



DATE: September 18, 2023

TO: Mayor and Members of the City Council

VIA: Stefan Chatwin, City Manager

FROM: Kevin Ortiz, Management Analyst

DEPARTMENT: City Manager

SUBJECT: CONSIDERATION OF THE ADOPTION OF A RESOLUTION  
GRANTING CONSENT TO THE CITY OF BURLINGAME TO  
INCLUDE THE CITY OF FOSTER CITY IN THE SAN FRANCISCO  
PENINSULA TOURISM MARKETING DISTRICT

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## RECOMMENDATION

It is recommended that the City Council adopt the attached resolution granting consent to the City of Burlingame to include the City of Foster City in future modifications and renewals of the San Francisco Peninsula Tourism Marketing District (SFPTMD). Adoption of the attached resolution will enable the City of Burlingame and the San Mateo County/Silicon Valley Convention and Visitors Bureau dba The San Francisco Peninsula (SFP) to include Foster City in any future modifications and renewals of the SFPTMD. The SFPTMD will be governed by the SFP and the Management District Plan, and will be facilitated by the Burlingame City Council.

## EXECUTIVE SUMMARY

In 2001, the San Mateo County Tourism Business Improvement District (SMCTBID) was formed pursuant to the Parking and Business Improvement Area Law of 1989 (89 Law) by City of Burlingame Ordinance No. 1648. At the January 2, 2001 City Council meeting, the City of Foster City City Council adopted Resolution No. 2001-6, which granted consent to the City of Burlingame to form the SMCTBID and for Foster City to be included within the boundaries of the SMCTBID. In an effort to modernize the SMCTBID, the SFP and San Mateo County lodging businesses have formed a new

District, the SFPTMD, pursuant to the Property and Business Improvement District Law of 1994.

The SFPTMD is a benefit assessment district proposed to create a revenue source to help fund marketing and sales promotion efforts for San Francisco Peninsula area lodging businesses. This approach has been used successfully in other destination areas throughout the state to improve tourism and drive additional room nights to assessed lodging businesses. The SFPTMD includes all lodging businesses located within the boundaries of the cities of Belmont, Brisbane, Burlingame, East Palo Alto, Half Moon Bay, Millbrae, Pacifica, Redwood City, San Bruno, San Carlos, San Mateo, South San Francisco, and the unincorporated area of San Mateo County. The City of Burlingame wishes to receive consent from Foster City to be included in the SFPTMD in future modifications and renewals.

## BACKGROUND/ANALYSIS

At its February 21, 2023 Regular Meeting, the City Council adopted a Policy for Requesting to Add Items to a Future Agenda. In accordance with the Policy, staff received a completed Request to Place Item on Future Agenda Form from Mayor Froomin requesting that the Council reconsider this item (the item was originally considered at the June 20, 2023 Council meeting). At the August 21, 2023 Regular Meeting, the City Council directed staff to place the item on the September 18, 2023 Regular City Council Meeting Agenda for consideration.

On May 15, 2023, the City of Burlingame City Council adopted Resolution No. 050-2023 (Attachment 2) requesting the consent of cities in San Mateo County, including the City of Foster City, to form the SFPTMD.

The SFP and lodging business owners decided to pursue formation of the SFPTMD in order to create a revenue source devoted to marketing the San Francisco Peninsula area as a tourist, meeting and event destination. The SFPTMD is estimated to generate approximately \$10,336,711 on an annual basis for promotion of travel and tourism specific to the San Francisco Peninsula area.

### *Tourism Marketing Districts*

Tourism Marketing Districts (TMDs) utilize the efficiencies of private sector operation in the market-based promotion of tourism. These special assessment districts allow lodging business owners to organize their efforts to increase tourism. Lodging business owners within the TMD fund the TMD, and those funds are used to provide services that are desired by and benefit the lodging businesses within the TMD.

TMD benefits:

- Funds cannot be diverted for other government programs;
- They are customized to fit the needs of each destination;

- They allow for a wide range of services; including: destination marketing, tourism promotion, and sales lead generation;
- They are designed, created, and governed by those who will pay the assessment; and
- They provide a stable funding source for tourism promotion.

In California, TMDs are primarily formed pursuant to the Property and Business Improvement District Law of 1994 (94 Law). This law allows for the creation of a special benefit assessment districts to raise funds within a specific geographic area. The key difference between TMDs and other special benefit assessment districts is that funds raised are returned to the private non-profit corporation governing the TMD.

### *Management District Plan*

The Management District Plan (Attachment 3) includes the boundary of the SFPTMD, a service plan and budget and means of governance. The SFPTMD includes all lodging businesses located within the boundaries of the cities of Belmont, Brisbane, Burlingame, East Palo Alto, Half Moon Bay, Millbrae, Pacifica, Redwood City, San Bruno, San Carlos, San Mateo, South San Francisco, and the unincorporated area of San Mateo County.

The annual assessment rate is one- and one-half percent (1.5%) of gross short-term sleeping room rental revenue for lodging businesses with 5,000 square feet or more of dedicated meeting space, and 0.75% for all other lodging businesses within the SFPTMD's boundaries. Based on the benefit received, assessments will not be collected on stays of more than thirty (30) consecutive days; stays provided to airline cockpit and/or cabin crews pursuant to an agreement between a hotel and an airline, which is in furtherance of or to facilitate such crews' performance of their jobs for the airline, including layovers between flights; employees of the state or federal government if room charges are paid directly by their employing agency and copies of official travel orders are submitted as applicable; and any properly credentialed officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty.

The SFPTMD will have a five (5) year life, beginning January 1, 2024, or as soon as possible thereafter, and ending five (5) years from its start date. The assessment will be implemented beginning January 1, 2024, or as soon as possible thereafter. Once per year, beginning on the anniversary of SFPTMD formation, there is a thirty (30) day period in which business owners paying fifty percent (50%) or more of the assessment may protest and begin proceedings to terminate the SFPTMD.

The City of Burlingame shall be responsible for collecting the assessments on a monthly basis (including any delinquencies, penalties, and interest) from each lodging business located in the boundaries of the SFPTMD. The City of Burlingame shall take all reasonable efforts to collect the assessments from each lodging business. The City of Burlingame shall be paid a fee equal to one percent (1%) of the amount of

assessment collected or a flat fee of \$60,000, whichever is greater each year to cover its costs of collection and administration.

### California Environmental Quality Act

Not Applicable

### FISCAL IMPACT

There is no immediate fiscal impact associated with the adoption of the attached resolution. Because the SFPTMD programs are intended to increase room night sales for assessed lodging businesses within the SFPTMD, there may be an increase in tax collections.

### CITY COUNCIL VISION, MISSION, AND VALUE/PRIORITY AREA

Smart Planning, Development, and the Local Economy

### ATTACHMENTS:

Attachment 1 – Resolution

Attachment 2 – Adopted Resolution from the City of Burlingame Requesting Consent from Cities in San Mateo County, including the City of Foster City, to form the SFPTMD

Attachment 3 – SFPTMD Management District Plan