



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 6/3/2025

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

Supervisorial District(s): Countywide

Title:

10:15 A.M. Public Hearing on Annual Tourism Business Improvement Area (BIA) Assessment Report and Continuation of Tourism Assessment without Change in Fiscal Year 2025-26

Recommended Action:

- A. Conduct a public hearing to consider the Sonoma County Tourism Bureau's annual tourism assessment report to support the continuation of the tourism assessment in Fiscal Year 2025-26.
- B. Adopt a Resolution confirming Sonoma County Tourism Bureau's Annual Report and continuing without change the levy of the tourism assessment for the Sonoma County Tourism Business Improvement Area for Fiscal Year 2025-26.
- C. Authorize the County Executive, or designee, to execute a funding agreement with Sonoma County Tourism Bureau to provide services and programs promoting tourism in Sonoma County, funded by assessments from within the Sonoma County Tourism Business Improvement Area (BIA) from July 1, 2025 to June 30, 2026. BIA collections for FY 2025-26 are estimated to be \$6 million.

Executive Summary:

This item requests that following the public hearing on Sonoma County Tourism Bureau's (SCTB) annual Tourism Assessment Report (Annual Report), and if no majority protest is received, the Board adopt a resolution confirming the Annual Report prepared by SCTB and continue the Business Improvement Assessment as levied without change for Fiscal Year 2025-26.

This item also requests authority to execute a funding agreement with the SCTB, which includes expenditure policy restrictions, to carry out the services, activities and programs promoting tourism funded by the assessments and for the specific benefit of the lodging establishments within the Sonoma County Tourism Business Improvement Area (BIA).

Discussion:

Sonoma County Tourism Business Improvement Area Assessment Continuation

On November 2, 2004, the Sonoma County Board of Supervisors (Board) adopted Ordinance No. 5525 (Ordinance), codified in Sonoma County Code Chapter 33, 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. Revenues from the Assessment 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 the designated contractor to carry out the services, activities, and programs to be funded by BIA revenue, as allowed by the Ordinance and state law, and whose directors serve as the Advisory Board and prepare the annual tourism report (Annual Report). Annually, the County enters into a funding agreement 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 SCTB has submitted its Annual Report for Fiscal Year 2025-26, which contains information on the activities and corresponding expenditures to carry out in the upcoming fiscal year. Included in the Annual Report is a budget showing projected revenue from assessments and all other sources sufficient to carry out the services, programs, and activities set forth in the plan. The Annual Report was approved by the Board on May 13, 2025, [<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=7374185&GUID=AC1E1380-DE4F-4F22-A6A3-0155CE606835&Options=&Search=>>]. At the conclusion of the public hearing today, the Board can either adopt a resolution confirming the Annual Report as submitted by SCTB and continuing the program and assessment as levied without change in FY 2025-26. Alternatively, the Board can modify the Annual Report and adopt a resolution approving the Report as modified but would need to restart the public hearing process prior to doing so.

Collection of Tourism Assessment

The Auditor-Controller-Treasurer-Tax Collector collects the BIA from all qualifying entities in the unincorporated areas of the County as well as remittances from member cities: Santa Rosa, Rohnert Park, Petaluma, Cloverdale, Cotati, and Sebastopol, and the Town of Windsor. The City of Sonoma and the City of Healdsburg have not consented to the BIA.

Existing Transient Occupancy Tax Funding Agreement

In addition to BIA funds, the SCTB receives funding from the County of Sonoma's Transient Occupancy Tax (TOT). TOT is authorized under State Revenue and Taxation Code Section 7280 as an additional source of non-property tax revenue to local government. TOT is levied in Sonoma County at a rate of 12% for accommodations at lodging and camping facilities in the unincorporated areas of the County. TOT funds are discretionary, in that the Board of Supervisors may direct use of these funds for any legitimate County expense, in accordance with the County's Community Investment Fund Policy (Policy), including granting funds that benefit the community in accordance with Government Code section 26227. Per the Policy, SCTB is allocated 1.25% of the first 9% of collected TOT revenue, estimated to be \$3.3 million for FY 2025-26. On June 6, 2023, Board approved a three-year funding agreement of TOT with the SCTB for the period of July 1, 2023 through June 30, 2026.

Findings and Recommendations

The SCTB Board of Directors, in its capacity as the Advisory Board, recommends the Board approve a resolution to confirm the FY 2025-26 Annual Report and continue the assessment as levied without change in

the Business Improvement Area in 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 Business Improvement 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 Business Improvement Area.
2. That SCTB continue to serve as the Advisory Board for the Area.
3. That the method and basis of levying the assessment remain unchanged and continue in Fiscal Year 2025-26.
4. That the revenues generated by the assessment be used in accordance with the requirements of the Ordinance, including conducting marketing activities designed to increase the number of overnight visits to the County.

Agreement for Services to Promote Tourism for FY 2025-26

Business Improvement Districts, or Areas, are important to California's economy and provide several tourism-related services to California's tourism industry, including marketing of assessed businesses, tourism promotion, and special events to attract tourists. Sonoma County Code section 33-4 requires that revenues from BIA 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 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 reasonable 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 type of activities intended to be funded by SCTB's BIA and TOT allocations 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.

Written and Oral Protests

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.

At the public hearing, the Board will consider all protests, both written and oral, presented to the Board prior to the close of the hearing. Any protest pertaining to the regularity or sufficiency of the proceedings shall be in writing and shall clearly set forth the irregularity or defect to which the objection is made and the County may waive any irregularity in the form or content of any written protest and at the public hearing may correct minor defects in the proceedings. Each written protest must be filed with the Clerk and 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 these requirements shall not be counted in determining a majority protest. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing.

If written protests are received from the owners of businesses in the Area which will pay 50 percent or more of the assessment 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 Area, that type of tourism activity shall be eliminated. If there is no 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 recommends continuing the funding agreement with SCTB to provide tourism promotion activities financed with BIA revenue and supplemented with funding received through an existing agreement for TOT. In FY 2025-26, SCTB will receive estimated funding of \$6 million from BIA and \$3.3 million from TOT.

Strategic Plan:

N/A

Racial Equity:

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

No

Prior Board Actions:

Annually since 2004 - Annual Tourism BIA Assessment Report and Resolution to Continue BIA

5/13/25 - Annual Tourism BIA Assessment Report and Resolution of Intention to Levy Assessment for FY 25-26

[<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=7374185&GUID=AC1E1380-DE4F-4F22-A6A3-0155CE606835&Options=&Search=>>]

FISCAL SUMMARY

Expenditures	FY24-25 Adopted	FY25-26 Projected	FY26-27 Projected
Budgeted Expenses			
Additional Appropriation Requested			

Agenda Date: 6/3/2025

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.

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. Fiscal Year 2025-26 Annual Report
2. Business Improvement Area (BIA) Resolution
3. FY 2025-26 SCTB BIA Agreement

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

Click or tap here to enter text.