

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



ITEM  
3.11  
(ID # 8781)

**MEETING DATE:**

Tuesday, February 5, 2019

**FROM :** ECONOMIC DEVELOPMENT AGENCY (EDA):

**SUBJECT:** ECONOMIC DEVELOPMENT AGENCY (EDA): Adoption of Resolution 2019-033,  
Declaring its intent to Authorize the Examination of Sales, Transaction and Use  
Tax Records to Determine the Feasibility of Forming a Wine Marketing District;  
Third District [\$0]

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Approve and adopt Resolution 2019-033, a Resolution of the County of Riverside Board of Supervisors declaring its intention to authorize the examination of Sales, Transaction and Use Tax Records for the purpose of determining the feasibility of forming a Wine Marketing District in the Temecula Wine Country; and
2. Approve the Sales, Transaction and Use Tax Information Nondisclosure Agreement with Civitas Advisors, Inc., a California corporation, for the purpose of preventing the unauthorized disclosure of Confidential Information.

**ACTION:** Policy

Robert Field, Assistant County Executive Officer/ECD

1/25/2019

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**MINUTES OF THE BOARD OF SUPERVISORS**

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

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt  
Nays: None  
Absent: None  
Date: February 5, 2019  
xc: EDA

Kecia Harper  
Clerk of the Board  
By:   
Deputy

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| <b>FINANCIAL DATA</b>       | <b>Current Fiscal Year:</b> | <b>Next Fiscal Year:</b> | <b>Total Cost:</b>        | <b>Ongoing Cost</b> |
|-----------------------------|-----------------------------|--------------------------|---------------------------|---------------------|
| <b>COST</b>                 | \$ 0                        | \$ 0                     | \$ 0                      | \$ 0                |
| <b>NET COUNTY COST</b>      | \$ 0                        | \$ 0                     | \$ 0                      | \$ 0                |
| <b>SOURCE OF FUNDS: N/A</b> |                             |                          | <b>Budget Adjustment:</b> | <b>No</b>           |
|                             |                             |                          | <b>For Fiscal Year:</b>   | <b>18/19</b>        |

**C.E.O. RECOMMENDATION:** Approve

**BACKGROUND:**

**Summary**

In September 2018, the Temecula Wine Growers Association requested the County's assistance with obtaining the information needed to conduct a feasibility study for the proposed Wine Marketing District in the Temecula Wine Country.

Members of the association decided to conduct a feasibility study to determine if creating a Wine Marketing District would be a viable option.

Wine Marketing Districts provide many advantages:

1. Provide a stable funding source for marketing and promotions
2. Designed and created by those who pay the assessment
3. Governed by those who pay the assessment
4. Funds cannot be diverted for government programs
5. Customized to fit the direct needs of the district
6. Provides a wide range of services

***WINE MARKETING DISTRICTS***

Wine Marketing Districts are a stable funding source for organizations of wineries working to improve their businesses. Owners within the district work together to market and promote their common area and attract new visitors to the wineries.

Wine Marketing Districts serve many functions, all of which are aimed at increasing business activity. The operations of a Wine Marketing District are determined by the businesses funding the district. Activities can include print and internet advertising, special event sponsorship, sales efforts, and many other programs that benefit the businesses within the district.

Wine Marketing Districts are funded through an assessment placed on businesses within the district. The amount of the assessment is determined by the business owners at the formation of the district, within particular legal guidelines. The assessment may be based on the tastes provided or sales made at tasting rooms. Funds raised through the assessment must be spent

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within the district for the benefit of the businesses paying the assessment. Funds raised through the Wine Marketing District cannot be diverted to government programs.

**Impact on Residents and Businesses**

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

**Additional Fiscal Information**

Wine Marketing Districts provide stable funding for business owners to ensure their district is well marketed to potential visitors. As competition between visitor destinations increases, creating a stable source of funding for marketing and promotions has become increasingly vital. Wine Marketing Districts provide a unique source of funds which are not a tax for general purposes, thus they cannot be subjected to the budget cuts municipalities have been forced to make.


**Contract History and Price Reasonableness**

N/A

**ATTACHMENTS:**

- Resolution 2019-033
- Sales, Transaction and Use Tax Information Nondisclosure Agreement

  
Nehini Masina, Principal Management Analyst 1/29/2019

  
Gregory V. Priamos, Director County Counsel 1/29/2019

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3 RESOLUTION NO. 2019-033

4 A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE  
5 AUTHORIZING THE EXAMINATION OF SALES AND TRANSACTIONS AND USE TAX  
6 RECORDS

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8 **WHEREAS**, pursuant to Ordinance No. 438 the County of Riverside ("County") entered into a  
9 contract with the State Board of Equalization ("SBOE") to perform all functions incident to the  
10 administration and collection of local sales and use taxes; and

11 **WHEREAS**, pursuant to Resolution No. 89-39 then later revised Resolution No. 2001-357 the  
12 County entered into a contract with the SBOE to perform all functions incident to the administration and  
13 collection of local transactions and use taxes; and

14 **WHEREAS**, the Board of Supervisors of the County deems it necessary for an authorized  
15 representative of the County to examine confidential sales and transactions and use tax records of the SBOE  
16 pertaining to sales and transactions and use taxes collected by the SBOE for the County; and

17 **WHEREAS**, Section 7056 of the California Revenue and Taxation Code sets forth certain  
18 requirements and conditions for the disclosure of SBOE records and establishes criminal penalties for the  
19 unlawful disclosure of information contained in, or derived from sales and transactions and use tax records  
20 of the SBOE; and

21 **WHEREAS**, Section 7056 of the California Revenue and Taxation Code requires that any person  
22 designated by the County shall have an existing contract to examine the County's sales and transactions  
23 and use tax records; and

24 **WHEREAS**, the County has contract with Hinderliter, de Llamas and Associates ("HdL") to assist  
25 the County with sales tax and economic analysis, allocation and audit recovery services, and other  
26 consulting services; and

27 **WHEREAS**, the County has contract with Civitas Advisors, Inc. ("Civitas") to assist the County  
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FORM APPROVED COUNTY COUNSEL  
BY  DAVID M. MCCARTHY  
DATE 5 FEB 2019

1 with determining the feasibility of forming a tourism business improvement district and the facilitation of  
2 forming such a district if warranted.

3 **BE IT RESOLVED, DETERMINED AND ORDERED** by the Board of Supervisors of the  
4 County of Riverside, in regular session assembled on February 5, 2019 at 9:00 am or soon thereafter in the  
5 meeting room of the Board of Supervisors located on the 1<sup>st</sup> floor of the County Administrative Center,  
6 4080 Lemon Street, Riverside, California, that

7 Section 1. The recitals set forth herein are adopted by the Board of Supervisors as findings and they  
8 are true and correct.

9 Section 2. The Finance Director, or other officer or employee of the County designated in writing  
10 by the County Executive Officer to the SBOE is hereby appointed to represent the County with authority  
11 to examine all of the sales or transactions and use tax records of the SBOE pertaining to sales and transaction  
12 and use taxes collected for the County by the SBOE pursuant to the contract between the County and the  
13 SBOE under the Bradley-Burns Uniform Local Sales and Use Tax Law or the Transactions and Use Tax  
14 Law. The information obtained by examination of SBOE records shall be used only for purposes related to  
15 the collection of County sales and transaction and use taxes by the SBOE pursuant to the contract.

16 Section 3. Civitias is hereby designated to examine the sales and transactions and use tax records  
17 of the SBOE pertaining to sales and transactions and use taxes collected for the County by the SBOE. The  
18 person or entity designated by this section meets all of the following conditions:

19 (a) Has an existing contract with the County to examine sales and transactions and use tax  
20 records;

21 (b) Is required by that contract to disclose information contained in, or derived from those sales  
22 and transactions and use tax records only to the officer or employee authorized under Section 2 of this  
23 resolution to examine the information;

24 (c) Is prohibited by that contract from performing consulting services for a retailer during the  
25 term of that contract; and

26 (d) Is prohibited by that contract from retaining the information contained in, or derived from  
27 those sales and transactions and use tax records after that contract has expired.

1 (e) The information obtained by the examination of SBOE records shall be used only for  
2 purposes related to the collection of County's sales and transactions and use taxes by the SBOE  
3 pursuant to the contract between the County and the SBOE.  
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7 ROLL CALL:

8 Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt  
9 Nays: None  
Absent: None

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11 The foregoing is certified to be a true copy of a resolution duly  
adopted by said Board of Supervisors on the date therein set forth.

12 Kecia R. Harper, Clerk of said Board

13 By   
14 Deputy

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## **Sales, Transactions, and Use Tax Information Nondisclosure Agreement**

This Nondisclosure Agreement (the "Agreement") is entered as of the First day of January, 2019 by and between the County of Riverside with its principal offices at 4080 Lemon Street, Riverside, CA 92501 ("Disclosing Party") and Civitas Advisors, Inc., a California corporation with its principal offices at 1102 Corporate Way, Suite 140, Sacramento California 95831 ("Receiving Party") for the purpose of preventing the unauthorized disclosure of Confidential Information as defined below. The parties agree to enter into a confidential relationship with respect to the disclosure of certain proprietary and confidential information ("Confidential Information").

**1. Definition of Confidential Information.** For purposes of this Agreement, "Confidential Information" shall include all information or material regarding sales, transactions, and use taxes collected by or behalf of Disclosing Party which is being provided to Receiving Party.

**2. Disclosure of Confidential Information.** In the event Confidential Information is disclosed to any third party through no fault of Receiving Party, Receiving Party shall not be held liable for such disclosure.

### **3. Obligations of Receiving Party.**

A. Receiving Party shall hold and maintain the Confidential Information in strictest confidence. Receiving Party shall carefully restrict access to Confidential Information to employees, contractors and third parties as is reasonably required and shall require those persons to sign nondisclosure restrictions at least as protective as those in this Agreement. Notwithstanding the foregoing, Receiving Party shall not disclose to any third party the gross receipts of any person or entity paying sales, transactions, or use taxes to the Disclosing Party, or the amount of sales, transactions, or use taxes tax generated by any person or entity. Receiving Party shall not for any purpose publish, copy, or otherwise disclose to others, or permit the use by others any Confidential Information. Receiving Party shall not permit any Confidential Information to be photocopied, scanned, transmitted via facsimile, photographed or reproduced in any way without the prior written approval of the Disclosing Party. Receiving Party shall return to Disclosing Party any and all records, notes, and other written, printed, or tangible materials in its possession pertaining to Confidential Information immediately if Disclosing Party requests it in writing. Any report prepared by Receiving Party using Confidential Information shall be written in such a way as to preclude the identification of individual business or individual tax payers by reading the report, provided that this shall not prohibit the preparation and distribution of a report listing persons or entities without disclosure of their respective gross receipts or the amount of sales, transactions, or use taxes generated.

B. Receiving Party shall only disclose the Confidential Information, including any information contained in or derived from the Confidential Information, to the officer or employee designated by Resolution of the Disclosing Party.

C. Receiving Party is prohibited by this Agreement from performing consulting services for any Retailer during the term of this Agreement. For the purposes of this Agreement "Retailer" shall mean any person or business entity that sells goods to the public in small quantities for use or consumption rather than for resale.

D. Receiving Party is prohibited by this Agreement from retaining the Confidential Information, including and information contained in or derived from the Confidential Information, after this Agreement has been terminated. All Confidential Information shall be returned to the Disclosing Party.

4. **Time Periods.** The nondisclosure provisions of this Agreement shall survive the termination of this Agreement and Receiving Party's duty to hold Confidential Information in confidence shall remain in effect until Receiving Party receives from Disclosing Party written authorization to disclose any Confidential Information. Receiving Party shall provide all Confidential Information, including and information contained in or derived from the Confidential Information in any medium, to Disclosing Party within ten (10) days of receiving notice of termination of this Agreement.

5. **Relationships.** Nothing contained in this Agreement shall be deemed to constitute either party a partner, joint venturer or employee of the other party for any purpose.

6. **Severability.** If any provision, clause, sentence or paragraph of this Agreement shall be held invalid by and court of competent authority, such invalidity shall not affect the other provisions of this Agreement which can be given effect without the invalid provision or application, and to this end, the provisions of this Agreement are severable.

7. **Integration.** This Agreement expresses the complete understanding and entire agreement of the parties with respect to the subject matter and supersedes all prior proposals, agreements, representations and understandings. This Agreement may not be amended except in a writing signed by both parties.

8. **Waiver.** The failure to exercise any right provided in this Agreement shall not be a waiver of prior or subsequent rights.

9. **Interpretation and Presumption.** This Agreement shall be interpreted in accordance with California law. It is the parties' express intent that no presumption shall arise from the identity of the drafter.

10. **Indemnification.** Receiving Party shall defend, indemnify, and hold harmless Disclosing Party from and against any and all claims, damages, losses, and causes of action which may be asserted against or suffered by Disclosing Party arising out of the receipt of Confidential Information by Receiving Party, its subsequent disclosure, and/or any breach by Receiving Party of its obligations under this Agreement.

11. **Attorney's Fees and Costs.** In the event of litigation between the parties concerning the interpretation, implementation, or termination of this agreement the prevailing party in such



litigation shall, upon order of the court, be entitled to recover its reasonable attorney's fees, expert witness fees, and costs.

12. **Execution in Counterparts.** This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same document.

13. **Nonassignment.** Receiving Party shall not assign or transfer its interest herein, or delegate or transfer any of its obligations hereunder, without the prior written consent of Disclosing Party.

14. **Applicable Law.** This Agreement shall be interpreted, governed and enforced in accordance with the laws of the State of California applicable to contracts made and performed in the State of California.

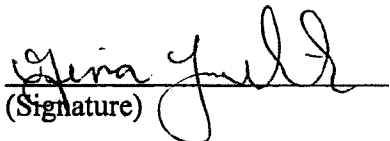
This Agreement and each party's obligations shall be binding on the representatives, assigns and successors of such party. Each party has signed this Agreement through its authorized representative.

CIVITAS ADVISORS, INC.



(Signature)

John Lambeth, President



(Signature)

Gina Trechter, Project Manager

Approved as to Form



David M. McCarthy  
Deputy County Counsel

COUNTY OF RIVERSIDE



(Signature)

KEVIN JEFFRIES

Name

CHAIRMAN, BOARD OF SUPERVISORS

Title

ATTEST:

KECIA R. HARPER, Clerk

By



DEPUTY