



City Council Agenda Item

City Council Meeting Date: June 7, 2022

TO: Dean Albro, City Manager

FROM: Matthew Adams, Accounting and Revenue Manager
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SUBJECT: Lompoc Tourism Improvement District 2020 and 2021 Annual Reports by Visit Lompoc Inc.

Recommendation:

Staff recommends the City Council review and approve the Lompoc Tourism Improvement District 2020 and 2021 Annual Reports submitted by Visit Lompoc, Inc. (VLI) (Attachments 1 and 2).

Background:

VLI manages the Lompoc Tourism Improvement District (LTID) which provides marketing and sales promotion efforts for assessed businesses. The LTID was formed in 2013 by Resolution No. 5886(13).

VLI entered into a Management Agreement with the City on July 28, 2014, for the management of the LTID for a five-year term. That agreement was later renewed on August 29, 2018, for a ten-year term. The management of the LTID by VLI is subject to both the agreement and the Management District Plan (MDP). The LTID must also comply with Streets and Highways Code § 36600, et seq., which lays out rules and regulations for tourism improvement districts.

As part of the MDP and the Management Agreement, VLI is to submit an Annual Report to the City Council within 60 days of the end of each calendar year until the end of the 2028 calendar year. While an Annual Report is not required in the first year a TID is operating, an Annual Report must be submitted to the City Council during each following year.

Discussion:

According to Section 36650 of the Streets and Highways Code, the Annual 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, and the City Council may approve the report as modified. In addition, the information that is to be provided in each Annual Report must include the following:

- Any proposed changes in the boundaries of the improvement district or in any benefit zones or classification of businesses within the district,
- 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 their business for that fiscal year,
- Estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year, and
- An estimated amount of any contributions to be made from sources other than assessments levied.

The 2020 and 2021 Annual Reports (Attachments 1 and 2) include the above, 2020 cost projections and 2019 actual costs for the 2020 report and 2021 cost projections and 2020 actual costs for the 2021 report. The 2020 and 2021 Annual Reports do not propose any changes in the boundaries of the improvement district or in any benefit zones or classification of businesses.

Update: In response to a request made by Councilmember Starbuck at the April 19, 2022 City Council meeting, the following agreement items have been clarified:

- According to "Section 22. Extent of Agreement" section, the Agreement executed in 2018 supersedes any and all prior negotiations, representations, or agreements. (See Attachment 3.)
- The Loan mentioned in Section 3.4 of the 2013 agreement was repaid by City's retention of \$25,000 from each of the first three distributions of collected assessments. No loans were agreed upon in the 2018 Agreement.
- A list of subcontractors and consultants shall be provided. VLI reported to the City's Management Services Director that no subcontractors or consultants have been retained or utilized by VLI.
- The 1% administration fees have been collected per the agreement, however staff noted that the increase of 0.1% annually effective January 2019 and annually increasing by 0.1% increments to a maximum of 2% were not updated in the collections procedure. Staff has corrected this mistake by reducing the January 2022 TBID disbursement to VLI by \$2,934.79, which equals the additional administration fees that should have been collected for the period of January 2019 through December 2021. The annual increase has been properly accounted for going forward. VLI was notified of the missed administration fees and the reduction to their January 2022 TBID collections.

Fiscal Impact:

There is no fiscal impact to the City. The costs for preparation of the Annual Report were incurred to, and paid by, VLI.

Conclusion:

The Annual Reports are provided to the City Council on an annual basis, aside from the first year of operation, within 60 days of the end of the calendar year. Staff recommends approval of the 2020 and 2021 Annual Reports.

Respectfully submitted,

Matthew Adams, Accounting and Revenue Manager

APPROVED FOR SUBMITTAL TO THE CITY MANAGER:

Christie Donnelly, Management Services Director

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Dean Albro, City Manager

Attachment: 1) 2020 VLI Annual Report
 2) 2021 VLI Annual Report
 3) VLI Agreement 2019.2028