



City of Sacramento City Council

915 I Street, Sacramento, CA, 95814
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Meeting Date: 4/26/2011

Report Type: Consent

Title: Sacramento Tourism and Business Improvement District Budget

Report ID: 2011-00365

Location: Citywide

Recommendation: Adopt a Resolution approving the 2010-11 budget for the Sacramento Tourism and Business Improvement District (STBID)

Contact: Barbara Bonebrake, Director, (916) 808-7733; Convention, Culture and Leisure Department, Steve Hammond, President & CEO, (916) 808-7782, Sacramento Convention & Visitors Bureau

Presenter: None

Department: Convention Culture & Leisure

Division: CCL Administration

Dept ID: 17001011

Attachments:

- 1-Description/Analysis
- 2-Background
- 3-Resolution
- 4-Exhibit A

City Attorney Review

Approved as to Form
Kourtney Burdick
4/18/2011 8:34:22 AM

City Treasurer Review

Prior Council Financial Policy Approval or
Outside City Treasurer Scope
Russell Fehr
4/13/2011 3:51:11 PM

Approvals/Acknowledgements

Department Director or Designee: Rebecca Bitter - 4/14/2011 4:33:32 PM

Assistant City Manager: Patti Bisharat - 4/18/2011 8:03:13 AM



Description/Analysis

Issue: Under City Agreement 2001-021, the Sacramento Convention & Visitors Bureau (SCVB) administers the Sacramento Tourism Business Improvement District (STBID), which levies assessments on hotel operators to generate revenue for marketing convention and tourism activities in the cities of Sacramento, Isleton, Rancho Cordova, and the unincorporated area within the County of Sacramento. Under the agreement, SCVB is responsible for preparing STBID’s annual budget for approval by the Sacramento City Council. This report is asking for the City Council’s approval of STBID’s 2010-11 budget.

Policy Considerations: The recommended action is consistent with the City’s goals to achieve sustainability and enhance livability in the community as well as reflecting the values of teamwork and fiscal responsibility.

Environmental Considerations: Under the California Environmental Quality Act (CEQA) guidelines, continuing administrative activities do not constitute a project and are therefore exempt from review.

Sustainability: Not applicable.

Commission/Committee Action: The 2010-11 STBID budget was reviewed and approved by the STBID Advisory Board at their meeting on June 11, 2010. The meeting included a review of 2009-10 STBID collections and approval of key goals and marketing strategies based on the 2010-11 SCVB Business Plan.

Rationale for Recommendation: Typically the STBID budget is presented to City Council in November of each year. The 2010-11 report was inadvertently delayed. The 2011-12 budget will be presented to Council in November of 2011. Approval of the 2010-11 STBID budget will provide the funding to implement marketing activities and strategies as approved by the STBID Advisory Board.

Financial Considerations: The STBID FY 2010-11 proposed budget is \$2,885,000. Approximately 71 percent of the budget will be funded from revenues collected within the City (\$2,050,000) and 29 percent from the unincorporated area of Sacramento County and Cities of Isleton and Rancho Cordova combined (\$835,000).

Expenditures are proposed in the following areas:

Marketing	\$	945,752
Convention Sales		938,900
Tourism		644,704
Partner Marketing		34,600
Community Relations		302,125
TOTAL	\$	2,866,081

Under City Agreement 2001-021, the City, County, and cities of Isleton and Rancho Cordova, collect the STBID assessments from occupied hotel rooms in eligible properties within their respective jurisdictions. Each may retain two percent of total collections to cover administrative costs. The City has established a dedicated fund (Fund 2213) where collections are deposited. From there, the money is transferred, less the administrative fee, to a SCVB account for all STBID expenses and revenues. This account also holds the STBID revenues the County and the Cities of Isleton and Rancho Cordova administer/collect for hotel operators outside of the City of Sacramento.

Listed below is the summary of collections (less administrative fees) and expenses for the STBID program over the past three years and the proposed budget for 2010-11:

	2008-07 Actual	2008-09 Actual	2009-10 Actual	2010-11 Proposed
Beginning Balance	\$ 0	\$ 0	\$ 0	\$ 0
Net City Collections	\$ 2,194,137	\$ 2,061,493	\$ 1,997,175	\$ 2,050,000
Net County/Isleton/RC	\$ 926,848	\$ 848,879	\$ 832,420	\$ 835,000
Total Revenues	\$ 3,120,985	\$ 2,910,373	\$ 2,829,595	\$ 2,885,000
Total Expenses	\$ 3,281,555	\$ 3,065,780	\$ 2,916,305	\$ 2,866,081
Surplus (Deficit)	\$ (160,570)	\$ (155,407)	\$ (86,710)	\$ 18,919
Use of Prior-Year Unspent Collections	\$ 0	\$ 0	\$ 0	\$ 0
Funds from SCVB Private Revenue	\$ 160,570	\$ 155,407	\$ 86,710	\$ 0
Available Balance (cumulative)	\$ 0	\$ 0	\$ 0	\$ 18,919

Emerging Small Business Development (ESBD): No goods or services are being purchased as a result of the agreements.



Background:

In November 2000, the Sacramento and Isleton City Councils and the Sacramento County Board of Supervisors approved formation of the Sacramento Tourism Business Improvement District (STBID) to generate additional revenue for marketing convention and tourism activities in the City of Sacramento, City of Isleton and the County’s unincorporated area. Money is generated by an assessment on occupied hotel rooms. On July 1, 2003, the City of Rancho Cordova incorporated within the County and continues to collect the STBID assessment as an incorporated city.

In December 2000, the Sacramento City Council adopted Ordinance 2000-051 adding Chapter 3.98 to the Sacramento City Code to establish the STBID. The Ordinance also included the formation of an Advisory Board comprised of hotel operators within the District to advise the City of Sacramento on the amount of the District’s assessments and on the programs and activities funded by those assessments. The STBID Advisory Board consists of the following members:

Howard Harris	General Manager, Hilton Arden West (City)
Ulrich Samietz	General Manager, Hyatt Regency Sacramento (City)
Liz Tavernese	General Manager, Holiday Inn-Capitol Plaza (City)
Lawrence Walters	General Manager, Sheraton Grand Sacramento
(County)	
Doug Warren	General Manager, Courtyard Marriott-Cal Expo
(County)	
(Vacant)	(Isleton)

Under City Agreement 2001-021, the Sacramento Convention & Visitors Bureau (SCVB) administers the STBID and is responsible for preparing STBID’s annual budget for approval by the Sacramento City Council. This report asks for the City Council’s approval of STBID’s 2010-11 budget.



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RESOLUTION NO. 2011-

Adopted by the Sacramento City Council

SACRAMENTO TOURISM BUSINESS IMPROVEMENT DISTRICT BUDGET

BACKGROUND

- A. The Sacramento Tourism Business Improvement District (STBID) exists to generate additional revenue for marketing convention and tourism activities in the Cities of Sacramento, Isleton, Rancho Cordova, and the County of Sacramento's unincorporated area. Money is generated by an assessment on occupied hotel and motel rooms.

- B. Under Section 3.98.060 of the Sacramento City Code and Agreement 2001-021, the Sacramento Convention & Visitors Bureau (SCVB) administers the STBID, including preparation of an annual budget for approval by the Sacramento City Council.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The 2010-11 Budget for the Sacramento Tourism Business Improvement District, shown in Exhibit A hereto, is approved.

- Section 2. Exhibit A is part of this Resolution.



EXHIBIT A

FY 2010-11 PROPOSED BUDGET SACRAMENTO TOURISM BUSINESS IMPROVEMENT DISTRICT

<u>Program</u>	<u>Description</u>	<u>Proposed STBID Budget FY 2010-11</u>	<u>Subtotal</u>
EXPENSES			
Marketing	Employees	\$ 529,302	
	Travel Marketing	\$ 22,450	
	Advertising	\$ 31,000	
	Marketing Collaterals	\$ 135,000	
	Marketing Support	\$ 228,600	\$ 945,752
Convention Sales	Travel Marketing	\$ 176,200	
	Advertising	\$ 73,700	
	Sales Collaterals	\$ 16,000	
	Sales Support	\$ 499,000	
	Convention Services	\$ 74,500	
	Housing Services	\$ 45,000	
	Multicultural Affairs	\$ 54,500	\$ 938,900
Tourism Sales	Employees	\$ 260,204	
	Travel Marketing	\$ 153,000	
	Advertising	\$ 127,000	
	Sales Collaterals	\$ 29,000	
	Sales Support	\$ 75,700	\$ 644,704
Partner Marketing	Travel Marketing	\$ 2,500	
	Sales Collaterals	\$ 5,500	
	Sales Support	\$ 26,600	\$ 34,600
Community Relations	Sales Support	\$ 302,125	\$ 302,125
TOTAL EXPENSES		\$ 2,866,081	
REVENUES			
	City BID Collections	\$ 2,050,000	
	County/Isleton/RC	\$ 835,000	
	Subtotal--Proposed BID	\$ 2,885,000	
	Prior-Year Unspent BID	\$ 0	
	Available Balance	\$ 18,919	
TOTAL REVENUES		\$ 2,866,081	