

**CITY OF GARDEN GROVE**

**INTER-DEPARTMENT MEMORANDUM**

To: Matthew J. Fertal  
Dept: City Manager  
Subject: ESTABLISHMENT OF A TOURISM IMPROVEMENT DISTRICT

From: Economic Development  
Dept:  
Date: October 12, 2010

OBJECTIVE

To take the next steps toward the establishment of the Garden Grove Tourism Improvement District.

BACKGROUND

Representatives of Garden Grove hotels along Harbor Boulevard have requested that the City Council consider forming a Tourism Business Improvement District to fund collective tourism marketing efforts through the Anaheim/Orange County Visitors and Convention Bureau (VCB) and other activities and improvements that promote tourism in the city of Garden Grove. At its August 24, 2010, meeting, the City Council adopted Resolution No. 9009-10 (Resolution of Intention) declaring its intention to establish the Garden Grove Tourism Improvement District (GGTID) in accordance with the Parking and Business Improvement Area Law of 1989, California Streets and Highways Code Section 36500 et seq., (Law). At its August 24, 2010, meeting, the City Council also adopted Resolution No. 9010-10 appointing the Board of Directors of the Garden Grove Tourism Promotion Corporation as the GGTID Advisory Board. Government Code Section 54954.6(a)(1) requires both a "public meeting" and a "public hearing" prior to adopting any new or increased assessment. On September 28, 2010, the City Council held a public meeting regarding formation of the GGTID in compliance with State law.

DISCUSSION

If established by the City Council, the proposed GGTID will include the hotels along Harbor Boulevard from the boundary with the city of Anaheim to Garden Grove Boulevard. It will be broken up into two (2) separate benefit zones. Tier I will include the hotels north of Lampson Avenue, which will be subject to an assessment of up to 2.5 percent of gross rent charged per room occupancy per night. There are currently nine (9) hotels in Tier I. Tier II will encompass those hotels south of Lampson Avenue, which will be subject to an assessment of up to 0.5 percent 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 will be subject to the assessment.

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It is anticipated that the GGTID assessments will generate approximately \$2,000,000 annually. It is proposed that up to 80 percent of this will be used to fund collective marketing efforts through the VCB, while the remainder will be used to fund specific improvements along Harbor Boulevard and other tourism promotion activities in Garden Grove.

The attached Resolution of Intention describes in detail the proposed boundaries of the GGTID, the proposed assessment and the method and basis for levying the assessment, and the improvements and activities proposed to be funded with the assessment revenues.

### Public Hearing

State law requires a Public Hearing to enable the City Council to hear and consider all protests against the establishment of the GGTID, the extent of the GGTID, or the furnishing of specified types of improvements or activities. A protest may be made orally or in writing; however, to count in the majority protest, a protest must be written. If written protests are received from the owners of the businesses in the GGTID that would pay 50 percent or more of the assessments proposed to be levied, and protests are not withdrawn so as to reduce the protests to less than 50 percent, no further proceedings to create this assessment district or to levy the proposed assessment may be taken for a period of one year from the date of the finding of a majority protest by the City Council. If the protest is against the furnishing of specified types of improvements or activities within the area, those types of improvements or activities must be eliminated.

At the conclusion of the Public Hearing, the City Council may adopt, revise, reduce, or modify the proposed assessment or activities. Any addition of businesses to the District or increase in assessments requires a new Resolution of Intention and 45-day public notice period, and a new Public Meeting and Public Hearing.

A joint notice of the Public Meeting and Public Hearing, along with a copy of the Resolution of Intention, was mailed to each of the hotels that would be subject to the assessment, and was also published in accordance with State law.

At the time of the drafting of this report, no written protests have been submitted. However, seven (7) of the nine (9) hotels that would be initially subject to assessment have submitted petitions in support of formation of the GGTID.

### Ordinance

If following the Public Hearing the City Council decides to establish the proposed GGTID, it must adopt an ordinance to that effect. The attached proposed Ordinance would formally establish the GGTID in accordance with the details set forth in the Resolution of Intention. The current schedule provides for the proposed Ordinance to become effective on November 25, 2010, and assessments to commence by December 1, 2010.

Annual Advisory Board Report

State law requires City Council approval of an annual report prepared by the GGTID Advisory Board. 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 Advisory Board's annual report serves as the basis for the levying of assessments each year.

The City Council previously appointed the Board of Directors of the Garden Grove Tourism Promotion Corporation as the advisory board for the GGTID, and the proposed Ordinance confirms this appointment. The GGTID Advisory Board has prepared the initial annual report for Fiscal Year 2010/2011, which contains a proposed budget for use of the anticipated assessment revenues over the remainder of the year. It is recommended that the City Council review and approve the report, which is on file with the City Clerk and is an attachment hereto.

Levying of Assessment for FY 2010/2011

Following approval the Advisory Board's annual report, State law requires the City Council to adopt a Resolution stating its intent to levy an annual assessment for the upcoming fiscal year and scheduling a separate 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 October 26, 2010. 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 conclusion of the October 26, 2010, 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 will constitute the levy of an assessment for the remainder of the 2010/2011 fiscal year, commencing on December 1, 2010. 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 formation of the GGTID. If approved, the GGTID will produce approximately \$2,000,000 annually for local tourism improvement efforts, and it is anticipated that these funds will be administered by the VCB and the nonprofit corporation formed by the Garden Grove hotels via contracts with the City. Any actual administrative costs incurred by the City will be reimbursed through assessment revenues, up to an agreed-upon percentage cap of assessments collected.

RECOMMENDATION

It is recommended that the City Council:

- Conduct a Public Hearing regarding the establishment of the proposed Garden Grove Tourism Improvement District (GGTID) and accept the testimony of all interested persons for or against the establishment of the GGTID, the extent of the GGTID, or the furnishing of specified types of improvements or activities;
- Determine whether there is majority protest;


If there is no majority protest:

- Introduce and conduct the first reading of the Ordinance entitled: AN ORDINANCE OF THE CITY OF GARDEN GROVE ESTABLISHING THE GARDEN GROVE TOURISM IMPROVEMENT DISTRICT (GGTID) PURSUANT TO THE PARKING AND BUSINESS IMPROVEMENT AREA LAW OF 1989;
- Adopt the Resolution approving the Report of the Advisory Board for Fiscal Year 2010-2010 in connection with the GGTID; and
- Adopt the Resolution declaring the City's intention to levy assessments for Fiscal Year 2010-2011 for the GGTID.



GREG BLODGETT  
Senior Project Manager

Approved for Agenda Listing



Matthew Fertal  
City Manager

- Attachment 1: Resolution No. 9009-10
- Attachment 2: Proposed Ordinance Establishing the GGTID
- Attachment 3: Proposed Resolution Approving the Report of the Advisory Board for Fiscal Year 2010-2011
- Attachment 4: Proposed Resolution Declaring Intention to Levy Assessments for Fiscal Year 2010-2011
- Attachment 5: Fiscal Year 2010/2011 Annual Report

## RESOLUTION NO. 9009-10

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE  
DECLARING ITS INTENTION TO ESTABLISH THE GARDEN GROVE TOURISM  
IMPROVEMENT DISTRICT (GGTID), AND FIXING THE TIME AND PLACE OF PUBLIC  
MEETING AND 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;

WHEREAS, the City Council of the City of Garden Grove desires to form a parking and business improvement area encompassing property along or near Harbor Boulevard pursuant to the Law in order to promote the proposed area as a premier tourism and visitor district and, specifically, to aid in the promotion of local tourism related programs and activities for visitor accommodation facilities located in the proposed area;

WHEREAS, the owners and operators of visitor accommodation facilities in the proposed area have requested that the Garden Grove City Council establish such a self-assessment improvement area in order to create a stable source of revenue with which to fund necessary improvements in the area and to promote tourism in Garden Grove;

WHEREAS, the viability of the Garden Grove Tourism Industry is vital to the overall economic development of the City of Garden Grove, and any financing mechanism that provides for the health of that industry is extremely important to the visitors to and residents of Garden Grove; and

WHEREAS, the benefiting visitor accommodation facilities seek to create a stable source of revenue to defray the costs of advertising and marketing efforts designed to increase overnight stays in the area, for construction and maintenance of improvements such as sidewalks, medians, lighting, and utilities along and in the immediate vicinity of Harbor Boulevard and for other services, activities, and programs that promote and encourage tourism within the area.

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

1. The recitals set forth herein are true and correct.
2. The City Council declares its intention to establish a parking and business improvement area pursuant to the Parking and Business Improvement Area Law of 1989, California Streets and Highways Code section 36500 et seq.

3. The boundaries of proposed parking and business improvement area are proposed to 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 proposed benefit area is divided into two (2) separate zones: (i) Tier I, which includes that real property within the benefit area north of Lampson Avenue, and (ii) Tier II, which includes that real property within the benefit area south of Lampson Avenue. A map showing the precise area and boundaries of the proposed parking and business improvement area and the two benefit zones is attached hereto at Exhibit "A" and is incorporated into this Resolution by reference. A list of the existing visitor accommodation facilities within the proposed parking and business improvement area that would be subject to an assessment is attached at Exhibit "B."

4. The name of the Parking and Business Improvement Area shall be the Garden Grove Tourism Improvement District and shall also be referred to herein for convenience as the "GGTID."

5. The types of improvements and activities proposed 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. A list of some of the specific improvements and activities anticipated to be funded by the levy of assessments is attached hereto at Exhibit "C" and incorporated into this Resolution by reference.

6. Except where funds are otherwise available, the City Council proposes to levy an annual assessment on all visitor accommodation facilities, existing, and future, located within the boundaries of the GGTID to fund the improvements and activities within and that benefit the GGTID, commencing on or about December 1, 2010. The proposed method and basis of levying the assessment is set forth in Exhibit "D" attached hereto and incorporated into this Resolution by reference. The amount of the annual assessment shall be capped at (i) two and one-half percent (2.5%) of the gross rent charged per room occupancy per night for all transient occupancies for visitor accommodation facilities within Tier I and (ii) one-half percent (0.5%) of the gross rent charged per room occupancy per night for all transient occupancies for visitor accommodation facilities within Tier II. It is anticipated that, upon reaching an agreement with the VCB, up to eighty percent (80%) of the annual assessment revenues will be allocated to and administered by the VCB pursuant to a contract with the City, and all remaining annual assessment revenues will be allocated to and administered by a nonprofit mutual benefit corporation comprised of members consisting of the benefitted visitor

accommodation facilities, subject to annual City Council approval of the expenditure recommendations of the Advisory Board.

7. The failure of any assessed visitor accommodation facility to timely pay any assessment shall subject that visitor accommodation facility to the late payment penalties described in Exhibit "D."

8. New visitor accommodation facilities within the boundaries of the GGTID will not be exempt from levy of the assessment.

9. The City Council hereby sets September 28, 2010, as the date for a public meeting to allow for public testimony on the establishment of the GGTID and the levy of assessments and October 12, 2010, as the date for a public hearing on the establishment of the GGTID and the levy of assessments pursuant to California Government Code Section 54954.6. Both the public meeting and the Public Hearing will be held at 6:30 p.m., or as soon thereafter as practicable, in the City Council Chamber at the Garden Grove Community Meeting Center, 11300 Stanford Avenue, Garden Grove, California.

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

11. At the public meeting and Public Hearing, the testimony of all interested persons for or against the establishment of the GGTID, 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 of the City of Garden Grove 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 92842, or delivered in person to the City Clerk at 11222 Acacia Parkway, Garden Grove, California 92842.

12. 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 further proceedings to create the GGTID shall occur. New proceedings to form the GGTID shall not be undertaken again for a period of at least one (1) year from the date of the finding of the majority written protest by the City Council. If the majority of written protests are only as to an improvement or activity proposed, then that type of improvement or activity shall not be included in the GGTID. 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.

13. This Resolution is effective upon its adoption.

Adopted this 24<sup>th</sup> day of August 2010.

ATTEST: /s/ WILLIAM J. DALTON  
MAYOR

/s/ KATHLEEN BAILOR  
CITY CLERK

STATE OF CALIFORNIA )  
COUNTY OF ORANGE ) SS:  
CITY OF GARDEN GROVE )

I, KATHLEEN BAILOR, City Clerk of the City of Garden Grove; do hereby certify that the foregoing Resolution was duly adopted by the City Council of the City of Garden Grove, California, at a meeting held on the 24<sup>th</sup> day of August 2010, by the following vote:

AYES: COUNCIL MEMBERS: (5) BROADWATER, DO, JONES, NGUYEN, DALTON  
NOES: COUNCIL MEMBERS: (0) NONE  
ABSENT: COUNCIL MEMBERS: (0) NONE

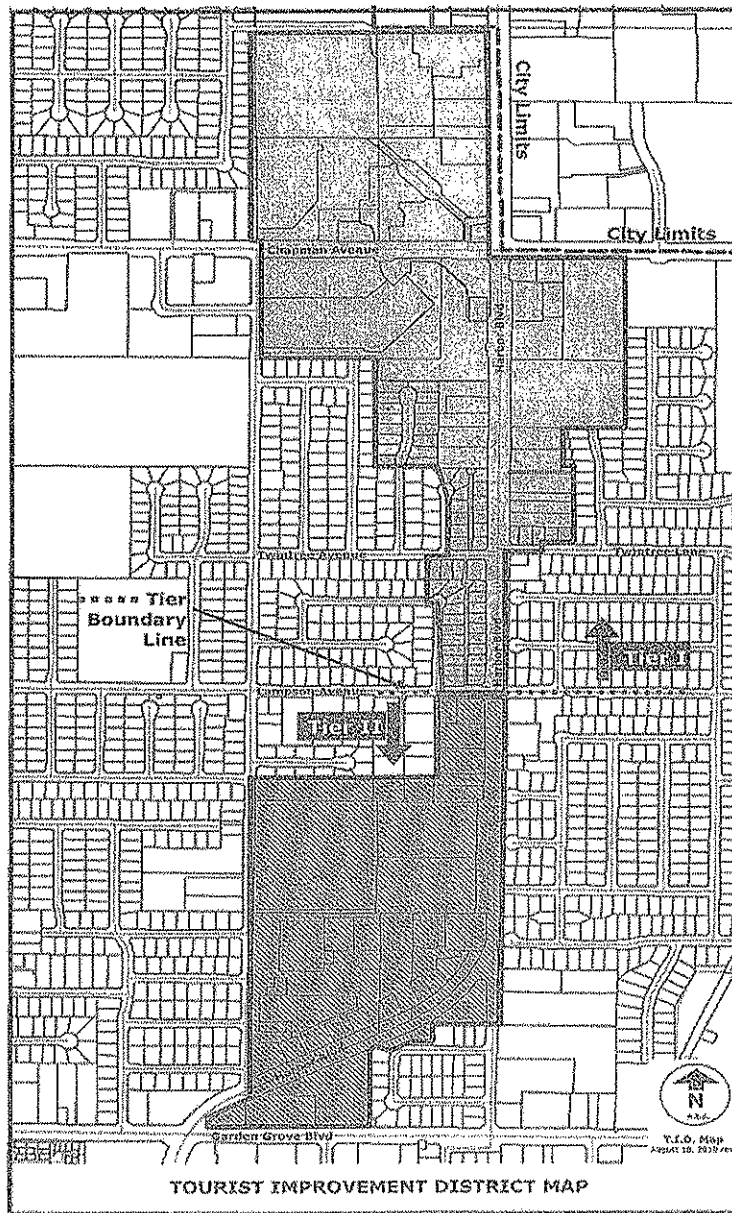
/s/ KATHLEEN BAILOR  
CITY CLERK



**EXHIBIT "A"**

**BOUNDARIES AND MAP OF THE GARDEN GROVE TOURISM IMPROVEMENT DISTRICT AND ASSESSMENT ZONES THEREIN**

Any and all current and future Visitor Accommodation Facilities falling within the following boundaries will automatically be included in the GGTID.



**EXHIBIT "B"**

**ASSESSED VISITOR ACCOMMODATION FACILITIES WITHIN  
GARDEN GROVE TOURISM IMPROVEMENT DISTRICT  
(AS OF AUGUST 2010)**

<b>VISITOR ACCOMMODATION FACILITY</b>	<b>ADDRESS</b>	<b>BENEFIT ZONE</b>
Anaheim Marriott Suites	12015 Harbor Blvd.	Tier I
Crowne Plaza Anaheim Resort	12021 Harbor Blvd.	Tier I
Embassy Suites Hotel Anaheim South	11767 Harbor Blvd.	Tier I
Hampton Inn & Suites	11747 Harbor Blvd.	Tier I
Hilton Garden Inn Anaheim/Garden Grove	11777 Harbor Blvd.	Tier I
Hyatt Regency – Orange County	11999 Harbor Blvd.	Tier I
Residence Inn Anaheim Resort Area	11931 Harbor Blvd.	Tier I
Homewood Suites Anaheim	12005 Harbor Blvd.	Tier I
Sheraton Garden Grove-Anaheim South	12221 Harbor Blvd.	Tier I

## **EXHIBIT "C"**

### **IMPROVEMENTS AND ACTIVITIES TO BE FUNDED BY ASSESSMENTS ON THE BUSINESSES IN THE GARDEN GROVE TOURISM IMPROVEMENT DISTRICT**

The Garden Grove Tourism Improvement District (GGTID) will serve as a funding mechanism for some or all of the following special improvements or activities to market and promote the City of Garden Grove tourism and convention industry in general and the GGTID Visitor Accommodation Facilities in particular:

- Advertising and marketing programs through the Anaheim/Orange County Visitor & Convention Bureau;
- Advertising and marketing programs through the GGTID and/or a separate nonprofit corporation formed to administer and implement the GGTID;
- Bus stop upgrades adjacent to participating Visitor Accommodation Facilities within the boundaries of the GGTID;
- Buy down assistance and rebates for participating Visitor Accommodation Facilities;
- Special events produced by resort properties – demand generators that benefit the participating Visitor Accommodation Facilities;
- Underwriting of related special events that benefit the participating Visitor Accommodation Facilities;
- Landscape and maintenance from sidewalk to curb and within medians within the boundaries of the GGTID;
- Lighting and maintenance from sidewalk to curb within the boundaries of the GGTID;
- Construction and beautification of medians, islands, fountains, and signage within the boundaries of the GGTID;
- Sidewalk maintenance within the boundaries of the GGTID;
- Utilities from sidewalk to curb within the boundaries of the GGTID;
- Private security within the boundaries of the GGTID for participating Visitor Accommodation Facilities;
- Parking upgrades and improvements, including gates within the boundaries of the GGTID;
- Transportation expenses such as ATN for participating Visitor Accommodation Facilities;
- Alternative transportation methods for participating Visitor Accommodation Facilities;
- Sponsorships, membership fees, dues, and subscriptions for programs or organizations furthering promotion of the City of Garden Grove's tourism and convention industry and benefiting participating Visitor Accommodation Facilities;
- Tourism-related studies and consultants;
- Staff and organizational operating costs related to the administration of the GGTID;

- Repayment of formation costs including the use of attorneys, consultants, and related professional services;
- Administrative fees incurred by the City of Garden Grove based upon agreement with the GGTID Visitor Accommodation Facilities and/or limited to and consistent with the percentage of total assessments charged by the City of Anaheim.

The proceeds of the GGTID assessments shall be spent to administer marketing and visitor programs to promote the benefited Visitor Accommodation Facilities in the City of Garden Grove as a tourism visitor destination and to fund projects, programs and activities, including appropriate staff administrative charges, that benefit Visitor Accommodation Facilities within the boundaries of the GGTID. The revenues from such assessments may also be used to pay or reimburse administrative costs incurred by the City or any entity contracting with the City in connection with the formation of the GGTID, the levy and collection of assessments, and the ongoing administration of the improvements and activities funded by the assessments. Notwithstanding the foregoing, payment or reimbursement to the City for administrative costs incurred by the City will not exceed three percent (3%) of assessment revenues collected.

Funds remaining at the end of any GGTID fiscal year may be used in subsequent years in which the GGTID assessments are levied as long as they are used consistent with the requirements of the Ordinance establishing the GGTID.

## **EXHIBIT "D"**

### **PROPOSED METHOD AND BASIS OF LEVYING ASSESSMENT**

#### **Applicable Definitions**

"Advisory Board" shall mean the Advisory Board appointed by the City Council.

"City Council" shall mean the City Council of the City of Garden Grove.

"GGTID" shall mean the Garden Grove Tourism Improvement District.

"Law" shall mean the Parking and Business Improvement Area Law of 1989, codified at California Streets and Highways Code section 36500 et seq., as it may be amended from time to time.

"Occupancy" shall mean the use or possession or the right to the use or possession, of any room or portion thereof in any Visitor Accommodation Facility for dwelling, lodging or sleeping purposes.

"Operator" shall mean the person who is the proprietor of the Visitor Accommodation Facility, whether in the capacity of owner, lessee, sublessee, mortgagee in possession, licensee, manager or any other capacity. Where the Operator performs through a managing agent of any type or character other than an employee, the managing agent shall also be deemed an Operator for the purposes of this Ordinance and shall have the same duties and liabilities as his principal. Compliance with the provisions of this Ordinance by either the principal or the managing agent shall be considered to be compliance by both.

"Ordinance" shall mean the Ordinance adopted by the City Council establishing the GGTID, following a public hearing.

"Person" shall mean any individual, firm, partnership, joint venture, association, social club, fraternal organization, joint stock company, corporation, estate, trust, business trust, receiver, trustee, syndicate, or any other group or combination acting as a unit.

"Rent" shall mean the consideration charged, whether or not received, for the Occupancy of space in a Visitor Accommodation Facility, 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.

"Transient" or "Visitor" shall mean any person who exercises Occupancy or is entitled to Occupancy by reason of concession, permit, right of access, license or

other agreement for a period of thirty (30) consecutive calendar days or less, counting portions of calendar days as full days. Any such person so occupying space in a Visitor Accommodation Facility shall be deemed to be a transient until the period of thirty (30) days has expired unless there is an agreement, in writing, between the Operator and the occupant providing for a longer period of Occupancy.

"Visitor Accommodation Facility" shall mean any hotel, inn, motel, vacation time share facility, or similar lodging facility or business, which caters to casual business or tourist Visitors, in whole or in part.

### **Levy and Collection of Assessments**

Except where funds are otherwise available, the assessment shall be levied annually on all Visitor Accommodation Facilities, existing and future, located within the boundaries of the GGTID to fund the improvements and activities within and that benefit the GGTID, commencing in fiscal year 2010-2011. The assessment shall be in addition to any other assessments, fees, charges or taxes imposed by the City.

Each annual assessment shall be set annually by Resolution of the City Council adopted pursuant Section 36535 of the Law, and shall not exceed (i) 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.

The assessment 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. Each Operator shall ensure that the assessments levied and remitted to the City pursuant to this Ordinance are clearly identified as distinct from the Hotel Visitors Tax revenues collected and remitted by the Operator. Upon request by the City, Visitor Accommodation Facilities shall furnish copies of records to the City or its designee that will allow confirmation that appropriate assessments have been paid.

### **Annual Review of Assessment**

All of the assessments imposed pursuant to the Ordinance shall be reviewed by the City Council annually, based upon the annual report prepared by the Advisory Board appointed pursuant to the Ordinance and Sections 36530 and 36533 of the Law. After approval of the Annual Report, the City Council shall follow the hearing process as outlined in Section 36534 of the Law. At the Public Hearing the City Council shall hear and consider all protests. If written protests are received from

Visitor Accommodation Facilities in the GGTID paying fifty percent (50%) or more of the annual assessment, no further proceedings to continue the levy of assessments shall take place. The protests shall be weighted based upon the annual assessment for the prior year on each Visitor Accommodation Facility subject to the assessment. For example, a Visitor Accommodation Facility that is assessed 8.76% of the prior year's total annual assessment shall have an 8.76% weighted vote regarding the annual assessment for the immediately succeeding year.

### **Imposition of Assessment**

The assessment imposed by the Ordinance will be levied upon the Visitor Accommodation Facilities within the GGTID, and the Operator of each Visitor Accommodation Facility shall be solely responsible for paying all assessments when due. Notwithstanding the foregoing, in the event that the Operator of a Visitor Accommodation Facility elects to pass on some or all of the assessment to customers of the Visitor Accommodation Facility, the Operator shall separately identify or itemize the assessment on any document provided to a customer. Assessments levied on the Operators of Visitor Accommodation Facilities pursuant to this Ordinance and passed onto customers are not part of a Visitor Accommodation Facility's gross rent for purposes of this Ordinance or the calculation of the City's Hotel Visitor's Tax pursuant to Chapter 12 of Title 3 of the Garden Grove Municipal Code.

### **Penalty for Non-Payment of Assessment**

Any Visitor Accommodation Facility that fails to remit any assessments imposed by this Ordinance within the time required shall pay a penalty of ten percent (10%) of the amount of the assessment in addition to the amount of the assessment due. Any Visitor Accommodation Facility 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 penalty of ten percent (10%) of the amount of the assessment and the ten percent (10%) penalty first imposed. Fifty percent (50%) of all such penalties collected shall be retained by the City to offset costs incurred by the City in collecting said penalties. The remaining fifty percent (50%) of all such penalties collected shall be used for the same purposes as the proceeds from the assessments. In addition to the penalties imposed, any Visitor Accommodation Facility that fails to remit any assessment imposed by this Ordinance shall pay interest at the rate of one and one-half percent (1.5%) per month or fraction thereof on the amount of the assessment, exclusive of penalties, from the date on which remittance first became delinquent. All such interest collected shall be used for the same purposes as the proceeds from the assessments.





## ORDINANCE NO.

AN ORDINANCE OF THE CITY OF GARDEN GROVE ESTABLISHING THE GARDEN GROVE TOURISM IMPROVEMENT DISTRICT (GGTID) PURSUANT TO THE PARKING AND BUSINESS IMPROVEMENT AREA LAW OF 1989

***City Attorney Summary***

***This Ordinance establishes a business improvement/tourism promotion district (TID) encompassing visitor accommodation facilities (VAFs) along Harbor Boulevard from the Anaheim-Garden Grove border south to Garden Grove Boulevard. The Ordinance provides for assessments not to exceed (i) 2.5 percent of the gross rent per room per night for Tier I VAFs (those located north of Lampson Avenue) and (ii) 0.5 percent of the gross rent per room per night for Tier II VAFs (those located south of Lampson Avenue). The assessments will be used to promote tourism in the TID, construct and maintain improvements within the TID, and otherwise facilitate services, activities, and programs designed to increase tourism within the TID.***

***The Ordinance sets forth the processes for annual review, collection, and handling of the assessments. The Ordinance provides authority to contract with the Anaheim/Orange County Visitors and Convention Bureau, the Garden Grove Tourism Promotion Corporation and other entities to accomplish the TID goals. The Ordinance also provides for an Advisory Board to make recommendations to the City Council regarding TID assessments and expenditures.***

THE CITY COUNCIL OF THE CITY OF GARDEN GROVE, CALIFORNIA, DOES FIND AND ORDAIN AS FOLLOWS:

**Section 1: Purpose.** The purpose of this Ordinance is to establish the Garden Grove Tourism Improvement District (GGTID), which shall be administered by the Garden Grove Tourism Promotion Corporation (GGTPC), a California non-profit mutual benefit corporation, or a successor entity acceptable to the City. The purpose of forming the GGTID as a business improvement area under the Law 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 will benefit the Operators of Visitor Accommodation Facilities paying assessments through the promotion of scenic, recreational, cultural, and other attractions.

**Section 2: Definitions.**

“Advisory Board” shall mean the Advisory Board appointed by the City Council pursuant to this Ordinance.

“City Council” shall mean the City Council of the City of Garden Grove.

"GGTID" shall mean the Garden Grove Tourism Improvement District created by this Ordinance and as delineated in Section 5 of this Ordinance.

"Law" shall mean the Parking and Business Improvement Area Law of 1989, codified in California Streets and Highways Code Section 36500 et seq., as it may be amended from time to time.

"Occupancy" shall mean the use or possession or the right to the use or possession, of any room or portion thereof in any Visitor Accommodation Facility for dwelling, lodging, or sleeping purposes.

"Operator" shall mean the person who is the proprietor of the Visitor Accommodation Facility, whether in the capacity of owner, lessee, sublessee, mortgagee in possession, licensee, manager, or any other capacity. Where the Operator performs through a managing agent of any type or character other than an employee, the managing agent shall also be deemed an Operator for the purposes of this Ordinance and shall have the same duties and liabilities as his principal. Compliance with the provisions of this Ordinance by either the principal or the managing agent shall be considered to be compliance by both.

"Person" shall mean any individual, firm, partnership, joint venture, association, social club, fraternal organization, joint stock company, corporation, estate, trust, business trust, receiver, trustee, syndicate, or any other group or combination acting as a unit.

"Rent" shall mean the consideration charged, whether or not received, for the Occupancy of space in a Visitor Accommodation Facility, 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.

"Transient" or "Visitor" shall mean any person who exercises Occupancy or is entitled to Occupancy by reason of concession, permit, right of access, license, or other agreement for a period of thirty (30) consecutive calendar days or less, counting portions of calendar days as full days. Any such person so occupying space in a Visitor Accommodation Facility shall be deemed to be a transient until the period of thirty (30) days has expired unless there is an agreement, in writing, between the Operator and the occupant providing for a longer period of Occupancy.

"Visitor Accommodation Facility" shall mean any hotel, inn, motel, vacation time share facility, or similar lodging facility or business, which caters to casual business or tourist Visitors, in whole or in part.

Section 3: Findings. The City Council of the City of Garden Grove hereby finds:

A. Pursuant to the Parking and Business Improvement Area Law of 1989, California Streets and Highways Code Section 36500 et seq., (Law), on August 24, 2010, the City Council adopted Resolution No. 9009-10, entitled "A Resolution of the City of Garden Grove Declaring its Intention to Establish the Garden Grove

Tourism Improvement District (GGTID) and Fixing the Time and Place of Public Meeting and Public Hearing Thereon and Giving Notice Thereof.”

B. The City caused notice of a Public Meeting and Public Hearing concerning the proposed establishment of the Garden Grove Tourism Improvement District and the proposed levy of an assessment against Visitor Accommodation Facilities within the proposed GGTID for Fiscal Year 2010-2011 to be duly published and mailed as provided by law.

C. A Public Meeting and a Public Hearing concerning the proposed establishment of the GGTID and the proposed levy of assessments on Visitor Accommodation Facilities within the GGTID for fiscal year 2010-2011 were held on September 28, 2010, and October 12, 2010, respectively, in the Council Chamber at the Garden Grove Community Meeting Center, 11300 Stanford Avenue, Garden Grove, California.

D. At the Public Meeting and Public Hearing, the testimony of all interested persons for and against the proposed establishment of the GGTID, the extent of the proposed GGTID, or the furnishing of specified types of improvements and activities within the proposed GGTID, and regarding the levy of an assessment against the Visitor Accommodation Facilities within the proposed GGTID for Fiscal Year 2010-2011 was heard and considered, and a full, fair, and complete hearing was held.

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

F. The City Council finds that the public interest, convenience, and necessity require the establishment of the proposed Garden Grove Tourism Improvement District.

G. The City Council finds that the Visitor Accommodation Facilities within the GGTID will be specially and proportionately benefitted by the improvements and activities funded by the assessments to be levied hereby.

Section 4. Establishment of the Garden Grove Tourism Improvement District (GGTID). Pursuant to the Law, the Garden Grove Tourism Improvement District is hereby created and established. All Visitor Accommodation Facilities within the boundaries of the GGTID established by this Ordinance shall be subject to this Ordinance and any amendments of the Law.

Section 5. Boundaries. The boundaries of the GGTID shall 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 hereto at Exhibit "A" and incorporated herein by reference.

Section 6. Levy and Collection of Assessments. Except where funds are otherwise available, the assessments shall be levied annually on all Visitor Accommodation Facilities, existing and future, located within the boundaries of the GGTID to fund the improvements and activities within and that benefit the GGTID, commencing with Fiscal Year 2010-2011. The assessment shall be in addition to any other assessments, fees, charges, or taxes imposed by the City.

Each annual assessment shall be set annually by Resolution of the City Council adopted pursuant Section 36535 of the Law, and shall not exceed (i) 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. The City Council hereby finds and determines that the respective assessment amounts to be levied in the two benefit zones are reasonably proportional to the estimated benefits expected to accrue to the Visitor Accommodation Facilities within each benefit zone.

The assessment 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. Each Operator shall ensure that the assessments levied and remitted to the City pursuant to this Ordinance are clearly identified as distinct from the Hotel Visitors Tax revenues collected and remitted by the Operator. Upon request by the City, Visitor Accommodation Facilities shall furnish copies of records to the City or its designee that will allow confirmation that appropriate assessments have been paid.

Section 7. Annual Review of Assessment. All of the assessments imposed pursuant to this Ordinance shall be reviewed by the City Council annually, based upon the Annual Report prepared by the Advisory Board appointed pursuant to this Ordinance and Sections 36530 and 36533 of the Law. After approval of the Annual Report, the City Council shall follow the hearing process as outlined in Section 36534 of the Law. At the Public Hearing the City Council shall hear and consider all protests. If written protests are received from Visitor Accommodation Facilities in the GGTID paying fifty percent (50%) or more of the annual assessment, no further proceedings to continue the levy of assessments shall take place. The protests shall be weighted based upon the annual assessment for the prior year on each Visitor Accommodation Facility subject to the assessment. For example, a Visitor Accommodation Facility that is assessed 8.76 percent of the prior year's total annual assessment shall have an 8.76 percent weighted vote regarding the annual assessment for the immediately succeeding year.

Section 8. Imposition of Assessment. The assessment imposed by this Ordinance is levied upon the Visitor Accommodation Facilities within the GGTID, and the Operator of each Visitor Accommodation Facility shall be solely responsible for paying all assessments when due. Notwithstanding the foregoing, in the event that the Operator of a Visitor Accommodation Facility elects to pass on some or all of the assessment to customers of the Visitor Accommodation Facility, the Operator shall separately identify or itemize the assessment on any document provided to a customer. Assessments levied on the Operators of Visitor Accommodation Facilities pursuant to this Ordinance and passed onto customers are not part of a Visitor Accommodation Facility's gross rent for purposes of this Ordinance or the calculation of the City's Hotel Visitors Tax pursuant to Chapter 12 of Title 3 of the Garden Grove Municipal Code.

Section 9. Use of Proceeds From Assessments. Revenues from the assessments collected from Visitor Accommodation Facilities within the GGTID shall be used to provide improvements or activities in the GGTID and for the purposes of expenses, services, activities, and programs specified in this Ordinance, in the Resolution of Intention to form the GGTID, or as modified by the City Council pursuant to compliance with the Law. The revenues from such assessments may also be used to pay or reimburse administrative costs incurred by the City or any entity contracting with the City pursuant to Section 11, below, in connection with the formation of the GGTID, the levy and collection of assessments, and the ongoing administration of the improvements and activities funded by the assessments. Notwithstanding the foregoing, payment or reimbursement to the City for administrative costs incurred by the City shall not exceed three percent (3%) of assessment revenues collected. Revenues from the assessments collected in the GGTID shall not be used for any purposes other than those set forth in this Section 9.

Section 10. Penalty for Non-Payment of Assessment. Any Visitor Accommodation Facility that fails to remit any assessments imposed by this Ordinance within the time required shall pay a penalty of ten percent (10%) of the amount of the assessment in addition to the amount of the assessment due. Any Visitor Accommodation Facility 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 penalty of ten percent (10%) of the amount of the assessment and the ten percent (10%) penalty first imposed. Fifty percent (50%) of all such penalties collected shall be retained by the City to offset costs incurred by the City in collecting said penalties. The remaining fifty percent (50%) of all such penalties collected shall be used for the same purposes as the proceeds from the assessments. In addition to the penalties imposed, any Visitor Accommodation Facility that fails to remit any assessment imposed by this Ordinance shall pay interest at the rate of one and one-half percent (1.5%) per month or fraction thereof on the amount of the assessment, exclusive of penalties, from the date on which remittance first became delinquent. All such interest

collected shall be used for the same purposes as the proceeds from the assessments.

Section 11. Power to Contract. The City Council may contract from time to time with a separate entity or entities, including, but not limited to, the GGTPC and/or the Anaheim/Orange County Visitors & Convention Bureau, to provide and/or administer improvements and activities funded by the assessments. Except with respect to contracts required by Law to be entered into by the City, if the City Council enters into a contract with GGTPC or another entity to administer GGTID, that entity shall be authorized to contract in furtherance of the purposes of the GGTID.

Section 12. Advisory Board. The City Council shall appoint an Advisory Board pursuant to Section 36530 of the Law in order to make recommendations to the City Council on the expenditure of revenues derived from the levy of assessments, on the classification of businesses, as applicable, and on the method and basis of levying the assessments. Unless otherwise expressly provided by the City Council, the Board of Directors of the GGTPC shall constitute the Advisory Board.

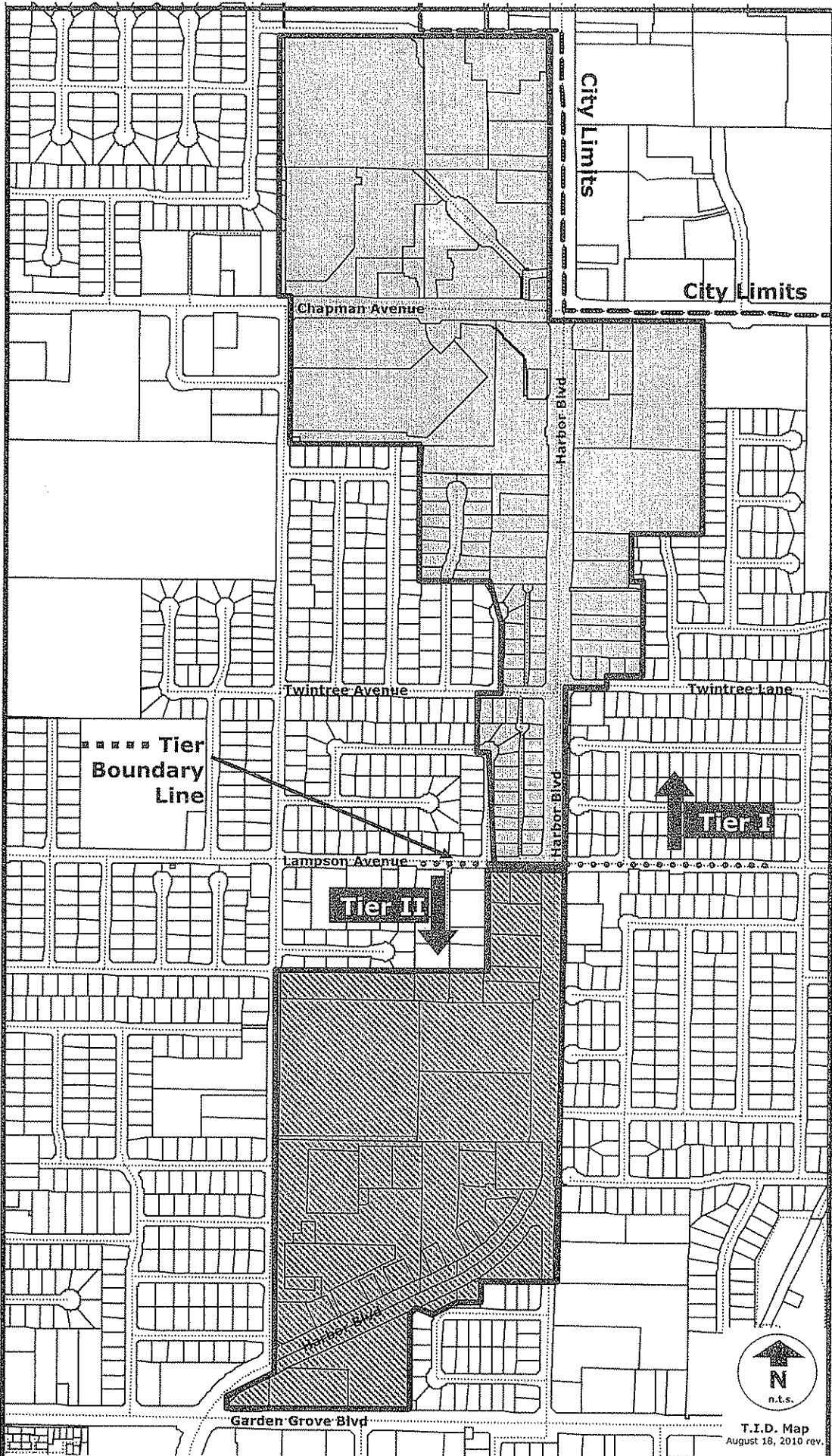
Section 13. Severability. If any section, subsection, subdivision, sentence, clause, phrase, word, or portion of this Ordinance is, for any reason, held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have adopted this Ordinance and each section, subsection, subdivision, sentence, clause, phrase, word, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, words or portions thereof be declared invalid or unconstitutional.

Section 14. The Mayor shall sign and the City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same, or the summary thereof, to be published and posted pursuant to the provisions of law and this Ordinance shall take effect thirty (30) days after adoption.

EXHIBIT "A"

BOUNDARIES AND MAP OF THE GARDEN GROVE TOURISM IMPROVEMENT  
DISTRICT AND ASSESSMENT ZONES THEREIN

Any and all current and future Visitor Accommodation Facilities falling within the following boundaries will automatically be included in the GGTID.



T.I.D. Map  
August 18, 2010 rev.

### TOURIST IMPROVEMENT DISTRICT MAP



RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE  
APPROVING THE ANNUAL REPORT OF THE ADVISORY BOARD FOR FISCAL YEAR  
2010-2011 IN CONNECTION WITH THE GARDEN GROVE TOURISM IMPROVEMENT  
DISTRICT (GGTID)

NOW THEREFORE, the City Council of the City of Garden Grove hereby resolves, determines, and finds as follows:

SECTION 1. The Parking and Business Improvement Area Law of 1989, California Streets and Highways Code Section 36500 et seq., (the Law) authorizes the City Council 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.

SECTION 2. The Law requires the City Council to appoint an Advisory Board, which shall make recommendations to the City Council on the expenditure of revenues derived from the levy of assessments, on the classification of businesses, as applicable, and on the method and basis of levying the assessments.

SECTION 3. By previous Resolutions, the City Council declared its intention to establish the Garden Grove Tourism Improvement District (GGTID), appointed an Advisory Board for the proposed GGTID, and directed the Advisory Board to prepare and file with the City Clerk, in accordance with Section 36533 of the Law, an Annual Report for Fiscal Year 2010-2011 in connection with the proposed establishment of the GGTID and levy of an assessment on visitor accommodation facilities within the GGTID for Fiscal Year 2010-2011.

SECTION 4. In accordance with Section 36533 of the Law, the Advisory Board has prepared and filed with the City Clerk, and the City Clerk has presented to the City Council, an Annual Report for Fiscal Year 2010-2011 in connection with the proposed establishment of the GGTID and levy of an assessment on visitor accommodation facilities within the GGTID for Fiscal Year 2010-2011(Report).

SECTION 5. The City Council has examined and reviewed the Report, and such Report is hereby approved and filed.

PASSED AND ADOPTED at a Regular Meeting of the City Council of the City of Garden Grove on this 12th day of October, 2010.



## RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE DECLARING ITS INTENTION TO LEVY ASSESSMENTS FOR FISCAL YEAR 2010-2011 FOR THE GARDEN GROVE TOURISM IMPROVEMENT DISTRICT (GGTID) 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., (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;

WHEREAS, Pursuant to the Law, on August 24, 2010, the City Council adopted Resolution No. 9009-10, declaring its intention to establish the Garden Grove Tourism Improvement District (GGTID);

WHEREAS, a Public Meeting and a Public Hearing concerning the proposed establishment of the GGTID were held on September 28, 2010, and October 12, 2010, respectively, in the Council Chamber at the Garden Grove Community Meeting Center, 11300 Stanford Avenue, Garden Grove, California;

WHEREAS, on October 12, 2010, the City Council introduced an Ordinance establishing the GGTID; and

WHEREAS, on October 12, 2010, the City Council adopted a Resolution approving the Annual Report of the GGTID Advisory Board for Fiscal Year 2010-2011.

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 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 the 2010-2011 Fiscal Year, commencing December 31, 2010, and continuing through June 30, 2011.

SECTION 3. The Annual Report of the Garden Grove Tourism Improvement District Advisory Board for Fiscal Year 2010-2011 approved by the City Council is on file with the 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 4. 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.

SECTION 5. 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 6. The time and place for a Public Hearing on the levy of assessments for the GGTID is hereby set for October 26, 2010, at 6:30 p.m., or as soon thereafter as practicable, in the Council Chamber at the Garden Grove Community Meeting Center, 11300 Stanford Avenue, Garden Grove, California.

SECTION 7. The City Clerk is hereby directed to give notice of the above-described Public Hearing in accordance with the Law.

SECTION 8. 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 2010-2011, 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 92842, or delivered in person to the City Clerk at 11222 Acacia Parkway, Garden Grove, California 92840.

Section 9. 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 2010-2011. 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 10. This Resolution is effective upon its adoption.



**GARDEN GROVE TOURISM IMPROVEMENT DISTRICT ADVISORY BOARD  
REPORT FOR FISCAL YEAR 2010-2011 (Dec. 1, 2010–June 30, 2011)**

**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 hereto at Exhibit “A”.

No changes to the boundaries are proposed.

**IMPROVEMENTS & ACTIVITIES**

The improvements and activities anticipated to be undertaken in the GGTID for the 2010-2011 Fiscal Year generally include 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. The anticipated improvements and activities are more specifically delineated in the attached Budget.

**METHOD AND BASIS FOR LEVYING THE ASSESSMENT**

It is recommended that the annual assessments for Fiscal Year 2010-2011 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. It is anticipated that, upon reaching an agreement with the VCB, up to eighty percent (80%/or 2 points) of the annual assessment revenues will be allocated to and administered by the VCB pursuant to a contract with the City, and all remaining annual assessment revenues (20%/or .5 points) will be allocated to and administered by a nonprofit mutual benefit corporation (GG TID) comprised of members consisting of the benefitted visitor accommodation facilities.

In accordance with the Resolution of Intention and Ordinance adopted by the City Council, 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.

**ESTIMATED COST OF IMPROVEMENTS & ACTIVITIES**

The attached Budgets show the estimated assessment revenues and costs for the GGTID for FY 2010-2011, covering the period of 12/1/10–6/30/10.

Please find attached budgets A and B.

Budget: A. – Garden Grove TID (GG .5%) – This budget shows how 20% of the total GG TID (\$192,969.15) will be spent within the City to promote tourism.

B. – Garden Grove TID (AOCVCB 2%) – This budget shows how 80% of the total GG TID (\$771,876.58) will be used by the Anaheim Orange County Visitor and Convention Bureau to promote business in the area of Garden Grove by bringing conventions to Anaheim/Garden Grove areas.

#### **PRIOR YEAR SURPLUS OR DEFICIT TO BE CARRIED OVER**

As this is the first year of the GGTID, there are no surplus or deficit revenues to be carried over to Fiscal Year 2010-2011.

#### **OTHER CONTRIBUTIONS**

No contributions to the GGTID from sources other than the assessments levied are anticipated in Fiscal Year 2010-2011.

#### **Garden Grove Tourism Improvement District Advisory Board**

The GGTID Advisory Board is comprised of the following members of the Board of Directors of the Garden Grove Tourism Promotion Corporation:

Kevin Kennedy – General Manager, Hyatt Regency  
Steve Arnold – General Manager, Crowne Plaza Resort  
Ahmed Mahrous – General Manager, Embassy Suites  
Steve Falciani – General Manager, Marriott Suites  
Joe Leinacker – General Manager, Homewood Suites



**Garden Grove .5% TIDDraft Budget SummaryBudget A**

**Statement of Expense Summary**

**Budget Highlights**

	<b>%</b>	<b>\$</b>
<b>Estimated Revenue at .5%</b>		<b>192,969.15</b>
<b>Expenses:</b>		
<b>Fund Advertising &amp; Marketing efforts</b>	<b>20%</b>	<b>38,593.83</b>
<b>Fund Parking Upgrades, Improvements</b>	<b>20%</b>	<b>38,593.83</b>
<b>Buy Down/Misc Reserve</b>	<b>15%</b>	<b>28,945.37</b>
<b>Fund Harbor corridor beautification within the benefit zone</b>	<b>15%</b>	<b>28,945.37</b>
Islands		
Landscape		
Fountains		
Bus Stops		
Lighting		
Signage/Monument Signage		
<b>Contingency/"Hotel Back"</b>	<b>14%</b>	<b>27,015.68</b>
<b>Resort Community Support</b>	<b>5%</b>	<b>9,648.46</b>
<b>Harbor Blvd maintenance/utilities/repairs (from curb to and including sidewalk)</b>	<b>5%</b>	<b>9,648.46</b>
<b>Tourism Related studies/consultants</b>	<b>2%</b>	<b>3,859.38</b>
<b>City Admin Fees</b>	<b>2%</b>	<b>3,859.38</b>
<b>Administrative/Accounting/Auditing</b>	<b>2%</b>	<b>3,859.38</b>
<b>Total</b>	<b>100%</b>	<b>192,969.15</b>

**Proposed Garden Grove TID Budget**  
**\$771,876.58**  
**Budget B**

**Budget Highlights Marketing**

<b>Brand Advertising</b>	<b>\$115,790.70</b>
Interactive Agency & Media Buys	
<b>Cooperative Promotions</b>	<b>\$51,456.67</b>
Industry Sponsorships, Attendee Marketing, Account Campaigns	
<b>Research</b>	<b>\$51,456.67</b>
Attendee Satisfaction Survey & Web site Conversion Study	
<b>Collateral (Sales Tools)</b>	<b>\$20,583.47</b>
Videos, Virtual Tours, & Presentations	
<b>Exhibiting</b>	<b>\$10,291.73</b>
Booth Rental, Graphics & Design	
<b>Web Development - Technology</b>	
Interactive mapping, Social Media, Content Management System, Mobile Applications, License Fees & Third Party Integrations	
<b>Promotion &amp; Travel</b>	
Year Out Travel, Staffing, Attendee Marketing Sales Calls	
<b>Salaries &amp; Related Costs</b>	<b>\$51,456.67</b>
Web Content Specialist	
Marketing Research Analyst	X
Marketing Coordinator	
<b>Revenue Management</b>	
<b>Public Relations Campaign</b>	<b>\$51,456.67</b>
<b>Social Media Campaign</b>	<b>\$20,583.47</b>
<b>Total Marketing Expense</b>	<b>\$373,076.05</b>
<b>Sub-total Convention Sales &amp; Marketing</b>	
<b>Total Proposed Budget</b>	

**Proposed Garden Grove TID Budget**

**\$771,876.58**

**Budget B**

**Budget Highlights- Convention Sales**

<b>Solicitation, Travel, Promotions</b>	<b>\$128,645.81</b>
Travel & Entertainment	
<b>Client Events</b>	<b>\$51,456.67</b>
Client events, site tours, sales blitz's, Meeting Industry Council,	
<b>Salaries and Related Costs</b>	<b>\$90,052.24</b>
<b>Convention Sales Directors</b>	
Market responsibilities to include	
<b>In Market Sales Director-Northern California</b>	<b>X</b>
Markets include corporate and association based in the western region	
<b>In Market Sales Director-Washington DC</b>	
Market responsibilities to include corporate and association based in the mid-atlantic region.	
<b>Convention Sales Coordinators</b>	
Develop and prospect new business, ACC and self contained all markets	
<b>Convention Services Manager</b>	
<b>Restricted Reserves to host Industry Conventions PCMA, MPI, ASAE...</b>	
<b>Subsidy to offset costs for groups</b>	<b>\$128,645.81</b>
<b>Total Convention Sales Expense</b>	<b>\$398,800.53</b>
	<b>771,876.58</b>
	<b>771,876.58</b>