



El Dorado County

Strategic Economic Enhancement Development Committee (SEED)

Budget Subcommittee Presentation

Objective

The SEED committee was formed via resolution number 111-2024 and is intended to serve the board of supervisors and promote economic vitality in the county.



Advisory

Identify ways to promote economic activity and opportunities while working on the strategic plan.



Market Research

Conduct comprehensive research and analysis to inform recommendations in the strategic plan.



Communication Conduit

Function as a conduit between Economic Development, the board, and industries – hearing and vetting concerns, opportunities, information, and perspective.

Budget Proposals Impacting Tourism

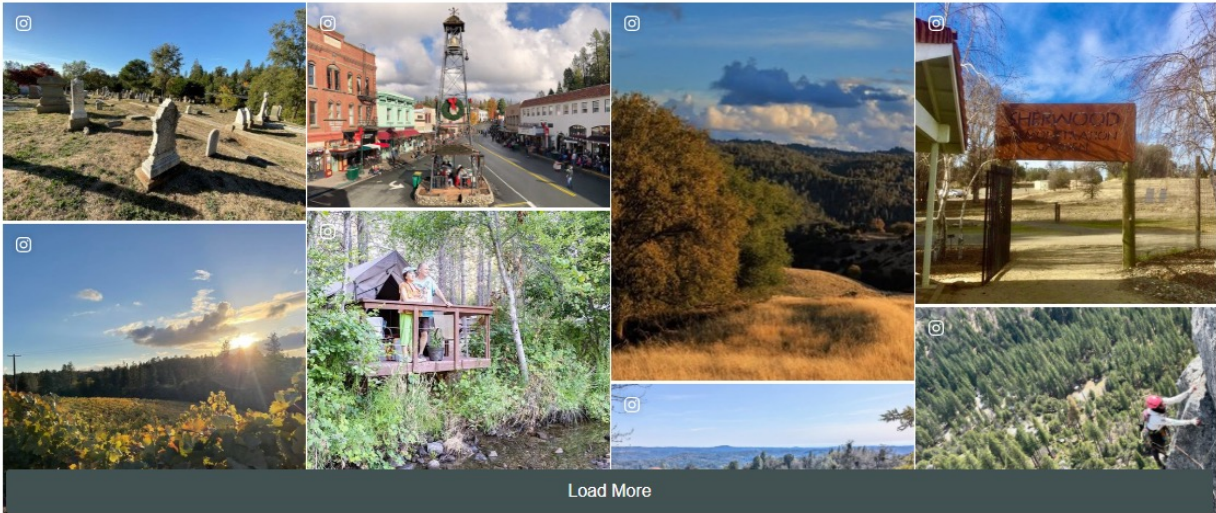
Under consideration are proposed funding cuts to the El Dorado County Visitor Authority. SEED has analyzed the proposed cuts and summarized their far-reaching impacts in this presentation.

El Dorado County Visitor’s Authority Annual Investment

Funding Allocation	Annual Amount
Promotions Budget	\$135,508
Director Salary	\$69,291
Director Benefits	\$16,484
Admin Overhead	\$30,454
Admin Staff PR	\$19,278
PR Tax and Work Comp	\$8,382
Total	\$279,398

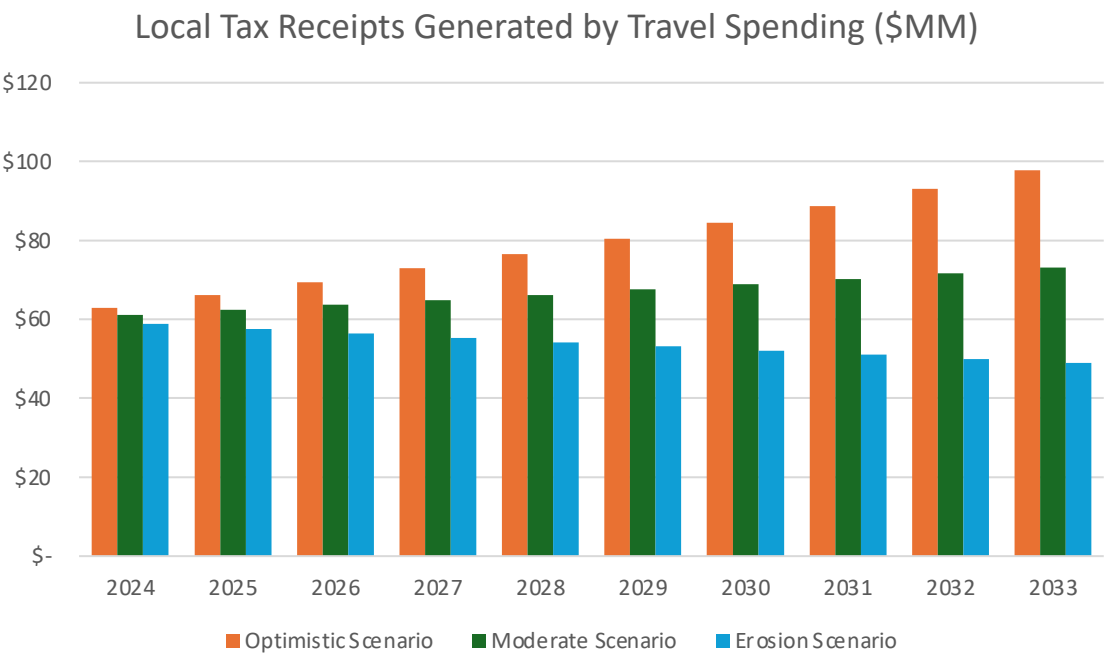
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Summary of Local Tax Receipt Scenario Modeling

SEED views tourism as one of the key components to improving the financial health of El Dorado County. Outlined below are three scenarios and show the impact of travel spending on our local economy.



Source: Historical data from Dean Runyan Associates, Direct Travel Impacts to El Dorado County 2014 – 2023.

Summary of Modeling Scenarios:

Optimistic: Assumes a 5% CAGR across the forecast period. Total local tax receipts generated by travel spending amounts to \$792MM over the 10-year period.

Moderate: Assumes a 2% CAGR across the forecast period. Total local tax receipts generated by travel spending amounts to \$670MM over the 10-year period.

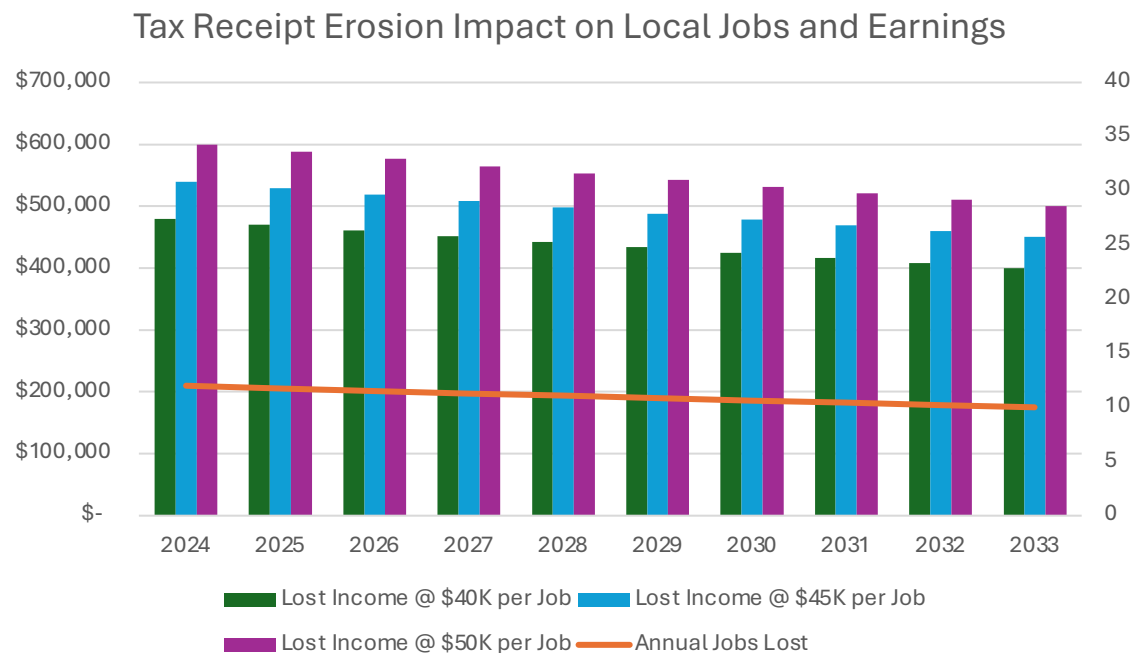
Erosion: If the board of supervisors removes funding for revenue generating activities, we could see eroding tax receipts generated from travel spending. This scenario assumes 2% annual erosion and total local tax receipts generated by travel spending amounts to \$538MM over the 10-year period.

Key Takeaway:

A 2% annual erosion to local tax receipts generated by travel spending equates to a 10-year cumulative difference of \$255MM between the optimistic and erosion scenarios.

Summary of Tax Receipt Erosion on Local Jobs and Earnings

Reduced travel spending in El Dorado County has far-reaching implications, including employment and income generation by county residents. Outlined below are potential job and income loss scenarios stemming from reduced travel spending.



Summary of Modeling Scenarios:

Assuming ten (10) jobs are lost for every \$1MM in eroded local tax receipts from reduced travel spending, this equates to ~12 jobs lost annually. Outlined in the graph are the lost wages in our county based on three different average income levels: \$40K, \$45K, and \$50K per job.

Over the ten-year period, the erosion in travel spending equates to 110 lost jobs and wage loss ranging from \$4.4MM to \$5.5MM across the period, assuming no wage inflation.

If every \$1MM in eroded local tax receipts from reduced travel spending equates to 15 or 20 lost jobs, annual job loss in the county could range from 16 to 22 positions with 10-year wage loss nearing \$11MM.

Key Takeaway:

Even a seemingly small annual erosion to local tax receipts generated by travel spending has far-reaching impacts in our community. Cuts to revenue generating activities harm future year budget outlooks and will result in job/wage loss in El Dorado County.

Request of the Budget Subcommittee



Reconsider the proposed cuts to the El Dorado County Visitor Authority. Funding one additional year would provide the runway for local businesses to organize a tourism business improvement district (TBID) that would provide future-year funding.