



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	\$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%

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

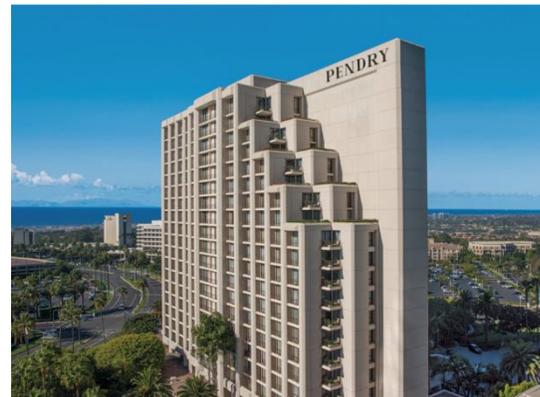
- Waldorf Astoria
- Ritz Carlton
- Dana Point Harbor

OC VIBE

- Hotel (500 Rooms)

DISNEYLAND

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



Proposed Modified Budget

Sales & Marketing (65%)

- SurfCityUSA.com 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>	\$7M	\$10M

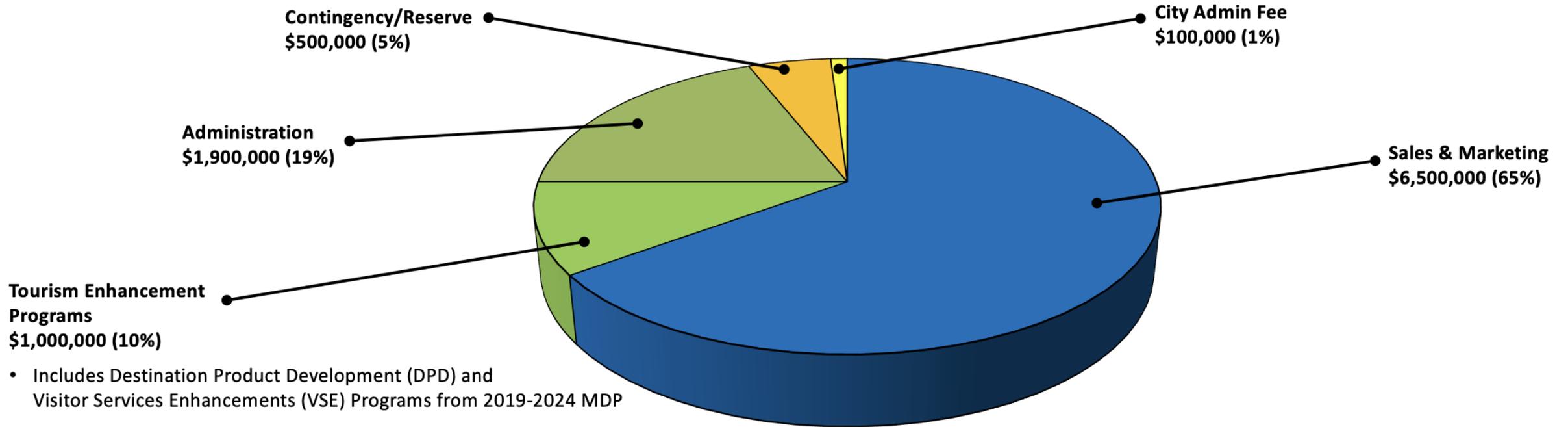
Proposed Modified Budget

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

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

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 th 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?

