



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: County Executive
Office
Department No.: 012
For Agenda Of: October 13, 2020
Placement: Administrative
Estimated Time: NA
Continued Item: No
If Yes, date from: NA
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Director(s) Contact Info: Mona Miyasato, County Executive Officer
Nancy Anderson, Assistant County Executive Officer

SUBJECT: Adoption of a Resolution Granting Consent to the City of Santa Maria to Renew the Santa Maria Valley Tourism Marketing District (SMVTMD) to include portions of the unincorporated areas of Santa Barbara County in the SMVTMD

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: NA

Recommended Actions:

That the Board of Supervisors:

- A. Adopt the Resolution Granting Consent to the City of Santa Maria to Renew the SMVTMD to include portions of unincorporated Santa Barbara County in the SMVTMD; and
- B. Determine that this action does not constitute a project under the California Environmental Quality Act (CEQA) based on CEQA Guideline 15378(b)(4) since the action is a government funding mechanism which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

Summary Text:

The recommended action requests adoption of the resolution consenting to the inclusion of portions of the unincorporated areas of Santa Barbara County in the renewed Santa Maria Valley Tourism Marketing District (SMVTMD). This will enable the City of Santa Maria and Santa Maria Valley Chamber of Commerce and Visitor Bureau (Bureau) to move forward with the SMVTMD renewal process.

Background:

The SMVTMD is a benefit assessment district proposed to continue a revenue source that was initiated by the formation of the Santa Maria Tourism Improvement District (SMTID) in 2016. Lodging businesses in the Santa Maria Valley now wish to renew the district with a new name, the Santa Maria Valley Tourism Marketing District (SMVTMD), and an expansion of the boundaries to include the City of Guadalupe and portions of the unincorporated area of Santa Barbara County.

The SMVTMD is designed to continue a revenue source for sales and destination marketing programs for Santa Maria Valley lodging businesses. This approach has been used successfully in other destination areas throughout the state to improve tourism and drive additional room nights to assessed lodging businesses. The renewed SMVTMD shall include all lodging businesses located within the boundaries of the cities of Santa Maria and Guadalupe, and portions of the unincorporated areas of Santa Barbara County.

Only lodging businesses within the SMVTMD boundary will be subject to the SMVTMD assessment. The Santa Barbara Board of Supervisors must give consent to the Santa Maria City Council for portions of the unincorporated areas of Santa Barbara County to be included in the SMVTMD.

TOURISM MARKETING DISTRICTS

Tourism Marketing Districts (TMDs) utilize the efficiencies of private sector operation in the market-based promotion of tourism. These special assessment districts allow lodging business owners to organize their efforts to increase tourism. Lodging business owners within the TMD fund the TMD, and those funds are used to provide services that are desired by and benefit the lodging businesses within the TMD. TMD benefits:

- Funds cannot be diverted for other government programs
- They are customized to fit the needs of each destination
- They allow for a wide range of services; including: destination marketing, tourism promotion, and sales lead generation
- They are designed, created and governed by those who will pay the assessment
- They provide a stable funding source for tourism promotion

In California, TMDs are primarily formed pursuant to the Property and Business Improvement District Law of 1994 (94 Law). This law allows for the creation of special benefit assessment districts to raise funds within a specific geographic area. The key difference between TMDs and other special benefit assessment districts is that funds raised are returned to the private non-profit corporation governing the TMD.

SMVTMD PARAMETERS

The SMVTMD will include all lodging businesses located within the boundaries of the cities of Santa Maria and Guadalupe, and portions of the unincorporated areas of Santa Barbara County. Currently, there is only one unincorporated hotel business that would be part of the expanded district area. The SMVTMD would be required to submit an annual report to the Board of Supervisors on its activities, which is consistent with other tourism business districts that operate in the unincorporated areas of the county.

The annual assessment rate is two percent (2%) of gross short-term room rental revenue. Based on the benefit received, assessments will not be collected on revenue derived from: stays of more than thirty (30) consecutive days; stays by any officer or employee of a foreign government who is exempt by reason of express provision of Federal Law or international treaty; stays by any person who is allowed the right of occupancy by the operator of a lodging business without rent (such as the onsite manager); and stays in any vacation rental unit.

The renewed SMVTMD will have a seven (7) year term, beginning February 1, 2021 through January 31 2028. The assessment will be implemented beginning February 1, 2021. Once per year beginning on the anniversary of SMVTMD renewal there is a thirty (30) day period in which business owners paying fifty percent (50%) or more of the assessment may protest and begin proceedings to terminate the SMVTMD. Santa Maria Valley Chamber of Commerce and Visitor Bureau will have the responsibility of managing SMVTMD programs as provided in the Management District Plan.

A map that defines the renewed boundary of the SMVTMD is attached to the Resolution.

Fiscal and Facilities Impacts:

None immediately. The County of Santa Barbara will receive a fee of two percent (2%) of the amount collected to cover its costs of administration if the County collects the assessments. Because the SMVTMD programs are intended to increase visitation to the portions of the unincorporated areas of Santa Barbara County, there may be an increase in transient occupancy tax and sales tax collections.

Special Instructions:

Return copy of signed resolution to Nancy Anderson, Assistant County Executive Officer.

Attachments:

- A- RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, GRANTING CONSENT TO THE CITY OF SANTA MARIA TO RENEW THE SANTA MARIA VALLEY TOURISM MARKETING DISTRICT (SMVTMD) TO INCLUDE PORTIONS OF THE UNINCORPORATED AREAS OF SANTA BARBARA COUNTY
- B- DRAFT MANAGEMENT DISTRICT PLAN
- C- CITY OF SANTA MARIA RESOLUTION NO. 2020-94

Authored by: Nancy Anderson, Assistant County Executive Officer