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## ADVERTISING & PROMOTIONS POLICY

### I. SOURCE OF FUNDS

The Transient Occupancy Tax (Hotel/Motel Tax or Bed Tax) is authorized under State Revenue and Taxation Code Section 7280 as an additional source of non-property tax revenue to local government. This tax is levied in Sonoma County at a rate of 9%. The code does not require any specific use of the Transient Occupancy Tax (TOT). Funds developed as a result of the TOT may be utilized for General Fund, Advertising Fund, or other purposes.

The Sonoma County Board of Supervisors has established a policy stating that the funds will be used, in part, to finance advertising and promotional activities. These activities must also be consistent with Government Code Section 26100, which states that advertising funds may be utilized for the following purposes:

- A. Advertising, exploiting, and making known the resources of the county
- B. Exhibiting or advertising the agricultural, horticultural, viticultural, mineral, industrial, commercial, climatic, educational, recreational, artistic, musical, cultural, and other resources or advantages of the county
- C. Making plans and arrangements for a world's fair, trade fair, or other fair or exposition at which such resources may be exhibited
- D. Doing any of such work in cooperation with or jointly by contract with other agencies, associations, or corporations

### II. POLICY STATEMENT

Based upon a level of funding to be established each year:

It is the Board's intent and desire to promote a series of promotional, community, and cultural, activities through use of the Advertising funds. The Board of Supervisors wishes to promote tourism, agriculture, and economic development in the County through regional and national advertising (Funding Tier 1), support the community's spirit and its art/cultural programs (Funding Tier 2); and to promote other special events as deemed consistent with the Board's Advertising and Promotions Policy.

Except where provided for differently, the Board has established the following general principles which shall govern the allocation of advertising funds.

1. The Board may provide advertising funds to private non-profit organizations whose purpose is to promote cultural activities, historical preservation activities, promotional activities which enhance tourism and industry, and/or local community events which encourage a sense of community.
2. Organizations and/or events approved for Advertising funds in the year prior to the application period and which continue to comply with terms and guidelines of policy will receive priority consideration for funding in the current application cycle. New applications will be considered based on compliance with policy, demonstrated need, and availability of funding within category limits.

3. Any event promoted by clubs, fraternal organizations, societies, human service organizations, and other similar type organizations, and for which the proceeds of the event will be used to fund other activities, are not eligible for advertising funds.
4. Any unanticipated revenues in excess of expenditures resulting from an event funded with advertising funds will be deducted from any future advertising funding.
5. The funds made available for the Advertising program shall be used primarily for advertising and promotions cost. For purposes of this policy:
  - a. "Advertising" shall be taken to mean the cost of advertisements in radio, television, newspapers and magazines, printing of newsletters, direct mail, posters and handbills, internet and other paid advertising, the purpose of which is to draw an increased attendance at an event.
  - b. "Promotions" shall be taken to mean costs of communication primarily directed outside of the county for which the purpose is the further recognition of Sonoma County and/or regional areas, events and/or activities in order to achieve favorable media attention and/or large audience exposure. Examples of communication may include attendance at trade shows, public relations activities, in-county familiarization tours and marketing programs.
6. As part of the application process, all organizations who apply for advertising funds will be required to provide the County with: (1) a year-end financial statement, (2) program report containing results and benefits of their prior year activities and events, whether or not they received advertising funds the prior year, (3) detail on advertising/promotion campaign, both type and region, for which advertising funds are being requested, and (4) documentation including "scope of work" for any professional service contracts included in agency request for funding from County.
7. Costs for staff salaries, overhead, travel expenses (such as transportation, lodging and/or meals) and fixed assets are not allowable advertising and promotions reimbursable expenses. (Departmental and Economic Development Board activities as indicated in section B.1-2 and J. 2b. are exempt from this provision.)
8. County funds are not to be used for individual business promotion or advertisement. Any business name mentioned in county funded materials must be a sponsor or direct participant in the event or promotional effort. Any listing of service or product providers or co-sponsors must be inclusive. Any advertising space or time purchased by an individual business must be clearly and separately identified as paid advertising.
9. Only one (1) application may be submitted per agency/IRS tax number. Refer to Category I- Multiple Events for application criteria.

### **III. ACTIVITIES ELIGIBLE FOR ADVERTISING AND PROMOTIONS FUNDS**

#### **A. Economic Development (Tier 1)**

1. Funding may be provided to Chambers of Commerce serving unincorporated areas of Sonoma County. Allocation of funds will be based upon a 10% match of membership dues and private cash contributions that are discretionary revenue to the chamber and are not associated with a particular event, function or position, up to a maximum of \$13,200 per chamber.

#### **B. The Board may designate available funds towards projects and initiatives that stimulate and expand the county's economic vitality. Promotional Organizations (Tier 1)**

1. The Board of Supervisors has designated an Economic Development Board to provide business assistance services to enable local businesses to maintain or expand their operations. The Board may apply for funding of staff, and related costs, as well as costs of promotional activities for administration of the Film Program, and the Visitor Services Program. Only the Economic Development Board (EDB) duly established and currently authorized may apply under this category.
2. As determined by the Board of Supervisors, the County will, at minimum, designate a sum equivalent to the first 2% of Transient Occupancy Tax collected in unincorporated Sonoma County for advertising and promotional efforts as provided by the Sonoma County Tourism Bureau (SCTB). The county's TOT contribution to SCTB is disbursed through the EDB budget.
3. Funding for the Visitor Services Program may be considered at the discretion of the Board of Supervisors as recommended by the Economic Development Board. For purposes of funding, Visitor Services will be distinct from the Tourism Program.

4. The Board of Supervisors will consider increasing TOT contribution to the SCTB when collections have grown over 5% from the year prior to the new budget.
- C. Agricultural Promotion (Tier 1)
1. A maximum of \$170,000 per year may be made available for agricultural and viticulture industries under this category.
  2. The Board of Supervisors desires to support advertising campaigns and promotional activities directed by Sonoma County agricultural and viticulture industries.
  3. The following general guidelines shall apply to this category:
    - a. In order to promote collaborative advertising and promotional efforts within the agricultural sector, only one application will be considered under this category. Such application shall include promotion of the major agricultural related activities within Sonoma County.
      - (1) Application requests that include multiple agency efforts will require submission of agency budgets from all involved agencies.
      - (2) If county funds are redistributed to other agencies a Memorandum of Understanding (MOU) between agencies must be submitted with application.
    - b. Agency applying under this category must be responsive to requests for visitor information on a year-round basis.
    - c. The request must be part of a larger advertising program
    - d. Industry commitment as demonstrated by matching industry/membership contributions must exceed request for funding from County advertising program.
- D. Historical Commissions (Other)
1. A maximum of \$55,000 per year may be provided to Historical Commissions.
  2. The County has designated a Historical Landmarks Commission to advise on the distribution of funds for preservation and restoration of historically significant buildings.
    - a. Funding may be provided to the Commission to accept grant applications for the renovation, restoration and/or preservation of historical facilities.
  3. The Board has designated a Historical Records Commission to review and make recommendations regarding the maintenance and destruction and retention of records, which may be of historical significance. This Commission may receive funding pursuant to this section provided the same limitations as in Section J “Departmental Activities” are met.
- E. Cultural, Artistic, and Community Events (Tier 2)
1. A maximum of \$30,000 per year may be made available for Cultural, Artistic and Community Events within this category.
  2. The Board has established this category to assist community and countywide events, artistic activities, pageants and cultural events with the direct cost of advertising the function.
  3. The following general guidelines shall apply to this category:
    - a. No organizations may apply under this section without specified advertising costs geared towards specific events.
    - b. Applicants requesting funds in this category must advertise countywide in order to draw a significant number of attendees from throughout the county.
    - c. Any city-specific event held in an incorporated city within the County that receives a transient occupancy tax must show financial support from that city equal to the County Advertising request.
    - d. The maximum contribution which can be applied for is \$1,200.
- F. Countywide Events (Tier 2)
1. A maximum of \$15,000 per year may be made available for Countywide Events within this category.

2. The Board of Supervisors desires to promote countywide events which have regional or statewide interest as evidenced by statewide media attention and which attract participants and visitors from other counties and regions within the state.
3. The following guidelines and specific criteria must be met to be eligible for funding under this category:
  - a. The organization must demonstrate major countywide and out-of-county support by in-kind or grants from other agencies or sources.
  - b. The type of advertising campaign must be conducted on at least a regional and/or statewide or national level, in order to draw a significant number of attendees from out of county.
  - c. The maximum advertising fund contribution that can be applied for is \$3,000 and is limited to advertising expenses only.

G. Cultural Organizations (Tier 2)

1. A maximum of \$15,000 per year may be made available for Cultural Organizations within this category.
2. The Board of Supervisors may provide support for organizations, which contribute to the county's cultural resources.
3. The following guidelines and specific criteria must be met to be eligible for funding under this category:
  - a. A cultural organization must have an annual program consisting of a series of presentations or activities.
  - b. To qualify in this category, the focus of the organization must be countywide (not limited to district).
  - c. The organization must have subscriptions, season tickets, or non-exclusive memberships, which provides the majority support for the organization.
  - d. The organization must have provided their activities for at least three years at the time of application.
  - e. The maximum advertising fund contribution, which can be applied for, is \$2,500.

H. Major County Events and Cultural Organizations (Tier 2)

1. A maximum of \$350,000 per year may be made available for Major County Events and Cultural Organizations within this category.
2. The Board of Supervisors desires to promote major cultural organizations and events which have countywide, regional, state and national interest as evidenced by widespread media attention and which attract participants and visitors from other counties and states.
3. In order to be eligible for funding under this category, major events must meet the guidelines and specific criteria in Category F, above. Cultural organizations must meet the specific criteria in Category G, above. In addition to the two categories mentioned, applicants must meet the following:
  - a. Must demonstrate overall attendance in excess of 15,000.
  - b. Must demonstrate significant attendance from out of the county.
  - c. Must have advertising expenses that exceed \$25,000 and an advertising request that does not exceed 50% of total advertising expenses for the event or cultural organization.
  - d. Must demonstrate a major advertising campaign outside of the county.
  - e. Must demonstrate event, season series, exhibit, or marketing effort of supporting the county's economic development in the form of local job promotion, local education contribution, and local business-chambers of commerce-visitors centers partnerships.
  - f. Must have visitor tracking methods to demonstrate link to overnight stays from attendees.

- g. Must cross-sell/promote county assets such as Regional Parks or the effort be held in unincorporated areas of the county, and/or promote the Sonoma County Tourism Bureau brand to be considered as a preferred applicant.
- 4. The maximum advertising fund contribution that can be awarded is \$50,000 when there are not sufficient program revenues to fully fund existing advertisers.
- I. Multiple Events (Tier 2)
  - 1. The Board of Supervisors desires to discourage agencies from submitting multiple applications for advertising funds.
  - 2. The following guidelines and specific criteria must be met to be eligible for funding under this category:
    - a. Only one (1) application may be submitted per agency/IRS tax number. Advertisers with multiple events shall submit one budget for each event attached to one (1) consolidated application.
    - b. Each separate event or activity for which funds are requested must identify the category applied under and must comply with the requirements of the category.
    - c. Only one (1) request for funding may be submitted per event.
    - d. Eligible Chambers sponsoring individual events may submit one (1) application in addition to the Chamber funding request. Multiple events sponsored by a Chamber shall be submitted as one (1) application as specified above.
    - e. Advertising allocations shall not exceed the maximum allocation per category.
- J. Departmental Activities (Other)
  - 1. The Board of Supervisors desires to provide advertising funds to certain county departmental activities that benefit local tourism activities, the tourist industry, and preserves and promotes Sonoma County history. The advertising funds may be used to support Regional Parks activities.
  - 2. Funding may also be identified for an affordable housing program under the direction of Community Development Commission or the County Administrator's Office.
  - 3. The following specific guidelines shall apply to this category:
    - a. Advertising funds may be used to promote county facilities and activities according to the Advertising & Promotions Policy, as well as memberships in other promotional organizations.
    - b. Advertising funds may be used for salaries of County employees when participating in activities funded by Advertising funds. Administrative cost, including salaries, should not exceed 10% of estimated and/or budgeted revenues.
    - c. The requests for funding will be reviewed on a case-by-case basis.
    - d. Funding designated for affordable housing shall be recommended by the County Administrator's Office annually based on available funding and approved by the Board of Supervisors on an annual basis. As a goal, funds will be recommended based upon 50% of revenues directed toward this fund that are generated from facilities established after 2002, and after all expected baseline advertising program requirements have been met pursuant to the March 2002 Board Policy Workshop.
    - e. See "promotional activities" for Economic Development Board.