

Santa Clara Tourism Improvement District (TID)



**City of
Santa Clara**
The Center of What's Possible



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Background

- Santa Clara Tourism Improvement District (TID) was formed in January 2005
 - To promote tourism in the TID area
 - Currently consists of nine hotels
 - City receives \$3,000 annually from the TID to cover administrative costs for collecting and disbursing the assessment
- The TID Assessment was set at \$1.00 for each occupied hotel/motel room night
- Pursuant to Section 36533 of the State Code and 16.10.1220 of the City Code the TID Advisory Board is required to submit to the City Council an Annual Report
- Per the City Code the Annual Report is due by April 1st of each year

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Background (cont.)

- The Annual Report should include improvements and activities during the current fiscal year, any surplus or deficit carried over from a previous fiscal year, and a TID budget for the following fiscal year
 - The TID currently has a surplus of **\$570,648**
- State Law requires a two-step process for levying an assessment
 1. Approval of the TID Annual Report and Adoption of a Resolution of Intention to levy and collect assessments and setting the date for a Public Hearing
 2. Public Hearing to approve the levy of the assessment

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State Law

- California Streets and Highway Code ("Code")
 - Added Parking and Business Improvement Area Law in 1989
 - Allowed Cities to fund property related improvements and activities through the levy of assessments upon the businesses which benefit from the improvements and activities
- Section 36533 of the Code outlines the requirements for the TID Annual Report
 - The Annual Report must contain:
 1. Any proposed changes to the boundaries
 2. Improvements and activities to be provided for that fiscal year
 3. Estimate of the cost of providing improvements and activities for that fiscal year
 4. Method and basis of levying the assessment
 5. **Amount of any surplus or deficit revenues to be carried over from previous fiscal year**
 6. **Amount of any contributions to be made from sources other than assessments**

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State Law (cont.)

- Section 36534 outlines the requirements for levying the assessment
 - After approval of the Annual Report, the City Council shall adopt a Resolution of Intention to levy an annual assessment
- The Resolution of Intention must fix a time and place for a public hearing to be held by the City Council on the levy of the proposed assessment
- Section 36535 requires that the City Council hold the public hearing at the time and the place specified in the Resolution of Intention

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City Ordinance

- January 11, 2005 the City Council adopted Ordinance No. 1797
 - Added Article IX entitled "Santa Clara Tourism Improvement District" to Chapter 16.10 of the Municipal Code establishing the Tourism Improvement District (TID) and its boundaries
- TID includes nine hotels located near the Santa Clara Convention Center:
 1. Avatar Hotel
 2. Biltmore Hotel & Suites
 3. Embassy Suites
 4. Hilton Santa Clara
 5. Hyatt House
 6. Hyatt Regency
 7. Marriott Santa Clara
 8. The Plaza Suites
 9. TownPlace Suites by Marriott
- Established a TID Advisory Board to administer the affairs of the TID
- Requires the submission of a TID Budget as one of the components of the Annual Report

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Schedule

- July 16th - Approval of the Annual Report and Adoption of the Resolution of Intention for Levy of Annual Assessment for the TID
- August 28th – Public Hearing
 - Businesses subject to the assessment can protest the levy
 - If oral or written protests are received from businesses located within the TID that pay 50% or more the TID assessment cannot be approved and cannot be reconsidered for a period of one year
- If approved on August 28th the levy will resume on September 1st

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Next Steps

- The timeline for the levy of the assessment is being revised to allow for corrective action
- TID assessment has been suspended until corrective action is completed
- Staff is currently evaluating past year's efforts to determine if they were compliant with State and Local Law
 - Staff will report out separately at the time that findings are available

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