



Agenda Report

19-440

Agenda Date: 5/21/2019

REPORT TO COUNCIL

SUBJECT

Public Hearing: Action on a Resolution to Levy an Annual Assessment for the Santa Clara Tourism Improvement District (TID) for Fiscal Year 2019/20

BACKGROUND

On January 11, 2005, City Council approved final passage of Ordinance No. 1797 (the "Ordinance") amending the Santa Clara Municipal Code and establishing the Tourism Improvement District ("TID"). The Ordinance established the boundaries of the TID, which currently includes the following nine hotels near the Santa Clara Convention Center: Avatar Hotel, Biltmore Hotel & Suites, Embassy Suites, Hilton Santa Clara, Hyatt House, Hyatt Regency, Marriott Santa Clara, The Plaza Suites, and TownePlace Suites by Marriott. It is anticipated that upon completion of construction and commencement of occupancy, two new hotels will be added into the TID during FY 19/20.

The Ordinance also established a District Advisory Board (the "Advisory Board") to administer the affairs of the TID. The Advisory Board is constituted of representatives of businesses within the TID. All hotel properties located within the District boundaries collect a \$1.00 fee from hotel guests on each occupied hotel/motel room night.

The TID was formed under the Parking and Business Improvement Law of 1989, Sections 36500 et seq. of the California Streets and Highways Code (the "Code"). The Code authorizes cities to establish Parking and Business Improvement Districts to promote tourism and to levy a benefit assessment on all participating businesses within such district.

Pursuant to Section 36533 of the Code and Santa Clara City Code ("SCCC") 16.10.1220, the Advisory Board is required to file with the City Clerk and submit to City Council by April 1st of each year an annual report that includes improvements and activities during the current fiscal year, the amount of any surplus or deficit to be carried over from a previous fiscal year, and a TID budget for the following fiscal year. The TID Annual Report was submitted to City staff on April 1, 2019. The City Council approved the Annual Report (Attachment 1), which includes the FY 2019/20 TID Budget (Attachment 2), and adopted a Resolution of Intention to Levy the Assessment at the April 9, 2019 meeting.

After the approval of the Annual Report, the City Council must follow the resolution, notice, and hearing process outlined in Sections 36534-36535 of the Code to actually levy the annual assessment for the upcoming fiscal year. A public hearing is to be held to receive any written or oral protests against the continuation of the TID.

DISCUSSION

The TID has been in effect for fourteen years and was put into place to fund activities such as marketing campaigns to attract travelers, tourists, cultural groups, and conventions; print ads in travel publications; outdoor advertising campaigns; and fund administrative costs of the program. Currently, the Santa Clara Chamber of Commerce administers the program.

A public hearing is being held to allow lodging businesses, subject to the assessment, an opportunity to submit comments, voice concerns, and protest the assessment. As set forth in Sections 36524 and 36525 of the Code, the City Council has the ability to continue the TID at this public hearing, unless written protests are received from lodging businesses that pay 50% or more of the proposed assessments. In that event, the Council cannot consider continuation of the TID for at least one year. At the time of publication of this report, no protests had been submitted to the City Clerk.

Section 36535 of the Code provides that at the conclusion of the hearing, a Resolution confirming the levy of the assessment for the fiscal year be adopted if there is no legally sufficient protest.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

FISCAL IMPACT

If the TID assessment is approved, the levy will be effective July 1, 2019. The projected TID assessment for Fiscal Year 2019/20 is \$794,059.

COORDINATION

This report has been coordinated with the City Attorney's Office and the Finance Department.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

ALTERNATIVES

1. Adopt a Resolution to levy an annual assessment for the Santa Clara Tourism Improvement District (TID) for Fiscal Year 2019/20 if there is no legally sufficient protest.
2. Do not adopt a Resolution to levy an annual assessment for the Santa Clara Tourism Improvement District (TID) for Fiscal Year 2019/20.

RECOMMENDATION

Alternative 1:

Adopt a Resolution to levy an annual assessment for the Santa Clara Tourism Improvement District (TID) for Fiscal Year 2019/20 if there is no legally sufficient protest.

Reviewed by: Angela Kraetsch, Director of Finance
Ruth Shikada, Assistant City Manager
Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. TID Annual Report
2. TID Fiscal Year 2019/20 Budget
3. Resolution - TID Levy