

ORDINANCE NO. 2000-051

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF DEC - 5 2000

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SACRAMENTO ESTABLISHING THE SACRAMENTO TOURISM BUSINESS IMPROVEMENT DISTRICT WITH THE CONSENT OF THE CITY OF ISLETON AND THE COUNTY OF SACRAMENTO PURSUANT TO THE PARKING AND BUSINESS IMPROVEMENT AREA LAW OF 1989 AND LEVYING AN ASSESSMENT AND CHARGE THEREIN FOR PROMOTING TOURISM IN THE DISTRICT.

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1.

(a) Under and pursuant to the provisions of the Parking and Business Improvement Area Law of 1989, codified as California Streets and Highways Code Section 36500 et seq., this Council on November 14, 2000, adopted Resolution No.2000-655, entitled "A Resolution Of The City Council Of The City of Sacramento, California, Declaring Its Intention To Establish A Business Improvement District In The City Of Sacramento And Within The City Of Isleton And The Unincorporated Area Of The County of Sacramento Upon Their Consent Thereto, To Provide For The Levying Of Assessments On Specified Hotel Businesses Conducted Within Such District, Classifying Hotel Businesses For Such Purposes, Describing The Boundaries Of The Proposed Area, The Authorized Uses To Which The Proposed Revenues Shall Be Put, The Rate Of Such Assessments, Fixing The Date, Time And Place Of A Hearing To Be Held By The City Council To Consider The Establishment Of Such District, And Directing The Giving Of Notice Of Such Hearing." which declared the City Council's intention to form a business improvement area to be known as the "Sacramento Tourism Business Improvement District", providing for the levy of an assessment and charge to be imposed therein, fixing the time and place for hearing and giving notice thereof.

(b) Resolution No. 2000-655, was duly published, and copies thereof were mailed, as provided by law.

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(c) As specified in Resolution No. 2000-655, a hearing concerning the formation of the area was held on December 5, 2000, before this Council in the Council Chambers in the City Hall, 915 "I" Street, Sacramento, California 95814.

(d) At the hearing, all protests, both written and oral, made or filed, were considered and duly overruled and denied and this Council determined that there was no majority protest within the meaning of Section 36523 of the Law.

(e) By Resolution No. 00-1366, the Board of Supervisors of the County of Sacramento consented to the formation of the below described "Sacramento Tourism Business Improvement District" within the unincorporated territory of the County of Sacramento, as required by California Streets and Highways Code Section 36521.5.

(f) By Resolution No. 1455, the City Council of the City of Isleton consented to the formation of the below described "Sacramento Tourism Business Improvement District" within the incorporated territory of the City of Isleton, as required by California Streets and Highways Code Section 36521.5.

SECTION 2.

Chapter 3.98, pertaining to the creation of the Sacramento Tourism Business Improvement District is added to Title 3 to read as follows:

CHAPTER 3.98. SACRAMENTO TOURISM BUSINESS IMPROVEMENT DISTRICT

Section 3.98.010 Authority.

This chapter is adopted pursuant to the "Parking and Business Improvement Area Law of 1989", being Section 36500 et seq. of the California Streets and Highways Code and Resolution of Intention No. 2000-655, adopted by the City Council on December 5, 2000, and entitled "A Resolution Of The City Council Of The City of Sacramento, California, Declaring Its Intention To Establish A Business Improvement District In The City Of Sacramento And Within The City Of Isleton And The Unincorporated Area Of The County of Sacramento Upon Their Consent Thereto, To Provide For The Levying Of Assessments On Specified Hotel Businesses Conducted Within Such District, Classifying Hotel Businesses For Such Purposes, Describing The Boundaries Of The Proposed Area, The Authorized Uses To Which The Proposed Revenues Shall Be Put, The Rate Of Such Assessments, Fixing The Date, Time And Place Of A Hearing To Be Held By The City Council To Consider The Establishment Of Such District, And Directing The Giving Of Notice Of Such Hearing." Such resolution was published and mailed as provided by law, and hearings thereon were held by the City Council at its regular meeting on December 5, 2000, at which time all persons

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desiring to be heard, and all objections made or filed, were fully heard. The City Council duly concluded the hearing on December 5, 2000, and determined that protests objecting to the formation of the District have not been made by a majority of the Operators of Hotels within the District and that such protests are overruled and denied. The City Council finds that the Operators of Hotels in the District, in the opinion of the City Council, will be benefited by the expenditure of funds raised by the assessments proposed to be levied.

Section 3.98.020 Definitions.

Except where the context otherwise requires, the definitions given in this Section govern the construction of this Ordinance:

“Administrative Fee” means a fee equal to their actual costs of collection and administration, not to exceed two percent (2%), which the City of Sacramento, City of Isleton and the County of Sacramento are entitled to retain from the Assessments they collect within their respective boundaries.

“Advisory Board” means the advisory board appointed by the Sacramento City Council, Isleton City Council and Sacramento County Board of Supervisors pursuant to this Ordinance.

“Assessment” means the levy imposed by this Ordinance for the purpose of providing services, activities and programs promoting tourism in the District.

“Board of Supervisors” means the board of supervisors of the County of Sacramento.

“Business and Improvement Area Law of 1989” means the provisions of California Streets and Highways Code Sections 36500 to 36551, as amended.

“City” or “Cities” shall mean, individually or collectively, as the context may require, the City of Sacramento and City of Isleton.

“City Council” means the city council of the City of Sacramento.

“County” means the County of Sacramento.

“District” means the Sacramento Tourism Business Improvement District created by this Ordinance and as delineated in Section 3.98.030.

“Hotel” means any structure, or any portion of any structure, which is rented for dwelling, lodging or sleeping purposes on a Transient Basis, and includes any hotel, inn, tourist home or house,

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motel, studio, bed and breakfast, lodging house, rooming house, or other similar structure or portion thereof. For the purposes of this Ordinance, the term "Hotel" shall not include a "Single Room Occupancy Hotel" or "Residential Hotel" as those terms are defined and used in the City of Sacramento Zoning Ordinance.

"Operator" means the person who is proprietor of the Hotel, whether in the capacity of owner, lessee, sublessee, mortgagee in possession, licensee or any other capacity. Where the operator performs his functions through a managing agent of any type or character other than an employee, the managing agent shall also be deemed an Operator for the purposes of this Ordinance and shall have the same duties and liabilities as his principal. Compliance with the provisions of this Ordinance by either the principal or the managing agent shall, however, be considered to be compliance by both.

"Room Revenues" means the gross per night charge imposed for the rental of a room or combination of rooms. It does not include charges for other services, such as room service, laundry or dry cleaning services, pay per view movie charges, telephone charges, food and beverage sales, etc., which the Operator of a Hotel may charge a customer.

"Sacramento Hotel Association" means the Sacramento Hotel Association, Inc., a California nonprofit mutual benefit corporation.

"Sacramento Tourism Improvement District" means that area created by this Ordinance as a business improvement area pursuant to the Parking and Business Improvement Area Law of 1989.

"Transient Basis" means the rental of a room or rooms for dwelling, lodging or sleeping purposes for a period of thirty (30) consecutive calendar days or less, counting portions of calendar days as full days.

"Zone" or "Zones" means a distinct geographic subarea or subareas within the District.

Section 3.98.030 Area Established - Description.

The City Council hereby finds and determines that the public convenience and necessity require the establishment of the District herein described. It further finds that the Operators of Hotels within the District will benefit from the activities undertaken to promote tourism in different degrees. In recognition of the fact that the Operators of Hotels of different sizes and locations receive different degrees of benefit from the activities to be undertaken to promote tourism by the District, the Council has created different Zones and different levels of Assessments among and within the Zones, based upon the distance of the Hotel from the Downtown Sacramento area, the Sacramento Convention Center and the Old Sacramento area, and also based upon the amount of

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business generated by the Hotels. The Council further finds that an equitable method of measuring and apportioning benefits to be derived from the District's efforts to promote tourism will be to base the assessments to be imposed by the District, in part, upon the business generated by the Hotels, as measured by the Hotels' Room Revenues.

Pursuant to the Parking and Business Improvement Area Law of 1989, a parking and business improvement area is hereby established, to be known as the "Sacramento Tourism Business Improvement District", herein called "District". The area to be included in the District includes the following three (3) zones:

ZONE A.

Zone A encompasses those Hotels in the area of the City of Sacramento with street addresses on both sides of Alhambra Boulevard to the centerline of the Sacramento River in an east to west direction, and from the centerline of the American River to the centerline of the Capital City Freeway in a north to south direction.

ZONE B.

Zone B encompasses Hotels in the area, outside of Zone A, which has as its northern boundary a line starting at the intersection of the centerlines of Watt Avenue and Interstate 80, thence continuing in a westerly direction along the centerline of Interstate 80 to its intersection with the centerline of the Union Pacific Railroad main line track's right of way, then turning north and continuing along the centerline of the Union Pacific Railroad main line track's right of way and continuing to its intersection with the centerline of Elkhorn Boulevard, then turning and continuing in a westerly direction along the centerline of Elkhorn Boulevard until its intersection with the centerline of Powerline Road; and as its western boundary a line continuing in a southerly direction along the centerline of Powerline Road and an extension of said centerline to the centerline of the Sacramento River, then continuing along the Sacramento River's centerline to its intersection with the centerline of Interstate 80; and as its southern boundary the centerline of the Sacramento River at its intersection with Interstate 80's centerline, thence continuing easterly along the centerline of the Sacramento River to its intersection with the centerline of the American River, then continuing in an easterly direction along the centerline of the American River to its intersection with the centerline of Watt Avenue; and as its eastern boundary all Hotels with street addresses on both sides of that portion of Watt Avenue between the American River's centerline and the centerline of Interstate 80.

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ZONE C.

Zone C encompasses all Hotels outside of Zones A and B, but within the City of Isleton, the remainder of the City of Sacramento and the remaining unincorporated areas within the County of Sacramento. Excluded from Zone C are all areas and Hotels within the incorporated city limits of the Cities of Citrus Heights, Elk Grove, Folsom and Galt.

All Operators of Hotels within the categories and Zones established by this Ordinance shall be subject to any amendments of the Parking and Business Improvement Area Law of 1989, codified as California Streets and Highways Code Sections 36500 through 35551, inclusive

Section 3.98.040 Authorized Uses.

The purpose of forming the District as a business improvement area under the Parking and Business Improvement Area Law of 1989 is to provide revenue to defray the costs of services, activities and programs promoting tourism which will benefit the Operators of Hotels in the District through the promotion of scenic, recreational, cultural and other attractions in the District as a tourist destination. It is the intent of this ordinance to provide a supplemental source of funding for the promotion of tourism in the District and it is not intended to supplant any other existing sources of revenues which may be used by the City of Sacramento, City of Isleton and County of Sacramento for the promotion of tourism. The specific services, activities and programs to be provided by the District are as follows:

- (a) The general promotion of tourism within the District is to include costs as specified in the business plan to be adopted annually;
- (b) The marketing of convention and trade shows that benefit local tourism and the local hotel industry in the District;
- (c) The marketing of the District to the travel industry in order to benefit local tourism and the local hotel industry in the District.

Section 3.98.050 Classification of Hotels and Assessments Imposed.

The Operators of Hotels benefiting from tourist visits and operating in the above-described Zones will be assessed a share of the costs of the aforementioned services, activities and programs according to the Room Revenues and the benefit to be received, and the Assessment is hereby levied as set forth below.

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The Assessment to be imposed on the Operators of those Hotels with Room Revenues during the preceding calendar year, which exceeded Five Hundred Thousand Dollars (\$500,000) is as follows:

- Zone A: \$1.50 per room/day
- Zone B: \$1.25 per room/day
- Zone C: \$1.00 per room/day

The Assessment to be imposed on the Operators of those Hotels with Room Revenues during the preceding calendar year which did not exceed Five Hundred Thousand Dollars (\$500,000) is Twenty Percent (20%) of the rate for Hotels in the corresponding Zone set forth above, as follows:

- Zone A: 30 cents per room/day
- Zone B: 25 cents per room/day
- Zone C: 20 cents per room/day

The above described Assessments are a daily assessment per room which has been rented on a Transient Basis and is levied on the Operators of Hotels. Each Operator of a Hotel shall deliver a report to the applicable City or County, by the last day of each month which specifies the number of rooms rented on a Transient Basis during the previous calendar month and pay the amount of the resulting Assessment due from the Operator to the City of Sacramento, City of Isleton or County of Sacramento, as applicable. The City of Isleton and the County of Sacramento are hereby granted the authority to collect the Assessment from the Operators of Hotels within those portions of the District within their jurisdictional boundaries.

Section 3.98.060 Annual Review of Assessments.

All of the Assessments imposed pursuant to this Ordinance shall be reviewed by the Council annually, based upon the annual reports prepared by the Advisory Board appointed pursuant to this Ordinance and Sections 36530 and 36533 of the California Streets and Highways Code.

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Section 3.98.070 Imposition of Assessment.

The Assessment imposed by this Ordinance is levied upon the Operators of Hotels within the District, and the Operator of each Hotel shall be solely responsible for paying all Assessments when due. Notwithstanding the foregoing, in the event that the Operator of a Hotel elects to pass on some or all of the Assessment to customers of the Hotel, the Operator of the Hotel shall separately identify or itemize the Assessment on any document provided to a customer. Assessments levied on the Operators of Hotels pursuant to this Ordinance and passed on to customers are not part of a Hotel Operator's gross receipts or gross revenues for any purpose, including the calculation of sales or use tax, transient occupancy tax, or income pursuant to any lease. However, Assessments that are passed on to customers shall be included in gross receipts for purposes of income and franchise taxes.

Section 3.98.080 Deficiencies.

(a) When a City or the County makes a determination that an Assessment is deficient as to the payment due, the applicable City or County may determine the amount of the deficiency, as provided in this Ordinance. After giving notice that a deficiency determination is proposed and an opportunity to file a report or provide supplemental information is provided, the applicable City or County may make one (1) or more deficiency determinations of the amount due for any reporting period based on information in the applicable City's or County's possession. When the operation of a Hotel is discontinued, a deficiency determination may be made at anytime thereafter as to liability arising out of the operation of that Hotel.

(b) The applicable City or County shall give notice of the proposed deficiency determination and the notice of deficiency determination by mailing a copy of the deficiency to the Operator of the Hotel at the current address for that business on file with the applicable City or County. The applicable City or County shall also give notice of the proposed deficiency determination and the notice of deficiency determination by mailing a copy of the deficiency to the Revenue Manager of the City of Sacramento, the designated authority for collection deficiencies for the District. The giving of notice is complete at the time of deposit in the United States mail with postage fully prepaid thereon. In lieu of mailing, a notice may be served personally by delivering it to the person or Operator to be served.

(c) The Operator of a Hotel against which a deficiency determination is made may petition the Revenue Manager of the City of Sacramento for redetermination within thirty (30) days after the serving of the notice of deficiency determination. If a petition is not filed within thirty (30) days, the deficiency determination shall become final.

(d) A petition for redetermination shall be in writing, state the specific grounds upon which it is based, and be supported by applicable records and declarations under penalty of perjury that the information supporting the petition is accurate and complete. If a petition for redetermination is duly filed, the Revenue Manager of the City of Sacramento shall reconsider the deficiency determination and may grant a hearing thereon. The Revenue Manager of the City of

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Sacramento shall, as soon as practicable, make an order on re-determination, which shall become final thirty (30) days after service of notice of the order of re-determination upon the petitioner. The notice of order or re-determination shall be served in the same manner as the notice of the original deficiency determination.

(e) If any amount required to be paid pursuant to a deficiency determination or re-determination is not paid within the time specified in the notice, the Revenue Manager of the City of Sacramento may, following consultation with the applicable City or the County in which the deficiency occurred, within three (3) years thereafter, file in the Superior Court in the County of Sacramento a legal action for the collection of the deficiency. All costs and fees, including attorneys' fees, for deficiency collection shall be paid by the applicable City or the County in which the deficiency occurred from its Administrative Fee.

Section 3.98.090: Records

It shall be the duty of every Operator of a Hotel liable for the collection and payment to the applicable City or the County of any assessment imposed by this chapter to keep and preserve, for a period of three years all records as may be necessary to determine the amount of such assessment as he may have been liable for the collection of and payment to the applicable City or the County, which records the applicable City or the County shall have the right to inspect at a reasonable time and following twenty-four (24) hour prior written notice

Section 3.98.100 Advisory Board.

An Advisory Board with six (6) members shall be appointed to advise the City of Sacramento on the amount of the District's Assessments and on the programs and activities to be funded by the Assessments. Members of the Advisory Board shall be selected from a list of nominees prepared by the Sacramento Hotel Association. All nominees must be Operators of Hotels within the District, or employed by the Operator of such a Hotel. The Sacramento City Council shall appoint three (3) members of the Advisory Board, the city council of the City of Isleton shall appoint one (1) member to the Advisory Board, and the Sacramento County Board of Supervisors shall appoint two (2) members. The initial members of the Advisory Board shall serve staggered terms, with one (1) member serving a one (1) year term, two (2) members serving for two (2) year terms, and three (3) members serving for three (3) year terms. The length of the term for each individual member of the initial Advisory Board shall be chosen by lot at the first meeting of the Advisory Board. Thereafter, all members subsequently appointed to the Advisory Board shall serve for three (3) year terms. A member of the Advisory Board need not be the Operator or employee of the Operator of a Hotel within the individual City or County which has appointed that member to serve on the Advisory Board, but must be the Operator or employee of the Operator of a Hotel within the District as a whole.

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Section 3.98.110 Modification or Disestablishment of the District.

The City Council, by ordinance, may modify the provisions of this chapter and may disestablish the District, after adopting a resolution of intention to such effect. Such resolution shall describe the proposed change or changes, or indicate that it is proposed to disestablish the area, and shall state the time and place of a hearing to be held by the City Council to consider the proposed action.

If the Operators of Hotels which pay 50 percent or more of the Assessments in the District file a petition with the city clerk requesting the City Council to adopt a resolution of intention to modify or disestablish the District, the City Council shall adopt such resolution and act upon it as required by law. Signatures on such petition shall be those of a duly authorized representative of the Operators of Hotels in the District.

In the event the resolution proposes to modify any of the provisions of this chapter, including changes in the existing assessments or in the existing boundaries of the District, such proceedings shall terminate if protest is made by the Operators of Hotels which pay 50 percent or more of the assessments in the District, or in the District as it is proposed to be enlarged.

In the event the resolution proposes disestablishment of the District, the City Council shall disestablish the District; unless at such hearing, protest against disestablishment is made by the Operators of Hotels paying 50 percent or more the assessments in the District.

Section 3.98.120 Administrative Fee.

Each City and the County shall be entitled to charge an amount equal to its actual costs of collection and administration, not to exceed two percent (2%), of the Assessments collected from Operators of Hotels in the Zones within their respective boundaries to defer the administrative costs incurred for the operation of the District. Notwithstanding the foregoing, for the first two (2) years of the District, the two percent (2%) administrative fee shall be charged in full for extraordinary enforcement costs and other related unforeseeable costs. All Assessments, less the aforementioned administrative fee, shall be transferred to the Sacramento Convention and Visitors Bureau ("SCVB") within thirty (30) days following collection of the Assessment by the applicable City and the County. The District and SCVB shall enter into a contract for the expenditure of such funds by the SCVB for the services, activities and programs authorized for the District.

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Section 3.98.120 Effective Date.

This ordinance shall take effect and be in force on February 1, 2001.

CITY OF SACRAMENTO

By: Heather Fargo
Mayor

ATTEST:

By: Valerie A. Burrows
City Clerk

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