



Department: Administration
Cost Center: 1006
For Agenda of: 10/15/2024
Placement: Public Hearing
Estimated Time: 20 minutes

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SUBJECT: ANNUAL PUBLIC HEARING FOR THE TOURISM BUSINESS IMPROVEMENT DISTRICT

RECOMMENDATION

1. Conduct a public hearing to receive testimony regarding the City Council's intention to continue the San Luis Obispo Tourism Business Improvement District and determine whether a legally sufficient protest is made; and
2. If no legally sufficient protest is made, adopt a Draft Resolution entitled, "A Resolution of the City Council of the City of San Luis Obispo, California, declaring the basis for and the levy of the assessment for the San Luis Obispo Tourism Business Improvement District and affirming the establishment of the District."

POLICY CONTEXT

As referenced in the City's Municipal Code Section [12.42.060](#) and Sections [36524](#) and [36525](#) of the California Streets and Highways Code, after approval of the annual report, the City Council shall follow the public hearing process as identified in the relevant statutes and ordinances of the TBID. At the public hearing, the City Council shall hear and consider all protests. If written protests are received from hotel businesses in the district paying 50% or more of the annual assessment, no further proceedings to continue the levy of assessments shall take place for fiscal year 2024-25. The protests shall be weighted based upon the annual assessment for the prior year by each hotel business. (Ord. 1517 § 3 (part), 2008)

DISCUSSION

Background

In June of 2008, the City Council adopted an ordinance establishing the Tourism Business Improvement District (TBID). The TBID allows the hotel industry to raise funds solely dedicated to tourism marketing and promotions to attract visitors to San Luis Obispo. Currently the City TBID assessment is 2%. The TBID is inclusive of all lodging properties in the City of San Luis Obispo including hotels, motels, bed and breakfasts, hostels, inns and owner-occupied homestays.

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The Board consists of seven members from the San Luis Obispo lodging industry and advises the City Council in the administration and use of the TBID assessment funds. The Board recommends projects to promote tourism through their public facing brand, Visit San Luis Obispo, to the City that directly benefit it's lodging industry.

On October 1, 2024, Council reviewed and approved the San Luis Obispo Tourism Business Improvement District (TBID) Board's annual report pursuant to Municipal Code Section [12.42.060](#) (Attachment A).

The City's Municipal Code further requires that, after the approval of the annual report, Council may choose to adopt a resolution of intention to levy an annual assessment for that fiscal year and schedule a public hearing to receive any written or oral protests against the district. Resolution No.11523 (2024 Series), setting such a hearing, was adopted on October 1, 2024 (Attachment B).

Following the Council action on October 1, 2024, all lodging businesses within the district including hotels, motels, bed and breakfast properties and the City permitted homestays, were noticed for the public hearing scheduled for October 15, 2024. Those notices were sent on October 3, 2024, to all assessed properties.

Should a sufficient written or oral protest from hotel businesses in the district which pay fifty percent or more of the assessment be received, a continuation of the assessment levied by the TBID shall be used to promote lodging at the hotels within the district and administer marketing programs that increase overnight lodging.

Previous Council or Advisory Body Action

As set forth in Sections [36524](#) and [36525](#) of the California Streets and Highways Code and San Luis Obispo Municipal Code Section [12.42.060](#), the Council has the ability to continue the San Luis Obispo TBID at the public hearing, unless oral or written protests are received from City hoteliers that will pay 50% or more of the proposed assessments. Under Municipal Code Section [12.42.060](#), protests are weighted based upon the annual assessment for the prior year by each hotel. Staff will have assessment information available at the meeting, but for confidentiality reasons, this information is not made public before or at the meeting. In the event that a sufficient negative protest occurs, no further proceedings to continue the levy of assessments for that fiscal year shall take place.

At the conclusion of the public hearing, if insufficient protest is received, Council may then adopt a resolution affirming the continuation of the San Luis Obispo TBID, setting forth the basis for the assessment, and levying the assessment upon hotels in the district for fiscal year 2024-25 (Attachment C).

Public Engagement

This item is on the agenda for the October 15, 2024 City Council meeting and will follow all required postings and notifications. The public may have an opportunity to comment on this item at or before the meeting.

All Advisory Body meetings for the TBID were noticed in accordance with Brown Act standards. Legal notices regarding the Council’s consideration to continue the San Luis Obispo TBID were published in the New Times and mailed to TBID properties on October 3, 2024. For convenience, the link to the agenda was also distributed to TBID constituents and stakeholders via email.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to the recommended action in this report, because the action does not constitute a “project” under CEQA Guidelines sec. 15378.

FISCAL IMPACT

Budgeted: Yes

Budget Year: 2024-25

Funding Identified: Yes

Fiscal Analysis:

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
General Fund	\$	\$	\$	\$
State				
Federal				
Fees				
Other: TBID Fund	\$2,183,616			\$2,183,616
Total	\$2,183,616	\$	\$	\$ 2,183,616*

*For Fiscal Year 2024-25, the TBID projected revenue is \$2,183,616 and is budgeted for program costs including staffing, which is intended to be used for tourism marketing and promotion. All costs associated with TBID program expenditures are paid with TBID revenues. The City retains 2% of TBID revenues to offset administrative overhead in the General Fund, which amounts to \$43,672 in FY 2024-25 based on current revenue assumptions. To account for the 3% reduction in projected revenue for the Transient Occupancy Tax collection by the City, on July 2, 2024 City Council approved a transfer of \$66,500 from the TBID’s available un-assigned fund balance into the Fiscal Year 2024-25 TBID program budget for contract services.

ALTERNATIVES

1. **Delay the public hearing.** Staff does not recommend this alternative because all legally required noticing has been completed. In addition to the legal noticing, staff provided additional constituent outreach through email correspondence and mailed postcards. In the event that the City receives close to 50% protest, the Council could delay the public hearing in order verify protest submissions.

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2. ***Do not adopt the draft resolution.*** Staff does not recommend this alternative unless sufficient legal protests were received.

ATTACHMENTS

- A – City Council Draft Minutes of October 1, 2024
- B – Resolution No. 11523 (2024 Series)
- C – Draft Resolution to Continue the TBID in FY 24-25