

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



ITEM: 2.15  
(ID # 21157)

**MEETING DATE:**  
Tuesday, July 11, 2023

**FROM :** OFFICE OF ECONOMIC DEVELOPMENT:

**SUBJECT:** OFFICE OF ECONOMIC DEVELOPMENT: Receive and File the Temecula Valley Wine & Agricultural Heritage District 2023-2024 Annual Report. District 3. [\$0]

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

1. Receive and file the Temecula Valley Wine & Agricultural Heritage District 2023-2024 Annual Report

**ACTION:**Consent

  
Suzanne Holland, Director of Office of Economic Development 6/22/2023

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**MINUTES OF THE BOARD OF SUPERVISORS**

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

Ayes: Jeffries, Spiegel, Perez and Gutierrez  
Nays: None  
Absent: Washington  
Date: July 11, 2023  
xc: O.E.D.

Kimberly A. Rector  
Clerk of the Board

By:   
Deputy

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

<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:</b> N/A			<b>Budget Adjustment:</b> N/A	
			<b>For Fiscal Year:</b> 23/24	

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

**BACKGROUND:**

**Summary**

On March 2, 2021 (Agenda Item 19.1), the Board of Supervisors adopted Resolution No. 2020-242 establishing the Temecula Valley Wine and Agricultural Heritage District, which then went into effect April 1, 2021.

The Temecula Valley Wine and Agricultural Heritage District (TVWAHD) is a benefit assessment district to help fund marketing, brand awareness, events programs, business improvements, and special projects programs to market assessed wineries in Temecula Valley. This approach has been used successfully in other destination areas throughout the County to provide the benefit of driving increased business sales directly to assessed businesses. A list of all the wineries within the TVWAHD can be found in the Appendix of the TVWAHD 2023/2024 Annual Report.

Winery owners elected to pursue establishment of the TVWAHD to create a revenue source devoted to promoting Temecula Valley as a premier wine destination and increasing demand for wine country visitation to increase winery sales revenue.

**WINE AND AGRICULTURAL HERITAGE DISTRICTS**

Wine and Agricultural Heritage Districts (WAHDs) are an evolution of the traditional Business Improvement District (BID). BIDs allow business owners to organize their efforts to increase sales and promotional efforts. Business owners within the district fund a BID, and those funds are used to provide services that the businesses desire and benefit the businesses within the district.

BID benefits:

- Funds cannot be diverted for other government programs
- They are customized to fit the needs of each destination
- They allow for a wide range of services, including marketing programs, business promotion activities, and infrastructure improvements
- They are designed, created, and governed by those who will pay the assessment
- They provide a stable funding source for business promotion

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

**Impact on Residents and Businesses**

Wineries within the boundaries of the TVWAHD are impacted by the special assessment. By specifically collecting and using the special assessment revenue within the boundary of TVWAHD, there is a financial mechanism in place to help fund marketing, brand awareness, event programs, business improvements, special projects to market assessed wineries. This District does not fund the repayment of any bonds or bond obligations and is solely for the purposes of funding programs to increase winery sales revenue for Temecula Valley wineries with the boundaries of the TVWAHD.

Tourism in general, and the wineries specifically, provide employment and contributes to the local tax base of Temecula Valley.

**Additional Fiscal Information**

The annual assessment rate is one percent (1%) of gross sales revenue on winery sales in the state of California.

**ATTACHMENTS:**

- TVWAHD 2023/2024 Annual Report

  
Scott Bruzner 6/28/2023

  
Aaron Gettis, Deputy County Counsel 6/28/2023



# **TEMECULA VALLEY WINE & AGRICULTURAL HERITAGE DISTRICT**

## **2023/24 Annual Report**

Submitted to the County of Riverside pursuant to Streets and Highways Code section 36650, for the period from April 1, 2023- March 31, 2024

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April 1, 2023 - March 31, 2024

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# Contents

<b>Boundaries .....</b>	<b>3</b>
<b>Improvements and Activities .....</b>	<b>4</b>
<b>Cost.....</b>	<b>7</b>
<i>FY 23/24 Projections .....</i>	<i>7</i>
<i>FY 22/23 Actuals.....</i>	<i>7</i>
<b>Assessment .....</b>	<b>8</b>
<i>Assessment .....</i>	<i>8</i>
<i>Penalties and Interest.....</i>	<i>8</i>
<b>Surplus and Other Funding .....</b>	<b>10</b>
<i>Surplus.....</i>	<i>10</i>
<i>Other Funding .....</i>	<i>10</i>
<b>Appendix – Assessed Businesses .....</b>	<b>11</b>

## Boundaries

There are no proposed changes to the boundaries. There are changes to assessed businesses; one (1) winery changed its name, and one (1) winery closed.

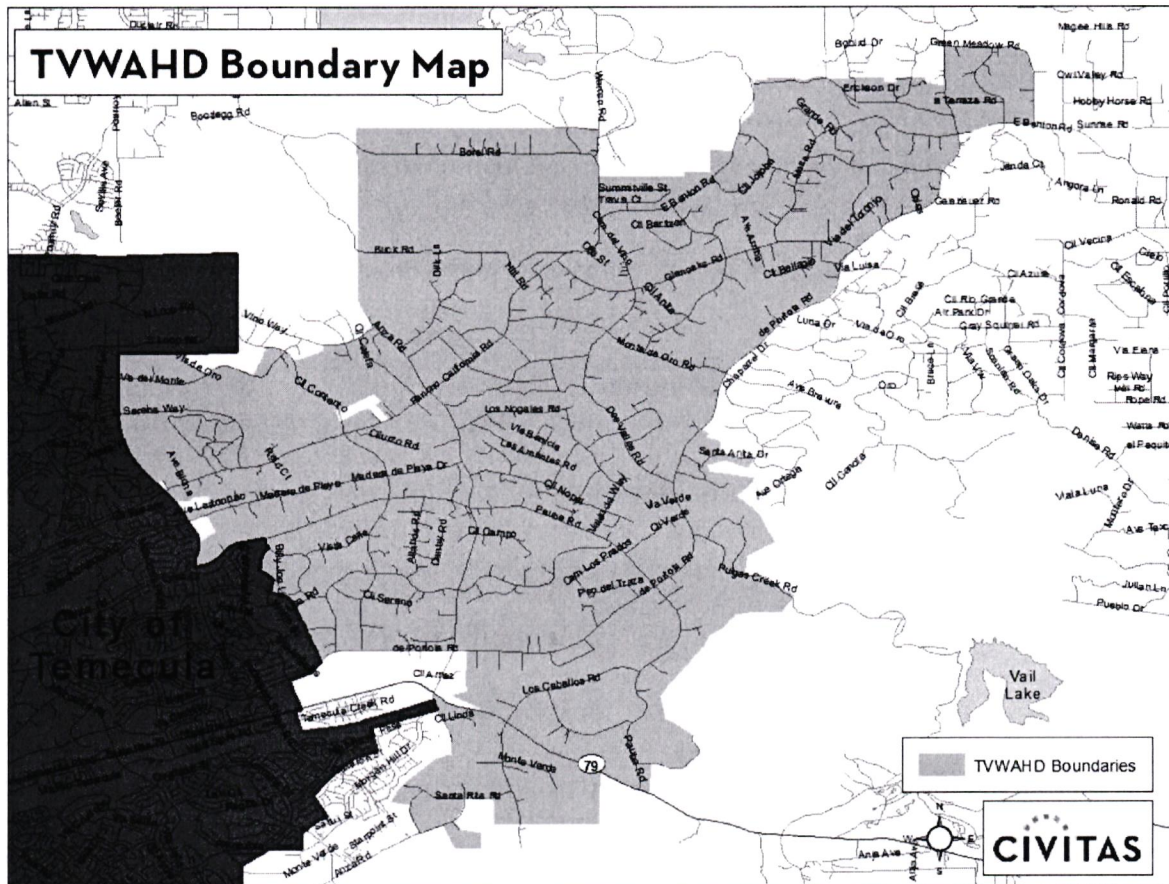
Name Changes:

- Hart Winery Halter Ranch Winery- 41300 Avenida Biona, Temecula, CA 92591

Winery Closure:

- Sweet Oaks Winery- 38831 Pauba Rd., Temecula, CA 92592

The district will continue to assess all wineries, existing and in the future, located in the Temecula Valley region of the County of Riverside. A complete listing of wineries within the TVWAHD can be found in the Appendix.



## Improvements and Activities

In FY 22/23, the Owner's Association- Temecula Valley Winegrowers Association (Association) partnered with Mt. San Jacinto Community College (MSJC) to enhance education programming with the Certified Hospitality Industry Professional course (CHIP).

The improvements and activities to be provided for FY 23/24 are consistent with the Management District Plan and continue to be executed by the Association. There are no proposed changes.

### Marketing, Brand Awareness & Event Activities

A brand awareness marketing program will promote the Temecula Valley Wine Country ("TVWC") as a premium winegrowing region and as a leader in the global wine community. The program will have a central theme that the wines produced in the Temecula Valley are of the highest quality and equal to those produced in any of the world's wine regions. The program will promote the TVWC as a desirable place to visit, where visitors can experience the wineries and vineyards, and meet the people who make the wines, tend the vineyards, and serve the visitors. The program will also promote the TVWC as a place to enjoy fine food paired with fine wines, and a place to enjoy get-togethers and entertainment with family and friends in a wine country atmosphere. The goals of the program will be (1) to increase the demand for Temecula Valley wines and increase visitation by people who are, or want to become, knowledgeable about wine and who are looking to purchase wines for home consumption, and (2) to increase the demand for special events and social functions. To meet these goals, the following activities may be undertaken:

- Development of effective marketing efforts to promote TVWC across paid, owned, and earned channels to increase awareness and generate website traffic to drive tourism and commerce at assessed businesses;
- Paid advertising efforts will include, but are not limited to, print ads in magazines and newspapers, social media and online digital ads, billboards, video, television ads, and radio ads targeted at potential visitors to drive tourism and commerce at assessed businesses;
- Utilizing social media channels and partner's social media to increase awareness and engagement with assessed businesses;
- Preparing and producing collateral promotional materials such as brochures, flyers and maps;
- Developing and executing winery focused special events to attract customers to assessed businesses;
- Ensuring representatives are provided the opportunity to attend trade shows, meetings, industry conferences, and events to promote assessed businesses;
- Supply and coordination of media relations and communications via press releases, announcements, media placements, and social sharing to drive tourism and commerce at assessed businesses;
- Coordination of familiarization tours and virtual tours with travel trade, media, and influencers to assessed businesses;
- Providing public relations strategies including but not limited to: in and out of market

- media familiarization tours, proactive media pitching, and influencer relations;
- Develop wine education events and programs targeted to consumers, media, and trade to grow awareness and visitation to assessed businesses;
- Develop grape varietal education programs targeted to consumers, media, and trade;
- Funding social and educational events to enhance community and bring thought leadership to our assessed businesses;
- Developing collaborative marketing activities in conjunction with complimentary marketing organizations;
- Attending professional industry conferences and affiliation events;
- Contracting with a third-party service for our wineries that aggregates visitor data on a regional level to allow us to track results of specific campaigns and develop ROI metrics; and
- Funding awareness and best practice studies to benchmark and track awareness and operational success of the TVWAHD among assessed winery target market segments.

### **Business Improvement & Special Projects**

Business improvement programs & special projects are developed to increase demand for visitation and sales at assessed businesses, and may include the following:

- Hospitality and sales training programs to provide certified tourism training for front line employees designed to increase visitation and increase sales at assessed businesses;
- Funding destination development activities such as maintaining responsibility for the impact of tourism on the region through trash collection, traffic control, and beautification;
- Comprehensive and integrated wayfinding signage system enhancements to direct visitors to businesses;
- Transportation related programs designed to increase visitation and increase sales at assessed businesses;
- Appellation development initiatives to promote Temecula Valley AVA as a desirable place to visit and to increase sales at assessed businesses;
- Provide support to the assessed businesses for workforce housing programs;
- Advocacy for assessed business work force support;
- Provide employment training and education to assessed businesses;
- Assist assessed businesses with guest communications and POS materials;
- Support education efforts regarding sustainable certification programs for assessed wineries;
- Support education efforts regarding adoption of water re-use and quality improvements for assessed wineries;
- Support education efforts regarding clean-energy initiatives for assessed wineries; and
- Support education of programs to reduce and eliminate pesticide/herbicide use amongst assessed wineries.



**Administration and Operations**

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

**Collection Fee**

A third party collection entity shall be paid a fee equal to two percent (2%) of the amount of assessment collected to cover its costs of collection and administration.

**Contingency/Reserve/ Renewal**

The budget includes a contingency line item to account for lower than anticipated assessments. If there are contingency funds collected, they may be held in a reserve fund or utilized for other program, administration or renewal costs at the discretion of the TVWA Board. Policies relating to contributions to the reserve fund, the target amount of the reserve fund, and expenditure of monies from the reserve fund shall be set by the TVWA Board. Contingency/reserve funds may be spent on District programs or administrative and renewal costs in such proportions as determined by the TVWA Board. The reserve fund may be used for the costs of renewing the TVWAHD.

## Cost

### *FY 23/24 Projections*

The cost of providing improvements and activities for FY 23/24 is consistent with the Management District Plan. The estimated total budget for FY 23/24 is \$1,700,000 in anticipated collections and \$408,000 in carryover from the previous year, for a total budget of \$2,108,000. The categorical breakdown is below. Budget category percentages have been adjusted from the first-year allocations 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.

Category	%	FY 23/24 Budgeted \$	% Change	FY 22/23 Carry Over	FY 23/24 Expense Budget
Marketing & Brand Awareness & Events	67%	\$ 1,139,000	+ 2%	\$ 63,176	\$ 1,202,176
Business Improvement & Special Projects	23%	\$ 391,000	+ 3%	\$ 138,022	\$ 529,022
Administration	5%	\$ 85,000	- 6%	\$ 173,120	\$ 258,120
Contingency / Reserve / Renewal	3%	\$ 51,000	+ 1%	\$ 33,682	\$ 84,682
Collection Fee	2%	\$ 34,000	-	\$ 0	\$ 34,000
<b>Totals</b>	<b>100%</b>	<b>\$ 1,700,000</b>		<b>\$ 408,000</b>	<b>\$ 2,108,000</b>

### *FY 22/23 Actuals*

The projected FY 22/23 collections were \$1,520,000. Actual collections were more than anticipated, totaling \$1,732,110. Budgeted and actual expenses are shown below.

Category	FY 22/23 Budgeted		FY 22/23 Actuals		
	%	\$	\$ Collected	\$ Spent	\$ Carryover
Marketing & Brand Awareness & Events	65%	\$ 988,000	\$ 1,125,872	\$ 1,062,696	\$ 63,176
Business Improvement & Special Projects	20%	\$ 304,000	\$ 346,422	\$ 208,400	\$ 138,022
Administration	11%	\$ 167,200	\$ 190,532	\$ 17,412	\$ 173,120
Contingency / Reserve / Renewal	2%	\$ 30,400	\$ 33,682	\$ 0	\$ 33,682
Collection Fee	2%	\$ 30,400	\$ 35,602	\$ 35,602	\$ 0
<b>Totals</b>	<b>100%</b>	<b>\$ 1,520,000</b>	<b>\$ 1,732,110</b>	<b>\$ 1,324,110</b>	<b>\$ 408,000</b>

## Assessment

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

### *Assessment*

The annual assessment rate is one percent (1%) of gross sales revenue of assessed wineries. Based on the benefit received, assessments will not be collected on purchases made outside of the state of California.

The term "gross sales revenue" as used herein means: the consideration charged by wineries, for all direct to consumer sales of for wine, wine club shipments (whether shipped or picked up), ticket sales, tasting fees, tours and private and public special events, merchandise, prepared foods for on-premise or off-premise consumption (whether sold in a tasting room or a stand-alone restaurant on-premise), orders placed via telemarketing, telephone, online, email, whether carried out at the time of purchase, shipped or picked up at a later date (pre-sales). Gross sales revenue shall not include any federal, state or local taxes collected, including but not limited to sales and use taxes.

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

Bonds shall not be issued.

### *Penalties and Interest*

The TVWAHD shall reimburse the third party collection entity for any costs associated with collecting unpaid assessments. Assessed businesses which are delinquent in paying the assessment shall be responsible for paying:

- 1. Original Delinquency**

Any winery that fails to remit any assessment imposed by this section within the time required shall pay a penalty of ten percent (10%) of the amount of the assessment in addition to the assessment.

- 2. Continued Delinquency**

Any winery that fails to remit any delinquent remittance on or before a period of thirty (30) days following the date on which the remittance first became delinquent shall pay a second delinquency penalty of ten percent (10%) of the assessment in addition to the assessment and the ten percent (10%) penalty first imposed.

- 3. Fraud**

If the third party collection entity determines that the nonpayment of any remittance due under this article 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 in paragraph one (1) and two (2) above of this section.

**4. Interest**

In addition to the penalties imposed, any winery who fails to remit any assessment imposed by this section 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.

## Surplus and Other Funding

### *Surplus*

The amount of surplus to be carried over from the previous year is \$408,000.

### *Other Funding*

Revenue raised from Events contributed \$174,000 in outside funding. Revenue raised from Winery Brochure advertising contributed \$9,000 in outside funding.

## Appendix – Assessed Businesses

<b>Business Name</b>
<b>Akash Winery &amp; Vineyards</b>
<b>Altisima Winery</b>
<b>Avensole Winery/ Avenzia Winery</b>
<b>Baily Vineyard &amp; Winery</b>
<b>Bel Vino</b>
<b>Bella Vista Winery</b>
<b>Bottaia Winery</b>
<b>Briar Rose Winery</b>
<b>Callaway Vineyard &amp; Winery</b>
<b>Carols Deli</b>
<b>Carter Estate Winery &amp; Resort</b>
<b>Chapin Family Vineyards</b>
<b>Churon Winery Bed &amp; Breakfast</b>
<b>Cougar Vineyard &amp; Winery</b>
<b>Danza Del Sol Winery</b>
<b>Doffo Wines</b>
<b>Europa Village Wineries &amp; Resort</b>
<b>Falkner Winery</b>
<b>Fazeli Cellars</b>
<b>Foot Path Winery</b>
<b>Frangipani Estate Winery</b>
<b>Gershon Bachus Vintners</b>
<b>Hart Winery Halter Ranch Winery</b>
<b>Leones Cellars</b>
<b>Long Shadow Ranch</b>
<b>Lorenzi Estate Wines</b>
<b>Lorimar Winery</b>
<b>Lumiere Winery</b>
<b>Mama Rosa's Trattoria</b>
<b>Masia De La Vinya Winery</b>
<b>Maurice Car'rie Winery</b>
<b>Meritage at Callaway</b>
<b>Miramonte Winery</b>
<b>Monte De Oro Winery</b>
<b>Mount Palomar Winery</b>
<b>Oak Mountain Winery</b>

<b>Palumbo Family Vineyards</b>
<b>Peltzer Family Cellars</b>
<b>Ponte Family Estate</b>
<b>Raul Ramirez Winery</b>
<b>Robert Renzoni Vineyards</b>
<b>Somerest Winery</b>
<b>South Coast Winery</b>
<b>Thornton Winery</b>
<b>Julie's Dream Winery</b>
<b>Vindemia Vineyard &amp; Winery</b>
<b>Vitagliano Vineyards &amp; Winery</b>
<b>Wiens Cellars</b>
<b>Wilson Creek Winery &amp; Vineyards</b>