



## MEMORANDUM

**TO:** City Council

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

**SUBJECT:** Tourism Business Improvement District Annual Report and Intent to Levy Annual Assessment

**DATE:** March 25, 2025

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### RECOMMENDATION:

- 1) Receive and approve the Annual Report;
- 2) Adopt a Resolution of Intention to levy and collect assessments within the Arroyo Grande Tourism Business Improvement District area for FY 2025-26; setting the public hearing date for May 13, 2025; and
- 3) Find that the Resolution of Intent is not subject to the California Environmental Quality Act (CEQA) because it will not result in a direct, or reasonably foreseeable indirect, physical change in the environment (State CEQA Guidelines, §§ 15060 (c)(2) and (3), 15378.).

### IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

Based on the anticipated year-end results for 2024-25, the assessments expected to be collected total approximately \$318,270 for FY 2024-25. The Arroyo Grande Tourism Business Improvement District (AGTBID) budget provides \$5,000 to the City to cover a portion of the City's cost associated with supporting a Community Services Specialist position for vacation rental code compliance. The AGTBID budget also provides \$45,000 to the City to administer the AGTBID.

### BACKGROUND:

In May 2013, the City Council adopted Ordinance No. 651 establishing the AGTBID. The purpose of forming the AGTBID was to provide revenue to defray the cost of services, activities, and programs promoting lodging businesses in the AGTBID through the promotion of scenic, recreational, cultural, and other attractions as a tourist destination. An assessment is levied on all lodging businesses, inclusive of vacation rentals and homestays less than 30 days, within the AGTBID boundaries and is based upon two percent of the rent charged by the operator per occupied room per night for all transient occupancies.

**Item 11.c.**

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In accordance with the provisions in the Streets and Highways Code and Arroyo Grande Municipal Code (AGMC) Section 3.46.100, the City Council appointed an Advisory Board. Pursuant to Streets and Highways Code Section 36533, the Advisory Board is to prepare an annual report (Attachment 2), which is to be submitted to the City Council for its review and approval. AGMC Section 3.46.060 also provides that the assessments for the AGTBID are to be reviewed annually by the City Council based upon the Annual Report of the Advisory Board, and after approval of the Annual Report, the City Council is to follow the hearing process outlined in Streets and Highways Code Section 36534 for the annual assessment for the upcoming fiscal year. Section 36534 also provides for the adoption of a Resolution to levy an annual assessment for that fiscal year. The Resolution sets a public hearing date in order to receive any written or oral protests against the continuation of the AGTBID as required by the applicable statute.

On [August 20, 2024](#)<sup>1</sup>, the AGTBID Advisory Body reviewed nine (9) proposals and unanimously recommended that the City Council approve a Professional Services Agreement with Commune Communications, which began on November 1, 2024.

**ANALYSIS OF ISSUES:**

The AGTBID Board and marketing firms have worked diligently on the Visit Arroyo Grande brand to drive tourism efforts in Arroyo Grande in the past year. With opportunities and partnerships also with Visit SLO CAL, the South County Chamber of Commerce and the Central Coast Tourism Council (CCTC), the work has targeted specific demographic and geographic markets to deliver destination campaigns, email marketing, social media, paid media, event promotion, and expand opportunities through partnerships.

The following are a breakdown of activities of AGTBID in the past year:

- Monopoly Board Game with Visit SLO CAL
- Brand Asset Renewal with Visit SLO CAL (renewal of talent contracts for photography assets obtained and shared by Visit SLO CAL)
- Merchandise: Stickers and Tote Bags
- Sojern Display Ad with Visit SLO CAL
- Sunset Ad with CCTC
- CCTC Influencer Fam Trip: Discover California
- Visit SLO CAL Magazine Ad
- South County Chamber of Commerce Visitor's Magazine Ad
- California Welcome Center Partnership/Video/Display with South County Chamber of Commerce
- Local Event Sponsorships Total Requested: \$85,000 Total Approved: \$24,500
- San Diego Press Trip with Visit SLO CAL & Fam Trip for San Diego Family Magazine
- Tourism & Economic Impact Study with Visit SLO CAL
- Visit SLO CAL Travel & Tourism Customer Service Training

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<sup>1</sup> <https://pub-arroyogrande.escribemeetings.com/filestream.ashx?DocumentId=12070>

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- Unpacking Episode with Visit SLO CAL (to be released in Spring 2025)

**ALTERNATIVES:**

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

1. Receive and approve the Annual Report; and adopt a Resolution of Intention to levy and collect assessments within the Arroyo Grande Tourism Business Improvement District (AGTBID) area for FY 2026-26, setting the public hearing date for May 13, 2025;
2. Request changes or clarifications to the Annual Report;
3. Do not approve staff recommendations; or
4. Provide other direction to staff.

**ADVANTAGES:**

The recommendations will enable the City Council to consider and approve the Annual Report, and consider extending the AGTBID, which provides a mechanism to generate funding to promote lodging stays and tourism in the City in turn increasing transient occupancy tax revenue and supporting local businesses.

**DISADVANTAGES:**

Collecting the 2% assessment from lodging business owners in Arroyo Grande to collectively promote Arroyo Grande as a destination could negatively impact some business owners.

**ENVIRONMENTAL REVIEW:**

This Resolution of Intent is not subject to the California Environmental Quality Act (CEQA) because it will not result in a direct, or reasonably foreseeable indirect, physical change in the environment (State CEQA Guidelines, §§ 15060 (c)(2) and (3), 15378.).

**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.

**ATTACHMENTS:**

1. Proposed Resolution of Intention to Levy Annual Assessment
2. Annual Report by Commune Communication
3. Current AGTBID FY 2024-25 Budget