

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



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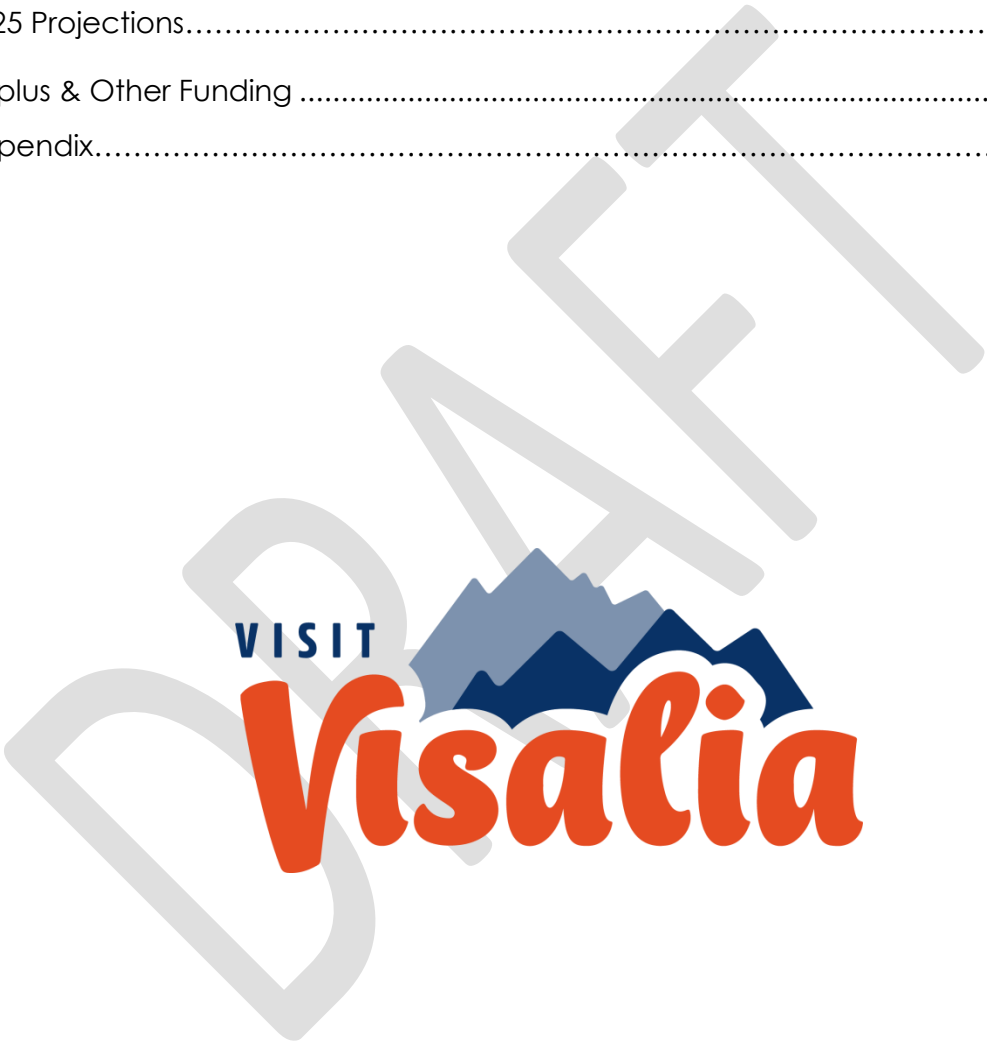
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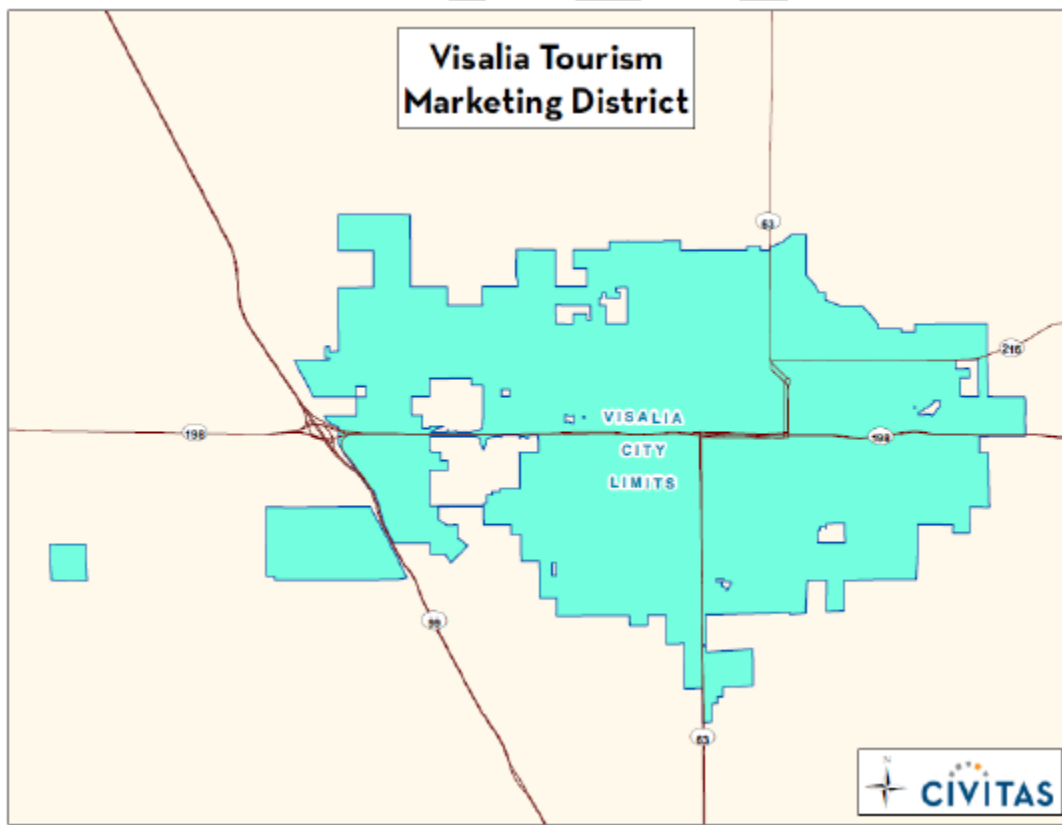
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Boundaries

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 boundry 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.

Assessment Collection	Month Earned
\$74,233.90	October
\$58,531.93	November
\$48,147.27	December
\$48,605.84	January
\$74,482.49	February
\$66,115.76	March
\$75,477.41	April
\$81,095.67	May
\$84,050.06	June
\$83,201.81	July
\$85,430.12	August
\$76,647.26	September

\$856,019.52

Professional Services - Visalia Convention and Visitors Bureau

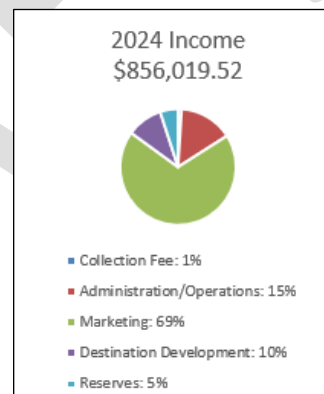
The Visalia Tourism Marketing District (VTMD) Board of Directors assigned \$752,000, of the 2024 projected VTMD assessment collections, to the Visalia Convention and Visitors Bureau (VCVB). The VCVB, following the VTMD Management District Plan, invested the funds in VTMD approved marketing campaigns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

The Memorandum of Understanding,* between VTMD and VCVB, outlines the financial approval process for allocating VTMD Assessment Funds.

2024 Spending

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%



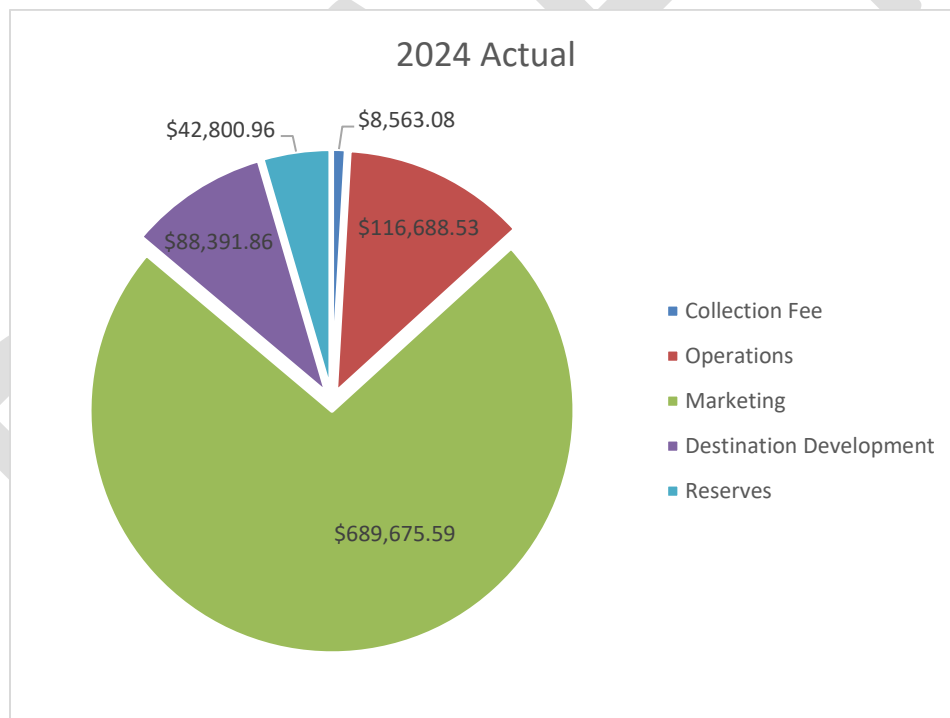
The Visalia Tourism Marketing District Board projected 2024 assessment receipts would total \$800,000. The actual amount of assessment revenue received was \$856,019.42, a 9% increase over projected, and a 14.52% increase over assessment income received in 2023.

* Separate Attachment

Actual 2024 Spending

The Visalia Convention and Visitors Bureau (VCVB) managed \$752,000 of the 2024 revenue received. The chart below demonstrates the 2024 assessment revenue managed by the VCVB as well as revenue and previous years carry over directly invested by the Visalia Tourism Marketing District Board of Directors.

Allocation	2024 Assessment Managed by VCVB	TMD Additional Investments	Total
Assessment Collection Fee		\$8,563.08	\$8,563.08
Operations	116,688.53		\$116,688.53
Marketing	581,197.86	\$108,477.73	\$689,675.59
Destination Development	53,391.86	\$35,000.00	\$88,391.86
Reserves		\$42,800.96	\$42,800.96
	751,278.25		\$946,120.02
Unspent Assessment	725.75		725.75
			\$946,845.77

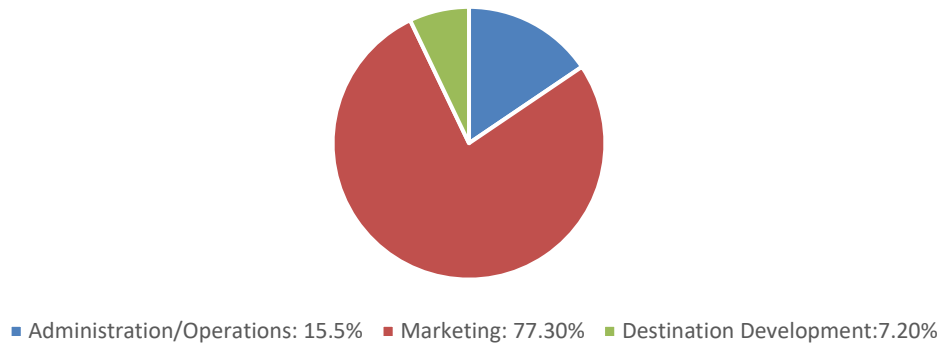


VISALIA CONVENTION & VISITORS BUREAU
Profit and Loss by Class
January - December 2024

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

*\$30,000 was transferred from Destination Development to Marketing – based on double budgeting for Certified Autism Destination Accreditation in the VCVB Budget.

VTMD Allocation Managed by VCVB



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. VCVB fulfills the regulatory compliance of the VTMD Owner's Association Marketing District Plan.
2. VCVB provides paid professional services for the VTMD Owner's Association.
3. Formally establishes 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,
- VCVB established 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. Unspent assessment of \$725.75 was absorbed by the Visalia Convention and Visitors Bureau for the continued mission of the Bureau.

Marketing

The Visalia Tourism Management District plan allows for a minimum of 69% of assessment revenue to be invested in tourism marketing. The majority of the funds were invested in domestic digital marketing strategies targeting our key geographic and demographic audiences.

In addition to the assessment revenue managed by the Visalia Convention and Visitors Bureau, the VTMD Board directly funded special marketing and destination development initiatives, to increase Visalia tourism, including:

Marketing:

- Co-Op Campaigns: Hotel Beds and Expedia
- Westways Magazine
- Visalia Pride Festival
- Visit California Newsletter
- World Ag Expo Sponsorship
- Best of California Production
- National Geographic Traveler
- Carvertise, Inc
- Fourth Idea Digital Audit
- Convention Incentive: Knights of Columbus

Destination Development

In addition to the assessment revenue managed by the Visalia Convention and Visitors Bureau, the VTMD Board directly funded special destination development initiatives, to increase Visalia tourism, including:

- Tourism Economics
- Visalia Heritage
- Destination By Design

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.

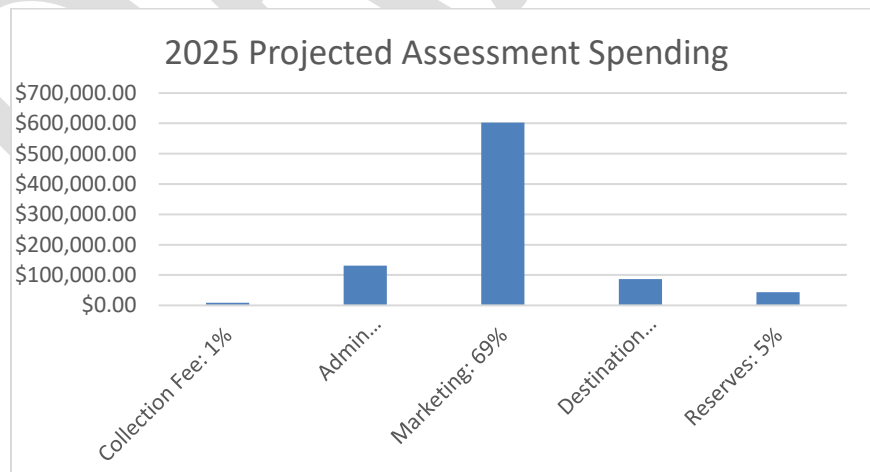
2025 Projections

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



In 2025 VTMD assigned \$850,000, of projected assessment revenue, to the Visalia Convention and Visitors Bureau (VCVB) toward the VTMD Management District Plan implementation.

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, retained earnings of \$577,082.52. 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.

Other funding, in 2024, was received from the Visalia Convention and Visitors Bureau for repayment of operational expenses paid by the Visalia Tourism Marketing District. The expenses were incurred in the first quarter, prior to the approval of the VTMD/VCVB Memorandum of Understanding. The income is represented in the profit and loss within Administration and Operations.

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 Liter 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

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Visalia Tourism Marketing District 2024 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	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	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	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	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							

*Separate Attachments

- Memorandum of Understanding
- December 31, 2024 Balance Sheet