



# CITY OF HUNTINGTON BEACH

## INTERDEPARTMENTAL COMMUNICATION

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**TO:** Honorable Mayor and City Council Members

**SUBMITTED BY:** Eric G. Parra, Interim City Manager

**PREPARED FROM:** Jennifer Villasenor, Director of Community Development *JV*

**DATE:** April 16, 2024

**SUBJECT:** **SUPPLEMENTAL COMMUNICATION FOR ITEM 13 (23-1042) –**  
Adopt Resolution No. 2024-13 declaring the City's Intention to  
Modify the Management District Plan for the Huntington Beach  
Tourism Business Improvement District, conduct a Public Meeting  
on May 7, 2024, and set a Public Hearing date of June 4, 2024

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The attached Management District Plan and PowerPoint have been modified to reflect an updated City map that includes all of Sunset Beach.

In addition, VHB's comparative set in the PowerPoint now includes Huntington Beach and Newport Beach's assessment rate has been increased to 5% reflecting their recent modification.

xc: Michael Gates, City Attorney  
Robin Estanislau, City Clerk  
Executive Team

2019-2028



VISIT  
HUNTINGTON  
BEACH  
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# HUNTINGTON BEACH TOURISM BUSINESS IMPROVEMENT DISTRICT MANAGEMENT DISTRICT PLAN

*Prepared pursuant to the Property and Business Improvement District Law of  
1994, Streets and Highways Code section 36600 et seq.*

March 27, 2024

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## I. OVERVIEW

Developed by Visit Huntington Beach (VHB) and Huntington Beach lodging businesses, the renewed Huntington Beach Tourism Business Improvement District (HBTBID) is an assessment district that will continue to provide specific benefits to payors, by funding marketing and sales promotion efforts for assessed lodging businesses. The HBTBID was formed in 2014 for a five (5) year term; assessed lodging businesses subsequently renewed it for an additional nine (9) years and five (5) months.

**Location:** The renewed HBTBID includes all lodging businesses located within the boundaries of the City of Huntington Beach, as shown on the map in Section V.

**Services:** The HBTBID is designed to provide specific benefits directly to payors by increasing room night sales. Tourism Enhancement Programs, Marketing & Public Relations and Group Sales will increase overnight tourism and market payors as tourist, meeting and event destinations, thereby increasing room night sales.

**Budget:** The total HBTBID annual assessment budget for each full year of operation was approximately \$5,000,000. The initial “year” of operation was a partial year consisting of five (5) months, for which the assessment budget was approximately \$2,083,333. Beginning July 1, 2024, or as soon as possible thereafter, due to the modified assessment rate, the total HBTBID assessment budget for each full year of operation is anticipated to be approximately \$10,000,000.

**Cost:** The initial annual assessment rate was four percent (4%) of gross short-term room rental revenue. This Management District Plan (Plan) has been modified to increase the assessment rate to six percent (6%) of gross short-term room rental revenue. The modified assessment rate is effective beginning on July 1, 2024, or as soon as possible thereafter, and shall continue for the duration of the HBTBID’s term. Based on the benefit received, assessments will not be collected on: stays of more than thirty (30) consecutive days; stays by any federal or State of California officer or employee when on official business; and stays by any officer or employee for a foreign government who is exempt by reason of express provision of federal law or international treaty.

**Collection:** The City will be responsible for collecting the assessment on a monthly or quarterly basis (including any delinquencies, penalties and interest) from each lodging business located in the boundaries of the HBTBID. The City shall take all reasonable efforts to collect the assessments from each lodging business.

**Duration:** The renewed HBTBID has a nine (9) year and five (5) month life, beginning February 1, 2019 through June 30, 2028. Once per year, beginning on the anniversary of HBTBID renewal, there is a thirty (30) day period in which owners paying fifty percent (50%) or more of the assessment may protest and initiate a City Council hearing on HBTBID termination. The proposed time for implementation and completion of this Plan is February 1, 2019 through June 30, 2028. The modified assessment rate is set to take effect July 1, 2024, or as soon as possible thereafter, and shall continue for the duration of the HBTBID’s term. After the nine (9) year and five (5) month term, the HBTBID may be renewed for up to ten (10) years if lodging business owners support continuing the programs.

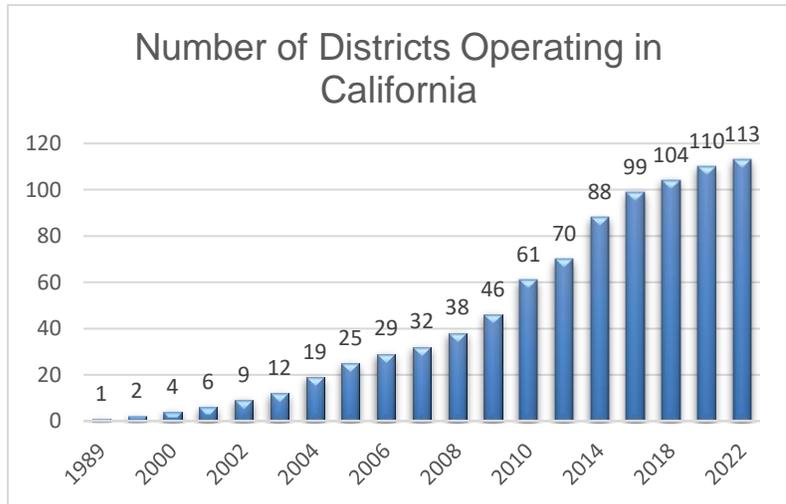
Management: Visit Huntington Beach will continue to serve as the HBTBID's Owners' Association. The Owners' Association is charged with managing funds and implementing programs in accordance with this Plan, and must provide annual reports to the City Council.

## II. BACKGROUND

TBIDs are an evolution of the traditional Business Improvement District. The first TBID was formed in West Hollywood, California in 1989. Since then, over one hundred California destinations have followed suit. In recent years, other states have begun adopting the California model – Massachusetts, Montana, South Dakota, Washington, Colorado, Texas and Louisiana have adopted TBID laws. Several other states are in the process of adopting their own legislation. The cities of Wichita, Kansas and Newark, New Jersey used an existing business improvement district law to form a TBID. And, some cities, like Portland, Oregon and Memphis, Tennessee have utilized their home rule powers to create TBIDs without a state law.

California’s TBIDs collectively raise over \$300 million annually for local destination marketing. With competitors raising their budgets, and increasing rivalry for visitor dollars, it is important that Huntington Beach lodging businesses continue to invest in stable, lodging-specific marketing programs.

TBIDs utilize the efficiencies of private sector operation in the market-based promotion of tourism districts. TBIDs allow lodging business owners to organize their efforts to increase room night sales. Lodging business owners within the TBID pay an assessment and those funds are used to provide services that increase room night sales.



In California, TBIDs are formed pursuant to the Property and Business Improvement District Law of 1994. This law allows for the creation of a benefit assessment district to raise funds within a specific geographic area. *The key difference between TBIDs and other benefit assessment districts is that funds raised are returned to the private non-profit corporation governing the district.*

There are many benefits to TBIDs:

- Funds must be spent on services and improvements that provide a specific benefit only to those who pay;
- Funds cannot be diverted to general government use;
- TBIDs are customized to fit the needs of payors in each destination;
- TBIDs allow for a wide range of services;
- TBIDs are designed, created and governed by those who will pay the assessment; and
- TBIDs provide a stable, long-term funding source for tourism promotion.

### III. IMPETUS TO RENEW THE HBTBID

The existing HBTBID was established in 2014 with an assessment rate of three percent (3%) on overnight lodging revenues in Huntington Beach. While the HBTBID has been successful, there was still opportunity for growth in overnight visitation and room night sales revenue, especially during non-peak periods. At the time of HBTBID renewal in 2019, the City of Huntington Beach provided VHB with funding from Transient Occupancy Tax revenues, equal to one percent (1%) of overnight lodging revenues in Huntington Beach, pursuant to an MOU between the City and VHB. The City and VHB have terminated the MOU and entered into a new long-term agreement with the City that includes the City retaining 100% of all TOT revenues. In the renewal of the HBTBID, the assessment rate was increased initially to four percent (4%) of gross short-term room rental revenue to ensure that tourism promotion funding was not decreased during the term of the renewed HBTBID. To continue to ensure that tourism promotion funding is adequate to remain competitive with other popular destinations, this Plan has been modified to increase the assessment rate to six percent (6%) of gross short-term room rental revenue. The modified assessment rate is effective beginning on July 1, 2024, or as soon as possible thereafter, and shall continue through the duration of the HBTBID's term. There are several reasons to modify this Plan. The most compelling reasons are:

#### ***1. The Need to Maintain/Increase Competitiveness, Occupancy and Overall Visitation***

As the number of overnight accommodations grow in Orange County, as well as in competitive California cities and counties, it is crucial that Huntington Beach maintains and increases its competitiveness, occupancy levels and visitation from targeted markets.

These goals can be accomplished by increasing the HBTBID assessment rate from four percent (4%) to six percent (6%), which will generate approximately \$10,000,000 per each full year in dedicated HBTBID funding for improvements and activities to increase room rentals for assessed lodging businesses located within the modified HBTBID. Additional HBTBID funds will continue to be used to implement new Tourism Enhancement Programs above and beyond those that are currently provided with the existing funding level:

1. Increase funding for destination sales and marketing programs, which will target key visitor markets, including markets that generate substantial overnight visitation to Huntington Beach and related visitor spending throughout the year, especially during non-peak seasons; and
2. Increase funding for the innovative HBTBID Visitor Services Enhancements program that adds new and/or repurposed projects to Huntington Beach's current brand offerings, which will increase year around overnight visitation by improving the overall HBTBID brand experience, the number of reasons for visitors to stay longer, and offer more reasons for visitors to return more often to Huntington Beach.

#### ***2. An Opportunity for Increasing City Revenues***

As an indirect result of the modified HBTBID, it is expected that as occupancy rates and overall visitation numbers increase, so too will the City's Transient Occupancy Tax revenue. Greater occupancy rates will also generate an indirect increase in sales tax revenues from tourist spending.

#### ***3. Stable Funding for Destination Marketing***

The current HBTBID was formed pursuant to the Property and Business Improvement District Law of 1994. The law allows a district to be renewed for up to ten (10) years without the need for City Council’s annual approval to continue levying the assessment. Stakeholders elected to renew the HBTBID for a nine (9) year five (5) month term. The renewed term provides stable funding for destination marketing, visitor services enhancements, and management through June 30, 2028 and aligns the HBTBID’s fiscal year to the City’s fiscal year. This will provide stable funding for destination marketing, visitor services enhancements, and management.

Many of Huntington Beach’s competitors are at or exceeding the level of funding available for destination marketing in Huntington Beach. The table below lists the funding raised by tourism improvement districts for VHB’s current comparative set.

<b>Location</b>	<b>Amount Raised</b>	<b>Assessment Rate</b>	<b>TOT Rate</b>	<b>Total Guest Charge</b>
Anaheim	\$17,500,000	2% room revenue	15%	17%
Mammoth Lakes	\$10,800,000	1% room revenue	13%	14%
Newport Beach	\$10,500,000	3% room revenue	10%	13%
Palm Springs	\$17,000,000	1% room revenue	14%	15%
San Diego	\$41,000,000	2% room revenue	10%	12%
San Luis Obispo	\$10,400,000	1% room revenue	10%	11%
Santa Barbara	\$10,700,000	2% room revenue	12%	14%

\*As of August 2023

## IV. ACCOMPLISHMENTS (2019 – 2023)

### Assessed Lodging Business Revenue

Assessed lodging business revenue has increased 27% since the HBTBID assessment was increased from 3% to 4% in 2019. Increases in assessed lodging business revenue by fiscal year are listed below:

Fiscal Year	% Increase	Note
FY 18-19	17%	
FY 19-20	(23%)	(Covid hit in last quarter of fiscal year)
FY 20-21	(6%)	
FY 21-22	41%	
FY 22-23	6%	

### Marketing & Public Relations

#### 2019/2020

- To adapt to the pandemic shutdowns, VHB revised its marketing mix from a more international/national blend of effort towards a more hyper local (Los Angeles/Orange County) and regional CA drive market focus.
- In partnership with the City of Huntington Beach, launched *OneHB Clean & Safe* and *Masks Up Surf City* campaigns as part of its COVID-19 Recovery Plan.
- Produced 360 virtual reality content and an *Open for Business* map as part of VHB's COVID-19 Recovery Plan.
- Participated in Virtual Trade Show: 10 pre-scheduled appointments from larger agencies and groups (AAA Northeast, HelmsBriscoe) to smaller agencies (Preferred Choice Travel, TravelStore Pasadena) in partnership with the Hyatt Regency Huntington Beach Resort & Spa
- Date a Destination: Week-long event held by Gate 7 with the major Australian travel companies in Australia (Helloworld, Flight Centre), destination reps, and virtual one-on-one meetings.
- Promoted Huntington Beach during the 2019 *Great Pacific Airshow* as a VIP Chalet sponsor.

#### 2020/2021

- Continued *OneHB Clean & Safe* and *Masks Up Surf City* pandemic safety campaigns.
- Developed a *Clean & Safe* video series for each of the HB Collection properties that showcased their flexible meeting & events meeting spaces with 40% of its total square footage being outdoors and reiterated their commitment to ensuring a safe environment for their guests.
- Incorporated Project Brief template to use for ideation and outlining all proposed large VHB projects.
- Launched inaugural *12 Blocks of Cheer Campaign* bringing together the four downtown resorts, Pacific City, and Downtown Main Street for a holiday campaign promoting local shops, businesses, and events. 40 participating businesses; 62 events/photo ops; 35 deals; 3,000+ map views.
- Participated in Visit California's *Calling All Californians* Co-op Marketing Program designed to jump start the California economy and drive responsible in-state travel. From August – November, VHB rolled out advertising on travel-focused digital platforms. Campaign

generated more than 9.6M impressions, 2,600 room nights with a gross booking value of \$555.9K.

- Launched social media advertising campaign on Facebook and Pinterest targeting in-state travelers, complementing the *Calling All Californians* digital campaign. Garnered 3.2M impressions, over 82.7K video play-throughs, and over 15K clicks.
- Media/PR efforts focused on garnering media coverage from hyper local outlets and influencers.
- Authored 17 blogs with listicle themes (ex: Three Reasons to Travel to Huntington Beach During the Week).
- Website Enhancements: Content Optimization and Navigation Architecture; SEO/SEM; Transitioned website to becoming ADA compliant.
- Revamped paid social media program to align with the heavy audience shift to social media during the pandemic, leveraging the 24/7 cycle of the platforms to promote all relevant VHB marketing programs. Communities and engagement increased on Facebook and Instagram by 25% YoY.
- Launched Datafy geo-location reporting dashboard tool which gains visitor and visitation insights from unique mobile device IDs that are observed while in destination.
- Revised Visitor Guide with a 2020 pandemic lens and *Rediscover Your Glow* and *Travel Responsibly* themes.
- Secured in-market agency representation in Canada, United Kingdom/Ireland, and Mexico. 790 total travel agents across all markets trained on selling Huntington Beach as a destination. 103 one-on-one trade show appointments with key international travel agents and tour operators.
- Launched CA STAR Visit CA Training Tool used to train groups of travel agents and tour operators via an online course.
- Brand USA Agent Training in Mexico City (200+ attendees).
- Familiarization Tours with Air Canada, Discover North America (UK), British Airways (UK), and Virgin Holidays (UK).
- Updated FILM HB Landing pages. FILM HB Data: 14 Film inquiries and 11 permitted shoots.

#### 2021/2022

- In February 2021, launched inaugural *Show Your HB Love* campaign to highlight various businesses throughout Huntington Beach.
- Launched *#BeHere Marketing Campaign* encouraging visitation and overnight stays in an open, outdoor, safer environment. The campaign's initial launch was during the summer and the second *BeHere 2.0* flight leveraged Huntington Beach's elongated summer weather and events that extend well into the Fall, Winter and Spring seasons providing an opportunity for a second wave of summer leisure marketing- Summer 2.0 – which overlays with the destination's needs period. Campaign garnered 15.2M impressions 32K clicks, reached 2.7M households and 122 cities. The booking component of the campaign generated 2.2M impressions, and 9,200 room nights with a gross booking value of \$2.4M.
- Participated in Visit California's *What If* Co-op Marketing Program: Launched in Spring 2021, the multi-layered campaign helped to stimulate California's tourism economy and inspire domestic travel.
- The *2021 WSL US Open of Surfing presented by Shiseido* Marketing Campaign spotlighted Huntington Beach to over 15 countries around the globe. The campaign garnered \$241.1K in media value, 110M social media impressions, 3.4M video plays, 1.3M live video views, 80K page views to landing page, and 1,000 pieces of media coverage media.

- Promoted Huntington Beach during the 2021 *Pacific Airshow* as a Chalet partner, hosting meeting planners and select VIP clients to promote HB as a meetings and events destination.
- Social Media program resulted in Facebook and Instagram communities increasing by 15% YoY, and social media engagement levels surpassing VHB 15% benchmark increase by as much as 135%.
- Launched Crowdriff- visual content marketing software for travel and hospitality brands to help source, manage, and publish user-generated content and short-form video from Huntington Beach locals and visitors.
- Launched a TikTok page in October 2021.
- Launched a Group Sales e-newsletter targeting meeting & event planners. Built a database of over 2,900 recipients with an open rate of 19.1%.
- Launched a UGC (user generated content) program encouraging locals and visitors to share their content with us for use on our social platforms and other materials. Generated 869 pieces of content.
- Launched digital advertising program that sells banner ad space on heavily trafficked pages of the VHB website, as well as paid opportunities on other VHB digital platforms (social media, e-newsletter, et al).
- Launched robust, content-calendar-based blog program to build more relevant, SEO- & SEM-friendly content on the VHB website. 60 blogs authored.
- Launched a quarterly photoshoot program developed to fill in imagery needs for all of VHB’s marketing initiatives. Quarterly Sessions: Outdoor Activities around the Pier, Action Sports, Laidback Luxury, and Select Service Hotel Properties.
- Partnered with four Orange County DMOs to form the *Orange County Coastal Tourism Alliance* in response to the Orange County Coastal oil spill. Developed a website to serve as a central communication hub for elected officials, the City, media, tourism industry and the public to share the most current information and accurate, factual updates about the spill impacts and recovery.
- In January 2022, launched quarterly Visitor Intercept Surveys. The data collected over calendar year 2022 will be included as insight in the 2022 Resident Sentiment Report and the 2022 Economic Impact Report.
- Hosted 13 journalists and 15 influencers, including “Travel Mom” influencer Emily Kaufman. Garnered national and local coverage including Forbes Magazine, Conde Nast Traveler, JustLuxe, CNN, Fox 11 News, Brides, and Orange County Register.
- Produced *Surf City USA® Uncovered-* a 20-episode series featuring unknown or “hidden” gems within Huntington Beach. The series targeted visitors and locals encouraging them to explore.
- Revised Visitor Guide with the 2022 themes of *Be Here* and *Clean & Safe* and inspiring messaging sensitive to travel in a (transitioning) pandemic era.
- FILM HB Data: 45 Film inquiries and 63 permitted shoots.

### 2022/2023

- Launched *#BeHere 3.0 Marketing Campaign* encouraging visitation and overnight stays in an open, outdoor, safer environment. This iteration of the campaign targeted Huntington Beach lifestyle pillars of outdoors, wellness, family, active sports, dining, and shopping. Campaign garnered 22.7M impressions 46.7K clicks, outpacing performance by 47%. The booking component of the campaign generated 3,360 room nights.
- In response to Board direction to amplify channels to help boost referral business to hotels for the remainder of the fiscal year, VHB extended its *#BeHere Soft Season Campaign*, a highly targeted media buy investment developed to generate leisure bookings, increase web traffic to SurfCityUSA.com, and increase awareness of the destination, hotel, and resort properties.

The extended campaign generated an additional 8.24M total impressions and 11,950 clicks to VHB's campaign landing page. The campaign surpassed performance projections by 53% and is tied to 2,917 unique hotel overnight visitors who saw VHB paid media ads up to 90 days before their stay.

- Launched redesigned website. Website traffic increased 7% YoY with 1.3M sessions and 2.1M Pageviews annually. Won four awards: Hermes Creative Award - Gold; DotComm-Gold Winner; Internet Advertising Competition - Best of Industry Winner; 29<sup>th</sup> Annual Communicator Awards - Award of Excellence.
- Updated all of VHB's SEM- and SEO-related platforms that track search engine and website performance to be compliant with Google Analytics Version 4 (GA4) platform update before the switch went live on July 1, 2023.
- Produced quarterly destination performance reports for the HB Collection hotel properties, customized with destination-level and hotel-level data per property.
- Promoted the inaugural *A Great Day in the Stoke*, a surfing competition which is open to all, but also happens to be the largest gathering of black surfers. The campaign secured 48 pieces of online media stories, 4 broadcast interviews, and 3 print articles with a collective reach of 29.3M.
- The 2022 *ISA World Surfing Games* Marketing Campaign promoted Huntington Beach to over 2.1M LiveStream viewership from over 50 countries. The campaign, which received exposure in the Opening Ceremony, the competition broadcast, and Closing Ceremony and Parade, garnered 2M social media impressions, 132K daily interactions on ISA event page, and media coverage reaching 22K contacts.
- The 2022 *WSL Vans US Open of Surfing* Marketing Campaign spotlighted Huntington Beach to over 743M homes in 6 regions around the globe. The campaign garnered a collective 1.3K social media posts, 38M social media impressions, 2M VOD views, 2.9M email impressions, 2.8M live video views, 195K page views to landing page, and 1,000 pieces of media coverage media. VHB also hosted LA28 organizing committee members allowing them to see first-hand HB's capabilities as a top-tier sporting event location.
- Promoted Huntington Beach during the 2022 *Pacific Airshow* as a Chalet partner, hosting top meeting and event planners to showcase the destination as a unique place to meet. Along with Destination Analysts, produced 2022 *Pacific Airshow Economic Impact Report* that showed it generated a \$70M total direct economic impact for Huntington Beach.
- Secured the 2023 *ISA World Para Surfing Championships* to occur in November 2023 (FY 23-24).
- Updated *VHB Brand Style Guide*.
- Produced *Huntington Beach Tourism Summit* hearing from experts in the tourism, action sports, and entertainment industries, as well as economic forecasts for Huntington Beach and updates on regional infrastructure enhancements.
- Designed new VHB trade show booth which debuted at IMEX 2022, a major trade show.
- Produced the 2022 *Resident Sentiment Report* and the 2022 *Economic Impact Report*.
- Created a *Major Events in HB Presentation* deck highlighting all the benefits of hosting world-class sporting (and other) events in Huntington Beach.
- Achieved goal of having 1,000 TikTok followers by fiscal year's end, unlocking additional backend features.
- Launched KeyData Reporting Dashboard which tracks Short Term Vacation Rentals performance in the destination.
- Launched Symphony Dashboard which pulls in all sources of economic, demographic, marketing, digital performance numbers into a central location for streamlined and customizable reporting.

- Hosted 16 journalists and 7 influencers. Garnered national and local coverage including *Forbes Magazine, Viator, Inside Hook, Daily Pilot, Travel Awaits, USA Today, and Orange County Register*.
- Hosted the California Cup Golf Invitational 2023. The 4-day long event brought together 75 international travel trade buyers and California suppliers for HB experiences, business development, and industry networking. Each year, CA Cup Invitational gives back to a local charity through funds raised from international and CA auction prizes.
- VHB was the only U.S. destination invited to participate in Air Canada, the Air Canada Foundation, and CAN (Canucks Autism Network) community's inaugural *Autism Aviation Day*, VHB welcomed over 50 individuals including children on the autism spectrum. The event provided an opportunity for youth on the autism spectrum (and their families) to rehearse the entire pre-flight process; the goal is to increase autism accessibility and encourage future travel.
- Conducted 733 total travel agents across all markets trained on selling Huntington Beach as a destination; 137 one-on-one trade show appointments with key international travel agents and tour operators; and 15 international familiarization tours.
- Along with Destination Analysts, produced *2022 Pacific Airshow Economic Impact Report*.
- FILM HB Data: 126 Film inquiries and 111 permitted shoots.

## Sales

FY 2019 to present:

- Conference/Meeting leads processed by VHB: 2,900
- Definite contracted/booked room nights by VHB: 176,055
- Economic Impact of Groups to Huntington Beach: \$121 million

Highlighted Group Sales Programs

- Success of HB Collection Beachwides – Annual Future Proof Wealth Festival, inaugural year 2022, taking place every September with over 3,000 room nights to the destination per year within the four HB Collection Resorts and a beachfront event activation.
- Participation in Intermediary Preferred programs including HelmsBriscoe, ConferenceDirect, Prestige, and HPN Global which contributed to a substantial increase in lead development YOY.
- Partnership with Orange County Sport Commission has generated new business opportunities for both our Select Service and Full-Service Hotel/Resort partners.

## Visitor & Partner Services

Visitor Interactions (July 1, 2019 – June 30, 2023)

- Visitor Info Kiosk: 51,644
- VHB Office: 13,173
- Events: 10,017
- Mobile Bicycle Program: 391

Event Information Booths

- 55 events attended
- New branded equipment purchased in 2022 (10x10 pop-up canopy, cafe umbrella, flags, and tablecloths)

### Local Pop-up Information Booths

- Launched Summer of 2021
- Pacific City
  - Operated weekends only from 5/29/21-8/29/21
  - 282 interactions
- Bella Terra
  - Operated weekends only from 7/10/21-9/5/21
  - 215 interactions

### Publication Distribution

- Design and produce 18 different publications, including the official Huntington Beach Visitor Guide, Visitor Maps, Downtown HB and Sunset Beach Tear Off Maps, Downtown maps in foreign languages, Nightlife Guides, Activity Guides, Historical Walking Tours, and more.
- 7,500+ visitor guides handed out in person
- 100,000+ visitor guides distributed to local businesses
- 150,000+ visitor guides & rack brochures distributed to locations across the Western United States

### Partner Services

- Partner Education Series - Launched in 2021; to date the series has held 23 events (15 virtual, 8 in-person) with 466 attendees.
- Partner Outreach Program - Launched 2021; Partner Services staff have connected with HB businesses 946 times. Visitor Services staff have referred visitors to HB businesses 6,921 times.
- CEO/Partner Newsletters - Over 50 e-newsletters have been sent since March 2020, with 1,166 newsletter contacts, a 41% average open rate (20% industry standard), and a 2.82% average click rate (2.25% industry standard).

### Visitor Experiences

- *Meet in HB* Pass - Launched in 2022 for Group Meetings, this program provided deals at 13 local businesses for meeting attendees
- VHB Guided Walking Tours - Launched in 2022, the Historical Downtown HB Walking Tour and the Surf History Walking Tour are led by VHB staff twice a month. Special tours are led by Chris Epting a few times a year. To date, 222 tickets have been sold for the VHB led walking tours and the Chris Epting tours have sold out.
- Digital *Surf City USA Barrel Trail* - Launched in Spring 2022 as a free digital pass with a phone app, this trail provided deals at 15 breweries and distilleries across HB and garnered 566 sign-ups.
- *Surf City USA Barrel Trail* Passport - Launched in March 2023 as a physical booklet, the new passport is sold online and in-store for \$5. To date, 254 passports have been sold and 2 people have completed the full trail and redeemed the grand prize, a gift card to an HB brewery/distillery of their choice.
- Surf City USA Scavenger Hunt - Launched 2023, the Scavenger Hunt is a printed map targeted to families with young children. Participants redeem their completed Scavenger Hunt for a free coloring book at the Visitor Information Kiosk. In the first two months of the program, 68 participants picked up their free coloring book.

- Surf City USA Snapshots - Launched in May 2023, this digital trail leads visitors and residents to the best Instagrammable photo spots in HB.
- Pedego Pilot Program – Pilot program launched summer of 2022, this mobile visitor information bicycle provided visitor info along the beach path and had 391 interactions over 3 months.
- Major Visitor Information Kiosk Capital Improvements over the last several years.

#### Other Visitor Enhancement Programs

- Team Surf City USA Volunteer Program
  - Launched June 2023
  - 8 volunteers enrolled in the program
- Wayfinding Program
  - Completed 90% of installation and continue to conduct ongoing maintenance for installed HB branded Wayfinding Program signage throughout Huntington Beach. The \$1 million-plus comprehensive wayfinding system was created in partnership with the City of Huntington Beach after receiving community input.
  - The program remains ongoing with installation of remaining signs, including gateway signs, to take place over the coming years.
  - Installed and maintain digital information kiosk at the HB Pier as part of the Wayfinding Program.
- Summer Beach Restrooms - Provide annual financial support for temporary summer beach restrooms and additional cleaning at the HB Pier. In 2023, VHB covered the entire cost for the program due to City budget cuts.
- Downtown Transportation - Provided financial and marketing support for the launch of the Circuit electric car program in Downtown HB.

#### Retail Program

- In 2020, VHB launched a Surf City USA® retail program to help visitors promote the brand when they return home. Currently, the store produces 26 items for sale in-store, online, and at pop-up booths, with gross sales of \$33k since inception. Sales increased 88% in the last year.

#### Pandemic recovery initiatives

- Open For Business Page and Map launched in March 2020 to help residents and visitors find needed resources.
- OneHB Clean & Safe Pledge Digital Trail launched in October 2020 and garnered 787 pledges from HB businesses.

### **Advocacy & Community Support**

- Provide resources and knowledge to support public policy initiatives that advance brand awareness and reputation of Huntington Beach
- Provide annual funding support for the Downtown Nighttime Ambassador Program, which is now operated by the Downtown Business Improvement District.
- VHB supports local events with community sponsorships for programs including the Waymakers Pier Snowflakes, 4<sup>th</sup> of July Parade, Blessing of the Waves, HB Surfing Walk of Fame, Cherry Blossom Festival, Great Day in the Stoke, Surf City Splash, Bolsa Chica Wetlands Conservancy, and Amigos de Bolsa Chica.

- VHB staff volunteer on local committees and Boards of Directors, including the HB Chamber of Commerce, Downtown Business Improvement District, HB Surfing Walk of Fame, and the Alzheimer’s Association Walk to End Alzheimer’s.
- VHB staff speak annually at local schools and non-profit organizations providing information about why tourism is a viable job industry and a strong economic support for the community.
- Provide annual funding support for HB International Surfing Museum
- VHB staff volunteer for local events and projects, such as the City of Huntington Beach’s Community Service Day, the Waymaker’s Youth Shelter Annual Gala, the Wetlands & Wildlife Care Center’s Baby Shower, and Project Self Sufficiency’s Thanksgiving and Holiday gift giving program.

## **Administration**

### Awards

- Named one of OC Business Journal’s Best Places to Work in Orange County in 2023.
- Earned FiredUp! Culture’s 2022 Culture Achievement Award, which was awarded to nine organizations nationally across multiple industries who scored the highest on its Team Culture Index Survey.
- Earned a “With Distinction” status with VHB’s 2021 DMAP (Destination Management Accreditation Program) accreditation renewal through Destinations International. The “With Distinction” status has only been awarded to less than 15 organizations globally.

### Operations

- Created new 2023-2026 Strategic Plan, to follow the 2020-2023 Strategic Plan.
- In 2019, relocated VHB office to ground level on 5<sup>th</sup> Street near PCH to provide better access for visitors. Created Welcome Center and Surf City USA® retail store in new office lobby.
- Continue to perform annual unqualified audits.

## V. BOUNDARY

The HBTBID will include all lodging businesses, existing and in the future, available for public occupancy within the boundaries of the City of Huntington Beach.

Lodging business means: any structure, or any portion of any structure which is occupied or intended or designed for occupancy by transients for dwelling, lodging or sleeping purposes, and includes any hotel, inn, tourist home or house, motel, studio hotel, bachelor hotel, lodging house, rooming house, at a fixed location, or other similar structure or portion thereof.

The boundary is shown in the map below. A complete listing of lodging businesses within the renewed HBTBID can be found in Appendix 2.



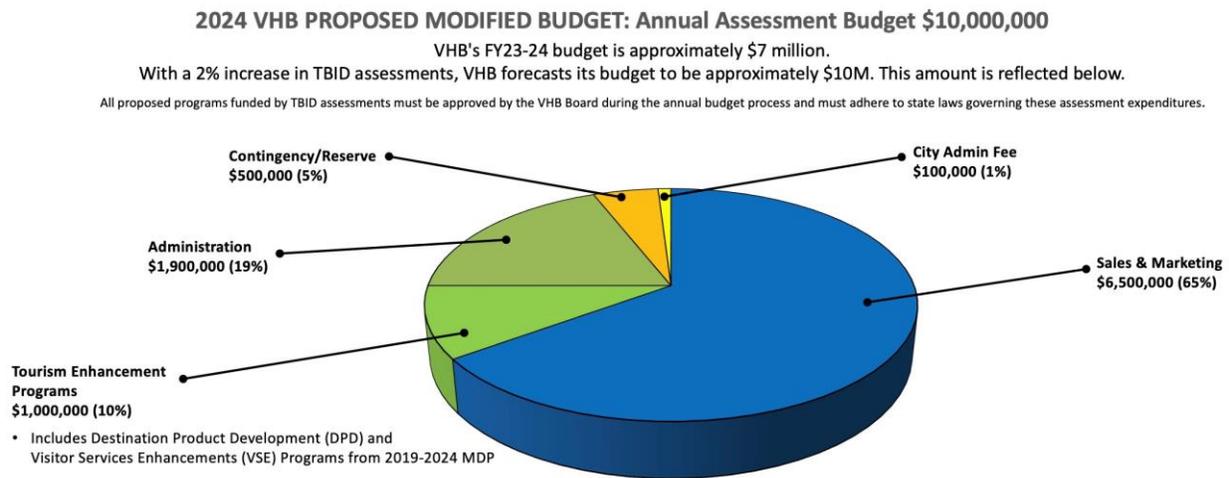
## VI. BUDGET AND SERVICES

### A. Annual Service Plan

Assessment funds will be spent to provide specific benefits conferred or privileges granted directly to the payors that are not provided to those not charged, and which do not exceed the reasonable cost to the City of conferring the benefits or granting the privileges. The privileges and services provided with the HBTBID funds are marketing, sales and tourism enhancement programs available only to assessed lodging businesses.

A service plan budget has been developed to deliver services that benefit the assessed lodging businesses. A detailed annual budget will be developed and approved by VHB. The total initial full year budget was anticipated to be \$5,000,000. Fiscal year 2019 covered the five (5) month period from February to June 2019, resulting in a lower anticipated budget for the first five (5) months of HBTBID operation.

The table below illustrates the initial annual budget allocations reflecting the modified assessment rate. Beginning July 1, 2024, or as soon as possible thereafter, due to the modified assessment rate, the total initial full year assessment budget is anticipated to be approximately \$10,000,000.



Although actual revenues will fluctuate due to market conditions, the proportional allocations of the budget shall remain the same. However, the City and the VHB Board shall have the authority to re-allocate up to fifteen percent (15%) of the budget allocation within the budgeted categories per year and submitted through the annual report. For example, if there is increased market competition, \$150,000 from the Tourism Enhancement Programs budget may be reallocated to the Sales & Marketing budget, staying within the authorized 15% reallocation limit. In the event of unforeseeable emergencies or unavoidable catastrophes that interrupt the expected course of business, by agreement of both the VHB Board and the City Manager (or his/her designee), the City and VHB shall have the authority to adjust budget categories by more than fifteen percent (15%) of the budget allocation within the budgeted categories. For example, in the event of a pandemic resulting in an unprecedented decline in tourism, \$3,000,000 from the Sales & Marketing budget may be reallocated to the Tourism Enhancement Programs budget to address unforeseen circumstances, exceeding 15% as allowed under the exceptional circumstances. At least annually, VHB will meet with the City Manager or designated staff to review accomplishments and funding priorities for the following year. A description of the proposed improvements and activities for the initial year of operation is below. The

same activities are proposed for subsequent years. In the event of a legal challenge against the HBTBID, any and all assessment funds may be used for the costs of defending the HBTBID.

Each budget category includes all costs related to providing that service, in accordance with Generally Accepted Accounting Procedures (GAAP). For example, the Sales & Marketing budget includes the cost of staff time dedicated to overseeing and implementing the sales and marketing programs. Staff time dedicated purely to administrative tasks is allocated to the administration portion of the budget. The costs of an individual staff member may be allocated to multiple budget categories, as appropriate in accordance with GAAP. The staffing levels necessary to provide the services below will be determined by the VHB on an as-needed basis.

### **Sales & Marketing**

The sales and marketing program will promote assessed lodging businesses as tourist, meeting, and event destinations. The sales and marketing program will have a central theme of promoting the Huntington Beach destination brand as a desirable place for overnight visits. The program will have the goal of increasing overnight visitation and room night sales at assessed lodging businesses, and may include the following activities which are designed to drive overnight visitation and room sales to assessed lodging businesses:

- Increased advertising and promotional programs in print, online, social media, and television targeted at potential visitors to drive overnight visitation and room sales;
- Website enhancements and updates;
- Strategic advertising and marketing agency support;
- Contract with third party marketing and sales partners;
- Public relations, sales blitzes, missions, and calls;
- Familiarization tours targeting key decision makers;
- Preparation and production of collateral promotional materials such as visitor guides, brochures, flyers, and maps;
- Video development for destination experiences and visuals;
- Attendance at professional industry conferences and affiliation events;
- Lead generation activities designed to attract tourists, leisure visitors, and group events to Huntington Beach;
- Partnerships with targeted special events that attract overnight visitors; and
- Cooperation with local agencies and film commission programs that attract overnight visitors.

### **Tourism Enhancement Programs**

The Tourism Enhancement Program (TEP) will enhance the brand image and visitor experience while in destination, providing a benefit for guests of assessed lodging businesses by encouraging an increased length of stay and appealing to target niche markets based on demographic and current travel data. An incidental benefit also improves the resident experience throughout the year.

The TEP will provide funding for programs and initiatives in destination in accordance with VHB's current strategic plan. VHB will work with the City Manager and designated city staff to identify and prioritize any key public-private programs and initiatives, as detailed in the Management Agreement with the City and VHB, to be funded and implemented following approval of the VHB budget by the VHB Board of Directors and approval of the City budget by City Council. The focus for the TEP will be on the entire destination brand footprint to ensure a consistent brand experience throughout Huntington Beach. TEP may include the following programs which are designed to drive increased overnight visitation and room sales to assessed lodging businesses:

- Support of a long-term ambassador program with trained staff that supplement the current level of police presence to improve the overall destination experience and encourage overnight visitation;
- Welcome center, event-based visitor information booths, and visitor information kiosk improvements including current technology-driven visitor information enhancements;
- Support of Signature Events that provide a proven positive economic impact and extend Surf City USA’s brand reach, including programs and events that lead up to the LA28 Olympic games;
- Support of other community events and programs that uphold the authenticity of the Surf City USA experience and create a greater sense of community for residents;
- Team Surf City USA Volunteer Program to help community members become experienced event volunteers;
- Brand-centric visitor services training program for both public and private sector staff;
- Support of a trolley or transportation program connecting hotels to downtown Huntington Beach, The Pier, or other attractions; and
- Development of activities and/or products designed to keep visitors in the destination for an increased duration of time, including Historical Walking Tours, Scavenger Hunt, Barrel Trail, Surf City USA Snapshots, and other activities.

Additional future TEP programs may include destination product development programs to provide support for public-private capital improvement projects in partnership with the City of Huntington Beach. If such a project is proposed, VHB will work collaboratively with the City Manager and Public Works. Such projects, which are all aimed to attract overnight visitors, may include:

- Additional wayfinding signage system enhancements including gateways and parking signage;
- Pedestrian improvements linking the beachfront hotels, Pacific City, Main Street, and 5th Street;
- Art and cultural improvements, such as a public art trail;
- Gateway enhancements including on Pacific Coast Highway, to attract overnight visitors;
- Bicycle and surfboard storage improvements;
- Enhancements to wetlands experiences which attract overnight visitors, such as the Bolsa Chica Ecological Reserve and the Huntington Beach Wetlands (between Newland Street and the Santa Ana River) that expose visitors to the value of the vital ecosystems;
- Partnership with the City on mutually agreed upon projects that promote overnight visitor stays to Huntington Beach. Examples may include: Improvements to pier plaza, existing parks and sports facilities, Huntington Beach International Surfing Museum, the Surfing Walk of Fame, and creation of a new live music venue, and/or entertainment complex;
- Destination product development research, master planning, and design of approved destination product development projects and;
- Infrastructure improvements that enhance Huntington Beach’s competitive position to attract desirable special events year-round (e.g., improvements to beach restrooms, parking structures/lots, lighting, and summer beach restroom porter cleaning).

### **Administration**

The administration and operations portion of the budget shall be utilized for administrative staffing costs, office costs, advocacy, and other general administrative costs such as insurance, legal, and accounting fees.

## **Contingency/Reserve**

The budget includes a contingency line item to account for uncollected assessments, if any. If there are contingency funds collected, they may be held in a reserve fund or utilized for other program, administration, or renewal costs at the discretion of the VHB Board. Policies relating to contributions to the reserve fund, the target amount of the reserve fund, and expenditure of monies from the reserve fund shall be set by the VHB Board.

## **City Administration Fee**

The City of Huntington Beach shall retain a fee equal to one percent (1%) of the amount of assessment collected to cover its costs of collection and administration.

## **B. Annual Budget**

The total nine (9) year and five (5) month improvement and service plan budget was projected at approximately \$5,000,000 annually, or \$47,083,333 cumulatively through 2028. Beginning on July 1, 2024, or as soon as possible thereafter, due to the modified assessment rate, the total HBTBID assessment budget for each subsequent full year of operation is projected to be approximately \$10,000,000, or approximately \$71,901,015 cumulatively through 2028. This amount may fluctuate as sales and revenue increase or decrease at assessed lodging businesses, but is not expected to change significantly over the term.

## **C. California Constitutional Compliance**

The HBTBID assessment is not a property-based assessment subject to the requirements of Proposition 218. Courts have found Proposition 218 limited the term ‘assessments’ to levies on real property.<sup>1</sup> Rather, the HBTBID assessment is a business-based assessment, and is subject to Proposition 26. Pursuant to Proposition 26 all levies are a tax unless they fit one of seven exceptions. Two of these exceptions apply to the HBTBID, a “specific benefit” and a “specific government service.” Both require that the costs of benefits or services do not exceed the reasonable costs to the City of conferring the benefits or providing the services.

### ***1. Specific Benefit***

Proposition 26 requires that assessment funds be expended on, “a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.”<sup>2</sup> The activities and improvements in this Plan are designed to provide targeted benefits directly to assessed lodging businesses, and are intended only to provide benefits and services directly to those businesses paying the assessment. These services are tailored not to serve the general public, businesses in general, or parcels of land, but rather to serve the specific lodging businesses within the HBTBID. The activities described in this Plan are specifically targeted to increase room night sales for assessed lodging businesses within the boundaries of the HBTBID, and are narrowly tailored. HBTBID funds will be used exclusively to provide the specific benefit of increased room night sales directly to the assessees. Assessment funds shall not be used to feature non-assessed lodging businesses in HBTBID programs, or to directly generate sales for non-assessed businesses. The activities paid for from assessment revenues are business services constituting and providing specific benefits to the assessed businesses.

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<sup>1</sup> *Jarvis v. the City of San Diego* 72 Cal App. 4<sup>th</sup> 230

<sup>2</sup> Cal. Const. art XIII C § 1(e)(1)

The assessment imposed by this HBTBID is for a specific benefit conferred directly to the payors that is not provided to those not charged. The specific benefit conferred directly to the payors is an increase in room night sales. The specific benefit of an increase in room night sales for assessed lodging businesses will be provided only to lodging businesses paying the HBTBID assessment, with tourism enhancement programs promoting lodging businesses paying the HBTBID assessment. The tourism enhancement programs will be designed to increase room night sales at each assessed lodging businesses. Because they are necessary to provide the tourism enhancement programs that specifically benefit the assessed lodging businesses, the administration and contingency/reserve programs also provide the specific benefit of increased room night sales to the assessed lodging businesses.

Although the HBTBID, in providing specific benefits to payors, may produce incidental benefits to non-paying businesses, the incidental benefit does not preclude the services from being considered a specific benefit. The legislature has found that, “A specific benefit is not excluded from classification as a ‘specific benefit’ merely because an indirect benefit to a nonpayor occurs incidentally and without cost to the payor as a consequence of providing the specific benefit to the payor.”<sup>3</sup>

## ***2. Specific Government Service***

The assessment may also be utilized to provide, “a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.”<sup>4</sup> The legislature has recognized that marketing and promotions services like those to be provided by the HBTBID are government services within the meaning of Proposition 265. Further, the legislature has determined that “a specific government service is not excluded from classification as a ‘specific government service’ merely because an indirect benefit to a nonpayor occurs incidentally and without cost to the payor as a consequence of providing the specific government service to the payor.”<sup>6</sup>

## ***3. Reasonable Cost***

HBTBID services will be implemented carefully to ensure they do not exceed the reasonable cost of such services. The full amount assessed will be used to provide the services described herein. Funds will be managed by the VHB, and reports submitted on an annual basis to the City. Only assessed lodging businesses will be featured in marketing materials, receive sales leads generated from HBTBID-funded activities, be featured in lodging-specific advertising campaigns, and benefit from other HBTBID-funded programs. Non-assessed lodging businesses will not receive these, nor any other, HBTBID-funded services and benefits.

The HBTBID-funded programs are all targeted directly at and feature only assessed businesses. It is, however, possible that there will be a spill over benefit to non-assessed businesses. If non-assessed lodging businesses receive incremental room nights, that portion of the promotion or program generating those room nights shall be paid with non-HBTBID funds. HBTBID funds shall only be spent to benefit the assessed businesses, and shall not be spent on that portion of any program which directly generates incidental room nights for non-assessed businesses.

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3 Government Code § 53758(a)

4 Cal. Const. art XIII C § 1(e)(2)

5 Government Code § 53758(b)

6 Government Code § 53758(b)

#### **D. Assessment**

The initial annual assessment rate was four percent (4%) of gross short-term room rental revenue. This Plan has been modified to increase the assessment rate to six percent (6%) of gross short-term room rental revenue. The modified assessment rate is effective beginning on July 1, 2024, or as soon as possible thereafter, and shall remain in effect until the end of the HBTBID's term. Based on the benefit received, assessments will not be collected on: stays of more than thirty (30) consecutive days; stays by any federal or State of California officer or employee when on official business; and stays by any officer or employee for a foreign government who is exempt by reason of express provision of federal law or international treaty.

The term "gross room rental revenue" as used herein means: the consideration charged, whether or not received, for the occupancy of space in a lodging business valued in money, whether to be received in money, goods, labor or otherwise, including all receipts, cash, credits and property and services of any kind or nature, without any deduction therefrom whatsoever. Gross room rental revenue shall not include any federal, state or local taxes collected, including but not limited to transient occupancy taxes.

The assessment is levied upon and a direct obligation of the assessed lodging business. However, the assessed lodging business may, at its discretion, pass the assessment on to transients. The amount of assessment, if passed on to each transient, shall be disclosed in advance and separately stated from the amount of rent charged and any other applicable taxes, and each transient shall receive a receipt for payment from the business. If the HBTBID assessment is identified separately it shall be disclosed as the "HBTBID Assessment." As an alternative, the disclosure may include the amount of the HBTBID assessment and the amount of the assessment imposed pursuant to the California Tourism Marketing Act, Government Code §13995 et seq. and shall be disclosed as the "Tourism Assessment." The assessment is imposed solely upon, and is the sole obligation of the assessed lodging business even if it is passed on to transients. The assessment shall not be considered revenue for any purpose, including calculation of transient occupancy taxes.

Bonds shall not be issued.

#### **E. Penalties and Interest**

The HBTBID shall reimburse the City of Huntington Beach for any costs associated with collecting unpaid assessments. If sums in excess of the delinquent HBTBID assessment are sought to be recovered in the same collection action by the City, the HBTBID shall bear its pro rata share of such collection costs. Assessed businesses which are delinquent in paying the assessment shall be responsible for paying:

1. *Original Delinquency:* Any lodging business that fails to remit any assessment imposed within the time required shall pay a penalty of ten percent (10%) of the amount of the assessment in addition to the amount of the assessment.
2. *Continued Delinquency:* Any lodging business that fails to meet any delinquent remittance on or before a period of thirty (30) days following the date on which the remittance first became delinquent shall pay a second penalty of ten percent (10%) of the amount of the assessment in addition to the amount of the assessment and the ten percent (10%) penalty first imposed.
3. *Fraud:* If the City determines that the non-payment of any remittance due is due to fraud, a penalty of twenty-five percent (25%) of the amount of the assessment shall be added thereto in addition to the penalties stated in subparagraphs 1 and 2 of this subsection E.
4. *Interest:* In addition to the penalties imposed, any lodging business that fails to remit any assessment imposed shall pay interest at the rate of one-half of one percent (0.5%) per month,

or fraction thereof, on the amount of the assessment, exclusive of penalties, from the date on which the remittance first became delinquent until paid.

5. *Penalties Merged with Assessment:* Every penalty imposed and such interest as accrues shall become a part of the assessment herein required to be paid.
6. *City not Responsible for Uncollected Amounts:* The City shall not be responsible for uncollected amounts.

**F. Time and Manner for Collecting Assessments**

The HBTBID assessment will be implemented beginning February 1, 2019 and will continue for nine (9) years and five (5) months through June 30, 2028. The City will be responsible for collecting the assessment on a monthly or quarterly basis (including any delinquencies, penalties and interest) from each lodging business. The City shall take all reasonable efforts to collect the assessments from each lodging business. The City shall forward the assessments collected to VHB.

**VII. GOVERNANCE**

**A. Owners' Association**

The City Council, through adoption of this Management District Plan, has the right, pursuant to Streets and Highways Code §36651, to identify the body that shall implement the proposed program, which shall be the Owners' Association of the HBTBID as defined in Streets and Highways Code

§36612. The City Council has determined that Visit Huntington Beach will continue to serve as the Owners' Association for the HBTBID, upon execution of a renewed contract between the City and VHB.

### **B. Brown Act and California Public Records Act Compliance**

An Owners' Association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. The Owners' Association is, however, subject to government regulations relating to transparency, namely the Ralph M. Brown Act and the California Public Records Act. These regulations are designed to promote public accountability. The Owners' Association acts as a legislative body under the Ralph M. Brown Act (Government Code §54950 et seq.). Thus, meetings of the VHB board and certain committees must be held in compliance with the public notice and other requirements of the Brown Act. The Owners' Association is also subject to the record keeping and disclosure requirements of the California Public Records Act. Accordingly, the Owners' Association shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

### **C. Annual Report**

The VHB shall present an annual report at the end of each year of operation to the City Council pursuant to Streets and Highways Code §36650 (see Appendix 1). The annual report shall include:

- Any proposed changes in the boundaries of the improvement district or in any benefit zones or classification of businesses within the district.
- The improvements and activities to be provided for that fiscal year.
- An estimate of the cost of providing the improvements and the activities for that fiscal year.
- The 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 estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year.
- The estimated amount of any contributions to be made from sources other than assessments levied pursuant to this part.

# APPENDIX 1 – LAW

\*\*\* THIS DOCUMENT IS CURRENT THROUGH THE 2018 SUPPLEMENT \*\*\*  
(ALL 2017 LEGISLATION)

## STREETS AND HIGHWAYS CODE DIVISION 18. PARKING PART 7. PROPERTY AND BUSINESS IMPROVEMENT DISTRICT LAW OF 1994

### CHAPTER 1. General Provisions

#### ARTICLE 1. Declarations

##### **36600. Citation of part**

This part shall be known and may be cited as the “Property and Business Improvement District Law of 1994.”

##### **36601. Legislative findings and declarations; Legislative guidance**

The Legislature finds and declares all of the following:

- (a) Businesses located and operating within business districts in some of this state’s communities are economically disadvantaged, are underutilized, and are unable to attract customers due to inadequate facilities, services, and activities in the business districts.
- (b) It is in the public interest to promote the economic revitalization and physical maintenance of business districts in order to create jobs, attract new businesses, and prevent the erosion of the business districts.
- (c) It is of particular local benefit to allow business districts to fund business related improvements, maintenance, and activities through the levy of assessments upon the businesses or real property that receive benefits from those improvements.
- (d) Assessments levied for the purpose of conferring special benefit upon the real property or a specific benefit upon the businesses in a business district are not taxes for the general benefit of a city, even if property, businesses, or persons not assessed receive incidental or collateral effects that benefit them.
- (e) Property and business improvement districts formed throughout this state have conferred special benefits upon properties and businesses within their districts and have made those properties and businesses more useful by providing the following benefits:
  - (1) Crime reduction. A study by the Rand Corporation has confirmed a 12-percent reduction in the incidence of robbery and an 8-percent reduction in the total incidence of violent crimes within the 30 districts studied.
  - (2) Job creation.
  - (3) Business attraction.
  - (4) Business retention.
  - (5) Economic growth.
  - (6) New investments.
- (f) With the dissolution of redevelopment agencies throughout the state, property and business improvement districts have become even more important tools with which communities can combat blight, promote economic opportunities, and create a clean and safe environment.
- (g) Since the enactment of this act, the people of California have adopted Proposition 218, which added Article XIII D to the Constitution in order to place certain requirements and restrictions on the formation of, and activities, expenditures, and assessments by property-based districts. Article XIII D of the Constitution provides that property-based districts may only levy assessments for special benefits.
- (h) The act amending this section is intended to provide the Legislature’s guidance with regard to this act, its interaction with the provisions of Article XIII D of the Constitution, and the determination of special benefits in property-based districts.
  - (1) The lack of legislative guidance has resulted in uncertainty and inconsistent application of this act, which discourages the use of assessments to fund needed improvements, maintenance, and activities in property-based districts, contributing to blight and other underutilization of property.
  - (2) Activities undertaken for the purpose of conferring special benefits upon property to be assessed inherently produce incidental or collateral effects that benefit property or persons not assessed. Therefore, for special benefits to exist as a separate and distinct category from general benefits, the

incidental or collateral effects of those special benefits are inherently part of those special benefits. The mere fact that special benefits produce incidental or collateral effects that benefit property or persons not assessed does not convert any portion of those special benefits or their incidental or collateral effects into general benefits.

(3) It is of the utmost importance that property-based districts created under this act have clarity regarding restrictions on assessments they may levy and the proper determination of special benefits. Legislative clarity with regard to this act will provide districts with clear instructions and courts with legislative intent regarding restrictions on property-based assessments, and the manner in which special benefits should be determined.

### **36602. Purpose of part**

The purpose of this part is to supplement previously enacted provisions of law that authorize cities to levy assessments within property and business improvement districts, to ensure that those assessments conform to all constitutional requirements and are determined and assessed in accordance with the guidance set forth in this act. This part does not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes.

### **36603. Preemption of authority or charter city to adopt ordinances levying assessments**

Nothing in this part is intended to preempt the authority of a charter city to adopt ordinances providing for a different method of levying assessments for similar or additional purposes from those set forth in this part. A property and business improvement district created pursuant to this part is expressly exempt from the provisions of the Special Assessment Investigation, Limitation and Majority Protest Act of 1931 (Division 4 (commencing with Section 2800)).

### **36603.5. Part prevails over conflicting provisions**

Any provision of this part that conflicts with any other provision of law shall prevail over the other provision of law, as to districts created under this part.

### **36604. Severability**

This part is intended to be construed liberally and, if any provision is held invalid, the remaining provisions shall remain in full force and effect. Assessments levied under this part are not special taxes.

## **ARTICLE 2. Definitions**

### **36606. “Activities”**

“Activities” means, but is not limited to, all of the following that benefit businesses or real property in the district:

- (a) Promotion of public events.
- (b) Furnishing of music in any public place.
- (c) Promotion of tourism within the district.
- (d) Marketing and economic development, including retail retention and recruitment.
- (e) Providing security, sanitation, graffiti removal, street and sidewalk cleaning, and other municipal services supplemental to those normally provided by the municipality.
- (f) Other services provided for the purpose of conferring special benefit upon assessed real property or specific benefits upon assessed businesses located in the district.

### **36606.5. “Assessment”**

“Assessment” means a levy for the purpose of acquiring, constructing, installing, or maintaining improvements and providing activities that will provide certain benefits to properties or businesses located within a property and business improvement district.

### **36607. “Business”**

“Business” means all types of businesses and includes financial institutions and professions.

**36608. “City”**

“City” means a city, county, city and county, or an agency or entity created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code, the public member agencies of which includes only cities, counties, or a city and county, or the State of California.

**36609. “City council”**

“City council” means the city council of a city or the board of supervisors of a county, or the agency, commission, or board created pursuant to a joint powers agreement and which is a city within the meaning of this part.

**36609.4. “Clerk”**

“Clerk” means the clerk of the legislative body.

**36609.5. “General benefit”**

“General benefit” means, for purposes of a property-based district, any benefit that is not a “special benefit” as defined in Section 36615.5.

**36610. “Improvement”**

“Improvement” means the acquisition, construction, installation, or maintenance of any tangible property with an estimated useful life of five years or more including, but not limited to, the following:

- (a) Parking facilities.
- (b) Benches, booths, kiosks, display cases, pedestrian shelters and signs.
- (c) Trash receptacles and public restrooms.
- (d) Lighting and heating facilities.
- (e) Decorations.
- (f) Parks.
- (g) Fountains.
- (h) Planting areas.
- (i) Closing, opening, widening, or narrowing of existing streets.
- (j) Facilities or equipment, or both, to enhance security of persons and property within the district.
- (k) Ramps, sidewalks, plazas, and pedestrian malls.
- (l) Rehabilitation or removal of existing structures.

**36611. “Management district plan”; “Plan”**

“Management district plan” or “plan” means a proposal as defined in Section 36622.

**36612. “Owners’ association”**

“Owners’ association” means a private nonprofit entity that is under contract with a city to administer or implement improvements, maintenance, and activities specified in the management district plan. An owners’ association may be an existing nonprofit entity or a newly formed nonprofit entity. An owners’ association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. Notwithstanding this section, an owners’ association shall comply with the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code), at all times when matters within the subject matter of the district are heard, discussed, or deliberated, and with the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code), for all records relating to activities of the district.

**36614. “Property”**

“Property” means real property situated within a district.

**36614.5. “Property and business improvement district”; “District”**

“Property and business improvement district,” or “district,” means a property and business improvement district established pursuant to this part.

**36614.6. “Property-based assessment”**

“Property-based assessment” means any assessment made pursuant to this part upon real property.

**36614.7. “Property-based district”**

“Property-based district” means any district in which a city levies a property-based assessment.

**36615. “Property owner”; “Business owner”; “Owner”**

“Property owner” means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of land by the city council. “Business owner” means any person recognized by the city as the owner of the business. “Owner” means either a business owner or a property owner. The city council has no obligation to obtain other information as to the ownership of land or businesses, and its determination of ownership shall be final and conclusive for the purposes of this part. Wherever this part requires the signature of the property owner, the signature of the authorized agent of the property owner shall be sufficient. Wherever this part requires the signature of the business owner, the signature of the authorized agent of the business owner shall be sufficient.

**36615.5. “Special benefit”**

“Special benefit” means, for purposes of a property-based district, a particular and distinct benefit over and above general benefits conferred on real property located in a district or to the public at large. Special benefit includes incidental or collateral effects that arise from the improvements, maintenance, or activities of property-based districts even if those incidental or collateral effects benefit property or persons not assessed. Special benefit excludes general enhancement of property value.

**36616. “Tenant”**

“Tenant” means an occupant pursuant to a lease of commercial space or a dwelling unit, other than an owner.

**ARTICLE 3. Prior Law**

**36617. Alternate method of financing certain improvements and activities; Effect on other provisions**

This part provides an alternative method of financing certain improvements and activities. The provisions of this part shall not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes. Every improvement area established pursuant to the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500) of this division) is valid and effective and is unaffected by this part.

**CHAPTER 2. Establishment**

**36620. Establishment of property and business improvement district**

A property and business improvement district may be established as provided in this chapter.

**36620.5. Requirement of consent of city council**

A county may not form a district within the territorial jurisdiction of a city without the consent of the city council of that city. A city may not form a district within the unincorporated territory of a county without the consent of the board

of supervisors of that county. A city may not form a district within the territorial jurisdiction of another city without the consent of the city council of the other city.

### **36621. Initiation of proceedings; Petition of property or business owners in proposed district**

- (a) Upon the submission of a written petition, signed by the property or business owners in the proposed district who will pay more than 50 percent of the assessments proposed to be levied, the city council may initiate proceedings to form a district by the adoption of a resolution expressing its intention to form a district. The amount of assessment attributable to property or a business owned by the same property or business owner that is in excess of 40 percent of the amount of all assessments proposed to be levied, shall not be included in determining whether the petition is signed by property or business owners who will pay more than 50 percent of the total amount of assessments proposed to be levied.
- (b) The petition of property or business owners required under subdivision (a) shall include a summary of the management district plan. That summary shall include all of the following:
  - (1) A map showing the boundaries of the district.
  - (2) Information specifying where the complete management district plan can be obtained.
  - (3) Information specifying that the complete management district plan shall be furnished upon request.
- (c) The resolution of intention described in subdivision (a) shall contain all of the following:
  - (1) A brief description of the proposed improvements, maintenance, and activities, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property or businesses within the district, a statement as to whether bonds will be issued, and a description of the exterior boundaries of the proposed district, which may be made by reference to any plan or map that is on file with the clerk. The descriptions and statements do not need to be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements, maintenance, and activities, and the location and extent of the proposed district.
  - (2) A time and place for a public hearing on the establishment of the property and business improvement district and the levy of assessments, which shall be consistent with the requirements of Section 36623.

### **36622. Contents of management district plan**

The management district plan shall include, but is not limited to, all of the following:

- (a) If the assessment will be levied on property, a map of the district in sufficient detail to locate each parcel of property and, if businesses are to be assessed, each business within the district. If the assessment will be levied on businesses, a map that identifies the district boundaries in sufficient detail to allow a business owner to reasonably determine whether a business is located within the district boundaries. If the assessment will be levied on property and businesses, a map of the district in sufficient detail to locate each parcel of property and to allow a business owner to reasonably determine whether a business is located within the district boundaries.
- (b) The name of the proposed district.
- (c) A description of the boundaries of the district, including the boundaries of benefit zones, proposed for establishment or extension in a manner sufficient to identify the affected property and businesses included, which may be made by reference to any plan or map that is on file with the clerk. The boundaries of a proposed property assessment district shall not overlap with the boundaries of another existing property assessment district created pursuant to this part. This part does not prohibit the boundaries of a district created pursuant to this part to overlap with other assessment districts established pursuant to other provisions of law, including, but not limited to, the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500)). This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with another business assessment district created pursuant to this part. This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with a property assessment district created pursuant to this part.
- (d) The improvements, maintenance, and activities proposed for each year of operation of the district and the maximum cost thereof. If the improvements, maintenance, and activities proposed for each year of operation are the same, a description of the first year's proposed improvements, maintenance, and activities and a statement that the same improvements, maintenance, and activities are proposed for subsequent years shall satisfy the requirements of this subdivision.

- (e) The total annual amount proposed to be expended for improvements, maintenance, or activities, and debt service in each year of operation of the district. If the assessment is levied on businesses, this amount may be estimated based upon the assessment rate. If the total annual amount proposed to be expended in each year of operation of the district is not significantly different, the amount proposed to be expended in the initial year and a statement that a similar amount applies to subsequent years shall satisfy the requirements of this subdivision.
- (f) The proposed source or sources of financing, including the proposed method and basis of levying the assessment in sufficient detail to allow each property or business owner to calculate the amount of the assessment to be levied against his or her property or business. The plan also shall state whether bonds will be issued to finance improvements.
- (g) The time and manner of collecting the assessments.
- (h) The specific number of years in which assessments will be levied. In a new district, the maximum number of years shall be five. Upon renewal, a district shall have a term not to exceed 10 years. Notwithstanding these limitations, a district created pursuant to this part to finance capital improvements with bonds may levy assessments until the maximum maturity of the bonds. The management district plan may set forth specific increases in assessments for each year of operation of the district.
- (i) The proposed time for implementation and completion of the management district plan.
- (j) Any proposed rules and regulations to be applicable to the district.
- (k)
  - (1) A list of the properties or businesses to be assessed, including the assessor's parcel numbers for properties to be assessed, and a statement of the method or methods by which the expenses of a district will be imposed upon benefited real property or businesses, in proportion to the benefit received by the property or business, to defray the cost thereof.
  - (2) In a property-based district, the proportionate special benefit derived by each identified parcel shall be determined exclusively in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the activities. An assessment shall not be imposed on any parcel that exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and a property-based district shall separate the general benefits, if any, from the special benefits conferred on a parcel. Parcels within a property-based district that are owned or used by any city, public agency, the State of California, or the United States shall not be exempt from assessment unless the governmental entity can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit. The value of any incidental, secondary, or collateral effects that arise from the improvements, maintenance, or activities of a property-based district and that benefit property or persons not assessed shall not be deducted from the entirety of the cost of any special benefit or affect the proportionate special benefit derived by each identified parcel.
- (l) In a property-based district, the total amount of all special benefits to be conferred upon the properties located within the property-based district.
- (m) In a property-based district, the total amount of general benefits, if any.
- (n) In a property-based district, a detailed engineer's report prepared by a registered professional engineer certified by the State of California supporting all assessments contemplated by the management district plan.
- (o) Any other item or matter required to be incorporated therein by the city council.

**36623. Procedure to levy assessment**

- (a) If a city council proposes to levy a new or increased property assessment, the notice and protest and hearing procedure shall comply with Section 53753 of the Government Code.
- (b) If a city council proposes to levy a new or increased business assessment, the notice and protest and hearing procedure shall comply with Section 54954.6 of the Government Code, except that notice shall be mailed to the owners of the businesses proposed to be assessed. A protest may be made orally or in writing by any interested person. Every written protest shall be filed with the clerk at or before the time fixed for the public hearing. The city council may waive any irregularity in the form or content of any written protest. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing. Each written protest shall contain a description of the business in which the person subscribing the protest is interested sufficient to identify the business and, if a person subscribing is not shown on the official records of the city as the owner of the business, the protest shall contain or be accompanied by written evidence that the person subscribing is the owner of the business or the authorized representative. A written protest that does not comply with this section shall not be counted in determining a majority protest. If written protests are received from the owners or authorized representatives of businesses in the proposed district that will pay

50 percent or more of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than 50 percent, no further proceedings to levy the proposed assessment against such businesses, as contained in the resolution of intention, shall be taken for a period of one year from the date of the finding of a majority protest by the city council.

(c) If a city council proposes to conduct a single proceeding to levy both a new or increased property assessment and a new or increased business assessment, the notice and protest and hearing procedure for the property assessment shall comply with subdivision (a), and the notice and protest and hearing procedure for the business assessment shall comply with subdivision (b). If a majority protest is received from either the property or business owners, that respective portion of the assessment shall not be levied. The remaining portion of the assessment may be levied unless the improvement or other special benefit was proposed to be funded by assessing both property and business owners.

### **36624. Changes to proposed assessments**

At the conclusion of the public hearing to establish the district, the city council may adopt, revise, change, reduce, or modify the proposed assessment or the type or types of improvements, maintenance, and activities to be funded with the revenues from the assessments. Proposed assessments may only be revised by reducing any or all of them. At the public hearing, the city council may only make changes in, to, or from the boundaries of the proposed property and business improvement district that will exclude territory that will not benefit from the proposed improvements, maintenance, and activities. Any modifications, revisions, reductions, or changes to the proposed assessment district shall be reflected in the notice and map recorded pursuant to Section 36627.

### **36625. Resolution of formation**

(a) If the city council, following the public hearing, decides to establish a proposed property and business improvement district, the city council shall adopt a resolution of formation that shall include, but is not limited to, all of the following:

(1) A brief description of the proposed improvements, maintenance, and activities, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property, businesses, or both within the district, a statement on whether bonds will be issued, and a description of the exterior boundaries of the proposed district, which may be made by reference to any plan or map that is on file with the clerk. The descriptions and statements need not be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements, maintenance, and activities and the location and extent of the proposed district.

(2) The number, date of adoption, and title of the resolution of intention.

(3) The time and place where the public hearing was held concerning the establishment of the district.

(4) A determination regarding any protests received. The city shall not establish the district or levy assessments if a majority protest was received.

(5) A statement that the properties, businesses, or properties and businesses in the district established by the resolution shall be subject to any amendments to this part.

(6) A statement that the improvements, maintenance, and activities to be conferred on businesses and properties in the district will be funded by the levy of the assessments. The revenue from the levy of assessments within a district shall not be used to provide improvements, maintenance, or activities outside the district or for any purpose other than the purposes specified in the resolution of intention, as modified by the city council at the hearing concerning establishment of the district. Notwithstanding the foregoing, improvements and activities that must be provided outside the district boundaries to create a special or specific benefit to the assessed parcels or businesses may be provided, but shall be limited to marketing or signage pointing to the district.

(7) A finding that the property or businesses within the area of the property and business improvement district will be benefited by the improvements, maintenance, and activities funded by the proposed assessments, and, for a property-based district, that property within the district will receive a special benefit.

(8) In a property-based district, the total amount of all special benefits to be conferred on the properties within the property-based district.

(b) The adoption of the resolution of formation and, if required, recordation of the notice and map pursuant to Section 36627 shall constitute the levy of an assessment in each of the fiscal years referred to in the management district plan.

**36626. Resolution establishing district**

If the city council, following the public hearing, desires to establish the proposed property and business improvement district, and the city council has not made changes pursuant to Section 36624, or has made changes that do not substantially change the proposed assessment, the city council shall adopt a resolution establishing the district. The resolution shall contain all of the information specified in Section 36625.

**36627. Notice and assessment diagram**

Following adoption of the resolution establishing district assessments on properties pursuant to Section 36625 or Section 36626, the clerk shall record a notice and an assessment diagram pursuant to Section 3114. No other provision of Division 4.5 (commencing with Section 3100) applies to an assessment district created pursuant to this part.

**36628. Establishment of separate benefit zones within district; Categories of businesses**

The city council may establish one or more separate benefit zones within the district based upon the degree of benefit derived from the improvements or activities to be provided within the benefit zone and may impose a different assessment within each benefit zone. If the assessment is to be levied on businesses, the city council may also define categories of businesses based upon the degree of benefit that each will derive from the improvements or activities to be provided within the district and may impose a different assessment or rate of assessment on each category of business, or on each category of business within each zone.

**36628.5. Assessments on businesses or property owners**

The city council may levy assessments on businesses or on property owners, or a combination of the two, pursuant to this part. The city council shall structure the assessments in whatever manner it determines corresponds with the distribution of benefits from the proposed improvements, maintenance, and activities, provided that any property-based assessment conforms with the requirements set forth in paragraph (2) of subdivision (k) of Section 36622.

**36629. Provisions and procedures applicable to benefit zones and business categories**

All provisions of this part applicable to the establishment, modification, or disestablishment of a property and business improvement district apply to the establishment, modification, or disestablishment of benefit zones or categories of business. The city council shall, to establish, modify, or disestablish a benefit zone or category of business, follow the procedure to establish, modify, or disestablish a property and business improvement district.

**36630. Expiration of district; Creation of new district**

If a property and business improvement district expires due to the time limit set pursuant to subdivision (h) of Section 36622, a new management district plan may be created and the district may be renewed pursuant to this part.

**CHAPTER 3. Assessments**

**36631. Time and manner of collection of assessments; Delinquent payments**

The collection of the assessments levied pursuant to this part shall be made at the time and in the manner set forth by the city council in the resolution levying the assessment. Assessments levied on real property may be collected at the same time and in the same manner as for the ad valorem property tax, and may provide for the same lien priority and penalties for delinquent payment. All delinquent payments for assessments levied pursuant to this part may be charged interest and penalties.

**36632. Assessments to be based on estimated benefit; Classification of real property and businesses; Exclusion of residential and agricultural property**

(a) The assessments levied on real property pursuant to this part shall be levied on the basis of the estimated benefit to the real property within the property and business improvement district. The city council may

classify properties for purposes of determining the benefit to property of the improvements and activities provided pursuant to this part.

(b) Assessments levied on businesses pursuant to this part shall be levied on the basis of the estimated benefit to the businesses within the property and business improvement district. The city council may classify businesses for purposes of determining the benefit to the businesses of the improvements and activities provided pursuant to this part.

(c) Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and service funded through these assessments, and shall not be subject to any assessment pursuant to this part.

### **36633. Time for contesting validity of assessment**

The validity of an assessment levied under this part shall not be contested in any action or proceeding unless the action or proceeding is commenced within 30 days after the resolution levying the assessment is adopted pursuant to Section 36626. Any appeal from a final judgment in an action or proceeding shall be perfected within 30 days after the entry of judgment.

### **36634. Service contracts authorized to establish levels of city services**

The city council may execute baseline service contracts that would establish levels of city services that would continue after a property and business improvement district has been formed.

### **36635. Request to modify management district plan**

The owners' association may, at any time, request that the city council modify the management district plan. Any modification of the management district plan shall be made pursuant to this chapter.

### **36636. Modification of plan by resolution after public hearing; Adoption of resolution of intention**

(a) Upon the written request of the owners' association, the city council may modify the management district plan after conducting one public hearing on the proposed modifications. The city council may modify the improvements and activities to be funded with the revenue derived from the levy of the assessments by adopting a resolution determining to make the modifications after holding a public hearing on the proposed modifications. If the modification includes the levy of a new or increased assessment, the city council shall comply with Section 36623. Notice of all other public hearings pursuant to this section shall comply with both of the following:

- (1) The resolution of intention shall be published in a newspaper of general circulation in the city once at least seven days before the public hearing.
- (2) A complete copy of the resolution of intention shall be mailed by first class mail, at least 10 days before the public hearing, to each business owner or property owner affected by the proposed modification.

(b) The city council shall adopt a resolution of intention which states the proposed modification prior to the public hearing required by this section. The public hearing shall be held not more than 90 days after the adoption of the resolution of intention.

### **36637. Reflection of modification in notices recorded and maps**

Any subsequent modification of the resolution shall be reflected in subsequent notices and maps recorded pursuant to Division 4.5 (commencing with Section 3100), in a manner consistent with the provisions of Section 36627.

## **CHAPTER 3.5. Financing**

### **36640. Bonds authorized; Procedure; Restriction on reduction or termination of assessments**

(a) The city council may, by resolution, determine and declare that bonds shall be issued to finance the estimated cost of some or all of the proposed improvements described in the resolution of formation adopted pursuant to Section 36625, if the resolution of formation adopted pursuant to that section provides for the issuance of bonds, under the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500))

or in conjunction with Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code). Either act, as the case may be, shall govern the proceedings relating to the issuance of bonds, although proceedings under the Bond Act of 1915 may be modified by the city council as necessary to accommodate assessments levied upon business pursuant to this part.

(b) The resolution adopted pursuant to subdivision (a) shall generally describe the proposed improvements specified in the resolution of formation adopted pursuant to Section 36625, set forth the estimated cost of those improvements, specify the number of annual installments and the fiscal years during which they are to be collected. The amount of debt service to retire the bonds shall not exceed the amount of revenue estimated to be raised from assessments over 30 years.

(c) Notwithstanding any other provision of this part, assessments levied to pay the principal and interest on any bond issued pursuant to this section shall not be reduced or terminated if doing so would interfere with the timely retirement of the debt.

#### **CHAPTER 4. Governance**

##### **36650. Report by owners' association; Approval or modification by city council**

(a) The owners' association shall cause to be prepared a report for each fiscal year, except the first year, for which assessments are to be levied and collected to pay the costs of the improvements, maintenance, and activities described in the report. The owners' association's first report shall be due after the first year of operation of the district. The report may propose changes, including, but not limited to, the boundaries of the property and business improvement district or any benefit zones within the district, the basis and method of levying the assessments, and any changes in the classification of property, including any categories of business, if a classification is used.

(b) The report shall be filed with the clerk and shall refer to the property and business improvement district by name, specify the fiscal year to which the report applies, and, with respect to that fiscal year, shall contain all of the following information:

(1) Any proposed changes in the boundaries of the property and business improvement district or in any benefit zones or classification of property or businesses within the district.

(2) The improvements, maintenance, and activities to be provided for that fiscal year.

(3) An estimate of the cost of providing the improvements, maintenance, and activities for that fiscal year.

(4) The method and basis of levying the assessment in sufficient detail to allow each real property or business owner, as appropriate, to estimate the amount of the assessment to be levied against his or her property or business for that fiscal year.

(5) The estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year.

(6) The estimated amount of any contributions to be made from sources other than assessments levied pursuant to this part.

(c) The city council may approve the report as filed by the owners' association or may modify any particular contained in the report and approve it as modified. Any modification shall be made pursuant to Sections 36635 and 36636.

The city council shall not approve a change in the basis and method of levying assessments that would impair an authorized or executed contract to be paid from the revenues derived from the levy of assessments, including any commitment to pay principal and interest on any bonds issued on behalf of the district.

##### **36651. Designation of owners' association to provide improvements, maintenance, and activities**

The management district plan may, but is not required to, state that an owners' association will provide the improvements, maintenance, and activities described in the management district plan. If the management district plan designates an owners' association, the city shall contract with the designated nonprofit corporation to provide services.

#### **CHAPTER 5. Renewal**

##### **36660. Renewal of district; Transfer or refund of remaining revenues; District term limit**

- (a) Any district previously established whose term has expired, or will expire, may be renewed by following the procedures for establishment as provided in this chapter.
- (b) Upon renewal, any remaining revenues derived from the levy of assessments, or any revenues derived from the sale of assets acquired with the revenues, shall be transferred to the renewed district. If the renewed district includes additional parcels or businesses not included in the prior district, the remaining revenues shall be spent to benefit only the parcels or businesses in the prior district. If the renewed district does not include parcels or businesses included in the prior district, the remaining revenues attributable to these parcels shall be refunded to the owners of these parcels or businesses.
- (c) Upon renewal, a district shall have a term not to exceed 10 years, or, if the district is authorized to issue bonds, until the maximum maturity of those bonds. There is no requirement that the boundaries, assessments, improvements, or activities of a renewed district be the same as the original or prior district.

## **CHAPTER 6. Disestablishment**

### **36670. Circumstances permitting disestablishment of district; Procedure**

- (a) Any district established or extended pursuant to the provisions of this part, where there is no indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the district, may be disestablished by resolution by the city council in either of the following circumstances:
  - (1) If the city council finds there has been misappropriation of funds, malfeasance, or a violation of law in connection with the management of the district, it shall notice a hearing on disestablishment.
  - (2) During the operation of the district, there shall be a 30-day period each year in which assesseses may request disestablishment of the district. The first such period shall begin one year after the date of establishment of the district and shall continue for 30 days. The next such 30-day period shall begin two years after the date of the establishment of the district. Each successive year of operation of the district shall have such a 30-day period. Upon the written petition of the owners or authorized representatives of real property or the owners or authorized representatives of businesses in the district who pay 50 percent or more of the assessments levied, the city council shall pass a resolution of intention to disestablish the district. The city council shall notice a hearing on disestablishment.
- (b) The city council shall adopt a resolution of intention to disestablish the district prior to the public hearing required by this section. The resolution shall state the reason for the disestablishment, shall state the time and place of the public hearing, and shall contain a proposal to dispose of any assets acquired with the revenues of the assessments levied within the property and business improvement district. The notice of the hearing on disestablishment required by this section shall be given by mail to the property owner of each parcel or to the owner of each business subject to assessment in the district, as appropriate. The city shall conduct the public hearing not less than 30 days after mailing the notice to the property or business owners. The public hearing shall be held not more than 60 days after the adoption of the resolution of intention.

### **36671. Refund of remaining revenues upon disestablishment or expiration without renewal of district; Calculation of refund; Use of outstanding revenue collected after disestablishment of district**

- (a) Upon the disestablishment or expiration without renewal of a district, any remaining revenues, after all outstanding debts are paid, derived from the levy of assessments, or derived from the sale of assets acquired with the revenues, or from bond reserve or construction funds, shall be refunded to the owners of the property or businesses then located and operating within the district in which assessments were levied by applying the same method and basis that was used to calculate the assessments levied in the fiscal year in which the district is disestablished or expires. All outstanding assessment revenue collected after disestablishment shall be spent on improvements and activities specified in the management district plan.
- (b) If the disestablishment occurs before an assessment is levied for the fiscal year, the method and basis that was used to calculate the assessments levied in the immediate prior fiscal year shall be used to calculate the amount of any refund.

## APPENDIX 2 – ASSESSED BUSINESSES\*

Business Name / Identification Number	Address, City, State, ZIP
Hyatt Regency Huntington Beach Resort & Spa	21500 Pacific Coast Hwy, Huntington Beach, CA 92648
The Waterfront Beach Resort, a Hilton Hotel	21100 Pacific Coast Hwy, Huntington Beach, CA 92648
Pasea Hotel & Spa	21080 Pacific Coast Hwy, Huntington Beach, CA 92648
Kimpton Shorebreak Resort	500 Pacific Coast Hwy, Huntington Beach, CA 92648
The Hotel Huntington Beach	7667 Center Ave, Huntington Beach, CA 92647
SpringHill Suites by Marriott	7872 Edinger Ave, Huntington Beach, CA 92647
Comfort Inn & Suites Huntington Beach	16301 Beach Blvd, Huntington Beach, CA 92647
Extended Stay America	5050 Skylab Rd, Huntington Beach, CA 92647
Huntington Suites	7971 Yorktown Ave, Huntington Beach, CA 92648
Best Western Surf City	19360 Beach Blvd, Huntington Beach, CA 92648
Huntington Beach Inn	800 Pacific Coast Hwy, Huntington Beach, CA 92648
Travelodge Ocean Front	17205 Pacific Coast Hwy, Sunset Beach, CA 90742
Beach Inn Motel	18112 Beach Blvd, Huntington Beach, CA 92648
Starlight Inn	18382 Beach Blvd, Huntington Beach, CA 92648
777 Motor Inn	16240 Pacific Coast Hwy, Huntington Beach, CA 92649
Oceanview Motel	16196 Pacific Coast Hwy, Huntington Beach, CA 92649
Best Western Harbour Inn & Suites	16912 Pacific Coast Hwy, Sunset Beach, CA 90742
Ocean Surf Inn & Suites	16555 Pacific Coast Hwy, Sunset Beach, CA 90742
Surf City Inn	16220 Pacific Coast Hwy, Huntington Beach, CA 92649
Huntington Surf Inn	720 Pacific Coast Hwy, Huntington Beach, CA 92648
Hotel Europa	7561 Center Ave, Huntington Beach, CA 92647
STR-2021-0158	7771 Ellis Avenue Huntington Beach CA 92648
STR-2021-0174	529 Lake Street, Huntington Beach CA 92648
STR-2021-0060	9151 Adams Avenue Huntington Beach CA 92646
STR-2021-0165	4542 Prelude Drive Huntington Beach CA 92649
STR-2022-0016	5922 Donlyn Drive Huntington Beach CA 92649
STR-2022-0033	207 11 <sup>th</sup> Street, Huntington Beach CA 92648
STR-2022-0028	8462 Modale Drive Huntington Beach CA 92646
STR-2021-0155	112 8 <sup>th</sup> Street, Huntington Beach CA 92648
STR-2022-0036	16811 14 <sup>th</sup> Street # 1 Sunset Beach CA 90742
STR-2022-0053	16511 23 <sup>rd</sup> Street # 1 Sunset Beach CA 90742
STR-2021-0164	714 Oceanhill Drive Huntington Beach CA 92648
STR-2022-0035	912 Main Street, Huntington Beach CA 92648
STR-2022-0032	17162 Elm Lane, Huntington Beach CA 92647
STR-2022-0039	16752 16 <sup>th</sup> Street # 1 Sunset Beach CA 90742
STR-2021-0136	16571 S Pacific Avenue Sunset Beach CA 90742
STR-2021-0166	2300 Delaware Street # 1 Huntington Beach CA 92648
STR-2021-0152	231 1 <sup>st</sup> Street # 7 Huntington Beach CA 92648
STR-2022-0051	16651 S Pacific Avenue # 1 Sunset Beach CA 90742

<b>Business Name / Identification Number</b>	<b>Address, City, State, ZIP</b>
STR-2021-0091	16761 Bayview Drive Sunset Beach CA 90742
STR-2022-0056	17116 4 <sup>th</sup> Street # 2 Sunset Beach CA 90742
STR-2022-0077	17029 S Pacific Avenue Sunset Beach CA 90742
STR-2022-0083	8101 Ellis Avenue Huntington Beach CA 92646
STR-2023-0049	20632 Goshawk Lane Huntington Beach CA 92646
STR-2022-0049	16917 Park Avenue # 2 Sunset Beach CA 90742
STR-2022-0073	8312 Snowbird Drive Huntington Beach CA 92646
STR-2022-0021	16385 S Pacific Avenue Sunset Beach CA 90742
STR-2022-0012	20731 Spindrift Lane Huntington Beach CA 92646
STR-2022-0086	18091 Newland Street Huntington Beach CA 92646
STR-2022-0087	212 6 <sup>th</sup> Street, Huntington Beach CA 92648
STR-2022-0031	216 16 <sup>th</sup> Street, Huntington Beach CA 92648
STR-2022-0075	726 14 <sup>th</sup> Street, Huntington Beach CA 92648
STR-2022-0085	1106 Huntington Street Huntington Beach CA 92648
STR-2022-0095	115 Huntington Street Huntington Beach CA 92648
STR-2021-0169	17201 Sims Lane Huntington Beach CA 92649
STR-2021-0146	16772 Pacific Coast Highway Sunset Beach CA 90742
STR-2021-0133	610 Main Street, Huntington Beach CA 92648
STR-2022-0099	225 2 <sup>nd</sup> Street, Huntington Beach CA 92648
STR-2022-0003	403 10 <sup>th</sup> Street, Huntington Beach CA 92648
STR-2022-0105	9192 Paddock Circle Huntington Beach CA 92646
STR-2022-0100	19961 Estuary Lane Huntington Beach CA 92646
STR-2022-0107	301 16 <sup>th</sup> Street, Huntington Beach CA 92648
STR-2022-0013	221 6 <sup>th</sup> Street, Huntington Beach CA 92648
STR-2022-0081	609 Lake Street, Huntington Beach CA 92648
STR-2022-0106	16591 Lucia Lane Huntington Beach CA 92647
STR-2022-0109	16841 S Pacific Avenue Sunset Beach CA 90742
STR-2021-0040	4671 Los Patos Avenue Huntington Beach CA 92649
STR-2022-0102	17891 Caledonia Circle Huntington Beach CA 92647
STR-2023-0062	16421 S Pacific Avenue Sunset Beach CA 90742
STR-2023-0091	8331 Varas Circle Huntington Beach CA 92646
STR-2022-0117	6871 Oxford Drive Huntington Beach CA 92647
STR-2022-0122	520 9 <sup>th</sup> Street, Huntington Beach CA 92648
STR-2022-0082	604 18 <sup>th</sup> Street, Huntington Beach CA 92648
STR-2022-0126	1003 California Street # B Huntington Beach CA 92648
STR-2023-0092	16742 Bayview Drive Sunset Beach CA 90742
STR-2023-0106	16361 S Pacific Avenue Sunset Beach CA 90742
STR-2022-0004	306 14 <sup>th</sup> Street, Huntington Beach CA 92648
STR-2023-0110	16778 Pacific Coast Highway # A Sunset Beach CA 90742
STR-2023-0109	8231 Munster Drive Huntington Beach CA 92646
STR-2023-0098	5231 Meadowlark Drive Huntington Beach CA 92649
STR-2022-0124	6822 Sylvia Drive Huntington Beach CA 92647
STR-2023-0118	16756 Pacific Coast Highway Sunset Beach CA 90742

<b>Business Name / Identification Number</b>	<b>Address, City, State, ZIP</b>
STR-2021-0008	7561 Danube Drive Huntington Beach CA 92647
STR-2023-0116	16855 S Pacific Avenue # 1 Sunset Beach CA 90742
STR-2023-0043	8261 Munster Drive Huntington Beach CA 92646
STR-2022-0116	15311 Yorkshire Lane Huntington Beach CA 92647
STR-2023-0095	512 14 <sup>th</sup> Street, Huntington Beach CA 92648
STR-2023-0102	603 21 <sup>st</sup> Street, Huntington Beach CA 92648
STR-2022-0110	6062 Kelsey Circle Huntington Beach CA 92647
STR-2022-0127	214 Goldenwest Street Huntington Beach CA 92648
STR-2022-0071	17312 Lee Circle Huntington Beach CA 92647
STR-2021-0171	305 California Street # B Huntington Beach CA 92648
STR-2022-0118	15971 Wicklow Lane Huntington Beach CA 92647
STR-2022-0084	5381 Kenilworth Drive Huntington Beach CA 92649
STR-2023-0124	16575 S Pacific Avenue # 1 Sunset Beach CA 90742
STR-2022-0134	19132 Stingray Lane Huntington Beach CA 92646
STR-2022-0097	841 Frankfort Avenue Huntington Beach CA 92648
STR-2022-0144	17151 Granada Lane Huntington Beach CA 92647
STR-2021-0175	7651 Clay Avenue Huntington Beach CA 92648
STR-2023-0117	6045 Summerdale Drive Huntington Beach CA 92647
STR-2022-0108	210 7 <sup>th</sup> Street, Huntington Beach CA 92648
STR-2023-0089	17020 Edgewater Lane Huntington Beach CA 92649
STR-2022-0094	16778 Bayview Drive # A Sunset Beach CA 90742
STR-2023-0134	9302 Candlewood Drive Huntington Beach CA 92646
STR-2022-0139	7562 Washington Drive Huntington Beach CA 92647
STR-2023-0142	411 14 <sup>th</sup> Street # C Huntington Beach CA 92648
STR-2022-0140	17220 Courtney Lane Huntington Beach CA 92649
STR-2023-0127	16541 S Pacific Avenue Sunset Beach CA 90742
STR-2023-0147	218 19 <sup>th</sup> Street # B Huntington Beach CA 92648
STR-2023-0151	307 7 <sup>th</sup> Street # C Huntington Beach CA 92648
STR-2023-0150	221 Chicago Avenue Huntington Beach CA 92648
STR-2022-0119	4642 Minuet Drive Huntington Beach CA 92649
STR-2023-0133	20681 Chaucer Lane Huntington Beach CA 92646
STR-2022-0005	409 ½ 6 <sup>th</sup> Street, Huntington Beach CA 92648
STR-2023-0160	1508 Olive Avenue # A Huntington Beach CA 92648
STR-2022-0067	221 2 <sup>nd</sup> Street, Huntington Beach CA 92648
STR-2022-0152	5131 Dovewood Drive Huntington Beach CA 92649
STR-2023-0112	16391 S Pacific Avenue # 1 Sunset Beach CA 90742
STR-2021-0151	427 Lake Street, Huntington Beach CA 92648
STR-2022-0111	5601 Rogers Drive Huntington Beach CA 92649
STR-2022-0088	426 Goldenwest Street Huntington Beach CA 92648
STR-2022-0154	119 6 <sup>th</sup> Street, Huntington Beach CA 92648
STR-2021-0112	14895 Sunnycrest Lane Huntington Beach CA 92647
STR-2022-0158	17312 Norcon Circle Huntington Beach CA 92649
STR-2023-0187	323 19 <sup>th</sup> Street # 1 Huntington Beach CA 92648

<b>Business Name / Identification Number</b>	<b>Address, City, State, ZIP</b>
STR-2023-0164	407 Alabama Street Huntington Beach CA 92648
STR-2023-0189	235 1 <sup>st</sup> Street, Huntington Beach CA 92648
STR-2022-0163	1910 Alsuna Lane Huntington Beach CA 92648
STR-2023-0193	16962 9th St 1, Sunset Beach CA 90742
STR-2023-0211	17012 N Pacific Ave Sunset Beach CA 90742
STR-2023-0198	17016 7th St, Sunset Beach CA 90742
STR-2022-0165	8142 Sterling Drive Huntington Beach CA 92646
STR-2022-0164	19142 Stingray Lane Huntington Beach CA 92646
STR-2023-0196	1316 Alabama Street Huntington Beach CA 92648
STR-2022-0054	216 10 <sup>th</sup> Street, Huntington Beach CA 92648
STR-2022-0159	222 Chicago Avenue # B Huntington Beach CA 92648
STR-2022-0150	9692 Durham Drive Huntington Beach CA 92646
STR-2022-0066	406 7 <sup>th</sup> Street, Huntington Beach CA 92648
STR-2022-0175	632 Indianapolis Avenue Huntington Beach CA 92648
STR-2022-0168	16772 Broadway # 4 Huntington Beach CA 92649
STR-2022-0146	19821 Bushard Street Huntington Beach CA 92646
STR-2022-0169	1411 Delaware Street # 1 Huntington Beach CA 92648
STR-2022-0161	1915 Delaware Street Huntington Beach CA 92648
STR-2023-0008	228 Chicago Avenue # 1 Huntington Beach CA 92648
STR-2022-0170	16561 Tiber Lane Huntington Beach CA 92647
STR-2023-0011	3854 Humboldt Drive Huntington Beach CA 92649
STR-2022-0176	2015 California Street Huntington Beach CA 92648
STR-2022-0157	8841 Jarrett Circle Huntington Beach CA 92647
STR-2022-0166	14582 Aspen Circle Huntington Beach CA 92647
STR-2023-0010	1107 Lake Street Huntington Beach CA 92648
STR-2022-0113	16681 Landau Lane Huntington Beach CA 92647
STR-2022-0173	6421 Sligo Circle Huntington Beach CA 92647
STR-2023-0023	215 Huntington Street # A Huntington Beach CA 92648
STR-2023-0018	636 Indianapolis Avenue Huntington Beach CA 92648
STR-2022-0172	18276 Lisa Lane, Huntington Beach CA 92646
STR-2022-0155	5782 Spa Drive, Huntington Beach CA 92647
STR-2023-0014	7651 Rhone Lane Huntington Beach CA 92647
STR-2023-0046	113 6 <sup>th</sup> Street, Huntington Beach CA 92648
STR-2023-0016	210 6 <sup>th</sup> Street, Huntington Beach CA 92648
STR-2021-0123	447 Lake Street, Huntington Beach CA 92648
STR-2023-0026	946 11 <sup>th</sup> Street, Huntington Beach CA 92648
STR-2021-0172	6421 Jasmine Drive Huntington Beach CA 92648
STR-2023-0060	215 Portland Avenue Huntington Beach CA 92648
STR-2023-0054	610 11 <sup>th</sup> Street, Huntington Beach CA 92648
STR-2023-0058	222 18 <sup>th</sup> Street # A Huntington Beach CA 92648
STR-2021-0103	16525 S Pacific Avenue Sunset Beach CA 90742
STR-2023-0039	743 13 <sup>th</sup> Street, Huntington Beach CA 92648
STR-2023-0040	6661 Wrenfield Drive Huntington Beach CA 92647

<b>Business Name / Identification Number</b>	<b>Address, City, State, ZIP</b>
STR-2023-0021	117 6 <sup>th</sup> Street, Huntington Beach CA 92648
STR-2023-0047	8252 Michael Drive Huntington Beach CA 92647
STR-2023-0029	218 18 <sup>th</sup> Street # B Huntington Beach CA 92648
STR-2023-0057	7882 Aldrich Drive # 102 Huntington Beach CA 92647
STR-2023-0041	21891 Seacrest Lane Huntington Beach CA 92646
STR-2023-0033	20441 Regal Circle Huntington Beach CA 92646
STR-2023-0036	213 17 <sup>th</sup> Street # A Huntington Beach CA 92648
STR-2023-0078	14892 Quill Circle Huntington Beach CA 92647
STR-2023-0103	8371 Friesland Drive Huntington Beach CA 92647
STR-2023-0076	6921 Tucana Drive Huntington Beach CA 92647
STR-2023-0051	510 Alabama Street Huntington Beach CA 92648
STR-2023-0056	2102 Pacific Coast Highway Huntington Beach CA 92648
STR-2023-0034	8131 Terry Drive Huntington Beach CA 92647
STR-2022-0174	8192 Falmouth Drive Huntington Beach CA 92646
STR-2023-0075	16141 Malaga Lane # A Huntington Beach CA 92647
STR-2023-0108	404 11 <sup>th</sup> Street, Huntington Beach CA 92648
STR-2023-0125	16605 S Pacific Avenue Sunset Beach CA 90742
STR-2023-0111	10051 Cutty Sark Drive Huntington Beach CA 92646
STR-2023-0055	16892 Baruna Lane Huntington Beach CA 92649
STR-2023-0144	16782 Heritage Lane Huntington Beach CA 92647
STR-2023-0061	601 7 <sup>th</sup> Street, Huntington Beach CA 92648
STR-2022-0041	1020 Pacific Coast Highway # B Huntington Beach CA 92648
STR-2023-0020	414 8 <sup>th</sup> Street, Huntington Beach CA 92648
STR-2023-0184	20282 Colonial Circle Huntington Beach CA 92646
STR-2023-0181	20662 Goshawk Lane Huntington Beach CA 92646
STR-2023-0196	1316 Alabama Street 1 Huntington Beach CA 92648
STR-2023-0188	19621 Occidental Lane Huntington Beach CA 92646
STR-2023-0094	9632 Peppertree Drive Huntington Beach CA 92646
STR-2023-0210	111 7th Street, Huntington Beach CA 92648
STR-2023-0218	201 Huntington Street 201 Huntington Beach CA 92648
STR-2023-0182	17052 Greentree Lane Huntington Beach CA 92649
STR-2023-0204	17622 Prescott Lane Huntington Beach CA 92647
STR-2023-0217	15432 Shasta Lane Huntington Beach CA 92647
STR-2023-0170	17082 5 <sup>th</sup> Street 2 Sunset Beach CA 90742
STR-2023-0213	10401 Monitor Drive Huntington Beach CA 92646
STR-2023-0222	17165 S Pacific Avenue Sunset Beach CA 90742
STR-2023-0180	16612 Graham Place Huntington Beach CA 92649
STR-2024-0004	6701 Walton Drive Huntington Beach CA 92647
STR-2024-0008	21252 Banff Lane Huntington Beach CA 92646
STR-2023-0165	610 17 <sup>th</sup> Street, Huntington Beach CA 92648
STR-2023-0202	17026 7 <sup>th</sup> Street, Sunset Beach CA 90742
STR-2023-0136	16721 Phelps Lane Huntington Beach CA 92649
STR-2024-0003	119 9th Street, Huntington Beach CA 92648

Business Name / Identification Number	Address, City, State, ZIP
STR-2023-0178	510 9th Street, Huntington Beach CA 92648
STR-2024-0014	17155 S Pacific Avenue Sunset Beach CA 90742
STR-2023-0149	16791 Bayview Drive Sunset Beach CA 90742
STR-2023-0066	9971 Kings Canyon Drive Huntington Beach CA 92646
STR-2023-0186	124 Main Street 303 Huntington Beach CA 92648
STR-2024-0015	8021 Mermaid Circle Huntington Beach CA 92646
STR-2024-0025	115 7th Street, Huntington Beach CA 92648
STR-2024-0032	516 Huntington Street Huntington Beach CA 92648

\*As of March 2024

\*\* The list was developed with the most reliable information provided; however, the list may contain discrepancies. This list shall include any future to-be opened lodging businesses. Any lodging business that may have been missed in this list, but is still within the boundaries of the HBTBID, shall also be subject to assessment.



# **Request to Modify the Management District Plan for the Huntington Beach Tourism Business Improvement District**

April 16, 2024

# Background

- HB Tourism Business Improvement District (HBTBID) formed in 2014 pursuant to the CA Property and Business Improvement District Law of 1994
- HBTBID purpose is to market HB to increase overnight room sales
- Funding derived from assessments collected from lodging businesses (paid by guests) operating within City boundaries
- HBTBID was renewed in 2019 and runs through June 30, 2028
- Management District Plan (MDP) identifies funds and outlines programs



# HBTBID

- Comprised of approx. 21 hotels/motels and 200 Short Term Rentals (STRs)
- Current assessment rate is 4% of gross short-term lodging revenue (separate from 10% Transient Occupancy Tax (TOT) collected by City)
- Boundary includes all lodging businesses, existing and in the future, within the City
- Total assessments approximately \$7 million for FY 23-24



# Visit Huntington Beach (VHB)

- Visit Huntington Beach (VHB), a non-profit 501(c)6 organization, serves as the HBTBID Owners' Association
- Consists of 17 staff and 22 board members
- Responsible for implementing the MDP programs and submitting an annual report to City Council
- Management Agreement between City and VHB outlines responsibilities of both parties related to HBTBID funding and programs
- City collects assessments and then distributes funds to VHB



# HBTBID Modification Request

- 2019 - City began retaining 100% of TOT revenues; Assessment rate increased 3% to 4% to mitigate TOT loss
- HBTBID assessment is the only dedicated funding source to market Surf City USA
- Competitive cities have dedicated more resources and are adding lodging properties/attractions making funding deficit gap greater each year
- VHB is seeking to modify the MDP to increase assessment rate from 4% to 6% to remain competitive and ensure that tourism promotion funding is adequate

*VHB Comparative Set*

Location	Amount Raised	Assessment Rate	TOT Rate	Total Guest Charge
Anaheim	\$17,500,000	2% room revenue	15%	17%
Mammoth Lakes	\$10,800,000	1% room revenue	13%	14%
Newport Beach	\$13,000,000	5% room revenue	10%	15%
Palm Springs	\$17,000,000	1% room revenue	14%	15%
San Diego	\$41,000,000	2% room revenue	10%	12%
San Luis Obispo	\$10,400,000	1% room revenue	10%	11%
Santa Barbara	\$10,700,000	2% room revenue	12%	14%
Huntington Beach	\$7,000,000	4% room revenue	10%	14%

# OC Product Additions/Enhancements

## NEWPORT BEACH

- Veia Newport Beach
- Pendry hotel
- RH Gallery & Rooftop Café

## ANAHEIM

- JW Marriott Anaheim Resort
- The Westin Anaheim Resort

## SOUTH COUNTY

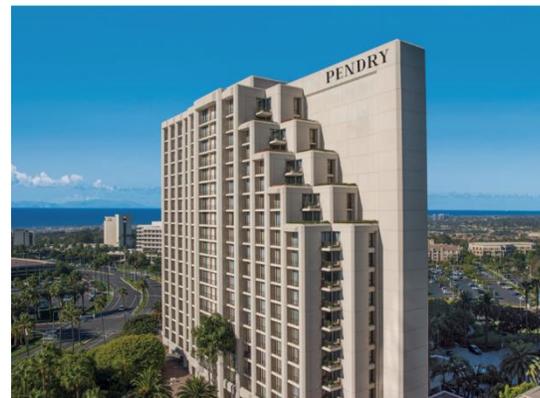
- Waldorf Astoria
- Ritz Carlton
- Dana Point Harbor

## OC VIBE

- Hotel (500 Rooms)

## DISNEYLAND

- Disneyland Hotel
- Vacation Club Tower
- Pixar Pier Hotel
- Downtown Disney



# Proposed Modified Budget

## Sales & Marketing (65%)

- [SurfCityUSA.com](http://SurfCityUSA.com) website, media buys and seasonal marketing campaigns, public relations, social media, consumer advertising, the official Visitor Guide, maps, historical walking tours and the Surf City USA Barrel Trail, and destination meeting sales.

## Tourism Enhancement Programs (10%)

- Elevate the visitor experience (improved wayfinding signage, temporary summer beach restrooms, a nighttime ambassador program, infrastructure improvements, improved accessibility, and more).

Budget Category	Existing	Proposed
Sales & Marketing	72%	65%
Tourism Enhancement Programs		10%
Administration	19%	19%
Contingency/Reserve	8%	5%
City Admin Fee	1%	1%
<i>Total Budget (Approximately)</i>	<b>\$7M</b>	<b>\$10M</b>

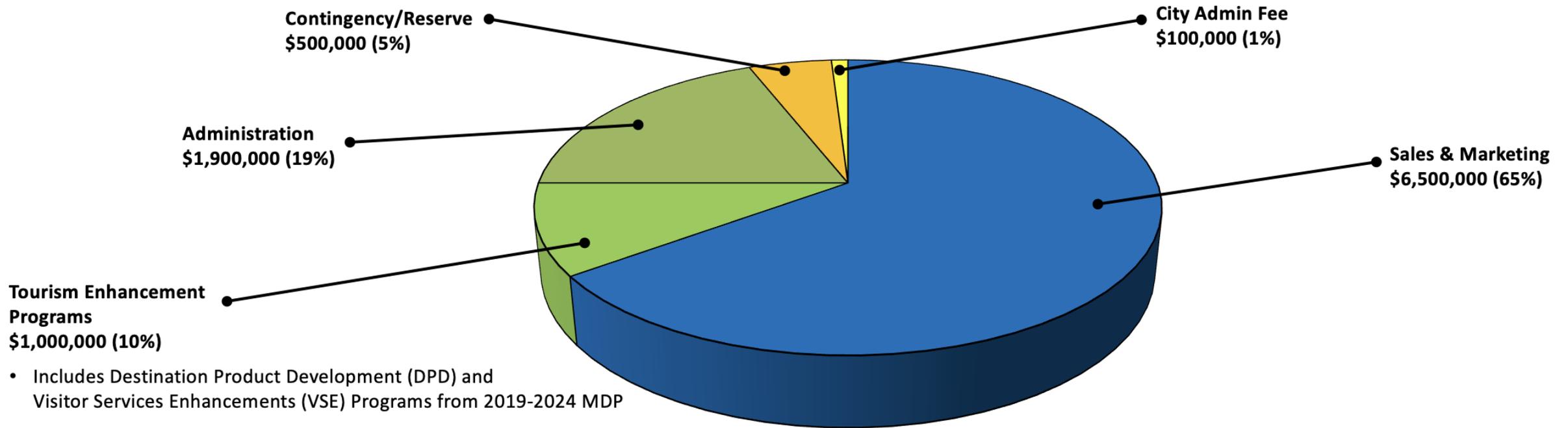
# Proposed Modified Budget

## 2024 VHB PROPOSED MODIFIED BUDGET: Annual Assessment Budget \$10,000,000

VHB's FY23-24 budget is approximately \$7 million.

With a 2% increase in TBID assessments, VHB forecasts its budget to be approximately \$10M. This amount is reflected below.

All proposed programs funded by TBID assessments must be approved by the VHB Board during the annual budget process and must adhere to state laws governing these assessment expenditures.



# HBTBID Modification Schedule

<b>Resolution Of Intention</b>	<b>April 16</b>	<ul style="list-style-type: none"><li>• Upon VHB written request, City Council may adopt a Resolution of Intention (ROI) which states the proposed modification and initiates MDP modification proceedings</li></ul>
<b>Notice</b>	<b>April May</b>	<ul style="list-style-type: none"><li>• Notice of proposed modification mailed at least 45 days prior to public hearing</li><li>• ROI mailed to each lodging business owner at least 10 days before public hearing</li><li>• Newspaper publishing at least 7 days before public hearing</li></ul>
<b>Public Meeting</b>	<b>May 7</b>	<ul style="list-style-type: none"><li>• Public meeting to allow public testimony</li><li>• No Council action required</li></ul>
<b>Public Hearing &amp; Resolution of Modification</b>	<b>June 4</b>	<ul style="list-style-type: none"><li>• Public hearing, not more than 90 days after the adoption of the ROI, on the proposed MDP modifications</li><li>• City Council, following the public hearing, may decide to modify the HBTBID and adopt a Resolution of Modification</li></ul>

# Management Agreement Amendment

- Management Agreement between City and VHB outlines responsibilities of both parties related to HBTBID funding and programs
- If the MDP is modified, then the Management Agreement would be amended to define specific Tourism Enhancement Programs that both the City and VHB would fund during the remainder of HBTBID term.

VHB TEPs
Wayfinding
Walkability & Connectivity
Temporary Beach Restrooms
Nighttime Ambassador Program
Accessibility
Bike Valet
Beach Event Infrastructure
Improved Surf Museum for LA28

City TEPs
Downtown Parking Structure Upgrades
Downtown Specific Plan Improvements
Circuit Shuttle
PCH & 6 <sup>th</sup> Pedestrian Path
All-Inclusive Playground Upgrades
Bluff Top Park Lighting
Enhanced Downtown Maintenance
Restroom Upgrades

# Recommendation

- Adopt Resolution No. 2024-13 declaring the City's Intention to Modify the Management District Plan for the Huntington Beach Tourism Business Improvement District,
- Set a Public Meeting date of May 7, 2024, and
- Set a Public Hearing date of June 4, 2024

# Questions?

