

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: CLARE HARTMAN, DIRECTOR
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
SUBJECT: SANTA ROSA TOURISM BUSINESS IMPROVEMENT AREA 2023
ANNUAL REPORT AND 2024 WORK PLAN

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Planning and Economic Development Department that the Council, by resolution: 1) accept the 2023 Annual Report for the Santa Rosa Tourism Business Improvement Area; 2) approve the continuation of the annual assessment on Santa Rosa lodging businesses; and 3) adopt the 2024 Work Plan for the Santa Rosa Tourism Business Improvement Area.

EXECUTIVE SUMMARY

The Santa Rosa Tourism Business Improvement Area (SRTBIA) was established by Ordinance 3946 on August 3, 2010, creating an assessment district on Santa Rosa lodging establishments which funds a partnership program between the City of Santa Rosa and the Santa Rosa Metro Chamber. The 3% Assessment provides for efficient and complementary destination marketing, tourism and group sales, the operation and management of the California Welcome Center in Railroad Square, and other programs that contribute to community culture and destination vitality, as well as encourage overnight stays.

This item supports Council Goal 4, *Promote Economic and Community Vibrancy*, in that tourism is one of Sonoma County's key industry sectors providing a substantial economic return to the City.

BACKGROUND

1. The SRTBIA was established by Santa Rosa Ordinance 3946 on August 3, 2010, creating a public-private partnership between the City of Santa Rosa, the Santa Rosa Metro Chamber, and Santa Rosa lodging businesses.

SANTA ROSA TOURISM BUSINESS IMPROVEMENT AREA 2023 ANNUAL REPORT
AND 2024 WORK PLAN
PAGE 2 OF 5

2. The SRTBIA is a 3% assessment paid by people staying at Santa Rosa lodging establishments. On a quarterly basis, the lodging establishments remit these funds to the City. After a 2% City administrative fee is deducted from the total funds remitted, the remaining 98% of the funds are disbursed as follows:
 - a. 30% of the funds collected go to the City and is managed by the Economic Development Division of the Planning and Economic Development Department
 - b. The remaining 70% goes to the Santa Rosa Metro Chamber for their Convention & Visitors Bureau and Welcome Center operations & services
3. Lodging businesses collecting the 3% assessment are those operating within the Santa Rosa city limits and include hotels, motels, bed and breakfast inns, vacation rentals, and all similar lodging businesses.
4. The Assessment provides for efficient and complementary destination marketing, tourism and group sales, the operations and management of the California Welcome Center, and other programs and activities that contribute to community culture and destination vitality, as well as encourage overnight stays and support for tourism infrastructure.
5. The total percentage of assessments and taxes passed on to people staying at Santa Rosa lodging establishments is 14%. This consists of:
 - a. 9% Transient Occupancy Tax (TOT)
 - b. 2% Sonoma County Tourism Business Improvement District (*pertinent only to lodging establishments with revenues of \$350,000 or greater, and passed through to Sonoma County Tourism*)
 - c. 3% Santa Rosa Tourism Business Improvement Area

PRIOR CITY COUNCIL REVIEW

On July 27, 2010, the City Council, by Resolution No. 27690, appointed the Advisory Board for the Santa Rosa Tourism Business Improvement Area, consisting of one Santa Rosa Metro Chamber employee, One City of Santa Rosa employee, and three hotel operators, at least one of whom is employed by a full-service hotel, and one of whom is employed by a select-service hotel.

On August 3, 2010, the City Council, by Ordinance No. 3946, established the Santa Rosa Tourism Business Improvement Area.

On February 28, 2012, the City Council, by Resolution No. 28044, delegated authority for approval of all sponsorship invoices up to \$10,000 to the Director of Economic Development and Housing, or his/her designee, and to the City Manager, or his/her designee, for amounts for \$10,001 to \$100,000.

SANTA ROSA TOURISM BUSINESS IMPROVEMENT AREA 2023 ANNUAL REPORT
AND 2024 WORK PLAN
PAGE 3 OF 5

On May 21, 2013, the City Council, by Resolution No. 28281, authorized the Economic Development and Housing Director to approve and execute agreements where the source of funds for such agreements are SRTBIA assessments, the funds will solely be used for the purposes stated in Santa Rosa City Code Section 6-56.290, and the purposes of the agreements are approved under the SRTBIA Work Plan, as approved annually by Council.

On July 11, 2017, the City Council, by Resolution No. RES-2017-124, accepted the Fiscal Year 2016-2017 Annual Report, approved the continuation of the annual assessment on Santa Rosa lodging businesses, and adopted the Fiscal Year 2017-2018 Work Plan.

On July 24, 2018, the City Council, by Resolution No. RES-2018-123, accepted the Fiscal Year 2017-2018 Annual Report, approved the continuation of the annual assessment on Santa Rosa lodging businesses, and adopted the Fiscal Year 2018-2019 Work Plan.

On July 23, 2019, the City Council, by Resolution No. RES-2019-111, accepted the Fiscal Year 2018-2019 Annual Report, approved the continuation of the annual assessment on Santa Rosa lodging businesses and adopted the Fiscal Year 2019-2020 Work Plan.

On August 18, 2020, the City Council, by Resolution No. RES-2020-140, accepted the Fiscal Year 2019-2020 Annual Report, approved the continuation of the annual assessment on Santa Rosa lodging businesses, and adopted the Fiscal Year 2020-2021 Work Plan with modified conditions due to the Covid-19 outbreak.

On August 3, 2021, the City Council, by Resolution No. RES-2021-134, accepted the Fiscal Year 2020-2021 Annual Report, approved the continuation of the annual assessment on Santa Rosa lodging businesses, and adopted the Fiscal Year 2021-2022 Work Plan with modified conditions due to the Covid-19 outbreak.

On August 23, 2022, the Council, by Resolution No. RES-2022-181, accepted the Fiscal Year 2021-2022 Annual Report, approved the continuation of the 3% annual assessment on Santa Rosa lodging businesses and adopted the Fiscal Year 2022-2023 Work Plan.

ANALYSIS

1. The attached Annual Report (Attachment 1) highlights activities and expenditures that have occurred during FY 2022-2023.
2. Following another challenging year, the long-term outlook for the local tourism industry is positive with steady growth and tremendous optimism.

SANTA ROSA TOURISM BUSINESS IMPROVEMENT AREA 2023 ANNUAL REPORT
AND 2024 WORK PLAN
PAGE 4 OF 5

3. SRTBIA programs, projects, and activities are managed by the City's Economic Development Division and the Chamber's Visit Santa Rosa program and focus on:
 - a. Increasing awareness of Santa Rosa as a visitor destination through public relations, marketing, and social media campaigns.
 - b. Offering a visitor destination and local pride campaign designed to highlight the city as the urban center of Sonoma County.
 - c. Maximizing the effective use of SRTBIA funds through a collaborative and coordinated work plan.
 - d. Conducting group sales that position Santa Rosa as the best place for conferences, reunions, sports tournaments, and tour planners.
 - e. Attracting new events that support the niche travel markets such as food and wine, arts and culture, craft breweries, Pride Week, cycling, and sports.
4. The SRTBIA Advisory Board met on August 10, 2023, approving the attached Annual Report and recommending approval by Council.
5. The SRTBIA follows a fiscal year sequence for the City and a calendar year sequence for the Metro Chamber. For matters of efficiency and clarity among hospitality and chamber partners, the SRTBIA Annual Report and Work Plan will now be referred to as a calendar year report and work plan.
6. TOT and SRTBIA revenues have shown a steady improvement during the last three quarters of 2022 compared to the prior year.
7. One new hotel offering 100 rooms opened its doors to guests in the fourth quarter of last year in a well-established mixed-use area of the city.
8. In accordance with the Parking and Business Improvement Area Law of 1989, Section 36500 et seq. of the California Streets and Highways Code, the attached annual report includes the following:
 - a. Changes to boundaries: No changes recommended.
 - b. Improvements and activities to be provided for the upcoming fiscal year: Outlined in the attached report.
 - c. Changes to the method and basis of levying assessments: No changes recommended.
 - d. Estimated cost of providing the improvements and activities: Outlined in the attached report.

SANTA ROSA TOURISM BUSINESS IMPROVEMENT AREA 2023 ANNUAL REPORT
AND 2024 WORK PLAN
PAGE 5 OF 5

- e. The amount of any surplus or deficit revenues to be carried forward:
Outlined in the attached report.
- f. Amount of contributions made from sources other than assessments for
Visit Santa Rosa (VSR):
 - i. \$25,000 – County of Sonoma Welcome Center funding.

FISCAL IMPACT

Approval of this action does not have a fiscal impact on the General Fund.

ENVIRONMENTAL IMPACT

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

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

The SRTBIA Advisory Board met on August 10, 2023, and approved the attached Annual Report and Work Plan, recommending approval by Council.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Resolution/Exhibit A – Santa Rosa Tourism Business Improvement Area 2023 Annual Report and the 2024 Work Plan.

PRESENTER

Rafael Rivero, Economic Development Specialist