



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 21-427

Board Meeting Date: 6/8/2021

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Michael P. Callagy, County Manager
Subject: Allocation and Payment of Funds to Half Moon Bay Related to County Acquisition of Former Hotel Property

RECOMMENDATION:

Adopt a resolution authorizing allocation and payment of \$277,671 to the City of Half Moon Bay to mitigate claimed reduction in Transient Occupancy Tax Revenue resulting from the County of San Mateo's acquisition of property to address health risks posed by the COVID-19 public health emergency to those experiencing homelessness.

BACKGROUND:

The County of San Mateo and the cities located within the County share a strong interest in, and responsibility for, addressing the very serious and dangerous impacts of COVID-19 public health emergency on those who are experiencing homelessness.

In light of the immediate and serious threat that the COVID-19 public health emergency poses to those experiencing homelessness, the County has acquired and is using facilities formerly operated as hotels to safely shelter such individuals. In Half Moon Bay, the County has acquired the Coastsides Inn, so that both Half Moon Bay and the County benefit from the safe shelter that this facility can provide to those experiencing homelessness. The County expects to expend substantial funds each year at this location to provide residents with food and wraparound support services.

DISCUSSION:

The City of Half Moon Bay has expressed concerns that it will lose transient occupancy tax revenue as a result of the Coastsides Inn no longer operating as a hotel and has requested that the County reimburse Half Moon Bay for its claimed lost revenue.

County staff and consultants have considered the potential lost transit occupancy tax revenue and do not agree that Half Moon Bay would suffer such a reduction in revenue solely as a result of the County's acquisition of the Coastsides Inn. Given historical vacancy rates in hotels, it is reasonable to expect that those looking to stay in Half Moon Bay hotels in the future will patronize other hotels in

the area and pay the corresponding transient occupancy tax in connection with stays at these other hotels.

In addition, while there may be some financial consequences flowing from the County's acquisition of the Coastside Inn, the responsibility to address homelessness, including in the context of the COVID-19 public health emergency, is one that the County and cities share, and in that light, the benefits of the County's work in this area also flow to Half Moon Bay. Moreover, no other California county that has acquired hotel properties in connection with the COVID-19 public health emergency has paid a city for claimed lost transient occupancy tax revenue.

All of that said, the County of San Mateo and the City of Half Moon Bay have many shared interests and areas of collaboration, and the County desires to continue partnering with Half Moon Bay. I therefore recommend that the Board of Supervisors allocate and authorize the payment of an amount not to exceed a total of \$277,671 for the period FY 2021-22 to FY 2023-24 to mitigate the transient occupancy tax revenue loss to Half Moon Bay due to the acquisition of the Coastside Inn for use as a shelter for those experiencing homelessness.

County Counsel has approved this resolution as to form.

FISCAL IMPACT:

This total payment of \$277,671 will be made from the General Fund, through current year appropriations.