

# THOUSAND OAKS CITY COUNCIL



## Supplemental Information Packet

*Cynthia M. Rodriguez*

**Agenda Related Items - Meeting of December 12, 2017**  
**Supplemental Packet Date: December 12, 2017**  
**2:30 P.M.**

### **Supplemental Information:**

Any agenda related public documents received and distributed to a majority of the City Council after the Agenda Packet is printed are included in Supplemental Packets. Supplemental Packets are produced as needed, typically a minimum of two—one available on the Thursday preceding the City Council meeting and the second on Tuesday at the meeting. The Thursday Supplemental Packet is available for public inspection in the City Clerk Department, 2100 E. Thousand Oaks Boulevard, during normal business hours (main location pursuant to the Brown Act, G.C. 54957.5(2) Both the Thursday and Tuesday Supplemental Packets are available for public review at the City Council meeting in the City Council Chambers, 2100 E. Thousand Oaks Boulevard.

### **Americans with Disabilities Act (ADA):**

In compliance with the ADA, if you need special assistance to participate in this meeting or other services in conjunction with this meeting, please contact the City Clerk Department at (805) 449-2151. Assisted listening devices are available at this meeting. Ask City Clerk staff if you desire to use this device. Upon request, the agenda and documents in this agenda packet, can be made available in appropriate alternative formats to persons with a disability. Notification at least 48 hours prior to the meeting or time when services are needed will assist City staff in assuring reasonable arrangements can be made to provide accessibility to the meeting or service.



City Manager's Office  
**MEMORANDUM**

21011 Thousand Oaks Boulevard • Thousand Oaks, CA 91362  
Phone 805/449.2121 • Fax 805/449.2125 • www.toaks.org

CITY CLERK DEPARTMENT  
CITY OF THOUSAND OAKS

**TO:** Andrew Powers, City Manager

**FROM:** Mina M. Layba, Legislative Affairs Manager

**DATE:** December 12, 2017

**SUBJECT:** **Item 7H - Informational Post on City Website - Federal State and Local Tax (SALT) Deduction - Updated Information**

On Saturday, December 2, 2017, the Senate approved the tax reform package by a margin of 51-49. On Monday, December 4, 2017, Speaker of the House, Paul Ryan, and Minority Leader of the House, Nancy Pelosi, named their picks to the House Conference Committee that shall negotiate a final tax bill with the Senate conferees and their picks were announced on Thursday, December 7, 2017.

This week, the Conferees have begun to meet to hash out the differences between the two bills. Currently both the House and Senate bills feature a complete elimination of State and Local Tax issue. Both bills are in agreement with maintaining property tax deductions for the first \$10,000.

Members of Congress, particularly those from high-tax states including New York and New Jersey, have submitted a new proposal related to SALT. The bi-partisan proposal or H.R. 1 by Reps Lance (R-NJ) and Gottheimer (D-NJ) improves on the Senate plan by saving SALT, allowing for significant tax cuts, saving the Mortgage Interest Deduction, and allowing for medical and student loan deductions, private activity bonds, and tuition exemptions. As outlined in the attachment, these improvements shall reduce the cost of tax reform by reducing the deficit by more than \$100 billion over the ten-year budget window.

The Americans Against Double Taxation (AADT) coalition which consists of the NLC, National Association of Counties, U.S. Conference of Mayors, National Association of Realtors, National School Boards Association, National Sheriff's Association, among others, endorse H.R. 1.

The House and Senate still indicate they plan to send a bill to the President before Christmas.

Attachment:

Attachment #1: Proposed Fix for House-Senate Conference Tax Plan

TO COUNCIL 12-12-17  
AGENDA ITEM NO. 7.H.  
MEETING DATE 12-12-17

Final 12/5/17 9am

**Proposed Fix for House-Senate Conference**

**Bipartisan Tax Cut Plan**

**Cut Taxes for Individuals, Small Businesses, Corporations**

**Substantially Reduces the Deficit**

**Save SALT, Property and Mortgage Interest Deductions,**

**Protect Seniors**

*This proposal starts with the Senate version of the tax bill approved by the Senate last week. It improves on the Senate plan by allowing for significant tax cuts, saves the State and Local Tax deduction, saves the Mortgage Interest deduction, and allows for medical and student loan deductions, private activity bonds, and the tuition exemption. As outlined, these improvements will reduce the cost of tax reform by reducing the deficit by more than \$100 billion over the ten-year budget window.*

**1. Save the State and Local Tax Deduction (SALT).**

*The idea:* Keep the State and Local Deduction as it has been since 1913. Allow itemizing tax payers to deduct their state and local income taxes and property taxes at current levels. This will allow for an actual tax cut in SALT states for residents and businesses.

*Why?* By relying so heavily on revenue derived from repealing the state and local income tax deduction (SALT), and imposing double taxation, the Senate and House bills are imbalanced. They pay for reform on the backs of just a few states that already pay significantly more than other states in federal taxes. According to a major independent analysis, thirty percent of the tax of the Senate bill benefits flow to just two states – Texas and Florida, and four states – New York, New Jersey, California and Maryland have substantial tax increases adding to \$16.7 billion. The SALT deduction dates back to 1913 and was premised on states-rights ideals of taxing only after-tax income. Anything else is double taxation.

**2. Preserve the Mortgage Interest Deduction.**

*The idea:* Maintain the status quo on the mortgage interest deduction, consistent with the Senate bill.

*Why?* Reducing the mortgage interest deduction hurts real estate values, which harms homeowners, and harms the large portion of the economy that is housing related.

### **3. Cut Taxes for Individuals.**

*The idea:* We would retain the same basic rate structure as the Senate bill, including doubling the standard deduction, lowering rates for individuals and reducing the top tax bracket to 38.5%.

*Why?* Because hard-working Americans pay too much in taxes.

### **4. Cut Corporate Tax Rate to 20%.**

*The idea:* To help improve global competitiveness, we propose reducing the corporate tax rate from 35% to 20%, as we move to a territorial system, consistent with the Senate bill.

*Why?* We are strong supporters of corporate tax reform and competitive corporate tax rates. We believe in closing loopholes and shelters to achieve rate reductions.

### **5. Retain Important Deductions and Exemptions including Medical Expense, Student Loan and Private Activity Bonds.**

*The idea:* Our proposal retains the medical expense and student loan interest deductions and rules that exempt graduate student fellowships from tax. We would also preserve private activity bonds that support building new hospitals and other capital projects that benefit the public. This proposal is consistent with the Senate bill.

*Why?* These deductions and exemptions are critically important for our students, seniors and those struggling with large medical bills and student loan debt; graduate students who could not otherwise cover the cost of their education, and bonds that fund important capital projects that benefit the public, like hospitals and bridges.

### **6. Retain Current Amortization for Capital Investment.**

*The idea:* We propose maintaining the current expensing provisions of the tax code.

*Why?* According to the bipartisan Joint Committee on Taxation, accelerating amortization doesn't actually increase capital spending, it only pulls it forward, creating reduced capital spending in the near future.

### **7. Encourage Charitable Donations & Deployment by Closing the "Private Foundation Loophole."**

*The idea:* Close the loophole for donors to private foundations.

*Why?* We believe the tax code should encourage charitable contributions, so those dollars can be put to work through places of worship and other public charities that help others. As the *Wall Street Journal* recently highlighted, we do not believe that individuals should have tax loopholes or shelters, effectively rewarding them to stick money in a drawer, instead of putting resources to work. The change would not apply to established public charities engaged in education, health care, medical research, the arts, worship, and similar activities that benefit the public and in which the donor has no material ongoing role.

#### **8. Double the Estate Tax Exemption.**

*The idea:* Increase the exemption from estate tax, but close a loophole that allows the avoidance of capital gains tax.

*Why?* To help family businesses, including the family farm, we would double the estate tax exemption as set forth in the Senate bill. We would simultaneously close the zero percent rate on appreciated assets after the first \$5 millions of gain. Because such gain would not be recognized until the owners choose to sell them, no successful family farms or other businesses or assets would be required to be sold prematurely to pay taxes, while at the same time, assets that would make sense to sell, won't be locked up pending the death of the owner.

#### **9. Deficit Reduction of more than \$100 billion.**

*The idea:* Reduce the cost of tax reform and its impact of the deficit.

*Why?* Every Congressional estimate shows that the proposed tax bills will increase the deficit substantially, increasing the national debt, and ultimately raising the cost of capital and forcing spending cuts or future tax increases. By reducing the cost of the Senate bill, the government will have more flexibility to deal with these issues, as well as future problems that may arise.

#### **10. Close New Loopholes and Special Interest Tax Handouts.**

*The idea:* Close various special interest loopholes.

*Why?* A wide variety of narrow special interest provisions were introduced into the tax bills in the past month or retained since the bill was first introduced in the House of Representatives, many in the last few days before the bill was signed at 2 am on Saturday. We believe that at least \$50 billion in such provisions could be eliminated without significantly affecting economic growth forecasts.

## The Math

The following amounts are based on the best available information from the bipartisan Joint Committee on Taxation (JCT) scores on both the House and Senate bills, as well as estimates of the cost of tax expenditures from JCT and the Treasury Department. They do not represent official “scores” which remain to be determined by JCT.

	(\$ billions) Comparison to Senate Bill
SALT & Mortgage Interest Deduction, current rates	\$ (600)
Retain current accelerated depreciation rates	61
Eliminate zero rate loophole on capital gains of appreciated assets to private foundations	200
Eliminate tax free step up in basis for capital assets on death for gains in excess of \$5 million	400
Close recently introduced loopholes and special interest tax handouts	50
Total Deficit Reduction	<hr/> \$111 <hr/>

MEMORANDUM OF COMMENTS AND SUGGESTED ADDITIONS  
AND/OR REVISIONS TO COMMERCIAL CANNABIS BUSINESS  
SELECTION PROCESS AND FEES STAFF REPORT, DECEMBER  
2017

TO: CITY MANAGER ANDREW P. POWERS

FROM: CHARLES W. COHEN, PARTNER, COHEN BEGUN & DECK,  
LLP

DATE: DECEMBER 11, 2017

THIS MEMORANDUM CONTAINS COMMENTS AND SUGGESTED  
ADDITIIONS AND REVISIONS TO THE STAFF REPORT TO THE CITY  
COUNCIL DATED DECEMBER 12, 2017, PERTAINING TO THE  
CANNABIS BUSINESS SELECTION PROCESS AND CITY FEES.

COMMENTS AND SUGGESTIONS FOLLOW IN PAGE ORDER:

1. PAGE 3, PHASE 2, INITIAL RANKING (1,500 POINTS  
POSSIBLE: BECAUSE OF APPROPRIATE EMPHASIS ON THE  
LOCATION OF A PERMITTED CANNABIS BUSINESS,  
AFFIRMED AT PAGE 5 IN THE FIRST PARAGRAPH IN THE 5<sup>TH</sup>  
AND 6<sup>TH</sup> LINES OF THE APPLICATION PROCEDURE TO  
OPERATE A COMMERCIAL CANNABIS BUSINESS IN  
THOUSAND OAKS, IT IS SUGGESTED AS FOLLOWS:

TO COUNCIL 12-12-17  
AGENDA ITEM NO. 8.A.  
MEETING DATE 12-12-17

- A. POSSIBLE RANKING POINTS BE INCREASED TO 2,000;
- B. POINTS FOR PROPOSED LOCATION BE INCREASED TO 500;
- C. POINTS FOR NEIGHBORHOOD COMPATIBILITY BE INCREASED TO 400; AND
- D. POINTS FOR QUALIFICATIONS OF PRINCIPALS BE INCREASED TO 400; MAKING THE TOTAL NUMBER OF POTENTIAL POINTS 2,000.

2. AT PAGE 4, CONTINUING THE DESCRIPTION OF PHASE 3, IT IS SUGGESTED THAT THE POINTS BE ADJUSTED AS FOLLOWS:

- A. CRITERIA 1, FINAL LOCATION--INCREASE FROM 200 TO 300 POINTS;
- B. CRITERIA 5, ENVIRONMENTAL BENEFITS--DECREASE FROM 200 TO 100 POINTS;
- C. CRITERIA 6, LABOR AND EMPLOYMENT--DECREASE FROM 200 TO 100 POINTS; AND
- D. CRITERIA 7, LOCAL ENTERPRISE (and hands-on accountability)—INCREASE FROM 200 TO 300 POINTS.

3. ALSO AT PAGE 4, IN THE SECOND PARAGRAPH, SECOND TO LAST LINE, INSERT AHEAD OF "POTENTIAL CONCERNS" THE WORD "NEIGHBORS".



4. ALSO AT PAGE 4, ALTERNATIVES TO PHASE 4: IT IS SUGGESTED THAT ALTERNATIVE 2 PLACES AN INORDINATE AMOUNT OF PRESSURE ON THE CITY MANAGER

5. AT PAGE 5, FEES:

A. THE PROPOSED FEE ARRANGEMENT SHOULD BE ADJUSTED TO PROVIDE GREATER COST RECOVERY AND PROVISION FOR ENHANCED PUBLIC SAFETY IN ADVANCE OF A PROPOSITION 218 TAX PUBLIC VOTE, WHICH WOULD IN ALL LIKELIHOOD NOT BECOME EFFECTIVE DURING ALL OR MOST OF THE FIRST YEAR OF THE CANNABIS BUSINESS OPERATION. SUCH A CONCEPT IS BEING WORKED ON BY THE UNDERSIGNED AND THE ORDINANCE SHOULD BE KEPT FLUID TO BE ABLE TO INCORPORATE SAME.

B. ALSO AT PAGE 5, IT SHOULD BE CLEAR TO THE COUNCIL THAT FEES STATED IN ITEMS 6, 9, 10, 12 AND 13 ARE FUTURE IN NATURE AND NOT COLLECTED AT THE ISSUANCE OF THE FIRST PERMITS. IT IS ALSO UNCLEAR IF SAID FEES APPLY TO BOTH DISPENSARY AND TO TESTING PERMITS.

6. AT PAGE 7, TIMELINE FOR APPLICATION AND SELECTION PROCESS:

A. IT IS SUGGESTED THAT IT IS BOTH FEASIBLE AND PREFERABLE TO SHORTEN THE APPROXIMATE DATES FOR PHASES ONE, TWO AND THREE COMPLETION, THE PUBLIC MEETING AND PHASE FOUR TO 90 DAYS FROM APPROXIMATELY 180 DAYS. THIS WOULD BENEFIT CITY REVENUE AND THE CANNABIS CUSTOMERS.

7. COMMERCIAL CANNABIS BUSINESS PERMIT APPLICATION, EXHIBIT A: DOES THE CITY SEE ANY ADVANTAGE OR DISADVANTAGE IN ONE APPLICANT FOR BOTH PERMITS?

8. AT WHAT I HAVE NUMBERED AS PAGE 3 OF THE APPLICATION PROCEDURE TO OPERATE A COMMERCIAL CANNABIS BUSINESS IN THOUSAND OAKS, EXHIBIT B:

A. PHASE 1, IT IS SUGGESTED THAT A POINT 5 BE INSERTED TO STATE "PAYMENT OF CITY FEES".

B. PHASE 2, ADJUST THE POINT TOTALS CONSISTENT WITH COMMENTS ABOUT POINT ADJUSTMENTS IN PARAGRAPHS 1 AND 2 ABOVE.

C. AT PAGE 4, PHASE 3: ALSO MAKE THE POINT ADJUSTMENTS TO ITEMS 1 AND 5 CONSISTENT WITH COMMENTS IN PARAGRAPHS 1 AND 2 ABOVE.

9. AT WHAT I HAVE NUMBERED AS PAGE 5 OF THE APPLICATION PROCEDURE, ETC. IN THE SECOND PARAGRAPH, SINCE ONLY ONE PERMIT FOR A DISPENSARY AND ONE PERMIT FOR A TESTING LAB HAS BEEN APPROVED, THE LANGUAGE IN LINE 4 COULD BE CONFUSING, AND IT IS SUGGESTED THAT THE LINE BE MODIFIED TO READ ".....CITY COUNCIL MAY AWARD EACH OF THE TWO PERMITS ALLOWED...."

10. AT WHAT I HAVE NUMBERED AS PAGE 6 OF THE APPLICATION PROCEDURE, ETC.:

- A. IN THE 3<sup>RD</sup> LINE AFTER THE WORD "DESCRIBED", DELETE THE WORD "IN".
- B. AT THE SAME PAGE, UNDER 'BUSINESS PLAN' IN ITEM 1, IT IS SUGGESTED THAT THE WORDS "IN WHICH THEY WILL BE APPLYING" BE DELETED AND SUBSTITUTED FOR BY "BEING APPLIED".
- C. AT THE SAME PAGE, PLEASE PROVIDE FURTHER COMMENT ON THE INTERIM NOT FOR PROFIT OPERATION. I MUST HAVE MISSED THIS POINT.
- D. AT THE SAME PAGE, IT IS SUGGESTED THAT:
  - (1) IN ITEM 1, THE BUDGET: COMPENSATION OF EMPLOYEES SHOULD REMAIN SOLELY IN THE PROVINCE OF THE OPERATOR, BUT AT WORST SHOULD ALONG WITH THE INFORMATION CONTAINED IN ITEMS 1, 2 AND 3 NOT BE

MADE PUBLIC AS THEY ARE PROPRIETARY.  
THIS SAME COMMENT CARRIES OVER TO  
PAGE 7 OF THE APPLICATION PROCEDURE  
REGARDING THE SAFETY PLAN ITEM 3, FLOOR  
PLAN, AND ALSO ON PAGE 7, LABOR AND  
EMPLOYMENT, ITEM 2 RE A LIVING WAGE.

- (2) IN ITEM 3, a PRO FORMA, QUESTION THE  
PROPRIETY OF A 3 YEAR PROJECTION FOR A  
ONE YEAR PERMIT.

11. AT WHAT I HAVE NUMBERED AS PAGE 8 OF THE  
APPLICATION PROCEDURE, IN THE FIRST PARAGRAPH,  
“QUALIFICATIONS OF PRINCIPALS”, IT IS SUGGESTED TO  
ADD “KEY EMPLOYEES”.
12. ALSO AT PAGE 8, AS GENERAL POLICY STATEMENTS,  
IT IS SUGGESTED THAT THE “CITY IS UNDER NO  
OBLIGATION TO RENEW A PREVIOUSLY ISSUED PERMIT  
NOR OPEN SUCH PERMITS TO PERIODIC REQUESTS FOR  
NEW APPLICANTS.
13. ALSO AT PAGE 8, EMPLOYEE PERMIT APPLICATION, IT  
IS SUGGESTED THAT THE FIRST LINE BE REVISED AS  
FOLLOWS: “PERMITTEE IS REQUIRED TO OBTAIN AN  
EMPLOYEE PERMIT FOR EACH PERSON TO BE HIRED AS AN  
EMPLOYEE.....”

14. AT PAGE WHAT I NUMBERED AS PAGE 9, OF THE APPLICATION PROCEDURE, IN "EMPLOYEE PERMIT RENEWALS", IT IS SUGGESTED TO INSERT THE WORD "EMPLOYEE" AFTER THE WORD "SUBMIT" AND BEFORE THE WORD "RENEWAL".
15. IN THE CITY EMPLOYEE/OWNER BACKGROUND APPLICATION, ATTACHMENT #2, IS IT PROPER TO REQUIRE THE BLOCK TITLED "RACE" TO BE FILLED IN?
16. IN THE SAME APPLICATION AT PAGE 2 THEREOF, IN THE 3<sup>RD</sup> PARAGRAPH OF "TO WHOM IT MAY CONCERN", IN THE 2<sup>ND</sup> LINE, AFTER THE WORD CONVICTION, INSERT THE WORDS "UNLESS EXONERATED OR THE RECORD HAVING BEEN SEALED".

RESPECTFULLY SUBMITTED,

CHARLES W. COHEN, ESQ.

COHEN BEGUN & DECK. LLP



# Public Works Department MEMORANDUM

2100 Thousand Oaks Boulevard • Thousand Oaks, CA 91362  
Phone 805/449.2400 • Fax 805/449.2475 • www.toaks.org

**TO:** Andrew P. Powers, City Manager  
**FROM:** Jay T. Spurgin, Public Works Director  
**DATE:** December 12, 2017  
**SUBJECT:** Item 10A: Los Angeles Community Choice Energy (LACCE)

Please note the following correction to the Staff Report:

Customers who opt out of CCE service after the initial 60 days and transfer back to SCE service must remain with SCE for at least one (not three) years.

Today at 12:50 p.m., the Ventura County Board of Supervisors evaluated whether to go forward with joining LACCE. The BOS voted 3 – 2 to join (Supervisors Parks, Bennett and Zaragoza approved. Supervisors Long and Foy dissented).

2017 DEC 12 PM 3:02  
CITY OF THOUSAND OAKS  
PUBLIC WORKS DEPARTMENT

TO COUNCIL 12-12-17  
AGENDA ITEM NO. 10.A.  
MEETING DATE 12-12-17



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