



TEMECULA VALLEY WINE & AGRICULTURAL HERITAGE DISTRICT

FY 26/27 Annual Report

Submitted to the County of Riverside pursuant to Streets and Highways Code section 36650, for the period from April 1, 2026 - March 31, 2027

April 1, 2026 – March 31, 2027

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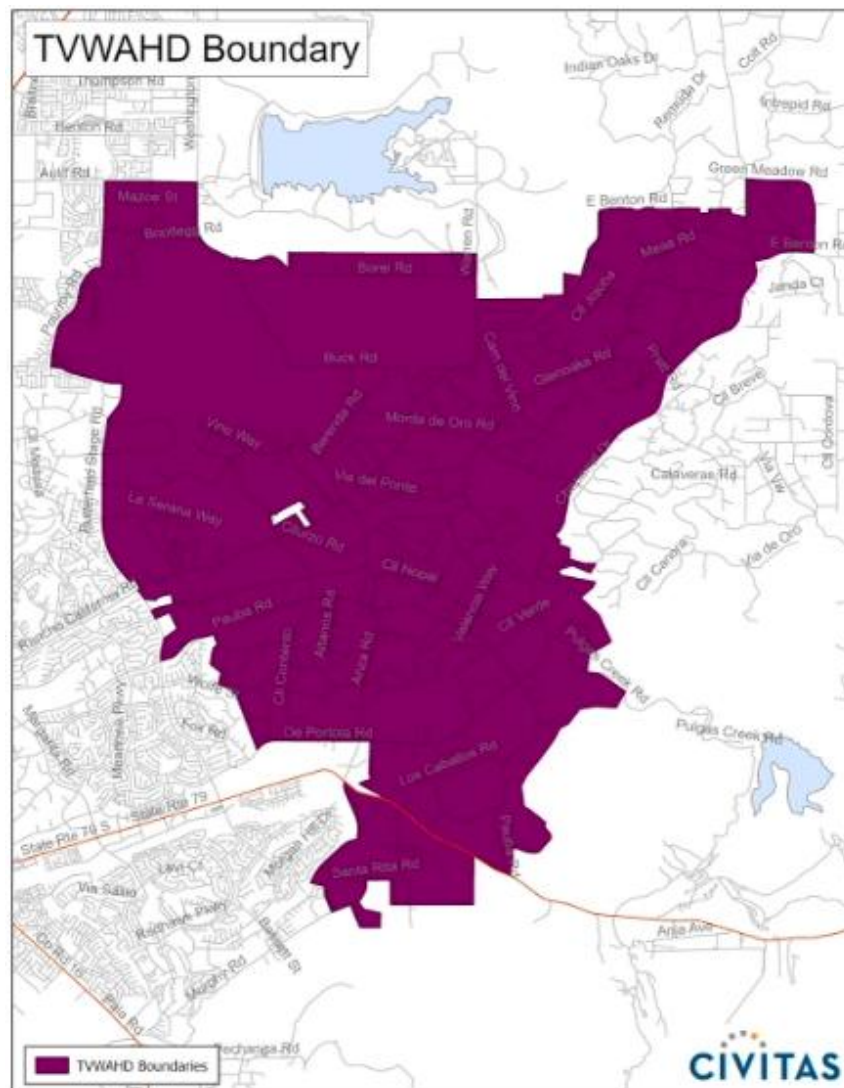
Boundaries

There are no proposed changes to the boundaries. There are changes to assessed businesses: one winery business closed.

Winery Closure:

- Carol's Deli - 33440 La Serena Way, Temecula, CA 92591

The Temecula Valley Wine and Agricultural Heritage District (TVWAHD) will continue to include all wineries, existing and in the future, located in the Temecula Valley region of the County of Riverside. A complete list of current wineries assessed within the TVWAHD can be found in the Appendix.



Improvements and Activities

The improvements and activities to be provided for FY 26/27 are consistent with the Management District Plan (Plan) and shall continue to be executed by the Temecula Valley Winegrowers Association (TVWA). There are no proposed changes.

Marketing, Brand Awareness & Events

A Marketing, Brand Awareness and Events program will continue to promote the Temecula Valley Wine Country (TVWC) as a premium winegrowing region and as a leader in the global wine community. The program will have a central theme that the wines produced in the Temecula Valley are of the highest quality and equal to those produced in any of the world's wine regions. The program will continue to promote the TVWC as a desirable place to visit, where visitors can experience the wineries and vineyards, and meet the people who make the wines, tend the vineyards, and serve the visitors. The program will also continue to promote the TVWC as a place to enjoy fine food paired with fine wines, and a place to enjoy get-togethers and entertainment with family and friends in a wine country atmosphere. The goals of the program will continue to be (1) to increase the demand for Temecula Valley wines and increase visitation by people who are, or want to become, knowledgeable about wine and who are looking to purchase wines for home consumption, and (2) to increase the demand for special events and social functions. To continue to meet these goals, the following activities may be undertaken:

- Development of effective marketing efforts to promote TVWC across paid, owned, and earned channels to increase awareness and generate website traffic to drive tourism and commerce at assessed wineries;
- Paid advertising efforts will continue to include, but are not limited to, print ads in magazines and newspapers, social media and online digital ads, billboards, video, television ads, and radio ads targeted at potential visitors to drive tourism and commerce at assessed wineries;
- Utilizing social media channels and partner's social media to increase awareness and engagement with assessed wineries;
- Preparing and producing collateral promotional materials such as brochures, flyers and maps;
- Developing and executing winery focused special events to attract customers to assessed wineries;
- Ensuring representatives are provided the opportunity to attend trade shows, meetings, industry conferences, and events to promote assessed wineries;
- Supply and coordination of media relations and communications via press releases, announcements, media placements, and social sharing to drive tourism and commerce at assessed wineries;
- Coordination of familiarization tours and virtual tours with travel trade, media, and influencers to assessed wineries;

- Providing public relations strategies including but not limited to: in and out of market media familiarization tours, proactive media pitching, and influencer relations;
- Develop wine education events and programs targeted to consumers, media, and trade to grow awareness and visitation to assessed wineries;
- Develop grape varietal education programs targeted to consumers, media, and trade;
- Funding social and educational events to enhance community and bring thought leadership to our assessed wineries;
- Developing collaborative marketing activities in conjunction with complimentary marketing organizations;
- Attending professional industry conferences and affiliation events;
- Contracting with a third-party service for our wineries that aggregates visitor data on a regional level to allow us to track results of specific campaigns and develop ROI metrics; and
- Funding awareness and best practice studies to benchmark and track awareness and operational success of the TVWAHD among assessed winery target market segments.

Business Improvement & Special Projects

Business Improvement & Special Projects programs are developed to increase demand for visitation and sales at assessed wineries, and may continue to include, but are not limited to, the following:

- Initiatives that enhance grape growing practices and elevate the overall quality of Temecula Valley fruit to drive increased visitation and commerce to assessed wineries;
- Infrastructure improvements to drive increased visitation and commerce to assessed wineries;
- Collaborative partnerships that support the long-term vitality of the region to drive increased visitation and commerce to assessed wineries;
- Hospitality and sales training programs to provide certified tourism training for front-line employees, designed to increase visitation and increase sales at assessed wineries;
- Creation of the Economic Sustainability and Agricultural Preservation Plan (ESAPP) to guide long-term land use and industry viability to assessed wineries;
- Comprehensive and integrated wayfinding signage system enhancements to direct visitors to assessed wineries;
- Support education efforts regarding sustainable certification programs for assessed wineries;
- Support education efforts regarding adoption of water re-use and quality improvements for assessed wineries;
- Support education of programs to reduce and eliminate pesticide/herbicide use amongst assessed wineries;

- Appellation development initiatives to promote Temecula Valley AVA as a desirable place to visit and to increase sales at assessed wineries;
- Funding destination development activities such as maintaining responsibility for the impact of tourism on the region through trash collection, traffic control, and beautification;
- Assist assessed wineries with guest communications and POS materials.

Administration and Operations

The administration and operations portion of the budget shall continue to be utilized for administrative staffing costs, office costs, advocacy, County of Riverside administrative costs, and other general administrative costs such as insurance, audits, legal, and accounting fees.

Collection Fee

A third-party collection entity shall continue to be paid a fee equal to two percent (2%) of the amount of assessment collected to cover its costs of collection and administration.

Contingency/Reserve/ Renewal

The budget continues to include a contingency line item to account for lower than anticipated assessments. If there are contingency funds collected, they may be held in a reserve fund or utilized for other program, administration or renewal costs at the discretion of the TVWA Board. Policies relating to contributions to the reserve fund, the target amount of the reserve fund, and expenditure of monies from the reserve fund shall continue to be set by the TVWA Board. Contingency/reserve funds may be spent on TVWAHD programs or administrative and renewal costs in such proportions as determined by the TVWA Board. The reserve fund may be used for the costs of renewing the TVWAHD.

Cost

FY 26/27 Projections

The cost of providing improvements and activities for FY 26/27 is consistent with the Plan. The estimated total budget for FY 26/27 is \$2,125,000.00. The categorical breakdown is below. Budget category percentages have been adjusted from the first-year allocations in the Plan. All budget category allocations are within the authorized fifteen percent (15%) adjustment of the total budget from the prior year.

Category	FY 26/27 %	FY 26/27 Budgeted \$	% Change
Marketing & Brand Awareness & Events	66%	\$1,402,500.00	+1%
Business Improvement & Special Projects	13%	\$276,250.00	—
Administration & Operations	16%	\$340,000.00	-1%
Contingency / Reserve / Renewal	3%	\$63,750.00	—
Collection Fee	2%	\$42,500.00	—
Totals	100%	\$2,125,000.00	—

FY 25/26 Actuals

The projected FY 25/26 collections were \$1,700,000.00. Actual collections were slightly more than anticipated, totaling \$1,704,797.57. Because this Annual Report represents the first Annual Report of the renewed TVWAHD, the following chart reflects the financials from the last fiscal year of the previous TVWAHD. All budget category allocations are within the authorized fifteen percent (15%) adjustment of the total budget from the prior year. Budgeted and actual expenses are shown below.

Category	FY 25/26 Budgeted		FY 25/26 Actuals	
	%	\$	\$ Spent	\$ Carryover
Marketing & Brand Awareness & Events	65%	\$1,105,000.00	\$1,019,411.09	\$88,707.33
Business Improvement & Special Projects	13%	\$221,000.00	\$180,141.76	\$41,481.92
Administration & Operations	17%	\$289,000.00	\$370,631.02	(\$80,815.43)
Contingency / Reserve / Renewal	3%	\$51,000.00	\$45,410.00	\$5,733.93
Collection Fee	2%	\$34,000.00	\$46,924.80	(\$12,828.85)
Totals	100%	\$1,700,000.00	\$1,662,518.67	\$42,278.90

Assessment

There is no change in the method and basis of levying the assessment.

Assessment

The annual assessment rate is one and a quarter percent (1.25%) of gross direct-to-consumer sales revenue of assessed wineries. Based on the benefit received, assessments will not be collected on purchases made outside of the state of California. Revenue generated from the TVWAHD is intended only to provide programs and services for assessed wineries, all of which are located in California. Sales made outside of the state of California are not subject to assessment due to a lack of benefit from targeted programs. Assessment dollars will not be spent on any programs or activities to benefit individual wineries outside of the state of California. Assessment dollars may be spent outside of California to elevate the notoriety of the Temecula Valley region as a premier winery destination with the desired outcome of increased in-person visitation to wineries paying the assessment.

The assessment was calculated based on the total cost of the activities to be provided for the benefit of the wineries within the TVWAHD with costs allocated based on the proportional benefit conferred to each winery. Activities funded by the TVWAHD are specifically targeted to increase winery sales revenue at assessed wineries. All winery sales do not represent the same benefit to the payors. For example, a higher priced winery is of greater benefit than a lower priced winery because the assessee derives greater revenue. To account for this benefit differential and to make sure the benefits are proportional, an assessment formula based on a percentage of revenue has been selected. The proposed formula accurately reflects greater benefit to assessed wineries with higher priced winery sales.

The term "gross direct to consumer sales revenue" as used herein means: the consideration charged by wineries, for all direct to consumer sales of for wine, wine club shipments (whether shipped or picked up), ticket sales, tasting fees, tours and private and public special events, merchandise, prepared foods for on-premise or off-premise consumption (whether sold in a tasting room or a stand-alone restaurant on-premise), orders placed via telemarketing, telephone, online, email, whether carried out at the time of purchase, shipped or picked up at a later date (pre-sales). Gross direct to consumer sales revenue shall not include any federal, state or local taxes collected, including but not limited to sales and use taxes.

The assessment is levied upon and a direct obligation of the assessed winery. However, the assessed winery may, at its discretion, continue to 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 charged and any other applicable taxes, and each customer shall receive a receipt for payment from the winery. If the TVWAHD assessment is identified separately it shall be disclosed as the "TVWAHD Assmt." The assessment is imposed solely upon, and is the sole

obligation of the assessed winery even if it is passed on to customers. The California Department of Tax and Fee Administration (CDTFA) issued a written opinion that state sales tax applies to the revenue generated from business improvement district (BID) assessments on items where state sales tax is levied. In light of CDTFA's opinion, businesses that pay both state sales tax and TVWAHD assessments on sales are advised to collect sales tax on the assessment revenue.

Bonds shall not be issued.

Overdue Charges and Interest

The TVWAHD shall continue to reimburse the third-party collection agency for any costs associated with collecting unpaid assessments. Assessed wineries which are delinquent in paying the assessment shall continue to be responsible for paying:

1. Original Delinquency

Any winery that fails to remit any assessment imposed by this section within the time required shall pay an overdue charge of ten percent (10%) of the amount of the assessment in addition to the assessment.

2. Continued Delinquency

Any winery that fails to remit any delinquent remittance on or before a period of thirty (30) days following the date on which the remittance first became delinquent shall pay a second delinquency overdue charge of ten percent (10%) of the assessment in addition to the assessment and the ten percent (10%) overdue charge first imposed.

3. Fraud

If third-party collection agency determines that the nonpayment of any remittance due under this section is due to fraud, an overdue charge of twenty-five percent (25%) of the amount of the assessment shall be added thereto in addition to the overdue charges stated in paragraph one (1) and two (2) above of this section.

4. Interest

In addition to the overdue charges imposed, any winery who fails to remit any assessment imposed by this section shall pay interest at the rate of one-half of one percent (0.50%) per month or fraction thereof on the amount of the assessment, exclusive of overdue charges, from the date on which the remittance first became delinquent until paid.

Surplus and Other Funding

Surplus

The amount of surplus to be carried over from the previous year is \$42,278.90.

Other Funding

There are expected to be contributions from sources other than assessment funds, including event revenue, estimated at \$151,500.

Appendix – Assessed Businesses

Business Name
Akash Winery & Vineyards
Altissima Winery
Baily Vineyard & Winery
Bel Vino
Bella Vista Winery
Bottaia Winery
Briar Rose Winery
Callaway Vineyard & Winery
Carter Estate Winery & Resort
Chapin Family Vineyards
Churon Winery Bed & Breakfast
Cougar Vineyard & Winery
Danza Del Sol Winery
Doffo Wines
Europa Village Wineries & Resort
Falkner Winery
Fazeli Cellars
Foot Path Winery
Frangipani Estate Winery
Gershon Bachus Vintners
Halter Ranch Winery
Jordan Parker Winery
Julie's Dream Winery
Leoness Cellars
Long Shadow Ranch
Lorenzi Estate Wines
Lorimar Winery
Lumiere Winery
Mama Rosa's Trattoria
Masia De La Vinya Winery
Maurice Car'rie Winery
Meritage at Callaway
Miramonte Winery

Monte De Oro Winery
Mount Palomar Winery
Oak Mountain Winery
Palumbo Family Vineyards
Peltzer Family Cellars
Ponte Family Estate
Raul Ramirez Winery
Robert Renzoni Vineyards
Somerset Winery
South Coast Winery
Thornton Winery
Truffle Pig Winery
Vindemia Vineyard & Winery
Vitagliano Vineyards & Winery
Wiens Cellars
Wilson Creek Winery & Vineyards