

CITY OF YUBA CITY
STAFF REPORT

Date: September 21, 2021

To: Honorable Mayor & Members of the City Council

From: Development Services Department

Presentation By: Benjamin Moody, Development Services Director
Jacob Young, President, Yuba-Sutter Lodging Association

Summary

Subject: Yuba-Sutter Lodging Association Annual Report 2021

Recommendation: Adopt a Resolution accepting the Annual Report and approving the preliminary budget for the Yuba-Sutter Tourism Improvement District for FY 2021-2022 as recommended by the Yuba-Sutter Lodging Association (YSLA)

Fiscal Impact: The City will collect a 2% administrative fee on the proposed 2021-2022 District assessment of \$235,000 for an estimated \$4,800 annual amount

Purpose:

To accept the annual report and approve the preliminary budget of the Yuba-Sutter Tourism Improvement District as required by State law.

Background:

Established in March 2017, the Yuba-Sutter Tourism Improvement District (District) is a benefit assessment district to fund marketing and sales promotion efforts for Yuba-Sutter lodging businesses. This approach is successfully used in other destination areas throughout the State to improve tourism and drive additional room reservations. Our local District includes all lodging businesses located within the boundaries of the cities of Yuba City, Marysville, Live Oak, and Wheatland, and the unincorporated areas of Yuba and Sutter Counties.

Hoteliers formed the District in order to create a revenue source devoted to marketing the Yuba-Sutter area as a tourist, meeting, and event destination. As part of the District's formation, the local District set a 2% fee on each room night and established the Yuba Sutter Lodging Association.

An agreement between the YSLA and Yuba City was previously entered into establishing the terms related to the collection and disbursement of the funds, the administrative fee paid to the City for managing the assessment, and the requirements of YSLA to present an annual report. The proposed agreement was prepared by the City Attorney's Office in coordination with the YSLA.

Analysis:

The purpose of the YSLA is to increase the promotion and marketing of tourism as well as hotel room-night stays. Under the Property and Business Improvement District Law of 1994 (California

Streets and Highways Code § 36600 et. seq.), the City Council must accept an Annual Report prepared by the Business Improvement District Owners' Association. Accordingly, this evening, the Association has provided the City Council with the attached Annual Report and draft budget for consideration.

The District set a 2% assessment rate on each room night, in addition to the 10% Transient Occupancy Tax (TOT) that is collected by Yuba City, for a total of 12% paid by hotel guests. The City collects a 2% fee of the 2% District assessment, to administer the funds.

Process: Hotel/Motel owners submit the 12% motel/hotel surcharge to the City, Finance then remits a check to the lodging association for their 2% allocation, minus the 2% annual administrative fee. These checks usually go out 30 days after the TOT is due to the City.

FY 2020-2021	Yuba City 10% TOT	YSLA 2% Assessment Rate	Total Surcharge of 12%
Revenue	\$ 1,193,395	\$ 238,679	\$ 1,432,074
Administration Fee (City collects 2% of the YSLA Assessment Rate Fee)	\$ 4,774	(\$ 4,774)	
Total	\$ 1,198,169	\$ 233,905	

Fiscal Impact:

The City collects a 2% fee on the 2% District assessment to administer the funds. As of August 23, 2021, this amount is \$4,773.58. For the proposed 2021-2022 District Assessment budget of \$235,000, the City is estimated to collect \$4,800.

Alternatives:

Do not accept the Annual Report as presented and recommend specific changes

Recommendation:

Adopt a Resolution accepting the Annual Report and approving the preliminary budget for the Yuba-Sutter Tourism Improvement District for FY 2021-2022, as recommended by the Yuba-Sutter Lodging Association (YSLA)

Attachments:

1. Resolution accepting the Annual Report and approving the preliminary budget for the Yuba-Sutter Tourism Improvement District FY 2021-2022
2. Yuba-Sutter Lodging Association FY 2021 Annual Report

Prepared By:

/s/ Shannon Jones

Shannon Jones
Administrative Analyst

Submitted By:

/s/ Dave Vaughn

Dave Vaughn
City Manager

Reviewed by:

Department Head

City Attorney

BM

SLC by email

ATTACHMENT 1

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY
APPROVING THE ANNUAL REPORT AND PROPOSED BUDGET OF
THE YUBA-SUTTER TOURISM IMPROVEMENT DISTRICT FOR 2021**

WHEREAS, Property and Business Improvement District Law of 1994 (California Streets and Highways Code section 36600 et. seq.) authorizes cities to establish business improvement districts for the purpose of imposing assessments on businesses for certain purposes; and

WHEREAS, on March 21, 2017, the City Council established such a district known as the Yuba-Sutter Tourism Improvement District (the "District"); and

WHEREAS, the City Council designated the Yuba Sutter Lodging Association (Association) to act in compliance with State law to oversee the activities of the District; and

WHEREAS, the Association has submitted an Annual Report to the Yuba City City Council that outlines the activities of the District proposed for 2021 and a budget for providing them, as required by the California Streets and Highways Code Section 36650; and

WHEREAS, the Annual Report is clear and complete and found to comply with the interests of the District assesses; and

WHEREAS, the Annual Report proposes no changes to rates, boundaries or services to the Business Improvement District.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Yuba City does hereby determine and find as follows:

1. The recitals set forth herein are true and correct.
2. The City Council does approve the Yuba-Sutter Tourism Improvement District Annual Report for the year 2021 (Exhibit A) as submitted to the City Clerk by the Yuba-Sutter Lodging Association.

The foregoing Resolution was duly and regularly introduced, passed and adopted by the City Council of the City of Yuba City at a regular meeting thereof held on September 21, 2021 by the following vote:

AYES:

NOES:

ABSENT:

ATTEST:

Marc Boomgaarden, Mayor

Ciara Wakefield, Deputy City Clerk

APPROVED AS TO FORM:

Shannon L. Chaffin, City Attorney
Aleshire & Wynder, LLP

ATTACHMENT 2



Annual Report for FY 2020-2021
&
Proposed Plan and Budget for FY 2021-2022

Presented by
Yuba-Sutter Lodging Association Tourism Improvement District Advisory Board

Introduction

Yuba-Sutter Lodging Association (“YSLA”), acting as an advisory board to the Yuba City, City Council has caused this report to be prepared pursuant to the Property and Business Improvement Law of 1994 (section 36600 et seq. of the California Streets and Highways Code) (the “Law”).

This Report is a summary of activities performed during FY 2020-2021 and the proposed activities and budget for the Tourism Improvement District (TID) for FY 2021-2022. The Fiscal Year of the YSLA is July 1 through June 30. This report contains the following information:

1. Boundaries
2. Summary of activities for FY 2020-2021
3. Proposed Activities for FY 2021-2022
4. Financial Review FY 2020-2021 and FY 2021-2022 Budget
5. Method and basis of levying the assessment
6. Surplus or deficit revenue carryover from FY 2020-2021
7. Additional Contributions

Section 1: Boundaries

The boundaries of the TID include the counties of Yuba and Sutter including the incorporated cities of Live Oak, Marysville, Wheatland, and Yuba City. The boundaries will be consistent for FY 2021-2022. There are no benefit zones within the TID.

Section 2: Summary of activities – FY 2020-2021

Two executive board members transitioned out of their roles and were replaced by other board members. Our representative from the City of Yuba City transitioned from Terrel Locke to Ben Moody. Board member recruitment will continue throughout the coming TID renewal process throughout the upcoming FY.

Board of Directors

There are currently no expiration dates for the terms of office for any director. The following is a list of current board members:

Jacob Young, Collins Lake Resort – President
Steve Young, Hampton Inn and Suites – Vice President
Brynda Stranix, Yuba-Sutter Economic Development Corporation – Treasurer
Meghan McCarthy, Hard Rock Hotel & Casino Sacramento at Fire Mountain – Secretary
Lee Jones, Harkey House B&B – Member
Charles Sharp, Frenchtown Inn B&B – Member
Ben Moody, City of Yuba City – Member

Committees

Designated board members serve on the following committees:

Tourism Coordinator Hiring Committee

Jacob Young, Lee Jones, Charles Sharp, and Brynda Stranix

TID Renewal Committee

Jacob Young, Steve Young and Charles Sharp

Staffing and Contractors

- YSLA is currently partnering with MC2 Design Group, Inc. to provide day to day operations and marketing services for the Visit Yuba Sutter campaign. Their current contract was extended through June 2023.
- Tourism Coordinator Cindy Paine transitioned to medical leave in the Fall of 2020.

- Due to COVID effects on tourism travel and events staff from MC2 continued the Tourism Coordinator responsibilities through Summer 2021. There has been a job posting for the position now that activity has picked back up and the Tourism Coordinator Hiring Committee along with the MC2 staff are in the final process of hiring and onboarding a new Tourism Coordinator

Marketing Activities

Our target market is the San Francisco Bay Area region to attract visitors looking to escape the urban environment and recharge in the relaxed small town feel of the Yuba-Sutter region and enjoy the outdoor recreation opportunities.

Marketing and collaborative efforts have been predominately utilized through social media, Google Ads, advertisements in applicable publications and event sponsorships which have generated the following results:

- An 83-page Visitors Guide was created and over 5,000 copies were distributed to regional California Visitor Centers and to local establishments throughout the Yuba-Sutter communities
- Corresponded with the History Channel to highlight the Yuba-Sutter region in their show “It’s How You Get There” which aired on August 16th, 2020. Filming took place at Bullards Bar, Siller Helicopters, MMX Racing and Sutter Buttes Brewery. This episode aired as their season finale and viewership reach was projected to be at least 1,140,000. This show was very successful and has since been picked up by the Discovery Channel which will increase viewership reach of this episode
- Mellow Moments Video Campaign throughout the Summer highlighted the outdoor activities such as hiking, golfing, wine tasting, etc that visitors could still partake in throughout COVID-19 travel concerns
- Digital ads were refreshed to increase engagement and to ensure sensitivity to what was being published with COVID-19 travel concerns. This refresh led to over 2.5 million additional impressions and 40,000 users engaging to be directed to the Visit Yuba Sutter website for the corresponding landing page for the ad
- Visit Yuba Sutter Blogs launched in October 2020 and 12 blog posts have been published and promoted. When you have a blog that is updated regularly with blog posts that are high quality and on topics relevant to your audience, it can make a huge difference to how your overall website performs in search engines
- In March 2021 Visit Yuba Sutter presented at Visit California’s Third Thursday Program. All the Visit California staff was present to allow Visit Yuba Sutter to showcase our region and educate them on our marketing efforts so that our area is included in California’s marketing efforts nationally and globally
- Attended Visit California’s virtual Outlook Forum to join webinars to learn of the marketing strategy adjustments and forecast of tourism travel to incorporate into marketing strategy for Visit Yuba Sutter
- The YSLA was the title sponsor of the American Junior Golf Association (AJGA) inaugural 2020 tournament at Peach Tree Golf Club. Despite COVID protocols which limited attendance at the event, it was well attended by participants and the AGJA projected that visitor spending was about \$50k and a total projected economic impact of \$155k from hosting this event

- Title sponsor for the 2021 Peach Festival. Sapphire Marketing projected that their attendance at the 2021 event was about triple the attendance from the 2019 event. Many of the downtown Marysville businesses reported having their best sales or second best sales ever in a single day
- Title sponsor of the 2020 Bike Around the Buttes event which was postponed to 2021 due to COVID-19 and was postponed again until Spring 2022
- Visit Yuba Sutter was featured on TravelMag’s website as well as on the Visit California marketing channels including in their blog posts, social media, etc
- Website Metrics
 - Website Users increased 50% growing from 52k users in FY 19/20 to 78k users in FY 20/21
 - Book Your Stay Clicks increased 160% growing from 2,500 clicks in FY 19/20 to 6,500 in FY 20/21
 - Booking Referrals increased over 50% growing from 783 in FY 19/20 to over 1,200 in FY 20/21
 - User demographics saw a shift to more localized travel with Sacramento and Yuba City gaining more traffic over San Francisco. As travel concerns continue to diminish we would anticipate to see more fluctuations of travel behavior and user demographics
- Social Media Metrics
 - Engagement with social media platforms continued to grow and each grew in number of followers (Facebook – 10%, Instagram – 12%, Twitter – 7%)

Accounting

Accounting services are currently contracted with Tenney & Company, Certified Public Accountants. All fiscal responsibilities including tax returns have been prepared and submitted to the proper reporting agencies in a timely manner.

Board Meetings

Yuba-Sutter Lodging Association held bi-monthly meetings throughout FY 2020-2021 and will continue bi-monthly meetings in FY 2021-2022, posting notices in compliance with the Brown Act.

Section 3: Proposed Activities for FY 2021-2022

- Work with MC2 Design Group on building momentum of promoting the region and drive potential visitors to the tourism website www.visityubasutter.com as well as social media platforms including Facebook, Instagram and Twitter
- Editing, producing, and distributing Visitor Guides to local and statewide vendors including visitor centers, lodging establishments, governmental buildings, Yuba-Sutter Chamber of Commerce, directly to potential visitors, etc. This is a 80+ page magazine that showcases our area and features outdoor adventures, locally grown and made vendors, restaurants, history, art, culture annual events and other relevant tourism activities
- As a result of our Third Thursday presentation to Visit California we were reached out to by travel writer AJ Gibson to be included in a project he is working on in partnership with Instagram that is focused on highlighting pockets of culture all over the U.S. shining a light on America’s

diversity. This project will follow ten immigrant families and will feature a Punjabi farming family in Yuba City with filming projected to begin in August 2021

- Yuba Sutter Film Commission partnership. The YSLA has committed \$25k in funding of the \$50k needed to the Chamber of Commerce to launch the Yuba Sutter Film Commission
- Collaborate with Civitas in the TID renewal process to extend the TID through 2032
- Advertisements in Visit California 2022 Guide, Camp California 2022 Guide and other strategic publications to reach target audience
- Booth exposure representation at the 2022 Sacramento Sportsmen's Expo. This is California's largest sportsmen's expo which attracts tens of thousands of attendees from the Bay Area to Nevada and southern Oregon to Central California
- Welcome Back video which will highlight the Yuba Sutter region, all it has to offer and is ready to welcome back all visitors. Videography was created utilizing local videographer Third Valve
- Videos will continue to be created around the regions biggest demand drivers to be added to the website and utilized in advertisements. Video focus would include point of view hikes, fishing videos including interview with local guides and tips, information video about birds of the Pacific Flyway and where to go to see birds throughout the region
- Email campaign will be launched to send out monthly emails if what there is to do in Yuba Sutter for the upcoming month, promote year-round activities, and highlight recent blog posts
- Collaborate and seek out travel writers to come to the Yuba Sutter region to create content to share with their audiences. One example of a potential lead is the creator of "California Through My Lens" which has a social media following of over 65k
- Attend up to two educational conferences to network with other destinations and remain current on marketing trends and changes in policy affecting the industry
- Title Sponsor for the 2022 Bike Around the Buttes event. This title sponsorship is a deferral from our 2020 sponsorship due to the event being postponed from COVID-19 concerns
- The YSLA is committed to investing in local events and maximizing local resources to assist in re-establishing these assets to our community post COVID and growing tourism potential around these opportunities

Section 4: Financial Review FY 2020-2021 and FY 2021-2022 Budget

Yuba-Sutter Lodging Association				
Budget vs. Actual - Fiscal Year 2020-2021 at June 30, 2021 and Proposed 2021-2022 Budget				
	BUDGET	ACTUAL AT 06/30/2021	Variance	Proposed 2021-2022
REVENUE				
City of Yuba City 2% Assessment	108,000.00	238,679	221.0%	235,000
County of Yuba 2% Assessment	36,000.00	103,107	286.4%	100,000
City of Marysville 2% Assessment	12,000.00	21,874	182.3%	20,000
County of Sutter 2% Assessment	3,000.00	6,852	228.4%	3,000
Hard Rock Hotel & Casino 2% Assessment	5,000.00	56,057	1121.1%	50,000
City of Yuba City Additional Contribution	50,000.00	0	0.0%	0
Miscellaneous Revenue - Ad Sales	unbudgeted	2,868	0.0%	0
Interest Earned	unbudgeted	1,466	0.0%	1,000
Total Revenue	214,000.00	430,902	201.4%	409,000
EXPENSES				
Administration & Operations (15%)				
Accounting & Tax Preparation	2,500.00	2,856	114.2%	3,000
Administration	33,200.00	43,337	130.5%	45,000
Corporate Filings	200.00	50	25.0%	50
Drop Box Subscription	450.00	486	108.1%	500
Insurance	1,200.00	0	0.0%	1,200
Meeting Expense (includes Brown Act Training & Launch Event)	1,000.00	0	0.0%	0
Rent & Utilities	9,000.00	1,400	15.6%	0
Postage	250.00	106	42.4%	100
Telephone	600.00	0	0.0%	0
Subtotal - Administration & Operations	48,400.00	48,235	99.7%	49,850
Sales & Marketing (62%)				
Contract Services	220,100.00	219,829	99.9%	220,000
Subtotal - Sales & Marketing	220,100.00	219,829	99.9%	220,000
Sports & Outdoor Recreation (10%)				
Contract Services	35,500.00	43,204	121.7%	45,000
Subtotal - Sports & Outdoor Recreation	35,500.00	43,204	121.7%	45,000
Transportation & Visitor Services (8%)				
Contract Services	28,400.00	30,753	108.3%	30,000
Subtotal - Transportation & Visitor Services	28,400.00	30,753	108.3%	30,000
Contingency & Renewal (5%)				
Reserve for contingency & renewal	17,750.00	11,440	64.5%	10,000
Subtotal - Contingency & Renewal	17,750.00	11,440	64.5%	10,000
TOTAL EXPENSES	350,150.00	353,461	100.9%	354,850
NET	-136,150.00	77,441		54,150

Section 5: Method and basis of levying the assessment

Except where otherwise defined in the report, all capitalized terms shall have the meanings set forth in the City of Yuba City Municipal Code. Additionally, the following terms shall have the following meanings:

- Gross Occupancy Revenue means the total Rent received from Transients by a Hotel and Motel Business
- Hotel and Motel Business means any operator of a hotel other than an operator of a hotel that is owned by a non-profit corporation and operated as an adjunct to a charitable or educational activity
- Transient Occupancy Tax means the tax imposed by each jurisdiction pursuant to the Municipal Code for each respective city and county within the Yuba-Sutter TID boundary.

The assessment will be levied against each Hotel and Motel Business within the city limits. No other business shall be subject to the Assessment.

The assessment will be calculated as a percentage of each day's Gross Occupancy Revenue. The rate of the Assessment was set by a resolution of the City of Yuba City, City Council adoption pursuant to Section 36625 of the law and will remain 2% for FY 2021-2022.

The assessment calculated based on each day's Gross Occupancy Revenues shall be paid to each respective jurisdiction no later than the date on which the Hotel and Motel Business is required, pursuant to the Municipal Code of each city and county within the TID boundary, to remit to each jurisdiction the Transient Occupancy Tax collected by the Hotel and Motel business on that day.

New Hotel and Motel Businesses established in any part of the assessment district after the beginning of any fiscal year shall not be exempt from the levy of the assessment for that fiscal year but shall instead be subject to the assessment.

Section 6: Surplus or deficit revenue carryover from FY 2020-2021

The carryover from 2020-2021 assessments is \$77,441. The YSLA will use the carryover for the continued work of the YSLA in tourism marketing and support of regional activities that increase the promotion and marketing of tourism and increase hotel room-night consumption in the cities of Yuba City, Marysville, Live Oak, Wheatland, and the unincorporated area of Yuba and Sutter Counties.

Section 7: Additional Contributions

In addition to assessment collected for FY 2021-2022, the City of Yuba City, or any other improvements and activities set forth in this report. All assessment proceeds will be spent only on activities authorized in the resolutions of the associated city councils and/or county board of supervisors establishing the TID and/or levying the assessments

