

GARDEN GROVE TOURISM IMPROVEMENT DISTRICT ADVISORY BOARD REPORT FOR FISCAL YEAR 2019-2020

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, for construction and maintenance of improvements in the GGTID, and to provide other services, activities, and programs that promote and encourage tourism within the GGTID, which will benefit the Operators of Visitor Accommodation Facilities paying assessments through the promotion of scenic, recreational, cultural, and other attractions.

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

1. Any proposed changes in the boundaries of the GGTID or the benefit zones within the GGTID.
2. The GGTID improvements and activities to be provided in the upcoming fiscal year from GGTID assessment revenues and/or any other contributions from sources other than GGTID assessment revenues.
3. An estimate of the cost of providing the GGTID improvements and the activities for the upcoming fiscal year.
4. The method and basis of levying the assessment in sufficient detail to allow each Visitor Accommodation Facility to estimate

the amount of the assessment to be levied against the Visitor Accommodation Facility for the fiscal year, and any proposed changes to the method and basis of levying the assessment.

5. The amount of any surplus or deficit revenues to be carried over from the previous fiscal year.
6. The amount of any contributions to the GGTID to be made from sources other than assessments levied against the Visitor Accommodation Facilities.

1. CHANGES TO BOUNDARIES

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

No changes to boundaries of the GGTID are proposed.

2. IMPROVEMENTS & ACTIVITIES

- Marketing through our partnerships with both Visit Anaheim, and Orange County Visitors Association (OCVA) we developed targeted initiatives to promote and marketing Garden Grove area as the premier Southern California leisure destination and strengthen its competitive positioning within the consumer and travel trade sectors. These programs are designed to be an extension of our partners' sales efforts. The programs offer a unique platform to promote the new hotel inventory, current and remodeled hotels and additions in dining, entertainment, and transportation infrastructure.
- On June 2-4th the GGTID was a sponsor of US Travel Association's

2019 IPW conference. IPW is the leading international inbound travel trade show which drives over \$4.7 billion in future travel to the United States. IPW is national showcases of America, where US travel exhibitors connect with travel buyers and media from more than 70 countries to promote their product, negotiate future business and build relationships.

- GGTID also sponsored the US Travel's IPW 2019 Press Conference Event, which was held at the Grand Plaza Event held in Anaheim on June 2nd 2019.
- Sidewalks, landscaping, bus shelters and palm tree lighting maintenance along the Harbor Boulevard from Harbor and Chapman to Garden Grove Boulevard .
- Providing private security to enhance security for the Grove District.
- Sponsorship of the 2018 Tourism Cares event sponsored by the Garden Grove Tourism Improvement District (GGTID), where local non-profits were honored for being outstanding and dedicated community partners, who had committed their time and effort to improve the quality-of-life in Garden Grove and Orange County. Organizations included the Boys and Girls Clubs of Garden Grove, the Garden Grove Community Foundation, Helping Others Prepare for Eternity (H.O.P.E.), and the Orange County Food Bank, a division of Community Action Partnership of Orange County.

3. ESTIMATED COST OF IMPROVEMENTS & ACTIVITIES

The attached Budgets show the estimated assessment revenues and costs for the GGTID for FY 2019-2020.

Pursuant to an agreement between the City of Garden Grove and the VCB entered into on or about February 22, 2011, approximately eighty percent (80%) of the net GGTID assessment revenues (i.e., 2.0% of the total 2.5% assessment in Tier I and 0.4% of the total 0.5% assessment in Tier II), will be allocated to the VCB to administer and use for marketing and promotion of tourism and conventions benefitting the Visitor Accommodation Facilities as part of the "Anaheim Resort District." However, the City of Garden Grove will retain \$7,500 per

month from this allocation (for a total of \$90,000 in FY 2019-2020) for the purpose of funding future median improvements along Harbor Boulevard within the GGTID. For FY 2019-2020, the City is retaining one half of one percent (0.5%) of gross rent charged for per room night occupied for transit or transportation system benefitting the GGTID. The first Budget shows the estimated GGTID assessment revenues to be allocated to the VSB in Fiscal Year 2019-2020 and the estimated costs of those categories of improvements and activities to be funded by this portion of the GGTID assessment revenues.

The remaining approximately twenty percent (20%) of the net GGTID assessment revenues will be allocated to improvements and activities within and to benefit, the GGTID other than those provided by the VCB. These funds are administered by the Garden Grove Tourism Promotion Corporation pursuant to an agreement with the City. The second Budget shows this portion of the estimated GGTID assessment revenues for Fiscal Year 2019-2020 and the estimated costs of those categories of improvements and activities to be funded by this portion of the GGTID assessment revenues and any surplus assessment revenues carried over from Fiscal Year 2018-2019 .

4. METHOD AND BASIS FOR LEVYING THE ASSESSMENT

No change in the amount of the annual assessment for Fiscal Year 2019-2020 or the method and basis for the levying the assessment is proposed.

It is recommended that the annual assessments for FY 2019-2020 continue to be two and one-half percent (2.5%) of the gross rent charged by the Operator per room Occupancy per night for all Transient Occupancies for each Visitor Accommodation Facility in Tier I and (ii) one-half percent (0.5%) of the gross rent charged by the Operator per room Occupancy per night for all Transient Occupancies for each Visitor Accommodation Facility in Tier II.

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

Code.

5. PRIOR YEAR SURPLUS OR DEFICIT TO BE CARRIED OVER

It is estimated that there will be approximately \$267,000 in surplus assessment revenues from Fiscal Year 2019-2019. It is recommended that these surplus assessment revenues be carried over to fiscal year 2019-2020 to fund the costs of the anticipated GGTID improvements and activities to be provided in Fiscal Year 2019-2020, as more specifically delineated in the attached Budgets.

6. OTHER CONTRIBUTIONS

No contributions to the GGTID from sources other than the assessments levies are anticipated in Fiscal Year 2019-2020.