



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 9/16/2025

To: Board of Supervisors

Department or Agency Name(s): County Administrator's Office

Staff Name and Phone Number: M. Christina Rivera, Andrew Sturmfels, Peter Bruland, and McCall Miller (707) 565-2431

Vote Requirement: Majority

Supervisorial District(s): Countywide

Title:

Transient Occupancy Tax Policy Ad Hoc Committee Recommendations and Community Investment Fund Policy Updates

Recommended Action:

Review and approve updates to the Community Investment Fund Policy.

Executive Summary:

The Board of Supervisors (Board) established the Transient Occupancy Tax Policy (TOT Policy) Ad Hoc Committee on January 7, 2025, to review the current allocations of Transient Occupancy Tax (TOT or Hotel Bed Tax) revenue pursuant to the Community Investment Fund Policy (Policy) and develop recommendations for updates to the funding policies for TOT revenue. The Ad Hoc Committee has met four times since February 2025.

TOT is authorized under Revenue and Taxation Code Section 7280 and is levied in the unincorporated county at a rate of 12%. TOT is a general tax and therefore its revenues can be used for any general governmental purpose. Accordingly, the Board allocates one-quarter (25%) of collected TOT revenue to the General Fund for general governmental purposes; and the remaining three-quarters (75%) of collected TOT revenue is allocated according to the Board-established Community Investment Fund Policy.

This item includes recommendations from the Ad Hoc Committee, comprised of Supervisors Rabbitt and Gore, to update the Community Investment Fund Policy with the intent to improve user-friendliness and readability, while maintaining the current funding allocations.

Discussion:

Transient Occupancy Tax Funding

The Sonoma County Transient Occupancy Tax (TOT) was established in 1965 and is currently levied at a rate of 12% in unincorporated Sonoma County, a rate established in 2016 by the voter-approved Measure L. Because TOT is a general tax, its revenues can be used for any general governmental purpose. Currently, TOT revenue is allocated 25% to the General Fund; 50% to the Community Investment Fund; and 25% to the Measure L Fund.

Current Community Investment Fund Policy and Program

The Community Investment Fund Program, established in 1986 as the Advertising and Promotions Program,

allocates a portion of the Transient Occupancy Tax to encourage economic development, community engagement, and culture in the County through a variety of grant award and funding avenues. The program provides grants to community-based organizations for a wide range of activities including economic development, community and countywide events, and advertising and promoting the county as a visitor destination with the goal of advancing economic growth through tourism. Additionally, the program provides grants to address impacts on safety due to tourism and to enhance community services throughout the county. The program also provides funding to the Regional Parks Department, the Economic Development Collaborative, and several additional county activities. Community Investment Funds are allocated per the Community Investment Fund Policy (Policy) (<https://sonomacounty.ca.gov/administrative-support-and-fiscal-services/county-administrators-office/community-investment-fund-program/community-investment-program-policy>).

The current Policy allocates funding in the following categories: Economic Development; Community Grants and District Priorities; Community Services; Program Administration and Integrity; County Center Modernization; and Measure L Funding.

Economic Development

Within the Economic Development category, funding is allocated:

1. Economic Development Collaborative (support department operations) - approximately \$4.3 million annually
2. Sonoma County Tourism (through a funding agreement) - 1.25 percentage points of the first 9% - approximately \$3.3 million annually

Community Grants and District Priorities

Within the Community Grants and District Priorities category, funding is allocated:

1. Local Events, Organizations, District Priorities - \$500,000 annually (distributed through grants via application submitted directly to each Supervisorial District for consideration)
2. Chambers of Commerce - \$50,000 annually (allocations are based upon an up to 10% match of membership dues with priority given to chambers located in the unincorporated area or those serving the entire county; program is coordinated by Economic Development Collaborative)

Community Services

Within the Community Services category, funding is allocated:

1. Fire Services Project - camping TOT collected by Regional Parks - approximately \$300,000 annually (support enhanced fire protection services in consolidated fire districts)
2. Fuels Reduction and Landscape Resiliency Campaign - \$900,000 annually (support the Permit Sonoma vegetation management program including chipper program operations)
3. District Formation Funds - \$175,000 annually (may be used for professional services to establish Special Districts)
4. Regional Parks (support department operations) - \$2.65 million annually
5. Strategic Initiatives Division - \$300,000 annually (support division operations and the implementation of the Board's priorities within the Strategic Plan)

Program Administration and Integrity

Within the Program Administration and Integrity category, funding is allocated:

1. Collections, Audit Services, and Legal Services - \$550,000 annually (support Auditor-Controller-Treasurer-Tax Collector, Permit Sonoma, and County Counsel, and external contract services providing revenue and tax collections services, legal advice, and supporting compliance)

County Center Modernization

Within the County Center Modernization category, funding is allocated:

1. County Center Modernization - \$1 million annually (added during FY 22-23 Budget Hearings and utilized to support satellite service centers)

Measure L Funding

Within the Measure L Funding category, funding is allocated by percentage per the April 2019 Community Investment Fund Policy update and is based on revenue collected:

1. Fire Services - 40%, or approximately \$3.2 million annually (support enhanced fire protection services in consolidated fire districts)
2. Road Repair and Improvement - 20%, or approximately \$1.6 million annually (allocated to the Public Infrastructure Road Repair and Improvement Fund)
3. Affordable Housing - 13%, or approximately \$1 million annually (allocated to the Community Development Commission Affordable Housing Fund)
4. Tourism Impact Fund - 10%, or approximately \$800,000 annually (distributed through grants via application submitted directly to each Supervisorial District for consideration and/or distributed to County departments and/or support of Municipal Advisory Councils).
5. Event Facilities Improvements - 9%, or approximately \$700,000 annually (allocated to support operations, maintenance, and improvements of County-owned facilities)
6. Code Enforcement and Compliance - 8%, or approximately \$600,000 annually (support Auditor-Controller-Treasurer-Tax Collector, Permit Sonoma, and external contract services providing revenue and tax collections services, legal advice, and supporting compliance)

Transient Occupancy Tax Policy (TOT Policy) Ad Hoc Committee Recommendations

The TOT Policy Ad Hoc Committee, established on January 7, 2025, has met four times since February 2025. Recommendations of the Ad Hoc include streamlining the Policy, updating the user-friendliness and readability of the Policy, and maintaining the current funding allocations.

The proposed revisions, found in Attachment A, include the creation of three new, consolidated funding categories: County Department Funding; District Priorities; and Community Funding.

County Department Funding

Within the proposed new category of County Department Funding:

1. Economic Development Collaborative - approximately \$4.3 million annually
2. Permit Sonoma Fuels Reduction and Landscape Resiliency Campaign - \$900,000 annually
3. Regional Parks - \$2.65 million annually
4. County Administrator's Office Strategic Initiatives Division - \$300,000 annually
5. Public Infrastructure Road Repair and Improvement Fund - 20% of Measure L revenue, or approximately \$1.6 million annually
6. Public Infrastructure Event Facilities Improvements - 9% of Measure L revenue, or approximately \$700,000 annually

7. Community Development Commission Affordable Housing Fund - 13% of Measure L revenue, or approximately \$1 million annually
8. Collections, Compliance, and Legal Services - \$550,000 annually plus up to 8% of Measure L revenue, approximately \$600,000 annually, for a total of approximately \$1.15 million annually

District Priorities

Within the proposed new category of District Priorities, funding would be allocated:

1. District Priorities - \$500,000 annually plus 10% of Measure L revenue, approximately \$800,000 annually, for a total of approximately \$1.3 million annually

Community Funding

Within the proposed new category of Community Funding:

1. Sonoma County Tourism - 1.25 percentage points of the first 9% - approximately \$3.3 million annually
2. Chambers of Commerce - \$50,000 annually
3. Fire Services Fund - approximately \$300,000 annually (camping TOT collected by Regional Parks) plus 40% of Measure L revenue, approximately \$3.2 million annually, for a total of \$3.5M annually
4. Public Infrastructure District Formation Funds - \$175,000 annually

For the County Center Modernization category, the proposed update includes the approved use funds for satellite service centers. Additional revisions include clarifying the description of the funding categories to reflect the current uses of TOT funding.

The changes outlined above are summarized in a table included in the draft Policy (Attachment A) as part of the effort to increase user-friendliness and readability.

If the Ad Hoc Committee recommendations to the Policy are approved with this item, this will conclude the work of the TOT Policy Ad Hoc.

Strategic Plan:

N/A

Racial Equity:

Was this item identified as an opportunity to apply the Racial Equity Toolkit?

No

Prior Board Actions:

October 3, 2017 - [Measure L Ad Hoc Committee Recommendations <https://sonoma-county.granicus.com/MetaViewer.php?view_id=2&clip_id=738&meta_id=229658>](https://sonoma-county.granicus.com/MetaViewer.php?view_id=2&clip_id=738&meta_id=229658)

June 5, 2018 - [FY 2018-19 Community Investment Grant Program Recommendations and Policy Update <https://sonoma-county.granicus.com/MetaViewer.php?view_id=2&clip_id=788&meta_id=243714>](https://sonoma-county.granicus.com/MetaViewer.php?view_id=2&clip_id=788&meta_id=243714)

April 16, 2019 - [Transient Occupancy Tax Program Update including adoption of Community Investment Fund Program and Policy <https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=3916843&GUID=C59D0C40-53DC-43EC-9B1D-913574BDFDA0&Options=&Search=>](https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=3916843&GUID=C59D0C40-53DC-43EC-9B1D-913574BDFDA0&Options=&Search=>)

August 6, 2019 - [Community Investment Fund Policy Update to include District Staffing as an allowable](#)

Agenda Date: 9/16/2025

expense in the Local Events, Organizations, District Priorities category <<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=4079210&GUID=8E57C511-DE18-4200-9242-8E32EDBFAC09&Options=&Search=>>

June 13, 2023 - [Technical Corrections to Community Investment Fund Policy as part of FY 23-24 Budget Hearings](https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6254473&GUID=C284C77D-C125-4BED-B7ED-8C57CD865422&Options=&Search=>) <<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6254473&GUID=C284C77D-C125-4BED-B7ED-8C57CD865422&Options=&Search=>>

January 7, 2025 - [Transient Occupancy Tax Policy Ad Hoc Committee established](https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=7079398&GUID=B2A5F2FD-ECBA-4389-AFA3-A2F183C15EB9&Options=&Search=>) <<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=7079398&GUID=B2A5F2FD-ECBA-4389-AFA3-A2F183C15EB9&Options=&Search=>>

June 10, 2025 - [Technical Corrections to Community Investment Fund Policy as part of FY 25-26 Budget Hearings](https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=7429035&GUID=2EB59827-7BDB-4C3B-98B3-AEF79A62BD55&Options=&Search=>) <<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=7429035&GUID=2EB59827-7BDB-4C3B-98B3-AEF79A62BD55&Options=&Search=>>

FISCAL SUMMARY

Expenditures	FY25-26 Adopted	FY26-27 Projected	FY27-28 Projected
Budgeted Expenses	\$22,098,876	\$22,540,854	\$22,991,671
Additional Appropriation Requested			
Total Expenditures	\$22,098,876	\$22,540,854	\$22,991,671
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other	\$22,098,876	\$22,540,854	\$22,991,671
Use of Fund Balance			
General Fund Contingencies			
Total Sources	\$22,098,876	\$22,540,854	\$22,991,671

Narrative Explanation of Fiscal Impacts:

This item does not recommend any changes to allocation of TOT funding, and no budget changes are required as a result of this item.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

Agenda Date: 9/16/2025

Attachment A: Draft Community Investment Fund Policy (Clean)

Attachment B: Draft Community Investment Fund Policy (Track Changes)

Attachment C: PowerPoint Presentation

Related Items “On File” with the Clerk of the Board:

None