



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 6/2/2026

To: Sonoma County Board of Supervisors

Department or Agency Name(s): Economic Development Collaborative

Staff Name and Phone Number: Ethan Brown (707) 565-7170

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 2026-27

Recommended Action:

- A) Conduct a public hearing to consider Sonoma County Tourism Bureau's annual tourism assessment report to support the continuation of the tourism assessment in Fiscal Year 2026-27.
- 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 2026-27.
- C) Authorize the County Executive, or designee, to execute a funding agreement with Sonoma County Tourism Bureau, Inc. to provide Marketing Activities promoting tourism within the Sonoma County Tourism Business Improvement Area (Area), funded by assessments from within the Area from July 1, 2026 to June 30, 2027. Assessment collections for FY 2026-27 are estimated to be \$5.8 million.
- D) Authorize the County Executive, or designee, to execute a one-year funding agreement with Sonoma County Tourism Bureau, Inc. (SCTB) for services and programs promoting tourism in Sonoma County from Transient Occupancy Tax (TOT) for the period of July 1, 2026 to June 30, 2027. Estimated TOT funding in FY 2026-27 is \$3.2 million, based upon SCTB's allocation of 1.25 percentage points of the first 9% of TOT collected, with total TOT estimated collections of \$32 million.

Executive Summary:

This item requests that following the public hearing on Sonoma County Tourism Bureau, Inc.'s (SCTB) annual Tourism Assessment Report (Annual Report), the Board adopt a resolution confirming the Annual Report prepared by SCTB and continue the Business Improvement Assessment (BIA) as levied without change for Fiscal Year 2026-27, provided no majority protest is received. BIA is currently levied at 2% of the rent charged on all lodging establishments that generate total rent over \$350,000 in the previous fiscal year.

This item also requests delegated authority to execute two funding agreements with SCTB, one for the assessment revenue from the Sonoma County Tourism Business Improvement Area (Area) and one for the allocation from Transient Occupancy Tax (TOT), which is governed by the County's Community Investment Fund Policy. The BIA agreement provides that BIA revenue can only be spent to carry out the services, activities and programs for promoting tourism and for the specific benefit of the lodging establishments that pay the BIA within the Area. The TOT agreement provides funds for SCTB to promote overnight stays and create a sustainable hospitality economy throughout the entire County and is not limited to promoting only

those lodging establishments within the Area that pay the 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 greater than \$350,000 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 are used to pay for marketing activities and other efforts to increase overnight visitors to the lodging establishments within the Area that pay the BIA. □

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, SCTB has submitted its Annual Report for Fiscal Year 2026-27 (Attachment 1), which contains information on the activities and corresponding expenditures to be carried 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 12, 2026 [[link <https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=8001702&GUID=5D7F049C-5E2D-4AD8-8E57-27A0824364CE>](https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=8001702&GUID=5D7F049C-5E2D-4AD8-8E57-27A0824364CE)]. At the conclusion of the public hearing today, the Board may adopt a resolution confirming the Annual Report as submitted by SCTB and continuing the BIA as levied without change in FY 2026-27.

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, SCTB receives funding from the County's 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 the unincorporated County at a rate of 12% for accommodations at lodging and camping facilities. □ 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 <https://sonomacounty.gov/administrative-support-and-fiscal-services/county-executives-office/community-investment-fund-program/community-investment-program-policy>](https://sonomacounty.gov/administrative-support-and-fiscal-services/county-executives-office/community-investment-fund-program/community-investment-program-policy) (Policy), including granting funds that benefit the community in accordance with Government Code section 26227. Per the Policy, SCTB is allocated 1.25 percentage points of the first 9% of collected TOT revenue, estimated to be \$3.2 million for FY 2026-27. This item recommends approval of a one-year funding agreement with SCTB for the period of July 1, 2026

through June 30, 2027.

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 2026-27 Annual Report and continue the assessment as levied without change in the Business Improvement Area in Fiscal Year 2026-27, 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 2026-27. □
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 Area. □

Agreement for Services to Promote Tourism for FY 2026-27

Business Improvement 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 within the Area from BIA revenue and as set forth in the Annual Report includes: (1) marketing/communications; (2) destination sales/travel trade; (3) business development; (4) community engagement; (5) research; (6) labor; (7) administrative expenses; (8) capital

expenses; and (9) reserves.

SCTB's TOT allocation may also support these activities, and the TOT funding agreement allows SCTB to focus on promoting tourism more broadly within the entire County rather than focusing on benefitting the lodging establishments within the Area that pay the BIA. □

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 1, 2026. 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 2026-2027.

BIA Ad Hoc Committee

On May 12, 2026, the Board established the Business Improvement Assessment Ad Hoc Committee, appointing Supervisors Rabbitt and Hopkins. The Ad Hoc Committee will evaluate potential modifications to the BIA and develop a recommendation for Board consideration.

Staff Recommendation

Staff recommends the Board adopt the attached Resolution (Attachment 2) confirming SCTB's Annual Report and continuing without change the levy of the tourism assessment for the Sonoma County Tourism Business Improvement Area for Fiscal Year 2026-27 and delegate authority to execute the funding agreements with SCTB for BIA revenue and supplemental TOT funding. The BIA funding agreement (Attachment 3) provides that SCTB will provide tourism marketing activities financed with BIA revenue within the boundaries of the Area. The TOT funding agreement (Attachment 4) allows SCTB to promote the County more wholly as a tourism destination and does not limit SCTB to promoting only those lodging establishments within the Area. In FY 2026-27, SCTB will receive estimated funding of \$5.8 million from BIA and \$3.3 million from TOT.

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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

5/12/2026 - Sonoma County Tourism Bureau's annual tourism assessment report to support the continuation of the Business Improvement Area Assessment without change in Fiscal Year 2026-27 and adoption of a Resolution of Intention to levy the Business Improvement Area Assessment for Fiscal Year 2026-27 and schedule a public hearing at or after 10:15 a.m. on June 2, 2026 to consider the report and the continuation of the Business Improvement Area Assessment without change.

<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=8001702&GUID=5D7F049C-5E2D-4AD8-8E57-27A0824364CE>

6/3/25 - Public Hearing on Annual Tourism Business Improvement Area (BIA) Assessment Report and Continuation of Tourism Assessment without Change in Fiscal Year 2025-26 -

<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=7412791&GUID=EC324F35-F49A-48D2-9DE7-D1C3D32FB3E2>

6/6/23 - Continuation of Tourism Assessment and Authorization of a three-year funding agreement for TOT funds -

<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6231243&GUID=1B24B561-C1DE-4157-80C1-66E7097ED17B>

FISCAL SUMMARY

Expenditures	FY25-26 Adopted	FY26-27 Projected	FY27-28 Projected
Budgeted Expenses		\$9,406,640	
Additional Appropriation Requested			
Total Expenditures		\$9,406,640	
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other: Transient Occupancy Tax		\$3,206,640	
Fees/Other: Business Improvement Assessment		\$6,200,000	
Use of Fund Balance			

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General Fund Contingencies			
Total Sources		\$9,406,640	

Narrative Explanation of Fiscal Impacts:

Estimated BIA collections for FY 2026-27 is \$6.2 million. Estimated TOT revenue for FY 2026-27 is \$32.1 million, of which \$3.2 million is allocated to SCTB through the Community Investment Fund Policy.

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. 2026-27 Sonoma County Tourism Bureau Annual Report and Budget
2. Resolution to Continue BIA Assessment without Change for Fiscal Year 2026-27
3. 2026-27 BIA Agreement with Sonoma County Tourism Bureau, Inc.
4. 2026-27 TOT Services Agreement with Sonoma County Tourism Bureau, Inc.

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

None