

# TOWN COUNCIL STAFF REPORT

Title: Resolution of Intention to Renew the Mammoth Lakes Tourism Improvement District.

Meeting Date: April 26, 2023

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## **RECOMMENDATION:**

Adopt the Resolution declaring its intention to renew the Mammoth Lakes Tourism Business Improvement District (MLTBID) and fixing the time and place of a public meeting and a public hearing thereon and giving notice thereof.

## **BACKGROUND:**

The MLTBID is a benefit assessment district proposed to continue a revenue source to help fund sales, marketing, media relations and communications programs, and air service marketing and subsidy programs for Mammoth Lakes tourism businesses. This approach has been used successfully in other destination areas throughout the State to improve tourism and drive additional room nights to assessed tourism businesses. The renewed MLTBID includes all tourism businesses, existing and in the future, located within the boundaries of the Town of Mammoth Lakes, as shown on the map included in the attached draft Management District Plan. As used herein, the term “tourism business(es)” includes all tourism businesses: lodging businesses, restaurants, retail businesses, golf courses, and ski resorts.

Tourism business owners decided to pursue renewal of the MLTBID in order to continue a revenue source devoted to marketing Mammoth Lakes as a tourist, meeting and event destination. If renewed, the MLTBID would generate approximately \$6,668,250 on an annual basis for promotion of travel and tourism and support for Air Service specific to benefit the assessed businesses in Mammoth Lakes.

## **ANALYSIS:**

### *TOURISM BUSINESS IMPROVEMENT DISTRICTS*

Tourism Business Improvement Districts (TBIDs) utilize the efficiencies of private sector operation in the market-based promotion of tourism. These special assessment districts allow tourism business owners to organize their efforts to increase tourism. Tourism business owners within the TBID fund the TBID, and those funds are used to provide services that are desired by and benefit the tourism businesses within the TBID.

TBID 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 destination marketing, tourism promotion, 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, TBIDs are primarily formed pursuant to the Property and Business Improvement District Law of 1994 (94 Law). This law allows for the creation of a special benefit assessment district to raise funds within a specific geographic area. The key difference between TBIDs and other special benefit assessment districts is that funds raised are returned to the private non-profit corporation governing the TBID.

*MANAGEMENT DISTRICT PLAN*

The Management District Plan (**Attachment 1**) includes the proposed boundary of the MLTBID, a service plan and budget and a proposed means of governance. The MLTBID will include all tourism businesses, existing and in the future, located within the boundaries of the Town of Mammoth Lakes, as shown on the map included in the Plan. The District includes all of the Town’s municipal boundary, which includes the Mammoth Yosemite Airport.

The renewed MLTBID is proposed to have a ten (10) year term, beginning September 1, 2023 through August 31, 2033. The assessment will be implemented beginning September 1, 2023. Once per year beginning on the anniversary of MLTBID renewal there is a thirty (30) day period in which tourism business owners paying fifty percent (50%) or more of the assessment may protest and begin proceedings to terminate the MLTBID.

Based on the benefits received, the assessment rate will be tiered as indicated in the table below. The assessment is levied upon and is a direct obligation of the assessed tourism business; however, the assessed tourism business may, at its discretion, pass the assessment on to patrons. The amount of assessment, if passed on to each patron, shall be disclosed in advance and separately stated from the amount of consideration charged and any other applicable taxes, and each patron shall receive a receipt for payment from the business. Further details on benefits can be found in the Management District Plan.

Businesses situated within other businesses, such as restaurants located within a hotel or ski resort, will be assessed at the rate for that business type and not at the rate of the other business they are situated in. Certain revenues and businesses will not be assessed as described in the Management District Plan. Assessment rates are:

<b>Business Type</b>	<b>Annual Assessment Rate</b>
Lodging	1% of gross short-term room rental revenue
Ski Resorts and Golf Courses	2.5% of daily and multi-day tickets and bulk ticket packs for winter and summer activities, ski school and golf green fees and lessons
Retail – Tier 1	1.5% of gross revenue, including equipment and vehicle rentals
Retail – Tier 2*	\$500 per year
Retail – Tier 3*	\$50 per year
Restaurant – Tier 1	1.5% of gross revenue
Restaurant – Tier 2*	\$500 per year
Restaurant – Tier 3*	\$50 per year

\*Only applicable upon submission and approval of an appeal.

The Town of Mammoth Lakes will be responsible for collecting the assessment on a monthly basis (including any delinquencies, penalties and interest) from those tourism businesses that are assessed a percentage rate; and collecting the assessment on an annual basis in conjunction with renewal of business licenses or the appeal decision from those tourism businesses that are assessed a fixed amount. The Town of Mammoth Lakes shall take all reasonable efforts to collect the assessments from each tourism business. The Town shall be paid a fee equal to two percent (2%) of the amount of assessment collected to cover its costs of collection, administration, and costs incurred in pursuing payment of delinquent assessments.

### **MLTBID RENEWAL PROCESS**

April 26, 2023

#### **RESOLUTION OF INTENTION HEARING**

Upon the submission of a written petition, signed by the tourism business owners in the renewed MLTBID who will pay more than fifty percent (50%) of the assessments proposed to be levied, the Town Council may initiate proceedings to renew a district by the adoption of a resolution expressing its intention to renew the MLTBID.

*Petition Status:* Petitions in favor of MLTBID renewal were submitted by over 50% of the total MLTBID assessment. This majority petition allows the Town Council to initiate proceedings for MLTBID renewal at the April 26, 2023 meeting.

No later than  
April 29, 2023

#### **NOTICE**

The 94 Law requires the Town to mail written notice to the owners of all tourism businesses proposed to be within the MLTBID. Mailing the notice begins a mandatory forty-five (45) day period in which owners may protest MLTBID renewal.

May 17, 2023

#### **PUBLIC MEETING AND INTRODUCTION/FIRST READING OF ORDINANCE**

Allow public testimony on the renewal of the MLTBID and levy of assessments. No Town Council action required.

At the public meeting, the Town Council shall introduce and conduct the first reading of the ordinance renewing the MLTBID and levying the assessment.

June 14, 2023

#### **FINAL PUBLIC HEARING AND SECOND READING/ADOPTION OF THE ORDINANCE**

If written protests are received from the owners of tourism businesses in the renewed MLTBID which will pay more than fifty percent (50%) of the assessments proposed to be levied and protests are not withdrawn so as to

reduce the protests to less than fifty percent (50%), no further proceedings to levy the proposed assessment against such tourism businesses shall be taken for a period of one (1) year from the date of the finding of a majority protest by the Town Council.

If the Town Council, following the public hearing, decides to establish the renewed MLTBID, the Town Council shall adopt a resolution of formation. The Council may approve the renewed MLTBID as presented or amend the proposed District Management Plan.

Following a successful public hearing and first reading of the ordinance, the Town Council shall convene to hold a second reading of the ordinance renewing the MLTBID and levying the assessment. Upon successful passage of the ordinance, the MLTBID shall be renewed, and the ordinance shall go into effect thirty (30) days after successful passage of the ordinance.

### **FISCAL IMPACT**

None immediately. The Town will receive a fee of two percent (2%) of the amount collected to cover its costs of collection, administration, and costs incurred in pursuing payment of delinquent assessments. Because the MLTBID programs are intended to increase visitation to the Town, there may be an increase in transient occupancy tax and sales tax collections. If the MLTBID is not renewed the fees to the Town will not be collected. Funding for MLTBID programs will not be funded, most notably will be the loss of air service and a substantial overall reduction in marketing and promotion activities.

### **SUMMARY**

The notice of intention to renew the MLTBID is the first step in the renewal process. As noted above there will be additional public meetings on the renewal. The Council will have a formal opportunity after the public hearing, public testimony and review of any additional information provided to adopt as presented, to modify and adopt the renewal, or to not proceed with the renewal of the MLTBID. Staff is recommending the proposed resolution of intention to renew the MLTBID be adopted.