

GOVERNMENT & ADMINISTRATION COMMITTEE

Measure Z

Citizen Complaint #C35-02/03

Reason for the Report

The complaint stated that Measure Z was added to generate additional revenue from the Transient Occupancy Tax (TOT) for the City of South Lake Tahoe. It was voted on by the public on November 5, 2002 to go into effect no later than December 5, 2002. The City Council did not implement this measure until January 1, 2003 thereby losing revenue that the City needed.

Scope of the Investigation

The Grand Jury interviewed the following persons:

- The Complainant;
- County Counsel, El Dorado County;
- City Attorney, City of South Lake Tahoe;
- Supervisor Board Member, District 5, El Dorado County;
- Two current City Council members, City of South Lake Tahoe;
- A former City Council member, City of South Lake Tahoe.

The Grand Jury also reviewed the following items:

- City of South Lake Tahoe Ordinance No. 924 and No. 925;
- November 22, 2002, Measure Z Notice was sent to all motel, hotel and vacation home owners;
- December 3, 2002 Press Release “Measure Z Takes Effect December 5”;
- December 10, 2002 Staff Report to City Council members from the City Attorney re. Implementation of Measure Z;
- December 11, 2002 Measure Z Amended Notice sent to all motel, hotels and vacation home owners ;
- Tapes of City of South Lake Tahoe Council Meetings from the Office of the City Clerk regarding the estimated TOT revenue loss for Measure Z.

Background

The City of South Lake Tahoe voters passed Measure Z on November 5, 2002. The new ordinance would add a \$1 fee to the already existing Transient Occupancy Tax (TOT) that should be collected by all motel, hotel and vacation rentals. The City Manager mailed an

announcement to all owners or managers of motel, hotel, and vacation rentals that the measure would become effective on December 5. At the December 10 meeting of the South Lake Tahoe City Council, council members voted unanimously that these tax monies collected between December 5, 2002 and January 1, 2003 would not be audited. This vote allowed the lodging industry to retain, refund, or pay the tax for the 26 days not being audited.

The ballot measure once voted and approved should have gone into effect within 30 days according to election laws. Due to current budget problem within the State, the City should collect correctly the amounts owed on all TOT measures.

Findings

- F1. The City of South Lake Tahoe voters passed Measure Z on November 5, 2002 to add an additional \$1 dollar tax to the already existing TOT collection
- F2. The City Manager mailed an announcement to all owners or managers of motel, hotel, and vacation rentals that the measure would become effective on December 5, 2002.
- F3. The South Lake Tahoe City Council members unanimously voted on December 10, 2002 that these additional tax monies that were collected between December 5, 2002 and January 1, 2003 would not be audited.
- F4. The Council vote allowed the lodging industry to retain, refund, or pay the tax for the 26 days that were not being audited.
- F5. The City of South Lake Tahoe incurred an estimated loss of approximately \$22,038 as a result of the above action.

Recommendations

- R1 The City Council should follow the “six P’s”: Proper Prior Planning Prevents Poor Performance.
- R2 The ballot measure, once voted and approved, should have gone into effect within 30 days according to election laws.

Responses Required for Findings

F1 through F5
South Lake Tahoe City Council
South Lake Tahoe City Manager
South Lake Tahoe City Attorney

Responses Required for Recommendations

R1 through R2
South Lake Tahoe City Council
South Lake Tahoe City Manager
South Lake Tahoe City Attorney

GOVERNMENT & ADMINISTRATION COMMITTEE

Fallen Leaf Lake Community Services District

Citizen Complaint #C36-02/03

Reason for the Report

The complaint alleges that the Fallen Leaf Lake Community Services District (FLLCSD) awarded a marina/store contract in an unethical and unprofessional manner.

Scope of the Investigation

The Grand Jury interviewed the following:

- Five current residents of Fallen Leaf Lake;
- Chief Assistant District Attorney of El Dorado County;
- Representative of Local Agency Formation Commission (LAFCO) from El Dorado County;
- A Board Member of Fallen Leaf Lake Community Services District (FLLCSD);
- County Counsel of El Dorado County.

The Grand Jury also reviewed the following items:

- By-laws of FLLCSD;
- FLLCSD Charter;
- *A Local Official's Guide to Ethics Laws*, Spring 2002, Institute for Local Self Government;
- Minutes of meetings of the Board of Directors, FLLCSD;
- Inventory of Local Agencies, LAFCO, El Dorado County;
- Numerous e-mail messages among residents regarding Board meetings, Marina/Store Request for Proposal (RFP), and awarding of contract;
- Five RFP for the Fallen Leaf Lake Store and Marina;
- Past Grand Jury complaint & investigation filed on 1992/93 regarding concession policies and practices of the Board of Directors, FLLCSD;
- Marina/Store gross receipts from 1999-2002;
- Various letters from Fallen Leaf Lake community residents.