

CAPISTRANO BAY DISTRICT
AGENDA REPORT
April 26, 2016

Financial Reports

ITEM 7b

Possible Redistribution of City Short Term Rental Tax Revenues

At the last Board meeting a request was made to have the District's Counsel, Bob Owen, craft a letter to the City presenting the District's concern with the inequality of the program. The City collects and retains all the proceeds of the Rental Tax and the District is left with the burden of managing short term rental problems with no financial compensation.

Mr. Owen has explained that there is no option available for the City to share a percentage of the rental tax with the District.

It turns out there is a conflict of interest developing in that Rutan & Tucker represents both our District and the City of Dana Point and our attorney, Bob Owen, is now providing some legal support for the City regarding the issue of Recovery Homes, not quite short term rentals but certainly a very closely related activity. As a consequence, the District is not going to make any progress with the City by using Rutan & Tucker.

The District has always been aware that at certain times with certain issues, a conflict of interest is a possibility and in such cases the District has always maintained that it would have to seek independent counsel outside of Rutan & Tucker. Given how this issue with short term rentals is developing, the District may have to bring another attorney firm to communicate with the City.

The City has always said it cannot help us with the possibility of a fair redistribution of the rent tax and for the time being, the answer is still negative.

****Note:**

On a more positive note, there is a new course of action being taken by the City to go after Recovery Homes. There is currently an active Recovery Home being operated here at 35325 Beach Road. Mr. Owen did point out that this home has now been placed on the City's list of Recovery Homes being very closely investigated.