

City of Sacramento

Legislation Details (With Text)

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Title: Sacramento Tourism Infrastructure District No. 2018-04: Protest Hearing Results, Establishment of District, and Authorization of Issuance or Incurrence of Long-term Obligations Payable from Assessments Levied within the District

Sponsors:

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Title:

Sacramento Tourism Infrastructure District No. 2018-04: Protest Hearing Results, Establishment of District, and Authorization of Issuance or Incurrence of Long-term Obligations Payable from Assessments Levied within the District

File ID: 2018-00294

Location: Citywide and a portion of the unincorporated areas of the County of Sacramento

Recommendation:

1) Receive a report on the tabulation of written protests submitted and not withdrawn before the public hearing for the Sacramento Tourism Infrastructure District No. 2018-04 ("District") closed on October 23, 2018; 2) based on the results of the tabulation, pass a Resolution declaring the results of the majority protest proceeding for the District, establishing the District, confirming and levying an assessment, and ordering programs, services and improvements to be performed in the District; and 3) pass a Resolution authorizing the issuance or incurrence of long-term obligations payable from assessments levied within the District in amount not exceeding \$80,000,000 and authorizing filing of judicial validation action.

Contact: Sini Makasini, Administrative Analyst, (916) 808-7967; Sheri Smith, Special Districts Manager, (916) 808-7204, Department of Finance

Presenter: None.

Attachments:

- 1-Description Analysis
- 2-Background
- 3-Schedule of Proceedings
- 4-Resolution declaring hearing results, establishing the district, and confirming and levying assessment
- 5-Exhibit A, Map
- 6-Exhibit B, Budget Table
- 7-Exhibit C, MDP
- 8-Resolution authorizing issuance or incurrence of obligations

Description/Analysis

Issue Detail: Owners of lodging businesses within the boundaries of the Sacramento Tourism Infrastructure District No. 2018-04 (STID) have petitioned the City to form the STID to assess lodging businesses to provide funding for capital improvements, specifically the construction of a ballroom as part of the Sacramento Convention Center. If, after that, there is additional funding available, the STID will fund other infrastructure projects and marketing designed to increase room night sales for assessed lodging businesses. All of this is detailed in the Management District Plan (MDP). The proposed capital improvements will increase overnight tourism and desirability of the Sacramento Convention Center as a tourist, meeting, and event destination, resulting in an increase in room night sales.

The annual assessment rates on lodging businesses is (1%) of gross short-term room rentals (stays fewer than 30 days) revenue. On September 4, 2018, City Council (Council) approved the Resolution of Intention (City Resolution No. 2018-0366) to establish the STID, which included the MDP as an exhibit, and set September 25, 2018 and October 23, 2018 as the dates for the public meeting and public hearing, respectively, for the proposed formation of the STID. A joint notice of public meeting and public hearing was mailed to the relevant business owners in the STID on September 7, 2018.

On September 25, 2018, Council held the required public meeting as a venue for public testimony regarding the proposed assessment with no formal action taken by Council.

On October 23, 2018 Council held the public hearing on the proposed establishment of the STID. At the conclusion of the hearing, the City Clerk tabulated the written protests submitted and not withdrawn to determine whether there was a majority protest against the proposed STID assessment. Based on the results of the tabulation, there is not a majority protest. As such, staff recommends that the Council pass a resolution declaring the results of the majority protest proceedings and establish the STID.

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

Economic Impacts: None.

Environmental Considerations:

California Environmental Quality Act (CEQA): Under CEQA Guidelines, administration of the STID does not constitute a project and is therefore exempt from review (14 Cal. Code Regs. §15378(b)(4)).

Sustainability: None.

Commission/Committee Action: None.

Rationale for Recommendation: Establishment of the STID will create additional funds that may be used to finance the construction of a ballroom for the Sacramento Convention Center and other infrastructure projects and marketing (if funds allow) designed to increase room night sales for assessed lodging businesses

Financial Considerations: Financing is provided through levying of assessments upon lodging businesses that benefit from the STID. The total STID assessment budget in the full first year of operation is estimated to be \$3.14 million. Assessment revenue in excess of what is needed to pay principal and interest on the bonds or other obligations issued or incurred to fund the Convention Center ballroom, replenish reserve funds, and pay administrative expenses related thereto shall be used in the following manner and in the following order of priority, as detailed in the Management District Plan: (1) to make payments to the City and County for the costs of collecting the assessment and administering the STID, (2) to reimburse the City for costs related to the design of the Convention Center ballroom, (3) to reimburse the City for additional construction costs of the Convention Center ballroom, and (4) to fund tourism infrastructure projects and marketing programs. The STID is self-supporting and will have no impact on the General Fund.

The operating budget for the STID will fluctuate with market conditions and room night sales and will be adjusted annually to reflect Council approved assessments and expenditure plans. Future budgets allocating revenues in excess of debt service will be developed cooperatively by the City of Sacramento, Visit Sacramento, and the STID governing committee. An annual report will be presented to the Council pursuant to Streets and Highways Code Section 36650.

Local Business Enterprise (LBE): Not applicable.