



**Public Hearing to consider
adoption of Resolution No.
2024-30 Modifying the
Management District Plan
for the Huntington Beach
Tourism Business
Improvement District**

Public Hearing

June 4, 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

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

ANAHEIM

- JW Marriott Anaheim Resort
- The Westin Anaheim Resort

SOUTH COUNTY

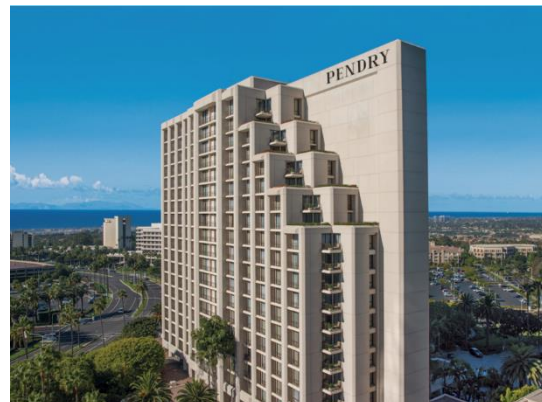
- Waldorf Astoria
- Ritz Carlton
- Dana Point Harbor

OC VIBE

- Hotel (500 Rooms)

DISNEYLAND

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



Proposed Modified Budget

Sales & Marketing (65%) - encompasses destination sales and marketing programs strategically tailored to key visitor markets, with focus on those generating significant overnight visitation and related spending. Efforts extend to non-peak seasons and mid-week periods, aiming to maximize year-round tourism impact.

Tourism Enhancement Programs (10%) - initiatives aim to enrich HB’s brand offerings with a focus on improving attractions and amenities to provide compelling reasons for visitors to choose and revisit HB.

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

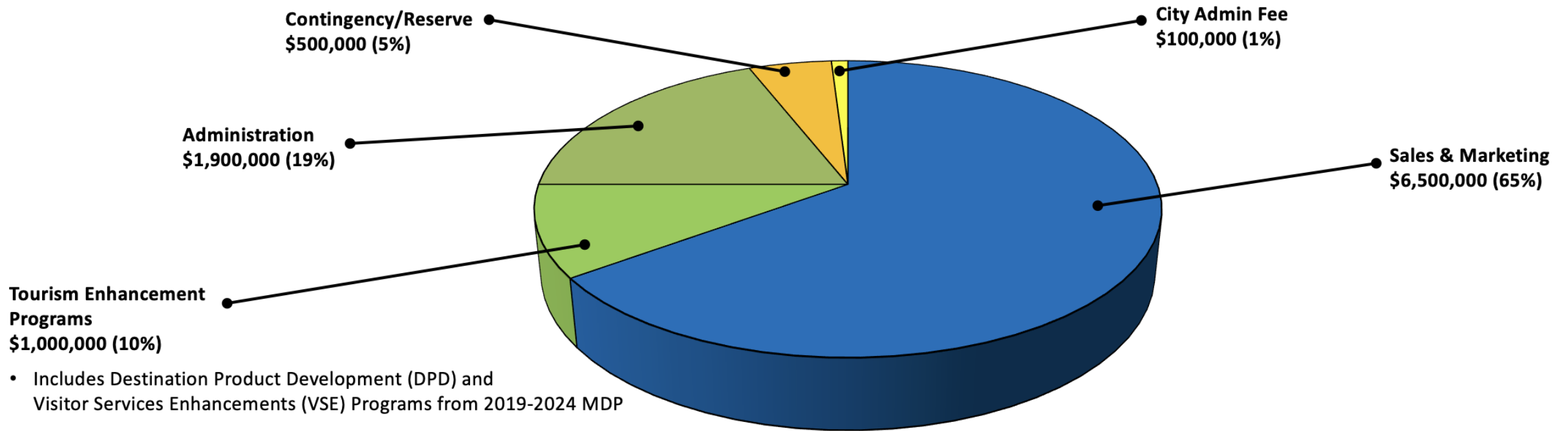
Proposed Modified Budget

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 (Adopted)	<ul style="list-style-type: none">• In response to VHB's written request, City Council adopted Resolution No. 2024-13 which states the proposed modification and initiates MDP modification proceedings.
Notice	April/ May (Completed)	<ul style="list-style-type: none">• Notice and Resolution mailed to lodging owners on April 19, 2024• Newspaper publishing in the HB Wave on May 23, 2024
Public Meeting	May 7 (Completed)	<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 + Pier Sign*
Walkability & Connectivity*
Temporary Beach Restrooms
Nighttime Ambassador Program
Accessibility Improvements*
Bike Valet*
Beach Event Infrastructure*
Improved Surf Museum for LA28*

City TEPs
Downtown Parking Structure Upgrades*
Downtown Specific Plan Improvements*
Mobility Enhancements
PCH & 6 th Pedestrian Path*
All-Inclusive Playground Maintenance*
Bluff Top Park Lighting*
Enhanced Downtown Maintenance
Restroom Upgrades*

* *New Projects*

VHB Tourism Enhancement Programs



Images are for visual examples only. All proposed TEPs funded by TBID assessments are approved annually by the VHB Board during the annual budget process and must adhere to state laws governing these assessment expenditures.

Public Hearing

- Any owner of a lodging business that is subject to the assessment may protest.
- Every written protest shall be filed with the City Clerk at or before the public hearing.
- If written protests are received from lodging owners representing 50% or more of the estimated annual assessments levied, the HBTBID shall not be modified and no further proceedings to increase the assessment shall be taken for one year.

Recommendation

A) Conduct the Public Hearing; and,

B) If written protests of at least 50% or more of the total assessments are not received, adopt Resolution No. 2024-30, "A Resolution of the City Council of the City of Huntington Beach Approving the Modification of the Management District Plan of the HBTBID;" and,

C) Approve and Authorize the City Manager to execute the Second Amendment to the TBID Management Agreement between the City of Huntington Beach and Visit Huntington Beach.

Questions?

