



Legislation Details (With Text)

File #: 2020-1214
Type: Regular Calendar Item **Status:** Agenda Ready
File created: 11/13/2020 **In control:** Board of Supervisors
On agenda: 11/17/2020 **Final action:**
Title: Adoption of West County Transient Occupancy Tax Ordinance
Sponsors: County Administrator
Indexes:
Attachments: 1. Summary, 2. Attachment A - Resolution Introducing Ordinance, 3. Attachment B - Proposed Ordinance, 4. Attachment C - Bodega Bay FPD Boundary Area Map, 5. Attachment D - West Sonoma County High School District Map, 6. Attachment E - West Marin County TOT Ordinance

Date	Ver.	Action By	Action	Result
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To: Board of Supervisors
Department or Agency Name(s): County Administrator's Office
Staff Name and Phone Number: Terri Wright: 565-3775
Vote Requirement: Majority
Supervisory District(s): Fifth District

Title:
Adoption of West County Transient Occupancy Tax Ordinance

Recommended Action:

- A) Consider whether to adopt an ordinance amending Article III, Chapter 12 of the Sonoma County Code to establish the West County Transient Occupancy Tax Area and increase the transient occupancy tax in that area by 4%, with revenue being dedicated to enhance first response emergency medical services provided by local fire agencies, to support the consolidation of local fire agencies, and to support West County schools and education opportunities. If the ordinance is adopted, it will be placed on the ballot at the March 2, 2021 election and will become effective July 1, 2021 if it is approved by a two-thirds majority of the voters voting on the measure, and
- B) Adopt a resolution introducing, reading the title of, and waiving further reading of the proposed ordinance establishing the West County Transient Occupancy Tax Area and increasing the transient occupancy tax in that area by 4%.

(Fifth District)

Executive Summary:

This item requests the Board to consider adopting an ordinance that would amend the Sonoma County Code to establish a West County Transient Occupancy Tax (TOT) Area and increase TOT taxes paid by hotels, motels, and vacation rentals by four percent (4%). The increased taxes within this area will offset the impacts of tourism experienced by area residents and will support the County's efforts to support sustainable paramedic emergency medical/rescue services through fire agency consolidation efforts in West County. The increased tax will also support West County schools, which are also impacted by tourism due to the prevalence of

vacation rental housing. This 4% increase in taxes is estimated to generate approximately \$2.7 million annually. Under the proposed ordinance, half the funds will be dedicated towards first responder emergency medical/rescue services and the other half for schools and education to support unification efforts.

Discussion:

On November 10, 2020, the Board considered an agenda item that would have authorized staff to conduct a TOT revenue/policy analysis for the Bodega Bay area as a way to mitigate emergency medical/rescue impacts associated with tourism in the area. Staff was prepared to conduct an analysis similar to what was done by the County of Marin for its west county area and return within 90 days to provide policy options for the Board. At the request of stakeholders during the November 10 meeting, the Board directed staff to expedite the effort and return with an item to consider the adoption of a TOT ordinance for the March 2021 ballot.

While a primary consideration of the November 10 item was to specifically identify revenue solutions for the Bodega Bay Fire Protection District (FPD) in the furtherance of the Board’s policy to improve fire services through consolidations, staff was also prepared to analyze the approach that Marin County took, which included both a broader tax area and scope. The broader tax area proposed with this ordinance is also consistent with past sphere of influence proposals by the Sonoma County Local Formation Commission (LAFCO) and upcoming annexations within the area.

In addition to expanding the tax boundary area, the proposed scope of benefit and services for the tax has also been expanded to provide funding to West County schools, which have also been disproportionately impacted by vacation rental tourism. Staff recognizes that this is broader than what was proposed by the November 10 board item, but we note that we would likely have analyzed an expansion of this nature for two reasons: 1) The Marin County effort looked at housing policies in addition to fire and emergency services, 2) The need associated with overall impacts upon West County schools to assist with their regional unification efforts.

The findings contained in the proposed ordinance provide a summary of the impacts and needs that the proposed tax seeks to mitigate. The funding to support West County schools is intended to represent stop-gap funding that mitigates impacts that are expected to be rectified by regional unification, at which time the Board of Supervisors reserves the authority to allocate the funds in a manner that best supports community-based programs that support the education of West County residents.

Lastly, the proposed tax would increase TOT taxes in this area by 4%, which will yield a tax rate of 16% in the tax area. Staff has not had time to analyze statewide TOT tax rates, but can confirm the TOT tax rate for San Francisco County and the West Marin portion of Marin County is 14%. If the Board approves the recommended actions today, staff will return with the second reading of the ordinance on November 30th.

Prior Board Actions:

August 9, 2016 - The Board adopted an ordinance amending Article III, Chapter 12 of the Sonoma County Code governing the collection and administration of Transient Occupancy Tax

FISCAL SUMMARY

Expenditures	FY 20-21 Adopted	FY21-22 Projected	FY 22-23 Projected

Budgeted Expenses	\$186,000		
Additional Appropriation Requested			
Total Expenditures	\$186,000	0	0
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other	\$186,000		
Use of Fund Balance			
Contingencies			
Total Sources	\$186,000	0	0

Narrative Explanation of Fiscal Impacts:

The Registrar of Voters estimates the cost of this election to range between \$93,000 to \$186,000. If the tax is approved by voters, then the cost of the election will be covered by the tax. If the measure does not pass, Supervisor Hopkins has agreed to use District 5 Tourism Impact Funds to cover election costs.

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:

- Attachment A: Resolution Introducing and Waiving the Reading of the Ordinance
- Attachment B: Proposed Ordinance
- Attachment C: Bodega Bay FPD Boundary Area Map
- Attachment D: West Sonoma County High School District Map
- Attachment E: West Marin County TOT Ordinance

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

N/A