

Memo

To: Honorable Mayor and City Council

From: Caroline Cheng, Administrative Management Analyst

Date: City Council Meeting of July 20, 2009

Re: Rebuttal to Increase in Transient Occupancy Tax (TOT) Measure
For the November 3, 2009 General Election

Attached is an argument against the TOT Measure submitted by the Managers and Sales Directors of the Radisson Hotel and Homewood Suites and the owner of Mangiare and Xebec Restaurants.

The Council may wish to rebut this argument which would be published in the voter pamphlet. The deadline for submitting rebuttals is Monday, July 27, 2009. Staff has attached a draft rebuttal. Please provide any changes desired.

Argument AGAINST Measure ____

Raising the Transient Occupancy Tax at hotels in the City of Brisbane is the wrong way to increase revenues for the General Fund in the current economic environment. The local hotels cannot afford a tax increase that will negatively impact our competitiveness and push roomnight demand outside our city limits. A NO vote on Measure ____ enables our hotels to remain competitive relative to the local area (airport hotels) and regionally (throughout the peninsula).

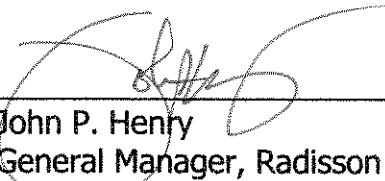
The facts are clear:

- Raising the tax on hotel room revenues could be a net financial loss to the City of Brisbane. Despite an increase in the percentage of tax, gross tax receipts would likely decrease as this tax will push demand outside the City of Brisbane, where it will support tax revenues and jobs elsewhere.
- There has been a 22% decline in Revenue Per Available Hotel Room in the San Francisco/San Mateo area this year-to-date over last year, driven by lost roomnight demand. Consumers are extremely value conscious and will react negatively to an increase in the hotel tax.
- Some will tell you that increasing the tax on hotel room revenues is a sound method for increasing revenues for the General Fund. Don't believe it. Simply by maintaining the current rate, while other cities increase, our hotels will become more competitive, experience increased roomnight demand and benefit the General Fund. It is better to have another roomnight sold for a \$100 (\$10 to the General Fund) than to have \$2 dollars on declining roomnight demand.
- Measure ____ calls for an increase in taxes, period. Let's drive tax revenues by increasing total revenues. The City of Brisbane's two hotels must remain competitive to continue generating the roundly \$1,000,000 they contribute annually to the General Fund.

Vote NO on RAISING TAXES! Vote NO on Measure ____.

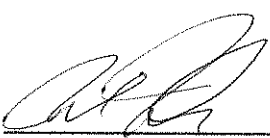
Argument AGAINST Measure ____

The undersigned authors of the Argument Against Measure ____ at the General Election for the City of Brisbane to be held on November 3, 2009 hereby state that the argument is true and correct to the best of their knowledge and belief.

Signed:  _____ Date: 07-15-09
John P. Henry
General Manager, Radisson Hotel Brisbane

Signed:  _____ Date: 7-15-09
Gina Merz
General Manager, Homewood Suites Brisbane

Signed:  _____ Date: 07-15-2009
George Hawawini
Proprietor, Mangiare and Xebec Restaurants of Brisbane, Brisbane Resident

Signed:  _____ Date: 7-15-09
Raymond Nowak
Director of Sales, Radisson Hotel Brisbane

Signed:  _____ Date: 7/15/09
Manny Mateo
Director of Sales, Homewood Suites Brisbane

Rebuttal Argument to Argument Against Measure ____

Raising the Transient Occupancy Tax is the most prudent way for our community to maintain core services without costing residents. A YES vote on Measure ____ will not harm the competitiveness of Brisbane's two hotels! Many of our neighboring cities also have an increase of 2% to their local hotel room tax on their November ballots (bringing them to 12% as well) and San Francisco will still be higher. We support a YES vote on Measure ____ for many reasons:

- Funds collected will be paid by people who stay at local hotels. Residents will not pay.
- Funds are generated locally and can't be taken away by the State.
- The money will help maintain parks, open space, senior and youth programs, and Fire and Police services.
- A small hotel room tax increase of only 2% will not hurt local hotels or prevent tourist dollars from coming to our community.

Brisbane residents deserve to have revenue that's raised in town, stay in town – and spent on services that matter most. Vote YES on Measure ____!