

DRAFT
MINUTE EXCERPT
CITY COUNCIL – REGULAR MEETING
TUESDAY, MARCH 16, 2010

1
2 **GENERAL GOVERNMENT**
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- 4 **10. Consideration of a Resolution consenting to a request from the Napa**
5 **County Board of Supervisors to form the Napa Valley Tourism Business**
6 **Improvement District (TBID).**
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8 **Vice Mayor Dunsford** stated that he will not be partaking in the discussion of
9 this item as he owns a lodging facility in the City and it would be a conflict of
10 interest. He stepped away from the dias.
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12 **City Manager McCann** provided a brief history of the formation of a Tourism
13 Business Improvement District (District) in the Valley. He stated that recently the
14 Napa Valley Destination Council has become more focused on forming a District.
15 He stated the TBID is a 2% self-assessment on lodging operators (approximately
16 \$4 million annually) to pay for marketing (both Valley-wide and locally). He stated
17 that there are two principal components: (1) funding for the tourism corporation
18 for the entire valley to develop marketing and promotion efforts; and (2) the
19 formation of a separate City board to guide marketing and promotional efforts
20 with an approximate \$125,000 budget per year. He stated that the County Board
21 of Supervisors has already taken action to indicate their intent to form the District
22 upon the consent of the local jurisdictions. This matter is being considered by
23 the cities throughout the Valley and it is expected that the Board of Supervisors
24 will take formal action in April this year. He stated that City-wide there are well in
25 excess of 50% of the significant contributors in transient occupancy tax that
26 support the proposed District. He stated that Chris Canning (Calistoga Chamber
27 of Commerce Executive Director) sent out letters to the lodging members
28 seeking support of the venture through the collection of petitions to move forward
29 in the formation of the District. He stated that Mr. Canning will provide a summary
30 of the status of the petition progress. He introduced John Lambeth, Civitas
31 Consultant, to answer questions regarding this item.
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33 **John Lambeth, Civitas Consultant**, stated the County Board of Supervisors
34 has created a County-wide District for tourism and promotional programs for the
35 Valley. He stated that pursuant to the Property and Business Improvement
36 District Law of 1994 businesses that pay over 50% of the assessment need to
37 sign petitions in support before the District can be established.
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39 **Councilmember Slusser** suggested an annual review of the proposed five-year
40 contact.

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42 **John Lambeth, Civitas Consultant**, stated from a legal standpoint a Special
43 Benefit Assessment District has safeguard for the hoteliers that pay and receive
44 benefits.
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46 **Chris Canning, Calistoga Chamber of Commerce Executive Director**, stated
47 that there exists a strong representation from the lodging industry for the
48 proposed District.
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50 **Terry Hall, Napa Valley Vintners Communications Director**, stated that the
51 Napa Valley Vintners and the Napa Valley Destination Council support the
52 proposed District.
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54 **Erik Fair, Indian Springs Resort and Spa General Manager**, suggested that
55 support from the lodging businesses should be obtained prior to the Council
56 granting consent for the District. He stated that economically this is not a good
57 time to raise the lodging rates.
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59 **Dennis McNay, Bear Flag Inn owner**, suggested that the local restaurants and
60 wineries be included in the proposed District.
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62 **John Merchant, Indian Springs Resort and Spa owner**, stated that lodging in
63 California is overtaxed and it is not a good time to raise the amount that tourists
64 pay for lodging.
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66 **Charles Henning, Napa Valley Destination Council Chairman**, gave his
67 support for the proposed District and stated that it will draw more tourists to the
68 Valley.
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70 **Michael Woods, Mt. View Hotel and Spa owner**, provided support for the
71 proposed District, and stated that if the District is approved Calistoga would get
72 their fair share of the allocation. He asked why it was required for the Council to
73 vote on this item when a majority vote from the hoteliers vote is needed.
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75 **Councilmember Kraus** stated tourism is low and is concerned with adding an
76 additional fee. He suggested looking into how Special Districts are governed and
77 for staff to obtain comments from County Counsel on this item. He stated that
78 the proposed District has been "oversold"; he referenced statements in the *Napa*
79 *Valley Tourism Improvement District – Management District Plan* that may be
80 overstated and not valid.
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82 **David Turgeon, Napa Valley Destination Councilmember**, stated the District's
83 marketing plan would have specific measurement tools incorporated into the plan
84 that would be reviewed on a yearly basis to make sure there is a return on the
85 investment. He stated the individual statistics provided to the City are
86 substantiated by studies that have been done by US Travel (primary tourist
87 destination marketing agency for the United States).

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Councilmember Kraus stated that he supports the concept of the proposed District, however he wants to make clear that if the District is approved it does not guarantee that the Chambers contact with the City will be renewed as a result of the District approval. He stated that he would want to see tight controls on how the proposed District's funding would be spent. He stated concerns regarding loosing local control by approving the proposed District and wants assurance that the City will get its full value for its contribution. He stated that he would like to see a District just in Calistoga with funding going to the Chamber, and the Chamber contracting with the Napa Valley Tourist District for services that the Council directs. He suggested investigating a different fee mechanism such as a "flat rate per room".

Mayor Gingles stated his concern that the public was not properly notified of this item. He stated that this item be continued to the April 6, 2010 Council meeting.

John Lambeth, Civitas Consultant, stated that the Council could take additional time to consider this item; the Napa County Board of Supervisors will be discussing the formation of the District on April 27, 2010.

Councilmember Slusser inquired about the amount of the proposed District employees' salaries.

John Lambeth, Civitas Consultant, stated that it is envisioned that the Napa Valley Destination Council would be the organization to implement the marketing dollars. He stated the hoteliers will demand that the administrative costs be low because they are in the position of wanting to see results; the maximum amount budgeted for administration is 12.5% (\$500,000 per year/annually).

David Turgeon, Napa Valley Destination Councilmember, stated that he will forward to the Council members a staff plan which is attached to the District's proposed marketing plan.

There was Council consensus to continue this item to the April 6, 2010 Council meeting.

Vice Mayor Dunsford returned to the meeting.

