RESOLUTION NO. .

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

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RESOLUTION GRANTING CONDITIONAL CONSENT TO THE COUNTY OF SANTA CRUZ TO ESTABLISH THE SANTA CRUZ MOUNTAINS WINE IMPROVEMENT DISTRICT AND INCLUDE PORTIONS OF THE UNINCORPORATED AREAS OF THE COUNTY OF SAN MATEO IN THE DISTRICT, CONTINGENT ON THE PROPOSED DISTRICT BOUNDARIES BEING REVISED CONSISTENT WITH SAN MATEO COUNTY'S DIRECTION

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RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that:

WHEREAS, the Santa Cruz Mountains Winegrowers Association (SCMWA) successfully petitioned Santa Cruz County to form the Mountains Wine Improvement District (SCMWID), a benefit assessment district designed to create a revenue source to help fund marketing and brand awareness and business improvement efforts for wineries located in the Santa Cruz Mountains; and

WHEREAS, the SCMWID would include wineries within portions of the unincorporated areas of San Mateo County, Santa Cruz County, and Santa Clara County, as well as within the incorporated cities/towns of Santa Cruz, Saratoga, Scotts Valley, Capitola, Watsonville, Los Gatos, Portola Valley, and Woodside ("SCMWID Jurisdictions"); and

WHEREAS, a map depicting the current proposed boundaries of the SCMWID is included as **Attachment 1;** and

WHEREAS, Wine Improvement Districts have been created successfully in other wine regions to increase sales revenue among participating wineries and it is anticipated that, if established, the SCMWID would generate approximately $575,000 annually from a form of gross receipts assessment on covered wine businesses which would be available for promotional activities for the wineries in the SCMWID; and

WHEREAS, Santa Cruz County cannot form the SCMWID within the territory of another jurisdiction without consent of that jurisdiction's governing body; and

WHEREAS, Santa Cruz County initiated the SCMWID formation process on August 5, 2025 by adopting a resolution of intention to establish the SCMWID which requests consent of the other SCMWID Jurisdictions, through their respective governing bodies, "to grant to the Santa Cruz County Board of Supervisors jurisdiction for all the purposes in connection with creation, operation, and future renewals of the proposed SCMWID"; and

WHEREAS, the proposed boundaries of the SCMWID within the unincorporated area of San Mateo County (as depicted in **Attachment 1**) includes wine businesses whose owners expressed opposition to the formation of the SCMWID or declined to provide any response to SCMWA outreach; and

WHEREAS, when voting to form the SCMWID, Santa Cruz County's Board of Supervisors is authorized to revise the proposed SCMWID boundaries; and

WHEREAS, at the request of County staff, the proponents of the SCMWID prepared a map with revised boundaries for the proposed district to include only wine businesses in the unincorporated area whose owners have provided affirmative support

for the creation of the SCMWID, and a map depicting the proposed redrawn boundaries is included as **Attachment 2**; and

WHEREAS, based on the request of the Santa Cruz Board of Supervisors, it is recommended that the Board consent to the Santa Cruz Board of Supervisors to form the SCMWID within the unincorporated areas of San Mateo County but condition its consent upon the Santa Cruz County Board of Supervisors adopting the revised boundary map depicted on **Attachment 2**; and

WHEREAS, the proposed SCMWID will have a five-year term, beginning November 1, 2025, or as soon as possible thereafter, and ending five years from its start date; and

WHEREAS, each year during the five-year term (within a 30-day period beginning on the anniversary of the SCMWID start date), winery owners paying 50% or more of the assessment will have the right to petition for disestablishment of the SCMWID and the SCMWID may be renewed after the initial five-year period by following the same procedures for establishment; and

WHEREAS, the annual assessment rate of the SCMWID will be 1% of gross direct to consumer sales revenue on winery sales, and beginning in the second year of the SCMWID term, the assessment rate may be increased by the Owners' Association to a maximum rate of 2% of gross direct to consumer sales revenue on winery sales and the maximum increase or decrease in any subsequent year shall be no more than 0.5% and at no point shall the rate be decreased below a minimum of 1%; and

WHEREAS, the SCMWID assessment will not be collected on wholesale purchases made outside of California or purchases made pursuant to contracts executed prior to November 1, 2025, but assessment revenue may be spent outside of California to elevate the reputation of the Santa Cruz Mountains as a premier winery destination with the desired outcome of increased in-person visitation to wineries paying the assessment; and

WHEREAS, Santa Cruz County (or a third-party collection agency) is responsible for collecting the assessment on a quarterly basis from each assessed winery; and

WHEREAS, the assessment will be forwarded to the SCMWA, which will have responsibility for managing SCMWID programs as provided in the Management District Plan included as **Attachment 3**.

NOW THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board grants conditional consent to the County of Santa Cruz to establish the Santa Cruz Mountains Wine Improvement District and include portions of the unincorporated areas of the County of San Mateo in the District for the District's initial 5-year term, contingent on the proposed District boundaries for the unincorporated portion of the County of San Mateo being revised as depicted in **Attachment 2** to this Resolution.

IT IS HEREBY FURTER DETERMINED AND ORDERED that Santa Cruz County shall be responsible for the creation and operation of the Santa Cruz Mountains Wine Improvement District and that the County of Mateo will have no role and no responsibility for the administration of the District or the associated assessment.

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