

CITY OF GARDEN GROVE

INTER-DEPARTMENT MEMORANDUM

To: Matthew J. Fertal  
Dept: City Manager  
Subject: CONFIRMATION OF GARDEN GROVE  
TOURISM IMPROVEMENT DISTRICT  
ADVISORY BOARD REPORT AND  
LEVY OF ASSESSMENT FOR FISCAL YEAR 2010/2011

From: Economic Development  
Dept:  
Date: October 26, 2010

OBJECTIVE

To conduct a Public Hearing and adopt a Resolution formally levying the assessment for Fiscal Year 2010/2011 for the Garden Grove Tourism Improvement District.

BACKGROUND

At its meeting on October 12, 2010, the City Council conducted a Public Hearing regarding establishment of the Garden Grove Tourism Improvement District (GGTID), determined there was no majority protest, and introduced an Ordinance establishing the GGTID. The City Council also received the Annual Report for Fiscal Year 2010-2011 from the GGTID Advisory Board and adopted Resolution No. 9015-10 approving the Annual Report and Resolution No. 9016-10 declaring its intention to levy and collect an annual assessment for Fiscal Year 2010-2011 in the GGTID. Before the annual assessment can actually be levied on the affected visitor accommodation facilities for the remainder of this fiscal year, the City Council must conduct a second Public Hearing to hear and consider all protests against the levying of the assessments.

DISCUSSION

State law requires the City Council to levy assessments on the affected visitor accommodation facilities within the GGTID annually based on recommendations provided in the Annual Report submitted by the GGTID Advisory Board. The City Council reviewed and approved the GGTID Advisory Board Annual Report for the remainder of Fiscal Year 2010-2011 at its October 12, 2010, meeting. Pursuant to State law, the City Council must hold a Public Hearing on the Annual Report and proposed assessment every year before confirming the Annual Report and levying the assessment for that fiscal year.

Notice of the Public Hearing in the form of the Resolution of Intention adopted at the October 12, 2010, meeting was published seven (7) days before the hearing and mailed to each visitor accommodation facility subject to the proposed assessment in accordance with State law.

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The purpose of the Public Hearing is for the City Council to hear and consider all protests against the levying of proposed assessments for the remainder of Fiscal Year 2010-2011, commencing December 1, 2010, and continuing through June 30, 2011. 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 50 percent 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 year from the date of the finding of a majority protest by the City Council. If the 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.
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 remainder of the 2010-2011 Fiscal Year, commencing December 1, 2010, and continuing through June 30, 2011.

FINANCIAL IMPACT

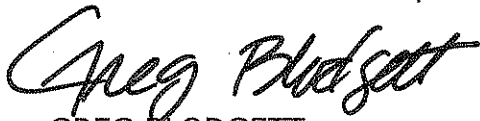
It is not anticipated that the City will incur significant direct costs as a result of the levy and collection of assessments for the GGTID. It is anticipated that assessment revenues will be administered by the Anaheim/Orange County Visitors and Convention Bureau and the Garden Grove Tourism Promotion Corporation 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.

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RECOMMENDATION

It is recommended that the City Council:

- Conduct a Public Hearing regarding the levying of proposed assessments for the remainder of Fiscal Year 2010-2011 for the Garden Grove Tourism Improvement District (GGTID) and accept the testimony of all interested persons for or against the levying of such assessments and/or other matters provided in the Annual Report submitted by the GGTID Advisory Board;
- Determine whether there is majority protest; and
- If there is no majority protest, adopt the attached Resolution confirming the Annual Report of the Garden Grove Tourism Improvement District Advisory Board and levying the assessment for Fiscal Year 2010-2011 for the Garden Grove Tourism Improvement District.

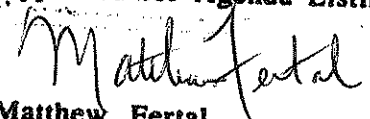


GREG BLODGETT  
Senior Project Manager

Attachment 1: Advisory Board Annual Report

Attachment 2: Proposed Resolution Confirming the GGTID Advisory Board Annual Report and Levying the Assessment for Fiscal Year 2010-2011

**Approved for Agenda Listing**



**Matthew Fertal**  
City Manager

**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% TID Draft Budget Summary Budget A

Statement of Expense Summary

Budget Highlights

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



## 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 2010-2011 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;

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;

WHEREAS, on October 12, 2010, the City Council adopted Resolution No. 9015-10 approving the Annual Report of the GGTID Advisory Board for Fiscal Year 2010-2011;

WHEREAS, on October 12, 2010, the City Council adopted Resolution No. 9016-10 declaring its intention to levy assessments for Fiscal Year 2010-2011 for the GGTID;

WHEREAS, pursuant to the Law, on October 26, 2010, the City Council conducted a second Public Hearing concerning the Annual Report of the GGTID Advisory Board and the levy of assessments for the GGTID for Fiscal Year 2010-2011 in the Council Chamber at the Garden Grove 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 2010-2011 (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 Annual Report, in the same form as originally submitted and approved on October 12, 2010.

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 with the City Clerk.

SECTION 4. In accordance with the Annual Report, the annual assessments for Fiscal Year 2010-2011 shall 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 GGTID for the 2010-2011 Fiscal Year, commencing December 1, 2010, and continuing through June 30, 2011.