



## City Council Report

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Sacramento, CA 95814

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**File #:** 2016-01088

**Public Hearing Item 14**

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

**Recommendation:** Conduct a public hearing and upon conclusion, pass a Motion directing the City Clerk to 1) tabulate the number of protests submitted and not withdrawn before the close of the hearing and; 2) return with a consent item on November 10, 2016 tabulating the results.

**Location:** Citywide

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

**Presenter:** Sheri Smith, Program Specialist, (916) 808-7204, Department of Finance

**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.

On October 18, 2016, Council held the required public meeting as a venue for public testimony and for affected business owners in the STMD to discuss the renewal proceedings. No formal action was taken by Council subsequent to the conclusion of the public meeting.

At the conclusion of the hearing, the City Clerk will tabulate any written protests submitted and not withdrawn to determine whether there is a majority protest against the assessment (i.e., whether a majority of the property owners who submit ballots are opposed to the STMD and assessment). Staff will report the results of the tabulation at the City Council meeting on November 10, 2016. If there is no majority protest from ballots submitted and not withdrawn, staff will recommend that the City Council adopt a resolution declaring the results of the majority protest proceedings and renewing the STMD.

**Policy Considerations:** The public hearing and majority protest process are required by the California Streets and Highways Code Part 7 (beginning with Section 36600) of Division 18 associated with the renewal of a business improvement district.

**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.

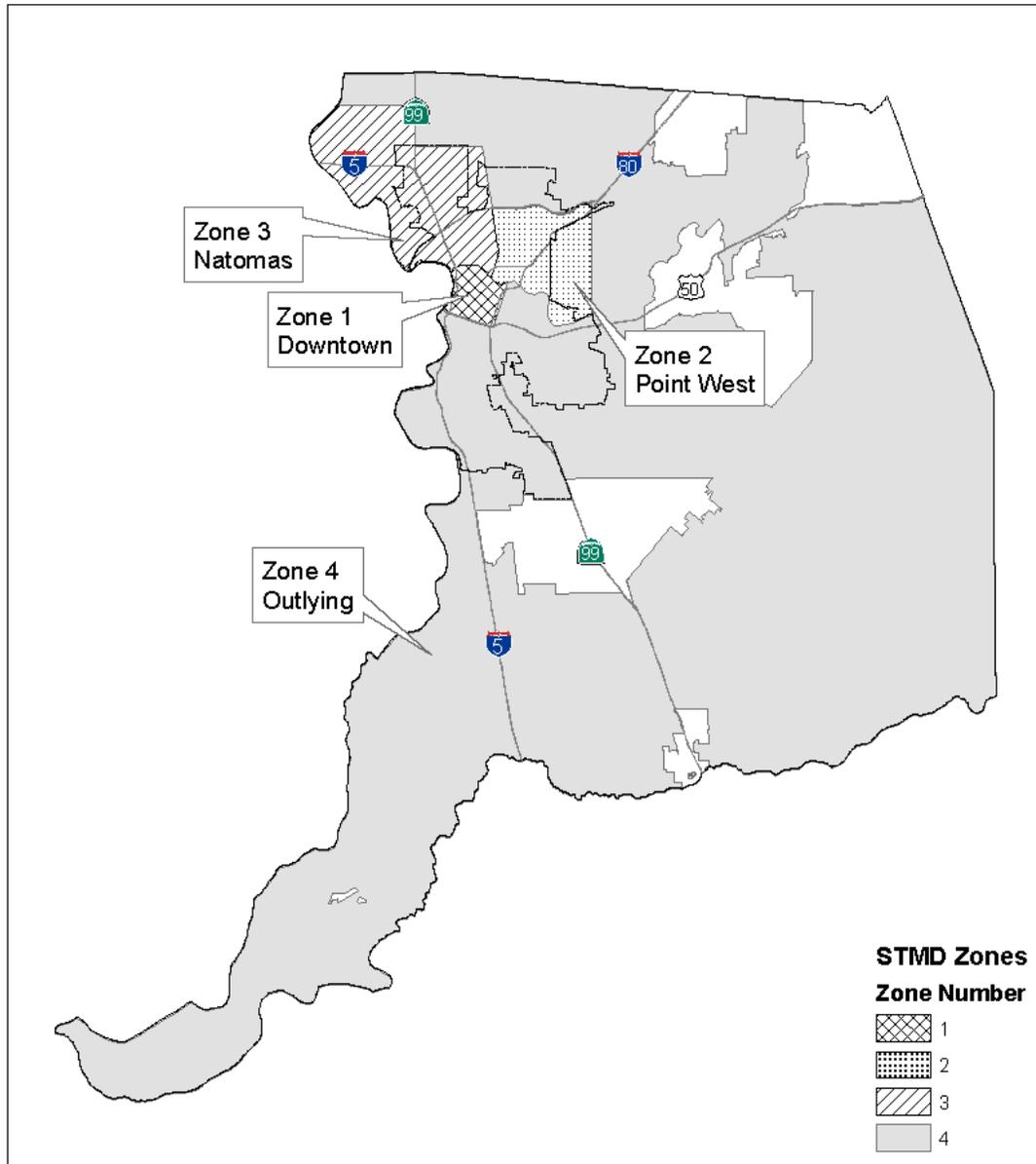
## Governance

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 detailed on the map below.

### Sacramento Tourism Marketing District Boundary Map



City of SACRAMENTO  
Finance Department  
BMueller 08/05/16

0 5 10 20 Miles



**SCHEDULE OF PROCEEDINGS  
SACRAMENTO TOURISM MARKETING 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"><li>• Resolution of Intention to Reform</li><li>• Resolution Requesting County Consent</li></ul>
September 14, 2016	Mail Notices of Public Meeting and Public Hearing
October 18, 2016	City Council - Public Meeting on reforming the STMD
October 18, 2016	County Board of Supervisors – Resolution approving Formation
<b>November 1, 2016</b>	<b>City Council - Public Hearing to Reform STMD</b>
November 10, 2016	City Council – Protest Hearing Results for Renewal
July 1, 2017	Renewed STMD begins collecting assessment