

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: GABE OSBURN, DIRECTOR, PLANNING AND ECONOMIC
DEVELOPMENT DEPARTMENT
SUBJECT: ADOPTION OF 2024 SANTA ROSA TOURISM BUSINESS
IMPROVEMENT AREA ANNUAL REPORT, BUDGET AND
FUTURE WORK PLAN, AND CONTINUATION OF THE ANNUAL
ASSESSMENT ON SANTA ROSA LODGING BUSINESSES

AGENDA ACTION: RESOLUTION

RECOMMENDATION

The Planning and Economic Development Department recommends that the Council, by resolution, approve the 2024 Santa Rosa Tourism Business Improvement Area (SRTBIA) Annual Report, Budget and future Work Plan and the continuation of the annual assessment on Santa Rosa lodging businesses as further defined in § 6-56.300 et seq, in City of Santa Rosa Code. This item has no impact on current fiscal year budget.

EXECUTIVE SUMMARY

The Santa Rosa Tourism Business Improvement Area (SRTBIA) was established by City Council in 2010 to fund programs and activities that promote tourism and support local lodging establishments. A 3% assessment is collected from overnight guests at Santa Rosa hotels, with revenues dedicated to marketing and tourism efforts that encourage overnight stays. After a 2% administrative fee, 30% of the remaining funds are managed by the City's Economic Development Division and 70% are directed to the Santa Rosa Metro Chamber for tourism services and welcome center operations. The SRTBIA Advisory Board, appointed by Council, provides recommendations on fund expenditures and prepares an Annual Report detailing activities, costs, and benefits to the Area, which the Council adopts each year.

GOAL

This item relates to Council Goal #3 - Promote Citwide Economic Development and aligns with the goals and objectives of the previously adopted April 2024 Santa Rosa Economic Development Strategic Plan.

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BACKGROUND/PRIOR COUNCIL REVIEW

On May 25, 2010, the City Council established the Santa Rosa Tourism Business Improvement Area (SRTBIA) through Ordinance No. 3946, pursuant to the Parking and Business Improvement Area Law of 1989 (Streets and Highways Code § 36500 et seq.). The purpose of creating the SRTBIA was to provide a mechanism for funding services, activities, and programs that promote and encourage tourism within the designated area. These efforts are intended to directly benefit the operators of lodging establishments paying assessments by supporting the promotion of Santa Rosa's scenic, recreational, cultural, and other attractions.

The assessment is a three percent (3%) fee paid by guests staying overnight in Santa Rosa lodging establishments within the Area. Assessment revenues are dedicated to marketing activities designed to increase overnight visits to Santa Rosa. Funds may also be used for programs, services, and activities located either inside or outside the Area, provided such activities are designed to encourage overnight stays that benefit local lodging operators.

On a quarterly basis, affected lodging establishments within the Area remit assessments collected to the City. The City charges a two percent (2%) administrative fee for the administration of the SRTBIA fund and its programs. At present, the remaining ninety-eight percent (98%) of the funds are disbursed as follows:

Thirty percent (30%) of the remaining ninety-eight percent (98%) of funds collected is distributed to the City and is managed by the Economic Development Division of the Planning and Economic Development Department.

Seventy percent (70%) of the remaining ninety-eight percent (98%) of funds collected is paid to the Santa Rosa Metro Chamber, which is under contract with the City to provide welcome center operations and tourism-centric services.

The following chart displays the 98% of revenue collected through the assessment during a five-year period from calendar year 2020 to 2024, as well as the percentage allocation to the city and the Santa Rosa Metro Chamber.

Year	Total SRTBIA Revenue	City 30%	Chamber 70%
2020	\$ 1,061,421	\$ 318,426	\$ 742,995
2021	\$ 1,763,374	\$ 529,012	\$ 1,234,362
2022	\$ 2,201,322	\$ 660,397	\$ 1,540,925
2023	\$ 2,246,152	\$ 673,845	\$ 1,572,306

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2024	\$	2,090,505	\$	627,152	\$	1,463,354
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To guide the use of assessment funds, the Council established the SRTBIA Board to serve as the Advisory Board for the Area. The Advisory Board is responsible for making recommendations on the expenditure of assessment revenues, on the classification of businesses, and on the method and basis for levying the assessments.

In accordance with Section 36533 of the Parking and Business Improvement Area Law of 1989, the Advisory Board must also prepare an Annual Report for each fiscal year in which assessments are levied and collected. This report outlines the activities and costs paid with assessment revenues and demonstrates how the funds benefit the Area.

In the years following the establishment of the Santa Rosa Tourism Business Improvement Area, the Council has adopted, by resolution, the Annual Reports, Budgets, and Work Plans as prepared and recommended by the SRTBIA Board.

ANALYSIS

The 3% assessment supports efficient and coordinated destination marketing, tourism development, and group sales efforts; the operation and management of the California Welcome Center in Railroad Square; event support; and other programs that enhance community culture and destination vitality while encouraging overnight stays.

Program Highlights and Achievements

- **California Welcome Center:** In 2024, the Center served 29,237 visitors and distributed 11,907 pieces of collateral, helping guests discover local attractions and amenities.
- **Destination Marketing:** Visit Santa Rosa advanced its mission to position the city as a premier travel destination, achieving nearly 3 million social media impressions, 776,499 website views, and 1.83 million video views in 2024.
- **Digital Passport Programs:** Visit Santa Rosa expanded its suite of free digital passport programs, designed to offer incentives and unique experiences that strengthen Santa Rosa's identity as a dynamic destination. The portfolio currently includes the Cannapass, Festivities on 4th, Discover Downtown, and Beer Passport programs.
- **Data-Driven Insights:** The Planning and Economic Development Department implemented a data analytics platform to better understand visitor patterns and event impacts. These insights enable city staff to make informed decisions and

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maximize the use of assessment funds, ensuring measurable returns for local businesses and the community.

- **Event Support:** Assessment funds partially supported 11 events during fiscal year 2024–2025 that attracted extended-stay visitors, boosted downtown activity, and celebrated local culture. Funds also contributed to the creation of a full-time Special Events Coordinator position, responsible for organizing community events that serve as tourism drivers.
- **Marketing Expansion:** Tourism marketing strategies were broadened to promote the event support funding program through targeted social media ads aimed at event organizers and audiences outside Sonoma County, with the goal of attracting a more diverse and distinctive mix of events.
- **Downtown Development:** Assessment funds partially funded the development of a Downtown Enhanced Infrastructure Financing District (EIFD), which will leverage generated tax revenue to support future economic development projects that provide tangible benefits to the downtown area.

The Annual Report (Exhibit A) highlights activities and incurred expenditures since the last reporting period. The Budget (Exhibit A) lays out future expenditures and the anticipated use of future assessments.

The Work Plan (Exhibit A) expands the use and application of funds to include other tourism related activities allowable under Ordinance No. 3946 and the Parking and Business Improvement Area Law of 1989.

Of note, the new Work Plan:

- a. Is for a period of three years and may be amended annually as needed.
- b. Defers administrative and clerical roles and responsibilities not explicitly assigned to the SRTBIA Board to staff.
- c. Calls for the completion of a Santa Rosa specific Tourism Strategic Plan.
- d. Calls for greater levels of collaboration and engagement with regional tourism partners.
- e. Calls for conducting an analysis of SRTBIA processes and procedures and activities, and evaluating board composition, roles, and responsibilities, and meeting frequency.

FISCAL IMPACT

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

ENVIRONMENTAL IMPACT

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Pursuant to CEQA Guidelines Section 15378, the recommended action is not a “project” subject to the California Environmental Quality Act (CEQA) because it does not have a potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. In the alternative, the recommended action is exempt from CEQA pursuant to CEQA Guidelines section 15061(b)(3) because it can be seen with certainty that there is no possibility that the recommended action may have a significant effect on the environment.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

The Santa Rosa Tourism Business Improvement Area Advisory Board met on September 25, 2025, to approve the Annual Report, Budget and Future Work Plan, and approved a recommendation that Council approve of the same.

Pursuant to Section 36533 of the Parking and Business Improvement Area Law of 1989 (Streets and Highways Code Section § 36500 et seq.) the City Council may approve the report as recommended by the SRTBIA board or may modify the report and approve it as modified. Through this action the City Council cannot approve a change in the basis and method of levying assessments that would impair an authorized or executed contract to be paid from the revenues derived from the levy of assessments.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Staff Report
- Attachment 1 – Ordinance 3946
- Resolution / Exhibit A

PRESENTER(S)

Scott Adair, Chief Economic Development Officer