Legislation Details (With Text)

File #:	2019-0482		
Type:	Consent Calendar Item	**Status:**	Agenda Ready
File created:	3/29/2019	**In control:**	Economic Development Board
On agenda:	4/30/2019	**Final action:**	
Title:	Fiscal Year 2019-20 Annual Tourism Assessment Report		
Sponsors:	Economic Development Board, Auditor-Controller-Treasurer-Tax Collector		
Indexes:			
Attachments:	1. Att 1, 2. Att1_5-30-19_EDB - BIA Resolution Intent to Continue BIA Levy.docm, 3. Att 2.pdf, 4. Att2_FY2019-20 Annual Report and Budget - Final.pdf, 5. Att3_EDB SCT BIA Ord.pdf, 6. Att4A_Audited Financials 6-30-18.pdf, 7. Att4B_Audited Financials (Maze) 6-30-18.pdf, 8. Final_4-30-19_EDB Board Agenda Item SummRpt - SC Tourism Notice of Intent to Renew BIA Levy.pdf, 9. FY2019-20 SCTB Annual Report and Budget ADA.pdf		

Date	Ver.	Action By	Action	Result
4/30/2019	1	Board of Supervisors	Approved as recommended	Pass

Sonoma County Board of Supervisors
Department or Agency Name(s): Economic Development Board, and ATTC
Staff Name and Phone Number: Al Lerma - 565-6428 - EDB / Paula Johnson (707) 522-5808 - SCT/ Jonathan Kadlec - ATTC
Vote Requirement: Majority
Supervisorial District(s): All

Title:
Fiscal Year 2019-20 Annual Tourism Assessment Report

Recommended Actions:

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 2019-20; and

B) Adopt a resolution to schedule a public hearing on June 4, 2019 to consider the report and the continuation without change of the tourism assessment.

Executive Summary:

County staff are meeting with Sonoma County Tourism 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 changing the ordinance. We are requesting that the Board accept the Sonoma County Tourism's annual tourism assessment report to support the continuation of the tourism assessment in fiscal year 2019-20 and that they adopt a resolution to schedule a public hearing on June 4, 2019 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 Al Lerma, Sonoma County Economic Development Board Director of Business Development and Innovation, 141 Stony Circle, Suite 110, Santa Rosa, CA 95403 by 5:00 p.m. on June 3, 2019. 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. 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).

Discussion:

On November 2, 2004, the Sonoma County Board of Supervisors (Board) adopted the ordinance creating 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 Sonoma County Tourism Business Improvement Area 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 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 the Board, an Annual Report for FY 2019-20. The Report contains information on the activities and corresponding expenditures to carry out in FY 2019-20. 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. 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 2019-2020 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 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 2019 - 2020.

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.

5) That SCTB has retained the services of Pisenti & Brinker and Maze & Associates, both independent certified public accounting firms, to audit the SCTB finances and it concluded in its Independent Auditor's Report that there were no material weaknesses or significant audit findings in relation to SCTB.

Activities, Marketing, Advertising, and Public Relations Program Expenditures

The type of activities intended to be funded by the SCT BIA and TOT revenues include:

(1) advertising; (2) marketing materials and distribution; (3) tradeshows 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 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 2019-20, and to adopt a resolution to schedule a public hearing on June 4, 2019 to consider the report and the continuation without change of the tourism assessment for the Board's final approval.

Prior Board Actions:

12/15/15 - Annual resolution approving the 2015 SCTB Annual Report and levy of assessment (2005-2015)

5/4/18 - Annual resolution approving the FY18-19 Annual Report and levy of assessment.

FISCAL SUMMARY

Expenditures	**FY 18-19 Adopted**	**FY19-20 Projected**	**FY 20-21 Projected**
Budgeted Expenses			
Additional Appropriation Requested			
Total Expenditures			
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 $4,820,000 for fiscal years 2016-17 and 2017-18. Year to date collections are at $3,316,000 (includes first 3 quarters of the year) and staff estimates that total collections for fiscal year 2018-19 will be $4,500,000.

Staffing Impacts:			
Position Title (Payro	**Monthly Salary Range (A - I Step)**	**Additions (number)**	**Deletions (number)**

Narrative Explanation of Staffing Impacts (If Required):
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Attachments:
Attachment 1: BIA Resolution of Intent to Continue BIA Levy
Attachment 2: FY 2019-20 Annual Assessment Report

Related Items "On File" with the Clerk of the Board:
Attachment 3: Business Improvement Area Ordinance No. 5525.
Attachment 4: Sonoma County Tourism Bureau Financial Statements and Independent Auditor's Report