall be considered as City funds. Donated services or products shall not be considered as matching funds.
6. Funding for private organization operational expenses and for sponsorship of special events may be allocated from the City's General Fund or from Transient Occupancy Tax Funds 10223 or 10224, except that, in order to qualify for 10223 funding, the organization's activities or the special event must be promotional in nature. "Promotion" is defined as a program designed to favorably publicize the City of San Diego; such publicity having as its principal audience persons residing outside the San Diego metropolitan area.

7. It is the Council's policy to not fund sports, athletic, or neighborhood events, unless they are of national or international significance, are held in San Diego, and are considered to have substantial promotional value to the City.
8. It is the Council's policy to not subsidize participation in events held outside the City of San Diego, by individuals, groups or teams, unless there is some unusual, compelling reason why substantial promotional value will accrue to the City because of such participation.

C. Request for Funds

1. It is the City's intent to provide advance notification of the annual application process to a wide distribution of potential organizations that may be eligible for funding. Requests by private organizations shall be submitted by the third Monday in December of each year for the fiscal year to follow and shall be supported by appropriate documentation prescribed by the City Manager and promulgated in a procedural guide.
2. One-time special event requests must be accompanied by the same documentation outlined in paragraph C.1. above, except that financial data may be confined to the special event. A disclosure of the full-year fiscal status of the sponsoring organization will not normally be required.
3. If an organization (through a waiver of A.3.) charges fees for admission to or participation in an event, the organization's request for funding must include a disclosure of all such fees.
4. Initial requests for funding must, additionally, be accompanied by documents which evidence the existence of the organization as a legal entity in good standing. Such documents shall be determined by the City Manager and promulgated in a procedural guide.

D. Evaluation of Requests

All requests for support by private organizations will be referred to the City Manager for analysis and subsequent recommendations to the City Council. All requests will be reviewed and evaluated in the light of the criteria of this Council Policy.

E. Agreements

1. No expenditure may be made out of any appropriation until a written agreement setting out the terms and obligations of the parties has been consummated. The agreement will specify in detail the services or functions to be performed, the nature of the payment or reimbursement schedule, and the financial reporting requirements.
2. All agreements will provide that the City may withhold funds from the contracting organization and terminate its entire obligation upon notice to the organization if the organization violates any of the terms of the agreement, or for other good cause shown not related to a violation of the terms of the agreement. The City Manager shall thereafter advise the City Council of the notification of termination made to the organization.
3. Compliance with the terms and conditions of agreements shall be determined by the City Manager.

F. Financial Disclosure

1. Financial disclosure information shall be required of all funding recipients. Organizations receiving "operational expense" funding shall provide the Contract Administrator, each year, copies of true, accurate and complete financial disclosure documentation evidencing the financial status of the organization's last complete fiscal year within ninety (90) days of the end of that fiscal year.

Organizations receiving "event" funding shall provide the Contract Administrator, within ninety (90) days following the event, copies of true, accurate and complete financial disclosure information with respect to all funds expended and received by the event. Such documents shall include the following:

- a. A statement of the expenditure of City funds by program to be identified in the same expenditure classifications as contained in the final budget and compared with budgeted amounts.
- b. A statement of compliance with the terms of the City's agreement.
- c. A statement of revenues and expenditures and a balance sheet of all funds received by the organization.

- d. If City funding is \$20,000 or greater, audited financial statements, including items a, b, and c above, must be prepared by an independent Certified Public Accountant.
  2. An organization receiving funding support shall permit the City to inspect all books and records at any time and to perform or require audits the City reasonably desires.

Passed and adopted by the Council of The City of San Diego on **JUL 21 1992**  
 by the following vote:

Council Members	Yeas	Nays	Not Present	Ineligible
Abbe Wolfsheimer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ron Roberts	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
John Hartley	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
George Stevens	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tom Behr	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Valerie Stallings	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Judy McCarty	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bob Filner	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Mayor Maureen O'Connor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AUTHENTICATED BY:

(Seal)

**MAUREEN O'CONNOR**  
 Mayor of The City of San Diego, California.

**CHARLES G. ABDELNOUR**  
 City Clerk of The City of San Diego, California.

By *Maureen G. Patterson*, Deputy.

Office of the City Clerk, San Diego, California

Resolution Number **R-280380** Adopted **JUL 21 1992**

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U.S. CUSTOMS SERVICE  
SAN DIEGO, CA