



# County of Monterey

**Item No.**

## Board Report

Board of Supervisors  
Chambers  
168 W. Alisal St., 1st Floor  
Salinas, CA 93901

**Legistar File Number: BC 24-040**

**March 28, 2024**

**Introduced:** 3/19/2024

**Current Status:** Agenda Ready

**Version:** 1

**Matter Type:** Budget Committee

- a. Support 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
- b. Support a recommendation from the Economic Development Committee to revise funding allocations for the following Development Set-Aside agencies, Monterey County Convention and Visitors Bureau (MCCVB) 5.84%, Arts Council for Monterey County 1.93%, Monterey County Film Commission 0.92%, and Monterey County Business Council 0.50%.

### RECOMMENDATION:

It is recommended that the Budget Committee:

- a. Support a recommendation from the Economic Development committee to increase the overall Development Set-Aside (DSA) percentage allocation from 8.93% to 9.19% effective FY2024-25; and
- b. Support a recommendation from the Economic Development Committee to revise funding allocations for the following Development Set-Aside agencies, Monterey County Convention and Visitors Bureau (MCCVB) 5.84%, Arts Council for Monterey County 1.93%, Monterey County Film Commission 0.92%, and Monterey County Business Council 0.50%.

### SUMMARY:

**Program Background:** 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.

**Current Program:** Currently, the DSA Agencies are the Monterey County Convention and Visitors Bureau (MCCVB), Arts Council for Monterey County (ACMC), Monterey County Film Commission (MCFC), and Monterey County Business Council (MCBC) with agreement extensions for each DSA Agency until June 30, 2024. These agreements provide funding for programmatic efforts which complement existing economic priorities of the Board of Supervisors strategic initiatives.

At the November 1st meeting of the Economic Development Committee (EDC) the committee elected to move forward with the following recommendation:

- A. Consider conducting a comprehensive evaluation of the Development Set-Aside (DSA) program, develop criteria, and review the formula with an opportunity to propose new allocations to existing DSA agencies; and
- B. Assign four (4) committee and one (1) Supervisor to a Development Set-Aside Ad hoc Committee to review and propose a recommendation to the Economic Development Committee for consideration at a future meeting. If a supervisor is not able to be selected one will be appointed by the Board of Supervisors; and
- C. Review the inclusion of additional organizations to the DSA program in the future.

On November 30th, 2023, the DSA Ad hoc Committee had its first meeting on the evaluation of the DSA Program. During this first initial meeting the Ad hoc Committee discussed the comprehensive review of the program. This included review of the program's background/history, criteria, workplans and reporting. A review of the draft guidelines and criteria was also conducted, some revisions were provided to staff to complete.

On December 18th, 2023, the DSA Ad hoc Committee met for a second time. During this meeting the Committee discussed the allocations that each current DSA agency has been allocated historically by the Board of Supervisors. Staff also provided the Ad hoc committee with funding formula options for Transient Occupancy Tax (TOT) as well as funding formula options for individual DSA agencies. The future of the DSA program was also discussed during this meeting and three (3) options were provided by staff to the Ad hoc committee to consider.

On January 31st, 2024, the third and final meeting took place where the Ad hoc committee selected to move forward with the following recommendations to the committee:

1. DSA Guidelines
  - Support for the revised Development Set Aside guidelines brought forth by the Ad hoc Committee and recommend to the Board of Supervisors for approval.
2. Individual DSA allocations
  - Recommend that the MCCVB be reduced by 0.28% to 5.72%, the ACMC be reduced by 0.10% to 1.88%, the MCFC be reduced by 0.04% to 0.91% in order to allocate 0.42 % to MCBC.
3. Future of DSA Program
  - Recommend that the Economic Development Committee direct staff to review economic development programs similar to the Development Set-Aside (DSA) program across the nation and bring back findings at a future meeting.

On February 7th, 2024, the Economic Development Committee meeting took place where the committee moved to support the following recommendations to the budget committee and Board of Supervisors:

1. Option #1
  - Individual DSA allocations
    - i. Recommend that the MCCVB be reduced by 0.34% to 5.66%, the ACMC be reduced by 0.11% to 1.87%, the MCFC be reduced by 0.05% to 0.90% in order to allocate 0.50 % to MCBC.

## 2. Option #2

- Increase to DSA allocations
  - i. Recommend that the overall allocation to the DSA program be increased from 8.93% to 9.19%; and
  - ii. Recommend that \$100,000 be moved from Transient Occupancy Tax (TOT) to the DSA fund.
  - iii. Recommend that the individual DSA allocations be revised to the following: MCCVB 5.84%, ACMC 1.93%, MCFC 0.92%, and MCBC 0.50%.

The committee opted to approve a combination of both options above and separate them into two separate actions. The first is to recommend that the Monterey County Business Council be included in the DSA funding formula at 0.50% funded by a reduction to the current DSA agencies. The second is to support the increase of the DSA allocation from 8.93% to 9.19% to capture the \$100,000 that was historically provided to the Monterey County Business Council (MCBC) outside of the DSA formula. This would lessen the impact on the three other DSA agencies while increasing MCBC by 0.50%.

DISCUSSION:

The Economic Development committee is requesting that the budget committee review and support the recommendation presented to increase the percentage allocation to the Development Set-Aside (DSA) program. The Economic Development Committee has supported the inclusion of the Monterey County Business Council into the DSA funding formula at 0.50% being funded by Transient Occupancy Tax (TOT). Finance has noted that this increase may potentially impact funds for other county departments.

OTHER AGENCY INVOLVEMENT:

Reviewed by County Counsel. Reviewed by Finance. Supported by the Economic Development Committee.

FINANCING:

The proposed changes have no impact on the current FY2023-24 adopted budget and any future impacts would be considered and incorporated into FY2024-25 budget development.

Prepared by: Isela Sandoval, Management Analyst II, x7214

Reviewed by: Richard Vaughn, Economic Development Manager, x5602

Approved by: Deborah Paolinelli, Assistant County Administrative Officer, x5508

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*Deborah Paolinelli*  
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Attachments:

Draft DSA Program Guidelines

ED Committee Report 2.7.2024

PowerPoint