

Resolution No.

STOCKTON CITY COUNCIL

A RESOLUTION DECLARING RESULTS OF MAJORITY PROTEST PROCEEDINGS AND RENEWING THE STOCKTON TOURISM BUSINESS IMPROVEMENT DISTRICT

The City of Stockton (City) renewed the Stockton Tourism Business Improvement District (STBID) on November 4, 2014, by Resolution No. 2014-11-04-1601-01 for a ten (10) year term which ends on December 31, 2025; and

The Property and Business Improvement Law of 1994, Streets and Highways Code section 36600 *et seq.* (94 Law), authorizes the City to renew business improvement districts for the purposes of promoting tourism; and

Visit Stockton (VS), lodging business owners, and representatives from the City have met to consider the renewal of the STBID; and

VS has drafted a Management District Plan (Plan) which sets forth all required information pursuant to section 36622 of the 94 Law including the proposed boundary of the STBID, a service plan and budget, and a proposed means of governance; and

The renewed STBID includes all lodging businesses, existing and in the future, available for public occupancy located within the boundaries of the City; and

Lodging businesses who will pay more than fifty percent (50%) of the assessment under the STBID have petitioned the City Council to renew the STBID; and

The lodging businesses assessed within the STBID will receive a specific benefit from the activities and improvements set forth in the Plan; and

On October 1, 2024, at 5:30 PM at the Council Chambers located at the City Hall at 425 N. El Dorado Street, 2nd Floor, Stockton, CA 95202, the City Council adopted a Resolution of Intention, Resolution No. 2024-10-01-1208-01; and

The public meeting and public hearing to consider the renewal of the STBID have been properly noticed in accordance with Streets and Highways Code section 36623; and

On November 12, 2024 at 5:30 PM at the Council Chambers located at the City Hall at 425 N. El Dorado Street, 2nd Floor, Stockton, CA 95202, the City Council held a public meeting regarding the renewal of the STBID, and the City Council heard and received objections and protests, if any, to the renewal of the STBID and the levy of the proposed assessment; and

On November 19, 2024, at 5:30 PM at the Council Chambers located at the City Hall at 425 N. El Dorado Street, 2nd Floor, Stockton, CA 95202, the City Council held a public hearing regarding the renewal of the STBID, and the City Council heard and received all objections and protests, if any, to the renewal of the STBID and the levy of the proposed assessment; and

The City Clerk has determined that there was no majority protest. A majority protest is defined as written protests received from owners of businesses in the renewed STBID which would pay fifty percent (50%) or more of the assessments proposed to be levied. Protests are weighed up based on the assessment proposed to be levied on each lodging business; and

The City bears the burden of proving by a preponderance of the evidence that an assessment imposed for a specific benefit or specific government service is not a tax, that the amount is no more than necessary to cover the costs to the City in providing the specific benefit or specific government service, and that the manner in which those costs are allocated to a payor bears a fair or reasonable relationship to the specific benefits or specific government services received by the payor; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. The recitals set forth herein are adopted by the City Council as findings and they are true and correct.

2. The STBID is hereby renewed for a ten (10) year term, beginning January 1, 2025, or as soon as possible thereafter, and ending ten (10) years from its start date, unless renewed pursuant to Streets and Highways Code section 36660.

3. The Plan dated August 13, 2024, is hereby adopted and approved.

4. The activities to be provided to benefit businesses in the STBID will be funded by the levy of the assessment. The revenue from the assessment levy shall not be used: to provide activities that directly benefit businesses outside the STBID; to provide activities or improvements outside the STBID; or for any purpose other than the purposes specified in this Resolution, the Resolution of Intention, and the Plan. Notwithstanding the foregoing, improvements and activities that must be provided outside the STBID boundaries to create a specific benefit to the assessed businesses may be provided but shall be limited to marketing or signage pointing to the STBID.

5. The City Council finds as follows:

a) The annual assessment rate is five percent (5%) of gross short-term (stays less than 31 days) sleeping room rental revenue. In year six (6) of the STBID's term, the assessment rate shall automatically increase by one-half -of-one percent (0.5%), to a total assessment rate of five and one-half-of-one percent (5.5%).

Based on the benefit received, assessments will not be collected on stays of more than thirty (30) consecutive days.

b) The activities funded by the assessment will provide a specific benefit to assessed businesses within the STBID that is not provided to those not paying the assessment.

c) The assessment is a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.

d) The assessment is a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.

e) Assessments imposed pursuant to the STBID are levied solely upon the assessed business, and the business owner is solely responsible for payment of the assessment when due. If the owner chooses to collect any portion of the assessment from a transient, that portion shall be specifically called out and identified for the transient in any and all communications from the business owner as the "STBID Assessment" or "Tourism Assessment" as specified in the Plan.

6. The assessments levied for the STBID shall be applied towards marketing and sales promotion programs to market STBID lodging businesses as tourist, meeting and event destinations, and other improvements and activities as set forth in the Plan.

7. Assessments levied on lodging businesses pursuant to this resolution shall be levied on the basis of benefit. Because the services provided are intended to increase room night sales, an assessment based on gross short-term (stays less than 31 days) sleeping room rentals is the best measure of benefit.

8. The assessments for the entire STBID will total approximately \$2,000,000 in year one (1).

9. Bonds shall not be issued to fund the STBID.

10. The STBID shall include all lodging businesses, existing and in the future, available for public occupancy within the boundaries of the City of Stockton, as shown in the map attached as Exhibit 1, incorporated by this reference.

11. The assessments shall be used for the purposes set forth above and any funds remaining at the end of any year may be used in subsequent years in which the STBID assessment is levied as long as they are used consistently with the requirements set forth herein.

12. The assessments to fund the activities and improvements for the STBID will be collected by the City on a quarterly basis, and in accordance with Streets and Highways Code section 36631.

13. The City Council, through adoption of this Resolution and the Plan, has the right pursuant to Streets and Highways Code section 36651, to identify the body that shall implement the proposed program, which shall be the Owners' Association of the STBID as defined in Streets and Highways Code section 36612. The City Council has determined that the Stockton Convention & Visitors Bureau d.b.a. Visit Stockton (VS) shall be the STBID Owners' Association.

14. VS, pursuant to Streets and Highways Code section 36650, shall cause to be prepared, a report for each fiscal year, except the first year, for which assessments are to be levied and collected to pay the costs of the improvement and activities described in the report. The first report shall be due after the first year of operation of the STBID.

15. The STBID renewed pursuant to this Resolution will be subject to any amendments to the Property and Business Improvement District Law of 1994, California Streets and Highways Code section 36600 *et seq.*

16. The City Manager is authorized to approve the amendment of the Visit Stockton Contract, extending the term commensurate with the STBID, ending December 31, 2034, attached as Exhibit 2, incorporated by this reference.

17. The City Manager is directed to take whatever actions are necessary and appropriate to carry out the purpose and intent of this Resolution.

18. This Resolution shall take effect immediately upon its adoption by the City Council.

PASSED, APPROVED, and ADOPTED November 19, 2024.

KEVIN J. LINCOLN II
Mayor of the City of Stockton

ATTEST:

KATHERINE ROLAND, CMC, CPMC
City Clerk of the City of Stockton