



CITY OF SANTA CLARITA

TOURISM MARKETING DISTRICT

Advisory Board
Annual Report

CITY OF SANTA CLARITA

May 6, 2015

TOURISM MARKETING DISTRICT (“TMD”) ADVISORY BOARD

Pursuant to the Parking and Business Improvement Area Law of 1989 (Section 36500 et seq. of the Streets and Highways Code of the State of California), the Advisory Board for the Tourism Marketing District (“TMD”) which is appointed by the City Council of the City of Santa Clarita, annually reviews and makes appropriate recommendations to the City Council by an Annual Report regarding the use of funds collected through the TMD assessments. The Advisory Board consists of one (1) owner specified representative from each of the participating hotels within the Hotel Tourism Marketing Benefit Zone, as well as two (2) City representatives selected by the City Manager.

The following table lists the various businesses/entities currently represented on the Advisory Board.

Business Name	Board Member	Position	Hotel Physical Address	Business/Hotel Owner Address
City of Santa Clarita	Jason Crawford	Marketing and Economic Development Manager	N/A	23920 Valencia Blvd Suite 100 Santa Clarita, CA 91355
City of Santa Clarita	Evan Thomason	Economic Development Associate	N/A	23920 Valencia Blvd Suite 100 Santa Clarita, CA 91355
Best Western Valencia Inn	Karina Winkler	General Manager	27413 Wayne Mills Place Santa Clarita, CA 91355	Excel Hotel Group 10660 Scripps Ranch Blvd. Suite 100, San Diego, CA 92131
Holiday Inn Express	Julio Ongpin	General Manager	27513 Wayne Mills Place Santa Clarita, CA 91355	Excel Hotel Group 10660 Scripps Ranch Blvd. Suite 100, San Diego, CA 92131
Courtyard by Marriott	Noel Pavia	General Manager	28523 Westinghouse Place Santa Clarita, CA 91355	Apple REIT Companies, Inc. 814 East Main Street Richmond, VA 23219
Embassy Suites	Ron Carter	General Manager	28508 Westinghouse Place Santa Clarita, CA 91355	Island Hospitality Management 50 Cocoanut Row, Suite 200 Palm Beach, FL 33480
Hyatt Regency	Jeanette Vasquez	Director of Sales	24500 Town Center Drive Santa Clarita, CA 91355	Noble Investments Noble Investment Group 1100 Monarch Tower 3424 Peachtree Road Atlanta, GA 30326

OVERVIEW

The formation of Santa Clarita Tourism Marketing District ("District") in May 2010 aligned with the goals and efforts of the City's 21-Point Business Plan for Progress.

The District was established and is levied pursuant to the Parking and Business Improvement Area Law of 1989, Part 6 of Division 18 of the California Streets and Highways Code (the "1989 Law") and the provisions of the California Constitution Article XIII D ("Proposition 218"). Pursuant to the 1989 Law, a resolution of intention to establish the District was approved on March 23, 2010, and a public hearing, which was duly noticed, was held on May 11, 2010. Following the public hearing the City Council determined that majority protest regarding the formation of the District and the proposed assessments did not exist (no protests were submitted) and subsequently on May 25, 2010 the City Council adopted Ordinance No. 10-4 establishing the Tourism Marketing District ("TMD" or "District") and the Hotel Tourism Marketing Benefit Zone therein ("Benefit Zone").

This report prepared on behalf of the Advisory Board, provides an overall description of the proposed improvements and activities to be funded by the assessments, the estimated annual budget of expenses, the method of assessment and estimated revenues for Fiscal Year 2015/2016 (commencing July 1, 2015 and ending June 30, 2016).

Tourism Marketing District Year Over Year Comparisons				
Calendar Year	Hotel Occupancy %	Average Daily Rate (ADR)	Transient Occupancy Tax	Tourism Marketing District
2012	73.6	\$109.55	\$2.4 M	\$452,988
2013	76.5	\$113.15	\$2.6 M	\$485,393
2014	80.1	\$121.27	\$2.9 M	\$546,619

SUMMARY OF SERVICES & ACTIVITIES

The Tourism Marketing District funds various services and activities which confer special benefit to the businesses within the Hotel Tourism Marketing Benefit Zone of the District. These services include, but are not limited to:

- Promotion of City of Santa Clarita through financial support of key regional and national events that support tourism;
- Development and implementation of destination marketing strategy and promotion designed to increase visitor attraction to City of Santa Clarita;
- Development and undertaking of advertisement and public relations program focused on business and leisure travel;
- Support and funding of the Tourism Trolley Route program; and
- Attendance at key meeting and consumer trade shows

Assessment fees are dedicated to securing visitors and room nights through a mix of marketing programs, projects and activities, including: marketing promotion, advertising press and/or public relations, new product development, prospective marketing and visitor services, marketing research, partnership marketing and special events promotion.

Programs and advertising opportunities that were implemented during fiscal year 2014/15 as a result of the establishment of the TMD include:

- Tourism advertising campaigns via digital and commercial spots working with partners in the greater Los Angeles region, as well as San Diego, Orange County, Inland Empire and Phoenix markets.
- Summer Trolley program
- Attending business development tradeshows, including California Society of Association Executives, TEAMS Conference & Expo, and Hospitality Sales and Marketing Association International

From amateur events to regional and national championships, Santa Clarita has become a premier sporting destination. Sport Tourism is the fastest growing sector in the global travel industry and having recognized that, the City of Santa Clarita now has established funding available to bring more sporting events to town. Events that Santa Clarita has been able to pursue as a direct result of the established district include, but are not limited to:

- Wings for Life World Run
- Amgen Tour of California
- California SuperStates Chess Championships
- Cal South State Soccer Cups
- Golden State Athletic Conference Cross Country Championship
- Los Angeles Volleyball Academy Foothill Invitational

DISTRICT BOUNDARIES

The boundaries of the Tourist Marketing District includes all real property within the City of Santa Clarita; and within the TMD a Hotel Tourism Marketing Benefit Zone was established by Ordinance No. 10-4 that included the five (5) hotel properties identified below:

Property Name (Hotel/Business Name)	Assessor's Parcel Number Reference	Property/Business Physical Address
Hyatt Regency	2861-062-020	24500 Town Center Drive Santa Clarita, CA
Holiday Inn Express	2861-071-008	27513 Wayne Mills Place Santa Clarita, CA
Best Western Valencia Inn	2681-071-009	27413 Wayne Mills Place Santa Clarita, CA
Courtyard by Marriott	2866-034-080	28523 Westinghouse Place Santa Clarita, CA
Embassy Suites	2866-034-083	28508 Westinghouse Place Santa Clarita, CA

For Fiscal Year 2015/2016 it is anticipated that a new 42 room hotel will open at 24219 Railroad Avenue Santa Clarita, CA 91321. The five (5) hotel properties identified in the grid above comprise the entire Benefit Zone for Fiscal Year 2015/2016 until the Railroad Avenue Hotel opens and are proposed to be assessed in accordance with the System of Assessment (Methodology) established by ordinance.

SANTA CLARITA TOURISM MARKETING DISTRICT ("TMD") 2015/2016 BUDGET

Account Codes		Account Title and Detail	Proposed Budget	Percent of Expenses
Projected Expense				
		DISTRICT ADMINISTRATION		
		1. Indirect Costs & Personnel	(94,833.00)	18.03%
		Subtotal District Administration	(94,833.00)	18.03%
11305	5101.001	PUBLICATIONS & SUBSCRIPTIONS		
		1. Sports Business Journal/Daily	(1,435.00)	0.27%
		Subtotal Publications & Subscriptions	(1,435.00)	0.27%
11305	5101.002	MEMBERSHIP & DUES		
		1. NASC	(795.00)	0.15%
		2. CALSAE	(295.00)	0.06%
		3. HSMIAI	(325.00)	0.06%
		4. RCMA	(195.00)	0.04%
		Subtotal Memberships & Dues	(1,610.00)	0.31%
11305	5101.004	PRINTING		
		1. Trolley Signage	(2,000.00)	0.38%
		2. Conference Materials/Team Santa Clarita Materials	(3,000.00)	0.57%
		Subtotal Printing	(5,000.00)	0.95%
11305	5111.001	SPECIAL SUPPLIES		
		1. Tradeshow Supplies	(1,000.00)	0.19%
		Subtotal Special Supplies	(1,000.00)	0.19%
11305	5161.001	CONTRACTUAL SERVICES		
		1. Summer Trolley Program	(60,000.00)	11.41%
		Subtotal Contractual Services	(60,000.00)	11.41%
11305	5161.002	PROFESSIONAL SERVICES		
		1. Event Attraction	(145,000.00)	27.56%
		Subtotal Professional Services	(145,000.00)	27.56%
11305	5161.004	ADVERTISING		
		1. Regional Advertising Campaign	(194,505.00)	36.97%
		Subtotal Advertising	(194,505.00)	36.97%
11305	5161.008	GRAPHIC DESIGN SERVICES		
		1. Advertising Campaign	(10,500.00)	2.00%
		2. Trolley Program	(3,000.00)	0.57%
		3. Team Santa Clarita Materials	(1,500.00)	0.29%
		Subtotal Graphic Design Services	(15,000.00)	2.85%
11305	5191.001	TRAVEL & TRAINING		
		1. RCMA Conference	(2,500.00)	0.48%
		2. HSMIAI Conference	(2,500.00)	0.48%
		3. CALSAE Conference	(2,500.00)	0.48%
		Subtotal Travel & Training	(7,500.00)	1.43%
11305	5191.004	AUTO ALLOWANCE & MILEAGE		
		1. Transportation to Meetings and Conferences	(200.00)	0.04%
		Subtotal Auto Allowance & Mileage	(200.00)	0.04%
Total Projected Expenditures			(526,083.00)	100.00%
Projected Assessment Revenues			540,651.00	
Revenue Over Expenditures			14,568.00	
Estimated Beginning Fund Balance			526,279.00	
Estimated Ending Fund Balance (FY 15-16)			540,847.00	

The projected Fiscal Year 2015/2016 assessment revenue is approximately \$540,651 based on the average receipts received by the five (5) hotel properties from July 2013 to June 2014. All services and improvements provided by the District will be fully funded from the assessments; no additional contributions from the other sources are anticipated to be received.

MARKETING & EVENT ATTRACTION

Advertising (\$194,505): TMD dollars have successfully launched comprehensive multi-media advertising campaigns, inclusive of outdoor, print, television, digital, and radio, to attract visitors during the off season (September thru April) focusing on existing feeder markets such as greater Los Angeles, San Diego, Phoenix, Inland Empire, and the Central Valley. TMD dollars allow simultaneous efforts to market to different audiences: direct consumer/leisure travelers, corporate meeting and conference planners, and sports tourism event producers. A marketing campaign results in successful branding, measurable hotel room bookings, a substantial increase in year over year traffic to the Tourism website, and increased corporate meetings and events. The upward momentum of using TMD funds to market Santa Clarita as a destination has proven successful. A summary of the 2014-15 marketing campaign is as follows:

- 9.14 million total impressions including
 - 2.75 million Time Warner Cable Impressions
 - 4.65 million Adara Impressions (online)
 - 250,000 Trip Advisor Impressions
 - 1 million OC Register impressions
 - 400,000 UT San Diego impressions
- 217% increase in year over year web traffic over the same period to VisitSantaClarita.com
- 15,648 views of our dedicated landing page associated with the campaign
- 2,012 unique entries in the sweepstakes campaign
- \$129,716.62 in tracked revenue from Adara Media online network (a 4.6:1 ROI on overall bookings) *(a 1.7:1 ROI on the 4 reporting TMD hotel bookings)*

Event Attraction (\$145,000): The City regularly hosts large scale events such as the Amgen Tour of California and the Wings for Life World Run. These events bring a positive economic impact to the City, and we have become known as a City that produces quality regional sporting and cultural events ourselves and with outside agencies. The City also works regularly with youth sports agencies and local facilities on growing existing annual events and developing potential new tournaments.

CALCULATION METHODOLOGY

In accordance with Ordinance No. 10-4 and Chapter 3.36 of Title 3 of the Santa Clarita Municipal Code, only properties designated as hotels and included within the District's Hotel Tourism Marketing Benefit Zone will be assessed.

"Hotel" shall mean any structure, or any portion of any structure, which is occupied or intended or designed for occupancy by transients, including but not limited to for dwelling, lodging or sleeping purposes, and includes any hotel, inn, tourist home or house, motel, studio hotel, bachelor hotel, lodging house, rooming house, apartment house, dormitory, public or private club, mobile home or house trailer at a fixed location, or other similar structure or portion thereof, duplex, triplex, single family dwelling units except any private dwelling house or other individually owned single-family dwelling rented only infrequently and incidental to normal occupancy or any timeshare as set out in Revenue and Taxation Code Section 7280; provided, that the burden of establishing that the facility is not a hotel shall be on the owner or operator thereof.

The proposed system of assessment for the District is designed to generate revenue from hotels in the City to provide a method of funding public programs and activities that will promote the City and hotels as a tourist destination. The City's hotels comprise the Hotel Tourism Marketing Benefit Zone and are the only business proposed to be assessed. The 2015/2016 fiscal year annual assessments to be levied against hotels within the Benefit Zone are based on the benefits they derive from the program of activities. Businesses located outside the Benefit Zone (i.e., all non-hotel businesses) will not be assessed as they derive only, at most, an indirect benefit from the program of activities.

In accordance with Ordinance No. 10-4, in addition to any assessments, fees, charges or taxes imposed otherwise in the City, the City Council proposes to levy assessments for fiscal year 2015/2016 against businesses in the Benefit Zone for the purpose of funding the programs, activities and services that will promote the City and hotels as a tourist destination. Each business in the Benefit Zone shall pay an assessment of 2% of total room rents charged and received from transient hotel guests who do not make the hotel their principal place of residence.

These assessments shall be due and payable and shall be paid at the same time and in the same manner that the transient occupancy tax is due and payable and shall be subject to the same penalties and interest for nonpayment. All properties included in the Benefit Zone for fiscal year 2015/2016 will be assessed two (2%) percent of the total room rents charged and received from transient hotel guests.

Any newly established hotels shall commence immediately upon the first day of operation and following the public hearing conducted for inclusion into the District.

DISTRICT BOUNDARY DIAGRAM

