

**Morgan Hill Tourism Business  
Improvement District & Visit  
Morgan Hill**

**Annual Report**

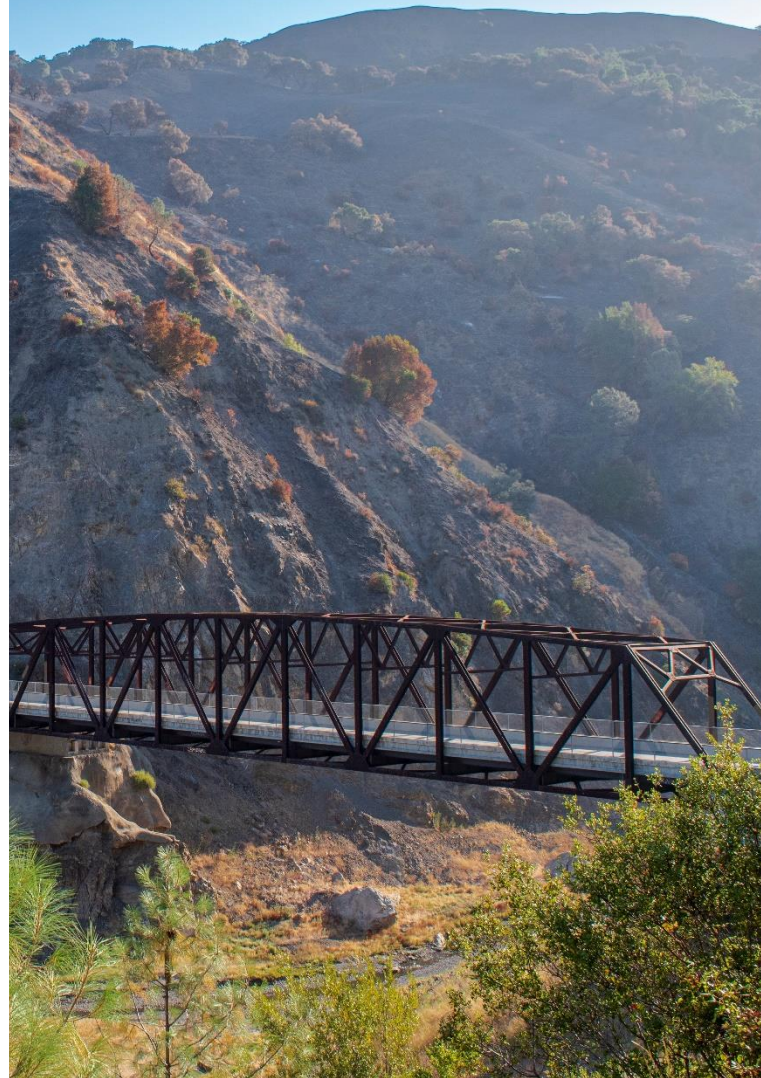
**Inception – June 30, 2020**

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**OCTOBER 19, 2020**

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**Submitted by: Visit Morgan Hill**



**VISIT  
MORGAN HILL**

# Annual Report

This report serves as the Annual Report from Visit Morgan Hill (VMH) in charge of the Morgan Hill Tourism Business Improvement District (MHTBID) to the Morgan Hill City Council.

## MHTBID BACKGROUND

The MHTBID assessment was implemented beginning January 1, 2019 and will continue for five (5) years through December 31, 2023. The assessment collects 1.5% of hotel tax revenue for the purpose of marketing and promoting Morgan Hill as a sports, recreation, and wine tourism destination.

## VISIT MORGAN HILL

The Owners Association responsible for the MHTBID is known as the Visit Morgan Hill Board of Directors (known as the advisory body) and is made up of four hotel representatives, three community members representing the wineries, sports and community at large; and two representatives from the City of Morgan Hill Economic Development and Community Services departments. VMH was formed in March 2019.

As of October 21, 2020, the following are the Visit Morgan Hill Board members and their respective areas and terms.

Representative	Industry	Appointment Term (2020)	Appointment Term (2021)
Michael Meredith	Hotel	2019-2021	2021-2023
Chris Ghione	City	N/A	N/A
Edith Ramirez	City	N/A	N/A
Andrew Firestone	Hotel	2019-2021	2021-2023
Gene Guglielmo	Winery	2019-2021	2021-2023
Carrie Benjamin*	Sports/Recreation	2019-2021	2021-2023
Alexis Solis	Hotels	2021-2023	2021-2023
Doug Hall**	Community	2020-2022	2021-2023
David Dworkin	Hotels	2020-2022	2021-2023

\*formerly David Eadie March 2019-December 2019

\*\*formerly Frank Leal March 2020-July 2020

The initial appointment terms beginning at VMH’s formation in March 2019 are as follows:

Representative	Industry	Initial Term (2019)
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Michael Meredith	Hotel	2019-2021
Chris Ghione	City	N/A
Edith Ramirez	City	N/A
Andrew Firestone	Hotel	2019-2021
Gene Guglielmo	Winery	2019-2021
Carrie Benjamin*	Sports/Recreation	2019-2021
Karen Mendes	Hotels	2019-2020
Frank Leal	Community	2019-2020
Bina Roy Desai	Hotels	2019-2020

*\*formerly David Eadie*

## **METHOD AND BASIS OF LEVYING ASSESSMENT**

The annual MHTBID assessment rate is one and a one-half of percent (1.5%) of gross short-term room rental revenue. Based on the benefit received, assessments will not be collected on: stays of more than thirty (30) consecutive days; stays by any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty; and stays pursuant to contracts executed prior to December 31, 2018. The City will be responsible for collecting the assessment on a monthly basis (including any delinquencies, penalties and interest) from each lodging business located in the boundaries of the MHTBID. The proposed MHTBID will have a five (5) year life, beginning January 1, 2019 through December 31, 2023. Pursuant to Streets and Highways Code §36670, once per year, beginning on the anniversary of MHTBID formation, there is a thirty (30) day period in which owners paying fifty percent (50%) or more of the assessment may protest and initiate a City Council hearing on MHTBID termination.

## **IMPROVEMENTS AND ACTIVITIES**

A summary of activities and improvements is provided here, and please see detailed overview found in Appendix Item D. Since formation, Visit Morgan Hill has:

- Hired executive director
- Hosted a Tourism Symposium
- Adopted a strategic plan
- Developed a logo and brand
- Adopted a fiscal year budget
- Established a website with comprehensive suite of visitor information
- Established office location and communications
- Distributed lodging and event RFPs to local hotels & venues
- Collaborated with local government and associations for Covid-19 response

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## **COST OF PROVIDING IMPROVEMENTS AND ACTIVITIES**

*See Appendix Item B & D*

For the fiscal year July 1, 2020 – June 30, 2020, operating expenses totaled \$95,628.

- 66% operations – payroll, tax, bank fees, office equipment and insurance
- 18% industry & community relations – tourism symposium; PPE donation
- 15% professional services – formation services; small part of brand design

## **INCOME STATEMENT**

*See Appendix Item B*

From inception - June 30, 2020, VMH's income was \$316,761. This is the amount distributed by the City to VMH from inception - June 30, 2020. There is about a 2-month processing period before VMH receives monthly TBID funds. May and June 2020 TBID collections were distributed to VMH in July and August 2020, respectively. For July 1, 2019 – June 30, 2020 the TBID income collected, but not all distributed to VMH was \$309,365.

## **BALANCE SHEET**

*See Appendix Item C*

## **ESTIMATED AMOUNT OF SURPLUS OF DEFICIT REVENUES CARRIED OVER**

*See Appendix Item D*

A \$221,133 balance was carried over into the current fiscal year (July 1, 2020).

## **CASH SUMMARY**

*See Appendix Item D*

## **TAXES WERE PREPARED WITHOUT AUDIT**

Visit Morgan Hill's 2019 Federal Return of Organization Exempt from Income Tax has been electronically filed with the Internal Revenue Service. No tax is payable with the filing of this return. Visit Morgan Hill's 2019 California Exempt Organization Annual Information Return was also electronically filed. No audit conducted.

## **OTHER CONTRIBUTIONS**

No contributions were made from sources other than the assessments levied pursuant to this part. A \$100,000 loan (Amgen Tour of California & MHTBID Formation Services) and \$8,505 administrative fees were withheld from the TBID funds by the City of Morgan Hill, as agreed

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upon repayment by VMH. The loan was paid off as of May 2020. These are accounted for in the Balance Sheet.

**PROPOSED CHANGES**

There are no proposed changes in the boundaries of the improvement district or in any benefit zones or classification of businesses within the district. However, there is a proposed amendment to the District Management Plan.

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## **APPENDIX Item A: IMPROVEMENTS AND ACTIVITIES DETAIL**

Below are the improvements and activities made by Visit Morgan Hill. Because this is the first ever Annual Report, VMH is reporting on accomplishments made since inception.

### **State of Travel with COVID-19**

Beginning March 16<sup>th</sup>, 2020, hospitality and tourism took an incredible hit with all non-essential travel halted. Visit Morgan Hill, as most destination marketing organizations worldwide, experienced significant funding drops as lodging businesses had unprecedented drops in business. As of July 15<sup>th</sup>, leisure travel was permitted again by Santa Clara County, but the uncertainty of the virus impact on health, and the discrepancies across county and state everchanging business guidelines created consumer confusion and hesitancy to travel. Californian's travel sentiment hovered at around 50%, throughout the summer of 2020, which Visit Morgan Hill considered in being sensitive to both the community and potential visitors regarding travel promotion. In October, Visit California announced that as much as 80% of Californians are "travel ready" prompting support of DMOs such as Visit Morgan Hill resuming travel promotion.

### **VMH Response to Covid-19**

Beginning in March 2020, VMH engaged in local coronavirus resources and information sharing via its web page, email communication, and direct calls, with industry specific guidance for hotels, wineries, and restaurants. VMH distributed the State of California's Department of General Services request for Coronavirus lodging proposals to local Morgan Hill hotels. VMH partnered with the City, Chamber, Downtown Association, and Wineries Association to disseminate information and created a "What's Open in Morgan Hill" listing of multiple services in operation. A tourism specific round table with CalTravel, the state's tourism advocacy association, providing and overview of impact, legislature, and guidelines. In April, VMH engaged in a donation effort of masks and gloves to local hospitality businesses in April, including hotels, restaurants, wineries, and any business that requested them. This effort provided relief early in the pandemic when supply chains and deliveries were challenged, making these products more difficult to obtain for businesses hoping to keep their doors open.

### **Destination Strategic Plan**

VMH developed a Strategic Plan that identifies the organization's strategic goals and priorities. The strategic planning effort kicked off with a Tourism Symposium (Oct 2020), attended by the local hospitality leaders and community members with interest and role in tourism. The planning process also included a Comprehensive Background Study, leveraging Community Stakeholder feedback, Baseline Tourism Data review, and a Comparative Analysis of other destinations. Furthermore, a Market Study was also conducted, analyzing and rating Morgan

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Hill’s tourism assets/attractors, current markets, and positioning. The Background and Market studies lead to the development of Visit Morgan Hill’s Strategic Goals and Priorities. The Strategic Plan also included a detailed plan for implementing resources to accomplish the goals and priorities. This included the development of a “departmental” structure to organize work, identified Target and Strategic tourism markets to pursue, and provided tactical strategies for launching the core work. New Vision and Mission Statements were also created.

**VISION**

Recognition of Morgan Hill as a dynamic destination and a thriving local tourism economy

**MISSION**

Position Morgan Hill as a vibrant leisure, sports, and events destination and be a catalyst for local tourism benefit through overnight hotel stays

**STRATEGIC PRIORITIES**

**Sports Tournaments\***

Work with existing sports facilities to pursue competitive sports tournaments.

**Events & Festivals\***

Work with local festivals to position these events for an overnight audience and support business development for special event venues.

**Leisure Marketing**

Foster growth in leisure visitation by promoting Morgan Hill wineries, dining, outdoor experiences, downtown, and cycling.

**Tourism Product Development**

Collaborate and advocate for demand driving tourism product development and improvement.

*\*The strategic plan recognizes that Sports Tournaments and Events & Festivals are challenged due to COVID-19 restrictions*

**STRATEGIC PRIORITIES**

**1. Develop Organizational Role & Identity**

Establish brand identity and purpose with 1) visitors, 2) the local community, and 3) regional tourism industry partners

**2. Develop Awareness with Target Markets**

Create and share visitor-focused content aligned with Morgan Hill’s assets through owned, earned, and bought channels.

**3. Business Development for Strategic Markets**

Develop strategic group market opportunities -- sport tournament, special event, and small meetings/teambuilding.

#### 4. Product Development Support

Advocate across local tourism businesses and organizations for new and enhanced visitor products and experiences.

#### 5. Formalize Business & Administrative Operations

Develop efficient systems and policies to manage organizational functions, communications, and reporting processes.

### FY 2020-2021 Budget

In September 2020, Visit Morgan Hill established its first formal expense budget, providing staff the ability to execute on the strategic plan and efforts through June 2021. VMH income will be monitored as the impacts of the coronavirus persist, and budget adjusted per VMH board of directors, as necessary.

<b>Operations &amp; Administrative</b>	<b>\$124,650</b>
Payroll, Fees, Insurance, Systems	\$120,900
Accounting	\$1,600
Office Supplies/Misc	\$1,000
Office Rental	\$1,200
<b>Dues and Subscriptions</b>	<b>\$3,000</b>
Membership (i.e. CalTravel)	\$1,500
Data Subscription (STR)	\$1,500
<b>Professional Fees</b>	<b>\$45,500</b>
Strategic Plan & Brand Design	\$39,500
Design, Web, Print, Shipping	\$6,000
<b>Marketing Communications</b>	<b>\$5,500</b>
Digital Advertising	\$4,500
Public Relations	\$1,000
<b>Business Development &amp; Industry</b>	<b>\$15,000</b>
Keeper Wars	\$3,000
Other Sports Bids & Sponsorships	\$12,000
<b>Industry &amp; Community Relations</b>	<b>\$5,000</b>
Place Branding Activation	\$1,000
Other Local Partnership	\$4,000
<b>TOTAL</b>	<b>\$198,700</b>



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## **Established New Logo & Brand**

Leveraging the community engagement efforts of the Strategic Plan effort, Visit Morgan Hill endeavored in a brand and logo development process. A brand and logo are crucial components of comprehensive tourism marketing efforts and solidifies VMH as a credible and established destination marketing organization to both potential visitor markets and local community audiences. Our first official brand logo was approved in August 2020 and implemented across VMH’s website, social media channels, and internal business communication channels.



## **Expanded Digital Visitor Content**

With a recent uptick in traveler confidence and the completion of its destination strategic plan, Visit Morgan Hill is ramping up with new digital content to inspire and inform visitors. Several new and updated web pages at [visitmorganhill.org](https://www.visitmorganhill.org) provide foundational visitor info and the level of detail that prospective travelers seek throughout the inspiration, planning, and booking phases. Current content includes Covid-19 related Public Health resources, and business support promotion through “what’s open” and “safe and welcoming” messaging. VMH’s digital content will continue to expand and evolve as marketing programs rollout.

## **Communications**

Visit Morgan Hill established a Tourism Community e-newsletter, sent about 3-4 times a month with local tourism industry information. Also, with a destination strategy, logo, and augmented website content, Visit Morgan Hill established core social media channels (Facebook, Instagram, Twitter, LinkedIn) for continual development and communication to Target and Strategic Markets, Local and Regional Partners, and the Morgan Hill Tourism Community about Morgan Hill destination assets, safe and welcoming messaging, local business support, and industry updates.

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## **Safe and Welcoming Tourism Messaging**

VMH partook in the City of Morgan Hill's Place Branding Partnership opportunity in collaboration with the Chamber of Commerce and other organizations to create colorful painted sidewalk art across the city. In addition to providing interest to spaces, the artwork shares Visit California's Responsible Travel message, which are 7 principles for being a smart and responsible visitor, spelling the acronym of RESPECT. The artwork by local artist Nacho Moya, spotlights Morgan Hill's many visitor assets - hotels, wine, farms, dining, sports, outdoors, and shopping.

## **Business Development**

Visit Morgan Hill established strategic markets to target through business development efforts, including sports tournaments, special events, and other B2B markets such as small meetings. In addition to an event inquiry form, some notable accomplishments:

**Census Training Meetings** - A census training group seeking meeting space was referred to VMH. With group gatherings restricted, finding a much-needed venue was difficult for them. VMH was able to quickly distribute the meeting information to dozens of local venues for bidding. The event was secured at the Villa Mira Monte, who generously opened their doors despite being officially closed to the public, to host the series of trainings free of charge.

**Soccer Goalie Event** - Visit Morgan Hill also helped secure the Keeper Wars Ink youth soccer goalie competition at the Morgan Hill Outdoor Sports Center. This socially distanced event had limited numbers of players on the field at a time, with staggered heats, dispersing groups over the course of Labor Day Weekend. Many families stayed overnight for the event and visited local restaurants.

**MHOSC Partnership** - Visit Morgan Hill and the Outdoor Sports Center teamed up to create a fence banner to hang at the OSC. The branded logo banner shares a "welcome" message and includes the Visit Morgan Hill logo and website URL. This banner will be visible to sporting groups onsite and provides an exposure opportunity for broadcasted events, providing awareness of the visitor information organization.

**Group Resource Index** - VMH created a visitor resources list of basic needs like pharmacy, convenience, hardware, sporting good, etc. that will be available by direct link only to sporting or special event group organizers working with VMH, putting important resources at their fingertips.

## APPENDIX Item B: INCOME STATEMENT

### Visit Morgan Hill

#### Income Statement

Inception - June 30, 2020

#### Income

TBID	\$316,761
Interest	
<b>Total Income</b>	<b>\$316,761</b>

#### Operating Expenses

<b>Administrative</b>	
Salaries	\$57,251
Employee tax	
Employer tax	
Payroll service fees & wire fees	\$505
Insurance	\$2,954
Softwares, Systems (adobe, office, squarespace)	\$606
Office Supplies, hardware, postage, misc	\$1,964
	\$63,280
<b>Dues and Subscriptions</b> (Memberships, Subscriptions, Dues)	
TBD	\$0
	\$0
<b>Professional Fees</b> (Outside Services, Design, Printing, Shipping)	
TBID & VMH Formation Service	\$11,985
Brand Design	\$2,605
Content/Collateral/Web	\$0
	\$14,590
<b>Marketing Communications</b>	
Digital Advertising/PR	\$0
	\$0
<b>Business Development &amp; Industry</b>	
Sport Bids & Sponsorship	\$0
	\$0
<b>Industry &amp; Community Relations</b>	
Tourism Symposium	\$15,984
Mask Donation	\$1,774
	\$17,758
<b>Total Operating Expense</b>	<b>\$95,628</b>

<b>Net Income</b>	<b>\$221,133</b>
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## APPENDIX Item C: BALANCE SHEET

### Visit Morgan Hill

Balance Sheet

June 30th, 2020

#### Assets

Current Assets	Checking	\$221,133
	AR	
Total Current Assets		<u>\$221,133</u>

#### Liabilities & Equity

Liabilities		<u>\$0</u>
		\$0

Equity	Year	
	Earnings	\$316,761
	Less Op Exp	<u>\$95,628</u>

Total Liabilities & Equity \$221,133

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## APPENDIX Item D: CASH SUMMARY

### Visit Morgan Hill

#### Cash Summary

Year Ending June 30th, 2020

#### Income

TBID	\$316,761	
Interest	\$0	
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Total		\$316,761

#### Less Operating Expenses

Administrative	\$63,280	
Dues & Subscriptions	\$0	
Professional Fees	\$14,590	
Marketing Communications	\$0	
Business Development	\$0	
Industry & Community Relations	\$17,758	
<hr/>		
Total		\$95,628

#### Summary

Opening Balance 6.1.19		\$0
Cash Movement		\$221,133
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Closing Balance		\$221,133