

Discretionary Transient Occupancy Tax

RECOMMENDED BUDGET • FY 2024-25

RECOMMENDED BUDGET

The Recommended Budget for Discretionary Transient Occupancy Tax (DTOT) is \$14,673,721, a decrease of \$4,728,803 (24%) from the FY 2023-24 Adopted Budget. New DTOT revenue is recommended at \$8,750,000, a \$250,000 (2.7%) decrease in revenue from FY 2023-24 Budget. Higher than anticipated DTOT revenue during the coronavirus pandemic has resulted in increased fund balance in recent years. The funds are meant to be used for DTOT activities per Board Policy B-16 on Discretionary Transient Occupancy Tax.

The Recommended Budget reflects a focus on prioritizing County services and programs over outside entities when allocating DTOT support, as directed by the Board of Supervisors through an amendment to Board of Supervisors Policy B-16 – Budget Policies.

The Recommended Budget allocates 18% of DTOT to countywide activities, 28% to West Slope-specific activities, and 55% to Tahoe Basin-specific activities. In FY 2022-23, approximately two-thirds of DTOT was generated in the Tahoe Basin with one-third generated on the West Slope.

BUDGET SUMMARY

| Description | FY 2022-23 Actual | Current Year Adopted | CAO Recommended | Difference from Adopted |
|-------------------------------------|----------------------|-------------------------|--------------------|----------------------------|
| Taxes | 9,065,823 | 9,000,000 | 8,750,000 | (250,000) |
| Fund Balance | 0 | 10,402,524 | 5,923,721 | (4,478,803) |
| Total Revenue | 9,065,823 | 19,402,524 | 14,673,721 | (4,728,803) |
| Services & Supplies | 242,777 | 2,118,609 | 1,916,846 | (201,763) |
| Other Charges | 1,615,624 | 5,448,992 | 2,602,151 | (2,846,841) |
| Other Fin Uses | 2,549,904 | 6,198,381 | 4,782,390 | (1,415,991) |
| Intrafund Transfers | 2,715,299 | 4,998,857 | 5,372,334 | 373,477 |
| Reserves Budgetary | 0 | 637,685 | 0 | (637,685) |
| Total Appropriations | 7,123,604 | 19,402,524 | 14,673,721 | (4,728,803) |
| FUND 1000 GENERAL FUND TOTAL | (1,942,220) | 0 | 0 | 0 |

MAJOR BUDGET CHANGES

Revenue

Taxes

(\$250,000) Decrease in DTOT revenue due to declining receipts in FY 2023-24 that is anticipated to continue into FY 2024-25.

Fund Balance

(\$5,470,803) Decrease in Fund Balance of DTOT from FY 2023-24 that is unspent for use in FY 2024-25.

\$992,000 Increase in use of the DTOT Special Projects Designation for the Meeks Bay/North Tahoe annexation, as approved by the Board with Legistar item 24-0073 on January 9, 2024.

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Appropriations

Services and Supplies

- \$52,110 Increase in Contributions to Non-Government Agencies, primarily due to the \$75,000 contribution to Arts & Culture El Dorado that is partially offset by Board-approved contributions in FY 2023-24 that are not continuing into FY 2024-25.
- (\$3,873) Decrease in Professional and Specialized Services for Broadband Grant Match, that is being held for future Broadband projects, due to an increased use of the match by the Department of Transportation, shown as an Operating Transfer In, for the EDA Broadband Project decreasing the funding being held for future projects.
- (\$250,000) Decrease in Special Department Expenses due to the discontinuation of funding for the wet labs project, as the Board approved the Growth Factory Project, with Legistar 23-1997, during FY 2023-24.

Other Charges

- (\$2,846,841) Decrease in Contributions to Non-County Governmental Agencies primarily due to the \$2.5 million contribution for the Cal-Tahoe building remodel in FY 2023-24 and from decreased support to Fire Agencies and Tahoe Basin transportation agencies in FY 2024-25 when compared to FY 2023-24.

Other Financing Uses

- \$115,000 Increase in Operating Transfers Out to the Housing, Community, and Economic Development (HCED) Program for the required County match for the Program.
- \$750,000 Increase in Operating Transfer Out to County Service Area 3 for tourism impacts to the ambulance system in the Tahoe Basin.
- (\$2,280,920) Decrease in Operating Transfers Out for road maintenance projects related to tourism impacts on El Dorado County roads.
- (\$71) Decrease in Operating Transfers Out to the Accumulative Capital Outlay fund for improvements to Chili Bar, with \$184,000 of the funding being carried over from FY 2023-24 to FY 2024-25.

Intrafund Transfers

- \$377,321 Increase in Intrafund Transfers to Planning and Building.
- (\$15,000) Decrease in Intrafund Transfers to the Sheriff's Office.
- \$30,000 Increase in Intrafund Transfers to County Counsel for legal services related to the formation of the Tahoe South Shore Transit Joint Powers Authority.
- (\$18,844) Decrease in Intrafund Transfers to the Parks Division for Diamond Springs Community Park, with \$981,156 of funding being carried over from FY 2023-24 to FY 2024-25.

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Reserves Budgetary

(\$637,685) Decrease in additions to the DTOT Special Projects Designation that were included in the FY 2023-24 Budget that are included in the FY 2024-25 Budget.

DISCRETIONARY TRANSIENT OCCUPANCY TAX REVENUE

The Transient Occupancy Tax (TOT), or Hotel/Motel Tax, is imposed on the daily rental price of a room in a lodging facility, including vacation home rentals, when used by visitors staying in the unincorporated portions of El Dorado County for fewer than 30 days. The tax rate for the County is currently 10% of gross room receipts on the west slope of the County and 14% in the Lake Tahoe Area. Only 10% of Tahoe Area receipts are for discretionary purposes with 4% of receipts going towards road maintenance, per voter-approved Measure S. This Budget only represents 10% of receipts for discretionary purposes. The 4% of receipts going toward road maintenance is described in the Department of Transportation section.

Discretionary TOT revenue is recommended at \$8.5 million for FY 2024-25. As discussed with the Board on April 10, 2024, this is a projection based upon projected FY 2023-24 receipts that appear to be lower than what is budgeted. Staff will continue to closely monitor this revenue, and if needed, decrease the assumption and the corresponding appropriations with the Adopted Budget.

BOARD DIRECTION FROM APRIL 10, 2024

The Chief Administrative Office presented to the Board on April 10, 2024, a proposed Recommended Budget spending plan for DTOT based upon requests from outside agencies and County departments. The presentation and corresponding staff report contained a detailed description of all the approved items. For more details on the approved allocations in April, please go to [Legistar item 24-0679](#).

CHANGES TO THE RECOMMENDED BUDGET FOLLOWING BOARD DIRECTION IN APRIL

Since the Board provided direction on the allocation of DTOT in April, there have been some updates to account for revised projections of projects approved in FY 2023-24. Some of these projects will need to be wholly or partially carried over into FY 2024-25, while others have undergone minor changes.

The following appropriations were approved by the Board for inclusion in FY 2023-24. A third-quarter analysis of DTOT was completed, and it was identified that the following appropriations will need to be carried over into FY 2024-25:

- Contribution to Barton for Interfacility Transports - \$500,000
- El Dorado Hills Fire side-by-side equipment - \$31,170
- Diamond Springs Fire side-by-side equipment - \$3,015
- Meeks Bay Fire Tender Purchase - \$312,942
- El Dorado Hills Fire Rescue Boat - \$203,875
- Tahoe Paradise Recreation District Restroom Project - \$150,000
- Georgetown Fire side-by-side equipment - \$2,554
- Tahoe Transportation District for Tahoe Basin transportation system support - \$70,000
- Clean Tahoe for trash mitigation in Tahoe Basin - \$16,110

On April 10, 2024, the Board was informed that \$75,000 of DTOT funding was no longer needed by the Planning and Building Department. The Board directed staff to work with Arts & Culture El Dorado to

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reduce their request and return to the Board with a recommended allocation with the Recommended Budget. Staff is requesting that the \$75,000 in savings be used to fund Arts and Culture El Dorado in FY 2024-25. This is a \$20,600 (22%) decrease from their request of \$95,600. Arts and Culture El Dorado meets Board Policy B-16 on DTOT as Arts and Culture El Dorado promotes tourism in El Dorado County by highlighting El Dorado County art and increasing events and platforms for tourists to engage with El Dorado County art.

On March 12, 2024, with [Legistar item 24-0487](#), the Board authorized staff to initiate negotiations with the City of South Lake Tahoe regarding the formation of a Tahoe South Shore Transit Joint Powers Authority between the City of South Lake Tahoe and El Dorado County. This effort will require legal services to assist with the formation of the Joint Powers Authority. A Tahoe South Shore Transit Joint Powers Authority will help mitigate tourism as an effective transit system could reduce the number of vehicles impacting the Tahoe Basin road system and the impacts of tourism on residents. It was determined that a contract for Legal Services in County Counsel’s budget would likely be needed for this effort. A third-quarter review of projected DTOT FY 2023-24 spending resulted in the identification of \$30,000 in additional DTOT funding available for use in FY 2024-25. The Recommended Budget includes the use of \$30,000 of DTOT to transfer to County Counsel for legal services to assist with the formation of a Tahoe South Shore Transit Joint Powers Authority.

As of the drafting of this document, there is a pending request from the Department of Transportation to be considered by the Board of Supervisors on May 21, 2024, to reallocate a portion of the DTOT funding for Fallen Leaf Lake to the Apache Avenue Pedestrian Safety and Connectivity Project in the Tahoe Basin. The cost of the Apache Avenue Pedestrian Safety and Connectivity Project has increased, and additional funding is necessary.

DISCRETIONARY TRANSIENT OCCUPANCY TAX DETAIL

| Description | Recommended Budget |
|--|--------------------|
| Revenues | \$ 14,673,721 |
| Fund Balance | \$ 4,931,721 |
| From DTOT Designation Special Projects | \$ 992,000 |
| Discretionary Transient Occupancy Taxes | \$ 8,750,000 |
| Professional & Specialized Services | \$ 1,325,736 |
| Broadband & Biomass | \$ 1,325,736 |
| Contribution to a Non-Governmental Agency | \$ 591,110 |
| Barton - Interfacility Transfers - Carryforward | \$ 500,000 |
| Clean Tahoe - Carryforward | \$ 16,110 |
| Arts & Culture El Dorado | \$ 75,000 |
| Contribution to a Non-County Governmental Agency | \$ 2,602,151 |
| El Dorado County Fire - Carryforward | \$ 83,165 |
| Diamond Springs Fire - Carryforward | \$ 3,015 |
| Fallen Leaf Lake | \$ 6,970 |
| Georgetown Fire - \$2,554 of Carryforward | \$ 18,634 |
| Lake Valley Fire | \$ 517,765 |
| Meeks Bay Fire / North Tahoe Annexation | \$ 1,517,557 |
| Tahoe Paradise Recreation & Park District - Carryforward | \$ 150,000 |
| Tahoe Transportation District - Carryforward | \$ 70,000 |
| El Dorado Hills Fire Boat - Carryforward | \$ 235,045 |
| Operating Transfers Out to Non-General Fund Departments | \$ 4,782,390 |
| Accumulative Capital Outlay (ACO) Fund - Chili Bar | \$ 184,000 |

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| Description | Recommended Budget | |
|---|--------------------|--------------|
| Veterans House Council | \$ | 15,000 |
| ACO Fund - Tahoma Design | \$ | 500,000 |
| Veterans Affairs Commission | \$ | 175,000 |
| Planning & Building HCED | \$ | 115,000 |
| EMS Agency CSA 3 Ambulance System | \$ | 750,000 |
| Transportation Fallen Leaf Lake Road / Pending Apache Pedestrian Project Reallocation | \$ | 1,969,247 |
| Transportation EDA Broadband Project | \$ | 274,143 |
| Transportation Bike Path Snow Removal | \$ | 50,000 |
| Transportation Snow Removal Equipment | \$ | 750,000 |
| Intrafund Transfer to General Fund Departments | | \$ 5,372,334 |
| Treasurer-Tax Collector Collection of TOT | \$ | 446,500 |
| Veterans Services Position | \$ | 90,700 |
| Planning & Building Tahoe Divisions | \$ | 528,204 |
| Planning & Building Long Range Planning | \$ | 250,041 |
| Economic Development Division | \$ | 1,823,722 |
| Code Enforcement | \$ | 572,011 |
| Sheriff Search & Rescue & Helicopter Operations | \$ | 650,000 |
| County Counsel Tahoe Transportation JPA Legal Services | \$ | 30,000 |
| Parks Diamond Springs Park Development | \$ | 981,156 |

