



COUNTY OF HUMBOLDT

For the meeting of: 7/7/2026

File #: 26-601

To: Board of Supervisors

From: County Administrative Office

Agenda Section: Departmental

Vote Requirement: Majority

SUBJECT:

Receive Annual Report from the Humboldt Lodging Alliance and Provide Direction Regarding Updates to the Tourism Business Improvement District Governance Documents

RECOMMENDATION(S):

That the Board of Supervisors:

1. Receive Annual Report from The Humboldt Lodging Alliance (HLA); and
2. Direct staff to commence negotiations with the Humboldt Lodging Alliance regarding amendments to the Management District Plan (MDP) and the Agreement for Services, including clarification of governance responsibilities, fiscal oversight, allocation authority, reporting requirements, amendment procedures, and other provisions necessary to ensure consistency between the governing documents and current industry best practices; and
3. Direct staff to retain or otherwise consult with a nationally recognized Tourism Business Improvement District (TBID) consultant experienced in California TBID governance, administration, and renewals to assist the County during negotiations and provide recommendations regarding governance best practices, consistency with the Property and Business Improvement District Law of 1994, and alignment between the Management District Plan and the Agreement for Services.

STRATEGIC PLAN:

This action supports the following areas of your Board's Strategic Plan.

Area of Focus: A Diverse, Equitable & Robust Economy

Strategic Plan Category: 2002 - Promote a robust tourism economy

DISCUSSION:

The Humboldt Lodging Alliance (HLA) serves as the official owners' association for Humboldt County's lodging industry and as the designated management entity for the Humboldt County Tourism Business Improvement District (TBID). Established in 2012 through the collaborative efforts of local lodging property owners, HLA was created to provide a sustainable, industry-led mechanism for strengthening Humboldt County's visitor economy without increasing taxes on residents or requiring financial support from local governments. Following collaboration between lodging operators, the county, and the incorporated cities, one of California's earliest Tourism Business Improvement Districts was formed, creating a dedicated funding source focused exclusively on increasing overnight visitation and supporting Humboldt County's tourism economy.

The district encompasses the incorporated cities of Arcata, Eureka, Fortuna, Ferndale, Rio Dell, and Trinidad, as well as the unincorporated areas of Humboldt County. HLA operates as an independent 501(c)(6) nonprofit corporation governed by a Board of

Directors elected by lodging stakeholders throughout the district. The current Management District Plan (MDP) was renewed for a ten-year period covering July 1, 2017, through June 30, 2027.

The Humboldt County TBID is funded through a self-assessment paid by lodging businesses with five or more rentable units. Unlike Transient Occupancy Tax (TOT) revenues, which are public tax revenues available for general governmental purposes, TBID assessment revenues are restricted by the California Property and Business Improvement District Law of 1994 and the adopted Management District Plan to programs and activities that provide a direct benefit to the lodging businesses that pay the assessment. Eligible activities include destination marketing, tourism promotion, visitor-serving programs, sales initiatives, and strategic investments intended to increase overnight visitation and room-night sales.

As the designated Owners' Association, HLA is responsible for administering assessment revenues and implementing programs in accordance with the Management District Plan and annually reporting to the Board of Supervisors pursuant to Streets and Highways Code Section 36650. Today's presentation fulfills that annual statutory reporting requirement and provides the Board with an overview of HLA's activities, expenditures, and proposed program of work.

Separate from today's annual report, staff has identified an opportunity to comprehensively review the governing documents that define the relationship between the county and HLA. While the Management District Plan and Agreement for Services have generally served both parties well since the district's renewal, staff has identified several areas where the documents would benefit from clarification to improve governance, transparency, and long-term administration of the district.

Specifically, the Management District Plan and Agreement for Services contain overlapping provisions addressing governance, administration of assessment revenues, budget administration, and the respective responsibilities of the county, the Board of Supervisors, and the Owners' Association. In several instances, the documents address the same subjects with varying levels of specificity or assign responsibilities differently, creating uncertainty regarding implementation and oversight. Although these provisions have generally functioned cooperatively in practice, differing interpretations have emerged regarding the allocation of responsibilities and decision-making authority.

Staff believes these issues are best addressed proactively through a collaborative review of both governing documents rather than through differing interpretations during future budget discussions or operational decisions. Clarifying governance responsibilities, fiscal oversight, reporting expectations, amendment procedures, dispute resolution processes, and the relationship between the Management District Plan and the Agreement for Services will provide greater certainty to both the county and the lodging industry while preserving the industry-led nature of the TBID.

Given that the current Management District Plan expires in 2027, staff believes this is an appropriate opportunity to evaluate the governing documents before consideration of any future district renewal. Completing this work in advance of the renewal process will help ensure that governance expectations are clearly understood, reduce the potential for future disputes, and establish a modern framework that reflects current industry best practices.

Because Tourism Business Improvement Districts operate under specialized statutory requirements and governance models that differ from traditional public contracting, staff recommends consulting with a nationally recognized TBID professional experienced in California district formation, governance, and renewals. Such expertise will assist the county and HLA in evaluating best practices utilized throughout California, ensuring consistency with the Property and Business Improvement District Law of 1994, and developing governing documents that clearly define the respective roles and responsibilities of the county and the Owners' Association while preserving the intent of the district and the interests of the assessed lodging businesses.

Accordingly, staff recommends receiving HLA's annual report and directing staff to work collaboratively with HLA and an experienced TBID consultant to update the Management District Plan and Agreement for Services to clarify governance, improve consistency between the governing documents, and position the district for a successful 2027 renewal.

SOURCE OF FUNDING:

Humboldt County TBID

FINANCIAL IMPACT:

There is no direct financial impact associated with receiving the annual report. However, implementation of the Board's direction to

negotiate updates to the Management District Plan and Agreement for Services is anticipated to require specialized consulting services from a nationally recognized Tourism Business Improvement District professional. Staff anticipates that any consulting costs can be funded from available Tourism assessment revenues and/or from the fiscal year 2026-27 contingency funds. Staff will work collaboratively with the Humboldt Lodging Alliance to identify an appropriate consultant and will return to the Board for approval if additional funding authority or contract authorization is necessary.

STAFFING IMPACT:

Implementation of the Board's direction will require staff time within the County Administrative Office, County Counsel, and other departments, as appropriate, to support contract negotiations, coordinate with the Humboldt Lodging Alliance and any retained TBID consultant, and prepare recommended amendments to the Management District Plan and Agreement for Services for future Board consideration. The recommended actions are not anticipated to require any additional staffing or changes to current authorized staffing levels.

OTHER AGENCY INVOLVEMENT:

Humboldt Lodging Alliance

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Board Discretion.

ATTACHMENTS:

1. Humboldt Lodging Alliance Annual Report
2. 2017-2027 Humboldt County Tourism Business Improvement District Management District Plan
3. Agreement for Services between the County of Humboldt and the Humboldt Lodging Alliance

PREVIOUS ACTION/REFERRAL:

Meeting of: N/A

File No.: N/A