



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 5/3/2011
Agenda Placement: 7G

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: Britt Ferguson for Nancy Watt - County Executive Officer
County Executive Office

REPORT BY: Danny Nguyen, Management Analyst II - (707) 253-4180

SUBJECT: Establish budget authority for Tourism Improvement District (TID) funds designated for marketing activities in the unincorporated areas of the County

RECOMMENDATION

Director of Housing and Intergovernmental Affairs requests approval of Budget Transfer CEO017 increasing appropriations by \$300,000 in the Napa Valley Tourism Improvement District-Unincorporated budget with offsetting revenue from Tourism Improvement District assessments for tourism promotions activities in the unincorporated areas of the County. (4/5 vote required)

EXECUTIVE SUMMARY

On June 15, 2010, the Board of Supervisors established the Napa Valley Tourism Improvement District to promote tourism in Napa County. The Tourism Improvement District is funded by a 2% assessment on short-term rentals throughout the County. On March 1, 2011, the Board of Supervisors approved an agreement with the Napa Valley Destination Council (NVDC) for the provision of destination marketing services in the unincorporated areas of the County of Napa. The agreement with NVDC is funded by 25% of the total annual assessment received. This item establishes budget authority for funds designated in the Tourism Improvement District for marketing activities in the unincorporated areas.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	Tourism Improvement District Assessments

Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	This item is discretionary in that there is no mandate to expend Tourism Improvement District funds in a specific manner. The approved Management District Plan for the County's Tourism Improvement District requires the County to direct 25% of the total local assessment revenue to support localized tourism related marketing programs activities in the unincorporated area. An agreement with the Napa Valley Destination Council was approved for the provision of these services. This item established budget authority to accept revenue and issue payments pursuant to the terms of the agreement.
Is the general fund affected?	No
Future fiscal impact:	Revenue and appropriations will be budgeted accordingly in future fiscal years.
Consequences if not approved:	If this item is not approved, the County will not have authority to issue payments to the Napa Valley Destination Council for tourism promotion activities per the signed agreement.
Additional Information:	

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

On June 15, 2010 the Board of Supervisors created a Napa Valley Tourism Improvement District (NVTID). The NVTID placed a 2.0% assessment on gross room rental in each Napa Valley lodging business. Approximately 74% of the assessment revenues are forwarded directly to a private non-profit corporation, the Napa Valley Tourism Corporation (NVTC), for non-exclusive county-wide marketing and tourist promotion services. Approximately 25% of the assessment revenues are allocated to local jurisdictions to fund localized tourism related marketing programs and activities according to the adopted NVTID District Management Plan. The final 1% of assessment revenues collected are designated for the tax collector in each of the jurisdictions for services in collecting and forwarding the assessment funds.

In order to manage and monitor the NVTID assessment funds the NVTID and County receives, the following two budget accounts were created:

- 1 Fund 6080 Department 06080 - Napa Valley Tourism Improvement (County-Wide): This is an NVTID fund/budget unit and accounts for District revenues and expenditures.
- 1 Fund 1700 Department 17000 - NVTID Unincorporated (Unincorporated-Only): This is a County fund/budget unit and accounts for revenues and expenditures related to the unincorporated area tourism promotion activities.

Following the adopted NVTID District Management Plan, each jurisdiction retaining funds for local destination marketing programs within the County formed a Local Governance Committee (LGC) that is responsible for the administration of their programs. The role of the County's LGC is to recommend to the Board of Supervisors an

expenditure plan for the portion of the assessment allocated for destination marketing programs in the unincorporated areas of the County.

The County's LGC met in public session in October 2010 and requested that the Napa Valley Destination Council (NVDC) prepare a proposal for how they would expend the funds designated for the unincorporated areas. The LGC met again in public session on December 9, 2010 and considered a proposal from NVDC that requested the funds collected for localized destination marketing programs in the unincorporated areas, estimated at approximately \$300,000 per fiscal year, be allocated to the NVDC for:

- | Small Group and Meeting Sales Marketing
- | Media and Public Relations
- | Website, Internet and Social Media Marketing
- | Collateral Development, Production and Advertising

On March 1, 2011, the Board of Supervisors approved an agreement with the NVDC for the provision of destination marketing services in the unincorporated areas of the County of Napa.

This item establishes budget authority to spend the Napa Valley Tourism Improvement District funds designated for marketing services in the unincorporated areas of the County and authorizes the County to fund the Napa Valley Destination Council, in accordance with the provisions of the previously approved agreement.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Danny Nguyen