



Savor REAL CALIFORNIA

2022-2023 Annual Report

PASO
ROBLES
CA

Paso Robles Tourism Improvement District 2022-23 Annual Report

Submitted to the City of Paso Robles by Paso Robles Destination, DBA Travel Paso, pursuant to Streets and Highways Code section 36650 for the period from July 1, 2022, through June 30, 2023



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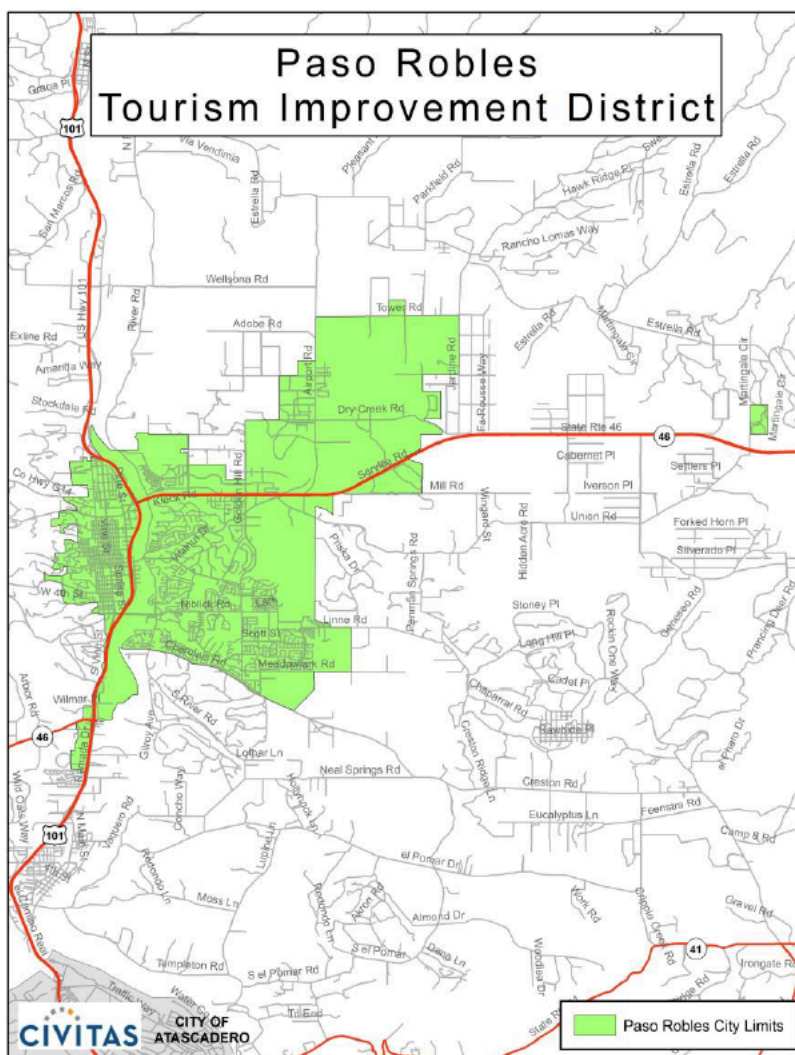
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BOUNDARY

The Paso Robles Tourism Improvement District (PRTID) includes all lodging businesses, existing and in the future, available for public occupancy within the boundaries of Paso Robles.

As used herein, 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 located, campground, recreational vehicle park, or other similar structure or portion thereof.

The boundary, shown in the map below, currently includes 408 active lodging listings and 2,425 rooms.



IMPROVEMENTS AND ACTIVITIES

The improvements and activities provided in FY2022-23 were consistent with the approved PRTID Management District Plan. Assessment funds were spent on specific benefits conferred or privileges granted directly to the payers that are not provided to those not charged, and which do not exceed the reasonable cost to the City of conferring the benefits or granting the privileges. The privileges and services provided with the PRTID funds are marketing, sales, communications, and visitor services programs available only to assessed businesses, which are designed to increase room night sales and revenue therefrom. A description of the activities for the year of operation is below; similar activities are proposed for FY2023-24.

Marketing, Sales and Communications

Travel Paso developed and executed a marketing program that promoted assessed businesses and the region as a tourist, meeting and event destination. The overall goal of the marketing program is to promote Paso Robles as a desirable place for overnight visits and increase the stays and room night sales at assessed businesses. The FY 2022-23 marketing program included the following activities:

- Continuous development and maintenance of the website, designed to promote assessed businesses and destination awareness.
- Integrated content calendar to coordinate all owned marketing channels.
- Digital marketing, including advertising and social media, increased awareness and consideration among visitors and optimized website presence.
- Building out an asset library with curation of seasonal images and videos with a focus on key target audiences to promote the region and assessed businesses.
- Print and digital ads in magazines, partner websites, YouTube ads, social media ads, Google Search and Display ads, and billboards that targeted potential visitors to drive overnight visitation and room sales to assessed businesses. Ran the largest paid media campaign (\$650K) using the omni channel approach February – May.
- A three-year partnership with the San Jose Earthquakes soccer team to strengthen awareness in Silicon Valley.
- Developed a new event – Savor Paso – in partnership with the Paso Robles Wine Country Alliance. More than 50 partners participated, and 700 San Jose guests attended.
- Collaboration with the Paso Robles Wine Country Alliance to promote the destination in key fly markets: Dallas and Scottsdale.
- Participated in IPW to meet with operators, buyers, and media to promote travel to the destination.
- Participated in IMM, a national media event to meet with journalists to promote travel to the destination.
- Familiarization travel trade tours were resumed to introduce members of the media and corporate travel worlds to the community and its businesses.
- Mid-week visitation strategy included gift boxes, a regional webinar and a three-day familiarization tour for corporate meeting planners from northern and southern California to boost awareness of mid-week stays and corporate retreats.
- Partnered with local businesses to promote the destination through branded merchandise, and maps

- Lead generation activities (i.e. giveaway sweepstakes, event collaborations and social ads) designed to attract tourists and group events to assessed businesses
- Marketing Committee meetings to plan and coordinate tourism promotion efforts for assessed businesses

Administration and Operations

Solterra Strategies managed day-to-day operations, leading Travel Paso's marketing programs, stakeholder outreach and organization management duties. The Board of Directors extended the Solterra Strategies contract for a three-year agreement (July 2023 – June 2026).

City Collection Fee

The City of Paso Robles retained a fee to cover its actual costs of assessment collection and administration. This fee is 2.5% of the assessment. It is collected monthly and deducted from the assessment total before remittance to Travel Paso.

Contingency/Reserve

The budget includes a contingency line item to account for uncollected assessments or higher than anticipated program costs, if any. Up to \$250,000 may be retained in the contingency/reserve fund; when the fund is at that balance, this line item will be re-allocated to programs. If near the expiration of the PRTID there are contingency funds remaining, and assessed business owners wish to renew the PRTID, the remaining contingency funds may be used for renewal costs. The contingency/reserve portion of the budget may also be utilized for expenditures relating to unforeseen circumstances, including but not limited to those arising out of natural disaster, pandemic, or economic crisis. Policies relating to contributions to the reserve fund, the target amount of the reserve fund, and expenditure of the reserve fund shall be set by TP. The reserve fund may be spent on programs described in this Plan in any proportion deemed appropriate by TP.

This is quoted from the Paso Robles Tourism Improvement District Management Plan

COST

2022-23 Budget and Actuals

The cost of providing improvements and activities for FY2022-23 is consistent with the Management District Plan. During the June 2022 budget planning, the Board of Directors were bullish on travel trends. The Board approved a \$1.8 Million budget, the largest to date. The year ended with a record \$2,226,670 revenue. The Board of Directors reviews financials monthly with a semi-annual review of the budget to assess and reallocate the budget. The categories below reflect the projected and actual expenses budget for FY2022-23.

| Revenue Categories | Budget | Actual |
|------------------------|--------------------|--------------------|
| Carryover FY 2021-2022 | \$0 | \$0 |
| TBID Income | \$1,848,565 | \$2,201,377 |
| Co-Op Income | \$0 | \$23,633 |
| Totals | \$1,848,565 | \$2,225,010 |

| Expense Categories | Budget | Actual |
|-----------------------------------|--------------------|--------------------|
| Organizational Management | \$239,800 | \$245,768 |
| Community Support and Memberships | \$164,000 | \$142,790 |
| Trade and Sales Outreach | \$143,500 | \$107,459 |
| Research | \$40,000 | \$4,355 |
| Digital Marketing | \$780,200 | \$822,794 |
| Advertising and Media Buys | \$137,500 | \$114,630 |
| Communications | \$129,900 | \$112,732 |
| Brand Identity | \$212,300 | \$298,246 |
| Totals | \$1,847,200 | \$1,848,744 |
| City Fee | | \$55,034.43 |

NOTE: The 2.5% City Fee is automatically deducted from the assessment revenue remitted to Travel Paso monthly.

2023-24 Projections

The draft revenue projection for FY2023-24 is \$1,920,000. While the demand for travel is high, the uncertainty of recession looms, the Travel Paso Board of Directors have put together a projected budget reflecting a 4% increase from the FY2022-23 actual revenues. In addition, the Board will invest \$240,850 of its reserves creating the largest budget to date \$2,160,850.

ASSESSMENT

The annual assessment rate is 2% of gross short-term room rental revenue. Based on the benefit received, the assessment is not collected on: stays of more than 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 complimentary room stays.

The term “gross short-term room rental revenue” as used herein means: the consideration charged, whether or not received, for the occupancy of space in a lodging business valued in money, whether to be received in money, goods, labor or otherwise, including all receipts, cash,

credits and property and services of any kind or nature, without any deduction therefrom whatsoever. Gross room rental revenue shall include all charges to the transient associated with the occupancy of space in a lodging business, including room rental rates, booking fees, cleaning charges, resort fees, and other similar costs. However, gross short-term room rental revenue shall not include any federal, state or local taxes collected, including but not limited to transient occupancy taxes. The assessment shall not be considered revenue for any purposes, including calculation of transient occupancy taxes.

The assessment is levied upon and a direct obligation of the assessed lodging business. However, the assessed lodging business may, at its discretion, pass the assessment on to customers. The amount of assessment, if passed on to each customer, shall be disclosed in advance and separately stated from the amount of rent charged and any other applicable taxes, and each customer shall receive a receipt for payment from the business. The assessment shall be disclosed as the “PRTID Assessment.” The assessment is imposed solely upon, and is the sole obligation of, the assessed lodging business even if it is passed on to customers.

The assessment may be increased by the Travel Paso Board with the consent of City Council to a maximum of 3% of gross short-term room rental revenue. The maximum increases or decreases in any year shall be 0.5%.

Penalties and Interest

The City shall be responsible for collection of delinquent assessments. The PRTID shall reimburse the City of Paso Robles for any costs associated with collecting unpaid assessments. If sums in excess of the delinquent PRTID assessment are sought to be recovered in the same collection action by the City, the PRTID shall bear its pro rata share of such collection costs. Assessed businesses that are delinquent in paying the assessment shall be responsible for paying:

1. Original Delinquency: Any lodging business that fails to remit any assessment imposed within the time required shall pay a penalty of 10% of the amount of the assessment in addition to the amount of the assessment.
2. Continued Delinquency: Any lodging business that fails to remit any delinquent remittance on or before 30 days following the date on which the remittance first became delinquent shall pay a second delinquency penalty of 10% of the amount of the assessment in addition to the amount of the assessment and the 10% penalty first imposed.
3. Fraud: If the City determines that the nonpayment of any remittance due is due to fraud, a penalty of 25% of the amount of the assessment shall be added thereto in addition to the penalties stated in earlier paragraphs.
4. Interest: In addition to the penalties imposed, any lodging business that fails to remit any assessment imposed shall pay interest at the rate of 1% per month or fraction thereof on the amount of the assessment, exclusive of penalties, from the date on which the remittance first became delinquent until paid.
5. Penalties Merged with Assessment: Every penalty imposed and such interest as accrues under these provisions shall become a part of the assessment required to be paid.

Surplus/Carryover

The amount of carryover from FY2022-23 is \$377,897. These surplus funds will be reinvested into marketing to support to generate demand for travel.

NUMBER OF ASSESSED BUSINESSES

| Lodging Type | # Of Active Listings | # Of Rooms |
|------------------|----------------------|--------------|
| Hotel/Motel | 25 | 1,434 |
| Vacation Rentals | 382 | 466 |
| Bed & Breakfasts | 0 | 0 |
| RV Parks | 1 | 525 |
| TOTAL | 408 | 2,425 |

This inventory is current through June 30, 2023 – a complete list of names of assessed businesses is on file with the City of Paso Robles Finance Department.

ACTIVITIES

Key Highlights FY2022-23

- Focus of Savor Real California campaign throughout FY2022-23. Campaign focused on inviting visitors to explore the authentic side of Paso Robles through world-famous wineries, breweries, agriculture, distilleries, restaurants, hotels and art.
- Paso Presents campaign to feature unique local businesses who embody the authentic and pioneering spirit of Paso Robles to help set us apart as an aspirational place to visit and experience while also creating goodwill with the local business community. Additionally, the campaign created awareness of Travel Paso locally as a community partner.
- Continued to focus on the TravelPaso.com website by educating our businesses to update their listings, building webpage and blog content, seasonal campaign update with new landing pages and microsites, lead generation and adding events and festivals.
- Increased focus on the SEO strategy for the TravelPaso.com website by updating pages with a focus on evergreen and higher Google ranking content.
- Travel Paso extended the content for the Savor Real California campaign by using key images and messaging to the California drive markets to inspire potential visitors.
- Corporate Travel Familiarization (FAM) Tour hosted 18 meeting planners in March 2023. The purpose of the FAM tour was to introduce corporate meeting planners to Paso Robles.
- Supported the Paso Robles Wine Country Alliance by partnering with their road shows for Dallas and Scottsdale in October 2022. Travel Paso paid sponsor dollars and created a destination showcase, hosting local craft businesses within a Paso Robles branded booth.
- Attended International Media Marketplace (IMM) in January 2023. This was Travel Paso's fourth year participating in TravMedia's IMM, which is co-sponsored by Visit California. The IMM event has proven successful in planting seeds among major media outlets and the American travel media in general. This event is held in New York. Travel Paso pitched/met one-on-one with nearly 50 different journalists that we vetted and handpicked in advance. We ensured that we met with key national outlets – as well as key drive market editors, writers and freelancers.
- Attended IPW in May 2023 in San Antonio. Travel Paso attends this travel trade show in a co-sponsored booth with Visit SLO CAL and other local destinations. With representatives on the

trade show floor and in the media marketplace, Travel Paso selected one-on-one appointments with over 20 journalists and over 40 buyers, travel trade and wholesalers in desired markets.

- The Community Event Marketing grant program was awarded for all events in the calendar year of 2023. Travel Paso supported 16 local businesses and events with \$98,500 worth of grants, and 6 local events with in-kind support. The program focused on a spread of categories including community, wine, festivals, cultural, art and equestrian.
- Leveraged second and third year of sponsorship for the San Jose Earthquakes, which included logo presence within the stadium and on sponsor materials, special pre-game party and presentation to season ticket holders and three activations at games.
- In addition to the sponsorship, Travel Paso and PRWCA partnered on a wine tasting event at PayPal Park. Over 700 consumers attended with 55 vendors pouring and presenting.
- Robust omni-channel marketing push in San Jose and Los Angeles regions during shoulder season to align with partnership activities and drive brand awareness for future travel consideration among key audiences. Billboards, event sponsorships, streaming television and targeted print overlaid an aggressive digital spend.
- Sponsored the inaugural year in (November 2022) and committed to the second year (October 2023) of the Bovine Classic, alongside Visit Atascadero, a gravel biking event in Atascadero and Paso Robles. This included a paid spread in Peloton magazine.
- Supported City of Paso Robles 4th of July celebration bringing attention to Travel Paso as a positive contributor to the local community beyond tourism dollars generated with a \$50,000 donation.
- Earned media for FY2022-23 included 11.3 billion total impressions, 576 stories and broadcasts, and 73 journalists hosted for Travel Paso.
- Key Media Highlights
 - ***Travel + Leisure*** (July 2022)
 - Paso Robles Has Wine, Art and The Ultimate Luxury RV Resort
 - ***Los Angeles Times*** (October 2022)
 - Must-Visit Small Towns to Visit This Thanksgiving
 - ***Tastemade*** (November 2022)
 - Insider's Guide to Paso Robles (IG Post)
 - ***Hemispheres*** (December 2022)
 - Wine Lover's Guide to Paso Robles
 - ***Forbes*** (January 2023)
 - 20 Best Places to Travel in the US
 - ***Campspot*** (January 2023)
 - Campspot Names Sun Communities Paso Robles Top Luxury Campsite in U.S.
 - ***TripAdvisor*** (February 2023)
 - Top 15 Trending Destinations in 2023
 - ***Condé Nast Traveler*** (May 2023)
 - Where to Eat, Stay and Play in Paso Robles
 - ***Matador*** (June 2023)
 - Come for the Wine, Stay for the Art and Food
 - ***Los Angeles Times*** (June 2023)
 - Top Places to Visit This Summer

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