

# EXECUTIVE SUMMARY

---

## OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

---

**Date Issued:** July 29, 2011

**IBA Report Number:** 11-48

**City Council Docket Date:** August 1, 2011

**Item Number:** 200

---

## Tourism Marketing District Procedural Ordinance

On August 1, 2011, the City Council will consider the adoption of an ordinance amending sections of the San Diego Municipal Code pertaining to the San Diego Tourism Marketing District Procedural Ordinance. The proposed amendments would extend the maximum term of a TMD from 10 years to 40 years, insure the adherence of TMD assessments with Proposition 26, and establish actions to determine the validity of and for contesting the validity of a district.

This item was heard at the July 20, 2011 Budget and Finance Committee meeting. At the meeting, the Committee voted to recommend the adoption of the proposed Ordinance by Council. In consideration of the Committee discussion and issues raised, the following report reviews the purpose of the Procedural Ordinance amendments and the next steps involved in the TMD renewal process.

The proposed amendments to the TMD Procedural Ordinance are being brought forward at this time as an initial step in preparation for the process to renew the TMD that is set to expire December 31, 2012. With the adoption of the changes by Council, the new Procedural Ordinance will guide the renewal process that is anticipated to span over the next months, in preparation for the operation of a renewed district on January 1, 2013.

After the adoption of the amendments to the Procedural Ordinance, the industry will continue to move forward in drafting the District Management Plan to coincide with the petition of lodging businesses regarding the renewal of the TMD. The submittal of the petition to the City will initiate the required Council action for the approval of the TMD renewal that is expected to conclude in early 2012. Once the Management Plan is before Council, it can be approved or rejected, but not modified by Council. As such, we recommend that the Management Plan be presented as an informational item to either Council Committee or Council once it is finalized in order to allow the Council the opportunity to provide input before affected businesses are petitioned. Other opportunities for Council input on administrative and operational guidelines will arise when the contract between the City and the SDTMD is considered for approval. In addition, when the TMD comes before Council on an annual basis with a report of activities for the upcoming fiscal year, the Council will have the ability to modify the report and approve the modifications relating the District's activities.