

2023-2033



MONTEREY COUNTY TOURISM 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.*

February 17, 2023

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I. OVERVIEW

Developed by the Monterey County Destination Marketing Organization, Inc. d.b.a. Monterey County Convention and Visitors Bureau (MCCVB), the Monterey County Tourism Improvement District (MCTID) is an assessment district which provides specific benefits to payors by funding group sales and services and marketing communications activities for assessed businesses. This approach has been used successfully in other destination areas throughout the country to provide the benefit of additional room night sales directly to payors. The MCTID was initially created in 2006 pursuant to the Parking and Business Improvement Area Law of 1989 and was converted in 2019 pursuant to the Property and Business Improvement District Law of 1994 for a five (5) year term. MCCVB and Monterey County lodging businesses now wish to renew the MCTID for a ten (10) year term. Pursuant to Streets and Highways Code §36620.5, the City of Monterey shall continue to act as the lead jurisdiction for renewing the MCTID. The City of Monterey shall continue to receive MCTID annual reports. Funds raised through the MCTID are meant to supplement the Jurisdiction Partnership investments so as to have a competitive budget and business plan.

Location: The renewed MCTID includes all lodging businesses located within the boundaries of the unincorporated areas of Monterey County and the cities of Carmel-by-the-Sea, Marina, Monterey, Pacific Grove, Salinas and Seaside. The MCTID is divided into two (2) benefit zones, as shown on the map in Section III.

Services: The MCTID is designed to provide specific benefits directly to payors by increasing demand for room night sales. Group business development and marketing communications activities will increase demand for overnight tourism and market Monterey County as a tourist, meeting and event destination, thereby increasing demand for room night sales for assessed businesses.

Budget: The total MCTID annual assessment budget for the initial year of its ten (10) year operation is anticipated to be approximately \$8,856,266. This assessment budget is expected to increase as the assessment rate increases are adopted pursuant to this Plan, but this budget is expected to fluctuate as room sales do.

Cost: The assessment is a fixed amount per occupied room per night. The assessment is based on the business hotel type. Based on the benefit received, assessments shall not be collected on: stays of more than thirty (30) consecutive days; stays at vacation time-share facilities; stays at vacation rentals; stays at RV parks; stays by any Federal or State of California officer or employee when on official business; and stays by any officer or employee of a foreign government who is exempt by reason of express provision of Federal law or international treaty. Initial assessment rates are:

Hotel Type	Zone 1	Zone 2
Luxury	\$7.00	\$7.50
Non-Luxury Full Service	\$4.50	\$5.00
Limited Service	\$1.50	\$2.00

Based on the provision of additional services and additional benefit to the lodging businesses, the assessment rate shall automatically increase biennially beginning in FY 2025-26, unless the MCCVB Board's TID Committee votes not to implement the automatic increase based upon circumstances that they deem significant. If the

MCCVB Board's TID Committee elects to cancel the automatic increase for that year, the MCCVB Board's TID Committee may implement a cumulative increase at the next regularly scheduled rate increase.

Collection: The cities and County shall be responsible for collecting the assessment on a monthly, bi-monthly or quarterly basis (including any delinquencies, penalties and interest) from each lodging business located in the boundaries of the MCTID. The cities and County shall make all reasonable efforts to collect the assessments from each lodging business.

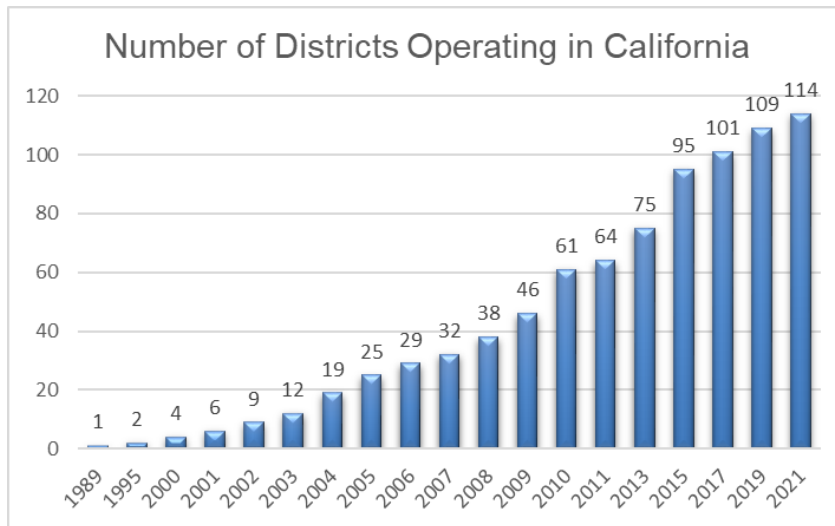
Duration: The renewed MCTID shall have a ten (10) year life, beginning July 1, 2023, or as soon as possible thereafter, and end ten (10) years from its start date. Once per year, beginning on the anniversary of MCTID renewal, there is a thirty (30) day period in which owners paying fifty percent (50%) or more of the assessment may protest and initiate a Monterey City Council hearing on MCTID termination.

Management: The MCCVB Monterey County Destination Marketing Organization, Inc. d.b.a. Monterey County Convention and Visitors Bureau (MCCVB) shall continue to serve as the Owners' Association for the MCTID. The MCCVB Board's TID Committee shall continue to have full decision-making authority over the expenditure of MCTID funds as defined in Section V. The Owners' Association is charged with managing funds and implementing activities in accordance with this Plan and must provide annual reports to the Monterey City Council.

II. BACKGROUND

A. Tourism Improvement District Overview

TIDs are an evolution of the traditional Business Improvement District. The first TID was formed in West Hollywood, California in 1989. Since then, over 100 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 TID 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 TID. And, some cities, like Portland, Oregon and Memphis, Tennessee have utilized their home rule powers to create TIDs without a state law.



California's TIDs 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 Monterey County lodging businesses continue to invest in stable, lodging-specific marketing programs.

TIDs utilize the efficiencies of private sector operation in the market-based promotion of

tourism districts. TIDs allow lodging business owners to organize their efforts to increase demand for room night sales. Lodging business owners within the TID pay an assessment and those funds are used to provide services that increase demand for room night sales.

In California, most TIDs 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 TIDs and other benefit assessment districts is that funds raised are returned to the private non-profit corporation governing the district.*

B. Tourism Improvement District Benefits

There are many benefits to TIDs:

- 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 programs;
- They are customized to fit the needs of payors in each destination;
- They allow for a wide range of services;
- They are ***designed, created and governed by those who will pay*** the assessment; and
- They provide a stable, long-term funding source for tourism promotion.

C. MCTID History and Partnerships with Jurisdictions

The history of the Monterey County Tourism Improvement District (MCTID) is one of partnership. The MCTID was first established in 2006 because the region's hospitality industry recognized that TIDs create a reliable funding source for destination marketing.

Municipalities and the County of Monterey have historically demonstrated a commitment to fund tourism promotion. The renewed and expanded MCTID has been developed with this partnership in mind. The continued partnership is critical to the MCTID's success, as the funds raised through both the TID, the municipalities and the County of Monterey will allow a competitive budget and business plan for the region's destination marketing.

D. Looking Ahead

Market share, revenue, improved community connectivity

Focus	Currently	Investment in a Better Future
Sphere of Marketing Reach	Primarily Regional paid media advertiser	National Brand with paid media reach into Midwest, East Coast – high value travelers
Meetings & Conferences	Five-person sales team; primarily focused on regional meetings; limited booking incentive	Expand sales team; increase sales activities; aggressive booking incentive; intensify focus on corporate, incentive and Tour & Travel
Event Attraction & Promotion	No proactive event attraction effort; promotion limited to social and PR (no paid media)	Dedicated program to attract <i>advantageous</i> events; paid media support for select events
Transportation Development	Tactical and reactive; lacking a well-supported MCCVB/Community strategy	Annual dedicated budget; strategically proactive
International Marketing	One sales executive, limited co-op (VCA, Brand USA) marketing	Multi-country sales representation, significant increase in direct sales and marketing
Luxury Initiative	Direct sales through involvement with Virtuoso, ILTM, VCA; limited marketing	Significant expansion (2-3X) of both sales and marketing programs
Sustainable/Responsible Travel	Consistent messaging through unpaid (social & PR), limited paid media; implementation of See Monterey app	On-going paid media campaign; support shuttle programs/promotion; in-market collateral/signage;

III. BOUNDARY

The renewed MCTID shall include all lodging businesses, existing and in the future, available for public occupancy within the boundaries of the unincorporated areas of Monterey County and the cities of Carmel-by-the-Sea, Marina, Monterey, Pacific Grove, Salinas, and Seaside.

Lodging business means: any building, portion of any building, or group of buildings in which there are guest rooms or suites, including housekeeping units for transient guests, where lodging with or without meals is provided. Notwithstanding the previous sentence, lodging business does not include:

- Vacation time-share facilities;
- Vacation rentals, defined as a single family home, townhome, or condominium that is available for rent; and
- Recreational vehicle (RV) parks.

There are three types of lodging businesses in the MCTID: luxury, non-luxury full service, and limited service.

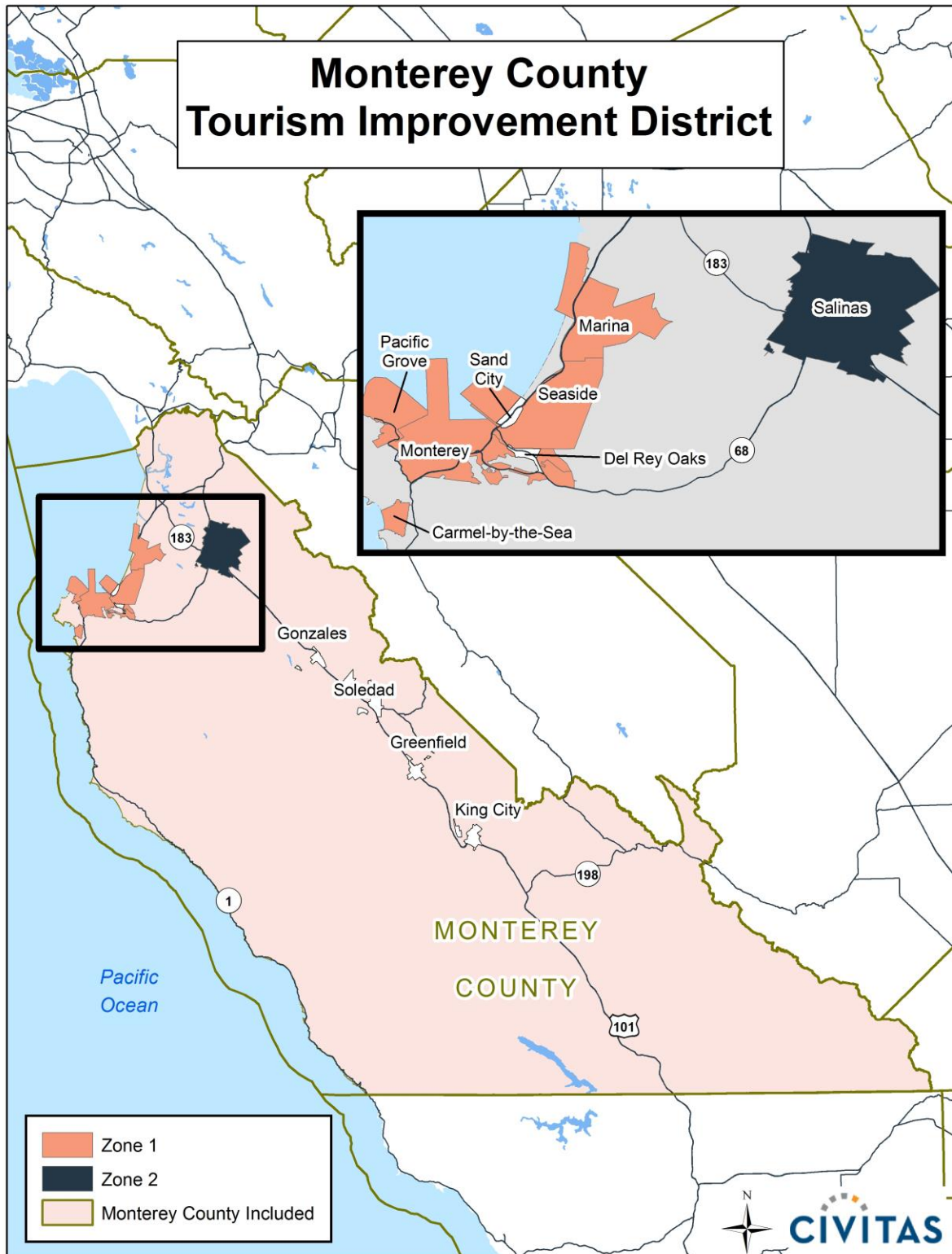
- Luxury lodging business means: a lodging business with an average daily rate of \$500 or more, based on the previous year's performance, with premium services and the highest quality ratings. Lodging businesses whose average daily rate increases to \$500 or more will be assessed upon determination of the increase; likewise, lodging businesses whose average daily rate decreases to below \$500 will not be assessed as a luxury lodging business upon determination of the decrease. Average daily rate figures shall be updated annually. Luxury lodging businesses may have restaurants, meeting spaces, exercise rooms, or spas, and have characteristics of five (5) star hotels. The luxury lodging business type includes properties classified as all-inclusive, boutique, and destination resorts by Smith Travel Research.
- Non-luxury full service lodging business means: a lodging business with a wide variety of onsite amenities, such as restaurants, meeting spaces, exercise rooms, or spas. non-luxury full service lodging businesses are often in the upscale or upper upscale class as defined by Smith Travel Research.
- Limited service lodging business means: a lodging business that offers limited facilities and amenities, typically without a full-service restaurant. Limited service lodging businesses are often in the economy, midscale, or upper midscale class as defined by Smith Travel Research.

A complete listing of lodging businesses within the proposed MCTID can be found in Appendix 2.

The proposed MCTID is divided into two (2) benefit zones, based on the special benefits and privileges granted to lodging businesses in each zone. The boundaries of each zone are shown in the map on the following page. A description of the boundaries of each zone is provided below:

Zone 1: Includes the unincorporated area of Monterey County and the cities of Carmel-by-the-Sea, Marina, Monterey, Pacific Grove, and Seaside.

Zone 2: Includes the City of Salinas. The boundaries of Zone 2 shall be the boundaries of the City of Salinas as may be amended from time to time.



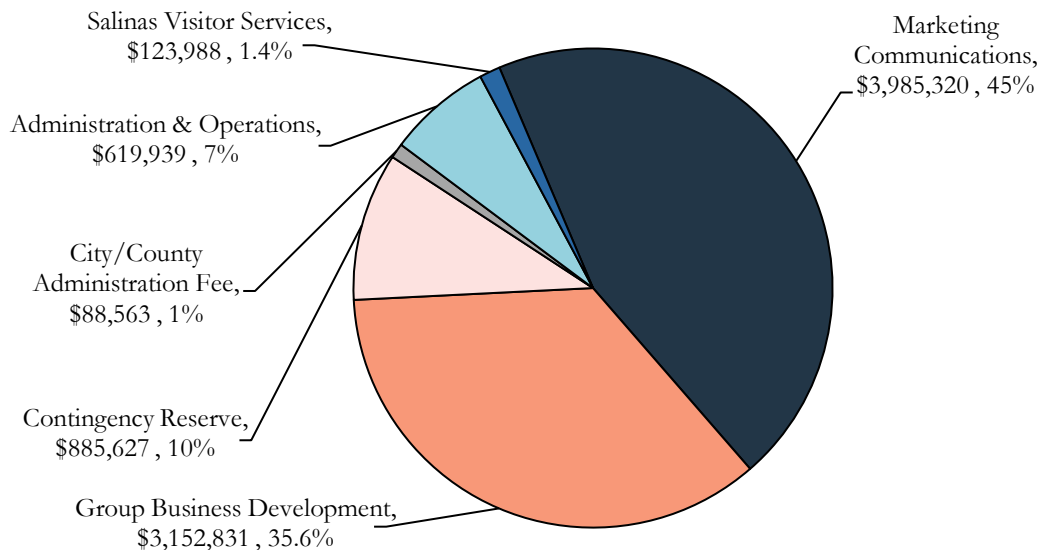
IV. ASSESSMENT BUDGET AND SERVICES

A. Annual Service Plan

Assessment funds shall 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 Monterey of conferring the benefits or granting the privileges. The privileges and services provided with the MCTID funds are group business development and marketing communications activities available only to assessed lodging businesses. The assessment rate for each hotel type will be commensurate with privileges and services provided to assessed businesses in each hotel type as detailed in Appendix 4.

A service plan assessment budget has been developed to deliver services that benefit the assessed businesses. A detailed annual assessment budget shall be developed and approved by MCCVB. The table below illustrates the initial annual assessment budget allocations. The total initial assessment budget is \$8,856,266.

Initial Annual Assessment Budget - \$8,856,266



Although actual revenues will fluctuate due to market conditions, the proportional allocations of the assessment budget shall remain the same. However, with the exception of the Zone 2 assessment budget category of Salinas Visitor Services, the MCCVB TID Committee shall have the authority to adjust assessment budget allocations between the categories by no more than fifteen percent (15%) of the total assessment budget per year. Any changes to the assessment budget category allocations shall be included in the annual report to the City of Monterey. 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 MCTID, any and all assessment funds may be used for the costs of defending the MCTID.

Each assessment budget category includes all costs related to providing that service. For example, the marketing communications assessment budget includes the cost of MCCVB staff time dedicated to overseeing and implementing the marketing communications program. Staff time dedicated purely to administrative tasks is allocated to the administrative portion of the assessment budget. The costs of

an individual staff member may be allocated to multiple assessment budget categories. The staffing levels necessary to provide the services below shall be determined by the MCCVB on an as-needed basis.

Marketing Communications

The marketing communications program will promote assessed businesses as tourist, meeting, and events destinations. The marketing communications program will have a central theme of promoting Monterey County as a desirable place for overnight visits. The program will have the goal of generating overnight visitation and room sales at assessed businesses, and may include the following activities:

- Programs that develop and distribute content via paid, owned and earned channels to drive overnight visitation and room sales to assessed businesses;
- Partnership marketing initiatives with Monterey Regional Airport for domestic marketing, plus cooperative programs for international marketing to reach farther-out prospective visitors to drive overnight visitation and room sales to assessed businesses;
- Focus on high-priority, high-impact initiatives to drive overnight visitation and room sales to assessed businesses;
- Collaborations with transportation partners to make it easier to get to and around Monterey County to drive ideal overnight visitation and room sales to assessed businesses;
- Drive familiarity and engagement for group audiences through targeted direct marketing and retargeting programs to complement Group Sales' business development focus to drive overnight visitation and room sales to assessed businesses; and
- Expand international marketing to drive overnight visitation and room sales to assessed businesses.

Group Business Development

The group business development program will develop business leads for meetings and events that convert to room nights for assessed businesses. The group business development program will have a central theme of promoting Monterey County as a desirable place for overnight group visits. The program will have the goal of generating overnight visitation and room night sales at assessed businesses, and may include the following activities:

- Group marketing initiatives to ensure target customer destination familiarity to drive overnight visitation and room sales to assessed businesses;
- A business development model ensuring highly qualified leads and efficient use of Owners' Association resources in developing new business opportunities to drive overnight visitation and room sales to assessed businesses;
- Focus on business development platform: engage, action, transaction, participation to drive overnight visitation and room sales to assessed businesses;
- Familiarization trips (FAMs) and site inspections to drive overnight visitation and room sales to assessed businesses;
- Strategic client services designed to make attendee's destination choice easier to drive overnight visitation and room sales to assessed businesses;
- Visitor services programs designed to extend stays at assessed businesses and increase visitor spending;
- Strategic business development services designed to identify, qualify, and pursue new business opportunities that best fit the destination's profile, targeting the ideal opportunities from key deployed markets to drive overnight visitation and room sales to assessed businesses; and
- Tour and travel sales programs to fill shoulder seasons and need periods for the destination to drive overnight visitation and room sales to assessed businesses.

Salinas Visitor Services

The Salinas Visitor Services portion of the assessment budget shall be utilized for funding visitor services activities for the benefit of generating overnight visitation and room night stays at Zone 2 lodging businesses. The Salinas Visitor Services program will provide visitors with brochures, maps, and information regarding local events. The Salinas Visitor Services assessment budget shall be the amount collected annually from the additional \$0.50 assessment in Zone 2.

MCCVB Administration and Operations

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

City/County Administration Fee

The cities and County may retain a fee equal to one percent (1%) of the amount of the assessment collected, within their respective jurisdictions, to cover their costs of collection and administration.

Contingency/Reserve

The assessment budget includes a contingency line item to account for lower than anticipated collections or higher than anticipated program costs, if any. Up to ten percent (10%) of the assessment budget may be allocated to the contingency/reserve in any given year. 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 TID Committee. 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 TID Committee. Contingency/reserve funds may be spent on TID activities or administrative and renewal costs in such proportions as determined by the Committee. The reserve fund may be used for the costs of renewing the TID.

B. Annual Assessment Budget

The assessment is a fixed amount per occupied room per night. The assessment is based on the business hotel type. Based on the provision of additional services and additional benefit to the lodging businesses, the assessment rate shall automatically increase biennially beginning in FY 2025-26 for both Zone 1 and Zone 2, unless the MCCVB Board's TID Committee votes not to implement the automatic increase based upon circumstances that they deem significant. If the MCCVB Board's TID Committee elects to cancel the automatic increase for that year, the MCCVB Board's TID Committee may implement a cumulative increase at the next regularly scheduled rate increase. Because services shall remain constant for the Salinas Visitor Services program (brochures, maps, and information regarding local events for visitors), the additional rate of \$0.50 per annum in Zone 2 shall remain static over the life of the district. The biennial assessment increase in both Zone 1 and Zone 2 (notwithstanding the static \$0.50 rate in Zone 2), shall be \$0.90 per paid occupied room per night for luxury lodging businesses, \$0.60 per paid occupied room per night for non-luxury full service lodging businesses, and \$0.20 per paid occupied room per night for limited service lodging businesses.

The assessment budget is projected at an initial budget of \$8,856,266, increasing biennially for a total of \$111,645,780 through 2033. This amount is expected to fluctuate as occupancy rates increase at assessed businesses and when the assessment rate is increased. The following table demonstrates the estimated assessment budget over the life of the district, based on existing lodging businesses, following the rate increase schedule. Any new lodging businesses that commence business within the MCTID during the ten (10) year term shall be assessed using the same methodology listed in Section IV (D).

Estimated Annual Assessment Budget

Fiscal Year	Marketing Comm.	Group Bus. Devel.	Salinas Visitor Services (Zone 2 Only)	Contingency / Reserve	Admin & Operations	City/County Admin Fee	Total
2023-24	\$3,985,320	\$3,152,831	\$123,988	\$885,627	\$619,939	\$88,563	\$8,856,266
2024-25	\$3,985,320	\$3,152,831	\$123,988	\$885,627	\$619,939	\$88,563	\$8,856,266
2025-26	\$4,504,690	\$3,563,710	\$140,146	\$1,001,042	\$700,730	\$100,104	\$10,010,422
2026-27	\$4,504,690	\$3,563,710	\$140,146	\$1,001,042	\$700,730	\$100,104	\$10,010,422
2027-28	\$5,024,060	\$3,974,590	\$156,304	\$1,116,458	\$781,520	\$111,646	\$11,164,578
2028-29	\$5,024,060	\$3,974,590	\$156,304	\$1,116,458	\$781,520	\$111,646	\$11,164,578
2029-30	\$5,543,430	\$4,385,469	\$172,462	\$1,231,873	\$862,311	\$123,187	\$12,318,734
2030-31	\$5,543,430	\$4,385,469	\$172,462	\$1,231,873	\$862,311	\$123,187	\$12,318,734
2031-32	\$6,062,801	\$4,796,349	\$188,620	\$1,347,289	\$943,102	\$134,729	\$13,472,890
2032-33	\$6,062,801	\$4,796,349	\$188,620	\$1,347,289	\$943,102	\$134,729	\$13,472,890
Total	\$50,240,601	\$39,745,898	\$1,563,041	\$11,164,578	\$7,815,205	\$1,116,458	\$111,645,780

C. California Constitutional Compliance

The MCTID 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.¹ Rather, the MCTID 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 MCTID, 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 cities and County 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.”² The services in this Plan are designed to provide targeted benefits directly to assessed 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 businesses within the MCTID. The activities described in this Plan are specifically targeted to increase demand for room night sales for assessed lodging businesses within the boundaries of the MCTID, and are narrowly tailored. MCTID funds shall be used exclusively to provide the specific benefit of increased demand for room night sales directly to the assessees. Assessment funds shall not be used to feature non-assessed lodging businesses in MCTID activities, 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.

The assessment imposed by this MCTID 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 the generation of room night sales. The specific benefit of increased demand for room night sales for assessed lodging businesses shall be provided only to lodging businesses paying the district assessment, with MCTID activities promoting lodging businesses paying the MCTID assessment. The MCTID activities will be designed to generate room night sales at each assessed lodging businesses. Because they are necessary to provide the MCTID activities that specifically benefit the assessed lodging

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

² Cal. Const. art XIII C § 1(e)(1)

businesses, the administration and contingency services also provide the specific benefit of increased demand for room night sales to the assessed lodging businesses.

Although the MCTID, 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.”³

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.”⁴ The legislature has recognized that marketing and promotions services like those to be provided by the MCTID 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.”⁶

3. Reasonable Cost

MCTID services will be implemented carefully to ensure they do not exceed the reasonable cost of such services. The full amount assessed shall be used to provide the services described herein. Excluding Zone 2 funds managed by the City of Salinas, funds shall be managed by the MCCVB, and reports submitted on an annual basis to the City of Monterey. Only assessed lodging businesses will be featured in marketing materials, receive sales leads generated from MCTID-funded activities, be featured in advertising campaigns, and benefit from other MCTID-funded services. Non-assessed lodging businesses will not receive these, nor any other, MCTID-funded services and benefits.

The MCTID-funded activities 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-MCTID funds. MCTID 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.

D. Assessment

The assessment is a fixed amount per occupied room per night. The assessment is based on the business hotel type. Based on the provision of additional services and additional benefit to the lodging businesses, the assessment rate shall automatically increase biennially beginning in FY 2025-26, unless the MCCVB Board’s TID Committee votes not to implement the automatic increase based upon circumstances that they deem significant. If the MCCVB Board’s TID Committee elects to cancel the automatic increase for that year, the MCCVB Board may implement a cumulative increase at the next regularly scheduled rate increase. Because services shall remain constant for the Salinas Visitor Services program (brochures, maps, and information regarding local events for visitors), the additional rate of \$0.50 per annum in Zone 2 shall not be increased over the life of the district. The biennial assessment

³ Government Code § 53758(a)

⁴ Cal. Const. art XIII C § 1(e)(2)

⁵ Government Code § 53758(b)

⁶ Government Code § 53758(b)

increase shall be \$0.90 per paid occupied room per night for luxury lodging businesses, \$0.60 per paid occupied room per night for non-luxury full service lodging businesses, and \$0.20 per paid occupied room per night for limited service lodging businesses. Based on the benefit received, assessments shall not be collected on: stays of more than thirty (30) consecutive days; stays at vacation time-share facilities; stays at vacation rentals; stays at RV parks; stays by any Federal or State of California officer or employee when on official business; and stays by any officer or employee of a foreign government who is exempt by reason of express provision of Federal law or international treaty. The assessment increase schedule is illustrated in the table below.

	Zone 1			Zone 2		
Fiscal Year	Luxury	Non-Luxury Full Service	Limited Service	Luxury	Non-Luxury Full Service	Limited Service
2023-24	\$ 7.00	\$ 4.50	\$ 1.50	\$ 7.50	\$ 5.00	\$ 2.00
2024-25	\$ 7.00	\$ 4.50	\$ 1.50	\$ 7.50	\$ 5.00	\$ 2.00
2025-26	\$ 7.90	\$ 5.10	\$ 1.70	\$ 8.40	\$ 5.60	\$ 2.20
2026-27	\$ 7.90	\$ 5.10	\$ 1.70	\$ 8.40	\$ 5.60	\$ 2.20
2027-28	\$ 8.80	\$ 5.70	\$ 1.90	\$ 9.30	\$ 6.20	\$ 2.40
2028-29	\$ 8.80	\$ 5.70	\$ 1.90	\$ 9.30	\$ 6.20	\$ 2.40
2029-30	\$ 9.70	\$ 6.30	\$ 2.10	\$ 10.20	\$ 6.80	\$ 2.60
2030-31	\$ 9.70	\$ 6.30	\$ 2.10	\$ 10.20	\$ 6.80	\$ 2.60
2031-32	\$ 10.60	\$ 6.90	\$ 2.30	\$ 11.10	\$ 7.40	\$ 2.80
2032-33	\$ 10.60	\$ 6.90	\$ 2.30	\$ 11.10	\$ 7.40	\$ 2.80

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 MCTID assessment is identified separately it shall be disclosed as the “MCTID Assessment.” As an alternative, the disclosure may include the amount of the MCTID 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 MCTID shall reimburse the cities and County for any costs associated with collecting unpaid assessments. If sums in excess of the delinquent MCTID assessment are sought to be recovered in the same collection action by the cities or County, the MCTID 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 or the estimated assessment.
2. *Continued Delinquency:* Any lodging business that fails to remit any delinquent assessment on or before a period of thirty (30) days following the date on which the assessment first became delinquent shall pay a second delinquency 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 cities or County determine that the nonpayment 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 paragraphs 1 and 2 of this section.
4. *Interest:* In addition the penalties imposed, any lodging business that fails to remit any assessment imposed shall pay interest at the rate of one percent (1%) 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 under the provisions of this section shall become a part of the assessment required to be paid.
6. *Audit Deficiency:* If, upon audit by the cities or County, a lodging business is found to be deficient in either its return or its remittances or both, the cities or County shall immediately invoice the lodging business for the amount of the net deficiency plus a penalty of ten percent (10%) of the net deficiency. If the lodging business fails or refuses to pay the deficient amount and applicable penalties within thirty (30) days of the date of the invoice, an additional ten percent (10%) penalty shall be added to the original deficiency. In addition to the penalties imposed, any lodging business that fails to remit payment of billed audit deficiencies within thirty (30) days of the date of the invoice shall pay interest at the rate of one percent (1%) per month or fraction thereof on the amount of the assessment, exclusive of penalties.

F. Time and Manner for Collecting Assessments

The MCTID assessment shall be implemented beginning July 1, 2023, or as soon as possible thereafter, and end ten (10) years from its start date. The cities and County shall be responsible for collecting the assessment on a monthly, bi-monthly or quarterly basis (including any delinquencies, penalties and interest) from each lodging business located in their respective jurisdictions. The cities and County shall make all reasonable efforts to collect the assessments from each lodging business. The cities and County shall forward the assessments collected to the Owners' Association, except for the additional assessments in Zones 2.

V. GOVERNANCE

A. Owners' Association

The Monterey 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 MCTID as defined in Streets and Highways Code §36612. Monterey County Destination Marketing Organization, Inc. d.b.a. Monterey County Convention and Visitors Bureau (MCCVB) shall continue to serve as the Owners' Association for the MCTID. The MCCVB Board's TID Committee shall continue to have full decision-making authority over the expenditure of MCTID funds. The TID Committee shall be comprised solely of assessed lodging business representatives. The number of seats on the TID Committee from each MCTID jurisdiction shall reflect the proportional assessment revenue derived from each MCTID jurisdiction. Notwithstanding the foregoing, the City of Salinas shall have full decision-making authority over the expenditure of funds raised by the additional \$0.50 assessment rate on all lodging business types in Zone 2.

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 MCCVB 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 MCCVB shall present an annual report at the end of each year of operation to the Monterey 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.

APPENDIX 1 – LAW

*** THIS DOCUMENT IS CURRENT THROUGH THE 2023 SUPPLEMENT ***
(ALL 2022 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 (Division 10 (commencing with Section 7920.000) 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”

(a) “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.

(b) “Special benefit” also includes, for purposes of a property-based district, a particular and distinct benefit provided directly to each assessed parcel within the district. Merely because parcels throughout an assessment district share the same special benefits does not make the benefits general.

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 estimated 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 their 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.

(3) In a property-based district, properties throughout the district may share the same special benefits. In a district with boundaries that define which parcels are to receive improvements, maintenance, or activities over and above those services provided by the city, the improvements, maintenance, or activities themselves may constitute a special benefit. The city may impose assessments that are less than the proportional special benefit conferred, but shall not impose assessments that exceed the reasonable costs of the proportional special benefit conferred. Because one or more parcels pay less than the special benefit conferred does not necessarily mean that other parcels are assessed more than the reasonable cost of their special benefit.

(l) 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.

(m) 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.

36627. Notice and assessment diagram

Following adoption of the resolution establishing district assessments on properties pursuant to Section 36625, 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 an action or proceeding unless the action or proceeding is commenced within 30 days after the resolution levying the assessment is adopted pursuant to Section 36625. An 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 assesses 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	Business Address	City/State/Zip	Type
ABV Presidents Inn MUNRAS MTY	1150 MUNRAS AVE	MONTEREY, CA 93940	Limited
Adams Motel/Boronda Inn	2086 N. Main St.	Salinas, CA 93906	Limited
ADOBE INN	1919 GRAND CANAL BL.#B5	STOCKTON CA 95207	Full
Aloha Motel	235 Kern St.	Salinas, CA 93905	Limited
ANDRIL MOTEL & COTTAGES	569 ASILOMAR BLVD	PACIFIC GROVE, CA 93950-3701	Limited
ARAMARK Sports & Entertainment	800 ASILOMAR BLVD	PACIFIC GROVE, CA 93950-3704	Limited
AUBERGE CARMEL	PO BOX J	CARMEL CA 93921	Luxury
BAYSIDE INN	2055 NORTH FREMONT ST.	MONTEREY, CA 93940	Limited
BEACHCOMBER INN	1996 SUNSET DR	PACIFIC GROVE, CA 93950-3787	Limited
Bernardus Lodge	415 W CARMEL VALLEY RD	Carmel Valley, CA 93924-9417	Luxury
Best 5 Motel/Lakshmi Hotel Group	1010 Fairview Ave.	Salinas, CA 93905	Limited
BEST WESTERN DE ANZA INN	2141 NORTH FREMONT ST	MONTEREY, CA 93940	Limited
Best Western Marina State Beach	3290 DUNES DR	MARINA, CA 93933	Limited
BEST WESTERN MONTEREY INN	825 ABREGO	MONTEREY, CA 93940	Limited
Best Western Salinas Monterey/Western Hotel Corp	175 Kern St.	Salinas, CA 93905	Limited
Best Western Salinas Valley Inn	187 Kern St.	Salinas, CA 93905	Limited
BEST WESTERN INN AND SUITES	4258 CESAR CHAVEZ ST	San Francisco, CA 94131-1815	Limited
BEST WESTERN-PARK CREST	1100 MUNRAS AVENUE	MONTEREY, CA 93940	Limited
BIDE A WEE INN AND COTTAGES	221 ASILOMAR BLVD	PACIFIC GROVE, CA 93950-2093	Limited
Big Sur Campground & Cabins	47000 HIGHWAY 1	BIG SUR, CA 93920-9556	Limited
Big Sur Lodge	47225 HIGHWAY 1	BIG SUR, CA 93920-9542	Full
Big Sur River Inn	46800 HIGHWAY 1	BIG SUR, CA 93920-9693	Full
BLU PACIFIC HOTEL (FORMERLY COMFORT INN-MTY BAY)	2050 NO. FREMONT ST.	MONTEREY, CA 93940	Limited
Blue Sky Lodge	10 FLIGHT RD	Carmel Valley, CA 93924-9617	Limited
BORGS MOTEL	1315 SKYVIEW DR	BURLINGAME, CA 94010-6236	Limited
Budget Inn Motel/BMN LLC	219 John St.	Salinas, CA 93901	Limited
BUTTERFLY GROVE INN	1073 LIGHTHOUSE AVE	PACIFIC GROVE, CA 93950-2357	Limited
Cabana Holiday	8710 Prunedale North Rd	SALINAS, CA 93907-1371	Limited
California Inn Motel	736 N. Main St.	Salinas, CA 93906	Limited
CANDLE BAY INN	2118 NO. FREMONT ST.	MONTEREY, CA 93940	Limited
CANDLELIGHT INN	P.O. Box 101	CARMEL CA 93921	Limited
CANNERY ROW INN	200 FOAM ST.	MONTEREY, CA 93940	Limited
Capitol Motel/Jainika Corporation	2110 N. Main St.	Salinas, CA 93906	Limited
Captain's Inn At Moss Landing	8122 MOSS LANDING RD	Moss Landing, CA 95039-9617	Limited
CARMEL BAY VIEW INN	700 UNIVERSITY AV.#150	SACRAMENTO CA 95825	Limited
CARMEL COTTAGE INN	PO BOX 5805	CARMEL CA 93921	Limited
CARMEL COUNTRY INN	PO BOX 3756	CARMEL CA 93921	Limited
CARMEL FIREPLACE INN INC.	P.O. BOX 5245	CARMEL CA 93921	Limited
CARMEL GARDEN INN	PO BOX 5547	CARMEL CA 93921	Limited
CARMEL GREEN LANTERN INN	PO BOX 1114	CARMEL CA 93921	Limited

CARMEL INN & SUITES	P.O. BOX 1295	CARMEL CA 93921	Limited
CARMEL LODGE	P.O.BOX 4235	CARMEL CA 93921	Limited
Carmel Mission Inn	3665 RIO RD	CARMEL, CA 93923-8609	Full
CARMEL OAKS INN	P.O. BOX 3696	CARMEL CA 93921	Limited
CARMEL RESORT INN	P.O. BOX 2106	MONTEREY CA 93942	Limited
Carmel River Inn	26600 OLIVER RD	CARMEL, CA 93923-9219	Limited
CARMEL TRADEWINDS INN	P. O. BOX 3403	CARMEL CA 93921	Limited
Carmel Valley Lodge	8 FORD RD	Carmel Valley, CA 93924-9511	Limited
Carmel Valley Manor	8545 CARMEL VALLEY RD	CARMEL, CA 93923-9556	Full
Carmel Valley Ranch	1 OLD RANCH RD	CARMEL, CA 93923-8551	Luxury
CARMEL WAYFARER INN	P.O. BOX 1896	CARMEL CA 93921	Limited
CARMEL'S TOWN HOUSE LODGE	P.O. BOX 3574	CARMEL CA 93921	Limited
CARRIAGE HOUSE INN	PO BOX 101	CARMEL CA 93921	Limited
Casa Linda Motel	1109 N. Main St.	Salinas, CA 93906	Limited
CASA MUNRAS HOTEL	700 MUNRAS AVENUE	MONTEREY, CA 93940	Full
Casa Palmero	1518 CYPRESS DR	PEBBLE BEACH, CA 93953	Luxury
CASA VERDE INN	2113 NO. FREMONT ST.	MONTEREY, CA 93940	Limited
CENTRELLA INN	612 CENTRAL AVE	PACIFIC GROVE, CA 93950-2611	Limited
Ciudad Del Rey Motel	50620 Mesa Verde Rd	King City, CA 93930	Limited
CLARION HOTEL	1046 MUNRAS AVENUE	MONTEREY, CA 93940	Limited
COACHMAN'S INN	PO BOX 3073	MONTEREY CA 93940	Limited
COLTON INN	707 PACIFIC ST	MONTEREY, CA 93940	Limited
COMFORT INN	140 RESERVATION RD	MARINA, CA 93933-2522	Limited
Comfort Inn & Suites/Shakti LLC	181 Kern St.	Salinas, CA 93905	Limited
Comfort Inn Monterey Airport	1200 OLMSTED RD	MONTEREY, CA 93940	Limited
COMFORT INN-CARMEL BY THE SEA	P.O. BOX 3838	CARMEL CA 93921	Limited
Contenta Inn	20 VIA CONTENTA	Carmel Valley, CA 93924-9501	Limited
Continental Motel	1165 N. Main St.	Salinas, CA 93906	Limited
COUNTRY INN & SUITES	3288 DUNES DR	MARINA, CA 93933	Limited
Country Inn/Meldi Inc	126 John St.	Salinas, CA 93901	Limited
Courtyard Salinas	17225 EL RANCHO WAY	SALINAS, CA 93907-1732	Limited
CVI INVESTORS	PO BOX 3185	CARMEL CA 93921	Limited
CVI INVESTORS	PO BOX 3185	CARMEL CA 93921	Limited
CYPRESS INN	P.O. Box Y	CARMEL CA 93921	Limited
Days Inn	1130 Broadway St	KING CITY, CA 93930	Limited
DAYS INN	1288 MUNRAS AVENUE	MONTEREY, CA 93940	Limited
DAYS INN - SAN CARLOS	850 ABREGO	MONTEREY, CA 93940	Limited
DEER HAVEN INN	750 CROCKER AVE	PACIFIC GROVE, CA 93950-3727	Limited
Deetjen's Big Sur Inn	48865 HIGHWAY 1	BIG SUR, CA 93920-9512	Full
Discovery Inn	1106 Fremont Blvd.	Seaside, CA 93955	Limited
ECONO LODGE (MONTEREY FAIRGROUNDS INN)	2042 NO. FREMONT ST.	MONTEREY, CA 93940	Limited
EconoLodge Bay Breeze Inn	2049 Fremont Blvd	Seaside, CA 93955	Limited
Economy Inn	214 John St.	Salinas, CA 93901	Limited
Economy Inn	1131 Fremont Blvd.	Seaside, CA 93955	Limited

EL CASTELL MOTEL	2102 NORTH FREMONT	MONTEREY, CA 93940	Limited
El Dorado Motel/Café Main Street	1351 N. Main	Salinas, CA 93906	Limited
El Rey Motel	443 W. Market St.	Salinas, CA 93901	Limited
El Sombrero Motel/Ramesh J. Patel	210 Abbott St.	Salinas, CA 93901	Limited
Embassy Suites	1441 Canyon Del Rey Blvd.	Seaside, CA 93955	Full
Esalen Institute	55000 HIGHWAY 1	BIG SUR, CA 93920-9546	Full
Fairview Inn	1060 Fairview Ave.	Salinas, CA 93905	Limited
Fernwood Resort	47200 HIGHWAY 1	BIG SUR, CA 93920-9542	Limited
FOREST LODGE	PO BOX 6286	CARMEL CA 93921	Limited
Gateway Lodge	1909 Fremont Blvd. #3128	Seaside, CA 93955	Limited
Glen Oaks Big Sur	47080 HIGHWAY 1	BIG SUR, CA 93920-9556	Limited
Gorda Cabin Rental	7801 HIGHWAY 1	BIG SUR, CA 93920	Limited
GOSBY HOUSE INN	643 LIGHTHOUSE AVE	PACIFIC GROVE, CA 93950-2691	Limited
GREEN GABLES INN	PO BOX 3073	MONTEREY, CA 93942-3080	Limited
H.I. Resort Condominium Assoc, Inc	120 HIGHLAND DR	CARMEL, CA 93923-9607	Full
Hacienda House	505 CORRAL DE TIERRA RD	SALINAS, CA 93908-8950	Limited
HAMPTON INN	17777 Center Court Dr. #725	MARINA, CA 93933	Limited
Hampton Inn & Suites/Salinas Hotel Investors	523 Work St.	Salinas, CA 93901	Limited
HAMPTON INN (formerly LaQuinta)	2401 DEL MONTE AVENUE	MONTEREY, CA 93940	Limited
HHLP SANCTUARY ASSOCIATES	3295 DUNES RD	MARINA, CA 93933-2002	Full
Hidden Valley Inn	102 W CARMEL VALLEY RD	Carmel Valley, CA 93924-9573	Limited
Highlands Inn	140 HIGHLAND DR	CARMEL, CA 93923-9607	Limited
HILTON GARDEN INN	1000 AGUAJITO RD	MONTEREY, CA 93940	Full
HOFSAS HOUSE INC.	P.O. BOX 1195	CARMEL CA 93921	Limited
Holiday Inn Express	1400 Del Monte Blvd.	Seaside, CA 93955	Limited
HOLIDAY INN EXPRESS	443 WAVE STREET	MONTEREY, CA 93940	Limited
Holiday Inn Express & Suites	195 Kern St.	Salinas, CA 93905	Limited
Holiday Inn Express & Suites Marina	189 SEASIDE AVE	MARINA, CA 93933-2505	Limited
Holman Ranch, LLC	60 HOLMAN RD	Carmel Valley, CA 93924-9620	Limited
HOME 2 SUITES	1534 Fremont Blvd Suite D	MARINA, CA 93933	Limited
HORIZON INN	P. O. BOX 1693	CARMEL CA 93921	Limited
HOTEL 1110	1110 DEL MONTE AVENUE	MONTEREY, CA 93940	Limited
HOTEL ABREGO	755 ABREGO ST.	MONTEREY, CA 93940	Full
HOTEL CARMEL	8000 S Arizona Grand Pkwy	PHOENIX AZ 85044	Limited
HOTEL PACIFIC	300 PACIFIC STREET	MONTEREY, CA 93940	Limited
HOWARD JOHNSON	416 RESERVATION RD	MARINA, CA 93933-3320	Limited
Howard Johnson Inn/Ambakari, Inc	131 John St.	Salinas, CA 93901	Limited
HYATT REGENCY MONTEREY	ONE OLD GOLF COURSE RD.	MONTEREY, CA 93940	Full
IHG ARMY POM	Presidio of Monterey	MONTEREY, CA 93940	Full
Inn At Moss Landing Point	8425 MOSS LANDING RD D	Moss Landing, CA 95039-9679	Limited
Inn At Spanish Bay, Attn: David Hoopingarner	2700 17 MILE DR	PEBBLE BEACH, CA 93953	Luxury
Inn at the Pinnacles	32025 Stonewall Canyon Rd	Soledad, CA 93960	Limited

INN BY THE BAY MONTEREY	936 MUNRAS AVENUE	MONTEREY, CA 93940	Limited
Inns of California	1215 De La Torre	Salinas, CA 93905	Limited
INTERCONTINENTAL – The Clement	750 CANNERY ROW	MONTEREY, CA 93940	Full
JABBERWOCK	598 LAINE ST.	MONTEREY, CA 93940	Limited
LA PLAYA HOTEL	8000 S Arizona Grand Pkwy	PHOENIX AZ 85044	Luxury
LAGUNA LODGE	430 RESERVATION RD	MARINA, CA 93933-3320	Limited
LAMPLIGHTER INN	PO BOX 6286	CARMEL CA 93921	Limited
Laurel Inn	801 W. Laurel Dr.	Salinas, CA 93906	Limited
Lincoln Green Inn	26200 CARMELO ST	CARMEL, CA 93923-9134	Limited
LOBOS LODGE	P.O. Box L-1	CARMEL CA 93921	Limited
LONE OAK MOTEL	2221 NO. FREMONT ST.	MONTEREY, CA 93940	Limited
Los Laureles Lodge	313 W CARMEL VALLEY RD	Carmel Valley, CA 93924-9415	Full
LOVERS POINT INN	9600 Blue Larkspur Ln Ste 101	MONTEREY, CA 93940-6585	Limited
Lucia Lodge	62400 HIGHWAY 1	BIG SUR, CA 93920-9533	Limited
MARIPOSA INN	1386 MUNRAS AVENUE	MONTEREY, CA 93940	Limited
MARRIOTT SPRINGHILL SUITES	215 10TH ST	MARINA, CA 93933-6004	Limited
MARTINE INN	PO BOX 330	PACIFIC GROVE, CA 93950-0321	Limited
MERRITT HOUSE	386 PACIFIC ST.	MONTEREY, CA 93940	Limited
Mission Ranch	26270 DOLORES ST	CARMEL, CA 93923-9218	Full
MONARCH RESORT	1111 LIGHTHOUSE AVE	PACIFIC GROVE, CA 93950-2312	Limited
MONTE VERDE INN	PO BOX 394	CARMEL CA 93921	Limited
MONTE VERDE INN EAST	P.O.BOX 394	CARMEL CA 93921	Limited
MONTEREY BAY INN	242 CANNERY ROW	MONTEREY, CA 93940	Limited
MONTEREY BAY LODGE	55 CAMINO AGUAJITO	MONTEREY, CA 93940	Limited
MONTEREY FIREPLACE INN	2362 N. Fremont	MONTEREY, CA 93940	Limited
MONTEREY FIRESIDE MOTEL	1131 TENTH ST.	MONTEREY, CA 93940	Limited
MONTEREY HOSTEL	778 HAWTHORNE ST.	MONTEREY, CA 93940	Limited
MONTEREY HOTEL	406 ALVARADO	MONTEREY, CA 93940	Limited
MONTEREY MARRIOTT	350 CALLE PRINCIPAL	MONTEREY, CA 93940	Full
MONTEREY OCEANSIDE INN	2030 DEL MONTE AVENUE	MONTEREY, CA 93940	Limited
MONTEREY PENINSULA INN	1101 LIGHTHOUSE AVE	PACIFIC GROVE, CA 93950-2312	Limited
Monterey Pines Inn	1298 MUNRAS AVENUE	MONTEREY, CA 93940	Limited
MONTEREY PLAZA	400 CANNERY ROW	MONTEREY, CA 93940	Full
MONTEREY SURF INN	1200 MUNRAS AVENUE	MONTEREY, CA 93940	Limited
MONTEREY TIDES HOTEL	2600 SAND DUNES DRIVE	MONTEREY, CA 93940	Full
MOTEL 6	2124 NORTH FREMONT	MONTEREY, CA 93940	Limited
Motel 6 #0639/G6 Hospitality Property LLC	1257 De La Torre	Salinas, CA 93905	Limited
MOTEL 6 #1026	100 RESERVATION RD	MARINA, CA 93933-2517	Limited
Motel 6 #1370/G6 Hospitality Property LLC	140 Kern St.	Salinas, CA 93901	Limited
MOTEL 6 MONTEREY DOWNTOWN	1240 MUNRAS AVENUE	MONTEREY, CA 93940	Limited
Mountain Paradise	17717 CACHAGUA RD	Carmel Valley, CA 93924-9319	Limited
MUNRAS INN	1010 MUNRAS AVE	MONTEREY, CA 93940	Limited
NORMANDY INN	700 UNIVERSITY AV.#150	SACRAMENTO CA 95925	Limited

OCEAN VIEW LODGE	P. O. BOX 1693	CARMEL CA 93921	Limited
OCM LIGHTHOUSE LODGE LLC	1150 LIGHTHOUSE AVE	PACIFIC GROVE, CA 93950-2360	Limited
OLD MARINA INN	3110 DEL MONTE BLVD	MARINA, CA 93933-3049	Limited
OLD MONTEREY INN	500 MARTIN STREET	MONTEREY, CA 93940	Limited
OLD SAINT ANGELA INN	321 CENTRAL AVE	PACIFIC GROVE, CA 93950-2934	Limited
OLYMPIA MOTOR LODGE	PO BOX 51907	PACIFIC GROVE, CA 93950-6907	Limited
Pacific Best Inn	1141 Fremont Blvd.	Seaside, CA 93955	Limited
PACIFIC GARDENS INN	701 ASILOMAR BLVD	PACIFIC GROVE, CA 93950-3701	Limited
PACIFIC GROVE INN	PO BOX 2106	MONTEREY, CA 93942-2215	Limited
PACIFIC GROVE PLAZA	PO BOX 476	PACIFIC GROVE, CA 93950-0476	Limited
PACIFIC INN MONTEREY	2332 NORTH FREMONT ST.	MONTEREY, CA 93940	Limited
PADRE OAKS MOTEL	1278 MUNRAS AVE	MONTEREY, CA 93940	Limited
Pal Rest Easy LLC	196 Infantry RD	Fort Hunter Liggett, CA 93928	Limited
Parkfield Inn	70403 PARKFIELD RD	SAN MIGUEL, CA 93451	Limited
PELICAN INN	2058 NO. FREMONT ST.	MONTEREY, CA 93940	Limited
Pessagno Winery	1645 RIVER RD	SALINAS, CA 93908-8751	Limited
PINE ACRES LODGE	1380 LEAD HILL BLVD 201	ROSEVILLE, CA 95661-2997	Limited
PINE INN	P.O. Box 250	CARMEL CA 93921	Full
PORTOLA HOTEL & SPA	2 PORTOLA PLAZA	MONTEREY, CA 93940	Full
Post Ranch Inn	47900 HIGHWAY 1	BIG SUR, CA 93920-9576	Luxury
Prunedale Motor Lodge	1017 EL CAMINO REAL N	PRUNEDALE, CA 93907-3359	Limited
Prunedale Motor Lodge Cabins	1017 EL CAMINO REAL N	PRUNEDALE, CA 93907-3359	Limited
Quail Lodge And Golf Club	8205 VALLEY GREENS DR	CARMEL, CA 93923-9512	Luxury
QUALITY INN - FAIRGROUNDS	2075 NO. FREMONT ST.	MONTEREY, CA 93940	Limited
QUALITY INN - MUNRAS (Arbor Inn)	1058 MUNRAS AVENUE	MONTEREY, CA 93940	Limited
Quality Inn/Om Namah	144 Kern St	Salinas, CA 93905	Limited
RAMADA INN	323 RESERVATION RD	MARINA, CA 93933-3218	Limited
RAMADA LTD. CARMEL HILL	1182 CASS STREET	MONTEREY, CA 93940	Limited
RED LION INN (FORMERLY BAY PARK HOTEL)	1425 MUNRAS AVENUE	MONTEREY, CA 93940	Full
RED ROOF INN	2227 N FREMONT ST	MONTEREY, CA 93940	Limited
Residence Inn Salinas	17215 EL RANCHO WAY	SALINAS, CA 93907-1732	Limited
Rex Motel/Parshottambhai M Ahir	305 Kern St.	Salinas, CA 93905	Limited
Ripplewood Resort	47047 HIGHWAY 1	BIG SUR, CA 93920	Full
Riverside Campground	47020 HIGHWAY 1	BIG SUR, CA 93920-9556	Limited
RODEWAY INN	2041 FREMONT ST	MONTEREY, CA 93940	Limited
Rodeway Inn (Formerly Knights Inn)	1374 MUNRAS AVENUE	MONTEREY, CA 93940	Limited
ROSEDALE INN	4781 SAN LUCAS WAY	SAN JOSE, CA 95135-2345	Limited
Salinas Travel Inn/MJ Nahal Inc	425 Monterey St.	Salinas, CA 93901	Limited
Salinas Valley Motel/Aatray Hotels, Inc/BAPS LLC	2100 N. Main St.	Salinas, CA 93906	Limited
Sand Castle Inn	1011 La Salle Ave.	Seaside, CA 93955	Limited
Sand Dollar Inn (formerly Magic Carpet Inn)	1875 Fremont Blvd	Seaside, CA 93955	Limited
Sandpiper Inn	2408 BAY VIEW AVE	CARMEL, CA 93923-9118	Limited

SEA VIEW INN	35 W.POPLAR AV.	SAN MATEO CA 94402	Limited
SeaLamp Inn	2201 Del Monte Blvd.	Seaside, CA 93955	Limited
Seaside Inn	1986 Del Monte Blvd.	Seaside, CA 93955	Limited
SEVEN GABLES INN	301 N CANON DR STE 302	BEVERLY HILLS, CA 90210-4724	Limited
SPINDRIFT INN	652 CANNERY ROW	MONTEREY, CA 93940	Full
STAGE COACH LODGE	1111 10 ST	MONTEREY, CA 93940	Limited
Steinbeck Lodge/Travelodge/J S Inc	109 John St.	Salinas, CA 93901	Limited
STONEHOUSE INN	5130 COMMERCIAL CIRCLE	CONCORD CA 94520	Limited
Stonepine Estate Resort	150 E CARMEL VALLEY RD	Carmel Valley, CA 93924-9605	Full
SUNSET HOUSE	PO BOX 6286	CARMEL CA 93921	Limited
SUNSET INN	133 ASILOMAR BLVD	PACIFIC GROVE, CA 93950-2094	Limited
SUPER 8 - FREMONT	2120 NO. FREMONT ST.	MONTEREY, CA 93940	Limited
SUPER 8 - MUNRAS	1300 MUNRAS AVENUE	MONTEREY, CA 93940	Limited
Super 8/Ram Hotels LLC	131 Kern St.	Salinas, CA 93906	Limited
Sure Stay Hotel	1893 Fremont Blvd.	Seaside, CA 93955	Limited
SVENDSGAARD'S INN	PO BOX 101	CARMEL CA 93921	Limited
TALLY HO INN	P.O. Box 3726	CARMEL CA 93921	Limited
Tehama Golf Club, LLC	25000 Via Malpaso Canada Woods	CARMEL, CA 93923	Limited
THE BRIARWOOD INN	PO BOX 5245	CARMEL CA 93921	Limited
THE BRIARWOOD INN II	PO BOX 5245	CARMEL CA 93921	Limited
THE COLONIAL TERRACE	P.O. BOX 1375	CARMEL CA 93921	Limited
The Holly Farm	9200 CARMEL VALLEY RD	CARMEL, CA 93923-9574	Limited
THE HOMESTEAD	26270 DOLORES ST.	CARMEL CA 93923	Limited
The Inn at 1252 Monterey	1252 MUNRAS AVENUE	MONTEREY, CA 93940	Limited
The Inn at 1252 Monterey	1262 MUNRAS AVENUE	MONTEREY, CA 93940	Limited
The Lodge At Pebble Beach Attn: David Hoopingarner	1500 CYPRESS DR	PEBBLE BEACH, CA 93953	Luxury
THE SEA BREEZE INN	1100 LIGHTHOUSE AVE	PACIFIC GROVE, CA 93950-2362	Limited
THE STEVENSON MONTEREY	675 MUNRAS AVENUE	MONTEREY, CA 93940	Limited
THE VAGABOND'S HOUSE	PO BOX 2747	CARMEL CA 93921	Limited
Thunderbird Motel	1933 Fremont Blvd. #3128	Seaside, CA 93955	Limited
Tickle Pink Motor Inn	155 HIGHLAND DR	CARMEL, CA 93923-9601	Limited
TRAVELODGE - FAIRGROUNDS	2030 N. FREMONT ST	MONTEREY, CA 93940	Limited
Treebones Resort	71895 HIGHWAY 1	BIG SUR, CA 93920-9573	Limited
Vendange Carmel Inn & Suites	24815 CARPENTER ST	CARMEL, CA 93923	Limited
Ventana Big Sur	48123 HIGHWAY 1	BIG SUR, CA 93920-9538	Luxury
VICTORIAN INN	487 FOAM STREET	MONTEREY, CA 93940	Limited
VILLA FRANCA (FORMERLY EL DORADO INN)	900 MUNRAS AVENUE	MONTEREY, CA 93940	Limited
Vision Quest Safari Bed & Breakfast	400 RIVER RD	SALINAS, CA 93908-9627	Limited
Wagon Wheel Motel	1217 N. Main St.	Salinas, CA 93906	Limited
WAVE STREET INN (PREVIOUSLY OTTER INN)	571 WAVE ST	MONTEREY, CA 93940	Limited
WAYSIDE INN	PO BOX 101	CARMEL CA 93921	Limited

Western Motel/Western Skylodge LLC	6 S. Wood St.	Salinas, CA 93906	Limited
WILKIES INN	1038 LIGHTHOUSE AVE	PACIFIC GROVE, CA 93950-2424	Limited
Willow Lodge	719 S. Main St.	Salinas, CA 93901	Limited
Zen Mtn Center/Tassajar Springs C/O Ccao Controlle	39171 TASSAJARA RD	CARMEL VALLEY, CA 93924-9316	Limited

**List as of October 2022*

APPENDIX 3 – BENEFITS BY HOTEL TYPE

PROGRAMS / ACTIVITIES	Luxury	Non-Luxury Full Service	Limited Service
General: Inclusion in Sales, Marketing, and Promotional Opportunities*	X	X	X
General: Listing on www.SeeMonterey.com with direct link to hotel page	X	X	X
General: Inclusion on SeeMonterey Online travel planning app	X	X	X
General: Inclusion on SeeMonterey Consumer Brochures	X	X	X
General: Access to SeeMonterey research reports and insights	X	X	X
General: Represented by SeeMonterey at industry conferences & events	X	X	X
Consumer: Opportunity to participate in Consumer Marketing Campaigns	X	X	X
Consumer: Public Relations participation opportunities	X	X	X
Consumer: Familiarization Tour (Press & Influencer) Opportunities	X	X	X
Consumer: Inclusion Opportunity in Social Media Efforts	X	X	X
Consumer: Inclusion Opportunity in Destination Video & Photo Shoots	X	X	X
Consumer: New project & special event opportunities	X	X	X
Travel Trade: Trade Show Opportunities	X	X	X
Travel Trade: Sales Mission Opportunities	X	X	X
Travel Trade: Lead Opportunities	X	X	X
Travel Trade: Familiarization Tour Leads (Press & Travel Trade) Opportunities	X	X	X
Meetings/Group: Brochure Inclusion (Mention)	X	X	X
Meetings/Group: Familiarization Tours	X	X	
Meetings/Group: Tradeshow Participation	X	X	
Meetings/Group: Site Inspections	X	X	
Meetings/Group: Marketing Campaigns	X	X	
Meetings/Group: Brochure Inclusion (Full Page)	X	X	
Inclusion in SeeMonterey destination partnership with Virtuoso Network	X		

Representation a luxury travel conferences (e.g. ILTM)	X		
Representation at VCA luxury travel week	X		
Featured in Luxury Advertising Campaign	X		
Featured in Luxury Public Relations Campaign	X		

** Each property that meets the minimum criteria of the client, journalist, or meeting planner will be promoted.*



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- 1 Introduction
- 2 Monterey visitor economy: overview and trends
- 3 MCCVB performance
- 4 Growing the visitor economy
- 5 Competitive funding analysis
- 6 Impact of TID funding on Monterey's economy

Appendix 1: The impact of TIDs

Appendix 2: The ROI of destination marketing

1 Introduction



Introduction

In 2019, visitors to Monterey County spent a total of \$3.2 billion locally and booked 3.1 million rooms. Total visitor spending increased 43% from 2011 to 2019. The revenue generated by the Monterey County Tourism Improvement District (TID) and the work performed by the Monterey County Convention and Visitors Bureau (MCCVB) is a major factor in this accelerated growth.

This report provides a comprehensive overview of the TID and its impact on Monterey's tourism sector and overall economy. It highlights key trends over the past decade and quantifies how TID funding benefits hotels across the county.

Right now, Monterey is experiencing a strong recovery from the pandemic. Continued support and a renewal of the TID will support these trends into the future and ensure that the county's visitor economy reaches its full potential.



Key findings



In 2019, visitors spent \$3.2 billion in Monterey County, supporting 40,480 jobs and \$2.1 billion in local income (including direct, indirect, and induced impacts).



From 2011 to 2019, spending in Monterey increased 43%, faster than the state and region.



MCCVB's group sales team was increasing its bookings prior to the pandemic and provided an ROI of 14-1.



MCCVB sales and marketing are integral to increasing spending per visitor and driving visitation in the off-season.



Monterey County's TID will generate \$2.3 billion in visitor spending over the next decade. Adopting the MCCVB's proposed assessment would generate an additional \$2.2 billion, greatly accelerating post-pandemic growth.



2 Monterey Visitor Economy: Overview and Trends

Monterey Visitor Economy: Overview and Trends

Importance of the visitor economy

In 2019*, visitors spent \$3.2 billion in Monterey County, supporting 40,480 jobs and \$2.1 billion in local income**

Visitors to Monterey County spent \$3.2 billion in 2019. Most of this spending accrued to the accommodations and food services sectors.

This spending directly generated (i.e., not including indirect and induced effects) 27,160 jobs, \$1.4 billion of income, and \$298 million in state and local taxes.

Monterey County represents approximately one-third of the Central Coast region’s tourism sector and 2% of the state’s tourism sector.

*Much of this report focuses on 2019 (fiscal or calendar year) as a benchmark for a typical year.

Key tourism indicators in Monterey County, 2019

Dollar figures in millions

Total visitor spending	\$3,241
<i>Accommodations</i>	<i>\$879</i>
<i>Food Service</i>	<i>\$967</i>
<i>Food Stores</i>	<i>\$78</i>
<i>Local Tran. & Gas</i>	<i>\$267</i>
<i>Arts, Ent. & Rec.</i>	<i>\$394</i>
<i>Retail Sales</i>	<i>\$520</i>
<i>Visitor Air Tran.</i>	<i>\$24</i>
<i>Other</i>	<i>\$112</i>
Total Earnings**	\$2,161
<i>Direct earning</i>	<i>\$1,420</i>
Total jobs**	40,480
<i>Direct jobs</i>	<i>27,160</i>
Total S&L taxes**	\$398
<i>Direct S&L taxes</i>	<i>\$298</i>

Sources: Dean Runyan Associates, Tourism Economics

**totals include indirect and induced impacts calculated by Tourism Economics

Monterey Visitor Economy: Overview and Trends

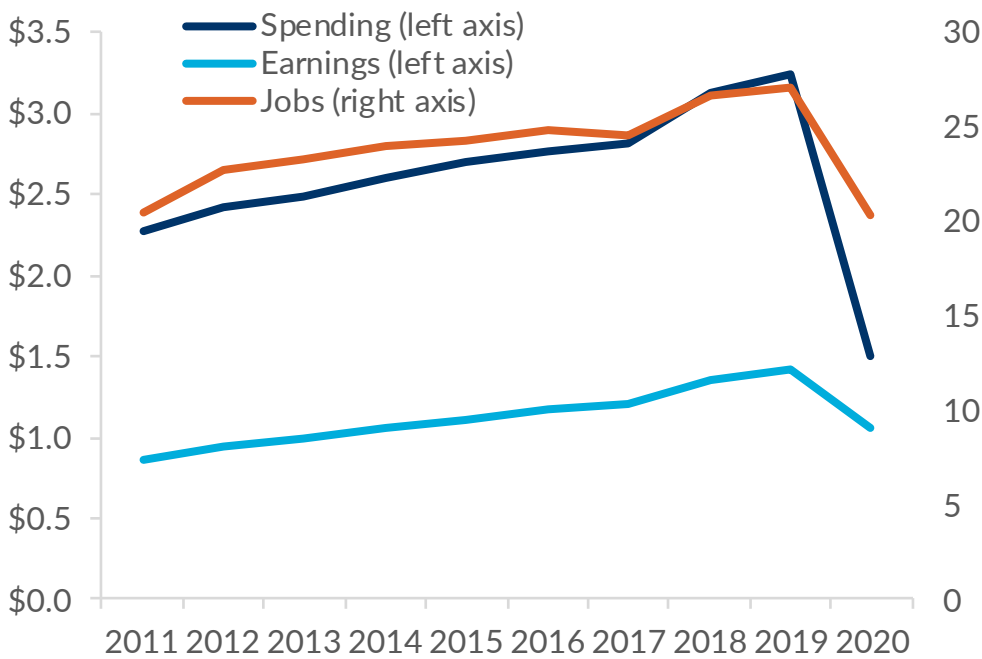
Trends in the visitor economy

Visitor spending increased 43% from 2011 to 2019.

Meanwhile earning and jobs increased 65% and 32%, respectively.

Growth of the visitor economy* in Monterey

Dollar figures in billions



Source Dean Runyan Associates
*earnings and jobs include direct impacts only

Monterey Visitor Economy: Overview and Trends

Hotel sector KPIs

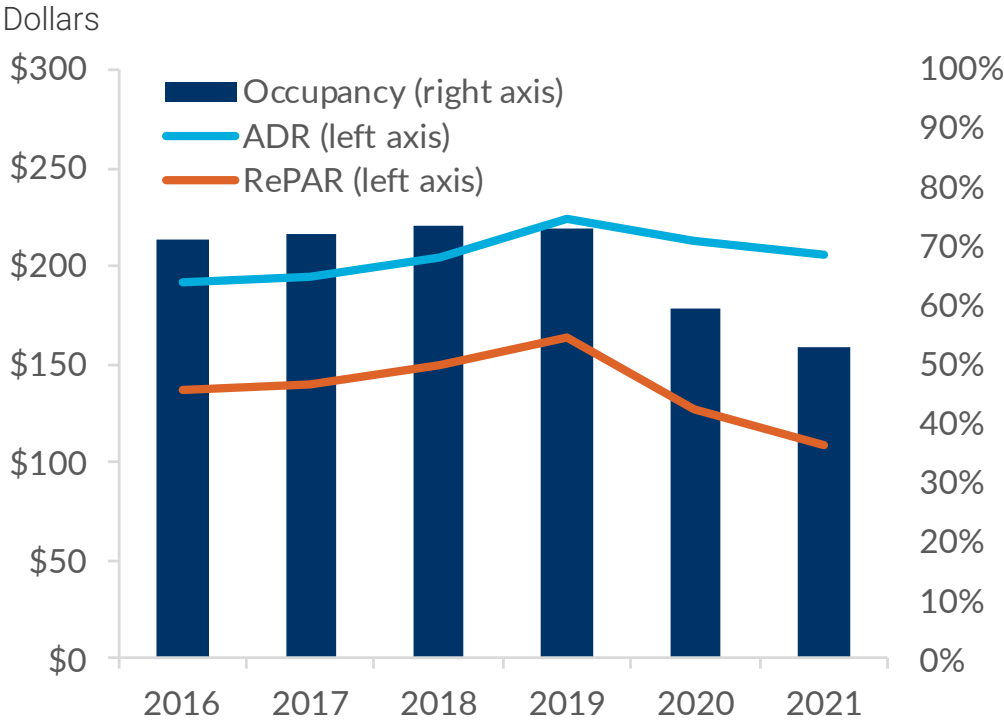
Hotel performance metrics were all strengthening in the years prior to the pandemic.

From FY2016-2019, ADR grew from \$192 to \$224, a 17% increase over three years

RevPAR grew to \$164 from \$137, a 20% increase.

Hotel occupancy increased to 73% from 71%.

Hotel sector KPIs in Monterey County



Source Dean Runyan Associates

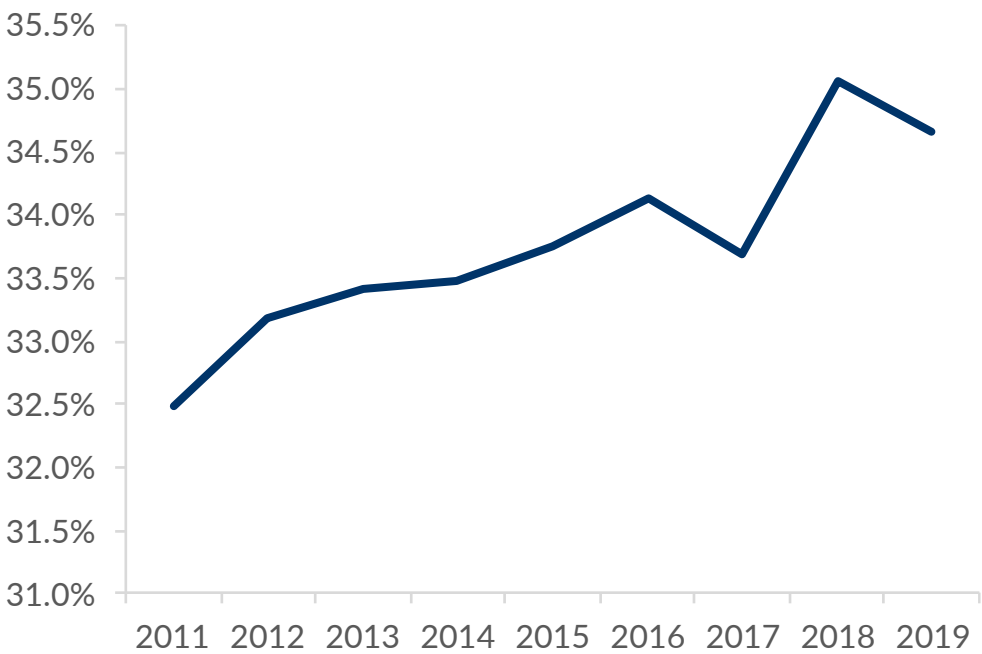
Monterey Visitor Economy: Overview and Trends

Visitor spending share

Monterey has been capturing an increasing share of the region's tourism market.

In 2019, Monterey County accounted for 34.7% of all spending in the Central Coast region, up from 32.5% in 2011. This increase of 2.2% may seem small; but given that visitors spent \$9.4 billion dollars in the region in 2019, the 2.2% increase represents an additional \$202 million in visitor spending injected into Monterey's economy.

Monterey share of visitor spending in the Central Coast region
Share of total regional spending



Source: Dean Runyan Associates
* Includes Monterey, San Benito, San Luis Obispo, Santa Barbara, and Ventura Counties

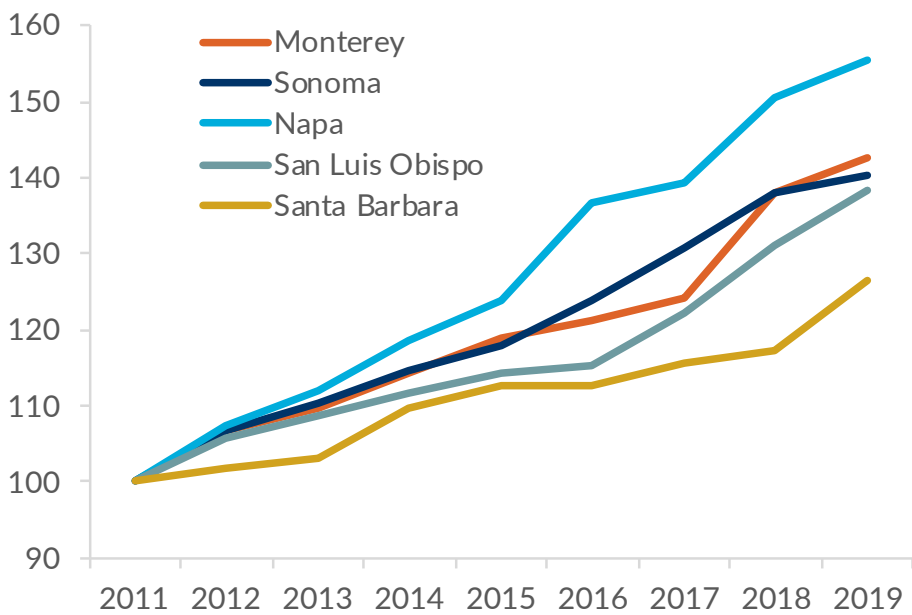
Monterey Visitor Economy: Overview and Trends

Visitor spending comparisons

Monterey exhibited strong growth compared to other nearby leisure-oriented counties.

Monterey County outpaced three of four nearby leisure-oriented counties from 2011-2019, including Sonoma, San Luis Obispo, and Santa Barbara.

Visitor spending growth in Monterey and local competitors
Index (2011=100)



Source: Dean Runyan Associates

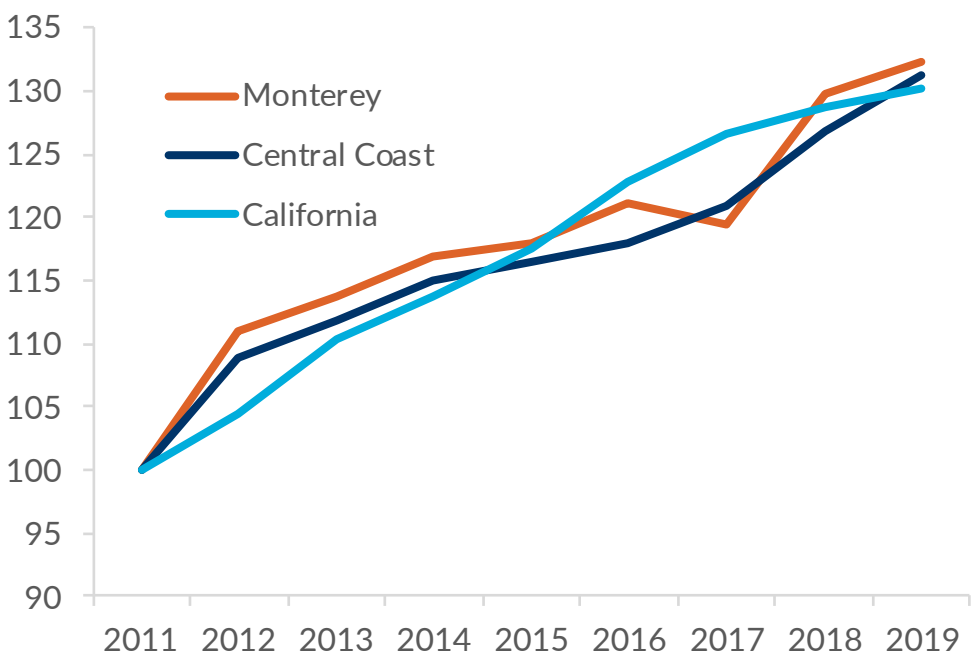
Monterey Visitor Economy: Overview and Trends

Tourism employment growth comparisons

Direct tourism employment in Monterey has grown at an accelerated rate.

Direct employment in Monterey County reached 27,160 in 2019, up from 20,510 in 2011. This represents an increase of 32% over that time period, which is slightly faster than growth in the state and region.

Direct tourism employment growth in Monterey, the region, and the state
Index (2011=100)



Source: Dean Runyan Associates

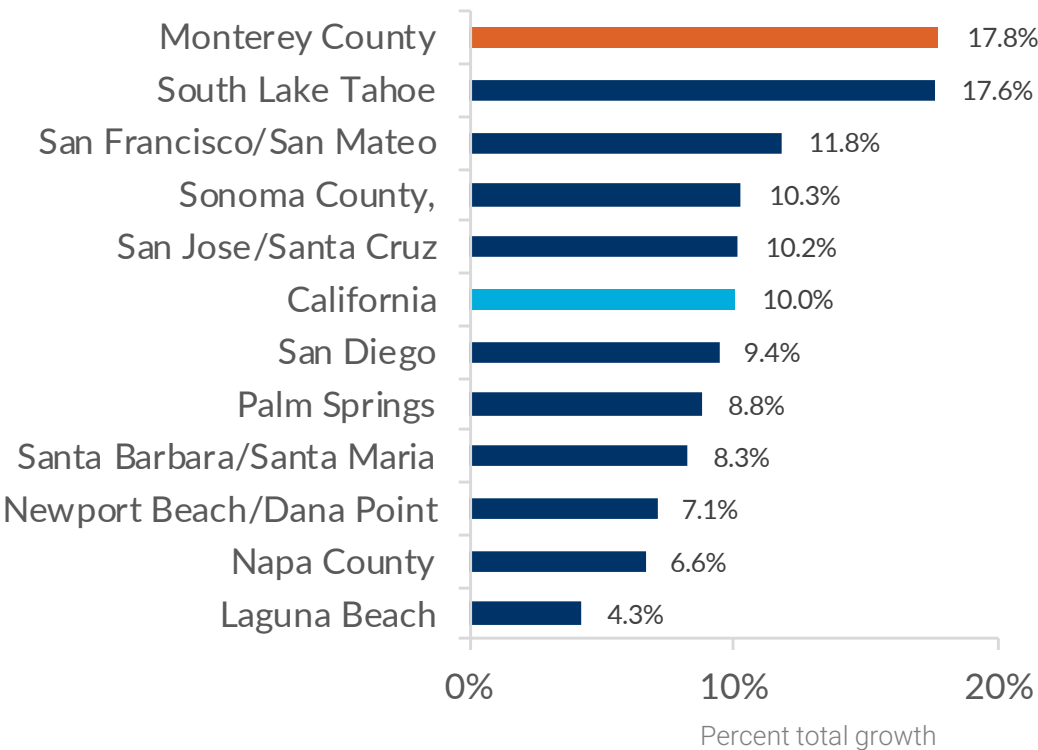
Monterey Visitor Economy: Overview and Trends

Hotel sector growth comparisons

Monterey led its competition in terms of room revenue growth over the three years prior to the pandemic.

Hotel room revenue in Monterey outpaced 10 competing destinations and grew almost 8% faster than the state.

Room revenue growth in Monterey and competitors, FY2017-2019*



Source: STR
*We use a shorter time horizon due to data limitations

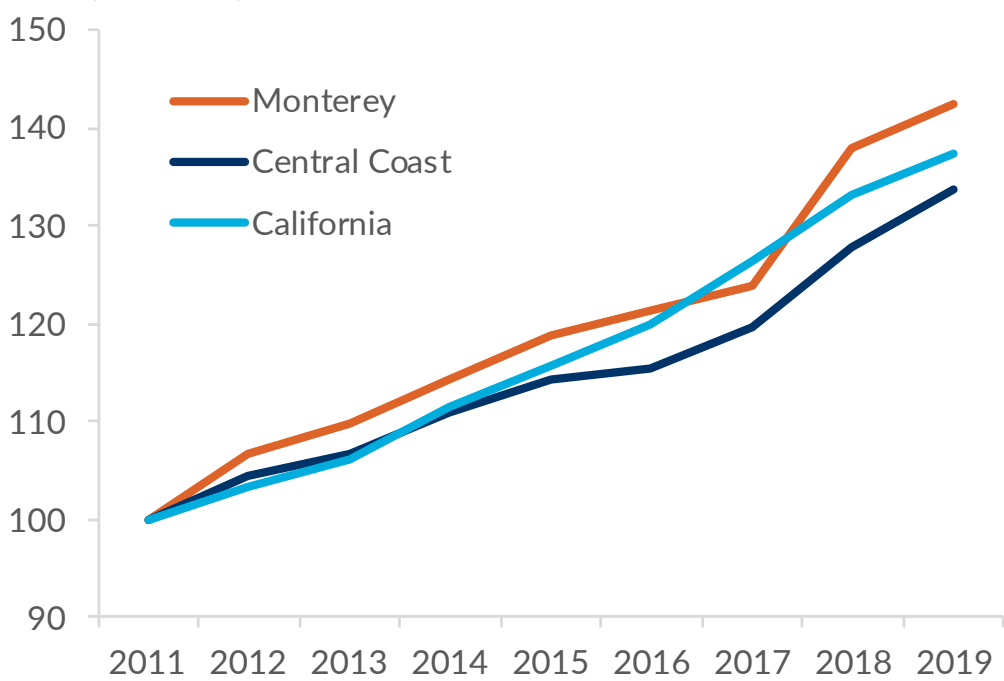
Monterey Visitor Economy: Overview and Trends

Visitor spending comparisons

Visitor spending increased at a faster rate in Monterey than in the state or region.

While Monterey’s strong performance is notable over the entire decade, the county achieved particularly robust growth in the later half of the decade. Between 2015 and 2019, visitor spending in Monterey increased 20%, outpacing both the region (+17%) and the state (+19%).

Visitor spending growth in Monterey, the region, and the state
Index (2011=100)



Source: Dean Runyan Associates

3 MCCVB Performance



MCCVB Performance

Advertising ROI

MCCVB advertising generates a significant ROI in drive and fly markets.

In the first half of FY2022, media campaigns run by the MCCVB generated awareness of Monterey County as a tourism destination in 4.2 million households in both drive and fly markets. These newly aware households made 115,261 trips to Monterey County and spent \$136.8 million locally. These ads produced an ROI of 75-to-1.

MCCVB advertising performance by market type, mid-year FY2022

	Drive	Fly	Total
Aware households created	2,500,000	1,700,000	4,200,000
Influenced trips to Monterey	45,857	69,404	115,261
Influenced visitor spending (millions)	\$44.0	\$92.8	\$136.8
Ad spending (millions)	\$0.7	\$1.1	\$1.8
ROI	62-to-1	84-to-1	75-to-1

Source: SMARI

MCCVB Performance

Group sales performance

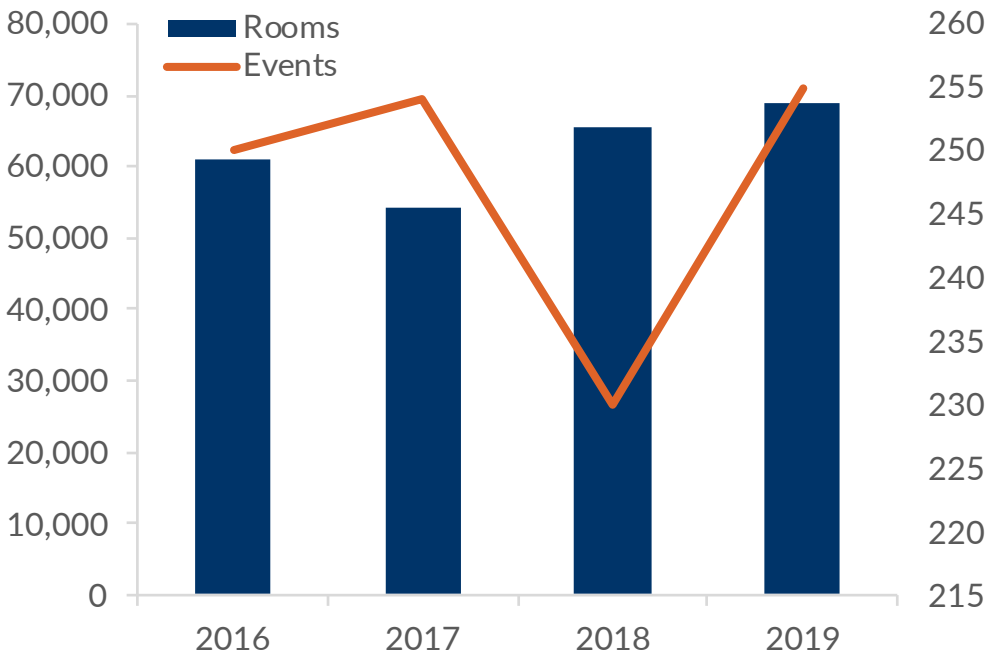
The MCCVB’s group sales team was increasing its bookings prior to the pandemic.

The sales teams booked 255 events in FY2019, up from 250 in FY2016. Meanwhile, rooms booked increased to 69,000 from 61,200, a 13% increase over the same time period.

The average size of events also increased in this time period, growing to 271 rooms per event from 245.

MCCVB group sales

Rooms booked



Source: MCCVB

MCCVB Performance

Group sales return on investment

The MCCVB’s group sales team generated a substantial ROI in FY2019.

The events booked by the MCCVB sales team resulted in 96,800 total room sales and \$44 million in visitor spending. This provided an ROI of 14-to-1 when measured against their \$3.1 million budget.

MCCVB group sales performance, FY2019

Total event rooms*	96,800
Spending per room**	\$455
Total Spending (millions)	\$44.0
Sales and group services expenses (millions)	\$3.1
Group sales ROI	14-to-1

Source: MCCVB; Tourism Economics

*This includes bookings in the event room block and an estimation of outside the block bookings from Tourism Economics’ and Destination International’s Event Impact Calculator.

** Includes spending by the event organizer.

MCCVB Performance

Group sales and seasonality

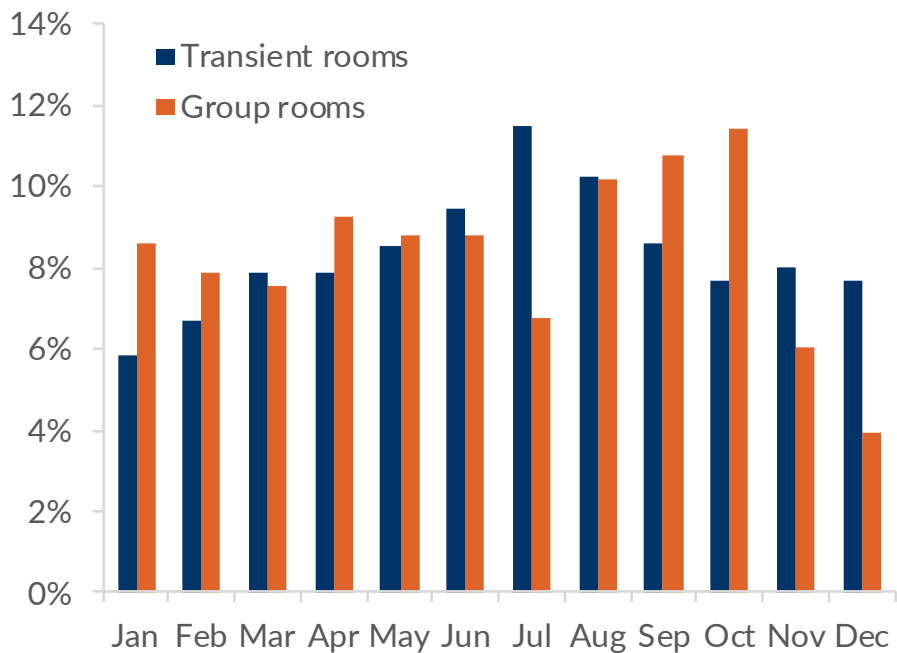
Group sales help fill out the off-peak “shoulder” seasons for the Monterey visitor economy.

While group sales* remain low in November and December, they create a substantial boost in the shoulder months of Jan.-Apr. and Sep.-Oct. when transient (i.e., not group or contract) room bookings are lower.

*As reported by STR, which includes additional rooms beyond what the MCCVB books.

Seasonality of room bookings in Monterey County, 2018

Monthly share of annual rooms



Source: STR

4 Growing the Visitor Economy



Growing the Visitor Economy

Overcoming supply constraints

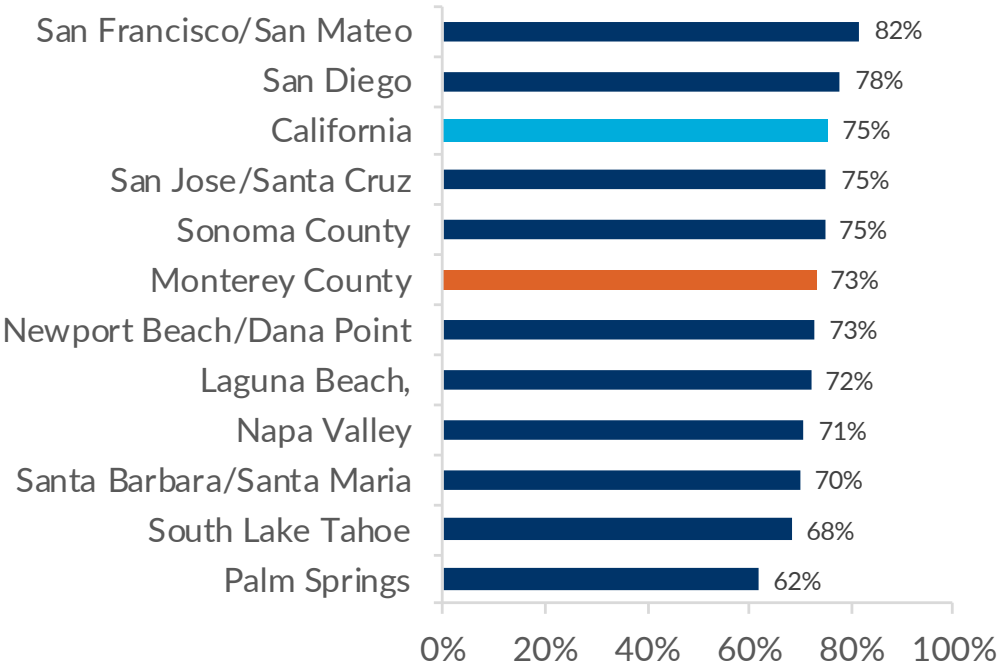
Monterey’s pre-pandemic occupancy rate was nearing full capacity.

This section reviews ways to increase the economic impact of tourism given current supply constraints

While a 73% occupancy rate may leave an impression that there are numerous available rooms, this is close to full capacity for a leisure destination. It is rare to see non-urban destinations (cities fill weekdays and ‘low’ seasons with business travelers) maintain annual occupancy rates above 75%.

Therefore, increasing the economic impact of tourism in Monterey County largely depends on some combination of increasing room inventory, increasing visitor spending per booked room, and filling out the shoulder periods (especially weekdays).

Occupancy rate in Monterey County and competing destinations, FY2019



Source: STR

Growing the Visitor Economy

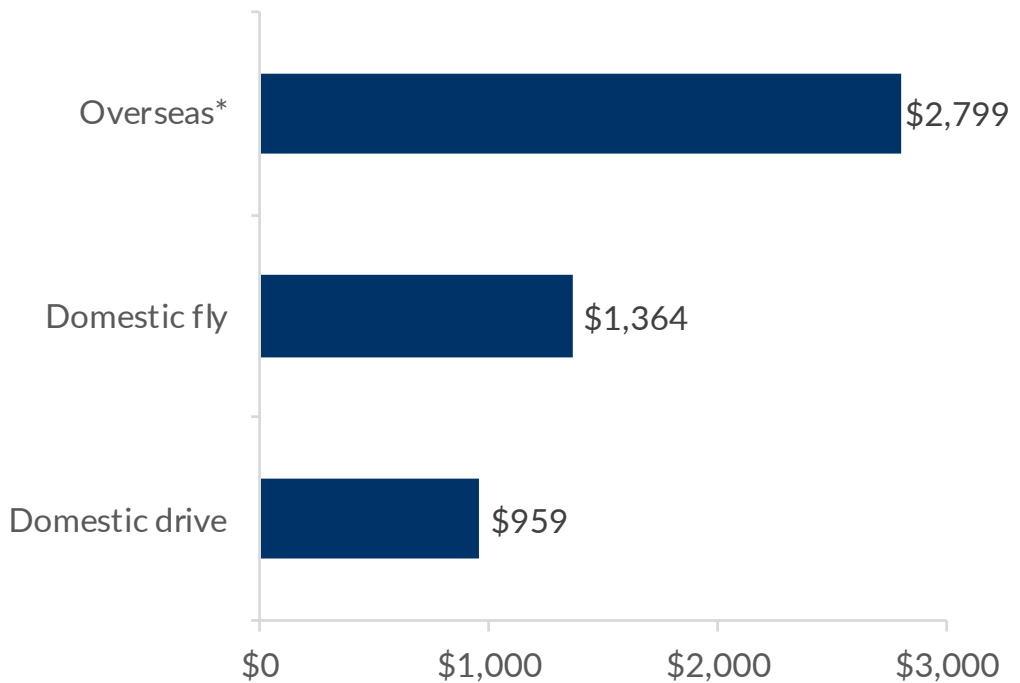
Importance of visitor value

Visitors from greater distances spend significantly more per trip.

To maximize the value of each visitor, the MCCVB can concentrate on the domestic-fly and overseas markets. The domestic-fly market spends 42% more than the drive market, and the overseas* market spends 192% more than the domestic drive market.

*The overseas spending estimate is a statewide average that comes from Tourism Economics’ International State Travel database and includes data inputs from a dozen sources including the NTTD, the BEA, and VisaVue Travel. This includes spending in California, but not spending on travel to the US.

Spending per trip by origin market



Sources: SMARI; Tourism Economics

*California figure – calendar year 2020, other figures FY2021

Dollars per trip

Growing the Visitor Economy

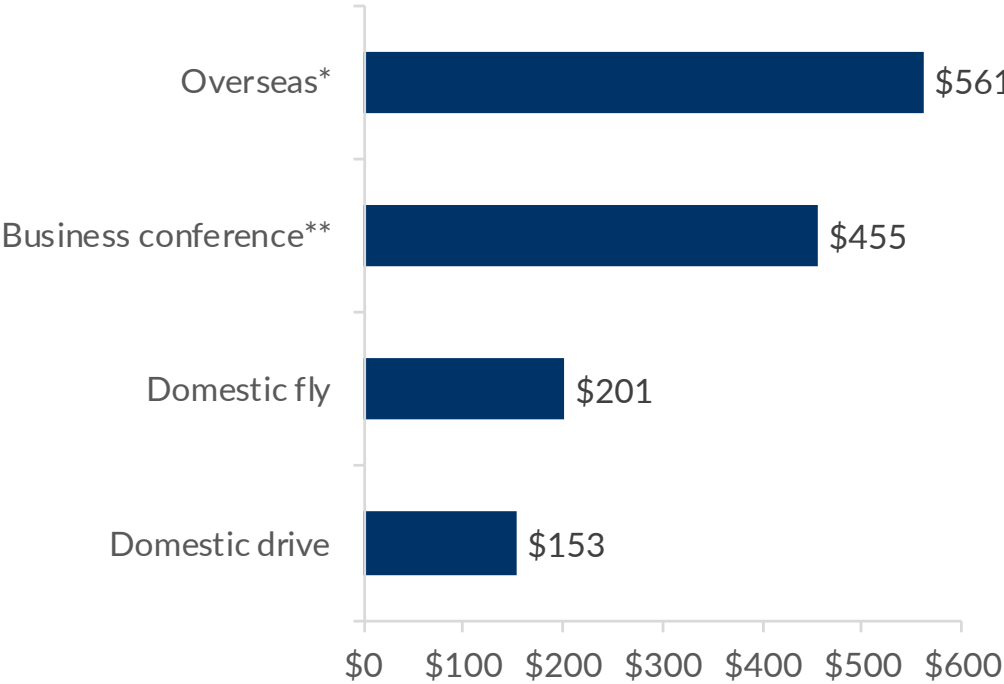
Importance of visitor value

Visitors from greater distances spend significantly more per night.

Compared to the domestic drive market, the domestic fly market spends 31% more per night, the business conference market spends 158% more, and the overseas* market spends 190% more.

*The overseas origin market estimate uses San Jose data, the closest available data point, and comes from Tourism Economics’ Global City Travel database. This uses data inputs from a dozen sources including the NTT, the BEA, and VisaVue Travel. This includes spending in San Jose, but not spending on travel to the US.

Spending per night by origin market



Sources: SMAR; Tourism Economics

*San Jose figure – calendar year 2020, other figures FY2021

** Includes spending by the event organizer.

Dollars per night

Growing the Visitor Economy

Boosting the low season

MCCVB is also well-positioned to increase off-season bookings.

While Monterey’s 73% annual occupancy rate is quite high for a non-urban leisure destination, MCCVB can realize the opportunity to increase low-season bookings.

If the six low-season months (average occupancy 64%) matched the occupancy rate of the six high-seasons months (80%), Monterey would see an increase of 354,000 rooms booked—a 10% increase over its current total.

Seasonality and potential new booking in Monterey, 2019

	Rooms booked	Occupancy rate	Potential new bookings*
Jan	214,000	56%	93,000
Feb	215,000	64%	53,000
Mar	253,000	68%	44,000
Apr	277,000	75%	18,000
May	290,000	76%	--
Jun	302,000	82%	--
Jul	319,000	84%	--
Aug	317,000	83%	--
Sep	291,000	79%	--
Oct	295,000	77%	--
Nov	248,000	67%	49,000
Dec	210,000	55%	97,000
Total	3,231,000		354,000

Sources: STR; Tourism Economics

*Potential new room bookings if these months could match the high-season occupancy rate of 80%.

5 Competitive Funding Analysis

Competitive Funding Analysis

TID overview

The Monterey County TID assessment that funds the MCCVB ranges from \$1.00 to \$2.00.

Full-service hotels are assessed \$2.00 and other hotels are assessed \$1.00. In FY2019, the TID (tourism improvement district) generated \$4.2 million of funding dedicated for tourism promotion through the MCCVB and represented the largest source of funding for tourism promotion in the county.

Monterey hotel sector and TID details by scale, FY2019

	ADR	Room revenue	% of Revenue	Current Avg TID per Room Assumption	Current TID Contribution	Contribution % of Total TID
Luxury	\$455	\$294,000,000	41%	\$2.00	\$1,293,000	31%
Upper Upscale	\$229	\$134,000,000	19%	\$1.50	\$875,000	21%
Upscale	\$180	\$48,000,000	7%	\$1.25	\$333,000	8%
Upper Midscale	\$185	\$75,000,000	10%	\$1.15	\$468,000	11%
Midscale	\$179	\$39,000,000	5%	\$1.00	\$218,000	5%
Economy	\$132	\$133,000,000	18%	\$1.00	\$1,013,000	24%
Total	\$231	\$724,000,000	100%	\$0.00	\$4,201,000	100%

Source: MCCVB, STR

Competitive Funding Analysis

TID rate comparison

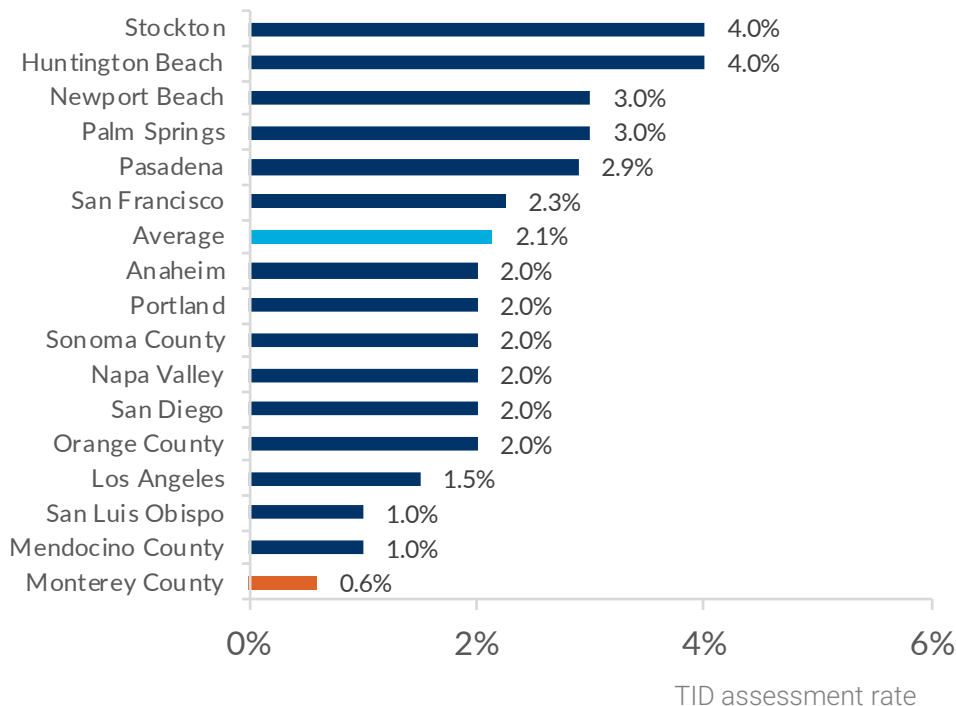
Monterey’s TID assessment of 0.6%* is much lower than the competitive set average of 2.1%.

This set includes the MCCVB’s competitive set and additional DMOs that disclosed their assessment rate to Destinations International (DI).

Since the assessment is a major source of revenue for the MCCVB (and the majority of other DMOs on this list), this results in a limited tourism promotion budget for Monterey County. Increasing the TID assessment rate could generate additional funding and provide competitive funding for tourism promotion in Monterey County.

*Monterey’s per room assessment scheme results in an overall rate of 0.6% of room revenue.

TID assessment rates in Monterey and competitors



Sources: Dean Runyan Associates; Tourism Economics

Competitive Funding Analysis

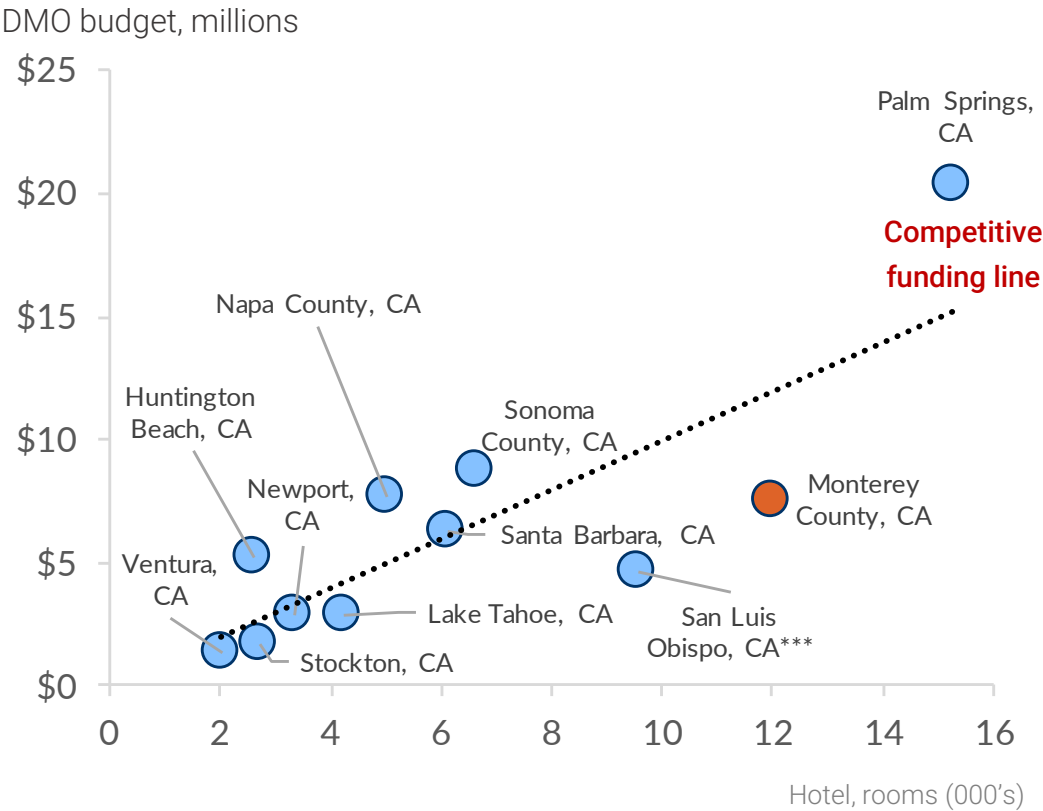
Competitive funding analysis

Tourism promotion in Monterey County is underfunded relative to local competitors.

This analysis compares destinations' DMO budgets relative to the size of the local tourism sector (as measured by hotel room inventory). This analysis shows that Monterey County tourism promotion is underfunded compared to the line of best fit (the dotted line).

We chose to conduct a pre-pandemic analysis to provide perspective on a 'normal' level of DMO spending and room inventory, as the pandemic has caused severe swings.

Hotel rooms and DMO revenue in competing destinations, pre-pandemic*



Sources: Tourism Economics, DI, STR

*2018 or 2019 depending on destination's reporting

** San Luis Obispo has greatly increased their DMO's budget recently. The destination will likely spend close to \$10m in 2022, up from \$4.6m in this analysis.

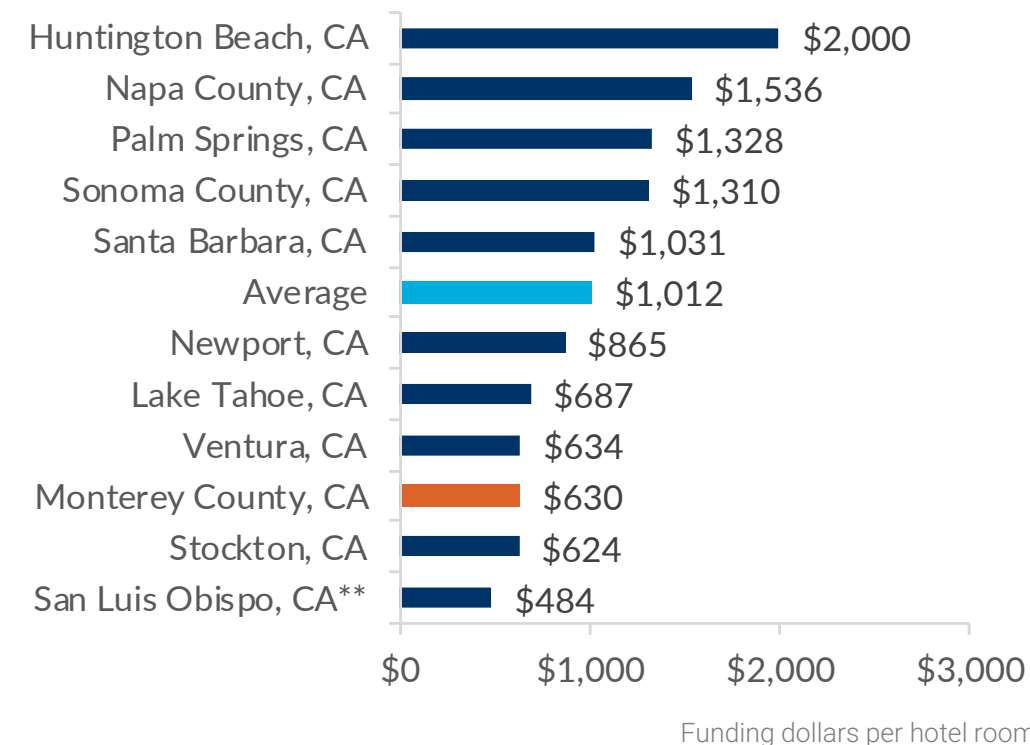
Competitive Funding Analysis

Competitive funding analysis

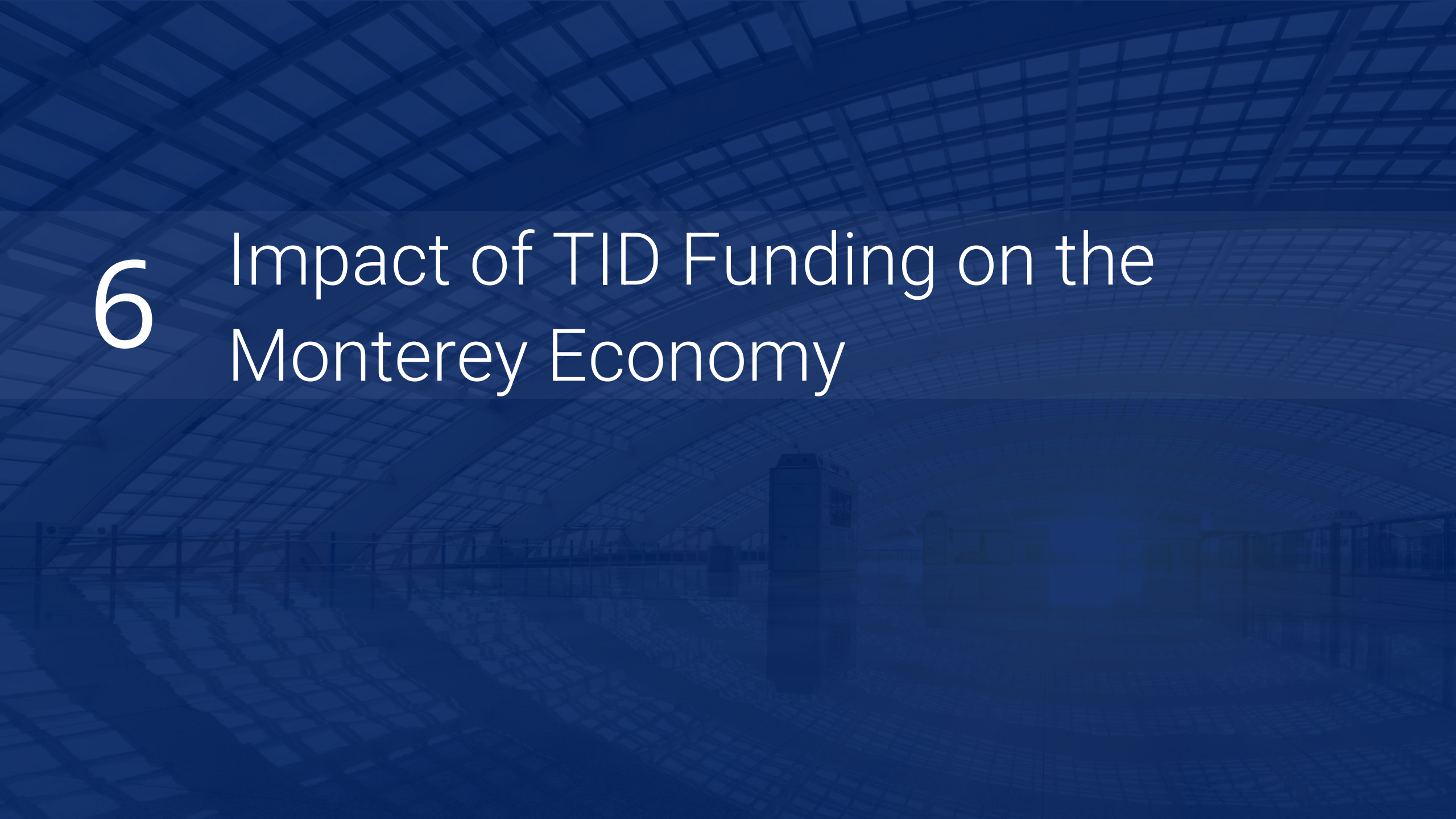
Monterey County’s tourism promotion budget is 38% below the set average.

Examining the same data as the prior slide, we see that Monterey County provides \$630 of tourism promotion spending for every hotel room, 38% below the set average.

Tourism promotion funding per room in select destinations, pre-pandemic



Sources: Tourism Economics, DI, STR
*2018 or 2019 depending on destination’s reporting
** San Luis Obispo has recently increased their DMO’s budget, and their figure may double in 2022.



6 Impact of TID Funding on the Monterey Economy

Impact of TID Funding on the Monterey Economy

Importance of visitor value

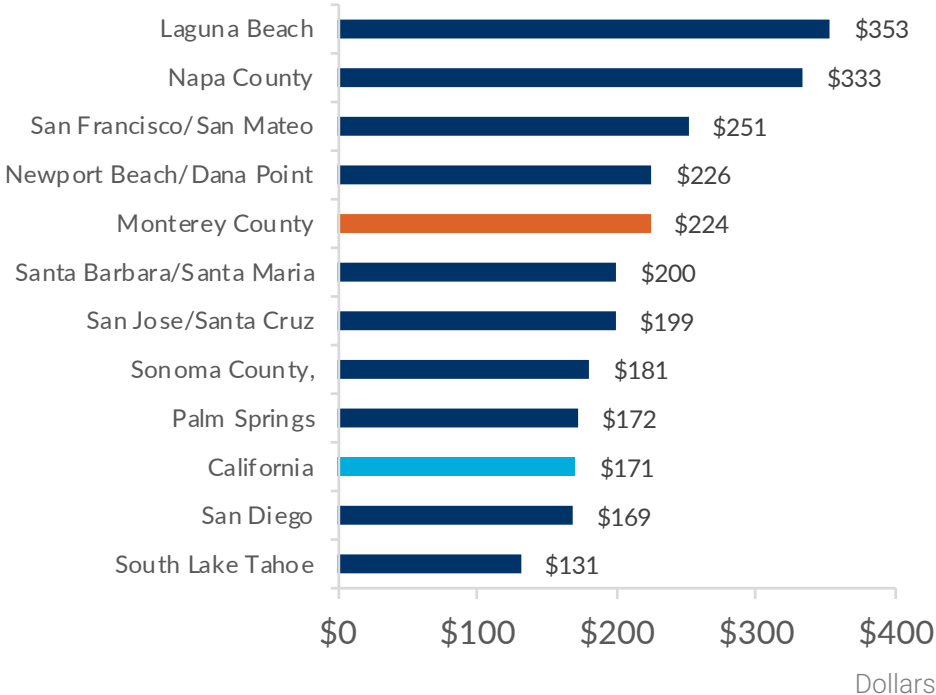
Changing the TID assessment rate would not impact local hotels' price competitiveness.

Increasing or decreasing the TID assessment rate would do little to change Monterey's price competitiveness amongst its main competitors. Economically, elimination of the TID is unlikely to produce any positive benefit on room demand. Tourism Economics modeling on behalf of STR has consistently found hotel room demand to be highly inelastic at the market level. That is, while an individual property may gain or lose share within a market based on price, a market-wide shift in rate has no appreciable impact on room demand.

The impact of the loss of tourism promotion funding would in all likelihood far exceed any possible negative effect of higher room costs. We also note that from FY2016-2019, ADR increased 17% while the occupancy rate grew to 73% from 71%. This indicates that price sensitivity does not seem to be a major factor for visitors.

In sum, eliminating the TID would not impact hotels' price competitiveness but would appreciably undercut Monterey's competitive market position in the absence of concerted destination sales and marketing.

Average room rate in Monterey and competitors, FY2019*



Source: STR
* The US Open boosted room rates in Monterey County FY2019.

Impact of TID Funding on the Monterey Economy

Importance of visitor value

The MCCVB generated an ROI of \$47-to-\$1.

Based on prior calculations of paid media and group sales ROIs, we estimate that the MCCVB has an organizational ROI of 47-to-1 (i.e., one dollar of MCCVB funding generates \$47 of visitor spending).

MCCVB organizational ROI calculations

	Value	Source / calculation
Paid media ROI on visitor spending	75-to-1	See 'MCCVB Performance' section
Paid Media expenses share of total DMO budget	56%	MCCVB
Group Sales ROI on visitor spending	14-to-1	See 'MCCVB Performance' section
Group sales share of total DMO budget	33%	MCCVB
Organization ROI on visitor spending	47-to-1	$(75 * 61\%) + (14 * 33\%)$

Sources: SMARI; MCCVB; Tourism Economics

Impact of TID Funding on the Monterey Economy

Scenario development

Changes in the TID could create an impact of several hundred million dollars.

Here we evaluate the impact of changes to the TID structure via three scenarios. In the Baseline Scenario the TID structure remains the same, in the TID elimination scenario the TID is removed, and in the Alternative TID Scenario the TID structure is changed to a three-tiered flat assessment that begins at \$1.50 for limited-service hotels, \$4.50 for full-service hotels, and \$7.00 for luxury properties with biennial escalators.

We provide additional details on the three scenarios in fiscal year 2025, as this is the first year without a “cool-down” or “ramp-up” effect (i.e. the full effect of a funding increase/decrease will not be felt in the first two years of budget changes as lags exists between assessments being collected, distributed, media spending being increased/decreased, consumers making travel plans, and visitors actually traveling).

In 2025, our Baseline Scenario forecasted MCCVB’s revenue is \$9.0 million. In the TID Elimination Scenario, the MCCVB receives \$4.0 million, a decrease of \$5.0 million. We estimate a 47-to-1 ROI on this lost funding spending, which results in \$233 million of lost visitor spending.

MCCVB revenue and visitor spending in three scenarios, FY2025

Dollar figures in millions

	TID Elimination Scenario	Baseline Scenario	Alternative Assessment Scenario
TID revenue	\$0.0	\$5.0	\$9.8
Jurisdiction investment	\$4.0	\$4.0	\$4.0
Total MCCVB revenue	\$4.0	\$9.0	\$13.8
Revenue change relative to baseline	-\$5.0	--	\$4.8
Anticipated ROI revenue change*	47-to-1	--	42-to-1
Change in visitor spending	-\$233	--	\$204
Total visitor spending	\$3,157	\$3,391	\$3,594

Sources: SMARI; MCCVB; Tourism Economics

In the Alternative Assessment Scenario, the MCCVB receives \$13.8 million in revenue, an increase of \$4.8 million. To be conservative and account for diminishing marginal returns on new funding, we estimate a 42-to-1 ROI on this new funding, which results in \$204 million of gained visitor spending.

Impact of TID Funding on the Monterey Economy

Baseline Scenario forecast

In our Baseline Scenario, visitor spending grows to \$3.8 billion in FY2032**.

Monterey County's visitor economy, Baseline Scenario*

Dollar figures in millions

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	'19-'32 Growth
Spending	\$3,189	\$2,529	\$2,197	\$2,751	\$3,295	\$3,342	\$3,391	\$3,440	\$3,525	\$3,576	\$3,627	\$3,680	\$3,733	\$3,787	17%
Earnings	\$1,387	\$1,239	\$991	\$1,179	\$1,405	\$1,418	\$1,431	\$1,445	\$1,473	\$1,487	\$1,501	\$1,515	\$1,529	\$1,543	10%
Jobs	26,895	23,765	19,342	24,226	28,431	28,265	28,100	27,936	28,053	27,890	27,727	27,565	27,404	27,244	2%
Local taxes	\$168	\$130	\$114	\$143	\$172	\$175	\$178	\$182	\$186	\$190	\$193	\$196	\$200	\$204	19%
Sales tax	\$72	\$58	\$50	\$63	\$75	\$76	\$77	\$78	\$80	\$81	\$82	\$83	\$83	\$84	15%
TOT	\$71	\$53	\$47	\$60	\$72	\$74	\$76	\$78	\$80	\$82	\$84	\$86	\$88	\$90	23%
State taxes	\$142	\$109	\$96	\$115	\$143	\$147	\$153	\$156	\$159	\$162	\$164	\$166	\$169	\$171	19%

Monterey County's visitor economy, Baseline Scenario

Index, (FY2019=100)

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Spending	100	79	69	86	103	105	106	108	111	112	114	115	117	119
Earnings	100	89	71	85	101	102	103	104	106	107	108	109	110	111
Jobs	100	88	72	90	106	105	104	104	104	104	103	102	102	101
Local taxes	100	78	68	85	103	105	106	108	111	113	115	117	119	121
Sales tax	100	81	70	87	104	105	106	108	110	111	113	114	115	117
TOT	100	75	66	84	101	104	106	109	112	115	117	120	123	126
State taxes	100	77	68	81	101	104	108	110	113	114	116	118	119	121

Sources: SMARI; MCCVB; Tourism Economics

*Fiscal years

**Based on MCCVB projections of hotel revenue

Impact of TID Funding on the Monterey Economy

TID Elimination scenario

The TID Elimination scenario results in \$2.3 billion dollars of lost spending over the next decade.

These spending losses result in losses of \$939 million in earnings, \$120 million in local taxes, and an average of 1,759 jobs annually.

Monterey County's visitor economy, TID Elimination Scenario

Dollar figures in millions

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total losses
Baseline Scenario visitor spending	\$3,189	\$2,529	\$2,197	\$2,751	\$3,295	\$3,342	\$3,391	\$3,440	\$3,525	\$3,576	\$3,627	\$3,680	\$3,733	\$3,787	--
Lost TID Scenario visitor spending	--	--	--	--	\$3,221	\$3,192	\$3,157	\$3,201	\$3,280	\$3,325	\$3,370	\$3,416	\$3,463	\$3,510	--
Lost spending	--	--	--	--	\$73	\$150	\$233	\$239	\$245	\$251	\$257	\$263	\$270	\$277	\$2,259
Lost earnings	--	--	--	--	\$31	\$64	\$98	\$100	\$102	\$104	\$106	\$108	\$111	\$113	\$939
Lost jobs*	--	--	--	--	633	1,270	1,933	1,941	1,949	1,957	1,966	1,974	1,982	1,990	1,759
Lost local taxes	--	--	--	--	\$3.8	\$7.9	\$12.3	\$12.6	\$12.9	\$13.3	\$13.7	\$14.1	\$14.5	\$14.9	\$120
Sales tax	--	--	--	--	\$1.7	\$3.5	\$5.4	\$5.5	\$5.6	\$5.8	\$5.9	\$6.0	\$6.2	\$6.3	\$52
TOT	--	--	--	--	\$1.6	\$3.2	\$5.1	\$5.3	\$5.4	\$5.6	\$5.8	\$6.0	\$6.2	\$6.4	\$51
Lost state taxes	--	--	--	--	\$3.2	\$6.6	\$10.6	\$10.8	\$11.1	\$11.4	\$11.6	\$11.9	\$12.2	\$12.5	\$102

Source: Tourism Economics

*annual average

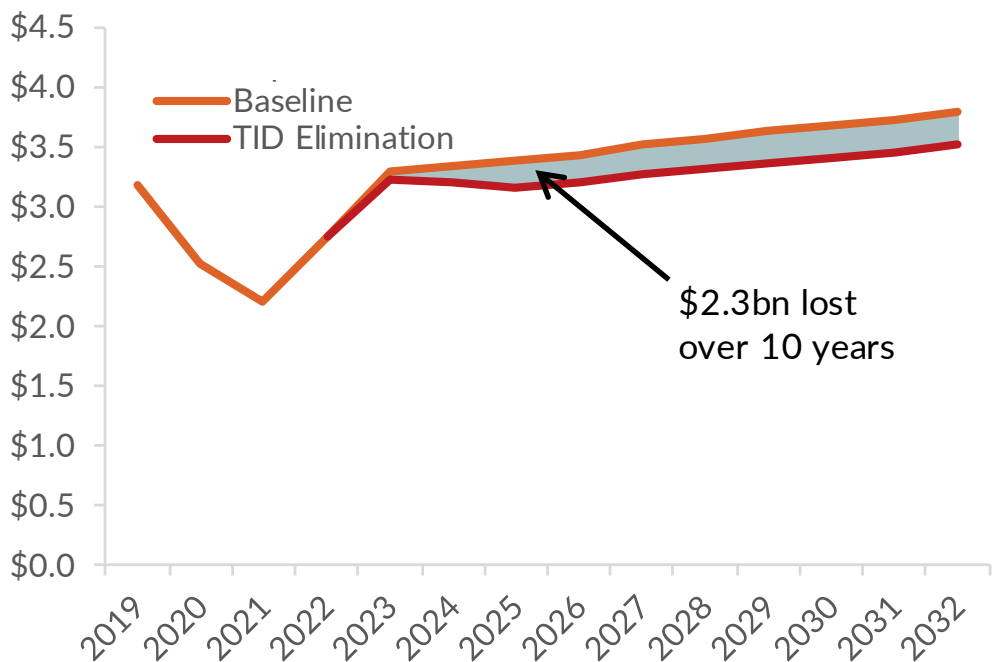
Impact of TID Funding on the Monterey Economy

TID Elimination scenario

The TID elimination scenario results in \$2.3 billion dollars of lost spending over the next decade.

Future visitor spending growth in Monterey, two scenarios

Dollars, billions



Source: Tourism Economics

Impact of TID Funding on the Monterey Economy

Alternative Assessment Scenario

The Alternative Assessment Scenario results in \$2.2 billion dollars of gained spending over the next decade.

These spending gains result in gains of \$920 million in earnings, \$118 million in local taxes, and an average of 1,716 jobs annually.

Monterey County's visitor economy, Alternative Assessment Scenario

Dollar figures in millions

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total gains
Baseline Scenario visitor spending	\$3,189	\$2,529	\$2,197	\$2,751	\$3,295	\$3,342	\$3,391	\$3,440	\$3,525	\$3,576	\$3,627	\$3,680	\$3,733	\$3,787	--
Alternative Assessment Scenario visitor spending	--	--	--	--	\$3,349	\$3,448	\$3,594	\$3,638	\$3,766	\$3,812	\$3,906	\$3,953	\$4,048	\$4,096	--
Gained spending	--	--	--	--	\$55	\$106	\$204	\$199	\$242	\$236	\$279	\$273	\$316	\$310	\$2,218
Gained earnings	--	--	--	--	\$23	\$45	\$86	\$83	\$101	\$98	\$115	\$112	\$129	\$126	\$920
Gained jobs*	--	--	--	--	471	896	1,688	1,613	1,923	1,842	2,132	2,047	2,317	2,228	1,716
Gained local taxes	--	--	--	--	\$2.9	\$5.6	\$10.7	\$10.5	\$12.8	\$12.5	\$14.8	\$14.6	\$16.9	\$16.7	\$118
Sales tax	--	--	--	--	\$1.7	\$3.5	\$5.4	\$5.5	\$5.6	\$5.8	\$5.9	\$6.0	\$6.2	\$6.3	\$52
TOT	--	--	--	--	\$1.6	\$3.2	\$5.1	\$5.3	\$5.4	\$5.6	\$5.8	\$6.0	\$6.2	\$6.4	\$51
Gained state taxes	--	--	--	--	\$2.4	\$4.7	\$9.2	\$9.0	\$10.9	\$10.7	\$12.6	\$12.4	\$14.3	\$14.0	\$100

Source: Tourism Economics

*annual average

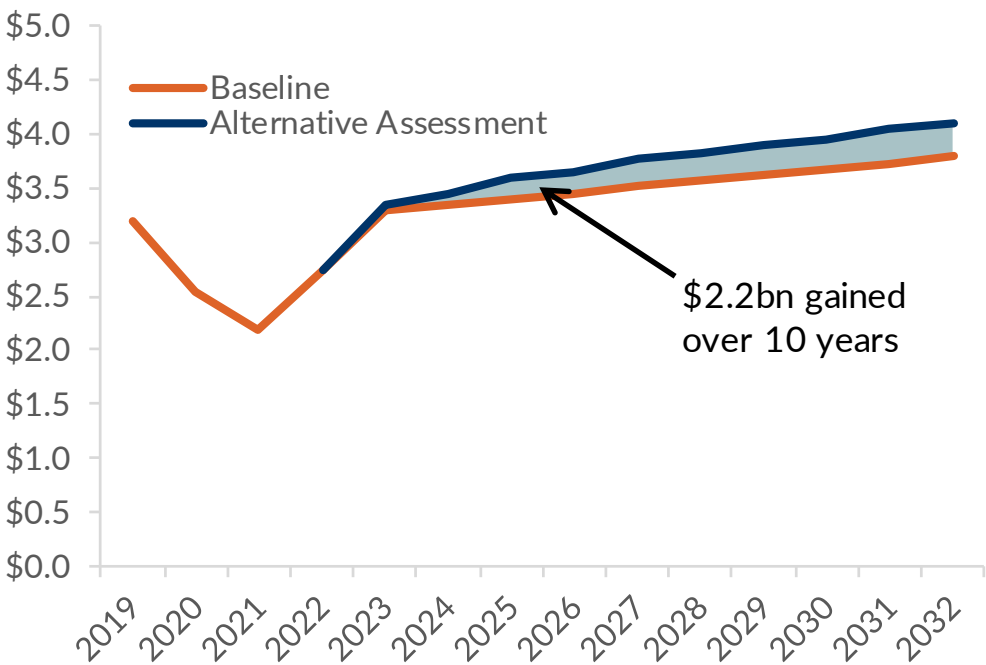
Impact of TID Funding on the Monterey Economy

Alternative Assessment Scenario

The Alternative Assessment Scenario results in \$2.2 billion dollars of gained spending over the next decade.

Future visitor spending growth in Monterey, two scenarios

Dollars, billions



Source: Tourism Economics

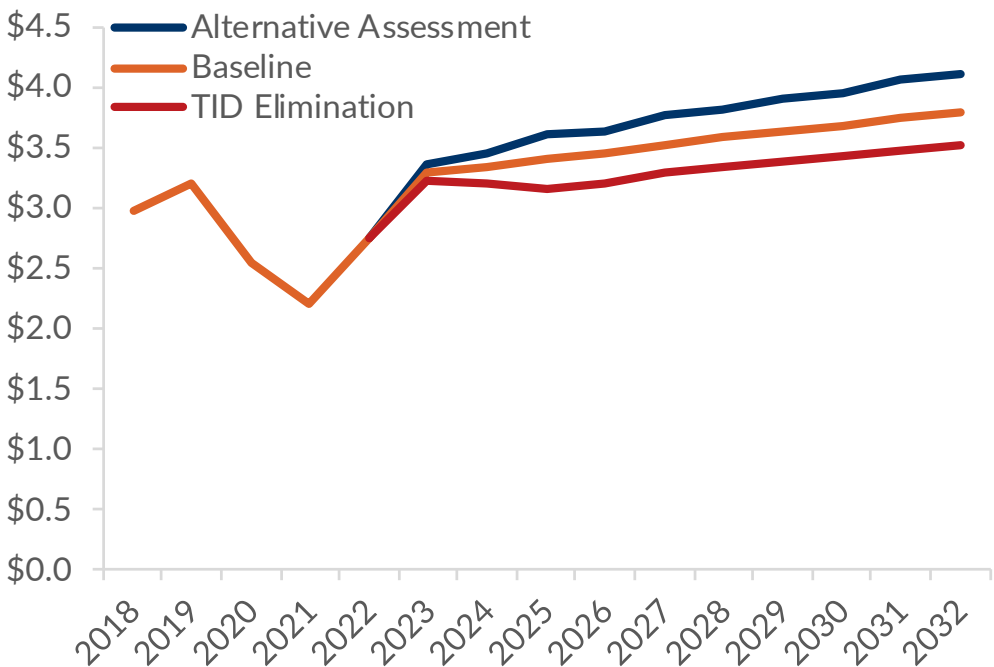
Impact of TID Funding on the Monterey Economy

Scenario comparison

The changes in TID funding create a notable impact on the future path of the visitor economy.

Future visitor spending growth in Monterey, three scenarios

Dollars, billions



Source: Tourism Economics

Appendix: The National Impact of Tourism Improvement Districts



The Impact of Tourism Improvement Districts

National study of TID benefits

The following pages review a collaborative research project on the impact of TIDs performed by Tourism Economics.

The study finds that tourism improvement districts (TIDs) provide a competitive advantage for destinations. By examining TID impacts on room demand, revenue, and visitor spending, this white paper explores that ground-breaking research and explains how TIDs enhance economic impacts in destinations.

The Impact of TIDs

Destination sample

The analysis covers 100 cities, including 29 TID destinations and 71 non-TID destinations.

Cities included in Tourism Economics' TID impact analysis

TID sample				Non-TID sample			
	City	State	Year established		City	State	
1	Mobile	AL	2020	36	Charlotte	NC	
2	Sacramento	CA	2019	37	Asheville	NC	
3	Los Angeles	CA	2011	38	Greensboro	NC	
4	Anaheim	CA	2010	39	Raleigh	NC	
5	Napa	CA	2010	40	Fargo	ND	
6	Palm Springs	CA	2008	41	Omaha	NE	
7	San Francisco	CA	2008	42	Atlantic City	NJ	
8	San Diego	CA	2007	43	Albuquerque	NM	
9	Monterey	CA	2006	44	Las Vegas	NV	
10	San Jose	CA	2006	45	Syracuse	NY	
11	Denver	CO	2017	46	Albany	NY	
12	Tampa	FL	2020	47	Buffalo	NY	
13	Wichita	KS	2014	48	New York	NY	
14	New Orleans	LA	2014	49	Lake George	NY	
15	Baltimore	MD	2019	50	Cincinnati	OH	
16	Billings	MT	2007	51	Cleveland	OH	
17	Newark	NJ	2013	52	Columbus	OH	
18	Tulsa	OK	2019	53	Oklahoma City	OK	
19	Portland	OR	2012	54	Gettysburg	PA	
20	Philadelphia	PA	2017	55	Pittsburgh	PA	
21	Newport	RI	2017	56	Harrisburg	PA	
22	Sioux Falls	SD	2011	57	Providence	RI	
23	Memphis	TN	2015	58	Charleston	SC	
24	San Antonio	TX	2018	59	Hilton Head Island	SC	
25	Fort Worth	TX	2017	60	Myrtle Beach	SC	
26	Arlington	TX	2016	61	Chattanooga	TN	
27	Dallas	TX	2012	62	Nashville	TN	
28	Seattle	WA	2012	63	Austin	TX	
29	Spokane	WA	2003	64	Salt Lake City	UT	
				65	Richmond	VA	
				66	Virginia Beach	VA	
				67	Tacoma	WA	
				68	Madison	WI	
				69	Milwaukee	WI	
				70	Charleston_WV	WV	
				71	Jackson_WY	WY	

The Impact of TIDs

Room demand regression model

Our approach to estimate the effect of TID on room demand included:

1. 100 US destinations (counties); 29 TID destinations and 71 non-TID destinations
2. Oxford Economics databank was utilized for relevant macroeconomic indicators, namely, GDP and employment (at county level)
3. The final panel dataset consisted of 100 cross-sections and 30 time periods (1990-2019), totaling 3,000 observations

$$\log(\text{Room demand}) = b_1 + b_2 \times \log(\text{Arts\&Rec GDP}) + b_3 \times \log(\text{Total GDP}) + b_4 \times \text{TID}_{dummy} + \text{error}$$

Where $\text{TID}_{dummy} = 1$ for a TID city, and 0 otherwise.

- The model sought to test whether a positive and significant relationship existed between the dependent variable, *Room demand*, and the independent variable *TID_{dummy}*; a positive *b₄* coefficient with a small p-value.
- The other two independent variables, *Arts & Rec GDP* and *Total GDP*, were employed as control variables to control for a destination’s size and its relative importance as a tourist destination.
- Below are the regression results indicating a positive and highly significant *b₄* coefficient.
- The results suggest that when controlled for size and importance of a destination as a tourist destination, across our sample of 100 cities, there was an average 2.12% difference in room demand between years in which a destination had an active TID and years without a TID. **Results are statistically significant with a 99% confidence level.**

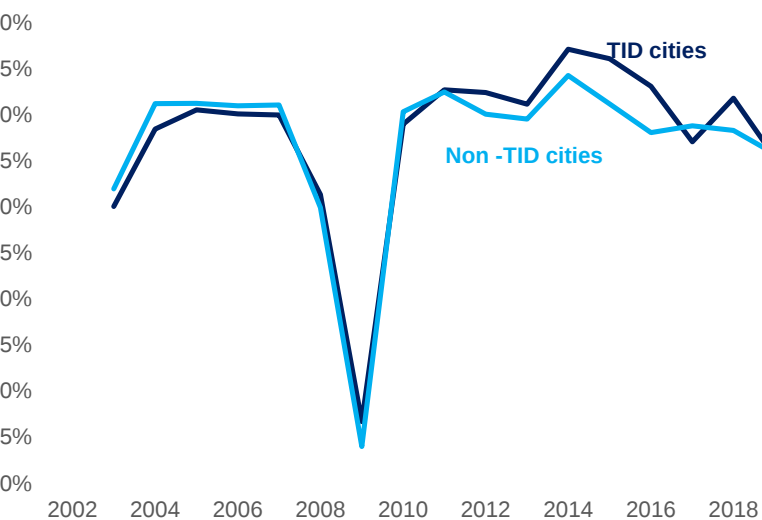
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	7.051367	0.125775	56.06344	0.0000
LOG(GDP71LCC)	0.135999	0.008530	15.94374	0.0000
LOG(GDPTOTLCC)	0.671031	0.014663	45.76392	0.0000
DUMMY2_TID	0.021258	0.005906	3.599285	0.0003

The Impact of TIDs

High-level view

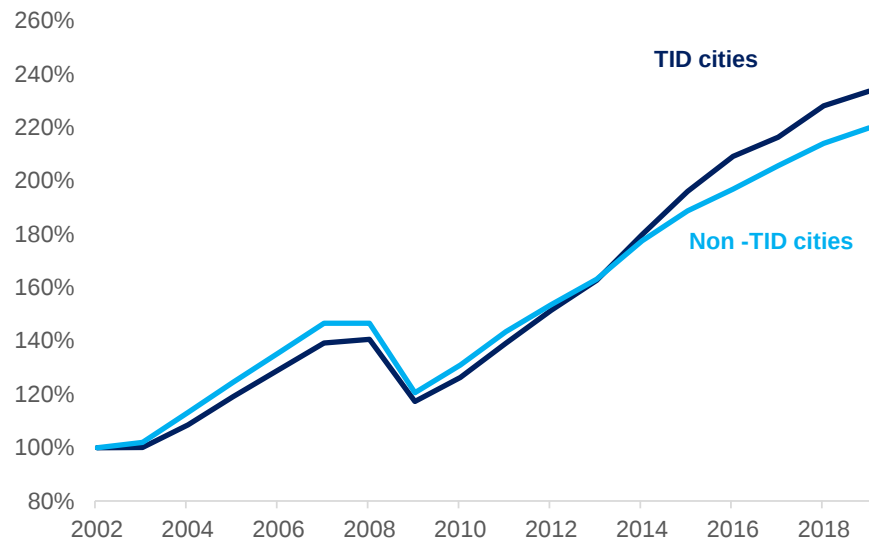
Visually, we can observe that TID destinations outperformed non-TID markets in the latest upcycle.

Total hotel room revenue
TID vs. non-TID cities growth



Source: STR, Civitas, Tourism Economics

Total hotel room revenue
TID vs. non-TID cities (2002=100)



Source: STR, Civitas, Tourism Economics

The Impact of TIDs

TID growth premium: demand

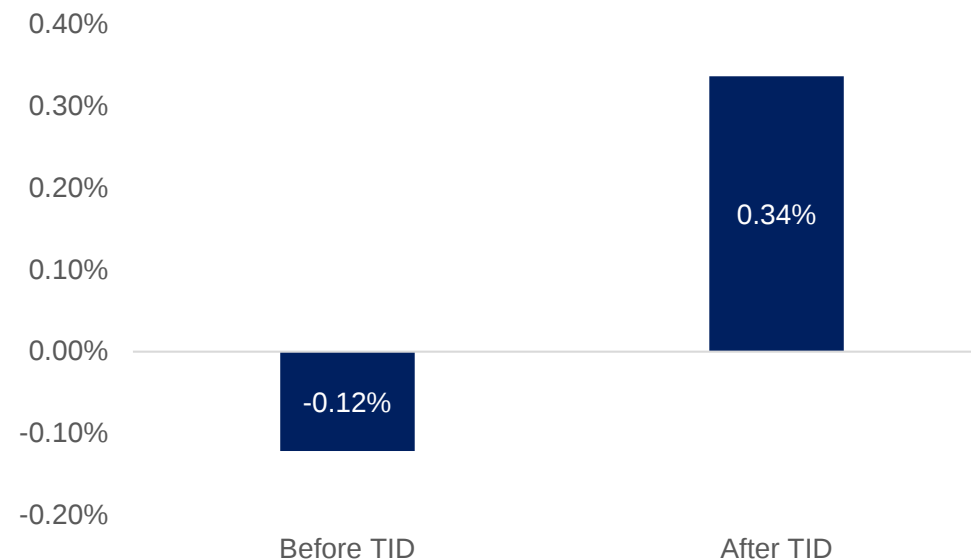
On average, a destination gains 0.5% in demand growth per year after a TID is put in place.

The demand premium is calculated as the difference between an average 3-year growth in TID cities and non-TID cities prior to the TID ("Before TID") and post the TID ("After TID").

- Before authorizing a TID, growth in cities that eventually had a TID was 12 basis points slower compared to growth in TID cities.
- After authorizing a TID, growth in TID cities was 34 basis points faster compared to non-TID cities.
- Swing of 0.5% in room demand.

Room demand growth premium*

2003-2019



*"Premium" is measured as the difference in growth rates between TID and non-TID destinations
Source: STR, Tourism Economics

The Impact of TIDs

TID growth premium: revenue

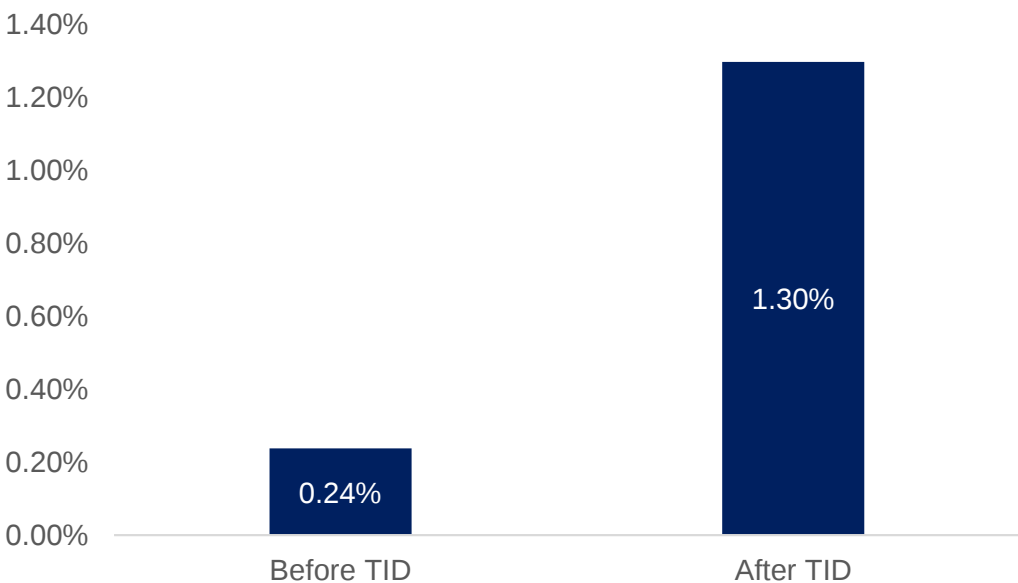
On average, a destination gains 1.1% in revenue growth per year after a TID is put in place.

The revenue premium is calculated as the difference between an average 3-year growth in TID cities and non-TID cities prior to the TID (“Before TID”) and post the TID (“After TID”).

- Before authorizing a TID, growth in TID cities was 24 basis points faster compared to growth in non-TID cities
- After authorizing a TID, growth in TID cities was 130 basis points faster compared to non-TID cities
- Gain of 1.1% in room revenue.

Room revenue growth premium*

2003-2019



*“Premium” is measured as the difference in growth rates between TID and non-TID destinations
Source: STR, Tourism Economics

The Impact of TIDs

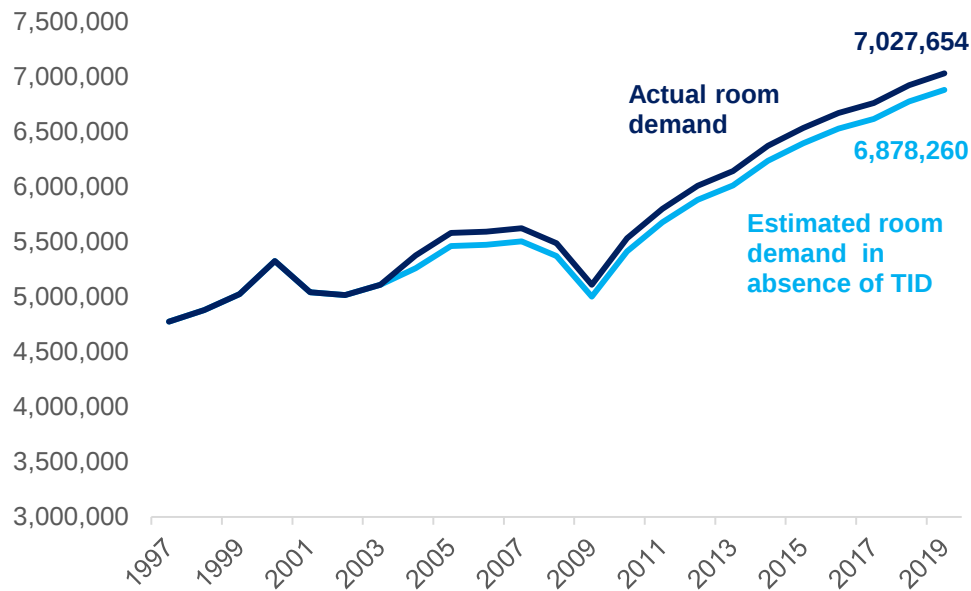
TID room demand lift

On average, our modeling indicates that TIDs produce a 2.1% lift in hotel room demand.

The 29 TID destinations in our model grew to generate 7,027,654 rooms in 2019. Without the boost generated by the TIDs, these destinations would have only generated 6,878,260 rooms.

Average annual hotel room demand

TID cities



Sources: STR, Civitas, Tourism Economics

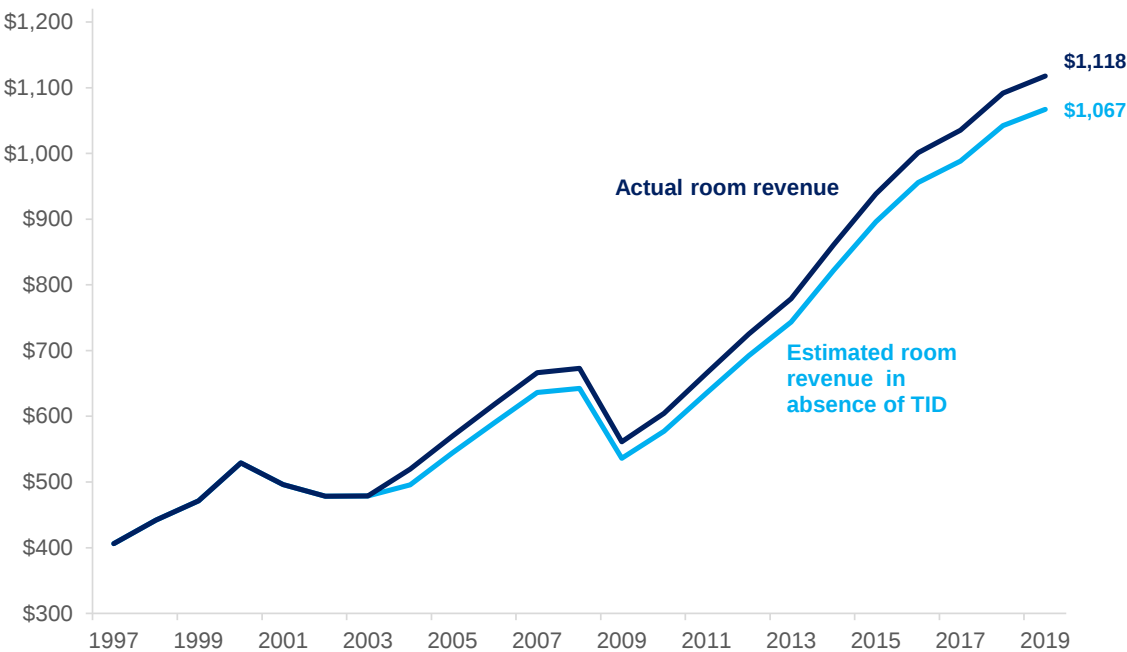
The Impact of TIDs

TID room demand lift

On average, our modeling indicates that TIDs produce a 4.5% lift in hotel room revenue.

The 29 TID destinations in our model grew to generate \$1.12 billion in room revenue in 2019. Without the boost generated by the TIDs, these destinations would have only generated \$1.07 billion in room revenue.

Average annual hotel room demand
TID cities (millions)



Sources: STR, Civitas, Tourism Economics

The Impact of Tourism Improvement Districts

Economic benefits of TIDs

The impacts of TIDs go beyond just the hotel and tourism sector.

Tourism promotion funding provided by TIDs results in more visitors and visitor spending, and this spending represents a new injection to the local economy with many downstream benefits. In total, benefits are felt on three levels.

- **Direct Impacts:** Visitors create direct economic value within a discrete group of sectors (e.g., recreation, transportation). This supports a relative proportion of jobs, wages, taxes, and GDP within each sector.
- **Indirect Impacts:** Each directly affected sector also purchases goods and services as inputs (e.g., food wholesalers, utilities) into production. These impacts are called indirect impacts.
- **Induced Impacts:** Lastly, the induced impact is generated when employees whose wages are generated whether directly or indirectly by visitors, spend those wages in the local economy.



Appendix 2: The ROI of Destination Marketing



The ROI of Destination Marketing

Many state and local CVBs and DMOs conduct periodic assessments of marketing effectiveness. There are several goals of these studies, including understanding how specific marketing campaigns are perceived by households, how effective the campaigns are in having an impact on households' intent to travel to a given destination, and which target markets are showing differing level of responsiveness to marketing. Frequently these studies include a specific analysis of the ROI of marketing spending in the form of a quantitative assessment of the level of incremental visitor spending and tax revenues that are attributable to destination marketing.

These studies use a variety of methods and are measuring the impact of a range of different campaigns across different situations. For example, a specific study may look at incremental visitors attracted by a state-level marketing campaign conducted by a state that attracts travelers from a range of national markets, while another study may focus on the results of a more targeted regional campaign carried out by a city-level CVB. While the results of a specific study pertain most directly to the situation that was analyzed and the corresponding assumptions, it is appropriate to consider broader inferences from the research. We analyzed recent studies that included an estimate of the incremental visitor spending attributable to advertising campaign spending.

For example, in a fairly typical approach, a study would:

- Use a survey to analyze the effect of a specific advertising campaign on households' travel to a given destination, such as by analyzing the impact on actual travel among those that had observed the advertising or by analyzing the impact on households' intentions to travel;
- Project that effect to the broader set of households in the marketing area to estimate the number of incremental visits attributable to the campaign;
- Apply typical levels of spending per visitor to estimate incremental visitor spending; and,
- Compare incremental visitor spending to the level of advertising spending to estimate the ROI.

Tourism Economics summarized the estimates of incremental visitor spending per dollar of advertising campaign spending from these studies in the table on the following page

The ROI of Destination Marketing

Estimates of incremental visitor spending per dollar of advertising campaign spending from the set of studies we analyzed is summarized in the adjacent table, supporting the following observations:

Overall, we observe that recent marketing campaigns by destination marketing organizations at the metro/regional level have generated approximately \$53 of incremental visitor spending per dollar of advertising spending.

These ROI estimates relate directly to advertising spending. It is also appropriate to consider a visitor spending ROI relative to total CVB operating costs, or relative to public funding. As an example of the former approach, Meet Minneapolis reports the ratio of visitor spending associated with events tracked in its group sales management system to total CVB operating costs has averaged \$33 in recent years. This excludes almost all leisure visitor spending.

As an example of an ROI based on public funding, the Florida state government recently analyzed the return on investment for public funding of Visit Florida. The analysis attributed Visit Florida's public funding (excluding, for example, significant private funding for cooperative advertising and promotions) to generating \$11.2 billion of visitor spending during the three-year-period through FY 2013, representing a visitor spending ROI of \$97, and a state tax revenue ROI of \$3.2 (\$3.20 of state tax revenue generated by each \$1 of state funding).

Marketing ROI matrix

Region	Timing	Visitor spending per ad dollar
States		
California	Average 2009 to 2013	\$326
Arizona	Average 2007, '11, '12, '15	\$221
Georgia	Average 2011 and 2012	\$211
Colorado	2012	\$200
Florida	2011	\$177
Maryland	2012	\$160
Wyoming	Average 2012, '13, '14	\$156
Kentucky	2014	\$151
Missouri	2013	\$131
North Dakota	Average 2010, '12, '14	\$101
Utah	Average 2010, '11, '13	\$83
New Mexico	2013 to 2015	\$72
Virginia	2006	\$71
Michigan	Average 2006 to 2014	\$69
Metros and regions		
Philadelphia, PA	2009/10	\$100
Kansas City, MO	2013	\$65
Washington, DC	2013	\$27
San Diego, CA	2013	\$19
Branson, MO	2012	\$79
Springfield, MO	2011	\$61
Finger Lakes Wine Country, NY	2012	\$44
Syracuse, NY	2008	\$12
Average of metros/regions		\$51
Median of metros/regions		\$53

Sources: Local studies compiled by Tourism Economics

About Tourism Economics

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of the travel sector with proven economic tools to answer the most important questions facing our clients. More than 500 companies, associations, and destination work with Tourism Economics every year as a research partner. We bring decades of experience to every engagement to help our clients make better marketing, investment, and policy decisions. Our team of highly-specialized economists deliver:

- Global travel data-sets with the broadest set of country, city, and state coverage available
- Travel forecasts that are directly linked to the economic and demographic outlook for origins and destinations
- Economic impact analysis that highlights the value of visitors, events, developments, and industry segments
- Policy analysis that informs critical funding, taxation, and travel facilitation decisions
- Market assessments that define market allocation and investment decisions

Tourism Economics operates out of regional headquarters in Philadelphia and Oxford, with offices in Belfast, Dubai, Frankfurt, and Ontario.

Oxford Economics is one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC, we employ over 400 full-time staff, including 300 professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

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