

CITY OF AMERICAN CANYON

Napa Valley's New Destination



August 4, 2009

The Honorable Raymond A. Guadagni
Presiding Judge
Superior Court of the State of California
County of Napa
825 Brown Street
Napa, CA 94559

FILED

AUG - 10 2009

Clerk of the Napa Superior Court
By: C. Brenna
Deputy


Dear Judge Guadagni:

The City of American Canyon City Council received and reviewed the findings and recommendations of the 2008-2009 Grand Jury Final Report on Napa Valley Transient Occupancy Tax "*How Much is Being Lost?*"

In accordance with the California Penal Code, on behalf of the governing body of the City of American Canyon, I am providing comments on the findings and recommendations in the attached report.

The elected officials and staff of the City of American Canyon wish to recognize the effort put into the report by the Grand Jury members. We would like to thank you for the objective review and constructive recommendations.

Respectfully yours,


Leon Garcia
Mayor

Received
Napa Superior Court

AUG - 7 2009

Court Executive Office

**CITY OF AMERICAN CANYON
RESPONSE TO THE NAPA COUNTY GRAND JURY
FINAL REPORT ON NAPA VALLEY TRANSIENT OCCUPANCY TAX
2008-2009**

Recommendation No. 1: Local governmental agencies provide an operator with a copy of the local ordinance/municipal code and all forms needed to file and remit TOT.

Response: The City's established practice has been to provide hotel operators with copies of the TOT ordinance from the municipal code and all forms needed to file and remit TOT. As a courtesy, the City will provide another copy of the ordinance and forms to the three registered hotel operators by August 31, 2009.

Recommendation No. 2: Licensing departments alert local Finance Departments when issuing new licenses to TOT applicants indicating number of rooms for transient occupancy.

Response: Business licensing responsibilities are assigned to the same staff member in the Finance Department who accounts for transient occupancy tax revenues so it appears this recommendation may not be applicable given the City's organizational structure.

Recommendation No. 3: Local governmental agencies follow the municipal code/local ordinance in assessing penalties and interest.

Response: The City agrees with this recommendation and is currently in compliance.

Recommendation No. 4: Tax administrator to notify City Council or BOS of all past TOT, interest and penalties considered for waiver.

Response: The City's Municipal Code, Section 3.24.130, provides for an appeal to the City Council for relief of taxes, penalties and interest as determined by the Tax Administrator. Accordingly, the City Council will always be aware of any waivers.

Recommendation No. 6: Local government agencies expand the municipal code to include the cost of auditing if the operator does not have adequate records.

Response: The City agrees with the recommendation and the City Attorney will be directed to present the necessary revisions to the ordinance to the City Council no later than January 31, 2010.

Recommendation No. 7: Internal audits or contingency audits should be conducted with regularity.

Response: The City agrees with the recommendation and plans to contract with an auditing firm to audit the books and records of the three hotel operators for the preceding three years by June 30, 2010. Thereafter, operators will be audited at regular intervals or when circumstances warrant an audit.

Recommendation No. 8: Enforce the provision in the municipal code assessing the cost of auditing to an operator who does not have adequate records.

Response: The City does not have such a regulation in its municipal code. Inasmuch as the operator will be charged the cost of the audit if there are not adequate records when recommendation no. 6 above is implemented, the City will have already recouped its cost.

Recommendation No. 9: Each local governmental agency improve its oversight and enforcement of the TOT.

Response: City agrees with the recommendation. The City will establish written procedures incorporating auditing requirements and regular reporting and review by the City Manager and City Council Finance Sub-Committee by January 31, 2010.