



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: CEO  
Department No.: 012  
For Agenda Of: March 3, 2015  
Placement: Departmental  
Estimated Time: 30 minutes  
Continued Item: No  
If Yes, date from:  
Vote Required: Majority

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**TO:** Board of Supervisors  
**FROM:** Department Director(s) Mona Miyasato, County Executive Officer *nm*  
Contact Info: Terri Nisich, Assistant County Executive Officer (568-3400) *mnik*  
**SUBJECT:** **Renewal Consent Resolution for the Santa Ynez Valley Tourism Business Improvement District (SYVTBID)**

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**County Counsel Concurrence**

As to form: Yes

Other Concurrence: N/A

As to form: Select Concurrence

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- A. Adopt a resolution granting consent from the County of Santa Barbara to the City of Solvang to renew the Santa Ynez Valley Tourism Business Improvement District (SYVTBID); and
- B. Determine that the above action does not involve any commitment to any specific project which may result in a potentially significant impact on the environment, and therefore it is not a project under the California Environmental Quality Act (CEQA) pursuant to section 15378(b)(4) of the CEQA Guidelines.

**Summary Text:**

This item was initially on the Board of Supervisors Agenda on February 10, 2015. The proposal by the Santa Ynez Valley Hotel Association, at that time, was to consider a renewal of the SYVTBID for a term of 10 years. The then proposed SYVTBID also contained an expansion of the existing boundaries in order to include vacation rentals within the overall program. Based on comments provided by the Board of Supervisors, this item is now on the agenda to consider granting consent for renewal of the SYVTBID for a period of six years with no change to the existing boundaries and without vacation rentals. The SYVTBID is an assessment district that currently generates funding for tourism and marketing through assessments levied on hotels, inns, motels, studio hotels, lodging houses, rooming houses, etc., within the Santa Ynez Valley (reference maps Attachment A). The City of Solvang acts as the lead jurisdiction in the renewal of the SYVTBID. On May 25, 2010, the County Board of



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Supervisors adopted a Resolution of Consent supporting the City of Solvang's establishment of the SYVTBID that includes part of the unincorporated area of the County. The SYVTBID was initially formed in 2010 for a five-year term ending on June 30, 2015. Given the SYVTBID is reaching the end of its initial term; the Santa Ynez Valley Hotel Association dba Visit the Santa Ynez Valley is requesting to renew the SYVTBID for a period of six years. By adopting the resolution provided in this report, the Board will grant permission to the City of Solvang as the lead jurisdiction to formally renew the SYVTBID. The City of Solvang's Resolutions Nos. 15-956 and 15-957 are attached. The Solvang City Council is scheduled to consider the SYVTBID with changes referenced in this report on March 23, 2015. In the County's Resolution of Consent, the County's consent is expressly conditioned on a six year renewal term, no assessment of vacation rentals, and the provision of appropriate reports and presentations to the County. The City of Buellton adopted the six year term and assessment without vacation rentals on February 12, 2015.

**Background:**

The SYVTBID, as an assessment district, can be renewed pursuant to the Property and Business Improvement District Law of 1994 (1994 Law). The purpose of the SYVTBID is to increase tourism and related services in the Santa Ynez Valley by marketing the location to potential visitors. If renewed, the SYVTBID will continue to place a fixed assessment, per paid occupied room night on hotels, inns, motels, studio hotels, lodging houses, rooming houses, dormitories or similar structures. Vacation rentals are not included in the proposed SYVTBID renewal.

The 1994 law allows for the renewal of multi-jurisdictional improvement districts with the consent to the renewal being granted to one "lead" jurisdiction. The City of Solvang has requested consent to continue as the lead jurisdiction in the renewal of the SYVTBID. Adopting the resolution (Attachment C) will provide the City of Solvang the authority to continue to include a portion of the County of Santa Barbara in the assessment as noted on the maps in Attachment A.

As noted, the SYVTBID includes all lodging businesses located within the cities of Buellton and Solvang, and nearby portions of the unincorporated area of Santa Barbara County as shown on the maps in Attachment A. Vacation rentals are not included. It is designed to provide specific benefits directly to those entities participating via increasing room night sales. Marketing and sales promotions and special projects increase overnight tourism and market entities as tourist, meeting and event destinations, thereby increasing room night sales. The current SYVTBID assessment is \$2.00. The proposed annual assessment rate is \$2.50 per paid occupied room per night. The annual assessment rate may increase to \$3.00 per paid occupied room per night in year three (2017). This increase is automatic unless Visit Santa Ynez Valley votes to not implement.

A total of 34 properties and 1478 rooms are included within the boundaries of the district. The unincorporated County of Santa Barbara has 10 properties and 148 rooms (10%), City of Solvang has 15 properties and 760 rooms (51.4%) and the City of Buellton has 9 properties and 570 rooms (38.6 %). The total SYVTBID annual budget for the initial renewal year of its six-year operation is anticipated to be approximately \$830,000. This budget is expected to fluctuate as room sales and the assessment rates do. If the assessment increases are adopted according to the Management Plan (Attachment B) the annual budget below is anticipated for the terms of the renewal. The budget includes a 3% increase due to SYVTBID efforts.



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Year	Assessment Rate	Total Budget
2015-16	\$2.50	\$830,000
2016-17	\$2.50	\$854,900
2017-18	\$3.00	\$1,056,656
2018-19	\$3.00	\$1,088,356
2019-20	\$3.00	\$1,121,007
2020-21	\$3.00	\$1,154,637
<b>TOTAL</b>		<b>\$6,105,556</b>

Based on the benefit received, assessments will not be collected on stays of more than thirty (30) consecutive days, nor on stays by government employees on government business, provided the government employee provides valid photo identification proving employment. Historically, after a 2% administrative fee was deducted, funding was distributed to Visit the Santa Ynez Valley as follows:

Fiscal Year	2010/11	2011/12	2012/13	2013/14	2014/15 thru November
Solvang	\$310,885	\$346,555	\$353,201	\$353,124	\$105,997
Buellton	\$198,026	\$212,936	\$204,646	\$216,090	\$66,595
SB County	\$43,286	\$42,855	\$49,388	\$49,313	\$14,682
<b>Total</b>	<b>\$552,197</b>	<b>\$602,346</b>	<b>\$607,235</b>	<b>\$618,527</b>	<b>\$187,274</b>

Each City and the County will continue to be responsible for collecting the assessment on a monthly basis (including any delinquencies, penalties, and interest) from each lodging business located in its jurisdiction. Each City and the County shall take all reasonable efforts to collect the assessments from each lodging business. If renewed, the SYVTBID will have a six year life, beginning July 1, 2015 through June 30, 2021. Once per year beginning on the anniversary of district renewal there is a 30-day period in which owners paying more than fifty percent (50%) of the assessment may protest and initiate a Solvang City Council hearing on district termination. Visit the Santa Ynez Valley as the SYVTBID's Owners' Association is charged with managing funds and implementing programs in accordance with the Management Plan provided in Attachment B. Per the prior direction of the Board of Supervisors, Visit the Santa Ynez Valley will provide quarterly reports to the County and will provide annual presentations to the Board of Supervisors regarding the status of the SYVTBID.

Key accomplishments of the SYVTBID from 2010-2015 are noted on pages 3 & 4 of the Management Plan. These include, but are not limited to, the development and launch of a new website, targeted promotions, targeted social media campaigns, and multiple marketing partnerships & campaigns.

**Performance Measure:**

Key performance measures provided by Visit the Santa Ynez Valley included measures of growth in room sales as well as growth in TOT revenue. For the SYVTBID unincorporated area, room sales have increased from \$5.2 million in FY2009/10 to \$9.0 million in FY2014/15. The TOT collected increased from \$522,000 in FY2009/10 to \$905,000 in FY2013/14. In addition, the unincorporated area percent of total SYVTBID revenue has increased from 13% of the total in FY2009/10 to approximate 18% in FY2013/14.

**Fiscal and Facilities Impacts:**

Budgeted: N/A

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**Fiscal Analysis:**

Adopting this resolution will have no immediate fiscal impact. The SYVTBID, if renewed, will work to bring visitors to Santa Barbara County potentially increasing transient occupancy tax and sales tax revenues. The County currently collects the SYVTBID assessments from lodging and businesses and receives a fee equal to 2% of the assessment to offset the collection costs. This will continue if the SYVTBID is renewed.

**Key Contract Risks:** N/A

**Staffing Impacts:**

**Legal Positions:**

**FTEs:**

**Special Instructions:**

The Clerk of the Board will forward a copy of the adopted resolution to the City of Solvang-City Clerk Office.

**Attachments:**

- A. Maps of the SYVTBID Area
- B. SYVTBID Management Plan 2015-2021
- C. Resolution of the Board of Supervisors
- D. Budget SYVTBID
- E. City of Solvang Resolutions Nos. 15-956 and 15-957

**Authored by:**

Terri Nisich, Assistant CEO

**cc:**

Harry Hagen, Treasurer Tax-Collector  
Anne Rierson, Senior Deputy County Counsel