

**STAFF REPORT**

**TO: HONORABLE MAYOR AND CITY COUNCIL**  
**FROM: ROBERT PERRAULT, CITY MANAGER**  
**SUBJECT: PROCESS FOR SELECTING AN INITIAL CITY REPRESENTATIVE TO THE SAN LUIS OBISPO COUNTY TOURISM MARKETING DISTRICT**

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**BACKGROUND**

In November 2013, Visit San Luis Obispo County (Visit SLO County) initiated the process to form a Tourism Marketing District. The purpose of the District's formation is to increase funds for marketing, utilizing a lodging assessment process. In January 2015, the City Council adopted a resolution supporting the formation of the District. On April 7<sup>th</sup> the Board of Supervisors will conduct a second public hearing and then consider taking final action to form the District. As envisioned, Visit SLO County will become the administrative organization for the District.

According to Visit SLO County, the governing Board will consist of 15 members. One lodging business representative is to be selected from each of the cities within the District, and the representative will be appointed by the City Council in each jurisdiction or a tourism organization or a tourism organization as determined by the City Council. In anticipation of the District's formation, Visit SLO County has requested that the City initiate the process to select its representative. Staff is recommending that the City Council designate the Arroyo Grande - Grover Beach Chamber of Commerce for the purpose of selecting a representative from Grover Beach.

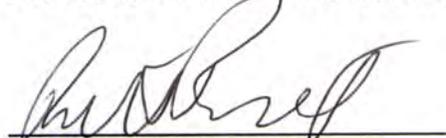
**DISCUSSION**

As noted, the purpose of forming the District is to increase funding available for marketing the County, and more specifically the lodging industry, to potential visitors. At present Visit SLO County's budget for marketing is approximately \$900,000. Through the lodging assessment process, the funding for marketing will increase to approximately \$3,000,000. Once formed, the District will levy an assessment of 1% on lodging revenues for all lodging businesses within the District. Each jurisdiction will collect the additional assessment along with the collection of the jurisdiction's Transient Occupancy Tax. The net effect on each lodging business in Grover Beach will be to increase the tax assessment from 10% to 11%. The City will reimburse itself for the collection costs from the assessment proceeds. (Annual estimated City costs are \$500.)

Visit SLO County began the process to form the District in January of 2013. In February the Board of Supervisors conducted the first of two protest hearings required to complete the formation process. During the first hearing, protests received were minimal and the process has continued to move forward. As noted, the second protest hearing is scheduled for April 7, 2015.

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**APPROVED FOR FORWARDING**



**ROBERT PERRAULT  
CITY MANAGER**

**Please Review for the Possibility of a Potential Conflict of Interest:**

- |  |                                  |
|--|----------------------------------|
| <input checked="" type="checkbox"/> None Identified by Staff | <input type="checkbox"/> Bright  |
| <input type="checkbox"/> Shoals                              | <input type="checkbox"/> Nicolls |
| <input type="checkbox"/> Lee                                 | <input type="checkbox"/> Shah    |

The County has informed the City that it has now received two protests from Grover Beach businesses – the Grover Beach Inn and the Sea View Inn. However, given the extensive cross-county support for the District, staff anticipates the protests received will not be sufficient to override the District's formation.

The organization's by-laws provide for either the City Council or a tourism organization or a tourism organization as determined by the City Council to designate a representative to the Tourism Marketing District Board. In anticipation of the District's formation, the Council can either undertake the process of selecting the jurisdiction's representative to the District Board or the Council can designate a tourism organization to make the selection on the City's behalf. Unlike other jurisdictions in the County, the City does not have a Tourism Business Improvement District (TBID). The Arroyo Grande & Grover Beach Chamber of Commerce does serve the tourism businesses within Grover Beach and, in staff's opinion, is well-suited to be designated as the organization to make the selection of the representative on the City's behalf.

### **ALTERNATIVES**

The Council has the following alternatives to consider:

1. Designate the Arroyo Grande & Grover Beach Chamber of Commerce to select the representative to the Tourism Marketing District on the City's behalf;
2. Determine to select the representative to the Tourism Marketing District and direct staff to initiate the process; or
3. Determine not to select a representative to the Tourism Marketing District at this time.

### **RECOMMENDED ACTION**

It is recommended that the Council by motion designate the Arroyo Grande & Grover Beach Chamber of Commerce to select the representative to the Tourism Marketing District on the City's behalf.

### **FISCAL IMPACT**

There is no negative fiscal impact to the City resulting from the recommended designation. Following the recommendation is likely to save staff time and costs in coordinating the selection effort.

### **PUBLIC NOTIFICATION**

The agenda was posted in accordance with the Brown Act.

A copy of the agenda and this staff report were sent to Judith Bean, President/CEO of the Arroyo Grande & Grover Beach Chamber of Commerce and Stacie Jacob, CEO of Visit SLO County.

### **Attachment**

None.