



**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: April 19, 2022
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from: N/A
Vote Required: Majority

TO: Board of Supervisors

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

DocuSigned by:

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SUBJECT: Resolution Granting Consent to Renew the Santa Barbara South Coast Tourism Business Improvement District

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

It is recommended that the Board of Supervisors:

- a) Adopt a Resolution Granting Consent to the City of Santa Barbara to Renew the Santa Barbara South Coast Tourism Business Improvement District (SBSCTBID) and Include Portions of Unincorporated Southern Santa Barbara County in the SBSCTBID and;
- b) Determine that the above actions are not a project under the California Environmental Quality Act (CEQA), because pursuant to sections 15378(b)(4) and 15378(b)(5) the recommended actions consist of organization, administrative, or fiscal activities of government that will not result in direct or indirect physical changes in the environment.

Summary:

The Santa Barbara South Coast Tourism Business Improvement District (SBSCTBID) is a benefit assessment district that imposes an assessment on lodging businesses in the City of Santa Barbara, City of Goleta and the unincorporated southern County to help fund destination marketing and other activities. Visit Santa Barbara and the City of Santa Barbara, which manage the district, is proposing to renew the current district for ten years, beginning July 1, 2022 through June 30, 2032, and change the assessment methodology to a fixed rate. The County of Santa Barbara Board of Supervisors must give its consent for continued inclusion of unincorporated lodging businesses in the renewed district. The recommended action asks your Board for adoption of a resolution which grants consent for renewal of the SBSCTBID with the changes discussed below.

Discussion:

The Current SBSCTBID was approved in December of 2019 to have a four year and eleven months (4 years, 11 months) term, beginning February 1, 2020, through December 31, 2024. Under the current TBID, each lodging business is assessed between \$1.10 to \$7.70 per night based on their property's average daily rate. Currently, a hypothetical hotel with rates of \$2,000 per night would be assessed \$7.70 (effectively a 0.4% rate). Meanwhile, a smaller hotel whose rates are \$300 per night would be assessed \$6.60 per night (effectively 2.2%).

The Tourism Business Improvement District (TBID) assessment will be converted to a new 2% fixed rate for all operators, replacing the current tiered system (\$1.10 to \$7.70 per night) to be more equitable to all lodging categories and more efficiently align TBID revenue with changes in lodging gross rooms revenue. If renewed, the SBSCTBID would generate approximately \$8,200,000 on an annual basis for promotion of travel and tourism specific to the Santa Barbara South Coast.

Pending successful renewal of the SBSCTBID, the term of the current SBSCTBID will be modified to end on June 30, 2022. The Renewed SBSCTBID will have a ten (10) year term, beginning July 1, 2022 through June 30, 2032. The 2% assessment will be implemented beginning July 1, 2022. Once per year beginning on the anniversary of SBSCTBID 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 SBSCTBID.

Visit Santa Barbara will have the responsibility of managing SBSCTBID programs as provided in the Management District Plan. The City of Goleta and County of Santa Barbara shall be paid a fee equal to one percent (1%) of the amount of assessment collected in their respective jurisdictions to cover their costs of collection and administration, if they collect the District assessments. A map that defines the renewed boundary of the SBSCTBID is attached as Exhibit A.

Background:

The SBSCTBID is a benefit assessment district proposed to continue a revenue source to help fund destination marketing, sales and destination improvement programs and related administration and policy development programs for Santa Barbara South Coast lodging businesses.

Renewal of the SBSCTBID will result in the continuation of a revenue source dedicated to marketing Santa Barbara South Coast as a tourist, meeting and event destination. If renewed, the SBSCTBID would generate approximately \$8,200,000 on an annual basis for promotion of travel and tourism specific to the Santa Barbara South Coast.

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

The SBSCTBID will include all lodging businesses, existing and in the future, available for public occupancy within the boundaries of the cities of Santa Barbara and Goleta, and portions of unincorporated southern Santa Barbara County.

As an alternative, the Board could choose not to adopt the Resolution Granting Consent to the City of Santa Barbara to Renew the Santa Barbara South Coast Tourism Business Improvement District

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(SBSCTBID) and not include portions of unincorporated southern Santa Barbara County in the SBSCTBID.

Fiscal and Facilities Impacts:

None immediately. The County of Santa Barbara will continue to receive a fee of one percent (1%) of the amount collected to cover costs of administration to collect the assessments. Currently, the Treasurer-Tax Collector collects the assessment. Because the SBSCTBID programs are intended to increase visitation to the County of Santa Barbara, there may be an increase in transient occupancy tax and sales tax collections.

Special Instructions:

Please return one electronic copy and one hard copy of the signed resolution to Jasmine McGinty at jmcginty@countyofsb.org, ext. 3108.

Attachments:

Attachment A – Resolution
Attachment B – Management District Plan
Attachment C – City of Santa Barbara Signed Resolutions

Authored by:

Jasmine McGinty, Principal Analyst, County Executive Office

Exhibit A: SBSCTBID Boundaries

