



Legislation Text

File #: 25-0236, **Version:** 1

Chief Administrative Office recommending the Board:

- 1) Direct staff to work with the Budget Ad Hoc Committee to research additional discretionary revenue-generating options and return to the Board with a recommendation;
- 2) Provide direction to staff on suggested changes to Board Budget Policy B-16 to be incorporated into changes for Board approval on April 22, 2025; and
- 3) Receive a presentation and provide direction to staff on how to develop the Discretionary Transient Occupancy Tax (DTOT) budget for Board consideration on April 22, 2025.

FUNDING: Countywide Budget and DTOT.

DISCUSSION / BACKGROUND

Each year in April, the Chief Administrative Office (CAO) requests direction from the Board regarding the Recommended Budget. During this meeting, the Board reviews Policy B-16 and considers any revisions suggested by the CAO or requested by Board Members. The Board also provides direction on the allocation of DTOT funding for the upcoming fiscal year (FY).

To prepare for the April meeting, staff is seeking direction on which County departments and outside agencies should be approached to submit funding requests for DTOT funding in FY 2025-26. DTOT funding in the past has been allocated to outside agencies and County departments for tourism promotion, tourism impacts, economic development, and veterans' programs per the Board Budget Policy on Discretionary Transient Occupancy Tax. It is projected that FY 2025-26 DTOT revenue will be \$2.75 million less than the highest year of collections in FY 2021-22, a 28% decrease over four years. To prepare for reductions in the allocation of DTOT funding, staff is seeking Board direction on how to approach the development of the FY 2025-26 DTOT budget for Board consideration on April 22, 2025.

In reviewing the slowing discretionary revenues with the Budget Ad Hoc Committee, it was determined that the Budget Ad Hoc Committee would like to explore increasing revenue through ballot measures. This could be through Sales and Use Tax, Transient Occupancy Tax, Tourism Districts, Assessment Districts and/or increasing fees. Staff is seeking direction from the Board to work with the Budget Ad Hoc Committee to research additional discretionary revenue-generating options and return to the Board with a recommendation.

Lastly, every year in April the Board considers any changes to Board Budget Policy B-16. In preparation for the April 22, 2025, meeting, staff are seeking Board direction on any Board Policy changes they wish to consider in April.

ALTERNATIVES

The Board could choose not to provide direction.

PRIOR BOARD ACTION

01/07/2025 Legistar item 24-1928

01/09/2024 Legistar item 23-2216
01/24/2023 Legistar item 23-0170
12/07/2021 Legistar item 21-1824

OTHER DEPARTMENT / AGENCY INVOLVEMENT

All Departments participate in the budget development process.

FINANCIAL IMPACT

There is no financial impact associated with this item. All budget decisions will be brought to the Board for direction in April and adoption of the Recommended Budget in June.

CLERK OF THE BOARD FOLLOW UP ACTIONS

N/A

STRATEGIC PLAN COMPONENT

Strategic Innovation by working as one organization in collaboration with the Board's Budget Ad Hoc Committee during the budget development process.

CONTACT

Sue Hennike, Assistant Chief Administrative Officer