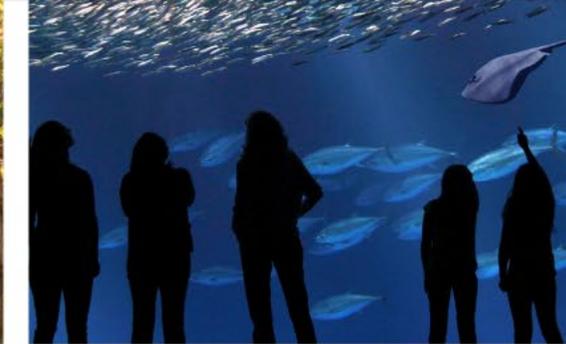


# County of Monterey Economic Development



Richard Vaughn  
Economic Development Manager



# DSA History

## ◆ Historical Information:

- ◆ The Board of Supervisors for the County of Monterey established the Economic Development Set-Aside (DSA) Program (Program) in 1985 to promote and expand tourism, economic and agriculture development and cultural art activities that strengthen and broaden the County's economic base. At the time the Board designated the Monterey County Travel and Tourism Alliance (MCTTA), Economic Development Corporation of Monterey County (EDC), Monterey County Film Commission (MCFC) and the Cultural Council for Monterey County (CCMC) to serve as the County's partners to implement the Program. The Program underwent revisions in 1994, 2002-2006, and 2007 and involved multiple agencies. The most recent change introduced a formula-based, non-competitive funding approach for the Program, aiming to streamline funding and ensure cost-effective delivery of essential services supporting the county's economic development goals.

# DSA Review

- ❖ In May 2023, the Board of Supervisors requested that the Economic Development Committee review the DSA program and provide recommendations at or before the budget hearings in May 2024.
- ❖ On November 6<sup>th</sup>, 2023, the Economic Development Committee created an Ad hoc committee led by Supervisor Adams to conduct a comprehensive review of the DSA program, revise allocations to DSA agencies, develop updated guidelines, and determine if the program should be open to additional industry sectors.
- ❖ The Ad hoc committee met three (3) times to review and revise the DSA program. Recommendations were made to the Economic Development Committee on February 7<sup>th</sup>, 2024.
- ❖ On February 7<sup>th</sup>, the Economic Development Committee met and recommended two separate actions to ultimately be taken to the BOS as options to be selected from.



# Ad Hoc Committee Re-cap

- ◆ Recommendations proposed by Ad Hoc Committee to take effect in FY24-25 if approved:
  - ◆ Administrative expenses 30% of budget unless approved by the EDC or BOS
  - ◆ Approved workplan submittal date Feb 1st each year
  - ◆ Semi-annual reporting
  - ◆ Workplans must allow for revisions and recommendations from the Committee and/or BOS
  - ◆ DSA agencies with gross revenues over \$2 million are required to provide audited financial statements each year.
  - ◆ DSA agencies with gross revenues under \$2 million are required to provide unaudited financial statements each year. With audited financial statements to be submitted when completed by organization. (ex. MCBC completes audited financial statements every 5 years)
  - ◆ Additional financial back-up documentation may be requested by one of the following: (EDC, CAO, or BOS) but, no more than one-time per fiscal year.
  - ◆ Individual DSA allocations were revised to include the Monterey County Business Council into the formula adopted by the Board of Supervisors.
  - ◆ Recommending not to open the program to additional industry sectors.
  - ◆ Research on Economic Development programs like DSA in other jurisdictions across the U.S.



# Expanding DSA Program

- ◆ Process for potentially adding new agencies to DSA:
  - ◆ Currently the program is designed to promote and expand tourism, economic and agricultural development, and cultural arts activities to strengthen and broaden the County's economic base.
  - ◆ If program is opened to new organizations, then DSA % allocations must be re-structured.
  - ◆ Any funding allocation below \$100K requires informal bid and above \$100k requires RFP
  - ◆ County process:
    - ◆ CY 2024: Ad hoc committee and staff to draft revised DSA program guidelines (including % allocations)
      - ◆ All sector allocations will need to be decided
    - ◆ Approval of expanded guidelines by EDC and BOS
    - ◆ CY 2025: Develop RFP for all sectors (Formal bid for \$100K or more)
      - ◆ Current sectors would be included in RFP process (Tourism, Film, Small Business, and Arts)
      - ◆ Staff recommendation to not fund new sectors below \$100K
      - ◆ Issue, receive & score RFP - staff to present finalists to EDC for recommendation to BOS
    - ◆ CY2026: Staff presents to BOS for approval
    - ◆ Budget hearings May 2026 to include all agencies/organizations
    - ◆ New agencies/organizations to receive funds in FY26-27
  - ◆ Economic Development Committee is not recommending that the Board of Supervisors move forward with incorporating new sectors/organizations into the DSA program.



# Allocation to DSA Partners

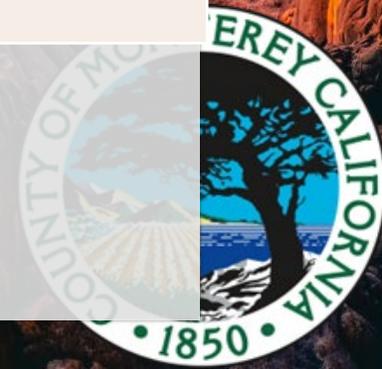
## ◆ Allocations:

|             | FY14-15     | FY15-16     | FY16-17     | FY17-18     | FY18-19     | FY19-20     | FY20-21       | FY21-22     | FY22-23       | FY23-24        |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|-------------|---------------|----------------|
| MCCVB - 6%  | \$1,076,729 | \$1,192,875 | \$1,288,790 | \$1,192,875 | \$1,263,969 | \$1,400,000 | \$750,000**   | \$1,716,473 | \$1,400,000** | \$1,775,580*** |
| ACMC-1.98%  | \$355,320   | \$393,649   | \$425,301   | \$393,649   | \$421,331   | \$420,000   | \$247,500**   | \$566,436   | \$440,000**   | \$559,691***   |
| MCFC- 0.95% | \$170,482   | \$188,872   | \$204,058   | \$188,872   | \$202,154   | \$202,000   | \$118,750**   | \$271,775   | \$212,000**   | \$268,842***   |
| MCBC 0%     | \$87,210    | \$87,210    | \$87,210    | \$100,000*  | \$100,000*  | \$100,000*  | \$100,000*    | \$100,000*  | \$100,000*    | \$175,000***   |
| Total       | \$1,689,741 | \$1,862,606 | \$1,918,149 | \$1,875,396 | \$1,987,454 | \$2,122,000 | \$1,216,250** | \$2,654,684 | \$2,152,000** | \$2,779,113*** |
| Percentage  | 7.5%        | 7.8%        | 7.7%        | 7.8%        | 6.95%       | 9.75%       | 7.42%**       | 6.63%       | 5.38%**       | 6.93%***       |

\*FY17-18 increase of \$12,790 to MCBC with a decrease in MCCVB funding

\*\*Cap placed on DSA funds, approved by BOS

\*\*\*Cap removed then 50% cap placed on delta with full cap removal planned for FY24-25



# Funding Formula Options

## DSA as a total of TOT

- ◆ Option #1:
  - ◆ Keep DSA as is: 8.93% of TOT
  - ◆ MCCVB/See Monterey reduced from 6.0% to 5.66%
  - ◆ ACMC/Arts4MC reduced from 1.98% to 1.87%
  - ◆ MCFC reduced from 0.95% to 0.90%
  - ◆ MCBC included in funding formula at 0.50%

## Individual DSA allocations

- ◆ Option #2:
  - ◆ Increase DSA from 8.93% to 9.19%
  - ◆ MCCVB/See Monterey reduced from 6.0% to 5.84%
  - ◆ ACMC/Arts4MC reduced from 1.98% to 1.93%
  - ◆ MCFC reduced from 0.95% to 0.92%
  - ◆ MCBC included in funding formula at 0.50%



# Recommendations

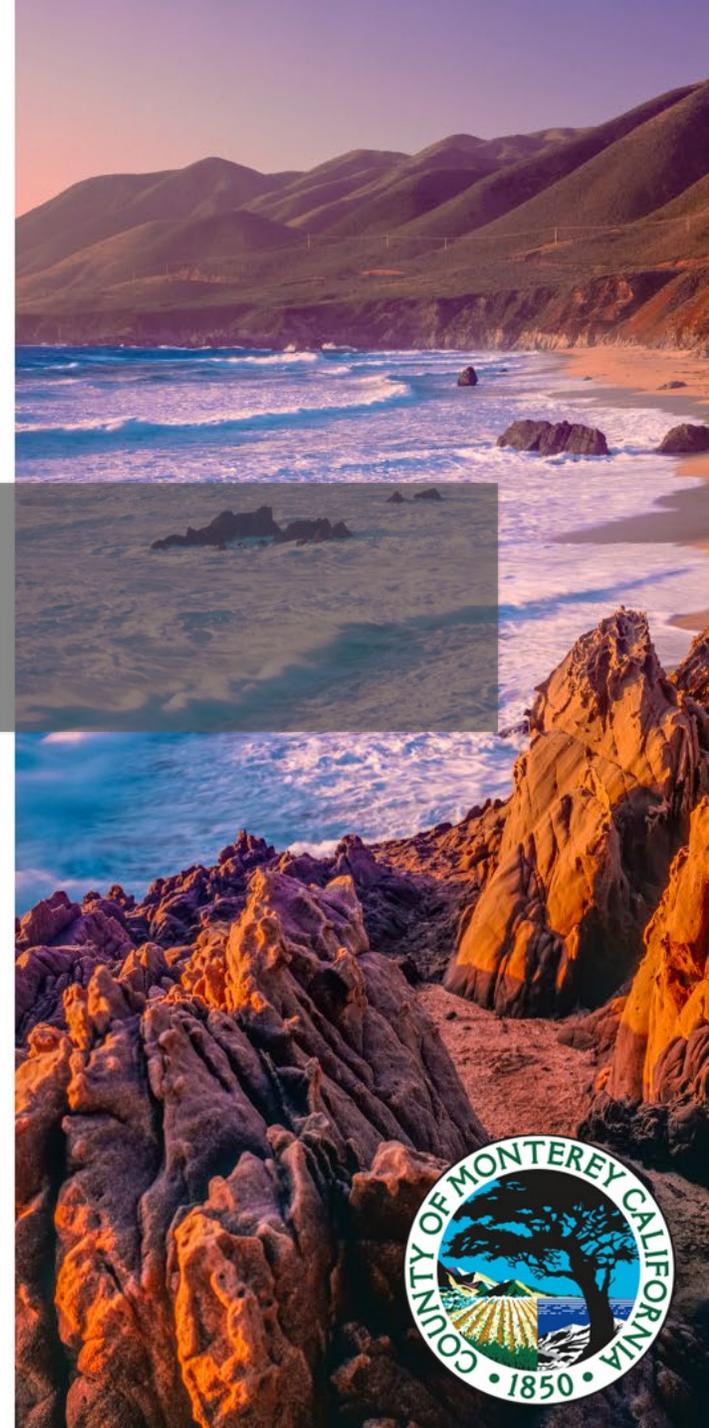
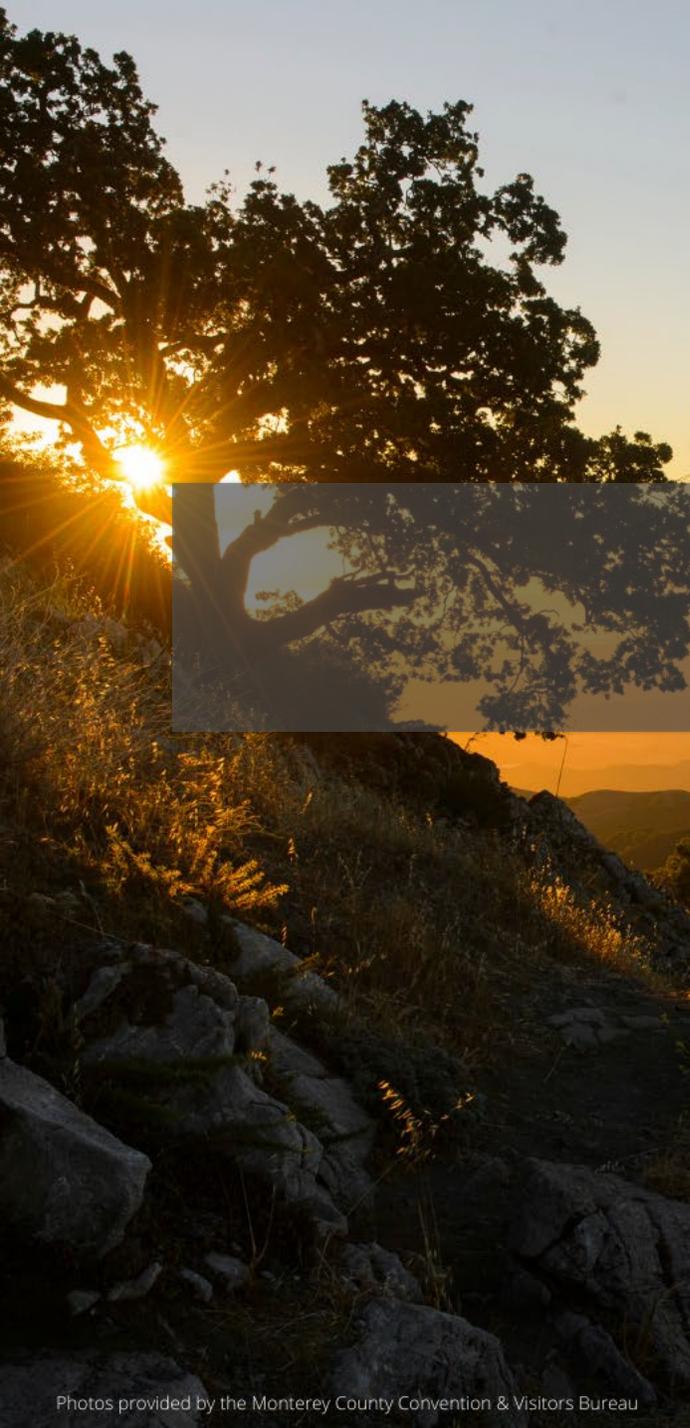
## ◆ Option #1:

- ◆ A. Consider approving the revised Development Set-Aside (DSA) guidelines; and
- ◆ B. Consider approving the revised funding allocation for the following DSA agencies, Monterey County Convention and Visitors Bureau (MCCVB/See Monterey) 5.66%, Arts Council for Monterey County (ACMC/Arts4MC) 1.87%, Monterey County Film Commission (MCFC) 0.91%, and Monterey County Business Council (MCBC) 0.50% effective FY24-25.

## ◆ Option #2:

- ◆ A. Consider approving the revised Development Set-Aside (DSA) guidelines; and
- ◆ B. Consider approving a recommendation from the Economic Development Committee to increase the Development Set-Aside (DSA) percentage allocation from 8.93% to 9.19% effective FY2024-25; and
- ◆ C. Consider approving the revised funding allocation for the following DSA agencies, Monterey County Convention and Visitors Bureau (MCCVB/See Monterey) 5.84%, Arts Council for Monterey County (ACMC/Arts4MC) 1.93%, Monterey County Film Commission (MCFC) 0.92%, and Monterey County Business Council (MCBC) 0.50% effective FY24-25.





# Questions?

