



Folsom City Council Staff Report

MEETING DATE:	2/24/2026
AGENDA SECTION:	Public Hearing
SUBJECT:	Resolution No. 11539 – A Resolution of the City of Folsom Declaring Results of Majority Protest Proceedings and Modifying the Assessment Rate of the Folsom Tourism Business Improvement District (Continued from 1/27/2026)
FROM:	City Manager's Office

RECOMMENDATION / CITY COUNCIL ACTION

Staff recommends the City Council conduct the public/protest hearing and if a majority protest does not exist, approve Resolution No. 11539 – A Resolution of the City of Folsom Declaring Results of Majority Protest Proceedings and Modifying the Assessment Rate of the Folsom Tourism Business Improvement District.

BACKGROUND / ISSUE

The City of Folsom established the FTBID in 2012 via the adoption of Resolution No. 9071, pursuant to the Parking and Business Improvement Area Law of 1989 (California Streets and Highway Code § 36500 et seq.) (the “89 Law”) and Ordinance No. 1171 (which codified Folsom Municipal Code Chapter 3.100). The FTBID is a benefit assessment district that provides specific benefit directly to the Folsom lodging businesses that are assessed that is not provided to those not paying the assessment. The boundaries of the FTBID are the boundaries of the City of Folsom. Benefit assessment districts have been used successfully in Folsom as well as other destination areas throughout the state to improve tourism and drive additional room nights to assessed businesses. The FTBID includes all lodging businesses with twenty or more rooms, existing and in the future, within the boundaries of the City of Folsom.

Resolution No. 9071 established the FTBID with an assessment rate of 4% to be levied for a term of 20 years, commencing on January 1, 2013 and ending on December 13, 2032. Assessments are levied on lodging businesses on the basis of benefit.

Folsom Tourism and Economic Development Corporation (TEDCorp), serving as the Owners' Association for FTBID, has recommended to the lodging business owners to pursue modification of the FTBID in order to expand a revenue source devoted to marketing Folsom as a tourist, meeting, and event destination.

The 89 Law and Ordinance No. 1171 allow the Folsom City Council (Council) to modify the FTBID in accordance with Section 36540 of the 89 Law. To initiate the modification process, TEDCorp has requested that Council increase the FTBID assessment rates. The proposed modified assessment rate is eight percent (8%) of gross room rental revenue, increasing the current rate of four percent (4%) of gross room rental revenue. The additional 4% assessment will be dedicated to improvements (as defined in the 89 Law), including but not limited to development of facilities that attract overnight visitation to businesses paying the TBID assessment, infrastructure improvements, and marketing and development efforts directly related to the facilities and associated visitor growth. The increased assessments will provide specific benefit to the Folsom lodging businesses that are assessed that it does not provide to those not charged. To continue the modification process, Council adopted a Resolution of Intention to Modify the FTBID. To complete the modification process, Council must adopt this Resolution of Modification.

TEDCorp staff evaluated lodging assessments (both through TBIDs and Transient Occupancy Tax) in nearby jurisdictions. This information is included in Attachment 2, and indicates that an increase of 4% will not affect the competitiveness of Folsom lodging against other lodging choices in the region.

As noted in the FTBID Modification Process timeline below, the public/protest hearing was scheduled for the City Council's January 27, 2026 meeting. TEDCorp submitted a written request to the City Council to continue the hearing to their February 24, 2026 meeting, and a majority of the City Council voted to continue the hearing as requested.

Assuming no majority protest at the February 24, 2026 Public Hearing, the Council could adopt a resolution of modification on the same night. The increased rate and list of authorized expenditures of the FTBID would be effective as soon as practicable following the modification proceedings for the FTBID, which effective date is estimated for April 1, 2026.

POLICY / RULE

City of Folsom Ordinance No. 1171, codified in Folsom Municipal Code Chapter 3.100, establishes procedures for forming and modifying parking and business improvement areas supplemental to the 1989 Law.

ANALYSIS

TOURISM BUSINESS IMPROVEMENT DISTRICTS

Tourism Business Improvement Districts (TBIDs) utilize the efficiencies of private sector operation in the market-based promotion of tourism. These special assessment districts allow assessed business owners to organize their efforts to increase tourism. Business owners within the TBID fund the TBID, and those funds are used to provide services and facilities that are desired by and benefit the assessed businesses within the TBID.

TBID benefits:

- Funds 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 and improvements, including, but not limited to, destination marketing, tourism promotion, and sales lead generation;
- They are designed, created, and governed by those who will pay the assessment with oversight by the city; and
- They provide a stable funding source for tourism promotion.

FTBID MODIFICATION PROCESS

Holding the final hearing, declaring results of the majority protest proceedings, and adopting this Resolution will result in the modification of the Folsom Tourism Business Improvement District (FTBID). The businesses within the FTBID shall be specifically benefitted by the activities and improvements funded by the assessments.

October 24, 2025 **WRITTEN REQUEST (COMPLETED)**
The TEDCorp, serving as Owners' Association, has provided a letter requesting modification of the FTBID. This written request allowed the Council to initiate proceedings for FTBID modification at the November 12, 2025 meeting.

November 12, 2025 **RESOLUTION OF INTENTION TO MODIFY FTBID (COMPLETED)**
Upon the written request of the Owners' Association, the City may propose to modify the FTBID.

NOTICE (COMPLETED)
A copy of the Notice and Resolution of Intention to Modify were mailed by first class mail to the owners of all lodging businesses within the FTBID. Mailing the notice began a mandatory forty-five (45) day period in which owners may protest FTBID modification.

January 13, 2026 **PUBLIC MEETING (COMPLETED)**
Allow public testimony on the modification of the FTBID. No Council action required.

January 27, 2026 **PUBLIC HEARING (Continued to February 24, 2026)**

February 24, 2026 PUBLIC HEARING
Hold a public hearing on the proposed modification to the FTBID.

If written protests are received from the owners of businesses in the modified FTBID which will pay fifty percent (50%) or more 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 modify the proposed assessment against such businesses shall be taken.

If the Council, following the public hearing, decides to modify the FTBID as described in the Resolution of Intention to Modify, the Council shall adopt a resolution of modification.

April 1, 2026 Target date for FTBID assessment modifications to take effect.

FINANCIAL IMPACT

None immediately. In FY24/25, the FTBID assessments generated approximately \$1,248,000 in revenue. The proposed modifications would increase the assessment rate from 4% of gross room rental revenue to 8% of gross room rental revenue. In addition, because the FTBID assessments levied on lodging businesses are intended to increase room rentals on lodging business being assessed within the City, there may be an increase in transient occupancy tax and sales tax collections.

ENVIRONMENTAL REVIEW

This action is not considered a project under the California Environmental Quality Act (CEQA) and is therefore exempt from further environmental review pursuant to CEQA Guidelines Section 15378(b)(5).

ATTACHMENTS

1. Resolution No. 11539 – A Resolution of the City of Folsom Declaring Results of Majority Protest Proceedings and Modifying the Assessment Rate of the Folsom Tourism Business Improvement District
2. TEDCorp Lodging Assessment Evaluation
3. Request from TEDCorp for postponement of January 27, 2026 protest hearing

Submitted,

Bryan Whitemyer
City Manager

Attachment 1

RESOLUTION NO. 11539

A RESOLUTION OF THE CITY OF FOLSOM DECLARING RESULTS OF MAJORITY PROTEST PROCEEDINGS AND MODIFYING THE ASSESSMENT RATE OF THE FOLSOM TOURISM BUSINESS IMPROVEMENT DISTRICT

WHEREAS, the Parking and Business Improvement Area Law of 1989, Streets and Highways Code §36500 et seq., (1989 Law) authorizes cities and counties to establish parking and business improvement areas for the purpose of promoting tourism; and

WHEREAS, the City of Folsom (City) adopted Ordinance No. 1171, which establishes procedures for forming parking and business improvement areas supplemental to the 1989 Law; and

WHEREAS, pursuant to Ordinance No. 1171, the City Council established the Folsom Tourism Business Improvement District (FTBID) on October 23, 2012, by Resolution No. 9071; and

WHEREAS, Ordinance No. 1171 authorizes the FTBID Owners' Association at any time to recommend the City modify the FTBID; and

WHEREAS, the Folsom Tourism and Economic Development Corporation (TEDCorp) has facilitated the request to modify the FTBID; and

WHEREAS, on November 12, 2025 at 6:30 PM at 50 Natoma Street, Folsom, CA 95630, the Council adopted a Resolution of Intention, Resolution No. 11506; and

WHEREAS, the public meeting and public hearing to consider the modification of the FTBID has been properly noticed in accordance with Folsom Municipal Code Section 3.100.090 and pursuant to Gov. Code §54954.6; and

WHEREAS, on January 13, 2026 at 6:30 PM at 50 Natoma Street, Folsom, CA 95630, the Council held a public meeting regarding the modification of the FTBID, and the Council heard and received objections and protests, if any, to the modification of the FTBID assessment rate and the levy of the proposed assessment; and

WHEREAS, before the originally scheduled public hearing on January 27, 2026, TEDCorp submitted a written request to the City Council to continue the hearing to their February 24, 2026 meeting, and a majority of the City Council voted to continue the hearing as requested; and

WHEREAS, on February 24, 2026 at 6:30 PM at 50 Natoma Street, Folsom, CA 95630, the Council held a public hearing regarding the modification of the FTBID, and the City Council heard and received all objections and protests, if any, to the modification of the FTBID assessment rate; and

WHEREAS, the City Clerk has determined that there was no majority protest. A majority protest is defined as written protests received from owners of businesses in the modified FTBID

which would pay fifty percent (50%) or more of the assessments proposed to be levied. Protests are weighted based on the assessment proposed to be levied on each assessed business; and

WHEREAS, the City bears the burden of proving by a preponderance of the evidence that an assessment imposed for a specific benefit or specific government service is not a tax, that the amount is no more than necessary to cover the costs to the City in providing the specific benefit or specific government service, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the specific benefits or specific government services received by the payor.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Folsom as follows:

1. The recitals set forth herein are adopted by the City Council as findings and they are true and correct.
2. The City Council hereby modifies the assessment rate from a rate of four percent (4%) to eight percent (8%).
3. The FTBID modified pursuant to this Resolution will be subject to any amendments to the Folsom Municipal Code chapter 3.100.
4. The City Clerk, or his or her designee, is directed to take all necessary actions to complete the modification of the FTBID assessment rate.
5. This Resolution shall take effect immediately upon its adoption by the Council.

PASSED AND ADOPTED this 24th day of February 2026, by the following roll-call vote:

AYES: Councilmember(s):
NOES: Councilmember(s):
ABSENT: Councilmember(s):
ABSTAIN: Councilmember(s):

Justin Raithel, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK

Attachment 2

Current Regional TBID Rates

Jurisdiction	TOT Rate	TBID Assessment	TOTAL		CA State Tourism Assessment
Rancho Cordova	12%	4.50%	16.50%	+	0.195%
Placer Valley (Roseville, Rocklin, Lincoln)	10%	\$6.50 per room nt (4.55% at \$143 ADR)	14.55%	+	0.195%
City of Sacramento	12%	3.45%, 2.875%, 2.3%, 1.15% by zone +1% STID)	15.45%	+	0.195%
Elk Grove	12%	4% City; 1% County	17%	+	0.195%
Folsom	8%	4%	12%	+	0.195%

Proposed TBID Rates

- Increase TBID to 8% combine with TOT at 8%
- Total of 16% puts Folsom on par with surrounding cities

Attachment 3



CHOOSE FOLSOM
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January 21, 2026

Honorable Mayor and Folsom City Council
City of Folsom
50 Natoma Street
Folsom, CA 95630

Re: Request for Postponement of the Public Hearing on the Adoption of a Resolution Declaring Results of Majority Protest Proceedings and Modifying the Folsom Tourism Business Improvement District

To the Honorable Mayor and Folsom City Council:

I am writing to formally express my request for consideration to postpone the public hearing to modify the Folsom Tourism Business Improvement District (FTBID) and declaration of results of majority protest proceedings.

Since its establishment, the FTBID has been a successful mechanism for strengthening the City of Folsom's tourism economy. In October 2025, the FTBID Owners' Association, the Folsom Tourism and Economic Development Corporation (TEDCorp), submitted a written request to modify the FTBID assessment rate. Since October 2025, TEDCorp has conducted outreach efforts and has worked towards building consensus with lodging businesses and community members to garner support for the FTBID modification. TEDCorp is continuing these outreach efforts and respectfully requests that the public hearing, declaration of results of majority protest proceedings, and adoption of a resolution modifying the FTBID be postponed from the January 27, 2026, Folsom City Council meeting, to the February 24, 2026, meeting. As a result of the postponement of the final hearing, the protest period shall be extended, and the results of the majority protest proceedings are expected to be heard at the February 24, 2026, meeting.

Thank you for your consideration. Should you require additional materials or wish to discuss further, please contact me at joeg@choosefolsom.com.

Sincerely,

Joe Gagliardi
President & CEO

www.ChooseFolsom.com

Folsom Tourism & Economic Development Corporation
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916-985-2698

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and minimize paper use.*



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