



MEMORANDUM
COUNTY EXECUTIVE OFFICE
ADMINISTRATION
County of Placer

TO: Honorable Board of Supervisors DATE: December 15, 2020
FROM: Todd Leopold, County Executive Officer
By: Erin Casey, Principal Management Analyst
SUBJECT: Intention to Set Public Hearing to establish the North Lake Tahoe Tourism Business Improvement District (NLTTBID)

ACTION REQUESTED

Receive a petition to establish the North Lake Tahoe Tourism Business Improvement District from business owners who will pay more than fifty percent (50%) of the total assessments to be levied.

Adopt a Resolution of Intention to set a public meeting on January 26, 2021 at 9:00 a.m. or as soon thereafter, and to set a public hearing on March 9, 2021 at 9:00 a.m. or as soon thereafter, to consider establishing the North Lake Tahoe Tourism Business Improvement District and the levying of assessments therefor.

BACKGROUND

Developed by the North Lake Tahoe Resort Association (Association), the North Lake Tahoe Tourism Business Improvement District (NLTTBID) is a benefit assessment district proposed to provide specific benefits to payors by creating a revenue stream to fund marketing, promotions, and special events; visitor services & visitor centers operations; business support and advocacy; economic development and transportation; and sustainability and mitigation of tourism impacts programs for certain North Lake Tahoe businesses. This approach has been used successfully in other destination areas throughout the state to improve tourism and drive additional business sales to assessed businesses. The proposed NLTTBID includes all lodging, restaurant, retail, activities and attractions businesses located within the boundaries of the eastern portion of unincorporated Placer County.

Business owners decided to pursue formation of the NLTTBID in order to create a revenue source devoted to marketing North Lake Tahoe as a tourist, meeting and event destination. If established, the NLTTBID would generate approximately \$6,670,000 on an annual basis for promotion of travel and tourism specific to North Lake Tahoe.

TOURISM BUSINESS IMPROVEMENT DISTRICTS

Tourism Business Improvement Districts (TBIDs) are special assessment districts that allow lodging and tourism-related business owners to organize their efforts to increase tourism. Tourism-related business owners within the district fund the TBID, and those funds provide services that the businesses desire and that benefit the lodging businesses within the TBID.

District benefits:

- Funds are locally controlled by a Board representing those businesses that are assessed, and 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, TBIDs are formed pursuant to the Property and Business Improvement District Law of 1994 (Streets and Highways Code, §§ 36600-36671). This law allows for the creation of a benefit assessment district to raise funds within a specific geographic area. The key difference between TBIDs and other benefit assessment districts is that funds raised are returned to the private non-profit corporation governing the district.

MANAGEMENT DISTRICT PLAN

The Management District Plan (Attachment 1) includes the proposed boundary of the NLTTBID, a service plan and budget, and a proposed means of governance. The NLTTBID will include lodging, restaurant, retail, activities and attractions businesses located within the boundaries of the eastern portion of unincorporated Placer County.

The proposed NLTTBID will have a five (5)-year life. The assessment will be implemented on or after April 1, 2021. Once per year beginning on the anniversary of district formation there is a 30-day period in which business owners paying more than 50% of the assessment may protest and begin proceedings to terminate the district. Additionally, the Board of Supervisors may disestablish the district if the County finds there has been misappropriation of funds, malfeasance, or a violation of law in connection with the management of the NLTTBID.

Lodging businesses will be assessed two percent (2%) of gross short-term room rental revenue in benefit zone 1 and one percent (1%) of gross short-term room rental revenue in benefit zone 2. Lodging businesses are assessed at the retail, restaurant, and activities and attractions tourism businesses (RRAA businesses) rate for their tier for sales or rentals of non-lodging goods and services.

RRAA businesses are divided into three (3) tiers:

- Tier 1 RRAA businesses are those with \$150,000 or more in annual gross revenue. The annual assessment rate for tier 1 RRAA businesses is one percent (1%) of gross revenue;
- Tier 2 RRAA businesses are those with more than \$50,000 but less than \$150,000 in annual gross revenue. The annual assessment rate for tier 2 RRAA businesses is \$250 per year;
- Tier 3 RRAA businesses are those with \$50,000 or less in annual gross revenue. The annual assessment rate for tier 3 RRAA businesses is \$50 per year.

Businesses located within other businesses, such as restaurants located within a hotel, will be assessed at the rate for that business type and not at the rate of the other business in which they are located. Businesses that receive twenty-percent (20%) or less of their revenues from visitors shall not be assessed. A visitor is defined as any individual whose length of stay within the NLTTBID is thirty (30) consecutive days or less. Non-profit corporations and internet or wholesale businesses shall not be assessed based on the benefit received, as described in the Management District Plan.

The County will be responsible for collecting the assessment on a monthly or quarterly basis from each lodging business located in the NLTTBID boundaries. The County shall forward the

assessments to the North Lake Tahoe Resort Association, which will contract with the County and have the responsibility of managing NLTTBID programs as provided in the Management District Plan.

DISTRICT FORMATION PROCESS

The Property and Business Improvement District Law of 1994 sets forth various requirements for the formation of a new district. The following timeline adheres to those requirements.

December 15, 2020 RESOLUTION OF INTENTION

Upon the receipt of a written petition, signed by the business owners in the proposed district who will pay more than 50 percent (50%) of the assessments proposed to be levied, the Board of Supervisors may initiate proceedings to form a district by the adoption of a resolution expressing its intention to form a district.

January 15, 2021 NOTICE

The Property and Business Improvement District Law of 1994 requires the County to mail written notice to the owners of all businesses proposed to be within the NLTTBID. The notice must be mailed at least (10) days before the public meeting and at least (45) days before the final public hearing, during which time owners may protest NLTTBID formation.

January 26, 2021 PUBLIC MEETING

Allow public testimony on the establishment of the NLTTBID and levy of assessments. No Board action is required.

March 9, 2021 FINAL PUBLIC HEARING

If written protests are received from the owners of businesses in the proposed district which will pay more than fifty percent (50%) of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than fifty percent (50%), no further proceedings to levy the proposed assessment against such businesses shall be taken for a period of one (1) year from the date of the finding of a majority protest by the Board.

If the Board, following the public hearing, determines there is no majority protest and decides to establish the proposed NLTTBID, the Board shall adopt a resolution of formation.

FISCAL IMPACT

None immediately. Because the NLTTBID programs are intended to increase visitation to the County, there may be an increase in transient occupancy tax and sales tax collections.

ATTACHMENTS

1. North Lake Tahoe Tourism Business Improvement District Management District Plan
2. Resolution of Intention

Before the Board of Supervisors County of Placer, State of California

In the matter of: A Resolution of Intention to set a time and date for a public hearing to consider establishing the North Lake Tahoe Tourism Business Improvement District.

Resolution No.: _____

The following Resolution was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held December 15, 2020, by the following vote:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chair, Board of Supervisors

Attest:

Clerk of said Board

WHEREAS, the Property and Business Improvement District Law of 1994, Streets and Highways Code § 36600 et seq., authorizes the County to establish business improvement districts; and

WHEREAS, the North Lake Tahoe Resort Association, lodging, restaurant, retail, activities and attractions business owners, and representatives from the County of Placer have met to consider the formation of the North Lake Tahoe Tourism Business Improvement District (NLTTBID); and

WHEREAS, the North Lake Tahoe Resort Association has drafted a Management District Plan (Plan) which sets forth the proposed boundary of the NLTTBID, a service plan and budget, and a proposed means of governance; and

WHEREAS, the proposed NLTTBID includes all lodging, restaurant, retail, activities and attractions businesses located within the boundaries of the eastern portion of unincorporated Placer County; and

WHEREAS, lodging, restaurant, retail, activities and attractions businesses who will pay more than fifty percent (50%) of the assessment under the NLTTBID have petitioned the Board of Supervisors to establish the NLTTBID.

BE IT RESOLVED, by the Board of Supervisors, County of Placer, State of California, as follows:

1. The Board of Supervisors finds that lodging, restaurant, retail, activities and attractions businesses that will pay more than fifty percent (50%) of the assessment proposed in the Plan have signed and submitted petitions in support of the formation of the NLTTBID. The Board of Supervisors accepts the petitions and adopts this Resolution of Intention to establish the NLTTBID and to levy an assessment on certain businesses within the NLTTBID boundaries in accordance with the Property and Business Improvement District Law of 1994.

2. The Board of Supervisors declares its intention to establish the NLTTBID and to levy and collect assessments on lodging, restaurant, retail, activities and attractions businesses within the NLTTBID boundaries pursuant to the Property and Business Improvement District Law of 1994.

3. The NLTTBID shall include all lodging, restaurant, retail, activities and attractions businesses located within the boundaries of the eastern portion of unincorporated Placer County, as shown in the map attached as Exhibit A.

4. The name of the district shall be North Lake Tahoe Tourism Business Improvement District.

5. Lodging businesses will be assessed two percent (2%) of gross short-term room rental revenue in benefit zone 1 and one percent (1%) of gross short-term room rental revenue in benefit zone 2. Lodging businesses are assessed at the retail, restaurant, and activities and attractions tourism businesses (RRAA businesses) rate for their tier for sales or rentals of non-lodging goods and services.

RRAA businesses are divided into three (3) tiers:

- Tier 1 RRAA businesses are those with \$150,000 or more in annual gross revenue. The annual assessment rate for tier 1 RRAA businesses is one percent (1%) of gross revenue;
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Businesses located within other businesses, such as restaurants located within a hotel, will be assessed at the rate for that business type and not at the rate of the other business in which they are located. Businesses that receive twenty-percent (20%) or less of their revenues from visitors shall not be assessed. A visitor is defined as any individual whose length of stay within the NLTTBID is thirty (30) consecutive days or less. Non-profit corporations and internet or wholesale businesses shall not be assessed based on the benefit received, as described in the Plan.

6. The assessments levied for the NLTTBID shall be applied toward marketing, promotions, and special events; visitor services & visitor centers operations; business support and advocacy; economic development and transportation; and sustainability and mitigation of tourism impacts programs to market assessed lodging, restaurant, retail, activities and attractions businesses in North Lake Tahoe as tourist, meeting, and event destinations, as described in the Plan. Funds remaining at the end of any year may be used in subsequent

years in which NLTTBID assessments are levied as long as they are used consistent with the requirements of this resolution and the Plan.

7. The proposed NLTTBID will have a five (5) year term, beginning on or after April 1, 2021 through March 31, 2026, unless renewed pursuant to Streets and Highways Code § 36660.

8. Bonds shall not be issued.

9. The time and place for the public meeting to hear testimony on establishing the NLTTBID and levying assessments is set for January 26, 2021, at 9:00 AM, or as soon thereafter as the matter may be heard, at the Board Chambers located at County Administrative Center, 175 Fulweiler Avenue, Auburn, CA 95603.

10. The time and place for the public hearing to establish the NLTTBID and the levy of assessments is set for March 9, 2021, at 9:00 AM, or as soon thereafter as the matter may be heard, at the Board Chambers located at County Administrative Center, 175 Fulweiler Avenue, Auburn, CA 95603.

11. The Clerk of the Board is directed to provide written notice to the lodging, restaurant, retail, activities and attractions businesses subject to assessment of the date and time of the public meeting and public hearing, and to provide that notice as required by Streets and Highways Code § 36623.

12. At the public meeting and public hearing the testimony of all interested persons for or against the establishment of the NLTTBID may be received. If at the conclusion of the public hearing, there are of record written protests by the owners of the lodging, restaurant, retail, activities and attractions businesses within the proposed NLTTBID that will pay more than fifty percent (50%) of the estimated total assessment of the entire NLTTBID, no further proceedings to establish the NLTTBID shall occur for a period of one (1) year.

13. The complete Plan is on file with the Clerk of the Board and may be reviewed upon request.

Exhibit A – District Boundaries



