



## Folsom City Council Staff Report

<b>MEETING DATE:</b>	11/12/2024
<b>AGENDA SECTION:</b>	Scheduled Presentations
<b>SUBJECT:</b>	Presentation of Annual Report from the Folsom Tourism Bureau Regarding the Folsom Tourism Business Improvement District
<b>FROM:</b>	City Manager's Office

### **CITY COUNCIL ACTION**

Representatives from the Folsom Tourism Bureau (FTB) will provide an annual report. No action is requested of the City Council.

### **BACKGROUND:**

In 2012, the City Council established the Folsom Tourism Business Improvement District (FTBID / District) for a twenty-year term beginning in January 2013 and ending in December 2032. The assessment rate was set at four (4%) percent of gross room rental revenue. At that time, it was estimated that annual assessments for District would total approximately \$780,000, and those assessments were specifically identified to be used to promote tourism within the District, provide marketing and visitor programs to promote Folsom lodging businesses as tourism visitor destinations, and to fund projects, programs and activities that benefit lodging business within the District.

At the same time as the District was established, the Folsom Tourism Bureau (FTB) was named as the District "Owners' Association" and entered into an agreement with the City to administer the District. Under the terms of the agreement, the FTB is obligated to administer all District services and is fully responsible for developing, implementing, directing and operating District programs. The FTB is required to have an audited financial report for District funds by a licensed CPA which shall examine revenue and expenses and include a balance sheet and changes in fund balances for the prior two years. In addition, the FTB is required to submit a report to the City Manager on or before September 1 for each fiscal year for which assessments are to be levied and collected; the City Manager is to review the report and schedule the annual report on the City Council agenda. The report must include:

- (a) A detailed description of the activities to be pursued by the FTB with FTBID funds for the coming fiscal year.
- (b) A detailed breakdown of expenses for the prior fiscal year by program type and administrative expenses and costs.
- (c) A copy of the bi-annual audited financial report for the FTBID

In addition to the above requirements, Folsom Municipal Code section 3.100.100 requires that the report include:

- A. A description of the activities conducted during the previous fiscal year;
- B. An accounting of the revenue and expenditures by program for the previous fiscal year in a form and manner required by the city finance department;
- C. A proposed scope of activities to be provided for the next fiscal year, along with the designated staff to administer the proposed programs;
- D. A budget outlining the revenue and expenses for the scope of activities proposed for the next fiscal year; and
- E. The amount of any surplus or deficit revenues to be carried over from a previous fiscal year and a proposal to address the surplus or deficit in the next fiscal year(s).

For its part of the agreement, the City is obligated to collect the annual assessments, direct the disbursement of assessment funds to FTB on a quarterly basis, maintain an ongoing liaison with the FTB, and provide general assistance and information to the FTB and the public at large. The initial agreement term was for five years (2012 – 2017) and has subsequently been extended twice for additional five-year terms in 2017 and 2022.

#### **AUTHORITY / RULE**

The agreement between the City of Folsom and the FTB relative to the Folsom Business Improvement District requires the FTB to prepare a report for each fiscal year for which assessments are to be levied. In additional, Folsom Municipal Code section 3.100.100 describes required elements of the report, as described above.

#### **ATTACHMENTS**

1. Folsom Tourism Bureau Improvement District report to City Manager FY 23/24
2. Folsom Tourism and Economic Development Corporation, reviewed financial statements for FY 22/23
3. Proposed Scope of Activities for FY 24/25
4. Budget outlining revenue and expenses for activities proposed for FY 24/25

Respectfully submitted,

Elaine Andersen  
City Manager

# Attachment 1

## Folsom Tourism Bureau Improvement District Report to City Manager FY 23/24



TO: Elaine Andersen  
City Manager  
City of Folsom

FROM: Joseph P. Gagliardi  
President/CEO  
Folsom Tourism Bureau

RE: Folsom Tourism Bureau Improvement District  
Fiscal Year: 7-1-2023 through 6-30-2024

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In accordance with the Agreement between the City of Folsom and the Folsom Tourism Bureau dated November 27, 2012, the following Annual Report describes the activities undertaken during the fiscal year July 1, 2023, through June 30, 2024.

Organizational Background: The Folsom Tourism Bureau was formed in the year 2000 to focus on the growing local market for tourism development. In 2002 the Tourism Bureau pursued forming a business improvement district (BID) to strategically grow tourism in Folsom while providing a sustainable funding source to market Folsom as a destination. The Tourism Bureau immediately engaged all its hotel partners to seek their input and developed a strategy to accomplish that objective. The Tourism BID (TBID) was formed in 2003 at a rate of 2 percent for an initial 5-year timeframe and then renewed for an additional five years. In 2012, the Tourism BID was renewed at 4% for an additional 20-year term.

In 2016, the Greater Folsom Partnership, now known as Choose Folsom, was formed to leverage the efforts of the Folsom Tourism Bureau in conjunction with the Folsom Chamber of Commerce and Folsom Economic Development brands. This structure facilitates an integrated marketing and communication strategy for Folsom and promotes a strong connection between the business and hospitality communities.

The ultimate goal of Folsom Tourism Bureau programs and services is to promote positive economic benefits for the City of Folsom through increasing occupancy and Average Daily Rate (ADR) in Folsom Hotels. Increased activity increases Transit Occupancy Tax (TOT) and sales tax revenue as well as a residual economic benefit for related market segments in dining, retail, outdoor recreation, and entertainment.

In addition, it has become increasingly apparent that destination promotion is a crucial tool that is used to assist in broader economic development issues — not just marketing to the end traveler. Promoting Folsom raises our community profile and opens the door for enhanced opportunities for traditional business relocation, expansion, and new startups to occur. Our destination promotion contributes substantially to highlighting the

quality-of-life indicators critical to the relocation decision as well as our residents' attitudes about where they live.

**Description of the Activities conducted during the fiscal year, 7/1/2023 to 6/30/24:**

**EVENTS**

- Groups & Events Supported with Concierge Service: Visit Folsom actively supports community events that bring out-of-town guests. This support included a combination of marketing staff support and financial support in event underwriting and trades. We supported several events last year; a few are listed below. Events that are well run and compatible with the assets and venues in Folsom are essential to our brand development and increase tax revenue in the region.
  - July 2023 Folsom Pro Rodeo
  - July 2023 Paddle Splash Festival
  - September 2023 Inductive Automation Ignition Conference
  - November 2023 Rio del Lago 100-Mile Run
  - November 2023 Folsom Women's Conference
  - November 2023 Foothill Wine Festival
  - December 2023 California International Marathon
  - January 2024 LENA EA High School Theatre Festival
  - February 2024 Salmon Falls 50K Run
  - April 2024 American River 50 Mile Endurance Run
  - April 2024 California Jazz Championships
  - May 2024 Bike Month, Folsom Peddle Quest & Balance Bike Bash
  - June 2024 Juneteenth
  - June 2024 TEDx Folsom
  - June 2024 Motherlode Epic Mountain Bike Race
  - Ongoing: Folsom Lake Surf
  - Ongoing: Broadstone Racquet Club

**STUDIES**

Hunden Partners completed a county-wide tourism assessment for the Folsom Tourism Bureau (FTB) in June of 2023 and subsequently completed financial feasibility studies related to priority assets and projects as recommended through the tourism master plan process. The market research and asset profiles completed in Hunden's initial tourism study supported the conclusion that there are several key areas the City of Folsom can focus on to bolster the visitor economy and enhance the quality of life for residents.

During the 2023-2024 fiscal year, the FTB engaged the Hunden Partners team to complete five feasibility and impact studies which consist of outdoor sports, indoor sports, conference/boutique hotel, entertainment, and events strategy. The foundation of the studies is a market demand, financial feasibility, and economic impact study to determine the optimal build-out, projected performance and impact of these types of tourism-inducing projections for the City of Folsom.

Feasibility project goals in the five areas included the following:

- Outdoor Sports: Determine the opportunity for a regional youth sports complex in Folsom including a breakdown of space needs, operational performance and estimated impacts to the City of Folsom.
- Hotel & Conference Center: Identify the scale and type of hotel needed in the City and provide estimated projections of performance, impacts and likely feasibility gaps which would require public funding.
- Indoor Sports: Analyze the Folsom Ranch Ice Project to assess its viability, need in the market, performance and potential impacts to the City.
- Entertainment: Assess the local and regional market for the gap in the market for an entertainment venue in the City and project the performance and impact of that venue in Folsom.
- Events Strategy: Provide action items for Visit Folsom as it relates to bolstering existing events and attracting new events.

Based on local and regional market research, comparable national case studies and stakeholder engagement, Hunden formed recommendations and implications for key projects in each of the five areas of study. This included financial analysis, economic and fiscal impact projections.

Next steps in this process will be to determine priority projects considering alignment with stakeholders and then to develop financing strategies and develop RFQ's for potential project partners.

## **PROGRAMS**

- Ride with GPS: Visit Folsom launched the RideGPS app in late 2023 which includes 30 cycling routes with the initial focus on creating routes that cater to cycling enthusiasts.
- RIPE: A branded booking engine was integrated into the Visit Folsom website in early 2023 which highlights destination-specific attributes through custom

promotions, packages, maps, content, filters, and more. We work with our partner events on affiliate booking links (CIM, Rio Del Lago Run, etc.) to make it easier to track stays associated with said events. This also allows us to deliver welcome packets and offer free electronic gift cards for guests who are staying two or more nights as an added value bonus for booking through visitfolsom.com. The booking engine also provides first-party data that we can then use to communicate with our visitors and create more direct target market campaigns.

#### 2023/2024 Ripe Statistics

- 319 Reservations
- 576 Room Nights
- \$207.35 Average Daily Rate
- \$119,435.56 in Revenue

- **Bandwango:** The Foothill Wine Pass includes five regional passes (Amador, Calaveras/Tuolumne available to purchase for 1-, 3-, or 60-day durations starting as low as \$14. These mobile exclusive passports are curated collections of local and regional wineries offering tasting flights and, in some cases, additional deals and discounts with over 40 participating wineries in one pass and the opportunity to taste all the amazing wine the region has to offer. The Foothill Wine Tasting Pass is the gateway to the Sierra Foothill wineries. Each pass is delivered instantly via text message or email. There is no need to download an app because the pass is accessible on the user's phone at any time. In just seconds, the purchaser will have their pass in hand and ready to taste wine!

The new Folsom Love Savings Pass is a free mobile exclusive passport featuring discounts to fan-favorite local restaurants, attractions, and shops. The pass has nearly thirty discount offers from all types of businesses.

- **Expanded Network of Event Promoters:** Visit Folsom continues to devote resources to extending the outreach for new events that complement our existing resources and hotel mix. For events that meet our criteria and offer the potential for generating room nights, we enter into a short-term underwriting sponsorship agreement to assist in the launch process for a new event. Building strong relationships with event promoters requires a willingness to support them as they work through the permitting and planning process with the city and local partners.
- **Sports, Group Travel, & Transportation\_incentive funds:** To make sure sports teams, meeting planners and hoteliers know what incentives are available, we are working to streamline applications for overnight stay incentives. The new Sports Grant & Small Group/Meeting incentive online applications are now accessible through a link on the Visit Folsom website. We also continue to

offer transportation grants designed to help with transportation needs of small groups staying in our hotel properties.

## **TOOLS & SOFTWARE**

- Data: Placer AI is a real-world location intelligence platform. The Placer.ai dashboard provides insights into places and competition allowing the discovery of new business opportunities and target marketing insights.

### **Visitor Snapshot:**

500,000 Visitors: 5.1% YOY Increase

1.3 M Visit Nights: 5.3% YOY Increase (Visit Nights may be in hotels, STR or someone's home)

Estimate Spending Potential: \$.29 B

### **Top Origin Markets:**

- San Francisco/Oakland/Berkley 72.6k
- Los Angeles/Long Beach/Anaheim: 341k
- San Jose/Sunnyvale/Santa Clara: 32.1k
- Reno: 13k

Below are some statistics on yearly visits over 30 minutes in length to several shopping areas and recreation facilities.

	Palladio	Folsom Premium Outlets	Historic Folsom	Folsom Automall
Visits	3.9 M	1.3 M	2 M	330 K
Vistors	992 K	708 K	661 K	172 K
Dwell Time	97 Min	76 Min	154 Min	125 Min
Visits YoY	2.30 %	-2 %	-7.60 %	-5.10 %
Meidam HHI	86 K	78K	88 K	80 K

	Econome	Lembi	Livermore	Aquatic Center
Visits	220 k	471 k	343 k	64 k
Vistors	56 k	115 k	84 k	21 k
Visits YOY	-10.3 %	5.9 %	5 %	4.5 %
Dwell Time	96 min	134 min	115 min	121 min



- elmpact: elmpact is a pioneering company that specializes in providing comprehensive economic development solutions. Through their product offerings, like the Economic Development suite, they empower cities and regions with data-driven insights to understand, showcase, and enhance their economic landscapes. By utilizing their platform, governments, businesses, and stakeholders can access valuable information, analyze key indicators, and make informed decisions to foster sustainable growth and prosperity.

**\*\* Key Insights**

77,257 City of Folsom (zip 95630) Population

\$114.4k City of Folsom Median Household Income

42,764 City of Folsom Regional Employment

\$88.1k City of Folsom Avg. Earnings Per Job

## **MARKETING**

- **Social Media/Digital Assets:** Folsom is a highly visual destination, and high-quality photos and videos are more powerful than any narrative we can provide. As social media and websites are the primary vehicles for outreach, the caliber of the content defines the perception of Folsom and effectively answers the “why” (Why would I visit? Why would I consider moving my business?) through visual storytelling. We freely share these assets with our partners and businesses for their respective platforms. We continue to acquire digital assets and have recently cataloged all videos in a software program called Muse, which allows us to find what assets more readily we have. This facilitates the more effective use of video across all platforms.
- Instagram Total Reach +161% vs 2023
- Facebook Total Reach +77.9 % vs 2023
- **Leverage the Marketing Efforts of Choose Folsom:** Folsom’s primary message in both economic development and tourism is the outstanding quality of life in Folsom and easy access to the best outdoor recreation in the region. This allows us to commit staff resources and dollars to add to our digital asset portfolio, public relations, and overall marketing for content that can be shared across both platforms. This gives us a tremendous advantage that would not be available if these organizations were siloed and limited by their respective areas of focus. With the launch of our new website in June 2023 , we have been able to gain increased traffic and traction as search inquiries regarding Visit Folsom increases. We have also swelled our follower numbers to over 15.3k with an amazing amount of engagement and reshares. We continue to build out the website and its engagement features to become the “go-to” resource for travelers.

- **Comprehensive Marketing Campaign:** Visit Folsom implemented a comprehensive marketing strategy to promote tourism in the area, focusing on several key campaigns and platforms. The efforts encompassed various ad campaigns, social media engagement, and targeted email campaigns, resulting in significant growth and engagement across multiple channels.
  - **Ad Campaign for Wine Passes:** A strategic ad campaign was launched to promote Folsom's wine passes, leveraging YouTube video campaigns, Facebook, and Instagram. Captivating videos showcased the region's wineries, highlighting the wine pass benefits, such as tastings and discounts. This approach effectively captured the attention of wine enthusiasts and potential tourists.
  - **Ad Campaign for Hotel Packages for Rodeo:** To attract visitors during the Rodeo event, Visit Folsom crafted a targeted ad campaign showcasing exclusive hotel packages. These campaigns were deployed across YouTube, Facebook, and Instagram, emphasizing the convenience and value of booking through Visit Folsom. This approach resonated with rodeo attendees seeking convenient and enjoyable accommodations.
  - **Ad Campaign for Women's Conference:** To attract attendees during the Women's Conference, Visit Folsom designed a focused ad campaign highlighting exclusive hotel packages tailored for the event. These campaigns were strategically launched across YouTube, Facebook, and Instagram, with a strong emphasis on the convenience and value of booking through Visit Folsom. This targeted approach resonated with conference participants seeking accessible and enjoyable accommodations, ensuring a seamless and enriching experience.
  - **Ad Campaign for Foothill Wine Festival:** To attract visitors to the Foothill Wine Festival, Visit Folsom developed a targeted ad campaign that spotlighted exclusive hotel packages designed specifically for festival attendees. These campaigns were strategically deployed across YouTube, Facebook, and Instagram, focusing on the ease and value of booking through Visit Folsom. This approach effectively connected with wine enthusiasts seeking convenient and enjoyable accommodations, enhancing their overall festival experience.
  - **Social Media Engagement:** Through consistent efforts on Facebook, Instagram, and YouTube, Visit Folsom successfully increased their engaged followers to over 15.3k. By posting captivating content, responding to user comments, and running targeted ads, they fostered a vibrant online community interested in Folsom's attractions, events, and promotions.

- **Email Campaign:** Visit Folsom executed a robust email campaign, delivering engaging content to an audience of over 27,000 subscribers. This campaign included event updates, promotions, and highlights of Folsom's attractions. The well-curated emails served as a direct communication channel to engage with a large and interested audience.
- **Custom Welcome Emails for Event Attendees:** In collaboration with group leads, Visit Folsom crafted custom welcome emails for event attendees. These emails introduced recipients to the city and its amenities while showcasing curated offerings. This personalized approach aimed to enhance the visitor experience and encourage exploration of Folsom's unique attractions.

Visit Folsom's comprehensive marketing efforts encompassing ad campaigns, social media engagement, and targeted emails resulted in significant growth in online engagement and audience reach. The creative use of platforms like YouTube, Facebook, and Instagram, along with tailored email campaigns, effectively showcased Folsom's attractions, events, and offerings, ultimately driving tourism and enhancing the visitor experience.

## **VISITOR SERVICES**

- **Visitor Center Experience:** Visit Folsom currently is working to enhance the operations of the Visitor Center and retail store to improve the customer/visitor experience.
- **Visitor Collateral:** The Choose Folsom team creates, writes, and produces a variety of print materials that are the cornerstone of our visitor outreach for all market segments, including business, leisure, and residents. The Getting Around Folsom map continues to be popular with visitors; the 2024 edition of Folsom Magazine hit the shelves in November of 2023. The magazine is mailed to all homes and businesses in Folsom, showcased in many of our 900 hotel rooms and included in visitor welcome packets. The 2025 edition should hit the shelves this November.
- **Visitor Services Highlights:** Throughout the course of the year, Visit Folsom receives requests from stakeholders to provide customized welcome packets for incoming groups with maps, dining guides, Folsom swag, etc. Custom visitor packets are prepared for incoming groups at the request of hoteliers, groups, new residents, and major employers.
- **Visit Folsom Concierge Services:** While Visit Folsom is a relatively small bureau, we do offer a high level of service for incoming groups who are seeking support to plan their conference or meeting. Our initial point of contact can come directly

through a group, considering Folsom as a host city or through a hotel partner looking for some additional support to win a piece of business that is desirable for Folsom.

Services include:

- Itinerary development.
  - Recommendations for ancillary venues such as banquet dining, group meeting space, etc.
  - Resources such as our group/meeting & sports grant incentive.
  - Introductions to partners such as FHDA, zoo staff, or others for event development.
  - Underwriting food/drink options like Snooks, happy hours or other hospitality opportunities.
- **Regional Collaboration:** Folsom's partnership with the Gold Country Visitor's Association/Visit CA continues to bring increased visibility for Folsom as a highlight on regional itineraries and provides access to marketing opportunities that would be beyond the reach of our local budget. Access to international visitor markets, collaboration on regional tours, and representation in the CA State Visitor Guides are just a few of the benefits of this partnership.

Additionally, partnerships with Rancho Cordova Travel & Tourism, Visit El Dorado County, and now the 50 Economic Alliance are a great benefit as collaboration often allows us to host larger groups than any one market can handle alone.

## **PARTNERSHIPS**

- **Coordination of Tourism & Economic Development Activities:** It makes sense for Tourism and Economic Development to partner, and we continue to focus on increasing collaboration. Tourism and the amenities that attract tourism improve the attractiveness of places to both visitors and residents. A healthy destination attracts new visitors, residents, and businesses, all of which drive revenue to the city. Midweek corporate travel has been down significantly post-COVID as new businesses relocate in Folsom; this provides an opportunity to grow midweek hotel stays with corporate travel.
- **Economic Development Team:** Choose Folsom contracts with consultant Laura Fickle, Vice President of Community Strong Strategies, to support Economic Development and Tourism, as well as Phil Scott who supports our efforts in startups and entrepreneurship and connecting business owners to resources.
- **Visit Folsom Hotel Advisory Committee:** We hold quarterly meetings with the Director of Sales/General Managers from our eight partner properties. The meeting is an opportunity to share trends in the market, review questions on Folsom developments, and create strategic plans to continue to grow tourism.

revenue. We move the meeting location monthly to restaurants or entertainment venues to showcase local products and share what is new in Folsom. This group discusses economic development news and businesses that are considering moving into our market, as this is a big area of interest for our hotels.

- The Choose Folsom team conducts corporate calling, identifies all potential inventory in the commercial real estate market, and serves as the primary point of communication for all new business inquiries. The Choose Folsom teams actively participate with the Greater Sacramento Economic Council to elevate Folsom's profile in the region.

Granite School & the Northern California Innovation District: Choose Folsom has established the Northern California Innovation District (NCID). This project empowers innovation, growth, and education with respect to all sectors of the region and our communities, leveraging the reinvention of existing resources to support the sustainable future growth of the region. NCID strives to connect, educate, develop, and promote the region and our community. With the spirit of growth alive in NCID's headquarters at the historic Granite School, NCID ensures that education, innovation, and growth... past, present, and future... come together for a bright future for our region. A product of this project is the Third Thursday Pitch Night, where entrepreneurs can educate the investment community about their product/service and receive feedback in return from the seasoned investors. This feeds the innovation ecosystem and sustains the brand of Granite School being the center for excellence and innovation in the region.

- 50 Economic Alliance: Choose Folsom is collaborating with our partners along the eastern Highway 50 corridor, Rancho Cordova, El Dorado County, El Dorado Hills, and Placerville. We work together to showcase everything our region offers for existing and new businesses, their employees, and their customers. This alliance naturally extends to Tourism, and we will continue to foster alignment in these areas using data points received from Zartico. The alliance is considering a proposal with CSS Strategies to assist the group with formal organization as well as holding quarterly Broker and Technology Round Tables. The Alliance has recently established quarterly Broker and Technology Round Table meetings in partnership with GSEC to build relationships with the both communities. The group is also exploring Healthcare as the next potential industry meetup, if and when the organization is formalized.

**An accounting of the revenue and expenditures for the '23-'24 fiscal year (7/1/23 to 6/30/24):**

- During this fiscal year funds were collected from the eight Folsom hotels (Lake Natoma Inn, Fairfield Inn & Suites, Hampton Inn, Hilton Garden, Larkspur Landing, Marriott Residence Inn and Marriott Courtyard, Staybridge Inn & Suites). The estimated total amount of revenue for FY 23-24 was \$1,254,252.08.

The total projected expenditures through June 30, 202, for this fiscal year is \$1,470,843.29.

**An estimate of the cost of the activities for '24-'25 fiscal year (7/1/24 to 6/30/25):**

- The Folsom Tourism Bureau expects proceeds from the BID to be \$1,228,000 for the period of 7/1/24-6/30/25. The contributors include eight hotels (Lake Natoma Inn, Fairfield Inn & Suites, Hampton Inn, Hilton Garden, Larkspur Landing, Marriott Residence Inn, Marriott Courtyard, and Staybridge Inn & Suites). Expenditures are anticipated to be approximately \$1,144,260.

The amount of any surplus or deficit revenues to be carried over from a previous fiscal year: The Folsom Tourism Bureau is currently analyzing tourism amenities and technology through a strategic planning process, and investment in these areas is expected to rise.

## Attachment 2

**Folsom Tourism and Economic Development Corporation,  
reviewed financial statements for FY 22/23**

# **Folsom Tourism and Economic Development Corporation**

**Reviewed Financial Statements**

**For the year ended June 30, 2023**



**Folsom Tourism and Economic Development Corporation**

**Financial Statements**

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## **Independent Accountant's Review Report**

To the Board of Directors  
Folsom Tourism and Economic Development Corporation  
Folsom, California

We have reviewed the accompanying financial statements of Folsom Tourism and Economic Development Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Folsom Tourism and Economic Development Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

**Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

AP Group Inc

AP | Group | Inc  
Folsom, California  
August 27, 2024

**Folsom Tourism and Economic Development Corporation**

**Statement of Financial Position**

**June 30, 2023**

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**Assets**

**Current assets**

Cash	\$	643,894
Contributions receivable		649,487
Current portion of note receivable - related party		20,034
Prepaid expenses		56,998
Prepaid rent - related party		<u>9,000</u>

Total current assets 1,379,413

**Noncurrent assets**

Equipment and leasehold improvements, net		77,692
Note receivable - related party, net of current portion		41,285
Deposit - related party		<u>61,186</u>

Total noncurrent assets 180,163

Total assets \$ 1,559,576

See accompanying notes and accountant's report.

**Folsom Tourism and Economic Development Corporation**

**Statement of Financial Position**

**June 30, 2023**

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**Liabilities and Net Assets**

**Current liabilities**

Accounts payable	\$	5,691
Related party payables		123,601
Current portion of long-term debt		<u>3,379</u>

Total current liabilities 132,671

**Noncurrent liabilities**

Long-term debt, net of current portion		<u>155,745</u>
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Total liabilities 288,416

**Net assets**

With donor restrictions		<u>1,271,160</u>
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Total liabilities and net assets \$ 1,559,576

See accompanying notes and accountant's report.

**Folsom Tourism and Economic Development Corporation**  
**Statement of Activities and Changes in Net Assets**  
**For the year ended June 30, 2023**

<b>Net assets released from restrictions</b>	\$ 1,231,912
<b>Expenses</b>	
Program expenses	
Business and event attraction	124,326
Contract labor	372,340
Event underwriting	349,992
Marketing	190,165
Office expenses	2,867
Transportation	<u>7,653</u>
Total program expenses	1,047,343
General and administrative expenses	
Bad debt expense	2,500
Contract labor	80,997
Depreciation	6,363
Dues and subscriptions	600
Education and seminars	3,620
Interest expense	4,645
Office expenses	6,674
Professional fees	54,164
Rent	9,000
Repairs and maintenance	8,816
Travel	<u>7,190</u>
Total general and administrative expenses	<u>184,569</u>
Total expenses	<u>1,231,912</u>
Change in net assets without donor restrictions	-

See accompanying notes and accountant's report.

**Folsom Tourism and Economic Development Corporation**  
**Statement of Activities and Changes in Net Assets**  
**For the year ended June 30, 2023**

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<b>Net assets with donor restrictions</b>	
Business improvement district revenue	1,229,888
Event board revenue	4,750
Visitor center sales	1,524
Rental income	1,690
Other income	2,840
Interest income	24,193
Gain on sale of equipment	8,348
Less net assets released from restrictions	<u>1,231,912</u>
Change in net assets with donor restrictions	<u>41,321</u>
<b>Increase in total net assets</b>	41,321
<b>Net assets, July 1, 2022</b>	<u>1,229,839</u>
<b>Net assets, June 30, 2023</b>	<u><u>\$ 1,271,160</u></u>

See accompanying notes and accountant's report.

**Folsom Tourism and Economic Development Corporation**

**Statement of Cash Flows**

**For the year ended June 30, 2023**

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<b>Cash flows from operating activities</b>	
Change in net assets	\$ 41,321
Adjustments to reconcile net assets to net cash used for operating activities:	
Bad debt expense	2,500
Depreciation expense	6,363
Accrued interest expense	763
Gain on sale of equipment	(8,348)
(Increase) decrease in assets:	
Contributions receivable	(304,858)
Related party receivables	8,046
Prepaid expenses	(55,683)
Prepaid rent - related party	9,000
Increase (decrease) in liabilities:	
Accounts payable	5,691
Related party payables	50,140
	<hr/>
<b>Cash used for operating activities</b>	<b>(245,065)</b>
<b>Cash flows from investing activities</b>	
Payments received on note receivable - related party	17,594
Purchase of equipment and leasehold improvements	(67,498)
Proceeds on sale of equipment and leasehold improvements	8,348
	<hr/>
<b>Cash used for operating activities</b>	<b>(41,556)</b>
<b>Net decrease in cash</b>	<b>(286,621)</b>
<b>Cash at beginning of year</b>	<b>930,515</b>
	<hr/>
<b>Cash at end of year</b>	<b>\$ 643,894</b>
	<hr/> <hr/>
<b>Supplemental Disclosures Regarding Cash Flows</b>	
Interest paid	\$ 12,243
	<hr/>
Income taxes paid	\$ -
	<hr/>

See accompanying notes and accountant's report.



**Folsom Tourism and Economic Development Corporation**

**Notes to the Financial Statements**

**June 30, 2023**

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**1. Summary of Significant Accounting Policies**

Nature of Operations: The Organization's purpose is to encourage sound and beneficial tourism development in the City of Folsom by promoting the growth and development of tourism. The Organization will also encourage sound and beneficial economic development to improve business conditions and promote the common interests of Folsom businesses.

Basis of Accounting: The Organization records income using the accrual method of accounting for both financial reporting and income tax purposes. Under this method, income is recognized when earned and expenses are recorded when incurred.

Use of Estimates: Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

Cash: For purposes of the statement of cash flows, the Organization considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Contribution Receivables: Contribution receivables are recognized when the donor makes a contribution to the Organization that is, in substance, unconditional. Contribution receivables that are restricted by the donor are reported as increases in temporarily restricted net assets or permanently restricted net assets depending on the existence or nature of any donor restrictions. When a restriction expires, temporarily restricted assets are reclassified to unrestricted net assets. Contribution receivables are due in less than one year.

Equipment and Leasehold Improvements: The Organization capitalizes equipment over \$1,000. Equipment and leasehold improvements are carried at cost and depreciated over the estimated useful life of the asset using the straight-line method. Costs of maintenance and repairs are charged to expense. Upon retirement or disposal of equipment and leasehold improvements, the costs and related depreciation are removed from the accounts, and gain or loss, if any, is reflected in the earnings. The estimated useful lives used for calculating depreciation are as follows:

Computer equipment	5 years
Furniture and fixtures	3 - 7 years
Leasehold improvements	5 years

## **Folsom Tourism and Economic Development Corporation**

### **Notes to the Financial Statements**

**June 30, 2023**

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Impairment of Long-Lived Assets: Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carry amount of such assets may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows of the operation to which the assets relate to the carrying amount. If the operation is determined to be unable to recover the carrying amount of its assets, then the assets are written down first, followed by other long-lived assets of the operation to fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. There were no impairment losses recognized for long-lived assets as of June 30, 2023.

Contributions: Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the absence or existence and nature of any donor restrictions.

Income Taxes: The Organization is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization may recognize the tax benefit from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income. The Organization's open audit periods are 2020, 2021, 2022 and 2023. The Organization has analyzed its tax positions taken for filings with the Internal Revenue Service and the state of California. The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations, or cash flows.

Concentrations of Credit Risk: Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments and receivables. The Organization places its temporary cash investments with financial institutions, and those balances may exceed the federally insured limit on occasion.

Contributions receivable from one city represented approximately all of total contributions receivable as of June 30, 2023. Revenue from one city represented approximately all of total revenue for the year ended June 30, 2023.

Functional Expenses: Expenses are charged to programs and general and administrative expenses based on their natural classification. Accordingly, certain costs have been allocated among various programs and general and administrative expenses based on estimates made by the Organization. General administrative expenses include those expenses that are not directly identifiable with any other specific function but provide overall support and direction of the Organization. Allocation methods are based on contract labor time incurred and on resource usage.

Subsequent Events: Management has evaluated subsequent events through August 27, 2024, the date the financial statements were available to be issued.

**Folsom Tourism and Economic Development Corporation**

**Notes to the Financial Statements**

**June 30, 2023**

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**2. Liquidity and Availability of Financial Assets**

The following reflects the Organization's financial assets as of the financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Cash	\$ 643,894
Contributions receivable	649,487
Less net assets with donor restrictions	<u>1,271,160</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 22,221</u>

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in checking accounts.

**3. Note Receivable - Related Party**

Note receivable - related party represents amounts due from Folsom Community Development Corporation totaling \$61,319 as of June 30, 2023. Monthly payments receivable under the note are \$1,887. The note accrues interest at 5.00% per annum and is due May 31, 2026. The Organization received \$3,586 of interest on this note for the year ended June 30, 2023.

**Folsom Tourism and Economic Development Corporation**

**Notes to the Financial Statements**

**June 30, 2023**

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**4. Equipment and Leasehold Improvements**

Equipment and leasehold improvements consists of the following as of June 30, 2023:

Computer equipment	\$ 14,508
Furniture and fixtures	64,529
Leasehold improvements	6,338
Leasehold improvements in progress	<u>53,912</u>
Total equipment and leasehold improvements	139,287
Less accumulated depreciation	<u>61,595</u>
Total equipment and leasehold improvements, net	<u><u>\$ 77,692</u></u>

Depreciation expense charged to general and administrative expenses amounted to \$6,363 for the year ended June 30, 2023.

**Folsom Tourism and Economic Development Corporation**

**Notes to the Financial Statements**

**June 30, 2023**

**5. Long-term Debt**

Long-term debt consists of the following:

	Interest Rate	Payable	
		Within One Year	After One Year
SBA Economic Injury Disaster Loan, secured by all assets, monthly payments of \$641, including principal and interest, due in May 2050	2.75%	\$ 3,379	\$ 155,745

Aggregate maturities on long-term debt over the next five years are as follows:

<u>Year ending June 30:</u>		
2024		\$ 3,379
2025		3,570
2026		3,670
2027		3,772
2028		3,877
After 2028		<u>140,856</u>
		<u>\$ 159,124</u>

## **Folsom Tourism and Economic Development Corporation**

### **Notes to the Financial Statements**

**June 30, 2023**

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#### **6. Net Assets with Donor Restrictions**

Net assets with donor restrictions as of June 30, 2023 represent the unexpended portion of business improvement district income received from the City of Folsom.

#### **7. Related Party Transactions**

During the year ended June 30, 2023, the Organization paid \$483,876 to a related entity, Folsom Chamber of Commerce, for reimbursement of personnel and \$106,069 for office expenses. The Organization also paid \$81,792 to Folsom Community Development Corporation for reimbursement of personnel and \$55,000 for expenses related to economic development.

Included in related party payables as of June 30, 2023 is \$80,592 due to Folsom Chamber of Commerce and \$43,009 due to Folsom Community Development Corporation.

The Organization has a note receivable due from Folsom Community Development Corporation totaling \$61,319 as of June 30, 2023 (see note 3).

The Organization rents warehouse space from Folsom Community Development Corporation. Rent expense paid to this entity amounted to \$9,000 for the year ended June 30, 2023. The Organization has prepaid rent and a deposit with this entity in connection with a future office lease which has not commenced.

#### **8. Subsequent Event**

Subsequent to year end, the Organization entered into a five year non-cancelable operating lease with a related entity, Folsom Chamber of Commerce, for retail space. The retail space will be subleased to an outside party. The Organization is responsible for the tenant improvements which are in progress at year end.

## Attachment 3

### Proposed Scope of Activities for FY 24/25



TO: Elaine Andersen  
City Manager  
City of Folsom

FROM: Joseph P. Gagliardi  
President/CEO  
Folsom Tourism Bureau

RE: Folsom Tourism Bureau Improvement District  
Scope of Activities for Fiscal Year: 7-1-2024 through 6-30-2025

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In accordance with the agreement between the City of Folsom and the Folsom Tourism Bureau, dated November 27, 2012, the following Scope of Activities outlines the initiatives that will be focused on during the fiscal year from July 1, 2024, through June 30, 2025. The staff responsible for executing these activities include:

- Part-time CEO
- Full-time VP of Tourism
- Part-time tourism support staff
- Part-time VP of Marketing and three support staff
- Part-time VP of Business Development and two support staff
- Contract event staff as needed
- Volunteer support

## **EVENTS**

Groups & Events will be supported with grant funding and concierge services. Visit Folsom actively supports community events that attract out-of-town guests. This support includes a combination of staff assistance and financial contributions in event underwriting and trades. Events that are well-organized and compatible with Folsom's assets and venues are essential for our brand development and help increase tax revenue in the region.

The tentative event lineup is as follows, though new events may be added when appropriate and when funding is available. Staff works diligently to identify new events, especially during the time of the year that hotel occupancy is low, that will complement our brand and drive economic impact for Folsom. We are also considering adding one or two new signature events to enhance our current offerings.

- July 2024: Folsom Pro Rodeo (Signature Event)
- July 2024: Paddle Splash Festival
- September 2024: Inductive Automation Ignition Conference
- November 2024: Rio del Lago 100-Mile Run
- November 2024: Foothill Wine Festival (Signature Event)



- December 2024: California International Marathon
- January 2025: LENAEA High School Theatre Festival
- February 2025: Salmon Falls 50K Run
- March 2025: Folsom Women's Conference (Signature Event)
- April 2025: American River 50 Mile Endurance Run
- April 2025: California Jazz Championships
- May 2025: Bike Month, Folsom Pedal Quest & Balance Bike Bash
- June 2025: Juneteenth
- June 2025: TEDx Folsom
- June 2024: Motherlode Epic Mountain Bike Race
- Ongoing: Folsom Lake Surf Soccer Club Tournaments
- Ongoing: Broadstone Racquet Club Tennis Tournaments
- Ongoing: Small Groups & Meetings

## STUDIES

Studies are important to the tourism industry. In 2023/24, we completed five destination asset studies with Hunden and Associates. Currently, there are no studies planned, but a follow-up study to one of the five completed studies may be considered.

## PROGRAMS

- **Ride with GPS:** This fiscal year, we aim to add additional routes for visitors to enjoy.
- **Ripe:** We use Ripe, our online booking engine, for events, packages, and transient travel. This system allows us to offer added value such as e-gift cards, hotel discounts, and special amenities. It also gives us access to first-party data, crucial for building our marketing lists.
- **Bandwango:** We will continue using this passport software through May 2025 to incentivize residents and travelers to shop and support local businesses.
- **Sports, Group Travel, & Transportation Incentive Grants:** Visit Folsom offers grants to sports teams and groups to encourage guests to choose Folsom for their events. Grant applications are available via a link on the Visit Folsom website.
- **Event Board Signs:** Visit Folsom coordinates the six event boards that showcase the many of the traffic driving events that are happening in Folsom. The six signs are situated at major access points to the City and are visible to about 50 million cars per year.

## TOOLS & SOFTWARE

- **Placer.ai:** A real-world location intelligence platform, Placer.ai provides insights into local areas and competition, helping discover new business opportunities and target marketing insights.
- **elmpact:** This platform offers data on Folsom and the region's jobs and careers, including skill gaps for specific roles, growth trends and more.
- **Costar:** The most comprehensive platform for commercial real estate information, analytics and news.

- **Ripe:** See above.
- **Bandwango:** See above.
- **Ride with GPS:** See above.

## MARKETING

- **Social Media/Digital Assets:** Visit Folsom will continue to enhance our inventory of social media and digital assets, which are crucial to effective marketing campaigns.
- **Comprehensive Marketing Campaign:** Visit Folsom uses a comprehensive strategy to promote tourism, focusing on various ad campaigns, social media engagement, and targeted email campaigns.
- **Website:** VisitFolsom.com is crucial for marketing our destination, offering a central platform to showcase attractions, provide information, engage visitors, and facilitate bookings. Each year, we focus on enhancing our web presence with new content, visuals, and tools to assist visitors in exploring our area.

## VISITOR SERVICES

- **Visitor Center Experience:** Visit Folsom is working to improve the operations of the Visitor Center and retail store to enhance the visitor experience.
- **Visitor Collateral:** The Choose Folsom team creates various print materials that are central to visitor outreach for business, leisure, and residential markets. The popular "Getting Around Folsom" map will include areas south of Highway 50, and the 2026 edition of *Folsom Magazine* will be released in November 2025.
- **Visitor Services:** Throughout the year, Visit Folsom receives requests from stakeholders for custom welcome packets with maps, dining guides, Folsom swag, etc. These packets are prepared for incoming groups, new residents, and major employers.
- **Concierge Services:** Visit Folsom offers personalized services for groups planning conferences or meetings in the city. This includes itinerary development, venue recommendations, and grant resources.
- **Regional Collaboration:** Folsom continues to partner with the Gold Country Visitor's Association/Visit CA to increase visibility as part of regional itineraries. We also collaborate with Rancho Cordova, Visit El Dorado County, and the 50 Economic Alliance to host larger groups that benefit the region.

## PARTNERSHIPS

- **Coordination of Tourism & Economic Development:** We will continue to strengthen collaboration between tourism and economic development, recognizing that a thriving destination attracts visitors, residents, and businesses, all of which contribute to the city's revenue.
- **Economic Development Team:** Choose Folsom works with consultants, including Laura Fickle, VP of Community Strong Strategies, and Phil Scott, to support tourism, economic development, startups, and business connections.
- **Hotel Advisory Committee:** Quarterly meetings with hotel directors of sales/general managers allow us to discuss market trends, Folsom developments, and strategies to grow tourism revenue.

- **Corporate Calls:** Choose Folsom conducts corporate outreach, identifies commercial real estate inventory, and engages with the Greater Sacramento Economic Council to elevate Folsom's profile.
- **Project Momentum** Choose Folsom established the NCID to foster innovation, education, and growth in the region. The project includes events like the Third Thursday Pitch Night, where entrepreneurs can present their products to investors.
- **50 Economic Alliance:** We will continue to collaborate with partners along the Highway 50 corridor, including Rancho Cordova, El Dorado County, El Dorado Hills, and Placerville, to promote the region's offerings.

### **ADJUSTMENTS AS NEEDED**

Visit Folsom efforts will be adjusted throughout the year as needed to respond to changing market trends, seasonal demand, emerging events, and shifting traveler preferences, to ensure effective promotion and maximize economic impact.

## Attachment 4

Budget outlining revenue and expenses for activities proposed  
for FY 24/25

**Folsom Tourism and  
Economic Development Corporation  
Approved Budget - BID  
For the Year Ended June 30, 2025**

	<b><u>FY 24-25 Approved Budget</u></b>
<b>Revenue</b>	
<u>BID Funding</u>	
BID - Q1 (Jan-Mar 24 from City)	\$ 285,000
BID - Q2 (Apr-Jun 24 from City)	345,000
BID - Q3 (Jul-Sept 23 from City)	314,000
BID - Q4 (Oct-Dec 23 from City)	<u>284,000</u>
Total BID Revenue	1,228,000
<b>Total Revenue</b>	<b><u>1,228,000</u></b>
<b>Expenses</b>	
Business & Event Attraction	120,000
Contract Labor - BID	365,000
Cost of Sales - Visitors Center	7,500
Depreciation Expense	10,000
Facilities	2,000
Interest Expense	3,000
Marketing	226,500
Office Expenses	78,000
Professional Fees	35,000
Events, Sponsorships, Studies	340,000
Transportation & Hotel Incentives	5,000
<b>Total Expenses</b>	<b><u>1,192,000</u></b>
<b>Increase/(Decrease) In Net Assets</b>	<b><u>\$ 36,000</u></b>
Add back Non-Cash Expenses	
Depreciation Expense + non-cash rent	19,000
<b>Increase/(Decrease) In Net Assets, cash</b>	<b><u>\$ 55,000</u></b>

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to facilitate double-sided printing  
and minimize paper use.*



CITY OF  
**FOLSOM**  
DISTINCTIVE BY NATURE