



## MEMORANDUM

**TO:** Arroyo Grande Tourism Business Improvement District Board

**FROM:** Sheridan Bohlken, Director of Recreation Services

**SUBJECT:** Recommend to City Council to Amend the Arroyo Grande Municipal Code and Broaden the Authority for Spending Revenues Collected by the Arroyo Grande Tourism Business Improvement District Assessment

**DATE:** December 17, 2024

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### **RECOMMENDATION:**

Recommend to City Council to amend the Arroyo Grande Municipal Code (AGMC) to broaden the Arroyo Grande Tourism Business Improvement District's (AGTBID) authority for spending revenues to include public art projects, City beautification, event infrastructure and sustainability projects.

### **IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:**

The FY 2024-25 Budget for the AGTBID will not be impacted by this action, however, funding may be allocated to support additional projects and will involve staff time to draft supporting documents and reports.

### **BACKGROUND:**

The Arroyo Grande Tourism Business Improvement District (AGTBID) was established to defray the costs of services, activities and programs promoting lodging businesses in the district through the promotion of scenic, recreational, cultural, and other attractions in the district as a tourist destination. The [Arroyo Grande Municipal Code](#)<sup>1</sup> further details AGTBID funding be directed towards services as follows:

- General promotion of lodging within the district, per the adopted strategic plan.
- Marketing of conferences, groups, and film business to support local lodging.
- Marketing the district to the travel industry.
- AGTBID administration, including assessment collection and contract management.

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[https://library.municode.com/ca/arroyo\\_grande/codes/code\\_of\\_ordinances?nodeId=CD\\_ORD\\_TIT3REFI\\_CH3.46TOBUIMDILA](https://library.municode.com/ca/arroyo_grande/codes/code_of_ordinances?nodeId=CD_ORD_TIT3REFI_CH3.46TOBUIMDILA)

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The AGTBID Advisory Board, as outlined in its [by-laws<sup>2</sup>](#), advises the City Council on the allocation of assessment funds annually and continuously. During the October 15, 2024, meeting, the Board requested staff to explore options for expanding the allowable uses of funds under the AGMC.

**ANALYSIS OF ISSUES:**

The Cities of [Pismo Beach<sup>3</sup>](#), [San Luis Obispo<sup>4</sup>](#) and [Paso Robles<sup>5</sup>](#) have been examined for their use of assessment funds received from the lodging business and are summarized in a chart for comparison:

City	Marketing & Promotion	Infrastructure	Amenities	Event Support	Public Art	Sustainability	Collaborative Efforts
<b>Arroyo Grande (AG)</b>	Primarily for promoting tourism (ads, campaigns).	Limited, aligned with tourism marketing.	Limited focus, aligned with tourism marketing.	Event promotion grants for local events.	Currently not a focus area.	Currently not a focus area.	Partnerships with SLO CAL and regional groups.
<b>San Luis Obispo (SLO)</b>	Digital ads, collaborative campaigns, social media.	Beautification, wayfinding, lighting.	Clean spaces, new trash/recycling bins.	Cultural grants, regional promotion efforts.	Murals, art installations, sculptures.	Recycling bins, sustainable tourism.	SLO CAL collaboration, SLO Chamber campaigns.
<b>Pismo Beach</b>	Social media, targeted ads, website updates.	Pier plaza improvements, ADA upgrades.	Public restrooms, bike racks, beach amenities.	Clam Festival, surf competitions, concerts.	Murals, sculptures, interactive installations.	Beach clean-ups, Pismo Preserve funding.	Joint SLO CAL campaigns, eco-tourism.
<b>Paso Robles</b>	Digital ads, wine and food tourism promotions.	Streetscapes, public art installations.	Parking, visitor-friendly public spaces.	Wine, food festivals, art, and music events.	Sculptures, interactive public art.	EV stations, recycling bins, green events.	Wineries, Paso Robles Wine Country Alliance.

Expanding the eligible uses of assessment funds offers opportunities to enhance tourism and increase overnight stays in Arroyo Grande. Proposed options, reflecting both community and visitor needs, include:

<sup>2</sup> <https://www.arroyogrande.org/DocumentCenter/View/10339/TBID-Bylaws>

<sup>3</sup> [https://codelibrary.amlegal.com/codes/pismo beach/latest/pismo\\_ca/0-0-0-12620](https://codelibrary.amlegal.com/codes/pismo beach/latest/pismo_ca/0-0-0-12620)

<sup>4</sup> <https://sanluisobispo.municipal.codes/Code/12.42.040>

<sup>5</sup> <https://www.travelpaso.com/about-us/>

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- **Public Art Projects:** Supporting art installations and cultural displays that enhance the city's character, promote tourism, and are accessible to visitors.
- **City Beautification:** Enhancing landscaping, lighting, and other visual elements to create a vibrant and attractive environment for visitors.
- **Event Infrastructure:** Funding improvements for festival, concert, and tourism-related event venues, including seating, staging, and accessibility enhancements.
- **Sustainability Projects:** Initiatives aligning with the City's conservation goals to benefit residents and visitors, such as eco-friendly event infrastructure and educational campaigns on sustainable tourism practices.

These proposed expansions reflect a strategic approach to leveraging AGTBID assessment funds to maximize their impact on tourism and overnight stays in Arroyo Grande. By incorporating initiatives such as public art, beautification, event infrastructure, and sustainability projects, the AGTBID can foster a more vibrant, welcoming, and environmentally conscious destination. These efforts not only align with community values but also address evolving visitor expectations, ensuring Arroyo Grande remains competitive in attracting tourism while enhancing the quality of life for residents. The Advisory Board's deliberation on these options will play a pivotal role in shaping the future direction of tourism development in the City. Once direction is received by the AGTBID Advisory Board, staff will prepare draft ordinance language and a proposed to City Council for adoption.

#### **ALTERNATIVES:**

The following alternatives are provided for the Board's consideration:

1. Provide direction to staff on broadening eligible use categories with a comprehensive scope including public art, beautification, event infrastructure and sustainability projects;
2. Provide direction to staff regarding a selection of expanded categories;
3. Propose a pilot program of expanded categories;
3. Maintain current use of assessment guidelines; or
4. Provide alternate direction to staff.

#### **ADVANTAGES:**

1. Provides comprehensive opportunities to enhance Arroyo Grande as a tourism destination.
2. Supports large-scale initiatives that could have a transformative impact on the visitor experience and the city's reputation.
3. Aligns with long-term goals for community development and environmental sustainability.

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**DISADVANTAGES:**

1. Could dilute the focus of AGTBID funds away from direct tourism promotion.
2. Potentially increases administrative complexity and oversight requirements.
3. Requires careful prioritization to ensure alignment with AGTBID's core objectives.

**PUBLIC NOTIFICATION AND COMMENTS:**

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.