

Documents received during public comment at March 21, 2023 Meeting

In 2011-2012 the Santa Barbara Civil Grand Jury released a report entitled A Failure of Oversight – Lompoc Housing and Community Development Corporation¹ in which the Grand Jury found that Lompoc City Council, among others, repeatedly failed to provide oversight of a non-profit agency specifically citing failures to detect contract noncompliance and failure to exercise oversight. In reply², the City of Lompoc states that “how that public funding is distributed, used and accounted for are critical to retaining the public’s trust.” The reply went on to state that “the Council is taking steps to improve its procedures to protect those expenditures and ensure that accountability.” With that said the Lompoc City Council is responsible for overseeing the Lompoc Tourism Improvement Management Agreement 2019-2028 (hereinafter “the Agreement”)³ which is enforced together with the Lompoc Tourism Improvement District Management District Plan (hereinafter “the LTID Plan”).⁴ As is the case here, the City Council has once again repeatedly failed to detect contract noncompliance and has failed to exercise prudent oversight of the Agreement and the LTID Plan.

Per the Agreement, Visit Lompoc, Inc. (hereinafter “VL”) a California nonprofit corporation was designated as the Owner’s Association pursuant to the California Streets and Highways Code, Division 18 - Parking Part 7 - Property and Business Improvement District Law of 1994 (hereinafter “BID Law of 1994”).⁵ To date, the city has overlooked approximately 30 violations of the LTID Plan and the Agreement, detailed as follows:

- 1) Seven (7) violations of the Agreement, Section 2.10, “commencing with March 31st, 2019, and within 60 days after the end of each calendar year this Agreement is in effect, VLI shall submit an annual report to the City, as described in PBID section 36650. Each annual report will be provided so it can then be presented to the City Council by each second meeting of March during the term of this Agreement.”
 - a. 2017 Annual Report
 - i. Due: 3/21/2017
 - ii. Presented: 7/18/2017 (4 months overdue)
 - b. 2018 Annual Report
 - i. Due: 3/20/2018
 - ii. Presented: No Record of Being Presented Could be Located in Council Minutes
 - c. 2019 Annual Report
 - i. Due: 3/19/2019
 - ii. Presented: 8/6/2019 (5 months overdue)

¹ A FAILURE OF OVERSIGHT - Lompoc Housing and Community Development Corporation - <https://sbcgj.org/wp-content/uploads/2022/03/LompocHousing.pdf>

² Lompoc Reply to 2011-12 Santa Barbara County Civil Grand Jury report - <https://www.cityoflompoc.com/Home/ShowDocument?id=11958>

³ Lompoc Tourism Improvement Management Agreement 2019 - 2028 (the Agreement) - <https://www.cityoflompoc.com/home/showpublisheddocument/3608/636694064044400000>

⁴ Lompoc Tourism Improvement District Management District Plan (the LTID Plan) - <https://www.cityoflompoc.com/home/showpublisheddocument/4736/636711576584000000>

⁵ Property and Business Improvement District Law of 1994 – BID Law of 1994 - https://leginfo.ca.gov/faces/codes_displayexpandedbranch.xhtml?tocCode=SHC&division=18.&title=&part=7.&chapter=&article=

- d. 2020 Annual Report
 - i. Due: 3/17/2020
 - ii. Presented: 4/19/2022 (25 months overdue)
 - e. 2021 Annual Report
 - i. Due: 3/16/2021
 - ii. Presented: 4/19/2022 (13 months overdue)
 - f. 2022 Annual Report
 - i. Due: 3/15/2022
 - ii. Presented: 2/21/2023 (11 months overdue)
 - g. 2023 Annual Report
 - i. Due: 3/21/2023
 - ii. Presented: due today (not on agenda so overdue)
- 2) Violation of California Government Code sections 54950 et seq, and of the Agreement, Section 2.11, "VLI shall comply with Ralph M. Brown Act..."
- a. VL does not publicly post notice of meetings, agendas, or minutes as required, violating numerous sections of the Ralph M. Brown Act and thus the Agreement.
- 3) Three (3) violations of the Agreement, Section 5.2, "over the 10-year term, the City Administration fee will increase by 0.1% annually effective with the periodic disbursement for the January 2019 assessments and annually increasing in 0.1% increments to a maximum of 2%."
- a. 2019 Actual Collections = \$296,449.32 @ 1.1%
 - i. City fee owed of \$3,260.95
 - ii. City fee paid of \$2,964.50
 - 1. VL underpaid city by \$296.45
 - b. 2020 Actual Collections = \$435,153.53 @ 1.2%
 - i. City fee owed of \$5,221.85
 - ii. City fee paid of \$4,351.52
 - 1. VL underpaid city by \$870.33
 - c. 2021 Actual Collections = \$526,509.12 @ 1.3%
 - i. City fee owed of \$6,844.62
 - ii. City fee paid of \$5,265.10
 - 1. VL underpaid city by \$1,579.52
- 4) Potential violation of the Agreement, Section 9, "for the duration of this Agreement, VLI or its employees will not act as consultant or perform services of any kind for any person or entity in regard to the LTID without the prior written consent of City."

- a. Council member Gilda Cordova, is the President of Legend Hospitality Incorporated described as a "Management & Consulting Services" within the local hotel industry subject to the TBID, with revenue "over \$100,000."

5) Violation of the Agreement, Section 12.1, "the services to be provided hereunder shall be subject to any changes in the Plan. Such changes, which are mutually agreed upon by and between City and VLI, after a hearing process per the PBIDL, shall be incorporated in written amendments to this Agreement." The following also violates BID Law of 1994, Section 36623(b) which states, "if a city council proposes to levy a new or increased business assessment, the notice and protest and hearing procedure shall comply with Section 36623, 36635 & 36636 which state, "(a) upon the written request of the owners' association, the city council may modify the management district plan after conducting one public hearing on the proposed modifications."

a. Analysis:

- i. Under BID Law of 1994, Section 36632(h), states that "the management district plan may set forth specific increases in assessments for each year of operation of the district." However, the LTID Plan Section D states, "during the ten (10) year term, the VL Board may [sic] request the assessment rate be increased to a maximum of five percent (5%) of gross short-term room rental revenue. The maximum assessment increase in any year shall be no more than one percent (1%) of gross short-term room rental revenue. Each request for annual increase, if any, shall be submitted by VL as part of its annual report and be subject to the Council's approval as part of that annual report." For its part VL in the 2019 Annual Report⁶ states "each request for annual increase, if any, shall be submitted by VL as part of its annual report and be subject to the Council's approval as part of that annual report." VL goes on to state "On April 11, 2019, the VL Board approved a one percent (1%) increase to the assessment effective January 1, 2020. Subject to City Council approval of this annual report, the assessment rate shall be three percent (3%) of gross short-term room rental revenue effective January 1, 2020." Both VL and City Council failed to follow the Agreement which clearly states, "...after a hearing process per the PBIDL, shall be incorporated in written amendments to this Agreement." Pursuant to BID Law of 1994, a request by VL to raise the assessment rate would have required a public hearing, notice to the affected business owners, and a written amendment incorporated into the Agreement. VL only had authority to recommend a change to the assessment rate and City Council was not permitted to approve of the rate change simply by approving the annual report of VL.

b. Further Evidence:

- i. See San Jose Downtown Business Improvement District Association Memo 2.4⁷ whereby the San Jose Downtown Business Improvement Association as the Advisory Board for the BID,

⁶ VL 2019 Annual Report - <https://www.cityoflompoc.com/home/showpublisheddocument/26494/637001896196470000>

⁷ San Jose Downtown Business Improvement District Association Memo 2.4 - http://www3.sanjoseca.gov/clerk/agenda/4_22_03docs/04_22_03_2.4.htm

recommended to Council an increase in the assessment rate. The Association correctly points out in their analysis that because they were recommending an increase in assessments in the BID, that "because of those recommendations, additional public notice is required..." and asks the Council to consider the adoption of a Resolution of Intention to increase assessments in their BID and to set a date for a public hearing, as well as having the Clerk publish the required notice.

c. Conclusion:

- i. VL nor City Council properly complied with the Agreement of the BID Law of 1994 to increase the assessment rate from 2% to 3%, therefore the cities collection of 3% was improper and should be returned to the consumers who paid it (similar to overcharged sales taxes, a business must return those funds to the consumer who paid them).
- ii. City collected \$435,153.53 in 2020 and \$526,509.12 in 2021, both of which were at the higher 3% rate instead of the contractual rate of 2%. As such, for the years 2020 and 2021 the city illegally over-collected \$320,554.22 from guests of Lompoc hotels. It should also be noted that the city has already collected the 2022 assessments at the higher 3% rate but since VL has not released it's 2023 annual report detailing what that amount was, it's impossible to know how much the City over collected in total but it would likely put the total amount over \$500,000 in unlawfully collected assessments.

6) Violation of the LTID Plan, Section D which states, "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.'" VL has responsibility to ensure that it's members are in compliance with state law, including the correct assessment and identification of fees and taxes charged.

a. None of the 12 hotels represented by VL are in compliance for the following reasons:

i. Embassy Suited by Hilton

1. Charging a tax of 13.2% per room.

- a. This does not break down the 10% Transient Occupancy Tax versus the 3% (should be 2%) TID Assessment charge. They also have a 0.2% tax included that is not supported by any known statute.

ii. Hilton Garden Inn

1. Charging taxes of 10% and 3% per room.

- a. While this does break down the 10% Transient Occupancy Tax, it does not disclose that the remaining 3% is a TID Assessment and instead is being improperly charged as a tax.

iii. Holiday Inn Express

1. Charging taxes of 13% and a 3% "tourism fee."

- a. It appears this hotel is double charging the TID Assessment fee as both a tax and as a tourism fee indicating that the hotel is at a minimum overcharging taxes by at least 3% and as much as 4%.
 - iv. Inn at Highway 1
 1. Charging a 10% Occupancy Tax and a 2% Tourism Levy.
 - a. It appears this hotel is as close to being as compliance as any as they are only charging the proper 2% rate and have identified it as something other than a tax, albeit not the TID Assessment called for in the plan.
 - v. Inn of Lompoc
 1. Charging a 10% Tax and a 3% "city tax"
 - a. This hotel is also breaking down the 10% Transient Occupancy Tax but is mistakenly charging the TID Assessment as a city tax.
 - vi. SureStay Plus Hotel by Best Western
 1. Charging a flat 13% tax to guests, no breakdown
 - vii. Lotus Inn
 1. Charging a flat 13% tax to guests, no breakdown
 - viii. Motel 6
 1. Charging a tax of 13.2% per room.
 - a. This does not break down the 10% Transient Occupancy Tax versus the 3% (should be 2%) TID Assessment charge. They also have a 0.2% tax included that is not supported by any known statute.
 - ix. O'Cairns Inn & Suites
 1. Charging a flat 13% tax to guests, no breakdown
 - x. Red Roof Inn
 1. Charging a flat 13% tax to guests, no breakdown
- 7) Violations of BID Law of 1994, Section 36650, which requires the owner's association to prepare [accurate] financial reports. Financial reports from VL dating back to 2018 are filled with errors, whether intentional or unintentional, that constitute \$284,795.51 is missing or unaccounted for TBID assessment funds.
 - a. 2017 Annual Report (2017 projections & 2016 actuals)
 - i. VL reports \$348,007.41 in "actual collections"
 - ii. VL reports \$207,029.09 in "carry over" from 2015
 - iii. VL reports \$1,024.94 in interest earned.
 - iv. These amounts total \$556,061.44 in total funds available for 2016
 - v. VL reports \$338,275.47 in expenses.
 - vi. $\$556,061.44 - \$338,275.47 = \$217,785.97$
 - vii. VL reports \$217,785.97 in carry over funds.

- viii. Conclusion: No Anomaly
 - ix. IRS Form 990 = VL reported to the IRS that they collected \$418,148 in revenue, \$1,115 in interest, and had \$338,276 in total expenses, leaving them with a balance of \$110,926 (a discrepancy of \$106,859.97 compared to their Annual Report submitted to the City).
- b. 2018 Annual Report (2018 projections & 2017 actuals)
- i. VL reports \$366,220.50 in "actual collections"
 - ii. VL reports \$217,785.97 in "carry over" from 2016
 - iii. VL reports \$1,075.36 in interest earned.
 - iv. These amounts total \$585,081.83 in total funds available for 2017
 - v. VL reports \$433,069.23 in expenses.
 - vi. $\$585,081.83 - \$433,069.23 = \$152,012.60$ in carry over funds.
 - vii. VL reports \$152,012.60 in carry over funds.
 - viii. Conclusion: No Anomaly
 - ix. IRS Form 990 = VL reported to the IRS that they collected \$393,847 in revenue, \$1,075 in interest, and had \$416,020 in total expenses, leaving them with a balance of \$88,925 but show a liability of \$17,048 for an end of year balance of \$71,877 (a discrepancy of \$80,135.60 compared to their Annual Report submitted to the City).
- c. 2019 Annual Report (2019 projections & 2018 actuals)
- i. VL reports \$424,986.60 in "actual collections"
 - ii. VL reports \$152,012.60 in "carry over" from 2017
 - iii. VL reports \$428.40 in interest earned.
 - iv. These amounts total \$577,427.60 in total funds available for 2018
 - v. VL reports \$461,132.01 in expenses.
 - vi. $\$577,427.60 - \$461,132.01 = \$116,295.59$ in carry over funds.
 - vii. VL reports \$115,867.19 in carry over funds.
 - viii. Conclusion: VL's carry over funds are short by \$428.40 because someone did not include the interest in the total funds available, as it was in previous years and should be. The odd thing is that this never gets caught going forward and the account remains off by \$428.40.
 - ix. IRS Form 990 = VL reported to the IRS that they collected \$447,365, \$428 in interest, and had \$461,232 in total expenses, leaving them with a balance of \$75,486 (a discrepancy of \$40,809.59 compared to their Annual Report submitted to the City.)
- d. 2020 Annual Report (2020 projections & 2019 actuals)
- i. VL reports \$296,449.32 in "actual collections"
 - ii. VL reports \$115,867.19 in "carry over" from 2018
 - iii. VL reports \$210.04 in interest earned
 - iv. These amounts total \$412,526.55 in total funds available for 2019

- v. VL reports \$393,325.19 in expenses.
 - vi. $\$412,526.55 - \$393,325.19 = \$19,201.36$ in carry over funds.
 - vii. VL reports \$18,991.32 in carry over funds.
 - viii. Conclusion: Once again VL's carry over funds are short by the amount of interest earned (\$210.04) that was failed to be added into their total funds available. And yet again this doesn't get caught going forward making the running discrepancy \$638.44.
 - ix. IRS Form 990 = VL reported to the IRS that they collected \$296,449, \$214 in interest and had \$393,575 in total expenses, leaving them with a balance of \$2,257 but show a liability of \$23,683 for an end of year balance of -\$21,426 (a discrepancy of \$40,417.32 compared to their Annual Report submitted to the City). Of note, is that the IRS form shows that the \$23,683 is for "federal income taxes" and yet they're a 503(c)(6) non-profit and don't pay federal taxes so it's unclear why they would have had a federal tax liability.
- e. 2021 Annual Report (2021 projections and 2020 actuals)
- i. VL reports \$435,153.53 in "actual collections"
 - ii. VL reports \$18,991.32 in "carry over" from 2019
 - iii. VL reports \$574.26 in interest earned
 - iv. These amounts total \$454,719.11 in total funds available for 2020
 - v. VL reports \$170,562.04 in expenses.
 - vi. $\$454,719.11 - \$170,562.04 = \$284,157.07$ in carry over funds.
 - vii. VL reports \$264,591.49 in carry over funds.
 - viii. Conclusion: This time it appears that VL failed to add in the carry over funds and the interest that was earned towards their total funds. And yet again this doesn't get caught going forward and makes the running discrepancy \$20,204.02
 - ix. IRS Form 990 = VL reported to the IRS that they had collected \$435,154, \$574 in interest and had \$170,562 in total expenses, leaving them with \$265,166 but report they only have \$243,740 in total assets at the end of the year. It's unclear where they lost the \$21,426 but it's a discrepancy of \$40,417.07, nearly identical to 2020's report)
- f. 2022 Annual Report (2022 projections and 2021 actuals)
- i. VL reports \$526,509.12 in "actual collections"
 - 1. It's important to note that this must be the amount assessed and collected since VL shows that they paid the city a fee of \$5,265.10 (VL still incorrectly believe the city fee is 1% but in any event the city fee only applies to monies assessed in that calendar year and not to any carry over monies that would have been remaining from a previous year.
 - ii. VL reports \$264,591.49 in "carry over" from 2020
 - iii. VL reports \$0 in interest earned
 - iv. These amounts total \$791,100.61 in total funds available for 2021

- v. VL reports \$272,926.84 in expenses.
- vi. $\$791,100.61 - \$272,926.84 = \$518,173.77$ in carry over funds.
- vii. VL reports \$253,582.28 in carry over funds.
- viii. Conclusion: Yet again VL has failed to add in the carry over funds towards their total available funds. Combined with the previous \$20,204.02 that “disappeared” the total discrepancy from VL of unaccounted for funds is \$284,795.51. VL should have a balance of \$549,387 and not \$253,582.28.

8) Possible Violation of Government Code Section 1090

a. Facts:

- i. On 8/6/2019, VL put before the City Council the LTID 2019 Annual Report. In the report, under “Assessment” VL states that VL voted to increase the amount of the LTID assessment rate, and it required city council approval. Ms. Cordova indicates on her Form 700 that she derives \$100,001 to \$1,000,000 from Legend Hospitality Inc. in which she is the President. Legend Hospitality Inc. performs management and consulting of local hotels that happen to be covered by the LTID. Further, Ms. Cordova also states that she is the Director of Operations for United Lions Corporation LLC, deriving an income of \$10,001 to \$100,000 in the hotel industry (Holiday Inn Express⁸). Ms. Cordova also states on her 700 that she is also in a limited partnership with Lompoc Land Holdings, LLC with a value of \$100,001 to \$1,000,000, doing business as Hilton Garden Inn. Further, Ms. Cordova indicates that she was given a below market loan from Atul Patel in the amount of \$10,001 to \$100,000 with an interest rate of 2% at 5 years.

b. Rule:

- i. The phrase “financially interested” as used in Government Code Section 1090 means any financial interest which might interfere with a city officer’s unqualified devotion to his public duty. The interest may be direct or indirect and includes any monetary or proprietary benefits, or gain of any sort, or the contingent possibility of monetary or proprietary benefits. The interest is direct when the city officer, in his official capacity, does business with himself in his private capacity. The interest is indirect when the city officer, or the board of which he is a member, enters into a contract in his or its official capacity with an individual or business firm, which individual, business firm, by reason of the city officer’s relationship to the individual or business firm at the time the contract is entered into, is in a position to render actual or potential pecuniary benefits directly or indirectly to the city officer based on the contract the individual or business firm has received.⁹ The California Supreme Court in Thomson v. Call stated that “[m]ere

⁸ Holiday Inn Express sold in 2022 but the decision at hand occurred in 2019, while Ms. Cordova was still financially interested in this hotel.

⁹ People v. Gnass (2002) 101 Cal.App.4th 1271, 1299, n. 9 (citing to decisions where this jury instruction has been approved); People v. Honig (1996) 48 Cal. App.4th 289, 322-23, 332 (same). See also Breakzone Billiards v. City of Torrance (2000) 81 Cal.App.4th 1205, 1231 (finding no financial interest of council members and that any interest would be too remote or speculative).

membership on the board or council establishes the presumption” of participation in a decision. To that end, Section 1090 has been viewed as “forbidding city officers from being financially interested in any contract made by them in their official capacity or by the body or board of which they are members ...”¹⁰ In the case of *City of Imperial Beach v. Bailey* (1980) 103 Cal.App.3d 191, 197, the court states, “assuming City sets the rate unilaterally, the Council must still approve it. Since Hazel is a member of the Council, this is prohibited by section 1090, even if she abstains from voting. It is not her participation in the voting which constitutes the conflict of interest, but her potential to do so.”¹¹

c. Analysis:

- i. While it is true that an official who has contracted in her or her private capacity with the agency before the official is elected or appointed does not violate this section and that the contract may continue for the duration of the contract. The official’s election or appointment does not make the contract void. However, when the time comes for the contract to be extended, re-negotiated, or revised, the official faces a new set of problems and the official’s position will usually prevent the agency from extending, revising, or renegotiating the agreement.¹² Ms. Cordova appears to have had a direct financial interest in the LTID contract as a hotel owner and a hotel consultant. Ms. Cordova finds herself in the exact situation as Ms. Hazel was, a contract that she was financially interested in required an approval by the City Council that she now sat on, precluding not just herself from being able to vote but precluding the entire council from being able to vote.

d. Conclusion:

- i. It’s my opinion that this places the city in the untenable position to either 1) admit that due to Ms. Cordova’s conflict of interest that the entirety of the City Council was precluded from making any amendments to the LTID contract, thus admitting that the city collected over \$320,554.22 (not including what they collected in 2022) in assessments without legal justification to do so (which was invalid for other reasons as well as stated supra) or 2) argue that the LTID contract was successfully amended in 2019, after Ms. Cordova was on City Council, and that there was no conflict of interest possibly subjecting Ms. Cordova to a 1090 violation.

9) Possible Violation of The Political Reform Act¹³

¹⁰ *Fraser-Yamor Agency, Inc. v. County of Del Norte* (1977) 68 Cal.App.3d 201, 215 (emphasis added).

¹¹ *Fraser-Yamor Agency, Inc. v. County of Del Norte*, supra.

¹² 84 Ops.Cal.Atty.Gen. 34 (2001) (section 1090 prohibits city council from modifying terms of ambulance contract with corporation of which mayor is sole shareholder); 76 Ops.Cal.Atty.Gen. 118 (1993) (renewal of cable television franchise held by a council member constitutes the “making of a contract” under section 1090, but would not be prohibited if the rule of necessity applies, depending on the facts).

¹³ The Political Reform Act is contained in Government Code Sections 81000 through 91014. All statutory references in this section are to the Government Code, unless otherwise indicated.

a. Facts:

- i. Ms. Cordova appears to have purchased a home at 2863 Lewis Drive, Lompoc CA 93436 on May 24, 2022 for \$650,000 according to public records.¹⁴ Estimates from local real estate agents place the homes value at \$925,000 to \$1,000,000+. Records show that the home was purchased from Atul Patel. Ms. Cordova also received a private below market loan in 2020 for "\$10,001 to \$100,000" at 2% interest from Atul Patel. Atul Patel is an owner and manager or a Lompoc hotel, and the Patel family owns numerous hotels in the city of Lompoc that directly benefit from the LTID contract with the City. Atul Patel also sits on the VL board of directors and has a financial interest in the TBID contract with the city.

b. Rule:

- i. The gift limit is adjusted biennially to reflect changes in the Consumer Price Index. For 2019-2020, the gift limit is \$500 and for 2021-2022, the gift limit was \$520.¹⁵ Local officials specified in Government Code Section 87200 include: members of boards of supervisors and city councils, mayors, city/county planning commissioners, city/county chief administrative officers, city/county treasurers, district attorneys, county counsels, city managers, city attorneys, court commissioners and public officials who manage public investments. Local elected officers, candidates for local elective office, local officials specified in Government Code Section 87200, and judicial candidates, may not accept gifts from any single source totaling more than \$500 (\$520 in 2021-2022) in a calendar year. Further, no elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control.¹⁶

c. Analysis:

- i. Ms. Cordova received a gift of approximately \$350,000 in violation of Section 89503. Records¹⁷ also show that Mr. Patel, who sits on the board of directors for Visit Lompoc and has a direct financial interest in the TBID contract with the City, made a personal loan to Ms. Cordova in 2020 in violation of Section 87460(d).

In closing, I will be submitting a copy of this report to the FPPC, Santa Barbara DA's Office, Santa Barbara County Civil Grand Jury, California Attorney General's Office, and various other government agencies as well as several interested news outlets. It is my hope that the City of Lompoc, under the Agreement section 10.1 and

¹⁴ <https://www.redfin.com/CA/Lompoc/2863-Lewis-Dr-93436/home/21559003>

¹⁵ Section 89503; Regulation 18940.2.

¹⁶ Section 87460(d)

¹⁷ <https://www.fppc.ca.gov/transparency/form-700-filed-by-public-officials/form700-search/form700-new.html> search term: "Gilda Cordova" 2019 - 2022

10.2, require a five (5) year audit be conducted on the actions and finances of VL. The city has a fiduciary duty to ensure that collected funds are not only in compliance with the terms of the Agreement and the TBID Plan, but also with the BID Law of 1994. Should it be determined that the City inappropriately collected an assessment rate higher than what was lawfully authorized that the city take the steps necessary to ensure the refund of the assessed fees to the consumers who paid them. Finally, the City should conduct it's own determination of the potential conflicts and violations presented under Government Code Section 1090, 89503, and 87460.

LOMPOC TOURISM IMPROVEMENT DISTRICT
MANAGEMENT AGREEMENT 2019-2028

This Agreement is entered into by and between the CITY OF LOMPOC, a municipal corporation (City), and VISIT LOMPOC, INC., a California nonprofit corporation organized and existing under and pursuant to the laws of the State of California (VLI) with reference to the following facts:

RECITALS

- A. Following properly noticed and publicly held meetings and hearings, the City Council has renewed a tourism improvement district to be known as the Lompoc Tourism Improvement District (LTID), pursuant to Property and Business Improvement District Law of 1994 (Streets and Highways Code sections 36600 *et seq.*) (PBIDL), by and through the adoption of Resolution No. 6180(18) on May 15, 2018 (Resolution).
- B. The LTID was originally established by adoption of Resolution No. 5886(13) on December 3, 2013.
- C. Pursuant to the Resolution and enabling law, assessments will be levied upon the transient occupancy businesses located within the LTID.
- D. Such assessments levied and collected by City for the LTID shall be used only for the purposes set forth in the Resolution and Management District Plan for the LTID (the Plan).
- E. Since the Plan states an owner's association will provide the improvements and activities described in the Plan and designates VLI as that association, pursuant to Section 36651 of the PBIDL, City is authorized to enter into an agreement with VLI to provide the improvements and activities described in the Plan.
- F. The City Council of City has determined the public interest, convenience and necessity require the execution of this Agreement.

NOW, THEREFORE, City and VLI in consideration of the recitals, mutual promises, covenants, representations and agreements set forth below, hereby promise, covenant, agree and represent as follows:

Section 1. TERM OF AGREEMENT

- 1.1 This Agreement shall be effective from the date it is signed on behalf of City and VLI through December 31, 2028, unless terminated sooner pursuant to the terms hereof. For the first year of the LTID, obligations or expenditures for items not listed in the Plan shall not be paid through assessments collected for the LTID.

For each of the remaining years of the LTID, obligations or expenditures for items not listed in the Plan and the annual report required by PBIDL section 36650 shall not be paid through assessments collected for the LTID.

- 1.2 VLI may terminate this Agreement in advance of the expiration of the term for substantial cause, by giving 60-days' written notice to City. Such termination shall be effective on the 61st day after mailing of such notice, unless the cause has been cured.
- 1.3 City may terminate this Agreement in advance of the expiration of the term with or without cause, by giving 60-days' written notice to VLI. Such termination shall be effective on the 61st day after mailing of such notice, unless the termination is for cause and the cause has been cured.

Section 2. VLI RESPONSIBILITIES

- 2.1 VLI shall not be entitled to receive more than 10% of the revenue collected annually through the LTID for any and all administrative expenses, unless a greater amount is approved by the City Council upon submission of an annual report for the LTID as provided for in the Plan. Such amount shall only be used for administrative costs as provided in the Plan and the required annual report.
- 2.2 VLI shall render professional services and shall cooperate with City's Economic Development Director/Assistant City Manager, or his/her designee, to provide work program coordination consisting of project development and implementation, program administration, and plans and reports.
- 2.3 VLI shall administer the entire work program in a prudent manner within the budget attached hereto and made a part hereof as Exhibit A. VLI assumes responsibility for contracting for support services as required and paying for all such direct out-of-pocket expenses as may be necessary for the timely completion of work. Obligations or expenditures for items not meeting the requirements of the Plan, annual report, this Agreement and the PBIDL shall not be paid through assessments collected for the LTID.
- 2.4 In addition to the administrative fee described in Section 5.2, below, VLI shall pay City all standard City fees including, but not limited to, fees or service charges for photocopy and reproduction requests.
- 2.5 VLI shall maintain ongoing liaison with the community, which shall include holding an annual public meeting to be noticed in writing to all assessed business establishments in the LTID. The meeting will be conducted in order to allow the business establishments to familiarize themselves with VLI functions and to inform VLI of their concerns and desires. City's Economic Development Director/Assistant City Manager, or his/her designee, may attend as a member of the panel to provide information as required.

- 2.6 VLI shall provide sales and marketing services which provide a specific benefit to businesses in the LTID as described in the Plan.
- 2.7 City encourages VLI's Board of Directors to appoint one of its members to serve on City's Economic Development Committee.
- 2.8 VLI shall apply for and maintain tax-exempt status with the United States Internal Revenue Service (IRS) and the California State Franchise Tax Board (FTB) for the term of this Agreement. VLI shall provide documentation of applications for (and, when received, approvals of) such status to City's Management Services Director prior to the disbursement of any funds to VLI pursuant to this Agreement. If such status is not obtained, then City's obligations to disburse any funds to VLI shall cease. During the period funding is disbursed by City to VLI prior to VLI's receipt of such approvals, VLI shall ensure its activities meet the requirements of IRS and FTB applicable to the tax-exempt status to which the applications apply.
- 2.9 VLI, and subcontractors and consultants, if any, shall be required to obtain all necessary documentation including, but not limited to, any and all certificates, licenses and permits required to do business in City. A list of said subcontractors and consultants shall be submitted to City's Management Services Director on a quarterly basis, commencing April 1, 2019.
- 2.10 Commencing with March 31st, 2019, and within 60 days after the end of each calendar year this Agreement is in effect, VLI shall submit an annual report to City, as described in PBID section 36650. Each annual report will be provided so it can then be presented to the City Council by each second meeting of March during the term of this Agreement; provided, that the final annual report will be due to City no later than February 23, 2029, for the 2028 calendar year.
- 2.11 Pursuant to PBID 36614.5, (i) VLI shall comply with the Ralph M. Brown Act (Government Code sections 54950 *et seq.*) and the California Public Records Act (Government Code sections 6250 *et seq.*), each as amended, (ii) VLI shall not be considered a public entity for any purpose, and (iii) VLI's board members and staff shall not be considered public officials for any reason.

Section 3. CITY RESPONSIBILITIES

- 3.1 City shall be responsible for mailing monthly assessment notices and first delinquent notices, for receiving the assessments and for authorizing disbursements of collected funds to VLI, except and unless otherwise agreed upon by both parties. City may, but is not obligated by this Agreement, or any other policies, rules, regulations or laws, to perform any further collection efforts beyond the mailing of the annual assessment notices and first delinquent notices.

- 3.1.1 If any collection efforts beyond those provided for in Section 3.1 are requested by VLI, then City may authorize an agent to pursue additional collection efforts, as set forth in Section 4.
- 3.1.2 City shall not be required to collect assessments on stays of more than 30 consecutive days, nor for government employees on government business, upon proof, reasonably acceptable to City's Management Services Director.
- 3.2 VLI understands and agrees, if a business operator remitting payments pursuant to an assessment notice is in arrears on its assessment payments, including interest and penalties, then City shall apply any payment received from that operator in the following priority:
 - 3.2.2 First to LTID obligations based on completed LTID return (or form) filed with City for that operator;
 - 3.2.3 Second to LTID penalties and interest due on unpaid or late payments related to completed LTID return (or form) filed with City for that operator.
- 3.3 Certain types of information obtained and possessed by City including, but not limited to, certain tax data, have been determined to be confidential information by the City Attorney and will not be made available to VLI. Notwithstanding, City's Management Services Department shall inform VLI when a new transient occupancy business enters the LTID. That shall occur each quarter. The list shall include a method by which the VLI may contact that new business.

Section 4. ADDITIONAL COLLECTION EFFORTS

Regarding any collection efforts beyond those provided for in Section 3.1:

- 4.1 City and VLI shall agree upon and designate a third-party collections agent, to be retained by City, to perform any such additional collection efforts.
- 4.2 City or VLI may, at its discretion, refer any delinquent LTID assessments to the designated third-party collections agent for further collection efforts.
- 4.3 City shall be solely responsible for directing the designated third-party collections agent regarding all collection issues, other than those issues delegated to VLI in Section 3.1.1.

Section 5. DISBURSEMENTS

- 5.1 Subject to City's retention of any and all penalties and interest paid, and to Sections 3.2, above, and 5.2, 5.3, and 6.1, below, the total LTID assessments collected for each calendar year shall be disbursed to the VLI by City's Finance Division; provided, that if the assessments collected for one calendar year exceeds the total

budget approved by the City Council for that year, then that excess amount shall be spent by VLI in accordance with the proportional budget in the Plan and most recent annual report.

- 5.2 In order to cover City expenses related to the LTID program, prior to disbursement of any funds to the VLI, City shall retain for each calendar year an administrative fee in an amount equal to 1% of the total assessment, excluding penalties and interest, collected during that year; provided, that 1% retention may be taken from each periodic disbursement to VLI. Over the 10-year term, the City Administration fee will increase by 0.1% annually effective with the periodic disbursement for the January 2019 assessments and annually increasing in 0.1% increments to a maximum of 2%.
- 5.3 City's Management Services Director reserves the right to retain a sum equal to the amount of assessments known to be in dispute for a period of 45 calendar days after the close of each fiscal year, on the 31st day of December of each year, as a contingency fund for the processing of valid claims for refunds or adjustments submitted to City by business establishments within the LTID. City's standard policy for processing claims for refunds or adjustments shall apply.
- 5.4 Subject to Sections 3.2, 5.1 through 5.3, and 6.1, City's Management Services Director shall disburse funds on a monthly basis (or more often in the sole discretion of the Management Services Director, or his/her designee) when the LTID account balance exceeds \$100. City's standard policy for processing requests for disbursement shall apply.
- 5.5 If VLI dissolves itself prior to, or upon, the expiration of this Agreement, then any unexpended monies shall be returned to City. Any assessments collected by City on behalf of VLI prior to its dissolution and not yet disbursed to VLI shall be retained by City and used for any purpose permitted by the Plan and PBIDL.

Section 6. REIMBURSEMENT OF COLLECTION EXPENSES

- 6.1 In addition to the 1% administrative fee, which City will retain pursuant to Section 5.2, City shall use a portion of the assessments collected by a third party collections agent to pay the collection costs agreed to by City and that agent as full compensation for successful collection services rendered; provided, that City shall, (i) at the same time the agent remits successful collections to City, require the collections agent to submit a report describing the successful collections made and the amount retained by the agent, and (ii) provide a copy of that report to VLI.
- 6.2 VLI shall be solely responsible for reimbursing the collections agent for all authorized collection expenses exceeding the funds available for reimbursement pursuant to Section 6.1.

Section 7. NOTICES

7.1 Notices to the parties shall, unless otherwise requested in writing, be sent to:

City City of Lompoc
 Attn: Econ Dev Dir /Asst City Manager
 100 Civic Center Plaza
 Lompoc, CA 93436

VLI: Visit Lompoc, Inc.
 Attention: President
 111 South I Street
 Lompoc, CA 93436

Section 8. OWNERSHIP OF DOCUMENTS

The work product prepared or acquired by VLI pursuant to this Agreement including, but not limited to, any and all data, documents, memoranda, sketches, drawings, photographs, audio tapes, video tapes, computer disks, designs, plans, reports, investigations and materials (collectively and individually, the Work Product) shall be and shall remain property of City and the LTID for the exclusive use of the LTID. VLI shall have the right to retain copies of the Work Product. VLI acknowledges the Work Product shall be and shall remain confidential, to the extent permitted by law, and shall not be made available to any individual or organization without the prior written consent of City. The Work Product shall, upon demand of City, be delivered to City without additional cost or expense to City.

Section 9. CONFLICT OF INTEREST

For the duration of this Agreement, VLI or its employees will not act as consultant or perform services of any kind for any person or entity in regard to the LTID without the prior written consent of City. In addition, neither members of the Board of Directors of VLI nor paid staff, if any, may enter into any contract on behalf of VLI, nor vote on any LTID matters when such contract or matter would be of financial benefit to the member of the Board of Directors over and above the general financial benefit to all businesses in the LTID.

Section 10. COST RECORDS

- 10.1 In accordance with generally accepted accounting principles, VLI shall maintain full and complete records of services performed under this Agreement. Such records shall be open to the inspection of City and shall be kept for a five-year period in case of audit.
- 10.2 The records maintained by VLI shall include all receipts for expenditures incurred. City reserves the right for City's Economic Development Director/Assistant City

Administrator, or his/her designee, to perform a contract compliance audit at any time during the fiscal year. VLI agrees to keep all receipts and other supporting documents available for inspection during said audits.

Section 11. EQUAL OPPORTUNITY PROGRAM

VLI shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California and City. In performing this Agreement, VLI shall not discriminate in its employment practices against any employee or applicant for employment because of such person's race, religion, national origin, ancestry, sex, sexual orientation, age, physical handicap, marital status or medical conditions.

Section 12. AMENDMENTS

12.1 The services to be provided hereunder shall be subject to any changes in the Plan. Such changes, which are mutually agreed upon by and between City and VLI, after a hearing process per the PBIDL, shall be incorporated in written amendments to this Agreement.

12.2 This Agreement may not be amended except in writing by mutual agreement of both parties. A failure to object to a breach of this Agreement shall not constitute an amendment thereof, nor shall it waive any future breach of this Agreement.

Section 13. INSURANCE

13.1 VLI shall submit a duly executed certificate of insurance, with declarations page and endorsement list, which shall be reviewed and approved by the City Attorney, for an occurrence based Comprehensive General Liability (CGL) policy, at least as broad as ISO Form CG 0001, in the minimum amount of \$1,000,000 each occurrence, with not less than \$2,000,000 in annual aggregate coverage.

13.1.1 The CGL policy shall provide coverage for personal injury, bodily injury, death, accident and property damage and advertising injury, as those terms are understood in the context of a CGL policy, for any claims that relate in any way to this Agreement.

13.1.2 The coverage provided by the CGL policy shall not be excess or contributing with respect to City's self-insurance or any pooled risk arrangements.

13.1.3 The CGL policy shall provide \$1,000,000 combined single limit coverage for owned, hired and non-owned automobile liability.

13.1.4 The CGL policy shall include coverage for liability undertaken by contract, covering, to the maximum extent permitted by law, VLI's obligation to

indemnify City as required under the Indemnity provisions of this Agreement.

13.1.5 The CGL policy shall not exclude coverage for Completed Operations Hazards.

13.1.6 City and its officers, officials, agents and employees shall be named as additional insureds in an endorsement to the CGL policy.

13.1.7 The CGL policy shall be issued by an insurance company licensed to do business in the State of California, with a claims paying ability rating of "BBB" or better by S&P (or the equivalent by any other rating agency) and a rating of "A:VII" or better in the current Best's Insurance Reports.

13.1.8 VLI shall provide City with at least 30-days' prior written notice of any modification, reduction or cancellation of the CGL policy and a minimum of 10-days' notice for cancellation of the policy due to non-payment.

13.1.9 City may increase the scope or dollar amount of coverage required under the CGL policy, or may require different or additional coverages, upon prior written notice to VLI to be provided no later than September 1st of each year.

13.2 Acceptance by City of the insurance policy required by this section does not waive any of the indemnification rights City may have pursuant to Section 14.

Section 14. INDEMNITY

14.1 To the fullest extent permitted by law, VLI shall indemnify, defend (at VLI's sole expense, with legal counsel approved by City), and hold harmless City and its officers, officials, agents, and employees (hereinafter, individually, "Indemnitee" or, collectively, "Indemnitees"), from and against all losses, damages, costs, expenses, liabilities, claims, demands, suits, attorneys' fees and judgments arising directly or indirectly from, or in any manner connected to this Agreement. This indemnification includes, but is not limited to, all losses, damages, costs, expenses, liabilities, claims, demands, suits, attorneys' fees and judgments arising directly or indirectly from the acts of any third-party collections agent performing collection services pursuant to the provisions of Section 4.

14.2 Notwithstanding the foregoing, nothing herein shall be construed to require VLI to indemnify a specific Indemnitee from any claim arising from the sole negligence or willful misconduct of that specific Indemnitee; provided, however, VLI's obligation to indemnify, defend and hold harmless shall remain as to all other Indemnitees.

14.3 The duty to defend referenced herein is wholly independent from the duty to indemnify, arises upon written notice by City to VLI of a claim within the potential

scope of this indemnification provision, and exists regardless of any determination of the ultimate liability of VLI, City or any Indemnitee.

- 14.4 In the event VLI or City are sued by a third party for damages arising or allegedly arising from this Agreement, VLI shall not be relieved of its indemnity obligation to City by any settlement with any such third party unless that settlement includes a full release and dismissal of all claims by the third party against City.

Section 15. ASSIGNMENT

VLI covenants and agrees it will not assign or transfer its rights under this Agreement, either in whole or in part, without first obtaining the written consent of City, which consent may be granted or denied at the sole and absolute discretion of City. Any attempt by VLI to assign or transfer its rights or obligations without such prior written consent shall be null and void and may, at the option of City, automatically terminate this Agreement.

Section 16. ASSETS OF THE LTID

In the event the LTID is disestablished or otherwise discontinued, the existing assets of the LTID shall only be used and refunded in accordance with the PBIDL.

Section 17. SEVERABILITY

If any clause, provision, or section of the Agreement shall be ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision or section shall not affect any of the remaining provisions hereof.

Section 18. WAIVER

Waiver by either party of any breach of any term, covenant or condition herein contained shall not be deemed a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition herein contained.

Section 19. SECTION HEADINGS

The section headings of the Agreement are for convenience and reference only, and shall in no way be deemed to define, limit or add to the meaning of any provision of the Agreement.

Section 20. GOVERNING LAW/COMPLIANCE WITH LAWS

The Agreement shall be governed by, and construed in accordance with, the laws of the State of California. The parties hereto agree to be bound by all federal, state and local laws, ordinances, regulations and directives pertaining to the services to be performed hereunder. All disputes arising hereunder shall be resolved in Santa Barbara County.

Section 21. COUNTERPARTS

The Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 22. EXTENT OF AGREEMENT

This Agreement represents the entire and integrated agreement between City and VLI regarding the subject matter herein and supersedes any and all prior negotiations, representations or agreements, either oral or written.

IN WITNESS WHEREOF, this Agreement is executed by City, acting by and through its City Manager, and VLI, acting by and through its President and Vice-President or Secretary.

APPROVED AS TO FORM:

Joseph W. Pannone
City Attorney

CITY OF LOMPOC, a municipal corporation

By _____
Jim Throop
City Manager

Date _____

ATTEST:

Stacey Haddon. City Clerk

VISIT LOMPOC, INC., a California nonprofit, public benefit corporation

By _____
Pankaj Patel,
President

Date _____

By _____

Its: _____

Date _____

Exhibit A

VLI Budget

Estimated Annual Budget If Maximum Assessment Rates Are Adopted 2019-2028

Year	Sales & Marketing	Administration	City Fee	Contingency / Reserve	TOTAL
%	85%	10%	1%	4%	100%
2019	\$306,000.00	\$36,000.00	\$3,600.00	\$14,400.00	\$360,000.00
2020	\$472,770.00	\$55,620.00	\$5,562.00	\$22,248.00	\$556,200.00
2021	\$647,647.62	\$76,193.84	\$7,619.38	\$30,477.54	\$761,938.38
2022	\$833,846.31	\$98,099.57	\$9,809.96	\$39,239.83	\$980,995.66
2023	\$858,861.70	\$101,042.55	\$10,104.26	\$40,417.02	\$1,010,425.53
2024	\$884,627.56	\$104,073.83	\$10,407.38	\$41,629.53	\$1,040,738.30
2025	\$911,166.38	\$107,196.04	\$10,719.60	\$42,878.42	\$1,071,960.45
2026	\$938,501.37	\$110,411.93	\$11,041.19	\$44,164.77	\$1,104,119.26
2027	\$966,656.41	\$113,724.28	\$11,372.43	\$45,489.71	\$1,137,242.84
2028	\$995,656.11	\$117,136.01	\$11,713.60	\$46,854.41	\$1,171,360.13
TOTAL	\$7,815,733.47	\$919,498.06	\$91,949.81	\$367,799.22	\$9,194,980.56

2019-2028



LOMPOC TOURISM IMPROVEMENT DISTRICT MANAGEMENT DISTRICT PLAN

*Prepared pursuant to the Property and Business Improvement District Law of
1994, Streets and Highways Code section 36600 et seq.*

May 1, 2018

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Prepared by
Civitas



I. OVERVIEW

Developed by Lompoc lodging businesses and Visit Lompoc (VL), the Lompoc Tourism Improvement District (LTID) is an assessment district proposed to provide specific benefits to payors, by funding marketing and sales promotion efforts for assessed businesses. The LTID was formed in 2013 by Lompoc City Council Resolution No. 5886(13) for a five (5) year term ending December 31, 2018; lodging businesses now wish to renew it for an additional ten (10) years.

Location: The renewed LTID includes all lodging businesses located within the boundaries of City of Lompoc, as shown on the map in Section III.

Services: The LTID is designed to provide specific benefits directly to payors by increasing room night sales. Marketing and sales promotions will increase overnight tourism and market payors as tourist, meeting and event destinations, thereby increasing room night sales.

Budget: The total LTID annual budget for the initial year of its ten (10) year operation is anticipated to be approximately \$360,000. This budget is expected to fluctuate as room sales and the assessment rate do, over the LTID's term.

Cost: The current annual assessment rate is two percent (2%) of gross short-term room rental revenue. During the ten (10) year term, the VL board may request the assessment rate may be increased to a maximum of five percent (5%) of gross short-term room rental revenue. The maximum increase in any year shall be no more than one percent (1%) of gross short-term room rental revenue. Each request for annual increase, if any, shall be submitted by VL as part of its annual report and be subject to the Council's approval as part of that annual report. Based on the benefit received, assessments will not be collected on stays of more than thirty (30) consecutive days and stays by government employees on government business.

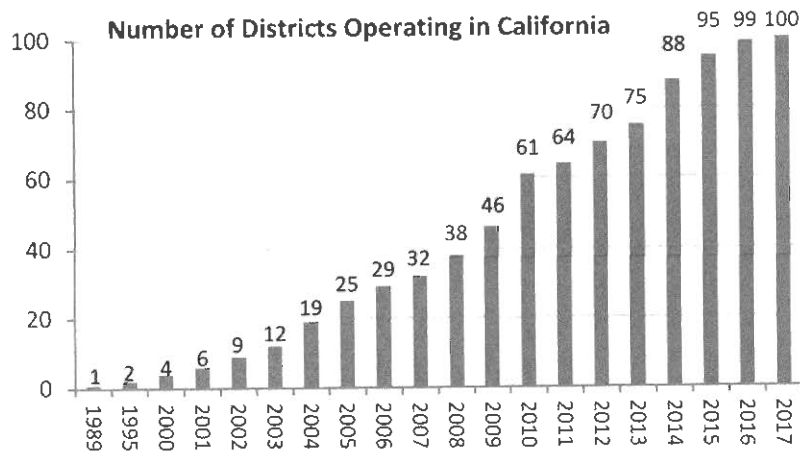
Collection: The City will be responsible for collecting the assessment on a monthly basis (including any delinquencies, penalties and interest) from each lodging business located in the boundaries of the LTID. The City shall take all reasonable efforts to collect the assessments from each lodging business.

Duration: The renewed LTID will have a ten (10) year life, beginning January 1, 2019 through December 31, 2028. Once per year, beginning on the anniversary of LTID renewal, there is a thirty (30) day period in which owners paying fifty percent (50%) or more of the assessment may protest and initiate a City Council hearing on LTID termination.

Management: VL will continue to serve as the LTID's Owners' Association. The Owners' Association is charged with managing funds and implementing programs in accordance with this Plan, and must provide annual reports to the City Council.

II. BACKGROUND

TIDs are an evolution of the traditional Business Improvement District. The first TID was formed in West Hollywood, California in 1989. Since then, one hundred California destinations have followed suit. In recent years, other states have begun adopting the California model – Montana, South Dakota, Washington, Colorado, Texas and Louisiana have adopted TID laws. Several other states are in the process of adopting their own legislation. The cities of Wichita, Kansas and Newark, New Jersey used an existing business improvement district law to form a TBID. And, some cities, like Portland, Oregon and Memphis, Tennessee have utilized their home rule powers to create TIDs without a state law.



California's TIDs collectively raise over \$250 million for local destination marketing. With competitors raising their budgets, and increasing rivalry for visitor dollars, it is important that Lompoc lodging businesses continue to invest in stable, lodging-specific marketing programs.

TIDs utilize the efficiencies of private sector operation in the market-based promotion of tourism districts. TIDs allow lodging business owners to organize their efforts to increase room night sales. Lodging business owners within the TID pay an assessment and those funds are used to provide services that increase room night sales.

In California, TIDs are formed pursuant to the Property and Business Improvement District Law of 1994. This law allows for the creation of a benefit assessment district to raise funds within a specific geographic area. *The key difference between TIDs and other benefit assessment districts is that funds raised are returned to the private non-profit corporation governing the district.*

There are many benefits to TIDs:

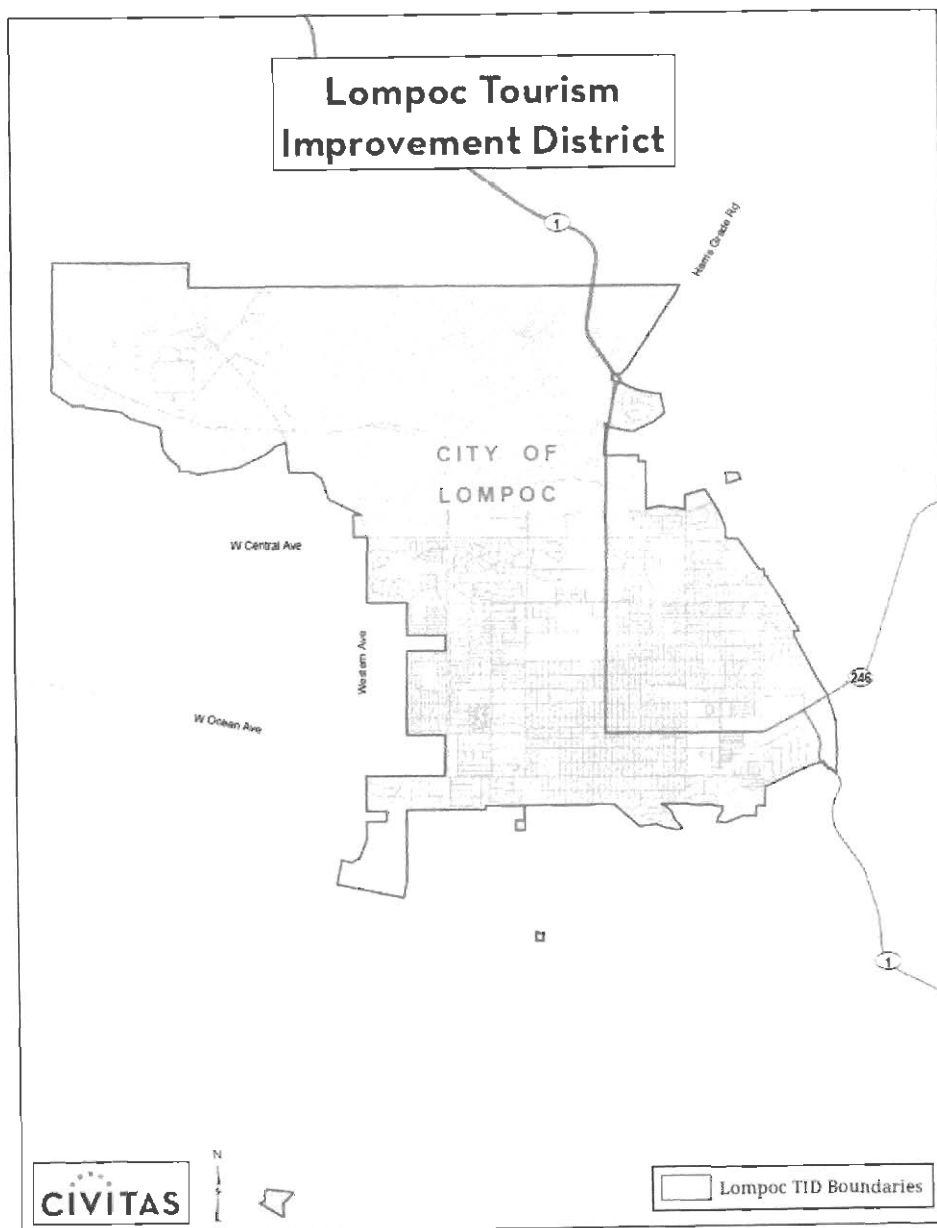
- Funds must be spent on services and improvements that provide a specific benefit only to those who pay;
- Funds cannot be diverted to general government programs;
- They are customized to fit the needs of payors in each destination;
- They allow for a wide range of services;
- They are **designed, created and governed by those who will pay** the assessment; and
- They provide a stable, long-term funding source for tourism promotion.

III. BOUNDARY

The LTID will include all lodging businesses, existing and in the future, available for public occupancy within the boundaries of City of Lompoc.

Lodging business means: any structure, or any portion of any structure, which is occupied or intended or designed for occupancy by transients for dwelling, lodging or sleeping purposes, and includes any hotel, inn, tourist home, motel, studio hotel, bachelor hotel, lodging house, rooming house, apartment house, dormitory, public or private club, mobile home or house trailer at a fixed location or other similar structure or portion thereof.

The boundary, as shown in the map below, currently includes thirteen (13) lodging businesses. A complete listing of lodging businesses within the renewed LTID can be found in Appendix 2.

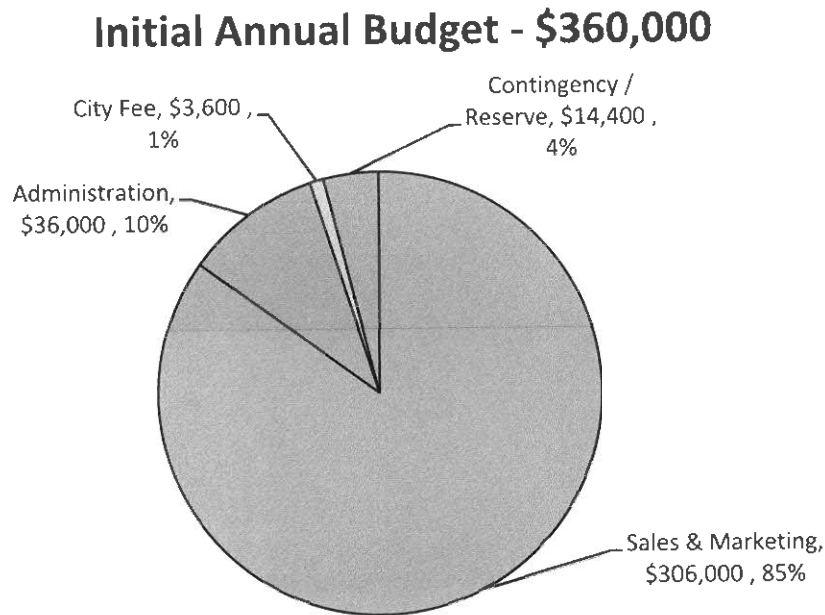


IV. BUDGET AND SERVICES

A. Annual Service Plan

Assessment funds will be spent to provide specific benefits conferred or privileges granted directly to the payors that are not provided to those not charged, and which do not exceed the reasonable cost to the City of conferring the benefits or granting the privileges. The privileges and services provided with the LTID funds are sales and marketing programs available only to assessed businesses.

A service plan budget has been developed to deliver services that benefit the assessed businesses. A detailed annual budget will be developed and approved by the VL Board. The table below illustrates the initial annual budget allocations. The total initial budget is \$360,000.



Although actual revenues will fluctuate due to market conditions, the proportional allocations of the budget shall remain the same. However, the City and the VL Board shall have the authority to adjust budget allocations between the categories by no more than fifteen percent (15%) of the total budget per year. A description of the proposed improvements and activities for the initial year of operation is below. The same activities are proposed for subsequent years. In the event of a legal challenge against the LTID, any and all assessment funds may be used for the costs of defending the LTID.

Each budget category includes all costs related to providing that service, in accordance with Generally Accepted Accounting Procedures (GAAP). For example, the sales and marketing budget includes the cost of staff time dedicated to overseeing and implementing the sales and marketing program. Staff time dedicated purely to administrative tasks is allocated to the administrative portion of the budget. The costs of an individual staff member may be allocated to multiple budget categories, as appropriate in accordance with GAAP. The staffing levels necessary to provide the services below will be determined by the VL Board on an as needed basis.

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 administration 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.

City Administration Fee

The City of Lompoc shall retain 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 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.

B. Annual Budget

The total ten (10) year improvement and service plan budget is projected at approximately \$360,000 annually, or approximately \$9,194,980.56 through 2028 if the maximum assessment rate increases are adopted by the VL Board. This amount may fluctuate as room sales change and if the assessment rate is increased. If the maximum annual assessment rate increases are adopted by the VL Board, the annual budget will increase as estimated in the following table.

The assessment rate may or may not increase starting in 2020, the increases may be implemented beginning in 2020 or in later years at the discretion of the VL Board. The table below demonstrates the estimated maximum budget with the assumption that the assessment rate will be increased by one percent (1%) in 2020, 2021, and 2022 as it is a required disclosure, it is not the anticipated course of

action. Additionally, a three percent (3%) annual increase in the total budget is shown, to account for estimated increased room night sales as a result of LTID efforts. This three percent (3%) annual increase is a conservative estimate based on the effects of similarly sized TID budgets.

Estimated Annual Budget If Maximum Assessment Rates Are Adopted 2019-2028

Year	Sales & Marketing	Administration	City Fee	Contingency / Reserve	TOTAL
%	85%	10%	1%	4%	100%
2019	\$306,000.00	\$36,000.00	\$3,600.00	\$14,400.00	\$360,000.00
2020	\$472,770.00	\$55,620.00	\$5,562.00	\$22,248.00	\$556,200.00
2021	\$647,647.62	\$76,193.84	\$7,619.38	\$30,477.54	\$761,938.38
2022	\$833,846.31	\$98,099.57	\$9,809.96	\$39,239.83	\$980,995.66
2023	\$858,861.70	\$101,042.55	\$10,104.26	\$40,417.02	\$1,010,425.53
2024	\$884,627.56	\$104,073.83	\$10,407.38	\$41,629.53	\$1,040,738.30
2025	\$911,166.38	\$107,196.04	\$10,719.60	\$42,878.42	\$1,071,960.45
2026	\$938,501.37	\$110,411.93	\$11,041.19	\$44,164.77	\$1,104,119.26
2027	\$966,656.41	\$113,724.28	\$11,372.43	\$45,489.71	\$1,137,242.84
2028	\$995,656.11	\$117,136.01	\$11,713.60	\$46,854.41	\$1,171,360.13
TOTAL	\$7,815,733.47	\$919,498.06	\$91,949.81	\$367,799.22	\$9,194,980.56

C. California Constitutional Compliance

The LTID assessment is not a property-based assessment subject to the requirements of Proposition 218. Courts have found Proposition 218 limited the term ‘assessments’ to levies on real property.¹ Rather, the LTID assessment is a business-based assessment, and is subject to Proposition 26. Pursuant to Proposition 26 all levies are a tax unless they fit one of seven exceptions. Two of these exceptions apply to the LTID, a “specific benefit” and a “specific government service.” Both require that the costs of benefits or services do not exceed the reasonable costs to the City of conferring the benefits or providing the services.

1. Specific Benefit

Proposition 26 requires that assessment funds be expended on, “a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.”² The services in this Plan are designed to provide targeted benefits directly to assessed lodging businesses, and are intended only to provide benefits and services directly to those businesses paying the assessment. These services are tailored not to serve the general public, businesses in general, or parcels of land, but rather to serve the specific lodging businesses within the LTID. The activities described in this Plan are specifically targeted to increase room night sales for assessed lodging businesses within the boundaries of the LTID, and are narrowly tailored. LTID funds will be used exclusively to provide the specific benefit of increased room night sales directly to the assessees. Assessment funds shall not be used to feature non-assessed lodging businesses in LTID programs, or to directly generate sales for non-assessed businesses. The activities paid for from assessment revenues are business services constituting and providing specific benefits to the assessed businesses.

¹ *Jarvis v. the City of San Diego* 72 Cal App. 4th 230

² Cal. Const. art XIII C § 1(e)(1)

The assessment imposed by the LTID is for a specific benefit conferred directly to the payors that is not provided to those not charged. The specific benefit conferred directly to the payors is an increase in room night sales. The specific benefit of an increase in room night sales for assessed lodging businesses will be provided only to lodging businesses paying the LTID assessment, with marketing and sales programs promoting lodging businesses paying the LTID assessment. The marketing and sales programs will be designed to increase room night sales at each assessed lodging businesses. Because they are necessary to provide the marketing and sales programs that specifically benefit the assessed lodging businesses, the administration and contingency/reserve services also provide the specific benefit of increased room night sales to the assessed lodging businesses.

Although the LTID, in providing specific benefits to payors, may produce incidental benefits to non-paying businesses, the incidental benefit does not preclude the services from being considered a specific benefit. The legislature has found that, "A specific benefit is not excluded from classification as a 'specific benefit' merely because an indirect benefit to a nonpayor occurs incidentally and without cost to the payor as a consequence of providing the specific benefit to the payor."³

2. Specific Government Service

The assessment may also be utilized to provide, "a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product."⁴ The legislature has recognized that marketing and promotions services like those to be provided by the LTID are government services within the meaning of Proposition 26⁵. Further, the legislature has determined that "a specific government service is not excluded from classification as a 'specific government service' merely because an indirect benefit to a nonpayor occurs incidentally and without cost to the payor as a consequence of providing the specific government service to the payor."⁶

3. Reasonable Cost

LTID services will be implemented carefully to ensure they do not exceed the reasonable cost of such services. The full amount assessed will be used to provide the services described herein. Funds will be managed by the VL Board, and reports submitted on an annual basis to the City. Only assessed lodging businesses will be featured in marketing materials, receive sales leads generated from LTID-funded activities, be featured in advertising campaigns, and benefit from other LTID-funded services. Non-assessed lodging businesses will not receive these, nor any other, LTID-funded services and benefits.

The LTID-funded programs are all targeted directly at and feature only assessed businesses. It is, however, possible that there will be a spill over benefit to non-assessed businesses. If non-assessed lodging businesses receive incremental room nights, that portion of the promotion or program generating those room nights shall be paid with non-LTID funds. LTID funds shall only be spent to benefit the assessed businesses, and shall not be spent on that portion of any program which directly generates incidental room nights for non-assessed businesses.

³ Government Code § 53758(a)

⁴ Cal. Const. art XIII C § 1(e)(2)

⁵ Government Code § 53758(b)

⁶ Government Code § 53758(b)

D. Assessment

The initial annual assessment rate is two percent (2%) of gross short-term room rental revenue. Based on the benefit received, assessments will not be collected on stays of more than thirty (30) consecutive days and stays by government employees on government business.

During the ten (10) year term, the VL Board may request the assessment rate be increased to a maximum of five percent (5%) of gross short-term room rental revenue. The maximum assessment increase in any year shall be no more than one percent (1%) of gross short-term room rental revenue. Each request for annual increase, if any, shall be submitted by VL as part of its annual report and be subject to the Council's approval as part of that annual report.

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.

E. Penalties and Interest

The LTID shall reimburse the City of Lompoc for any costs associated with collecting unpaid assessments. If sums in excess of the delinquent LTID assessment are sought to be recovered in the same collection action by the City, the LTID shall bear its pro rata share of such collection costs. The City shall consult with the LTID on the decision to hire a collections agent but retains its right to hire the collections agent of its choice for the purposes of collecting unpaid assessments.

Assessed businesses which are delinquent in paying the assessment shall be responsible for paying:

1. *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.
2. *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.
3. *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.
4. *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.

5. *Penalties Merged With Assessment:* Every penalty imposed and such interest as accrues shall become a part of the assessment required to be paid.

F. Time and Manner for Collecting Assessments

The LTID assessment will be implemented beginning January 1, 2019 and will continue for ten (10) years through December 31, 2028. The City will be responsible for collecting the assessment on a monthly basis (including any delinquencies, penalties and interest) from each lodging. The City shall take all reasonable efforts to collect the assessments from each lodging business. The City shall forward the assessments collected to the Owners' Association.

V. GOVERNANCE

A. Owners' Association

The City Council, through adoption of this Management District Plan, has the right, pursuant to Streets and Highways Code §36651, to identify the body that shall implement the proposed program, which shall be the Owners' Association of the LTID as defined in Streets and Highways Code §36612. The City Council has determined that Visit Lompoc will continue to serve as the Owners' Association for the LTID.

B. Brown Act and California Public Records Act Compliance

An Owners' Association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. The Owners' Association is, however, subject to government regulations relating to transparency, namely the Ralph M. Brown Act and the California Public Records Act. These regulations are designed to promote public accountability. The Owners' Association acts as a legislative body under the Ralph M. Brown Act (Government Code §54950 et seq.). Thus, meetings of the VL Board and certain committees must be held in compliance with the public notice and other requirements of the Brown Act. The Owners' Association is also subject to the record keeping and disclosure requirements of the California Public Records Act. Accordingly, the Owners' Association shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

C. Annual Report

VL shall present an annual report at the end of each year of operation to the City Council pursuant to Streets and Highways Code §36650 (see Appendix 1). The VL shall deliver an annual report to the City of Lompoc within 60 days of the end of the calendar year in order for the annual report to be presented to the City Council by the second meeting of March during the term of the assessment with the final report due to the City Council no later than February 23, 2029 for the 2028 calendar year.

The annual report shall include:

- Any proposed changes in the boundaries of the improvement district or in any benefit zones or classification of businesses within the district.
- The 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 his or her business for that fiscal year.
- The estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year.
- The estimated amount of any contributions to be made from sources other than assessments levied pursuant to this part.

APPENDIX 1 – LAW

*** THIS DOCUMENT IS CURRENT THROUGH THE 2018 SUPPLEMENT ***
(ALL 2017 LEGISLATION)

STREETS AND HIGHWAYS CODE DIVISION 18. PARKING PART 7. PROPERTY AND BUSINESS IMPROVEMENT DISTRICT LAW OF 1994

CHAPTER 1. General Provisions

ARTICLE 1. Declarations

36600. Citation of part

This part shall be known and may be cited as the “Property and Business Improvement District Law of 1994.”

36601. Legislative findings and declarations; Legislative guidance

The Legislature finds and declares all of the following:

- (a) Businesses located and operating within business districts in some of this state’s communities are economically disadvantaged, are underutilized, and are unable to attract customers due to inadequate facilities, services, and activities in the business districts.
- (b) It is in the public interest to promote the economic revitalization and physical maintenance of business districts in order to create jobs, attract new businesses, and prevent the erosion of the business districts.
- (c) It is of particular local benefit to allow business districts to fund business related improvements, maintenance, and activities through the levy of assessments upon the businesses or real property that receive benefits from those improvements.
- (d) Assessments levied for the purpose of conferring special benefit upon the real property or a specific benefit upon the businesses in a business district are not taxes for the general benefit of a city, even if property, businesses, or persons not assessed receive incidental or collateral effects that benefit them.
- (e) Property and business improvement districts formed throughout this state have conferred special benefits upon properties and businesses within their districts and have made those properties and businesses more useful by providing the following benefits:
 - (1) Crime reduction. A study by the Rand Corporation has confirmed a 12-percent reduction in the incidence of robbery and an 8-percent reduction in the total incidence of violent crimes within the 30 districts studied.
 - (2) Job creation.
 - (3) Business attraction.
 - (4) Business retention.
 - (5) Economic growth.
 - (6) New investments.
- (f) With the dissolution of redevelopment agencies throughout the state, property and business improvement districts have become even more important tools with which communities can combat blight, promote economic opportunities, and create a clean and safe environment.
- (g) Since the enactment of this act, the people of California have adopted Proposition 218, which added Article XIII D to the Constitution in order to place certain requirements and restrictions on the formation of, and activities, expenditures, and assessments by property-based districts. Article XIII D of the Constitution provides that property-based districts may only levy assessments for special benefits.
- (h) The act amending this section is intended to provide the Legislature’s guidance with regard to this act, its interaction with the provisions of Article XIII D of the Constitution, and the determination of special benefits in property-based districts.

- (1) The lack of legislative guidance has resulted in uncertainty and inconsistent application of this act, which discourages the use of assessments to fund needed improvements, maintenance, and activities in property-based districts, contributing to blight and other underutilization of property.
- (2) Activities undertaken for the purpose of conferring special benefits upon property to be assessed inherently produce incidental or collateral effects that benefit property or persons not assessed. Therefore, for special benefits to exist as a separate and distinct category from general benefits, the

incidental or collateral effects of those special benefits are inherently part of those special benefits. The mere fact that special benefits produce incidental or collateral effects that benefit property or persons not assessed does not convert any portion of those special benefits or their incidental or collateral effects into general benefits.

(3) It is of the utmost importance that property-based districts created under this act have clarity regarding restrictions on assessments they may levy and the proper determination of special benefits. Legislative clarity with regard to this act will provide districts with clear instructions and courts with legislative intent regarding restrictions on property-based assessments, and the manner in which special benefits should be determined.

36602. Purpose of part

The purpose of this part is to supplement previously enacted provisions of law that authorize cities to levy assessments within property and business improvement districts, to ensure that those assessments conform to all constitutional requirements and are determined and assessed in accordance with the guidance set forth in this act. This part does not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes.

36603. Preemption of authority or charter city to adopt ordinances levying assessments

Nothing in this part is intended to preempt the authority of a charter city to adopt ordinances providing for a different method of levying assessments for similar or additional purposes from those set forth in this part. A property and business improvement district created pursuant to this part is expressly exempt from the provisions of the Special Assessment Investigation, Limitation and Majority Protest Act of 1931 (Division 4 (commencing with Section 2800)).

36603.5. Part prevails over conflicting provisions

Any provision of this part that conflicts with any other provision of law shall prevail over the other provision of law, as to districts created under this part.

36604. Severability

This part is intended to be construed liberally and, if any provision is held invalid, the remaining provisions shall remain in full force and effect. Assessments levied under this part are not special taxes.

ARTICLE 2. Definitions

36606. "Activities"

"Activities" means, but is not limited to, all of the following that benefit businesses or real property in the district:

- (a) Promotion of public events.
- (b) Furnishing of music in any public place.
- (c) Promotion of tourism within the district.
- (d) Marketing and economic development, including retail retention and recruitment.
- (e) Providing security, sanitation, graffiti removal, street and sidewalk cleaning, and other municipal services supplemental to those normally provided by the municipality.
- (f) Other services provided for the purpose of conferring special benefit upon assessed real property or specific benefits upon assessed businesses located in the district.

36606.5. "Assessment"

"Assessment" means a levy for the purpose of acquiring, constructing, installing, or maintaining improvements and providing activities that will provide certain benefits to properties or businesses located within a property and business improvement district.

36607. "Business"

"Business" means all types of businesses and includes financial institutions and professions.

36608. “City”

“City” means a city, county, city and county, or an agency or entity created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code, the public member agencies of which includes only cities, counties, or a city and county, or the State of California.

36609. “City council”

“City council” means the city council of a city or the board of supervisors of a county, or the agency, commission, or board created pursuant to a joint powers agreement and which is a city within the meaning of this part.

36609.4. “Clerk”

“Clerk” means the clerk of the legislative body.

36609.5. “General benefit”

“General benefit” means, for purposes of a property-based district, any benefit that is not a “special benefit” as defined in Section 36615.5.

36610. “Improvement”

“Improvement” means the acquisition, construction, installation, or maintenance of any tangible property with an estimated useful life of five years or more including, but not limited to, the following:

- (a) Parking facilities.
- (b) Benches, booths, kiosks, display cases, pedestrian shelters and signs.
- (c) Trash receptacles and public restrooms.
- (d) Lighting and heating facilities.
- (e) Decorations.
- (f) Parks.
- (g) Fountains.
- (h) Planting areas.
- (i) Closing, opening, widening, or narrowing of existing streets.
- (j) Facilities or equipment, or both, to enhance security of persons and property within the district.
- (k) Ramps, sidewalks, plazas, and pedestrian malls.
- (l) Rehabilitation or removal of existing structures.

36611. “Management district plan”; “Plan”

“Management district plan” or “plan” means a proposal as defined in Section 36622.

36612. “Owners’ association”

“Owners’ association” means a private nonprofit entity that is under contract with a city to administer or implement improvements, maintenance, and activities specified in the management district plan. An owners’ association may be an existing nonprofit entity or a newly formed nonprofit entity. An owners’ association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. Notwithstanding this section, an owners’ association shall comply with the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code), at all times when matters within the subject matter of the district are heard, discussed, or deliberated, and with the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code), for all records relating to activities of the district.

36614. “Property”

“Property” means real property situated within a district.

36614.5. “Property and business improvement district”; “District”

“Property and business improvement district,” or “district,” means a property and business improvement district established pursuant to this part.

36614.6. “Property-based assessment”

“Property-based assessment” means any assessment made pursuant to this part upon real property.

36614.7. “Property-based district”

“Property-based district” means any district in which a city levies a property-based assessment.

36615. “Property owner”; “Business owner”; “Owner”

“Property owner” means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of land by the city council. “Business owner” means any person recognized by the city as the owner of the business. “Owner” means either a business owner or a property owner. The city council has no obligation to obtain other information as to the ownership of land or businesses, and its determination of ownership shall be final and conclusive for the purposes of this part. Wherever this part requires the signature of the property owner, the signature of the authorized agent of the property owner shall be sufficient. Wherever this part requires the signature of the business owner, the signature of the authorized agent of the business owner shall be sufficient.

36615.5. “Special benefit”

“Special benefit” means, for purposes of a property-based district, a particular and distinct benefit over and above general benefits conferred on real property located in a district or to the public at large. Special benefit includes incidental or collateral effects that arise from the improvements, maintenance, or activities of property-based districts even if those incidental or collateral effects benefit property or persons not assessed. Special benefit excludes general enhancement of property value.

36616. “Tenant”

“Tenant” means an occupant pursuant to a lease of commercial space or a dwelling unit, other than an owner.

ARTICLE 3. Prior Law

36617. Alternate method of financing certain improvements and activities; Effect on other provisions

This part provides an alternative method of financing certain improvements and activities. The provisions of this part shall not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes. Every improvement area established pursuant to the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500) of this division) is valid and effective and is unaffected by this part.

CHAPTER 2. Establishment

36620. Establishment of property and business improvement district

A property and business improvement district may be established as provided in this chapter.

36620.5. Requirement of consent of city council

A county may not form a district within the territorial jurisdiction of a city without the consent of the city council of that city. A city may not form a district within the unincorporated territory of a county without the consent of the board of supervisors of that county. A city may not form a district within the territorial jurisdiction of another city without the consent of the city council of the other city.

36621. Initiation of proceedings; Petition of property or business owners in proposed district

(a) Upon the submission of a written petition, signed by the property or business owners in the proposed district who will pay more than 50 percent of the assessments proposed to be levied, the city council may initiate proceedings to form a district by the adoption of a resolution expressing its intention to form a district. The amount of assessment attributable to property or a business owned by the same property or business owner that is in excess of 40 percent of the amount of all assessments proposed to be levied, shall not be included in determining whether the petition is signed by property or business owners who will pay more than 50 percent of the total amount of assessments proposed to be levied.

(b) The petition of property or business owners required under subdivision (a) shall include a summary of the management district plan. That summary shall include all of the following:

- (1) A map showing the boundaries of the district.
- (2) Information specifying where the complete management district plan can be obtained.
- (3) Information specifying that the complete management district plan shall be furnished upon request.

(c) The resolution of intention described in subdivision (a) shall contain all of the following:

- (1) A brief description of the proposed improvements, maintenance, and activities, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property or businesses within the district, a statement as to whether bonds will be issued, and a description of the exterior boundaries of the proposed district, which may be made by reference to any plan or map that is on file with the clerk. The descriptions and statements do not need to be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements, maintenance, and activities, and the location and extent of the proposed district.
- (2) A time and place for a public hearing on the establishment of the property and business improvement district and the levy of assessments, which shall be consistent with the requirements of Section 36623.

36622. Contents of management district plan

The management district plan shall include, but is not limited to, all of the following:

(a) If the assessment will be levied on property, a map of the district in sufficient detail to locate each parcel of property and, if businesses are to be assessed, each business within the district. If the assessment will be levied on businesses, a map that identifies the district boundaries in sufficient detail to allow a business owner to reasonably determine whether a business is located within the district boundaries. If the assessment will be levied on property and businesses, a map of the district in sufficient detail to locate each parcel of property and to allow a business owner to reasonably determine whether a business is located within the district boundaries.

(b) The name of the proposed district.

(c) A description of the boundaries of the district, including the boundaries of benefit zones, proposed for establishment or extension in a manner sufficient to identify the affected property and businesses included, which may be made by reference to any plan or map that is on file with the clerk. The boundaries of a proposed property assessment district shall not overlap with the boundaries of another existing property assessment district created pursuant to this part. This part does not prohibit the boundaries of a district created pursuant to this part to overlap with other assessment districts established pursuant to other provisions of law, including, but not limited to, the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500)). This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with another business assessment district created pursuant to this part. This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with a property assessment district created pursuant to this part.

(d) The improvements, maintenance, and activities proposed for each year of operation of the district and the maximum cost thereof. If the improvements, maintenance, and activities proposed for each year of operation are the same, a description of the first year's proposed improvements, maintenance, and activities and a statement that the same improvements, maintenance, and activities are proposed for subsequent years shall satisfy the requirements of this subdivision.

(e) The total annual amount proposed to be expended for improvements, maintenance, or activities, and debt service in each year of operation of the district. If the assessment is levied on businesses, this amount may be estimated based upon the assessment rate. If the total annual amount proposed to be expended in each year of operation of the district is not significantly different, the amount proposed to be expended in the initial

year and a statement that a similar amount applies to subsequent years shall satisfy the requirements of this subdivision.

(f) The proposed source or sources of financing, including the proposed method and basis of levying the assessment in sufficient detail to allow each property or business owner to calculate the amount of the assessment to be levied against his or her property or business. The plan also shall state whether bonds will be issued to finance improvements.

(g) The time and manner of collecting the assessments.

(h) The specific number of years in which assessments will be levied. In a new district, the maximum number of years shall be five. Upon renewal, a district shall have a term not to exceed 10 years. Notwithstanding these limitations, a district created pursuant to this part to finance capital improvements with bonds may levy assessments until the maximum maturity of the bonds. The management district plan may set forth specific increases in assessments for each year of operation of the district.

(i) The proposed time for implementation and completion of the management district plan.

(j) Any proposed rules and regulations to be applicable to the district.

(k) (1) A list of the properties or businesses to be assessed, including the assessor's parcel numbers for properties to be assessed, and a statement of the method or methods by which the expenses of a district will be imposed upon benefited real property or businesses, in proportion to the benefit received by the property or business, to defray the cost thereof.

(2) In a property-based district, the proportionate special benefit derived by each identified parcel shall be determined exclusively in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the activities. An assessment shall not be imposed on any parcel that exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and a property-based district shall separate the general benefits, if any, from the special benefits conferred on a parcel. Parcels within a property-based district that are owned or used by any city, public agency, the State of California, or the United States shall not be exempt from assessment unless the governmental entity can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit. The value of any incidental, secondary, or collateral effects that arise from the improvements, maintenance, or activities of a property-based district and that benefit property or persons not assessed shall not be deducted from the entirety of the cost of any special benefit or affect the proportionate special benefit derived by each identified parcel.

(l) In a property-based district, the total amount of all special benefits to be conferred upon the properties located within the property-based district.

(m) In a property-based district, the total amount of general benefits, if any.

(n) In a property-based district, a detailed engineer's report prepared by a registered professional engineer certified by the State of California supporting all assessments contemplated by the management district plan.

(o) Any other item or matter required to be incorporated therein by the city council.

36623. Procedure to levy assessment

(a) If a city council proposes to levy a new or increased property assessment, the notice and protest and hearing procedure shall comply with Section 53753 of the Government Code.

(b) If a city council proposes to levy a new or increased business assessment, the notice and protest and hearing procedure shall comply with Section 54954.6 of the Government Code, except that notice shall be mailed to the owners of the businesses proposed to be assessed. A protest may be made orally or in writing by any interested person. Every written protest shall be filed with the clerk at or before the time fixed for the public hearing. The city council may waive any irregularity in the form or content of any written protest. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing. Each written protest shall contain a description of the business in which the person subscribing the protest is interested sufficient to identify the business and, if a person subscribing is not shown on the official records of the city as the owner of the business, the protest shall contain or be accompanied by written evidence that the person subscribing is the owner of the business or the authorized representative. A written protest that does not comply with this section shall not be counted in determining a majority protest. If written protests are received from the owners or authorized representatives of businesses in the proposed district that will pay 50 percent or more of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than 50 percent, no further proceedings to levy the proposed assessment against such businesses, as contained in the resolution of intention, shall be taken for a period of one year from the date of the finding of a majority protest by the city council.

(c) If a city council proposes to conduct a single proceeding to levy both a new or increased property assessment and a new or increased business assessment, the notice and protest and hearing procedure for the property assessment shall comply with subdivision (a), and the notice and protest and hearing procedure for the business assessment shall comply with subdivision (b). If a majority protest is received from either the property or business owners, that respective portion of the assessment shall not be levied. The remaining portion of the assessment may be levied unless the improvement or other special benefit was proposed to be funded by assessing both property and business owners.

36624. Changes to proposed assessments

At the conclusion of the public hearing to establish the district, the city council may adopt, revise, change, reduce, or modify the proposed assessment or the type or types of improvements, maintenance, and activities to be funded with the revenues from the assessments. Proposed assessments may only be revised by reducing any or all of them. At the public hearing, the city council may only make changes in, to, or from the boundaries of the proposed property and business improvement district that will exclude territory that will not benefit from the proposed improvements, maintenance, and activities. Any modifications, revisions, reductions, or changes to the proposed assessment district shall be reflected in the notice and map recorded pursuant to Section 36627.

36625. Resolution of formation

(a) If the city council, following the public hearing, decides to establish a proposed property and business improvement district, the city council shall adopt a resolution of formation that shall include, but is not limited to, all of the following:

(1) A brief description of the proposed improvements, maintenance, and activities, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property, businesses, or both within the district, a statement on whether bonds will be issued, and a description of the exterior boundaries of the proposed district, which may be made by reference to any plan or map that is on file with the clerk. The descriptions and statements need not be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements, maintenance, and activities and the location and extent of the proposed district.

(2) The number, date of adoption, and title of the resolution of intention.

(3) The time and place where the public hearing was held concerning the establishment of the district.

(4) A determination regarding any protests received. The city shall not establish the district or levy assessments if a majority protest was received.

(5) A statement that the properties, businesses, or properties and businesses in the district established by the resolution shall be subject to any amendments to this part.

(6) A statement that the improvements, maintenance, and activities to be conferred on businesses and properties in the district will be funded by the levy of the assessments. The revenue from the levy of assessments within a district shall not be used to provide improvements, maintenance, or activities outside the district or for any purpose other than the purposes specified in the resolution of intention, as modified by the city council at the hearing concerning establishment of the district. Notwithstanding the foregoing, improvements and activities that must be provided outside the district boundaries to create a special or specific benefit to the assessed parcels or businesses may be provided, but shall be limited to marketing or signage pointing to the district.

(7) A finding that the property or businesses within the area of the property and business improvement district will be benefited by the improvements, maintenance, and activities funded by the proposed assessments, and, for a property-based district, that property within the district will receive a special benefit.

(8) In a property-based district, the total amount of all special benefits to be conferred on the properties within the property-based district.

(b) The adoption of the resolution of formation and, if required, recordation of the notice and map pursuant to Section 36627 shall constitute the levy of an assessment in each of the fiscal years referred to in the management district plan.

36626. Resolution establishing district

If the city council, following the public hearing, desires to establish the proposed property and business improvement district, and the city council has not made changes pursuant to Section 36624, or has made changes that do not substantially change the proposed assessment, the city council shall adopt a resolution establishing the district. The resolution shall contain all of the information specified in Section 36625.

36627. Notice and assessment diagram

Following adoption of the resolution establishing district assessments on properties pursuant to Section 36625 or Section 36626, the clerk shall record a notice and an assessment diagram pursuant to Section 3114. No other provision of Division 4.5 (commencing with Section 3100) applies to an assessment district created pursuant to this part.

36628. Establishment of separate benefit zones within district; Categories of businesses

The city council may establish one or more separate benefit zones within the district based upon the degree of benefit derived from the improvements or activities to be provided within the benefit zone and may impose a different assessment within each benefit zone. If the assessment is to be levied on businesses, the city council may also define categories of businesses based upon the degree of benefit that each will derive from the improvements or activities to be provided within the district and may impose a different assessment or rate of assessment on each category of business, or on each category of business within each zone.

36628.5. Assessments on businesses or property owners

The city council may levy assessments on businesses or on property owners, or a combination of the two, pursuant to this part. The city council shall structure the assessments in whatever manner it determines corresponds with the distribution of benefits from the proposed improvements, maintenance, and activities, provided that any property-based assessment conforms with the requirements set forth in paragraph (2) of subdivision (k) of Section 36622.

36629. Provisions and procedures applicable to benefit zones and business categories

All provisions of this part applicable to the establishment, modification, or disestablishment of a property and business improvement district apply to the establishment, modification, or disestablishment of benefit zones or categories of business. The city council shall, to establish, modify, or disestablish a benefit zone or category of business, follow the procedure to establish, modify, or disestablish a property and business improvement district.

36630. Expiration of district; Creation of new district

If a property and business improvement district expires due to the time limit set pursuant to subdivision (h) of Section 36622, a new management district plan may be created and the district may be renewed pursuant to this part.

CHAPTER 3. Assessments

36631. Time and manner of collection of assessments; Delinquent payments

The collection of the assessments levied pursuant to this part shall be made at the time and in the manner set forth by the city council in the resolution levying the assessment. Assessments levied on real property may be collected at the same time and in the same manner as for the ad valorem property tax, and may provide for the same lien priority and penalties for delinquent payment. All delinquent payments for assessments levied pursuant to this part may be charged interest and penalties.

36632. Assessments to be based on estimated benefit; Classification of real property and businesses; Exclusion of residential and agricultural property

- (a) The assessments levied on real property pursuant to this part shall be levied on the basis of the estimated benefit to the real property within the property and business improvement district. The city council may classify properties for purposes of determining the benefit to property of the improvements and activities provided pursuant to this part.
- (b) Assessments levied on businesses pursuant to this part shall be levied on the basis of the estimated benefit to the businesses within the property and business improvement district. The city council may classify

businesses for purposes of determining the benefit to the businesses of the improvements and activities provided pursuant to this part.

(c) Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and service funded through these assessments, and shall not be subject to any assessment pursuant to this part.

36633. Time for contesting validity of assessment

The validity of an assessment levied under this part shall not be contested in any action or proceeding unless the action or proceeding is commenced within 30 days after the resolution levying the assessment is adopted pursuant to Section 36626. Any appeal from a final judgment in an action or proceeding shall be perfected within 30 days after the entry of judgment.

36634. Service contracts authorized to establish levels of city services

The city council may execute baseline service contracts that would establish levels of city services that would continue after a property and business improvement district has been formed.

36635. Request to modify management district plan

The owners' association may, at any time, request that the city council modify the management district plan. Any modification of the management district plan shall be made pursuant to this chapter.

36636. Modification of plan by resolution after public hearing; Adoption of resolution of intention

(a) Upon the written request of the owners' association, the city council may modify the management district plan after conducting one public hearing on the proposed modifications. The city council may modify the improvements and activities to be funded with the revenue derived from the levy of the assessments by adopting a resolution determining to make the modifications after holding a public hearing on the proposed modifications. If the modification includes the levy of a new or increased assessment, the city council shall comply with Section 36623. Notice of all other public hearings pursuant to this section shall comply with both of the following:

(1) The resolution of intention shall be published in a newspaper of general circulation in the city once at least seven days before the public hearing.

(2) A complete copy of the resolution of intention shall be mailed by first class mail, at least 10 days before the public hearing, to each business owner or property owner affected by the proposed modification.

(b) The city council shall adopt a resolution of intention which states the proposed modification prior to the public hearing required by this section. The public hearing shall be held not more than 90 days after the adoption of the resolution of intention.

36637. Reflection of modification in notices recorded and maps

Any subsequent modification of the resolution shall be reflected in subsequent notices and maps recorded pursuant to Division 4.5 (commencing with Section 3100), in a manner consistent with the provisions of Section 36627.

CHAPTER 3.5. Financing

36640. Bonds authorized; Procedure; Restriction on reduction or termination of assessments

(a) The city council may, by resolution, determine and declare that bonds shall be issued to finance the estimated cost of some or all of the proposed improvements described in the resolution of formation adopted pursuant to Section 36625, if the resolution of formation adopted pursuant to that section provides for the issuance of bonds, under the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500)) or in conjunction with Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code). Either act, as the case may be, shall govern the proceedings relating to the issuance of bonds, although proceedings under the Bond Act of 1915

may be modified by the city council as necessary to accommodate assessments levied upon business pursuant to this part.

(b) The resolution adopted pursuant to subdivision (a) shall generally describe the proposed improvements specified in the resolution of formation adopted pursuant to Section 36625, set forth the estimated cost of those improvements, specify the number of annual installments and the fiscal years during which they are to be collected. The amount of debt service to retire the bonds shall not exceed the amount of revenue estimated to be raised from assessments over 30 years.

(c) Notwithstanding any other provision of this part, assessments levied to pay the principal and interest on any bond issued pursuant to this section shall not be reduced or terminated if doing so would interfere with the timely retirement of the debt.

CHAPTER 4. Governance

36650. Report by owners' association; Approval or modification by city council

(a) The owners' association shall cause to be prepared a report for each fiscal year, except the first year, for which assessments are to be levied and collected to pay the costs of the improvements, maintenance, and activities described in the report. The owners' association's first report shall be due after the first year of operation of the district. The 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.

(b) The report shall be filed with the clerk and shall refer to the property and business improvement district by name, specify the fiscal year to which the report applies, and, with respect to that fiscal year, shall contain all of the following information:

(1) Any proposed changes in the boundaries of the property and business improvement district or in any benefit zones or classification of property or businesses within the district.

(2) The improvements, maintenance, and activities to be provided for that fiscal year.

(3) An estimate of the cost of providing the improvements, maintenance, and activities for that fiscal year.

(4) The method and basis of levying the assessment in sufficient detail to allow each real property or business owner, as appropriate, to estimate the amount of the assessment to be levied against his or her property or business for that fiscal year.

(5) The estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year.

(6) The estimated amount of any contributions to be made from sources other than assessments levied pursuant to this part.

(c) The city council may approve the report as filed by the owners' association or may modify any particular contained in the report and approve it as modified. Any modification shall be made pursuant to Sections 36635 and 36636.

The city council shall not approve a change in the basis and method of levying assessments that would impair an authorized or executed contract to be paid from the revenues derived from the levy of assessments, including any commitment to pay principal and interest on any bonds issued on behalf of the district.

36651. Designation of owners' association to provide improvements, maintenance, and activities

The management district plan may, but is not required to, state that an owners' association will provide the improvements, maintenance, and activities described in the management district plan. If the management district plan designates an owners' association, the city shall contract with the designated nonprofit corporation to provide services.

CHAPTER 5. Renewal

36660. Renewal of district; Transfer or refund of remaining revenues; District term limit

(a) Any district previously established whose term has expired, or will expire, may be renewed by following the procedures for establishment as provided in this chapter.

(b) Upon renewal, any remaining revenues derived from the levy of assessments, or any revenues derived from the sale of assets acquired with the revenues, shall be transferred to the renewed district. If the renewed

district includes additional parcels or businesses not included in the prior district, the remaining revenues shall be spent to benefit only the parcels or businesses in the prior district. If the renewed district does not include parcels or businesses included in the prior district, the remaining revenues attributable to these parcels shall be refunded to the owners of these parcels or businesses.

(c) Upon renewal, a district shall have a term not to exceed 10 years, or, if the district is authorized to issue bonds, until the maximum maturity of those bonds. There is no requirement that the boundaries, assessments, improvements, or activities of a renewed district be the same as the original or prior district.

CHAPTER 6. Disestablishment

36670. Circumstances permitting disestablishment of district; Procedure

(a) Any district established or extended pursuant to the provisions of this part, where there is no indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the district, may be disestablished by resolution by the city council in either of the following circumstances:

(1) If the city council finds there has been misappropriation of funds, malfeasance, or a violation of law in connection with the management of the district, it shall notice a hearing on disestablishment.

(2) During the operation of the district, there shall be a 30-day period each year in which assesses may request disestablishment of the district. The first such period shall begin one year after the date of establishment of the district and shall continue for 30 days. The next such 30-day period shall begin two years after the date of the establishment of the district. Each successive year of operation of the district shall have such a 30-day period. Upon the written petition of the owners or authorized representatives of real property or the owners or authorized representatives of businesses in the district who pay 50 percent or more of the assessments levied, the city council shall pass a resolution of intention to disestablish the district. The city council shall notice a hearing on disestablishment.

(b) The city council shall adopt a resolution of intention to disestablish the district prior to the public hearing required by this section. The resolution shall state the reason for the disestablishment, shall state the time and place of the public hearing, and shall contain a proposal to dispose of any assets acquired with the revenues of the assessments levied within the property and business improvement district. The notice of the hearing on disestablishment required by this section shall be given by mail to the property owner of each parcel or to the owner of each business subject to assessment in the district, as appropriate. The city shall conduct the public hearing not less than 30 days after mailing the notice to the property or business owners. The public hearing shall be held not more than 60 days after the adoption of the resolution of intention.

36671. Refund of remaining revenues upon disestablishment or expiration without renewal of district; Calculation of refund; Use of outstanding revenue collected after disestablishment of district

(a) Upon the disestablishment or expiration without renewal of a district, any remaining revenues, after all outstanding debts are paid, derived from the levy of assessments, or derived from the sale of assets acquired with the revenues, or from bond reserve or construction funds, shall be refunded to the owners of the property or businesses then located and operating within the district in which assessments were levied by applying the same method and basis that was used to calculate the assessments levied in the fiscal year in which the district is disestablished or expires. All outstanding assessment revenue collected after disestablishment shall be spent on improvements and activities specified in the management district plan.

(b) If the disestablishment occurs before an assessment is levied for the fiscal year, the method and basis that was used to calculate the assessments levied in the immediate prior fiscal year shall be used to calculate the amount of any refund.

APPENDIX 2 – ASSESSED BUSINESSES

Business Name	Address	City, State, ZIP
1890 House B&B	122 West Cypress Avenue	Lompoc, CA 93436
Budget Inn	817 North H Street	Lompoc, CA 93436
Embassy Suites	1117 North H Street	Lompoc, CA 93436
Hilton Garden Inn	1201 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
Lompoc Motel	528 North H Street	Lompoc, CA 93436
Lompoc Valley Inn & Suites	1621 North H Street	Lompoc, CA 93436
Lotus of Lompoc	1415 East Ocean Avenue	Lompoc, CA 93436
Motel 6	1521 North H Street	Lompoc, CA 93436
O'Cairns Inn & Suites	940 East Ocean Avenue	Lompoc, CA 93436
Red Roof Inn	1020 East Ocean Avenue	Lompoc, CA 93436
Star Motel	216 East Ocean Avenue	Lompoc, CA 93436

*** This document is current through the 2017 Supplement ***
(All 2016 legislation)

STREETS AND HIGHWAYS CODE
Division 18. Parking
Part 7. Property and Business Improvement District Law of 1994

Cal Sts & Hy Code Div. 18, Pt. 7 (2017)

CHAPTER 1. General Provisions [36600 - 36617]

ARTICLE 1. Declarations [36600 - 36604]

36600. Citation of part

This part shall be known and may be cited as the "Property and Business Improvement District Law of 1994."

36601. Legislative findings and declarations; Legislative guidance

The Legislature finds and declares all of the following:

- (a) Businesses located and operating within business districts in some of this state's communities are economically disadvantaged, are underutilized, and are unable to attract customers due to inadequate facilities, services, and activities in the business districts.
- (b) It is in the public interest to promote the economic revitalization and physical maintenance of business districts in order to create jobs, attract new businesses, and prevent the erosion of the business districts.
- (c) It is of particular local benefit to allow business districts to fund business related improvements, maintenance, and activities through the levy of assessments upon the businesses or real property that receive benefits from those improvements.
- (d) Assessments levied for the purpose of conferring special benefit upon the real property or a specific benefit upon the businesses in a business district are not taxes for the general benefit of a city, even if property, businesses, or persons not assessed receive incidental or collateral effects that benefit them.
- (e) Property and business improvement districts formed throughout this state have conferred special benefits upon properties and businesses within their districts and have made those properties and businesses more useful by providing the following benefits:
 - (1) Crime reduction. A study by the Rand Corporation has confirmed a 12-percent reduction in the incidence of robbery and an 8-percent reduction in the total incidence of violent crimes within the 30 districts studied.
 - (2) Job creation.
 - (3) Business attraction.
 - (4) Business retention.
 - (5) Economic growth.
 - (6) New investments.

(f) With the dissolution of redevelopment agencies throughout the state, property and business improvement districts have become even more important tools with which communities can combat blight, promote economic opportunities, and create a clean and safe environment.

(g) Since the enactment of this act, the people of California have adopted Proposition 218, which added Article XIII D to the Constitution in order to place certain requirements and restrictions on the formation of, and activities, expenditures, and assessments by property-based districts. Article XIII D of the Constitution provides that property-based districts may only levy assessments for special benefits.

(h) The act amending this section is intended to provide the Legislature's guidance with regard to this act, its interaction with the provisions of Article XIII D of the Constitution, and the determination of special benefits in property-based districts.

(1) The lack of legislative guidance has resulted in uncertainty and inconsistent application of this act, which discourages the use of assessments to fund needed improvements, maintenance, and activities in property-based districts, contributing to blight and other underutilization of property.

(2) Activities undertaken for the purpose of conferring special benefits upon property to be assessed inherently produce incidental or collateral effects that benefit property or persons not assessed. Therefore, for special benefits to exist as a separate and distinct category from general benefits, the incidental or collateral effects of those special benefits are inherently part of those special benefits. The mere fact that special benefits produce incidental or collateral effects that benefit property or persons not assessed does not convert any portion of those special benefits or their incidental or collateral effects into general benefits.

(3) It is of the utmost importance that property-based districts created under this act have clarity regarding restrictions on assessments they may levy and the proper determination of special benefits. Legislative clarity with regard to this act will provide districts with clear instructions and courts with legislative intent regarding restrictions on property-based assessments, and the manner in which special benefits should be determined.

36602. Purpose of part

The purpose of this part is to supplement previously enacted provisions of law that authorize cities to levy assessments within property and business improvement districts, to ensure that those assessments conform to all constitutional requirements and are determined and assessed in accordance with the guidance set forth in this act. This part does not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes.

36603. Preemption of authority or charter city to adopt ordinances levying assessments

Nothing in this part is intended to preempt the authority of a charter city to adopt ordinances providing for a different method of levying assessments for similar or additional purposes from those set forth in this part. A property and business improvement district created pursuant to this part is expressly exempt from the provisions of the Special Assessment Investigation, Limitation and Majority Protest Act of 1931 (Division 4 (commencing with Section 2800)).

36603.5. Part prevails over conflicting provisions

Any provision of this part that conflicts with any other provision of law shall prevail over the other provision of law, as to districts created under this part.

36604. Severability

This part is intended to be construed liberally and, if any provision is held invalid, the remaining provisions shall remain in full force and effect. Assessments levied under this part are not special taxes.

ARTICLE 2. Definitions [36606 - 36616]

36606. "Activities"

"Activities" means, but is not limited to, all of the following that benefit businesses or real property in the district:

- (a) Promotion of public events.
- (b) Furnishing of music in any public place.
- (c) Promotion of tourism within the district.
- (d) Marketing and economic development, including retail retention and recruitment.
- (e) Providing security, sanitation, graffiti removal, street and sidewalk cleaning, and other municipal services supplemental to those normally provided by the municipality.
- (f) Other services provided for the purpose of conferring special benefit upon assessed real property or specific benefits upon assessed businesses located in the district.

36606.5. "Assessment"

"Assessment" means a levy for the purpose of acquiring, constructing, installing, or maintaining improvements and providing activities that will provide certain benefits to properties or businesses located within a property and business improvement district.

36607. "Business"

"Business" means all types of businesses and includes financial institutions and professions.

36608. "City"

"City" means a city, county, city and county, or an agency or entity created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of

the Government Code, the public member agencies of which includes only cities, counties, or a city and county, or the State of California.

36609. "City council"

"City council" means the city council of a city or the board of supervisors of a county, or the agency, commission, or board created pursuant to a joint powers agreement and which is a city within the meaning of this part.

36609.4. "Clerk"

"Clerk" means the clerk of the legislative body.

36609.5. "General benefit"

"General benefit" means, for purposes of a property-based district, any benefit that is not a "special benefit" as defined in Section 36615.5.

36610. "Improvement"

"Improvement" means the acquisition, construction, installation, or maintenance of any tangible property with an estimated useful life of five years or more including, but not limited to, the following:

- (a) Parking facilities.
- (b) Benches, booths, kiosks, display cases, pedestrian shelters and signs.
- (c) Trash receptacles and public restrooms.
- (d) Lighting and heating facilities.
- (e) Decorations.
- (f) Parks.
- (g) Fountains.
- (h) Planting areas.
- (i) Closing, opening, widening, or narrowing of existing streets.
- (j) Facilities or equipment, or both, to enhance security of persons and property within the district.
- (k) Ramps, sidewalks, plazas, and pedestrian malls.
- (l) Rehabilitation or removal of existing structures.

36611. "Management district plan"; "Plan"

"Management district plan" or "plan" means a proposal as defined in Section 36622.

36612. "Owners' association"

"Owners' association" means a private nonprofit entity that is under contract with a city to administer or implement improvements, maintenance, and activities specified in the management district plan. An owners' association may be an existing nonprofit entity or a newly formed nonprofit entity. An owners' association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. Notwithstanding this section, an owners' association shall comply with the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code), at all times when matters within the subject matter of the district are heard, discussed, or deliberated, and with the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code), for all records relating to activities of the district.

36614. "Property"

"Property" means real property situated within a district.

36614.5. "Property and business improvement district"; "District"

"Property and business improvement district," or "district," means a property and business improvement district established pursuant to this part.

36614.6. "Property-based assessment"

"Property-based assessment" means any assessment made pursuant to this part upon real property.

36614.7. "Property-based district"

"Property-based district" means any district in which a city levies a property-based assessment.

36615. "Property owner"; "Business owner"; "Owner"

"Property owner" means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of land by the city council. "Business owner" means any person recognized by the city as the owner of the business. "Owner" means either a business owner or a property owner. The city council has no obligation to obtain other information as to the ownership of land or businesses, and its determination of ownership shall be final and conclusive for the purposes of this part. Wherever this part requires the signature of the property owner, the signature of the authorized agent of the property owner shall be sufficient. Wherever this part requires the signature of the business owner, the signature of the authorized agent of the business owner shall be sufficient.

36615.5. "Special benefit"

"Special benefit" means, for purposes of a property-based district, a particular and distinct benefit over and above general benefits conferred on real property located in a district or to the public at large. Special benefit includes incidental or collateral effects that arise from the improvements, maintenance, or activities of property-based districts even if those incidental or collateral effects benefit property or persons not assessed. Special benefit excludes general enhancement of property value.

36616. "Tenant"

"Tenant" means an occupant pursuant to a lease of commercial space or a dwelling unit, other than an owner.

ARTICLE 3. Prior Law [36617- 36617.]

36617. Alternate method of financing certain improvements and activities; Effect on other provision

This part provides an alternative method of financing certain improvements and activities. The provisions of this part shall not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes. Every improvement area established pursuant to the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing

with Section 36500) of this division) is valid and effective and is unaffected by this part.

CHAPTER 2. Establishment [36620 - 36630]

36620. Establishment of property and business improvement district

A property and business improvement district may be established as provided in this chapter.

36620.5. Requirement of consent of city council

A county may not form a district within the territorial jurisdiction of a city without the consent of the city council of that city. A city may not form a district within the unincorporated territory of a county without the consent of the board of supervisors of that county. A city may not form a district within the territorial jurisdiction of another city without the consent of the city council of the other city.

36621. Initiation of proceeding; Petition of property or business owners in proposed district

(a) Upon the submission of a written petition, signed by the property or business owners in the proposed district who will pay more than 50 percent of the assessments proposed to be levied, the city council may initiate proceedings to form a district by the adoption of a resolution expressing its intention to form a district. The amount of assessment attributable to property or a business owned by the same property or business owner that is in excess of 40 percent of the amount of all assessments proposed to be levied, shall not be included in determining whether the petition is signed by property or business owners who will pay more than 50 percent of the total amount of assessments proposed to be levied.

(b) The petition of property or business owners required under subdivision (a) shall include a summary of the management district plan. That summary shall include all of the following:

- (1) A map showing the boundaries of the district.
- (2) Information specifying where the complete management district plan can be obtained.
- (3) Information specifying that the complete management district plan shall be furnished upon request.

(c) The resolution of intention described in subdivision (a) shall contain all of the following:

- (1) A brief description of the proposed improvements, maintenance, and activities, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property or businesses within the district, a statement as to whether bonds will be issued, and a description of the exterior boundaries of the proposed district, which may be made by reference to any plan or map that is on file with the clerk. The descriptions and statements do not need to be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements, maintenance, and activities, and the location and extent of the proposed district.

(2) A time and place for a public hearing on the establishment of the property and business improvement district and the levy of assessments, which shall be consistent with the requirements of Section 36623.

36622. Contents of management district plan

The management district plan shall include, but is not limited to, all of the following:

(a) If the assessment will be levied on property, a map of the district in sufficient detail to locate each parcel of property and, if businesses are to be assessed, each business within the district. If the assessment will be levied on businesses, a map that identifies the district boundaries in sufficient detail to allow a business owner to reasonably determine whether a business is located within the district boundaries. If the assessment will be levied on property and businesses, a map of the district in sufficient detail to locate each parcel of property and to allow a business owner to reasonably determine whether a business is located within the district boundaries.

(b) The name of the proposed district.

(c) A description of the boundaries of the district, including the boundaries of benefit zones, proposed for establishment or extension in a manner sufficient to identify the affected property and businesses included, which may be made by reference to any plan or map that is on file with the clerk. The boundaries of a proposed property assessment district shall not overlap with the boundaries of another existing property assessment district created pursuant to this part. This part does not prohibit the boundaries of a district created pursuant to this part to overlap with other assessment districts established pursuant to other provisions of law, including, but not limited to, the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500)). This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with another business assessment district created pursuant to this part. This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with a property assessment district created pursuant to this part.

(d) The improvements, maintenance, and activities proposed for each year of operation of the district and the maximum cost thereof. If the improvements, maintenance, and activities proposed for each year of operation are the same, a description of the first year's proposed improvements, maintenance, and activities and a statement that the same improvements, maintenance, and activities are proposed for subsequent years shall satisfy the requirements of this subdivision.

(e) The total annual amount proposed to be expended for improvements, maintenance, or activities, and debt service in each year of operation of the district. If the assessment is levied on businesses, this amount may be estimated based upon the assessment rate. If the total annual amount proposed to be expended in each year of operation of the district is not significantly different, the amount proposed to be expended in the initial year and a statement that a similar amount applies to subsequent years shall satisfy the requirements of this subdivision.

(f) The proposed source or sources of financing, including the proposed method and basis of levying the assessment in sufficient detail to allow each property or business owner to calculate the amount of the assessment to be levied against his or her property or business. The plan also shall state whether bonds will be issued to finance improvements.

(g) The time and manner of collecting the assessments.

(h) The specific number of years in which assessments will be levied. In a new district, the maximum number of years shall be five. Upon renewal, a district shall have a term not to exceed 10 years. Notwithstanding these limitations, a district created pursuant to this part to finance capital improvements with bonds may levy assessments until the maximum maturity of the bonds. The management district plan may set forth specific increases in assessments for each year of operation of the district.

(i) The proposed time for implementation and completion of the management district plan.

(j) Any proposed rules and regulations to be applicable to the district.

(k) (1) A list of the properties or businesses to be assessed, including the assessor's parcel numbers for properties to be assessed, and a statement of the method or methods by which the expenses of a district will be imposed upon benefited real property or businesses, in proportion to the benefit received by the property or business, to defray the cost thereof.

(2) In a property-based district, the proportionate special benefit derived by each identified parcel shall be determined exclusively in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the activities. An assessment shall not be imposed on any parcel that exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and a property-based district shall separate the general benefits, if any, from the special benefits conferred on a parcel. Parcels within a property-based district that are owned or used by any city, public agency, the State of California, or the United States shall not be exempt from assessment unless the governmental entity can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit. The value of any incidental, secondary, or collateral effects that arise from the improvements, maintenance, or activities of a property-based district and that benefit property or persons not assessed shall not be deducted from the entirety of the cost of any special benefit or affect the proportionate special benefit derived by each identified parcel.

(l) In a property-based district, the total amount of all special benefits to be conferred upon the properties located within the property-based district.

(m) In a property-based district, the total amount of general benefits, if any.

(n) In a property-based district, a detailed engineer's report prepared by a registered professional engineer certified by the State of California supporting all assessments contemplated by the management district plan.

(o) Any other item or matter required to be incorporated therein by the city council.

36623. Procedure to levy assessment

(a) If a city council proposes to levy a new or increased property assessment, the notice and protest and hearing procedure shall comply with Section 53753 of the Government Code.

(b) If a city council proposes to levy a new or increased business assessment, the notice and protest and hearing procedure shall comply with Section 54954.6 of the Government Code, except that notice shall be mailed to the owners of the businesses proposed to be assessed. A protest may be made orally or in writing by any interested person. Every written protest shall be filed with the clerk at or before the time fixed for the public hearing. The city council may waive any irregularity in the form or content of any written protest. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing. Each written protest shall contain a description of the business in which the person subscribing the protest is interested sufficient to identify the business and, if a person subscribing is not shown on the official records of the city as the owner of the business, the protest shall contain or be accompanied by written evidence that the person subscribing is the owner of the business or the authorized representative. A written protest that does not comply with this section shall not be counted in determining a majority protest. If written protests are received from the owners or authorized representatives of businesses in the proposed district that will pay 50 percent or more of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than 50 percent, no further proceedings to levy the proposed assessment against such businesses, as contained in the resolution of intention, shall be taken for a period of one year from the date of the finding of a majority protest by the city council.

(c) If a city council proposes to conduct a single proceeding to levy both a new or increased property assessment and a new or increased business assessment, the notice and protest and hearing procedure for the property assessment shall comply with subdivision (a), and the notice and protest and hearing procedure for the business assessment shall comply with subdivision (b). If a majority protest is received from either the property or business owners, that respective portion of the assessment shall not be levied. The remaining portion of the assessment may be levied unless the improvement or other special benefit was proposed to be funded by assessing both property and business owners.

36624. Changes to proposed assessments

At the conclusion of the public hearing to establish the district, the city council may adopt, revise, change, reduce, or modify the proposed assessment or the type or types of improvements, maintenance, and activities to be funded with the revenues from the assessments. Proposed assessments may only be revised by reducing any or all of them. At the public hearing, the city council may only make changes in, to, or from the boundaries of the proposed property and business improvement district that will exclude territory that will not benefit from the proposed improvements,

maintenance, and activities. Any modifications, revisions, reductions, or changes to the proposed assessment district shall be reflected in the notice and map recorded pursuant to Section 36627.

36625. Resolution of formation

(a) If the city council, following the public hearing, decides to establish a proposed property and business improvement district, the city council shall adopt a resolution of formation that shall include, but is not limited to, all of the following:

(1) A brief description of the proposed improvements, maintenance, and activities, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property, businesses, or both within the district, a statement on whether bonds will be issued, and a description of the exterior boundaries of the proposed district, which may be made by reference to any plan or map that is on file with the clerk. The descriptions and statements need not be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements, maintenance, and activities and the location and extent of the proposed district.

(2) The number, date of adoption, and title of the resolution of intention.

(3) The time and place where the public hearing was held concerning the establishment of the district.

(4) A determination regarding any protests received. The city shall not establish the district or levy assessments if a majority protest was received.

(5) A statement that the properties, businesses, or properties and businesses in the district established by the resolution shall be subject to any amendments to this part.

(6) A statement that the improvements, maintenance, and activities to be conferred on businesses and properties in the district will be funded by the levy of the assessments. The revenue from the levy of assessments within a district shall not be used to provide improvements, maintenance, or activities outside the district or for any purpose other than the purposes specified in the resolution of intention, as modified by the city council at the hearing concerning establishment of the district. Notwithstanding the foregoing, improvements and activities that must be provided outside the district boundaries to create a special or specific benefit to the assessed parcels or businesses may be provided, but shall be limited to marketing or signage pointing to the district.

(7) A finding that the property or businesses within the area of the property and business improvement district will be benefited by the improvements, maintenance, and activities funded by the proposed assessments, and, for a property-based district, that property within the district will receive a special benefit.

(8) In a property-based district, the total amount of all special benefits to be conferred on the properties within the property-based district.

(b) The adoption of the resolution of formation and, if required, recordation of the notice and map pursuant to Section 36627 shall constitute the levy of an assessment in each of the fiscal years referred to in the management district plan.

36626. Resolution establishing district

If the city council, following the public hearing, desires to establish the proposed property and business improvement district, and the city council has not made changes pursuant to Section 36624, or has made changes that do not substantially change the proposed assessment, the city council shall adopt a resolution establishing the district. The resolution shall contain all of the information specified in Section 36625.

36627. Notice and assessment diagram

Following adoption of the resolution establishing district assessments on properties pursuant to Section 36625 or Section 36626, the clerk shall record a notice and an assessment diagram pursuant to Section 3114. No other provision of Division 4.5 (commencing with Section 3100) applies to an assessment district created pursuant to this part.

36628. Establishment of separate benefit zones within district; Categories of businesses

The city council may establish one or more separate benefit zones within the district based upon the degree of benefit derived from the improvements or activities to be provided within the benefit zone and may impose a different assessment within each benefit zone. If the assessment is to be levied on businesses, the city council may also define categories of businesses based upon the degree of benefit that each will derive from the improvements or activities to be provided within the district and may impose a different assessment or rate of assessment on each category of business, or on each category of business within each zone.

36628.5. Assessments on businesses or property owners

The city council may levy assessments on businesses or on property owners, or a combination of the two, pursuant to this part. The city council shall structure the assessments in whatever manner it determines corresponds with the distribution of benefits from the proposed improvements, maintenance, and activities, provided that any property-based assessment conforms with the requirements set forth in paragraph (2) of subdivision (k) of Section 36622.

36629. Provisions and procedures applicable to benefit zones and business categories

All provisions of this part applicable to the establishment, modification, or disestablishment of a property and business improvement district apply to the establishment, modification, or disestablishment of benefit zones or categories of business. The city council shall, to establish, modify, or disestablish a benefit zone or category of business, follow the procedure to establish, modify, or disestablish a property and business improvement district.

36630. Expiration of district; Creation of new district

If a property and business improvement district expires due to the time limit set pursuant to subdivision (h) of Section 36622, a new management district plan may be created and the district may be renewed pursuant to this part.

CHAPTER 3. Assessments [36631 - 36637]

36631. Time and manner of collection of assessment; Delinquent payments

The collection of the assessments levied pursuant to this part shall be made at the time and in the manner set forth by the city council in the resolution levying the assessment. Assessments levied on real property may be collected at the same time and in the same manner as for the ad valorem property tax, and may provide for the same lien priority and penalties for delinquent payment. All delinquent payments for assessments levied pursuant to this part may be charged interest and penalties.

36632. Assessments to be based on estimated benefit; Classification of real property and businesses; Exclusion of residential and agricultural property

(a) The assessments levied on real property pursuant to this part shall be levied on the basis of the estimated benefit to the real property within the property and business improvement district. The city council may classify properties for purposes of determining the benefit to property of the improvements and activities provided pursuant to this part.

(b) Assessments levied on businesses pursuant to this part shall be levied on the basis of the estimated benefit to the businesses within the property and business improvement district. The city council may classify businesses for purposes of determining the benefit to the businesses of the improvements and activities provided pursuant to this part.

(c) Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and service funded through these assessments, and shall not be subject to any assessment pursuant to this part.

36633. Time for contesting validity of assessment

The validity of an assessment levied under this part shall not be contested in any action or proceeding unless the action or proceeding is commenced within 30 days after the resolution levying the assessment is adopted pursuant to Section 36626. Any appeal from a final judgment in an action or proceeding shall be perfected within 30 days after the entry of judgment.

36634. Service contracts authorized to establish levels of city services

The city council may execute baseline service contracts that would establish levels of city services that would continue after a property and business improvement district has been formed.

36635. Request to modify management district plan

The owners' association may, at any time, request that the city council modify the management district plan. Any modification of the management district plan shall be made pursuant to this chapter.

36636. Modification of plan by resolution after public hearing; Adopting of resolution of intention

(a) Upon the written request of the owners' association, the city council may modify the management district plan after conducting one public hearing on the proposed modifications. The city council may modify the improvements and activities to be funded with the revenue derived from the levy of the assessments by adopting a resolution determining to make the modifications after holding a public hearing on the proposed modifications. If the modification includes the levy of a new or increased assessment, the city council shall comply with Section 36623. Notice of all other public hearings pursuant to this section shall comply with both of the following:

(1) The resolution of intention shall be published in a newspaper of general circulation in the city once at least seven days before the public hearing.

(2) A complete copy of the resolution of intention shall be mailed by first class mail, at least 10 days before the public hearing, to each business owner or property owner affected by the proposed modification.

(b) The city council shall adopt a resolution of intention which states the proposed modification prior to the public hearing required by this section. The public hearing shall be held not more than 90 days after the adoption of the resolution of intention.

36637. Reflection of modification in notices recorded and maps

Any subsequent modification of the resolution shall be reflected in subsequent notices and maps recorded pursuant to Division 4.5 (commencing with Section 3100), in a manner consistent with the provisions of Section 36627.

CHAPTER 3.5. Financing [36640- 36640.]

36640. Bonds authorized; Procedure; Restriction on reduction or termination of assessments

(a) The city council may, by resolution, determine and declare that bonds shall be issued to finance the estimated cost of some or all of the proposed improvements described in the resolution of formation adopted pursuant to Section 36625, if the resolution of formation adopted pursuant to that section provides for the issuance of bonds, under the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500)) or in conjunction with Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code). Either act, as the case may be, shall govern the proceedings relating to the issuance of bonds, although proceedings under the Bond Act of 1915 may be modified by the city council as necessary to accommodate assessments levied upon business pursuant to this part.

(b) The resolution adopted pursuant to subdivision (a) shall generally describe the proposed improvements specified in the resolution of formation adopted pursuant to Section 36625, set forth the estimated cost of those improvements, specify the number of annual installments and the fiscal years during which they are to be collected. The amount of debt service to retire the

bonds shall not exceed the amount of revenue estimated to be raised from assessments over 30 years.

(c) Notwithstanding any other provision of this part, assessments levied to pay the principal and interest on any bond issued pursuant to this section shall not be reduced or terminated if doing so would interfere with the timely retirement of the debt.

CHAPTER 4. Governance [36650 - 36651]

36650. Report by owners' association; Approval or modification by city council

(a) The owners' association shall cause to be prepared a report for each fiscal year, except the first year, for which assessments are to be levied and collected to pay the costs of the improvements, maintenance, and activities described in the report. The owners' association's first report shall be due after the first year of operation of the district. The 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.

(b) The report shall be filed with the clerk and shall refer to the property and business improvement district by name, specify the fiscal year to which the report applies, and, with respect to that fiscal year, shall contain all of the following information:

(1) Any proposed changes in the boundaries of the property and business improvement district or in any benefit zones or classification of property or businesses within the district.

(2) The improvements, maintenance, and activities to be provided for that fiscal year.

(3) An estimate of the cost of providing the improvements, maintenance, and activities for that fiscal year.

(4) The method and basis of levying the assessment in sufficient detail to allow each real property or business owner, as appropriate, to estimate the amount of the assessment to be levied against his or her property or business for that fiscal year.

(5) The estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year.

(6) The estimated amount of any contributions to be made from sources other than assessments levied pursuant to this part.

(c) The city council may approve the report as filed by the owners' association or may modify any particular contained in the report and approve it as modified. Any modification shall be made pursuant to Sections 36635 and 36636.

The city council shall not approve a change in the basis and method of levying assessments that would impair an authorized or executed contract to be paid from the revenues derived from the levy of assessments, including any commitment to pay principal and interest on any bonds issued on behalf of the district.

36651. Designation of owners' association to provide improvements, maintenance, and activities

The management district plan may, but is not required to, state that an owners' association will provide the improvements, maintenance, and activities described in the management district plan. If the management district plan designates an owners' association, the city shall contract with the designated nonprofit corporation to provide services.

CHAPTER 5. Renewal [36660- 36660.]

36660. Renewal of district; Transfer or refund of remaining revenues; District term limit

(a) Any district previously established whose term has expired, or will expire, may be renewed by following the procedures for establishment as provided in this chapter.

(b) Upon renewal, any remaining revenues derived from the levy of assessments, or any revenues derived from the sale of assets acquired with the revenues, shall be transferred to the renewed district. If the renewed district includes additional parcels or businesses not included in the prior district, the remaining revenues shall be spent to benefit only the parcels or businesses in the prior district. If the renewed district does not include parcels or businesses included in the prior district, the remaining revenues attributable to these parcels shall be refunded to the owners of these parcels or businesses.

(c) Upon renewal, a district shall have a term not to exceed 10 years, or, if the district is authorized to issue bonds, until the maximum maturity of those bonds. There is no requirement that the boundaries, assessments, improvements, or activities of a renewed district be the same as the original or prior district.

CHAPTER 6. Disestablishment [36670 - 36671]

36670. Circumstances permitting disestablishment of district; Procedure

(a) Any district established or extended pursuant to the provisions of this part, where there is no indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the district, may be disestablished by resolution by the city council in either of the following circumstances:

(1) If the city council finds there has been misappropriation of funds, malfeasance, or a violation of law in connection with the management of the district, it shall notice a hearing on disestablishment.

(2) During the operation of the district, there shall be a 30-day period each year in which assesses may request disestablishment of the district. The first such period shall begin one year after the date of establishment of the district and shall continue for 30 days. The next such 30-day period shall begin two years after the date of the establishment of the district. Each successive year of operation of the district shall have such a 30-day period. Upon the written petition of the owners or authorized representatives of real property or the owners or authorized representatives of businesses in the district who pay 50 percent or more of the assessments levied, the city council shall pass a

resolution of intention to disestablish the district. The city council shall notice a hearing on disestablishment.

(b) The city council shall adopt a resolution of intention to disestablish the district prior to the public hearing required by this section. The resolution shall state the reason for the disestablishment, shall state the time and place of the public hearing, and shall contain a proposal to dispose of any assets acquired with the revenues of the assessments levied within the property and business improvement district. The notice of the hearing on disestablishment required by this section shall be given by mail to the property owner of each parcel or to the owner of each business subject to assessment in the district, as appropriate. The city shall conduct the public hearing not less than 30 days after mailing the notice to the property or business owners. The public hearing shall be held not more than 60 days after the adoption of the resolution of intention.

36671. Refund of remaining revenues upon disestablishment or expiration without renewal of district; Calculation of refund; Use of outstanding revenue collected after disestablishment of district

(a) Upon the disestablishment or expiration without renewal of a district, any remaining revenues, after all outstanding debts are paid, derived from the levy of assessments, or derived from the sale of assets acquired with the revenues, or from bond reserve or construction funds, shall be refunded to the owners of the property or businesses then located and operating within the district in which assessments were levied by applying the same method and basis that was used to calculate the assessments levied in the fiscal year in which the district is disestablished or expires. All outstanding assessment revenue collected after disestablishment shall be spent on improvements and activities specified in the management district plan.

(b) If the disestablishment occurs before an assessment is levied for the fiscal year, the method and basis that was used to calculate the assessments levied in the immediate prior fiscal year shall be used to calculate the amount of any refund.



Lompoc Tourism Improvement District

2017 Annual Report

Submitted to the City of Lompoc pursuant to Streets and Highways Code section 36650, for the period from January 1, 2017 through December 31, 2017

January 1, 2017 - December 31, 2017

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June 12, 2017

Prepared by
Civitas

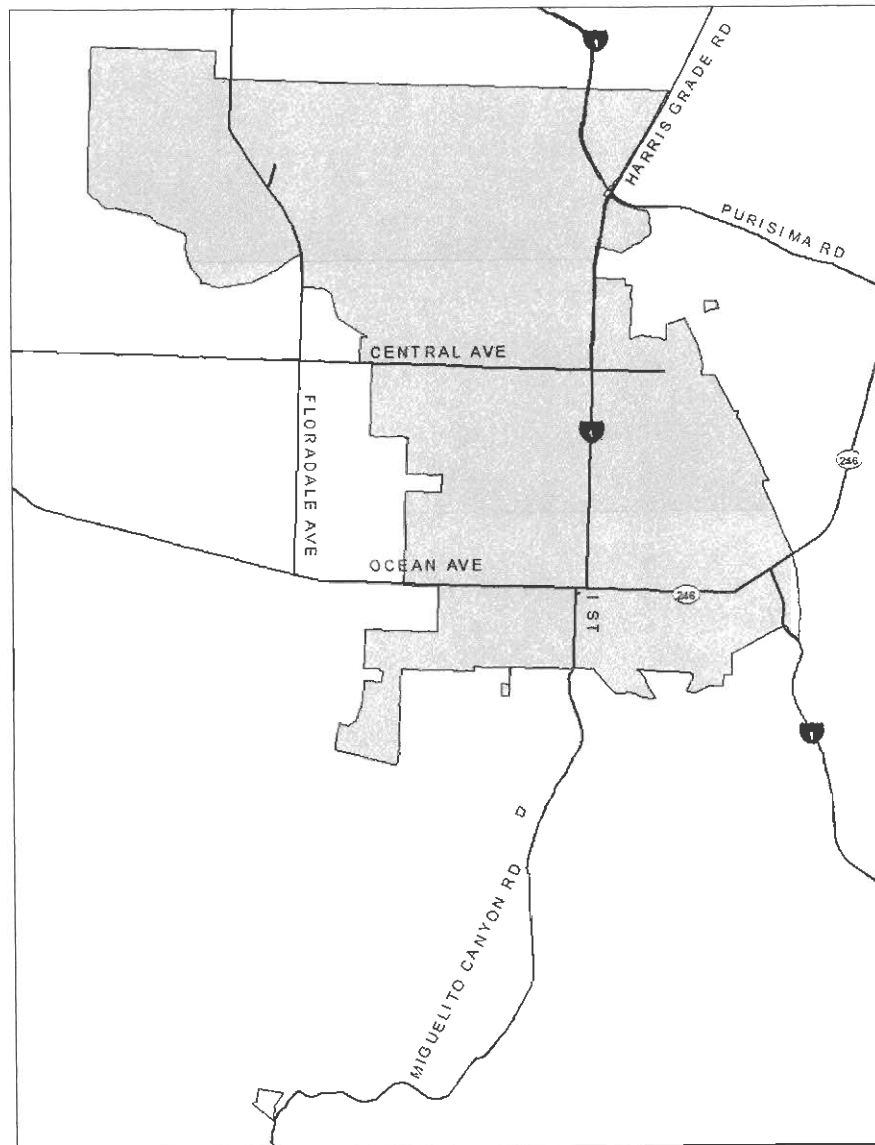


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Boundaries

There are no proposed changes to the boundaries. The name of one business changed: Comfort Inn changed to Lompoc Valley Inn & Suites. 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, as shown below.

The boundary current includes thirteen (13) lodging businesses, listed in Appendix 1.



Improvements and Activities

The improvements and activities to be provided for 2017 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 to visit. 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;
- Print ads in magazines and newspapers targeted at potential visitors;
- Television ads targeted at potential visitors;
- Radio ads targeted at potential visitors;
- Attendance of trade shows;
- Sales blitzes;
- Familiarization tours;
- Preparation and production of collateral promotional materials such as brochures, flyers and maps;
- Attendance of professional industry conferences and affiliation events;
- Lead generation activities designed to attract tourists and group events to Lompoc;
- Director of Sales and General Manager meetings to plan and coordinate tourism promotion efforts;
- Education of hospitality staff on service and safety (related to alcohol and food) designed to create a visitor experience that will bring repeat visits; 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, 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/Renewal

A prudent portion of the budget will be set aside in a contingency fund, to be used for unforeseeable costs in carrying out the sales and marketing programs. If at the expiration of the district there are contingency funds remaining, and business owners wish to renew the district, the remaining contingency funds may be used for renewal costs.

Cost

2017 Projections

The cost of providing improvements and activities for 2017 is consistent with the Management District Plan. The total budget has increased due to normal fluctuations in hotel occupancy and room rates. The anticipated total budget for 2017 is \$360,000 in anticipated collections and \$217,785.97 in carry over from previous years, for a total budget of \$577,785.97. The categorical breakdown is 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.

Category	%	\$	% Change
Sales & Marketing	91.50%	\$528,674.16	+6.50%
Administration	5.19%	\$30,000.00	-4.81%
City Fee	0.69%	\$4,000.00	+0.09%
Contingency / Renewal	2.62%	\$15,111.81	-1.78%
Totals	100.00%	\$577,785.97	

2016 Actuals

The projected 2016 budget was \$512,029.09, which was \$305,000 in anticipated collections and \$207,029.09 in carry over funds. Actual collections were more than anticipated, totaling \$348,007.41. Although the total collections were greater than expected, the actual 2016 expenses were consistent with the allocations provided in the Management District Plan. Budgeted and actual expenses were as shown below. Total 2016 actual expenses and reserved funds equal the total budgeted.

Category	2016 Budgeted		2016 Actual		
	%	\$	%	\$ Spent	\$ Reserved
Sales & Marketing	85.0%	\$435,224.73	83.46%	\$300,153.39	\$176,485.31
Administration	10.0%	\$51,202.91	9.44%	\$33,940.59	\$19,956.52
City Fee	0.6%	\$3,072.17	1.16%	\$4,181.49	\$0.00
Contingency / Renewal	4.4%	\$22,529.28	5.94%	\$0.00	\$21,311.14
Totals	100.0%	\$512,029.09	100.0%	\$338,275.47	\$217,785.97

Assessment

There is no change in the method and basis of levying the assessment.

Assessment

The annual assessment rate is two percent (2%) of gross short-term room rental revenue on lodging businesses. Based on the benefit received, assessments will not be collected on:

1. Stays for a period of 30 consecutive calendar days or more, counting portions of calendar days as full days; or
2. Stays by government employees on government business.

The term "gross short-term 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 revenue shall not include any federal, state or local taxes collected, including but not limited to transient occupancy taxes. Any other charges shall be considered gross revenue only in accordance with the local transient occupancy tax.

The amount of assessment, if passed on to each transient, shall be disclosed in advance as the "TID Assessment," 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 not be considered revenue for any purpose, including calculation of transient occupancy taxes.

Bonds will not be issued.

Delinquencies

Original Delinquency

Any business which fails to remit any assessment due within the time required shall pay a penalty of ten percent (10%) of the amount of the assessment in addition to the assessment.

Continued Delinquency

Any 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 or determines that the nonpayment of any assessment is due to fraud, a penalty of twenty-five percent (25%) 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 business which fails to remit any assessment due shall pay interest at the rate of one-half of one percent (.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

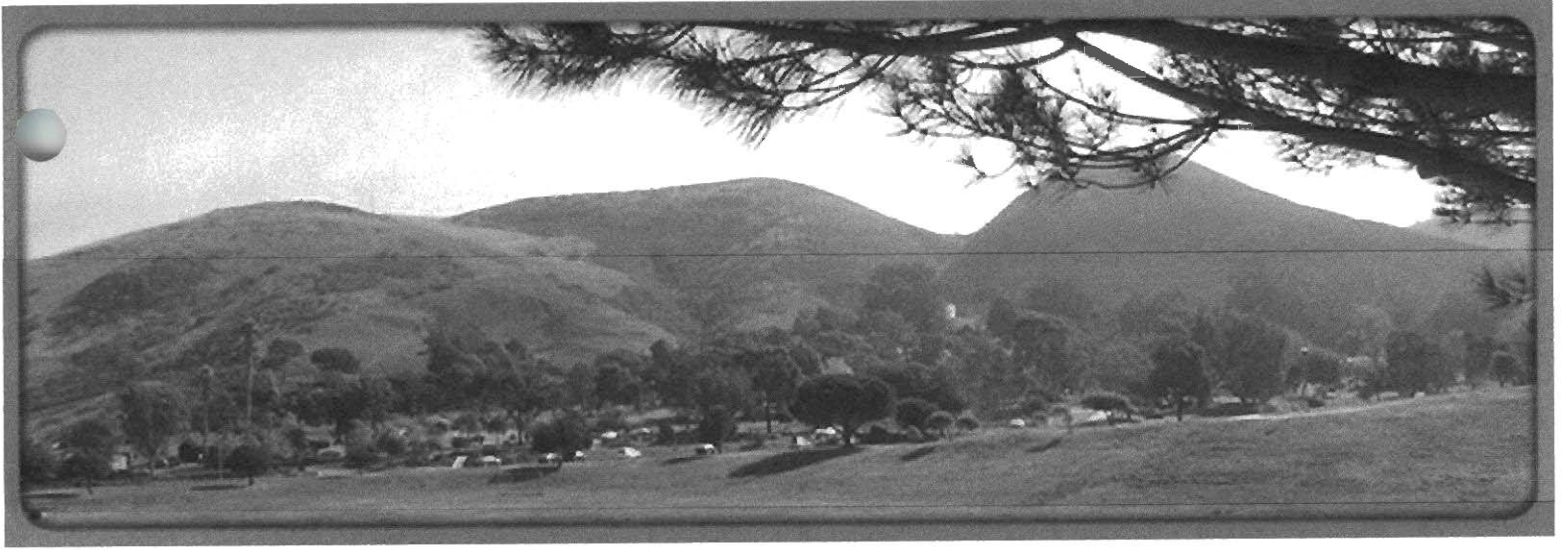
The amount of surplus to be carried over from previous years is \$217,785.97, of which \$176,485.31 is attributed to sales and marketing programs, \$19,956.52 attributed to administration, and \$21,311.14 is attributed to contingency / renewal.

Other Funding

Interest was earned on the assessment funds totaling \$1,024.94.

Appendix – Assessed Businesses

Name	Address	City, State, Zip
Lompoc Valley Inn & Suites	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



Lompoc Tourism Improvement District

2018 Annual Report

Submitted to the City of Lompoc pursuant to Streets and Highways Code section 36650, for the period from January 1, 2018 through December 31, 2018

January 1, 2018 - December 31, 2018

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June 13, 2018

Prepared by
Civitas

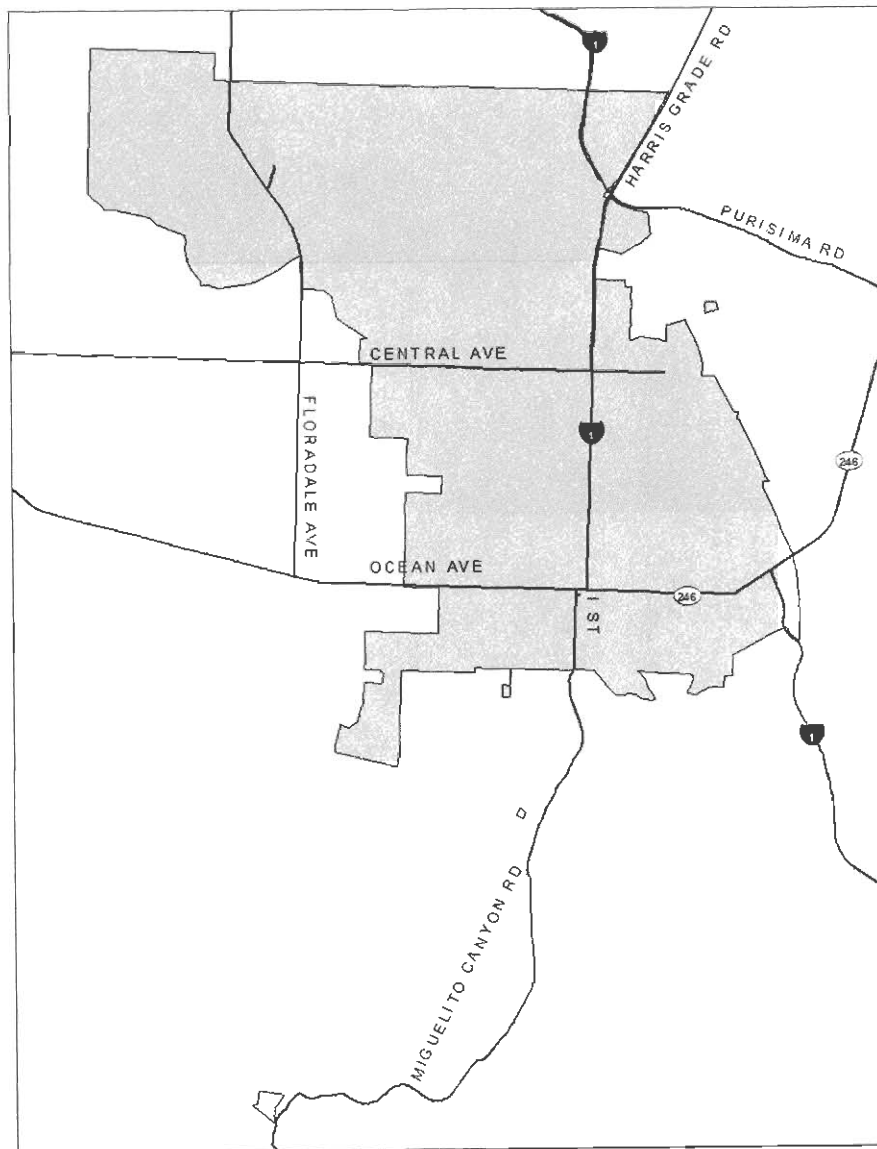


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Boundaries

There are no proposed changes to the boundaries. 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, as shown below.

The boundary current includes thirteen (13) lodging businesses, listed in Appendix 1.



Improvements and Activities

The improvements and activities to be provided for 2018 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 to visit. 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;
- Print ads in magazines and newspapers targeted at potential visitors;
- Television ads targeted at potential visitors;
- Radio ads targeted at potential visitors;
- Attendance of trade shows;
- Sales blitzes;
- Familiarization tours;
- Preparation and production of collateral promotional materials such as brochures, flyers and maps;
- Attendance of professional industry conferences and affiliation events;
- Lead generation activities designed to attract tourists and group events to Lompoc;
- Director of Sales and General Manager meetings to plan and coordinate tourism promotion efforts;
- Education of hospitality staff on service and safety (related to alcohol and food) designed to create a visitor experience that will bring repeat visits; 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, 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/Renewal

A prudent portion of the budget will be set aside in a contingency fund, to be used for unforeseeable costs in carrying out the sales and marketing programs. If at the expiration of the district there are contingency funds remaining, and business owners wish to renew the district, the remaining contingency funds may be used for renewal costs.

Cost

2018 Projections

The cost of providing improvements and activities for 2018 is consistent with the Management District Plan. The total budget has decreased due to expenditures of reserved funds. However, the assessment revenue for 2018 has increased due to normal fluctuations in hotel occupancy and room rates. The anticipated total budget for 2018 is \$365,000 in anticipated collections and \$152,012.60 in carry over from previous years, for a total budget of \$517,012.60. The categorical breakdown is 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.

Category	%	\$	% Change
Sales & Marketing	87.36%	\$451,676.42	-4.14%
Administration	5.98%	\$30,895.86	+0.79%
City Fee	0.71%	\$3,650.00	+0.02%
Contingency / Renewal	5.96%	\$30,790.32	+3.34%
Totals	100.00%	\$517,012.60	

2017 Actuals

The projected 2017 budget was \$577,785.97, which was \$360,000 in anticipated collections and \$217,785.97 in carry over funds. Actual collections were more than anticipated, totaling \$366,220.50. Although the total collections were greater than expected, the actual 2017 expenses were consistent with the allocations provided in the Management District Plan. Budgeted and actual expenses were as shown below. Total 2017 actual expenses and reserved funds equal the total budgeted.

Category	2017 Budgeted		2017 Actual		
	%	\$	%	\$ Spent	\$ Reserved
Sales & Marketing	91.50%	\$528,674.16	91.50%	\$400,023.45	\$135,326.42
Administration	5.19%	\$30,000.00	5.19%	\$29,482.96	\$895.86
City Fee	0.69%	\$4,000.00	0.61%	\$3,562.82	\$0.00
Contingency / Renewal	2.62%	\$15,111.81	2.70%	\$0.00	\$15,790.32
Totals	100.0%	\$577,785.97	100.0%	\$433,069.23	\$152,012.60

Assessment

There is no change in the method and basis of levying the assessment.

Assessment

The annual assessment rate is two percent (2%) of gross short-term room rental revenue on lodging businesses. Based on the benefit received, assessments will not be collected on:

1. Stays for a period of 30 consecutive calendar days or more, counting portions of calendar days as full days; or
2. Stays by government employees on government business.

The term "gross short-term 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 revenue shall not include any federal, state or local taxes collected, including but not limited to transient occupancy taxes. Any other charges shall be considered gross revenue only in accordance with the local transient occupancy tax.

The amount of assessment, if passed on to each transient, shall be disclosed in advance as the "TID Assessment," 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 not be considered revenue for any purpose, including calculation of transient occupancy taxes.

Bonds will not be issued.

Delinquencies

Original Delinquency

Any business which fails to remit any assessment due within the time required shall pay a penalty of ten percent (10%) of the amount of the assessment in addition to the assessment.

Continued Delinquency

Any 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 or determines that the nonpayment of any assessment is due to fraud, a penalty of twenty-five percent (25%) 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 business which fails to remit any assessment due shall pay interest at the rate of one-half of one percent (.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 \$152,012.60, of which \$135,326.42 is attributed to sales and marketing programs, \$895.86 is attributed to administration, and \$15,790.32 is attributed to contingency / renewal.

Other Funding

Interest was earned on the assessment funds totaling \$1,075.36.

Appendix – Assessed Businesses

Name	Address	City, State, Zip
Hilton Garden Inn	1201 North H Street	Lompoc, Ca 93436
Lompoc Valley Inn & Suites	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



Lompoc Tourism Improvement District

2019 Annual Report

Submitted to the City of Lompoc pursuant to Streets and Highways Code section 36650, for the period from January 1, 2019 through December 31, 2019

January 1, 2019 – December 31, 2019

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July 8, 2018

Prepared by
Civitas



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Boundaries

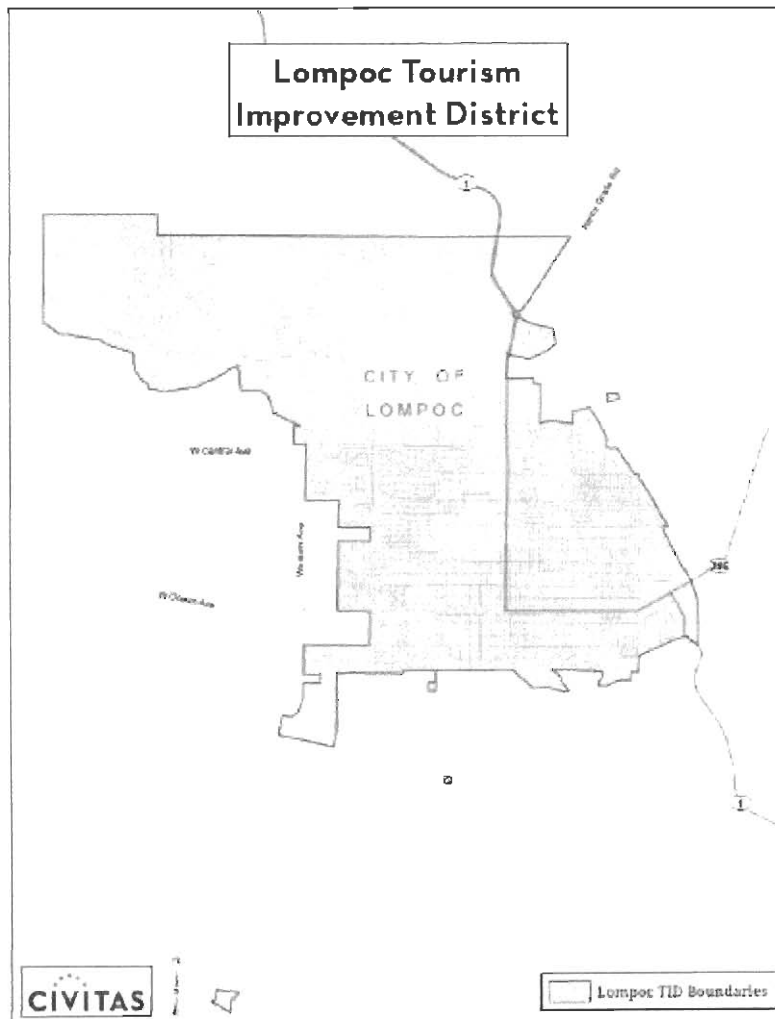
There are no proposed changes to the boundaries. There is a change to assessed businesses: one (1) business changed its name.

Name Change:

- ~~Lompoc Valley Inn & Suites~~ SureStay Plus Hotel by Best Western Lompoc: 1621 North H Street, Lompoc, CA 93436

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, as shown below.

The boundary current includes fourteen (14) lodging businesses, listed in Appendix 1.



Improvements and Activities

The improvements and activities to be provided for 2019 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 administration 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 retain a fee equal to one percent (1%) of the amount of assessment collected to cover its costs of collection and administration.

Contingency/Renewal

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

2019 Projections

The cost of providing improvements and activities for 2019 is consistent with the Management District Plan. The total budget has increased due to normal fluctuations in lodging business occupancy and room rates. The anticipated total budget for 2019 is \$440,000 in anticipated collections and \$115,867.19 in carry over from previous years, for a total budget of \$555,867.19. The categorial breakdown is 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.

Category	%	\$	% Change
Sales & Marketing	85.00%	\$472,487.11	-2.36%
Administration	10.00%	\$55,586.72	+4.02%
City Fee	0.79%	\$4,400.00	+0.08%
Contingency / Renewal	4.21%	\$23,393.36	-1.75%
Totals	100.00%	\$555,867.19	

2018 Actuals

The projected 2018 budget was \$517,012.60, which was \$365,000 in anticipated collections and \$152,012.60 in carry over funds. Actual collections were more than anticipated, totaling \$424,986.60. Although the total collections were greater than expected, the actual 2018 expenses were consistent with the allocations provided in the Management District Plan. Budgeted and actual expenses were as shown below. Total 2018 actual expenses and reserved funds equal the total 2018 budget.

Category	2018 Budgeted		2018 Actual		
	%	\$	%	\$ Spent	\$ Reserved
Sales & Marketing	87.36%	\$451,676.42		\$411,711.32	\$98,487.11
Administration	5.98%	\$30,895.86		\$44,957.51	\$11,586.72
City Fee	0.71%	\$3,650.00		\$4,463.18	\$0.00
Contingency / Renewal	5.96%	\$30,790.32		\$0.00	\$5,793.36
Totals	100.00%	\$517,012.60	100.0%	\$461,132.01	\$115,867.19

Assessment

Pursuant to the LTID Management District Plan, "The VL Board may request the assessment rate be increased to a maximum of five percent (5%) of gross short-term room rental revenue. The maximum assessment increase in any year shall be no more than one percent (1%) of gross short-term room rental revenue. Each request for annual increase, if any, shall be submitted by VL as part of its annual report and be subject to the Council's approval as part of that annual report." On April 11, 2019, the VL Board approved a one percent (1%) increase to the assessment effective January 1, 2020. Subject to City Council approval of this annual report, the assessment rate shall be three percent (3%) of gross short-term room rental revenue effective January 1, 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 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

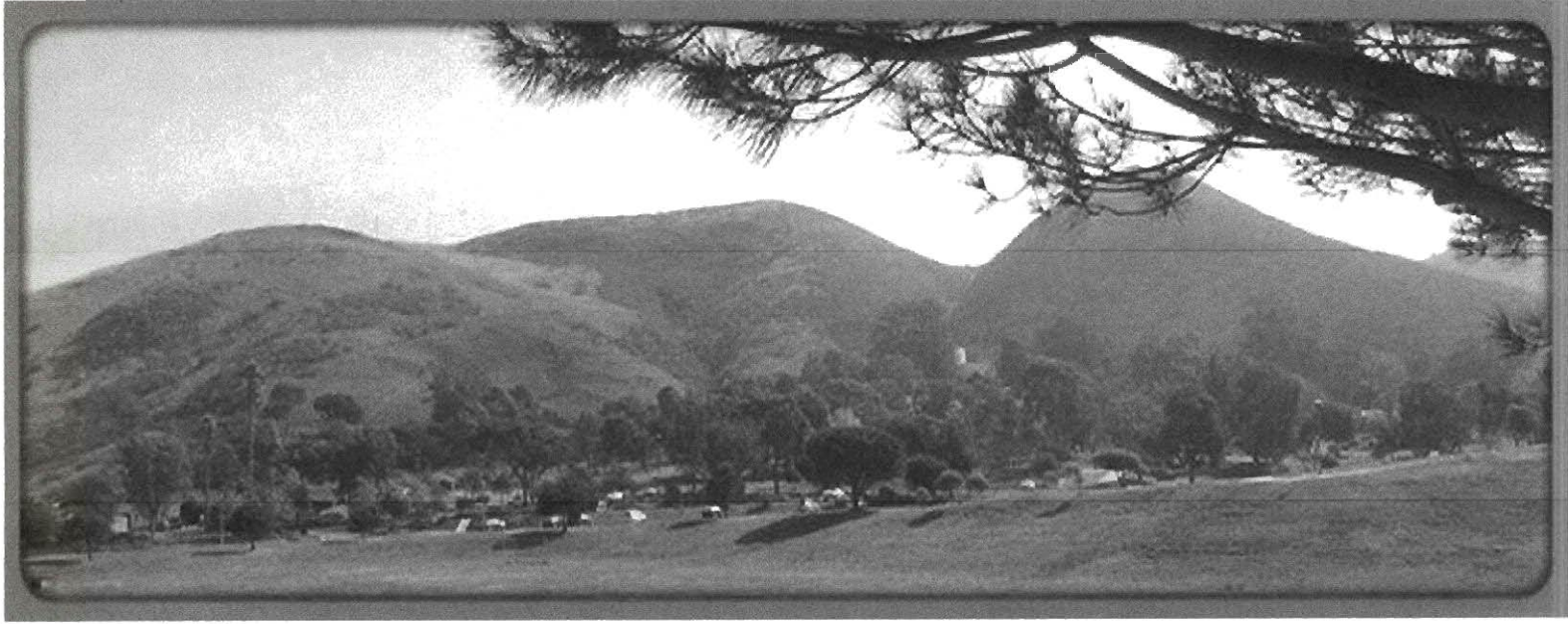
The amount of surplus to be carried over from previous years is \$115,867.19, of which \$98,487.11 is attributed to sales and marketing programs, \$11,586.72 is attributed to administration, and \$5,793.36 is attributed to contingency / renewal.

Other Funding

Interest was earned on the assessment funds totaling \$428.40.

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 Motel 6	1621 North H Street	Lompoc, CA 93436
Holiday Inn Express Inn at Highway 1	1521 North H Street	Lompoc, CA 93436
Inn of Lompoc	1417 North H Street	Lompoc, CA 93436
Embassy Suites	1200 North H Street	Lompoc, CA 93436
Budget Inn	1122 North H Street	Lompoc, CA 93436
Star Motel	1117 North H Street	Lompoc, CA 93436
Lompoc Motel	817 North H Street	Lompoc, CA 93436
Red Roof Inn	216 East Ocean Avenue	Lompoc, CA 93436
O’Cairns Inn & Suites	528 North H Street	Lompoc, CA 93436
Travel Lodge	1020 East Ocean Avenue	Lompoc, CA 93436
1890 House B&B	940 East Ocean Avenue	Lompoc, CA 93436
	1415 East Ocean Avenue	Lompoc, CA 93436
	122 West Cypress Avenue	Lompoc, CA 93436



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

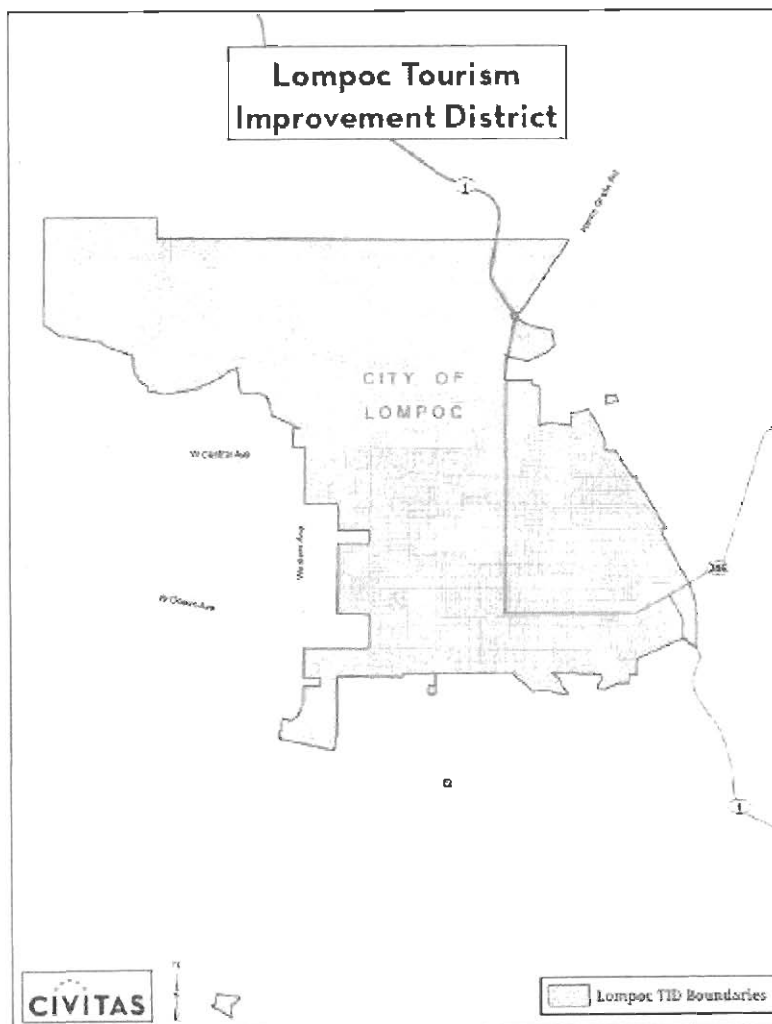


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Boundaries

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

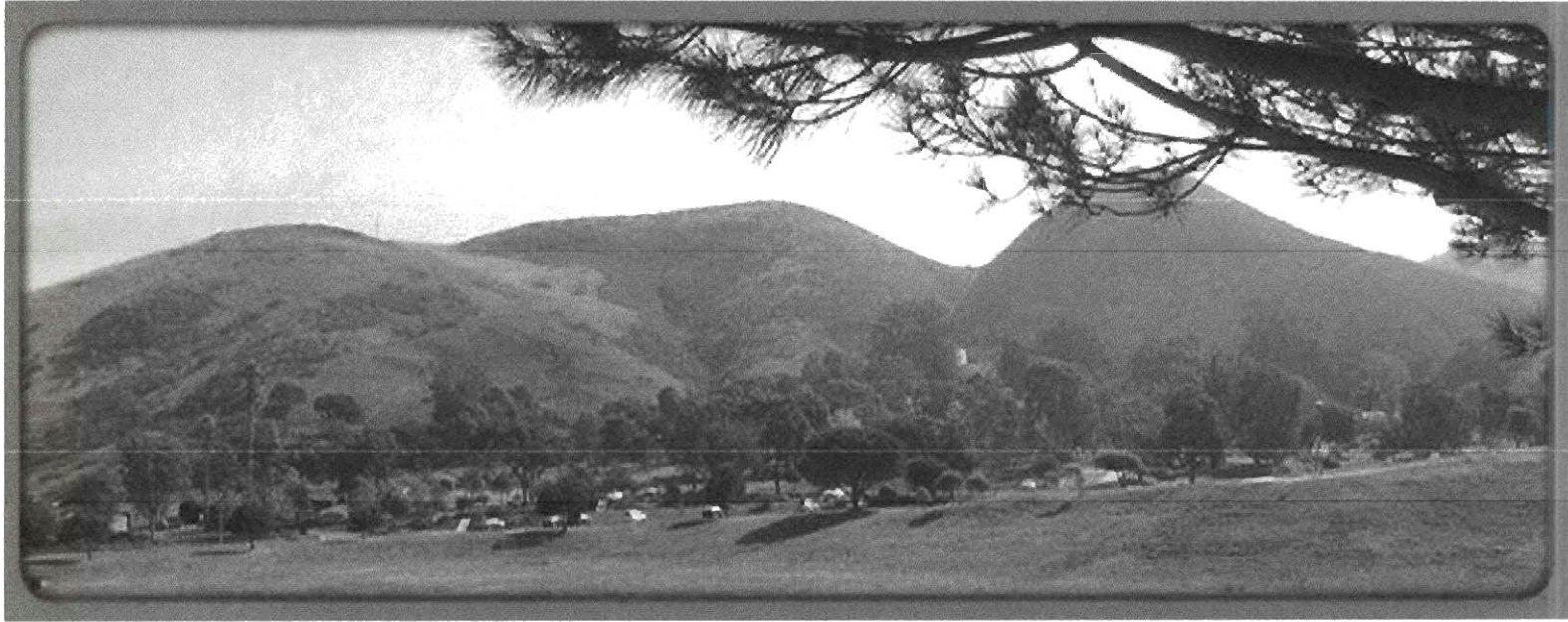
The amount of surplus to be carried over from previous years is \$18,991.32.

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
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1890 House B&B	122 West Cypress Avenue	Lompoc, CA 93436



Lompoc Tourism Improvement District 2021 Annual Report

Submitted to the City of Lompoc pursuant to Streets and Highways Code section 36650, for the period from January 1, 2021 through December 31, 2021

January 1, 2021 - December 31, 2021

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June 23, 2021

Prepared by
Civitas

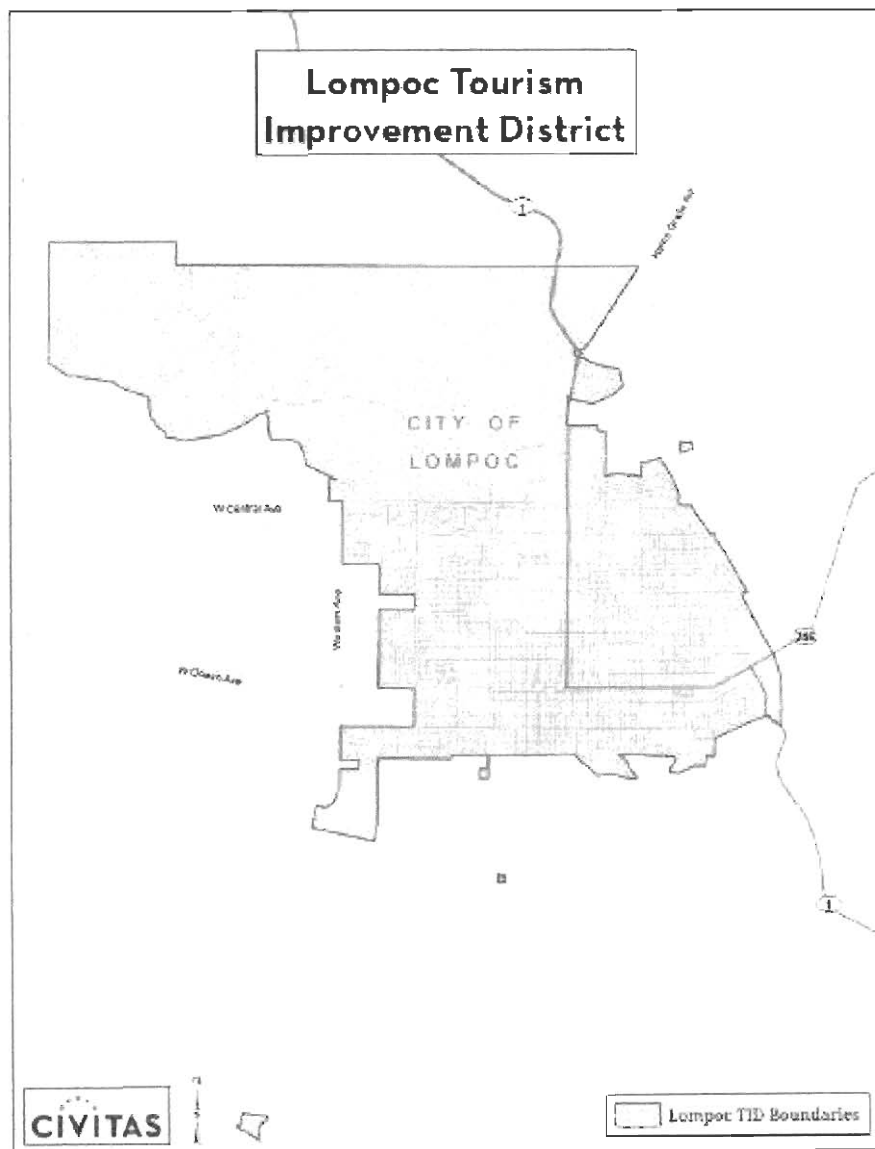


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Boundaries

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

The Lompoc Tourism Improvement District (LTID) 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 LTID can be found in Appendix 1.



Improvements and Activities

The improvements and activities to be provided for 2021 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

2021 Projections

The cost of providing improvements and activities for FY 2021 is consistent with the Management District Plan. The anticipated total budget for FY 2021 is \$360,000 in anticipated collections and \$264,591.49 in carry over from the previous year, for a total budget of \$624,591.49. The categorical breakdown is below. All budget category allocations are within the authorized fifteen percent (15%) adjustment of the total budget from the prior year.

FY21 Projections

Category	%	2021 Budgeted \$	\$ Carryover	Total
Sales & Marketing	85.00%	\$306,000.00	\$218,817.41	\$524,817.41
Administration	10.00%	\$36,000.00	\$28,367.92	\$64,367.92
City Fee	1.00%	\$3,600.00	\$0.00	\$3,600.00
Contingency/Renewal	4.00%	\$14,400.00	\$17,406.16	\$31,806.16
Totals	100.00%	\$360,000.00	\$ 264,591.49	\$624,591.49

FY20 Actuals

The initial projected FY20 budget was \$490,008.68 with \$18,991.32 in carryover for a total estimated budget of \$509,000. Due to the COVID-19 pandemic, this budget projection was decreased due to a drop in hotel occupancy. The anticipated total budget for FY20, with adjustments for COVID-19, was expected to be \$136,426.85 in anticipated collections and \$18,991.32 in carry over from the previous FY, for a total budget of \$155,421.17. Actual collections were higher than anticipated, totaling \$435,153.53. Budgeted and actual expenses are shown below.

Category	2020 Budgeted			2020 Actual		
	%	Pre-COVID \$	COVID \$	%	\$ Spent	Carryover / Reserved \$
Sales & Marketing	85.00%	\$432,650	\$132,108.31	85.00%	\$151,063.09	\$218,817.41
Administration	10.00%	\$50,900	\$15,542.12	10.00%	\$15,147.43	\$28,367.92
City Fee	0.79%	\$4,021	\$1,227.83	1.00%	\$4,351.52	\$0.00
Contingency / Renewal	4.21%	\$21,429	\$6,543.23	4.00%	-	\$17,406.16
Totals	100.0%	\$509,000	\$155,421.17	100.00%	\$ 170,562.04	\$ 264,591.49

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 2021.

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

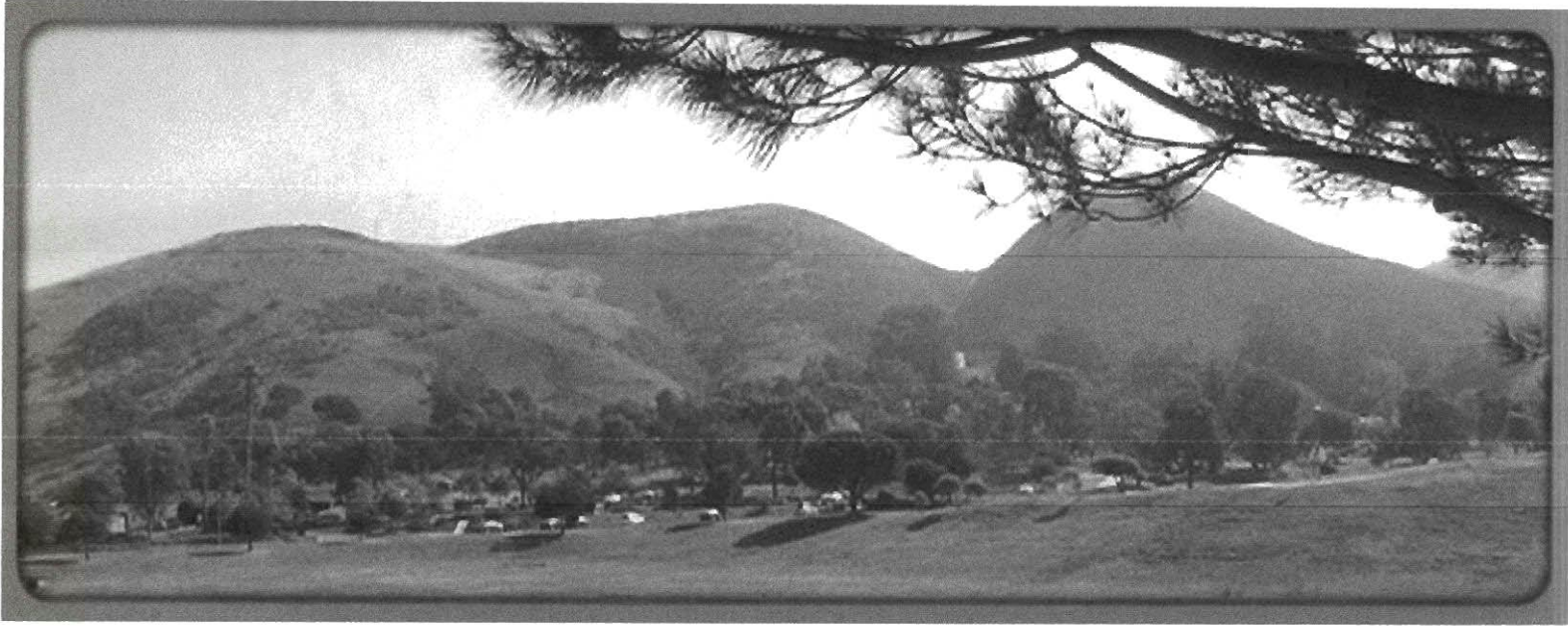
The amount of surplus to be carried over from the previous year is \$264,591.49

Other Funding

Interest was earned on the assessment funds totaling \$574.26.

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
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1890 House B&B	122 West Cypress Avenue	Lompoc, CA 93436



Lompoc Tourism Improvement District 2022 Annual Report

Submitted to the City of Lompoc pursuant to Streets and Highways Code section 36650, for the period from January 1, 2022 through December 31, 2022

January 1, 2022 - December 31, 2022

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December 13, 2022

Prepared by
Civitas

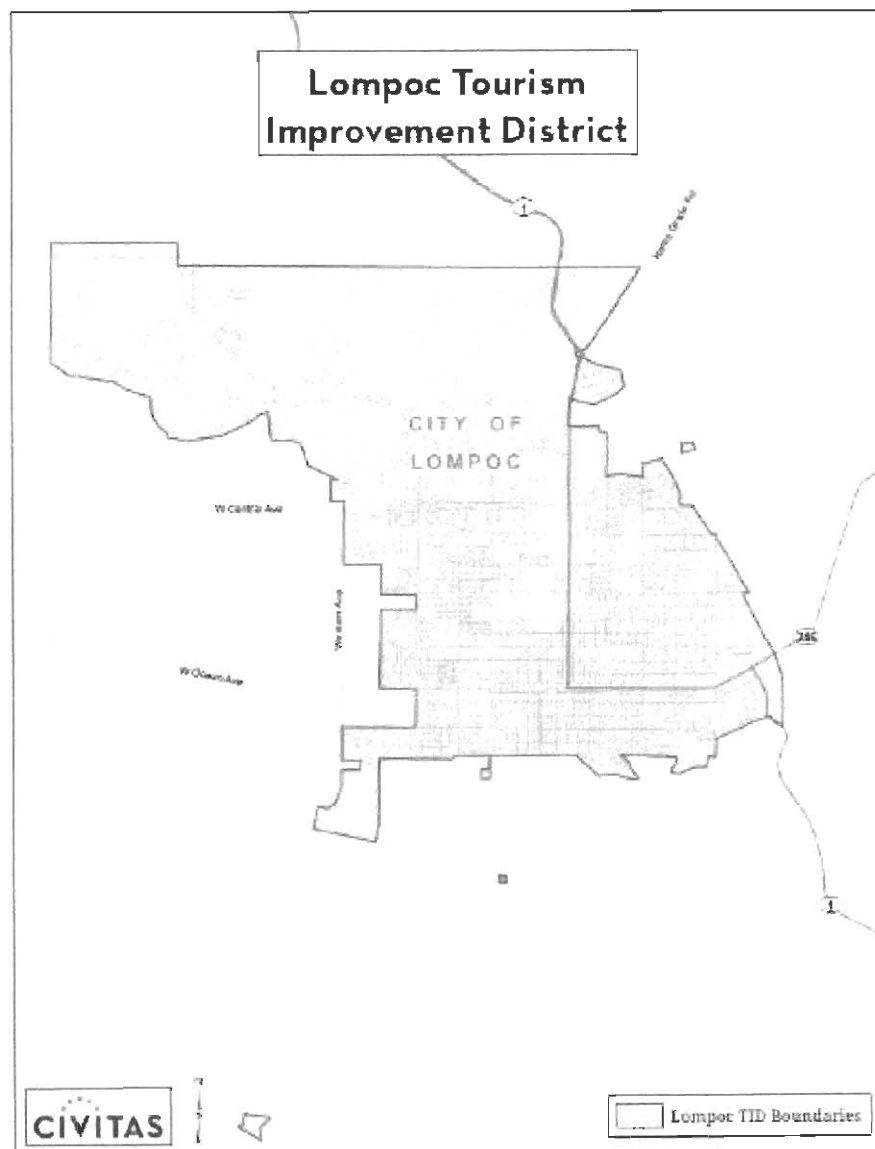


(800)999-7781
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Boundaries

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

The Lompoc Tourism Improvement District (LTID) 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 LTID can be found in Appendix 1.



Improvements and Activities

The improvements and activities to be provided for 2022 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:

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- 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

2022 Projections

The cost of providing improvements and activities for FY 2022 is consistent with the Management District Plan. The anticipated total budget for FY 2022 is \$480,972 in anticipated collections and \$253,582.28 in carry over from the previous year, for a total budget of \$734,554.28. The categorical breakdown is below. All budget category allocations are within the authorized fifteen percent (15%) adjustment of the total budget from the prior year.

FY22 Projections

Category	%	2022 Budgeted \$	\$ Carryover	Total
Sales & Marketing	90%	\$ 432,876.00	\$ 214,190.75	\$ 647,066.75
Administration	5%	\$ 24,048.00	\$ 39,391.53	\$ 63,439.53
City Fee	1%	\$ 4,809.00	\$ 0.00	\$ 4,809.00
Contingency/Reserve	4%	\$ 19,239.00	\$ 0	\$ 19,239.00
Totals	100%	\$ 480,972.00	\$ 253,582.28	\$ 734,554.28

FY21 Actuals

The initial projected FY21 budget was \$360,000.00 with \$264,591.49 in carryover for a total estimated budget of \$624,591.49. Actual collections were higher than anticipated, totaling \$526,509.12. Budgeted and actual expenses are shown below.

Category	2021 Budgeted		2021 Actual		
	%	\$	%	\$ Spent	Carryover / Reserved \$
Sales & Marketing	85%	\$ 306,000.00	85%	\$ 233,342.00	\$ 214,190.75
Administration	10%	\$ 36,000.00	10%	\$ 13,259.38	\$ 39,391.53
City Fee	1%	\$ 3,600.00	1%	\$ 5,265.10	\$ 0.00
Contingency / Reserve	4%	\$ 14,400.00	4%	\$ 21,060.36	\$ 0.00
Totals	100.0%	\$ 360,000.00	100%	\$ 272,926.84	\$ 253,582.28

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 2022.

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:

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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.

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Fraud

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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 the previous year is \$253,582.28.

Other Funding

There are no contributions to be made from outside sources.

Appendix – Assessed Businesses

Name	Address	City, State, Zip
Hilton Garden Inn	1201 North H Street	Lompoc, Ca 93436
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Travel Lodge	1415 East Ocean Avenue	Lompoc, CA 93436
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YEAR	Actual Collections	Carry-Over Previous Year	Annual Report Expenses	Interest	Basic Math	Visit Lompoc Math	Anomaly	Visit Lompoc Reserve
2014								
2015								
2016	\$348,007.41	\$207,029.09	\$338,275.47	\$1,024.94	\$217,785.97	\$217,785.97	\$0.00	\$21,311.14
2017	\$366,220.50	\$217,785.97	\$433,069.23	\$1,075.36	\$152,012.60	\$152,012.60	\$0.00	\$15,790.32
2018	\$424,986.60	\$152,012.60	\$461,132.01	\$428.40	\$116,295.59	\$115,867.19	\$428.40	\$5,793.36
2019	\$296,449.32	\$115,867.19	\$393,325.19	\$210.04	\$19,201.36	\$18,991.32	\$210.04	\$0.00
2020	\$435,153.53	\$18,991.32	\$170,562.04	\$574.26	\$284,157.07	\$264,591.49	\$19,565.58	\$17,406.16
2021	\$526,509.12	\$264,591.49	\$272,926.84	\$0.00	\$518,173.77	\$253,582.28	\$264,591.49	\$0.00
2022					\$0.00		\$0.00	

IRS Collections	IRS Interest	IRS Expenses	IRS Math	IRS Cash
\$225,717.00	\$367.00	\$87,923.00	\$138,161.00	\$138,161.00
\$247,347.00	\$922.00	\$356,491.00	-\$108,222.00	\$29,939.00
\$418,148.00	\$1,115.00	\$338,276.00	\$80,987.00	\$110,926.00
\$393,847.00	\$1,075.00	\$416,020.00	-\$21,098.00	\$88,925.00
\$447,365.00	\$428.00	\$461,232.00	-\$13,439.00	\$75,486.00
\$296,449.00	\$214.00	\$393,575.00	-\$96,912.00	\$2,257.00
\$435,728.00	\$574.00	\$170,562.00	\$265,740.00	\$243,740.00
			\$0.00	
			\$0.00	