

**CITY COUNCIL OF THE CITY OF SAN DIEGO  
SUPPLEMENTAL DOCKET NUMBER 1  
MONDAY, OCTOBER 24, 2016, AT 2:00 PM  
CITY ADMINISTRATION BUILDING  
COUNCIL CHAMBERS – 12<sup>TH</sup> FLOOR  
202 “C” STREET  
SAN DIEGO, CA 92101**  
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Pursuant to California Senate Bill 343 (Section 54957.5(b) of the Brown Act), late-arriving documents related to City Council meeting agenda items which are distributed to the legislative body prior to and during the Council meeting are available for public review in the Office of the City Clerk on the second floor of the City Administration Building, 202 C Street, San Diego, CA 92101. This relates to those documents received after the agenda is publicly noticed and during the 72 hours prior to the start of the meeting. Please note: Approximately one hour prior to the start of the Council Meeting, the documents will be available just outside Council Chambers in the lobby of the 12th floor of the City Administration Building in a binder labeled “SB 343.” Late-arriving materials received during the City Council meeting are available for review by making a verbal request of City Clerk staff located in Council Chambers.

**ADOPTION AGENDA, DISCUSSION, OTHER LEGISLATIVE ITEMS**  
**RESOLUTIONS:**

ITEM-S400: FY2017 Updated Tourism Marketing District Report of Activities (Part I and Part II) and Approval of Operating Agreement for Modified Tourism Marketing District. (Citywide.)

**ITEM DESCRIPTION:**

Approve an updated Tourism Marketing District Report of Activities (budget) for FY2017 with Part I covering the renewed Tourism Marketing District for the period July 1 through October 31, 2016, and Part II covering the modified Tourism Marketing District for the period November 1, 2016, through June 30, 2017, and authorize the associated expenditures. Additionally, authorize a new five-year Operating Agreement with the San Diego Tourism Marketing District effective November 1, 2016, to supersede the existing agreement.

**STAFF'S RECOMMENDATION:**

Adopt the following resolution:

(R-2017-206)

Approving the updated FY 2017 – Part I Report of Activities for the renewed Tourism Marketing District (TMD) with an anticipated budget of \$41,047,270 that reflects updated revenue and expenditure estimates and anticipated reserves in order to close out the current activities. Authorizing the Chief Financial Officer to appropriate and expend TMD assessments, interest, and fund balance, contingent upon the Chief Financial Officer certifying that the funds necessary for expenditure are, or will be, on deposit in the City Treasury;

Approving the updated FY 2017 – Part II Report of Activities for the TMD with an anticipated budget of \$24,482,826 anticipated to be available from TMD Assessments, interest, and fund balance which will be matched with estimated non-TMD assessment funds of \$15,026,557. Authorizing the Chief Financial Officer to appropriate and expend TMD assessments, interest, and fund balance, contingent upon the Chief Financial Officer certifying that the funds necessary for expenditure are, or will be, on deposit in the City Treasury;

Authorizing the Mayor, or his designee, to execute the new five-year operating agreement with the San Diego Tourism Marketing District Corporation for administration of the TMD with a term of November 1, 2016, through October 31, 2021, (New Operating Agreement). The existing Initial Operating Agreement (with amendments) shall terminate upon the effective date of the New Operating Agreement;

Authorizing the Chief Financial Officer to appropriate and expend the TMD Fund Balance and TMD Interest Fund Balance from FY 2016 at year end closing (less the estimated TMD assessments and TMD interest carryover included with the FY 2017 – Part I budget) for FY 2016 expenditures anticipated to be processed in FY 2017. Such appropriation and expenditure is contingent upon the Chief Financial Officer certifying that the funds necessary for expenditure are, or will be, on deposit in the City Treasury and subject to any require reserves.

**STAFF SUPPORTING INFORMATION:**

**FISCAL CONSIDERATIONS:**

Pursuant to the renewed (Resolution R-307843) and then modified TMD (Resolution R-310664), approximately \$41,047,270 of TMD Assessments, interest and fund balance is projected to be available for FY2017- Part I and then approximately \$24,482,826 of TMD Assessments and interest is projected to be available for FY2017- Part II. Funds are disbursed to the SDTMD Corporation in accordance with the relevant Operating Agreement to implement the respective TMD Management Plans, except for those funds held for: unallocated Opportunity/Catastrophe reserve; City administration costs; and for potential future liability. Depending on the timing and outcome of litigation there may be no fiscal impact to the City however a Litigation Reserve is being maintained from TMD assessments to provide funding in the case of an adverse outcome and to minimize any fiscal impact to the General Fund.

**PREVIOUS COUNCIL AND/OR COMMITTEE ACTION:**

The TMD was renewed by Council on November 26, 2012, by Resolution R-307843. Council approved a five-year TMD Agreement by Resolutions R-307844, R-308062, and then amended that Agreement by Resolutions R-308065 (April 23, 2013), R-308588 (December 9, 2013), and R-310482 (June 1, 2016). The original FY2017 Report of Activities was approved by Council on May 23, 2016.

The updated FY2017 Report of Activities Part I and Part II and recommendation for a new Operating Agreement was heard at the Economic Development and Intergovernmental Relations Committee meeting on October 20, 2016, which moved the item to Council as presented by staff.

**ACTION:** Motion by Councilmember Alvarez, second by Councilmember Cate, to recommend Council approval with a request that the City Attorney's office provide an update on outstanding litigation.

**VOTE:** 4-0; Cole-yea, Kersey-yea, Cate-yea, Alvarez-yea.

Caldwell/Graham

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