

CAPISTRANO BAY DISTRICT
AGENDA REPORT
May 31, 2016

Financial Reports

ITEM 7c

Possible Redistribution of City Short Term Rental Tax Revenues

Efforts to have District Counsel draft a letter to the City regarding a possible sharing of the rent tax being collected ended up in a conflict of interest. The legal firm Rutan & Tucker LLP contracts legal services for both our District and the City of Dana Point and our attorney, Bob Owen, had to conflict out but stands ready to offer a referral to another firm for our needs regarding short term rentals.

At the April meeting, the Board opted to seek counsel independently of a Rutan & Tucker referral. Board President Masto will be reporting on his efforts to find suitable alternate counsel.

The position of the Board still holds that the District is burdened with the lion's share of the management of the short term renter activity while the City performs very little oversight of the activity here in the community yet collects and retains ALL of the rent tax.

The City's budget and collections for short term rentals is as follows:

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|---|--------------------|
| - short term rental tax revenue city-wide each year | \$360,000 annually |
| - collections just from Beach Road (Jan-Dec 2015) | \$244,000 |

The City expects these figures to not go down but to hold or even increase slightly over the next several years.