

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Administrative Office	(2) MEETING DATE 5/19/2015	(3) CONTACT/PHONE Nikki J. Schmidt 805/781-5496	
(4) SUBJECT Hearing to consider public testimony regarding the renewal of the San Luis Obispo County Tourism Business Improvement District (CBID) and continued levy of assessments for FY 2015-16. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board: <ol style="list-style-type: none"> <li>1. Receive public testimony regarding the renewal of the San Luis Obispo County Tourism Business Improvement District (CBID);</li> <li>2. If a majority protest does not exist, continue the levy of assessments;</li> <li>3. Receive and file the 2015 Annual Report of the San Luis Obispo County Tourism Business Improvement District.</li> </ol>			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? No
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input checked="" type="checkbox"/> Hearing (Time Est. <u>30 minutes</u> ) <input type="checkbox"/> Board Business (Time Est. <u>    </u> )			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A    Date: <u>April 21, 2015, item #1, May 13, 2014, item #12</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Guy Savage			
(18) SUPERVISOR DISTRICT(S) All Districts			

# County of San Luis Obispo



TO: Board of Supervisors

FROM: Nikki J. Schmidt, Administrative Office

DATE: 5/19/2015

SUBJECT: Hearing to consider public testimony regarding the renewal of the San Luis Obispo County Tourism Business Improvement District (CBID) and continued levy of assessments for FY 2015-16. All Districts.

## **RECOMMENDATION**

It is recommended that the Board:

1. Receive public testimony regarding the renewal of the San Luis Obispo County Tourism Business Improvement District (CBID);
2. If a majority protest does not exist, continue the levy of assessments;
3. Receive and file the 2015 Annual Report of the San Luis Obispo County Tourism Business Improvement District.

## **DISCUSSION**

The ordinance establishing the San Luis Obispo County Tourism Business Improvement District (CBID) was originally approved by the Board in May 2009 and subsequently renewed each May since then. The ordinance (Section 3.09.050) provides for an assessment on all lodging businesses (hotels, motels, bed and breakfasts, vacation rentals), existing and future, within the boundaries of the CBID based upon 2% of the paid rent charged by the operator per occupied room per night for all transient occupancies. Fifty percent (50%) of the assessment is to be used for marketing and promoting the entire CBID area; the other 50% is to be used to promote tourism in the Local Area from where the funds are collected (Section 3.09.080).

This item continues the process to renew the CBID for FY 2015-16 by asking the Board to take public testimony regarding the renewal as well as the continued levy of assessments. The Resolution of Intention, approved by your Board on April 22, 2015, set today as the public meeting to consider all protests. This resolution, along with the notice of proposed assessment was sent to all owners of lodging businesses within the San Luis Obispo County Tourism Business Improvement District area is included as Exhibit B. Additionally, the Board directed the County Clerk-Recorder (Clerk) to publish the notice of public meeting no less than ten (10) days prior to the date of the public meeting.

No ballot was sent to the owners of the lodging businesses within the CBID by the Clerk's Office. The renewal of the CBID is subject to veto by written protest from a "proportional majority" of affected parties within the boundaries of the district. Such a majority would be formed by the number of affected business owners who would pay 50% or more of the proposed assessment. However, the notice of proposed assessment included reference to a protest form which was available on the Clerk's website for use by the lodging owners. This protest opportunity is available once each year for the life of the assessment in addition to the initial process. Specifically, the Streets and Highways Code reads:

36525. (a) If written protests are received from the owners of businesses in the proposed area which will pay 50 percent or more of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than that 50 percent, no further proceedings to create the specified parking and business improvement area or to levy the proposed assessment, as contained in the resolution of intention, shall be taken for a period of one year from the date of the finding of a majority protest by the city council.

To count in the determination of a majority protest against renewing the CBID, a protest must be in writing. Written protests will be accepted until the end of this hearing. As noted above, if there is written protest from owners of lodging businesses within the proposed district that pay 50% or more of the proposed assessment, the assessment shall not be imposed for a period of one year.

If there is not such a majority protest, the levy of assessment will continue on lodging properties within the CBID area for FY 2015-16. The Parking and Business Improvement Area Law of 1989, Streets and Highways Code Section 36500 et seq., sets out the sequence of events, which is included as Exhibit A, required for the renewal of a BID.

Additionally, Streets and Highways Code Section 36533(a) requires that an annual report be prepared and submitted which described the activities and expenditures undertaken on behalf of the business improvement district the previous fiscal year. The FY 2014-15 annual report is included as Exhibit C.

#### **OTHER AGENCY INVOLVEMENT/IMPACT**

Administrative Office staff provides support and acts as the liaison between the County and the CBID Advisory Board. The Auditor-Controller-Treasurer-Tax Collector's Office collects the assessment. County Counsel and the Clerk-Recorder's Office also provide support to the CBID. The CBID Advisory Board prepared the annual report.

#### **FINANCIAL CONSIDERATIONS**

The BID assessment is a legal government levy that can be audited and enforced in the same fashion as taxes such as the Transient Occupancy Tax. Since July 1, 2009, the Tax Collector has been collecting a 2% assessment of the rent charged per occupied room per night from lodging businesses (hotels, motels, bed and breakfasts, and vacation rentals) within the CBID. Specific information pertaining to assessments collected and expenditures for FY 2015-16 and the draft budget for FY 2015-16 can be found attached in the Annual Report.

#### **RESULTS**

County staff neither advocates nor opposes the renewal of the CBID ordinance. The lodging industry will determine the value of the assessment by their continual support of the CBID. As a facilitator of a requested program, the County has not established performance criteria beyond the legal contractual obligations to expend the funds for identified purposes. The onus is on the designated contractors that are selected by the CBID Advisory to meet the expectations of the lodging business owners paying the assessment. It is assumed that the CBID Advisory Board will develop measures that will track additional numbers of visitors and their financial impact on the industry generated by the marketing programs of a BID.

#### **ATTACHMENTS**

1. Exhibit A - FY 2015-16 Sequence of Events
2. Exhibit B - Executed Notice of Proposed Assessment and Resolution of Intention (2015-99)
3. Exhibit C - FY 2014-15 Annual Report
4. CBID Boundary Map