



COUNTY OF HUMBOLDT

For the meeting of: 4/16/2019

File #: 19-450

To: Board of Supervisors

From: County Administrative Office

Agenda Section: Consent

SUBJECT:

Resolution of Intention to Modify the Humboldt County Tourism Business Improvement District Management District Plan

RECOMMENDATION(S):

That the Board of Supervisors:

1. Adopt the attached Resolution contained in Attachment 1 declaring the Board's intention to modify the Humboldt County Tourism Business Improvement District Management District Plan, which will result in a public hearing on May 7, 2019.

SOURCE OF FUNDING:

Humboldt County Tourism Business Improvement District (HCTBID)

DISCUSSION:

The HCTBID is a benefit assessment district to help fund marketing and sales promotion efforts for Humboldt County lodging businesses. Currently, the district includes all lodging businesses within the boundaries of Humboldt County, including the cities of Arcata, Eureka, Ferndale, Fortuna, Rio Dell and Trinidad. This approach has been used successfully in other destination areas throughout the state to improve tourism and drive additional room nights.

The HCTBID Owners' Association, which is the Humboldt Lodging Alliance, has requested that the Board of Supervisors modify the HCTBID Management District Plan (MDP) to eliminate lodging businesses with less than five rentable units at a single location from the MDP. The Humboldt Lodging Alliance (HLA) requested this change to the MDP as an effort to improve the organizational structure of the HCTBID and the HLA. The structure of the HCTBID and the HLA was created to provide specific benefits to assessed lodging businesses through sales and marketing programs designed to increase overnight visitation and room night sales at assessed lodging businesses. The HLA stated that the proposed modification "will ensure that the HCTBID and the [HLA] are able to continue providing these specific benefits to assessed [lodging] businesses within the HCTBID."

The proposed modification will have no effect on Humboldt County Transient Occupancy Tax (TOT)

collections. TOT will still be collected from all lodging businesses within the unincorporated areas of Humboldt County, including lodging businesses with less than five rentable units at a single location. The proposed modification is estimated by the Humboldt County Treasurer-Tax Collector to reduce the HCTBID annual budget by \$115,809, or 10 percent.

The Humboldt Lodging Alliance has provided outreach letters to the city managers of the cities of Arcata, Eureka, Ferndale, Fortuna, Rio Dell and Trinidad informing them of the proposed HCTBID modification. A copy of the outreach letter (Attachment 3) is included with this item.

HCTBID MODIFICATION PROCESS

April 16, 2019 RESOLUTION OF INTENTION

Upon the written request by the HCTBID Owners' Association, the Humboldt Lodging Alliance, the Board of Supervisors may adopt a resolution of intention which states the proposed modification to the HCTBID MDP. The Humboldt Lodging Alliance provided a written request for the proposed modification to the Board of Supervisors dated Nov. 15, 2018. Receipt of this written request allows the Board of Supervisors to initiate proceedings for HCTBID MDP modification at the April 16, 2019 meeting.

April 19, 2019 NOTICE

The Property and Business Improvement District Law of 1994 requires the county to publish the Resolution of Intention in a newspaper of general circulation in the County at least seven days before the public hearing and mail a complete copy of the Resolution of Intention to each business owner affected by the proposed modification at least 10 days before the public hearing.

May 7, 2019 PUBLIC HEARING & RESOLUTION OF MODIFICATION

The Board of Supervisors shall hold a public hearing on the proposed HCTBID MDP modifications. If the Board of Supervisors, following the public hearing, decides to modify the HCTBID MDP, the Board of Supervisors shall adopt a Resolution of Modification.

FINANCIAL IMPACT:

There is minimal cost to adopting a resolution of intention to modify the HCTBID Management District Plan. The proposed modification is estimated by the Humboldt County Treasurer-Tax Collector to reduce the HCTBID annual budget by \$115,809, or 10 percent, as establishments with fewer than five units would no longer pay the assessment. Lodging businesses subject to the assessment would experience no change in the amount they would be assessed. However, if the proposed changes are ultimately adopted, the fee collected by the county for administering collection of the HCTBID assessment will be increased from 1 percent to 2 percent of the total amount collected within its jurisdiction. This will result in increased revenue to the county from \$4,800 to \$7,500 annually.

As of April 3, 2019, there was \$1,001.37 in the HCTBID Fund. Funds are distributed to the HLA on a quarterly basis.

STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework by supporting business, workforce development and creation of private-sector jobs .

OTHER AGENCY INVOLVEMENT:

Humboldt Lodging Alliance; Humboldt County Tourism Business Improvement District

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Your Board could choose not to adopt the attached resolution to modify the MDP and hold a public hearing. This alternative is not recommended as the HLA has submitted written notice to your Board to consider this modification.

ATTACHMENTS:

1. Final Board Resolution of Intention
2. Final Board Resolution for HCTBID Modification
3. Outreach Letter to City Managers
4. HCTBID MDP - Redline version
5. HCTBID MDP - Clean version

PREVIOUS ACTION/REFERRAL:

Board Order No.: K-1

Meeting of: 5/23/17

File No.: N/A