



City of Sacramento City Council

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

Meeting Date: 3/27/2012

Report Type: Consent

Title: Resolution of Intent to form Sacramento Tourism Marketing District No. 2012-07

Report ID: 2012-00243

Location: Citywide

Recommendation: Pass 1) a Resolution of Intention to establish the Sacramento Tourism Marketing District No. 2012-07; 2) a Resolution requesting consent of the County of Sacramento to establish the Sacramento Tourism Marketing District 2012-07

Contact: Sheri Smith, Program Specialist, (916) 808-7204; Mark Griffin, Program Manager, (916) 808-8788, Finance Department

Presenter: None

Department: Finance

Division: Public Improvement Finance

Dept ID: 06001321

Attachments:

- 1-Description/Analysis
- 2-Background
- 3-Schedule of Proceedings
- 4-Resolution of Intention
- 5-Resolution County Consent

City Attorney Review

Approved as to Form
Jeffrey C. Heeren
3/20/2012 10:22:20 AM

City Treasurer Review

Reviewed for Impact on Cash and Debt
Russell Fehr
3/8/2012 3:10:55 PM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 3/15/2012 3:59:13 PM

Description/Analysis

Issue: Currently Sacramento has a Tourism Business Improvement District (BID) that includes the City, unincorporated County and the City of Isleton. The Sacramento lodging businesses have proposed to replace this district with a new district in order to reconfigure services and benefit zones as well as to change the method of assessment and increase total revenue. The new district will be formally named the Sacramento Tourism Marketing District 2012-07 (STMD).

Adoption of the attached Resolution of Intention to establish the STMD will set the time and place for the Public Meeting and the Public Hearing on the formation of the STMD, the proposed assessment, and authorize staff to mail notices to all business owners within the district.

The attached Resolution Requesting County Consent requests that the County delegate the authority to establish the STMD to the City Council, as is provided for by state law. Administration of the STMD will be a cooperative effort between the City, the County, and the Sacramento Convention and Visitors Bureau; the responsibilities of each are delineated in the background section of this report.

Once the new district is in place, the existing BID will no longer be necessary. The process to disestablish the existing BID will run concurrently with the formation of the STMD as outlined in the attached Schedule of Proceedings.

Policy Considerations: Formation of the new STMD and disestablishment of the existing BID will create additional funds to be utilized for marketing and sales promotions with the intent to increase tourism and to market Sacramento lodging businesses as tourist, meeting, and event destinations.

Environmental Considerations:

California Environmental Quality Act: Under CEQA guidelines, initiation of a business improvement district does not constitute a project and is therefore exempt from review.

Sustainability: There are no sustainability considerations applicable to the formation or renewal process and administration of an assessment district.

Commission/Committee Action: On March 20, 2012 The Law and Legislation Committee approved passing an ordinance for Council consideration repealing Sacramento City Code, Chapter 3.98 to disestablish the existing BID. The ordinance and a resolution of intent to disestablish the BID will be presented to City Council on May 1, 2012 as outlined in the attached Schedule of Proceedings.

Rationale for Recommendation: The actions in the recommended Resolution are required by the California Streets and Highways Code Part 7 (beginning with Section 36600) of Division 18 associated with the formation of a business improvement district.

Financial Considerations: The existing BID has an approximate annual budget of \$2.7 million in district revenues, which will cease upon disestablishment. The new STMD is expected to generate significantly more funds for marketing and promoting the district. Financing for the new STMD will be provided by the levy of assessments upon businesses that benefit from marketing and sales

promotions. Lodging businesses will be assessed a rate of one, two, two and one-half, or three percent (1%, 2%, 2.5%, or 3%) of gross short-term (stays fewer than 31 days) room rental revenue for lodging businesses based on benefit zone.

The District will not issue bonds. The total STMD assessment budget in the first year of operation is estimated to be \$5.2 million (details on Exhibit B). The City of Sacramento will retain two percent (2%) of the amount of assessment collected from businesses within the City to cover the costs of collection and administration. The operating budget for the STMD, which will fluctuate with market conditions and room night sales, will be adjusted annually to reflect Council approved assessments and expenditure plans. An annual report will be presented to the City Council pursuant to Streets and Highways Code Section 36650.

Emerging Small Business Development (ESBD): City Council approval of these proceedings is not affected by City policy related to the ESBD Program.



BACKGROUND

Sacramento has had a Tourism Business Improvement District (BID) in place to provide marketing and promotion services for Sacramento lodging establishments since 2000. The Sacramento hotels and lodging establishments propose to pursue formation of a new district in order to reconfigure services and benefit zones as well as to change the method of assessment and increase total revenue to promote Sacramento as a destination for tourism, conventions, meetings, and events. The new district will be formally named the Sacramento Tourism Marketing District 2012-07 (STMD) and will replace the existing BID.

Assessment

The existing BID currently assesses a flat, per room, rate that ranges from 20 cents to \$1.50 per night, depending on the establishment's location and size of business. The new STMD will assess businesses from 1% to 3% of gross room revenue depending on their benefit zone. The new percentage-based assessment will provide additional funds to allow for increased capacity for marketing and sales efforts as well as for increased zone specific marketing.

Services

The proposed STMD will be a benefit assessment district formed by the business owners to fund services such as:

- Promotion of Sacramento lodging businesses;
- Marketing efforts that include internet, social media, television ads, printed promotional materials, and others;
- Increased Convention and trade show sales efforts as well as sales blitzes;
- Creation of educational programs for the hospitality industry;
- Targeted zone-specific marketing to support and enhance room night sales; and
- Other activities directly related to increasing tourism and room night sales in Sacramento.

This approach has been used successfully in other destination areas throughout the state to improve tourism and drive additional room nights.

Boundaries

The STMD is comprised of approximately 114 businesses in the City and County of Sacramento (County) and includes all lodging businesses located within the boundaries of the the City of Sacramento and unincorporated areas of the County. A boundary map is included as Exhibit A to the resolution.

Disestablishment and Formation

The original BID was formed Pursuant to the "Parking and Business Improvement District Area Law of 1989," Streets and Highways Code Section 36500 and City Code Section 3.98.110. A Resolution of Intention to Disestablish the BID will be presented to City Council on May 1, 2012. The resolution will be published and mailed as provided

by law and a public hearing will be held by the City Council at its regular meeting on May 22, 2012, to disestablish the BID.

Business Improvement Districts may be formed pursuant to California's "Property and Business Improvement District Law of 1994" (PBID Law). The new STMD will be formed pursuant to PBID Law, and the formation process will run concurrently with the disestablishment process, as the new STMD is intended to replace the existing BID. The attached Resolution of Intention to Establish the STMD sets the time and date for the public meeting for 6:00 pm on May 1, 2012, at City Council and sets the public hearing for formation for 6:00pm on May 22, 2012, at City Council.

Governance

The Sacramento Convention and Visitors Bureau (SCVB) will manage the STMD and will create a seven-member tourism district committee to manage district funds and activities. The Tourism District Committee members will concurrently serve as SCVB Board Members.

The City will work closely with the SCVB in the assessment administration of the STMD and will have the following responsibilities:

- Collect assessment payments for lodging establishments located within City limits and post deposits in the City's cashiering system.
- Forward delinquent accounts to the City's collection agent.

The County will collect assessment payments for the lodging establishments located outside of the City.

This structure will promote the most effective and efficient operation of the STMD.



**SCHEDULE OF PROCEEDINGS
SACRAMENTO TOURISM MANAGEMENT DISTRICT NO. 2012-07**

March 16, 2012	Petition Drive Kick-off
March 23, 2012	Receive Signed Petitions
March 20, 2012	Law & Legislation Committee – Disestablish Existing District
March 27, 2012	Resolution of Intention to Form – City Council Resolution Requesting County Consent
March 28, 2012	Mail Notices of Public Meeting and Public Hearing to Form
May 1, 2012	Public Meeting to Form – City Council Resolution of Intent to Disestablish Existing District Pass for Publication – Ordinance to Disestablish
May 2, 2012	Mail Notices of Intent to Disestablish Publish Resolution of Intent to Disestablish
May 22, 2012	Public Hearing to Form – City Council Adopt Ordinance to Disestablish
May 23, 2012	Publish Notice of Disestablishment
July 1, 2012	STMD 2012-07 begins operations



RESOLUTION NO.

Adopted by the Sacramento City Council

RESOLUTION OF INTENTION TO ESTABLISH THE SACRAMENTO TOURISM MARKETING DISTRICT NO. 2012-07

BACKGROUND:

- A. Lodging business owners within the Sacramento Tourism Marketing District (District) have submitted petitions asking that the City Council (Council) establish the District. Included with each petition was a Management District Plan (MDP) summary and a map showing the boundaries of the District. The map is entitled "District Boundary Map." The petitions, the boundary map, and the MDP are on file with the Public Improvement Financing unit (PIF unit) of the Department of Finance, which the City Clerk (Clerk) has designated to be the repository of documents associated with special districts.
- B. The MDP provides for the following services within the District:(1) Promotion of Sacramento lodging businesses; (2) Marketing efforts that include internet, social media, television ads, printed promotional materials, and others; (3) Increased Convention and trade show sales efforts as well as sales blitzes; (4) Creation of educational programs for the hospitality industry; (5) Targeted zone-specific marketing to support and enhance room night sales; and (6) Other activities directly related to increasing tourism and room night sales in Sacramento. All of these services are intended to promote the District as a destination for tourism, conventions, meetings, and events, and increase room night sales for the assessed lodging businesses. The MDP proposes to fund these services through the levy of an assessment on businesses within the District.
- C. The Council finds that the City has received the petitions signed by the business owners in the proposed District who will pay more than 50 percent of the proposed assessment. The Council thus accepts the petitions and intends to establish the District and to levy on businesses within the District boundaries in accordance with the Property and Business Improvement District Law of 1994, (PBID Law) Streets and Highways Code Section 36600 et seq. and Sacramento City Code Section 3.92.050.
- D. The MDP, prepared in accordance with the provisions of Streets and Highways Code Section 36622, has been filed with the PIF unit, which has been designated by the Clerk to be the repository of documents associated with special districts. A complete copy of the MDP will be furnished to any person requesting a copy.
- E. The Council finds that the MDP satisfies all of the requirements of Streets and Highways Code Section 36622.

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

- Section 1.** The Council finds and determines that the recitals set forth above are true.
- Section 2.** The Council finds that the lodging business owners who will pay more than 50 percent of the assessment proposed in the MDP have signed the petitions. The Council thus accepts the petitions and intends to establish the District and to levy an assessment on businesses within the District boundaries in accordance with the PBID Law and City Code. In the first year of the five-year term, the proposed assessment budget is approximately \$5.2 million as shown on Exhibit B to this resolution. The assessment categories are proposed as follows; three percent (3%) of gross short-term (stays fewer than 31 days) room rental revenue on lodging businesses in Zone 1, two and one-half percent (2.5%) of gross short-term room rental revenue on lodging businesses in Zone 2, two percent (2%) of gross short-term room rental revenue on lodging businesses in Zone 3, and one percent (1%) of gross short-term room rental revenue on lodging businesses in Zone 4. Based on the benefit received, assessments will not be collected on stays of more than thirty (30) consecutive days. The current businesses in the proposed District and the assessment zones in which they are proposed to be placed are shown on Exhibit C to this resolution.
- Section 3.** The exterior boundaries of the District are shown on the “Sacramento Tourism Marketing District Boundary Map” attached to this resolution as Exhibit A.
- Section 4.** The Council finds that the MDP satisfies all requirements of Streets and Highway Code Section 36622.
- Section 5.** Exhibits A, and B and C are part of this resolution.
- Section 6.** No bonds will be issued for this District.
- Section 7.** The time and place for a public meeting on the establishment of the District is set for May 1, 2012, at 6:00 pm in the City Council chambers, New City Hall, 915 “I” Street (first floor), Sacramento, California. The Council may continue the public meeting from time to time.
- Section 8.** The time and place for the protest hearing on the establishment of the District is set for May 22, 2012, at 6:00 p.m. in the City Council chambers, New City Hall, 915 “I” Street (first floor), Sacramento, California. The Council may continue the public hearing from time to time.
- Section 9.** The Clerk is directed to give notice of the time and place of the public meeting and public hearing in accordance with Streets and Highways Code Section 36623. The Clerk is to do this by mailing (or causing to be mailed) written notices in the time, form, and manner stipulated in Streets and Highways Code Section 36623 to all persons who operate businesses within the District and will be subject to the proposed assessment. The form of the notice must be approved by the City Attorney. The Clerk is

further directed to file an affidavit with the Council when all notices have been mailed, setting forth the time and manner of her compliance with the requirements of law for mailing the notices.

Section 10. At the public meeting, the Council will consider all objections or protests to the proposed assessment. No formal action will be taken by Council.

Section 11. At the public hearing, the Council will consider all objections or protests to the proposed assessment, and any interested person will be permitted to present written or oral testimony. At the conclusion of the public hearing, if no majority protest exists, Council may authorize the formation of the District in accordance with Government Code Section 53753.

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Exhibit A: Proposed District Boundary Map

Exhibit B: District Budget and Business Assessment

Exhibit C: Current Businesses and Assessment Categories

EXHIBIT A

Sacramento Tourism Marketing District Boundary Map

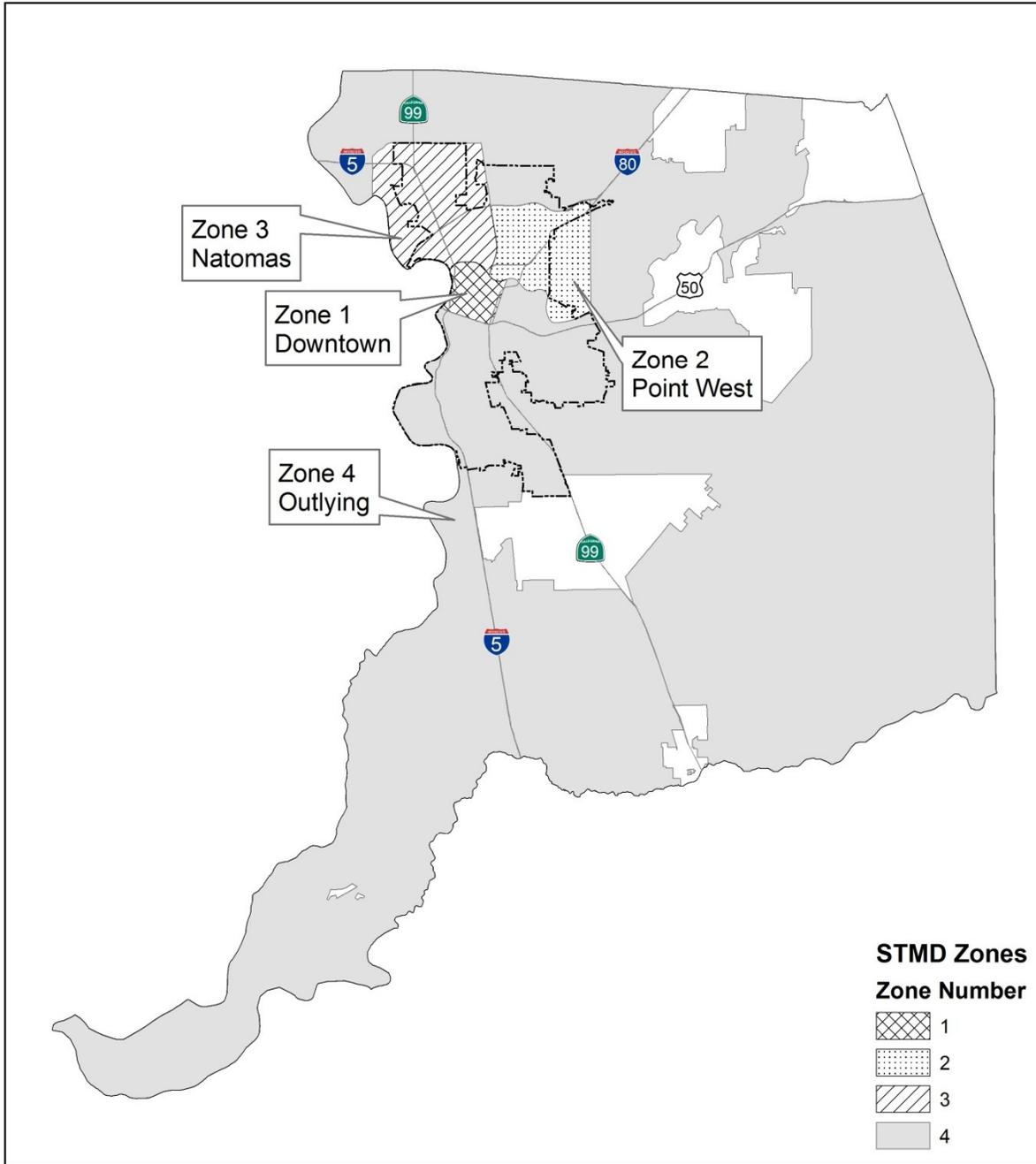


EXHIBIT B

SACRAMENTO TOURISM MARKETING DISTRICT NO. 2012-07 DISTRICT BUDGET & ANNUAL ASSESSMENT IN YEAR 1

Total Assessment Budget **\$5,200,000**

Total Revenue: \$5,200,000

Expenses:

Expense Category	Percentage of Revenue*	Amount
Sales and Marketing	87%	\$4,524,000
Zone Specific Targeted Marketing	10%	\$ 520,000
City and County Administration Costs	2%	\$ 104,000
Contingency	1%	\$ 52,000

Total Expenses: \$5,200,000

*Revenue will fluctuate with market conditions but the proportional allocations will remain the same

ANNUAL ASSESSMENT

Assessment Category	Assessment Rate
Zone 1	(3%) of gross short-term (stays fewer than 31 days) room rental revenue
Zone 2	(2.5%) of gross short-term room rental revenue
Zone 3	(2%) of gross short-term room rental revenue
Zone 4	(1%) of gross short-term room rental revenue

Annual assessment rates are based on specific benefit to the assessed businesses and do not exceed the reasonable costs of providing the services or programs.

EXHIBIT C

CURRENT BUSINESSES AND ASSESSMENT CATEGORIES FOR SACRAMENTO TOURISM MARKETING DISTRICT 2012-07

<u>Lodging Businesses in the STMD</u>	<u>Address</u>	<u>Zone</u>	<u>City/County</u>
Amber House B & B	1315 22nd Street	1	City
American Inn	626 16th Street	1	City
America's Best Value-Downtown	430 16th Street	1	City
America's Best Value-Old Town	221 Jibboom Street	1	City
Best Western Sandman	236 Jibboom Street	1	City
Best Western Sutter House	1100 H Street	1	City
Capitol Park Hotel	1125 9th Street	1	City
Clarion Hotel Mansion Inn	700 16th Street	1	City
Comfort Suites	226 Jibboom Street	1	City
Congress Hotel	906 12th Street	1	City
Days Inn Sacramento	228 Jibboom Street	1	City
Delta King Hotel	1000 Front Street	1	City
Desert Sand Motel	623 16th Street	1	City
Econo Lodge-Downtown	711 16th Street	1	City
Embassy Suites Hotel	100 Capitol Mall	1	City
Governor's Inn	210 Richards Blvd.	1	City
Hawthorn Suites	321 Bercut Drive	1	City
Holiday Inn Capitol Plaza	300 J Street	1	City
Holiday Inn Express-Sacramento	726 16th Street	1	City
Hyatt Regency Sacramento	1209 L Street1	1	City
Inn and Spa at Parkside	2116 6th Street	1	City
Inn Off Capitol Park	1530 N Street	1	City
La Quinta Inn	200 Jibboom Street	1	City
Marshall Hotel	1122 7th Street	1	City
Motel 6 #13 Downtown	1415 30th Street	1	City
Motel 6 #1305 Old Sacramento	227 Jibboom Street	1	City
Quality Inn	818 15th Street	1	City
Ramada Ltd.-Discovery Park	350 Bercut Drive	1	City
Residence Inn By Marriott-Capitol Park	1500 L Street	1	City
Sheraton Grand Sacramento	1230 J Street	1	City
Sterling Hotel	1300 H Street	1	City
Super 8-State Capitol	216 Bannon Street	1	City
The Citizen Hotel	926 J Street	1	City
Vagabond Inn-Midtown	1319 30th Street	1	City
Vagabond Inn-Old Town	909 3rd Street	1	City
Vizcaya	2019 21st St.	1	City
Best Western Expo Inn	1413 Howe Ave.	2	County
Best Budget Inn	986 El Camino Avenue	2	City

Best Budget Inn & Suites	3721 Watt Ave.	2	County
Best Value Great Western Inn	4325 Watt Ave.	2	County
Courtyard Marriott-Cal Expo	1782 Tribute Rd.	2	City
DoubleTree Hotel	2001 Point West Way	2	City
Econo Lodge	2912 Auburn Blvd.	2	County
Economy Inn	939 El Camino Ave.	2	City
Extended Stay #939	2100 Harvard Street	2	City
Fairfield Inn-Cal Expo	1780 Tribute Rd.	2	City
The Greens Hotel	1700 Del Paso Blvd.	2	City
Hampton Inn & Suites	2230 Auburn Blvd.	2	County
Hilton Sacramento Arden West	2200 Harvard Street	2	City
Holiday Inn Express-Cal Expo	2224 Auburn Blvd	2	County
Larkspur Landing	555 Howe Ave.	2	County
Motel 6 #4430 Cal Expo	2030 Arden Way	2	County
Plaza Hotel	1900 Canterbury Road	2	City
Ramada Plaza-Cal Expo	2600 Auburn Blvd.	2	County
Red Lion Sacramento Arden Village	1401 Arden Way	2	City
Residence Inn-Cal Expo	1530 Howe Ave.	2	County
Sands Motel	2160 Auburn Blvd.	2	City
Surf Motel	3204 Auburn Blvd.	2	County
Townplace Suites	1784 Tribute Rd.	2	City
Tradewinds Motel	2844 Auburn Blvd.	2	County
Woodlake Hotel	500 Leisure Lane	2	City
Courtyard Marriott-Sacramento	2101 River Plaza Drive	3	City
Extended Stay #936	3825 Rosin Court	3	City
Fairfield Inn & Suites-Natomas	2730 El Centro Rd.	3	County
Four Points by Sheraton	4900 Duckhorn Dr.	3	City
Hampton Inn & Suites- Natomas	3021 Advantage Way	3	City
Hilton Garden Inn-So. Natomas	2540 Venture Oaks Way	3	City
Holiday Inn Express-Natomas	2891 Advantage Way	3	City
Homestead Village	2810-2830 Gateway Oaks Drive	3	City
Homewood Suites	3001 Advantage Lane	3	City
Quality Inn Natomas	3796 Northgate Blvd.	3	City
Residence Inn-Natomas	2410 West El Camino Ave.	3	City
Sacramento 49er Travel Plaza	2828 El Centro Rd.	3	County
Springhill Suites Natomas	2555 Venture Oaks Way	3	City
Staybridge Sacramento	140 Promenade Circle	3	City
Super 8-El Centro	2654 El Centro Rd.	3	County
Best Western John Jay Inn	15 Massie Court	4	City
Best Six Motel	5969 Stockton Blvd.	4	City
Best Western Med Park Inn & Suites	2356 Stockton Blvd.	4	City
B&W Resort Marina	964 Brannan island Rd.	4	County
Casa Linda Motel	9509 Folsom Blvd.	4	County

Comfort Inn & Suites	21 Howe Ave.	4	City
Courtyard Marriott-Midtown	4422 Y Street	4	City
Crowne Plaza	5231 Date Ave.	4	County
Days Inn Sacramento	3425 Orange Grove	4	County
Deville Motel	2756 Stockton Blvd.	4	City
Fairfield Inn & Suites-Calvine	8058 Orchard Loop / Elk Grove	4	County
Gold Rush Inn	18 Massie Court	4	City
Gold Star Inn	6610 Stockton Blvd.	4	City
Good Nite Inn	25 Howe Ave.	4	City
Grand Island Mansion	13415 Grand Island Rd.	4	County
Hawthorn Suites LTD	12180 Tributary Point Dr.	4	County (RC)
Johnson's Greenbrier Motel	4331 Stockton Blvd.	4	City
La Quinta Inn #631	4604 Madison Avenue	4	County
Laguna Del Sol	8683 Rawhide Ln.	4	County
Le Rivage Hotel	4350 Riverside Blvd.	4	City
Lion's Gate Hotel & Cottage Suites	3410 Westover St., Bldg. 150	4	County
Moon River Inn at Freeport *	8201 Freeport Blvd.	4	County
Motel 6 #1005 Central	7850 College Town Dr.	4	City
Motel 6 #1025	4600 Watt Ave.	4	County
Motel 6 #1027 South	7780 Stockton Blvd.	4	City
Motel 6 #1043	7407 Elsie Ave.	4	County
Motel 6 #1306	5110 Interstate Ave.	4	County
Royal 8 Inn	6448 Stockton Blvd.	4	City
Ryde Hotel	14340 Hwy 160	4	County
Sky Riders Motel	6100 Freeport Blvd.	4	City
Stardust Motel	8637 Folsom Blvd.	4	City
Super 8-55th	7216 55th St.	4	County
Super 8-Madison	4317 Madison Ave.	4	County
The Villas at Arden Hills	1210 Arden Hills Lane	4	County
Travelodge	9646 Micron Ave.	4	County
Value Place	7789 La Mancha Wy	4	City
Vieira's Resort	15476 State Highway 160	4	County
Vince's Motel	9515 Folsom Blvd.	4	County

Information is as of March 2012. Businesses may change over time.



RESOLUTION NO.

Adopted by the Sacramento City Council

REQUESTING CONSENT OF THE COUNTY OF SACRAMENTO TO CREATE THE SACRAMENTO TOURISM MARKETING DISTRICT

BACKGROUND:

- A. The City Council of the City of Sacramento desires to begin proceedings to form the Sacramento Tourism Marketing District (STMD).
- B. Sacramento hotel and lodging establishment business owners have requested that the City Council (Council) of the City of Sacramento create the STMD.
- C. A portion of the territory proposed to be included in the STMD lies within the boundaries of the County of Sacramento (County), as shown on the map attached hereto as Exhibit A and incorporated herein by such attachment.
- D. The area of the County which lies within the boundaries of the proposed STMD will, in the opinion of the Council, be benefited by the improvements and activities, and the purpose sought to be accomplished by the work can best be accomplished by a single comprehensive scheme of work.

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

Section 1: The above recitals are true and correct.

Section 2: Consent of the County, through its Board of Supervisors, is hereby requested to create the STMD, and to grant to Council jurisdiction for all the purposes in connection with creation and operation of the proposed STMD.

Section 3: The City Clerk is hereby directed to transmit a certified copy of this Resolution to the County Clerk of the County of Sacramento.

Exhibit A

Sacramento Tourism Marketing District Boundary Map

