



County Administration Office

“We Support the Board of Supervisors in achieving their goals through service & collaboration with the County Departments and the Community”

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November 8, 2022

TO: Board of Supervisors

FROM: Tracie M. Riggs

RE: Contract with the Visit Tuolumne County In 1983, members of the Tuolumne County Lodging Association proposed and supported an increase in the transient occupancy tax (TOT) from 6% to 8%. The County and the City began providing 25% of the 8% total TOT to the Tuolumne County Visitors Bureau (TCVB), for the purpose of increasing tourism throughout all areas of the County.

In June 2010, voters of the City and the County approved an increase in the TOT from 8% to 10%, and the contract was changed to provide 25% of the total TOT to TCVB. On November 4, 2020, voters approved an increase in TOT from 10% to 12%. The contract with TCVB was not amended to increase paying TCVB 25% of the 12%. TCVB is currently provided 25% of the 10% TOT for regional marketing and other tourism industry support services.

When the contract was originally executed, in FY 1983/1984, the annual amount provided to TCVB by the County, was \$40,157. This amount has grown to \$1.75M for the current fiscal year. This also reflects the growth of TOT since 1983. TOT is one of the County's main sources of discretionary revenue and is used to pay for County services and programs.

The current contract with Visit Tuolumne terminates on 12/31/2022. If the Board does not take action, payments will stop after the quarter ending 12/31/2022.

The Board of Supervisors is intimately aware of the difficulties in addressing the cost for public safety services. Fire prevention and response has been the number one priority for this Board resulting in the increase of fire stations from 2 fully staffed County stations to 5 fully staffed County Fire stations. Funding from the American Rescue Plan Act and the SAFER Grant have allowed for these pilot projects to take place. However, it is imperative that staff provide the Board with a financial plan for fiscal sustainability of these pilot fire stations so that they can be permanent fire stations.

The County has placed four revenue measures on the ballot over the last several years, two of which would have provided much needed funding specifically for fire services. Unfortunately, none were approved. It is clear county residents are telling

their County government to live within their means. The only way to do this is to stay vigilant in how discretionary revenues are used and ensure the first priority is public safety.

Over the last four years staff have been meeting with the President and CEO of Visit Tuolumne (formerly known as Tuolumne County Visitors Bureau) and various board members to discuss alternatives to the current contract. Staff have explained the rising costs of operations and the need to increase public safety services such as fire protection and law enforcement services. Additionally, staff have taken the time to explain the critical need to increase wages for law enforcement (and all other staff) in order to be competitive with neighboring counties, to assist with recruiting and retaining staff.

To further complicate matters, equipment for public safety is outdated and needs to be replaced and buildings do not meet the needs of staff and services.

For further background, staff spent time researching other counties/cities to see if they provide any specific financial contributions to their local visitor bureau association. Attached to this staff memo is a worksheet for Board review. The table below summarizes those counties who do provide some portion of their TOT to their visitors bureau and/or chamber of commerce, including their actual TOT collected for FY 21/22 and their budgeted amount for the current fiscal year.

COUNTY	SALES TAX	TOT CURRENT RATE	TOT FY 21/22 Actual	TOT FY 22/23 Budget	% or amount monetarily contributed to Visitor's Bureau
ALPINE	7.25%	10.00%	\$ 596,051	\$ 550,000	% towards Chamber off Commerce differs: Markleville 20% /Bear Valley and Kirkwood 10%
AMADOR	7.75%	10.00%	\$ 390,712	\$ 390,000	\$136k annually to the Amador Council of Tourism and \$80k to the Chamber of Commerce
CALAVERAS	7.25%	12.00%	\$ 2,728,725	\$ 2,450,000	Previously 25%, now flat rate \$400K for FY 22-23, to be re-evaluated each FY
EL DORADO	7.25%	10.00%	\$ 7,028,056	\$ 8,254,577	Two- Year Agreement \$481,840 (\$240,920/year)
MADERA	7.75%	9.00%	\$ 4,658,547	\$ 6,306,872	contributes \$150,000 annually to Visit Yosemite Madera County
MARIPOSA	7.75%	12.00%	\$ 17,697,877	\$ 20,443,979	Yosemite Mariposa County Tourism Bureau - \$50,000
MONO	7.25%	12.00%	\$ 2,524,460	\$ 2,967,000	Internal Tourism District - 8.33% / Subsidize Paramedic services 16.67%
PLACER	7.25%	8% + 2% Tahoe region	\$ 8,355,524	\$ 11,000,000	\$540,000 per year with Placer County Visitor's Bureau
TUOLUMNE	7.25%	12.00%	\$ 7,281,878	\$ 8,400,000	25% OF 10% TOT \$1.75M FY 2022/2023

Staff developed this chart to gain further perspective for analysis to develop a well thought out recommendation to the Board. As you can see, Tuolumne County provides more than triple of any of the counties listed above. Placer provides \$540K per year and the next highest is Calaveras County which provides a flat \$400K per year. In prior years, Mariposa County used to provide \$500K per year to their visitors bureau, yet this fiscal year they are providing \$50K. The current budget for Tuolumne County is to provide \$1.75M to Visit Tulumne this fiscal year.

On Friday November 4th, staff met with Lisa May (President/CEO Visit Tuolumne) and Katie Dunn (Visit Tuolumne Board Chair and President of the City of Sonora Chamber of Commerce) to further discuss options of reducing the contract in a way that avoids creating harm to Visit Tuolumne, providing the time needed to put a Tourism and Business Improvement District (TBID) assessment in place (this process can take several years) while at the same time

providing a mechanism of redirecting existing and future TOT towards critical essential services, such as public safety.

	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
Payment to Visit Tuolumne	\$ 1,750,000	\$ 1,250,000	\$ 1,000,000	\$ 750,000	\$ 500,000	\$ 500,000

The schedule above outlines a multi-year approach to reduce and ultimately cap the payment provided to Visit Tuolumne. This plan provides discretionary funding the Board of Supervisors may redirect towards essential services, such as fire protection. This multi-year plan also provides time for Visit Tuolumne to begin working to develop and implement a Tourism Business Improvement District with the owners of local lodging establishments. A TBID will provide another source of ongoing revenue, outside of County TOT, for Visit Tuolumne to continue providing marketing and tourism industry support services.

It is important to note that the cap of \$500K is still on the highest end of what is provided by any other county to their local visitor bureaus.

If the Board approves staff recommendation, the contract with Visit Tuolumne would be extended from its current termination date of December 31, 2022 to a termination date of June 30, 2027 with five, 5-year term renewals. The new contract would honor providing 25% of the 10% of TOT for the current fiscal year (with no cap), then beginning July 1, 2023, the contract would begin to decrease on an annual basis until it reached the cap of \$500K.

The Board would also need to make the finding to sole source the services provided by Visit Tuolumne. The current purchasing policy states that any service above the CAO signing authority (currently \$69,788) must go through a formal and competitive Request for Proposals process. However, the ordinance code does allow for the ability to make a finding that a specific contractor is so uniquely qualified, that a sole source is in the best interest of the tax payer and an RFP isn't necessary.

Staff Recommendation:

It is recommended the Board approve the following actions:

1. Make a finding that Visit Tuolumne is uniquely qualified to provide marketing and other services related to tourism for the County of Tuolumne; and
2. Approve the contract with the multi-tiered approach to reducing the annual contribution to Visit Tuolumne, based on the table above (and contained in the contract), phasing in an annual cap of \$500K beginning fiscal year FY 26/27.