

GARDEN GROVE TOURISM IMPROVEMENT DISTRICT ADISORY BOARD
REPORT FOR FISCAL YEAR 2016-2017

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 tourisms within the GGTID, and other services, activities, and programs that promote and encourage tourism within the GGTID, which will benefit the Operators of Visitor Accommodation Facilities paying assessments through the promotion of scenic, recreational, cultural, and other attractions.

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

1. Any proposed changes in the boundaries of the GGTID or the benefit zones within the GGTID.
2. The GGTID improvements and activities to be provided in the upcoming fiscal year from GGTID assessment revenues and/or any other contributions from sources other than GGTID assessment revenues.
3. An estimate of the cost of providing the GGTID improvements and the activities for the upcoming fiscal year.
4. The method and basis of levying the assessment in sufficient detail to allow each Visitor Accommodation Facility to estimate the amount of the assessment to be levied against the Visitor Accommodation Facility for 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 attached as Exhibit "A" to Ordinance No. 2782.

No changes to boundaries of the GGTID are proposed.

2. IMPROVEMENTS & ACTIVITIES

The improvements and activities that occurred during the 2015-2016 Fiscal Year included Grove District banners installed on light poles on Harbor Blvd. Maintenance and improvements of all the sidewalks and adjacent to the TID hotels were completed on a monthly basis. GGTID contributed to the landscaping and lighting improvements on Harbor Boulevard from the Great Wolf Lodge to Twin Tree Lane. GGTID also contributed significant sponsorship and support to the Garden Grove Foundation Golf Tournament, the Garden Grove Strawberry Festival, Resort Transportation, Garden Grove Chamber of Commerce and the 2015 ICSC RECON Convention. Mc Cue Communication was retained to continue the new marketing plan for the Grove District. The Grove District also approved funding new monument signs consistent with the City design standards signs for businesses within the GGTID. The GGTID also funded private a security company.

The improvements and activities anticipated to be undertaken in the GGTID for the 2016-2017 Fiscal Year generally include tourism and marketing programs to promote the GGTID area and benefitted Visitor Accommodation Facilities as a tourism destination; GGTID and Anaheim/Orange County Visitor & Convention Bureau ("VCB") administrative oversight; physical improvements and maintenance along the right-of-way, median, and sidewalks adjacent to the benefitted Visitor Accommodation Facilities; and other projects, programs and activities that benefit the Visitor Accommodation Facilities located and operating within the GGTID, as further described in Exhibit "C" to Resolution No. 9009-10. The anticipated improvements and activities anticipated to be undertaken in the 2016-2017 Fiscal Year are more specifically delineated in the attached Budgets.

No changes in the GGTID improvements and activities authorized by Resolution No. 9009-10 and Ordinance No. 2782 are proposed.

3. ESTIMATED COST OF IMPROVEMENTS & ACTIVITIES

The attached Budgets show the estimated assessment revenues and costs for the GGTID for FY 2016-2017.

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 2015-2016) for the purpose of funding future median improvements along Harbor Boulevard north of Chapman Avenue within the GGTID. For FY 2016-2017 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 VCB in Fiscal Year 2016-2017 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 2016-2017 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 2016-2017.**

4. METHOD AND BASIS FOR LEVYING THE ASSESSMENT

No change in the amount of the annual assessment for FY 2015-2016 or the method and basis for the levying the assessment is proposed.

It is recommended that the annual assessments for FY 2016-2017 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 DEFICIET TO BE CARRIED OVER

It is estimated that there will be approximately \$227,000 in surplus assessment revenues from Fiscal Year 2015-2016. It is recommended that these surplus assessment revenues be carried over to Fiscal Year 2016-2017 to fund the costs of the anticipated GGTID improvements and activities to be provided in Fiscal Year 2016-2017, 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 2016-2017.