

PREPARED FOR THE GOVERNANCE AND MARKETING COMMITTEE (GMC)

Mendocino County Organization Governance Study

Findings and Recommendations
Phases 1, 2, and 3

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7/2/2014

This document contains the complete governance study beginning with Phase 3 Recommendations, followed by the Phase 2 Report and Presentation Slides, and Phase 1 Stakeholder Survey Results.

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Executive Summary

Good governance demands Board Members with the right mindset operating in a system of governance that provides structure and processes that are conducive to effectiveness. The mindset of the Board Member in a Destination Marketing Organization (DMO) must be focused on how to achieve the Mission within the available resources. Mindset also describes an attitude of Board Members operating as a collaborative body who are “consensus seeking” at all times. The system of governance should be as streamlined as possible with a policy structure and governing processes that are relentlessly focused on achieving mission, vision, and strategic goals. When operating effectively the DMO Board will cultivate over time a culture of accomplishment that is grounded in constructive working relationships and guided by shared values.

The Mendocino County Organizational Governance Study was commissioned to conduct research on the past and present governance of destination marketing efforts of three partnered organizations – Mendocino County Lodging Association, Mendocino County Promotional Alliance, and Visit Mendocino County (MCLA, MCPA, and VMC) - and, based on research findings and assessments (Phases 1 and 2), make actionable recommendations to resolve governance issues and improve future outcomes.

In Phase 3, the Governance and Marketing Committee (GMC) requested the contractor to issue a stand-alone report of governance recommendations that address the following key questions:

- a. Should the current governance structure be abandoned and entirely re-thought, or simply modified in some respect(s), or left intact?
- b. Is there a primary root cause of the governance problems we have experienced – and if so, what is it? Or, are there many, myriad causes – and if so, how should they be prioritized and addressed?
- c. What does, or should, define success for the governance of Mendocino County destination marketing efforts? Based on that definition, what success measures should be in place?
- d. What specific next steps does GMC need to take to implement the Contractor’s governance recommendations, and how should GMC monitor improvements to governance over time?

This report offers recommendations and an action framework to improve overall governance of the DMO (VMC) including best practices adapted to the specific circumstances of the Mendocino County Tourism BID based upon findings from the Phase 1 study and Phase 2 report

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(appended to this report). The recommendations are organized as “5 Signature Changes” for ease of understanding and each with several subsidiary recommendations. The numerical sequence reflects the order of priority of these recommendations:

1. Strengthen Visit Mendocino County (VMC) as a fully realized Destination Marketing Organization (DMO) with one oversight Board (Structure)
2. Change significantly how you recruit, select, onboard, educate, and facilitate development and succession of Board Members (Mindset/Process)
3. Shift your governance focus from tactical/operational to strategic as reflected in all policy development, oversight functions, and meeting processes (Mindset/Process)
4. Commit to foster a governance culture that will attract new board members and sustain healthy relationships (Culture)
5. Significantly improve overall “information governance” to the stakeholder community thru a fully transparent continuing education and outreach process (Mindset/Culture)

These recommendations are responsive to the four questions posed by the GMC as follows:

- a. Should the current governance structure be abandoned and entirely re-thought, or simply modified in some respect(s), or left intact?
 - See Recommendations 1.1, 1.2, 1.3, 1.4
- b. Is there a primary root cause of the governance problems we have experienced – and if so, what is it? Or, are there many, myriad causes – and if so, how should they be prioritized and addressed?
 - Root causes were identified in the Phase 2 report and organized using the Mindset > Structure and Processes > Culture framework. The report documents issues of organizational complexity, lack of board development, stakeholder mis-assumptions about the purpose of the BID, insufficient Boards focus on strategic purpose/mission, ineffective decision-making protocols, and a history of troubling and difficult Board relationships including Board/CEO relations.
 - See All Recommendations under 2.1 -2.5, 3.1 to 3.4, 4.1 to 4.4, and 5.1 to 5.4
- c. What does, or should, define success for the governance of Mendocino County destination marketing efforts? Based on that definition, what success measures should be in place?
 - See the Implementation Plan (p. 23) and Recommended Board Actions (p. 25)
- d. What specific next steps does GMC need to take to implement the Contractor’s governance recommendations, and how should GMC monitor improvements to governance over time?
 - See the Implementation Plan (p. 23) and Recommended Board Actions (p. 25)

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Five Signature Changes

While many iterative and substantive process improvements are needed for the next phase of effective Mendocino Tourism Governance this report will emphasize five areas of “signature” change focus organized under the simple “Mindset> Structure & Process > Culture” framework also applied to the previous Phase 2 Report of Findings.

1. Strengthen Visit Mendocino County (VMC) as a fully realized Destination Marketing Organization (DMO) with one oversight Board (Structure)
2. Change significantly how you recruit, select, onboard, educate, and facilitate development and succession of Board Members (Mindset & Process)
3. Shift your governance focus from tactical/operational to strategic as reflected in all policy development, oversight functions, and meeting processes (Mindset & Process)
4. Commit to foster a governance culture that will attract new board members and sustain healthy relationships (Mindset & Culture)
5. Significantly improve overall “information governance” to the stakeholder community through a fully transparent continuing education and outreach process (Mindset, Process, & Culture)

Each of these five signature areas for change and improvement is detailed in the pages to follow. Each section begins with a question and is followed with a list of recommended actions designed to foster a competent and sustainable system of effective governance. Some of the proposed actions can be implemented within existing systems and structure. Others will necessarily prompt prospective changes to by laws, contracts, budgets, and perhaps even the BID ordinance. These implications are spelled out in a “why, what, how” analysis at the end of each section. An overall suggested implementation plan follows for VMC Board due diligence.

1. One Oversight Board for the DMO

Key Framing Question: How to insure the Governance structure is streamlined and conducive to a focus on strategic outcomes (i.e. a windshield view)?

Why It Matters

Governance is necessarily a “people” process and works best when the structure is simple, clear, and enables Board Members to make strong contributions and build healthy relationships. An overly prescriptive governance process laden with layers of by-laws and controls will maximize oversight and constraint at the expense of strategic focus and outcomes. The existing arrangement of three boards (VMC< MCLA< MCPA) with multiple layers of duplicative oversight and controls is not conducive to efficient or effective governance especially given the market sensitive nature of the organizational mission.

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| Current State Governance Model | Desired State “Tourism Governance Ecosystem” |
|---|---|
| Command and control model | Value Creation Model |
| Multi-level governance | Single Level governance |
| Complex | Simple |
| High degree of “drag” on Operations | Low degree of “drag” on operations |
| Mindset is oversight (rear view mirror approach) | Mindset is strategic /value add (windshield view) |
| Contributes to culture of suspicion, mistrust, interpersonal conflict | Designed to foster a culture focused on outcomes, shared values, mutual trust |

Specific Recommendations

- 1.1 Make the VMC Board primary for BID Governance purposes. The VMC Board in its current form provides 10 seats balanced between lodging stakeholders (5 from MCLA) and other tourism stakeholders (5 from MCPA). This is a suitable arrangement for preserving and protecting the interests of these important stakeholder groups.
- 1.2 Funding should flow directly to VMC. Both the 1% BID lodging funding – currently administered by MCLA via contract with VMC - and .5% county match funding should flow directly to VMC as the county-wide and cross-sector Destination Marketing Organization (DMO).
- 1.3 Selection of VMC Board members can reasonably continue to be guided by the respective policies of the support organizations – MCLA & MCPA – and should adhere to all governance guidelines and recommendations listed below including VMC vetting.
- 1.4 There is no continuing need for the MCLA “Group of 7”. Fold any DMO specific functions managed by this group into the VMC Board or committee process.

What Will Be Required

Change existing policies, by laws, contracts and – prospectively – the BID ordinance to reflect Visit Mendocino County (VMC) as the DMO with a single governance model – the VMC Board. This should happen in the first 90 days following review and approval of these study recommendations. Accordingly, funding should flow direct to VMC without additional intermediary functions applied to the process. (Recommendation 5 focusing on “Information Governance” should suffice for appropriate disclosures and controls applied to funding, budgets, audits, outcome reports, and related accountabilities).

All three existing Boards will need to review and commit to this new model with the understanding that time is of the essence. This study recognizes that the Lodging Association (MCLA) and Promotional Alliance (MCPA) represent important stakeholder sectors in the overall Mendocino Tourism marketplace. The recommendations contained in this report and specifically in this section are not designed to diminish the importance of any groups or

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interests. Rather, the focus is on strengthening the value of the BID as investment capital for the aggregate benefit of all tourism stakeholders.

The principal focus of the recommendations in this Phase 3 Report is on governance of the DMO (VMC) with the following “provisions”:

- ⇒ MCLA and MCPA continue to be (prospectively) important “associations” for purposes of addressing stakeholder interests by tourism sector. To the extent that issues, interests, and/or “identity politics” beyond the scope of the BID are addressed by these Boards on behalf of their respective Members these remain viable structures.
- ⇒ With respect to the BID and DMO there is no continuing need or usefulness for three layers of oversight for the DMO and therefore the roles of MCLA and MCPA should change as suggested in this section. However, the information governance recommendations (Recommendation #5 following) are designed for the DMO Board (VMC) to proactively advocate to the stakeholder community the work and outcomes of the DMO. In this respect VMC should be able to communicate to the lodging sector through or in conjunction with MCLA and a similar approach with the tourism sectors represented by the MCPA. This approach converts layers of oversight to “information conduits” in both directions (needs gathering, information distributing).
- ⇒ MCLA and MCPA – per 1.3 above – should continue to recommend Board Members to serve on the VMC Board as currently allocated – 5 seats each. However, those recommendations should be subject to proper “vetting” by VMC to insure the underlying process of recruiting and electing Board Members to MCLA and MCPA respectively does not contribute to erosion of VMC Board cohesion by replacing “fiduciaries” with political activists.

Recommendation 1.4 above also refers to the prospective dissolution of the entity known as “The Group of 7”. As revealed during the Phase 1 study this is essentially an adhoc group that stepped up to provide some guidance to a governance process that was struggling. This report does not conclude that adhoc entities are never useful but simply that if the overall governance improvement plan is implemented there should be no continuing need for this additional level of oversight.

Critical Success Factors and Potential Risks

The BID governance process has yielded 8 years of evolving policies and procedures some of which have produced very good results while more perplexing issues arising from the process have triggered this governance study. It is not unusual for new governance entities to proceed through a “forming, storming, norming, performing” development cycle before achieving the goal status of “high performing”. In the current instance it appears the process has become stuck in a recurrent spin cycle somewhere between “storming” and “norming”.

Tensions arising from differing views about “whose money” is encapsulated in the BID have contributed to relationship conflicts which have been corrosive to Board cohesion amongst all

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three Boards. For this reason it is imperative that current and newly elected Members of the three Boards commit to a “clean slate” resolution.

Clean Slate simply refers to (a) acknowledging 8 years of governance development producing mixed results (i.e. the “end of the beginning”), and (b) utilizing the current Governance Study recommendations to create a clean “re-start”. Clean slate re-starts allow current participants to continue to contribute but with a new perspective and greater clarity about the alignment between purpose and process. A workshop to “kick-off” the new phase of governance would be time and energy well spent.

The greatest threat to a healthy continuing evolution of the DMO is recalcitrant individual Board Members pulling against the change effort and operating outside the critical “fiduciary of the whole” governance principle.

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2. Board Development and Succession

Key Framing Question: How to attract, develop, and provide effective succession for Board Members with a Mission-Centric mindset and commitment to a “Fiduciary of the whole” governance model?

Why It Matters

Governance Study Board interview participants frequently cited the problem of attracting qualified people to serve on boards. This was reported as partly a function of a relatively small population base to draw from and somewhat exacerbated by relative isolation of some Mendocino County communities.

A common perception is that Board members must come from the ranks of specific stakeholders groups with specific expertise in marketing or lodging management or similar. However, for purposes of building a competent DMO Tourism Governance Board the criteria for attracting and selecting Board members can and should focus more broadly on individuals with demonstrated success in business or leadership roles, willingness to commit the time, and serve the mission of the DMO.

“The most important work of any governing board is to create and re-create the reason for organizational existence. This is not simply the approval of a purpose statement. Nor is this a task done once, then forgotten. It is a perpetual obligation, deserving of the majority of board time and energy.”

- John Carver, 2006

The developmental task of the VMC Board and VMC organization is to focus on providing and funding appropriate training and education to enable current and new Board Members to succeed and contribute effectively. The current Board orientation checklist of procedural duties is not sufficient for these purposes.

Specific Recommendations

- 2.1 Provide effective initial and ongoing education for Board Members in the form of targeted Board Development. For VMC this should occur during onboarding of new board members and continuously over the life of board member participation.
- 2.2 At minimum the onboarding process should be framed around member fiduciary duties, mission-centric board leadership, consensus decision-making, strategic planning, tourism marketing, budgets, DMO operations, ethics, and group norms of acceptable conduct. The real opportunity in board development is to foster strong strategic leadership for advancing Mendocino Tourism goals.

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- 2.3 MCLA and MCPA Boards are encouraged to follow this recommendation as well. In particular, MCLA and MCPA should focus appointment of their respective seats on the VMC Board to individuals who exhibit the highest standards of commitment to the DMO mission along with interpersonal characteristics that contribute to VMC Board cohesion.
- 2.4 Board seats must be subject to term limits to preserve Board cohesion. This was one point on which most stakeholders interviewed for this study readily agreed. Generally term limits work best in staggered two or three year cycles. Note: The existing system of “electing” board Members contributes to current governance problems by focusing selection on representation of specific geographic or sector constituencies. This encourages Board members to become “political” operatives rather than collective Fiduciaries.
- 2.5 VMC must have a clear vetting and approval process for new Board members (e.g. a loyalty oath as part of the onboarding and board development process). VMC must also have a clear policy for the process of removal of Board Members when necessary along with protocols for addressing grievances.

Board Governance Duties

Duty of Loyalty

- *Requires that directors make decisions in the best interest of the organization and not in their own interest or that of a related entity.*
- *Nondisclosure of confidential information*

Duty of Obedience

- *Comply with applicable laws and regulations*
- *Comply with the bylaws*
- *Remain guardian of the mission*

Duty of Care

- *Be reasonably informed about the organization’s activities*

What Will Be Required

Many individuals called to the role of serving on Boards bring extensive relevant work experience in corporate leadership roles, governmental, or community development that prepare them for the “give-and-take” of Board deliberations and decision making on complex issues. However many others do not have the benefit of these formative experiences. Consequently, responsible Boards commit to the process of equalizing Member participation by providing targeted training and education to help Members adjust and embrace their complex Fiduciary duties.

Board Member education properly begins with the “onboarding” process, continues through the term of the appointment, and includes “exit interviews” which contribute to continuing success planning and coordination. Well-crafted education should be focused on the skills emphasized in 2.2 above and all designed to cultivate the essential Mindset of the individual

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serving as a contributing part of the “Fiduciary of the Whole Board”. Properly conducted education should yield Board Members whose Mindset is to:

- ✓ Accept the responsibility to be “Stewards of a Public Trust”
- ✓ Advocate for collective benefit (not individual or sector specific gains)
- ✓ Understand their role is advisory not active service in operations
- ✓ Be cooperative – competing together to advance regional interests
- ✓ Operate collaboratively – to arrive at “best case” decisions
- ✓ Distinguish clearly between “means vs ends” policy decisions

Seat appointments to VMC must be subject to a proper vetting process. This is not proposed to reduce trust in recommendations offered by either MCLA or MCPA. Rather the vetting process is the proper exercise of fiduciary accountability by the DMO which is focused on achieving mission worthy outcomes. Mendocino County Tourism governance over the past 8 years has produced a mixed record of Board Member adherence to the Mindset principles outlined above. The vetting process should be conducted by carefully prepared and consistent methods of behavioral interviewing. It is useful to probe candidates past leadership Behaviors, experience Relating to colleagues, Attitudes, Values, and work Environments they've created in order to help assess how well they will fit with the current governance culture and move it in a desirable direction.

“The responsible Board adheres to a very strict rule that the authority of the Board resides in the Board as a body not in members of the Board. If you are on a nine-member Board, you do not have one-ninth of the authority; you have none of it, while the Board has all of it.”

John Carver, 2009
The Policy Governance Model

Term limits also represent an essential policy adjustment addressed by this recommendation. Term limits guarantee the Board will be refreshed with new members bringing new ideas and perspectives to help keep the Board and organization focused. Term limits are also the primary hedge against individuals overstaying their usefulness to the Board. During the Phase 1 interview process some Board Members suggested that lack of competition for elected ‘seats’ contributed to a few individuals staying on the Board for many years. This problem can be easily resolved with a policy adjustment that turns the seat over to another sector if no reasonable candidates step up at the conclusion of the incumbent terms.

Critical Success Factors and Potential Risks

There is an opportunity to combine a “kickoff” meeting based upon an updated governance model for the VMC with a Board Development workshop designed to integrate newly elected

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Board Members during the summer of 2014. Any changes to the BID Ordinance, Board Contracts, and associated policies should be completed prior to seating new Board Members or convening this “kickoff”. See the Proposed Implementation Plan for timing and sequence.

To achieve transformation to the next stage some Board Members will necessarily have to “let go” of a mindset that may be adversely impacting collective results. In the ideal individual Board Members would self-assess for continuing loyalty to the revised governance process. It is realistic to conclude that some Board Members may be unable to adapt to the new arrangements. Each situation should be addressed forthrightly and individually.

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3. Strategic Governance Focus

Key Framing Question: How to insure the system of governance is focused on strengthening the capacity, capability, and resources of the DMO to achieve county wide economic Tourism benefits for stakeholders?

Why It Matters

A Destination Marketing Organization (DMO) is a windshield enterprise – always asking “where are we going”, and “what is the best, fastest, most impactful way to get there?” Healthy DMO Boards are always looking to the horizon to assess how well the organization is paving a pathway to achieve the planned vision and goals. Effective governance therefore requires Boards of Directors to stay focused on the mission, purpose, and strategies of the organization. While many current Board Members clearly understand this responsibility others appear to be overly focused on internal operations and place at risk the strategic mission focus necessary for good governance.

Specific Recommendations

- 3.1 Develop and agree on Governance Guiding Principles. This is strongly encouraged and a sample set can be found below. Guiding Principles help a group with diverse interests orient to a common set of operating and navigating principles. Adoption of true “consensus decision-making” is one clear example.
- 3.2 Establish Decision Protocols to help guide and inform Consensus-Decision Making during governance proceedings. This is especially important when considering significant budget expenditures, service contracts, and other resource investments. Example protocols applicable to this Mendocino DMO include: Will it (the expense) help us achieve our mission? Does it advance the interests of all stakeholders? Is there a faster, better, and/or cheaper alternative?
- 3.3 Charter all VMC Board Committees. The simple charter approach should provide purpose, goals, participation guidelines, decision-making framework, boundaries, and reporting requirements. The existing VMC committees could be re-organized to reflect the primary functions of the DMO including Marketing, Governance, Personnel, and Fiscal/Budget. Sub-committees addressing media, festivals, and website should be subordinate to the Marketing Committee. In this approach the current Governance and Marketing Committee (GMC) would not need to continue as a separate entity but would fold into the newly chartered Marketing and Governance Committees respectively.
- 3.4 Implement a CEO/Board relations framework addressing selection, development, succession, and performance evaluation criteria for the CEO. Hiring, guiding, supporting, and evaluating the CEO is one of the primary functions of the VMC Board.

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The performance evaluation process should be heavily weighted to reflect strategic marketing accomplishments consistent with the approved strategic plan. The Board has an additional duty to insure the CEO is receiving training, guidance, resources, and support that will contribute to his/her success on behalf of the DMO.

“The Board has only one employee. The CEO has the rest.”

John Carver

What Will Be Required

Governance is best approached as a thoughtful system of engagement in which all activities – meetings, committees, outreach, reporting - are necessary and useful.

It is important to establish Governance Guiding Principles to shape and inform Board focus and deliberations. The VMC Strategic Plan Guiding Principles – while focused on organizational actions - provide a very good beginning governance framework for this purpose.

- Create programs that **sustain the balance of the county on both the coast and inland** while maintaining the unique urban and rural assets of the county.
- **Be research-based and innovative** in promotions, strategies and programs.
- Engage all constituencies and stakeholder groups in an effort **to continually solicit new ideas and present marketing results.**
- **Exceed expectation** through the customer service the organization provides for its constituents and stakeholders.
- **Provide transparency** for all aspects of the organization and open to community and constituent review.
- Be recognized by industry peers **by achieving and maintaining accreditation through the Destination Marketing Association International (DMAI).**

As noted in Recommendation 3.2 above Decision Protocols are an important and useful tool to help diverse Boards to arrive at timely decisions on complex issues. These protocols are essentially reminders to stay mission focused while always seeking the best possible solutions. Finding best alternative solutions is also the key to Consensus Decision-Making so decision protocols serve multiple purposes for Board effectiveness.

Recommendation 3.3 above focuses on the use of the “Charter” process to redefine the purpose and function of Board committees. The Charter approach is a very useful tool for helping committee stay aligned to Board Governance priorities while also providing

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performance parameters. This activity should be initiated following implementation of Recommendations 1.1 to 1.4 as reflected in the Implementation Plan that follows. The Governance and Marketing Committee (GMC) which commissioned this Governance Study along with a timely Marketing Study and Plan should be absorbed into respective separate VMC Marketing and Governance committees. It is understood that the GMC is essentially a joint MCLA/MCPA product but its worth should transfer to the DMO as suggested.

The fourth Recommendation in this section (3.4) addresses Board/CEO relations. This process needs to be purposeful, clear, and strategic: purposeful in the sense of helping the CEO to succeed on behalf of the DMO; clear in the sense of setting performance expectations and providing the policies and parameters to encourage optimal performance; strategic with respect to assisting the CEO to secure the resources, partnerships, stakeholder support, and – when necessary - training and/or guidance to insure successful DMO operations.

Critical Success Factors and Potential Risks

It was observed during the Phase 1 Board interviews that historical reliance on “Robert’s Rules of Order” for meeting decorum purposes has yielded mixed results. In the first instance the structure does enable the three Boards to secure decisions in the form of votes that are then recorded and reported. However, this meeting method is notoriously ineffective at encouraging broad participation in Board dialogue, deliberations, and ultimately achieving effective consensus decisions. A hybrid format is recommended for increasing overall Board cohesion and should be made part of the Board Development program.

CEO/Board relations should not be taken for granted. VMC has had one CEO since inception. The majority of Board Members interviewed during Phase 1 of this study reported the current CEO has “grown into the job” and expressed continuing support for his capacity to learn and grow further in the role. However, learning-by-doing is not a complete substitute for targeted learning and development and the current CEO would benefit from Board focus on building his skills and closing performance gaps when needed. It should be noted that the core business of the DMO – marketing and sales – offer no guarantees of success and the CEO cannot be expected to succeed in every strategy. Learning by iteration is powerful way to grow leadership skills and this approach should be embraced by the VMC Governance Board when considering and evaluating CEO performance.

It was noted frequently during the Phase 1 Study that the current Boards were over-engaged in “investigating” the performance of the CEO and VMC operations. One recent example was the adhoc “audit” of the books in which CEO expenditures were a primary subject. Good governance dictates setting proactive performance parameters through policies such as per diem expense limits and types of expenditures pre-approved for particular activities. This approach obviates the need to “inspect” after the fact while providing the CEO and staff clarity

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regarding day-to-day expensing of activities consistent with the strategic marketing plan and budget.

A “red flag” issue that also emerged during the Phase 1 discovery process was stakeholder concerns about the disclosure and appropriateness of the CEO salary for this DMO. The VMC Board should utilize the Personnel Committee to conduct a simple competitive salary assessment comparing DMO and key staff salaries to industry standards for similar size and scope DMO operations. The DMAI (Destination Marketing Association International) maintains annually updated fiscal reports and benchmark studies that would adequately address this concern for the simple cost of membership.

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4. Healthy Governance Culture

Key Framing Question: How to build Board cohesion based upon mutual trust and healthy relationships that attract new board members and offer a satisfying experience for all?

Why It Matters

For the DMO Governance culture to become fully viable and sustainable behaviors (the way we do things) are inextricably linked to relationships, informed by attitudes, built on a solid base of values, and completely appropriate for the tourism environment in which the DMO operates.

Development of a proactive, positive, and effective governance culture requires a commitment by Board Members to build relationships based upon mutual trust and a relentless focus on Mission. A healthy governance culture is both a goal (end) and guiding principle (means). It becomes one of the most important tools for Boards to self-assess on the road to effectiveness and cohesion.

“All music is made from the same 12 notes. All culture is made from the same five components: behaviors, relationships, attitudes, values and environment.”
*George Bradt,
Forbes, Feb 2012*

Specific Recommendations

- 4.1 Establish “Group Process Agreements” (norms of conduct) for the VMC Board. This recommendation also applies to the MCLA and MCPA Boards. These agreements should specify behaviors expected of all Board members during Board communications, meeting deliberations, and problem solving. The agreements should apply to both full Board and committee work.
- 4.2 Secure ethics training and develop protocols to avoid conflicts of interest and mitigate “conflicts of politics”. The protocols should also define an approach to conflict resolution which preserves mutual trust and Board cohesion.
- 4.3 Mutual trust can be developed through the meeting interaction process by improving agenda management, allocating speaking time fairly and proportionally, and debriefing important agreements or decisions. Debriefing should focus not simply on dialogue outcomes but also on the relative effectiveness of the process that produced the outcomes.
- 4.4 VMC Board interaction with staff through operational oversight should focus on providing policies and parameters that enable staff to perform at their highest level of capability. This means moving away from “investigative oversight” practices. For example, establishing clear policies on per diem expenditures for travel and related expenses sets clear expectations for staff and reduces substantially the need for

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“audits” beyond what is reported though the Budget/Income Statement process and audited annually.

What Will Be Required

Group Process Agreements should be developed for each of the three Boards by participants during a Board development workshop. The proposed “kickoff” meeting for the newly revised governance structure for VMC would be an excellent time to do this work. Establishing process agreements (AKA, “Ground Rules”) should not be treated as a perfunctory exercise. The goal is not to develop a list of behaviors or conduct “rules” that can be posted in Board meeting rooms. The real purpose is to facilitate a serious reflection amongst participating Board Members about their respective participation needs.

The number of “Red Flag” issues identified during the Phase 1 discovery process strongly suggests a need for Ethics training for current and new Board Members. While this action is properly included in the Board Development recommendation (#2) it is also an important aspect of how Board Culture is defined and shaped. Ethics considerations go beyond the “Fiduciary of the Whole” mindset articulated earlier in this report.

It is well understood that relationships based upon mutual trust are the key to healthy governance and group process overall. However, it is often difficult for Boards to affect the “trust” process particularly in a procedural environment predicated on “Robert’s Rules of Order”. As suggested earlier in this report (Recommendation #3) and amplified in the final section (Recommendation #5) trust can be formally strengthened by adopting simple dialogue tools. One of the most important and easily adopted is the process of “debriefing” meetings. A second tool is introducing proper consensus-decision making practices into the governance deliberation process. A third tool is visual recording of meeting minutes and agreements. A final tool is to establish a “Governance Ambassador” policy for all three Boards. See Recommendation #5 for more details.

Critical Success Factors and Potential Risks

In one sense, Group Process Agreements are the first step in active culture development – finding common ground about styles of communication, decision-making, exchanging feedback, demonstrating shared respect, and coming to agreement in a consensus oriented governance process. The current “Meeting Guidelines” prepared by the MCLA Board reflect an understanding by some Board Members of the need for this kind of behavioral coherence. However, the development process needs to be conducted by the full Boards, reviewed annually, made part of the Board self-assessment process, and become part of the onboarding process for new Board Members.

A DMO is a unique form of nonprofit entity due to its reliance on public funding. This public funding places the DMO in an environment that is both political and subject to widely disparate views on efficacy. These tensions can provoke the politicization of Board Member elections and this political atmosphere can creep into the DMO Governance process in a non-constructive manner. There is strong evidence that this is the current state particularly with respect to the MCLA Board. While ethics training and associated policies are primarily designed to mitigate conflicts of interest it is also useful in further

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mitigating “conflicts of politics” as noted in 4.2 above. This training should be a pre-requisite for seating of new Board Members and should be signified by written agreements that are signed by each Member.

Trust-Building Tools Explained:

- ⇒ “Debriefing” meetings: agenda time should be set aside for the final 5 to 10 minutes of each governance meeting to assess meeting effectiveness along several dimensions including individual satisfaction with “being heard and understood” during the dialogue process, shared “talk time”, and the quality of the agreements that may have resulted. Any residual “hurt feelings” should be revealed and reviewed for future process improvements. This should be done at every meeting of the three Boards.
- ⇒ Proper consensus-decision making practices: when trained to conduct this process effectively politics get removed from the process and the focus becomes less on “negotiating” agreements and more on “finding the best way” forward from a policy, budget, or strategy perspective. This “best way” goal is the hallmark of a high performing Governance process.
- ⇒ Visual recording of meeting minutes and agreements: Visual recording serves at least three important functions in meeting management and building trust. First, it makes clear and evident all of the facts, ideas, and positions that have emerged during Board dialogue. Second, it has the useful effect of mitigating the tendency of some Board Members to speak too long and off topic. Third it becomes an essential tool for clearly articulating Board motions based upon consensus decisions in a manner that removes ambiguity or confusion from the process. This has the effect of improving trust in the final outcome and overall Board cohesion.

Mendocino Governance Study – Phase 3 Recommendations

5. Information Governance

Key Framing Question: How to insure that stakeholders have full and timely access to information, education, and engagement with the work of the Mendocino DMO?

Why It Matters

As a publicly funded entity the DMO is only as strong as the support it receives from stakeholders. The task of communicating about the activities and outcomes of the DMO is not simply a duty or obligation but an important an essential component of good governance. While the Phase 1 discovery process revealed strengths in reporting via CEO reports and via the VMC web site it was also evident that not enough attention has been given to “Internal Marketing and Outreach” to stakeholders.

The issue of “transparency” was frequently cited as a concern or source of frustration by many study participants. It is likely that the evolving history of both multi-layer oversight by three Boards together with an unnecessary focus on “inspection” of VMC (Board and Operations) has produced the unhelpful consequence of “transparency” becoming “fault finding” rather than “information sharing”. The recommendations in this section are designed to mitigate this problem.

Specific Recommendations

- 5.1 Provide full transparency for VMC activities with at least quarterly reporting to include budgets, expense reports, planning documents, CEO reports, and similar DMO outputs.
- 5.2 Provide timely and frequent continuing education and outreach to stakeholders from all tourism sectors in Mendocino County regarding the strategic initiatives of the DMO.
- 5.3 Board culture is easily eroded when Board Members fail the test of “ambassadorship” on Board decisions, policies, practices, or even interpersonal relationships. The Ambassador protocol should be included in the group process agreements outlined in 4a above and communicated to stakeholders consistently as well.
- 5.4 Conduct an annual planning retreat with the VMC, MCLA, and MCPA Boards that is open to the public. The retreat should provide information on prior year results and planned initiatives while inviting active engagement from the stakeholder community.

What Will Be Required

There are four significant components to this Recommendation for improved “Information Governance”: Reporting, Continuing Education, Ambassadorship, and Annual Retreat.

Mendocino Governance Study – Phase 3 Recommendations

Effective information governance begins with a mindset at the Board and operations levels that both gathering and sharing information are solemn duties of good governance. VMC must strive for a multi-channel system of communications that brings essential stakeholder interests, ideas, needs, and concerns into the governance and strategic planning dialogue. VMC must reciprocate by delivering timely, recurring reports of progress on Strategic and Marketing Plan outcomes including emerging issues.

One of the most important functions of DMO “reporting” is to utilize channels of outreach for education purposes. As is generally true in economic development initiatives, most stakeholders have a limited and sometimes incorrect understanding of the cause-and-effect relationship between specific tourism marketing initiatives and the intended outcomes. Consequently stakeholders often rely on governing Boards to “interpret” these reports.

When the Boards are misaligned in terms of mindset, culture, and strategic focus these interpretations can exacerbate misunderstanding. In effect, two stakeholders looking at the same data element will draw different conclusions about whether the data represents “success or failure” depending upon their understanding of the context. Outreach and education of stakeholders should be proactively designed and advocated at the Board and Operations levels to enable qualified review and input to the overall tourism marketing program.

Another critical function of Board Members is the role of “ambassador”. As ambassadors of the mission, vision, strategies, and values of the DMO Board Members become a public “face” of the DMO for purposes of outreach, influence, and advocacy. A critical dimension of this policy is the commitment by Board Members to publicly support consensus decisions made within the governing process even when the individual Member may have held disagreements with those final decisions. This is the essence of what “consensus” actually means.

Recommendation 5.4 proposes an annual retreat for the three Boards that are also open to the public. This is an information governance approach that also builds culture through transparency, relationship building, board development exercises, and civil dialogue. The retreat should be timed strategically to review assumptions and ideas that will become important to the strategic marketing plan development process. The retreat will produce better results if professionally facilitated by a competent facilitator with no investment in the business of the DMO, subsidiary organizations, or stakeholder groups.

Critical Success Factors and Potential Risks

A regular system for gathering stakeholder input could include surveys timed to the Marketing Plan development cycle along with periodic “briefings” offered by the Boards of MCLA, MCPA, and other Tourism Stakeholder entities in the county.

Mendocino Governance Study – Phase 3 Recommendations

Developing the web site as an essential distribution channel along with social media platforms and regularly updated email contact lists will be key to the information/report distribution process. Selection of key indicators that are responsive to stakeholder interests will be critical for building understanding and support for initiatives of the DMO.

An explicit “Ambassador” policy should be developed and integrated with the Group Process Agreements to address guidelines for Board Members outside the governing Board meeting room. Board Members as Ambassadors also offer an important opportunities for proactively influencing public policy particularly around infrastructure investments that enhance the overall visitor experience (roads, signage, maintenance, etc.)

Mendocino Governance Study – Phase 3 Recommendations

Governance Recommendations Implementation Plan

Following is a concise implementation plan and timetable for Governance Recommendations contained in this Phase 3 Report:

| Recommended Sequence | Timing | Owners | Outcomes |
|--|---------------------|---|---|
| 1.1 Board Resolution to approve Governance Study | July 2nd | MCLA, MCPA, VMC | Resolution Adopted, VMC designated as the DMO |
| 1.2 Funding direct to VMC | 30 Days | VMC, MCLA, MCPA | BID Ordinance changed to reflect funding direct to VMC from lodging and county sources, contracts modified to reflect the new structure |
| 1.3, 2.5 MCLA and MCPA continue to provide 5 seats each on VMC Board – all new members vetted by VMC | August | MCLA, VMC | Seating of new MCLA Board Members; any changes in Board Members referred to VMC subject to full vetting and approval by VMC |
| 1.4 Fold Group of 7 into Committee Processes | 30 days | MCLA, VMC | Removal of adhoc group processes will minimize distractions from adoption of overall governance recommendations |
| 2.1 Board Development | 30 days and ongoing | VMC – primary | Kickoff meeting for the new governance structure, ongoing for new and existing Board Members, component of annual retreat |
| 2.2, 2.3, 4.2 On Boarding and Ethics Training | 30 days and ongoing | VMC – primary MCLA – encouraged MCPA - encouraged | Formal onboarding of new board should follow the Board development protocols in 2.1 – especially ethics, culture, fiduciary, decision-making, procedures, accountability, group process norms |
| 3.4, 4.4 CEO/Board Relations | 30 to 60 days | VMC | Identify specific policy parameters for CEO/staff expenditures and reporting to improve overall |

Mendocino Governance Study – Phase 3 Recommendations

| Recommended Sequence | Timing | Owners | Outcomes |
|--|--|---|--|
| | | | accountability; refine performance review policy for the CEO to emphasize Marketing Plan outcomes |
| 2.4 Term Limits | 30 to 60 days | VMC, MCLA, MCPA | Policy revision completed and implemented |
| 4.3 Board Meeting processes to increase trust | 30 to 60 days | VMC – primary MCLA – encouraged MCPA - encouraged | Implementation of recommendation “tools for building mutual trust” as outlined in the report Training provided as necessary to support the component processes |
| 3.1, 3.2, 4.1. 5.3 Governance Guiding Principles, Decision Protocols, Group Process Agreements, Ambassador Policy | 90 Days | VMC, MCLA, MCPA | All frameworks in place and adopted for recurring meeting practice |
| 3.3 Charter VMC Committees | 120 days | VMC MCLA – encouraged MCPA - encouraged | Charter format adopted by full Board and executed for each committee per the recommendations GMC either integrated into revised “marketing” and “governance” committees or function as the consolidated implementation review committee |
| 5.1, 5.2 Transparency through Reporting, Education, Outreach | 30 days & ongoing Quarterly Reports Calendar of Outreach | VMC | Implement reporting systems proposed for proactive transparency and accountability |
| 5.4 Annual Retreat | Calendar for 2015 | VMC | Retreat plan developed and logistics coordinated; outreach to MCLA, MCPA, stakeholders for “save the date” & participation opportunities |

Recommended Board Actions

Proposed Board Resolution

Adopt the Organization Governance Study Recommendations as a package including the five signature “changes” proposed and the component recommendations. Agree to refine the proposed implementation plan to an appropriate timetable.

How to Monitor Progress

There are a number of convenient and useful tools available to assist both the DMO Board and tourism stakeholders in monitoring the pace and effectiveness of the changes recommended in this report. One possibility is to write the monitoring function into the Committee Charters for the separate “Governance” and “Marketing” Committees of the VMC which would then be reported to the full VMC Board and distributed to MCLA, MCPA, and stakeholder organizations.

- Monthly board meeting agenda reviews and decision/process debriefs
- Selection of critical DMO “indicators” reflective of specific stakeholder group interests
- Quarterly reports to stakeholders
- Annual Retreats
- Annual Board and Stakeholder Satisfaction Survey
- Governance Board Self-Assessment (Culture Assessment – conducted quarterly)
- Stakeholder Feedback both formal and informal
- Marketing plan and budget approvals to be calendared on a longer development cycle
 - This approach would preserve the opportunity for timely stakeholder input to the marketing plan and budget development processes without subjecting either the development or approval processes to non-value-added multi-layer approvals

Mendocino Governance Study – Phase 3 Recommendations

Recommended Reading

Boards That Make a Difference, John Carver, 2006

- http://www.amazon.com/Boards-That-Make-Difference-Organizations/dp/0787976164/ref=sr_1_1?s=books&ie=UTF8&qid=1404156539&sr=1-1&keywords=boards+that+make+a+difference

The Policy Governance Model and the Role of the Board Member, John Carver, 2009

- http://www.amazon.com/Carver-Policy-Governance-Guide-Member/dp/0470392525/ref=sr_1_6?s=books&ie=UTF8&qid=1404156539&sr=1-6&keywords=boards+that+make+a+difference

Destination Marketing Association International – Governance Resources:

- 2013 DMO Organizational & Financial Profile Study - The 2013 DMO Organizational & Financial Profile Study is the most comprehensive study of its type produced for destination marketing organizations.
<http://www.destinationmarketing.org/2013-dmo-organizational-financial-profile-study>
- Tourism Improvement Districts
<http://www.destinationmarketing.org/tourism-improvement-districts>

Tourist Destination Governance, Practice, Theory, and Issues, Eric Laws et al., 2011

- http://www.amazon.com/Tourist-Destination-Governance-Practice-Theory/dp/1845937945/ref=sr_1_1?s=books&ie=UTF8&qid=1404156796&sr=1-1&keywords=tourism+destination+governance

Destination Leadership for Boards, Bill Geist, 2007

- http://www.amazon.com/Destination-Leadership-Boards-Book-One/dp/0975548409/ref=sr_1_1?s=books&ie=UTF8&qid=1404156907&sr=1-1&keywords=destination+leadership+for+boards

Good Governance for Nonprofits, Developing Principles and Policies for an Effective Board, Fredric L. Laughlin and Robert C. Andringa, 2007

- http://www.amazon.com/Good-Governance-Nonprofits-Developing-Principles/dp/0814415946/ref=sr_1_1?s=books&ie=UTF8&qid=1404157093&sr=1-1&keywords=good+governance+for+non-profits

Nonprofit Boards, Roles, Responsibilities, and Performance, Diane J. Duca, 1996

- http://www.amazon.com/Nonprofit-Boards-Roles-Responsibilities-Performance/dp/0471130206/ref=sr_1_1?s=books&ie=UTF8&qid=1404157189&sr=1-1&keywords=nonprofit+boards%2C+diane+duca

Phase 2 Report of Study Findings from Phase 1

Mendocino County Organization Governance Study

Mendocino County Organization Governance Study

Phases 1 & 2 - Study Findings Little River Inn - May 27, 2014



Prepared By: Michael Ward
Chief Strategy & Innovation Officer
HighBar Global Consulting



Mendocino County Governance Study – Report of Findings from Phase 1

The Mendocino Governance Study Phase 1 was undertaken by HighBar Global at the request of the Governance and Marketing Committee (GMC). The study utilized three research and data sources:

1. Board Member Interviews with the VMC, MCLA, and MCPA Boards
2. An online web survey using Survey Monkey
3. A historical records review

Board Member Interviews

A total of 30 interviews were conducted during 34 hours with current and former Board Members of the three participating entities – VMC, MCLA, and MCPA. Most interviews were conducted in person during five days of scheduled visits alternating locations between Fort Bragg, the South Coast, and Ukiah. Final interviews were conducted remotely via telephone. All interviews were conducted using the same GMC approved question format with responses typed live via laptop by this interviewer. All Board Members were advised that while responses were being recorded the interviews would remain anonymous for reporting purposes. The interviewer recorded most respondent comments verbatim while occasionally paraphrasing and/or checking with the respondent for clarification.

Board interview summaries including the Interview Template are posted in a later section of this report (pages 20 - 33) and clustered by categories selected by the interviewer. The interviewer was careful not to change the words or obvious meaning intended for conveyance by Board Member responses to questions posed.

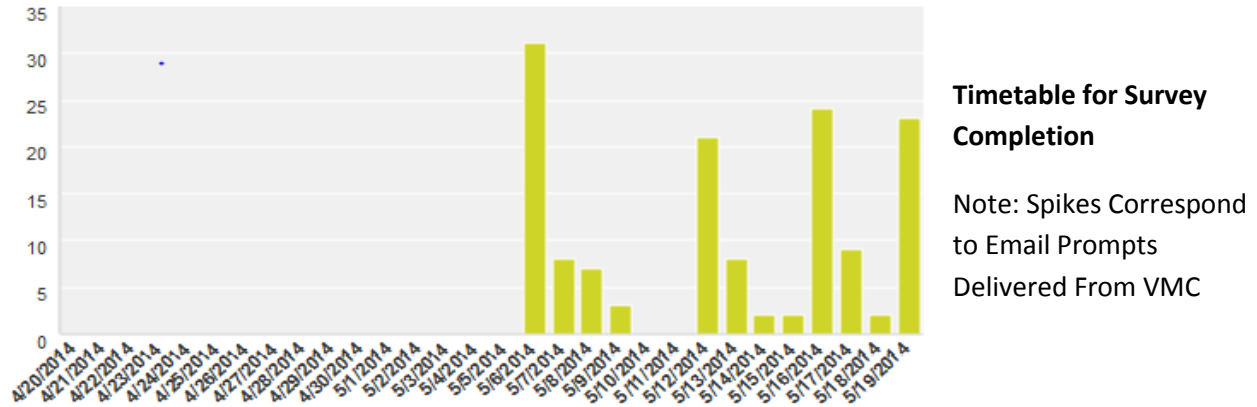
Online Survey

The web-based survey was developed by HighBar Global to gather stakeholder assessments of the relative (perceived) value of the BID, VMC, and the Governing Boards while also inviting input or suggestions for improvement. HighBar Global worked with VMC and the GMC to coordinate a one week fast track outreach to stakeholders to increase the number of email addresses that could be utilized for survey and subsequent outreach purposes. After the addition of new emails gathered during this one week outreach VMC supplied a combined contact list of 670 (238 from lodging). The survey was released on May 6 with an invitational email sent to the list of 670.

The survey included 10 questions including two “identifier” questions to determine the type of business and geographic locations of the respondents while otherwise preserving anonymity. Questions 1 through 9 (all required a response) offered a simple selection from drop down menus or Likert scaled choices including several that offered the option of brief comments at the discretion of the respondent. Question 10 was the only completely open-ended question specifically asking for suggestions respondents might have for improving governance of the BID to promote better tourism promotion outcomes for Mendocino County (see pages 34-38 for these suggestions from 82 respondents clustered into three categories: instructive, constructive, and non-constructive).

Mendocino County Governance Study – Report of Findings from Phase 1

A total of 140 completed surveys were received via the secure HighBar Global Survey Monkey platform yielding a very good overall response rate of 20.89%. Complete unedited survey results including all discretionary comments are appended to this report following page 37.



Historical Records Review

The following partial list provides a sampling of records reviewed to ascertain the current and historical events and development patterns that have fostered the current governance structure and processes.

- ✓ Meeting Agendas and Minutes from each of the participating Boards VMC, MCLA, MCPA
- ✓ The Chart of Relationships Among the Four Existing Organizations
- ✓ Mendocino County Destination Marketing Organizational Chart
- ✓ Statement of Intent Developed by the Governance and Marketing Committee for this study
- ✓ MCLA Board of Directors meeting Guidelines
- ✓ Yearly Report Process Overview - Including Addendum Providing Chronological Listing of Reports
- ✓ (Draft) Bylaws for Visit Mendocino County (Revision Dated March 25, 2014)
- ✓ MCLA Organizational Issues in Order of Ranking, Status, and Action (Revised Feb. 2, 2014)
- ✓ A Listing of Future Action Addressing MCLA's Organizational Issues in Order of Ranking, Status, and Action (Revised Feb. 18, 2014)
- ✓ VMC Response to MCLA's Issues Including tasks Completed, Tasks to be Completed, and Clarification Needed (April 13, 2014)
- ✓ Assessing Governing Board Effectiveness (Survey developed by Len Wood & Associates)
- ✓ BID Ordinance Survey Data Summary

Mendocino County Governance Study – Report of Findings from Phase 1

- ✓ VMC and MCLA Web Sites
- ✓ Visit Mendocino County Strategic Plan 2013-2016
- ✓ VMC Marketing Plan(s)
- ✓ BID Ordinance
- ✓ Duke Initiative on Survey Methodology, Tipsheet – Sensitive Questions
- ✓ VMC Annual Reports – 2011, 2012
- ✓ VMC 2014-2015 budget
- ✓ MCLA Annual Plan, 2013-2014
- ✓ MCLA and MCPA Bylaws 2014
- ✓ 2013-2014 MCPA County Contract
- ✓ Draft MCPA VMC Agreement 2013-2014
- ✓ MCLA 2012-2015 Agreement – Updated Draft
- ✓ Miscellaneous Related Documents Supplied by GMC or VMC

Mendocino County Governance Study – Report of Findings from Phase 1

The Context for Governance

Note: The Slide Deck prepared for presentation on May 27, 2014 to the Boards of VMC, MCLA, and MCPA follows the order and content of pages 5 through 18 of this report.

The Governance and Marketing Committee (GMC) did not retain a consultant to offer “judgments” about current or historical board conduct or effectiveness but rather to try to understand the current state of Board Governance and how you got here for the purpose of crafting a path forward that will improve your outcomes, your overall satisfaction as participants, and your community.

How important is Board Governance? Effective Boards can have a catalytic effect on achieving mission outcomes while dysfunctional Boards can exert very real “drag” on the ability of the organization to achieve its purpose. Renowned Board Governance Scholar and author John Carver wrote:

“...the most important work of any governing board is to create and re-create the reason for organizational existence. This is not simply the approval of a purpose statement. Nor is this a task done once, then forgotten. It is a perpetual obligation, deserving of the majority of board time and energy.” (2006)

Effective Governing Boards do most of their work at the policy level by fostering the environment and conditions for always-constrained resources to be deployed by staff in a manner that achieves important organizational goals and objectives.

“Governance is the process of setting goals, defining expectations, allocating resources, and verifying performance.” Wake Forest University

Nonprofit Board directors and officers have three primary “fiduciary” duties:

- Duty of Loyalty
 - *Requires that directors make decisions in the best interest of the organization and not in their own interest or that of a related entity.*
 - *Nondisclosure of confidential information*
- Duty of Obedience
 - *Comply with applicable laws and regulations*
 - *Comply with the bylaws*
 - *Remain guardian of the mission*
- Duty of Care
 - *Be reasonably informed about the organization’s activities*
 - *Participate in decision making*

Mendocino County Governance Study – Report of Findings from Phase 1

Visit Mendocino Mission, Vision, Guiding Principles

References from [Visit Mendocino County Strategic Plan 2013-2016](#)

The Visit Mendocino County Vision

To establish Visit Mendocino County as the primary tourism promotion organization in Mendocino County, working with private and public sector partners to improve the overall competitiveness of the destination in order to increase revenues, employment and taxes while being stewards of the natural environment.

The Visit Mendocino County Mission

To establish Mendocino County as a premier destination featuring quaint and charming villages, towering redwood forests and intimate and unique wineries, resulting in a high return on investment and increased room nights.

The Visit Mendocino County Principles

- ❖ Create programs that **sustain the balance of the county on both the coast and inland** while maintaining the unique urban and rural assets of the county.
- ❖ **Be research-based and innovative** in promotions, strategies and programs.
- ❖ Engage all constituencies and stakeholder groups in an effort **to continually solicit new ideas and present marketing results.**
- ❖ **Exceed expectation** through the customer service the organization provides for its constituents and stakeholders.
- ❖ **Provide transparency** for all aspects of the organization and open to community and constituent review.
- ❖ Be recognized by industry peers **by achieving and maintaining accreditation through the Destination Marketing Association International (DMAI).**

Or more succinctly:

“VMC exists to increase visitors and sales...” (2012 VMC Annual Report)

Mendocino County Governance Study – Report of Findings from Phase 1

PHASE 1 Report Briefing Outline and Format

It is in this context of purpose driven governance with clarity about Board of Directors fiduciary duties that Phase 1 current state findings are offered. For purposes of providing a slide driven briefing to Board members on May 27, 2014 the following outline frames a simple way of thinking about Mendocino County Tourism Board Governance in three parts.

1. Mindset

- Findings from Interviews, Survey, Records Review
- Reviewer Insights

2. Structure and Process

- Findings from Interviews, Survey, Records Review
- Reviewer Insights

3. Culture

- Findings from Interviews, Survey, Records Review
- Reviewer Insights

MINDSET

“80% of what we believe to be true, we make up” Francis Crick, Nobel Laureate

“Mindset” refers to how we think about and consequently approach our fiduciary duties as Board Members. It includes assumptions and beliefs that we carry with us that may influence our approach to everything from policy development to problem solving and relationships.

Findings from Interviews, Survey, Records Review

The following example assumptions captured during interviews, from survey comments, and record reviews may be contributing to confusion about the role and function of governance related to the Tourism BID and Visit Mendocino County:

- “It’s Our Money” (lodging members)
- If 1% is good 2% is better
- If 1% is bad 2% is far worse
- Board Members primary duty is to represent the interests of those constituents
- VMC cannot be trusted with the money

The online survey results also offer some insights into the impact of mindset on how stakeholders think about the value of the BID overall including the governance and organizational processes that support

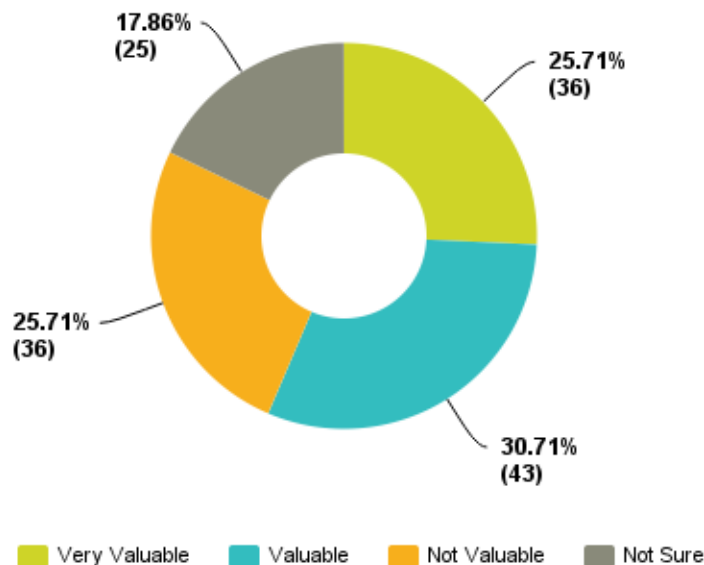


Mendocino County Governance Study – Report of Findings from Phase 1

implementation. For example Question 4 from the survey asked respondents to indicate whether they viewed the BID as valuable in advancing Mendocino County Tourism. 79 of 140 respondents (56.42%) indicated the BID was Valuable or Very Valuable as reflected below.

Q4 Based upon your understanding of the purpose of the Tourism Promotion BID what is your perception of the value of the BID in advancing overall Mendocino County Tourism results over the past 8 years?

Answered: 140 Skipped: 0



For these respondents who perceive the BID to be valuable their corresponding responses to other survey questions appear to be in alignment as follows:

- 93.67% View the Tourism BID as designed to promote All Mendocino County Tourism
- 88.61% View VMC as having utilized BID Dollars effectively to promote county tourism
- 79.75% View Visit Mendocino as having been sufficiently transparent in reporting use of BID funds

Mendocino County Governance Study – Report of Findings from Phase 1

- 78.48% Are likely to recommend Visit Mendocino tourism promotion services to a friend or colleague
- 75.95% View the 3 Boards as having provided effective governance in supporting Visit Mendocino
- 15%, 19%, 25.58% Have served on VMC, MCPA, MCLA Boards

Other survey respondents however answered this question differently. 36 of 140 respondents (25.71%) rated the BID as “Not Valuable”. These stakeholders offered a correspondingly dismal view of the governance and organizational systems in place to implement the BID as follows:

- 77.78% View the Tourism BID as designed to promote All Mendocino County Tourism
- 8.34% View VMC as having utilized BID Dollars effectively to promote county tourism
- 8.33% View Visit Mendocino as having been sufficiently transparent in reporting use of BID funds
- 8.34% Are likely to recommend Visit Mendocino tourism promotion services to a friend or colleague
- 0% View the 3 Boards of Directors as having provided effective governance in supporting Visit Mendocino
- 2.78%, 5.56%, 19.44% served on VMC, MCPA, MCLA

A third group also surfaced who reported they were “Not Sure” whether the BID has been Valuable or not. 25 of 140 respondents (17.85%) offered the following corresponding responses to other survey questions:

- 76% View the Tourism BID as designed to promote All Mendocino County Tourism
- 36% View VMC as having utilized BID Dollars effectively to promote county tourism
- 20% View Visit Mendocino as having been sufficiently transparent in reporting use of BID funds
- 20% Are likely to recommend Visit Mendocino tourism promotion services to a friend or colleague
- 16% View the 3 Boards of Directors as having provided effective governance in supporting Visit Mendocino
- 96% Have never served on any of the 3 Boards

Mendocino County Governance Study – Report of Findings from Phase 1

Reviewer Insights

There are two critical education opportunities that are not taking place currently that contribute to these “mindset” challenges.

1. Education for Board Members (Board Development)
2. Education for Stakeholders and the Community

Missed opportunities to communicate and educate effectively and frequently may be exacerbating conclusions of stakeholders about BID/VMC /Governance value that are based upon beliefs (Mindset) rather than objective facts. These gaps will be addressed in the Phase 3 recommendations section of this report to follow.

From interviews and records review a few more “mindset” challenges also come into view as follows:

- Mission Centricism:
 - Effective governance requires Boards of Directors to stay focused on the mission and purpose of the organization. While many current Board Members clearly understand this responsibility others appear to be overly focused on internal operations and place at risk the mission focus necessary for good governance.
 - People join Boards to be part of something bigger than themselves. When Board functions are reduced to a series of tactical – often political – maneuvers or exercises we risk losing the power of collective energy, ideas, and accomplishments.
- Windshield vs. Rear View Mirror:
 - Healthy Boards are always looking to the horizon to assess how well the organization is creating a pathway to achieve the planned vision and goals. It was evident from interviews, meeting records, and survey responses that many Board Members and stakeholders find themselves stuck in the past trying to “right old wrongs”.
 - While this is a common occurrence in complex organizations with diverse stakeholders, focusing too much on past events – whether wrong or right – creates drag on mission - centric initiatives, erodes good will, damages confidence, and impedes useful innovation.
 - A Destination Marketing Organization (DMO) is a windshield enterprise –always asking “where are we going, and what is the best, fastest, most impactful way to get there?”
- The Mindset of Governance Roles = “Fiduciary of the whole”
 - Board members should:
 - Accept the responsibility to be “Stewards of a Public Trust”
 - Advocate for collective benefit (not individual profit)

Mendocino County Governance Study – Report of Findings from Phase 1

- Understand their role is advisory not active service in operations
- Be cooperative – competing together
- Operate collaboratively – to arrive at “best case” decisions
- The current Governance environment is clearly not optimized for these purposes but the existing foundation of essentially good people who are very committed provides the foundation for the next phase of evolution of this enterprise
- To achieve transformation to the next stage some Board Members will necessarily have to “let go” of a mindset that is adversely impacting collective results

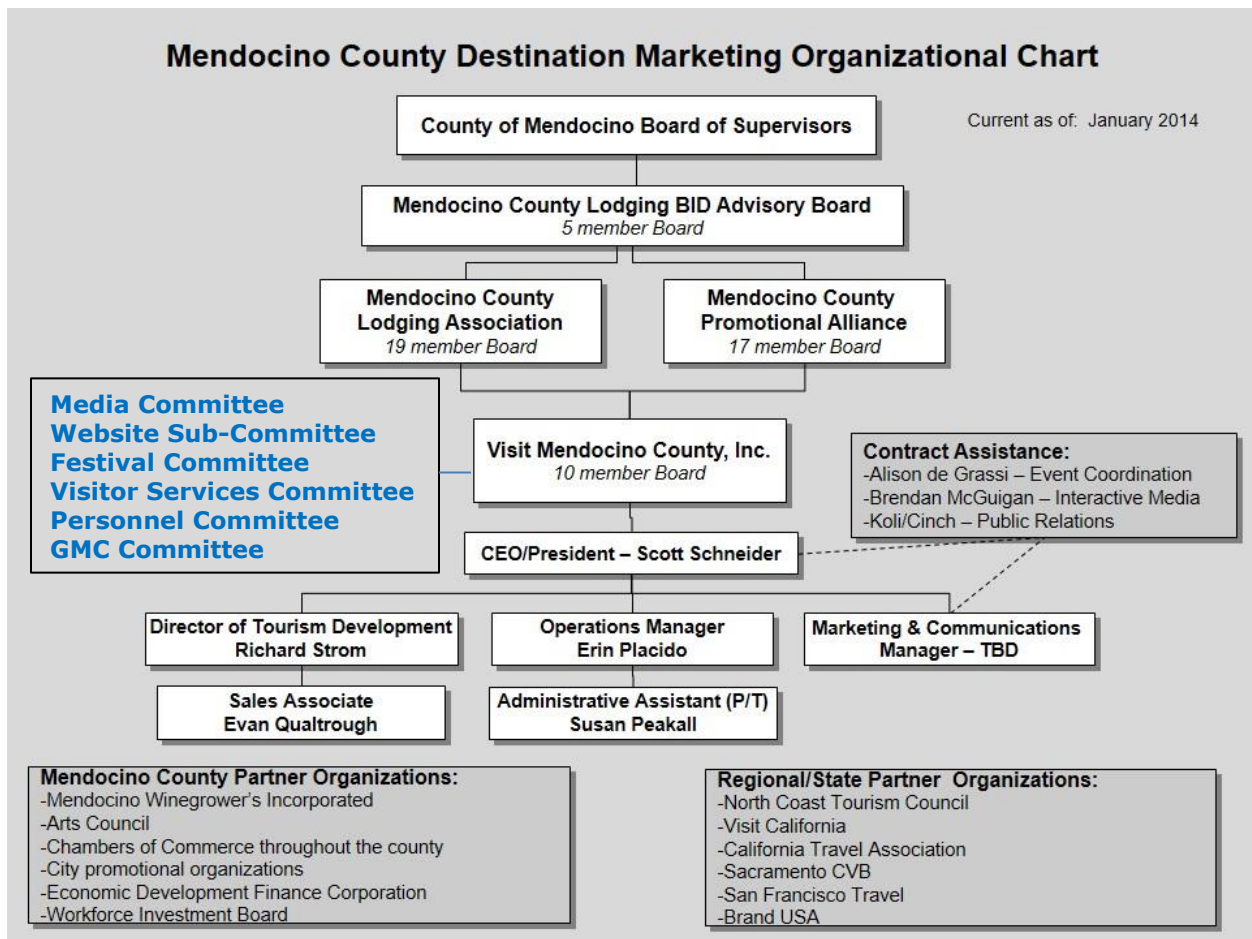


Mendocino County Governance Study – Report of Findings from Phase 1

STRUCTURE and PROCESSES

"We all profess that boards should deal with the big picture, but it is difficult to picture the forest by inspecting one tree at a time." John Carver, 2006

Governance is best approached as a thoughtful system of engagement in which all activities – meetings, committees, outreach, reporting - are necessary and useful. During extensive Board interviews and records review a picture emerged of very heavy lifting by Board members contributing to all three participating entities. The Organization Chart which follows illustrates the complexity and multi-level accountabilities designed into the current system of governance and operations:



Mendocino County Governance Study – Report of Findings from Phase 1

The following summary observations reflect input received during the extensive interview process integrated with insights offered by this reviewer.

- Board Configuration
 - Size, recruitment and selection, meeting frequency, and record keeping all pose challenges to effective and efficient governance
 - The composite Board membership is large, redundant, and unwieldy
 - Current leadership roles tend to continually cycle the same people at a time when the governance process requires fresh thinking and energy
 - There is an underlying assumption shared by many Board Members that the key to Board excellence is recruiting Board Members with specific professional expertise in key functions such as marketing, advertising, and public relations
 - This is a common assumption of Boards in all sectors but is uniformly untrue
 - Effective Boards do not rely on the expertise of Board Members for the operational excellence of the organization they guide and direct – that is why they hire a competent Chief Executive and support him or her with competent staff and/or contractors
 - Strong and effective Boards “ask better questions” and “grow into the role”

- Board Development
 - There is little evidence of useful Board Development taking place either through on-boarding of new Board Members, continuous training, leadership development, or succession planning
 - Many interviewees recognized the significant need for providing the education and tools essential to board effectiveness and continuing growth
 - Succession planning is critical - The duty of care is fundamental to healthy Board governance but not much in evidence currently. A year-long effort to produce a Board packet appears to be ready for completion.

- Board Process & Procedures (roles, meetings/agendas, deliberations, decision making, recording)
 - The current Boards have produced a good record of meetings and committee contributions. In particular the MCLA meeting minutes document the history of policy adoptions which are a significant outcome of Board Governance
 - Meeting frequency, length, leadership (chair role), record keeping, and VMC staff participation were all areas frequently cited for improvements and can be seen in the Interview Comments section that follows (beginning page 21)

Mendocino County Governance Study – Report of Findings from Phase 1

- VMC Oversight and Strategic Direction: the VMC CEO and Staff are required to “serve many masters” and a review of records and Board comments would suggest that far too much time is spent on these functions which may be adversely impacting the productivity of the VMC team
 - Fact finding not fault finding: There is a creeping tendency for complex Boards with many layers of accountability to shift subtly from “fact finding/ investment oriented” to “fault finding/investigative” modes. This process by its very nature is corrosive to Board cohesion and can produce damaging effects on interpersonal relationships and ultimately Board culture. This problem was reported frequently by interviewees and reflected in the large body of records documenting “investigative” practices.
 - Board Members accept a fiduciary responsibility to provide oversight and direction essential to implementing the mission of the Mendocino County Tourism BID. The perception that Board Members are “elected by constituents” and therefor represent those constituents shifts Board attention from Fiduciary to Political. This problem is strongly evident in interviewee comments and extensive Board documentation.
 - Governance is not “management one level higher” - Boards govern, managers manage
- Boards Must Evolve: All Boards have lifecycles that are not linear. That is, Boards can get stronger and more efficient over time with the proper Mindset and Structure to support focus on the right actions and processes. Boards are constantly challenged to keep this momentum going through repeated changes of Board members and rotating leadership. Many Boards resist this evolution by opting for “steady state” approaches in which Board Chair roles remains in place for long periods and “seats” are held for long periods as well. These challenges are strongly evident in interview comments and records and will need to be addressed in the recommendations to follow.
 - Structure – Form Follows Function
 - The GMC decision to effect a “governance study” concurrent with a “marketing study” reflects your overt and intuitive acknowledgement that you must evolve to thrive
 - Effective Boards are not focused on creating “solutions” by relying on the specific experience, expertise, qualifications of Board Members
 - Rather effective Boards hire the right Chief Executive, ask better questions, and stay focused on the long term – “How are we doing?” “What do we need?”
 - Boards are susceptible to “de-evolution” by shifting perspective to tactics, Board-centric activities, rear-view mirror issues – all of these concerns are present in the current Mendocino Governance processes

CULTURE



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Board Governance “Culture” reflects the habits, the brand, the behaviors, ideals, and values that are consistently exhibited and observed in Board processes both “in the room” and outside the formal processes. Cultures are built on relationships and TRUST. One key to success in fostering these constructive relationships and building trust is a commitment by all to the “assumption of good intentions.” Many successful Boards build agreements on “core values” and group communication “norms” to guide meeting and dialogue processes for the purpose of intentionally fostering a culture of good will, effectiveness, and resilience over time.

An example of one of these culture “products” is evident in the “Meeting Guidelines” below offered by interviewees to show their respective view of the importance of these tools. During interview discussion it became evident to this reviewer that while these “meeting guidelines” are very well intended and address real issues permeating the current governance process they were developed by individuals rather than through group consensus. This is an opportunity that will be further addressed in the Phase 3 recommendations to follow.

MCLA Board of Directors Meeting Guidelines

- Show up on time and prepared.
- Start on time; Stop on time.
- Focus on the future; build on what works.
- Respect one another’s:
 - ✓ Experience
 - ✓ Right to speak
 - ✓ Viewpoints...even when we disagree
 - ✓ Responsibility to participate fully
- Listen. Suspend disbelief.
- Seek information; base decisions on facts.
- Honor our Mission, By-Laws and policies.
- Trust each other and the process.
- ***Have fun!***

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Effective governance cultures evolve over time through careful attention to communication practices – both within the Board, between Boards and staff, and externally with stakeholders. Establishing group “Norms of Communication” is an important first step in crafting this kind of culture. Strong Boards transition away from normal human tendencies towards “naming, blaming, and complaining” to “discussion, deliberation, and decision-making” as the guiding framework.

There is much work to be done to make this transition a reality for the Mendocino governing boards. From extensive interviews, records review, and survey comments it is evident that a fairly pronounced history of interpersonal conflict has dominated many stages and steps in the evolution of governance since adoption of the BID in 2006.

The “Issues” document produced by the MCLA Board in Winter 2014 reflects the range and depth of “issues” perceived to be damaging overall VMC and Board effectiveness along with lingering evidence of relationship problems that have gone unresolved for a long time. While respectful of the deep convictions clearly in evidence through this issues document this reviewer was struck with the following “image” of the entities “Circling the Wagons and Shooting Inward”:



The Governance Duty of Loyalty demands from all Board Members a commitment to respectful relationships based upon the common good. In the Board Interview Comments report that follows this reviewer compiled a series of “Red Flag” issues (see pages 31) which combined with the MCLA issues documents signals a governance culture in active distress. Some of these issues are driven by Board and

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Stakeholder concerns about unresolved issues that are operating presently as “Culture Inhibitors” including:

- Transparency – is VMC reporting properly?
- Fairness – Is there a rampant “pay-to-play” system that disadvantages smaller properties?
 - *“It is better to be fair than to be right. Neuroscientists have discovered that when people feel they have been treated unfairly, there is activity in the amygdala, which performs a primary role in processing memory and emotional reactions. In short, memories of being treated unfairly run deep. Understanding this innate need is helpful in creating relationships that focus on respect, acceptance and equality.”*

(Neural Leadership Insights from Michael Vaughn, CEO of The Regis Co.)

- CEO Salary – Is the CEO’s Salary out-of-line with DMO Industry standards for a comparable region and organization size
- Mis-Assumptions about Lodging priorities for funding – Whose money is it?
- Ineffective Dialogue:
 - Note “Dia-logue” does not simply mean “two people talking” - it is derived from “search for meaning”; the critical skill is not speaking but rather listening for understanding
 - Making speeches or long recitations of historical antecedents of the DMO is not conducive to dialogue and was a concern expressed by many interviewees
 - Boards can acknowledge and value the historian while also staying focused on the windshield
 - Virtually all organizational cultures that breakdown do so because of poor communication - the skills can be learned and the habits can be cultivated

The Records Review conducted as part of this Phase 1 study provides ample evidence of both good works and misguided approaches by the Governing Boards over time. A summary of findings follows this section. From a culture development perspective what was frequently missing during the extensive interview process and records review were the following:

- Board members as Ambassadors - active and enthusiastic promoters of the vision, mission, strategies, methods and people activating and guiding Tourism BID outcomes (Duty of Care)
- Board members public promotion of the work of VMC and the current CEO (Duty of Loyalty)
- Discussion/ meeting records regarding the newly adopted Strategic Plan (2013-2016)
- Effective Dialogue Habits
- Relationships Based Upon Mutual Trust

RECORDS REVIEW



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The following are brief summary observations and comments offered by this reviewer reflecting items and issues that stood out during records review of meetings, policies, and related governance practices.

- Documentation of meeting agendas and minutes is appropriate and consistent with good policy formation and recordkeeping
- The MCLA Chronological Record of Policy Adoption is not only useful tool for tracking decisions but also for assessing the evolution of this Board
- Note: in 2006 the adopted Mission Statement and approach to BID policy were very clear and focused on economic benefit to all. By 2009 the first hints of erosion of this Mission fidelity are evident in the policy language suggesting BID funds were “by lodging and for lodging”
- Indications of trouble assessing the performance of the CEO by requesting a blog or other communication tool
- Suggestions that MCLA would not transfer funds to VMC subject to specific performance
- MCLA Board meetings are very long; coupled with committee work this places an enormous demand of time on Board members; much of the time is invested in committee reports which could be issued in brief as part of a board packet with meeting time devoted more clearly to strategy, policy, board development, decision-making
- Issues of non-attendance of Board members, meeting length, code of conduct, 3 minute speaking timers and related “rules” are normal challenges faced by volunteer boards and can contribute to erosion of effectiveness over time by shifting Board focus to operations instead of strategy and policy
- Evident need to refocus meetings from procedural “old business, new business, committee reports” to Strategic Plan focus – “where are we, where should we be, what else needs to happen to get there?”
 - Need for systems of measuring success as a central organizing principle
- The MCLA “Issues” Document (Feb. 20) clearly demonstrates major governance problems:
 - Overly complex process with redundant levels of accountability, unwieldy policies, ineffective transfer of leadership – focus on “qualifications” rather than commitment to execute the role (structure)
 - Constituency driven Board members rather than Fiduciary driven (mindset)
 - Too many committees, too many rules – this is operationally focused rather than advisory
 - How to make Board meetings “matter”; for example need for an annual “retreat” to shape all major strategic directions for each year (structure)
 - VMC staff supporting MCLA/MCPA board functions potentially reducing resources available for VMC marketing functions (structure)
 - Board Members crossing the line from “advisory” to active administration (e.g. having Board members sit in on personnel evaluations) (mindset)



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- Intense lack of trust, respect, and attention to core values resulting in need for a “code of conduct”- this crafting process needs to be repeated but facilitated (culture)
- Lack of Board development (mindset-structure-culture)

Phase 1 Summary

Brief summary insights gleaned from Board interviews, Survey respondents, and records review include:

- If stakeholders viewed the BID as “valuable” they also viewed the performance of VMC and Boards as valuable and are enthusiastic supporters
- The further the survey respondent is removed from the North Coast the more likely they are to view the BID and processes through a lens of value
- Active board participation clusters on the north coast which creates a political center of gravity for governance that may not be conducive to county wide tourism governance
- “Red Flag” issues continue to absorb far too much time and attention of the Boards

Closing Slide – Old African Proverb:

“if you want to go quickly, go alone; if you want to go far, go together”

Phase 3 Projected Purpose (to follow – June 2014)

“recommend a simplified governance structure and set of processes to foster better overall effectiveness in accomplishing the stated objectives of MCLA/MCPA/VMC” (GMC - RFP)

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Governance Study Board Member Interviews

Interview Question Template Employed for All Board Interviews:

| |
|--|
| How long have you served on your current Board? How long in business in the area? |
| How effective is/are your current DMO organization(s) (MCPA, MCLA,VMC)? What contributes to this effectiveness? What is missing? |
| What is working from a collaborative governance perspective? |
| What specific actions, policies, practices contribute to the effectiveness of this collaboration? |
| When conflicts, disputes, or differences of opinion arise how does the group resolve when it works? When it doesn't? |
| In what ways does the group struggle? <ul style="list-style-type: none">• Become less efficient?• Less effective? |
| Why do you think these difficulties occur? |
| What would you like to see instead? <ul style="list-style-type: none">• Approaches?• Actions?• Outcomes? |
| What is the single most important change that would contribute to better process and outcomes? |
| Other Comments? |

Interview Summary Findings

Interview results were clustered by the following categories with entries posted verbatim and randomly. All responses are included without editing by this reviewer other than syntactically as needed for clarity.

- ⇒ Mindset > Structure & Process > Culture (this is the organizing framework for the slide deck)
- ⇒ VMC Performance > CEO Performance > Board Performance (VMC, MCLA/MCPA)
- ⇒ BID Value > “Red Flag” Issues > “One thing” Recommended for Better Process or Outcomes



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| Governance | Board Interview Responses |
|-----------------------|---|
| <p>Mindset</p> | <ul style="list-style-type: none"> ☞ Focus has to be on the whole county ☞ A group wanted to increase the BID to 2% to expand marketing dollars but the initiative failed ☞ Key issue is Board leadership – need constraints via by laws that enable the entity to evolve, remain transparent, and mission focused ☞ At the beginning, everyone on the MCLA Board wanted to be on the marketing committee – wanted to be heard ☞ Individual lodging property owners were expecting to see their specific properties marketed rather than simply marketing Mendocino County as a total tourist destination – anger about all of this breeds mistrust ☞ Salvage what works – e.g. MCPA which covers total visitor experience ☞ Lack of clarity about strategy – LACK OF FOCUS ON CORE BUSINESS (Mission) ☞ Too many misdirected efforts focused on yesterday’s conflicts instead of tomorrow’s possibilities ☞ Lack of understanding and perspective on the BID coupled with false expectations contributes to current dissatisfactions ☞ There are false expectations about what would happen if the BID was “blown up” – we would “shoot ourselves in the foot” ☞ Basic economics of collective approaches is to fight for others to succeed in your space – which will grow the overall pie ☞ The value is to get products out and marketed to grow the overall economic pie, why people should not only visit but stay, how to grow healthy people in Mendocino ☞ Build brand ambassadors based upon lifestyle – find entrepreneurs and fill the community with stewards, need long run sustainable tax revenues ☞ Lodging writes the check to the county but it is not our money ☞ Bias of lodging may be that ads and articles are the primary investment and everything else is a distraction – reality is that relationships are key and these require people-to-people (sales) connections – potential goal of a BID 2.0 would be to increase the salesforce ☞ Cannot go back to correct bad or questionable decisions from a prior period ☞ Everyone needs to understand “road to success is always under construction” ☞ MCLA is obsessive about process because it misunderstands its role ☞ Deeply embedded feeling that those who contribute the money should influence the use of the funding – but the mission is larger than the narrow outcome of consuming hotel space – larger scope – lodging does need to know that BID money is well spent and the image improvement benefits them- that there is indeed a rising tide ☞ The real challenge is to understand their proper role – they (MCPA/MCLA) are financial oversight organizations – they each should be responsible for reviewing and approving the marketing plan and books |



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| Governance | Board Interview Responses |
|-------------------------------------|---|
| | <ul style="list-style-type: none"> ☞ Need an investment vs. investigative oversight approach from MCLA/MCPA ☞ Board members do not understand their roles as policy makers – they see themselves in the engine room when they should be up on the bridge – they need to go through board member training – their role, where their authority begins and ends, committee roles, etc. - all need board governance education as policy makers and fiduciaries ☞ The key to future investments via the BID is “Trust” ☞ Challenge is in trying to explain the complexity of the organization – the problem is in the complexity not the explanation – focus on simple, efficient, effective ☞ All of the Boards operate on the coast and that is where the political focus remains ☞ Proportionality is a defining principle ☞ Certain properties are gaining disproportionately – motivates a lot of discontent ☞ BID money should not be based upon pay-to-play |
| <p>Structure and Process</p> | <ul style="list-style-type: none"> ☞ Significant need for Board training – role, functions, fiduciary duties, etc. ☞ Need a mentor program for new Board members to orient and effective induction and continuing education ☞ Need to set a time limit on these meetings to curtail open-ended dialogue ☞ Has to be good collaboration – Board objective has to be to set goals and VMC goes and does it – raising money through the BID process – VMC is pretty efficient ☞ Key issue of how to provide effective representation while focusing on specific expertise and willingness to serve; ☞ Could alternatively use a less localized approach to board participation ☞ Perhaps officers should not automatically serve on the VMC Board – need to focus on VMC participation by areas of expertise ☞ Entertained discussion of whether to apply the Brown Act – did not proceed ☞ VMC Board Chair role has not changed – needs to be rotated ☞ Currently the default is for officers to serve on VMC Board – we need skills that are targeted for marketing rather than default officers– key issue is finite number of people to serve ☞ Staff and committees propose budget elements including specific expenditures ☞ MCLA should not be in control of the BID dollars; MCLA Board seats are by zip code and by TOT ☞ At Board meetings Scott needs to report 1st on VMC outcomes and status and not delay until end of – this would keep the meetings mission centric |



Mendocino County Governance Study – Report of Findings from Phase 1

| Governance | Board Interview Responses |
|------------|--|
| | <ul style="list-style-type: none"> ☞ Need better decision-making protocols ☞ Developed a New Member Board packet – took a year to complete ☞ Need term limits – to help flush out old ideas and gatekeeping ☞ 3 entities is redundant – the current “players” preserve the past ways, bad decisions ☞ Currently there is no Board “Induction” process ☞ Officers of the partner organizations go to VMC ☞ Group of 7 from MCLA is focused on overview of the whole VMC process ☞ Need to enforce Board Member participation by laws ☞ All the Boards are ineffective – reflected in the meeting minutes of the last 3 years ☞ Probably too many people on the boards ☞ Current system of voting is blocking progress - gives one vote to each entity (lodging) regardless of size – contributes to a false democracy in which individuals can block group progress ☞ Less governance – more promotion of value: make the meetings more of an entrepreneurial vetting of ideas that will help expand, improve, and differentiate the individual businesses (lodging, wineries, events, etc.) and feed the marketing and sales function ☞ This DMO has a million dollars to spend and multiple boards (too many cooks) ☞ Need Board term limits – need to entice new thought to balance the history – Board dynamics is a challenge – need to find people who can serve and also cycle through the Board – to build cohesiveness while rotating roles ☞ Participants in the VMC from MCLA are the executive committee plus one – President, VP, Secretary, treasurer, plus one elected person from MCLA board ☞ Took the BID Advisory committee to request the org chart of the new model so everyone would understand the relationships ☞ Took 6 years of the BID Advisory Committee requiring the budget to be made available including battles over admin portion ☞ MCLA should be smaller – office holders should change more often ☞ One thing VMC does that eats into admin –Erin travels every month to MCLA meetings – she records minutes at the meetings every month and Scott also attends these meetings – adds up to FTE equivalent of 13 to 15 days per year – could cut the meeting frequency to quarterly ☞ Would have just a single structure and dispense with the other Boards but recognizes they have a need to serve perhaps other interests as well ☞ Concern about inter-relationship of these boards – VMC is being asked to provide staffing to the MCLA/MCPA board in terms of staff services, minutes, etc. – dilutes VMC focus on its own mission ☞ VMC board is concerned about establishing a reserve fund as a contingency fund to protect the future of the BID |



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| Governance | Board Interview Responses |
|-----------------------|---|
| | <ul style="list-style-type: none"> ☞ Biggest problem is the complexity of the 3 boards – get rid of the Alliance – BID should not have been led by the lodging association ☞ Would like to see Board meeting agenda one week ahead of time with actionable items – focus on doing ☞ Too much focus on details in the Board meetings – not enough actionable items, not good chair leadership |
| <p>Culture</p> | <ul style="list-style-type: none"> ☞ Many Board Members are “stuck in the past” ☞ Move beyond “history lessons” to future focus, Govern forward - not backward ☞ Mis-trust is perpetuating dis-trust because of long history of segmental conflicts ☞ Personalities are driving conflicts – needs a baseline of commitment to shared outcomes and an effective code of conduct ☞ Active listening to one another is key ☞ Conflicts are mostly personal – several Board members who need to be heard ☞ Currently focusing too much on politics e.g. regional fairness ☞ Historical impressions are contributing to a “conspiracy of low expectations” ☞ Existing boards may serve to keep “fringe elements” busy (i.e. not a genuine governance process but rather designed to create the appearance of actual accountability while actually wasting everyone’s time) ☞ Tensions between coast and inland – inland corridor lacks a center of gravity ☞ Remove the drama and focus on the outcomes; remove time wasters ☞ There is some value in preserving the <u>historical context</u> for planning and ideas – some individual board members are resident “historians” and can help the group avoid repeating past mistakes ☞ Inside the room there is a focus on the whole county – outside the room more conflict; need balanced participation by geography and revenue ☞ Need effective education about VMC expectations, role and purpose of funding, facts, and data ☞ Stop wasting time and talent on politics instead of marketing - Build Trust to support decision making ☞ Constant battle about coast and inland – inland is the pass through but coast is the destination – suggest mile markers – “<i>getting here is part of the joy of being here</i>” ☞ Somewhat of a generation disconnect on the Board ☞ Marketing is not like hunting – hard to know if you hit your target – difficulty assessing outcomes may contribute to over-scrutiny of the current process |



Mendocino County Governance Study – Report of Findings from Phase 1

| Governance | Board Interview Responses |
|------------------------|--|
| | <ul style="list-style-type: none"> ☞ Drama permeates meetings of the Boards – MCLA is becoming more cohesive – tried to raise the BID to 2% - but realized MCLA had not done a good job of marketing to lodging properties ☞ Attempts to raise the BID to 2% brought out the worst behavior in some board members ☞ The weak link is leadership |
| VMC Performance | <ul style="list-style-type: none"> ☞ Promoting the name identity of the Mendocino Coast – 85% of tourism comes from Bay Area and Central Coast ☞ VMC tracks what is available for ad placements – VMC sends email with cost, size , opportunities ☞ Generally positive view by MCPA Board on work that VMC is doing - VMC has been focusing on branding the county ☞ VMC is doing well – must represent a broad county constituency ☞ Challenge is how to balance votes of single home properties with multi-tenant properties – Should we be one organization – a DMO – or 3 separate organizations? ☞ There is a continuing “Transparency” challenge – Board wants more details ☞ Need open and transparent process for VMC including budget and expenditures ☞ VMC is doing their job – high ROI – do a lot of relationship building – e.g. Sunset, VIA ☞ VMC is effective and also efficient in focusing on tourism ☞ VMC is competing for a small market – needs local voices to support marketing; we have constraints on available talent; salary is lower, cost of living is higher; need to not tie the hands of staff ☞ 90-95% of lodging properties unhappy with VMC – waste of time, nepotism, cronyism ☞ Set a cap of 10% on overhead/admin. – this was the original agreement for the BID ☞ Require measurable goals and objectives for marketing plan and individuals – mature the business function ☞ VMC is too focused on individual properties - need to focus on SALES – the ROI is good for the 1% BID – would consider a 2% investment if CEO had a performance contract ☞ Need to diversify ad placements – e.g. freeway billboards, film industry, other visitor bureaus, web ☞ Would invest in double the BID – would reframe the top 3 priorities: creativity, follow up on leads, relentless reporting on sales and marketing |



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| Governance | Board Interview Responses |
|------------|--|
| | <ul style="list-style-type: none"> ☞ VMC did not respond to the downturn in 2009 by tuning up marketing and sales with new opportunities – need to employ and deploy the right level of talent with a clear focus on outcomes ☞ Comparing before BID to after BID is hard however Mendocino is now on the map – some evidence that ad placements and articles are driving visitation ☞ What we do via VMC is not targeting individual properties but rather the total experience ☞ Better pay for staff increases stability and talent – bringing core services in house helps to grow capacity and capability around web , PR and moves us from “campaign mode” to long term investment approach ☞ VMC must continue to mature to fulfill mission potential ☞ Would like to have seen the BID expanded by one percent and get ten top producers on the board ☞ A few years ago a travel and tourism study was conducted and path forward was detailed – some recommendations were followed some not – VMC needs to be a data/research driven organization ☞ At the beginning there were three models for consideration: (1) volunteer, (2) Full CEO, or (3) Middle Path – hire PR firm with local administration; VMC has evolved to bring more services in house supported by professional firms ☞ VMC getting the word out for Mendocino County, magazine publications about things going on in Willits/ Hopland, Beer trails, Anderson Valley gets a lot of mention ☞ VMC seems to be effective ☞ VMC is where things get done - they don't have enough funding to be effective – tendency is to accept lesser performance via coop ads instead of targeted placements – always thinking in economical terms instead of strategic ☞ VMC needs people to do things – this is not simply admin but core business services – low pay and isolation reduces access to top talent ☞ VMC budget is acceptable and workable ☞ BID money utilization has been very effective – increased county visitations, excellent job of establishing Mendocino County as a Brand – effectively brought together disparate groups that might never work together ☞ Came to appreciate what VMC does – Has been impressed with publicity out of VMC ☞ Public funding should be competitive (VMC should compete for the contract) ☞ Maybe VMC can never achieve full transparency because of how they started ☞ VMC has a good staff – Scott, Erin, Richard, events coordinator ☞ VMC has not yet exhibited a clear grasp of the “small places” such as the differentiating aspects of each area; Need a bottom-up approach to engaging the visitor imagination - not just what people have always looked for (comfort, convenience, etc.) |

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| Governance | Board Interview Responses |
|------------------------|---|
| | <ul style="list-style-type: none"> ☞ Should make Board oversight simple, reasonable, easy transparency ☞ Would support BID monies for a visitors bureau - Dollars invested in advertising are the ones that count ☞ Must keep admin low – money spent on outside promotional companies has been wasted because of lack of understanding of the actual environment ☞ Opposed VMC – but the die is cast – has been established enough as an official tourism vehicle for the county ☞ Would like to see blanket advertising of Mendocino, Indian Casinos do this well – they advertise the county ☞ Current VMC salaries are too high relative to median salaries for lodging |
| CEO performance | <ul style="list-style-type: none"> ☞ Scott speaks to organizations and promotes actively; Stornetta lands became part of the National Monument- Scott capitalized on that opportunity ☞ Scott has grown into the position of VMC Director – he is not a manager of people – he is excellent at promotions; he has gotten himself known with California Tourism Board and other positioning opportunities; he does this very well ☞ Just changed PR firms- VMC team not as responsive as they might have been ☞ Scott has evolved – very good at communicating and getting stuff done – some people think he doesn’t manage his staff well ☞ Scott is continually out there and building relationships and winning awards – for Mendocino Destination Marketing – his team works well ☞ Overall impressed with Scott’s ability to work with all the different personalities – need to get the conflict oriented people out of the process ☞ Scott was part of the original group of 12 that formed MCLA and promoted the BID, was hired by unanimous selection, his character is very good, he serves us well, his staff are also competent ☞ Scott does a good job of promotion of the county which is working well ☞ Root issue seems to be Scott – he is not fully transparent – does not account for his own salary and actual costs ☞ Some suspicion around Scott is based on prior associations/relationships ☞ Scott does a great job of putting Mendocino on the map but does a terrible job with staff – he is not forward with staff – not fair with staff – avoids conflict at all expense ☞ Scott would just as soon do it himself as delegate- drives lack of trust by Board members ☞ Scott is a fantastic PR person – represents Mendocino County very well – is dedicated and believes in the differentiating conditions of Mendocino, also a good sales person – sits on the State Tourism Board and this serves the county well |



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| Governance | Board Interview Responses |
|------------|---|
| | <ul style="list-style-type: none"> ☞ Is Scott in the right role – great as Chief Marketer and Sales guy – maybe not the right fit as CEO – an effective leader should be able to manage and lead the Board – be able to say no as well as build consensus ☞ Need a preauthorized range of discretion in spending for the CEO ☞ Scott serves Mendocino County well, Mendocino county is very laid back and Scott suits our personality very well ☞ VMC has succeeded because of unique abilities of Scott, Richard, staff – they have to fight unnecessary battles –need more transparency to mitigate these struggles ☞ VMC emerged out of the MCLA/MCPA joint marketing committee ☞ VMC has been extremely successful – by withdrawing and hiring professionals, developing as a DMO, Scott going around, spreading the word and establishing the role and function of VMC – setting up the office and professionalizing the whole function – Scott connecting VMC to other tourism organizations ☞ Scott has been effective with the constraints he has to work with – Scott is local, knows the county, very good at forming partnerships – e.g. Humboldt County, Wine Groups, Calif. Tourism Board, selling Mendocino ☞ Losing Scott would create a huge gap in performance – during the transition to the new capacity – specific Mendocino knowledge; Key CEO performance attributes are sales skills, personality, assuming VMC stays in existence – Scott’s position needs to leverage his ability to attract and keep good people, ability to market the county, ability to get along with the Boards ☞ VMC is working quite well – looks at measurable results ☞ Scott is doing the job – but there is baggage ☞ Scott has grown with the job – can trust Scott – but he is in an unenviable position – having to answer to too many masters - Scott could grow some more (example, needs to be decisive and accept – both yes and no from the Board) ☞ CEO training for Scott – he needs to offer more consistency with an open CEO style <p>Answer the Why? What is the value proposition offered? (i.e. we need more staff? - or, We offer more outcomes!)</p> <ul style="list-style-type: none"> ☞ Have built a positive relationship with the Board of Supervisors – Scott has caused this to happen – marketing plan and budget are now on the consent calendar ☞ Scott does a good job – pinches pennies – people get upset at his salary and see staff as overhead – admin has become service; local insourcing has blurred the lines between admin and service ☞ Scott has been uniformly willing and responsive – he glows when the county glows |



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| Governance | Board Interview Responses |
|--|---|
| <p>VMC Board Performance</p> | <ul style="list-style-type: none"> ☞ VMC Committees work very well ☞ Current chair is good at “keeping people in line and putting boundaries on dialogue” ☞ Metrics too focused on heads in beds – current marketing plan has good metrics ☞ VMC Board meetings should focus on strategy, promotional activities (recent and upcoming), need to find a direct cause and effect between marketing and actual impact on sectors like lodging ☞ The BID Advisory Board can support VMC and do away with MCLA and MCPA – advise but not consent – VMC should be comprised of exec members ☞ VMC Board was created and first policy position was VMC would not be an opinion based but rather research based organization ☞ Hal has been chair of the VMC since creation but recognizes the need for change in leadership to keep the VMC strong ☞ Need two or three key indicators Scott could report on a monthly basis to say “how are we doing” |
| <p>MCLA, MCPA Board Performance</p> | <ul style="list-style-type: none"> ☞ MCLA Board supports VMC – MCLA is a buffer between lodging properties and VMC ☞ MCLA is a 19 Member Board which cannot effectively micro-manage marketing – moving to VMC was meant to focus MCLA – 5 MCLA Board members serve with VMC ☞ MCPA is fairly close to having the right mix of board members and board size ☞ Every lodging segment has a vote in MCLA – need a way to equalize the voting process by income volume – out of 465 properties nearly 300 are vacation rentals ☞ Need to stop micro-managing the VMC process ☞ Good working board at MCPA ☞ MCLA – is too large – Board members trying to represent every other area of the county – folks who feel they are never represented because the “coast gets it all” – also south coast feels left out ☞ Personalities are very driven – that energy drives MCLA – meetings can be unproductive – everyone wants their hands in the process; MCLA gets bogged down in the process because of too many people ☞ Divergent views are healthy, what is not healthy is personalities feel threatened ☞ MCLA Board doesn’t trust the data - lodging properties won’t share their results which creates an “open loop” system ☞ MCLA – not effective - board members don’t really have anything to do; SUGGESTION: have MCLA Board meet quarterly |

Mendocino County Governance Study – Report of Findings from Phase 1

| Governance | Board Interview Responses |
|-------------------------|--|
| | <ul style="list-style-type: none"> ☞ MCLA has a less clear mission – contracting with VMC and conducting oversight ☞ MCLA needs to set clear protocols for the oversight function of VMC – i.e. what constitutes “oversight” versus micromanagement ☞ MCLA Board tries to serve too many masters – equity becomes a hammer instead of a strategy; everyone can win but not proportionally ☞ 19 member board for MCLA is too cumbersome – precipitated the two boards to create VMC as a more equitable, smaller, more cohesive process ☞ MCLA is still undergoing growing pains – mashing the gas for marketing but still applying the brakes to spending ☞ MCPA – why is it still in existence? ☞ MCLA meetings are conducted off of memory – rather than on objective record ☞ Would like to see 90 minute maximum MCLA board meeting- majority time is spent bickering and long stories – these should be referred to committee – more oversight and direction on how money is being spent ☞ MCLA has one job left – make sure the money is spent properly – and not blindly; Contract between VMC and MCLA established a contract for the year with controls on the amount of deviance (budget/spending) ☞ MCLA elections are mired in controversy – do overs – politics – people who are effected are not recusing themselves – it is at least democratic in that various regions elect their representatives ☞ VMC board members from the MCPA are less elected, more self-appointed chamber/ wine boards elect their reps to the Board – all seats should be constituency based ☞ MCLA board has 19 members – meetings are not well handled – arguing, dysfunctional – not professional but reliant on volunteers |
| <p>BID value</p> | <ul style="list-style-type: none"> ☞ BID Advisory Board (Brown Act) keeps the County connected – county is happy with VMC and continues to fund the 50% match ☞ After the BID was approved Inland is better represented – inland has a better voice ☞ Biggest problem is BID not really controlled by lodging and not fully transparent ☞ The kind of marketing the BID pays for “floats all boats”; A specific ad does not necessarily bring people to a specific business – understands it is the local innkeepers responsibility to attract a visitor to their specific location ☞ Would support the BID if TOT were rising |



Mendocino County Governance Study – Report of Findings from Phase 1

| Governance | Board Interview Responses |
|---|---|
| <p>“Red Flag” Issues</p> | <ul style="list-style-type: none"> ☞ Has always been a question about administrative costs as a percentage of budget ☞ Questions about Scott’s salary trigger conflict ☞ Concerns expressed about Board size (e.g. MCLA = 19 Members) ☞ MCLA is where all the gate keepers are ☞ Right now we are paying more for a lesser product for the new VMC website; staff knows what to do but not able to do it ☞ Perception is that every BID dollar needs to be targeted and not wasted ☞ Regional conflicts ☞ Need to stop focusing on “fairness” which is a holdover from competing against one another by region, by property type, etc. ☞ Not let the DMO reproduce the weaknesses in the existing system ☞ Consider a lodging TREK to see other areas that do a better job of “cooperating to compete” together as a region ☞ Separate the vacation rentals from the lodging properties ☞ No more north/south coast/inland agenda items – one approach only ☞ Too much suspicion among MCLA Board Members – same people on the Board a long time – personal relationships are difficult –some unresolved conflicts from years past ☞ The issue of transparency is challenging - VMC is looking to escape the clutches of MCLA while MCLA is looking to increase control and accountability ☞ MCLA oversight – too much scrutiny by people who do not understand marketing ☞ Chaos creates confusion – this is the MO of some disrupters ☞ Stakeholders would be aghast – about expenditures ☞ Many individuals involved who are simply “misanthropic and distrustful” – some individuals who believe the BID does nothing for their business ☞ Amount of time Scott is spending on accountability comes out of our shared marketing investment – a terrible waste of BID money |
| <p>Recommendations (one thing proposed for “better process or outcomes”)</p> | <ul style="list-style-type: none"> ☞ Would like to see VMC do more to promote total visitation – however recognizes they cannot favor one segment over another ☞ The county prefers one structure like a DMO but lodging needs to remain lodging so determine how to balance these needs ☞ Run all the money through VMC – rewrite the BID law; mute the MCLA dominance process – get the right people on VMC ☞ Current plan calls for getting rid of the sponsorship program – e.g. Mendocino Music Festival – need to focus on innovation and investment – change the name from Sponsorship to Strategic Investments in Tourism Innovation |



Mendocino County Governance Study – Report of Findings from Phase 1

| Governance | Board Interview Responses |
|------------|---|
| | <ul style="list-style-type: none"> ☞ May need to look at a DMO and take lodging out – focus instead on total customer experience ☞ The DMO needs to be as efficient and effective as possible – knows and executes against the most important needs within the county; Run it like a business – issues are too important to not be executed ☞ Need to broaden the area of outreach to Sacramento Valley as well the Bay Area – need a major draw to wineries that offer a truly differentiating experience ☞ Streamlined the decision making – from 3 Boards to one direction (VMC) ☞ Current opportunity to diversify the regional economy, need to foster a good walkable lifestyle economy, huge unmet demand for people who want to move their money local ☞ Look at where markets are coming from through the promotional arm – let the consumer define the Mendocino brand ☞ Need to dissolve the three organizations and just leave VMC – could possibly increase the Board size to add more lodging recommendations if that is actually necessary ☞ More revenue from the BID would all funnel to new markets without appreciable increases in the costs for staffing and operations although some increase in funding operations would add flexibility to securing high level talent ☞ Needs more quantitative analysis of the impact of the BID monies – then if the lodging properties can relate that to their bottom lines would need that analysis to support another BID increase ☞ The amount of budget allocated to professional positions needs to match the market ☞ Advocates the establishment of a reserve fund for stability of operations – BID Advisory recommended a percentage each year be added to the reserve fund to achieve solvency and stability for ongoing operations – and/or to grow the investment in targeted promotions – this all requires quantifiable outcomes to strengthen commitments to the investment portfolio ☞ ROI is generally good for the \$1 million; Can increase the Bid to achieve larger multipliers but wants it competitive; Focus on strategies for targeted investment ☞ Get rid of the layers- VMC has to answer to so many people they have to justify and explain – makes them less effective ☞ BID contract for promotion should be renewed every 3 years through competitive process ☞ Use advisory “board”/ committee approach (e.g. MCPA, MCLA) to preserve access and voices but one clean “Board” for VMC oversight and monitoring ☞ Would like to see a 6 year plan with everyone engaged |



Mendocino County Governance Study – Report of Findings from Phase 1

| Governance | Board Interview Responses |
|------------|--|
| | <ul style="list-style-type: none"> ☞ Not enough money in the BID to not have a working board with key marketing expertise ☞ Scott/VMC needs to get to all areas and truly understand the differentiating characteristics of these areas – market more than the surface experience – get to the deeper connection with visitors – individuals of all ages, families, etc. ☞ One thing that would help alleviate some of the growing pains – formalize the oversight process – such as reviewing VMC finances – could be as infrequent as 6 months – but the same people – should perform this so they develop a competency ☞ Need to simplify the roles and the board structures of all three entities ☞ Better oversight - how the money is spent and some form of indicator measurement on how spent along with quarterly projections for planned activities ☞ Make one organization, a true DMO – MCLA can continue – MCPA can go ☞ Everyone come to the table and share the meal – let’s play and look at the big picture together – stay focused on the vision, mission, goals ☞ Promote ourselves internally – tell our story to our stakeholders instead of simply responding to criticism ☞ How to get to “coast AND inland” vs “OR” ☞ Create a single Board – combination of lodging and other tourism related representatives ☞ BID Advisory Board oversees the marketing plan – needs people both willing and able to review and monitor marketing plans – challenge Scott on his assumptions |

Mendocino County Governance Study – Report of Findings from Phase 1

Survey Q10: What suggestions do you have for improving governance of the BID to promote better tourism promotion outcomes for Mendocino County ? (82 Respondents)

Instructive = enlightening, informative, illuminating, educational

Constructive = serving a useful purpose, promoting improvement or development

Non-Constructive = tending to refute or disparage, negative, or generally unhelpful

Instructive Comments Offered

- Maybe become more transparent to smaller businesses, not just lodging, restaurants and events organized by VMC.
- Continued integration with other organizations that share the overall goals of promoting the county and its various business sectors. Stronger coordination with the new winegrowers organization would be strategic. Coordinate with Sonoma State's Galbreath Nature Preserve as it develops. Ditto Botanical Garden
- Increasing the BID would allow for expanded promotion and advertising of Mendocino County
- Better rounded approach to all that Mendocino Co. has to offer. Focus recently seems to have been a bit too much about the wine.
- I would really like to see funding for an open space district like Sonoma County has so we can better protect the environment that is the basis for visitor interest. I would support increasing the BID tax by 1% if this money was dedicated to open space district funding.
- As an organization that serves tourists and sponsors events would find it useful to have an organized way of approaching lodging establishments to create tourist packages, grow events, and develop ongoing mutually beneficial partnerships.
- Better communication with members. Supporting the little guy as well as the big guy.
- Work with areas to promote events
- Work with city of Fort Bragg and County of Mendocino to attract companies currently operating in Bay Area or other counties to move operations to our county. This will drive lodging and dining numbers, and business in general up for the county with business to business dollars as opposed to disposable income travel dollars. This would give more business sustainable, more consistent year round cash flow. The city and county can make this happen by implementing programs that make our county easier than others to business. Example such as the following:
 - Tax break incentive for business moving to area
 - Expediting permit process to allow development for construction or expansion of new facilities
 - Hiring of new employee incentive packages
 - Anything that will make us more business friendly than the rest of the state will incentivize business's to move here when they want to expand and can't because of hassle in their current county.
 - City of Fort Bragg is looking into such programs set in place by Redwood City that where very successful. This could be done county wide I believe
- Foresight and broad scoped planning for capturing increased tourism dollars and seeking grants monies. Dedication to preserving natural resources which make Mendocino a treasure.
- Board development

Mendocino County Governance Study – Report of Findings from Phase 1

- Allow all points of view on the board of directors. Also reflect the difference between full time businesses like Inns and small family vacation rentals in terms of BID amount.
- Represent all areas equally. Perhaps a quarterly rotation through the Ukiah/Willits area, Anderson Valley, South Coast, North Coast would be more equitable with regard to advertising.
- Promoting and organizing volunteer groups to help improve appearance and cleanliness of villages and rural areas.
- Restructure to establish a single board with clear, specific oversight responsibilities and meaningful performance criteria
- encourage/demand innovation, influence promotion of niche markets, guidance in marketing of outlying areas of the County
- The Bid was set in motion by Lodging for All Lodging. What we learned was that we need to promote festivals, attractions, and all aspects of the county to have people come and stay in our Lodgings. That is why I answered #5 the way I did. We have too many organizations... we need one, VMC, organization, CVB if you will. The BID could become tiered as to percentage paid or stay at 1% and I would be willing to do 2%. Either way we need to have a BID for promotion in this County!
- INFORMATION, INFORMATION! We have been in the vacation rental business for 4 years. We are completely transparent (vrbo.com and airbnb.com) and we regularly pay our BID taxes. WE have never received any information from ANY organization on where the funds for the BID tax are going. We would like to get this information via email or mail.
- VMC strives to be fair in wide promotion of the County--being more open and encouraging of input by other organizations would my suggestion.
- Spend the majority of the money promoting within the 9 bay area counties and the counties adjoining Mendocino, These are the people that are likely to come back again and again. After this group, the rest of California and then the rest of the country in decreasing amounts. Promotion abroad in my opinion is expensive. Return on investment is not likely to be as high because the chance of repeat business is not as likely.
- Switch to the 1994 Statue for the 5 year program. Require experienced marketers to serve on the working board with an oversight committee that does not have to be populated by marketers but evaluate on the basis of ROI. Oversight is not the same as the "managing" directors which meet monthly. Oversight meets quarterly. Oversight committee should be appointed by BOS and subject to the Brown act for maximum transparency. MCPA and MCLA as well as BOS can nominate members to the Oversight Committee which will be determined by BOS (required because of the County's matching funds and to insure that the work continues). MCLA and MCPA provide their best marketing members to the Marketing entity, now called VMC, for terms not less than 2 years, to assure continuity. MCPA responsible to channel "marketing directors from other than lodging properties - including event organizers, recreational activities (primarily visitor oriented), culinary education, arts education, etc.
- Reduce MCLA and MCPA to pass-through agencies with recommending authority only. Furnish the TOT and county match dollars directly to VMC, with minimal sustenance reserved for PA and LA. VMC should not provide staffing service to either organization. That generates conflicts.
- Address the perception/reality that the organization serves primarily the lodging community and that other tourism sources are not promoted as they do not contribute funds directly.

Mendocino County Governance Study – Report of Findings from Phase 1

Constructive Comments Offered

- More transparent; focus efforts and dollars on domestic targets, especially in the bay area; provide training and resources to businesses in hospitality ind.
- Use more funds for direct promotion and less for staff/overhead
- More press everywhere!
- I think the organization needs to have a more focused and unified message for what the area and county is as a unified whole. I think there needs to be stronger and more experienced leadership within the VMC organization. I have observed a series of poor decisions made in the last couple of years, especially recently in regards to overall promotion and positioning of Mendocino County in the marketplace.
- The website is good and useful. That's about all I need. No real need for BID. For sure, do not need another 1%.
- Play fair with staffing the governing board(s)
- Unity
- Be fair, be honest, don't be self-serving.
- Spend the BID money only to promote Mendocino County -- and spend it for no other reasons except for tourism! Include the lodging owners who are collecting and paying the BID tax to have a say so on how and where it should be spend!
- It needs leadership and a change in the board along with clear direction based on current research.
- More inland promotions
- After at least 8 years of working with them am still unclear on BID, the Ukiah office, visit Mendocino and the FT. BRagg office.
- Not needed. Better to give that money to the County for local use. Mendocino is already world known and this org is neither necessary or effective. VRBO totally does the job and is world wide
- Better use of social media
- I think I would need to know what has happened, and how it has affected various aspects of the county, to really have any opinion.
- please do not raise to 2%
- I don't want the bid to be raised
- To evaluate past practices for spending BID monies; and then develop and implement a plan to be more effective and efficient in how the money is spent and how the 3 existing organizations should be reconfigured/realigned in order to maximize success for reaching lodging members goals and objectives, both short and long term.
- find a solution fair to all lodging properties who collect the BID dollars and use less of these dollars for admin purposes and more to actually promote the county. Enforcement of non-paying lodging establishments b/b's etc. No evidence of crack down on illegal units have been witnessed
- Information in the "Events and Festivals" tab of the website is very thin considering all the activities that could be included. They appear to be mainly paid sponsors.
- MCLA should take back more control of funding decisions and some of VMC's ultimate power
- Not sure, but except for jumping on the Stornetta Lands National Monument, along with the photo up with the President, I've not seen much promotion of the "South Coast"...including the Sonoma - Mendocino Coast Whale & Jazz Festival or our GO LOCAL movement, including PLAY LOCAL Adventure Rents and B Bryan Preserve.

Mendocino County Governance Study – Report of Findings from Phase 1

- Why not include other business's in the Bid other than just the Wine and Lodging industry's? Why not include restaurants?
- Using "green bags" as a measure of customer contact is disingenuous. Passing out a bag and recording the number of bags passed out to your governing bodies as "real contacts" hmmm
- The BID needs to be raised to 2% and Campgrounds need to collect BID dollars (2 or 1 percent) for all sites with hookups. VMC staff is being unduly scrutinized by MCLA which does not have direct oversight of the organization. MCLA is usurping the role of the VMC BOD and thereby causing significant distraction to the VMC staff in daily operations. No administrative activities of MCLA or MCPA should be conducted by VMC unless specifically paid for by these organizations.
- Would like to see expenditure of funds locally instead of outsourcing to other areas.
- From what I gather, too many insider deals to get rid of members that oppose raising taxes. That is wrong...if it's true.
- Be more transparent. Set limits on Board of Directors...too many have been there TOO LONG. Be more inclusive of ALL properties, not just big properties.
- Cooperative MCLA board members.
- Note: Our facility does not fit into any of the location categories.
- Seek out successful innkeepers and place a small number in charge. Things would change overnight
- Hire an outside PR firm; direct all but basic administrative costs for one person and have all other funds go into advertising and promotion to the news media.
- Set term limits for Board members and Officers. Make joint meetings for MCLA or MCPA, or combine in some legal fashion to streamline but also represent all constituencies. Eradicate cronyism, favoritism of board and staff members. Increase professionalism of the VMC staff by hiring qualified staff, and reining in wasted spending.
- Let people know they can fly in and they can get someone to take them to a spot or vacation rental.
- The Board has a record of ignoring the input of its members. Under those circumstances, what's the point of answering this question
- How about spending some dollars and interest up here in Westport!
- "privatize" MCLA and make the BID optional, work more with Chambers of Commerce. If VMC still wants its gig it should work as an optional marketing group that the chambers of commerce could hire. If not this than just scrap the whole thing and end the BID.
- Term limits on all boards
- None - i do not need this to promote my property since my own efforts are sufficient. vrbo gives me international exposure
- We would like to see a VMC produce blanket promotion of the county.
- MORE STAKEHOLDER PARTICIPATION
- Reach out to us in Anderson Valley as you are with this survey.
- Streamline the entities responsible for promotion activities, and oversight and spending of the BID funding. Reduce or eliminate layers of overhead and salaries.
- Ensure that you are including outlying areas of the county. Include Tribal Entities, i.e. casinos, hotels, etc.
- Make VMC a DMO. Lodging should not be in control as they cannot function as a team. We need a professional Tourism and Visitors Bureau.
- Do not raise the 1% rate. It will hurt smaller venues as people already balk at the 11%

Mendocino County Governance Study – Report of Findings from Phase 1

Non-Constructive Comments Offered

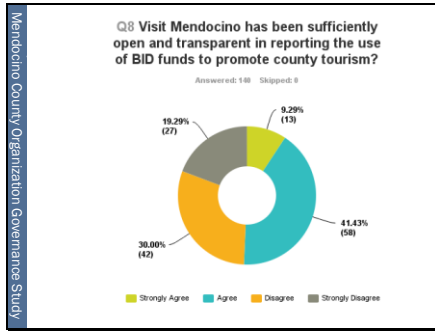
- Do away with it
- No one listens so why bother
- Eliminate, Mendocino promotes itself
- Replacing the people in charge would help immensely
- Get RID of the BID!
- Time to let it go.
- Get rid of the nuts on the coast
- make it more democratic, use it like it should be, not for non BID payers. or get rid of it all together.
- GET NEW PEOPLE ON THE MCLA BOARD, GET RID OF SCOTT, REDUCE THE STAFF, REDUCE THE OVERHEAD, STOP THE PAY TO PLAY
- Better control of the "administrative" line items. This 'organization' is more interested in sustaining itself than providing any real benefit to a LARGE majority of those involved in providing lodging. I personally feel totally unrepresented as a vacation rental owner and have never been able to trace a single visitor back to their promotion efforts - only my own. I feel the entire thing should be disbanded.
- Abolish it - tourist don't have that much money right now and as you know Air B&B for instance is growing (no tax) . If a guest stays for 1 week or more the BID & room tax is very high!
- Drop the BID tax!!!

Phase 2 Presentation Slide Deck for May 27, 2014

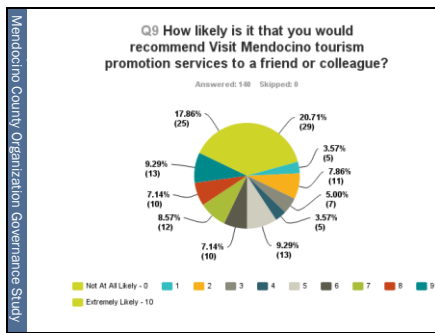


Mendocino County Governance Study – Report of Findings from Phase 1

Slide 13



Slide 14



Slide 15

Mindset Matters

*“80% of What We Believe to Be True,
We Make Up!”*

Dr. Francis Crick, Nobel Laureate

Mendocino County Governance Study – Report of Findings from Phase 1

Slide 34

Mendocino County Organization Governance Study

Old African Proverb

*“if you want to go quickly, go alone;
if you want to go far, go together”*



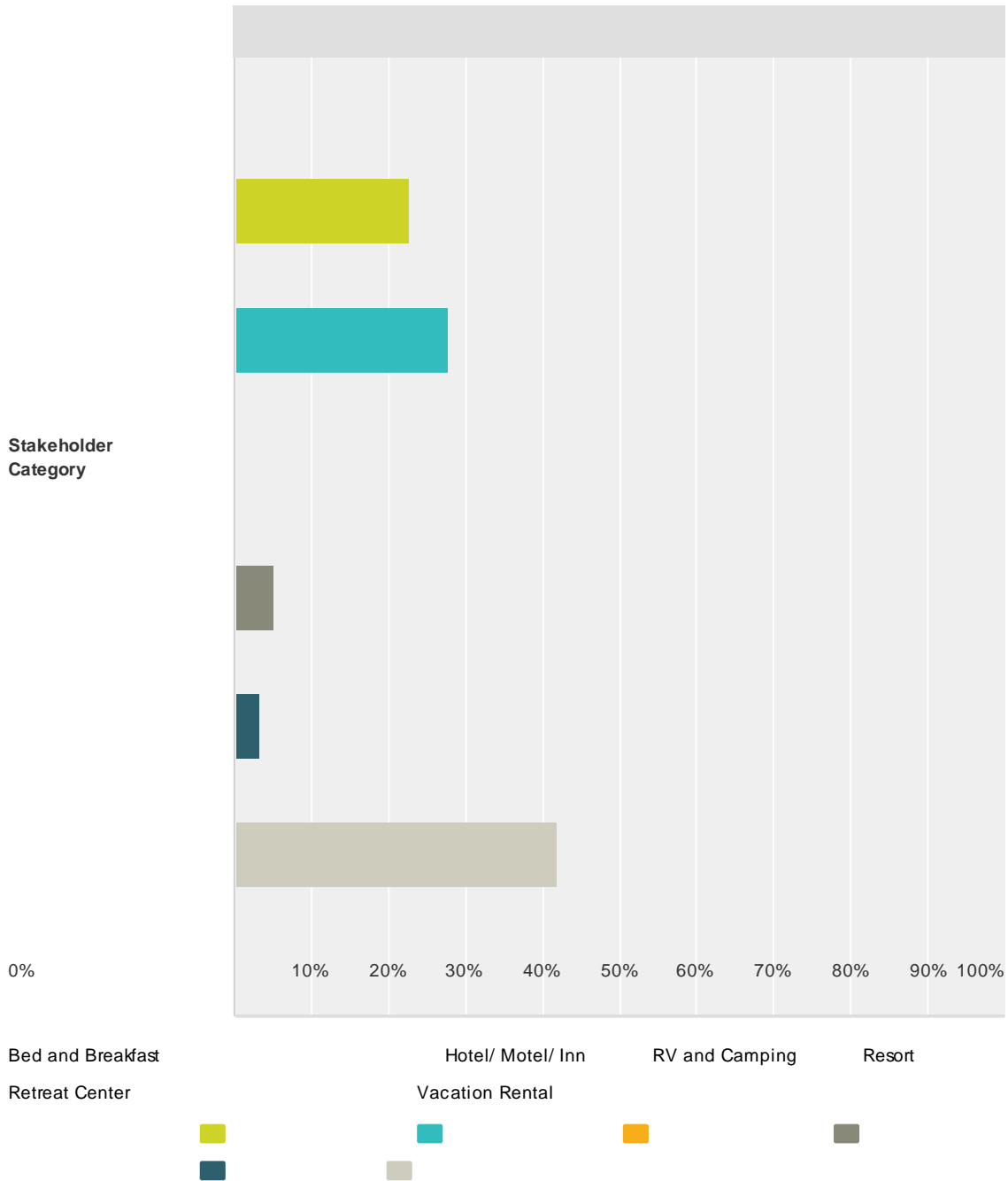
Phase 1 Stakeholder Survey Results



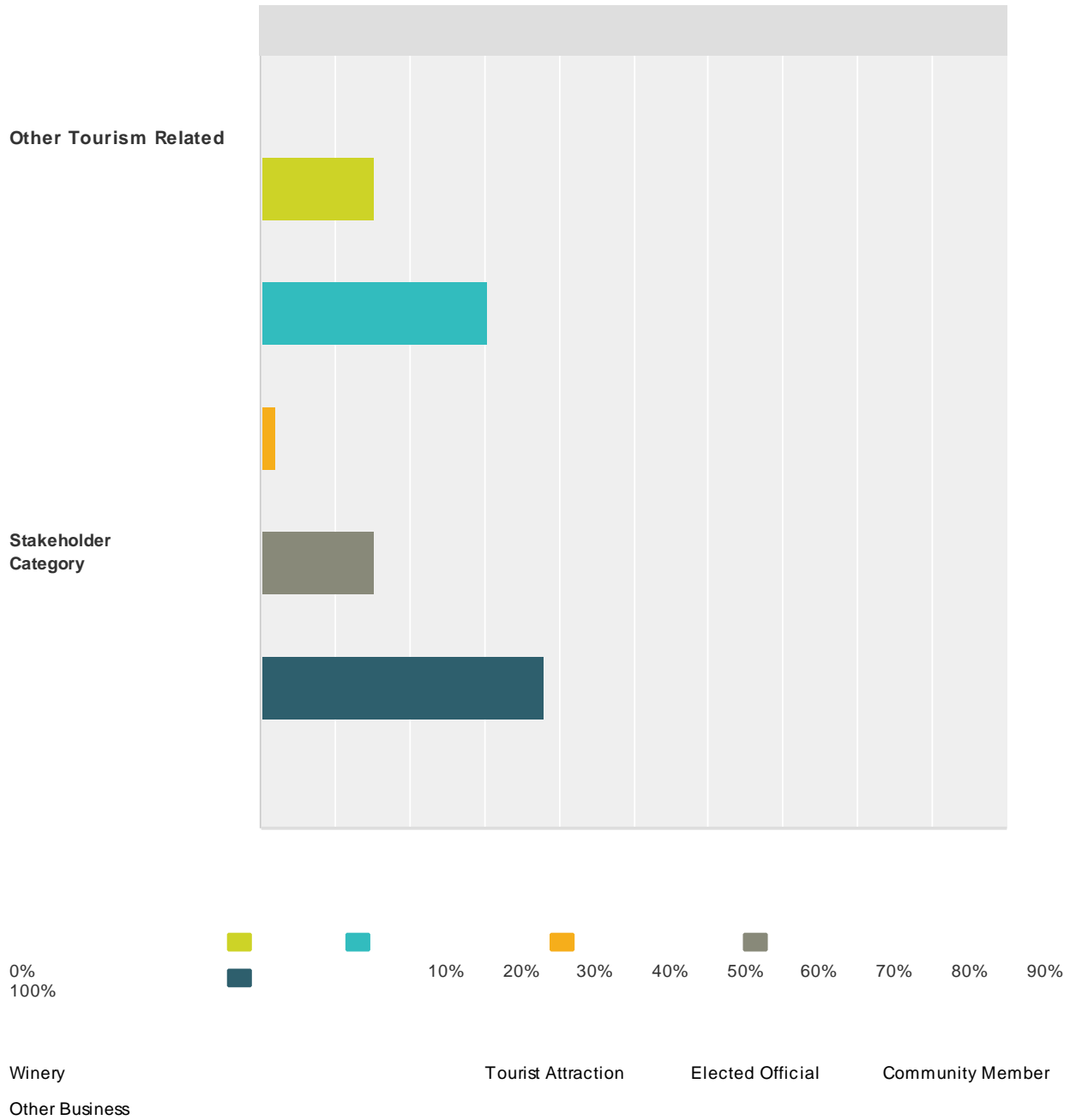
Q1 In what segment of the Mendocino County tourism industry are you presently involved? Choose "Lodging" drop down choices if you work in lodging or choose "Other Tourism Related" drop down choices if you work in a tourism sector other than lodging.

Answered: 139 Skipped: 1

Lodging



Mendocino County Tourism Governance Study – Survey Results



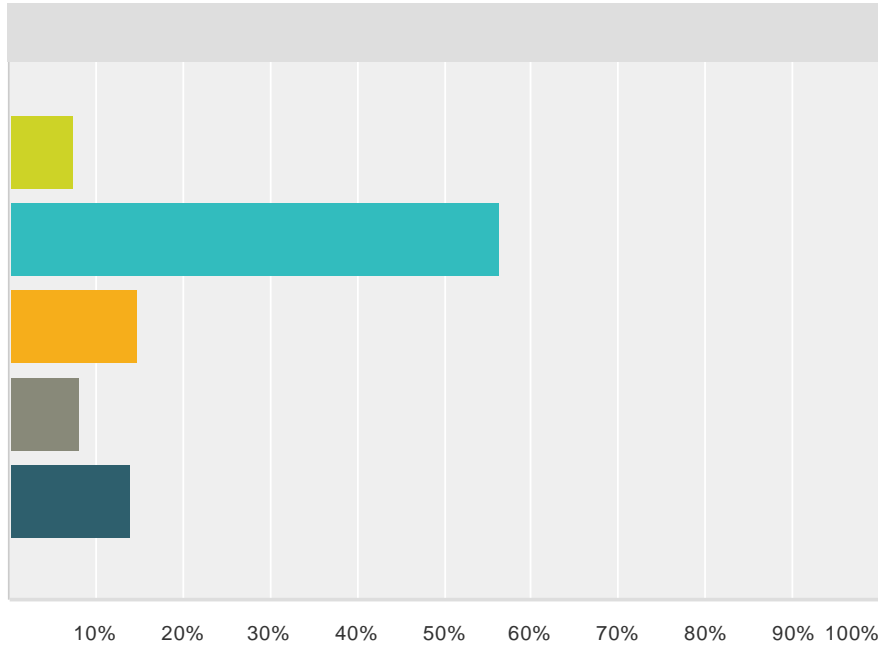
| Lodging | | | | | | | |
|-----------------------|-------------------|--------------------|------------------|------------------|----------------|-----------------|-------|
| | Bed and Breakfast | Hotel/ Motel/ Inn | RV and Camping | Resort | Retreat Center | Vacation Rental | Total |
| Stakeholder Category | 22.45% | 27.55% | 0.00% | 5.10% | 3.06% | 41.84% | |
| | 22 | 27 | 0 | 5 | 3 | 41 | 98 |
| Other Tourism Related | | | | | | | |
| | Winery | Tourist Attraction | Elected Official | Community Member | Other Business | Total | |
| Stakeholder Category | 15.09% | 30.19% | 1.89% | 15.09% | 37.74% | | |
| | 8 | 16 | 1 | 8 | 20 | 53 | |

Q2 Where are you primarily located for business purposes in Mendocino County?

Answered: 137 Skipped: 3

(no label)

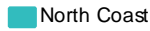
Primary Location



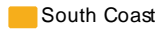
Anderson Valley



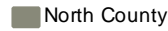
North Coast



South Coast



North County



Upper Russian River Valley



(no label)

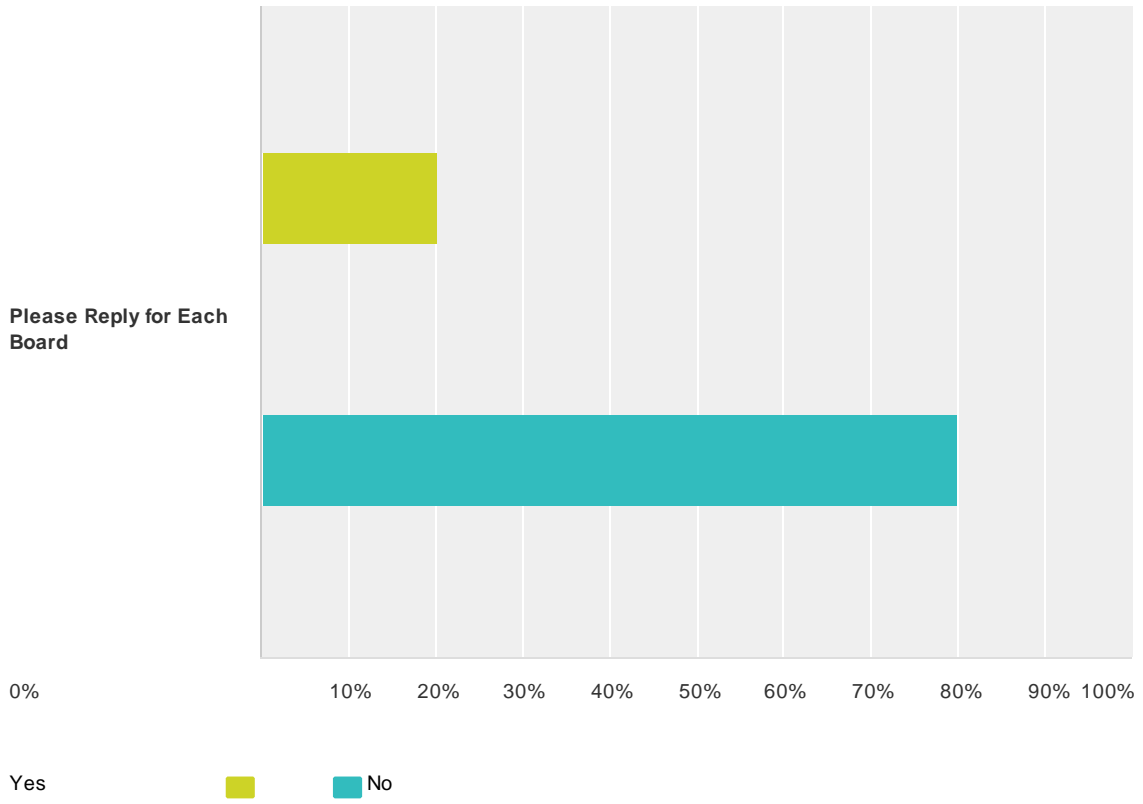
| | Anderson Valley | North Coast | South Coast | North County | Upper Russian River Valley | Total |
|------------------|-----------------|-------------|-------------|--------------|----------------------------|-------|
| Primary Location | 7.30% | 56.20% | 14.60% | 8.03% | 13.87% | |
| | 10 | 77 | 20 | 11 | 19 | 137 |

Q3 Are you now or have you ever served on the Board of Directors for:

Answered: 140 Skipped: 0

Mendocino County Lodging Association (MCLA)

Please Reply for Each Board



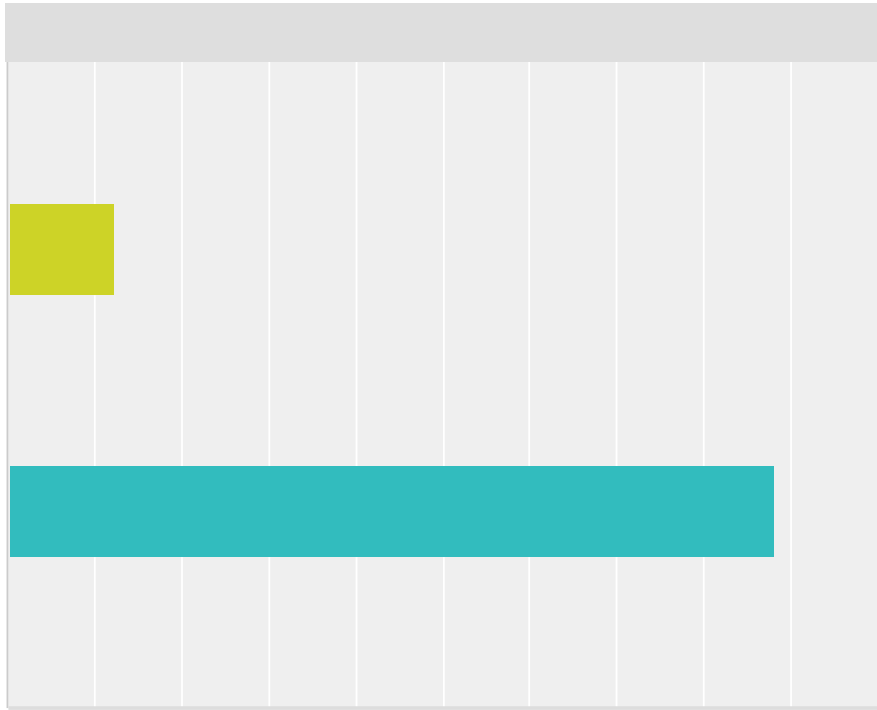
Mendocino County Tourism Governance Study – Survey Results

Mendocino County Promotional Alliance (MCPA)

Please Reply for Each Board

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Yes No

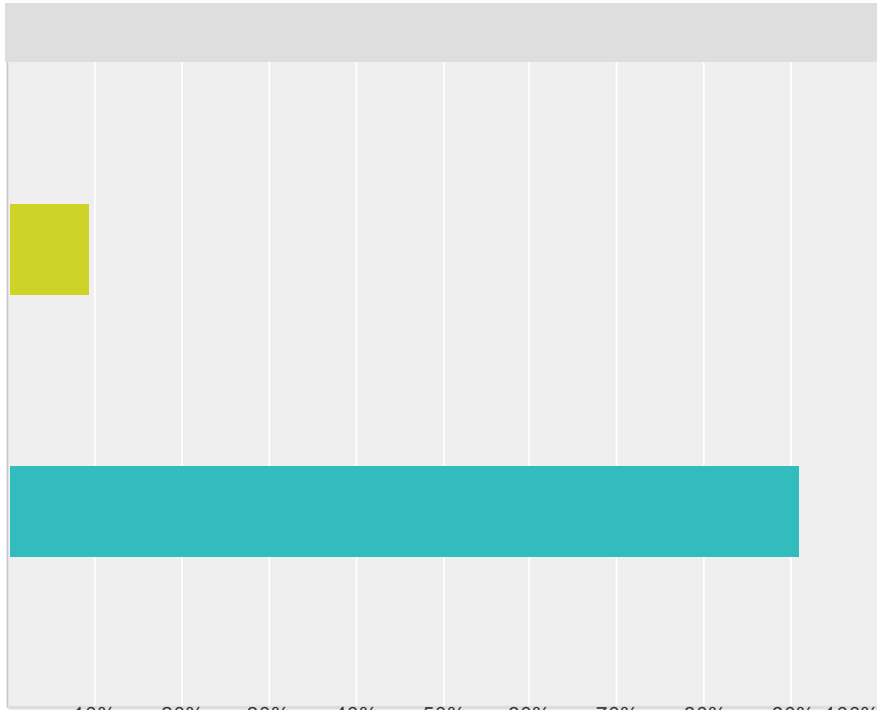


Visit Mendocino County (VMC)

Please Reply for Each Board

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Yes No



Mendocino County Lodging Association (MCLA)

Please Reply for Each Board

Yes No Total

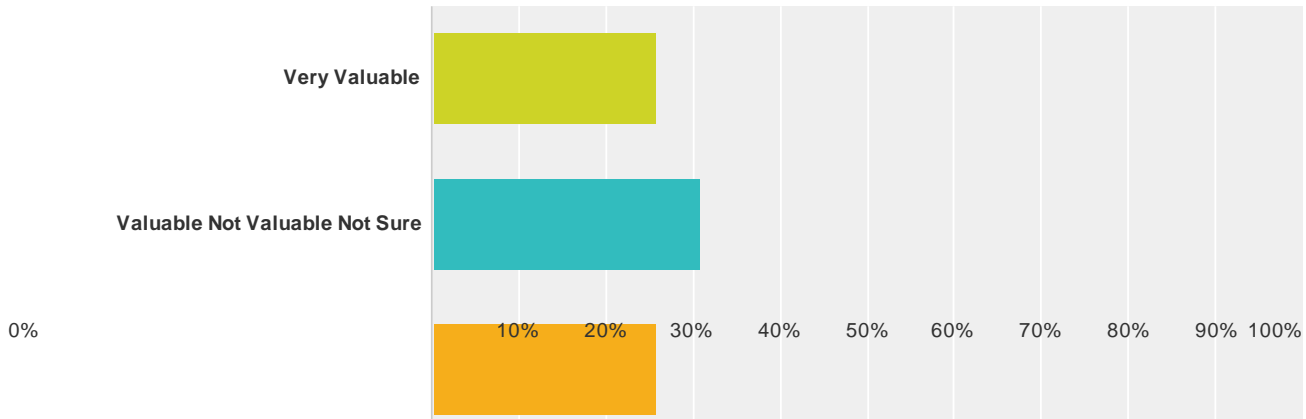
20.71% 79.29%

Mendocino County Tourism Governance Study – Survey Results

| | 29 | 111 | 140 |
|---|---------------------|----------------------|--------------|
| Mendocino County Promotional Alliance (MCPA) | | | |
| | Yes | No | Total |
| Please Reply for Each Board | 12.14% 17 | 87.86% 123 | 140 |
| Visit Mendocino County (VMC) | | | |
| | Yes | No | Total |
| Please Reply for Each Board | 9.29% 13 | 90.71% 127 | 140 |

Q4 Based upon your understanding of the purpose of the Tourism Promotion BID what is your perception of the value of the BID in advancing overall Mendocino County Tourism results over the past 8 years?

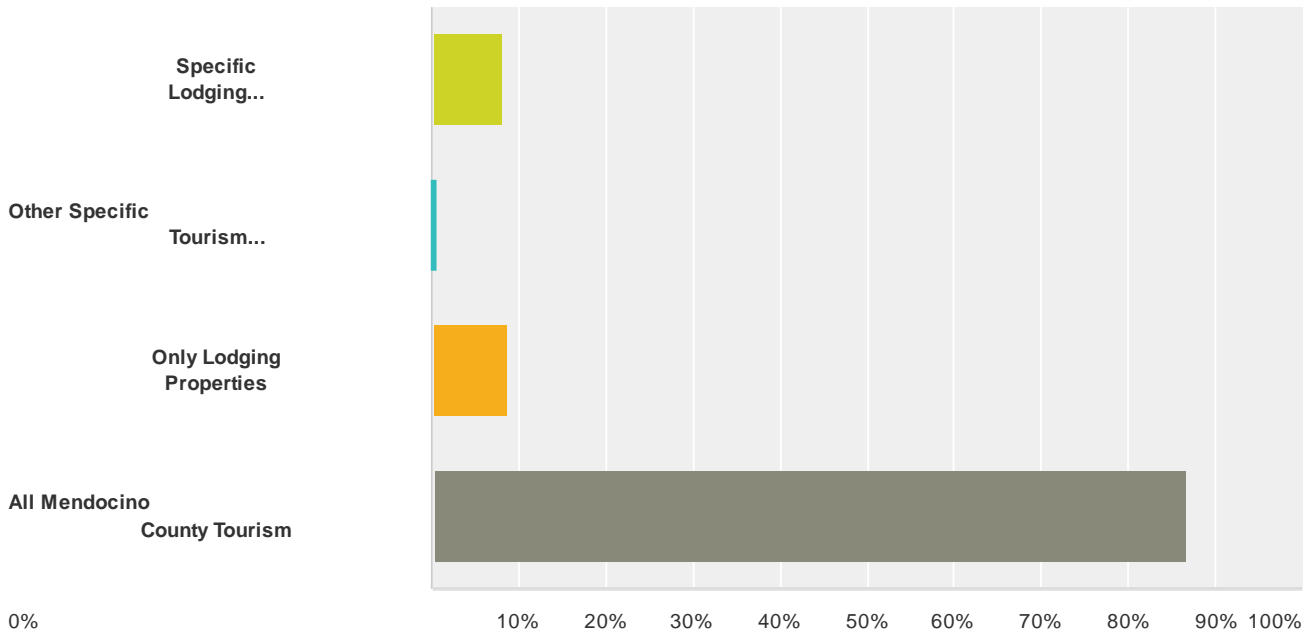
Answered: 140 Skipped: 0



| Answer Choices | Responses |
|----------------|------------|
| Very Valuable | 25.71% 36 |
| Valuable | 30.71% 43 |
| Not Valuable | 25.71% 36 |
| Not Sure | 17.86% 25 |
| Total | 140 |

Q5 It is my understanding that the Tourism BID is specifically designed to promote:

Answered: 140 Skipped: 0

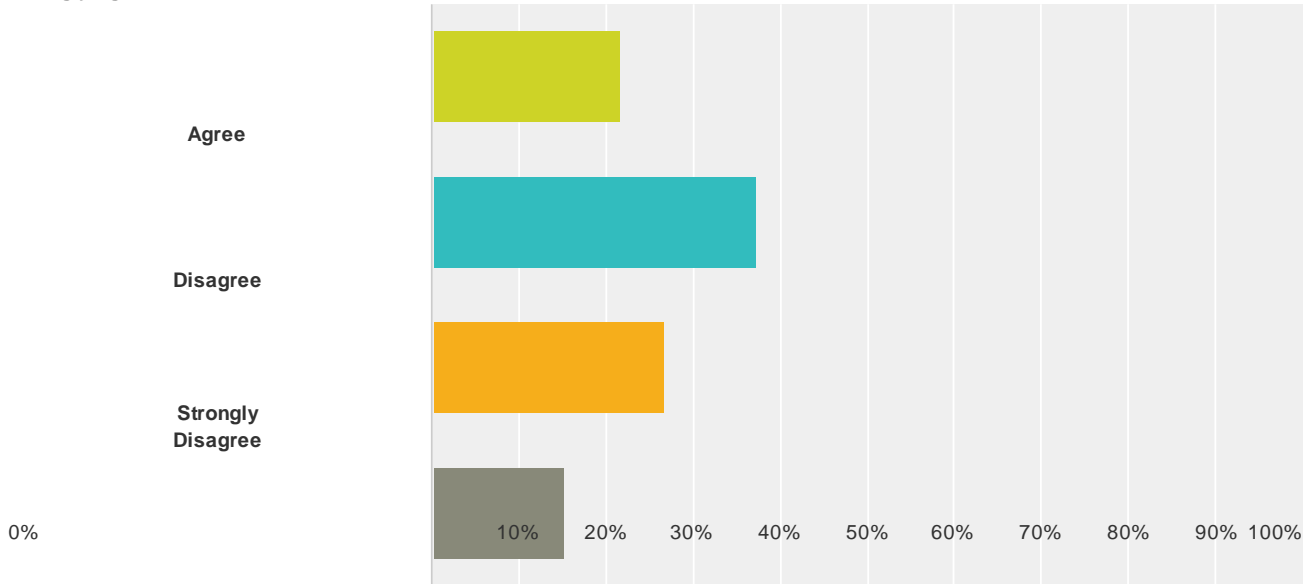


| Answer Choices | Responses |
|-----------------------------------|------------|
| Specific Lodging Properties | 7.86% 11 |
| Other Specific Tourism Businesses | 0.71% 1 |
| Only Lodging Properties | 8.57% 12 |
| All Mendocino County Tourism | 86.43% 121 |
| Total Respondents: 140 | |

Q6 Visit Mendocino County, as an organization, has utilized BID dollars effectively to promote tourism for the county?

Answered: 140 Skipped: 0

Strongly Agree



| Answer Choices | Responses |
|-------------------|------------|
| Strongly Agree | 21.43% 30 |
| Agree | 37.14% 52 |
| Disagree | 26.43% 37 |
| Strongly Disagree | 15.00% 21 |
| Total | 140 |

| # | Feel free to add a comment if you like: | Date |
|---|---|--------------------|
| 1 | I served on the BID Advisory Board for several years and was impressed by the planning and leadership as Visit Mendocino emerged as the county-wide organization. | 5/19/2014 4:00 PM |
| 2 | Seems there's inequity with promotion of non VMC events to external tourism boards and organizations, so perhaps the issue is not if dollars have been used effectively but if all properties, events, etc that can bring tourism into the area have been fully promoted through VMC. | 5/19/2014 3:44 PM |
| 3 | should include more inland promotion | 5/19/2014 2:10 PM |
| 4 | They've spent a lot of money. A lot. One-third on administration? | 5/19/2014 10:05 AM |
| 5 | Lukewarm on this. | 5/19/2014 9:30 AM |
| 6 | You all do a very fine job promoting our county. You have done a great job of reaching out to magazines and out of area interests. Thank you. | 5/17/2014 10:29 AM |
| 7 | With strongest emphasis on Mendocino and Mendocino coast. | 5/17/2014 9:15 AM |
| 8 | I really don't know. My business has not been affected. I only checked one of the options because I had to. There should be a check for I don't know. | 5/16/2014 8:45 PM |
| 9 | uncertain | 5/16/2014 4:42 PM |

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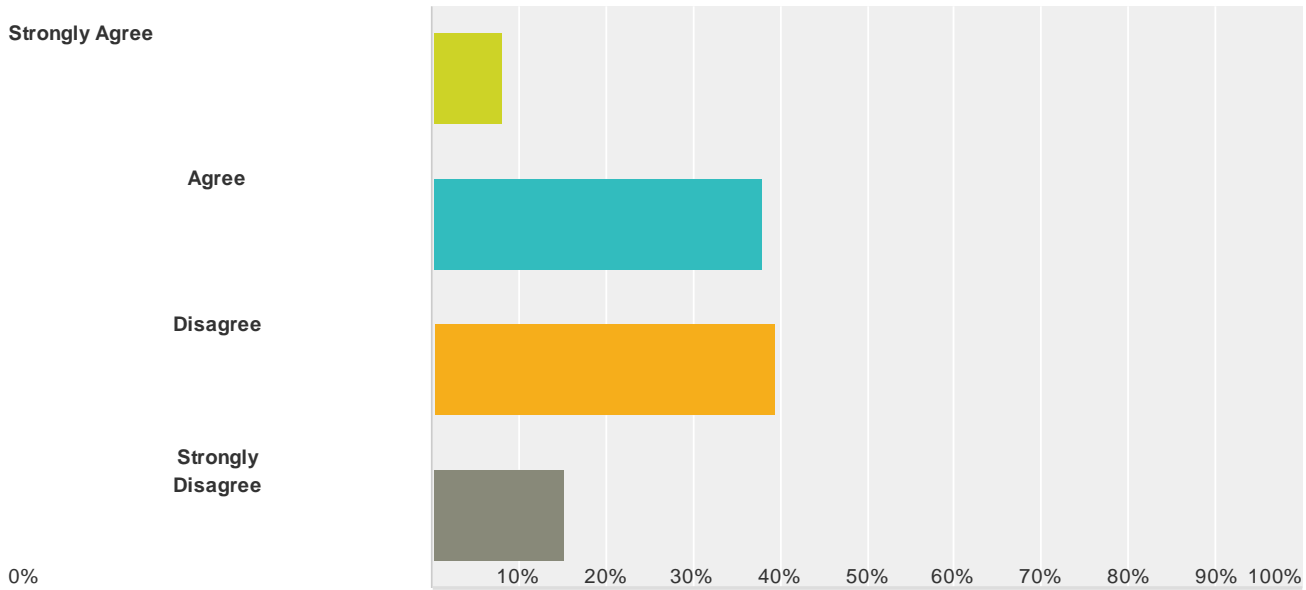
| | | |
|----|--|--------------------|
| 10 | Too much focus in recent years on wine industry in Mendo County | 5/16/2014 4:16 PM |
| 11 | Not sure how to answer. My business is declining as many small Bed and Breakfast's. Hence, the number that have gone into foreclosure. What does that say about the effectiveness of VMC advertising. | 5/16/2014 1:39 PM |
| 12 | Visit Mendocino makes a concerted effort to publicize events and support organizations throughout the county, not just the big players or the usual locations. Their consultation and advice for events and organizations is solid and useful. | 5/16/2014 1:07 PM |
| 13 | I do not see a difference. In order to get people to come you have to do more than just advertise but also have a reason for people to want go to that area. In the Fort Bragg area sure we have walking on the beach, hiking trails and the skunk train but people can only do that so many times. Also shopping? Why would people want to come here and pay exorbitant prices to shop at these little shops when they can go home and go to a shopping mall and buy items for much cheaper. Many customers ask me what is there to do here or where is the shopping mall? Fort Bragg used to be a town of dining and dancing and now there is no place to go for any nightlife. I take that back, Casper Inn just reopened but some people do not want to drive there because they do not want to be drinking and driving so they would rather stay in town where it is easier to walk or catch a ride. We used to have famous people come here and play music such as the Doobie Brothers played one afternoon on Laurel Street or another time, Mickey from Starship played at the Ships Wheel. These are just a few examples. We need activities such as that. Even at Northspur ,where the train goes out to, they could have footlighter shows and if they cabins are not being used out there by the San Francisco boys camp then maybe they could work something out where people can pay to take the train out and stay overnight in the cabins. I do not know if any of this is possible but you have to have fun activities for people to want to come otherwise they will just go somewhere else like to Napa where they are having the Bottle Rock Concert. Also they should remove a lot of those stupid signs off our beach trails. Too many rules and regulations. Can't take the dogs on the beach anymore. No dogs on the beach! No horses on the trail! What next remove your shoes before entering the beach? Who wants to see all of that signage when they can go down to San Luis Obispo area and ride ATV's on the beach. To tell you the truth if I was a tourist I would probably never come to this area. I would find it to be dreadfully boring. | 5/16/2014 11:49 AM |
| 14 | Difficult to answer above; as VMC has made mistakes in their process of learning. I do believe they are dedicated in all tasks to promote tourism, but are still on a learning curve; in addition to dealing with very contentious, on occasion even paralyzing, politics between the MCLA and VMC. Boards. | 5/16/2014 11:04 AM |
| 15 | The facts prove the organization has squandered MOST \$\$\$ on extremely above-market compensation arrangements for a bloated staff & consultant group. | 5/16/2014 10:34 AM |
| 16 | The BID is useless, but you folks have been honorable. | 5/16/2014 10:26 AM |
| 17 | I don't know enough about how much money they have spent. | 5/16/2014 9:58 AM |
| 18 | VMC was not ever involved in the original BID. Now they control most all of the funds and make most all the decisions on spending, as well as increasing salaries and expenses for staff. | 5/15/2014 8:12 PM |
| 19 | VMC has wasted so much money it is unbelievable. Scott's salary is over \$90,000.00. Salaries, expensive office space and travel have reduced the money that could be spent on advertising the county. It's a pay to play organization. | 5/14/2014 8:42 PM |
| 20 | Do not know | 5/14/2014 6:41 AM |
| 21 | Impressive county-wide support for events/festivals w/extraordinary promotions for non-profit fundraisers. | 5/13/2014 2:58 PM |
| 22 | How much has the BID dollars increased due to your promotions? | 5/13/2014 7:55 AM |
| 23 | More emphasis needed in the inland corridor, interfacing with inland promotional agencies. Monies should be allocated as equally as possible to insure effective marketing countywide for all sectors. | 5/13/2014 6:38 AM |
| 24 | very constant...thank you! | 5/12/2014 8:39 PM |
| 25 | Though I'm not sure it benefits small lodging like vacation or the South Coast area like it should. | 5/12/2014 5:49 PM |
| 26 | Concensus among many lodging entities is that the MCLA does not represent areas outside the coast very well. 95% of my clients find us on our VRBO subscription site. The additional 5% find us on the Anderson Valley Chamber website. I ask all clients where they locate us not one has ever told me that they saw us on the MCLA or Visit Mendo website. | 5/12/2014 4:53 PM |
| 27 | LODGING IS PROMOTED MUCH MORE THAN DINING. HIGH END BUSINESSES CAN AFFORD THE AVAILABLE PROMOTIONS. MID PRICE BUSINESSES LIKE MINE ARE LOOKING FOR AFFORDABLE CHOICES. | 5/12/2014 3:40 PM |
| 28 | definitely more partial to B&B's than anyone else | 5/12/2014 3:15 PM |
| 29 | Lack of quality human resources due to lack of overall BID funds paired with the effort to reduce administrative costs as a percentage of the total budget. | 5/12/2014 2:17 PM |

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|----|--|--------------------|
| 30 | Expenditures of BID dollars have been too concentrated in certain areas and certain markets | 5/12/2014 10:21 AM |
| 31 | The group is naive when it comes to marketing. No education or background. | 5/9/2014 8:37 AM |
| 32 | Administration was supposed to be a small percentage, but with salaries and all, it is where the dollars are going, not into advertising. Overhead is excessive. | 5/8/2014 2:51 PM |
| 33 | There will always be a difference of opinion on what is effective and what should be covered. However I believe and have been privy to the fact that there has been no blatant intentional errors made. Over all I am very happy with what has been accomplished and the inroads made! | 5/8/2014 11:40 AM |
| 34 | I have heard rumors in the community that I hope are not true, and that is, the BID tax money that we pay mostly goes to support and promote Ukiah tourism. I have marked disagree but really do not know as I am not informed. | 5/8/2014 9:23 AM |
| 35 | Who knows? A metric for measuring effectiveness of VMC marketing campaigns has never been developed (revealed?). | 5/7/2014 1:37 PM |
| 36 | too much spent on staffing office | 5/6/2014 8:19 PM |
| 37 | I still don't really know what they do. | 5/6/2014 8:09 PM |
| 38 | Though I do not agree that the dollars have been spent efficiently. | 5/6/2014 5:04 PM |
| 39 | SEEN HUGE SUCCESS ON BRANDING/PR INITIATIVES | 5/6/2014 4:15 PM |
| 40 | I don't know. | 5/6/2014 3:54 PM |
| 41 | Don't have a strong opinion. Would guess alright, but no basis to say | 5/6/2014 2:58 PM |
| 42 | Actually, I'm neutral | 5/6/2014 2:01 PM |
| 43 | VMC has transformed the public image and awareness of Mendocino County from a bastion of pot producers to a green-focused, organic, festival and nature-rich clean getaway environment. The National recognition is a feat worthy of note. | 5/6/2014 2:01 PM |
| 44 | Would like to see additional promotion of destination weddings, which are a large source of cash for all segments, not just lodging and restaurants | 5/6/2014 1:50 PM |

Q7 The Boards of Directors (MCLA, MCPA, VMC) have provided effective governance in supporting Visit Mendocino staff to achieve desired BID outcomes?

Answered: 140 Skipped: 0



| Answer Choices | Responses | |
|-------------------|-----------|------------|
| Strongly Agree | 7.86% | 11 |
| Agree | 37.86% | 53 |
| Disagree | 39.29% | 55 |
| Strongly Disagree | 15.00% | 21 |
| Total | | 140 |

| # | Feel free to add a comment if you like: | Date |
|----|---|--------------------|
| 1 | Not sure one way or another. | 5/19/2014 3:44 PM |
| 2 | No Comment. | 5/19/2014 11:02 AM |
| 3 | I actually have no idea. Seems like VM staff should be able to answer. | 5/19/2014 10:05 AM |
| 4 | There's too much in-fighting among the players. To work effectively as a team people have to leave their egos outside the room. | 5/19/2014 9:30 AM |
| 5 | Don't know...no way to evaluate | 5/17/2014 9:15 AM |
| 6 | Having not been on the board, I couldn't say. Only checked one cause they refused to not have me check one. | 5/16/2014 8:45 PM |
| 7 | uncertain | 5/16/2014 4:42 PM |
| 8 | Don't understand this question. I don't want the bid to be raised. | 5/16/2014 1:39 PM |
| 9 | I really have absolutely no idea, but things seem to work well enough so the governance must be at least fairly effective. | 5/16/2014 1:18 PM |
| 10 | I don't really know about the boards, but presume that they must be doing a good job because staff are doing a great job. | 5/16/2014 1:07 PM |

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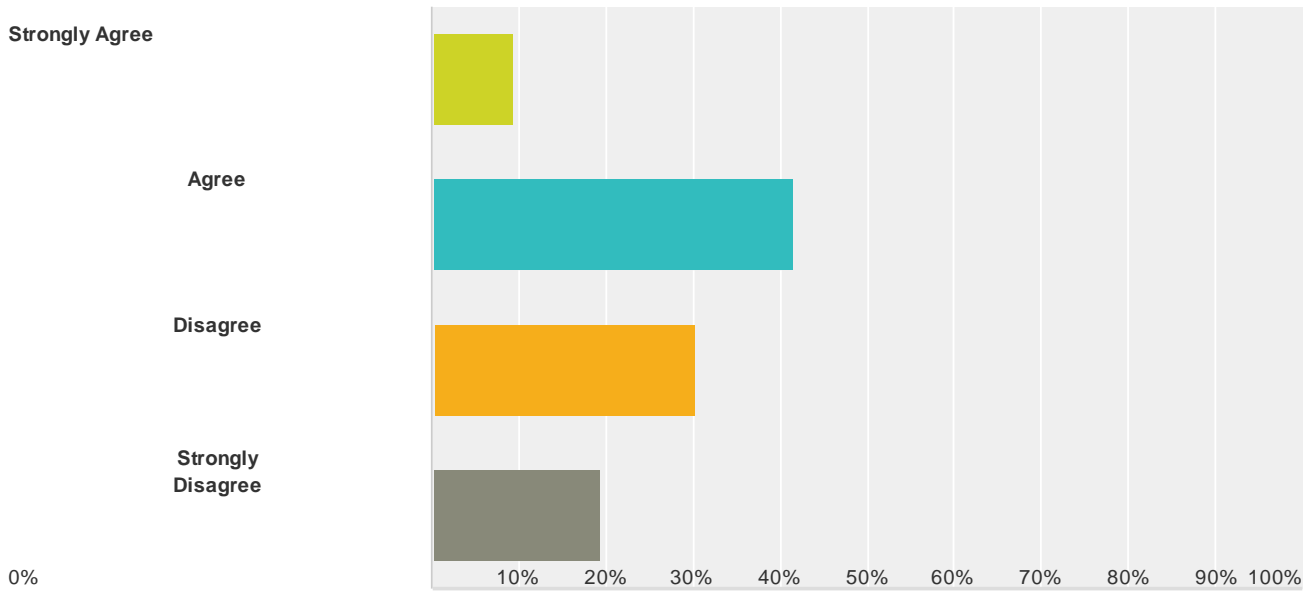
| | | |
|----|---|--------------------|
| 11 | Again, very difficult to answer either a "agree or disagree" as a result of both answer 6. above; and answer 8. below. In addition, the VMC and MCLA boards also have major trust issues and lack of respect in working together toward common goals; which has clearly affected their ability to be united when giving direction and support to the VMC staff. Then throw into the mix the lack by both Board members and the lodging membership at large, to participate or to even take the time to be aware and fully understand the issues surrounding and effecting both VMC and MCLA's boards to provide knowledgeable direction, oversight and support to the VMC staff; and as a result how and what our BID dollars are being spent.. | 5/16/2014 11:04 AM |
| 12 | One streamlined organization could easily accomplish the goals of these 3, intertwined, politically-loaded and leadership-incompetent clubs. | 5/16/2014 10:34 AM |
| 13 | The BID is useless, but you folks have been honorable. | 5/16/2014 10:26 AM |
| 14 | I don't have enough information to judge | 5/16/2014 9:58 AM |
| 15 | NOPE! | 5/15/2014 8:12 PM |
| 16 | MCLA AND MCPA ARE PUPPETS TO THE ONES RUNNING THE VMC BOARD | 5/14/2014 8:42 PM |
| 17 | I have not heard of program until now | 5/14/2014 6:41 AM |
| 18 | unsure. | 5/13/2014 2:58 PM |
| 19 | You don't have a "Not Sure" choice. That would probably be mine if there was. | 5/13/2014 11:14 AM |
| 20 | They show favoritism | 5/13/2014 9:01 AM |
| 21 | The VMC board have been week rubber stamps. | 5/13/2014 7:55 AM |
| 22 | BOD interface well with staff via constructive communication. | 5/13/2014 6:38 AM |
| 23 | I'm not sure, I've observed some mismanagement. | 5/12/2014 5:49 PM |
| 24 | Really don't know | 5/12/2014 5:40 PM |
| 25 | Communication regarding this matter from the various boards is not particularly transparent | 5/12/2014 4:53 PM |
| 26 | Not sure | 5/12/2014 4:26 PM |
| 27 | BID OUTCOMES ARE NOT NECESSARILY DESIRABLE BUSINESS OPTIONS. | 5/12/2014 3:40 PM |
| 28 | MCLA and MCPA should share their own administrative staff and should not be using VMC staff for their administrative needs. | 5/12/2014 2:17 PM |
| 29 | Good things have happened, but the governance structure is overly complicated. It wastes time and resources that could be better used | 5/12/2014 12:10 PM |
| 30 | Outcome has been good, but process has been dysfunctional due to internal political problems, particularly with MCLA. | 5/9/2014 3:11 PM |
| 31 | See 6 above | 5/9/2014 8:37 AM |
| 32 | If they are provided strong leadership, they would have guided more dollars into advertising and public relations to attract tourists. The website, we understand, has been redesigned three times over three years at well over \$100,000 this is poor planning, at the least. | 5/8/2014 2:51 PM |
| 33 | I think that there has been a bit of apathy by all the Boards. We are all volunteers with businesses to run so some things may have been overlooked or no direction given. Generally I believe we have done very well. | 5/8/2014 11:40 AM |
| 34 | Same as above. I am not sure what ANY of these organizations are doing to govern BID outcomes. | 5/8/2014 9:23 AM |
| 35 | These boards have become a "clique" not representing the BID paying members. | 5/7/2014 1:37 PM |
| 36 | I don't like that they tried to ram thru a bed tax increase, and then recently cancelled a vote. | 5/7/2014 11:45 AM |
| 37 | They do not know what they are doing. | 5/6/2014 8:09 PM |
| 38 | frankly I see no benefits - this is "just another tax" | 5/6/2014 6:05 PM |
| 39 | This survey is first time they've reached out to us. | 5/6/2014 3:54 PM |
| 40 | Not sure... | 5/6/2014 3:50 PM |
| 41 | too political; in-fighting | 5/6/2014 2:52 PM |

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|----|---|------------------|
| 42 | Mcla has created a context of uncertainty. Prior to that MCPA was out of hand. MCLA fixed MCPA through its 91ared board members. There seems to be no one to fix MCLA- although some try. My understanding is that a concerted effort is currently underway to unseat the current MCLA pres dent, Cally Dym aswell asformerpresidentand significant contributorto founding the BID, Jo Bradley. This Governance effort is probably in vain asresult of this effort to take over MCLA. | 5/6/2014 2:40 PM |
| 43 | Neutral, except I do not favor raising tax! | 5/6/2014 2:01 PM |
| 44 | But a vocal minority on MCLA doesnot understand its own role and creates a distracting buzz. | 5/6/2014 2:01 PM |
| 45 | Very heavily weighted toward lodging | 5/6/2014 1:50 PM |

Q8 Visit Mendocino has been sufficiently open and transparent in reporting the use of BID funds to promote county tourism?

Answered: 140 Skipped: 0



| Answer Choices | Responses |
|-------------------|------------|
| Strongly Agree | 9.29% 13 |
| Agree | 41.43% 58 |
| Disagree | 30.00% 42 |
| Strongly Disagree | 19.29% 27 |
| Total | 140 |

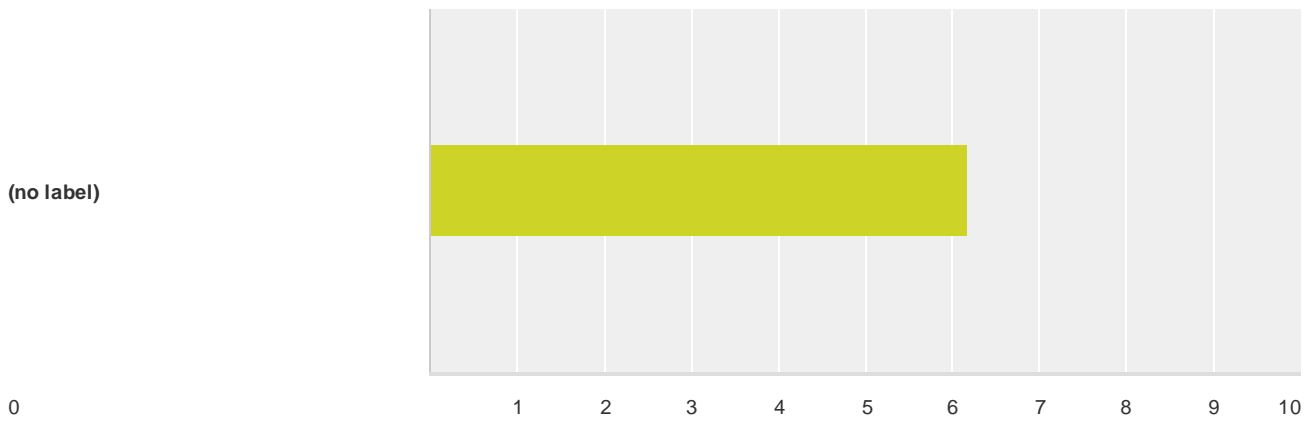
| # | Feel free to add a comment if you like: | Date |
|---|--|--------------------|
| 1 | Again, not sure one way or another. Nothing has been seen to make a determination. | 5/19/2014 3:44 PM |
| 2 | Senior members of staff are not available by telephone to answer specific questions. | 5/19/2014 10:05 AM |
| 3 | Don't know, have received reports but don't remember a breakdown of the use of dollars, especially salaries for staff in relation to money spent promoting. | 5/17/2014 9:15 AM |
| 4 | Don't know the players, but it seems like a fluff organization that is looking to expand. I have been in the advertising industry all my life and am not impressed with their organization or efforts. From what I have seen, they seem neither transparent nor honest in their process. | 5/17/2014 7:43 AM |
| 5 | Perhaps it has... but I haven't taken the time to research it. It's not in my face. | 5/16/2014 8:45 PM |
| 6 | uncertain | 5/16/2014 4:42 PM |
| 7 | I don't want the bid to be raised. | 5/16/2014 1:39 PM |
| 8 | Lack of transparency by VMC in the early days created a strong distrust which has seriously crippled their ability to move forward today, as this feeling of distrust, for both VMC staff and leadership, continues to prevail today by many MCLA board members and membership at large. In addition, current VMC board leadership continues to foment this attitude rather than work towards correcting it. | 5/16/2014 11:04 AM |
| 9 | Absolutely false! | 5/16/2014 10:51 AM |

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|----|---|--------------------|
| 10 | VMC is a black box within a black hole, surrounded by duplicitous mouthpieces who try to obscure the facts/truth/reality of their own incompetence. | 5/16/2014 10:34 AM |
| 11 | The BID is useless, but you folks have been honorable. | 5/16/2014 10:26 AM |
| 12 | I don't have enough information to judge | 5/16/2014 9:58 AM |
| 13 | No information has been passed down to the minor "little guy", which was the original intent of the bid. Others involved in VMC (ie. wine, restaurants and arts) seem to be addressing the use of bid funds while not adding their share of funds in the process. Should the word "transparent" even be used?! | 5/15/2014 8:12 PM |
| 14 | IT'S LIKE PULLING HENS TEETH TO GET INFORMATION OUT OF THEM. AND BEING A NONPROFIT, THEIR INFORMATION IS PUBLIC INFORMATION PER THE IRS FORM 990. IT HAS BEEN A VERY SECRETIVE ORGANIZATION | 5/14/2014 8:42 PM |
| 15 | Don't know | 5/14/2014 6:41 AM |
| 16 | Not sure... | 5/13/2014 11:13 PM |
| 17 | You don't have a "Not Sure" choice. That would probably be mine if there was. | 5/13/2014 11:14 AM |
| 18 | I believe there is very little transparency, Like the fam trips that staff go on weather paid by VMC or another agency, should be disclosed. | 5/13/2014 7:55 AM |
| 19 | There has been some very questionable and non-transparent practices in excluding directors with minority viewpoints and in election of directors. | 5/12/2014 5:49 PM |
| 20 | Again, not all areas are promoted equally. | 5/12/2014 4:53 PM |
| 21 | Not sure | 5/12/2014 4:26 PM |
| 22 | Although everything is open, there is some question as to whether required reportings of activities to MCLA and MCPA by VMC has occurred. Not to a fault, but as lack of courtesy... again, in my opinion, due to lack of independent administration. | 5/12/2014 2:17 PM |
| 23 | I don't know what more VMC can do, but their repeated messages aren't reaching all constituents. | 5/12/2014 12:10 PM |
| 24 | Accounting of Contingency/ reserve fund is inconsistent and unclear. | 5/9/2014 3:11 PM |
| 25 | See 6 above | 5/9/2014 8:37 AM |
| 26 | The salaries, etc. -- the main costs -- are not easy to find. | 5/8/2014 2:51 PM |
| 27 | We have never received any information about where BID funds are going. We only assumed..... | 5/8/2014 9:23 AM |
| 28 | "Sufficiently" is the key word. | 5/7/2014 1:37 PM |
| 29 | That's a good goal----to be very "open and transparent" in use of BID funds! (not just "sufficiently") | 5/6/2014 9:03 PM |
| 30 | I still don't really know what they do. | 5/6/2014 8:09 PM |
| 31 | i have never seen anything outlining how this revenue is used | 5/6/2014 6:05 PM |
| 32 | When we received the last proposal to double the BID tax, we were not closed to the idea, but fully expected that the fee determination would be the outcome of a process in which definable needs were evaluated, rather than invidiously comparing our rate to other counties without referencing any specific need. That process led me to distrust the current administration as being fiefdom driven for their own ends, rather than serving its members interests. The fact that the Board supported this distorted process raised further questions about whether the structures have become incestuous. If you want to engender support from this quarter, there would need to be a substantial restructuring the current system. | 5/6/2014 2:58 PM |
| 33 | it's complicated and impossible for a non board member to know with certainty what's happening | 5/6/2014 2:52 PM |
| 34 | VMC refused to divulge specific salaries, providing instead categories in which salaries were attributed. This was seen as concealing information. VMC, perhaps erroneously, protected privacy. In all other respects, information regarding budgets, actual expenditures, programs etc., have been available. | 5/6/2014 2:40 PM |
| 35 | Budgets and strategies are generally unanimously approved. The VMC Board is 50% MCLA members, so transparency is a given. | 5/6/2014 2:01 PM |

Q9 How likely is it that you would recommend Visit Mendocino tourism promotion services to a friend or colleague?

Answered: 140 Skipped: 0



| | Not At All Likely - 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | Extremely Likely - 10 | Total | Average Rating |
|------------|-----------------------|------------|-------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-----------------------|-------|----------------|
| (no label) | 20.71% 29 | 3.57% 5 | 7.86% 11 | 5.00% 7 | 3.57% 5 | 9.29% 13 | 7.14% 10 | 8.57% 12 | 7.14% 10 | 9.29% 13 | 17.86% 25 | 140 | 6.17 |

Q10 What suggestions do you have for improving governance of the BID to promote better tourism promotion outcomes for Mendocino County ?

Answered: 82 Skipped: 58

| # | Responses | Date |
|----|--|--------------------|
| 1 | Continued integration with other organizations that share the overall goals of promoting the county and its various business sectors. Stronger coordination with the new winegrowers organization would be strategic. Coordinate with Sonoma State's Galbreath Nature Preserve as it develops. Ditto Botanical Garden | 5/19/2014 4:00 PM |
| 2 | Maybe become more transparent to smaller businesses, not just lodging, restaurants and events organized by VMC. | 5/19/2014 3:44 PM |
| 3 | more transparent; focus efforts and dollars on domestic targets, especially in the bay area; provide training and resources to businesses in hospitality ind. | 5/19/2014 2:49 PM |
| 4 | Use more funds for direct promotion and less for staff/overhead | 5/19/2014 2:22 PM |
| 5 | More press everywhere! | 5/19/2014 1:13 PM |
| 6 | increasing the BID would allow for expanded promotion and advertising of Mendocino County | 5/19/2014 1:06 PM |
| 7 | No comment. | 5/19/2014 11:02 AM |
| 8 | I think the organization needs to have a more focused and unified message for what the area and county is as a unified whole. I think there needs to be stronger and more experienced leadership within the VMC organization. I have observed a series of poor decisions made in the last couple of years, especially recently in regards to overall promotion and positioning of Mendocino County in the marketplace. | 5/19/2014 10:52 AM |
| 9 | The website is good and useful. That's about all I need. No real need for BID. For sure, do not need another 1%. | 5/19/2014 10:05 AM |
| 10 | Play fair with staffing the governing board(s) | 5/19/2014 9:44 AM |
| 11 | Unity | 5/19/2014 9:43 AM |
| 12 | Be fair, be honest, don't be self serving. | 5/18/2014 10:48 AM |
| 13 | Spend the BID money only to promote Mendocino County -- and spend it for no other reasons except for tourism! Include the lodging owners who are collecting and paying the BID tax to have a say so on how and where it should be spend! | 5/17/2014 8:56 PM |
| 14 | It needs leadership and a change in the board along with clear direction based on current research. | 5/17/2014 4:04 PM |
| 15 | do away with it | 5/17/2014 10:30 AM |
| 16 | More inland promotions. | 5/17/2014 10:29 AM |
| 17 | No one listens so why bother | 5/17/2014 10:01 AM |
| 18 | After at least 8 years of working with them am still unclear on BID, the Ukiah office, visit Mendocino and the FT. BRagg office. | 5/17/2014 9:15 AM |
| 19 | Not needed. Better to give that money to the County for local use. Mendocino is already world known and this org is neither necessary or effective. VRBO totally does the job and is world wide. | 5/17/2014 7:43 AM |
| 20 | Better use of social media | 5/17/2014 6:33 AM |
| 21 | I think I would need to know what has happened, and how it has affected various aspects of the county, to really have any opinion. | 5/16/2014 8:45 PM |
| 22 | please do not raise to 2% | 5/16/2014 4:42 PM |
| 23 | Better rounded approach to all that Mendocino Co. has to offer. Focus recently seems to have been a bit too much about the wine. | 5/16/2014 4:16 PM |
| 24 | Some of the question I don't feel I can answer but if they are left blank the survey can't be completed so I answered the best I could. I don't want the bid to be raised. | 5/16/2014 1:39 PM |

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|----|---|--------------------|
| 25 | I would really like to see funding for an open space district like Sonoma County has so we can better protect the environment that is the basis for visitor interest. I would support increasing the BID tax by 1% if this money was dedicated to open space district funding. | 5/16/2014 1:18 PM |
| 26 | As an organization that serves tourists and sponsors events would find it useful to have an organized way of approaching lodging establishments to create tourist packages, grow events, and develop ongoing mutually beneficial partnerships. | 5/16/2014 1:07 PM |
| 27 | Better communication with members. Supporting the little guy as well as the big guy. | 5/16/2014 12:45 PM |
| 28 | Work with areas to promote events | 5/16/2014 11:49 AM |
| 29 | Eliminate, Mendocino promotes itself. | 5/16/2014 11:25 AM |
| 30 | To evaluate past practices for spending BID monies; and then develop and implement a plan to be more effective and efficient in how the money is spent and how the 3 existing organizations should be reconfigured/realigned in order to maximize success for reaching lodging members goals and objectives, both short and long term. | 5/16/2014 11:04 AM |
| 31 | Replacing the people in charge would help immensely. | 5/16/2014 10:51 AM |
| 32 | find a solution fair to all lodging properties who collect the BID dollars and use less of these dollars for admin purposes and more to actually promote the county. Enforcement of non paying lodging establishments b/bs etc. No evidence of crack down on illegal units have been witnessed. | 5/16/2014 10:46 AM |
| 33 | Get RID of the BID! | 5/16/2014 10:34 AM |
| 34 | Time to let it go. | 5/16/2014 10:26 AM |
| 35 | Get rid of the nuts on the coast | 5/16/2014 10:13 AM |
| 36 | Information in the "Events and Festivals" tab of the website is very thin considering all the activities that could be included. They appear to be mainly paid sponsors. | 5/16/2014 9:58 AM |
| 37 | MCLA should take back more control of funding decisions and some of VMC's ultimate power. | 5/15/2014 8:12 PM |
| 38 | make it more democratic, use it like it should be, not for non BID payers. or get rid of it all together. | 5/15/2014 7:47 PM |
| 39 | GET NEW PEOPLE ON THE MCLA BOARD, GET RID OF SCOTT, REDUCE THE STAFF, REDUCE THE OVERHEAD, STOP THE PAY TO PLAY | 5/14/2014 8:42 PM |
| 40 | Work with city of Fort Bragg and County of Mendocino to attract companies currently operating in Bay Area or other counties to move operations to our county. This will drive lodging and dining numbers, and business in general up for the county with business to business dollars as apposed to disposable income travel dollars. This would give more business's sustainable, more consistent year round cash flow. The city and county can make this happen by implementing programs that make our county easier than others to business. Example such as the following: Tax break incentive for business moving to area Expediting permit process to allow development for construction or expansion of new facilities. Hiring of new employee incentive packages Anything that will make us more business friendly than the rest of the state will incentivize business's to move here when they want to expand and can't because of hassle in their current county. City of Fort Bragg is looking into such programs set in place by Redwood City that were very successful. This could be done county wide it believe | 5/14/2014 6:41 AM |
| 41 | Not sure, but except for jumping on the Stometta Lands National Monument, along with the photo up with the President, I've not seen much promotion of the "South Coast"...including the Sonoma - Mendocino Coast Whale & Jazz Festival or our GO LOCAL movement, including PLAY LOCAL Adventure Rents and B Bryan Preserve. | 5/13/2014 11:14 AM |
| 42 | Why not include other business's in the Bid other than just the Wine and Lodging industry's? Why not include restaurants? | 5/13/2014 9:01 AM |
| 43 | Using "green bags" as a measure of customer contact is disingenuous. Passing out a bag and recording the number of bags passed out to your governing bodies as "real contacts" hmmm | 5/13/2014 7:55 AM |
| 44 | Foresight and broad scoped planning for capturing increased tourism dollars and seeking grants monies. Dedication to preserving natural resources which make Mendocino a treasure. | 5/13/2014 6:38 AM |
| 45 | Board development | 5/12/2014 7:17 PM |
| 46 | Allow all points of view on the board of directors. Also reflect the difference between full time businesses like Inns and small family vacation rentals in terms of BID amount. | 5/12/2014 5:49 PM |
| 47 | Represent all areas equally. Perhaps a quarterly rotation through the Ukiah/Willits area, Anderson Valley, South Coast, North Coast would be more equitable with regard to advertising. | 5/12/2014 4:53 PM |
| 48 | promoting and organizing volunteer groups to help improve appearance and cleanliness of villages and rural areas. | 5/12/2014 4:07 PM |

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| 49 | The BID needs to be raised to 2% and Campgrounds need to collect BID dollars (2 or 1 percent) for all sites with hookups. VMC staff is being unduly scrutinized by MCLA which does not have direct oversight of the organization. MCLA is usurping the role of the VMC BOD and thereby causing significant distraction to the VMC staff in daily operations. No administrative activities of MCLA or MCPA should be conducted by VMC unless specifically paid for by these organizations. | 5/12/2014 2:17 PM |
| 50 | Would like to see expenditure of funds locally instead of outsourcing to other areas. | 5/12/2014 1:31 PM |
| 51 | Restructure to establish a single board with clear, specific oversight responsibilities and meaningful performance criteria | 5/12/2014 12:10 PM |
| 52 | From what I gather, too many insider deals to get rid of members that oppose raising taxes. That is wrong...if it's true. | 5/12/2014 12:02 PM |
| 53 | Be more transparent. Set limits on Board of Directors...too many have been there TOO LONG. Be more inclusive of ALL properties..not just big properties. | 5/12/2014 10:48 AM |
| 54 | encourage/demand innovation, influence promotion of niche markets, guidance in marketing of outlying areas of the County | 5/12/2014 10:21 AM |
| 55 | Cooperative MCLA board members. Note: Our facility does not fit into any of the location categories. | 5/9/2014 3:11 PM |
| 56 | Seek out successful innkeepers and place a small number in charge. Things would change overnight | 5/9/2014 8:37 AM |
| 57 | Hire an outside PR firm; direct all but basic administrative costs for one person and have all other funds go into advertising and promotion to the news media. | 5/8/2014 2:51 PM |
| 58 | Set term limits for Board members and Officers. Make joint meetings for MCLA or MCPA, or combine in some legal fashion to streamline but also represent all constituencies. Eradicate cronyism, favoritism of board and staff members. Increase professionalism of the VMC staff by hiring qualified staff, and reining in wasted spending. | 5/8/2014 11:43 AM |
| 59 | The Bid was set in motion by Lodging for All Lodging. What we learned was that we need to promote festivals, attractions, and all aspects of the county to have people come and stay in our Lodgings. That is why I answered #5 the way I did. We have too many organizations... we need one, VMC, organization, CVB if you will. The BID could become tiered as to percentage paid or stay at 1% and I would be willing to do 2%. Either way we need to have a BID for promotion in this County! | 5/8/2014 11:40 AM |
| 60 | INFORMATION, INFORMATION! We have been in the vacation rental business for 4 years. We are completely transparent (vrbo.com and airbnb.com) and we regularly pay our BID taxes. WE have never received any information from ANY organization on where the funds for the BID tax are going. We would like to get this information via email or mail. | 5/8/2014 9:23 AM |
| 61 | let people know they can fly in and they can get someone to take them to a spot or vacation rental. | 5/7/2014 2:51 PM |
| 62 | The Board has a record of ignoring the input of its members. Under those circumstances, what's the point of answering this question | 5/7/2014 1:37 PM |
| 63 | how about spending some dollars and interest up here in Westport! | 5/7/2014 8:25 AM |
| 64 | VMC strives to be fair in wide promotion of the County--being more open and encouraging of input by other organizations would my suggestion. | 5/6/2014 9:03 PM |
| 65 | "privatize" MCLA and make the BID optional, work more with Chambers of Commerce. If VMC still wants its gig it should work as an optional marketing group that the chambers of commerce could hire. If not this than just scrap the whole thing and end the BID. | 5/6/2014 8:09 PM |
| 66 | term limits on all boards | 5/6/2014 7:46 PM |
| 67 | none - i do not need this to promote my property since my own efforts are sufficient. vrbo gives me international exposure | 5/6/2014 6:05 PM |
| 68 | Better control of the "administrative" line items. This 'organization' is more interested in sustaining itself than providing any real benefit to a LARGE majority of those involved in providing lodging. I personally feel totally unrepresented as a vacation rental owner and have never been able to trace a single visitor back to their promotion efforts - only my own. I feel the entire thing should be disbanded. | 5/6/2014 5:09 PM |
| 69 | Spend the majority of the money promoting within the 9 bay area counties and the counties adjoining Mendocino, These are the people that are likely to come back again and again. After this group, the rest of California and then the rest of the country in decreasing amounts. Promotion abroad in my opinion is expensive. Return on investment is not likely to be as high because the chance of repeat business is not as likely. | 5/6/2014 5:04 PM |
| 70 | Abolish it - tourist don't have that much money right now and as you know Air B&B for instance is growing (no tax) . If a guest stays for 1 week or more the BID & room tax is very high! | 5/6/2014 4:43 PM |

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| 71 | We would like to see a VMC produce blanket promotion of the county. | 5/6/2014 4:34 PM |
| 72 | MORE STAKEHOLDER PARTICIPATION | 5/6/2014 4:15 PM |
| 73 | Reach out to us in Anderson Valley as you are with this survey. | 5/6/2014 3:54 PM |
| 74 | Drop the BID tax!!! | 5/6/2014 3:47 PM |
| 75 | See no. 8. | 5/6/2014 2:58 PM |
| 76 | Streamline the entities responsible for promotion activities, and oversight and spending of the BID funding. Reduce or eliminate layers of overhead and salaries. | 5/6/2014 2:52 PM |
| 77 | Ensure that you are including outlying areas of the county. Include Tribal Entities, i.e. casinos, hotels, etc. | 5/6/2014 2:40 PM |
| 78 | Switch to the 1994 Statue for the 5 year program. Require experienced marketers to serve on the working board with an oversight committee that does not have to be populated by marketers but evaluate on the basis of ROI. Oversight is not the same as the "managing" directors which meet monthly. Oversight meets quarterly. Oversight committee should be appointed by BOS and subject to the Brown act for maximum transparency. MCPA and MCLA as well as BOS can nominate members to the Oversight Committee which will be determined by BOS (required because of the County's matching funds and to insure that the work continues). MCLA and MCPA provide their best marketing members to the Marketing entity, now called VMC, for terms not less than 2 years, to assure continuity. MCPA responsible to channel "marketing directors from other than lodging properties - including event organizers, recreational activities (primarily visitor oriented), culinary education, arts education, etc.. | 5/6/2014 2:40 PM |
| 79 | Make VMC a DMO. Lodging should not be in control as they cannot function as a team. We need a professional Tourism and Visitors Bureau. | 5/6/2014 2:35 PM |
| 80 | Do not raise the 1% rate. It will hurt smaller venues as people already balk at the 11% | 5/6/2014 2:01 PM |
| 81 | Reduce MCLA and MCPA to pass-through agencies with recommending authority only. Furnish the TOT and county match dollars directly to VMC, with minimal sustenance reserved for PA and LA. VMC should not provide staffing service to either organization. That generates conflicts. | 5/6/2014 2:01 PM |
| 82 | Address the perception/reality that the organization serves primarily the lodging community and that other tourism sources are not promoted as they do not contribute funds directly. | 5/6/2014 1:50 PM |