



SUMMARY REPORT

Agenda Date: 5/9/2023

To: Sonoma County Board of Supervisors

Department or Agency Name(s): Economic Development Board and Auditor-Controller-Treasurer-Tax Collector

Staff Name and Phone Number: Lauren Cartwright (707) 565-7170

Vote Requirement: Majority

Supervisorial District(s): Countywide

Title:

Fiscal Year 2023-24 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 tourism assessment without change in fiscal year 2023-24; and
- B) Adopt a resolution of intention to levy an annual assessment for fiscal year 2023-24 and to schedule a public hearing on June 6th, 2023, to consider the report and the continuation of the tourism assessment without change.

Executive Summary:

County staff recommends the Board approve the Sonoma County Tourism Bureau's (SCTB) annual tourism Business Improvement Area (BIA) assessment report to support the continuation of the tourism BIA assessment in fiscal year 2023-24 and that the Board adopt a resolution of intention to levy an annual assessment for fiscal year 2023-24 and to schedule a public hearing on June 6th, 2023 to consider the report and the continuation of the tourism BIA assessment without change.

Discussion:

In accordance with California Streets and Highways Code sections 36534 and 36534, this item requests approval of SCTB's annual tourism assessment report to support the continuation of the tourism Business Improvement Assessment (BIA) in fiscal year 2023-24 (FY 23-24) and, after approval of the report, to adopt a resolution of intention to levy an annual assessment for FY 23-24 and to schedule a public hearing for June 6th, 2023 to consider the report and confirm the continuation of the tourism BIA assessment without change. County staff have been working with SCTB and other stakeholders to review opportunities to coordinate efforts to expand enforcement and collection efforts of the business improvement assessment. In the meantime, County staff recommend proceeding with the annual process to continue the levy of the business improvement assessment without change.

In advance of the public hearing, written protests may be submitted to Lauren Cartwright, Interim Deputy Director, Sonoma County Economic Development Board, 141 Stony Circle, Suite 110, Santa Rosa, CA 95401 by June 6th, 2023. At the public hearing, to be held in person, and virtually by video and/or telephone, the Board will consider all protests, both written and oral, presented to the Board. 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).

Background

On November 2, 2004, the Sonoma County Board of Supervisors (Board) adopted Ordinance 5525 (the Ordinance), to establish the Sonoma County Tourism Business Improvement Area (SCTBIA). Under the Ordinance, lodging establishments generating annual room revenue of \$350,000 or more must pay an assessment equal to 2% of such revenue. Proceeds from assessments are used to pay for marketing and other efforts to increase overnight visitors to the county.

In January 2005, the Board appointed five members to the SCTB which is charged with advising the Board of Supervisors on the amount of the Area's Assessments and on the services, programs, and activities to be funded by the Assessments, and in February 2005, appointed eight (8) of the 22-member body to the Sonoma County Tourism Bureau (SCTB) Board of Directors. In June 2005, the Board executed an agreement with the SCTB to carry out services, activities, and programs promoting overnight stays in Sonoma County, funded by assessments from within the SCTBIA.

In accordance with the Ordinance and state law, the SCTB Board has submitted to your Board an Annual Report for FY 2023-24. The Report contains information on the activities and corresponding expenditures to carry out in FY 2023-24. The Report also contains a budget showing the revenues from assessments and all other sources sufficient to carry out the services, programs, and activities set forth in the plan. The Report also contains the SCTB budget from FY 2022-23, as well as an independent audit from the last completed fiscal year, FY 2021-22. 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 your Board accept and confirm this Annual Report and continue to levy the SCTBIA annual assessment without change for fiscal year 2023-24 pursuant to California Streets and Highways Code section 36500 et seq., subject to the following findings and recommendations:

- 1) That the boundaries of the SCTBIA 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 SCTBIA.
- 2) That SCTB continue to serve as the Advisory Board for the SCTBIA.
- 3) That the method and basis of levying the assessment continue in accordance with the terms of the Ordinance in fiscal year 2023-24.

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 type of activities intended to be funded by the SCTBIA and Transient Occupancy Tax (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 assessments must be used to conduct marketing activities designed to increase overnight visits to the area. “Area” is defined as the territory within the boundaries of the SCTBIA, and “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 assessments 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 assessments 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.

Your Board is requested to approve the Annual Assessment Report for FY 2023-24, and to adopt a resolution of intention to levy an annual assessment for FY 23-24 and to schedule a public hearing for June 6, 2023, to consider the report and the continuation, without change, of the tourism assessment. If your Board approves the Resolution of Intention and sets the public hearing, the hearing will also include a request to approve renewal of 1) the BIA agreement with SCTB and 2) the SCTB TOT agreement.

Strategic Plan:

N/A

Prior Board Actions:

Annually, last on 5/3/2022 - Presentation of the Annual Report for the upcoming Fiscal Year (FY 22-23) and resolution of intention to set a public hearing to continue to levy the annual assessment.

FISCAL SUMMARY

Expenditures	FY 22-23 Adopted	FY23-24 Projected	FY 24-25 Projected
Budgeted Expenses			
Additional Appropriation Requested			
Total Expenditures			

Agenda Date: 5/9/2023

Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources			

Narrative Explanation of Fiscal Impacts:

BIA collections averaged \$4,330,000 annually for fiscal years 2020-21 and 2021-22. Year to date collections are at \$4,916,715.11 (this includes approximately 3 quarters of collections). Staff estimates that total collections for fiscal year 2022-23 will be \$5,900,000.00.

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:

- 1) BIA Resolution of Intent to Continue BIA Levy
- 2) FY 2023-24 Annual Report

Related Items "On File" with the Clerk of the Board:

Business Improvement Area Ordinance No. 5525