



# COUNTY OF SONOMA

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

## SUMMARY REPORT

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**Agenda Date:** 6/4/2024

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**To:** Sonoma County Board of Supervisors  
**Department or Agency Name(s):** Economic Development Board  
**Staff Name and Phone Number:** Katherine DiPasqua, 565-4893  
**Vote Requirement:** Majority  
**Supervisorial District(s):** Countywide

**Title:**

9:35 A.M. Public Hearing on Annual Tourism BIA Assessment Report and Continuation of Tourism Assessment without Change in Fiscal Year 2024-25

**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 2024-25.
- B) Adopt a Resolution confirming the 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 2024-25.
- C) Approve the Board Chair to execute an agreement 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, 2024 to June 30, 2025. BIA collections for FY 2024-25 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 the SCTB and continue the assessment as levied without change for Fiscal Year 2024-25.

This item also requests authority to execute an agreement with the SCTB, which includes expenditure policy restrictions to carry out the services, activities and programs promoting tourism funded by the assessments 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 adopted Ordinance 5525 (Ordinance), codified in Sonoma County Code Chapter 33, creating the Sonoma County Tourism Business Improvement Area (Business Improvement Area) in various cities and in the unincorporated areas of the county. Under the Ordinance, lodging establishments within the Business Improvement Area (BIA) generating annual room revenue of \$350,000 or more in the preceding fiscal year must pay an assessment equal to 2% of such

revenue. The levy of the assessment and program to promote tourism has continued without change in the BIA since 2004.

The Sonoma County Tourism Bureau (SCTB) is a private, non-profit organization dedicated to increasing overnight stays in Sonoma County. In early 2005, the Board of Supervisors appointed members to the SCTB Advisory Board and SCTB Board of Directors and in June 2005, the Board of Supervisors approved an agreement with the SCTB to carry out services, activities, and programs promoting overnight stays in Sonoma County, funded by assessments from within the BIA.

Annually since 2005, the SCTB has submitted its Annual Report, which contains information on the activities and corresponding expenditures to carry out in the upcoming fiscal year. The Annual Report also contains 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 for Fiscal Year 2024-25 was included in the Notice of Intention item that was approved by the Board of Supervisors on May 21, 2024,

<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6691900&GUID=2455E7E4-400D-48E1-9DE1-F1B36634E4B5&Options=&Search=>>.

### **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, which include the Cities of 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 approved consent resolutions to join 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 and may grant funds that benefit the community in accordance with Government Code section 26227. Per the Community Investment Fund Policy, SCTB is allocated 1.25% of the first 9% of collected TOT revenue, estimated to be \$3.34 million for FY 2024-25. On June 6, 2023, Board approved a three-year funding agreement with the SCTB for the period of July 1, 2023 through June 30, 2026.

### **Findings and Recommendations**

Staff and SCTB, in its capacity as the Advisory Board, recommend that the Board adopt a resolution to confirm this Annual Report and continue the assessments as levied without change in the Business Improvement Area in Fiscal Year 2024-2025, pursuant to the Parking and Business Improvement Area Law of 1989 (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 Business Improvement Area.
3. That the method and basis of levying the assessment remain unchanged and continue in Fiscal Year 2024-25.
4. That the revenues generated by the assessment be used in accordance with the requirements of Sonoma County Code section 33-4 to conduct marketing activities including funding of programs, services, and activities outside of the county designed to increase the number of overnight visits to the county.
5. SCTB will provide an annual audit of travel and meal expenses per their travel and expense reimbursement policy. Attachment 1 outlines the agreed upon procedures for the audit and its findings, which includes three instances where alcohol expenditures were above the \$35 limit per employee.

#### **Written and Oral Protests**

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. 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. If written protests are received sufficient to constitute a majority protest pursuant to Streets & Highways code sections 36524-36525, no further proceedings to continue to levy the assessment shall be taken for a period of one year from the date of the finding of a majority protest by the Board.

Staff has published notice of the public hearing in the newspaper as directed by the Board and as required by Streets and Highways Code section 36534(d).

#### **Agreement for Services to Promote Tourism for FY 2024-25**

Business Improvement Districts are important to California's economy and provide a number of 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 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 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

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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 the Tourism Bureau's BIA and TOT includes: (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.

Staff recommends continuing to contract with SCTB to provide tourism promotion activities financed with BIA, supplemented with funding received through an existing agreement for TOT. With today's action, SCTB will receive estimated funding from the BIA in the amount of \$6.0 million and \$3.34 million from TOT in FY 2024-25.

**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  
5/21/2024 - Annual Tourism BIA Assessment Report and Resolution of Intention to Levy Assessment for FY 24-25

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

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**Narrative Explanation of Fiscal Impacts:**

BIA collections for FY 2021-22 and FY 2022-23 averaged \$5.94 million and is estimated to be \$6 million in FY 2024-25.

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

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

None.

**Attachments:**

1. FY 2022-23 SCT Travel and Entertainment Expense Procedures & Audit
2. FY 2022-23 SCT Financial Statement Audit
3. Resolution
4. FY 2024-25 SCT BIA Agreement

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

None.