



MEMORANDUM

TO: City Council

FROM: Whitney McDonald, City Manager

BY: Sarah Lansburgh, Deputy City Clerk

SUBJECT: Consideration of Adoption of a Resolution Approving the Arroyo Grande Tourism Business Improvement District Fiscal Year 2022-23 Budget

DATE: June 14, 2022

SUMMARY OF ACTION:

Approve the Fiscal Year (FY) 2022-23 operating budget for the Arroyo Grande Tourism Business Improvement District (AGTBID).

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

The 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 \$3,000 to the City for administrative support. The AGTBID budget has been incorporated into the FY 2022-23 Mid-Cycle Budget Update as part of the Special Revenue Funds, Fund 240. The budget proposes \$293,000 in expenditures, which is an increase of \$63,500 compared to the FY 2021-22 AGTBID operating budget.

RECOMMENDATION:

Adopt a Resolution approving the FY 2022-23 operating budget for the AGTBID.

BACKGROUND:

In May 2013, the City Council adopted an Ordinance establishing the AGTBID. The AGTBID was formed under the Parking and Business improvement Law of 1989, Sections 36500 et. seq. of the Streets and Highways Code and incorporated into the Arroyo Grande Municipal Code (AGMC) in Title 3, Chapter 3.46. 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 in the AGTBID as a tourist destination.

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The AGTBID has been in effect for almost nine (9) years and has been considered successful. In January 2018, the City Council combined the Tourism Marketing Committee, which was coordinated by the Chamber of Commerce, and the AGTBID Advisory Board, increasing the number of members of the Advisory Board from a minimum of three (3) to not more than nine (9). The Advisory Board implements the programs and activities funded through the AGTBID. The South County Chamber of Commerce is contracted to administer the AGTBID program; therefore, minimal staff time has been required by the City.

The AGTBID Advisory Board is responsible for developing an annual preliminary budget, detailing anticipated expenditures and submitting the preliminary budget to City Council for approval. At the May 23, 2022 AGTBID special meeting, the Advisory Board reviewed a preliminary budget for recommendation to the City Council.

ANALYSIS OF ISSUES:

The FY 2021-22 AGTBID operating budget provided \$229,500 for expenditures and included funding in the following categories:

EXPENDITURES			
Activity	Amount	Activity	Amount
Advertising		Membership & Subscriptions	
Consultant Services	\$ 85,500.00	CCTC	\$ 500
Photo/Video Assets	\$ 10,000.00	Co-op/Sponsorships	\$ 10,000.00
Advertising Hard Costs	\$ 64,500.00	Sub-total Membership & Subs.	\$ 10,500
Website	\$ 6,500.00		
Sub-total Advertising	\$ 166,500		
		Total Expenditures	\$ 229,500
Services & Supplies			
City - administrative	\$ 3,000.00		
Chamber - Contract admin.	\$ 42,000.00		
Supplies/Domains	\$ 2,500.00		
Vacation rental code compliance	\$ 5,000		
Sub-total Services & Supplies	\$ 52,500		

AGTBID assessments have exceeded projections for FY 2021-22 despite the impacts of the COVID-19 pandemic. According to the financial update provided to the AGTBID Advisory Board on April 25, 2022, revenues are expected to exceed adopted FY 2021-22 budget by approximately \$110,000, and the ending fund balance is anticipated to be \$325,075. Total revenues from TBID assessments are anticipated to be \$246,200.

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The proposed FY 2022-23 AGTBID operating budget recommended by the Advisory Board provides a total of \$293,000 for expenditures, an increase of \$63,500 over the FY 2021-22 budget. The increased budget includes the following:

- \$18,500 to improve the Visit Arroyo Grande website;
- \$5,000 for photos/video assets;
- \$20,500 for advertising hard costs;
- \$14,500 for consultant services; and
- \$5,000 for co-op/sponsorship opportunities.

It is anticipated that these additional services and expenditures will continue the momentum of Visit Arroyo Grande’s tourism marketing efforts and fund anticipated additional marketing opportunities, for the benefit of Arroyo Grande lodging businesses and the local economy.

The proposed budget for FY 2022-23 is as follows:

Beginning Fund Balance	\$ 325,075
<i>(July 2021-February 2022 TBID Assessments = \$183,588)</i>	

REVENUES	
Revenue Source	Amount
TBID Assessments	\$ 244,000
Interest	750
Appropriation from fund balance	48,250
Total Revenue	\$ 293,000

EXPENDITURES			
Activity	Amount	Activity	Amount
Advertising		Membership & Subscriptions	
Consultant Services	\$ 100,000	CCTC	\$ 500
Photo/Video Assets	15,000	Co-op/Sponsorships	15,000
Advertising Hard Costs	85,000	Sub-total Membership & Subs.	\$ 15,500
Website	25,000		
Sub-total Advertising	\$ 225,000		
Services & Supplies		Total Expenditures	
City - administrative	\$ 3,000		\$ 293,000
Chamber - Contract admin.	42,000		
Supplies/Domains	2,500		
Vacation rental code compliance	5,000		
Sub-total Services & Supplies	\$ 52,500		

Ending Fund Balance	\$ 276,825
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ALTERNATIVES:

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

1. Adopt a Resolution approving the AGTBID FY 2022-23 operating budget;
2. Make modifications to the budget and adopt a Resolution approving the modified AGTBID operating budget for FY 2022-23; or
3. Provide other direction to staff.

ADVANTAGES:

Approving the AGTBID FY 2022-23 operating budget will allow the continuation of the momentum of Visit Arroyo Grande's tourism marketing efforts, and to fund anticipated additional marketing opportunities.

DISADVANTAGES:

There are no disadvantages identified with adopting the Resolution to adopt the AGTBID FY 2022-23 operating Budget.

ENVIRONMENTAL REVIEW:

No environmental review is required for this item.

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 – AGTBID FY 2022-23 Budget