

**MENDOCINO COUNTY
LODGING BUSINESS
IMPROVEMENT DISTRICT
2020-2021 ANNUAL
REPORT**

At Large Rep: (Available)

Coast Rep: John Dixon: Glendeven Inn

Coast Rep: Jon Glidewell: Beachcomber
Properties

Inland Rep: Marcus Magdalen, Chair:
Boonville Hotel

TOC will be placed as soon as we have
final page numbers (Indesign)

Executive Summary: (will come after final changes)

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. This FY 2020-2021 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 2018–2019 BID Annual Report.
- A proposed FY 2019-2020 BID budget.
- A review of the BID Advisory Board’s recommendations for FY 2019–2020 and FY 2020–2021 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 taxpayers, businesses and employees.

- In 2018, the most recent year for which complete baseline information is available, total direct travel spending in the county increased 9.15% to \$482.2 million. Tourism remains a notable employer within the county with the industry supporting 6,900 jobs and generating earnings of more than \$214 million.

Mendocino County, its incorporated cities and taxpayers have a direct interest in the optimal investment of BID funds to promote countywide tourism and related industries. Building and maintaining awareness of the county as a viable and vital tourism destination is top of mind for marketing efforts in 2020–2021. However, it is clear that enhancing this essential segment of the county’s economy is an ongoing challenge in an increasingly competitive environment. One measure of the impact of the BID is the amount of TOT that is collected. The County Treasurer-Tax Collector’s September 2019 Transient Occupancy Tax (TOT) report for FY 2018-2019 shows that revenue from lodging businesses in unincorporated areas decreased \$5.6 million, a .457% decrease over the prior year. The Tax Collector reported that the countywide 1% BID assessment generated \$970,404.18, earning \$485,202 in matching funds for marketing and promotion. (For planning purposes, MCTC revenue projections are based on actual assessment receipts as reported by the Tax Collector for the last completed fiscal year (FY 2018-2019).

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. 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 countywide promotion. The Ordinance also created a county match of 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-member BID Advisory Board responsible for preparing a BID Annual Report for each fiscal year. This report is presented to the BOS for approval approximately 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.

(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 Mendocino 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. The following timeline summarizes the history of BID oversight:

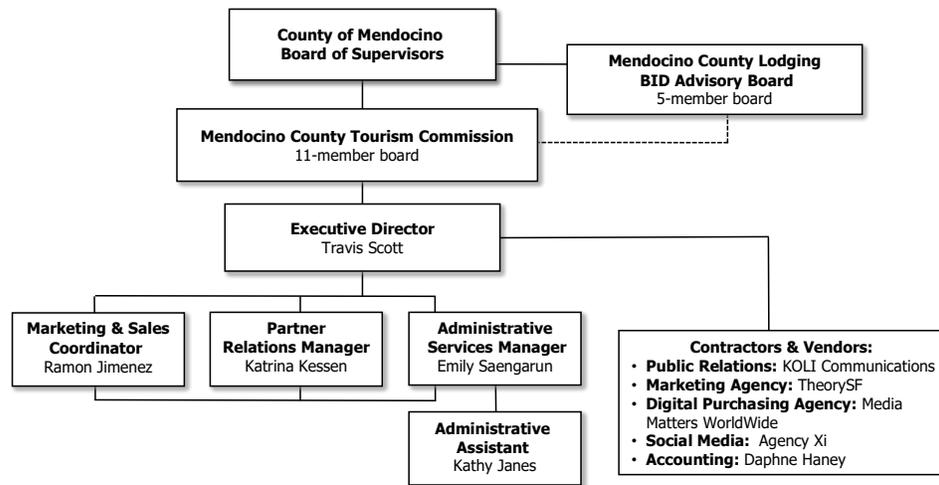
- 2006: Business Improvement District established by vote of Mendocino County lodging owners and operators.
- 2006-2015: Pursuant to annual contracts with the County of Mendocino, funds from 1% BID assessment were overseen and invested in countywide promotion by Mendocino County Lodging Association (MCLA). The 50% county match was overseen and invested in countywide promotion by Mendocino County Promotional Alliance (MCPA).
- 2009: MCLA and MCPA collaborated to establish VMC as a 501 (c)(6) organization and contracted with VMC to prepare and implement an annual 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.
- 2014-2015: The Board of Supervisors Ad Hoc Committee, comprising supervisors and stakeholders, formulated a plan for restructuring to replace Mendocino County Lodging Association and Mendocino County Promotional Alliance with a single oversight organization with designated seats on the board of directors for representatives of lodging and other tourism-related economic sectors. This restructuring was subsequently approved by the two organizations. 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.
- 2018: VMC continued to work toward the organizational goals as set out in the Strategic Plan.
- 2019: Staff continued work set forth in the strategic plan. The ED closed the non-functioning sales portion of the team and worked to redistribute these functions throughout the organization, to streamline operations and pave the way for clearer communication between partners and stakeholders and VMC.

Below is our current organizational chart:



Mendocino County Destination Marketing Organizational Chart



- Mendocino County Partner Organizations:**
- Mendocino Winegrowers Incorporated
 - Arts Council of Mendocino County
 - Chambers of Commerce throughout the county
 - City promotional organizations
 - Economic Development Finance Corporation
 - West Business Development Center

- Regional/State Partner Organizations:**
- North Coast Tourism Council
 - Visit California
 - California Travel Association
 - San Francisco Travel
 - Brand USA

III. MCTC ACCOMPLISHMENTS

A. Overall Goal and Strategic Objectives

VMC's overall goal in FY 2017-2018 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 2018-2019 tactical goals remained closely aligned with the strategic objectives. Impact was tracked and measured against established goals in six key performance areas:

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

C. Accomplishments for FY 2018-2019

As noted above, both TOT collections and the BID assessment decreased over the prior years performance, changing a 10 year trend of increase. While this isn't an accomplishment, I should be made clear here that; over the past 3 fiscal years the Treasurer-Tax Collectors office was working with Host Compliance to ensure that all vacation rental properties we're brought into compliance with TOT/BID. We saw sharp increases over those years. When the program ended at the beginning of the fiscal year we knew there would be a natural flattening.

The VMC Board and its standing committees met on a regular monthly schedule throughout the year. The VMC ED and Partner Relations Manager continued their education with the DMAI accreditation process to obtain the designation of CDME (Certified Destination Management Executive). The VMC team and committee worked on several new "product" launches to include; a revised Visitor Guide, a Players Guide, spring promotion and beer trail as well as new digital assets launching on a monthly basis.

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 2018-2019 to industry averages for each budget category. The figures for DMO industry averages come from 2018 Destination Marketing Analysts International (DMAI) 2018 Organizational and Financial Profile Study.

INSERT GRAPH

For FY 2018–2019, VMC set goals for each area of responsibility and outcomes and KPIs were recorded for each goal. Results in each key area are discussed in detail in the Visit Mendocino County FY 2017-2018 Annual Report, which is available online at: http://1mo5u1yd9e7vpr6s3zkdv9p.wpengine.netdna-cdn.com/wp-content/uploads/Annual-Report-2018_19_20191021.pdf

- **PUBLIC RELATIONS:** Generate \$6.6 million in measured advertising equivalency; reach an estimated audience of 150 million; achieve 300 placements in key media outlets; attract 18 media to visit the destination; attend two 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 in the table below, the PR team achieved results well beyond their goals.

	FY 2018/19 Goals	FY 2018/19 Actual	YOY % Gain/Loss
Hits	150	613	260%
Press releases	11	14	27%
Impressions	150 Million	902 Million	501%
Ad Equivalency	\$6.6 million	\$86.6 million	1212%
FAM Programs	18	54	200%
Trade Shows	9	9	100%
Media Missions	3	2	-33%

- **ADVERTISING AND MARKETING:** Increase unaided awareness of Mendocino County in a comparative study. Since 2017, research was undertaken by TSF to establish a baseline for awareness of the county as a tourism destination. Research revealed that awareness of the county was very low among target audience and location. This result drives current marketing and promotional efforts, all of which are focused on raising awareness of the county as a tourist destination. In FY 2020-2021, TSF will again undertake a research initiative to measure awareness against the baseline. The Marketing team is working with TSF to develop a rebranded and reimagined Visitor Guide, new and additional tag lines to be used in new-to-launch campaigns. This will also include the newly recreated Visitor Guide.
-

- **SOCIAL MEDIA:** Total Facebook Fan Base: 59,222; Total Instagram Followers: 17,405. These goals were revisited over the course of the year to focus less on raising “likes” and “followers” than to increase engagement and awareness among VMC’s target audiences. The chart below indicates the success of these revised goals over the previous year.

Social Media Results YOY FY 2018 v. FY 2019					
	FACEBOOK			INSTAGRAM	
	FY 2018	FY 2019		FY 2018	FY 2019
Impressions	2,751,057	18,571,281	Followers	11,818	16,330
Engagement	139,918	398,935	Comments	789	757
Posts	119	116	Likes	47,442	52,874
Impressions/Post	11,367	8,503	Posts	110	112
Engagements/Post	890	775	Avg Likes/Post	431	484
Fan Base	57,409	59,108			

- **SALES:** Currently sales operations of VMC are halted due to reorganization of the sales department however, we continue to rely on research from Visit CA and Visa Vue to define and refine our sales efforts. We also use anecdotal evidence from our hotel partners, regional partners and various tour operators to adjust our sales activities to match the ever-changing market.
- **VISITOR AND CONSTITUENT SERVICES:** Completion and distribution of new tear-off maps for both the North and South coasts. The Crab FEAST and Mushroom FEAST each celebrated their 20th year and staff distributed festival guides and other festival collateral. The Almost Fringe Festival was held however, it was not under the VMC Festival umbrella. The Festival and Marketing committees are now meeting together to create new and exciting event options such as; a year-round Beer Trail with map. The grant program continued to distribute funds to partner organizations.
- **OPERATIONS AND STAFFING:** The Executive Director’s second year of leadership, a search was launched to hire for a new Partner Relations Manager. This new position was created as a need for better communication between VMC and partners & stakeholders and would house many of the daily operations of the sales department. This position was filled on December 5, 2018 by Katrina Kessen.

D. Year to Date Progress for FY 2018-2019

Marketing Plan outcomes are tracking well for the fiscal year. We track these in our Quarterly and Annual Reports against our strategic plan and it’s outlined goals imperatives, initiatives.

- **PUBLIC RELATIONS** is on course to exceed all goals in terms of ad equivalency, FAM visits, media hits, impressions, etc. The chart that follows shows FY goals and

successes to December 31, 2019.

MENDOCINO COUNTY TOURISM COMM.								
2019-2020 Projections								
MONTH	HITS	AD. EQUIV	IMPRESSIONS	RELEASES	FAM VISITS	MEDIA MISSIONS	TRADE SHOWS	NOTES/MISC.
July	44	\$11,259,602.00	101,717,546	0	5			
Aug	46	\$49,753,433.00	224,672,826	1	0			
September	37	\$16,614,838.00	74,268,572	1	6			
October	200	\$1,638,210.00	68,952,217	2	7		SATW/EI Paso	Koli
November	34	\$600,423.00	22,337,905	2	2			
December	54	\$914,861.25	30,139,447	1	1			
January				1				
February								
March							Visit Cal/France	tbd
April							Visit Cal/LA	koli
May							IPW/Las Vegas	tbd
June						Vancouver		
TOTAL	415	\$80,781,367.25	522,088,513	8	21			0
GOAL	300	\$6.6 Million	150 Million	11	18	0	2	

- **ADVERTISING AND MARKETING:** The VMC Strategic Plan defines certain initiatives that correlate with the organization’s marketing goals for the fiscal year. They include:
 - ◁ Increase tourism revenue through the development and implementation of the annual integrated marketing, public relations, and sales plan.
 - ◁ Foster collaboration and countywide alignment by creating and developing the “goto” website for all tourism stakeholders.
 - ◁ Increase Mendocino County brand awareness and positive perception.
 - ◁ Develop a data-sharing process that offers context and insights for partners.

Staff worked with TSF to develop the marketing plan for the last half of the fiscal year and continued working with Media Matters WorldWide (MMWW) as their media buyer in the digital realm. The Marketing Plan can be viewed in its entirety here:

http://1lmo5u1yd9e7vpr6s3zkdv9p.wpengine.netdna-cdn.com/wp-content/uploads/Marketing-Plan_2019_20_final-1-1.pdf

The marketing team launched its second aggressive digital campaign including programmatic advertising, static and video ad buys on Facebook and Instagram to reach the organization’s target audiences in the greater Bay Area and Sacramento. In February 2020, the Marketing Committee decided that while the digital engagement results look incredibly strong they did not believe in comparison to TOT/BID collections we we’re being as effective as they would like. The organization ended its contract with Media Matters WorldWide for digital purchasing. At the time of writing, the marketing and PR teams are working on a mid-year adjustment plan to be presented to the Board.

The PR team continues to communicate with partners and stakeholders on a monthly basis informing them of high-profile media stories.

The VMC team actively identifies new businesses opening in Mendocino County and schedules visits to meet the owners and record the information in the team’s FileMaker database and MailChimp email resource.

One of the major ways VMC gets buy in from partners is their participation in festivals.

- **SOCIAL MEDIA:** Social media also plays an important role in creating and raising brand awareness. The figure below shows the YOY metrics for the fiscal year to date.

Social Media Results FY 2019 Q1 & Q2			
FACEBOOK		INSTAGRAM	
Impressions	5,705,548	Likes Received	29,090
Engagement	145,768	Comments	409
Link Clicks	55,557	Impressions	305,929
Posts	61	Posts	59
Impressions/Post	7,948	Likes/Post	493
Engagements/Post	721	Comments/Post	7
Fan Base	59,108		

- **PARTNERSHIPS:** The ED and staff maintain close ties with partner organizations throughout the county. Staff represents Visit Mendocino County on the boards of Destination Hopland, Anderson Valley Winegrowers Association, Mendocino Winegrowers Inc., Coast Chamber of Commerce, Visit Fort Bragg, Visit Ukiah, and Visit Willits. Staff continues to visit stakeholder properties (known as the Hotel Adoption Program) in order to “put a face to the name.”
- **SALES** goals and ROI are undetermined at this time.
- **VISITOR SERVICES:** The reactivated Visitor Services committee is currently working on options for updated Gateway signs at the entrances to Mendocino County.

IV. BASIS FOR PLANNING AND BUDGETING FOR FY 2019-2020

A. District Boundaries and Assessment

Pursuant to Section 5.140.060 each hotel or lodging business that 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.

At its March 2019 City Council meeting, the City of Point Arena adopted the following: “Resolution 2019-09 Supporting City of Point Arena Lodging Establishments Participating in the Countywide Business

Improvement District for Tourism Promotion.” The resolution was developed with the cooperation of the Point Arena lodging owners. Upon completion of the reinstatement process, the city’s lodging properties will rejoin the BID at the beginning of the new fiscal year.

B. Allowable Services, Activities and Programs

The services, activities and programs to be provided through the BID in FY 2019–2020 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:

(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.*

PRELIMINARY PLAN FOR FISCAL YEAR 2020-2021

A. Strategic Direction

The three-year strategic plan developed with the Coraggio Group identifies nine initiatives for VMC to work towards. This section will briefly outline the FY 2020-2021 organizational goals as they relate to those initiatives.

1. Increase tourism revenue through the development & implementation of the annual integrated marketing, public relations, and sales plan.

The staff will continue to work closely with their marketing consultants and partners to create a focused and successful marketing plan for the next fiscal year. Based on the public relations successes of the past four years, the staff and KOLI Communications, VMC’s PR agency of record, will craft an ambitious PR effort that will attract traditional media to the county as well as reaching out to the millennial, Gen-X and Gen-Y generation of social media influencers. Sales plan activities for FY 2020-2021 will include attendance at the California State Fair, Pet Expo in Santa Clara, National Tour Association, and the Los Angeles and Bay Area Travel & Adventure Shows.

2. Improve data-driven decision making through increased participation and “buy in” from all of our partners.

Engaging with lodging stakeholders and partners is an ongoing effort for the VMC team. One of the goals for FY 2019-2020 is to develop closer relationships with our stakeholders and partners through regular visits and conversations. Tracking these visits, and more, in VMC’s internal proprietary database will keep the team informed about properties. The PR team will continue its monthly distribution of articles in A-list publications. VMC will seek closer collaboration with the county to identify additional partners (vacation rentals are top priority), create relationships with the owners, add a website listing for each, and bring them into the reporting fold. Coordination with the Treasurer-Tax Collector’s office will be essential to continue to obtain a quarterly report of currently compliant properties to ensure that VMC only promotes those that are eligible for promotional services.

3. Develop a data sharing process that offers context and insights for partners.

The PR team has been tracking media coverage of inland vs. coastal areas. Analysis shows that the split is about even to date. The website is set to auto-send a monthly report to stakeholders and partners showing website hits and outbound referrals. VMC staff will work with stakeholders and partners to improve their website presence and participation in events, which is currently the bulk of inbound website traffic.

4. Foster collaboration and countywide alignment by creating and developing the ‘go-to’ website for all tourism stakeholders.

VMC’s consumer-facing website is its most valuable asset. Part of VMC’s educational efforts for the year will be to ensure that all stakeholders are represented on the site. Additionally, VMC staff maintains the MendocinoTourism.org website that is the go-to resource for documentation, reporting, and opportunities that relate to stakeholders.

5. Strengthen regional tourism relationships to leverage broader marketing opportunities.

The ED will continue to maintain a strong relationship with Visit California by attending conferences and forums, submitting content for the Visit CA website that highlights unique aspects of Mendocino County, and by collaborating on VCA initiatives such as Restaurant Week. This is an ongoing project. VMC has become the administrator of the North Coast Tourism Council. This relationship allows VMC to further the goals of the organization by working so closely with that group.

6. Proactively educate and communicate with all tourism stakeholders.

The PR team will continue to issue a monthly newsletter to stakeholders. VMC staff regularly communicate with tourism stakeholders in person, by phone, and via email. The team maintains the VMC Partners at Work social media page for promulgation of news hits and other relevant information. Staff will collaborate with the West Business Development Center on a series of workshops designed to appeal to partners and stakeholders. As of the writing of this report, this goal is currently on hold as WBDC has taken over economic relief due to the COVID-19 pandemic.

7. Increase Mendocino County brand awareness and positive perception.

This initiative speaks to all the marketing strategies that will be developed in a collaboration by the VMC, TSF, and the Marketing Committee. A marketing strategy outline will be contained in the FY 2020-2021 Marketing Plan.

8. Work with partners to develop, promote and grow strong and beneficial tourism activities and events.

The Partner Relations Manager is tasked with taking VMC's annual festivals to a new level.

9. Explore our options to influence and shape potential cannabis tourism.

This initiative is being addressed in the organizations 20/21 Marketing Plan.

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 2018-2019 the Mendocino County Tax Collector recorded total BID assessments in the amount of \$970,404 to provide services, activities and programs on behalf of the District.

The Budget contained in this BID Annual Report is based on actual FY 2018-2019 BID assessments. The county matching funds for the same period are \$485,202.

C. Contributions from Mendocino County Matching Funds for FY 2020-2021

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 actual FY 2018-2019 assessments as reported annually in the Treasurer-Tax Collector's October report.

D. Proposed Budget for FY 2020-2021

The total budgeted cost of services, activities, and programs for the District in FY 2020-2021 is \$1,353,422.61.

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 countywide BID assessments. This fee is collected when the books are closed, approximately two 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 the administrative fee as a reduction in income.

The \$135,342 Contingency Fund proposed in the Annual Marketing Plan and Budget for FY 2020-2021 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 Contingency Fund must be authorized by a vote of the MCTC Board of Directors.

**PROPOSED FY 2020-2021 ANNUAL BUDGET INCLUDING BID ASSESSMENTS,
MENDOCINO COUNTY MATCHING FUNDS AND MISCELLANEOUS INCOME**

INCOME	
MCTC BID Assessment	
County of Mendocino Matching Funds	
County Administrative Fee	
Event Brochure Ads	
Interest	
EXPENSES	
Advertising/Media	
Marketing/Public Relations	
Website Maintenance & Development	
Leisure & Group Sales	
Visitor Services	
Partnerships	
Administrative Expenses	
Personnel	
Portion of Unrestricted Reserve	
BOTTOM LINE	\$0.00
Reserve/Contingency Fund	

RECOMMENDATIONS WILL BE PLACED HERE