

ADOPTION OF A RESOLUTION APPROVING THE GARDEN GROVE TOURISM
IMPROVEMENT DISTRICT (GGTID) ADVISORY BOARD'S 2014-2015 ANNUAL REPORT
AND DECLARING INTENTION TO LEVY ASSESSMENT FOR FY 2014-2015

May 27, 2014

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hotels built there in the future would be subject to the assessment,
including the Great Wolf Lodge Resort currently under construction.

Pursuant to the Law and the Ordinance, the City Council is required to re-levy the
GGTID assessment annually, based on the recommendations set forth in the annual
report of the GGTID Advisory Board.

DISCUSSION

Annual Advisory Board Report

In accordance with Ordinance No. 2782, the Board of Directors of the Garden Grove
Tourism Promotion Corporation serves as the GGTID Advisory Board. Pursuant to the
Ordinance and the Law, the GGTID Advisory Board is required to submit an annual
report to the City of Garden Grove (City). The annual report is required to include the
following:

- Any proposed changes in the boundaries of the GGTID or in any of the
benefit zones;
- A description of the improvements and activities to be provided for the
upcoming fiscal year;
- An estimate of the cost of providing the improvements and the activities for
that fiscal year;
- The recommended method and basis of levying the assessment in sufficient
detail to allow each business owner to estimate the amount of the
assessment to be levied against his or her business for that fiscal year;
- The amount of any surplus or deficit revenues to be carried over from a
previous fiscal year; and
- The amount of any contributions to be made from sources other than the
assessments levied.

The GGTID Advisory Board's annual report serves as the basis for the levying of
assessments each year.

The GGTID Advisory Board has prepared the annual report for Fiscal Year 2014-2015,
which contains a proposed budget for use of the anticipated assessment revenues for
the year. No changes are proposed (i) to the boundaries of the GGTID, (ii) in the
GGTID improvements and activities authorized by Resolution No. 9009-10 and
Ordinance No. 2782, or (iii) in the amount of the annual assessment or the method
and basis for the levying the assessment.

The GGTID Advisory Board is recommending that the annual assessments for
FY 2014-2015 continue to be two and one-half percent (2.5%) of the gross rent
charged by the Operator per room occupancy per night for all transient occupancies

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for each visitor accommodation facility in Tier I and (ii) one-half percent (0.5%) of the gross rent charged by the operator per room occupancy per night for all transient occupancies for each visitor accommodation facility in Tier II.

On February 22, 2011, the City Council approved an agreement with the Anaheim/Orange County Visitor & Convention Bureau ("VCB"), pursuant to which, approximately 80% of the GGTID assessment revenue collected is allocated to the VCB to fund collective tourism marketing efforts or retained by the City for future Harbor Boulevard median improvements and a future transit system.

The remaining (approximately 20%) of the GGTID assessment would be allocated to fund specific improvements along Harbor Boulevard and other tourism promotion activities in Garden Grove in accordance with the budget included in the annual report. These funds are administered by the Garden Grove Tourism Promotion Corporation ("GGTPC") pursuant to an agreement with the Garden Grove Tourism Promotion Corporation approved by the City Council on September 27, 2011.

Levying of Assessment for FY 2014-2015

State Law requires the City Council to annually adopt a Resolution declaring its intention to levy an annual assessment for the upcoming fiscal year based on the GGTID Advisory Board's Annual Report and scheduling a public hearing on the proposed assessment. The attached proposed Resolution contains the items required by State Law and sets a public hearing on the matter for June 10, 2014. After City Council adoption, the Resolution will be published in a local paper of general circulation at least seven (7) days before the public hearing pursuant to the Law.

At the public hearing on June 10, 2014, the City Council may order changes in any of the matters provided in the GGTID Advisory Board's Annual Report, including changes in the proposed assessments, the proposed improvements and activities to be funded, and the proposed boundaries of the area. At the conclusion of the public hearing, the City Council may adopt a Resolution confirming the annual report as originally filed or as changed by it. The adoption of that Resolution shall constitute the levy of an assessment for the 2014-2015 fiscal year.

A similar Resolution must be adopted annually by the City Council in order to continue to levy the assessment in the succeeding fiscal years.

FINANCIAL IMPACT

It is not anticipated that the City will incur significant direct costs as a result of this action. It is estimated that the GGTID will produce approximately \$2,300,000 in annual revenues for local tourism promotion efforts, and most of these funds will be administered by the VCB and the GGTPC. Any actual administrative costs incurred by

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the City in relation to the GGTID will be reimbursed through assessment revenues, up to a percentage cap of assessments collected.

RECOMMENDATION

It is recommended that the City Council:

- Adopt the attached Resolution approving the GGTID Advisory Board Annual Report and declaring its intention to levy assessments for Fiscal Year 2014-2015 for the Garden Grove Tourism Improvement District and fixing June 10, 2014, as the time and place of the Public Hearing thereon and giving notice thereof.

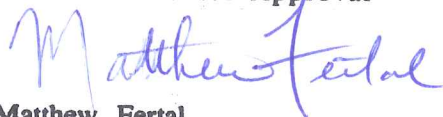

KINGSLEY OKEREKE
Finance Director


By: Greg Blodgett
Senior Project Manager

Attachment 1: GGTID Advisory Board Annual Report for Fiscal Year 2014-2015,
with Proposed 2014-2015 GGTID and VCB Budgets

Attachment 2: Resolution

Recommended for Approval


Matthew Fertal
City Manager

**GARDEN GROVE TOURISM IMPROVEMENT DISTRICT ADVISORY BOARD
REPORT FOR FISCAL YEAR 2014-2015**

The Garden Grove Tourism Improvement District (GGTID) was established by the Garden Grove City Council in accordance with the Parking and Business Improvement Area Law of 1989, California Streets and Highways Code section 36500 et seq., (the "Law") through the adoption of Resolution No. 9009-10 on August 24, 2010 and Ordinance No. 2782 on October 26, 2010.

The purpose of the GGTID is to provide revenue to defray the costs of advertising and marketing efforts designed to increase overnight stays in the GGTID, construction and maintenance of improvements in the GGTID, and other services, activities, and programs that promote and encourage tourism within the GGTID, and other services, activities, and programs that promote and encourage tourism within the GGTID, which will benefit the Operators of Visitor Accommodation Facilities paying assessments through the promotion of scenic, recreational, cultural, and other attractions.

Pursuant to Ordinance No. 2782, the Board of Directors of the Garden Grove Tourism Promotion Corporation, a California non-profit mutual benefit corporation, serves as the GGTID Advisory Board. In accordance with Ordinance No. 2782 and California Streets and Highways Code section 36533, the Advisory Board is required to annually prepare and submit to the City a report for the upcoming fiscal year, which is required to contain the following:

1. Any proposed changes in the boundaries of the GGTID or the benefit zones within the GGTID.
2. The GGTID improvements and activities to be provided in the upcoming fiscal year from GGTID assessment revenues and/or any other contributions from sources other than GGTID assessment revenues.
3. An estimate of the cost of providing the GGTID improvements and the activities for the upcoming fiscal year.
4. The method and basis of levying the assessment in sufficient detail to allow each Visitor Accommodation Facility to estimate the amount of the assessment to be levied against the Visitor Accommodation Facility for that fiscal year, and any proposed changes to the method and basis of levying the assessment.
5. The amount of any surplus or deficit revenues to be carried over from the previous fiscal year.
6. The amount of any contributions to the GGTID to be made from sources other than assessments levied against the Visitor Accommodation Facilities.

1. **CHANGES TO BOUNDARIES**

The boundaries of the GGTID generally include certain real property within that area of Garden Grove fronting, bordering, or near Harbor Boulevard from the City of Anaheim to Garden Grove Boulevard. The GGTID is divided into two (2) separate zones: (i) Tier I, which includes that real property within the GGTID north of Lampson Avenue, and (ii) Tier II, which includes that real property within the GGTID south of Lampson Avenue. A map showing the precise area and boundaries of the GGTID and the two benefit zones is attached as Exhibit "A" to Ordinance No. 2782.

No changes to the boundaries of the GGTID are proposed.

2. **IMPROVEMENTS & ACTIVITIES**

The improvements and activities that occurred during the 2013-2014 Fiscal Year included new Grove District banners installed on light poles on Harbor Blvd. Maintenance and improvements of all the sidewalks adjacent to the TID hotels were completed on a monthly basis. GGTID contributed significant sponsorship and support to the Garden Grove Foundation Golf Tournament, the Garden Grove Strawberry festival, OC Trolley service inside Garden Grove, Garden Grove Chamber of Commerce and the 2014 ICSC RECON Convention for the City of Garden Grove. Final plans are being reviewed to replace/add bus stop structures located inside the GGTID zone. The first monument signs for businesses was designed and approved. Installation of the first signs will be complete by the end of May. Hyatt Regency Orange County will have three street level signs completed.

The improvements and activities anticipated to be undertaken in the GGTID for the 2014-2015 Fiscal Year generally include tourism and marketing programs to promote the GGTID area and benefitted Visitor Accommodation Facilities as a tourism destination; GGTID and Anaheim/Orange County Visitor & Convention Bureau ("VCB") administrative oversight; physical improvements and maintenance along the right-of-way, median, and sidewalks adjacent to the benefitted Visitor Accommodation Facilities; and other projects, programs, and activities that benefit the Visitor Accommodation Facilities located and operating within the GGTID, as further described in Exhibit "C" to Resolution No. 9009-10. The anticipated improvements and activities anticipated to be undertaken in the 2014-2015 Fiscal Year are more specifically delineated in the attached Budgets.

No changes in the GGTID improvements and activities authorized by Resolution No. 9009-10 and Ordinance No. 2782 are proposed.

3. **ESTIMATED COST OF IMPROVEMENTS & ACTIVITIES**

The attached Budgets show the estimated assessment revenues and costs for the GGTID for FY 2014-2015.

Pursuant to an agreement between the City of Garden Grove and the VCB entered into on or about February 22, 2011, approximately eighty percent (80%) of the net GGTID assessment

revenues (i.e., 2.0% of the total 2.5% assessment in Tier I and 0.4% of the total 0.5% assessment in Tier II), will be allocated to the VCB to administer and use for marketing and promotion of tourism and conventions benefitting the Visitor Accommodation Facilities within the GGTID, including marketing the GGTID Visitor Accommodation Facilities as part of the "Anaheim Resort District." However, the City of Garden Grove will retain \$7,500 per month from this allocation (for a total of \$90,000 in FY 2014-2015) for the purpose of funding future median improvements along Harbor Boulevard north of Chapman Avenue within the GGTID. **The first Budget shows the estimated GGTID assessment revenues to be allocated to the VCB in Fiscal Year 2014-2015 and the estimated costs of those categories of improvements and activities to be funded by this portion of the GGTID assessment revenues.**

The remaining approximately twenty percent (20%) of the net GGTID assessment revenues will be allocated to improvements and activities within and to benefit the GGTID other than those provided by the VCB. These funds are administered by the Garden Grove Tourism Promotion Corporation pursuant to an agreement with the City. **The second Budget shows this 20% portion of the estimated GGTID assessment revenues for Fiscal Year 2014-2015 and the estimated costs of those categories of improvements and activities to be funded by this portion of the GGTID assessment revenues and any surplus assessment revenues carried over from Fiscal Year 2013-2014.**

4. METHOD AND BASIS FOR LEVYING THE ASSESSMENT

No change in the amount of the annual assessment for FY 2014-2015 or the method and basis for the levying the assessment is proposed.

It is recommended that the annual assessments for FY 2014-2015 continue to be two and one-half percent (2.5%) of the gross rent charged by the Operator per room Occupancy per night for all Transient Occupancies for each Visitor Accommodation Facility in Tier I and (ii) one-half percent (0.5%) of the gross rent charged by the Operator per room Occupancy per night for all Transient Occupancies for each Visitor Accommodation Facility in Tier II.

In accordance with Ordinance No. 2782, the assessments shall be collected monthly, based on the applicable percentage of the amount of gross rent charged by the Operator per room Occupancy per night for all Transient Occupancies in the prior calendar month, in the same manner and at the same frequency as the City's Hotel Visitors Tax imposed pursuant to Chapter 12 of Title 3 of the Garden Grove Municipal Code.

5. PRIOR YEAR SURPLUS OR DEFICIT TO BE CARRIED OVER

It is estimated that there will be approximately \$257,000 in surplus assessment revenues plus \$228,000 from the Harbor Landscaping Fund for a total of \$485,000 from Fiscal Year 2013-2014. It is recommended that these surplus assessment revenues be carried over to Fiscal Year 2014-2015 to fund the costs of the anticipated GGTID improvements and activities to be provided in Fiscal Year 2014-2015, as more specifically delineated in the attached Budgets.

6. **OTHER CONTRIBUTIONS**

No contributions to the GGTID from sources other than the assessments levied are anticipated in Fiscal Year 2014-2015.

Budget Highlights Marketing		Budget Highlights- Convention Sales	
Brand Advertising		\$252,000.00	\$291,200.00
Interactive Agency & Media Buys			Travel & Entertainment
Cooperative Promotions		\$117,600.00	\$118,300.00
Industry Sponsorships, Attendee Marketing, Account Campaigns			Client Events
			Client events, site tours, sales blitz's, Meeting Industry Council.
Research		\$117,600.00	\$209,300.00
Attendee Satisfaction Survey & Web site Conversion Study			Salaries and Related Costs
Collateral (Sales Tools)		\$50,400.00	
Videos, Virtual Tours, & Presentations			Convention Sales Directors
			Market responsibilities to include
Exhibiting		\$25,200.00	X
Booth Rental, Graphics & Design			In Market Sales Director-Northern California
			Markets include corporate and association based in the western region
Web Development - Technology			
System, Mobile Applications, License Fees & Third Party Integrations			In Market Sales Director-Washington DC
			Market responsibilities to include corporate and association based in the mid-atlantic region.
Promotion & Travel			
Year Out Travel, Staffing, Attendee Marketing Sales Calls			Convention Sales Coordinators
Salaries & Related Costs		\$117,600.00	
Web Content Specialist			Develop and prospect new business, ACC and self contained all markets
Marketing Research Analyst			Convention Services Manager
Marketing Coordinator		X	
Revenue Management			
			Restricted Reserves to host Industry Conventions PCMA, MPI, ASAE...
Public Relations Campaign		\$117,600.00	
Social Media Campaign		\$42,000.00	\$291,200.00
			Subsidy to offset costs for groups
Total Marketing Expense		\$840,000.00	\$910,000.00
			Total Convention Sales Expense
Sub-total Convention Sales & Marketing			
AOCVCB Harbor Landscaping fund			1,750,000.00
			90,000.00
Total Proposed Budget			1,840,000.00

Statement of Expense Summary

Budget Highlights

	%	\$
2013- 14 Budget surplus		257,248.00
Estimated 2014-15 Revenue at .5%		460,000.00
Revenue for 2014-15		717,248.00
Carry over 2013-14 AOCVCB Harbor fund		228,000.00
2014-15 AOCVCB Harbor Landscaping fund		90,000.00
Total Revenue for 2013-14		1,035,248.00
Expenses:		
Fund Advertising & Marketing efforts	22%	157,794.56
Fund Parking Upgrades, Improvements	6%	43,034.88
Buy Down/Misc Reserve	15%	107,587.20
Fund Harbor corridor beautification within the benefit zone	20%	143,449.60
AOCVCB Harbor Landscaping fund		318,000.00
Islands		
Landscape		
Fountains		
Bus Stops		
Lighting		
Signage/Monument Signage		
Contingency	6%	43,034.88
Garden Grove Community and Business Support	15%	107,587.20
Harbor Blvd maintenance/utilities/repairs (from curb to and including sidewalk)	6%	43,034.88
Tourism Related studies/consultants	3%	21,517.44
City Admin Fees	2%	14,344.96
Administrative/Accounting/Auditing	5%	35,862.40
Total Proposed Budget 2013-14	100%	1,035,248.00

GARDEN GROVE CITY COUNCIL

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE APPROVING THE ANNUAL REPORT OF THE GARDEN GROVE TOURISM IMPROVEMENT DISTRICT ADVISORY BOARD, DECLARING ITS INTENTION TO LEVY ASSESSMENTS FOR FISCAL YEAR 2014-2015 FOR THE GARDEN GROVE TOURISM IMPROVEMENT DISTRICT, FIXING THE TIME AND PLACE OF PUBLIC HEARING THEREON AND GIVING NOTICE THEREOF

WHEREAS, the Parking and Business Improvement Area Law of 1989, California Streets and Highways Code Section 36500 et seq., (Law) authorizes cities to establish parking and business improvement areas for the purpose of funding certain improvements and activities, including the promotion of tourism, through assessments upon the businesses that benefit from those improvements and activities and to levy an assessment upon businesses within a parking and business improvement area, which is in addition to any assessments, fees, charges, or taxes imposed in the city;

WHEREAS, the Garden Grove Tourism Improvement District (GGTID) was established October 26, 2010, by City Council adoption of Ordinance No. 2782; and

WHEREAS, in accordance with Section 36533 of the Law, the GGTID Advisory Board has prepared and filed with the City Clerk, and the City Clerk has presented to the City Council, a report for Fiscal Year 2014-2015 in connection with the proposed levy of an assessment upon visitor accommodation facilities within the GGTID for Fiscal Year 2014-2015 (Annual Report).

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF GARDEN GROVE HEREBY RESOLVES, DETERMINES, AND FINDS AS FOLLOWS:

SECTION 1. The recitals set forth herein are true and correct.

SECTION 2. The City Council has examined and reviewed the Annual Report, and such Annual Report is hereby approved and filed.

SECTION 3. The City Council hereby declares its intention to levy and collect assessments from those visitor accommodation facilities within the boundaries of the Garden Grove Tourism Improvement District (GGTID) for Fiscal Year 2014-2015, commencing July 1, 2014, and continuing through June 30, 2015.

SECTION 4. The Annual Report is on file with the Garden Grove City Clerk and contains a full and detailed description of the activities to be provided, the boundaries of the area, and proposed assessments to be levied upon the visitor accommodation facilities in the area.

SECTION 5. The boundaries of the GGTID generally include certain real property within that area of Garden Grove fronting, bordering, or near Harbor

Boulevard from the city of Anaheim to Garden Grove Boulevard. The GGTID is divided into two (2) separate zones: (i) Tier I, which includes that real property within the GGTID north of Lampson Avenue, and (ii) Tier II, which includes that real property within the GGTID south of Lampson Avenue. A map showing the precise area and boundaries of the GGTID and the two benefit zones is on file with the Garden Grove City Clerk's Office.

SECTION 6. The types of improvements and activities to be funded by the levy of assessments on visitor accommodation facilities within the GGTID are GGTID and Anaheim/Orange County Visitor and Convention Bureau (VCB) tourism and marketing programs to promote the area and benefitted visitor accommodation facilities as a tourism destination; GGTID and VCB administrative oversight; physical improvements and maintenance along the right-of-way, median, and sidewalks adjacent to the benefitted visitor accommodation facilities; and other projects, programs, and activities that benefit the visitor accommodation facilities located and operating within the GGTID.

SECTION 7. The time and place for a Public Hearing on the levy of assessments for the GGTID is hereby set for June 10, 2014, at 6:30 p.m., or as soon thereafter as practicable, in the Community Meeting Center, 11300 Stanford Avenue, Garden Grove, California.

SECTION 8. The City Clerk is hereby directed to give proper notice of the above-described public meeting and Public Hearing in accordance with law.

SECTION 9. At the Public Hearing, the testimony of all interested persons for or against the levying of assessments on the visitor accommodation facilities in the GGTID for Fiscal Year 2014-2015, the extent of the GGTID, or the furnishing of specified types of improvements or activities will be heard. A protest may be made orally or in writing by any interested person. Any protest pertaining to the regularity or sufficiency of the proceedings shall be in writing and clearly state the irregularity or defect to which objection is made. To count in the majority protest against the GGTID, a protest must be written. A written protest may be withdrawn in writing at any time before the conclusion of the Public Hearing. Each written protest shall contain a written description of the business in which the person signing the protest is interested, sufficient to identify the business and its address. If the person signing the protest is not shown on the official records of the City of Garden Grove as the owner of the business, then the protest shall contain or be accompanied by written evidence that the person is the owner of the business. If the owner of the business is a corporation, LLC, partnership or other legal entity, the authorized representative for the entity shall be authorized to sign the protest. Written protests must be received by the City Clerk before the close of the Public Hearing scheduled herein and may be mailed to the City Clerk, City of Garden Grove, P.O. Box 3070, Garden Grove, California 92840-3070, or delivered in person to the City Clerk's Office at City Hall, 11222 Acacia Parkway, Garden Grove, California 92842.

SECTION 10. Pursuant to California Streets and Highways Code Section 36525, if at the conclusion of the Public Hearing, there are of record, valid written protests by the owners of the businesses within the GGTID that will pay fifty percent (50%) or more of the total assessments of the entire GGTID, no assessment will be levied for Fiscal Year 2014-2015. In order to determine the projected assessments for purposes of establishing voting percentages, the City shall make projections based on the prior three-year average of gross rental revenues for the applicable visitor accommodation facilities. Since such information is proprietary, the City, alone, will determine the total percentage protest and provide such percentage at the Public Hearing.

SECTION 11. This Resolution is effective upon its adoption.