



COUNTY OF HUMBOLDT

For the meeting of: 6/10/2024

File #: 24-969

To: Board of Supervisors

From: Supervisor Michelle Bushnell and Supervisor Steve Madrone

Agenda Section: Departmental

Vote Requirement: Majority

SUBJECT:
Report from the Travel and Tourism Ad Hoc Committee

RECOMMENDATION(S):

That the Board of Supervisors:

1. Receive a report from the Travel and Tourism Ad Hoc Committee;
2. Direct the County Administrative Officer not to renew the current agreement with Humboldt County Visitor's Bureau (HCVB);
3. Direct Economic Development staff to perform a marketing asset and inventory analysis and to develop a marketing strategic framework in collaboration with gateways, tourism districts, tourism partners, and cities;
4. Direct Economic Development staff to conduct an assessment of gateway communities and to bring back recommendations for funding;
5. Direct staff to continue to fund the existing gateway communities their memorialized allocations while these studies are being performed;
6. Allocate \$25,000 to the McKinleyville Chamber of Commerce and \$25,000 for other immediate marketing needs from the resulting savings;
7. Reallocate the remaining HCVB TOT allocation to Economic Development; and
8. Provide staff other guidance at your Board's discretion.

STRATEGIC PLAN:

This action supports the following areas of your Board's Strategic Plan.

Area of Focus: A Diverse, Equitable & Robust Economy
Strategic Plan Category: 2002 - Promote a robust tourism economy

DISCUSSION:

For over a decade, County of Humboldt, through the County Administrative Office, has maintained a central marketing function which entails collaboration with communities throughout the region to attract visitors. The County of Humboldt consistently demonstrates its commitment to tourism and marketing, recognizing the critical role of local partnerships, and funding travel and tourism initiatives. On Oct. 25, 2022, the Humboldt County Board of Supervisors received an update from the HCVB on its efforts to promote travel and tourism in the area.

This update initiated a discussion about the future of these services. This staff report provides information on current marketing activities and explores potential options to enhance the promotion of Humboldt County while preserving vital connections with local communities. HCVB, established as the county's designated marketing organization by the Board, is the lead agency contracted for

marketing and promoting local resources and assets, with liaison support from the County Administrative Office's Economic Development Division. The current agreement with HCVB, initiated on July 5, 2016, with amendments in 2018 and 2019, allocates 18% of the TOT collected annually from July 18, 2018, through June 30, 2024, to fund tourism and marketing services. In FY 2024-25, \$639,712 has been budgeted for these activities.

TOT, also known as the hotel or bed tax, is levied on temporary lodging in the unincorporated areas of the county and contributes to the General Fund. Under the agreement, 2% of the total TOT received is passed through by HCVB to the Southern Humboldt Business Visitors Bureau. And from HCVB's allocation the following distributions to gateway organizations are made:

- 23% to Garberville Chamber of Commerce
- 6% each to Orick and Willow Creek Chamber of Commerce
- 5% to Arcata Chamber of Commerce

Following the HCVB's presentation on October 25, 2022, the Board established a Travel and Tourism Ad Hoc Committee, comprising Supervisor Bushnell, Supervisor Madrone, the County Administrative Officer or designee, the Economic Development Director, the Director of Aviation and other relevant staff.

The committee's objectives included:

- Reviewing HCVB contracts for compliance and scope.
- Assessing HCVB funding requests and approvals over a five-year period.
- Auditing financials, revenues and expenditures.
- Evaluating the composition of the HCVB Board to potentially include a Board member, public members and additional staff.
- Engaging with other community partners for insights and feedback.
- Delivering recommendations for a comprehensive and collaborative marketing assessment for Humboldt County.
- Proposing long-term marketing strategies based on this assessment, including a reevaluation of current marketing practices.

The committee's activities also extended to the Humboldt Lodging Alliance (HLA), which presented alongside HCVB. Further findings related to HLA are forthcoming and will be provided in a future update from the ad hoc.

On Dec. 19, 2023, the Travel and Tourism Ad Hoc Committee presented their findings for the above activities to the Board. The ad hoc concluded that the funds allocated to HCVB are insufficient for the HCVB's agreed-upon services, especially in marketing and promoting travel and tourism in Humboldt County. The ad hoc conveyed that the use of funds for other activities places more pressure on the HCVB's ability to provide contracted services. The ad hoc recommended at that time that the Board discuss HCVB's future funding and direct staff to work with HCVB to ensure adherence to the agreement terms. Because current funding is deemed insufficient for a robust marketing campaign, the ad hoc recommended the Board either increase funding to HCVB or reallocate TOT funds for county-wide travel and tourism efforts. The ad hoc also presented other findings which included

questions about the allocation and utilization of funds by HCVB. After sharing these findings, the ad hoc presented two options for consideration to the Board: Option A, which proposed increasing funding to HCVB, and Option B, which suggested terminating the agreement to create a Marketing Fund and a Travel and Tourism Advisory Committee.

The Board did not adopt either option but directed staff to undertake several actions: fund HCVB for the outstanding amount due in January; initiate discussions with city officials about their participation; collaborate with the Executive Director and President of HCVB to review and bring their contract into compliance; engage with the community to solicit feedback from gateways and designated marketing organizations ; and continue these engagements with a plan to return for evaluation no earlier than May.

Following these directives, the county has maintained a liaison for HCVB through the Economic Development Division, and staff along with ad hoc committee members have actively engaged with city leaders, community members and partner agencies to gather input on the county's travel, tourism and marketing strategies. Additionally, staff conducted a stakeholder conference call and distributed a survey to community partners.

Recommendation:

On May 14, 2024, the Humboldt County Visitors Bureau sent a letter, a copy of which is attached to this item, to the County Administrative Officer and to your Board, proposing “that the County enter into an interim, one-year Agreement, during which time a new contract can be developed and negotiated, alternate funding secured, or HCVB dissolved.” Due to funding and logistical constraints, staff does not recommend this as an option.

From feedback received through extensive engagements and discussions with stakeholders, staff has reaffirmed its previous findings that travel and tourism stakeholders would like to see that the county’s marketing activities and efforts are rooted in a strategic framework which lays out existing assets and resources as well as defined goals and action steps for marketing and promoting travel and tourism. Accordingly, staff do not recommend your Board renew the agreement with HCVB. It is recommended to continue to fund the existing gateway communities their memorialized allocations.

In addition, staff recommends utilizing \$50,000 of the resulting savings for immediate and emergent marketing needs, with \$25,000 of that going to the McKinleyville Chamber as this is the only unincorporated Chamber currently not receiving any funding support, with the remaining \$25,000 being available for allocation at your Board’s discretion for other marketing needs.

Finally, after maintaining the funding for the gateway chambers and allocating \$50,000 for immediate marketing needs, staff recommends the remaining funds be reallocated to Economic Development to perform a marketing asset and inventory analysis and to develop a marketing strategic framework in collaboration with gateways, tourism districts, tourism partners, and cities.

SOURCE OF FUNDING:

Transient Occupancy Tax (1100-181-107010)

FINANCIAL IMPACT:

TOT FY 2024-25		
	FY 2023-24	FY 2024-25
HCVB	\$ 315,874	\$ 341,180
Gateway Communities:		
So Hum Visitors Bureau	\$ 65,807	\$ 71,079
Garberville Chamber	\$ 121,085	\$ 130,786
Orick Chamber	\$ 31,587	\$ 34,118
Willow Creek Chamber	\$ 31,587	\$ 34,118
Arcata Chamber	\$ 26,323	\$ 28,432
RREEL	\$ 184,518	\$ 197,698
Total	\$ 776,781	\$ 837,410

The agreement with HCVB specifies a total payable sum of, “not to exceed 18% of the total TOT received by the county in the fiscal year ended twelve months prior to the fiscal year in which payment of TOT is made to the county.” This is paid to HCVB in two equal payments, twice per year. For the period representing July 2021 - June 2022, paid in Fiscal Year 2023-24, the amount payable to HCVB for the 6-month period was \$296,132.50, for an annual amount of \$592,263. In fiscal year (FY) 2024-25, \$639,712 has been budgeted for these purposes.

Should your Board adopt the recommendations, the gateway communities and the Southern Humboldt Business and Visitors Bureau would continue to be paid while the aforementioned studies and research are being performed. For FY 2024-25, this amount equals \$227,454 annually to the Gateway Communities plus \$71,079 to Southern Humboldt Business and Visitors Bureau for a total of \$298,533.

Thus, the savings from the annual allocation of \$639,712, minus \$298,533 paid to SHBVB and the gateways, minus \$50,000 for your Board to allocate for immediate and emergent marketing needs, means that the estimated remaining funding for studies, assessments, stakeholder engagement and staff time is \$291,179.

OTHER AGENCY INVOLVEMENT:

County of Humboldt Department of Aviation

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Board Discretion

ATTACHMENTS:

1. Original HCVB Agreement dated July 5, 2016
2. First Amendment to the HCVB Agreement dated July 5, 2016
3. Second Amendment to the HCVB Agreement dated July 5, 2016
4. Third Amendment to the HCVB Agreement dated July 5, 2016

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5. HCVB 23_24 Budget Draft
6. CAO HCVB Letter (8-25-22)
7. HCVB Audit and Records Request Letter (7-21-23)
8. County Invoice #1 2023-2024 Revised

PREVIOUS ACTION/REFERRAL:

Meeting of: October 25, 2022

File No.: 23-1277, 16-4423