

**EFFECTIVE DATE
OF ORDINANCE**

Month DD, YYYY

ORDINANCE NO. ____ N.C.S.

Introduced by: _____

Seconded by: _____

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PETALUMA AMENDING
CHAPTER 6.08 OF THE PETALUMA MUNICIPAL CODE TO RENEW THE PETALUMA
TOURISM IMPROVEMENT DISTRICT**

WHEREAS, the City of Petaluma (City) created the Petaluma Tourism Improvement District (PTID) on December 3, 2018 by Resolution No. 2018 – 179 N.C.S; and

WHEREAS, the PTID was created for a five (5) year term, which ends on December 31, 2023, and

WHEREAS, lodging businesses who will pay more than fifty percent (50%) of the proposed assessment have petitioned the City Council (Council) to renew the PTID; and

WHEREAS, included with the petitions was a Management District Plan (Plan) summary that describes the proposed assessment to be levied on certain lodging businesses to pay for marketing, sales, communications, and destination development programs, and other improvements and activities set forth in the Plan; and

WHEREAS, the assessed lodging businesses within the PTID will receive a specific benefit from the activities and improvements set forth in the Plan; and

WHEREAS, on September 11, 2023, at the Council Chambers located at 11 English Street, Petaluma, CA 94952, the Council adopted a Resolution of Intention, Resolution No. 2023-140 N.C.S.; and

WHEREAS, the public meeting and public hearing to consider the renewal of the PTID have been properly noticed in accordance with Streets and Highways Code §36623; and

WHEREAS, on October 2, 2023, at the Council Chambers located at 11 English Street, Petaluma, CA 94952, the Council held a public meeting regarding the renewal of the PTID, and held the first reading of this Ordinance to renew the PTID and continue the levy of assessments; and

WHEREAS, it is tentatively scheduled that on November 6, 2023, at the Council Chambers located at 11 English Street, Petaluma, CA 94952, the Council held a public hearing to renew the PTID and continue the levy of assessments, and the Council heard and received all objections and protests, if any, to the renewal of the PTID and the levy of the proposed assessment; and

WHEREAS, on November 6, 2023, the City Clerk will determine whether there is a majority protest; and

WHEREAS, a majority protest is defined as written protests received from owners of lodging businesses in the renewed PTID who would pay fifty percent (50%) or more of the assessments proposed to be levied. Protests are weighted based on the assessment proposed to be levied on each lodging business; and

WHEREAS, pursuant to the Taxpayer Protection and Government Accountability Act (TPGAA), an initiative certified eligible for qualification for the November 5, 2024, general election ballot, the proposed assessment is an exempt charge pursuant to TPGAA Section 5(j)(6), as the PTID is a tourism improvement district formed under the provisions of the Property and Business Improvement District Law of 1994, as set forth in the Streets and Highways Code §36600, et seq.; and

WHEREAS, the amount of the proposed assessment for the PTID will total approximately \$680,000 for the initial year of its ten (10) year term of operations; and

WHEREAS, pursuant to the TPGAA, the City has found the proposed assessment amount is reasonable given the scope of services to be provided and shall not exceed the actual cost of providing the PTID services to the payors; and

WHEREAS, adoption of this Ordinance does not diminish the legal effect of the adoption of the Resolution of Formation.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF PETALUMA AS FOLLOWS:

Section 1. Findings. The City Council hereby finds:

1. That the foregoing recitals are true and correct and hereby incorporates them into this ordinance as findings and determinations of the City Council.
2. Finds that the proposed action is statutorily exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with CEQA Guidelines Section 15273 (Rates, Tolls, Fares, and Charges) as the renewal of the District involves the establishment, modification, restructuring, or approval of rates and charges, as identified and analyzed in the Plan, including rates and charges to obtain funds for meeting operating expenses, purchasing or leasing supplies, equipment or materials, meeting financial reserve needs and requirements and/or obtaining funds for capital projects necessary to maintain service within existing service areas. Additionally, renewing the District is categorically exempt pursuant to CEQA Guidelines Section 15061(b)(3) because there is no possibility that their adoption will have a significant effect on the environment.

Section 2. Chapter 6.08 of the Petaluma City Code is hereby amended to read as follows:

Title 6.08 Petaluma Tourism Improvement District

6.08.010. Renewed.

The City of Petaluma hereby renews the Petaluma Tourism Improvement District (PTID), for a ten (10) year life, beginning January 1, 2024 or as soon as possible thereafter, and ending ten (10) years from its start date, under the provisions of the Property and Business Improvement District Law of 1994, as set forth in the Streets and Highways Code of the state, Section 36600 et seq.

6..08.020. Management District Plan.

The Management District Plan (Plan) dated November 6, 2023, is hereby adopted and approved.

6.08.030. Activities and Improvements.

1. The activities to be provided to benefit businesses in the PTID will be funded by the levy of assessments. The revenue from the assessment levy shall not be used to provide activities or improvements outside the PTID unless the activities or improvements are improvements or signage pointing to the PTID; or for any purpose other than the purposes specified in this Ordinance, the Resolution of Intention, the Resolution of Formation, and the Plan.
2. The Council finds as follows:
 - a. The activities funded by the assessment will provide a specific benefit to assessed lodging businesses within the PTID that is not provided to those not paying the assessment.
 - b. 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.
 - c. 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.
 - d. Assessments imposed pursuant to the PTID are levied solely upon the assessed lodging business, and the lodging 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 or customer, that portion shall be specifically called out and identified for the transient or customer in any and all communications from the business owner as the "PTID Assessment" or the "Tourism Assessment" as specified in the Plan.
3. The assessments levied for the PTID shall be applied toward marketing, sales, communications, and destination development programs, and other improvements and activities as set forth in the Plan.
4. Assessments levied on certain lodging businesses within the PTID pursuant to this Ordinance shall be levied on the basis of benefit. Because the services provided are intended to increase room rentals, an assessment based on gross short term sleeping room rental revenue is the best measure of benefit.

6.08.040. Budget.

The assessments for the PTID will total approximately \$680,000 for its initial year of operations.

6.08.050. Bonds

Bonds shall not be issued to fund the PTID.

6.08.060. Boundaries.

The renewed PTID includes all lodging businesses with ten (10) rooms or more located within the boundaries of the City of Petaluma as described in the Plan.

6..08.070. Assessments.

1. The annual assessment rate is two percent (2%) of gross short-term sleeping room rental revenue. Based
Ordinance No. ____ N.C.S.

on the benefit received, assessments will not be collected on: stays of more than thirty (30) consecutive days; stays by any officer or employee of a Federal, state, or foreign government who is exempt by reason of express provision of federal or state law or international treaty.

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

6.08.080. Collections.

The Petaluma Lodging Association (PLA) will be responsible for contracting with a service for collecting the assessment on a monthly basis (including any delinquencies, penalties and interest) from each lodging business located in the boundaries of the PTID. The service shall take all reasonable efforts to collect the assessments from each assessed lodging business.

6.08.090. Owners' Association.

The Council through adoption of this Ordinance and the Plan, has the right pursuant to Streets and Highways Code §36651, to identify the body that shall implement the proposed program, which shall be the Owners' Association of the PTID as defined in Streets and Highways Code §36612. The Council has determined that the PLA shall continue to be the PTID Owners' Association. Passage of this Ordinance authorizes the Council to contract with PLA to continue to administer the PTID.

6.08.100. Annual Report.

PLA, pursuant to Streets and Highways Code §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 PTID.

6.08.110. Amendments to Enabling Legislation.

The PTID renewed pursuant to this Ordinance shall be subject to any amendments to the Property and Business Improvement District Law of 1994 (California Streets and Highways Code §36600 et. seq.).

Section 3: Severability. If any part of this ordinance is for any reason held to be unconstitutional, unlawful or otherwise invalid by a court of competent jurisdiction, such decision will not affect the validity of the remaining parts of this ordinance. The City Council of the City of Petaluma hereby declares that it would have passed and adopted this ordinance and each of its provisions irrespective of any part being held invalid.

Section 4. Effective Date. This ordinance shall become effective thirty (30) days after the date of its adoption by the Petaluma City Council.

Section 5. Posting/Publishing of Notice. The City Clerk is hereby directed to post and/or publish this ordinance or a synopsis of it for the period and in the manner required by the City Charter. The City Clerk is also hereby directed to file a Notice of Exemption concerning this ordinance with the Office of the Sonoma County Clerk in accordance with Section 15062 of the CEQA Guidelines.

INTRODUCED and ordered published and posted this 2nd day of October 2023.

ADOPTED this DD day of Month YYYY by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Kevin McDonnell, Mayor

ATTEST:

APPROVED AS TO FORM:

Kami Noriega, Interim City Clerk

Eric Danly, City Attorney

EXHIBIT A
Management Plan