



**CITY OF ELK GROVE
CITY COUNCIL STAFF REPORT**

AGENDA TITLE: Public Meeting Regarding the Elk Grove Tourism Marketing District and levy of assessments

MEETING DATE: January 14, 2015

PREPARED BY: Kara Reddig, Deputy City Manager

DEPARTMENT HEAD: Laura S. Gill, City Manager

RECOMMENDED ACTION:

Staff recommends the City Council hold a public meeting to hear comment on the establishment of the Elk Grove Tourism Marketing District and levy of assessments. No council action is required.

BACKGROUND INFORMATION:

Council took previous action on the proposed Elk Grove Tourism Marketing District (EGTMD) by adopting a Resolution of Intention on December 10, 2014. Attachment A is the full staff report for the December 10 meeting which details the EGTMD's background and purpose.

Tonight's public meeting is the second step required in the EGTMD formation process. The next step is a public hearing, after which Council may consider adopting a Resolution forming the District, which is set for February 11, 2015.

The EGTMD is a benefit assessment district proposed to help fund marketing and sales promotion efforts for Elk Grove lodging businesses. This approach has been used successfully in other destination areas throughout the state to improve tourism and drive

additional room nights. The proposed District currently includes all existing and future lodging businesses located within the boundaries of the City of Elk Grove and a portion of unincorporated Sacramento County, as listed here:

HOTEL NAME	ADDRESS
Holiday Inn	9175 W. Stockton Boulevard Elk Grove, CA 95758
Hilton Garden Inn	9241 Laguna Springs Drive Elk Grove, CA 95758
Hampton Inn Suites	2305 Longport Court Elk Grove, CA 95758
Holiday Inn	2460 Maritime Drive Elk Grove, CA 95758
Extended Stay America	2201 Longport Court Elk Grove, CA 95758
Fairfield Inn & Suites	8058 Orchard Loop Lane, Sacramento, CA 95828

It is important to note that one hotel, the Fairfield Inn & Suites, is located directly north of the City's geographical boundaries in the County of Sacramento. That hotel has requested to join the EGTMD. The City may not form the EGTMD that includes businesses located within the jurisdiction of Sacramento County without first obtaining the consent of the Sacramento County Board of Supervisors.

On December 10, 2014, the City adopted a resolution requesting consent from the County of Sacramento to include the area encompassing Fairfield Inn & Suites in the EGTMD and to grant the City Council jurisdiction for all the purposes in connection with creation and operation of the proposed EGTMD, including collection of the assessment. The County Board of Supervisors will consider and is expected to adopt a resolution granting consent in January 2015.

The City, working with lodging businesses, decided to form the EGTMD to create a revenue source devoted to marketing Elk Grove as a tourist, meeting and event destination. If established, the EGTMD would generate approximately \$215,000 annually for promotion of travel and tourism specific to business located within the EGTMD. This estimated revenue is based on a proposed annual

assessment rate of 2% of gross short-term (stays less than 31 consecutive days) room rental revenues located within the City of Elk Grove, and 1% for lodging businesses in the EGTMD located within the unincorporated portion of Sacramento County. The difference in the rate, which would currently be applicable only to the Fairfield Inn & Suites, is because they are also in the Sacramento County Tourism Marketing District and pay 1% to that District. If the Fairfield Inn & Suites is brought into the EGTMD, it will be assessed a total of 2% between the Sacramento County TMD and the Elk Grove TMD.

DISTRICT FORMATION PROCESS

The EGTMD's formation process, as set forth in *Streets & Highways Code* section 36620, *et seq.*, and anticipated schedule is summarized below:

December 10, 2014 – RESOLUTION OF INTENTION HEARING

Upon the submission of a written petition, signed by the property or business owners in the proposed district who will pay more than 50 percent of the assessments proposed to be levied, the City Council may initiate proceedings to form a district by the adoption of a resolution expressing its intention to form a district.

This step was completed at the December 10, 2014 City Council meeting.

December 11, 2014 – NOTICE

Written notice of the proposed assessment will be mailed by the City to the owners of all lodging properties proposed to be within the district. Mailing the notice begins a mandatory forty-five day period in which owners may protest district formation.

This step has been completed.

January 14, 2015 – PUBLIC MEETING

A public meeting will be held to allow public testimony on the establishment of the EGTMD and levy of assessments. No council action required at this meeting.

February 11, 2015 – FINAL PUBLIC HEARING

If written protests are received from the owners of businesses in the proposed district which will pay more than 50 percent of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than 50 percent, no further proceedings to levy the proposed assessment against such businesses shall be taken for a period of one year from the date of the finding of a majority protest by the Council.

At the conclusion of the public hearing to establish the EGTMD, the Council may adopt, revise, change, reduce, or modify the proposed assessment or the type or types of improvements and activities to be funded with the revenues from the assessments. Proposed assessments may only be revised by reducing any or all of them. If the County does not consent to inclusion of the Fairfield Inn & Suites, the boundaries may be reduced at the final hearing to exclude the unincorporated territory.

If the Council, following the public hearing, decides to establish the proposed property and business improvement district, the Council shall adopt a resolution of formation meeting the requirements of Streets & Highways Code section 36625.

FISCAL IMPACT

Tonight's public meeting has no fiscal impact.

ATTACHMENTS

1. Attachment 1 – Staff Report from December 10, 2014



**CITY OF ELK GROVE
CITY COUNCIL STAFF REPORT**

AGENDA TITLE: Resolution of Intention to establish the Elk Grove Tourism Marketing District and Resolution Requesting Consent of the County of Sacramento to Create the Elk Grove Tourism Marketing District

MEETING DATE: December 10, 2014

PREPARED BY: Kara Reddig, Deputy City Manager

DEPARTMENT HEAD: Laura S. Gill, City Manager

RECOMMENDED ACTION:

Staff recommends the City Council adopt a Resolution of Intention to establish the Elk Grove Tourism Marketing District and adopt a Resolution requesting consent of the County of Sacramento to create the Elk Grove Tourism Marketing District.

BACKGROUND INFORMATION:

The Elk Grove Tourism Marketing District (EGTMD) is a benefit assessment district proposed to help fund marketing and sales promotion efforts for Elk Grove lodging businesses. This approach has been used successfully in other destination areas throughout the state to improve tourism and drive additional room nights. The proposed District includes all existing and future lodging businesses located within the boundaries of the City of Elk Grove and a portion of unincorporated Sacramento County, as listed here:

HOTEL NAME	ADDRESS
Holiday Inn	9175 W. Stockton Boulevard Elk Grove, CA 95758
Hilton Garden Inn	9241 Laguna Springs Drive Elk Grove, CA 95758
Hampton Inn Suites	2305 Longport Court Elk Grove, CA 95758

Holiday Inn	2460 Maritime Drive Elk Grove, CA 95758
Extended Stay America	2201 Longport Court Elk Grove, CA 95758
Fairfield Inn & Suites	8058 Orchard Loop Lane, Sacramento, CA 95828

It is important to note that one hotel, the Fairfield Inn & Suites, is located directly north of the City's geographical boundaries in the County of Sacramento. That hotel has requested to be a part of the EGTMD. The City may not form the EGTMD that includes businesses located within the jurisdiction of Sacramento County without first obtaining the consent of the Sacramento County Board of Supervisors. Thus, if approved by the City Council, the City will seek the Sacramento County Board of Supervisors' consent to include Fairfield Inn & Suites in the EGTMD.

The City, working with lodging businesses, decided to pursue formation of the EGTMD to create a revenue source devoted to marketing Elk Grove as a tourist, meeting and event destination. If established, the EGTMD would generate approximately \$215,000 on an annual basis for promotion of travel and tourism specific to businesses located within the EGTMD. This estimated revenue is based on a proposed annual assessment rate of 2% of gross short-term (stays less than 31 consecutive days) room rental revenue for lodging businesses in the EGTMD located within Elk Grove, and 1% for lodging businesses in the EGTMD located within the unincorporated portion of Sacramento County. The difference in the rate, which would currently be applicable to the Fairfield Inn & Suites, is due to the fact that they are also in the Sacramento County Tourism Marketing District and pay 1% to that District. Due to the fact that they are already part of the marketing efforts of the Sacramento TMD, they will benefit to a lesser degree than the City hotels which are not marketed as part of the Sacramento TMD. If the Fairfield Inn & Suites is brought into the EGTMD, it will pay a total of 2% between the Sacramento County TMD and the Elk Grove TMD.

The City's recent expenditures related to tourism were approximately \$50,000 to develop and launch the #InElkGrove campaign, which is a tourism website dedicated to the facets of play, dine, shop, stay, and meet. This program was launched in November 2013. Additionally, the City spent approximately \$10,000 advertising the program in its first year.

ANALYSIS:

TOURISM MARKETING DISTRICTS

Tourism Marketing Districts utilize the efficiencies of private sector operation in the market-based promotion of tourism. These assessment districts allow lodging and tourism-related business owners to organize their efforts to increase tourism. Tourism-related business owners within the district fund the District, and those funds are used to provide services that the businesses desire and that benefit the lodging businesses within the District.

District 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, including: marketing of the destination, tourism promotion activities and sales lead generation
- They are designed, created and governed by those who will pay the assessment
- They provide a stable funding source for tourism promotion

In California, Tourism Marketing Districts are formed pursuant to the Property and Business Improvement District Law of 1994. This law allows for the creation of a benefit assessment district to raise funds within a specific geographic area. The key difference between TMDs and other benefit assessment districts, like Landscape and Lighting Districts, is that funds collected are returned to the private non-profit corporation governing the district.

Attachment 3 is a listing of California Tourism Marketing Districts. In the Sacramento area, there are several including: Sacramento County, Folsom, Woodland, Davis, and Rancho Cordova. In all, there are 86 such Districts throughout California.

MANAGEMENT DISTRICT PLAN

The Management District Plan (Exhibit B) includes the proposed boundary of the District, a service plan and budget and a proposed means of governance. The District will include all lodging businesses, existing and in the future, available for public occupancy within the boundaries of the City of Elk Grove and a portion of unincorporated Sacramento County. The

boundary currently includes six (6) lodging businesses with a total of 568 hotel rooms.

The proposed EGTMD will have a five (5) year life. The assessment will be implemented beginning April 1, 2015. Once per year beginning on the anniversary of district formation, there is a 30-day period in which business owners paying more than 50% of the assessment may protest and begin proceedings to disestablish the district. If the City Council finds there has been misappropriation of funds, malfeasance, or a violation of law in connection with the management of the EGTMD, it shall notice a hearing on disestablishment.

The lodging properties are currently meeting and discussing formation of a new nonprofit corporation, Visit Elk Grove (VEG), which will serve as the EGTMD's Owner's Association ("Owner's Association"). The Owner's Association will be a private non-profit corporation charged with managing funds and implementing programs in accordance with the Management District Plan and state law. The Owner's Association must also provide annual reports to the City Council.

The City is preparing a contract with Civitas Advisors to help the proposed Owner's Association form the nonprofit corporation as well as provide some initial guidance and direction to the non-profit once they are formed. In the final Resolution of Formation, if the non-profit corporation is not making substantial progress towards formation, there will be a clause stating the Resolution of Formation will not become final until VEG is established.

Due to the fact that VEG is not yet established, all of the details of the non-profit have not been determined. However, some preliminary indicators include that the Board of Directors of VEG will have five (5) to seven (7) directors, and be comprised of a majority of business owners paying the assessment. In addition, the Board of Directors must represent both of the primary transient traffic areas in the District (Interstate 5 and Highway 99). Further detail of the Board of Directors will be included in the non-profit corporation's Bylaws.

In order to achieve this diverse representation, the initial Board of Directors shall ideally be comprised of the following board seats:

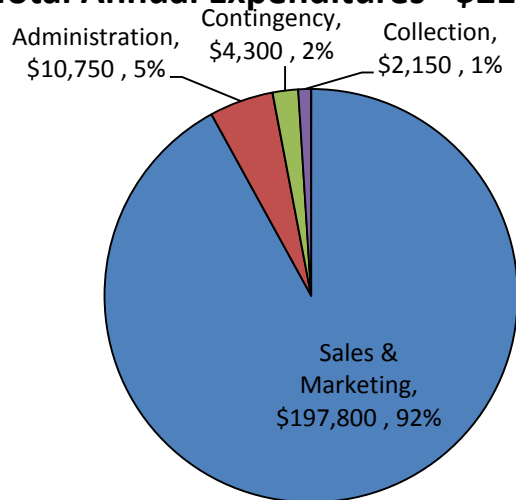
- Two (2) Directors representing assessed businesses bordering Interstate 5;

- Two (2) Directors representing assessed businesses bordering Highway 99; and
- One (1) Director representing the City of Elk Grove or the Elk Grove Chamber of Commerce.

The City of Elk Grove will be responsible for collecting the assessment on a monthly or quarterly basis from each lodging business located in the boundaries of the EGTMD. The City of Elk Grove shall forward the assessments to VEG, which will have the responsibility of managing EGTMD programs as provided in the Management District Plan. The City of Elk Grove shall be paid a fee equal to one percent (1%) of the amount of assessment collected to cover its costs of collection and administration. The City will establish a subsequent agreement between the City and VEG which will establish the frequency of assessments being forwarded as well as frequency of delinquency reporting, and the annual report process.

The draft annual budget detailed below was developed with the assumption of an annual assessment rate of two percent (2%) of gross short-term (stays less than 31 consecutive days) room rental revenue for lodging businesses in the City of Elk Grove, and one percent (1%) for lodging businesses in the unincorporated portion of Sacramento County.

Proposed Total Annual Expenditures - \$215,000



The majority of the budget will be spent on the sales and marketing program to promote Elk Grove as a tourist and meeting destination. The program's goal will be to increase overnight visitation and room night sales at assessed businesses, and may include the following activities:

- Internet marketing efforts to increase awareness and optimize internet presence to drive overnight visitation and room sales to assessed businesses;
- Print ads in magazines and newspapers targeted at potential visitors to drive overnight visitation and room sales to assessed businesses;
- Television ads targeted at potential visitors to drive overnight visitation and room sales to assessed businesses;
- Radio ads targeted at potential visitors to drive overnight visitation and room sales to assessed businesses;
- Attendance at trade shows to promote assessed businesses;
- Sales blitzes for assessed businesses;
- Familiarization tours of assessed businesses;
- Preparation and production of collateral promotional materials such as brochures, flyers and maps featuring assessed businesses;
- Attendance at professional industry conferences and affiliation events to promote assessed businesses;
- Lead generation activities designed to attract tourists and group events to assessed businesses;
- Lodging business Director of Sales and General Manager meetings to plan and coordinate tourism promotion efforts for assessed businesses;
- Capital improvements related to sales and marketing of assessed businesses, which may include sports facilities;
- A transportation service that facilitates group transportation between assessed businesses and local events, transportation hubs, and attractions designed to attract group stays at assessed businesses;
- Comprehensive and integrated signage and billboards to improve wayfinding;
- Education of hospitality staff on service and safety (related to alcohol and food) designed to create a visitor experience that will bring repeat visits to assessed businesses; and
- Education of lodging business management and the owners' association on marketing strategies best suited to meet assessed business's needs.

DISTRICT FORMATION PROCESS

The EGTMD's formation process and anticipated schedule is summarized below:

1. December 10, 2014 – RESOLUTION OF INTENTION HEARING

Upon the submission of a written petition, signed by the property or business owners in the proposed district who will pay more than 50 percent of the assessments proposed to be levied, the City Council may initiate proceedings to form a district by the adoption of a resolution expressing its intention to form a district.

Petition Status: The Petition drive is currently occurring until December 10, 2014. As of the publication of the City Council agenda, petitions in favor of district formation were submitted by 3 hotels, which represent 68.7% of the total district assessment. This majority petition allows the Council to initiate proceedings for district formation at the December 10, 2014 hearing. An update will be given on the status of the petitions at the Council meeting.

Sacramento County Consent: Concurrently at the December 10, 2014 hearing, the City Council will adopt a Resolution requesting the consent of Sacramento County to form the EGTMD in their jurisdiction.

2. December 11, 2014 – NOTICE

The Property and Business Improvement District Law of 1994 requires the City mail written notice to the owners of all lodging properties proposed to be within the district. Mailing the notice begins a mandatory forty-five day period in which owners may protest district formation.

3. January 14, 2014 – PUBLIC MEETING

A public meeting will be held to allow public testimony on the establishment of the EGTMD and levy of assessments. No council action required at this meeting.

4. February 11, 2014 – FINAL PUBLIC HEARING

If written protests are received from the owners of businesses in the proposed district which will pay more than 50 percent of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than 50 percent, no further proceedings to levy the proposed assessment against such businesses shall be taken for a period of one year from the date of the finding of a majority protest by the Council.

At the conclusion of the public hearing to establish the EGTMD, the Council may adopt, revise, change, reduce, or modify the proposed assessment or the type or types of improvements and activities to be funded with the revenues from the assessments. Proposed assessments may only be revised by reducing any or all of them. If the County does not consent to inclusion of the Fairfield Inn & Suites, the boundaries may be reduced at the final hearing to exclude the County territory.

If the Council, following the public hearing, decides to establish the proposed property and business improvement district, the Council shall adopt a resolution of formation meeting the requirements of Streets & Highways Code section 36625.

FISCAL IMPACT

The City has contracted with Civitas to study Tourism Marketing Districts, engage the interested lodging businesses, will continue to assist with initial non-profit formation costs, as well as help with initial guidance and direction to the non-profit. The cost to establish the EGTMD is \$35,000 and the cost to form the non-profit shall not exceed \$5,500. The City is also interested in potentially having Civitas provide some initial guidance and direction to the non-profit once they are formed in the amount not to exceed \$10,000 to help ensure its success. The Management District Plan includes a clause that the costs of creating the EGTMD may be repaid, up to \$50,000, during the term of the EGTMD; repayment shall be deducted proportionally from the budget categories.

The City will receive a fee of one percent (1%) of the amount collected to cover the ongoing costs of administration. Because the EGTMD programs are intended to increase visitation to the City, there may be an increase in transient occupancy tax and sales tax collections.

ATTACHMENTS

1. Attachment 1 - Resolution of Intention
 - a. Exhibit A – City of Elk Grove Boundary Map
 - b. Exhibit B - Management District Plan
2. Attachment 2 - Resolution Requesting Consent of County of Sacramento
3. Attachment 3 - Listing of California Tourism Marketing Districts

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE
DECLARING ITS INTENTION TO ESTABLISH THE ELK GROVE TOURISM
MARKETING DISTRICT (EGTMD) AND FIXING THE TIME AND PLACE OF A
PUBLIC MEETING AND A PUBLIC HEARING THEREON AND GIVING NOTICE
THEREOF**

WHEREAS, the Property and Business Improvement District Law of 1994, Streets and Highways Code § 36600 et seq., authorizes the City to establish business improvement districts for the purposes of promoting tourism; and

WHEREAS, the City and lodging business owners have met to consider the formation of the Elk Grove Tourism Marketing District (EGTMD); and

WHEREAS, the City and lodging businesses have drafted a Management District Plan which sets forth the proposed boundary of the EGTMD, a service plan and budget, and a proposed means of governance; and

WHEREAS, lodging business who will pay more than fifty percent (50%) of the assessment under the EGTMD have petitioned the City Council to establish the EGTMD.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL THAT:

1. The recitals set forth herein are true and correct.
2. The City Council finds that the lodging businesses that will pay more than fifty percent (50%) of the assessment proposed in the Management District Plan have signed and submitted petitions in support of the formation of the EGTMD. The petition does not include the signature of a business owner that will pay an assessment in excess of 40 percent of the amount of all assessments proposed to be levied. The City Council accepts the petitions and adopts this Resolution of Intention to establish the EGTMD and to levy an assessment on certain lodging businesses within the EGTMD boundaries in accordance with the Property and Business Improvement District Law of 1994.
3. The City Council finds that the Management District Plan satisfies all requirements of Streets and Highways Code section 36622.
4. The City Council declares its intention to establish the EGTMD and to levy and collect assessments on lodging businesses within the EGTMD boundaries pursuant to the Property and Business Improvement District Law of 1994.
5. The EGTMD shall include all lodging businesses located within the boundaries of the City of Elk Grove and a portion of unincorporated Sacramento County, as shown in the map, attached as Exhibit A.
6. The name of the district shall be Elk Grove Tourism Marketing District (EGTMD).

7. The annual assessment rate of two percent (2%) of gross short-term (stays less than 31 consecutive days) room rental revenue for lodging businesses in the City of Elk Grove, and one percent (1%) for lodging businesses in the unincorporated portion of Sacramento County. Based on the benefit received, assessments shall not be collected on stays of less than 31 consecutive days, nor on stays by employees of City, County, State and Federal government entities and foreign government diplomats if documentation of an exemption certificate is submitted and payment is made directly to the hotel for rentals or by a government-sponsored corporate charge card, nor on stays pursuant to contracts executed prior to April 1, 2015.
8. The assessments levied for the EGTMD shall be applied toward sales promotion and marketing programs to market assessed lodging businesses in Elk Grove as tourist, meeting, and event destinations, as described in the Management District Plan. Funds remaining at the end of any year may be used in subsequent years in which EGTMD assessments are levied as long as they are used consistent with the requirements of this resolution and the Plan.
9. The EGTMD will have a five (5) year term, beginning April 1, 2015 through March 31, 2020, unless renewed pursuant to Streets and Highways Code section 36660.
10. Bonds shall not be issued.
11. The time and place for the public meeting to hear testimony on establishing the EGTMD and levying assessments are set for January 14, 2015, at 6:00 PM, or as soon thereafter as the matter may be heard, at the Council Chambers located at 8400 Laguna Palms Way, Elk Grove, CA 95758.
12. The time and place for the public hearing to establish the EGTMD and the levy of assessments are set for February 11, 2015, at 6:00 PM, or as soon thereafter as the matter may be heard, at the Council Chambers located at 8400 Laguna Palms Way, Elk Grove, CA 95758. The City Clerk is directed to provide written notice to the lodging businesses subject to assessment of the date and time of the meeting and hearing, and to provide that notice as required by Streets and Highways Code section 36623.
13. At the public meeting and hearing the testimony of all interested persons for or against the establishment of the EGTMD may be received. If at the conclusion of the public hearing, there are of record written protests by the owners of the lodging businesses within the proposed EGTMD that will pay more than fifty percent (50%) of the estimated total assessment of the entire EGTMD, no further proceedings to establish the EGTMD shall occur for a period of one year.
14. The complete Management District Plan is on file with the City Clerk and may be reviewed upon request. It is also included as Exhibit B to the Staff Report.

15. This resolution shall take effect immediately upon its adoption by the City Council.

PASSED AND ADOPTED by the City Council of the City of Elk Grove this 10th day of December 2014.

GARY DAVIS, MAYOR of the
CITY OF ELK GROVE

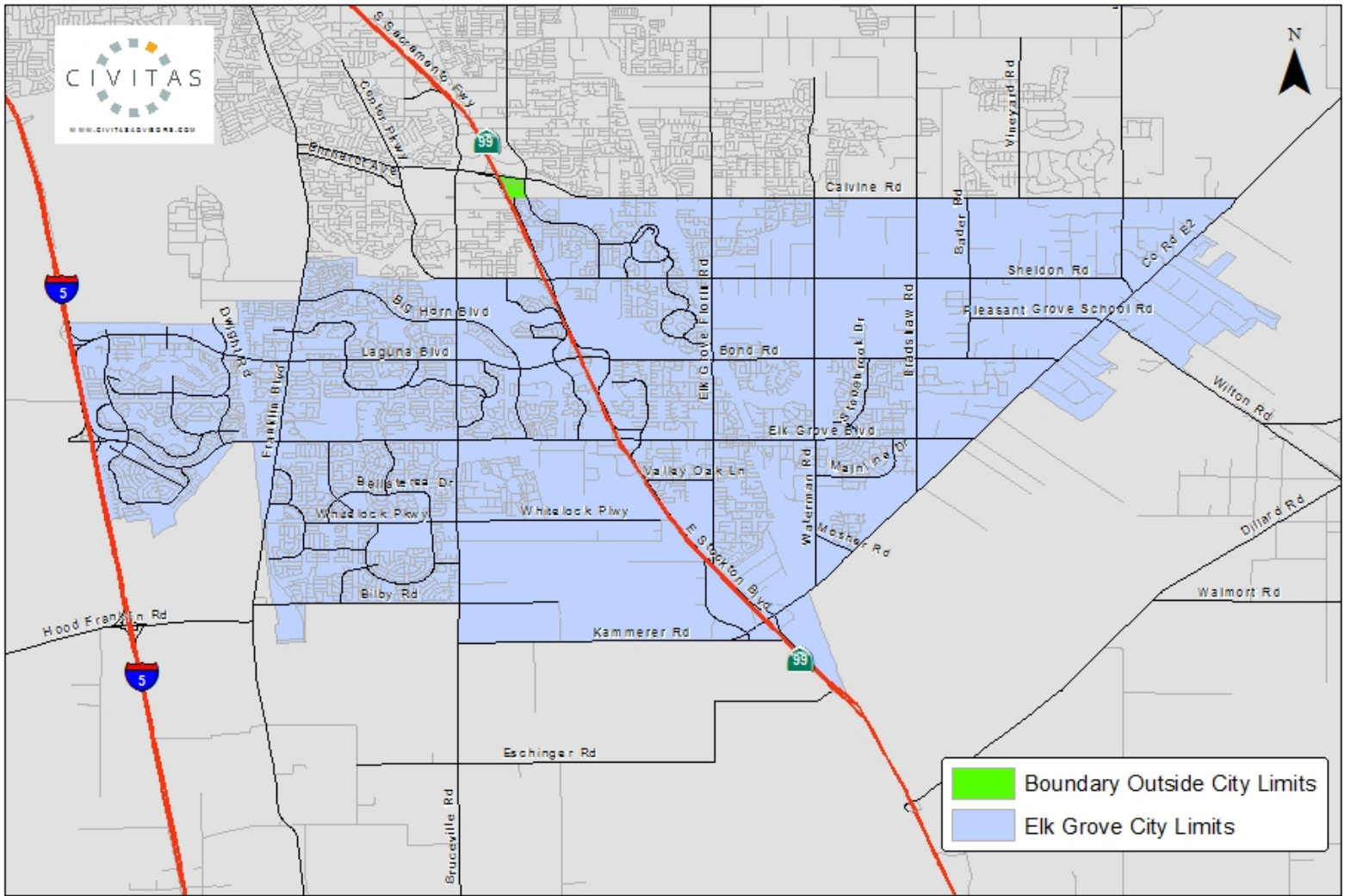
ATTEST:

APPROVED AS TO FORM:

JASON LINDGREN, CITY CLERK

JONATHAN P. HOBBS,
CITY ATTORNEY

EXHIBIT A District Boundaries





MANAGEMENT
DISTRICT PLAN

ELK GROVE TOURISM MARKETING DISTRICT

2015-2020

NOVEMBER 21, 2014

Prepared pursuant to the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq.

CONTENTS

- I. OVERVIEW 2
- II. IMPETUS 4
- III. BACKGROUND 5
- IV. BOUNDARY 6
- V. BUDGET AND SERVICES 7
 - A. Annual Service Plan7
 - B. Determination of Specific Benefit.....8
 - C. Assessment9
 - D. Penalties and Interest10
 - E. Time and Manner for Collecting Assessments.....10
 - F. Annual Budget10
- VI. GOVERNANCE 11
 - A. Owners’ Association11
 - B. Brown Act and California Public Records Act Compliance.....11
 - C. Board of Directors11
 - D. Annual Report11
- APPENDIX 1 – LAW 13
- APPENDIX 2 – ASSESSED BUSINESSES 24

Prepared by
Civitas



(800)999-7781
www.civitasadvisors.com

I. OVERVIEW

The Elk Grove Tourism Marketing District (EGTMD) is an assessment district proposed to provide specific benefits to payors, by funding marketing and sales promotion efforts for assessed businesses. This approach has been used successfully in other cities throughout the country to provide the benefit of additional room night sales directly to payors.

Location: The proposed EGTMD includes all lodging businesses located within the boundaries of the City of Elk Grove and a portion of unincorporated Sacramento County as detailed in section IV.

Services: The EGTMD is designed to provide specific benefits directly to payors by increasing room night sales. Marketing and sales promotions are intended to increase overnight tourism and market payors as tourist, meeting and event destinations, thereby increasing room night sales.

Budget: The total EGTMD annual budget for the initial year of its five (5) year operation is anticipated to be approximately \$215,000. This budget is expected to fluctuate as room sales do, but is not expected to significantly change over the EGTMD's term.

Cost: The annual assessment rate is two percent (2%) of gross short-term (stays less than 31 days) room rental revenue for lodging businesses in the City of Elk Grove, and one percent (1%) for lodging businesses in the unincorporated portion of Sacramento County. Based on the benefit received, assessments will not be collected on stays of more than thirty (30) consecutive days, nor on stays by employees of City, County, State and Federal government entities and foreign government diplomats if documentation of an exemption certificate is submitted and payment is made directly to the hotel for rentals or by a government-sponsored corporate charge card, nor on stays pursuant to contracts executed prior to April 1, 2015.

Collection: The City will be responsible for collecting the assessment on a monthly or quarterly basis (including any delinquencies, penalties and interest) from each lodging business located in the boundaries of the EGTMD. The City shall take all reasonable efforts to collect the assessments from each lodging business.

Duration: The proposed EGTMD will have a five (5) year life, beginning April 1, 2015, through March 31, 2020. Near the end of the term, the petition and City Council hearing process must be repeated for the EGTMD to be renewed. Once per year beginning on the anniversary of district formation there is a 30-day period in which assessed businesses may petition to disestablish the EGTMD. During that period, upon the written petition of the owners or authorized representatives of businesses in the area who pay 50% or more of the assessments levied, the City Council shall pass a resolution of intention to disestablish the EGTMD.

Management: A new nonprofit corporation, Visit Elk Grove (VEG) will serve as the EGTMD's Owners' Association. The Owners' Association is charged with managing funds and

implementing programs in accordance with this Plan, and must provide annual reports to the City Council.

II. IMPETUS

There are several reasons why now is the right time to form a TMD in Elk Grove; the most compelling reasons are as follows:

1. The Need to Increase Occupancy

The formation of the EGTMD is a proactive effort to provide supplemental funding beyond that provided by the City. The funding will ensure that adequate financing exists for the investment required to increase occupancy in the lodging industry and be competitive in the conference segment of the tourism market. The investment will cover an expanded marketing and promotional budget needed to reach this market segment.

2. An Opportunity for Increasing City Transient Occupancy Tax Revenues

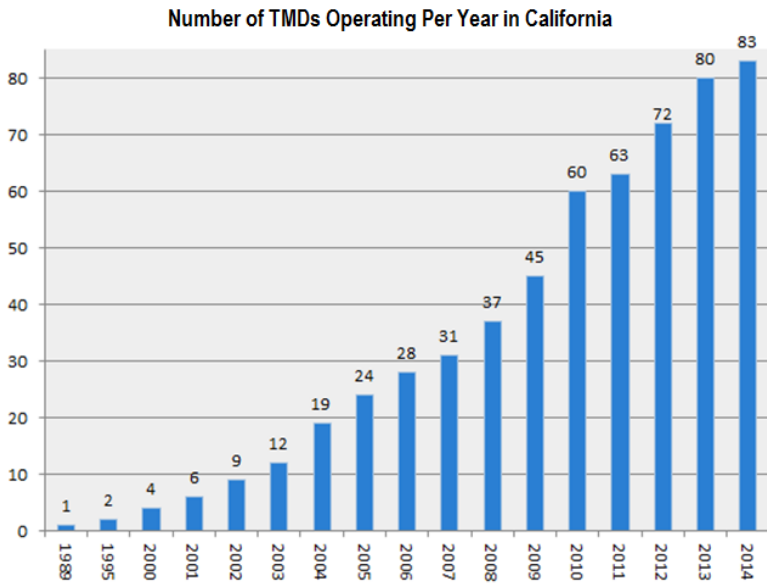
As occupancy rates increase, so too will the City's Transient Occupancy Tax (TOT) revenue. With stable public/private funding for tourism marketing efforts, annual occupancy rates should increase significantly as new marketing and sales promotion programs are implemented. Greater occupancy will also produce an increase in sales tax revenues from tourist spending. This represents a substantial return to the City. The formation of the EGTMD in partnership with the VEG creates a stable funding source tied directly to tourism promotion.

3. Stable Funding for Tourism Promotion

The EGTMD will provide a stable source of funding for consistent tourism promotion efforts.

III. BACKGROUND

TMDs are an evolution of the traditional Business Improvement District. The first TMD was formed in West Hollywood, California in 1989. Since then, over eighty California destinations have followed suit. In recent years, other states have begun adopting the California model – Washington, Montana, and Texas have adopted TMD laws. Several other states are in the process of adopting their own legislation. Some cities, like Portland, Oregon, have utilized their charter powers to create TMDs without a state law.



California’s TMDs collectively raise over \$150 million for local destination marketing. With competitors raising their budgets, and increasing rivalry for visitor dollars, it is important that Elk Grove lodging businesses invest in stable, lodging-specific marketing programs.

Lodging business owners within the TMD pay an assessment and those funds are used to provide services that increase room night sales.

TMDs utilize the efficiencies of private sector operation in the market-based promotion of tourism districts. TMDs allow lodging business owners to organize their efforts to increase

In California, TMDs are formed pursuant to the Property and Business Improvement District Law of 1994, California Streets and Highways Code section 36600 et seq. This law allows for the creation of a benefit assessment district to raise funds within a specific geographic area. *The key difference between TMDs and other benefit assessment districts is that funds raised are returned to the private non-profit entity governing the district.*

There are many benefits to TMDs:

- Pursuant to the California Constitution, funds must be spent on services and improvements that provide a specific benefit only to the assessed businesses;
- Funds cannot be diverted to general government programs;
- They are customized to fit the needs of payors in each destination;
- They allow for a wide range of services;
- They are **designed, created and governed by those who will pay** the assessment; and
- They provide a stable, long-term funding source for tourism promotion.

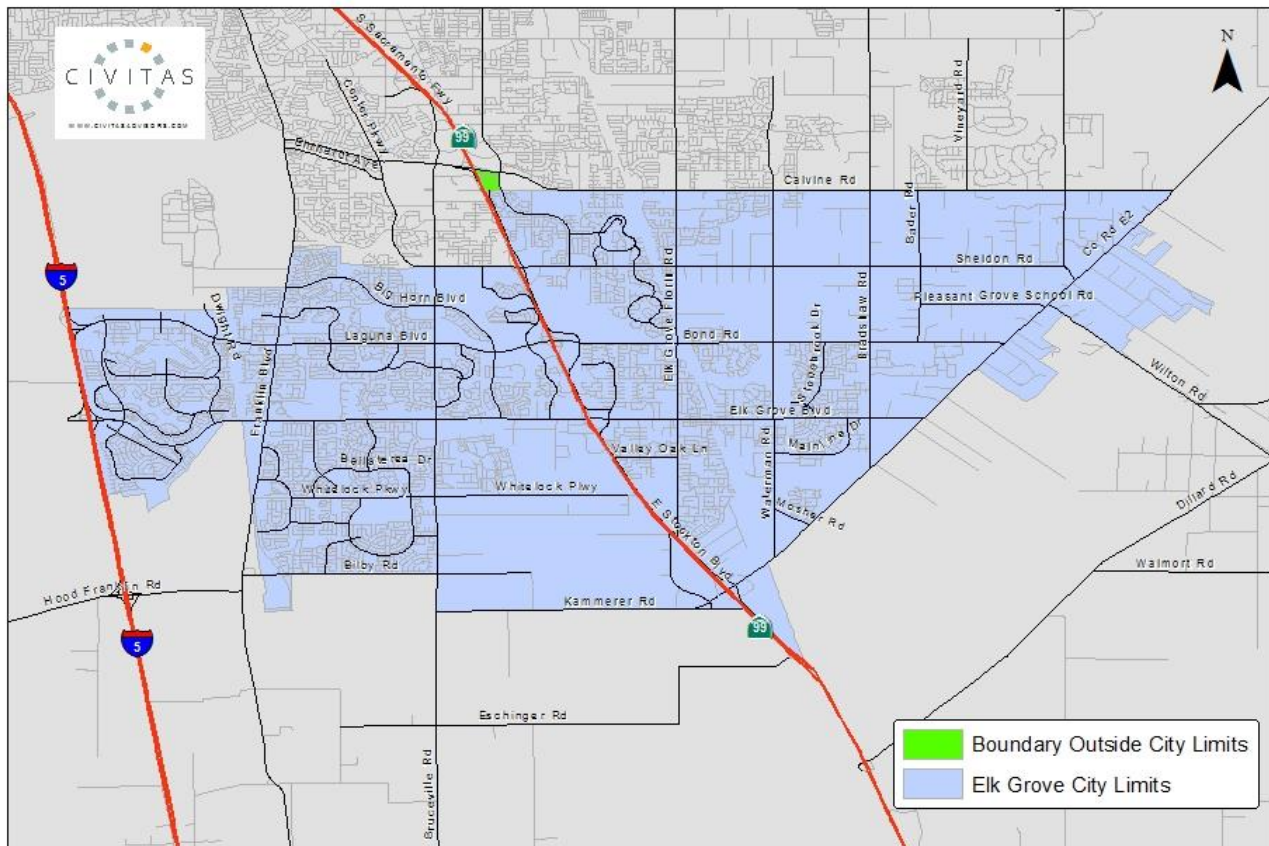
IV. BOUNDARY

The EGTMDD will include all lodging businesses, existing and in the future, available for public occupancy within the boundaries of the City of Elk Grove and a portion of unincorporated Sacramento County extending north between Power Inn Road and Highway 99 and ending on the southern side of Calvin Road.

Lodging business means: any structure, or any portion of any structure, which is occupied or intended or designed for occupancy by transients for dwelling, lodging or sleeping purposes, and includes any hotel, inn, tourist home or house, motel, studio, hotel, bachelor hotel, lodging house, rooming house, apartment house, bed and breakfast, dormitory, public or private club, mobile home or house trailer at a fixed location, or other similar structure or portion thereof.

Transient means: any person who exercises occupancy or is entitled to occupancy by reason of concession, permit, right of access, license or other agreement for a period of thirty (30) days or less, counting portions of days as full days. Any such person so occupying space in a lodging business shall be deemed to be a transient until the period of thirty (30) days has expired unless there is an agreement in writing between the operator and the occupant providing for a longer period of occupancy.

The boundary, as shown in the map below, currently includes six (6) lodging businesses. A complete listing of lodging businesses within the proposed EGTMDD can be found in Appendix 2.



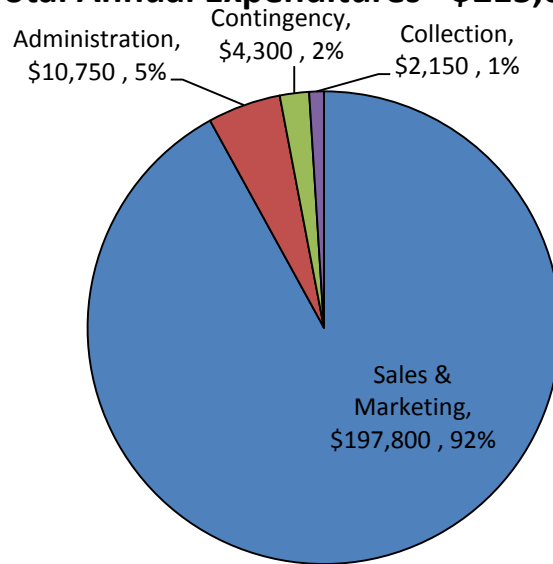
V. BUDGET AND SERVICES

A. Annual Service Plan

Assessment funds will be spent to provide specific benefits conferred or privileges granted directly to the payors that are not provided to those not charged, and which do not exceed the reasonable cost to the City of conferring the benefits or granting the privileges. The privileges and services provided with the EGTMD funds are sales and marketing programs available only to assessed businesses.

A service plan budget has been developed to deliver services that benefit businesses throughout the District. A detailed annual budget will be developed and approved by the Owners' Association. The graph below illustrates the initial annual budget allocations. The total initial budget is \$215,000.

Proposed Total Annual Expenditures - \$215,000



Although actual revenues will fluctuate due to market conditions, the proportional allocations of the budget shall remain the same. However, the City and the VEG board shall have the authority to adjust budget allocations between the categories by no more than fifteen percent (15%) of the total budget per year. A description of the proposed improvements and activities for the initial year of operation is below. The same activities are proposed for subsequent years. In the event of a legal challenge against the EGTMD, any and all assessment funds may be used for the costs of defending the EGTMD. The costs of creating the EGTMD may be repaid, up to \$50,000, during the term of the EGTMD; repayment shall be deducted proportionally from the budget categories.

Sales and Marketing

A sales and marketing program will promote assessed businesses as tourist, meeting, and event destinations. The sales and marketing program will have a central theme of promoting Elk Grove as a desirable place for overnight visits. The program will have the goal of increasing overnight visitation and room night sales at assessed businesses, and may include the following activities:

- Internet marketing efforts to increase awareness and optimize internet presence to drive overnight visitation and room sales to assessed businesses;
- Print ads in magazines and newspapers targeted at potential visitors to drive overnight

- visitation and room sales to assessed businesses;
- Television ads targeted at potential visitors to drive overnight visitation and room sales to assessed businesses;
- Radio ads targeted at potential visitors to drive overnight visitation and room sales to assessed businesses;
- Attendance at trade shows to promote assessed businesses;
- Sales blitzes for assessed businesses;
- Familiarization tours of assessed businesses;
- Preparation and production of collateral promotional materials such as brochures, flyers and maps featuring assessed businesses;
- Attendance at professional industry conferences and affiliation events to promote assessed businesses;
- Lead generation activities designed to attract tourists and group events to assessed businesses;
- Lodging business Director of Sales and General Manager meetings to plan and coordinate tourism promotion efforts for assessed businesses;
- Capital improvements related to sales and marketing of assessed businesses, which may include sports facilities;
- A transportation service that facilitates group transportation between assessed businesses and local events, transportation hubs, and attractions designed to attract group stays at assessed businesses;
- Comprehensive and integrated signage and billboards to improve wayfinding;
- Education of hospitality staff on service and safety (related to alcohol and food) designed to create a visitor experience that will bring repeat visits to assessed businesses; and
- Education of lodging business management and the owners' association on marketing strategies best suited to meet assessed business's needs.

Administration and Operations

The administration and operations portion of the budget shall be utilized for administrative staffing costs, office costs, and other general administrative costs such as insurance, legal, and accounting fees.

Contingency/Renewal

A prudent portion of the budget, two percent (2%), will be allocated to a contingency fund, to account for lower than anticipated collections. If there are contingency funds collected and near the expiration of the district there are contingency funds remaining, and business owners wish to renew the district, the contingency funds may be used for renewal costs.

Collection/Administration Fee

The City of Elk Grove shall be paid a fee equal to one percent (1%) of the amount of assessment collected to cover its costs of collection and administration.

B. Determination of Specific Benefit

State law requires that assessment funds be expended on specific benefits conferred directly to the payors that are not provided to those not charged, and which do not exceed the reasonable cost to the City of conferring the benefits. The services in this MDP are designed to provide targeted

benefits directly to assessed lodging businesses. These services are tailored not to serve the general public, but rather to serve the specific lodging businesses within the EGTM, e.g., the proposed activities are specifically targeted to increase room night sales for assessed lodging businesses within the boundaries of the EGTM, and are narrowly tailored. EGTM funds will be used exclusively to provide the specific benefit of increased room night sales directly to the assesseees. For example, non-assessed businesses will not be featured in EGTM programs and will not receive sales leads from them. The activities paid for from assessment revenues are business services constituting and providing specific benefits to the assessed businesses.

Further, the assessment may be utilized to provide specific government services directly to the payors that are not provided to those not charged, and which do not exceed the reasonable costs to the City of providing the services. The legislature has recognized that marketing and promotions services like those to be provided by the EGTM are, in the context of assessment districts, government services. Further, the amount of the assessment is no more than necessary to cover the reasonable costs of the proposed activities, and the manner in which the costs are allocated to a business owner bear a fair share or reasonable relationship to the businesses' benefits received from the proposed activities. A specific benefit is not excluded from classification as a "specific benefit" merely because an indirect benefit to a nonpayor occurs incidentally and without cost to the payor as a consequence of providing the specific benefit to the payor. To the extent that other, non-District, lodging businesses directly benefit from EGTM programs, that portion of the promotion or program generating the benefit shall be paid with non-District funds.

EGTM services will be implemented carefully to ensure they do not exceed the reasonable cost of such services. Funds will be managed by the Owners' Association, and reports submitted on an annual basis to the City. Only assessed businesses will be featured in marketing materials, receive sales leads generated from district-funded activities, be featured in advertising campaigns, and benefit from other district-funded services. Non-assessed businesses will not receive these, nor any other, district-funded services and benefits.

C. Assessment

The annual assessment rate is two percent (2%) of gross short term (stays less than 31 days) room rental revenue for lodging businesses in the City of Elk Grove, and one percent (1%) for lodging businesses in the unincorporated portion of Sacramento County. Based on the benefit received, assessments will not be collected on stays of more than thirty (30) consecutive days, nor on stays by employees of City, County, State and Federal government entities and foreign government diplomats if documentation of an exemption certificate is submitted and payment is made directly to the hotel for rentals or by a government-sponsored corporate charge card, nor on stays pursuant to contracts executed prior to April 1, 2015.

The term "gross room rental revenue" as used herein means: the consideration charged, whether or not received, for the occupancy of space in a hotel valued in money, whether to be received in money, goods, labor or otherwise, including all receipts, cash, credits and property and services of any kind or nature, without any deduction therefrom whatsoever. For assessment purposes only, gross room rental revenue shall not include any federal, state or local taxes collected from transients, including but not limited to transient occupancy taxes.

Assessments are levied solely upon businesses located within the district, and the business owner is solely responsible for payment of the assessment when due. Each business may choose to pass the

assessment on to transients. The amount of assessment, if passed on to each transient, shall be disclosed in advance and separately stated from the amount of rent charged and any other applicable taxes, and each transient shall receive a receipt for payment from the business. The assessment shall be disclosed as the “EGTMD Assessment.” The assessment shall not be considered revenue for any purposes, including calculation of transient occupancy taxes.

Bonds shall not be issued.

D. Penalties and Interest

1. Any lodging business which fails to remit any assessment imposed within the time required shall pay a penalty of ten percent (10%) of the amount of the assessment in addition to the amount assessment.
2. Any lodging business which fails to remit any delinquent remittance on or before a period of thirty (30) days following the date on which the remittance first (1st) became delinquent shall pay a second (2nd) delinquency penalty of ten percent (10%) of the amount of the assessment in addition to the amount of the assessment and the ten percent (10%) penalty first imposed.
3. If the City determines that the nonpayment of any remittance due is due to fraud or misrepresentation, a penalty of twenty-five percent (25%) of the amount of the tax shall be added thereto in addition to the penalties stated in subsections 1 and 2 of this section.
4. In addition to the penalties imposed, any lodging business which fails to remit any assessment imposed shall pay interest at the rate of one-half of one percent (0.5%) per month or fraction thereof on the amount of the assessment, exclusive of penalties, from the date on which the remittance first became delinquent until paid.
5. Every penalty imposed and such interest as accrues under the provisions of this section shall become part of the assessment herein required to be paid.

E. Time and Manner for Collecting Assessments

The EGTMD assessment will be implemented beginning April 1, 2015, and will continue for five (5) years through March 31, 2020. The City will be responsible for collecting the assessment on a monthly or quarterly basis (including any delinquencies, penalties and interest) from each lodging business located in the boundaries of the EGTMD. The City shall take all reasonable efforts to collect the assessments from each lodging business. The City shall forward the assessments collected to the Owners’ Association.

F. Annual Budget

The total five (5) year improvement and service plan budget is projected at approximately \$215,000 annually, or \$1,075,000 through 2020. This amount may fluctuate as sales and revenue increase at assessed businesses, but is not expected to change significantly over the term.

VI. GOVERNANCE

A. Owners' Association

The City Council, through adoption of this Management District Plan, has the right, pursuant to Streets and Highways Code §36651, to identify the body that shall implement the proposed program, which shall be the Owners' Association of the EGTMD as defined in Streets and Highways Code §36614.5. The City Council has determined that Visit Elk Grove (VEG) will serve as the Owners' Association for the EGTMD.

B. Brown Act and California Public Records Act Compliance

An Owners' Association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. The Owners' Association is, however, subject to government regulations relating to transparency, namely the Ralph M. Brown Act and the California Public Records Act. These regulations are designed to promote public accountability. The Owners' Association acts as a legislative body under the Ralph M. Brown Act (Government Code §54950 et seq.). Thus, meetings of the VEG board and certain committees must be held in compliance with the public notice and other requirements of the Brown Act. The Owners' Association is also subject to the record keeping and disclosure requirements of the California Public Records Act. Accordingly, the Owners' Association shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

C. Board of Directors

The Board of Directors of VEG will have five (5) to seven (7) directors, comprised of a majority of business owners paying the assessment. In addition, the Board of Directors must represent both of the primary transient traffic areas in the District. Further detail on the Board of Directors will be included in the corporation's Bylaws.

In order to achieve this diverse representation, the initial Board of Directors shall ideally be comprised of the following board seats:

- Two (2) Directors representing assessed businesses bordering Interstate 5;
- Two (2) Directors representing assessed businesses bordering Highway 99; and
- One (1) Director representing the City of Elk Grove or the Elk Grove Chamber of Commerce.

D. Annual Report

The VEG shall present an annual report at the end of each year of operation to the City Council pursuant to Streets and Highways Code §36650 (see Appendix 1). The annual report shall include:

- Any proposed changes in the boundaries of the improvement district or in any benefit zones or classification of businesses within the district.
- The improvements and activities to be provided for that fiscal year.
- An estimate of the cost of providing the improvements and the activities for that fiscal year.
- The method and basis of levying the assessment in sufficient detail to allow each business owner to estimate the amount of the assessment to be levied against his or her business for that fiscal year.
- The estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year.

- The estimated amount of any contributions to be made from sources other than assessments levied pursuant to this part.

APPENDIX 1 – LAW

Property And Business Improvement District Law of 1994

Cal Sts & Hy Code § 36600 (2013)

*** This document is current through the 2014 Supplement ***
(All 2013 legislation)

§ 36600. Citation of part

This part shall be known and may be cited as the "Property and Business Improvement District Law of 1994."

§ 36601. Legislative findings and declarations

The Legislature finds and declares all of the following:

(a) Businesses located and operating within the business districts of this state's communities are economically disadvantaged, are underutilized, and are unable to attract customers due to inadequate facilities, services, and activities in the business districts.

(b) It is in the public interest to promote the economic revitalization and physical maintenance of the business districts of its cities in order to create jobs, attract new businesses, and prevent the erosion of the business districts.

(c) It is of particular local benefit to allow cities to fund business related improvements, maintenance, and activities through the levy of assessments upon the businesses or real property that benefits from those improvements.

(d) Assessments levied for the purpose of providing improvements and promoting activities that benefit real property or businesses are not taxes for the general benefit of a city, but are assessments for the improvements and activities which confer special benefits upon the real property or businesses for which the improvements and activities are provided.

§ 36602. Purpose of part

The purpose of this part is to supplement previously enacted provisions of law that authorize cities to levy assessments within a business improvement area. This part does not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes.

§ 36603. Preemption of authority or charter city to adopt ordinances levying assessments

Nothing in this part is intended to preempt the authority of a charter city to adopt ordinances providing for a different method of levying assessments for similar or additional purposes from those set forth in this part. A property and business improvement district created pursuant to this part is expressly exempt from the provisions of the Special Assessment Investigation, Limitation and Majority Protest Act of 1931 (Division 4 (commencing with Section 2800)).

§ 36603.5. Part prevails over conflicting provisions

Any provision in this part that conflicts with any other provision of law shall prevail over the other provision of law.

§ 36604. Severability

This part is intended to be construed liberally and, if any provision is held invalid, the remaining provisions shall remain in full force and effect. Assessments levied under this part are not special taxes.

§ 36605. [Section repealed 2001.]

§ 36606. "Assessment"

"Assessment" means a levy for the purpose of acquiring, constructing, installing, or maintaining improvements and promoting activities which will benefit the properties or businesses located within a property and business improvement district.

§ 36607. "Business"

"Business" means all types of businesses and includes financial institutions and professions.

§ 36608. "City"

"City" means a city, county, city and county, or an agency or entity created pursuant to Article 1 (commencing with *Section 6500*) of *Chapter 5 of Division 7 of Title 1 of the Government Code*, the public member agencies of which includes only cities, counties, or a city and county, or the State of California.

§ 36609. "City council"

"City council" means the city council of a city or the board of supervisors of a county, or the agency, commission, or board created pursuant to a joint powers agreement and which is a city within the meaning of this part.

§ 36610. "Improvement"

"Improvement" means the acquisition, construction, installation, or maintenance of any tangible property with an estimated useful life of five years or more including, but not limited to, the following:

- (a) Parking facilities.
- (b) Benches, booths, kiosks, display cases, pedestrian shelters and signs.
- (c) Trash receptacles and public restrooms.
- (d) Lighting and heating facilities.
- (e) Decorations.
- (f) Parks.
- (g) Fountains.
- (h) Planting areas.
- (i) Closing, opening, widening, or narrowing of existing streets.
- (j) Facilities or equipment, or both, to enhance security of persons and property within the area.
- (k) Ramps, sidewalks, plazas, and pedestrian malls.
- (l) Rehabilitation or removal of existing structures.

§ 36611. "Property and business improvement district"; "District"

"Property and business improvement district," or "district," means a property and business improvement district established pursuant to this part.

§ 36612. "Property"

"Property" means real property situated within a district.

§ 36613. "Activities"

"Activities" means, but is not limited to, all of the following:

- (a) Promotion of public events which benefit businesses or real property in the district.
- (b) Furnishing of music in any public place within the district.
- (c) Promotion of tourism within the district.
- (d) Marketing and economic development, including retail retention and recruitment.
- (e) Providing security, sanitation, graffiti removal, street and sidewalk cleaning, and other municipal services supplemental to those normally provided by the municipality.
- (f) Activities which benefit businesses and real property located in the district.

§ 36614. "Management district plan"; "Plan"

"Management district plan" or "plan" means a proposal as defined in Section 36622.

§ 36614.5. "Owners' association"

"Owners' association" means a private nonprofit entity that is under contract with a city to administer or implement activities and improvements specified in the management district plan. An owners' association may be an existing nonprofit entity or a newly formed nonprofit entity. An owners' association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. Notwithstanding this section, an owners' association shall comply with the Ralph M. Brown Act (Chapter 9 (commencing with *Section 54950*) of *Part 1 of Division 2 of Title 5 of the Government Code*), at all times when matters within the subject matter of the district are heard, discussed, or deliberated, and with the California Public Records Act (Chapter 3.5 (commencing with *Section 6250*) of *Division 7 of Title 1 of the Government Code*), for all documents relating to activities of the district.

§ 36615. "Property owner"; "Business owner"; "Owner"

"Property owner" means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of land by the city council. "Business owner" means any person recognized by the city as the owner of the business. "Owner" means either a business owner or a property owner. The city council has no obligation to obtain other information as to the ownership of land or businesses, and its determination of ownership shall be final and conclusive for the purposes of this part. Wherever this part requires the signature of the property owner, the signature of the authorized agent of the property owner shall be sufficient. Wherever this part requires the signature of the business owner, the signature of the authorized agent of the business owner shall be sufficient.

§ 36616. "Tenant"

"Tenant" means an occupant pursuant to a lease of commercial space or a dwelling unit, other than an owner.

§ 36617. Alternate method of financing certain improvements and activities; Effect on other provisions

This part provides an alternative method of financing certain improvements and activities. The provisions of this part shall not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes. Every improvement area established pursuant to the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500) of this division) is valid and effective and is unaffected by this part.

§ 36620. Establishment of property and business improvement district

A property and business improvement district may be established as provided in this chapter.

§ 36620.5. Requirement of consent of city council

A county may not form a district within the territorial jurisdiction of a city without the consent of the city council of that city. A city may not form a district within the unincorporated territory of a county without the consent of the board of supervisors of that county. A city may not form a district within the territorial jurisdiction of another city without the consent of the city council of the other city.

§ 36621. Initiation of proceedings; Petition of property or business owners in proposed district

(a) Upon the submission of a written petition, signed by the property or business owners in the proposed district who will pay more than 50 percent of the assessments proposed to be levied, the city council may initiate proceedings to form a district by the adoption of a resolution expressing its intention to form a district. The amount of assessment attributable to property or a business owned by the same property or business owner that is in excess of 40 percent of the amount of all assessments proposed to be levied, shall not be included in determining whether the petition is signed by property or business owners who will pay more than 50 percent of the total amount of assessments proposed to be levied.

(b) The petition of property or business owners required under subdivision (a) shall include a summary of the management district plan. That summary shall include all of the following:

- (1) A map showing the boundaries of the district.
- (2) Information specifying where the complete management district plan can be obtained.
- (3) Information specifying that the complete management district plan shall be furnished upon request.

(c) The resolution of intention described in subdivision (a) shall contain all of the following:

(1) A brief description of the proposed activities and improvements, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property or businesses within the district, a statement as to whether bonds will be issued, and a description of the exterior boundaries of the proposed district. The descriptions and statements do not need to be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements and activities and the location and extent of the proposed district.

(2) A time and place for a public hearing on the establishment of the property and business improvement district and the levy of assessments, which shall be consistent with the requirements of Section 36623.

§ 36622. Contents of management district plan

The management district plan shall contain all of the following:

(a) If the assessment will be levied on property, a map of the district in sufficient detail to locate each parcel of property and, if businesses are to be assessed, each business within the district. If the assessment will be levied on

businesses, a map that identifies the district boundaries in sufficient detail to allow a business owner to reasonably determine whether a business is located within the district boundaries. If the assessment will be levied on property and businesses, a map of the district in sufficient detail to locate each parcel of property and to allow a business owner to reasonably determine whether a business is located within the district boundaries.

(b) The name of the proposed district.

(c) A description of the boundaries of the district, including the boundaries of benefit zones, proposed for establishment or extension in a manner sufficient to identify the affected lands and businesses included. The boundaries of a proposed property assessment district shall not overlap with the boundaries of another existing property assessment district created pursuant to this part. This part does not prohibit the boundaries of a district created pursuant to this part to overlap with other assessment districts established pursuant to other provisions of law, including, but not limited to, the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500)). This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with another business assessment district created pursuant to this part. This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with a property assessment district created pursuant to this part.

(d) The improvements and activities proposed for each year of operation of the district and the maximum cost thereof. If the improvements and activities proposed for each year of operation are the same, a description of the first year's proposed improvements and activities and a statement that the same improvements and activities are proposed for subsequent years shall satisfy the requirements of this subdivision.

(e) The total annual amount proposed to be expended for improvements, maintenance and operations, and debt service in each year of operation of the district. If the assessment is levied on businesses, this amount may be estimated based upon the assessment rate. If the total annual amount proposed to be expended in each year of operation of the district is not significantly different, the amount proposed to be expended in the initial year and a statement that a similar amount applies to subsequent years shall satisfy the requirements of this subdivision.

(f) The proposed source or sources of financing, including the proposed method and basis of levying the assessment in sufficient detail to allow each property or business owner to calculate the amount of the assessment to be levied against his or her property or business. The plan also shall state whether bonds will be issued to finance improvements.

(g) The time and manner of collecting the assessments.

(h) The specific number of years in which assessments will be levied. In a new district, the maximum number of years shall be five. Upon renewal, a district shall have a term not to exceed 10 years. Notwithstanding these limitations, a district created pursuant to this part to finance capital improvements with bonds may levy assessments until the maximum maturity of the bonds. The management district plan may set forth specific increases in assessments for each year of operation of the district.

(i) The proposed time for implementation and completion of the management district plan.

(j) Any proposed rules and regulations to be applicable to the district.

(k) A list of the properties or businesses to be assessed, including the assessor's parcel numbers for properties to be assessed, and a statement of the method or methods by which the expenses of a district will be imposed upon benefited real property or businesses, in proportion to the benefit received by the property or business, to defray the cost thereof, including operation and maintenance.

(l) Any other item or matter required to be incorporated therein by the city council.

§ 36623. Procedure to levy assessment

(a) If a city council proposes to levy a new or increased property assessment, the notice and protest and hearing procedure shall comply with *Section 53753 of the Government Code*.

(b) If a city council proposes to levy a new or increased business assessment, the notice and protest and hearing procedure shall comply with *Section 54954.6 of the Government Code*, except that notice shall be mailed to the owners of the businesses proposed to be assessed. A protest may be made orally or in writing by any interested person. Every written protest shall be filed with the clerk at or before the time fixed for the public hearing. The city

council may waive any irregularity in the form or content of any written protest. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing. Each written protest shall contain a description of the business in which the person subscribing the protest is interested sufficient to identify the business and, if a person subscribing is not shown on the official records of the city as the owner of the business, the protest shall contain or be accompanied by written evidence that the person subscribing is the owner of the business or the authorized representative. A written protest that does not comply with this section shall not be counted in determining a majority protest. If written protests are received from the owners or authorized representatives of businesses in the proposed district that will pay 50 percent or more of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than 50 percent, no further proceedings to levy the proposed assessment against such businesses, as contained in the resolution of intention, shall be taken for a period of one year from the date of the finding of a majority protest by the city council.

(c) If a city council proposes to conduct a single proceeding to levy both a new or increased property assessment and a new or increased business assessment, the notice and protest and hearing procedure for the property assessment shall comply with subdivision (a), and the notice and protest and hearing procedure for the business assessment shall comply with subdivision (b). If a majority protest is received from either the property or business owners, that respective portion of the assessment shall not be levied. The remaining portion of the assessment may be levied unless the improvement or other special benefit was proposed to be funded by assessing both property and business owners.

§ 36624. Changes to proposed assessments

At the conclusion of the public hearing to establish the district, the city council may adopt, revise, change, reduce, or modify the proposed assessment or the type or types of improvements and activities to be funded with the revenues from the assessments. Proposed assessments may only be revised by reducing any or all of them. At the public hearing, the city council may only make changes in, to, or from the boundaries of the proposed property and business improvement district that will exclude territory that will not benefit from the proposed improvements or activities. Any modifications, revisions, reductions, or changes to the proposed assessment district shall be reflected in the notice and map recorded pursuant to Section 36627.

§ 36625. Resolution of formation

(a) If the city council, following the public hearing, decides to establish the proposed property and business improvement district, the city council shall adopt a resolution of formation that shall contain all of the following:

(1) A brief description of the proposed activities and improvements, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property, businesses, or both within the district, a statement about whether bonds will be issued, and a description of the exterior boundaries of the proposed district. The descriptions and statements do not need to be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements and activities and the location and extent of the proposed district.

(2) The number, date of adoption, and title of the resolution of intention.

(3) The time and place where the public hearing was held concerning the establishment of the district.

(4) A determination regarding any protests received. The city shall not establish the district or levy assessments if a majority protest was received.

(5) A statement that the properties, businesses, or properties and businesses in the district established by the resolution shall be subject to any amendments to this part.

(6) A statement that the improvements and activities to be provided in the district will be funded by the levy of the assessments. The revenue from the levy of assessments within a district shall not be used to provide improvements or activities outside the district or for any purpose other than the purposes specified in the resolution of intention, as modified by the city council at the hearing concerning establishment of the district.

(7) A finding that the property or businesses within the area of the property and business improvement district will be benefited by the improvements and activities funded by the assessments proposed to be levied.

(b) The adoption of the resolution of formation and, if required, recordation of the notice and map pursuant to

Section 36627 shall constitute the levy of an assessment in each of the fiscal years referred to in the management district plan.

§ 36626. Resolution establishing district

If the city council, following the public hearing, desires to establish the proposed property and business improvement district, and the city council has not made changes pursuant to Section 36624, or has made changes that do not substantially change the proposed assessment, the city council shall adopt a resolution establishing the district. The resolution shall contain all of the information specified in paragraphs (1) to (8), inclusive, of subdivision (b) of Section 36625, but need not contain information about the preliminary resolution if none has been adopted.

§ 36626.5. [Section repealed 1999.]

§ 36626.6. [Section repealed 1999.]

§ 36626.7. [Section repealed 1999.]

§ 36627. Notice and assessment diagram

Following adoption of the resolution establishing district assessments on properties pursuant to Section 36625 or Section 36626, the clerk of the city shall record a notice and an assessment diagram pursuant to Section 3114. No other provision of Division 4.5 (commencing with Section 3100) applies to an assessment district created pursuant to this part.

§ 36628. Establishment of separate benefit zones within district; Categories of businesses

The city council may establish one or more separate benefit zones within the district based upon the degree of benefit derived from the improvements or activities to be provided within the benefit zone and may impose a different assessment within each benefit zone. If the assessment is to be levied on businesses, the city council may also define categories of businesses based upon the degree of benefit that each will derive from the improvements or activities to be provided within the district and may impose a different assessment or rate of assessment on each category of business, or on each category of business within each zone.

§ 36628.5. Assessments on businesses or property owners

The city council may levy assessments on businesses or on property owners, or a combination of the two, pursuant to this part. The city council shall structure the assessments in whatever manner it determines corresponds with the distribution of benefits from the proposed improvements and activities.

§ 36629. Provisions and procedures applicable to benefit zones and business categories

All provisions of this part applicable to the establishment, modification, or disestablishment of a property and business improvement district apply to the establishment, modification, or disestablishment of benefit zones or categories of business. The city council shall, to establish, modify, or disestablish a benefit zone or category of business, follow the procedure to establish, modify, or disestablish a property and business improvement district.

§ 36630. Expiration of district; Creation of new district

If a property and business improvement district expires due to the time limit set pursuant to subdivision (h) of

Section 36622, a new management district plan may be created and a new district established pursuant to this part.

§ 36631. Time and manner of collection of assessments; Delinquent payments

The collection of the assessments levied pursuant to this part shall be made at the time and in the manner set forth by the city council in the resolution levying the assessment. Assessments levied on real property may be collected at the same time and in the same manner as for the ad valorem property tax, and may provide for the same lien priority and penalties for delinquent payment. All delinquent payments for assessments levied pursuant to this part shall be charged interest and penalties.

§ 36632. Assessments to be based on estimated benefit; Classification of real property and businesses; Exclusion of residential and agricultural property

(a) The assessments levied on real property pursuant to this part shall be levied on the basis of the estimated benefit to the real property within the property and business improvement district. The city council may classify properties for purposes of determining the benefit to property of the improvements and activities provided pursuant to this part.

(b) Assessments levied on businesses pursuant to this part shall be levied on the basis of the estimated benefit to the businesses within the property and business improvement district. The city council may classify businesses for purposes of determining the benefit to the businesses of the improvements and activities provided pursuant to this part.

(c) Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and service funded through these assessments, and shall not be subject to any assessment pursuant to this part.

§ 36633. Time for contesting validity of assessment

The validity of an assessment levied under this part shall not be contested in any action or proceeding unless the action or proceeding is commenced within 30 days after the resolution levying the assessment is adopted pursuant to Section 36626. Any appeal from a final judgment in an action or proceeding shall be perfected within 30 days after the entry of judgment.

§ 36634. Service contracts authorized to establish levels of city services

The city council may execute baseline service contracts that would establish levels of city services that would continue after a property and business improvement district has been formed.

§ 36635. Request to modify management district plan

The owners' association may, at any time, request that the city council modify the management district plan. Any modification of the management district plan shall be made pursuant to this chapter.

§ 36636. Modification of plan by resolution after public hearing; Adoption of resolution of intention; Modification of improvements and activities by adoption of resolution after public hearing

(a) Upon the written request of the owners' association, the city council may modify the management district plan after conducting one public hearing on the proposed modifications. The city council may modify the improvements and activities to be funded with the revenue derived from the levy of the assessments by adopting a resolution determining to make the modifications after holding a public hearing on the proposed modifications. If the modification includes the levy of a new or increased assessment, the city council shall comply with Section 36623. Notice of all other public meetings and public hearings pursuant to this section shall comply with both of the following:

(1) The resolution of intention shall be published in a newspaper of general circulation in the city once at least seven days before the public meeting.

(2) A complete copy of the resolution of intention shall be mailed by first class mail, at least 10 days before the public meeting, to each business owner or property owner affected by the proposed modification.

(b) The city council shall adopt a resolution of intention which states the proposed modification prior to the public hearing required by this section. The public hearing shall be held not more than 90 days after the adoption of the resolution of intention.

§ 36637. Reflection of modification in notices recorded and maps

Any subsequent modification of the resolution shall be reflected in subsequent notices and maps recorded pursuant to Division 4.5 (commencing with Section 3100), in a manner consistent with the provisions of Section 36627.

§ 36640. Bonds authorized; Procedure; Restriction on reduction or termination of assessments

(a) The city council may, by resolution, determine and declare that bonds shall be issued to finance the estimated cost of some or all of the proposed improvements described in the resolution of formation adopted pursuant to Section 36625, if the resolution of formation adopted pursuant to that section provides for the issuance of bonds, under the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500)) or in conjunction with Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with *Section 6584*) of *Chapter 5 of Division 7 of Title 1 of the Government Code*). Either act, as the case may be, shall govern the proceedings relating to the issuance of bonds, although proceedings under the Bond Act of 1915 may be modified by the city council as necessary to accommodate assessments levied upon business pursuant to this part.

(b) The resolution adopted pursuant to subdivision (a) shall generally describe the proposed improvements specified in the resolution of formation adopted pursuant to Section 36625, set forth the estimated cost of those improvements, specify the number of annual installments and the fiscal years during which they are to be collected. The amount of debt service to retire the bonds shall not exceed the amount of revenue estimated to be raised from assessments over 30 years.

(c) Notwithstanding any other provision of this part, assessments levied to pay the principal and interest on any bond issued pursuant to this section shall not be reduced or terminated if doing so would interfere with the timely retirement of the debt.

§ 36641. [Section repealed 2001.]

§ 36642. [Section repealed 2001.]

§ 36643. [Section repealed 2001.]

§ 36650. Report by owners' association; Approval or modification by city council

(a) The owners' association shall cause to be prepared a report for each fiscal year, except the first year, for which assessments are to be levied and collected to pay the costs of the improvements and activities described in the report. The owners' association's first report shall be due after the first year of operation of the district. The report may propose changes, including, but not limited to, the boundaries of the property and business improvement district or any benefit zones within the district, the basis and method of levying the assessments, and any changes in the classification of property, including any categories of business, if a classification is used.

(b) The report shall be filed with the clerk and shall refer to the property and business improvement district by name, specify the fiscal year to which the report applies, and, with respect to that fiscal year, shall contain all of the following information:

(1) Any proposed changes in the boundaries of the property and business improvement district or in any benefit zones or classification of property or businesses within the district.

(2) The improvements and activities to be provided for that fiscal year.

(3) An estimate of the cost of providing the improvements and the activities for that fiscal year.

(4) The method and basis of levying the assessment in sufficient detail to allow each real property or business owner, as appropriate, to estimate the amount of the assessment to be levied against his or her property or business for that fiscal year.

(5) The amount of any surplus or deficit revenues to be carried over from a previous fiscal year.

(6) The amount of any contributions to be made from sources other than assessments levied pursuant to this part.

(c) The city council may approve the report as filed by the owners' association or may modify any particular contained in the report and approve it as modified. Any modification shall be made pursuant to Sections 36635 and 36636.

The city council shall not approve a change in the basis and method of levying assessments that would impair an authorized or executed contract to be paid from the revenues derived from the levy of assessments, including any commitment to pay principal and interest on any bonds issued on behalf of the district.

§ 36651. Designation of owners' association to provide improvements and activities

The management district plan may, but is not required to, state that an owners' association will provide the improvements or activities described in the management district plan. If the management district plan designates an owners' association, the city shall contract with the designated nonprofit corporation to provide services.

§ 36660. Renewal of district; Transfer or refund of remaining revenues; District term limit

(a) Any district previously established whose term has expired, may be renewed by following the procedures for establishment as provided in this chapter.

(b) Upon renewal, any remaining revenues derived from the levy of assessments, or any revenues derived from the sale of assets acquired with the revenues, shall be transferred to the renewed district. If the renewed district includes additional parcels or businesses not included in the prior district, the remaining revenues shall be spent to benefit only the parcels or businesses in the prior district. If the renewed district does not include parcels or businesses included in the prior district, the remaining revenues attributable to these parcels shall be refunded to the owners of these parcels or businesses.

(c) Upon renewal, a district shall have a term not to exceed 10 years, or, if the district is authorized to issue bonds, until the maximum maturity of those bonds. There is no requirement that the boundaries, assessments, improvements, or activities of a renewed district be the same as the original or prior district.

§ 36670. Circumstances permitting disestablishment of district; Procedure

(a) Any district established or extended pursuant to the provisions of this part, where there is no indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the district, may be disestablished by resolution by the city council in either of the following circumstances:

(1) If the city council finds there has been misappropriation of funds, malfeasance, or a violation of law in connection with the management of the district, it shall notice a hearing on disestablishment.

(2) During the operation of the district, there shall be a 30-day period each year in which assesses may request disestablishment of the district. The first such period shall begin one year after the date of establishment of the district and shall continue for 30 days. The next such 30-day period shall begin two years after the date of the establishment of the district. Each successive year of operation of the district shall have such a 30-day period. Upon the written petition of the owners or authorized representatives of real property or the owners or authorized representatives of businesses in the area who pay 50 percent or more of the assessments levied, the city council shall pass a resolution of intention to disestablish the district. The city council shall notice a hearing on disestablishment.

(b) The city council shall adopt a resolution of intention to disestablish the district prior to the public hearing

required by this section. The resolution shall state the reason for the disestablishment, shall state the time and place of the public hearing, and shall contain a proposal to dispose of any assets acquired with the revenues of the assessments levied within the property and business improvement district. The notice of the hearing on disestablishment required by this section shall be given by mail to the property owner of each parcel or to the owner of each business subject to assessment in the district, as appropriate. The city shall conduct the public hearing not less than 30 days after mailing the notice to the property or business owners. The public hearing shall be held not more than 60 days after the adoption of the resolution of intention.

§ 36671. Refund of remaining revenues upon disestablishment or expiration without renewal of district; Calculation of refund; Use of outstanding revenue collected after disestablishment of district

(a) Upon the disestablishment or expiration without renewal of a district, any remaining revenues, after all outstanding debts are paid, derived from the levy of assessments, or derived from the sale of assets acquired with the revenues, or from bond reserve or construction funds, shall be refunded to the owners of the property or businesses then located and operating within the district in which assessments were levied by applying the same method and basis that was used to calculate the assessments levied in the fiscal year in which the district is disestablished or expires. All outstanding assessment revenue collected after disestablishment shall be spent on improvements and activities specified in the management district plan.

(b) If the disestablishment occurs before an assessment is levied for the fiscal year, the method and basis that was used to calculate the assessments levied in the immediate prior fiscal year shall be used to calculate the amount of any refund.

APPENDIX 2 – ASSESSED BUSINESSES

HOTEL NAME	ADDRESS
Holiday Inn Express	9175 W. Stockton Boulevard, Elk Grove, CA 95758
Hilton Garden Inn	9241 Laguna Springs Drive, Elk Grove, CA 95758
Hampton Inn Suites	2305 Longport Court, Elk Grove, CA 95758
Holiday Inn Express & Suites	2460 Maritime Drive, Elk Grove, CA 95758
Extended Stay America	2201 Longport Court, Elk Grove, CA 95758
Fairfield Inn & Suites	8058 Orchard Loop Lane, Sacramento, CA 95828

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE
REQUESTING CONSENT OF THE BOARD OF SUPERVISORS OF THE COUNTY OF
SACRAMENTO TO CREATE THE ELK GROVE TOURISM MARKETING DISTRICT**

WHEREAS, the City Council of the City of Elk Grove has initiated proceedings to form the Elk Grove Tourism Marketing District (“EGTMD”); and

WHEREAS, certain tourism business owners have requested that the City Council (the “Council”) of the City of Elk Grove (the “City”) create the EGTMD; and

WHEREAS, a portion of the territory proposed to be included in the EGTMD lies within the boundaries of the County of Sacramento (the “County”), as shown on the map attached hereto as Exhibit A and incorporated herein by such attachment; and

WHEREAS, the area of the County which lies within the boundaries of the proposed EGTMD will, in the opinion of the Council, be benefited by the improvements and activities, and the purpose sought to be accomplished by the work can best be accomplished be a single comprehensive scheme of work.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Elk Grove that:

Section 1: The above recitals are true and correct.

Section 2: Consent of the County, through its Board of Supervisors, is hereby requested to create the EGTMD, and to grant to the Council jurisdiction for all the purposes in connection with creation and operation of the proposed EGTMD, including collection of the assessment.

Section 3: The City Clerk is hereby directed to transmit a certified copy of this Resolution to the Clerk of the Board of the County of Sacramento.

PASSED AND ADOPTED by the City Council of the City of Elk Grove this 10th day of December 2014

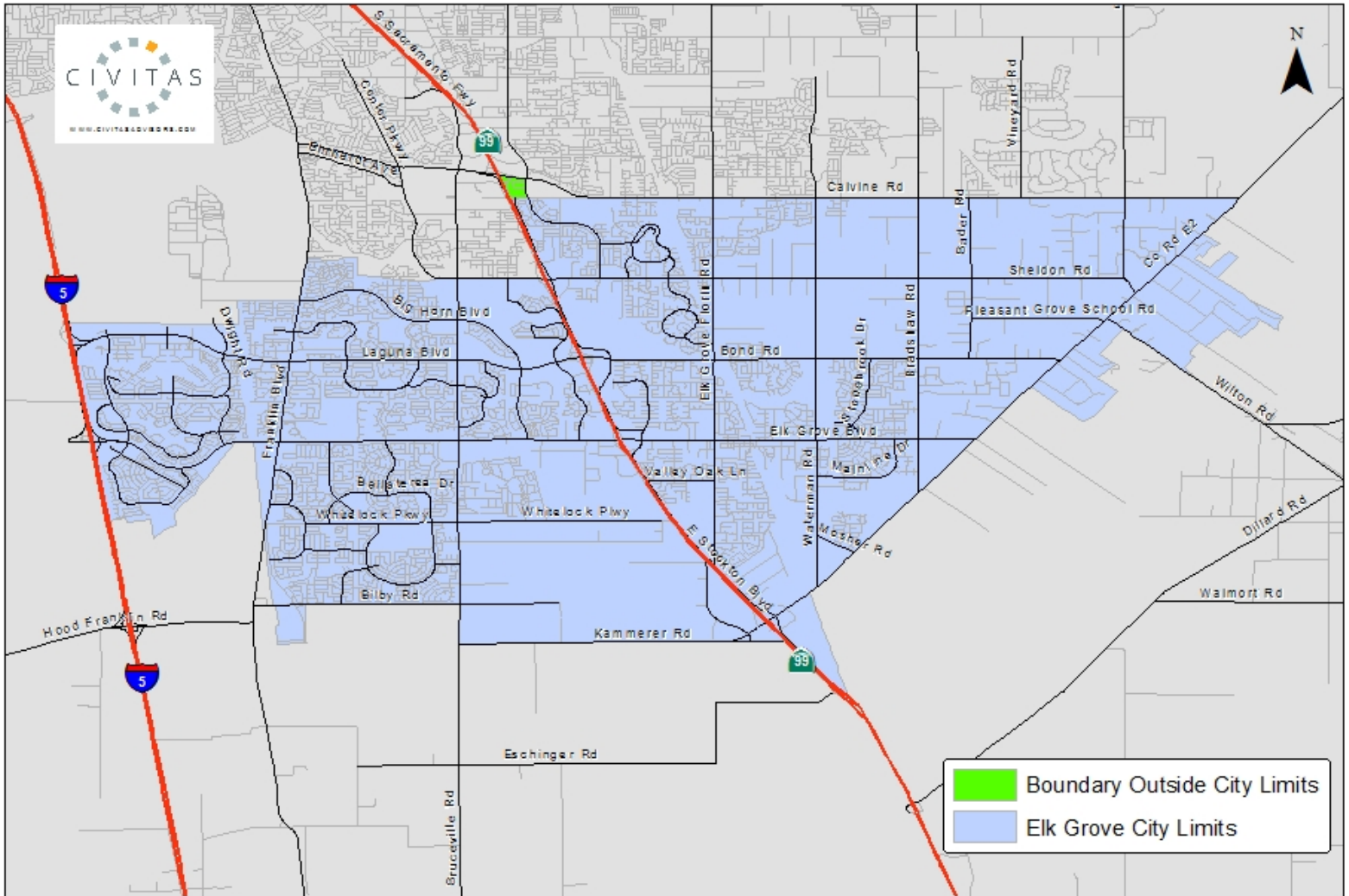
GARY DAVIS, MAYOR of the
CITY OF ELK GROVE

ATTEST:

APPROVED AS TO FORM:

JASON LINDGREN, CITY CLERK

JONATHAN P. HOBBS,
CITY ATTORNEY





California Tourism Improvement Districts

<i>District</i>	<i>Annual Budget</i>	<i>Assessment Rates</i>	<i>Programs Funded</i>	<i>Year Approved</i>	<i>Enabling Statute</i>	<i>TOT</i>
Anaheim / Garden Grove	\$9,000,000	2% room revenue	Tourism Marketing / Transport	2010	Local Ordinance ('94)	15.00%
Arroyo Grande	\$140,000	2% room revenue	Tourism Marketing	2013	89 Law	10.00%
Atascadero	\$105,000	2% room revenue	Tourism Marketing	2013	89 Law	10.00%
Berkeley	\$375,000	1% room revenue	Tourism Marketing	2012	94 Law	12.00%
Burbank	\$520,000	1% room revenue	Tourism Marketing	2011	94 Law	12.00%
Camarillo	\$440,000	2% room revenue	Tourism Marketing	2014	94 Law	9.00%
Carlsbad	\$874,000	\$1.00 per night	Tourism Marketing	2005	89 Law	10.00%
Carlsbad Golf	\$200,000	\$2.00 per night	Tourism Marketing	2012	89 Law	10.00%
Carmel	\$220,000	\$1.00 per night	Tourism Marketing	2012	89 Law	10.00%
Claremont	\$187,000	2% room revenue	Tourism Marketing	2010	94 Law	10.00%
Concord	\$750,000	3% room revenue	Tourism Marketing	2013	94 Law	10.00%

<i>District</i>	<i>Annual Budget</i>	<i>Assessment Rates</i>	<i>Programs Funded</i>	<i>Year Approved</i>	<i>Enabling Statute</i>	<i>TOT</i>
Conejo Valley	\$450,000	\$1.00 per night	Tourism Marketing	2013	94 Law	12.00%
Coronado	\$600,000	.5% room revenue	Tourism Marketing	2010	89 Law	10.00%
Costa Mesa	\$1,100,000	3% room revenue	Tourism Marketing	1995	89 Law	8.00%
Dana Point	\$1,000,000	\$3.00 per night	Tourism Marketing	2009	89 Law	10.00%
Davis	\$120,000	1% room revenue	Tourism Marketing	2000	89 Law	10.00%
Del Mar	\$185,000	1% room revenue	Tourism Marketing / Downtown Improvements	2010	94 Law	11.50%
Fairfield	\$540,000	3% room revenue	Tourism Marketing	2013	94 Law	10.00%
Folsom	\$780,000	4% room revenue	Tourism Marketing	2002	Local Ordinance ('94)	8.00%
Fresno	\$800,000	1% room revenue	Tourism Marketing	2010	94 Law	12.00%
Gilroy	\$119,000	2% room revenue	Tourism Marketing	2013	94 Law	9.00%
Half Moon Bay	\$145,000	\$1.00 per night	Tourism Marketing	2004	89 Law	12.00%
Healdsburg	\$320,000	2% room revenue	Tourism Marketing	2012	94 Law	12.00%
Humboldt County	\$1,000,000	2% room revenue	Tourism Marketing	2012	94 Law	10.00%
Huntington Beach	\$2,400,000	3% room revenue	Tourism Marketing	2002	89 Law	10.00%
Irvine	\$1,600,000	2% room revenue	Tourism Marketing	2002	Local Ordinance ('89)	8.00%

<i>District</i>	<i>Annual Budget</i>	<i>Assessment Rates</i>	<i>Programs Funded</i>	<i>Year Approved</i>	<i>Enabling Statute</i>	<i>TOT</i>
Laguna Beach	\$950,000	2% room revenue	Tourism Marketing	2001	89 Law	10.00%
Lancaster	\$320,000	2% room revenue	Tourism Marketing	2013	94 Law	7.00%
Lodi	\$156,000	3% room revenue	Tourism Marketing	2004	89 Law	6.00%
Lompoc	\$250,000	2% room revenue	Tourism Marketing	2014	94 Law	10.00%
Long Beach	\$4,000,000	3% room revenue	Tourism Marketing	2005	89 Law	12.00%
Los Angeles	\$19,000,000	1.5% room revenue	Tourism Marketing	2011	94 Law	14.00%
Madera County	\$400,000	2% room revenue	Tourism Marketing	2010	94 Law	9.10%
Mammoth Lakes	\$4,680,000	1% - 2% revenue Hotels, Restaurants, Ski Resorts	Tourism Marketing	2013	94 Law	13.00%
Marin County	\$1,320,000	2% room revenue	Tourism Marketing	2004	89 Law	10.30%
Mariposa County	\$1,200,000	1% room revenue	Tourism Marketing	2008	94 Law	10.00%
Mendocino County	\$600,000	1% room revenue	Tourism Marketing	2006	89 Law	10.00%
Monterey County	\$3,500,000	\$0.50 - \$2.50 per night	Tourism Marketing	2006	89 Law	10.30%
Morro Bay	\$500,000	3% room revenue	Tourism Marketing	2009	89 Law	10.00%
Napa Valley	\$6,000,000	2% room revenue	Tourism Marketing	2010	94 Law	12.00%
National City	\$175,000	2.5% room revenue	Tourism Marketing	2012	94 Law	10.00%

<i>District</i>	<i>Annual Budget</i>	<i>Assessment Rates</i>	<i>Programs Funded</i>	<i>Year Approved</i>	<i>Enabling Statute</i>	<i>TOT</i>
Newport Beach	\$2,500,000	3% room revenue	Tourism Marketing	2009	94 Law	10.00%
Oakdale	\$200,000	2% room revenue	Tourism Marketing	2009	89 Law	7.00%
Oceanside	\$472,500	1.5% room revenue	Tourism Marketing	2010	94 Law	10.00%
Ojai	\$200,000	1% room revenue	Tourism Marketing	2012	94 Law	10.00%
Ontario	\$2,000,000	2% room revenue	Tourism Marketing	2013	94 Law	11.80%
Pacific Grove	\$130,000	\$1.00 - 1.50 per night	Tourism Marketing and Physical Improvements	2007	89 Law	10.00%
Palm Springs	\$6,400,000	2% room revenue	Tourism Marketing	2008	89 Law	12.70%
Palm Springs CVB	\$3,200,000	1% room revenue	Tourism Marketing	2013	89 Law	12.70%
Pasadena	\$2,848,000	2.89% room revenue	Conference Center Expansion	2003	89 Law	12.10%
Paso Robles	\$500,000	2% room revenue	Tourism Marketing	2008	89 Law	10.00%
Pismo Beach	\$600,000	1% room revenue	Tourism Marketing	2009	89 Law	10.00%
Placer Valley	\$380,000	\$1.00 - \$1.50 per night	Tourism Marketing	2003	89 Law	9.10%
Rancho Cordova	\$633,000	\$1.50 per night	Tourism Marketing	2010	94 Law	12.00%
Redding City	\$800,000	2% room revenue	Tourism Marketing	2008	94 Law	10.00%

<i>District</i>	<i>Annual Budget</i>	<i>Assessment Rates</i>	<i>Programs Funded</i>	<i>Year Approved</i>	<i>Enabling Statute</i>	<i>TOT</i>
Richmond	\$150,000	\$1.00 - \$1.50 per night	Tourism Marketing	2004	89 Law	10.00%
Ridgecrest	\$240,000	2% room revenue	Tourism Marketing	2012	94 Law	10.00%
Sacramento	\$5,200,000	1% - 3% room revenue	Tourism Marketing	2000	94 Law	12.00%
San Diego	\$30,000,000	.55% or 2% room revenue	Tourism Marketing	2007	Local Ordinance ('94)	10.50%
San Francisco	\$27,000,000	.75% - 1.5% room revenue	Tourism Marketing & Services / Moscone Center Improvements	2008	Local Ordinance ('94)	14.00%
San Jose	\$1,500,000	\$1.00 - \$2.50 per night	Tourism Marketing	2006	89 Law	10.00%
San Luis Obispo (City)	\$950,000	2% room revenue	Tourism Marketing	2008	89 Law	10.00%
San Luis Obispo (County)	\$1,500,000	2% room revenue	Tourism Marketing	2009	89 Law	9.70%
San Mateo	\$2,100,000	\$0.15 - \$1.00 per night	Tourism Marketing	2001	89 Law	12.00%
Santa Barbara South Coast	\$1,800,000	\$0.50 - \$2.00 per night	Tourism Marketing	2010	94 Law	10.90%
Santa Clara	\$600,000	\$1.00 per night	Tourism Marketing	2004	89 Law	9.50%
Santa Clarita	\$440,000	2% room revenue	Tourism Marketing	2010	89 Law	10.00%
Santa Cruz County	\$1,140,000	\$1.00 - \$1.50 per night	Tourism Marketing	2010	94 Law	10.00%
Santa Monica	\$3,350,000	\$2.25 - \$4.25 per night	Tourism Marketing	2013	94 Law	14.00%

<i>District</i>	<i>Annual Budget</i>	<i>Assessment Rates</i>	<i>Programs Funded</i>	<i>Year Approved</i>	<i>Enabling Statute</i>	<i>TOT</i>
Santa Rosa	\$300,000	3% room revenue	Tourism Marketing	2010	89 Law	9.00%
Santa Ynez Valley	\$600,000	\$2.00 per night	Tourism Marketing	2010	94 Law	10.00%
Simi Valley	\$239,000	2% room revenue	Tourism Marketing	2014	94 Law	10.00%
Sonoma City	\$440,000	2% room revenue	Tourism Marketing	2012	94 Law	10.00%
Sonoma County	\$2,000,000	2% room revenue	Tourism Marketing	2004	89 Law	12.00%
South Lake Tahoe	\$1,800,000	\$3.00 - \$4.50 per night	Tourism Marketing	2006	94 Law	10.00%
Stockton	\$1,000,000	4% room revenue	Tourism Marketing	2010	94 Law	8.00%
Temecula	\$1,000,000	4% room revenue	Tourism Marketing	2005	89 Law	8.00%
Tiburon	\$44,000	1% room revenue	Tourism Marketing	2007	89 Law	10.00%
Torrance	\$630,000	1% room revenue	Tourism Marketing	2010	94 Law	11.00%
Tri-Valley	\$1,520,000	\$2.00 per night	Tourism Marketing	2005	94 Law	8.00%
Vacaville	\$234,000	2% room revenue	Tourism Marketing	2004	89 Law	8.00%
Vallejo	\$300,000	\$0.50-\$1.00 per night	Tourism Marketing	2003	89 Law	11.00%
Ventura - Oxnard - Camarillo	\$1,200,000	1.5% room revenue	Tourism Marketing	2011	94 Law	10.00%
Walnut Creek	\$300,000	\$1.50 - \$2.00 per night	Tourism Marketing	2010	89 Law	8.50%

<i>District</i>	<i>Annual Budget</i>	<i>Assessment Rates</i>	<i>Programs Funded</i>	<i>Year Approved</i>	<i>Enabling Statute</i>	<i>TOT</i>
West Hollywood	\$4,388,000	3% room revenue	Tourism Marketing	1989	89 Law	12.50%
Woodland	\$95,000	1% room revenue	Tourism Marketing	2004	89 Law	11.00%

Convention Center Districts

San Francisco	\$19,332,000	.3125% to 1.25% room revenue	Moscone Center	2013	94 Law	14.00%
San Jose CFD	\$7,800,000		Convention Center	2010	94 Law	10.00%

	<i>Annual Budget</i>	TBID Statistics	<i>Years in Existence</i>	<i>TOT</i>
Total	\$179,944,500.00 of 86 Districts			
Largest	\$30,000,000.00		24	15.00%
Smallest	\$44,000.00		1	6.00%
Average	\$2,092,377.91		5	10.36%

Prepared by: Civitas - (800) 999-7781 - www.civitasadvisors.com - www.tourismimprovementdistrict.com