



Folsom City Council Staff Report

MEETING DATE:	1/13/2026
AGENDA SECTION:	Old Business
SUBJECT:	Public Meeting Related to Proposal to Modify the Folsom Tourism Business Improvement District
FROM:	City Manager's Office

RECOMMENDATION / CITY COUNCIL ACTION

Staff Recommends the City Council hold a public meeting to allow for public testimony on the proposed modification to the Folsom Tourism Business Improvement District (FTBID)

The next step in the process is a public hearing on January 27, 2026, on the modification of the FTBID. There would be no actual adjustment to the FTBID assessment rates until completion of the proposed modification process. The businesses within the FTBID shall be specifically benefitted by the activities and improvements funded by the assessments.

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, the Council adopted a Resolution of Intention to Modify the FTBID on November 12, 2025. Pursuant to that action, a public meeting is now being held to allow for public testimony on the proposed modification, prior to the public hearing.

Assuming no majority protest at the public hearing scheduled for January 27, 2026, 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.

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

POLICY / RULE

City of Folsom Ordinance No. 1171 establishes procedures for forming 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 a public meeting will result in a public hearing on January 27, 2026, on the modification of the FTBID. There would be no actual adjustment to the FTBID assessment rates until completion of the proposed modification process. The businesses within the FTBID shall be specifically benefitted by the activities and improvements funded by the assessments.

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.

Written Request: The TEDCorp, serving as Owners' Association, has provided a letter requesting modification of the FTBID. This written request allows the Council to initiate proceedings for FTBID modification at the November 12, 2025 meeting.

NOTICE (COMPLETED)

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

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

January 27, 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).

ATTACHMENT

1. TEDCorp Lodging Assessment Evaluation

Submitted,

Bryan Whitemyer
City Manager

Attachment 1

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