

Lompoc Tourism Improvement District 2020 Annual Report

Submitted to the City of Lompoc pursuant to Streets and Highways Code section 36650, for the period from January 1, 2020 through December 31, 2020

January 1, 2020 - December 31, 2020

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August 3, 2020

Prepared by
Civitas

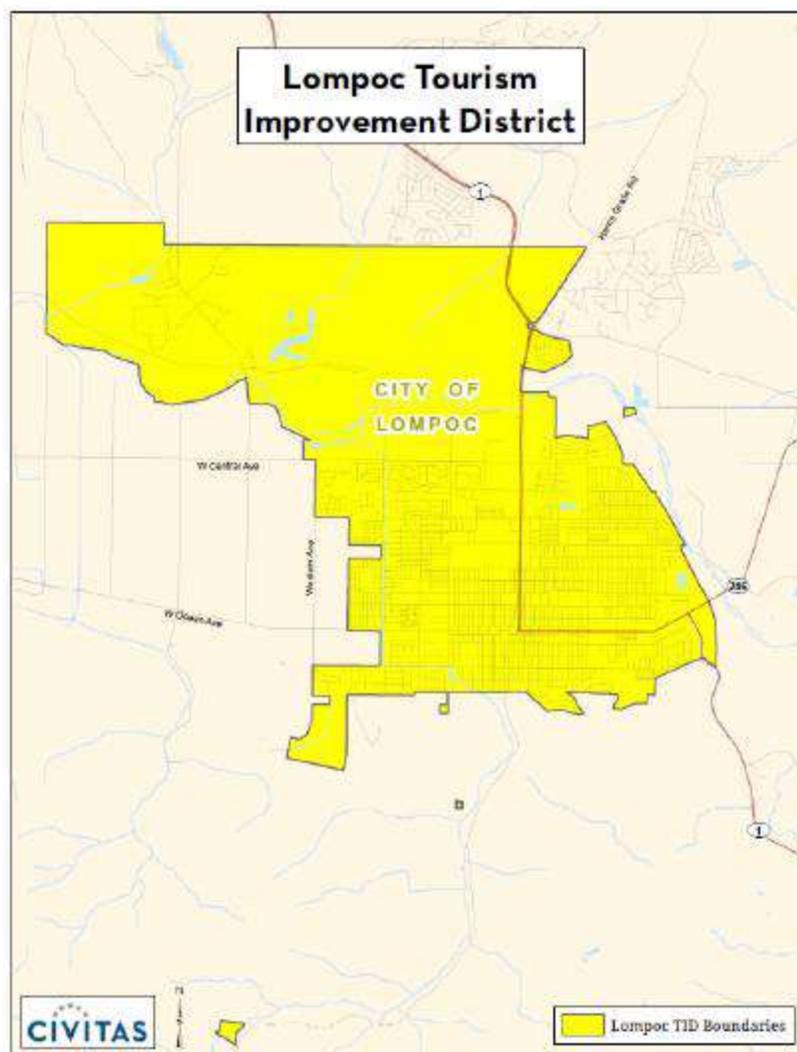


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Boundaries

There are no proposed changes to the boundaries. There are no changes to assessed businesses.

The district will continue to include lodging businesses, existing and in the future, available for public occupancy within the boundaries of the City of Lompoc. The boundary, as shown in the map below, currently includes fourteen (14) lodging businesses. A complete listing of lodging businesses within the Lompoc Tourism Improvement District (LTID) can be found in Appendix 1.



Improvements and Activities

The improvements and activities to be provided for 2020 are consistent with the Management District Plan. There are no proposed changes.

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 Lompoc 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, television ads, and radio ads targeted at potential visitors to drive overnight visitation and room sales to assessed businesses;
- Attendance of 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 of professional industry conferences and affiliation events to promote assessed businesses;
- Lead generation activities designed to attract tourists and group events to assessed businesses;
- Director of Sales and General Manager meetings to plan and coordinate tourism promotion efforts for assessed businesses;
- 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 Lompoc's needs.

Administration and Operations

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

Collection Fee

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

Contingency/Reserve

The budget includes a contingency line item to account for uncollected assessments, if any. If there are contingency funds collected, they may be held in a reserve fund or utilized for other program, administration or renewal costs at the discretion of the Visit Lompoc (VL) Board. Policies relating to contributions to the reserve fund, the target amount of the reserve fund, and expenditure of monies from the reserve fund shall be set by the VL Board. Contingency/reserve funds may be spent on LTID programs or administrative and renewal costs in such proportions as determined by the Owners' Association. The reserve fund may be used for the costs of renewing the LTID.

Cost

2020 Projections

The cost of providing improvements and activities for FY20 has been updated from what was stated in the Management District Plan due to unforeseen circumstances related to the COVID-19 pandemic. The original total budget for FY20 was originally projected at \$509,000. Anticipated assessment revenue was projected to be \$490,008.68 with \$18,991.32 in carry over from FY19.

Due to the COVID-19 pandemic, this budget has decreased due to a drop in hotel occupancy. The anticipated total budget for FY20 is \$136,426.85 in anticipated collections and \$18,991.32 in carry over from the previous years, for a total budget of \$155,421.17 for FY20.

The categorical breakdown for both the FY20 original projections and the FY20 revised COVID-19 projections are below. All budget category allocations are within the authorized fifteen percent (15%) adjustment of the total budget from the prior year. The City fee shown in the table below is calculated only on collections and does not include the carryover amount.

FY20 Original Projections

Category	%	2020 Budgeted \$	% Change from 2019 Actuals
Sales & Marketing	85.00%	\$432,650	15.66%
Administration	10.00%	\$50,900	266.98%
City Fee	0.79%	\$4,021	35.64%
Contingency/Renewal	4.21%	\$21,429	-
Totals	100.00%	\$509,000	29.41%

FY20 Revised COVID-19 Projections

Category	%	FY20 Budgeted \$	% Change from FY20 Original Projection	% Change from FY19 Actuals
Sales & Marketing	85.00%	\$132,108.31	-69.47%	-64.67%
Administration	10.00%	\$15,542.12	-69.47%	12.06%
City Fee	0.79%	\$1,227.83	-69.47%	-58.58%
Contingency/Renewal	4.21%	\$6,543.23	-69.47%	-
Totals	100.00%	\$155,421.17	-69.47%	-60.49%

FY19 Actuals

The projected FY19 budget was \$440,000 with \$115,867.19 in carryover for a total estimated FY19 budget of \$555,867.19. Estimated actual collections were less than anticipated, totaling \$296,449.32 with \$115,867.19 in carryover, for a total FY19 budget of \$412,316.51. Budgeted and actual expenses are shown below.

Category	2019 Budgeted		2019 Actual		
	%	\$	%	\$ Spent	\$ Carryover
Sales & Marketing	85.00%	\$472,487.11	91.57%	\$374,070.73	\$0.00
Administration	10.00%	\$55,586.72	7.61%	\$13,869.96	\$0.00
City Fee	0.79%	\$4,400.00	0.75%	\$2,964.50	\$0.00
Contingency / Renewal	4.21%	\$23,393.36	0.00%	\$0.00	\$0.00
Totals	100.0%	\$555,867.19	100%	\$393,325.19	\$18,991.32

Assessment

There is no change in the method and basis of levying the assessment. Pursuant to the LTID Management District Plan, the VL Board is authorized to increase the assessment rate to a maximum of five percent (5%). The maximum assessment increase in any year shall be no more than one percent (1%). In 2019, the VL Board authorized an increase of one percent (1%), bringing the assessment rate from the original two percent (2%) to three percent (3%). The LTID shall remain at three percent (3%) for the fiscal year of 2020.

Assessment

The annual assessment rate is three percent (3%) of gross short-term room rental revenue on lodging businesses. Based on the benefit received, assessments will not be collected on:

1. Stays of for a period of thirty (30) consecutive days; or
2. Stays by government employees on government business.

The term “gross room rental revenue” as used herein means: the consideration charged whether or not received, for the occupancy of space in a lodging business 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. Gross room rental revenue shall not include any federal, state or local taxes collected, including but not limited to transient occupancy taxes.

The assessment is levied upon and a direct obligation of the assessed lodging business. However, the assessed lodging business may, at its discretion, 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 “TID Assessment.” The assessment is imposed solely upon and is the sole obligation of the assessed lodging business even if it is passed on to transients. The assessment shall not be considered revenue for any purposes, including calculation of transient occupancy taxes.

Bonds shall not be issued.

Delinquencies

Original Delinquency

Any lodging business which fails to remit any assessment within the time required shall pay a penalty of ten percent (10%) with a minimum of \$200 per occurrence of the amount of the assessment in addition to the amount of the assessment.

Continued Delinquency

Any lodging business which fails to remit any delinquent assessment on or before a period of thirty (30) days following the date on which the assessment first became delinquent shall pay a second 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.

Fraud

If the City determines that the nonpayment of any assessment is due to fraud, a penalty of a minimum of twenty-five percent (25%) or \$500, whichever is more, of the amount of the assessment shall be added thereto in addition to the penalties stated above.

Interest

In addition to the penalties imposed, any lodging business which fails to remit any assessment due 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 assessment first became delinquent until paid.

Penalties Merged with Assessment

Every penalty imposed and such interest as accrues shall become a part of the assessment required to be paid.

Surplus and Other Funding

Surplus

The amount of surplus to be carried over from previous years is \$18,991.32.

Other Funding

Interest was earned on the assessment funds totaling \$210.04.

Appendix – Assessed Businesses

Name	Address	City, State, Zip
Hilton Garden Inn	1201 North H Street	Lompoc, Ca 93436
SureStay Plus Hotel by Best Western Lompoc	1621 North H Street	Lompoc, CA 93436
Motel 6	1521 North H Street	Lompoc, CA 93436
Holiday Inn Express	1417 North H Street	Lompoc, CA 93436
Inn at Highway 1	1200 North H Street	Lompoc, CA 93436
Inn of Lompoc	1122 North H Street	Lompoc, CA 93436
Embassy Suites	1117 North H Street	Lompoc, CA 93436
Budget Inn	817 North H Street	Lompoc, CA 93436
Star Motel	216 East Ocean Avenue	Lompoc, CA 93436
Lompoc Motel	528 North H Street	Lompoc, CA 93436
Red Roof Inn	1020 East Ocean Avenue	Lompoc, CA 93436
O’Cairns Inn & Suites	940 East Ocean Avenue	Lompoc, CA 93436
Travel Lodge	1415 East Ocean Avenue	Lompoc, CA 93436
1890 House B&B	122 West Cypress Avenue	Lompoc, CA 93436