

CITY OF GARDEN GROVE
INTER-DEPARTMENT MEMORANDUM

To: Matthew J. Fertal

From: Economic Development

Dept: City Manager

Subject: RESOLUTION APPROVING
GARDEN GROVE TOURISM IMPROVEMENT
DISTRICT (GGTID) ADVISORY BOARD
REPORT AND DECLARING INTENTION
TO LEVY ASSESSMENT FOR FY 2012-2013

Date: June 12, 2012

OBJECTIVE

To adopt a Resolution approving the Annual Report of the Garden Grove Tourism Improvement District Advisory Board, declaring intention to levy assessments for FY 2012-2013 for the Garden Grove Tourism Improvement District based on the Advisory Board Report and setting a Public Hearing thereon.

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 within 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 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 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.

RESOLUTION APPROVING GARDEN GROVE TOURISM IMPROVEMENT
DISTRICT (GGTID) ADVISORY BOARD REPORT AND DECLARING
INTENTION TO LEVY ASSESSMENT FOR FY 2012-2013

June 12, 2012

Page 2

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 2012-2013, 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 2011-2012 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.

RESOLUTION APPROVING GARDEN GROVE TOURISM IMPROVEMENT
DISTRICT (GGTID) ADVISORY BOARD REPORT AND DECLARING
INTENTION TO LEVY ASSESSMENT FOR FY 2012-2013

June 12, 2012

Page 3

On February 22, 2011, the Garden Grove 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 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 2012-2013

State Law requires the City Council to annually adopt a Resolution declaring its intent 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 26, 2012. 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 26, 2012, 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 2012-2013 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 \$2,100,000 annually for local tourism improvement efforts, and most of these funds will be administered by the VCB 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.

RESOLUTION APPROVING GARDEN GROVE TOURISM IMPROVEMENT
DISTRICT (GGTID) ADVISORY BOARD REPORT AND DECLARING
INTENTION TO LEVY ASSESSMENT FOR FY 2012-2013

June 12, 2012

Page 4

RECOMMENDATION

It is recommended that the City Council:

- (1) Review and approve the GGTID Advisory Board annual report (Attachment 1); and
- (2) Adopt the Proposed Resolution (Attachment 2) entitled:

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 2012-2013 FOR THE GARDEN GROVE TOURISM IMPROVEMENT DISTRICT, FIXING THE TIME AND PLACE OF PUBLIC HEARING THEREON AND GIVING NOTICE THEREOF.



By: GREG BLODGETT
Senior Project Manager

Attachment 1: GGTID Advisory Board Annual Report
Attachment 2: Proposed Resolution

Recommended for Approval



Matthew Ferial
City Manager

GGTID Advisory Board Annual Report
will be available
at the June 12, 2012 City Council Meeting.

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 2012-2013 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 2012-2013 in connection with the proposed levy of an assessment upon visitor accommodation facilities within the GGTID for Fiscal Year 2012-2013 (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 2012-2013, commencing July 1, 2012, and continuing through June 30, 2013.

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 26, 2012, at 6:30 p.m., or as soon thereafter as practicable, in the Council Chamber at 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 2012-2013, 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's Office at City Hall, 11222 Acacia Parkway, Garden Grove, California 92840.

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 2012-2013. 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.