

Date: March 20, 2015

To: Mendocino County Lodging Association (MCLA) Board of Directors;  
Mendocino County Lodging Association Membership (via MCN listserv)  
Mendocino County Promotional Alliance (MCPA) Board of Directors

From: John Dixon, President of MCLA  
Cally Dym, President of MCPA

Re: **Final MCLA – MCPA Business Improvement District Recommendations**

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### **Background**

The Board of Supervisors Business Improvement District (BID) Ad Hoc Committee (Supervisors Dan Gjerde and John McCowen) have been meeting with five representatives of MCLA (John Dixon, Renata Dorn, Jitu Ishwar, Marcus Magdaleno, and Roger Martin) and five representatives of MCPA (Cally Dym, John Kuhry, John Meyer, Jennifer Seward, and Hal Wagenet) in an effort to build consensus regarding proposed changes to the BID governance structure and assessment.

In a statement dated February 10, 2015, the MCLA and MCPA participants announced consensus on key issues and agreed to recommend approval to their respective Boards of Directors. The original 12 points of consensus were endorsed by the MCLA Board of Directors on March 4 and by the VMC Board of Directors on March 10.

The Ad Hoc participants have continued to meet and consensus has been reached on all outstanding issues, including a recommendation that the MCLA Board of Directors extend the current contract with VMC, provided VMC agrees to specific conditions. The recommendation and conditions for a contract extension are contained in a separate document which is included as an attachment.

Additionally, a comprehensive review of state BID law confirms that the existing governance structure can be reformed independently of the process for reauthorizing the BID or increasing the BID assessment. Therefore, it is recommended that a three part implementation process be followed: 1) renew the current BID, as is, including the existing 1% assessment, to insure continuity of BID operations; 2) reform the governance structure in line with all of the following applicable recommendations; 3) subsequently, propose an increase of the BID assessment to 2% as a stand alone action subject to the protest process as mandated by state law.

In order to reach agreement it was necessary for everyone to compromise on certain points in return for assurances on others. The participants believe that the package of agreed upon changes represents significant reform to the current BID process and will enhance our ability to efficiently and effectively promote Mendocino County. This statement has been reviewed and approved by Supervisors Gjerde and McCowen and each of the MCLA and MCPA participants listed above.

**The MCLA and MCPA representatives unanimously recommend endorsement of the following points by their respective boards:**

1. Elimination of the tiered BID proposal in favor of an across the board 2% assessment with a continuation of the 50% County match to be applied to all funds;
2. A guarantee that a high proportion of all new revenue shall be dedicated to direct promotion and marketing with administrative costs based on Destination Marketing Association International (DMAI) industry standards and fixed at, or below, the national average for organizations of comparable size;
3. The County shall retain copyright and use rights to all documents and work products of the BID to insure that these materials will always be available to promote Mendocino County, no matter what entity is hired to implement the approved Marketing Plan;
4. Formation of a single Governing Board to administer the BID and oversee the Destination Marketing Organization (DMO) and implementation of the approved Marketing Plan;
5. MCLA and MCPA may continue as independent organizations but will have no direct authority over BID funds or administration;
6. The BID Advisory Board shall continue to be appointed from a list of nominees prepared by the Board of Directors of MCLA; all nominees must be owners, operators, or employees of assessed hotels; two members shall be appointed to represent the inland area; two members shall be appointed to represent the coastal area; and one member shall be appointed to represent MCLA;
7. The Governing Board shall be subject to the Brown Act and shall provide for financial transparency in all DMO operations, including payroll;

8. Governing Board members:
  - shall be elected or appointed to three year terms based on their core business or organizational interest;
  - shall be subject to term limits of no more than two terms (except a member who has completed less than one half of a full term may serve two additional terms if duly elected or appointed);
  - shall be ineligible to serve for three years after being termed out;
9. The Governing Board shall be composed of eleven (11) members as follows:
  - five (5) Lodging;
  - two (2) Chambers of Commerce;
  - one (1) Winery or Winegrower;
  - one (1) Arts and Attractions;
  - one (1) Food and Beverage (includes culinary, beer and other spirits); and
  - one (1) At Large.
10. All Governing Board members shall be required to submit a resume showing relevant experience; complete a questionnaire demonstrating their interest and commitment in promoting Mendocino County; and be elected or appointed as follows:
11. Lodging members shall be directly elected by lodging operators (in a County conducted election) as follows: three (3) elected by and from large lodging operators; one (1) elected by and from medium lodging operators; one (1) elected by and from small lodging operators;
12. Non-lodging members shall be appointed by the BOS as follows: two (2) members nominated by local Chambers of Commerce; one (1) member nominated by Mendocino Winegrowers, Inc.; one (1) member who applies from or is nominated by an Arts organization, an Attractions governing board, or Attractions proprietor; one (1) member who applies from a food or beverage business including culinary, beer and other spirits; one (1) member who applies At Large;
13. The terms of Governing Board members shall be staggered so that no less than three or more than four members shall be elected or appointed in any one year (except to fill vacant unexpired terms) with initial terms elected or appointed as follows, with all subsequent terms to be for three years:
  - Large Lodging
    - **3 seats:** a three (3) year term, a two (2) year term and a (1) one year term;
  - Medium Lodging
    - **1 seat:** a two (2) year term;
  - Small Lodging
    - **1 seat:** a three (3) year term;
  - Chambers of Commerce
    - **2 seats:** a three (3) year term and a two (2) year term;
  - Winery or Winegrower:
    - **1 seat:** a three (3) year term;
  - Arts & Attractions
    - **1 seat:** a two (2) year term;
  - Food & Beverage
    - **1 seat:** a one (1) year term;
  - At Large
    - **1 seat:** a one (1) year term;
14. The BOS shall provide for public noticing of all vacancies; shall actively encourage multiple nominations for each open seat; and shall seek to provide for geographical diversity (for example: one member should be selected from nominees by the coastal chambers and one member selected from nominees by the inland chambers);
15. To facilitate the formation of the new Governing Board, the corporate identity of VMC, Inc. will be changed in favor of a new organization known as the Mendocino County Visitor's Bureau, Inc. (MCVB) which will assume the responsibility for implementing the approved Marketing Plan to promote Mendocino County. MCVB will be organized in line with the points of consensus developed by the BID ad hoc group; will assume control of the assets of VMC, Inc.; and will continue to promote Mendocino County using the VMC brand. The corporate name change will clarify the relationship between the BID Governing Board and those who are hired or contracted to implement the Marketing Plan;
16. The new Governing Board shall be seated July 1, 2015, or as soon thereafter as is practicable; the revised BID assessment shall be effective no sooner than January 1, 2016;
17. MCLA and MCPA shall assist in providing comprehensive information to lodging operators and the public regarding the BID process, and that public meetings be held in Point Arena, Fort Bragg, Willits, Ukiah, and Anderson Valley to present the proposed BID changes and respond to questions.

cc:

Mendocino County Board of Supervisors  
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