

**RESOLUTION NO. 2024 - \_\_\_\_\_**

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF NAPA, DECLARING RESULTS OF MAJORITY PROTEST PROCEEDINGS AND RENEWING THE NAPA VALLEY TOURISM IMPROVEMENT DISTRICT (NVTID)**

**WHEREAS**, the Property and Business Improvement Law of 1994, Streets and Highways Code § 36600 et seq., authorizes the County of Napa (County) to renew business improvement districts upon petition by a weighted majority of the business owners located within the boundaries of the district; and

**WHEREAS**, the NVTID was established in 2010, for a five-year period, pursuant to the Property and Business Improvement Law of 1994; and

**WHEREAS**, the NVTID was subsequently renewed on June 10, 2014, by Resolution No. 2014-64, for a ten (10) year term which ends on June 15, 2025; and

**WHEREAS**, lodging business owners who will pay more than fifty percent (50%) of the proposed assessment, as weighted according to the amount of the assessment to be paid by the petitioner, within the boundaries of the NVTID have petitioned the Board of Supervisors to renew the NVTID; and

**WHEREAS**, the renewed NVTID includes all lodging businesses, existing and in the future, available for public occupancy in the cities of American Canyon, Calistoga, Napa, and St. Helena, the Town of Yountville, and the unincorporated area of the County of Napa (jurisdictions); and

**WHEREAS**, consent to include lodging businesses in their respective jurisdictions has been received from the cities of American Canyon, Calistoga, Napa, and St. Helena and the Town of Yountville; and

**WHEREAS**, included with the petitions was a Management District Plan summary that describes the proposed assessment to be levied on lodging businesses, existing and in the future, available for public occupancy within the NVTID to pay for valley-wide marketing and sales and local jurisdiction destination marketing programs, and other improvements and activities set forth in the Plan; and

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

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

**WHEREAS**, on October 15, 2024, at 9:00 AM at 1195 Third Street, Suite 310, Napa, CA 94559 the Board of Supervisors held a public hearing regarding the renewal of the NVTID, and at

the conclusion of the hearing adopted a Resolution of Intention (Resolution No. 2024-111) to renew the NVTID for an additional ten year term commencing on June 16, 2025 or as soon as possible thereafter; and

**WHEREAS**, on December 3, 2024, at 9:00 AM at 1195 Third Street, Suite 310, Napa, CA 94559, the Board of Supervisors held a public meeting regarding the renewal of the NVTID, and the Board heard and received objections and protests, if any, to the renewal of the NVTID and the levy of the proposed assessment; and

**WHEREAS**, on December 17, 2024, the Board of Supervisors held a public hearing regarding the renewal of the NVTID, and the Board heard and received all objections and protests, if any, to the renewal of the NVTID and the levy of the proposed assessment; and

**WHEREAS**, the Clerk of the Board has determined that there was no majority protest. A majority protest is defined as written protests received from owners of businesses in the renewed NVTID which 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.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD THAT:**

1. The recitals set forth herein are adopted by the Board as findings and they are true and correct.
2. The Napa Valley Tourism Improvement District is hereby renewed for a ten (10) year term, beginning June 16, 2025, or as soon as possible thereafter, and ending ten (10) years from its start date, unless renewed pursuant to Streets and Highways Code § 36660.
3. The Management District Plan on file with the Clerk of the Board dated June 5, 2024, is hereby amended in a non-substantive manner as modified by the Board on December 17, 2024, and so as amended is hereby adopted.
4. The activities to be provided to benefit businesses in the NVTID will be funded by the levy of the assessment. The revenue from the assessment levy shall not be used: to provide activities that directly benefit businesses outside the NVTID; to provide activities or improvements outside the NVTID; or for any purpose other than the purposes specified in this Resolution, the Resolution of Intention, and the Management District Plan. Notwithstanding the foregoing, improvements and activities that must be provided outside the NVTID boundaries to create a specific benefit to the assessed businesses may be provided, but shall be limited to marketing or signage pointing to the NVTID.
5. The Board finds as follows:
  - a) The activities funded by the assessment will provide a specific benefit to assessed businesses within the NVTID 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 NVTID are levied solely upon the assessed business, and the 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, that portion shall be specifically called out and identified for the transient in any and all communications from the business owner as the "NVTID Assessment" or "Tourism Assessment" as specified in the Management District Plan.

6. The assessments levied for the NVTID shall be applied towards valley-wide marketing & sales and local jurisdiction destination marketing programs to market NVTID lodging businesses as tourist, meeting and event destinations, and other improvements and activities as set forth in the Management District Plan.

7. Assessments levied on lodging businesses pursuant to this resolution shall be levied on the basis of benefit. Because the services provided are intended to increase sleeping room rentals, an assessment based on gross short-term sleeping room rental revenue is the best measure of benefit.

8. 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 Board of Directors, or successor destination marketing entity, and then brought to the Napa Valley Tourism Corporation 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 local code, ordinances or laws.

9. The assessments for the entire NVTID will total approximately \$11,000,000 in year one (1).

10. Bonds shall not be issued to fund the NVTID.

11. The NVTID shall include all lodging businesses, existing and in the future, available for public occupancy located within the boundaries of the cities of American Canyon,

Calistoga, Napa, and St. Helena, the Town of Yountville, and the unincorporated area of the County of Napa. A boundary map is attached hereto and incorporated herein by reference.

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

13. The assessments to fund the activities and improvements for the NVTID will be collected by each jurisdiction and in accordance with Streets and Highways Code §36631. The city and county tax collectors will be responsible for collecting the assessment on a monthly or quarterly basis (including any delinquencies, penalties, and interest) from each lodging business located in the boundaries of the NVTID in accordance with each jurisdiction's procedures for collecting transient occupancy taxes.

14. The Board, through adoption of this Resolution 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 NVTID as defined in Streets and Highways Code §36612. The Board has determined that the Napa Valley Tourism Corporation shall be the NVTID Owners' Association.

15. The Napa Valley Tourism Corporation, 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 NVTID.

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

17. The Clerk of the Board, or their designee, is directed to take all necessary actions to complete the renewal of the NVTID and to levy the assessments.

18. This Resolution shall take effect immediately upon its adoption by the Board.

**BE IT FURTHER RESOLVED** that the Board recommends the following:

1. That the Napa Valley Tourism Corporation (NVTC) hire an independent contractor to provide administrative services for NVTC.
2. That NVTC form an ad hoc Governance Committee to conduct a full review and provide recommendations regarding governance for NVTC, Visit Napa Valley, and the local governing committees. Such recommendations should include:
  - a. Changes to the bylaws;
  - b. Addressing potential conflicts of interest, including limiting the executive director of VNV to a non-voting board member position if VNV chooses to appoint its executive director to the NVTC designated board member position.

- c. Improving understanding of fiduciary duties.
  - d. Consider increasing the percentage of assessment funds allocated to local destinations from 24% to 26% to provide more funding to the local TID.
  - e. Consider increasing representation from Upvalley small hoteliers and Upvalley chambers on NVTC, and/or VNV.
  - f. Recommendations to improve clarity on how NVTID assessment revenue is spent in each local jurisdiction within the NVTID.
3. That NVTC report back to the Board of Supervisors in six months on its progress towards addressing the above issues.

**THE FOREGOING RESOLUTION WAS DULY AND REGULARLY ADOPTED** by the Board of Supervisors of Napa County, State of California, at a regular meeting of the Board held on the 17th day of December, 2024, by the following vote:

AYES: SUPERVISORS \_\_\_\_\_  
 \_\_\_\_\_

NOES: SUPERVISORS \_\_\_\_\_  
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ABSTAIN: SUPERVISORS \_\_\_\_\_  
 \_\_\_\_\_

ABSENT: SUPERVISORS \_\_\_\_\_  
 \_\_\_\_\_

NAPA COUNTY, a political subdivision of the State of California

\_\_\_\_\_  
 JOELLE GALLAGHER, Chair of the Board of Supervisors

APPROVED AS TO FORM Office of County Counsel	APPROVED BY THE NAPA COUNTY BOARD OF SUPERVISORS	ATTEST: NEHA HOSKINS Clerk of the Board of Supervisors
By: <u>S. Darbinian</u> Deputy County Counsel	Date: _____, 2024 Processed By: _____ Deputy Clerk of the Board	By: _____ _____
Date: <u>12/17/24</u>		

# Boundary Map

