

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: RAISSA DE LA ROSA, ECONOMIC DEVELOPMENT MANAGER
SUBJECT: AMEND THE FISCAL YEAR 2019-20 ADOPTED BUDGET TO
APPROPRIATE FUND BALANCE IN THE SRTBIA FUND FOR
ECONOMIC DEVELOPMENT USES

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Finance and Planning and Economic Development Departments that the Council, by resolution, amend the Fiscal Year 2019-20 adopted budget to appropriate \$200,000 from fund balance in the Santa Rosa Tourism Business Improvement Area (SRTBIA) Special Revenue fund known as SRTBIA specifically for Economic Development purposes.

EXECUTIVE SUMMARY

This action will appropriate existing funds from the SRTBIA fund for Economic Development purposes. Staff proposes appropriating these funds for various professional service agreements and uses in the Economic Development division.

BACKGROUND

The SRTBIA special revenue fund was established in FY 2013-14 as a means of accounting for revenue from the 2% assessment levied on overnight guests staying in Santa Rosa lodging establishments per Ordinance 3946. Approximately 30% of this revenue stream is retained by the City and managed through the Economic Development Division. Fund balance has built up over time due to revenues exceeding projections. Appropriating this fund balance will allow Economic Development to use the funds for purposes set forth in the SRTBIA ordinance.

ANALYSIS

The SRTBIA special revenue fund budgets annual revenue based on projections during the fiscal year budget process. Over the course of several years, this fund has collected more revenue than what was projected, which has resulted in fund balance. As of July 2020, approximately \$284,000 of fund balance remains available. Staff is

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BALANCE IN THE SRTBIA FUND FOR ECONOMIC DEVELOPMENT USES
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proposing to appropriate \$200,000 to implement ordinance appropriate Economic Development programs.

Revenues are driven by overnight stays in lodging establishments, and therefore are subject to economic fluctuations. As such, with the loss of 24% of the City's hotel room stock mostly from two of the City's leading hotels, the two fiscal years following the 2017 Tubbs Fire saw a decline in revenue of approximately 25%. While the fund should be stabilizing with new room stock being built, the \$84,000 will remain in fund balance in the event of another unexpected downturn in revenue.

Per the establishing ordinance, funds are used to defray the costs of services, activities, and programs that promote and encourage tourism within Santa Rosa, and which benefit the operators of lodging establishments paying the assessments. Funds may also be used for certain ongoing administrative costs associated with the services, activities and programs. Administration and operations make up just less than 40% of the current program budget.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

FISCAL IMPACT

Approval of this item has no impact to the General Fund. Approval will amend the FY 2019-20 adopted budget by appropriating \$200,000 from available fund balance in the Santa Rosa Tourism Business Improvement Area Fund.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) Guidelines Section 15378 because it not a project which has potential for resulting in a direct physical change or a reasonably foreseeable indirect physical change to the environment.

ATTACHMENTS

None

CONTACT

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