



# COUNTY OF SONOMA

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

## SUMMARY REPORT

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**Agenda Date:** 5/21/2024

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**To:** Sonoma County Board of Supervisors  
**Department or Agency Name(s):** Economic Development Board  
**Staff Name and Phone Number:** Bradley Johnson, 565-6456  
**Vote Requirement:** Majority  
**Supervisory District(s):** Countywide

**Title:**

Annual Tourism Business Improvement Area (BIA) Assessment Report

**Recommended Action:**

- A) Accept the Sonoma County Tourism Bureau's annual tourism assessment report to support the continuation of the tourism assessment without change in Fiscal Year 2024-25; and
- B) Adopt a resolution of intention to levy an assessment for Fiscal Year 2024-25 and to schedule a public hearing at 9:35 A.M. on June 4, 2024 to consider the report and the continuation of the tourism assessment without change.

**Executive Summary:**

In accordance with California Streets and Highways Code section 36540, et. seq., this item requests the Board accept Sonoma County Tourism Bureau (SCTB)'s annual Business Improvement Assessment (BIA) Report (Report) and approve a resolution setting a date and time for a public hearing on the Report. Acceptance of the annual Report will support the continuation of the tourism assessment in Fiscal Year 2024-25 and the Board must adopt a resolution to schedule a public hearing on at 9:35 A.M. on June 4, 2024, to consider the Report and the continuation, without change, of the tourism assessment.

In advance of the public hearing, written protests may be submitted to Marcie Woychik, Clerk of the Board, Board of Supervisors, 575 Administration Dr, Room 100 A, Santa Rosa, CA 95403 by 5:00 p.m. on June 3, 2024.

**Discussion:**

On November 2, 2004, the Sonoma County Board of Supervisors (Board) adopted Ordinance 5525 (Ordinance), creating the Sonoma County Tourism Business Improvement Area (SCTBIA). Under the Ordinance, lodging establishments generating annual room revenue of \$350,000 or more during the preceding fiscal year 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 Sonoma County Tourism Bureau Advisory Board (Advisory Board) 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 SCTB Board of Directors (SCTB Board). 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 the Board an Annual Report for FY 2024-25(Attachment 2). The Report contains information on the activities and corresponding expenditures to carry out in FY 2024-25. 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. Included in the Annual Report is SCTB's anticipated budget for FY 2024-25, as well as an independent audit for the most recent fiscal year, FY 2022-23. 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 accept and confirm this Annual Report and continue to levy the SCTBIA annual assessment without change for Fiscal Year 2024-25 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 2024-25.
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 by SCTBIA 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 assessments 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 SCTBIA, 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 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

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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 accept the Annual Assessment Report for FY 2024-25, and to adopt a Resolution to schedule a public hearing on June 4, 2024, at 9:35 A.M. to consider the report and the continuation, without change, of the tourism assessment for the Board's final approval. If the Resolution is approved, the June 4, 2024 hearing also will include a request to approve renewal of 1) the BIA agreement with SCTB and 2) the Transient Occupancy Tax agreement with SCTB.

At the public hearing 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).

**Strategic Plan:**

N/A

**Racial Equity:**

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

No

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**Prior Board Actions:**

6/6/2023 - Resolution approving the FY23-2024 Annual Report and levy of assessment.

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY23-24 Adopted</b>	<b>FY24-25 Projected</b>	<b>FY25-26 Projected</b>
Budgeted Expenses			
Additional Appropriation Requested			
<b>Total Expenditures</b>			
<b>Funding Sources</b>			
General Fund/WA GF			

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State/Federal			
Fees/Other			
Use of Fund Balance			
General Fund Contingencies			
<b>Total Sources</b>			

**Narrative Explanation of Fiscal Impacts:**

BIA collections averaged \$5,940,000 annually for fiscal years 2021-22 and 2022-23. Staff estimates that total collections for fiscal year 2023-24 will be \$5,380,000.

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

**Narrative Explanation of Staffing Impacts (If Required):**

**Attachments:**

1. BIA Resolution of Intent to Continue BIA Levy
2. FY 2024-25 Annual Report

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

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