

## MEMORANDUM

**TO: CITY COUNCIL**

**FROM: WHITNEY MCDONALD, CITY MANAGER**

**BY: NICOLE VALENTINE, ADMINISTRATIVE SERVICES DIRECTOR**

**SUBJECT: CONSIDERATION OF APPROVAL OF A RESOLUTION AMENDING THE ARROYO GRANDE TOURISM BUSINESS IMPROVEMENT DISTRICT (AGTBID) FISCAL YEAR 2021-22 BUDGET TO SPONSOR 2021 CHRISTMAS IN THE VILLAGE EVENTS**

**DATE: SEPTEMBER 14, 2021**

### **SUMMARY OF ACTION:**

Consider a recommendation from the Arroyo Grande Tourism Business Improvement District (AGTBID) Advisory Board to adopt a resolution amending the FY 2021-22 AGTBID budget increasing the use of AGTBID's available fund balance by \$5,000 for Sponsorship of 2021 Christmas in the Village Events requested by Arroyo Grande Village Events.

### **IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:**

The AGTBID FY 2021-22 estimated fund balance is approximately \$250,000. The amendment to the FY 2021-22 AGTBID budget in the amount of \$5,000 would be funded from the AGTBID fund balance. These funds were collected from lodging owners and have not yet been applied to services.

### **RECOMMENDATION:**

It is recommended the City Council adopt a Resolution approving a Budget Amendment Request to the FY 2021-22 AGTBID budget increasing the use of AGTBID's available fund balance by \$5,000 for sponsorship of 2021 Christmas in the Village Events.

### **BACKGROUND:**

The Arroyo Grande Village Improvement Association (AGVIA) had organized and facilitated Christmas in the Village Events for approximately 30 years. Christmas in the Village typically occurs from the end of November until the first week in January. The Christmas in the Village Events require the placing and maintenance of lights in the street trees and on top of most buildings in the Village business district, amounting to more than one mile of lights on top of buildings in the Village. There are also 52 trees that are wrapped in lights for the holidays, from trunk to limbs. In addition, there are two large pine trees at each end of the Village that are lit. Santa Claus has also attended the Village for

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four days each week from Thanksgiving until Christmas. Typically, a parade is held on the first Sunday after Thanksgiving, which ends in a tree lighting ceremony at the west end of the Village. Also, a Christmas Concert is typically held at Heritage Square that precedes the parade. These events and decorations set the scene for the Elegant Christmas in the Village event that is traditionally held on the second Sunday after Thanksgiving where most merchant business owners and staff dress up and provide food and refreshments for residents and out-of-town guests, making this one of the busiest promotional events of the year.

In 2019, the AGTBID contributed \$10,000 in sponsorship funds to the AGVIA for the Christmas in the Village Events as part of its regular operating budget. In recognition of the sponsorship, the AGVIA provided Visit Arroyo Grande with two booths at the Strawberry Festival on Memorial Day weekend, recognition on all published materials for the Strawberry Festival, recognition in published materials for the annual Beer Feast, recognition in Christmas in the Village flyers and posters, identification on a banner placed on a light pole on Branch Street, and inclusion in the annual Village brochure. Since the 2019 Christmas in the Village Events, the AGVIA has ceased operating and no longer provides funding for lighting or other holiday activities in the Village.

In 2020, the City Council contributed \$8,000 towards holiday lighting in the Village utilizing FY 2020-21 fund balance created by revenue from the CARES Act. When considering this contribution, the City was conscious of the historical funding source for lighting of the Village, which was impacted by the COVID-19 pandemic. The Arroyo Grande Strawberry Festival is usually held on Memorial Day weekend, and a portion of the proceeds generated from the festival previously provided funding for the annual holiday lighting in the Village. The 2020 Strawberry Festival was unable to be held due to tourism restrictions resulting from the COVID-19 pandemic. In consideration of the impacts of COVID-19 and the benefits of holiday lighting in the Village to the economic prosperity of the community, Council approved a one-time payment of \$8,000 to the South County Chambers of Commerce (Chamber) to pay for a portion of the costs associated with installing holiday lights in the Village

On May 25, 2021, the City Council adopted a Resolution confirming the AGTBID Advisory Board's annual report and levying an annual assessment for the AGTBID for the 2021-22 fiscal year. The City Council also adopted a Resolution approving the AGTBID FY 2021-22 budget as shown in the table below:

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 CONSIDERATION OF APPROVAL OF A RESOLUTION AMENDING THE ARROYO  
 GRANDE TOURISM BUSINESS IMPROVEMENT DISTRICT (AGTBID) FISCAL YEAR  
 2021-22 BUDGET TO SPONSOR 2021 CHRISTMAS IN THE VILLAGE EVENTS  
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FY 2021/22 AGTBID Budget (PROPOSED)

Estimated Fund Balance for FY 2020/21 is \$250,000

REVENUES	
Revenue Source	Amount
TBID Assessments	\$ 136,250
Interest	\$ 500
Appropriation from fund balance	\$ 92,750
<b>Total Revenue</b>	<b>\$ 229,500</b>

EXPENDITURES			
Activity	Amount	Activity	Amount
<b>Advertising</b>		<b>Membership &amp; Subscriptions</b>	
Consultant Services	\$ 85,500.00	CCTC	\$ 500
Photo/Video Assets	\$ 10,000.00	Co-op/Sponsorships	\$ 10,000.00
Advertising Hard Costs	\$ 64,500.00	Sub-total Membership & Subs.	\$ 10,500
Website	\$ 6,500.00		
Sub-total Advertising	\$ 166,500		
		<b>Total Expenditures</b>	<b>\$ 229,500</b>
<b>Services &amp; Supplies</b>			
City - administrative	\$ 3,000.00		
Chamber - Contract admin.	\$ 42,000.00		
Supplies/Domains	\$ 2,500.00		
Vacation rental code compliance	\$5,000		
Sub-total Services & Supplies	\$ 52,500		

At the June 28, 2021 AGTBID Advisory Board meeting, the Board approved the use of the Co-op/Sponsorship line item of \$10,000 for FY 2021-22 to be used to participate in the co-op opportunity available from Visit SLO CAL for its video asset shoot.

At the August 23, 2021 AGTBID Advisory Board meeting, the Board received a request from Arroyo Grande Village Events to consider approval of funding in an amount not to exceed \$10,000 from the FY 2021-22 AGTBID Budget to sponsor the Christmas in the Village Event in 2021 (Attachment 2).

After deliberation, the Advisory Board moved to request that the City Council approve an amendment to the FY 2021-22 AGTBID Budget to increase Co-op/Sponsorship funding by \$5,000 for sponsorship of the Christmas in the Village Events.

**ANALYSIS OF ISSUES:**

Chapter 3.46 of the City’s Municipal Code and the provisions of the Parking and Business Improvement Area Law of 1989 govern the City’s use of TBID funding. Section 3.46.030 includes the following language:

3.46.030 - Authorized uses.

This chapter is made and enacted pursuant to the provisions of the Parking and Business Improvement Area Law of 1989 (Sections 36500 et seq., of

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the Streets and Highways Code) (the "law"). The purpose of forming the district as a business improvement area under the Parking and Business Improvement Area Law of 1989 is to provide revenue to defray the costs of services, activities and programs promoting lodging businesses in the district through the promotion of scenic, recreational, cultural and other attractions in the district as a tourist destination. It is the intent of this chapter to provide a supplemental source of funding for the promotion of lodging operations in the AGTBID and it is not intended to supplant any other existing sources of revenues that may be used by the city of Arroyo Grande for the promotion of the lodging industry. The specific services, activities and programs to be provided by the district are as follows:

- A. The general promotion of lodging operations within the district is to include costs as specified in the business plan to be adopted annually;
- B. The marketing of conference, group, and film business that benefits the local lodging industry in the district;
- C. The marketing of the district to the travel industry in order to benefit the local lodging industry in the district;
- D. Administration of the AGTBID, including collection and enforcement of assessments and administration of any contracts that the city enters into related to the AGTBID.

About 25% of retail business occurs during December. It is critical that the tradition of Christmas in the Village continue to exist not only to benefit the businesses in the Village, but also to ensure that visitors will look to the Village as a destination to enjoy the unique ambiance, shop for the holidays and stay for the weekend in Arroyo Grande lodging establishments.

Without the ongoing assistance of the AGVIA or the funding opportunities previously provided by the Strawberry Festival, it is uncertain how lighting and other holiday-related events in the Village will be funded or completed this year. The Chamber has stepped-in to coordinate and host the Elegant Evening in the Village event traditionally held on the first weekend of December, while also helping to coordinate efforts to hold the annual Christmas Parade. Proceeds from the 2021 Elegant Evening event will be used to provide funding for holiday lighting and events in the Village in 2022. In the meantime, Arroyo Grande Village Events proposes to gather sponsorships and funding to support holiday lighting and other Christmas events in the Village, such as Santa, for the 2021 holiday season.

The request to the AGTBID Advisory Board explained that the Christmas in the Village Events involves the following expenses:

- Santa - \$1,300 to \$1,500

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### **CONSIDERATION OF APPROVAL OF A RESOLUTION AMENDING THE ARROYO GRANDE TOURISM BUSINESS IMPROVEMENT DISTRICT (AGTBID) FISCAL YEAR 2021-22 BUDGET TO SPONSOR 2021 CHRISTMAS IN THE VILLAGE EVENTS**

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- Central Coast Illumination - \$10,000 (Lights, Decor, Labor)
  - installation and removal - on Private Businesses and City Property
- Storage of Event Decor, Santa's House, Supplies including City property - \$2,200 annually
- Candy Canes for Children - \$200
- Entertainment - \$200
- Supplies - \$200

During the AGTBID Advisory Board discussion of Arroyo Grande Village Events' request, it was explained that discussions with individual business and property owners in the Village have been ongoing to gather support for the holiday lighting and decorating efforts. As indicated during the Advisory Board discussion, some businesses and/or property owners have expressed concern regarding the costs, safety, and potential liability involved with having the lights and decorations installed and operated on their buildings, particularly given the age of some of the buildings. In addition, questions were raised regarding the procurement process used to determine costs for the lighting and decoration efforts, which has not been competitively bid in the past. Discussions also occurred regarding the extent to which lighting remains on the buildings or trees, which may minimize the overall costs of completing the decorations. At the conclusion of deliberations, the AGTBID Advisory Board voted to request that the City Council approve the use of \$5,000 from the FY 2021-22 fund balance to help sponsor Arroyo Grande Village Events' Christmas in the Village Events and decorations. The proposed revised budget is provided in Attachment 1.

#### **ALTERNATIVES:**

The following alternatives are provided for Council's consideration:

1. Adopt a Resolution amending the FY 2021-22 AGTBID budget to appropriate \$5,000 from the AGTBID fund balance to sponsor the 2021 Christmas in the Village Events as requested by Arroyo Grande Village Events.
2. Utilize fund balance from the General Fund to pay for a portion of the costs to install lighting and decorations in the Village for the 2021 holiday season.
3. Direct staff to issue a request for proposals, or request that the Chamber, on behalf of the AGTBID, issue a request for proposals, to install holiday lighting and decorations in the Village for the 2021 holiday season and/or future holiday seasons.
4. Do not approve the additional funding as requested by the AGTBID Board.
5. Provide other direction to staff.

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**ADVANTAGES:**

Approving funding for the 2021 Christmas in the Village Events will help ensure that the traditional lighting and decorations installed in the Village during the holidays will continue to attract visitors to the Village and occupants to Arroyo Grande's hotels.

**DISADVANTAGES:**

It is unclear the extent to which the use of AGTBID funding for the event will increase lodging business in the City. It is also unclear whether the City will be requested to fund future holiday decorations and lighting in the Village and elsewhere.

**ENVIRONMENTAL REVIEW:**

No environmental review is required for this item.

**PUBLIC NOTIFICATION AND COMMENTS:**

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.

Attachments:

1. Proposed Resolution amending the FY 2021-22 AGTBID budget
2. August 23, 2021 AGTBID Advisory Board Staff Report

**RESOLUTION NO.**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
ARROYO GRANDE AMENDING THE FISCAL YEAR 2021-22  
BUDGET FOR THE ARROYO GRANDE TOURISM  
BUSINESS IMPROVEMENT DISTRICT**

**WHEREAS**, on February 26, 2013, the City Council adopted Resolution No. 4516 establishing the Arroyo Grande Tourism Business Improvement District (“AGTBID”) Advisory Board (“Advisory Board”); and

**WHEREAS**, on May 14, 2013, the City Council adopted Ordinance No. 651 establishing the AGTBID; and

**WHEREAS**, the purpose of the Advisory Board is to consult with and advise the City Council on those matters dealing with the method and basis of levying assessments within the AGTBID; expenditures of revenues derived from such assessments; and programs, services, improvements, and activities intended to promote lodging establishments within the District; and

**WHEREAS**, on March 22, 2021, the Advisory Board approved the FY 2020-21 AGTBID Annual Report; and

**WHEREAS**, on April 27, 2021, the City Council approved the Advisory Board’s Annual Report and adopted a Resolution of Intention to levy and collect assessments for the 2021-22 fiscal year and to set the date for a public hearing for May 26, 2020; and

**WHEREAS**, on May 25, 2021, the City Council adopted a Resolution confirming the Advisory Board’s Annual Report and levying an annual assessment for the AGTBID for the 2021-22 fiscal year; and

**WHEREAS**, on May 25, 2021, the City Council adopted a Resolution adopting the 2021-22 fiscal year budget for the AGTBID; and

**WHEREAS**, the Advisory Board has recommended that the AGTBID 2021-22 fiscal year budget include additional funding from Fund Balance to be paid to Arroyo Grande Village Events for Sponsorship of 2021 Christmas in the Village Events.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Arroyo Grande as follows:

1. The recitals set forth herein are true, correct and incorporated herein by this reference.
2. The City Council hereby adopts the amended FY 2021-22 budget for the Arroyo Grande Tourism Business Improvement District attached hereto as Exhibit A.

On motion by Council Member \_\_\_\_\_, seconded by Council Member \_\_\_\_\_, and on the following roll call vote, to wit:

**RESOLUTION NO.**  
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**AYES:**  
**NOES:**  
**ABSENT:**

The foregoing Resolution was passed and adopted this 14<sup>th</sup> day of September, 2021.



\_\_\_\_\_  
**CAREN RAY RUSSOM, MAYOR**

**ATTEST:**

\_\_\_\_\_  
**JESSICA MATSON, CITY CLERK**

**APPROVED AS TO CONTENT:**

\_\_\_\_\_  
**WHITNEY MCDONALD, CITY MANAGER**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
**TIMOTHY J. CARMEL, CITY ATTORNEY**

FY 2021/22 AGTBID Budget

*Estimated Fund Balance for FY 2020/21 is \$250,000*

REVENUES	
Revenue Source	Amount
TBID Assessments	\$ 136,250
Interest	\$ 500
Appropriation from fund balance	\$ 92,750
Additional fund appropriation	\$ 5,000
<b>Total Revenue</b>	<b>\$ 234,500</b>

EXPENDITURES	
Activity	Amount
<b>Advertising</b>	
Consultant Services	\$ 85,500
Photo/Video Assets	\$ 10,000
Advertising Hard Costs	\$ 64,500
Website	\$ 6,500
Sub-total Advertising	\$ 166,500
<b>Services &amp; Supplies</b>	
City - administrative	\$ 3,000
Chamber - Contract admin.	\$ 42,000
Supplies/Domains	\$ 2,500
Vacation rental code compliance	\$ 5,000
Sub-total Services & Supplies	\$ 52,500
<b>Membership &amp; Subscriptions</b>	
CCTC	\$ 500
Co-op/Sponsorships	\$ 10,000
Christmas in the Village Sponsorship	\$ 5,000
Sub-total Membership & Subs.	\$ 15,500
<b>Total Expenditures</b>	<b>\$ 234,500</b>

**ARROYO GRANDE TOURISM BUSINESS IMPROVEMENT DISTRICT  
(AGTBID) ADVISORY BOARD**

**AGENDA REPORT**

**TO:** AGTBID Advisory Board  
**FROM:** Jocelyn Brennan, President I CEO South County Chambers  
**MEETING OF:** August 23, 2021  
**SUBJECT:** Consider Approval of Funding from the FY 2021-22 AGTBID Budget for an Amount Not to Exceed \$10,000 for Sponsorship of 2021 Christmas in the Village Event

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**RECOMMENDATION**

That the AGTBID Advisory Board consider approval of funding in an amount not to exceed \$10,000 from the FY 2021-22 AGTBID Budget to sponsor the Christmas in the Village event in 2021.

**BACKGROUND**

Arroyo Grande Village Events (AGV Events) plans to host and facilitate events enjoyed by locals and thousands of returning visitors to the Historic Village of Arroyo Grande. These events enhance our community as well as help to promote tourism and support of our local businesses. The AGV Events is a newly formed organization supported by a small group of volunteers.

**DISCUSSION**

AGV Events is requesting a \$10,000 sponsorship to continue the tradition of Christmas in the Village. This would begin after Thanksgiving into the New Year. A sponsorship would fund Santa in the Village, create Santa's Cottage, and provide décor and lighting throughout the Village. The sponsorship would include payment for all labor needed. Santa will be at his cottage welcoming children to share their wish lists as well as walking through the Village and businesses greeting visitors throughout December.


Every dollar is utilized to fund Christmas in the Village. Please refer to the sponsorship request (Attachment 1) for further details.

Attachments:

1. Sponsorship request from Arroyo Grande Village Events

# Gaea Powell

arroyograndevillage@gmail.com

Submission Date	Jul 15, 2021 7:25 PM
Name of your organization	Arroyo Grande Village Events
History and brief description of your organization (500 words or less)	<p>We host and facilitate events enjoyed by locals and 1000s of returning visitors to the Historic Village of Arroyo Grande. These events enhance our community as well as help to promote tourism and support of our local businesses. The AGVEvents is an organization supported by a small group of non-paid volunteers.</p> <p>Our request today is in hopes of carrying on the tradition of Christmas in the Village. This would begin after Thanksgiving into the New Year. A sponsorship would fund Santa to the Village, creating Santa's Cottage and providing decor and lighting throughout the Village. This would include payment for all of the labor needed as well.</p> <p>Santa will be at his Cottage welcoming children to share their wish lists as well as walking through the Village and businesses greeting visitors throughout December.</p> <p>We are hoping the TBID will consider a \$10,000 sponsorship similar to your kind generosity in 2019. Every dollar is utilized to fund Christmas in the Village. Historically, the cost of our efforts towards Christmas in the Village is approximately \$14,000. We have other sponsors and fundraising events that help cover additional expenses (entertainment, supplies, insurance, storage rent, permits when needed...) of approximately \$4000 annually.</p> <p>Please let me know if you need additional information or if you have any questions.</p> <p>We greatly appreciate your consideration.</p>
Name, location and date/s of your event	Christmas in the Village End of November - Beginning of January
Point of contact for your event	Gaea Powell
Email	arroyograndevillage@gmail.com
Phone Number	
Required permits for this event, please provide status of permits	NA
Cost of this event (if it is a ticketed event)	Free
Description of tourist attraction record or potential, please include percentage of in-county vs. out-of-county attendees:	Santa and Christmas Lights in the Village is a long standing tradition that brings in countless visitors to Arroyo Grande from surrounding areas as well as tourists. This event provides a unique and charming experience for all, but particularly for tourist coming in from Cities. The Historic Village provides an opportunity to turn back time and enjoy a Christmas experience focused the simple joys and a more human connection.

Description of any collaborative efforts with other organizations relative to this event:	Last year we were fortunate to have the City provide some of their State grant money to pay for some of the lighting and labor. Our organization succeeded in raising money for Santa and his House...
	We host the Beer Feast in October which also helps us raise funds for Christmas in the Village and Mullahey Ford, Chevy, Mason Bar and Grill and Rooster are also sponsors.
	We are also happy to help the Chamber with their efforts in hosting Elegant Christmas weekend in the Village and our City's efforts (particularly the Rec department) when needed.
The total amount requested, budget including a prioritized breakdown of individual line items within that total.	Santa \$1300 to \$1500 Central Coast Illumination \$10,000 (Lights, Decor, Labor) installation and removal - on Private Businesses and City Property Storage of Event Decor, Santa's House, Supplies including City property \$2200 annually Candy Canes for Children \$200 Entertainment \$200 Supplies \$200
Safety plan (large special events only)	It is an open air event from the end of November to Early January - no large crowds at one time.
Description of your marketing strategy and reach. Please include how your organization will include Visit Arroyo Grande in your promotional marketing and materials.	We will coordinate and collaborate with the SCCC and VAG on all marketing efforts as well as with the Village and surrounding businesses (they will promote Santa in the Village through Instagram, Facebook...).
Organizations and event URL's and social media channels	<a href="https://www.facebook.com/AGVillageEvents">https://www.facebook.com/AGVillageEvents</a>

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