



**CITY OF PACIFIC GROVE**  
300 Forest Avenue, Pacific Grove, California 93950  
**AGENDA REPORT**

**TO:** Honorable Mayor and Members of the City Council  
**FROM:** Lori Frati, Finance Management Analyst  
**MEETING DATE:** April 20, 2016  
**SUBJECT:** The Hospitality Improvement District (HID) program approval for Fiscal Year 2016-17  
**CEQA:** Does not constitute a “Project” under California Environmental Quality Act (CEQA) Guidelines

**RECOMMENDATION**

1. Hold a public hearing to determine whether written protests to levying the proposed annual district assessment are received from the owners of businesses in the district that would be required to pay 50 percent or more of the assessments proposed to be levied or, if a majority protest is received, whether sufficient protests are withdrawn so as to reduce the protests to less than 50 percent.
2. If no majority protest is determined, adopt a resolution that
  - a. Approves the annual report;
  - b. Levies the annual assessment for the district;
  - c. Approves the recommended program for Fiscal Year 2016-17;
  - d. Appoints the HID Advisory Board for Fiscal Year 2016-17
  - e. Authorizes the City Manager to execute an agreement with the Pacific Grove Chamber of Commerce to administer the approved HID budget.

**DISCUSSION**

In 2007, the City established the Hospitality Improvement District (HID), appointed an advisory board, and established an assessment for the District. The assessment is currently set at \$4.00 per room night for full-service lodging establishments and \$2.00 per room night for all others. Pacific Grove has no full-service hotels or bed and breakfast establishments that collect the \$4.00 per room night fee. (Resolution 12-014 defines full service accommodations as “...generally mid-price, upscale or luxury hotels with a restaurant, lounge facilities and meeting space as well as minimum service levels, often including bell service and room service. These hotels report food and beverage revenue”). HID assessment revenues are exclusively used for the support and benefit of the hospitality economy of Pacific Grove. Half of the \$2.00 per room night assessment is remitted as dues to the Monterey County Convention and Visitors Bureau (MCCVB) and the other half is retained by the HID.

Pursuant to State law and City Council Resolution 07-044, which formed the HID, an Annual Report is required that reports on District revenues and expenditures, proposes a budget for Fiscal Year (FY) 2016-17, and requests the levy of an assessment for FY 2016-17.

At its April 6, 2016 meeting, the City Council approved a resolution of intent to levy the HID assessment for FY 2016-17 and set a public hearing for April 20, 2016 to consider the levy. California Streets and Highways Code Section 36525 provides that the District shall not be formed if written protests are received from the owners of businesses in the proposed area that will pay 50 percent or more of the assessments proposed to be levied. Staff advertised the public hearing pursuant to relevant State and Municipal Code sections. Staff has received no protest petitions as of this writing.

The Pacific Grove Chamber of Commerce annual report (Attachment 1) reports on District revenues and expenditures for FY 2015-16, proposes a budget for FY 2016-17, and requests the levy of an assessment for FY 2016-17. No changes to HID boundaries are recommended for FY 2016-17.

City Council Resolution 07-044 (Attachment 2) outlines the requirements for levying the annual assessment for the District. The terms of the Resolution have been met as indicated by the specific points of compliance set forth below:

- *Process for Advisory Board Appointment:* Per the Resolution, the Chamber of Commerce facilitated a noticing of all properties in the HID and a meeting of the HID Advisory Board to fill Advisory Board seats that will expire on June 30, 2016. Results of the election from the Chamber of Commerce are included in the report, with the following recommended Advisory Board for next year:
  - Ed Flatley (Seven Gables Inn), term expires June 30, 2018
  - Victoria Arroyo (Sea Breeze Lodge), term expires June 30, 2018
  - Mr. Tim McGill (Asilomar Conference Grounds) , term expires June 30, 2018
  - Amrish Patel (Centrella Inn), term expires June 30, 2017
  - Robert Boerner (Pacific Gardens Inn), term expires June 30, 2017
- *Contract with Chamber of Commerce for Services (Attachment 3):* The City will contract with the Chamber of Commerce to administer the HID program in compliance with the plan approved by the City Council. Any unspent revenues will be retained by the Chamber for performance of the FY 2016-17 contract.
- *Chamber of Commerce Financial Reporting:* The FY 2015-16 HID report from the Chamber includes HID expenditure activity for current fiscal year to date.

**Proposed FY 2016-17 HID Program.** The City of Pacific Grove estimates a total of \$250,000 will be distributed to the HID in FY 2016-17.

The HID Advisory Board recommends the following allocation of HID assessment revenues for FY 2016-17:

<b>Proposed HID Expenditure Budget FY 2016-17</b>	
Bookkeeping	\$ 2,200
Marketing	62,600
Print media	40,000
Promotions and Signage	20,000
Research	7,000
Lease & Operations (Visitor Center)	67,800
Staffing (Information Center)	48,500
Technology	900
Miscellaneous Expenses	1,000
<b>Total</b>	<b>\$ 250,000</b>

**FISCAL IMPACT**

Assessment revenues may only be used for HID purposes. The City acts as the administrative pass-through to both the HID and MCCVB.

**ATTACHMENTS**

- 1. FY 2015-16 annual report submitted by the Pacific Grove Chamber of Commerce on behalf of the HID Advisory Board
- 2. Resolution No. 07-044 (2007) Establishing the District
- 3. Resolution establishing the Hospitality Improvement District for FY 2016-17
- 4. Proposed Contract with the Chamber of Commerce for Services

RESPECTFULLY SUBMITTED:

REVIEWED BY:

*Lori Frati*

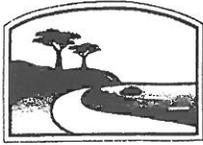
*Ben Harvey*

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Lori Frati  
Finance Management Analyst  
/pm

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Ben Harvey  
Interim City Manager



March 2, 2016

To: Lori Frati - Finance Management Analyst  
From: Moe Ammar  
Subject: Pacific Grove Hospitality Improvement District Annual Report (HID)

In accordance with the City's approved agreement with Pacific Grove Chamber of Commerce (PGCC), I am submitting the HID annual report.

#### Election of Board Members

On Tuesday, February 2, 2016, the chamber hosted a public meeting and invited all HID members. The purpose of the meeting was to entertain nominations of HID advisory board representatives. The following two innkeepers were elected to a two-year term from July 1, 2016 until June 30, 2018:

- Ed Flatley - Seven Gables Inn
- Victoria Arroyo - Sea Breeze Lodge

For your information the ordinance that created the HID stipulated that "a conference facility", in reference to Asilomar, will have one representative on the board at all times. Mr. Tim McGill, of Asilomar Conference Grounds will be the board member on the HID representing the conference facility.

The elected HID members will join the below two advisory members that are serving until June 30, 2017:

- Robert Boerner - Pacific Gardens Inn
- Amrish Patel - Centrella Bed & Breakfast Inn

#### Income/Beginning Balance

The beginning balance of the HID account was \$127,079.56 on July 1, 2015. Total income of HID account from July 1, 2015 until January, 30, 2016 is \$138,889.

#### Expenditure & Detail

Total expenses so far in 2015-2016 are \$95,188.52. The HID expenditures have been invested in the below main areas:

##### A. Tourist Center

The Tourist Information Center at 100 Central Avenue continues to attract hundreds of visitors that are referred to all Pacific Grove business districts. Since its opening in May of 2011, the center revitalized the Central/Eardley business area. The public-private partnership has been well received by the business community and people of Pacific Grove. The center is predominately volunteer-driven with minimal paid staffing.

#### B. Website & Social Media

Social media continues to be the most effective method of reaching targeted market segments in an engaging manner. The chamber's Facebook page has over 6,500 likes and growing daily. The HID invested funds marketing Pacific Grove on Facebook and promoting the monarchs, lighthouse, museum, and overall natural beauty. In September, the HID partnered with the Monterey Bay Aquarium on a Facebook campaign. Consultant Lisa Brown was retained by the Aquarium and developed a tool kit that assisted nine inns with Facebook. The HID funded Facebook advertisements and boosted the pages of several inns. A social media screen was added at the Tourist Information Center in order to expand the town's market share. A promotional cut-out, photo opportunity was designed and strategically placed at the Monarch Butterfly Sanctuary to encourage visitors to take photos and post them using the hashtags #pacificgrove and #butterflytownUSA. The HID partnered with news media, SF Gate and the Northern California chapter of the American Automobile Association to promote the City on top travel sites. Finally, the HID partnered with Mazda Raceway-Laguna Seca to list Pacific Grove as an alternative lodging destination.

#### C. Video Promotion

The HID funded a promotional video in 2016. The purpose of the video is to attract visitors to Pacific Grove with emphasis on natural beauty, attractions and lifestyle. The chamber staff have met with the City's Facebook consultant and are supporting the City's effort to utilize the power of social media.

#### D. Promotional Brochures

The HID funded the design and printing of the Pacific Grove walking tour brochure that focuses on architecture and history. The brochure is extremely popular and available at several visitor attractions and lodging and establishments. The content of the brochure was developed by the Heritage Society of Pacific Grove.

Secondly, in light of the City's financial situation, the HID paid for the City's brochure last year. In the past, it was funded by the City's economic enhancement fund.

#### E. Advertising

Northern California and the Central Valley remain the top two feeder markets for Pacific Grove. Without a doubt, the City is well positioned in these two key strategic markets. Most HID advertising, print as well as social media, target these markets. Publications utilized by the HID include the San Jose Mercury News, San Francisco Chronicle, VIA Magazine and American Automobile Association's e-newsletter.

#### F. Promotional Items

The HID funded shirts that were distributed through all lodging establishments. The purpose of the shirts was to highlight Pacific Grove's location on the Monterey Peninsula.

#### G. Distribution Service

The HID funded the distribution of the Tourist Guide to key locations in the County. Certified Rack Brochure Inc. is a company that specializes in the delivery of brochures

in California. Furthermore, the guide was distributed in the rooms of several local lodging establishments.

#### H. Big Blue Live

In order to book the Big Blue Live filming crew in Pacific Grove, the HID funded the transportation from the Asilomar area to the Monterey Bay Aquarium. Former City Manager Tom Frutchey approved the funding. Total lodging revenue of Big Blue Live was estimated at \$250,000.

#### I. Research

Last year the HID advisory board approved conducting an extensive research project that evaluated room rates charged by several lodging establishments. Pacific Grove rates were compared to Monterey and Carmel. Results of the research will be presented to the City Council and HID members in April. The project is a competitive analysis by Monterey-based Hospitality Marketing Associates.

#### Marketing Positioning

Pacific Grove is extremely well positioned. In the last 10 months, the City received destination awards from notable travel sites such as Trip Advisor, British Broadcasting Corporation, and Expedia. The awards were a direct result of social media, and great service by innkeepers. Project Bella hotel development at the American Tin Cannery will boost the City's reputation as a top resort destination in the state.

#### Outlook & Programs

In the last two years, transient occupancy tax revenues has exceeded record levels. While the average room rates have increased, occupancy is not increasing at the same pace. The impacts of the Presidential election are not predictable. Travelers get distracted in the fall and are less likely to invest in vacations. The HID evaluated the marketing programs of the past 5 years. After careful analysis we are recommending programs and direction to the City Council that will further improve the City's economy.

Key goals of the HID in 2016-2017 are:

1. Increase online marketing through networks that specialize in delivering custom digital solutions across every media platform online, social, display and mobile.
2. Produce marketing tools that support lodging establishments presence online.
3. Collaborate with major organizations that will benefit Pacific Grove such as the Monterey Bay Aquarium, CourseCo Inc., Mazda Raceway, and the Monterey County Convention and Visitors Bureau.
4. Further improve the services at the Tourist Information Centers. Upgrade the curb appeal of the Tourist Center at 100 Central Avenue
5. Subsidize marketing offers that may not be affordable for small innkeepers
6. Support Domaine Hospitality Partners in developing project bella

- 7. Support new and existing events that will attract visitors to Pacific Grove
- 8. Assist City committees that need help such as the Downtown Business Improvement District, Economic Development Commission and local nonprofits that benefit the economy

Reserves

The HID balance remains healthy. The advisory board decided to maintain a reserve balance in case of an emergency or natural disaster. Secondly, the lease of the Tourist Information Center at 100 Central Avenue expires in December 2018. Most likely, the Work family will renew the lease. However, the reserves are needed in case the center has to relocate.

Finally the Monterey Peninsula will host the 2019 U.S. Open Golf Championship. The HID will invest part of the reserves before and after the U.S. Open since most golf fans are converted to repeat visitors for years.

Inventory & Impacts

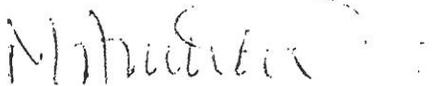
For several reasons the number of bed and breakfast inns in Pacific Grove has declined. Thanks to voter approved Measure U, rooms have been added at lodging establishments. Lodging establishments will continue to face some level of competition from short term rentals (STRs). Early in 2017, the HID will request the City Council to evaluate STRs and consider applying the assessment to rental homes and Airbnb properties.

Forecasted Expense

Between now and June 30, 2016, we anticipate the following HID expenses:

Social media/video .....	\$ 9,200
Tourist Center Operation .....	7,500
Staffing .....	18,200
Tourist Center Rent .....	15,000
Print media .....	7,500
Feast of Lanterns .....	1,000
Misc. ....	2,000

Thank you,



Moe Ammar  
HID Administrator

**Pacific Grove Hospitality Improvement  
Balance Sheet  
As of July 1, 2015**

	<u>Jul 1, 15</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
Rabobank	<u>127,079.56</u>
<b>Total Checking/Savings</b>	<u>127,079.56</u>
<b>Total Current Assets</b>	<u>127,079.56</u>
<b>TOTAL ASSETS</b>	<u><u>127,079.56</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Other Current Liabilities</b>	
Due to/from Chamber	<u>839.50</u>
<b>Total Other Current Liabilities</b>	<u>839.50</u>
<b>Total Current Liabilities</b>	<u>839.50</u>
<b>Total Liabilities</b>	839.50
<b>Equity</b>	
Retained Earnings	<u>126,240.06</u>
<b>Total Equity</b>	<u>126,240.06</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>127,079.56</u></u>

**Pacific Grove Hospitality Improvement  
Balance Sheet  
As of January 31, 2016**

	<u>Jan 31, 16</u>
<b>ASSETS</b>	
Current Assets	
Checking/Savings	168,411.04
Rabobank	168,411.04
Total Checking/Savings	<u>168,411.04</u>
Total Current Assets	<u>168,411.04</u>
<b>TOTAL ASSETS</b>	<u><b>168,411.04</b></u>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Other Current Liabilities	9,950.50
Due to/from Chamber	9,950.50
Total Other Current Liabilities	<u>9,950.50</u>
Total Current Liabilities	<u>9,950.50</u>
Total Liabilities	9,950.50
Equity	
Retained Earnings	126,240.06
Net Income	32,220.48
Total Equity	<u>158,460.54</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>168,411.04</b></u>

**Pacific Grove Hospitality Improvement  
Profit & Loss Budget vs. Actual  
July 2015 through January 2016**

	Jul '15 - Jan 16	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
Carried Fwd 2014/2015 Budget	0.00	5,720.00	-5,720.00
Income	138,889.00	210,000.00	-71,111.00
Total Income	138,889.00	215,720.00	-76,831.00
Expense			
Advertising			
Support New Events	303.46	0.00	303.46
Total Advertising	303.46	0.00	303.46
Bookkeeping			
Marketing/Advertising	1,625.00	2,200.00	-575.00
Marketing Support New Events	839.05	1,500.00	-660.95
Online Marketing	9,317.04	35,000.00	-25,682.96
Print Media	14,933.51	35,600.00	-20,666.49
Promotions and signage	7,296.60	20,000.00	-12,703.40
Research	4,810.00	7,000.00	-2,190.00
Total Marketing/Advertising	37,196.20	99,100.00	-61,903.80
Miscellaneous Expense			
Visitor Center	151.32	1,000.00	-848.68
Construction	2,356.25	4,500.00	-2,143.75
Contingency	0.00	400.00	-400.00
Furniture and Fixtures	0.00	1,800.00	-1,800.00
Landscaping	0.00	700.00	-700.00
Lease	20,166.65	38,000.00	-17,833.35
Lease Insurance	1,033.00	0.00	1,033.00
Lease Real Estate Tax	3,097.40	3,100.00	-2.60
Operating Expense			
Alarm System	315.00	1,300.00	-985.00
Operating Expense - Other	3,653.59	12,000.00	-8,346.41
Total Operating Expense	3,968.59	13,300.00	-9,331.41
Staffing	25,105.65	45,000.00	-19,894.35

**Pacific Grove Hospitality Improvement  
Profit & Loss Budget vs. Actual  
July 2015 through January 2016**

	Jul '15 - Jan 16	Budget	\$ Over Budget
Technology	185.00	900.00	-715.00
Total Visitor Center	55,912.54	107,700.00	-51,787.46
Total Expense	95,188.52	210,000.00	-114,811.48
Net Ordinary Income	43,700.48	5,720.00	37,980.48
Other Income/Expense			
Other Expense			
Carried Fwd 2014/2015 Budget			
Big Blue Live Shuttle	11,480.00	0.00	11,480.00
Total Carried Fwd 2014/2015 Budget	11,480.00	0.00	11,480.00
Total Other Expense	11,480.00	0.00	11,480.00
Net Other Income	-11,480.00	0.00	-11,480.00
Net Income	<b>32,220.48</b>	<b>5,720.00</b>	<b>26,500.48</b>

Pacific Grove Hospitality Improvement  
Balance Sheet  
As of January 31, 2016

	<u>Jan 31, 16</u>
<b>ASSETS</b>	
Current Assets	
Checking/Savings	168,411.04
Rabobank	168,411.04
Total Checking/Savings	<u>168,411.04</u>
Total Current Assets	<u>168,411.04</u>
<b>TOTAL ASSETS</b>	<u><u>168,411.04</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Other Current Liabilities	9,950.50
Due to/from Chamber	9,950.50
Total Other Current Liabilities	<u>9,950.50</u>
Total Current Liabilities	<u>9,950.50</u>
Total Liabilities	9,950.50
Equity	
Retained Earnings	126,240.06
Net Income	<u>32,220.48</u>
Total Equity	<u>158,460.54</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>168,411.04</u></u>

Pacific Grove Hospitality Improvement  
Profit & Loss Budget Overview  
July 2016 through June 2017

	<u>Jul '16 - Jun 17</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
Carried Fwd Prior Year	40,000.00
Income	210,000.00
	<hr/>
<b>Total Income</b>	250,000.00
<b>Expense</b>	
Bookkeeping	2,200.00
Marketing/Advertising	
Marketing Opportunities	5,000.00
Marketing Support Events	5,500.00
Online Marketing	52,100.00
Print Media	40,000.00
Promotions and signage	20,000.00
Research	7,000.00
	<hr/>
<b>Total Marketing/Advertising</b>	129,600.00
Miscellaneous Expense	1,000.00
Visitor Center	
Construction	4,500.00
Contingency	400.00
Furniture and Fixtures	1,800.00
Landscaping	800.00
Lease	39,500.00
Lease Insurance	2,200.00
Lease Real Estate Tax	3,300.00
Operating Expense	
Alarm System	1,300.00
Operating Expense - Other	14,000.00
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<b>Total Operating Expense</b>	15,300.00
Staffing	48,500.00
Technology	900.00
	<hr/>
<b>Total Visitor Center</b>	117,200.00
	<hr/>
<b>Total Expense</b>	250,000.00
	<hr/>
<b>Net Ordinary Income</b>	0.00
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<b>Net Income</b>	<u><u>0.00</u></u>

**RESOLUTION 07-044**

**A RESOLUTION OF THE CITY OF PACIFIC GROVE  
DECLARING ITS INTENT TO FORM AND CREATE  
THE PACIFIC GROVE HOSPITALITY IMPROVEMENT DISTRICT  
AND SETTING A PUBLIC PROTEST HEARING  
RELATING TO THAT FORMATION**

**WHEREAS**, the City of Pacific Grove (City) desires to form a parking and business improvement district (designated as the Pacific Grove Hospitality Improvement District or PGHID) pursuant to California Streets and Highways Code 36500, *et seq.* for the benefit of hospitality establishments within the City; and,

**WHEREAS**, the purpose of the Pacific Grove Hospitality Improvement District shall be to fund promotion, marketing activities, and physical improvements to support and improve the hospitality economy in Pacific Grove; and,

**WHEREAS**, the City Council desires to convene a public hearing to establish the Pacific Grove Hospitality Improvement District; and,

**WHEREAS**, the City Council intends this resolution to constitute and resolve its declaration of intent to establish the Pacific Grove Hospitality Improvement District in accord with Streets and Highways Code section 36500, *et seq.* and to adopt the rules and procedures of Streets and Highways Code sections 36524 and 36525 to govern its determination as to the existence or non-existence of a majority protest;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE DOES RESOLVE AS FOLLOWS:**

SECTION 1. The City declares its intention to form a Parking and Business Improvement District pursuant to California Streets and Highways Code 36500, *et seq.*

SECTION 2. The name of Parking and Business Improvement District proposed to be formed shall be the "Pacific Grove Hospitality Improvement District." This District may occasionally be referenced as the "PGHID".

SECTION 3. The boundaries of the Pacific Grove Hospitality Improvement District are the same boundaries as the corporate boundaries of the City.

SECTION 4. The following definitions shall apply to this ordinance, and shall be used for all purposes by the Pacific Grove Hospitality Improvement District:

Accommodations Establishment. The term "Accommodations Establishment" shall refer to either a "Bed & Breakfast Inn", a "Motel", or a "Conference Lodging Establishment" as defined by this Section.

## RESOLUTION NO. 07-044

Bed & Breakfast Inn. The term "Bed & Breakfast Inn" shall refer to an establishment that meets the criteria set by Pacific Grove Municipal Code section 23.08.290.

Conference Lodging Establishment. The term "Conference Lodging Establishment" shall refer to any establishment that meets the criteria set by Pacific Grove Municipal Code section 23.08.160, has 300 or more guest rooms, and that offers special venues for meetings, conferences, and special events.

Motel. The term "Motel" shall include the term "Hotel" and shall refer to any establishment that meets the criteria set by Pacific Grove Municipal Code sections 23.08.030 or 23.08.160, but excluding there from any establishment that meets the definition of "Bed & Breakfast Inn" or "Conference Lodging Establishment" as set by this ordinance.

SECTION 5. Assessments levied under the Pacific Grove Hospitality Improvement District may fund promotion, marketing and physical improvements of property in accord with Streets and Highways Code section 36500, *et seq.* for the purpose of improving the hospitality economy of the City.

SECTION 6. Improvements and activities of the Pacific Grove Hospitality Improvement District shall be funded by assessments on all Accommodations Establishments within the PGHID. Except where the Council determines funds to be otherwise available, all improvements of activities of the PGHID shall be funded by the assessment set pursuant to this ordinance.

SECTION 7. An annual assessment shall be levied for the Pacific Grove Hospitality Improvement District upon new or existing Accommodations Establishment within the PGHID. New establishments shall not be exempt. The assessment shall be paid at the time the Accommodations Establishment pays transient occupancy taxes to the City. Accommodations Establishments that meet the criteria of "full-service" as set by the most recent report promulgated by Smith Travel Research, Inc. (STR Report) shall pay an assessment of \$1.50 per occupied room per night. All other Accommodations Establishments shall pay an assessment of \$1.00 per occupied room per night.

SECTION 8. The Council hereby sets a public hearing to establish the Pacific Grove Hospitality Improvement District on December 5, 2007 at 6:00 pm, or as soon thereafter as the item may be called, at City Hall, 300 Forest Avenue, Pacific Grove, California.

SECTION 8. Streets and Highways Code sections 36524 and 36525 sets forth rules and procedures that govern the filing of protests and the determination of a majority protest. The City shall apply the following procedures to determine the existence of a majority protest:

a. At the public hearing to hear such protests, testimony of all interested persons for or against the establishment of the Pacific Grove Hospitality Improvement District, the extent of the PGHID, or the furnishing of specified types of improvements or activities shall be heard. A protest may be made in writing or orally by any interested person. Any protest pertaining to the regularity or sufficiency of the proceeding shall be in writing and shall clearly set forth the irregularity or defect to which the objection is made.

RESOLUTION NO. 07-044

b. Each written protest shall be filed with the City Clerk on or before December 5, 2007. The City Council may waive any irregularity in the form or content of any written protest, and at the public hearing may correct minor defects in the proceedings. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing.

c. Each written protest must contain a description of the business in which the person subscribing the protest is interested sufficient to identify the business and, if a person subscribing is not shown on the official records of the City as the owner of the business, the protest shall contain or be accompanied by written evidence that the person subscribing is the owner of the business. A written protest which does not comply with this requirement shall not be counted in determining a majority protest.

d. If written protests are received from the owners of Accommodations Establishments in the proposed Pacific Grove Downtown Business Improvement District which will pay 50% or more of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than 50%, no further proceedings to create the PGHID or to levy the proposed assessment, as contained in this ordinance intention, shall be taken for a period of one year from the date of the finding of a majority protest by the City Council. If the majority protest is only against the furnishing of a specified type or types of improvements or activities within the area, these types of improvements or activities shall be eliminated.

SECTION 9. Upon determination that a majority protest does not exist, the City Council shall be authorized to form the Pacific Grove Hospitality Improvement District, and may thereafter appoint an Advisory Board for the Pacific Grove Hospitality Improvement District. The proposed appointment process shall be by the following process:

a. Membership on the PGHID Advisory Board shall be limited to Accommodations Establishment owners, concessionaires representing Accommodations Establishments, or employees holding the written consent of the Accommodations Establishment, within the PGHID area. To sponsor a member on the PGHID Advisory Board, each Accommodations Establishments shall have fully paid its PGHID assessment at the time of appointment, and remain fully paid during the term of that representative's membership on the Board.

b. The PGHID Advisory Board shall be comprised of five (5) members. Two (2) members shall represent "Motels" as defined by this ordinance. Two (2) members shall represent businesses classified as "Bed and Breakfast Inns" as defined by this ordinance. One member shall represent businesses classified as a "Conference Lodging Establishment" as defined by this ordinance. If an Accommodations Establishment pays more than one-quarter of the City's total transient occupancy tax revenue, that Accommodations Establishment shall be entitled to one of the five seats on the PGHID Advisory Board.

c. PGHID Advisory Board members shall serve two-year terms, with appointments staggered at one-year intervals. The term for the two (2) members representing "Motels" and the term for the two (2) members representing "Bed and Breakfast Inns" shall each be staggered.

## RESOLUTION NO. 07-044

d. The PGHID Advisory Board shall be appointed by the City Council, following a nomination process facilitated by the Chamber of Commerce. Each February, the Pacific Grove Chamber of Commerce (Chamber) shall mail a letter to each Accommodations Establishment located in the PGHID. The letter shall announce the Chamber shall hold a meeting at City Hall for the purpose of conducting open elections for the PGHID Advisory Board seats that may be vacant or are scheduled to become vacant as of July 1 of that calendar year. The letter shall further notify each Accommodations Establishment of the Advisory Board selection process.

e. At the noticed meeting, the Chamber shall facilitate a selection process whereby any Accommodations Establishment representative meeting the qualification established in (b) above may be nominated for a seat on the Advisory Board. The Chamber shall conduct the election by secret ballot, and shall count ballots cast at that meeting or received by mail. One representative each Accommodations Establishment in the Pacific Grove Hospitality Improvement District shall be eligible to vote; votes may be cast in person at the meeting, or if the Accommodations Establishment representative is unable to attend the vote may be made by proxy, signed on behalf of the Accommodations Establishment. Each Accommodations Establishment shall be allowed one vote for each open seat.

f. Nominees receiving the most votes shall be deemed to have won the election. The Chamber shall verify the election results and forward the names to the City Clerk no later than April 30. If the results are not transmitted to the City Clerk on or before April 30, the Council shall appoint the PGHID Advisory Board members by the process set forth for appointing boards and commissions in Chapter 3.04 of the Municipal Code.

g. The City Council may accept or reject the election result as to any open seat. Should the Council reject the election result as to a seat, the Chamber shall forward another make a substitute recommendation. PGHID Advisory Board members shall serve at the pleasure of the Council. The Council may, by majority vote, remove any Advisory Board member with or without cause.

SECTION 10. It is proposed that the Pacific Grove Hospitality Improvement District Advisory Board shall meet at least two (2) times per year. The Advisory Board shall be deemed a "legislative body" for all purposes of the Ralph M. Brown Act, Government Code section 54950, *et seq.* Each meeting of the Advisory Board shall be open and public as required by that Act.

SECTION 11. It is proposed that the City Manager may authorize the Chamber of Commerce, by contract, to spend PGHID assessment revenues on behalf of the City provided each expenditure is made in accord with the Pacific Grove Hospitality Improvement District program and budget as approved by the City, and in compliance with all City purchasing regulations, or as otherwise set by ordinance.

SECTION 12. It is proposed that the PGHID Advisory Board shall prepare and file an annual report with the City regarding the Pacific Grove Hospitality Improvement District. The report shall, among other things, itemize improvements and activities for the fiscal year, state the cost of activities, the amount of surplus or deficit revenues carried over from a previous fiscal

RESOLUTION NO. 07-044

year, and contributions other than assessments. The report shall meet the requirements of California Streets and Highways Code section 36533. The City Council shall review each report, and may approve the report as filed or modify any portion of the report and approve it as modified.

SECTION 13. It is proposed that after approving the annual report, the City shall adopt an annual resolution of intention to levy the assessment for that fiscal year, publish a notice and hold a public hearing on the assessment. This action may be taken by resolution

SECTION 14. This resolution is exempt from provisions of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines.

**RESOLVED** BY THE COUNCIL OF THE CITY OF PACIFIC GROVE this 7<sup>th</sup> day of November, 2007, by the following vote:

AYES: Bennett, Cort, Davis, Miller, Nilmeier, Stilwell

NOES: Cohen

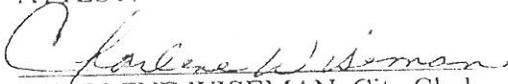
ABSENT: None

APPROVED:

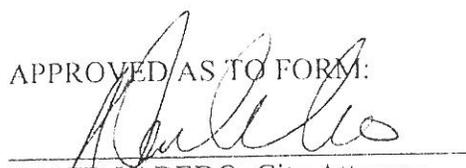


DANIEL E. CORT, Mayor

ATTEST:

  
CHARLENE WISEMAN, City Clerk

APPROVED AS TO FORM:

  
DAVID LAREDO, City Attorney

**RESOLUTION NO. 16-xxx**

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**APPROVING THE ANNUAL REPORT AND PROGRAM OF  
EXPENDITURES, ASSESSING THE LEVY AND APPOINTING AN  
ADVISORY BOARD FOR THE HOSPITALITY IMPROVEMENT DISTRICT  
FOR FISCAL YEAR 2016-17**

1. The Council conducted a public hearing to consider the levy of the proposed Fiscal Year 2016-17 assessment for the Pacific Grove Hospitality Improvement District on April 20, 2016 at 6:00 pm; and
2. The City Clerk gave notice of the public hearing by causing the resolution of intention, adopted by the City Council on April 6, 2016, to be published in a newspaper of general circulation at least seven days before the public hearing; and
3. At the public hearing, the City Council heard and considered all protests against the Fiscal Year (FY) 2016-17 levy of assessments for the Pacific Grove Hospitality Improvement District, and the rules and procedures used in receiving and considering protests complied with those set forth in Streets and Highways Code sections 36524, 36525 and 36534; and
4. Said Improvement Area Law provides, at California Street and Highways Code Section 36530, that the City Council shall appoint an advisory board to make recommendations to the City Council regarding expenditure of revenues collected from District business owners, and to make recommendations regarding the method and basis of assessment levy; and
5. This council requested the Pacific Grove Chamber of Commerce recommend membership for the advisory board by process of the public nomination and election, and the Chamber has made recommendations that this council desires to follow.

**NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY  
OF PACIFIC GROVE:**

1. The Council determines that each of the Findings set forth above is true and correct and by this reference incorporates those Findings as an integral part of this Resolution.
2. The City hereby levies and shall collect assessments for the FY 2016-17 within the Hospitality Improvement District (HID), as described in Section 6.54 of the Pacific Grove Municipal Code.
3. There is no change in the boundaries of the district as established in the prior year and set forth in Section 6.54.030 of the Pacific Grove Municipal Code.
4. The Council approves the annual report prepared by the Advisory Board of the Pacific Grove Hospitality Improvement District.

5. The Council approves the Pacific Grove Hospitality Improvement District program for FY 2016-17, as follows:

**Proposed HID Expenditure for FY 2016-17**

Bookkeeping	\$ 2,200
Marketing	62,600
Print media	40,000
Promotions and Signage	20,000
Research	7,000
Lease & Operations (Visitor Center)	67,800
Staffing (Information Center)	48,500
Technology	900
Miscellaneous Expenses	1,000
<b>Total</b>	<b>\$ 250,000</b>

6. The City Manager is authorized to approve an agreement with the Pacific Grove Chamber of Commerce to administer the program for FY 2016-17.

7. The City Manager is authorized to approve mid-year amendments to the program and agreement with the Pacific Grove Chamber of Commerce within the total amount approved for the year.

8. Pursuant to California Streets and Highways Code Section 26530, the City Council hereby appoints the following (named with their business affiliations) as the advisory board for and on behalf of the Downtown Business Improvement District:

- Ed Flatley (Seven Gables Inn), term expires June 30, 2018
- Victoria Arroyo (Sea Breeze Lodge), term expires June 30, 2018
- Tim McGill (Asilomar Conference Grounds), term expires June 30, 2018
- Amrish Patel (Centrella Inn), term expires June 30, 2017
- Robert Boerner (Pacific Gardens Inn), term expires June 30, 2017

9. The advisory board hereby appointed is subject to all provisions of the Ralph M. Brown Act, and the board hereby is directed to comply therewith.

10. This Resolution shall become effective immediately following passage and adoption thereof.

**PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE**  
this 20 day of April, 2016, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

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BILL KAMPE, Mayor

ATTEST:

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SANDRA KANDELL, Deputy City Clerk

APPROVED AS TO FORM:

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DAVID C. LAREDO, City Attorney



## CITY OF PACIFIC GROVE

300 FOREST AVENUE  
PACIFIC GROVE, CALIFORNIA 93950  
TELEPHONE (831) 648-3100 • FAX (831) 375-9863

July 1, 2016

Mr. Moe Ammar, President  
Pacific Grove Chamber of Commerce  
584 Central Avenue  
Pacific Grove, CA 93950

Dear Mr. Ammar,

This letter, once signed by both parties, is intended to serve as the agreement between the City of Pacific Grove and the Pacific Grove Chamber of Commerce regarding the expenditure of Hospitality Improvement District (HID) revenues for Fiscal Year (FY) 2016-17.

On April 20, 2016, the HID Advisory Board recommended and the City Council approved a program and budget of \$250,000 for FY 2016-17 HID activities. This agreement reflects the approved activities.

Agreement:

1. The City of Pacific Grove will remit the revenues resulting from HID assessments during FY 2016-17 on a quarterly basis within 30 days of the City's due date for Transient Occupancy Tax payments from lodging establishments.
2. The Pacific Grove Chamber of Commerce will spend the transferred HID proceeds exclusively in the manner specified below:

HID Expenditure Budget FY 2016-17	
Bookkeeping	\$ 2,200
Marketing	62,600
Print media	40,000
Promotions and Signage	20,000
Research	7,000
Lease & Operations (Visitor Center)	67,800
Staffing (Information Center)	48,500
Technology	900
Miscellaneous Expenses	1,000
Total	\$ 250,000

3. The Pacific Grove Chamber of Commerce will prepare an annual report for the HID to be submitted along with the recommended program and budget for the following fiscal year. The report shall include, but not be restricted to, the following information:

- Proposed changes to district boundaries
- A report of all expenditures from the current year (amount and purpose of expenditure transaction and the budgeted activity to which the expenditure is attributable)
- A statement reconciling the balances of all bank accounts holding HID revenues to the aforementioned expenditure report.
- The amount of surplus or deficit revenues projected to be carried over from a previous fiscal year.
- The amount of any contributions to be made from sources other than district assessments.
- The activities and/or improvements, along with estimated costs, to be provided for the coming fiscal year.

4. Modifications to the spending plan reflected herein may only occur with the written approval of the Pacific Grove City Manager.

Signed:

\_\_\_\_\_  
Ben Harvey, Interim City Manager  
City of Pacific Grove

\_\_\_\_\_  
Moe Ammar, President  
Pacific Grove Chamber of Commerce

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date