

# HBTBID STUDY SESSION

September 4<sup>th</sup>, 2018



# History of Huntington Beach TBID

The Huntington Beach Hotel/Motel Business Improvement District (HBHMBID) was initially established in 2002 pursuant to the Parking and Business Improvement Area Law of 1989

- Required an annual levy
- 1% assessment from 2002-2009; Increased to 2% in 2010

In 2014, the HBHMBID was converted to the Huntington Beach Tourism Business Improvement District (HBTBID) pursuant to the Property and Business Improvement District Law of 1994 ('94 Law)

- Law allows for a maximum 5 year term on the outset and up to 10 year term upon renewal
- 3% assessment

# Two Current Agreements: City of Huntington Beach & Visit Huntington Beach

**Transient Occupancy Tax (TOT)** paid by overnight lodging guests, City retains 90%, VHB receives 10% of all TOT. This agreement with VHB expires on September 30, 2021.

**HB Tourism Business Improvement District (HBTBID)** expires on September 30, 2019. VHB receives 100% of the 3% assessment minus an administration fee retained by City.



# HBTBID Assessment Modification

- HBTBID Assessment modified from 3% to 4% and paid by overnight hotel guests, not residents.
- Hotel check out rate for overnight guests would increase slightly from 13% to 14% (10% TOT and 4% HBTBID).
- HBTBID District would be reauthorized for 7 1/2 years and will be aligned with the City's new Fiscal Year (July-June).
- A new Management District Plan (MDP) Agreement would be developed and approved for 7 1/2 years.



# HBTBID Assessment Modification

The Management District Plan expenditure category buckets would be modified to allow for greater flexibility as sales and marketing trends/best practices change over time. Over 70% of all future HBTBID Assessments would be spent on Tourism Enhancement Programs, including the desired targeted amount annually of \$250,000/year for Visitor Services Enhancements.



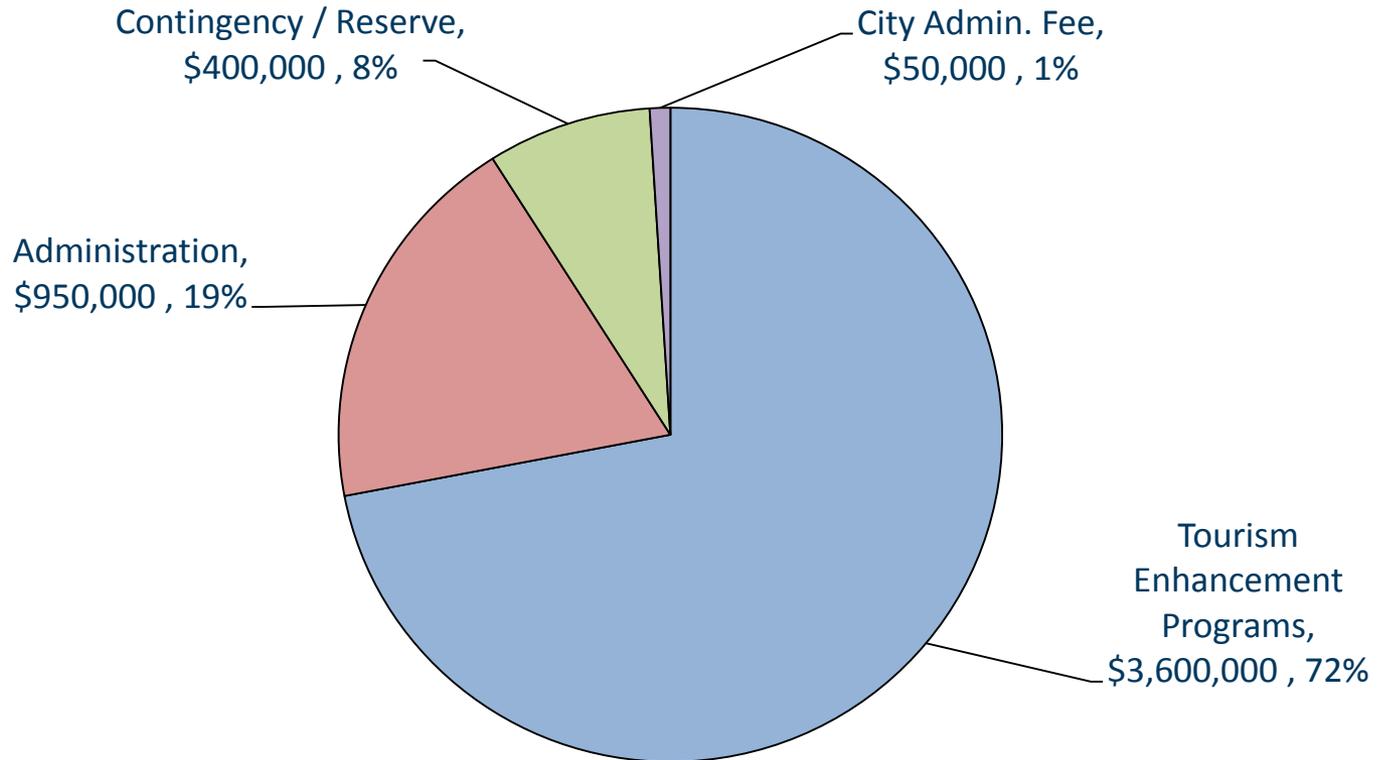
# HBTBID Assessment Modification

<u>Category</u>	<u>Current District</u>	<u>Renewed District</u>
Sales and Marketing	54.2%	71.7%
Destination Product Development	12.5%	
Administration	19.2%	19.2%
Visitor Services Enhancements	5%	
Shortfall/Opportunity	8.1%	8.1%
City Administration Fee	1%	1%
<b>Total Annual Budget</b>	<b>100%</b>	<b>100%</b>



# HBTBID Assessment Modification

Initial Annual Budget - \$5,000,000



# Gina Trechter - Civitas



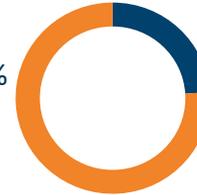
# Tourism District Stats

**103 TIDs**

Most Recent: Redondo Beach  
& Squaw Valley (August 2018)

AMOUNT RAISED	
Low	\$65,000
Median	\$740,000
High	\$36,000,000
Total	\$267,400,000

76%  
Gross  
Revenue %

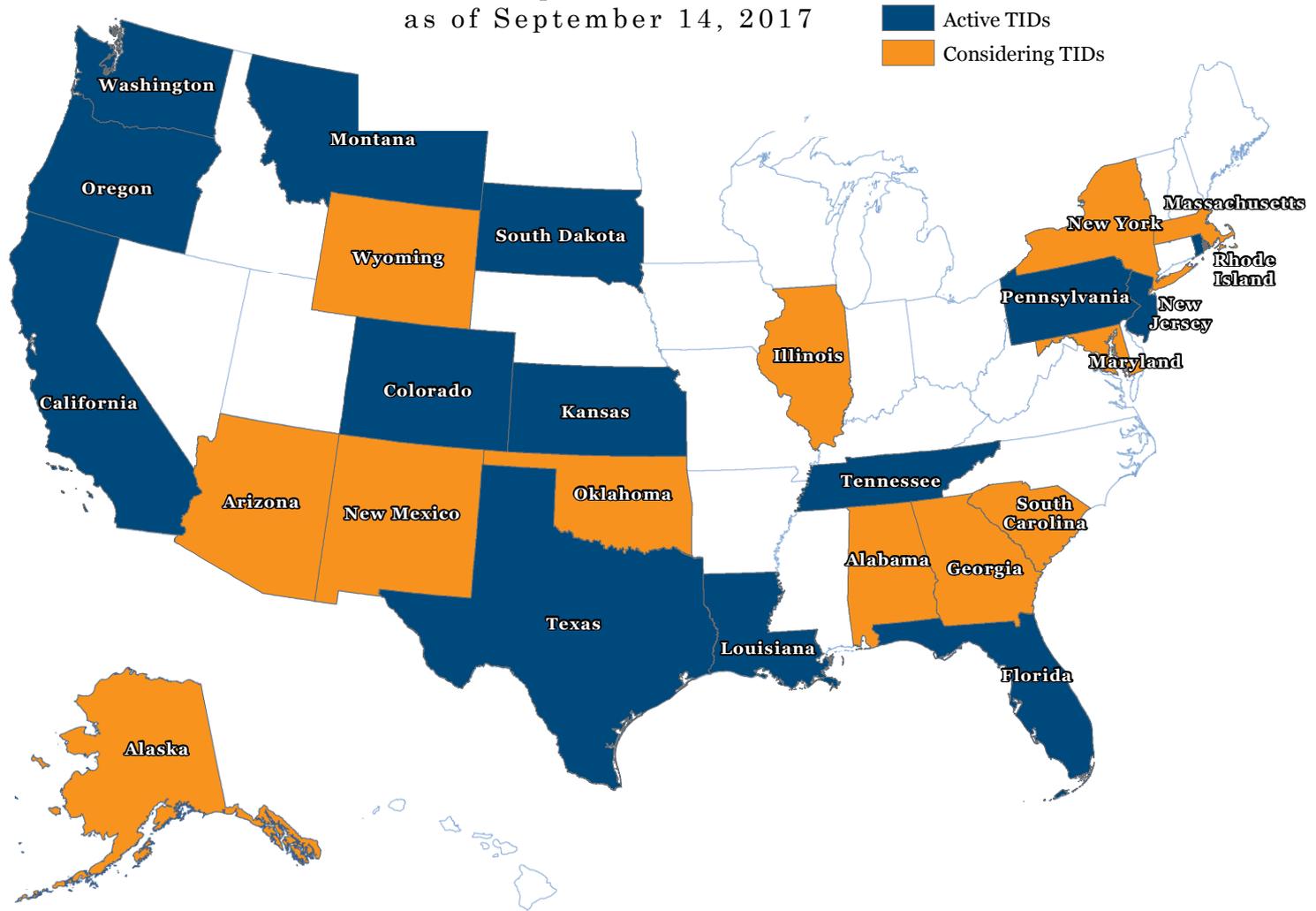


Assessment  
Structure

24%  
Fixed \$ Amount

**14** STATES

# Tourism Improvement Districts as of September 14, 2017



# Renewal Process / Timeline

	July 2018	August 2018	September 2018	October 2018	November 2018	December 2018	January 2019
Initiation	Active						
Outreach & Consensus Building	Active	Active	Active				
Document Prep		Active	Active				
Document Revision			Active	Active			
Hearing Process			Active	Active	Active	Active	
Renewed District Begins Operations							Active

# TOT and TBID Rates / Total Check Out Rates

Orange County Cities	TOT Occupancy Tax	TBID Assessment Rate	Total Check Out Rate
Anaheim	15.0%	2.0%	17.0%
Buena Park	12.0%	2.0%	14.0%
Costa Mesa	10.0%	3.0%	11.0%
Dana Point	10.0%	\$3.00 per night	13% (est. with \$3 per room)
Garden Grove	14.5%	2.5%	17.0%
Huntington Beach	10.0%	3.0%	13.0%
Irvine	8.0%	2.0%	10.0%
Laguna Beach	12.0%	2.0%	14.0%
Newport Beach	10.0%	3.0%	13.0%
Competitive Non-OC Cities			
Long Beach	12.0%	3.0%	15.0%
Los Angeles	14.0%	1.5%	15.5%
Napa Valley	12.0%	2.0%	14.0%
San Diego	10.5%	2%*	12.5%
Santa Barbara	12.0%	\$.75-\$4.85 per night	13%-14.6%
Santa Monica	14.0%	\$1.50-\$5.25 per night	14%-16%
West Hollywood	12.5%	3.0%	15.5%
*Increase will be on future ballot			

Thank You!

Comments and Questions

