

CITY OF GARDEN GROVE

INTER-DEPARTMENT MEMORANDUM

To:	Matthew J. Fertal	From:	Kingsley Okereke
Dept:	City Manager	Dept:	Finance
Subject:	ADOPTION OF A RESOLUTION CONFIRMING THE GARDEN GROVE TOURISM IMPROVEMENT DISTRICT ADVISORY BOARD REPORT AND LEVYING AN ASSESSMENT FOR FY 2014-2015 (PUBLIC HEARING MATTER)		
		Date:	June 10, 2014

OBJECTIVE

For City Council to hold a Public Hearing and adopt the attached Resolution confirming the Annual Report of the Garden Grove Tourism Improvement District and levying the assessment for FY 2014-2015 for the Garden Grove Tourism Improvement District.

BACKGROUND

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, which benefit the operators of hotels paying assessments through the promotion of scenic, recreational, cultural, and other attractions.

The GGTID includes the hotels along Harbor Boulevard from the boundary with the city of Anaheim to Garden Grove Boulevard. It is divided into two (2) separate benefit zones.

- Tier I includes the hotels north of Lampson Avenue, which are subject to an assessment of up to two and one-half percent (2.5%) of gross rent charged per room occupancy per night. There are currently nine (9) hotels in Tier I.
- Tier II encompasses those hotels south of Lampson Avenue, which are subject to an assessment of up to one-half percent (0.5%) of gross rent charged per room occupancy per night. There currently are no hotels in Tier II, but any 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

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GGTID Advisory Board. At its meeting on May 27, 2014, the City Council received the Annual Report for FY 2014-2015 from the GGTID Advisory Board and adopted a Resolution approving the annual report, declaring its intention to levy and collect an annual assessment for FY 2014-2015 in the GGTID, and setting a Public Hearing on the annual report and proposed assessment for June 10, 2014.

DISCUSSION

The GGTID Advisory Board annual report for FY 2014-2015 contains a proposed budget for use of the anticipated assessment revenues for the year and proposes no changes (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 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.

Before the annual assessment can actually be levied on the affected visitor accommodation facilities for the next fiscal year, the City Council must conduct a Public Hearing to hear and consider all protests against the levying of proposed assessments for FY 2014-2015 and/or other matters provided in the annual report submitted by the GGTID Advisory Board.

Notice of the Public Hearing in the form of the Resolution of Intention adopted at the May 27, 2014, meeting was published seven (7) days before the hearing and mailed to each visitor accommodation facility subject to the proposed assessment in accordance with the Law.

After the Public Hearing, the City Council may take one of the following actions:

1. Terminate proceedings if written protests are received from the owners of the businesses in the GGTID that will pay fifty percent (50%) or more of the assessments proposed to be levied (a "majority protest"). If a majority protest is received, no further proceedings to levy the proposed assessment may be taken for a period of one (1) year from the date of the finding of a majority protest by the City Council. If the majority protest is against the furnishing of a specified type or types of improvement or activity within the area, those types of improvements or activities must be eliminated.
2. Order changes in any of the matters provided in the annual report, including changes in the proposed assessments and/or the proposed improvements and activities to be funded with the revenues derived from the levy of assessments. If changes are ordered, notice and a new Public Hearing will be required before the City Council may adopt a Resolution confirming the annual report as modified and levying the assessment.

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3. Adopt the proposed Resolution confirming the annual report as originally submitted and levying the assessment on those visitor accommodation facilities within the boundaries of the GGTID for the 2014-2015 Fiscal Year, commencing July 1, 2014, and continuing through June 30, 2015.

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 improvement efforts, and most of these funds will be administered by the Anaheim/Orange County Visitor & Convention Bureau and the Garden Grove Tourism Promotion Corporation. Any actual administrative costs incurred by 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:

- Conduct a Public Hearing for the proposed annual levy of assessment and other matters provided in the annual report submitted by the GGTID Advisory Board;
- Receive the report from the City Clerk regarding protests received; and
- Assuming that there is no majority protest, adopt the Resolution confirming the Garden Grove Tourism District Advisory Board Report, and levying the assessment for the Garden Grove Tourism Improvement District for Fiscal Year 2014-15.


KINGSLEY OKEREKE
Director


By: GREG BLODGETT
Senior Project Manager

Attachment 1: GGTID Advisory Board Report For FY 2014-2015, with Proposed 2014-15 Budgets.

Attachment 2: Proposed Resolution

Approved for Agenda Listing



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

Statement of Expense Summary

Budget Highlights

	<u>%</u>	<u>\$</u>
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 Ladsaping 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
Adminstrative/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
CONFIRMING THE ANNUAL REPORT OF THE GARDEN GROVE TOURISM
IMPROVEMENT DISTRICT ADVISORY BOARD AND LEVYING THE ASSESSMENT FOR
FISCAL YEAR 2014-2015 FOR THE GARDEN GROVE TOURISM IMPROVEMENT
DISTRICT

WHEREAS, the Parking and Business Improvement Area Law of 1989, California Streets and Highways Code Section 36500 et seq., (the "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 against 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 Ordinance No. 2782;

WHEREAS, in accordance with Sections 36530 and 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 against visitor accommodation facilities within the GGTID for Fiscal Year 2014-2015 (the "Annual Report");

WHEREAS, on May 27, 2014, the City Council adopted Resolution No. 9231-14 approving the Annual Report and declaring its intention to levy assessments for Fiscal Year 2014-2015 for the GGTID;

WHEREAS, pursuant to the Law on June 10, 2014, the City Council conducted a Public Hearing concerning the Annual Report and the levy of assessments for the GGTID for Fiscal Year 2014-2015 in the Community Meeting Center, 11300 Stanford Avenue, Garden Grove, California; and

WHEREAS, the City Council has heard and considered all protests, both written and oral, and hereby determines there was not a majority protest within the meaning of Section 36525 of the Law.

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 confirms its adoption of the Garden Grove Tourism Improvement District (GGTID) Advisory Board Report for Fiscal Year 2014-

2015 (the "Annual Report"), which describes the boundaries of the GGTID and identifies the assessment to be levied and collected to pay the costs of improvements and activities described in the report, in the same form as originally submitted and approved on May 27, 2014.

SECTION 3. 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 in the City Clerk's Office.

SECTION 4. In accordance with the Annual Report, the annual assessments for Fiscal Year 2014-2015 shall 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.

SECTION 5. Pursuant to the Parking and Business Improvement Area Law of 1989, the adoption of this Resolution shall constitute the levy of assessments on those visitor accommodation facilities within the boundaries of the Garden Grove Tourism Improvement District ("GGTID") for the 2014-2015 Fiscal Year, commencing July 1, 2014, and continuing through June 30, 2015.