



STAFF REPORT

SUBJECT: Discussion and Consideration of Resolution 2023-05 granting the City Council’s consent to the County of Lake to renew the Lake County Tourism Improvement District (LCTID) and include the City of Clearlake in the LCTID.

MEETING DATE:
January 19, 2023

SUBMITTED BY: Alan D. Flora, City Manager

WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:

Adopt Resolution 2023-05, granting the City Council’s consent to the County of Lake (County) to renew the Lake County Tourism Improvement District (LCTID) and include the City of Clearlake in the LCTID.

The recommended action, adoption of the attached resolution granting consent to the County to form the LCTID and include the City of Clearlake in the LCTID, will enable the County and Visit Lake County California to move forward with the LCTID renewal process. Upon successful renewal, the LCTID will be governed by the County and Visit Lake County California.

BACKGROUND/DISCUSSION:

The LCTID is a benefit assessment district proposed to continue a revenue source to help fund marketing and sales promotion efforts for Lake County 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 LCTID includes all lodging businesses, existing and in the future, located within the boundaries of the cities of Lakeport and Clearlake (cities), and the unincorporated areas of Lake County (County).

Lodging business owners decided to pursue renewal of the LCTID in order to continue a revenue source devoted to marketing Lake County as a tourist, meeting and event destination. If renewed, the LCTID would generate approximately \$386,000 on an annual basis for promotion of travel and tourism specific to Lake County.

The Property and Business Improvement District Law of 1994 (94 Law) allows for the renewal of multi-jurisdictional Business Improvement Districts (BIDs), with consent of the included jurisdictions being granted to one “lead” jurisdiction. The County has requested consent to act as the lead jurisdiction in the renewal of the LCTID. Adopting this resolution will give the County authority to include the City of Clearlake in the renewed LCTID. To renew the LCTID, the County will follow the renewal proceedings specified in the 94 Law, including accepting petitions, adopting a resolution declaring its intention to

renew the LCTID, holding a public meeting and public hearing to allow for comments, and adopting a resolution renewing the LCTID.

MANAGEMENT DISTRICT PLAN

The Management District Plan dated December 7, 2022 (**Attachment 1**) includes the proposed boundary of the LCTID, a service plan and budget and a proposed means of governance. The LCTID will include all lodging businesses, existing and in the future, located within the boundaries of the cities of Lakeport and Clearlake (cities), and the unincorporated areas of Lake County (County).

The annual assessment rate is two- and one-half percent (2.5%) of gross short-term room rental revenue. Based on the benefit received, assessments will not be collected on: stays of more than thirty (30) consecutive days; stays by any federal or state officer or employee when on official business; stays by any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty; and stays at a campsite in a unit of the state park system or any facility operated by a local government entity. During the ten (10) year term, the assessment rate may be increased annually by the LCTID Owners' Association upon approval from the Board of Supervisors by a maximum of one half of one percent (0.5%) of gross room rental revenue per year. The total assessment rate may not exceed five percent (5%). The assessment rate may also be decreased, but shall not drop below the initial assessment rate of two and one half percent (2.5%). Any proposed assessment rate increase or decrease approved by the Owners' Association shall be included in the annual report, and shall not be effective until approved by the Board of Supervisors.

The LCTID will have a ten (10) year life, beginning January 1, 2024, or as soon as possible thereafter, and end ten (10) years from its start date. Once per year beginning on the anniversary of LCTID 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 LCTID.

The County and cities will be responsible for collecting the assessment on a monthly or quarterly basis (including any delinquencies, penalties and interest) from each lodging business located in the boundaries of the LCTID. The County and cities shall take all reasonable efforts to collect the assessments from each lodging business. The County and cities shall be paid a fee equal to two percent (2%) of the amount of assessment collected to cover its costs of collection and administration.

LCTID RENEWAL PROCESS

December 13, 2022 RESOLUTION OF INTENTION HEARING (**COMPLETED**)

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

Petition Status: Petitions in favor of LCTID renewal were submitted by 44 lodging businesses, which represent 50.88% of the total LCTID assessment. This majority petition allows the Board to initiate proceedings for LCTID renewal at the December 13, 2022 meeting.

December 14, 2022 NOTICE (COMPLETED)

The 94 Law requires the County to mail written notice to the owners of all businesses proposed to be within the LCTID. Mailing the notice begins a mandatory forty-five (45) day period in which owners may protest LCTID renewal.

- December 20, 2022 **RESOLUTION REQUESTING CONSENT (COMPLETED)**
Upon adoption of the Resolution of Intention, the Board of Supervisors must request consent from *all jurisdictions* to be included in the renewed LCTID. Consent must be received from the jurisdictions prior to the final public hearing for their jurisdiction to be included in the renewed LCTID.
- January 19, 2023 **RESOLUTION GRANTING CONSENT**
Upon adoption of the Resolution Granting Consent, the County can move forward with the LCTID renewal process, and shall include the City of Clearlake in the LCTID.
- January 24, 2023 **PUBLIC MEETING**
Allow public testimony on the renewal of the LCTID and levy of assessments. No Board action required.
- February 7, 2023 **FINAL PUBLIC HEARING**
If written protests are received from the owners of businesses in the renewed LCTID 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, decides to establish the renewed LCTID, the Board shall adopt a resolution of formation.

OPTIONS:

1. Adopt Resolution 2023-05
2. Other direction

FISCAL IMPACT:

None \$ Budgeted Item? Yes No
Budget Adjustment Needed? Yes No If yes, amount of appropriation increase: \$
Affected fund(s): General Fund Measure P Fund Measure V Fund Other:
Comments:

STRATEGIC PLAN IMPACT:

- Goal #1: Make Clearlake a Visibly Cleaner City
- Goal #2: Make Clearlake a Statistically Safer City

- Goal #3: Improve the Quality of Life in Clearlake with Improved Public Facilities
- Goal #4: Improve the Image of Clearlake
- Goal #5: Ensure Fiscal Sustainability of City
- Goal #6: Update Policies and Procedures to Current Government Standards
- Goal #7: Support Economic Development

SUGGESTED MOTIONS:

Adopt Resolution 2023-05

Attachments:

1. Resolution 2023-05
2. Draft LCTID Management District Plan