

# Visalia Tourism Marketing District

## 2024 Annual Report

Submitted to the City of Visalia pursuant to Streets and Highways Code section 36650, for the period from January 1, 2024, through December 31, 2024



## Contents

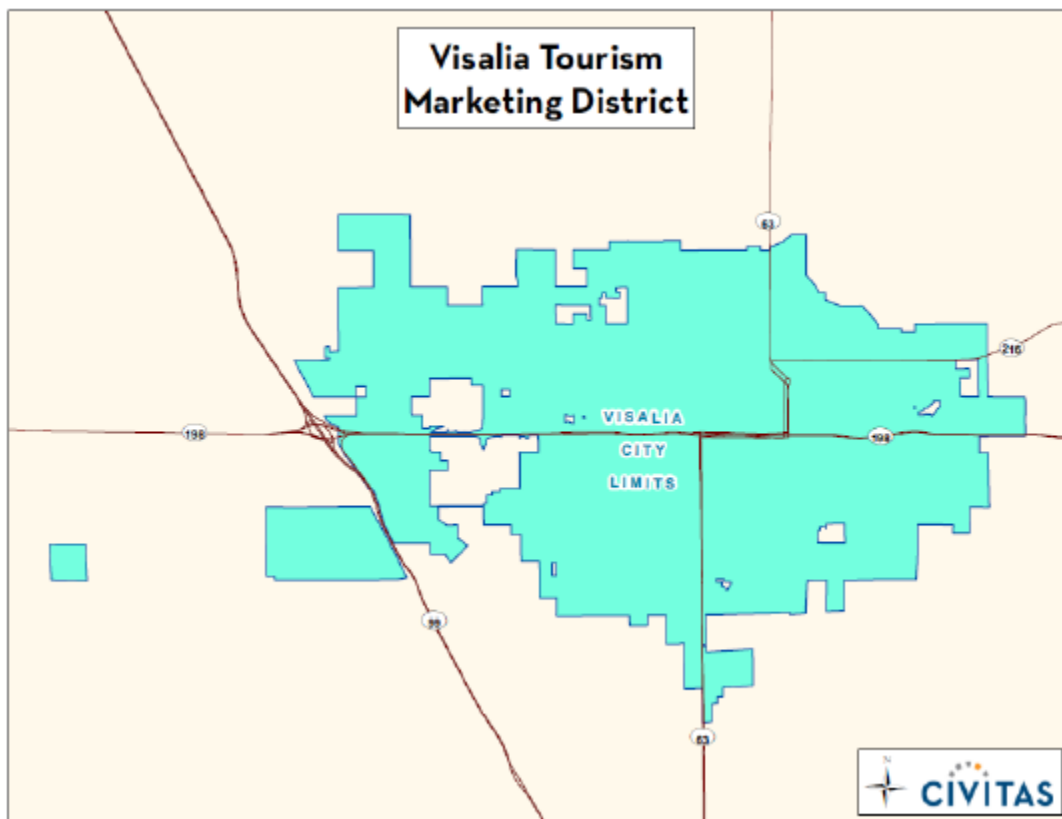
Boundaries.....	3
Assessment Collections.....	<a href="#">4</a>
2024 Spending Actuals .....	5
Professional Services.....	7
2024 Key Deliverables .....	8
2025 Projections.....	10
Surplus & Other Funding .....	121
Appendix.....	12



## Boundaries

The Visalia Tourism Marketing District (VTMD) includes all lodging businesses with twenty (20) rooms or more, existing and in the future, available for public occupancy within the boundaries of the City of Visalia. There are no proposed changes to the boundaries or assessed businesses at this time.

The boundary, as shown in the map below, currently includes fifteen (15) lodging businesses and a complete listing of lodging businesses within the VTMD can be found in the Appendix. (Lodging business means: any structure or any portion of any structure, which is occupied or intended or designed for occupancy by transients for dwelling, lodging or sleeping purposes, and includes any hotel, inn, tourist home or house, motel, studio hotel, bachelor hotel, lodging house, rooming house, apartment house, dormitory, public or private club, mobile home or house trailer at a fixed location or other similar structure or portion thereof.)



## Tourism Marketing District

### Assessment Collections

The two percent (2%) annual assessment rate of gross commercial room rental revenue, on lodging businesses, provides a stable revenue source for promoting tourism and developing tourism assets.

The breakdown below consists of revenues received from October 2023 - September 2024. The assessment revenue received in 2024 represents a 14.52% increase in revenue received in 2023; 731 683.04.

Amount	Assessment Month
\$74,233.90	October
\$58,531.93	November
\$48,147.27	December
\$48,605.84	January
\$74,482.49	February
\$65,454.60	March
\$75,477.41	April
\$81,284.71	May
\$84,050.06	June
\$83,201.81	July
\$85,430.12	August
\$76,647.26	September

**\$856,019.52**

## 2024 Spending Actuals

The Visalia Tourism Marketing District Board projected assessment receipts would total \$800,000 in 2024. The actual amount of assessment revenue received was \$856,019.42, a 9% increase over projected, and a 14.52% increase over assessment income received in 2023.

2024 spending allocations represent 89% of the assessment income collected for the same year.

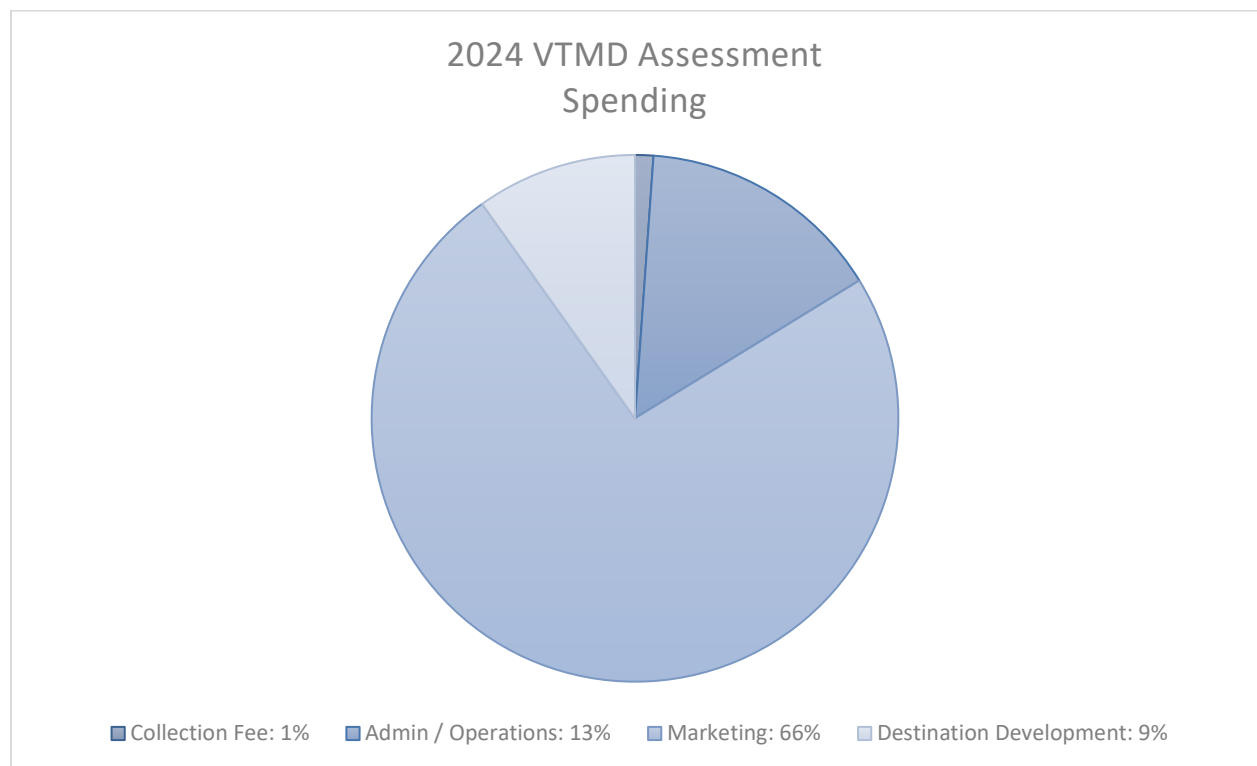
Visalia Tourism Marketing District (TMD) spending is outlined in the chart below. The Visalia Convention and Visitors Bureau managed \$752,000 of the TMD assessment funds received. In an effort to spend down prior year, carryover, assessment, the VTMD invested an additional \$186,977.73 in tourism marketing campaigns and destination development initiatives.

Assessment Income	\$856,019.42
Assessment Collection Fee (1%)	
City of Visalia	\$8,563.08
Administration and Operations (15%)	
Visalia Convention and Visitors Bureau	\$112,801
TMD Operational Expenses	(\$1,300)
Insurance	\$806.00
Professional Fees	\$3,003.00
Total	\$115,309
Marketing (69%)	
Visalia Convention and Visitors Bureau	\$564,003.00
Marketing Special Projects	\$151,977.73
Total	\$715,980.73
Destination Development (10%)	
Visalia Convention and Visitors Bureau	\$75,200.40
Destination Development Special Projects	\$35,000.00
Total	\$110,200.40
Total Expenses	\$950,053.59
Spending From Reserves/2023 Carry Over	
Marketing Special Projects	\$151,977.73
Destination Development Special Projects	\$35,000.00
	\$186,977.73

Although actual revenues fluctuate due to market conditions, the Management District Plan outlines consistent proportional allocations of the assessment budget. Those allocations are as follows:

Assessment Collection Fee:	1%
Administration and Operations	15%
Destination Development	10%
Sales & Marketing	69%
Contingency/Reserve	<u>5%</u>
	100%

The VTMD reserves currently exceed 5% therefore no additional funds were added from the assessments collected in 2024.



## Professional Services - Visalia Convention and Visitors Bureau

The Visalia Tourism Marketing District (VTMD) Board of Directors assigned \$752,000 of the 2024 projected assessment collections to the Visalia Convention and Visitors Bureau (VCVB). The VCVB, following the VTMD Management District Plan, invested the funds in approved marketing campaigns and destination development initiatives along with supporting the operations of the Visit Visalia Tourism Office.

The chart below demonstrates the how the Visalia Convention and Visitors Bureau invested the VTMD funding allocation.

### VISALIA CONVENTION & VISITORS BUREAU Profit and Loss by Class January - December 2024

	VTMD
<b>Income</b>	
4000 TMD Allocation	752,004.00
4100 City of Visalia Allocation	
4200 Co-Ops	
4750 Interest Income	
4800 Sales of Product Income	
<b>Total Income</b>	<b>\$ 752,004.00</b>
<b>Expenses</b>	
Total 6000 Operations	\$ 116,688.53
Total 7000 Marketing	\$ 581,197.86
Total 8000 Destination Development	\$ 53,391.86
<b>Total Expenses</b>	<b>\$ 751,278.25</b>

## 2024 Key Deliverables

In 2024 the Visalia Tourism Marketing District (VTMD) and Visalia Convention and Visitors Bureau (VCVB) memorandum of understanding (MOU) was activated. The MOU outlines three significant deliverables:

1. Fulfill the regulatory compliance of the VTMD Owner's Association Marketing District Plan.
2. Secure paid professional services for the VTMD Owner's Association.
3. Formally establish Visit Visalia as the tourism marketing brand shared by both organizations.

The MOU also outlines the Visalia Convention and Visitors Bureau (VCVB) budgeting process including:

- the VTMD Board approving the annual allocation of assessment dollars managed by the VCVB,
- the VCVB establishing a financial reporting system reflecting the percentage of VTMD funding allocated for each budget item,
- VCVB budget adjustments of \$5,000+, of VTMD funding, requiring approval by the VTMD Board.
- The VTMD approves the marketing agency of record.

In 2024, the Visalia Tourism Marketing District projected assessment collections of \$800,000 and allocated \$752,000 to the Visalia Convention and Visitors Bureau for the fulfillment of the VTMD Management District Plan initiatives.

The VCVB successfully executed approved funding strategies in compliance with the management district plan.

In addition, the VTMD Board directly funded special marketing and destination development initiatives to increase Visalia tourism.



## Marketing

The VTMD Management District plan allows for a minimum of 69% of assessment revenue to be invested in tourism marketing. The majority of the funds were deployed in digital marketing in domestic markets reflecting key geographic and demographic audiences.

## Destination Development

To enhance Visalia's position as the ideal location to stay when visiting Sequoia and Kings Canyon National Parks, and increase visitation length of stay, VTMD invested in a Destination Development study. The study was conducted by Destination by Design.

The study included interviews with appointed and elected government officials from Visalia, Tulare and Tulare County, lodging property owners and managers, and tourism assets managers and operators.

The Destination by Design study identified Visalia's tourism features as well as opportunities for improving our visitors' experience and increasing opportunities for group business development.

The VTMD in collaboration with the Visalia Convention and Visitors Bureau has acted on some of the study recommendations. The VTMD is seeking direction from and collaboration with the City of Visalia on additional study recommendations.

## Administration and Operations

The Visalia Convention and Visitor's Bureau employees manage the VTMD operations. VTMD bookkeeping, accounting and insurance fees are paid by VTMD Directly.

## City Administration Fee

The City of Visalia retains one percent (1%) of the amount of assessment collected to cover its costs of collection and administration.

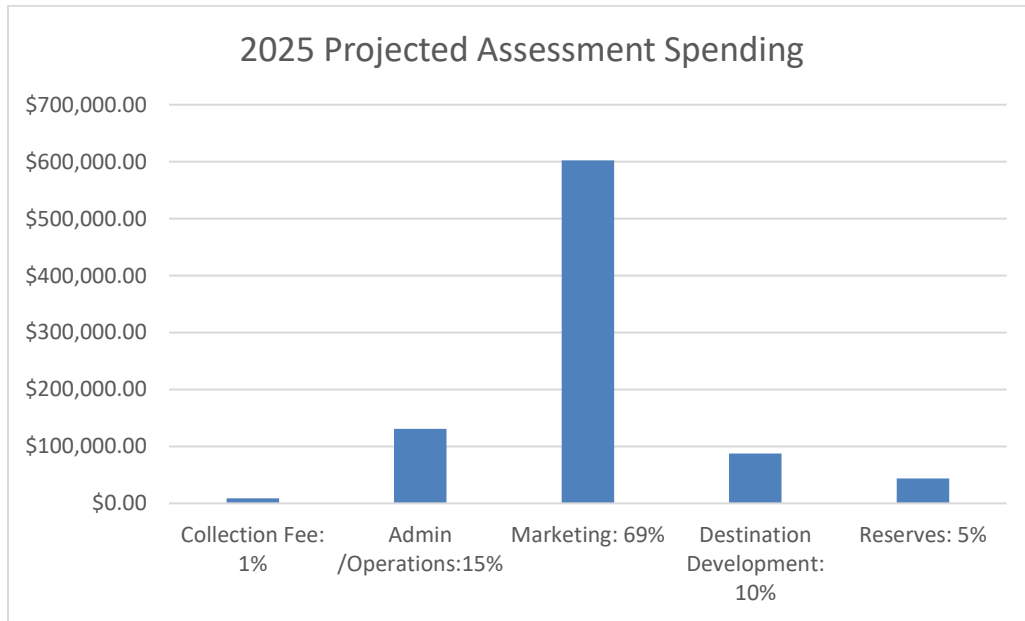
## 2025 Projections

Tourism is a volatile industry in Visalia. We are heavily dependent on access to Sequoia and Kings Canyon National Parks. Natural occurrences, such as fires and flooding within the Parks, decreases opportunities for tourism.

In 2025 the political climate and dollar exchange rate are predicted to have a negative impact on international travel. The Visalia Tourism Marketing District will closely monitor hotel occupancy and revenue per available room to learn if budget projections made in 2024 are overly optimistic.

Projected 12 Months of Assessment Revenue    \$872,700.

COV Administration	\$8,727	1%
Required Reserves	\$43,635	5%
Admin/Operations	\$130,905	15%
Destination Development	\$87,270	10%
Marketing	<u>\$602,163</u>	69%



## Delinquencies

If delinquencies occur among lodging businesses within the District, the following guidelines outline assessment penalties and procedures.

**Original Delinquency** – Any business failing to remit any assessment due within the time required shall pay a penalty of ten percent (10%) of the amount of the assessment in addition to the assessment.


**Continued Delinquency** – Any business failing to remit any delinquent assessment on or before a period of thirty days following the date on which the assessment first became delinquent shall pay a second delinquency penalty of ten percent of the amount of the assessment, in addition to the amount of the assessment and the ten percent (10%) penalty first imposed.

**Fraud** – If the City or County determines that the nonpayment of any assessment is due to fraud, a penalty of twenty-five percent of the amount of the assessment shall be added thereto, in addition to the penalties stated above.

**Interest** – In addition to the penalties imposed, any business which fails to remit any assessment shall pay interest at the rate of one percent per month, or fraction thereof, on the amount of the assessment, exclusive of penalties, from the date on which the assessment first became delinquent, until paid.

**Penalties Merged with Assessment** – Every penalty imposed and such interest as accrues under the provisions of this section shall become a part of the assessment required to be paid.

**Audit Delinquency** – If, upon audit by the City, a business is found to be deficient in its return, remittance, or both, the City shall immediately invoice the business for the net deficiency, plus a penalty of ten percent of the net deficiency. If the business fails or refuses to pay the deficient amount and applicable penalties within thirty days of the date of the invoice, an additional ten percent penalty shall be added to the original deficiency. In addition to the penalties imposed, any business which fails to remit payment of billed audit deficiencies within thirty days of the date of the invoice shall pay interest at the rate of one percent per month, or



fraction thereof, on the amount of the assessment, exclusive of penalties. The business shall also be liable for the cost incurred by the City for the audit if a deficiency is substantiated.

### **Surplus & Other Funding**

At the end of 2024 Visalia Tourism Marketing District had a surplus of \$572,429.41. The surplus is the result of collections exceeding the budget projections, carried over from the previous fiscal years, planned convention incentive support for the Knights of Columbus intercity transportation beginning in 2024 and underestimating the earned assessment funding during the Covid-19 Pandemic.

In 2025, tourism special marketing campaigns and destination development initiatives will utilize surplus/reserves.

## Appendix

### 2024 - Assessed Lodging Properties

Property	Sleeping Rooms
Wyndham Visalia 9000 W. Airport Dr.	256
Visalia Marriott 300 S Court St.	197
Hilton Garden Inn 8715 W. Hillsdale Ave.	112
Lamp Litr Inn 3300 W. Mineral King Ave.	100
Residence Inn Visalia 205 N. Plaza Dr.	94
Holiday Inn Express 5625 W. Cypress Ave.	91
Hampton Inn Visalia 4747 W. Noble Ave.	88
Motel 6 Visalia 4645 W. Noble Ave.	77
Comfort Suites 210 E. Acequia Ave.	72
La Quinta Inn & Suites 5438 W. Cypress Ave.	65
Best Western 9300 W. Airport Dr.	64
Fairfield Inn 140 S. Akers St.	63
Super 8 Motel 4801 W. Noble Ave	39
Americas Best Value Inn 623 W. Main St.	38
The Darling Hotel 210 N. Court St.	32

1388

## Visalia Tourism Marketing District Board of Directors

VISALIA TOURISM AND MARKETING DISTRICT 2024 OFFICERS AND DIRECTORS							
Property	Size	Property Owner/GM	Officers	Address	Phone	Group	Rooms
Comfort Suites Downtown	51-99	Anil Chagan, Owner	Chair	210 E. Acequia Ave. Visalia, CA 93291 Anil@infinitehospitality.com	P: 559-738-1700 M: 559-779-1825	A	72
Wyndham Visalia	100+	Samantha Rummage-Mathias, GM	Vice Chair	9000 W. Airport Dr. Visalia, CA 93277 srummage-mathias@altamonthotels.com	P: 559-651-5000 M: 559-623-4133	A	256
Darling Hotel	20-50	David Ahern	Director	210 N. Court St Visalia, CA 93291 dahern@charlestownehotels.com	P: 559-713-2113	B	32
Visalia Marriott at the Convention Center	100+	Carrie Groover, GM	Treasurer	300 S. Court St. Visalia, CA 93291 carrie.groover@marriott.com	P: 559-636-1111 M: 559-972-0222	B	197
Hilton Garden Inn	20-50	Hector Ramos, GM	Director	8715 West Hillsdale Ave, Visalia 93291 Hector.Ramos@hilton.com	P: 559-205-1332 M: 310-923-5170	A	32
	51-99					B	
	100+					B	
Group A Term Jan. 1, 2024 to Dec. 31, 2025							
Group B Term Jan. 1, 2023 to Dec. 31 2024							