



# COUNTY OF HUMBOLDT

For the meeting of: 2/7/2023

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File #: 23-129

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**To:** Board of Supervisors

**From:** County Administrative Office

**Agenda Section:** Departmental

**Vote Requirement:** Majority

**SUBJECT:**

Transient Occupancy Tax (TOT) Workgroup Recommendations Regarding Funding Related to Measure J

**RECOMMENDATION(S):**

That the Board of Supervisors:

1. Determine the levels of Measure J funding to allocate to the agencies referenced in this report through Fiscal Year (FY) 2024-25;
2. Direct staff to return with a supplemental budget, as needed, to implement the Board's direction;
3. Authorize the County Administrative Office to enter into agreements and amendments necessary to implement the Board's direction, after review from Risk Management and County Counsel; and
4. Take other action as appropriate.

**SOURCE OF FUNDING:**

Hotel & Motel Tax (107010)

**DISCUSSION:**

Prior to voter approval, last year, of Measure J, which increased the Transient Occupancy Tax (TOT) from 10% to 12% in the unincorporated areas of the county, and added RV parks and private campgrounds, your Board created a TOT workgroup and tasked the group to create recommendations for expenditures from revenues related to the measure, if it were to pass. Since then, the TOT workgroup met on three occasions and identified priority projects from each agency represented, and various levels of funding needed for those projects.

Rather than provide one specific recommendation, the group recommended providing to your Board several proposals, each with an emphasis on a different service. The services addressed in each proposal reflect the priorities identified when likely voters were polled (Attachment 1) and the ballot language (Attachment 2) for this measure. Those services are as follows: housing, arts, tourism, film,

and public safety.

As shown below and in the included attachments, there will not be enough revenue to fully fund all of the projects submitted. Therefore, the recommendation before your Board today is to determine which service(s) should be emphasized and therefore receive a larger share of Measure J funding. Due to the projected budget shortfall in FY 2023-24 and FY 2024-25, each proposal recommends funding the existing deputy position as a measure to preserve the county General Fund. The workgroup recommended deciding on an approach that lasts for three years (through FY 2024-25), then for the Board to reconsider at the end of that period.

Priority projects, as identified by each agency are as follows:

*Housing:* Minimum grant match is \$750,000, and maximum is \$5 million.

The project would provide grant match funding to build affordable housing, or local housing projects. The county would create either a local or regional trust fund for this purpose and contribute for several years until enough funding is provided for a grant application. This type of effort has not had a dedicated source of ongoing revenue. By providing local funding for this purpose, this type of funding has the most flexibility and can be used on local needs, as opposed to using state and federal funding as match.

*Arts:* Annually between \$50,000 and \$500,000 (details are included in Attachment 3).

The project would be led by the Ink People and Humboldt Creative Alliance, the latter of which is comprised of more than 15 local arts and culture organizations. The project would provide funding for grants to artists to create projects for community benefit; an Underserved Communities Fund; communications and marketing to advertise grants and translate grant materials; funding for public outdoor events such as live music, theater, performances and celebrations; and county-wide events.

*Tourism:* Annually: \$110,000 to \$250,000 for Visitor Center enhancements

Humboldt County Visitor's Bureau would use the funds to develop, in partnership with stakeholders, new videos, website updates on VisitRedwoods.com, and interactive maps. It would also support regular community/visitor informational presentations by county organizations and businesses, and educate residents and visitors in sustainable tourism benefits and behaviors. By year two the Visitor's Bureau would have funding for an additional employee for tourism-related efforts.

*Film:* \$115,000 for Forest Moon Days, \$100,000+ for sound stage development

The Humboldt-Del Norte Film Commission would use the funds for Forest Moon Days, a 3-day Star Wars celebration similar to the successful Forever Twilight in Forks Festival, that will attract fans (tourists) to the area and allow local vendors to participate. It would also fund efforts to build a local sound stage, outfitted with proper equipment, to be used for productions and provide local students an opportunity to work with professional studio equipment to gain knowledge and experience.

*Public Safety:* \$31,500 for emergency app (\$13,500 ongoing), up to \$195,000 for existing deputy.

The Sheriff's Office would use TOT for the purposes of educating, protecting, and providing emergency notifications to visitors of the county by providing a free smartphone app that will inform

the public regarding public safety issues and emergency push notifications. It will also help the county’s fiscal situation by funding an existing Sheriff’s Deputy Ranger that patrols county parks, state parks and federal recreation areas.

Below are three total recommendations for housing, tourism efforts, and public safety:

**Housing Recommendation:**

Agency	Project	%	Year 1	%	Year 2	%	Year 3
Housing	Grant Match	59%	\$ 260,000	60%	\$ 530,000	50%	\$ 500,000
Arts	Artist grants	11%	\$ 50,000	6%	50,000	10%	100,000
Tourism	422 1st St	11%	\$ 50,000	6%	50,000	10%	100,000
Film	FMD, Sound stage	11%	\$ 50,000	6%	50,000	10%	100,000
Public Safety	Existing deputy, emergency app	7%	\$ 30,000	23%	200,000	20%	200,000
<b>Total</b>			\$ 440,000		\$ 880,000		\$ 1,000,000

  

Cumulative Totals		After 1 Year ('22-23)		After 2 Years ('23-24)		After 3 Years ('24-25)	
Housing	\$ 1,290,000	59%	\$ 260,000	60%	\$ 790,000	56%	\$ 1,290,000
Arts	\$ 200,000	11%	\$ 50,000	8%	\$ 100,000	9%	\$ 200,000
Tourism	\$ 200,000	11%	\$ 50,000	8%	\$ 100,000	9%	\$ 200,000
Film	\$ 200,000	11%	\$ 50,000	8%	\$ 100,000	9%	\$ 200,000
Public Safety	\$ 430,000	7%	\$ 30,000	17%	\$ 230,000	19%	\$ 430,000
<b>Total</b>			\$ 440,000		\$ 1,320,000		\$ 2,320,000

This recommendation would allow the largest amount of funding for housing, either for a local or regional housing trust fund. This type of fund has not had a dedicated source of revenue since its creation, and the funding would be dedicated for building affordable housing. By year three, there would be nearly \$1.3 million for this purpose.

**Other agency impact:** It would provide funding for a smaller **Arts** grant program that would grow in year three, and start-up funding for the **Film Commission’s** Forest Moon Days and sound stage projects. The **Visitor’s Bureau** would receive some funding for investments in the 422 First Street facility, but would not provide enough to support an additional staff member until year three. This proposal would provide funding for the **Sheriff’s Office** to develop an emergency app, but would not provide funding for existing staff until year two.

**Tourism, Film and Arts Recommendation:**

Agency	Project	%	Year 1	%	Year 2	%	Year 3
Housing	Grant Match	42%	\$ 185,000	35%	\$ 305,000	26%	\$ 260,000
Arts	Artist grants	17%	\$ 75,000	14%	125,000	18%	180,000
Tourism	422 1st St	17%	\$ 75,000	14%	125,000	18%	180,000
Film	FMD, Sound stage	17%	\$ 75,000	14%	125,000	18%	180,000
Public Safety	Existing deputy, emergency app	7%	\$ 30,000	23%	200,000	20%	200,000
<b>Total</b>			\$ 440,000		\$ 880,000		\$ 1,000,000

  

Cumulative Totals		After 1 Year ('22-23)		After 2 Years ('23-24)		After 3 Years ('24-25)	
Housing	\$ 750,000	42%	\$ 185,000	37%	\$ 490,000	32%	\$ 750,000
Arts	\$ 380,000	17%	\$ 75,000	15%	\$ 200,000	16%	\$ 380,000
Tourism	\$ 380,000	17%	\$ 75,000	15%	\$ 200,000	16%	\$ 380,000
Film	\$ 380,000	17%	\$ 75,000	15%	\$ 200,000	16%	\$ 380,000
Public Safety	\$ 430,000	7%	\$ 30,000	17%	\$ 230,000	19%	\$ 430,000
<b>Total</b>			\$ 440,000		\$ 1,320,000		\$ 2,320,000

This proposal drives more investment early to traditional tourism-related efforts. It would provide greater amounts of investments in arts and culture, film, and tourism earlier in the 3-year plan. The proposal would fund the **Other agency impact:** Artists Resilience program (grants to artists), Underserved Communities Fund and some capacity/innovation efforts. By year two, there would be additional funding to support outdoor events, however, may not provide significant funding for countywide arts projects and marketing. The **Visitor’s Bureau** could invest in its website, marketing and space, and potentially be able to hire part-time staff in years two and three, while the **Film Commission** could develop a mapping app for the event, consultant support, marketing and appearance fees for entertainers for Forest Moon Days. It would also provide consultant support for the sound stage development, including initial investments towards siting and permitting in years 2 and 3. **Other agency impact:** It would allow **Housing** to hit the \$750,000 grant match mark by year three and fund development of the **Sheriff’s** emergency application in year one and the existing deputy position in years two and three.

**Public Safety Recommendation:**

Agency	Project	%	Year 1	%	Year 2	%	Year 3
Housing	Grant Match	20%	\$ 90,000	41%	\$ 365,000	30%	\$ 300,000
Arts	Artist grants	11%	\$ 50,000	11%	100,000	15%	150,000
Tourism	422 1st St	11%	\$ 50,000	11%	100,000	15%	150,000
Film	FMD, Sound stage	11%	\$ 50,000	11%	100,000	15%	150,000
Public Safety	Existing deputy, emergency app	45%	\$ 200,000	24%	215,000	25%	250,000
<b>Total</b>			\$ 440,000		\$ 880,000		\$ 1,000,000
<b>Cumulative Totals</b>			<b>After 1 Year ('22-23)</b>		<b>After 2 Years ('23-24)</b>		<b>After 3 Years ('24-25)</b>
Housing	\$ 755,000	20%	\$ 90,000	34%	\$ 455,000	33%	\$ 755,000
Arts	\$ 300,000	11%	\$ 50,000	11%	\$ 150,000	13%	\$ 300,000
Tourism	\$ 300,000	11%	\$ 50,000	11%	\$ 150,000	13%	\$ 300,000
Film	\$ 300,000	11%	\$ 50,000	11%	\$ 150,000	13%	\$ 300,000
Public Safety	\$ 665,000	45%	\$ 200,000	31%	\$ 415,000	29%	\$ 665,000
<b>Total</b>			\$ 440,000		\$ 1,320,000		\$ 2,320,000

This recommendation would allow the Sheriff’s Office to help close its budget gap earlier, while also supporting full implementation of the emergency app for visitors. It also provides additional funding in year three as the budget deficit is projected to grow in FY 2024-25. **Other agency impact:** This proposal would allow **Housing** to hit the \$750,000 grant match mark by the end of year three. It would provide funding to tourism and marketing at a higher rate than the housing recommendation. The **Arts** grant program would grow in years two and three, and the **Film Commission’s** efforts towards Forest Moon Days and sound stage projects would receive more substantial amounts beginning next year. The **Visitor’s Bureau** would receive some funding for investments in the 422 First Street facility, and funding for an additional staff member may not occur until year three.

**FINANCIAL IMPACT:**

Measure J is General Fund revenue and projected to provide \$440,000 in additional revenue through the Hotel & Motel Tax (107010) in FY 2022-23, and \$880,000 in FY 2023-24. Early projections are that the measure will provide \$1 million or more in FY 2024-25.

**Housing**

The allocations for FY 2022-23 range from \$90,000 (in the Public Safety recommendation), to \$185,000 (for Tourism Recommendation), to \$260,000 in the Housing recommendation. In each recommendation above, the total allocation towards housing over three years would reach at least \$750,000 by FY 2024-25, and would total \$1.29 million if your Board decided to approve the Housing recommendation.

The Board last year allocated \$1.5 million from the American Rescue Plan (3232-120-202) for a local housing trust fund. The recommendations above propose allocating funding to this budget unit for use once sufficient funding is available for a grant proposal. In future years, this allocation could potentially be used to contribute towards a regional housing trust fund.

### **Funding for outside agencies**

Depending on direction provided by your Board, funding to outside agencies (Arts, Visitor's Bureau and Film Commission) could total the following amounts by year:

FY 2022-23: \$150,000 in the Housing and Public Safety recommendations, and \$225,000 for the Tourism recommendation.

FY 2023-24: \$150,000 in the Housing recommendation; \$300,000 in the Public Safety recommendation; and \$375,000 in the Tourism recommendation.

FY 2024-25: \$300,000 in the Housing recommendation; \$450,000 in the Public Safety recommendation; and \$540,000 in the Tourism recommendation.

Total (all three years combined): \$600,000 in the Housing recommendation; \$900,000 in the Public Safety recommendation; and \$1.14 million in the others.

### **Public Safety**

As your Board is aware, the County Administrative Office is projecting reduced local revenues and budget shortfall in FY 2023-24. As Measure J is General Fund revenue, this funding can be used to address local needs. Staff are recommending that a portion of this funding be allocated on an ongoing basis to the Sheriff's Office (1100-221) in an amount no less than \$200,00 per year beginning in FY 2023-24.

### STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework by managing our resources to ensure sustainability of services ; support business, workforce development and creation of private sector jobs; and protecting vulnerable populations.

### OTHER AGENCY INVOLVEMENT:

Humboldt Visitor's Bureau, Humboldt-Del Norte Film Commission, The Ink People, Humboldt Creative Alliance, Humboldt Lodging Alliance

### ALTERNATIVES TO STAFF RECOMMENDATIONS:

Board discretion

### ATTACHMENTS:

1. Resolution 22-40 (Ballot Language)
2. Funding Priorities in Voter Survey
3. Arts and Culture Proposal Details
4. Public Safety Proposal Details
5. Forest Moon Day Details
6. Sound Stage Business Plan
7. Tourism Proposal Detail

### PREVIOUS ACTION/REFERRAL:

Board Order No.: G-1

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**File #:** 23-129

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Meeting of: April 26, 2022

File No.: 22-508