

STAFF REPORT

City of Lancaster

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MVB

DATE: November 13, 2012

TO: Mayor Parris and City Council Members

FROM: Kelvin Tainatongo, Assistant to the City Manager
Luis Garibay, Sr. Projects Coordinator

SUBJECT: **Lancaster Tourism Business Improvement District (LTBID)**

Recommendation:

Adopt **Resolution No. 12-68**, declaring the City Council's intention to establish the Lancaster Tourism Business Improvement District (LTBID) and establishing the time and place of a public meeting and a public hearing thereon and giving notice thereof.

Fiscal Impact:

No direct financial impact to the City through this action.

Background:

The City of Lancaster has been working in conjunction with Destination Lancaster and local hotels to establish a new Lancaster Business Tourism Improvement District (LTBID). The LTBID is a benefit assessment district proposed to help fund marketing and sales promotion efforts for Lancaster lodging businesses. The hospitality industry in the Antelope Valley relies heavily on government contracts from Edwards Air Force Base and Plant 42. With federal contracts drying up, government per diems flat, and an uncertain military and defense contracting future, the TBID's marketing programs will help Lancaster lodging businesses customize a diversified market mix that will expand their revenue-generating capacity and help protect and grow occupancy and average daily rates.

The proposed LTBID would create an annual assessment rate of 2% of gross short term (stays less than 31 days) room rental revenue for lodging businesses with gross annual revenue over \$500,000.00 and an average daily rate over \$50.00. The 31-day exemption was specifically included so that most government related, long-term business stays would not be affected. The revenue generated by the assessment would be used exclusively to fund marketing and sales promotion efforts to increase room nights for participating Lancaster-based hotels. Based on the criteria, there would be seven hotels that would be a part of the new LTBID; Comfort Inn and Suites, Hampton Inn, Holiday Inn Express, Homewood Suites, Inn of Lancaster, Oxford Inn and Suites, and SpringHill Suites.

Over the past few months, staff has met with representatives from all seven hotels and they all support the idea of establishing the LTBID. The hotels have signed and submitted the necessary number of petitions in order to move forward with the next phase of establishing the LTBID. The next phase involves three public meetings required by the regulations pursuant to the Property and Business Improvement District Act of 1994 (Streets and Highway Code Section 36600 et seq.). The first includes a recommendation to the City Council to approve a Resolution of Intention to form a TBID along with scheduling a public meeting for discussion of the proposed district by interested members of the public and business community. The second is the actual public meeting to discuss the proposed district and the third is a public hearing at which the City Council will take action on a Resolution of Formation which would authorize creation of the LTBID.

If approved, the LTBID will have a five-year life. The LTBID assessment will be implemented beginning February 1, 2013 through January 31, 2017. However, once per year beginning on the anniversary of the formation, hotel owners will have an opportunity to evaluate the LTBID to determine whether or not to continue with the district. Also, any new hotels constructed in Lancaster during the life of the LTBID that meet the minimum criteria will become a part of the LTBID.

KT: lg

Attachments:

Management District Plan Summary
Resolution No. 12-68