

Treasurer's Report for 11/14/17 MCTC BOD Meeting

The intention of this report is to have record and reference for all future MCTC Treasurers and Board Directors who seek clarification on the collection and cash flow of the BID funds, and MCTC's financial relationship with Mendocino County.

A brief history: Prior to the governance restructuring which took effect in Jan 2016, the BID fund collected by the Lodging business, in accordance with the BID Ordinance, flowed from the lodging businesses to the County Tax Collector, then to the Mendocino County Lodging Association (MCLA) and then to VMC. The county match flowed from the county to the Mendocino County Promotional Alliance (MCPA) to VMC.

As of January 2016, the newly structured governance of MCTC dba: VMC began. (For more info in the structure of the organization, and its role and responsibilities please refer to the MCTC By-Laws.)

At this time the flow of BID funds changed, no longer including MCLA and MCPA. The BID collected by lodging now flowed to the county then to MCTC on a monthly basis.

As of July 1, 2017 (the start of the county's new fiscal year) collection the BID from lodging by the County Tax Collector changed from monthly to quarterly. Given this change, the finance committee had to decide on exactly when MCTC would report its income. The two options are as follows:

1. Report the income based on the quarter it was collected by the lodging business. Example: The BID collected by lodging in July, Aug & Sept, would then be collected by the County in the month of Oct, and the total 3 months worth of BID funds would then flow to MCTC in Nov. MCTC would take the 3 month lump sum and record it as income for July, Aug, and Sept. on the MCTC financials presumably divided into 3 equal amounts and no monthly tracking of amounts currently exists.
2. Report the income in direct alignment with the county reporting. The County reports on a cash basis. Therefore the BID Funds it collects in Oct from the 1st Quarter are reported as income in Oct.

It was the FC's decision to go with option 2. The main benefit being that MCTC financials would match that of the county's in the end of year review and will be easily comparable if there are any discrepancies.

Ultimately, the most important factor was to choose a reporting structure and consistently continue with it. As the difference of annual amounts between option 1 and 2 varies minimally.

Marcus Magdaleno

MCTC Treasurer

The following are the minutes from agenda items 1 & 2 of the Finance Committee Meeting dated 10/24/17. During this meeting the FC posed questions to the County Tax Collector and County Auditor. These are listed for reference.

REGULAR MEETING: Tuesday, October 24, 2017 **TIME:** 1:00 PM

- I. CHAIR'S COMMENTS – Chair Magdaleno welcomes Mendocino County liaison's Shari Schapmire and Lloyd Wier. We are hoping this meeting will become an annual event to keep lines of communication open and to ensure both organizations are on the same page and to strengthen our relationship.
- II. COUNTY LIAISON & AUDITOR MEETING: Shari Schapmire and Lloyd Wier attending to answer finance questions on new payment schedule and reporting. A list of questions was presented to Shari and Lloyd prior to attending and Q&A is as follows:
- Q1. With the County moving to a quarterly payment schedule, are those funds being held collecting interest and if so, is that amount incorporated into our payment?**
- A1. Yes, and the interest was part of the payment, however, with the move to a quarterly collection the money is not there in the account to collect interest. For example, with the July, August, September, payments are not collected until October and then paid in November so whatever that average daily interest is, will be paid out as well.
- Q2. Will VMC continue to bill the County monthly with the new quarterly payment schedule in place?**
- A2. We will have to wait until the end of the quarter in order to measure the bill that MCTC will need to send. Typically, that will be the first week of the month that payment is due to VMC.
- Q3. How is the progress of short-term rentals and 'glamping' operators becoming part of the BID/TOT process? And is there a forecast of revenues VMC can expect from these operators?**
- A3. County staff has taken on this project and has had amazing results. About \$200,00.00 has been collected within the last few years concerning short term rentals/VRBO/Airbnb in which VMC has seen approximately \$30,000.00 of. Reoccurring revenue for VMC is looking about \$20,000.00 annually from short term rentals. In the past, The Board was not interested in pursuing 'glamping' and camping however there is a new interest in this ordinance and the Board is taking another examination to determine what this looks like moving forward.
- Q4. Can the County provide the annual amount for the 3% County fee starting at the end of this current fiscal year? If so, can that information be provided when the 13th payment is sent to us?**
- A4. Yes, the 3 % admin fee will be part of the 13th payment. This fee is based on staff hours worked and is actually up to 3% and not fully 3% in totality.
- Q5. Is the County fee based on the BID & Match? Or just the BID?**
- A5. The County fee is based on the BID amount only.
- Q6. Is the County tracking the BID funds monthly and are those amounts reported to VMC on a monthly basis?**
- A6. The Treasurer stated that this question was answered during Question 2, no monthly tracking will exist.
- Q7. Please clarify new BID funds flow process.**
- A7. The BID collected by lodging in the 1st quarter (July, August, September) is paid to the County by the end of October and VMC is paid within the first two weeks of the following month (November).