



City of Sacramento City Council

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915 I Street, Sacramento, CA, 95814
www.CityofSacramento.org

Meeting Date: 11/15/2011

Report Type: Consent

Title: Approval of Sacramento Tourism and Business Improvement District FY2011/12 Budget (STBID)

Report ID: 2011-00917

Location: Citywide

Recommendation: Adopt a Resolution approving the 2011-12 budget for the Sacramento Tourism and Business Improvement District.

Contact: Karolyn Pelka, Administrative Officer, (916) 808-5898, Barbara Bonebrake, Director, (916) 808-7733; Convention, Culture & 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 FY12
- 3-Resolution FY12
- 4-Exhibit A FY12

City Attorney Review

Approved as to Form
Kourtney Burdick
11/4/2011 9:59:38 AM

City Treasurer Review

Reviewed for Impact on Cash and Debt
Russell Fehr
10/27/2011 1:29:55 PM

Approvals/Acknowledgements

Department Director or Designee: Rebecca Bitter - 11/2/2011 2:15:30 PM



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, 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. The FY2011/12 STBID budget was reviewed and approved by the STBID Advisory Board at their meeting on July 13, 2011. The meeting included a review of the FY2010/11 STBID collections and approval of key goals and marketing strategies based on the FY2011/12 SCVB Business Plan. Staff is asking for the City Council’s approval of STBID’s Fiscal Year 2011/12 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: None

Rationale for Recommendation: Approval of the FY2011/12 STBID budget will provide private sector funding to implement marketing activities and strategies as approved by the STBID Advisory Board.

Financial Considerations: The STBID FY2011/12 proposed budget is \$2,683,090. Approximately 83 percent of the budget will be funded from revenues collected within the City (\$2,233,090) and 17 percent from the unincorporated area of Sacramento County and the City of Isleton (\$450,000).

Expenditures are proposed in the following areas:

Marketing	\$ 1,059,215
Convention Sales	854,155
Tourism	541,051
Partner Marketing	34,100
Community Relations	194,569
TOTAL	\$ 2,683,090

Under City Agreement 2001-021, the City, County, and City of Isleton 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 two percent administrative fee, to the SCVB account for all STBID expenses and revenues. The County and the City of Isleton have established

separate accounts to administer/collect their funds from 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 FY2011/12:

	FY2008/09 Actual	FY2009/10 Actual	FY2010/11 Actual	FY2011/12 Proposed
Beginning Balance	\$ 0	\$ 0	\$ 0	\$ 0
Net City Collections	\$ 2,061,493	\$ 1,997,175	\$ 2,154,330	\$ 2,233,090
Net County/Isleton/RC*	\$ 848,879	\$ 832,420	\$ 622,058	\$ 450,000
Total Revenues	\$ 2,910,373	\$ 2,829,595	\$ 2,776,388	\$ 2,683,090
Total Expenses	\$ 3,065,780	\$ 2,916,305	\$ 2,968,549	\$ 2,683,090
Surplus (Deficit)	\$ (155,407)	\$ (86,710)	\$ (192,161)	\$ 0
Use of Prior-Year Unspent Collections	\$ 0	\$ 0	\$ 0	\$ 0
Funds from SCVB Private Revenue	\$ 155,407	\$ 86,710	\$ 192,161	\$ 0
Available Balance (cumulative)	\$ 0	\$ 0	\$ 0	\$ 0

* Rancho Cordova (RC) is not part of the STBID as of FY2011/12

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, 2010, the City of Rancho Cordova completed its incorporation within the County and opted out of their participation in the STBID as an incorporated city. As a result, the SCVB no longer offers sales and marketing services to the City of Rancho Cordova.

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)
Ken Leone	General Manager, DoubleTree by Hilton (City)
Liz Tavernese	General Manager, Holiday Inn-Capitol Plaza (City)
Doug Warren	General Manager, Courtyard Marriott-Cal Expo (County)
(Vacant)	(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.



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, 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 City 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 Fiscal Year 2011/12 Budget for the Sacramento Tourism Business Improvement District, attached as Exhibit A, is approved.

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



EXHIBIT A

SACRAMENTO TOURISM BUSINESS IMPROVEMENT DISTRICT FY2011/12 PROPOSED BUDGET

<u>Program</u>	<u>Description</u>	<u>Proposed STBID Budget FY 2011-12</u>	<u>Subtotal</u>
EXPENSES			
Marketing	Employees	\$ 574,060	
	Travel Marketing	\$ 24,950	
	Advertising	\$ 81,705	
	Marketing Collaterals	\$ 135,000	
	Marketing Support	\$ 243,500	\$ 1,059,215
Convention Sales	Travel Marketing	\$ 153,655	
	Advertising	\$ 63,700	
	Sales Collaterals	\$ 22,000	
	Sales Support	\$ 437,500	
	Convention Services	\$ 74,800	
	Housing Services	\$ 48,000	
	Multicultural Affairs	\$ 54,500	\$ 854,155
Tourism Sales	Employees	\$ 275,051	
	Travel Marketing	\$ 92,500	
	Advertising	\$ 81,000	
	Sales Collaterals	\$ 11,500	
	Sales Support	\$ 81,000	\$ 541,051
Partner Marketing	Travel Marketing	\$ 0	
	Sales Collaterals	\$ 6,000	
	Sales Support	\$ 28,100	\$ 34,100
Community Relations	Sales Support	\$ 194,569	\$ 194,569
TOTAL EXPENSES		\$ 2,683,090	
REVENUES			
	City BID Collections	\$ 2,233,090	
	County/Isleton/RC	\$ 450,000	
TOTAL REVENUES		\$ 2,683,090	
	Prior-Year Unspent BID	\$ 0	
	Available Balance	\$ 0	