

MENDOCINO COUNTY LODGING BUSINESS IMPROVEMENT DISTRICT 2018-2019 ANNUAL REPORT

Coast Rep: Wendy Roberts (Chair: Water Tower Rental)

Coast Rep: John Dixon (Vice Chair: Glendeven Properties)

Coast Rep: Guy Pacurar (Brewery Gulch Inn)

Inland Rep: Marcus Magdaleno (Boonville Hotel)



DRAFT. BID Advisory Report for Review on April 17, 2018

EXECUTIVE SUMMARY.....	1
I. OVERVIEW	3
II. INTRODUCTION AND UPDATE OF BID HISTORY	3
A. Impact of BID on Lodging and Tourism Industry.....	3
B. Establishment and Requirements of the Lodging BID	4
C. Historical Overview of the Implementation and Oversight of the BID.....	5
III. MCTC ACCOMPLISHMENTS	7
A. Overall Goal and Strategic Objectives.....	7
B. Tactical Goals Related to Strategic Initiatives:	7
C. Accomplishments in FY 2016-2017	7
D. Year to Date Progress for FY 2017-2018.....	11
IV. BASIS FOR PLANNING AND BUDGETING FOR FY 2017-2018	12
A. District Boundaries and Assessment.....	12
B. Allowable Services, Activities and Programs	12
V. PRELIMINARY PLAN FOR FISCAL YEAR 2018-2019	13
A. Strategic Direction.....	13
B. Estimated Bid Assessment Revenue for FY 2018-2019.....	16
C. Contributions from Mendocino County Matching Funds for FY 2018-2019	16
D. Proposed Budget for FY 2018-2019	17
VI. REVIEW OF FY 2017-2018 BID ADVISORY BOARD RECOMMENDATIONS.....	20
A. Review of FY 2017-2018 Recommendations Actionable by Mendocino County Tourism Commission.....	20
B. Review of FY 2017-2018 Recommendations Actionable by Mendocino County .	21
VII. FY 2018-2019 BID ADVISORY BOARD RECOMMENDATIONS.....	23
A. Recommendations Actionable by Mendocino County Tourism Commission	23
B. Recommendations Actionable by the County of Mendocino.....	23
APPENDIX I: TOT/BID Collections	25
APPENDIX II: MCTC Board Roster	26
APPENDIX III: BID Advisory Board Roster	27
APPENDIX IV: MCTC Board Selection	28
APPENDIX V: Glossary of Marketing Terms.....	32

**Mendocino County Lodging Business Improvement District
Advisory Board Annual Report for Fiscal Year 2018-2019
(July 1, 2018 through June 30, 2019)**

EXECUTIVE SUMMARY

This FY 2018-2019 BID Annual Report conforms to requirements outlined in Section 5.140.220 of the County Code. It contains information collected by members of the BID Advisory Board from County sources and the staff and Board members of the Mendocino County Tourism Commission (MCTC) which conducts its work as Visit Mendocino County (VMC).

Tourism continues to play a vital role in the Mendocino County economy. In 2016, the most recent year for which complete baseline information is available, visitor spending increased three point one percent (3.1%) to \$386,000,000 generating approximately \$1,003 of tax revenue per Mendocino County household and providing employment for 6,160 individuals and earnings of more than \$176,000,000.¹

The County Tax Collector's October 2017 Transient Occupancy Tax (TOT) report shows that revenue from lodging businesses outside the incorporated cities contributed \$5,081,198 to the County General Fund in FY 2016-2017. This was a five point four-five percent (5.45%) increase over the prior year.

Following an extensive strategic planning process led by the Coraggio Group, the MCTC Board embarked on implementation of the 2017 Strategic Plan which identifies key initiatives and assessment criteria for implementation through FY 2019-2020. The MCTC Marketing Committee conducted a bid process and selected the marketing firm TheorySF (TSF) to undertake rebranding, produce a targeted marketing plan and creative content, update the website, and establish assessment metrics linked to the Strategic Plan. After the resignation of the former Executive Director, Alan Humason assumed that position and joined the organization full time on June 12, 2017. In spring of 2018, MCTC accomplished a significant milestone in accountability by adopting a standardized format for its quarterly and annual reports that converts raw data into meaningful management statistics and includes a glossary of marketing terms and acronyms to make the information accessible to stakeholders.² The new report format addresses the individual Action Plans established in the [VMC 2017/18 Marketing Plan](#). These Action Plans define the goals and measured outcomes for each area of VMC's responsibility to its stakeholders.

Despite changes to the Ordinance and MCTC contract to establish timelines for key actions by both MCTC and County staff, adherence remained a challenge. During conversion of the County website, information and application forms for the MCTC and BID Advisory Boards were relocated from their web locations under Boards and Commissions to a less readily accessible list maintained by the Clerk of the Board. BOS appointments to the MCTC and BID Advisory Boards were not made until late January,

¹ Data source: <https://www.census.gov/quickfacts/fact/table/mendocinocountycalifornia/PST045216>

² The Glossary of Marketing Terms is attached to this report as Appendix V

delaying the work of both groups. The MCTC Organizational Development Committee and VMC staff are committed to working with designated senior County staff to adhere to the timelines more closely in the coming year.

At this writing the MCTC Board is, once again, finalizing a search to replace its Executive Director who resigned in February, 2018 to address personal issues. Richard Cooper, the recently retired CEO of Mendo-Lake Credit Union is providing capable leadership as Interim Executive Director. Working with TSF, the Board and VMC staff are in the final stages of launching the rebranded and updated website and marketing materials designed to raise awareness of Mendocino County and attract travelers from target groups. These have been identified on the basis of geographic, demographic and psychographic characteristics.

The BID Advisory Board review of FY 2017-2018 recommendations for action by the MCTC Board and County of Mendocino describes progress that has been made.

Recommendations for FY 2018-2019 that begin on page 23 are based on in-depth discussions of high priority issues in this Report. They are respectfully submitted in the hopes that they will prove useful as the organization continues to build its capacity as a professional Destination Marketing Organization (DMO) focused on its Mission and Vision:

Visit Mendocino County stewards and amplifies the total Mendocino County Experience (by providing) enriching experiences for our guests, enhanced lifestyles for our residents, and stability and diversity for our economy.

I. OVERVIEW

Chapter 5.140.210 to Title 5 of the Mendocino County Code requires that an Annual Report of the Mendocino County Business Improvement District (BID) be prepared and presented to the Board of Supervisors by the BID Advisory Board approximately ninety (90) days before the start of each new fiscal year in which assessments will be collected.³ This FY 2018-2019 BID Annual Report conforms to requirements outlined in Section 5.140.220 of the County Code and provides the following:

- An introduction to the role of lodging and tourism in Mendocino County;
- An update to the overview of BID oversight and accomplishments as detailed in the FY 2017-2018 BID Annual Report;
- A proposed FY 2018-2019 BID Budget
- A review of the Advisory Board's recommendations for FY 2017-2018 and FY 2018-2019 recommendations for consideration and approval by the BOS.

II. INTRODUCTION AND UPDATE OF BID HISTORY

A. Impact of BID on Lodging and Tourism Industry

Lodging and tourism promotion is vital to Mendocino County's economy because of the impacts of visitor spending on tax payers, businesses and employees.

Tourism continues to play a vital role in the Mendocino County economy. In 2016, the most recent year for which complete baseline information is available, visitor spending increased three point one percent (3.1%) to \$386,000,000 generating approximately \$1,003 of tax revenue per Mendocino County household and providing employment for 6,160 individuals with earnings of more than \$176,000,000. Mendocino County, its incorporated cities and taxpayers have a direct interest in the optimal investment of BID funds to promote County-wide tourism and related industries. Aggressive promotion kept Mendocino in the minds of visitors during the recession and spurred a full recovery of travel spending that boosts tax revenues, creates jobs and supports local businesses and non-profits. Protecting and enhancing this essential segment of the County's economy will be an on-going challenge in an increasingly competitive environment. One measure of the impact of the BID is the amount of Transient Occupancy Tax (TOT) that is collected. The October 20, 2017 Transient Occupancy Tax report produced by the Tax Collector shows that revenue from lodging businesses outside the incorporated cities contributed \$5,081,198 to the County General Fund in FY 2016- 2017.⁴ This was a five point four-five percent (5.45%) increase over the prior year. In addition, TOT collected from businesses within the incorporated cities contributed more than \$3,350,000 to their budgets. The Tax Collector reported that the County-wide one percent (1%) BID assessment generated \$880,238, earning \$440,119 in matching funds for County-wide

³ The official source for this document with adopted amendments is:

https://www.municode.com/library/ca/mendocino_county/codes/code_of_ordinances?nodeId=MECOCO_TIT5REFI_CH5.140_MECOLOBUIMDI

⁴ The record of County TOT receipts and County-wide BID assessments as of October 20, 2017 appears in Appendix I.

marketing and promotion. (For planning purposes, MCTC revenue projections are based on actual assessment receipts for the prior *calendar* year. These totals differ from the County's adjusted *fiscal* year-end results shown in Appendix I.)

B. Establishment and Requirements of the Lodging BID

The Mendocino County lodging industry and the County of Mendocino collaborated to establish the Lodging Business Improvement District (District) in the spring of 2006.⁵ Ordinance 4170 added the terms of the BID to the Mendocino County Code as Chapter 5.140 to Title 5. It created an assessment equal to one percent (1%) of rents paid for transient occupancy, to be collected by lodging for the purpose of County-wide promotion. The Ordinance also created a County match of fifty percent (50%) of the total BID assessment.

Pursuant to Section 5.140.210 to Title 5 of the Mendocino County Code, and as required by the "Parking and Business Improvement Area Law of 1989," the BOS established a five (5) member BID Advisory Board responsible for preparing a BID Annual Report for each fiscal year.⁶ This report is presented to the BOS for approval approximately ninety (90) days before the start of each fiscal year. The BOS appoints Advisory Board members based on nominations from the MCTC Board, pursuant to its contract with the County. This contract requires MCTC staff and Board to assist in preparing the Report.

Section 5.140.220 outlines specific information to be included in the BID Annual Report:

(A) The report may propose changes, including, but not limited to, the boundaries of the parking and business improvement area or any benefit zones within the area, the basis and method of levying the assessments, and any changes in the classification of businesses, if a classification is used.

(B) The report shall be filed with the clerk and shall refer to the parking and business improvement area by name, specify the fiscal year to which the report applies, and, with respect to that fiscal year, shall contain all of the following:

(1) Any proposed changes in the boundaries of the parking and business improvement area or in any benefit zones within the area.

(2) The improvements and activities to be provided for that fiscal year.

(3) An estimate of the cost of providing the improvements and the activities for that fiscal year.

(4) The method and basis of levying the assessment in sufficient detail to allow each business owner to estimate the amount of the assessment to be levied against his or her business for that fiscal year.

(5) The amount of any surplus or deficit revenues to be carried over from a previous fiscal year.

⁵ Source: County of Mendocino Board of Supervisors Minutes of May 9, 2006.

⁶ A roster showing Advisory Board members, terms and open seats as of January 23, 2018 is included as Appendix III.

(6) *The amount of any contributions to be made from sources other than assessments levied pursuant to this part.*

The BID Annual Report advises the BOS on the state of the BID and the proposed Annual Marketing Plan and Budget for the coming fiscal year. State Law requires that this report be prepared and adopted by the BOS annually in order for the BID to be renewed. Once adopted by the BOS, it dictates how BID funds and the County match are to be spent and provides a road map for implementation by the designated contractor. The report ensures transparency by communicating to stakeholders how BID and County funds are being invested and how impacts on visitor spending are being evaluated.

Section 5.140.245 requires that: *The Board of Supervisors shall designate a contractor that shall be responsible for the administration of the Business Improvement District (BID) including hiring and oversight of the individual or entity charged with implementation of the Annual Marketing Plan that is annually approved by the Board of Supervisors.* Since January 2016, the County has met this requirement by contracting with Mendocino County Tourism Commission to fulfill these functions.

C. Historical Overview of the Implementation and Oversight of the BID

BID Annual Reports comprise the official record of program implementation, oversight and outcomes funded through the BID assessment and County matching funds. They may be accessed on the County website.⁷ The following timeline summarizes the history of BID oversight:

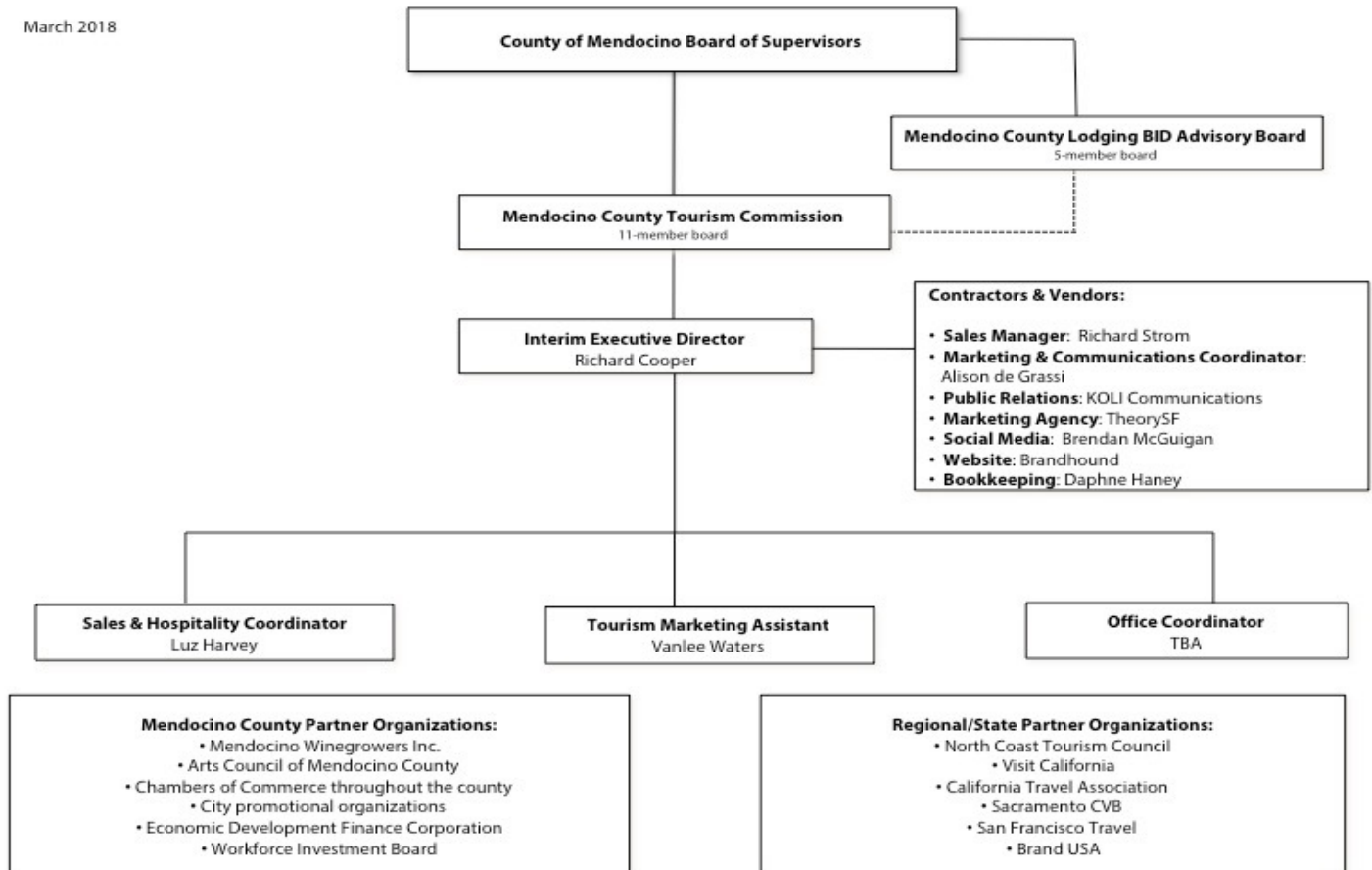
- 2006—Business Improvement District established by vote of Mendocino County lodging owners and operators.
- 2006-2015—Pursuant to annual contracts with the County of Mendocino, funds from 1% BID assessment were overseen and invested in County-wide promotion by Mendocino County Lodging Association (MCLA). The fifty percent (50%) County match was overseen and invested in County-wide promotion by Mendocino County Promotional Alliance (MCPA).
- 2009—MCLA and MCPA collaborated to establish Visit Mendocino County, Inc. (VMC) as a 501 (c) (6) and contracted with VMC to prepare and implement an annual County-wide Marketing Plan and Budget prior to the start of each fiscal year.
- 2012—VMC earned accreditation by the Destination Marketing Association International (DMAI) and was designated by the Board of Supervisors (BOS) as the official destination marketing organization of Mendocino County.
- 2013-2014—MCLA and MCPA jointly funded in-depth marketing and organizational management studies with the goals of addressing internal issues, simplifying the organizational structure, strengthening promotional programs, and building capacity for accountability.

⁷ Reports are available at: <https://www.mendocinocounty.org/government/economic-development/business-improvement-district>

- 2014-2015—Board of Supervisors Ad Hoc Committee provided leadership for restructuring to create a single oversight organization with a Board of Directors representative of lodging and other tourism-related economic sectors. Ordinance changes were adopted to reflect the revised structure.
- 2016-2017—The Mendocino County Tourism Commission (MCTC) held its first meeting on January 12, 2016 and contracted with County of Mendocino as the sole contractor responsible for BID oversight and implementation. The legal transition was completed and remaining funds were transferred from MCLA and MCPA to MCTC. Further Ordinance amendments were adopted on September 12, 2017 to align the Ordinance with the new structure.
- 2017—MCTC undertook a strategic planning process with leadership by the Coraggio Group. The process engaged stakeholders to revisit VMC's *Vision, Mission, Values, Reputation* and market *Position*, and identify *Imperatives, Objectives*, and *Initiatives* to guide the work from FY 2017-2018 through FY 2019-2020. The resulting plan provides the basis for program implementation and year-to-date progress in FY 2017-2018. The current structure and staffing are shown below.

Mendocino County Destination Marketing Organizational Chart

March 2018



III. MCTC ACCOMPLISHMENTS

A. Overall Goal and Strategic Objectives

VMC's overall goal in FY 2016-2017 remained to: *Increase overall demand for overnight visitation (leisure and group) during key times of the year in an effort to increase revenues, employment and taxes in Mendocino County.*

Strategic objectives include:

1. Continue to effectively position Mendocino County as one of California's premier coastal destinations.
2. Educate consumers on the different coastal and inland experiences that can be found within the county.
3. Maintain marketing focus on key lifestyle and passion segments including outdoor/recreation, wine, food, and romance.
4. Maintain the role of technology and digital marketing efforts in order to broaden the reach and increase effectiveness.

B. Tactical Goals Related to Strategic Initiatives:

Fiscal year 2016-2017 tactical goals remained closely aligned with the strategic objectives. Impact was tracked and measured against established goals in six (6) key performance areas:

- Public relations
- Advertising and paid media
- Website and social media
- Sales
- Visitor Services
- Operations and Administration

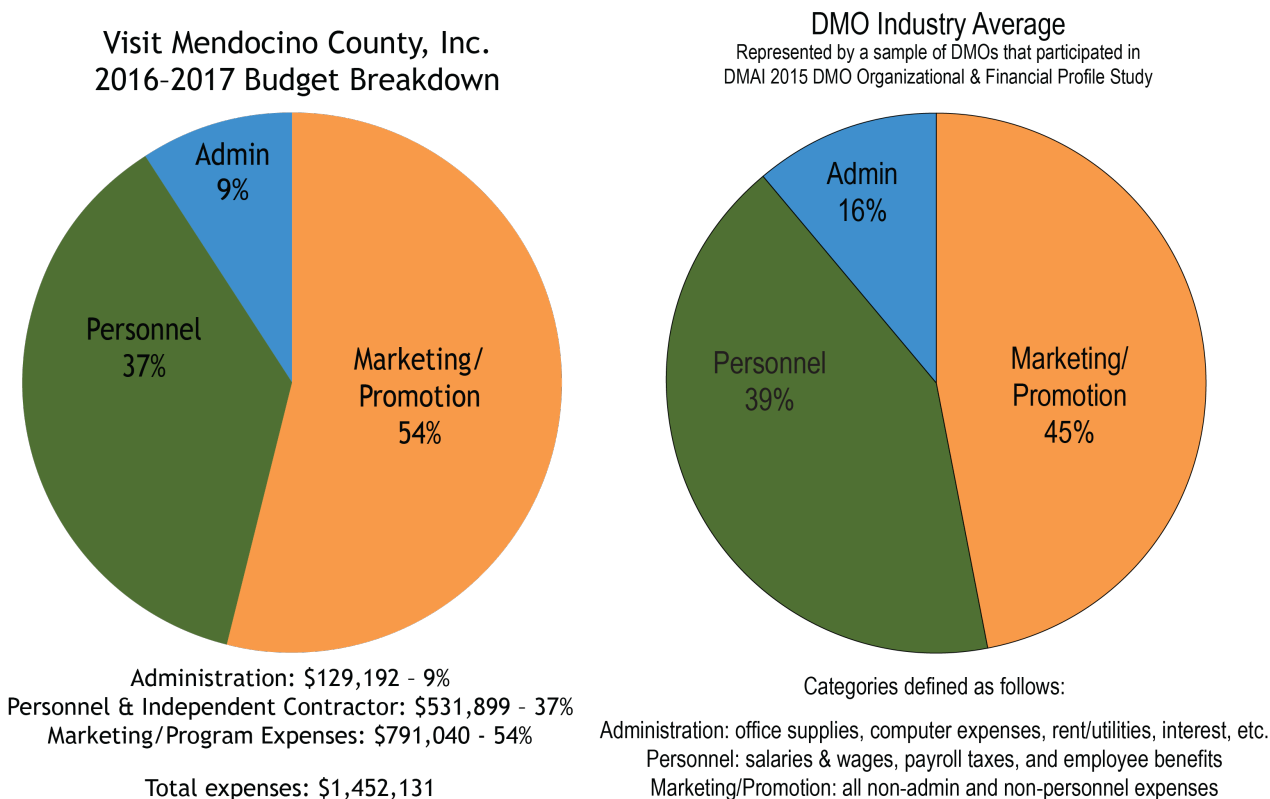
C. Accomplishments in FY 2016-2017

Fiscal year 2016-2017 is the most recent year for which complete financial information is available. Mendocino County's TOT revenue continued the upward trend that began in FY 2010-2011, exceeding the prior year by five point four-five percent (5.45%). Assessment revenue of \$880,238.26 earned a County match of \$440,119.13. The County collected an administrative fee of \$26,407.15, three percent (3%) of total assessments.

As described above, the MCTC Board was seated in January, 2016 and assumed responsibility for oversight of both the BID assessments and County matching funds and implementation of the Annual Marketing Plan and Budget approved by the Board of Supervisors as part of the FY 2016-2017 BID Annual Report.

As part of the FY 2013-2014 DMAI accreditation process, VMC adopted standardized budget categories to permit it to benchmark against organizations of comparable size. The graphs below compare actual VMC spending in FY 2016-2017 to industry averages for each budget category. Expenses are allocated into standardized categories and average percentages determined for spending on administration, personnel and marketing by typical DMOs of similar budget size.

COMPARISON OF VMC SPENDING BY CATEGORY WITH DMO INDUSTRY AVERAGE



For FY 2016-2017, VMC set the goals below for each area of responsibility. Outcomes and Key Performance Indicators were recorded for each goal. Results in each key area are discussed in detail in the *Visit Mendocino County FY 2016-2017 Annual Report*. The full report is available online at: <http://mendocinotourism.org/wp-content/uploads/VMC-2016-17-Annual-Report-1.pdf>

- **PUBLIC RELATIONS GOALS:** Generate \$4,600,000 in measured advertising equivalency; reach an estimated audience of 110,000,000; achieve 170 placements in key media outlets; attract twenty-six (26) media to visit the destination; attend two (2) media missions and two (2) trade shows; and, support VMC Marketing and Promotional objectives. The results of PR efforts for the year are set out in the table below. As noted, the PR team achieved results well beyond stated outcomes.

Public Relations Goals and Outcomes for FY 2016-2017

media placements	170	631
ad equivalency	\$4.6 million	\$47.2 million
circulation	110 million	592 million
media missions	2	1
media content (press releases)	11	14
event support	2	2
trade shows	2	2
FAM programs	18	31

- **ADVERTISING AND PAID MEDIA GOAL:** Increase VisitMendocino.com unique visitors to 240,000. Visitors to the visitmendocino.com website saw an increase of 62.2% over the previous year rising to 187,597. Coop buy-ins from partners offset about \$8,000 of the approximately \$300,000 investment in advertising.
- Visit Mendocino County worked with a variety of advertisers during FY 2016-2017. Types of media included:
 - digital and broadcast buys: CCMedia (media buyer for geo-fencing, the Enthusiast Network, etc., TripAdvisor, GayTravel.com, Comcast;
 - print media: California Visitor Guide; Alaska Airlines advertorial; Bay Area News Group; Washington Post advertorial; postcards; Today's Bride;
 - e-marketing: Mother Jones dedicated newsletters; Small Market Meetings newsletter; Homeaway.com eblast; VacationFun brochure link; TravelGuidesFree.
- **REBRANDING:** Although not part of the FY 2016-2017 Marketing Plan, in Spring of 2017, VMC retained the services of the marketing company TheorySF through June 30, 2017 to commence work on a rebrand design, beginning with research to understand the brand pathway.

- **WEBSITE AND SOCIAL MEDIA GOALS:** Increase visitor time on site and average pages visited; reduce bounce rate; continue to grow and engage with VMC social media and database of customers; and, make use of targeted Facebook advertising to support partner events and promotions. Events continued to drive traffic to the website, underscoring the necessity to post visitor-facing events that will attract guests. Throughout the year, BrandHound and the Marketing and Communications Coordinator worked on updates to the website. VMC invested in boosting posts on Facebook and gained new “likes” and increased engagement. Net “likes” increased to 56,185 (8.9% year-over-year).
- **SALES GOALS:** Acquire 9,000 consumer leads and sell 1,250 room nights as a result of VMC sales efforts to administer and lead the partnership with the North Coast tourism Council (NCTC); and, continue partnership activities with Visit California, including participation in travel shows, sales missions and media missions throughout the year. Sales efforts were strong, resulting in 1,400 room nights and 9,000+ leads for the consumer database generated at trade and consumer shows. Sales staff attended five consumer shows.
- **VISITOR AND CONSTITUENT SERVICES GOALS:** Increase and lengthen overnight stays in Mendocino County; develop new events that both highlight the unique aspects of the County and utilize value partnerships; increase partner participation and visitor attendance for signature and high profile events; produce and distribute a countywide event calendar; continue to build on the established foundation for the Party for the Planet festival. The Mushroom and Crab Festivals showed similar attendance to the prior fiscal year. The Party for the Planet was replaced with the “Almost Fringe Festival.” Staff continued to work with the Festival Committee on a regular basis. A grant program was established for County-wide events.
- **OPERATIONS AND STAFFING GOAL:** Keep VMC running smoothly. Brent Haugen began as Executive Director in July 2016. During his term, VMC retained the services of the Coraggio Group and developed a three-year Strategic Plan containing nine key initiatives with specific goals, milestones, and deliverables. Director Haugen gave notice in January 2017 and his contract terminated on March 31, 2017. Turnover of the MCTC Board of Directors took place in early 2017 with all directors attending a “training day” that included a broad discussion of roles and responsibilities, ethics, and Brown Act regulations. Alan Humason began full-time as VMC Executive Director on June 12, 2017. He resigned in February 2018. Richard Cooper, the recently retired CEO of Mendo-Lake Credit Union currently serves as Interim Executive Director.

D. Year to Date Progress for FY 2017-2018

Action Plan outcomes are tracking well for the fiscal year:⁸

- PUBLIC RELATIONS is on course to both complete and exceed all goals in terms of ad equivalency, FAM visits, media hits, impressions, etc.
- ADVERTISING AND MARKETING's goal to "*Increase unaided awareness of Mendocino County in a comparative study*" is a lofty objective, but with the Spring 2018 launch of a highly visible new brand, an interactive, engaging website, and original thinking about promoting the county, VMC is of the opinion that the work with TSF will, indeed, raise awareness of the destination.
- REBRANDING efforts have continued since April 2017 when TSF principals Russell Quinan and Chip Sheean began their research about Mendocino County and its potential audience. Intercept and telephone research revealed the prime visitor audience for the county are Gen-Xers and Millennials; a target audience mostly comprising couples or families. TSF will conduct follow-up research once the brand and website have been launched and a saturation brand campaign is complete. By the end of June 2017, TSF had worked with the Marketing Committee to approve the "Find Your Happy" tagline and logo design and began creative development for digital and print advertising. VMC worked with TSF to develop a new website that reflects the rebranding. The site is planned to launch in spring 2018.
- Thinking about SOCIAL MEDIA goals has shifted since the Marketing Plan was developed. The goal of raising the number of "Fans" to 65,000 has now morphed to one of raising engagement and reach with each post. To date, social media marketing has been very effective, showing 11,731 Impressions per Post and 401 Engagements per Post.
- PARTNERSHIPS: Staff's efforts to strengthen ties with similar organizations in the County have been productive. The Executive Director once more took up pen to communicate news to stakeholders. Public Relations also continued to share PR success stories on a monthly basis. Staff and the Executive Director continued to visit lodging properties under the "Hotel Adoption Program." Over 80 visits were made by December 31, 2017. The Marketing and Communications Coordinator worked successfully with a Filemaker expert to develop and execute an internal database resource that will track stakeholder business amenities, contacts, media visits, festival and event participation, and sales, providing not only reportable data but an historical record.
- SALES efforts are on track toward stated goals.
- VISITOR SERVICES continued to provide branded collateral to stakeholders, out-of-county locations, and at trade and consumer shows. The Mushroom and Crab festivals, held in shoulder seasons, were bolstered by digital ad campaigns. Staff

⁸The Quarterly Reports may be read in detail at: <http://mendocinotourism.org/contracts-reports>

worked with in-county organizations to create a new home brew event for November's Mushroom Festival.

- The FORT BRAGG office remained open on Saturdays from Memorial Day to Labor Day and, until December 2017, held First Friday events.

IV. BASIS FOR PLANNING AND BUDGETING FOR FY 2017-2018

A. District Boundaries and Assessment

Prior to the start of FY 2015-2016, the City of Point Arena withdrew from the Lodging Business Improvement District. Should the current District boundary for the BID assessment remain without further changes for FY 2018-2019, then the classification of businesses would also remain unchanged; and would therefore, continue to include all "hotel" or "lodging business," as defined in Section 5.140.030 of the Mendocino County Code, in the County of Mendocino, City of Ukiah, City of Willits and City of Fort Bragg, California. In mid-year of FY 2017-2018, County Counsel determined that cabins and other "glamping" accommodations in private campgrounds meet the definition of lodging businesses under the current Ordinances and are obligated to collect TOT and BID assessments.

Pursuant to Section 5.140.060 each hotel or lodging business which collects rent and benefits from overnight guests, and operates in the District will be assessed a share of the costs of the services, activities and programs, according to the rent revenues and the benefits to be received; with the assessment levied as one percent (1%) on gross rent. This assessment is calculated on a daily basis from gross rent revenues collected by each lodging establishment.

B. Allowable Services, Activities and Programs

The services, activities and programs to be provided through the BID in FY 2018-2019 are defined by Section 5.140.050 of the Mendocino County Code for the purpose of benefiting lodging by promoting tourism in the District. Those services, activities and programs, which are to be accomplished through implementation of the approved Annual Marketing Plan and Budget by MCTC, are as follows:

(Section 5.140.050)

- (A) The general promotion of hotels operating within the District;*
- (B) The marketing of products and events that have a connection with the hotel industry operating in the District;*
- (C) The marketing of the District to the media and travel industry in order to benefit local tourism and the hotels in the District.*
- (D) Any activities permitted under the Parking and Business Improvement Law of 1989 that are included as costs as specified in the annual report*

to be prepared by the advisory board and adopted annually by the Board of Supervisors. Activities means, but is not limited to, all of the following:

- 1. Promotion of public events which benefit businesses in the area and which take place on or in public places within the area;*
- 2. Furnishing of music in any public place in the area;*
- 3. Promotion of tourism within the area;*
- 4. Activities which benefit businesses located and operating in the area.*

V. PRELIMINARY PLAN FOR FISCAL YEAR 2018-2019

A. Strategic Direction

The three-year strategic plan developed with the Coraggio Group identifies nine initiatives for VMC to work towards. This section discusses each imperative and the progress made to date in the FY 2017-2018 fiscal year.

- Initiative #1: Increase tourism revenue through the development & implementation of the annual integrated marketing, public relations, and sales plan.
 - The Executive Director has re-initiated regular (bi-monthly) outreach to stakeholders via a newsletter.
 - Based on research undertaken to assess branding direction, the Executive Director and Marketing and Communications Coordinator are working with TSF to redo the visitmendocino.com website, launch a new brand, and get the word out to target markets via a saturation brand campaign. The projected target date is April 2018.
 - TSF demonstrated its ability to engage with VMC's target audience with a digital campaign for the annual Crab, Wine & Beer Festival in January 2018. TSF designed two eye-catching digital banners with the knowledge that the average click-through rate (CTR) for this type of campaign is 1/10 of 1%. The CTR for the crab campaign was 10%, with even the least effective digital banner performing at 2%. The targeted ad buy cost was 17 cents per click. The campaign's positioning for festival attendance brought 70,000 people to the site with 922,000 impressions (SF and Sacramento); there was a 9.97% CTR on large creative and 2% on the smaller digital banner. The campaign yielded a 7% conversion ratio with a cost per activity of \$2. Viewers of the ad cost 17 cents each. In comparison, a similar, but less effectively targeted campaign for the Mushroom festival produced a conversion rate of .0003% at a cost of \$47 each.
 - The PR team has shown unparalleled success for FY 2017-2018, easily attaining and exceeding expectations and goals.
- Initiative #2: Improve data-driven decision making through increased participation and "buy in" from all of our partners.

- The PR team keeps stakeholders informed of successes by sending a monthly newsletter linking to high profile published articles about Mendocino County. Many of these articles are a direct result of the PR team's efforts to attract A-list media to the county to experience lodgings, culinary, wine and beer, attractions and outdoor adventures.
- The Marketing and Communications Coordinator spearheaded the effort to create a sharable internal database to track businesses, their amenities, contacts, festival participation, media visits and sales trips and shows. It is the responsibility of staff and contractors to update the database as new information is discovered in order to create a permanent record and provide a tool for program assessments and group sales.
- The Marketing and Communications Coordinator has created a draft of a brochure for partners that outlines, in simple terms, what VMC does and how partners can participate in opportunities.
- Initiative #3: Develop a data sharing process that offers context and insights for partners.
 - Upon request, the PR team has been tracking media coverage of inland vs. coastal areas. Analysis shows that the split is about even to date.
 - The Marketing and Communications Coordinator worked with the Marketing Committee to update the report format for the quarterly and annual reports. The Board of Directors approved the new format at their meeting on February 28, 2018.
- Initiative #4: Foster collaboration and county-wide alignment by creating and developing the 'go-to' website for all tourism stakeholders.
 - As previously noted, the new website is set for launch in Spring 2018. Once the brand campaign has hit and ongoing digital marketing is in place, TSF and the Marketing and Communications Coordinator will initiate research to analyze website psychographic data (not just demographics) and tailor marketing campaigns, social media advertising, and website content to create the widest net of engagement.
 - The website team and Marketing Committee will set a series of "launch parties" around the County to educate stakeholders about the look and feel of the new site and their presence on the site. The new site will contain reporting capabilities so the website team can follow leads and conversions to stakeholders' websites. The plan is to offer stakeholders a monthly report on traffic to their sites generated by VMC's website. This will be an invaluable tool, both for stakeholders and for VMC.
- Initiative #5: Strengthen regional tourism relationships to leverage broader marketing opportunities.
 - VMC's relationship with the North Coast Tourism Council remains strong.
 - In the weeks and months following the disastrous wildfires in early October 2017, Visit California and the PR team worked closely on a

number of group media visits to strengthen awareness and perception of Mendocino County. A number of print and digital articles resulted from these highly successful visits.

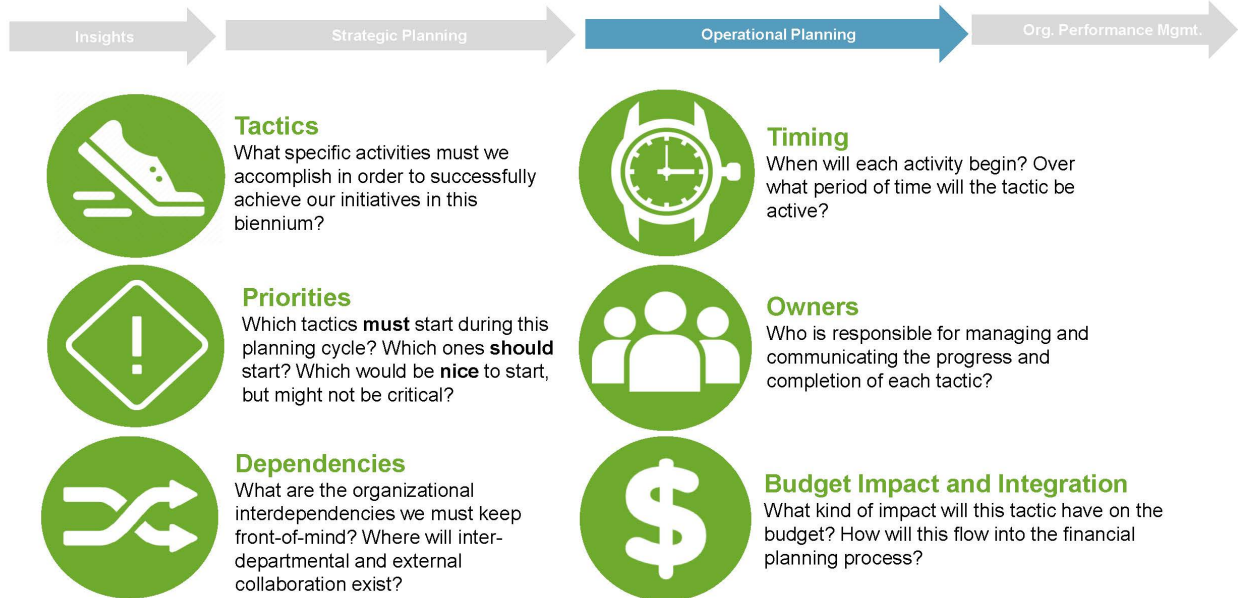
- Initiative #6: Proactively educate and communicate with all tourism stakeholders.
 - As stated, a bi-monthly newsletter has been initiated and the PR team issues a monthly newsletter to stakeholders.
- Initiative #7: Increase Mendocino County brand awareness and positive perception.
 - This initiative goes to the website and the initiation of successful marketing strategies that will be developed in a collaboration among TSF, the Marketing and Communications Coordinator, and the Marketing Committee. A marketing strategy outline will be contained in the FY 2018-2019 Marketing Plan.
- Initiative #8: Work with partners to develop, promote and grow strong and beneficial tourism activities and events.
 - Work on this initiative is ongoing.
- Initiative #9: Explore our options to influence and shape potential cannabis tourism.
 - The Board of Directors heard a proposal for the issue of cannabis tourism to be undertaken by the Mendocino County Promotional Alliance.

Visit Mendocino County: Strategic Direction 2017/18-2019/20

CLARITY	
Vision Enriching experiences for our guests, enhanced lifestyle for our residents, and stability and diversity for our economy	Mission Visit Mendocino County stewards and amplifies the total Mendocino County experience.
Values Transparency We foster trust through openness and integrity. Accountability We are outcome-oriented and professional. Partnership We create alignment through inclusive and meaningful relationships. Community We contribute to the fabric of Mendocino County. Innovation Our creativity reflects the uniqueness of our cultures and landscapes.	Reputation Leader We motivate and facilitate the tourism community. Accessible We welcome—and are responsive to—input from community members and stakeholders. Collaborative We actively seek engagement and collaboration with our stakeholders and partners. Bold We deliver on smart, effective, and forward-thinking ideas.
Position In order to support our stakeholders, generate economic activity for county residents through tourism, and inspire our visitors, Visit Mendocino County: <ul style="list-style-type: none">• Consistently markets the entire county and its assets.• Creates, develops, and manages brand awareness for the county.• Connects people and organizations to opportunities.• Provides information to in-county partners and tourism resources to the industry.• Delivers a robust and sustainable return on investment.	

Imperatives		Objectives		Initiatives	
FOCUS	Demonstrate and strengthen VMC's contribution to county economic and community vitality	<ul style="list-style-type: none">• Bid assessment growth at 5% over average of top 3 competitors• Year-over-year increase of sales tax receipts in Mendocino County• Year-over-year increase in stakeholder survey response rate		<ul style="list-style-type: none">• Increase tourism revenue through the development and implementation of the annual integrated marketing, public relations, and sales plan.• Improve data-driven decision making through increased participation and "buy in" from all of our partners.• Develop a data-sharing process that offers context and insights for partners.	
	Cultivate VMC's relationships and collaborations	<ul style="list-style-type: none">• Year-over-year increase in number of events launched and reaching self-sufficiency• Year-over-year increase in "opportunities" page visitation on VMC website• Year-over-year increase in new applicants for BID and MCTC Board positions and committee membership		<ul style="list-style-type: none">• Foster collaboration and county-wide alignment by creating and developing the "go to" website for all tourism stakeholders.• Strengthen regional tourism relationships to leverage broader marketing opportunities.• Proactively educate and communicate with all tourism stakeholders.	
	Raise awareness of the Mendocino County experience	<ul style="list-style-type: none">• Year-over-year increase Mendocino County awareness score• Year-over-year increases in impressions and ad equivalency• Year-over-year increase in experience perception score on in-market visitor survey		<ul style="list-style-type: none">• Increase Mendocino County brand awareness and positive perception.• Work with partners to develop, promote and grow strong and beneficial tourism activities and events.• Explore our options to influence and shape potential cannabis tourism.	

Operational Planning Elements



B. Estimated Bid Assessment Revenue for FY 2018-2019

Pursuant to Section 5.140.245 of the Mendocino County Code, the County of Mendocino has entered into an agreement with MCTC as its contractor to provide promotional services, activities and improvements for the District. The balance sheet and profit and loss statements regarding budget vs. actual reports are to be provided to the County on a quarterly basis.

In FY 2016-2017 the Mendocino County Tax Collector recorded total BID assessments in the amount of \$880,238.26 to provide services, activities and programs on behalf of the District. To date, this is the highest amount collected since the inception of the BID.

The Budget contained in this BID Annual Report is based on estimated FY 2018-2019 assessments totaling \$895,796, plus County matching funds of \$426,541.

C. Contributions from Mendocino County Matching Funds for FY 2018-2019

As the County's designated contractor, MCTC will receive and will be responsible for ensuring that the County match of BID assessments is used to provide allowed services, activities, and programs to benefit the District.

Section 5.140.250 (C) establishes how the County match will be calculated and paid to the County contractor: *...The fifty percent (50%) County match shall be based on the prior fiscal year assessment collected and shall be paid out in twelve equal installments. After the fiscal year is closed, an adjustment amount will be determined to make the annual County match amount equal to fifty percent (50%) of the total current fiscal year assessment collected. This adjustment amount will be applied no later than September*

30 of the following fiscal year. The County may provide an advance in funds to the District and the contract shall provide for the terms and conditions of the advance.

Totals for “the prior fiscal year” are not known at the time the MCTC Finance Committee must prepare the budget contained in the BID Annual Report. For this reason, estimates of future assessment revenue and the County match are based on MCTC invoices issued to and paid by the County in the prior *calendar* year.

Beginning on July 1, 2017, the Tax Collector changed from monthly to quarterly collection of the TOT and BID assessments. The County then began distributing both BID assessments and the County match to MCTC on a quarterly basis. This practice is not compliant with the Ordinance, which clearly states that the match is to be paid on a monthly basis. In order to simplify the payment process, better manage cash flow, and adhere to the Ordinance, the BID Advisory Board recommends that these predetermined amounts be disbursed to MCTC on a monthly basis in response to a single invoice submitted by MCTC to the County at the beginning of each fiscal year.

D. Proposed Budget for FY 2018-2019

The total budgeted cost of services, activities, and programs for the District in FY 2018-2019 is \$1,530,083. The Budget contained in this BID Annual Report is based on estimated FY 2018-2019 assessments totaling \$895,796, plus County matching funds of \$426,541 and the use of \$200,000 from Unrestricted Reserves, in addition to the Reserve/Contingency fund of \$153,008.30.

Pursuant to Section 5.140.240 the County of Mendocino is entitled to charge an amount equal to its actual costs for the collection of assessments and administration. The cap on this fee is three percent (3%) of the total County-wide BID assessments. This fee is collected when the books are closed, approximately two (2) months after the end of each fiscal year. Section 5.140.260 of the Mendocino County Code excludes enforcement costs from the cap on administration fees. The Budget shows it as a reduction in income.

The \$153,008.30 Reserve/Contingency Fund proposed in the Annual Marketing Plan and Budget for FY 2018-2019 fulfills the BOS approved recommendation of the BID Advisory Board that the Reserve Fund be equal to \$100,000 or ten percent (10%) of the annual expenses, whichever is greater. This sum is to be held in an interest bearing account for the purpose of providing funds that can be accessed to address shortfalls in revenue projections or unexpected expenses consistent with applicable laws and the annual contract between the County of Mendocino and MCTC. Allowable uses might include promotional expenditures required to assist the District’s recovery from a natural disaster or other adverse circumstance in which inadequate funding could pose a threat to the local tourism economy. Expenditures from the Reserve Fund must be authorized by a vote of the MCTC Board of Directors.

**PROPOSED FY 2018-2019 ANNUAL BUDGET
INCLUDING BID ASSESSMENTS, MENDOCINO COUNTY MATCHING FUNDS AND
MISCELLANEOUS INCOME**

INCOME	
MCTC BID Assessment	\$895,796.00
County of Mendocino Matching Funds	\$426,541.00
County Administrative Fee	(\$26,874.00)
Miscellaneous Income	\$34,620.00
TOTAL INCOME	\$1,330,083.00
EXPENSES	
Advertising/Media	\$487,000.00
Marketing / Public Relations	\$302,800.00
Website Maintenance & Development	\$70,000.00
Leisure & Group Sales	\$116,940.00
Visitor Services	\$193,000.00
Administrative Expenses	\$114,400.00
Personnel	\$245,943.00
TOTAL EXPENSES	\$1,530,083.00
OTHER INCOME	
Portion of Unrestricted Reserves	\$200,000.00
BOTTOM LINE	\$0.00

Budget Notes:

1. Projected income is a 5% increase over actual assessment receipts for January 1 to December 31, 2017.
2. A transfer of \$20,768 from Unrestricted Reserves will be made after July 1, 2018 to bring the restricted Reserve/Contingency fund to the policy mandated 10% of the current year budget.
3. The 2018-19 budget includes a transfer of up to \$200,000 from the Unrestricted Reserves account in order to draw down accumulated funds, which will in turn be used for additional advertising and media expenditures in 2018/19.
4. Budget line items for "Media and Website" and "Visitor Services and Partnerships" include salary costs for the employees who manage those functions.

Mendocino County Tourism Commission		
Balance Sheet as of February 28, 2018		
Assets		
Total Cash in checking and savings	\$	603,054
Accounts Receivable	\$	187,421
Other Assets	\$	8,104
Total Assets	\$	798,579
Liabilities and Equity		
Accounts Payable	\$	22,684
Misc Liabilities	\$	11,297
Total Liabilities	\$	33,981
Equity		
Contingency - Restricted	\$	132,044
Unrestricted Reserves	\$	521,032
Net income to date	\$	111,522
Total Equity	\$	764,598
Total Liabilities and Equity	\$	798,579

VI. REVIEW OF FY 2017-2018 BID ADVISORY BOARD RECOMMENDATIONS

A. Review of FY 2017-2018 Recommendations Actionable by Mendocino County Tourism Commission

1. As recommended in the FY 2016-2017 BID Annual Report, over the past few months the MCTC staff and Board have worked with TheorySF to ensure that promotional programs are linked to objectives established in the Strategic Plan, are focused on target audiences, and are evaluated by tracking results against specified goals and industry standards.
2. Staff and Board worked together to develop a standardized template for quarterly and annual reports to establish meaningful metrics and make them readily accessible to stakeholders. To further enhance transparency, these reports now include a glossary of terms commonly used by marketing professionals. This work is on-going.
3. Consistent with the Strategic Plan Initiatives, the MCTC Ad Hoc Cannabis Committee gathered information on cannabis related tourism promotion. The group concluded that engaging in this activity would create unacceptable legal exposure to MCTC and, potentially to the County. A more prudent solution is for this work to be done by a separate organization that does not receive funding from County tax revenue. At this writing, the Mendocino County Promotional Alliance (MCPA) is reconstituting itself to engage in Cannabis tourism promotion.
4. The process of earning certification by Destination Marketing Association International (DMAI) helped VMC build organizational capacity and standardize many of its policies and internal functions. As a matter of policy, the MCTC Board is committed to renewing DMAI certification when it expires in 2018 and to continue use of DMAI data and other appropriate benchmarks to guide budgeting and salary setting.
5. The Board also supports the policy of maintaining the required Reserve Fund equal to \$100,000 or ten percent (10%) of the annually projected expenses, whichever is greater, with the conditions that use of these funds be limited to those discussed in the FY 2009-2010 and FY 2014-2015 BID Annual Reports.⁹
6. Likewise, the MCTC Board has continued to include line items in each annual Budget to fund: a) on-going Board training and development; and, b) research and on-going consultation to continue to strengthen marketing and assessment.
7. MCTC has continued to allocate \$14,400 for ongoing sponsorship payments of \$1,200 each month to the Arts Council of Mendocino County in return for specified deliverables, as required by the County contract. Several MCTC and BID Advisory Board

⁹ As approved by the Board of Supervisors, the FY 2007-2008 BID Advisory Board Annual Report establishes the following allowed uses for the Reserve Fund: ... *unexpected District expenses that are consistent with applicable laws and the annual contract by and between the County of Mendocino and the Mendocino County Lodging Association. Those expenses could include promotional events, special publications, or promotional and public relations efforts to help the District recover from natural disaster or other adverse, unexpected events having extreme administrative and program costs and threat to the local tourism economy.* The approved FY 2009-2010 and FY 2014-2015 Annual Reports state that the funds may also be used cover lower than budgeted assessment income.

members question whether these payments are fully aligned with MCTC's mission and whether they are being justified by meaningful deliverables. The MCTC Board also questions the impact of the separate small grant program and the staff time involved in reviewing applications. The proposed alternative is for MCTC to suspend its small grants program and, instead, make partnership grants to the in-County tourism promotion and visitor serving organizations for the purpose of attracting and serving visitors to the County.

8. One area in which both MCTC and County staff have continued to struggle is establishing and adhering to an organizational calendar that will ensure timely recruitment, election and appointments to the MCTC and BID Advisory Boards. MCTC has established the the timeline, but implementation has lagged partly due to staff turnover both at VMC and in County Departments. MCTC staff have also had difficulty maintaining current information on the organization's website. As a result of multiple communication failures between CEO and Planning Department staff and MCTC, recruitment efforts were repeatedly delayed. Unnecessary printing costs were incurred due to misinformation provided by CEO staff to MCTC and the BID and MCTC web pages were moved to an obscure location on the County website where they have become virtually inaccessible to the public. New MCTC and Advisory Board members were finally appointed in late January, 2018. This delayed both the annual MCTC Board Development retreat and the organizational meeting of the BID Advisory Board until late February. At this writing, Minutes from that meeting, including the election of MCTC Board officers have not yet been posted to the MCTC website.

B. Review of FY 2017-2018 Recommendations Actionable by Mendocino County

Ordinance amendments recommended in the FY 2017-2018 BID Annual Report were adopted on 9/12/2017 to: 1) align with the current practice of forwarding one hundred percent (100%) of current assessments to the contractor within thirty (30) days and collecting the three percent (3%) administrative fee at the time of the thirteenth, "true up" invoice, no later than sixty (60) days after the close of each fiscal year; and, 2) Redefine and establish a process and timeline for recruitment and appointment of BID Advisory Board Members. Recommended changes were also made to the MCTC Contract to establish MCTC responsibility for initiating the recruitment process with the Tax Collector's Office no later than May 1 and implementing that process as described in the Ordinance.

1. As described in the preceding section, implementation of the adopted timeline has been extremely problematic largely due to communication failures among CEO and Planning Department staff.
2. The change from monthly to quarterly collection of TOT and BID assessments was accompanied by a unilateral decision on the part of the County to also pay out matching funds on a quarterly basis. The Ordinance is clear that the match is to be based on the total match paid in the previous fiscal year and that it is to be paid out monthly as 1/12th of that amount with a true-up payment following the close the the fiscal year.

3. Attempts by VMC staff to implement recruitment of BID Advisory Board Members in a timely manner were impeded by a lack of coordination between staff in the Planning Department and Chief Executive Office. The notice initially prepared by VMC staff had to be reprinted, at significant cost, after an incorrect URL was provided by CEO staff. The effort to correct County website information about the MCTC and BID Advisory Boards has been unsuccessful. Information about these Boards was relocated on the County website during the change to a new platform, making it virtually unsearchable by the public. Furthermore, neither Planning staff assigned to work with the BID Advisory Board nor staff in the CEO's Office appeared to understand their responsibility to forward applications to MCTC and then move them onto the Board of Supervisors agenda to ensure timely appointments. Updates to the BID Advisory Board By-Laws were finally approved by Advisory Board Members on March 24, 2018. Until roles are defined and staff in all areas are held responsible, this area will continue to need attention.
4. The County Tax Administrator remains without the technology and technical support needed to process data on Average Daily Occupancy and Average Daily Rate. These data are important to MCTC for assessment purposes and to better focus marketing efforts.
5. County processes for distribution of BID Assessment and matching funds continue to be excessively complex and the quarterly payout of the match is not compliant with the Ordinance.
6. Three important steps were taken on the Advisory Board's repeated recommendations for revenue enhancement: a) County Counsel determined that the current TOT Ordinance applies to permanent lodging that is being rented for "glamping" at private campgrounds. Operators were notified of this by the Tax Collector and are now remitting revenue which is estimated at \$180,000 annually; b) The County has contracted with *Host Compliance* to identify short-term rentals that are being advertised on the Internet and rented without a license and/or without remitting TOT and BID payments. Approximately 200 properties have been contacted by the Tax Collector to initiate licensing and collection of taxes and fees. Estimated revenue is \$250,000 in TOT and \$25,000 in BID assessments; and, c) On February 6, 2018, the BOS voted unanimously to place an initiative on the June 5, 2018 ballot to assess TOT payments on private campground and recreational vehicle stays of less than thirty (30) days. Should this initiative pass, annual revenue projections are \$1 million in TOT and \$100,000 in BID assessments. Ordinance amendments will be required prior to implementation. Further revenue enhancement for tourism promotion will be an on-going issue if Mendocino County is to be competitive in reaching target populations in areas such as Monterey, Napa, and Sonoma Counties where tourism budgets are double to triple that of MCTC.

VII. FY 2018-2019 BID ADVISORY BOARD RECOMMENDATIONS

A. Recommendations Actionable by Mendocino County Tourism Commission

1. Designate specific senior staff responsible for coordination among County Departments and the MCTC and BID Advisory Boards to monitor the established timeline, and accomplish necessary tasks in an efficient and timely manner.
2. Direct the Executive Director to regularly update and monitor the organizational timeline and website content and provide a report at each MCTC Board meeting of actions completed and those requiring attention in the coming month.
3. Delegate to the Executive Director responsibility for coordinating with MCTC and County staff to ensure accurate, timely management of BID funds, timely recruitment and appointment of MCTC and BID Advisory Board Members, and to accomplish other tasks related to the Lodging Business Improvement District.
4. Include a statement of the amount of all restricted and unrestricted reserves in each BID Annual Report.
5. Complete the database with profiles of each lodging property that include capacity and amenities, and direct staff responsible for group sales to promote small as well as large group stays.
6. Continue to maintain DMAI certification and benchmark expenditures and salaries against the Destination Marketing Association of the West (DMA-West) CEO and Staff Salary and Benefits Survey or other appropriate indices.
7. Provide a breakdown of salaries and personnel expenses for administrative vs program-related functions in the budget contained in the BID Annual Report.
8. Subject to County approval, phase out Arts Council funding as of June 30, 2019 and reallocate these partnership funds to in-county tourism promotion/visitor serving organizations to be used to attract and serve visitors to the County.
9. Suspend the small grants program and reallocate partnership funds to in-county tourism promotion/visitor serving organizations to be used to attract and serve visitors to the County.
10. Continue commitments to fund research and staff development; maintain a Reserve/Contingency Fund equal to the greater of \$100,000 or ten percent (10%) of the current budget.

B. Recommendations Actionable by the County of Mendocino

1. Designate specific staff responsibility for coordinating with MCTC to monitor the established timeline and accomplish necessary tasks in an efficient and timely manner.
2. Conform with the Ordinance requirement that County matching payments be distributed to MCTC on a monthly basis rather than continuing the current practice of including them with quarterly assessment distributions.

3. As previously recommended, revise monthly, quarterly and year-end statements accompanying BID Assessment and match payments to the contractor to break down the amounts of assessment revenue and matching funds for the period and show the amount of year-end adjustments and administrative fees.
4. Continue Tax Collector's program to identify and commence licensing and collection of TOT and BID assessments from Internet-listed visitor serving properties.
5. Should the Initiative be passed by the voters to apply the Transient Occupancy Tax Ordinance to private campgrounds, review and modify related Ordinances as needed to allow collection of both TOT and BID Assessments from these properties.
6. Modify the MCTC contract to eliminate the required payment of \$1,200/month to the Arts Council of Mendocino County effective June 30, 2019.
7. As previously recommended: a) direct the County Tax Administrator to revise TOT/BID collection forms and begin collecting data on: a) Average Daily Occupancy (ADO); and b) Average Daily Rate (ADR) as of July 1, 2018; and, b) provide software upgrades and technical assistance to enable quarterly reporting of the aggregated data to the contractor for the purpose of program assessment.
8. Also as previously recommended, given the underfunding of tourism promotion relative to nearby target markets, it is recommended that the BOS designate a member or working committee to research potential ways to further enhance revenue for this purpose.
9. Reference and apply the criteria listed in Appendix IV when appointing new members to the MCTC Board of Directors.

APPENDIX I: TOT/BID Collections

Quarterly reports of Transient Occupancy Tax and BID Assessment receipts are updated by the Mendocino County Tax Collectors Office at the conclusion of each fiscal year. Late payments and penalties are allocated to the year in which they were due. Only TOT collected from Mendocino County lodging properties located outside of the incorporated cities is reported in the TOT Table below. TOT collected by Fort Bragg, Ukiah, Willits and Point Arena remain in the city budgets.

The BID Assessment Table includes the entire one percent (1%) BID collected county-wide, including that paid by properties in Fort Bragg, Ukiah and Willits prior to deduction of the three percent (3%) administrative fee. Properties in the City of Point Arena opted out of the Business Improvement District in FY 2015-2016.

Note: For planning purposes, MCTC revenue projections shown in the FY 2018-2019 Budget are based on actual assessment receipts for the *calendar* year ending 12/31/2017. These totals differ from the County's adjusted *fiscal* year-end results.

TREASURER-TAX COLLECTOR COUNTY OF MENDOCINO (Data as of October 20, 2017)

<u>Transient Occupancy Tax (TOT) Collections by Calendar Quarter</u>					
Fiscal Year	1st Quarter (July - Sept.)	2nd Quarter (Oct. - Dec.)	3rd Quarter (Jan. - March)	4th Quarter (April - June)	Fiscal Year Collections
2010-11	\$ 1,159,942.85	\$ 738,735.49	\$ 509,240.81	\$ 870,484.86	\$ 3,278,404.01
2011-12	\$ 1,257,508.60	\$ 783,853.43	\$ 604,215.73	\$ 925,939.13	\$ 3,571,516.89
2012-13	\$ 1,295,039.41	\$ 785,097.46	\$ 614,742.03	\$ 981,282.64	\$ 3,676,161.54
2013-14	\$ 1,376,597.06	\$ 888,056.01	\$ 676,844.41	\$ 1,064,822.29	\$ 4,006,319.77
2014-15	\$ 1,483,327.89	\$ 988,149.64	\$ 779,025.16	\$ 1,184,164.35	\$ 4,434,667.04
2015-16	\$ 1,642,409.56	\$ 1,058,288.35	\$ 831,793.96	\$ 1,286,007.43	\$ 4,818,499.30
2016-17	\$ 1,766,790.84	\$ 1,123,078.65	\$ 802,336.39	\$ 1,388,992.12	\$ 5,081,198.00

<u>Business Improvement District (BID) Assessment Collections by Calendar Quarter</u>					
Fiscal Year	1st Quarter (July - Sept.)	2nd Quarter (Oct. - Dec.)	3rd Quarter (Jan. - March)	4th Quarter (April - June)	Fiscal Year Collections
2010-11	\$ 200,677.35	\$ 120,225.57	\$ 88,797.28	\$ 146,920.70	\$ 556,620.90
2011-12	\$ 214,391.01	\$ 127,956.29	\$ 103,057.37	\$ 158,723.75	\$ 604,128.42
2012-13	\$ 228,091.30	\$ 155,084.12	\$ 107,899.38	\$ 171,183.08	\$ 662,257.88
2013-14	\$ 243,710.03	\$ 149,341.89	\$ 116,839.01	\$ 185,200.87	\$ 695,091.80
2014-15	\$ 259,245.43	\$ 167,060.44	\$ 139,751.12	\$ 203,325.63	\$ 769,382.62
2015-16	\$ 272,639.08	\$ 177,291.36	\$ 147,047.75	\$ 220,793.55	\$ 817,771.74
2016-17	\$ 304,681.42	\$ 187,469.28	\$ 145,761.36	\$ 242,326.20	\$ 880,238.26

PLEASE NOTE:

The collections reflected above represent the actual quarters in which the lodging establishments collected the taxes and assessments. If applicable, penalties and interest collected by the County are also included in the above totals. Previous fiscal year collections have been adjusted to reflect delinquent payments received in FY 2016-17.

APPENDIX II: MCTC Board Roster

John Kuhry*	At-Large Member. Appointed. Current Term expires 12/31/2019. Re-Elected Chair 2/13/2018
Sharon Davis***	Mendocino Coast Chamber of Commerce/Coastal Regional Promotional Organization Member. Initial Term expires 12/31/2018. Re-Elected Vice-Chair 2/13/2018.
Jo Bradley**	Medium Lodging Operator Member. Current Term expires 12/31/2020. Elected Secretary 2/13/2018.
Jennifer Seward**	Arts Organization/Attractions Member. Appointed. Current Current Term expires 12/31/2020. Elected Treasurer 2/13/2018.
Cally Dym	Coastal Large Lodging Operator Member. Initial 3-year Term expires 12/31/2019.
Bernadette Byrne***	Winery/Winegrower Member. Appointed. Term expires 12/31/2018.
Cynthia Ariosta	Food/Beverage Business Member. Appointed. Initial 3-year Term expires 12/31/2019.
Jitu Ishwar***	Large Lodging Operator Member. Current Term expires 12/31/2018.
Jan Rodriguez**	Inland Large Lodging Operator Member. Current Term expires 12/31/2020.
Deborah Kettner***	Small Lodging Operator Member. Term expires 12/31/2018.
Alison Finley	Inland Chamber of Commerce/Inland Regional Promotional Organization Member. Appointed Initial 3-year Term expires 12/31/2020

Interim Executive Director: Richard Cooper

*Initial appointment on 12/31/2015 for one (1) year

**Initial appointment on 12/31/2015 for two (2) years

***Initial appointment on 12/31/2015 for three (3) years

All re-appointments or new appointments are for three (3) year terms

APPENDIX III: BID Advisory Board Roster

Wendy Roberts, Chair (At Large) 11/4/2013–11/1/2019

Guy Pacurar (Coast) 11/18/2016-10/1/2018
(Has elected not to renew appointment)

John Dixon (Coast) 11/1/2017-11/1/2019

Marcus Magdaleno (Inland) 11/1/2017-11/1/2019

Open (Inland)

APPENDIX IV: MCTC Board Selection

QUALIFICATIONS:

All current and applicant Board members must meet the following requirement to be considered for a seat on the Board of Directors - whether appointed by the Board of Supervisors or placed on a lodging industry ballot:

- Be 21 years or older
- Have a strong belief in and commitment to enhanced development, growth and future capacity of tourism as an important economic driver throughout Mendocino County
- Be a resident of the County and/or have evident business or community interest in the tourism industry of the County
- Be prepared to function as a Board of Director member at both a strategic level and related to operational oversight of the organization
- Be willing to operate within a policy-oriented governance model
- Be prepared to fulfill the Director's role as a volunteer with no compensation
- Have the ability to contribute the time necessary to fulfill the Director's role, as well as other committee, and tourism industry related roles that may emerge from the organization's strategic plan, annual marketing plans, initiatives, etc
- Be prepared to represent the organization, both within and outside the county, at various forums, events and/or special functions
- Accept the governing by-laws of the organization and the policy of the Board of Directors, and apply appropriately to the decision making process
- Have commitment to fulfill a minimum three year term of office as a Board of Director member (unless otherwise stipulated)
- Have the capacity and potential interest to hold Board Leadership positions in the future, ranging from committee chairs to Board of Directors Chair
- Have the ability to work in a team oriented environment that builds on consensus and represents a diverse industry with a multitude of interests and needs
- Indicate interest in participating in industry professional development and governance training opportunities as needed and/or required
- Ability and commitment to follow the Ralph M. Brown Act

SELECTION CRITERIA:

Prior to being considered by the Board of Supervisors for appointment or being considered on a lodging industry ballot, individuals must demonstrate the following criteria to, at least, a satisfactory level:

- Competency and experience as a board member
- Proven track record of creating value for stakeholders
- Ability to apply strategic thought to key issues
- Willingness to understand and commit to the highest standards of governance
- Ability to take a countywide view
- Proven leadership qualities
- Ability to develop a clear vision for the industry and monitor its implementation
- Proven skills in at least one of the following:
 - o Marketing
 - o Tourism
 - o Legal
 - o Financial Management
 - o Strategic Planning and Development
- Company, industry or organization which is directly impacted by the tourism industry and the work of the Bureau
- Proven interest in serving on behalf of the entire county and the entire tourism industry, not just a special interest, nor any single socioeconomic or geographic sector. (organization's purposes and interests above their own)
- Professional experience, skill sets and education required to lead an innovative and successful tourism bureau
- Willingness, the necessary time and enthusiasm to serve on the board
- Committed to the mission and philosophy of the organization

QUESTIONNAIRE:

Aside from basic information (such as name, business, title, etc), the following should be included in a questionnaire to all prospective board members - whether by appointment or election:

- What overall qualities will you bring to the Board of Directors?

- What is your current or previous involvement with Mendocino County destination marketing?
- What do you see as the organization's major priority and/or opportunity and how do you see addressing it?
- What do you see as the organization's major challenge and how do you see addressing it?
- What leadership experience would you bring to the Board of Directors?
- Where do you see the organization in 3-5 years?
- Why do you want to serve on the Board of Directors?
- How long have you owned your business and/or been in a leadership role with your organization in Mendocino County?
- Is your business for sale?
- Please provide up to three professional references related to prior service related to a Board of Director.

BOARD OF DIRECTORS ROLES AND RESPONSIBILITIES:

The Board of Directors is responsible for the development of tourism throughout Mendocino County. Some functions of the Board may be delegated to Board committees and the Executive Director. However, the Board has final responsibility for the successful operation of the organization.

Key roles of Board members include, but are not limited to:

- Setting of major goals and strategic direction for the Bureau
- Approval of all major plans
- Determine all policies governing the Board
- Establishing and determining the duties of Board committees
- Approving the annual budget and all major items of capital expenditure as defined by written expenditure protocols
- Ensuring compliance with legal and ethical requirements
- Monitoring the implementation of strategic plans
- Commitment to the mission and philosophy of the organization
- Place the organization's purposes and interests above their own professional and personal interests when making decisions
- Insure the long range image of the organization is a positive one
- Follow the Ralph M. Brown Act
- Attending 10-12 Board meetings annually of approximately two hours duration
- Attending 1-2 potential special meetings per year of under two hours duration

- Attending at a minimum of one, and potentially two planning, strategy, orientation sessions per year ranging from three to six hours in duration
- Participating in at least one Board committee and possible additional special task groups or ad hoc committees
- Undertaking of adequate preparation for all Board meetings and events
- Participating actively and fully at Board meetings in order to advance agenda discussion, reach consensus and provide strategic direction and operational oversight to the organization
- Being an advocate for the organization taking an active role in industry partner relations
- Keeping confidential information confidential
- Participating annually in a Board self-assessment and board training workshop

###

APPENDIX V: Glossary of Marketing Terms

This glossary is included to explain terms used in this plan and in other reports and documents issued by Visit Mendocino County. While staff and contractors are familiar with the terminology, some of the terms need a brief explanation.

Advertising equivalency	This dollar figure represents the amount of money it would take to purchase the equivalent in advertising space in a print publication or digital equivalent. The VMC PR team uses a 1:1 ratio unlike many PR firms who use a multiplier to boost numbers.
Impressions	The number of views a print or digital article is estimated to reach based on circulation and subscription data.
Media Placement	A story (print or digital) about an aspect of Mendocino County that arises from PR efforts.
Media Mission	A trip by the PR team to a particular market, e.g., Vancouver BC, to meet local journalists and writers and inspire visitation to and coverage of Mendocino County.
Releases	This can either refer to a press release or a “hot sheet,” which is distributed to the press and highlights new and upcoming businesses and openings in the county.
FAM	Familiarization tour or trip. Media FAMs involve members of the media who are vetted by the PR team prior to a visit. Sales FAMs apply to tour group operators who are visiting the county with the aim of including Mendocino in tour packages.
Millennials	The segment of the population born between the early and the mid-1990s to early 2000s. Also known as Generation Y, they are the children of baby boomers and older Gen Xers.
Gen-Xers	The population segment born between the early-to-mid 1960s and ending birth years ranging from the late 1970s to early 1980s. Children of the Baby Boomers.
Baby Boomers	Those born between the early-to-mid 1940s up to about 1964.
Content marketing	Content marketing is a strategic marketing approach focused on creating and distributing valuable, relevant, and consistent content to attract and retain a clearly defined audience – and, ultimately, to drive profitable customer action.
Google Analytics	A reporting tool provided by Google that can be used to analyze traffic, ad words, digital marketing

	campaigns, demographics, etc. for VisitMendocino.com.
Facebook Insights	A reporting tool for analyzing traffic, advertising campaigns, and other activities on Facebook.
Activity Provider	A person located in a tourist destination who provides a unique, local activity for a visitor to do while on vacation. Examples of such activities include kayaking, bike riding or arts and crafts, among others.
Free Independent Traveler (FIT)	A person or a couple that is not traveling with a group; usually references foreign travelers out on their own (Foreign Independent Traveler).
Inbound Tour Operator	Someone specializing in providing tours to overseas travelers to a destination, either operating the tour themselves or working through established partnerships with local suppliers.
Receptives	In effect, “middle men” between tour operators and hotel/lodging owners, chiefly in overseas markets. Receptives obtain contracts with hotels for booking arrangements and offer these to tour operators looking to satisfy tourist demand.
Search Engine Marketing	A marketing tactic using paid advertising services so that interested clients and customers can reach a business quicker and easier while searching online.
Block	A number of rooms, seats, or spaces reserved in advance, usually by wholesalers, tour operators, or receptive operators who intend to sell them as components of tour packages.
Conversion	Getting “heads in beds” or otherwise closing the sale. Differs from “hospitality.” Hospitality is being warm, friendly and helpful. Conversion is active selling.
Demand generators	Strategies and programs developed by DMOs and suppliers to generate destination demand. Examples include festivals, events, cultural tours, and consumer promotion.
Engagement	On Facebook (and other social media platforms), engagement is when people perform actions on your Page. They may like a post, click on a link, or comment on an image for example. With Facebook Insights, engagement is measured as the number of times a post is clicked, liked, shared, or commented on.
Reach	A measure of the range of influence of any content; it is the measurement of how content is spread across various social media channels. Think of it as the number of eyeballs a piece of content is getting. On Facebook, for example, “total reach” is the number of people that have seen a particular post.

Selected Key Industry Associations

DMA West	Destination Marketing Associations West, a membership organization of visitor bureaus throughout the western United States.
Visit California	The tourism marketing agency for the state.
California Travel Association	Membership organization offering education and advocacy for state tourism operators.
U.S. Travel Association	National, non-profit organization representing and advocating for all components of the travel industry.
Destination International	Global association of travel industry agencies and groups, offering education and advocacy for members. Visit Mendocino holds a certification from the globally recognized Destination Marketing Accreditation Program (DMAP); this serves as a visible industry distinction that defines quality and performance standards in destination marketing and management.
Brand USA	Agency chiefly responsible for marketing the USA as a destination to the rest of the world.