

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: Supervisor Jeff Stone and Supervisor Marion Ashley

September 9, 2014

SUBJECT: Approval to share twenty-five percent of sales tax generated in the Wine Country to help fund the cost of the necessary infrastructure.

RECOMMENDED MOTION: That the Board of Supervisors:

Approve the allocation of twenty-five percent of sales tax generated in the Wine Country for a period of 30 years for the purpose of building infrastructure, including roundabouts, critical network roads, sewer and the signage program per the approved Wine Country Plan.

Direct the Auditor Controller to establish a Wine Country Infrastructure Fund for the purpose of receiving and dispensing such sales and use tax, and that the county Executive officer administer this fund;

(continue on page two)

Departmental Concurrence

Marion Ashley
Supervisor Marion Ashley,
Fifth District Supervisor

Jeff Stone
Supervisor Jeff Stone, Chairman
Third District Supervisor

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$	\$	\$	\$	Consent <input type="checkbox"/> Policy <input type="checkbox"/>
NET COUNTY COST	\$ 200,000	\$	\$	\$	

SOURCE OF FUNDS: Sales Tax specific to Wine Country	Budget Adjustment:
	For Fiscal Year:

C.E.O. RECOMMENDATION:

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

- Positions Added
- Change Order
- A-30
- 4/5 Vote

Prev. Agn. Ref.:	District:	Agenda Number:
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FORM 11: Sales Tax Sharing

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BACKGROUND:

The board discussed and considered this item on July 29, 2014 and directed that clarification and specificity be added about the term that the tax sharing would be in effect and the specific infrastructure that it would be applied towards.

The key to the planned and sustained growth of Wine Country is the ability to develop infrastructure for the expansion of existing facilities and the approval of new wineries. The infrastructure components are significant and require substantial funding to construct. It is the intent to use the funding reserved from the gross sales tax generated by Wine Country to strategically apply to the following:

1. **Roundabouts and critical roads in the circulation network.** The study that the Transportation Department prepared identified that the fair-share contribution from new development would be about \$11.4 million. This includes 4 roundabouts (La Serena, Calle Contento, Monte de Oro and Glen Oaks) that are **approximately** \$ 2million each.
2. **Signage at the entryways and other key locations.** The county proposes to facilitate economic prosperity for the wine industry by channeling customers to the many and varied wineries for their Wine Country experience. Currently the sign clutter/pollution detracts from the ability to promote tourism to its fullest. The sign program prepared and adopted by the county consists of a mix of large monument entry signs and way-finding signs. Complete design and construction is **estimated** at \$250,000.
3. **De Portola Sewer.** Due to the possible negative impact of additional subsurface disposal systems may have on the groundwater basin, it is likely that future development on the De Portola corridor could be greatly reduced or halted. It will require sewer to mitigate the impact of all future development. It is **estimated** that this may cost as much as \$25,000,000 to design and construct.

The combined cost of the above noted infrastructure is roughly \$36,250,000. While the reserved sales tax cannot fully cover the infrastructure cost it is a mechanism to leverage monies and create partnerships so as not to cause development to languish thereby stifling the economic development for this region and delaying the tourism potential of Wine Country. The application of the sales tax to the Wine Country area over a 30 year period will enhance revenue generating capacities and revenues that would either not happen or happen to slowly to pay for the cost of infrastructure.

PREVIOUS REPORT

In today's economic environment, incentives give an edge to businesses and economic development regionally. Wine Country represents an economic engine that must be fueled with partnerships, incentives and joint ventures in order to thrive and grow wealth and prosperity for Riverside County. The adoption of the Wine Country Plan has served as a solid foundation to induce growth through zoning and development standards and certainty of a vision for development. The installation of a sewer line was made possible through a partnership with Eastern Municipal Water District and the Wine Growers Association. The results are new opportunities for wineries along Rancho California Road to develop beyond wine tasting into events, hotels and other economic activities that benefit the region and the county.

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It is critical that the momentum and synergy generated by the opportunities brought on by the sewer project be used to propel other economic stimulus that furthers the vision for the Wine Country. As development occurs infrastructure will be constructed. However, the cost of infrastructure development may stall the pace at which it happens. The purpose of this request is to generate incentives and form partnerships to stimulate economic growth by providing a small percentage of sales tax to infuse the funds needed for infrastructure and signage identified in the Wine Country Plan. The proposed set-aside funds will reinvest in the area where the funds are generated and fill the funding gap for infrastructure.

This precedent for tax sharing has been set and the proposed use of the funds is for critically needed infrastructure and signage identified in the Wine Country Plan. It will fill the gap to build a circulation network that will have the capacity to accommodate the existing and future level of development allowed by the Wine Country Plan. With the upturn in the economy, the Wine Country generated approximately \$811,712 of sales tax for the fiscal year 2013-2014. While this is not a significant amount it can jumpstart design and construction of the road network and help build monument directional signs in accordance with the Wine Country Plan and other related needs.

Impact on Citizens and Businesses

The infusion of 25% of sales tax will provide the finance mechanisms that will in turn generate additional revenue for the county and businesses. The citizens will have a greater selection of tourism opportunities in southwest Riverside County.