



Legislation Text

File #: 23-1013, **Version:** 1

Planning and Building Department, Economic Development Division, recommending the Board consider the following:

- 1) Receive and file a presentation prepared by Economic Development staff and the Coloma-Lotus Business Council on the Coloma-Lotus Economic Impact Study that was conducted in 2022; and
- 2) Provide direction to staff on future geographic areas to conduct similar economic impact studies or other possible initiatives for Economic Development staff to work on.

FUNDING: Transient Occupancy Tax Funds.

DISCUSSION / BACKGROUND

With expanded economic development, tourism growth, and revisions to the County's Strategic Plan Goals in recent years, the Board emphasized the importance of better understanding the impact of economic and tourism related activities and opportunities in certain geographical regions within the County and directed staff to conduct economic impact studies.

The studies are vital in comprehending the impact of certain geographical regions within the County. Understanding the need to make informed decisions regarding development and investment, the County began conducting economic impact studies to evaluate the potential effects of projects and activities on the local economy. Thus far, the County has published studies for Apple Hill and the Rubicon Trail, and the Board discussed the benefit of a countywide economic impact study.

These studies and subsequent reports provide valuable insights into the direct and indirect economic benefits or drawbacks associated with proposed initiatives.

The findings of such economic impact studies and reports can guide the County in making informed decisions regarding the Coloma-Lotus area. It also allows the County to better evaluate the potential benefits and drawbacks, consider necessary mitigation measures, and ensure that the development projects or initiatives align with the County's overall strategic plan goals relative to economic development.

Overall, the history of economic impact studies and reports in the County stems from the region's deep-rooted connection to the Gold Rush and the subsequent need to adapt and diversify its economy. By conducting these studies, the County continues to demonstrate a proactive approach to understanding and managing the economic implications of various projects, including the most recent focus on the Coloma-Lotus area.

On July 5, 2018, the County entered into a contract with New Economics & Advisory to analyze the economic impacts of the Apple Hill/Camino area, including jobs and businesses, annual sales tax revenues generated, and transportation management costs incurred by the County to support the area. Apple Hill/Camino is known for agritourism, which is made up of farms, orchards, vineyards, wineries, wholesale fruit and vegetable growers and shippers, and has steadily become one of the most popular regions to visit in the County, especially during the Fall season. The goal of the study was to highlight the positive and negative impacts to better inform the Board on future decisions regarding the Apple Hill/Camino area as it continues to be a destination for tourists. Understanding

how these industries play into the County's economic profile is important in order for the County to continue to maintain a strong agritourism sector. The study evaluated the role of agritourism, which mainly occurs on farms and/or wineries, and the economic activity it brings to not only Apple Hill/Camino, but the economic spin-off activity it brings to the entire County. The study relied upon previous studies conducted for the area and takes into account recent investments the County has made in the region. The study also includes the results of a survey that was conducted during the peak Apple Hill/Camino tourist season that looks at visitation and spending habits of tourists.

On April 30, 2019 (Item No. 19-0368, Item No. 36), the Board received and filed a presentation by staff on the Apple Hill Economic Impact Study and provided feedback to further analyze other regions of the County for economic impacts. As part of the feedback, the Board identified the Coloma-Lotus region as the next focus area and directed staff to conduct an economic impact study accordingly.

In the case of Coloma-Lotus, conducting an economic impact report signifies the County's interest in comprehending the potential consequences of a specific project or event in that area. It could be due to a range of factors, such as the launch of a new business(es), the organization of a major event(s), or the implementation of infrastructure improvements.

By conducting an economic impact report for the Coloma-Lotus region, the County aimed to assess the projected effects on employment, income, business growth, and tourism. Such reports typically consider factors such as job creation, tax revenue, increased consumer spending, and potential positive or negative impacts on the local environment and infrastructure.

During the initial planning process and collaboration with the Coloma-Lotus Business Council a decision was made to pause the economic impact study in the Coloma-Lotus region in 2020 due to the pandemic and was justified given the unprecedented nature of the crisis, the prioritization of public health, the volatile economic conditions, the challenges in data collection, the shifting priorities, and the need for time to recover and rebuild. While economic impact reports are crucial for assessing the health of the local economy, it was necessary to prioritize immediate health concerns and allocate resources effectively during this extraordinary period.

After the public health crises subsided a bit and outdoor activities reopened, the County executed a contract with the Coloma-Lotus Business Council on April 19, 2021, and staff quickly began to engage in efforts to survey local businesses, tourists, and residences in order to initiate the economic impact study. Although the previous year experienced a decline in visitation during the initial phase of the pandemic, the spring and summer of 2021 saw an increase to tourism activities in line with pre-COVID years and provided enough data to prepare a report that accurately reflects the economic activity in the Coloma-Lotus region.

The results of the survey highlighted the activity and benefits the Coloma-Lotus region bring to the County. These are displayed through various types of tax generation and visitation counts and provide a glimpse into the economic driver the region has become. Additional information and data can be found in attachment A.

ALTERNATIVES

The Board may choose to direct staff not to continue conducting economic impact studies in other regions of the County or select an alternative form of analysis.

PRIOR BOARD ACTION

See Discussion/Background above.

OTHER DEPARTMENT / AGENCY INVOLVEMENT

Treasurer-Tax Collector, Auditor-Controller

CAO RECOMMENDATION / COMMENTS

Receive and file a presentation and study.

FINANCIAL IMPACT

There is no change to Net County Cost associated with this item. The costs to prepare the Coloma-Lotus Economic Impact Study were incurred in Fiscal Year 2021-22. Consideration of any future economic development incentive options or initiatives will be evaluated separately and brought to the Board for consideration if directed.

CLERK OF THE BOARD FOLLOW UP ACTIONS

N/A

STRATEGIC PLAN COMPONENT

Economic Development: This project furthers the Strategic Plan goals of retaining, developing, and attracting businesses that provide economic sustainability and quality job creation.

CONTACT

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