



City Council Report

915 I Street, 1st Floor
Sacramento, CA 95814

www.cityofsacramento.org

File #: 2016-01087

Consent Item 07

Title: Sacramento Tourism Marketing District No. 2016-06 – Renewal (Noticed 09/14/2016)

Recommendation: Conduct a public meeting regarding the proposed renewal of the Sacramento Tourism Marketing District No. 2016-06.

Location: Citywide

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

Presenter: Sheri Smith

Department: Finance

Attachments:

1-Description/Analysis

2-Schedule of Performances

Description/Analysis

Issue Detail: On May 22, 2012, City Council approved formation of the Sacramento Tourism Marketing District (STMD) for a five-year term in order to provide marketing and sales promotions with the intent to increase tourism and to market Sacramento lodging businesses as tourist, meeting, and event destinations. The Sacramento lodging businesses have petitioned the City to renew the district for a ten-year term. If approved, the renewed district will deliver marketing and promotional services to each specific zone within the STMD. The assessment and services are further detailed in the Management District Plan (MDP) on file with the Public Improvement Finance Division of the Finance Department, designated by the City Clerk to be the repository for documents related to business improvement districts.

On September 13, 2016, Council approved the Resolution of Intention No. 2016-0312 to renew the STMD and set October 18, 2016 and November 1, 2016 as the dates for the public meeting and public hearing respectively for the proposed renewal of the STMD. A Joint Notice of Public Meeting and Public Hearing was mailed to all affected businesses on September 14, 2016.

The public meeting is a venue for public testimony and for affected business owners in the STMD to discuss the renewal proceedings. No formal action will be taken by Council subsequent to the conclusion of the public meeting.

Policy Considerations: The public meeting is required by the California Streets and Highways Code Part 7 (beginning with Section 36600) of Division 18.

Economic Impacts: None

Environmental Considerations: The renewal of a business improvement district does not constitute a project under the California Environmental Quality Act and is therefore exempt from review pursuant to Guidelines Section 15378(b)(4).

Rationale for Recommendation: Renewal of the STMD will create additional funds to be utilized for marketing and sales promotions specifically targeted to benefit each zone within the STMD.

Financial Considerations: The STMD is self-supporting and has no impact to the General Fund. Financing is provided by the levy of assessments upon businesses that benefit from the services.

The total STMD assessment budget in the first year of renewed operation is estimated to be

\$5.7 million. 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 will fluctuate with market conditions and room night sales and 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. The district will not issue bonds.

Local Business Enterprise (LBE): Not applicable.

BACKGROUND

The STMD is a benefit assessment district formed in 2012, at the request of the lodging business owners, to provide the following services targeted to increase room night sales for each specific zone within the STMD.

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

Assessment

Annual assessment rates on lodging businesses for short term room rental (stays fewer than 31 days) are:

- Zone 1 – three percent of gross room rental revenue
- Zone 2 – two and one-half percent of gross room rental revenue
- Zone 3 – two percent of gross room rental revenue
- Zone 4 – one percent of gross room rental revenue

Additional detail is provided in the MDP.

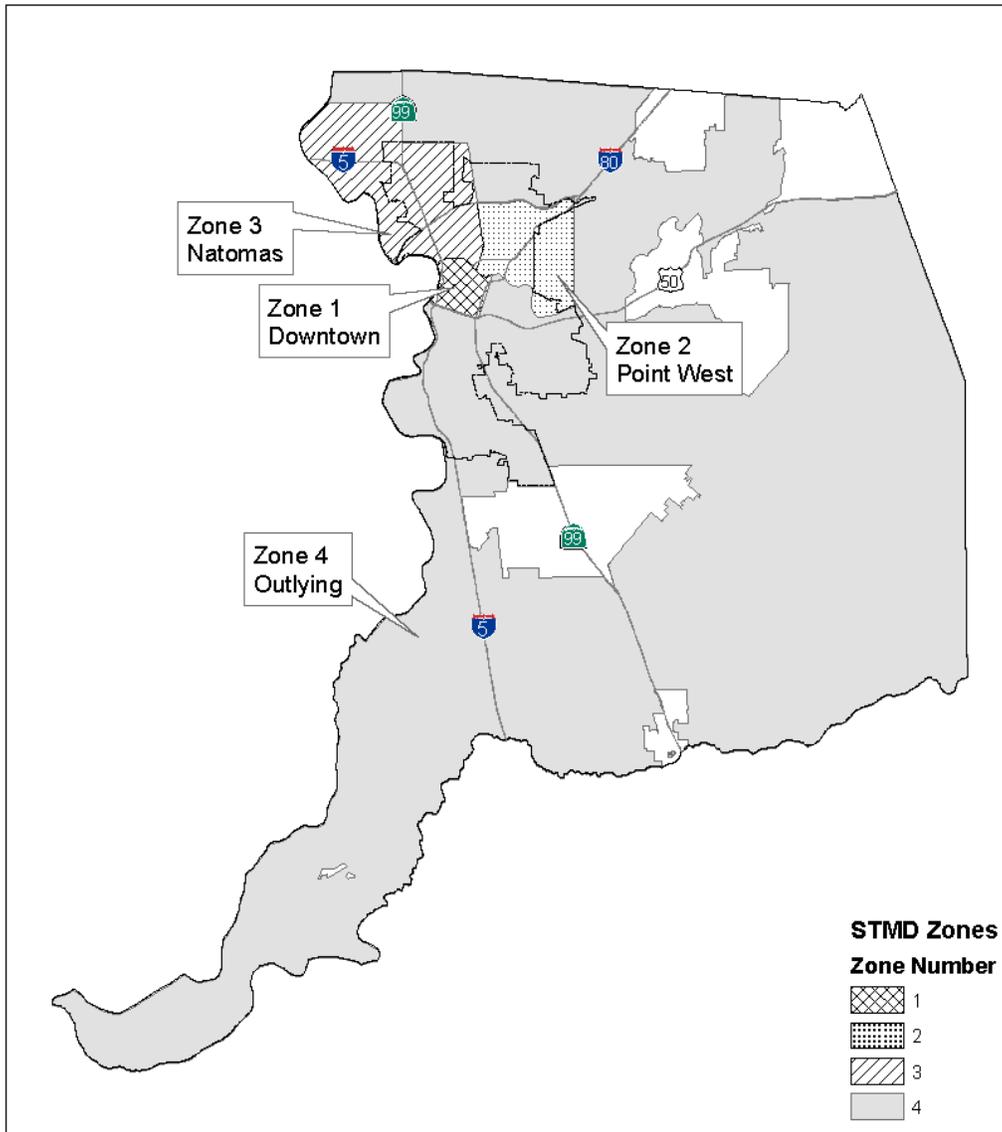
Governance

Visit Sacramento, formerly known as the Sacramento Convention and Visitor's Bureau manages the STMD and has created a seven-member Tourism District Committee (Committee) to approve and manage district funds and activities. The Committee members concurrently serve as Visit Sacramento board members.

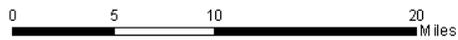
Boundaries

The STMD is comprised of approximately 108 businesses in the City and County of Sacramento (County) and includes all lodging businesses located within the boundaries of the City of Sacramento and unincorporated areas of the County. The boundaries and zones are shown on the map below.

Sacramento Tourism Marketing District Boundary Map



City of SACRAMENTO
Finance Department
BMueller 08/05/16



**SCHEDULE OF PROCEEDINGS
SACRAMENTO TOURISM MANAGEMENT DISTRICT NO. 2016-06**

August 1, 2016	Petition Drive Kick-off
September 7, 2016	Receive Signed Petitions
September 13, 2016	City Council <ul style="list-style-type: none">• Resolution of Intention to Renew• Resolution Requesting County Consent
September 14, 2016	Mail Notices of Public Meeting and Public Hearing
October 18, 2016	City Council - Public Meeting on renewing the STMD
October 18, 2016	County Board of Supervisors – Resolution approving Formation
November 1, 2016	City Council - Public Hearing to Renew STMD
July 1, 2017	Renewed STMD begins collecting assessment