



A Tradition of Stewardship  
A Commitment to Service

Agenda Date: 3/20/2018

Agenda Placement: 10C

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors  
**FROM:** Tracy Schulze - Auditor-Controller  
Auditor - Controller  
**REPORT BY:** Kaitlin Ager, SENIOR GRANT COMP AUDITOR - 707-265-2342  
**SUBJECT:** FY16-17 Napa Valley Tourism Improvement District Annual Report

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### **RECOMMENDATION**

Auditor-Controller requests the Board accept, and instruct the Clerk of the Board to file, the Napa Valley Tourism Improvement District Annual Report for the fiscal year ended June 30, 2017.

### **EXECUTIVE SUMMARY**

The Compliance Audit Division of the Napa County Auditor-Controller's Office has performed a review of the Napa Valley Tourism Improvement District funds for the period of July 1, 2016 through June 30, 2017. No material exceptions or omissions were found.

### **FISCAL IMPACT**

Is there a Fiscal Impact?                      No

### **ENVIRONMENTAL IMPACT**

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

### **BACKGROUND AND DISCUSSION**

The Napa Valley Destination Council (NVDC), realizing the need for improved marketing and tourist serving programs, formed a Tourism Improvement District (TID) as the best mechanism for funding those vital programs. In accordance with the Property and Business Improvement District Law of 1994 (Streets and Highways code 36600 et seq.), Napa County formed the Napa Valley Tourism Improvement District (NVTID) on June 15, 2010. The NVTID was initially established for a five (5) year period commencing July 1, 2010. On June 16, 2015 it was renewed for an additional ten (10) years.

The NVTID includes all lodging businesses (hotels, motels, inns, or any other structure or portion thereof occupied, intended or designed for occupancy by transients as defined in the jurisdiction's municipal/county code), located within the cities of American Canyon, Calistoga, Napa, and St. Helena, the Town of Yountville, and the unincorporated areas of Napa County. The NVTID does not include vacation rentals, campgrounds, or traditional space-rental only RV parks. The NVTID is responsible for levying a 2.0% assessment on gross short term room rent (stays of 30 days or less) on all lodging businesses defined above. The city and county tax collectors are responsible for the collection of the assessment on a monthly or quarterly basis. In accordance with the Management District Plan (Plan), the tax collectors are required to forward 74% of the assessment collected to Napa County on behalf of the County-side District. The remaining funds are to be retained by each jurisdiction for tourism related expenditures in accordance with the Plan, with 25% restricted to their local governing committees and 1% to offset the tax collectors for their services in collection and forwarding the assessment funds.

The Compliance Audit Division of the Napa County Auditor-Controller's Office has completed a review of the Napa Valley Tourism Improvement District funds for July 1, 2016 through June 30, 2017. The objectives of this review were to assess whether Tourism Improvement District funds were administered consistently throughout the County and verify that funds were collected, distributed and spent in accordance with the Management District Plan.

The attached report from the Auditor-Controller includes the following:

- | Appendix A - Schedule of Tourism Improvement District Assessment Collections
- | Appendix B - Procedures and Results (Local Jurisdictions)
- | Appendix C - Procedures and Results (Visit Napa Valley)

Also attached is the response from the Town of Yountville regarding the noted exceptions. Over the past year, the Auditor-Controller has worked with each of the jurisdictions to provide consistent reporting and internal procedures to efficiently conduct this review annually. We appreciate the assistance, partnership and cooperation of the city/town staff.

### **SUPPORTING DOCUMENTS**

A . NVTID Annual Review Fiscal Year 2016-2017

B . Town of Yountville Findings Response

CEO Recommendation: Approve

Reviewed By: Bret Prebula