

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



ITEM
2.9
(ID # 6855)

MEETING DATE:

Tuesday, May 8, 2018

FROM : ECONOMIC DEVELOPMENT AGENCY (EDA):

SUBJECT: ECONOMIC DEVELOPMENT AGENCY (EDA): Receive and File the Temecula
Wine Country Tourism Marketing District 2017-2018 Annual Report, District 3,
[\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receives and files the Temecula Wine Country Tourism Marketing District 2017-2018 Annual Report.

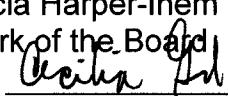
ACTION: Consent

Robert Field, Assistant County Executive Officer/ECD 4/24/2018

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Perez, seconded by Supervisor Tavaglione and duly carried by unanimous vote, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Tavaglione, Washington, Perez and Ashley
Nays: None
Absent: None
Date: May 8, 2018
xc: EDA

Kecia Harper-Ihem
Clerk of the Board
By: 
Deputy

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0	\$ 0	\$ 0	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: N/A			Budget Adjustment: No	
			For Fiscal Year: 2017/18	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

In November, 2015, Visit Temecula Valley requested that the County form the Temecula Wine Country Tourism Marketing District.

The Temecula Wine Country Tourism Marketing District (TWCMD) is a benefit assessment district proposed to help fund marketing and sales promotion efforts for Temecula Wine Country lodging businesses. This approach has been used successfully in other destination areas throughout the state to improve tourism and drive additional room nights. The proposed district includes all lodging businesses located within the boundaries of the Temecula Valley region of the County of Riverside.

Hoteliers decided to pursue formation of the district in order to create a revenue source devoted to marketing Temecula Wine Country as a tourist, meeting and event destination. If established, the District would generate approximately \$188,500 on an annual basis for promotion of travel and tourism specific to Temecula Wine Country.

TOURISM MARKETING DISTRICTS

Tourism Marketing Districts utilize the efficiencies of private sector operation in the market-based promotion of tourism. These special assessment districts allow lodging and tourism-related business owners to organize their efforts to increase tourism. Tourism-related business owners within the district fund the district, and those funds are used to provide services that the businesses desire and that benefit the lodging businesses within the district.

District benefits:

- Funds cannot be diverted for other government programs
- They are customized to fit the needs of each destination

(Continued)

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

BACKGROUND:

Summary (Continued)

- They allow for a wide range of services; including: Marketing of the Destination, Tourism Promotion Activities and Sales Lead Generation
- They are designed, created and governed by those who will pay the assessment
- They provide a stable funding source for tourism promotion

In California, Tourism Business Improvement Districts (TBID) are formed pursuant to the Property and Business Improvement District Law of 1994 (PBID Law). This law allows for the creation of a special benefit assessment district to raise funds within a specific geographic area. The key difference between TBID's and other special benefit assessment districts is that funds raised are returned to the private non-profit corporation governing the district.

On September 13, 2016, Resolution 2016-190 was approved, forming the Temecula Wine Country Tourism Marketing District and adopting the Temecula Wine Country Tourism Marketing District Management District Plan 2016-2021, as originally filed with the Clerk of the Board. The plan identifies the activities of the Tourism Marketing District, the estimated costs of the activities, and the method and basis of levying the assessment under the Tourism Marketing District.

The level of assessment for the fiscal year 2016-2017 Tourism Marketing District was 2% of the sale of overnight room stays and applies to all lodging businesses, existing and in the future, available for public occupancy located within the district. There are approximately 31 lodging businesses within the approved Tourism Marketing District.

The County Treasurer-Tax Collector's office began collecting the Tourism Marketing District assessment effective November 1, 2016. The collection process was done on a quarterly basis.

Impact on Residents and Businesses

Tourism provides employment and contributes to the local tax base of Temecula Valley.

ATTACHMENTS:

- Temecula Wine Country Tourism Marketing District 2017-2018 Annual Report

RF:HM:CH:DM 6855

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STATE OF CALIFORNIA**

S:\Marketing\Tourism BID\TemeculaMarketingBID\Annual Report First Quarter 2018\EDA Standard F11 Temecula Marketing District BID Receive and File 4.12.18.docx


Rahini Dasika, Principal Management Analyst 4/30/2018

2016-2021



TEMECULA WINE COUNTRY TOURISM
MARKETING DISTRICT
2017-18 ANNUAL REPORT

Contents

Boundaries	1
Improvements and Activities	4
<i>Sales & Marketing</i>	4
<i>Administration & Operations</i>	5
<i>County Administration Fee</i>	5
<i>Contingency/Reserve</i>	5
Cost	6
<i>2017-18 Projections</i>	6
<i>2016-17 Actuals</i>	6
Assessment	7
<i>Assessment</i>	7
<i>Delinquencies</i>	7
Surplus and Other Funding	9
<i>Surplus</i>	9
<i>Other Funding</i>	9
Appendix - Assessed Businesses	10

April 4, 2018

Prepared by
Civitas



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Boundaries

There are no proposed changes to the boundaries. The following new lodging businesses are subject to the district assessment:

Business Name	Business Address
Casa Turo	35505 Calle Nopal Temecula, CA 92592
Gary and Patricia Tang	40920 Los Ranchos Circle Temecula, CA 92591
George Tyler Massas	33700 Madera De Playa Dr. Temecula, CA 92592
Jeanne Garcia/The Arena	38098 Via Estado Temecula, CA 92592
Kay Schroeder	37320 Delgado Way Temecula, CA 92592
Kyung Jun	39955 Chaparral Dr. Temecula, CA 92592
Louis Madrigal	41945 Jericho Rd. Temecula, CA 92592
Mark Stabile	40995 Via Fernando Temecula, CA 92592
Mark Woodsmall, Owner	32250 Vista Del Monte Temecula, CA 92591
Mei Knight	33998 Calle Vista Temecula, CA 92592
Mingfu Mao, Bing Cai, Martin M Zhang, and Sherry H Ouyang	36409 Linda Rosea Rd. Temecula, CA 92592
Piedra Dura Winery Inc	39780 Cushman Circle Temecula, CA 92592
Pom Intra	40585 Gregg Way Temecula, CA 92592
Randall Gustine	38408 Mesa Rd. Temecula, CA 92592
Rochelle Wren	42355 Tree Poppy Dr. Temecula, CA 92592
SeaBreeze Vacation Rentals LLC	39201 Andros Sr. Temecula, CA 92592
The Cottage Haven	35260 Pauba Rd. Temecula, CA 92592
Tiansheng Li	39797 Celle Bellagio Temecula, CA 92592
VRTM Partnership LLC DBA SeaBreeze Vacation Rentals	39779 Avenida Brisa Temecula, CA 92592

The following lodging businesses either have ceased doing business within the district or have opted out of the district and are not subject to the district assessment:

Business Name	Business Address	Effective Date
Baily's Wine Country Escape	35450 Calle Nopal Temecula, CA 92592	5-15-17
Belle Volte Estate	38375 Rock Creek Cir. Temecula, CA 92592	9-18-17
CW Wang Investments, LLP	38121 Via De Oro Temecula, CA 92592	10-1-17
James Brown	36733 Pauba Road Temecula, CA 92592	9-18-17
Jimmy Chen	40284 Calle Caleta Temecula, CA 92592	9-26-17
Lucey Enterprises	39957 Calle Cabernet Temecula, CA 92591	9-8-17
Mark Murray	40125 Camino Del Vino Temecula, CA 92592	9-30-17
Quian K Ju and Biyun C Fang, Co-Owners	39605 Avenida Lynell Temecula, CA 92591	10-1-17
Que Syrah	41300 Berkswell Ln. Temecula, CA 92592	12-31-16
Rancho Del Vino	41700 Camino Del Vino Temecula, CA 92592	9-8-17
Shuqian Jing & Meiyong Qi	39585 Avenida Lynell Temecula, CA 92591	10-1-17
Temecula Barnhouse	33171 Madera De Playa Dr. Temecula, CA 92592	10-1-17
Tiansheng Li	35850 Granson Pl. Temecula, CA 92592	10-1-17
Yingwei House	37780 Villa Balboa Temecula, CA 92592	

The following lodging businesses are in the proximity of the district but are not located within the district boundaries and are not subject to the district assessment.

Business Name	Business Address
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AvantStay Inc.	45240 Los Caballos Rd. Temecula, CA 92592
Christophe Bach	46505 De Portola Rd. Temecula, CA 92591
Troy and Kristen Gastron, Owners	36880 E. Benton Rd. Temecula, CA 92592
Kathy King	20755 Carancho Rd. Temecula, CA 92590
Kimberlee Last Hopes Ranch	39175 Interpid Rd. Temecula, CA 92592
Mark Woodsmall, Owner	44123 Sandia Creek Temecula, CA 92590
Micro Survivor, Inc.	39695 Calle Escalona Temecula, CA 92592
Ponte Vineyard Inn	35001 Rancho California Rd. Temecula, CA 92591
Prima Marketing Inc.	38376 Calle Jojoba Temecula, CA 92592
Raymond Webb	28260 Sycamone Mesa Rd. Temecula, CA 92590
Rita Reiff	46011 Sandia Creek Dr. Temecula, CA 92590
RVE Investments LLC	42100 Parado Del Sol Temecula, CA 92592

The district will continue to include lodging businesses which have not requested to be removed from the district, existing and in the future, available for public occupancy within the Temecula Valley region of the County of Riverside, as shown below.

The boundary current includes forty-two (42) lodging businesses, listed in Appendix 1. A map of the boundary is shown in Appendix 2.

Improvements and Activities

The improvements and activities to be provided for 2017-18 are consistent with the Management District Plan. There are no proposed changes.

Sales & Marketing

A sales and marketing program will promote assessed businesses as tourist, meeting, and event destinations. The sales and marketing program will have a central theme of promoting Temecula Wine Country as a desirable place for overnight visits. The program will have the goal of increasing overnight visitation and room night sales at assessed businesses, and may include the following activities:

- Internet marketing efforts to increase awareness and optimize internet presence to drive overnight visitation and room sales to assessed businesses;
- Print ads in magazines and newspapers targeted at potential visitors to drive overnight visitation and room sales to assessed businesses;
- Television ads targeted at potential visitors to drive overnight visitation and room sales to assessed businesses;
- Radio ads targeted at potential visitors to drive overnight visitation and room sales to assessed businesses;
- Attendance of trade shows to promote assessed businesses;
- Sales blitzes for assessed businesses;
- Familiarization tours of assessed businesses;
- Preparation and production of collateral promotional materials such as brochures, flyers and maps featuring assessed businesses;
- Attendance of professional industry conferences and affiliation events to promote assessed businesses;
- Lead generation activities designed to attract tourists and group events to assessed businesses;
- Director of Sales and General Manager meetings to plan and coordinate tourism promotion efforts for assessed businesses;
- Education of hospitality staff on service and safety (related to alcohol and food) designed to create a visitor experience that will bring repeat visits to assessed businesses; and
- Education of lodging business management and the owners' association on marketing strategies best suited to meet assessed business's needs.

Administration & Operations

The administration and operations portion of the budget shall be utilized for administrative staffing costs, office costs, and other general administrative costs such as insurance, legal, and accounting fees.

County Administration Fee

The County of Riverside Treasurer-Tax Collector shall be paid a fee equal to one percent (1%) of the amount of assessment collected to cover its costs of collection and administration.

Contingency/Renewal

A prudent portion of the budget will be allocated to a contingency fund, to account for lower than anticipated collections or higher than anticipated program costs. If there are contingency funds collected and near the expiration of the district there are contingency funds remaining, and business owners wish to renew the district, the contingency funds may be used for renewal costs.

Cost

2017-18 Projections

The cost of providing improvements and activities for 2017-18 is consistent with the Management District Plan. The total budget has increased due to normal fluctuations in hotel occupancy and room rates. The anticipated total budget for 2017-18 is \$285,521 in anticipated collections and \$174,372 in carry over from previous years, for a total budget of \$459,893. The categorical breakdown is below. All budget category allocations are within the authorized fifteen percent (15%) adjustment of the total budget from the prior year. The County administration fee shown in the table below is calculated only on collections and does not include the carryover amount.

Category	%	\$	% Change
Sales & Marketing	85.1%	\$391,273.20	+5.1%
Administration	6.9%	\$31,555.00	-8.1%
County Admin. Fee	0.6%	\$2,855.00	-0.4%
Contingency / Renewal	7.4%	\$34,209.80	+3.4%
Totals	100.0%	\$459,893.00	

2016-17 Actuals

The projected 2016-17 budget was \$188,500, which was \$188,500 in anticipated collections and \$0 in carry over funds. Actual collections were more than anticipated, totaling \$258,069. Although the total collections were greater than expected, the actual 2016-17 expenses were consistent with the allocations provided in the Management District Plan. All budget category allocations are within the authorized fifteen percent (15%) adjustment of the total budget from the prior year. Budgeted and actual expenses were as shown below.

Category	2016-17 Budgeted		2016-17 Actual		
	%	\$	%	\$ Spent	\$ Reserved
Sales & Marketing	80.0%	\$150,800.00	80.0%	\$54,872.00	\$151,583.20
Administration	15.0%	\$28,275.00	10.3%	\$26,523.00	\$0.00
County Admin. Fee	1.0%	\$1,885.00	0.9%	\$2,302.00	\$0.00
Contingency / Renewal	4.0%	\$7,540.00	8.8%	\$0.00	\$22,788.80
Totals	100.0%	\$188,500.00	100.0%	\$83,697.00	\$174,372.00

Assessment

There is no change in the method and basis of levying the assessment.

Assessment

The annual assessment rate is two percent (2%) of gross short term room rental revenue. Based on the benefit received, assessments will not be collected on:

- Stays of more than thirty (30) consecutive days;
- Stays by any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty; and
- Stays pursuant to contracts executed prior to November 1, 2016.

The term "gross room rental revenue" as used herein means: the consideration charged, whether or not received, for the occupancy of space in a lodging business valued in money, whether to be received in money, goods, labor or otherwise, including all receipts, cash, credits and property and services of any kind or nature, without any deduction therefrom whatsoever. Gross room rental revenue shall not include any federal, state or local taxes collected, including but not limited to transient occupancy taxes.

The assessment is levied upon and a direct obligation of the assessed lodging business. However, the assessed lodging business may, at its discretion, pass the assessment on to transients. The amount of assessment, if passed on to each transient, shall be disclosed in advance and separately stated from the amount of rent charged and any other applicable taxes, and each transient shall receive a receipt for payment from the business. The assessment shall be disclosed as the "TWCTMD Assessment." The assessment is imposed solely upon, and is the sole obligation of the assessed lodging business even if it is passed on to transients. The assessment shall not be considered revenue for any purposes, including calculation of transient occupancy taxes.

Bonds shall not be issued.

Delinquencies

Original Delinquency

Any lodging business which fails to remit any assessment imposed within the time required shall pay a penalty of ten percent (10%) of the amount of the assessment in addition to the amount of the assessment.

Continued Delinquency

Any lodging business which fails to remit any delinquent remittance on or before the first day of the next calendar month following the date on which the remittance first became delinquent shall pay a second delinquency penalty of ten percent (10%) of the amount of the assessment in addition to the amount of the assessment and the ten percent (10%) penalty first imposed.

Fraud

If the County determines that the nonpayment of any remittance due is due to fraud, a penalty of twenty-five percent (25%) of the amount of the assessment shall be added thereto in addition to the penalties stated above.

Interest

In addition to the penalties imposed, any lodging business which fails to remit any assessment imposed shall pay interest at the rate of one-half of one percent (0.5%) per month or fraction thereof on the amount of the assessment, exclusive of penalties, from the date on which the remittance first became delinquent until paid.

Penalties Merged with Assessment

Every penalty imposed and such interest as accrues under the provisions of this section shall become a part of the assessment required to be paid.

Surplus and Other Funding

Surplus

The amount of surplus to be carried over from previous years is \$174,372.00, of which \$151,583.20 is attributed to sales and marketing programs, \$0.00 is attributed to administration and operations, and \$22,788.80 is attributed to contingency / renewal.

Other Funding

Interest was earned on the assessment funds totaling \$83.00.

Appendix 1 – Assessed Businesses

Map ID Number	Business Name	Business Address	City, State, ZIP
1	At the Vineyard Vacation Getaway	39840 Calle De Vinedos	Temecula, CA 92591
2	Christophe Bach/ Carter Estate Winery and Resort, LLC	34450 Rancho California Rd.	Temecula, CA 92951
3	Casa Turo	35505 Calle Nopal	Temecula, CA 92592
4	Christa Pilkington, Owner	39212 Andros St.	Temecula, CA 92592
5	Gary and Patricia Tang	40920 Los Ranchos Circle	Temecula, CA 92591
6	George Tyler Massas	33700 Madera De Playa Dr.	Temecula, CA 92592
7	Inn at Churon Winery	33233 Rancho California Road	Temecula, CA 92591
8	Jeanne Garcia / The Arena	38098 Via Estado	Temecula, CA 92592
9	Kay Schroeder	37320 Delgado Way	Temecula, CA 92592
10	Kyung Jun	39955 Chaparral Dr.	Temecula, CA 92592
11	Louis Madrigal	41945 Jericho Rd.	Temecula, CA 92592
12	Mark Stabile	40995 Via Fernando	Temecula, CA 92592
13	Mark Woodsmall, Owner	32250 Vista Del Monte	Temecula, CA 92591
14	Mei Knight	33998 Calle Vista	Temecula, CA 92592
15	Mingfu Mao, Bing Cai, Martin M Zhang, and Sherry H Ouyang	36409 Linda Rosea Rd.	Temecula, CA 92592
16	Pacific Sun Properties, LLC	33500 Lisa Rd.	Temecula, CA 92592
17 & 18	Perfect Getaways Inc	42200 Colleen Circle & 37812 Dorothy Ct.	Temecula, CA 92592
19	Piedra Dura Winery Inc	39780 Cushman Circle	Temecula, CA 92592
20	Pom Intra	40585 Gregg Wat	Temecula, CA 92592
21	Rancho Del Vinedos	39890 Calle Del Vinedos	Temecula, CA 92589
22	Randal Gustine	38408 Mesa Rd.	Temecula, CA 92592
23	Renel Navarro	38025 Camino Sierra Rd.	Temecula, CA 92592
24	Robert Coake	35455 Via Sol Vista	Temecula, CA 92592
25	Rochelle Wren	42355 Tree Poppy Dr.	Temecula, CA 92592
26	Ron Decaprio	42600 Chaparral Dr.	Temecula, CA 92592

Map ID Number	Business Name	Business Address	City, State, ZIP
27	SeaBreeze Vacation Rentals LLC	39201 Andros Sr.	Temecula, CA 92592
28	South Coast Winery, Inc	34843 Rancho California Rd.	Temecula, CA 92591
29	Steve & Sandra Hutchinson, Owner	39460 Hilt Rd.	Temecula, CA 92591
30	Susan Hetrick	36195 Palmador Ln.	Temecula, CA 92592
31	The Cottage Haven	35260 Pauba Rd.	Temecula, CA 92592
32	The Inn at Europa Village	33350 La Serena Way	Temecula, CA 92591
33	Tiansheng Li	39797 Calle Bellagio	Temecula, CA 92592
34	TWC Villas, LLC	39625 Anza Rd	Temecula, CA 92591
35	Villa De La Vine	41725 Avenida Ortega	Temecula, CA 92592
36	Villa Inspirato	39670 Parado Del Sol	Temecula, CA 92592
37	Villa Serenita	39670 Parado Del Sol	Temecula, CA 92592
38	Vineyard House	36850 Avenida Verde	Temecula, CA 92592
39	VRTM Partnership LLC DBA SeaBreeze Vacation Rentals	39779 Avenida Brisa	Temecula, CA 92592
40	Wilson Creek Winery Inc	35250 Loma Ventoso	Temecula, CA 92591
41	Wine Country Enterprises, LLC	41830 Billy Joe Ln.	Temecula, CA 92592
42	Zin Estate	41965 Mesa Verdugo	Temecula, CA 92592

Appendix 2 – Boundary Map

