



Update on Transient Occupancy Tax Funding and Economic Development Efforts

Board of Supervisors Meeting
January 29th, 2019

Transient Occupancy Tax (TOT)

- 10% tax on the rent charged by the operator for occupancy of hotels, motels, inns, or other lodging (including vacation home rentals and bed and breakfasts), except a camping site or a space at a privately-owned or State Park campground or recreational vehicle park.

TOT Sources

Estimated:

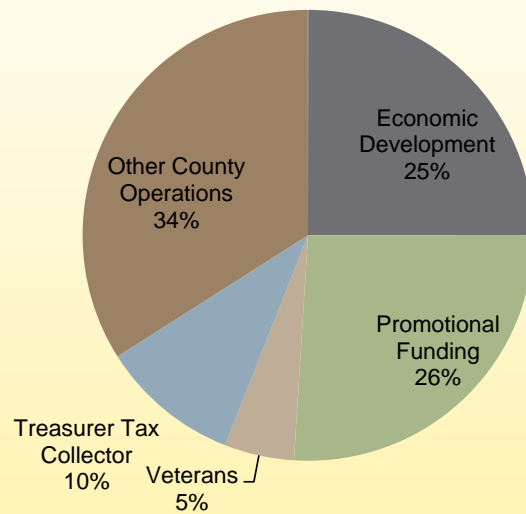
- ~20 hotels/motels/inns
- ~154 Cabins within privately-owned campgrounds and private lands
- ~986 Vacation home rentals

TOT Expenditures

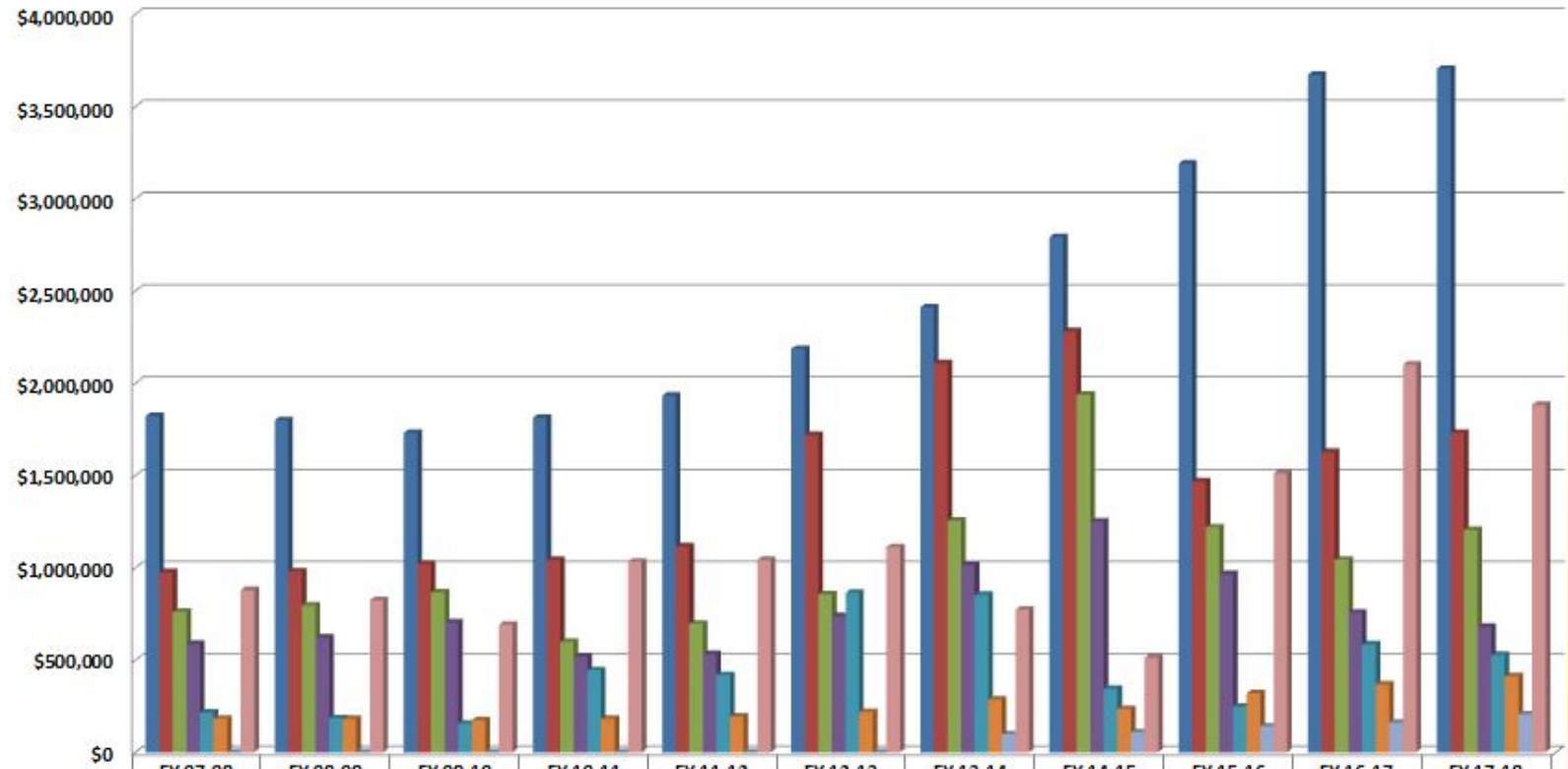
General Plan Policy 10.1.6.4 states: “The majority of transient occupancy tax (TOT) generated revenue shall be directed toward the promotion of tourism, entertainment, business, and leisure travel in El Dorado County.”

TOT Expenditures

TOT Funding



TOT Funding History



	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Total TOT Revenue Received County-wide	\$1,822,029	\$1,799,620	\$1,731,032	\$1,812,585	\$1,932,673	\$2,186,216	\$2,410,979	\$2,792,967	\$3,191,054	\$3,670,952	\$3,703,862
Economic Development Program Budget	\$975,672	\$980,405	\$1,021,827	\$1,042,189	\$1,115,136	\$1,720,170	\$2,107,600	\$2,281,975	\$1,467,553	\$1,627,438	\$1,731,645
Economic Development Program Expenditures (Includes Promotional Funding)	\$760,561	\$795,873	\$866,336	\$598,081	\$696,921	\$856,309	\$1,255,062	\$1,936,823	\$1,219,597	\$1,042,962	\$1,204,573
Promotional Funding Actuals	\$588,475	\$621,146	\$704,697	\$518,962	\$531,784	\$738,188	\$1,015,323	\$1,251,298	\$966,318	\$757,473	\$679,890
Economic Development Program Revenues Less Expenditures (~\$ returned to GF)	\$215,111	\$184,532	\$155,491	\$444,108	\$418,215	\$863,861	\$852,538	\$345,152	\$247,956	\$584,476	\$527,071
Treasurer Tax Collector Actuals	\$182,186	\$179,838	\$173,103	\$181,259	\$193,267	\$218,622	\$285,777	\$234,618	\$319,105	\$367,066	\$411,450
Veterans Actuals	\$0	\$0	\$0	\$0	\$0	\$0	\$97,400	\$108,494	\$139,648	\$159,553	\$205,770
Net General Fund Actuals	\$879,282	\$823,909	\$691,593	\$1,033,245	\$1,042,485	\$1,111,285	\$772,740	\$513,032	\$1,512,704	\$2,101,371	\$1,882,069

Current Economic Development Expenditures

■ **Current Staffing**

- Principal Management Analyst, currently underfilled with an Economic and Business Relations Manager
- Administrative Assistant

Professional Service Agreement(s)

- New Economic Advisory- \$49,600 (Apple Hill Economic Impact study)

Promotional Funding Agreements (Expire June 30, 2019)

- Tahoe Prosperity Center- \$25,000
- Film Commission- \$140,750
- Tourism Director- \$230,919
- EDH Visitors Center- \$120,320
- Tahoe Chamber- \$78,950
- Arts Council- \$105,811

Other

- Tahoe Workforce Housing Project (\$10,000)
- Tahoe Economic Summit (\$1,000)
- GSEC Annual Dinner Table Sponsor (\$ 5,000)
- Comstocks Ad (\$3,520)
- GSEC Annual Membership (\$60,000)

Economic Development Program Update

- Current Structure since November 2016
- Staff has provided three comprehensive Program updates
 - March 2017
 - October 2017
 - November 2017

Board Directed Staff to:

- Continue to Build a County-wide Economic Development Team and Culture;
- Continue to Improve Communication, Outreach, and Image;
- Continue to Explore 90-day Permit Processing;
- Initiate a Sales Tax Retention Program(s); and
- Direct the Chief Administrative Officer, Auditor-Controller and Assessor to return to the Board with recommendations to implement Policy J7 (Economic Development Incentives),

Measurable Successes

- Decrease in office space vacancy rates from 26% to 13% in the past two quarters
- County-wide Economic Development Project Team helped successfully locate K &K Petcare
 - 52 jobs
 - Payroll of \$2,595,000
 - Tenant Improvements of \$2,800,000

Transfer of Economic Development to Planning and Building

- Staff recommends the transfer of the Economic Development Program from the Chief Administrative Office to the Department of Planning and Building
- Transfer will bring added capacity to manage program efforts
- Foster collaborative work environment between Economic Development and Planning and Building
- Immediate interaction with Customers

Transfer of Economic Development to Planning and Building

- Transfer the Principal Management Analyst position (currently underfilled with an Economic Development and Business Relations Manager) to the Planning and Building Department
- Transfer the Administrative Assistant Position to Planning and Building – Economic Development

Administrative Support to Chief Administrative Office

- Replace administrative support to CAO, which will be lost due to the transfer of Economic Development and in anticipation additional EMS/Preparedness, it is recommended to add (1.0 FTE) Administrative Technician to the CAO's office
- Increase the cost to the CAO's Office by approximately \$99,000

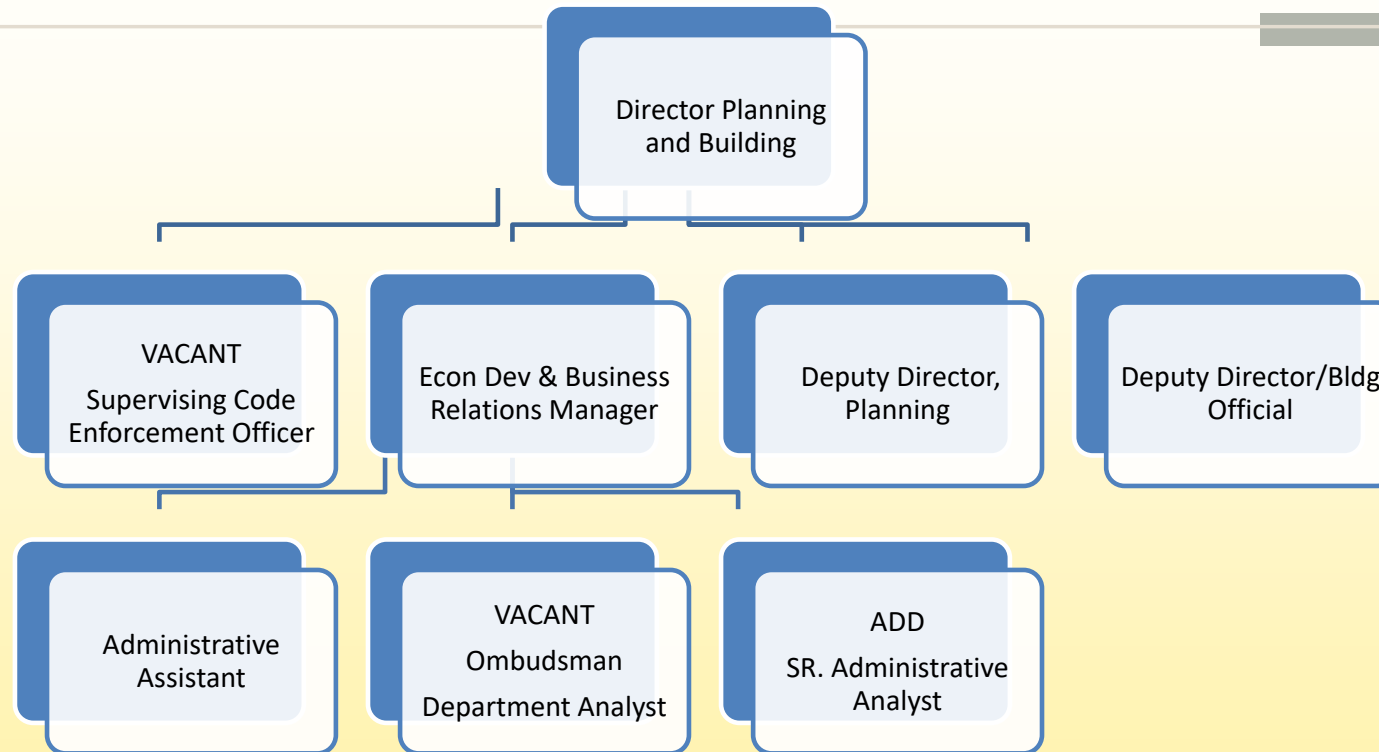
Conceptual Approval of Economic Development Reorganization

- Re-assign Department Analyst I/II - Ombudsman from CDS Administration and Finance to the Planning and Building Department, to be dedicated 75% to the Economic Development Program and 25% to Planning and Building activities
- Add one Senior Administrative Analyst to the Planning and Building Department, to be dedicated 75% to the Economic Development Program and 25% to Planning and Building activities

Conceptual Approval of Economic Development Reorganization

- If the Board approves the restructuring of the Economic Development Program, staff also intends to contract with a consult to provide professional services to assist with the development of the following Programs:
 - Business Retention and Expansion Program Development;
 - Marketing Outreach; and
 - New Program Analysis
- It is estimated that the cost for these contracted professional services would not exceed \$100,00

Recommended Restructuring



Financial Impact

- If the current recommended position actions are approved, not including the conceptual approval of the reorganization, it is estimated to result in an additional annual expenditure of existing Economic Development funds of approximately \$51,000
- If the conceptual changes are approved to transfer the Ombudsman and add the Sr. Analyst position, it is estimated to result in an additional \$185,000 in Economic Development program costs each year

Financial Impact

- Increased program costs would be funded from existing Economic Development funding in the Economic Development Special Projects account
- The impact to the General Fund (non-TOT), including the transfers within Planning and Building and the addition of one Administrative Technician position to the CAO's Office, is an estimated decrease in General Fund cost of \$125,000 and an increase of \$236,000 each year to Economic Development