



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 5/13/2025

To: Sonoma County Board of Supervisors

Department or Agency Name(s): Economic Development Collaborative

Staff Name and Phone Number: Katherine DiPasqua 565-4893

Vote Requirement: Majority

Supervisory District(s): Countywide

Title:

Annual Tourism Business Improvement Area (BIA) Assessment Report

Recommended Action:

- A) Approve Sonoma County Tourism Bureau's annual tourism assessment report to support the continuation of the Business Improvement Area Assessment without change in Fiscal Year 2025-26; and
- B) Adopt a Resolution of intention to levy the Business Improvement Area Assessment for Fiscal Year 2025-26 and to schedule a public hearing at 10:15 a.m. on June 3, 2025 to consider the report and the continuation of the Business Improvement Area Assessment without change.

Executive Summary:

In accordance with California Streets and Highways Code section 365000, et. seq., this item requests the Board approve Sonoma County Tourism Bureau (SCTB)'s annual Business Improvement Assessment (BIA) Report (Report) and adopt a resolution of intention setting a time and place for a public hearing on the Report. Approval of the Report will support the continuation of the BIA without change in Fiscal Year 2025-26 (FY 25-26) and the Board must adopt a resolution of intention to schedule a public hearing to confirm or modify the Report and adopt a resolution continuing the BIA without change for FY 25-26.

The public hearing will take place on June 3, 2025 at 10:15 a.m. in the Board of Supervisors Chambers. In advance of the public hearing, written protests may be submitted to, the Clerk of the Board, Board of Supervisors, 575 Administration Dr, Room 100 A, Santa Rosa, CA 95403, ideally by 5:00 p.m. on June 2, 2025.

Discussion:

On November 2, 2004, the Sonoma County Board of Supervisors (Board) adopted Ordinance No. 5525 (Ordinance), creating the Sonoma County Tourism Business Improvement Area (Area). Under the Ordinance, lodging establishments within the boundaries of the Area that generate total rent of \$350,000 or more during the preceding fiscal year must pay an assessment, the Business Improvement Assessment (BIA), equal to 2% of the rent charged. BIA revenue is used to pay for marketing and other efforts to increase overnight visitors to the county.

The Ordinance provides that the Sonoma County Tourism Bureau (SCTB) is designated as the contractor to

carry out the services, activities, and programs to be funded by BIA revenue, as allowed by the Ordinance and state law, and to prepare the annual tourism report (Report). The Ordinance further provides that the SCTB board of directors is designated as the Advisory Board. Annually, the County enters into a contract with SCTB to specify the services, programs, and activities to be provided using BIA revenue. The Board appoints members to the SCTB board of directors on a pro-rata basis, based on the amount of BIA and Transient Occupancy Tax (TOT) collected in the prior fiscal year.

In accordance with the Ordinance and state law, the Advisory Board has submitted the Report for Fiscal Year 2025-26 (Attachment 1). The Report contains information on the activities and corresponding expenditures to be carried out in the upcoming fiscal year; an estimate of the cost of providing the activities for the upcoming fiscal year; the amount of any surplus or deficit revenues to be carried over from a previous fiscal year; the amount of any contributions to be made from sources other than BIA; and how BIA is to be calculated, which is not changing from previous years.

Included in the Annual Report, and attached as Attachment 3, is SCTB's anticipated budget for FY 2025-26, as well as an independent audit for the prior fiscal year, FY 2023-24 (Attachment 4). Staff finds the SCTB in compliance with all the requirements of the ordinance and agreement.

Findings and Recommendations

SCTB, in its capacity as the Advisory Board, recommends that the Board approve this Report and continue to levy the BIA without change for Fiscal Year 2025-26 pursuant to California Streets and Highways Code section 36500 et seq., subject to the following findings and recommendations:

1. That the boundaries of the Area should remain the same, with the recognition that the cities of Santa Rosa, Petaluma, Rohnert Park, Sebastopol, Cloverdale and Cotati, and the Town of Windsor, have not withdrawn their consent to be included within the boundaries of the Area.
2. That SCTB continue to serve as the Advisory Board for the Area.
3. That the method and basis of levying the assessment continue in accordance with the terms of the Ordinance in Fiscal Year 2025-26.
4. That the revenues generated by the assessment be used in accordance with the requirements of the Ordinance to conduct marketing activities designed to increase the number of overnight visits to the County.

Activities, Marketing, Advertising, and Public Relations Program Expenditures

The types of activities intended to be funded with BIA and TOT revenues include:

(1) advertising; (2) marketing materials and distribution; (3) tradeshow and sales missions; (4) sales and marketing promotions; (5) destination development; (6) research and development; (7) public relations; (8) sales and marketing tools; (9) labor; and (10) administrative expenses.

Purpose and Specific Benefit

The Ordinance requires that revenues from BIA must be used to conduct marketing activities designed to increase overnight visits to the area. The term "area" is defined as the territory within the boundaries of the Business Improvement Area, and the term "marketing activities" is defined as activities designed to market the area as a tourist destination, including the expenditure of funds to place advertising in any media, conduct public relations campaigns, perform marketing research, promote conventions and trade shows, and foster improved contacts within the travel industry, for the purpose of promoting tourism within the area. Revenues

from BIA may be used for programs, services, and activities outside the area, if such programs, services, and activities are designed to promote and encourage overnight visits to the area. Revenues from BIA may also be used to pay the ongoing administrative costs associated with the marketing activities.

The focus on increasing overnight visits to the area constitutes a specific benefit to the lodging establishments that pay the assessments. The fact that others may receive incidental benefits from the expenditure of assessments, such as restaurants serving more patrons, does not change the characterization of assessments as a specific benefit to lodging establishments because no additional cost is imposed on the lodging establishments to provide those incidental benefits.

The Board is requested to approve the Report for FY 2025-26, and to adopt a Resolution of Intention to schedule a public hearing on June 3, 2025, at 10:15 a.m. in the Board of Supervisors Chambers to confirm the Report and the continuation without change of the BIA. If the Resolution of Intention is adopted today, the public hearing will also include a request to approve renewal of the BIA agreement with SCTB. The current Transient Occupancy Tax agreement with SCTB extends through FY 2025-26 and will be included for consideration next year.

In advance of the public hearing, written protests may be submitted to the Clerk of the Board, Board of Supervisors, 575 Administration Dr, Room 100 A, Santa Rosa, CA 95403, ideally by 5:00 p.m. on June 2, 2025. The Board will consider all protests, both written and oral, at the public hearing. Each written protest shall contain a description of the business, property address, and if a person submitting the protest is not shown on the official records as the owner of the business, the protest shall contain or be accompanied by written evidence that the person submitting the protest is the owner of the business. A written protest which does not comply with this section shall not be counted in determining a majority protest. If written protests are received from the owners of businesses in the District which will pay 50 percent or more of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than 50 percent, no further proceedings to continue the tourism assessment shall be taken for a period of one year from the date of the finding by the Board of Supervisors that a majority protest exists. If the majority protest is only against the furnishing of a specific type of tourism activity within the District, that type of tourism activity shall be eliminated. If there is not a majority protest as described herein, the tourism assessment shall continue without change pursuant to Streets and Highway Code Section 36535(d) for Fiscal Year 2025-2026. Staff requests the Board approve the Report and adopt the Resolution of Intention to set a public hearing for June 3, 2025 on the continuation of the BIA without change in Fiscal Year 2025-26.

Strategic Plan:

N/A

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

No

Prior Board Actions:

Agenda Date: 5/13/2025

5/21/2024 - Approval of the FY 2024-25 Annual Report and adoption of the Resolution of Intention
<<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6691900&GUID=2455E7E4-400D-48E1-9DE1-F1B36634E4B5&Options=&Search=>>>

Annually, since 2004, approval of the Annual Report and Adoption of the Resolution of Intention

FISCAL SUMMARY

Expenditures	FY24-25 Adopted	FY25-26 Projected	FY26-27 Projected
Budgeted Expenses			
Additional Appropriation Requested			
Total Expenditures			
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
General Fund Contingencies			
Total Sources			

Narrative Explanation of Fiscal Impacts:

BIA collections averaged \$5,830,000 annually for Fiscal Years 2022-23 and 2023-24. Staff estimates that total collections for Fiscal Year 2024-25 will be \$6,050,000.

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

1. Fiscal Year 2025-26 Annual Report
2. BIA Resolution of Intent to Continue BIA Levy
3. Fiscal Year 2023-24 Sonoma County Tourism Audit Agreed Upon Procedures
4. Fiscal Year 2023-24 Sonoma County Tourism Audit

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

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