



Town of Yountville

6550 Yount Street
Yountville, CA 94599

Staff Report

Agenda Item #: {{section.number}}C

Yountville Town Council Staff Report

DATE: December 3, 2024

TO: Mayor and Town Council

FROM: Brad Raulston, Town Manager

PREPARED BY: Hilary Gaede, Communications Director/ Town Clerk

RECOMMENDATION

Adopt Resolution Number 24-4327 granting consent to the County of Napa to renew the Napa Valley Tourism Improvement District (NVTID) and include the Town of Yountville in the NVTID.

DISCUSSION/BACKGROUND

The NVTID is a benefit assessment district proposed to continue a revenue source to help fund destination sales and marketing promotions for Napa Valley 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 renewed NVTID includes all lodging businesses, existing and in the future, available for public occupancy located within the boundaries of the cities of American Canyon, Calistoga, Napa, St. Helena, and the Town of Yountville and the unincorporated area of Napa County. Because the renewed NVTID will include the Town of Yountville, consent must be granted by the Town Council of Yountville in order for the Town of Yountville to be included in the creation, operation and future renewals of the NVTID.

Lodging business owners decided to pursue renewal of the NVTID in order to continue a revenue source devoted to marketing Napa Valley as a tourist, meeting and event destination. If renewed, the NVTID is estimated to generate approximately \$11,000,000 on an annual basis for promotion of travel and tourism specific to Napa Valley.

TOURISM IMPROVEMENT DISTRICTS

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

TID 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, TIDs are primarily formed pursuant to the Property and Business Improvement District Law of 1994 (Sts. & Hy. Code, § 36600, et seq.). This law allows for the creation of special benefit assessment districts to raise funds within a specific geographic area. The key difference between TIDs and other special benefit assessment districts is that funds raised are returned to the private non-profit corporation governing the TID.

MANAGEMENT DISTRICT PLAN

The Management District Plan (**Attachment 3**) includes the proposed boundary of the NVTID, a service plan and budget and a proposed means of governance. The NVTID will include all lodging businesses, existing and in the future, available for public occupancy within the boundaries of the cities of American Canyon, Calistoga, Napa, St. Helena, and the Town of Yountville and the unincorporated area of Napa County.

The annual assessment rate is two percent (2%) of gross short-term (30 days or less) sleeping room rental revenue. In years three (3), six (6) and nine (9) of the NVTID's term, the assessment rate may be recommended to be increased by the Visit Napa Valley (VNV) Board of Directors and then brought to the Napa Valley Tourism Corporation (NVTC) Board for final approval. The maximum increase in years three (3), six (6) and nine (9) shall be one half of one percent (0.5%).

The total assessment rate may not exceed three percent (3%) of gross short-term (30 days or less) sleeping room rental revenue. Based on the benefit received, assessments will not be collected on stays of more than thirty (30) consecutive days. Stays by government employees on government business shall not be subject to assessment. "Government employee" shall mean foreign or domestic government employees subject to exemption from transient occupancy tax pursuant to each municipality's municipal/county code.

The renewed NVTID will have a ten (10) year term, beginning June 26, 2025, or as soon as possible thereafter, and ending ten (10) years from its start date. Once per year beginning on the anniversary of NVTID renewal 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 NVTID.

Each jurisdiction will be responsible for collecting the assessment on a basis that mirrors the collection of transient occupancy tax from each lodging business located in the NVTID boundaries. Each jurisdiction shall forward the assessments to the County of Napa ("County") to be forwarded to Napa Valley Tourism Corporation, which will have the responsibility of managing NVTID programs as provided in the Management District Plan. Each jurisdiction tax collector will retain a fee of up to one percent (1%) of the amount of the assessment collected prior to remitting funds to the County, within their respective jurisdictions, to cover their costs of collection and administration.

The Town would like certain concerns addressed by the County Board of Supervisors and NVTC/VNV Boards.

A) Conflict of Interest. Having the President/CEO of Visit Napa Valley as a voting member on the board of Napa Valley Tourist Corporation (NVTC), which hires Visit Napa Valley, raises conflict-of-interest concerns. This item can be addressed by the NVTC Board of Directors through by-law changes where the Chair of VNV replaces the President/CEO on the NVTC Board which would improve communications and mitigate potential conflicts of interest.

B) Fair Share of Marketing. To promote a more equitable distribution of marketing resources, VNV could increase annual funding to all local Welcome Centers. This would allow each city to allocate additional marketing dollars to address their unique priorities and highest-need areas, as determined locally.

C) NVTC Oversight Role. To assess the governance structure of NVTC, a joint governance ad-hoc group could be established where NVTC and VNV board members work together in the next 6 months to make recommendations on other improvements to the by-laws of the NVTC and VNV as well as other governance issues.

ENVIRONMENTAL REVIEW

Not a project subject to the California Environmental Act (CEQA) pursuant to Guidelines Sections 15378(b)(4) and 15061(b)(3) as the NVTID is a funding mechanism and fiscal activity that will not result in direct or indirect physical changes in the environment.

FISCAL IMPACT

Is there a Fiscal Impact? No

Is it Currently Budgeted? N/A

Where is it Budgeted? N/A

Is it Mandatory or Discretionary? Discretionary

Is there a Staff Resource Impact? Nominal

STRATEGIC PLAN GOAL

Is item Identified in Strategic Plan? Yes

If yes, Identify Strategic Goal and Objective. **Premier Destination:** The Town values its residents, rich history, natural environment, culinary excellence, arts, and distinguished businesses that make our home a place people love.

Briefly Explain Relationship to Strategic Plan Goal and Objective. Renewal of the NVTID to include the Town of Yountville leverages regional marketing efforts, tourism resources, and collaborates on sustainable tourism development to attract more visitors and enhance the Town's reputation.

ATTACHMENTS

1. Resolution No. 24-4327
2. Adopted Resolution of the County of Napa Requesting Consent from the Town of Yountville
3. NVTID Management District Plan
4. Visit Napa Valley FAQs
5. TID vs. TOT One Pager