



CITY COUNCIL AGENDA REPORT

MEETING DATE: MAY 15, 2012

ITEM NUMBER: NB – 1

SUBJECT: BUSINESS IMPROVEMENT AREA (BIA) REAUTHORIZATION

DATE: MAY 8, 2012

FROM: OFFICE OF THE CEO

PRESENTATION BY: DAN JOYCE, PUBLIC AFFAIRS MANAGER

**FOR FURTHER INFORMATION CONTACT: DAN JOYCE (714) 754-5667
dan.joyce@costamesaca.gov**

RECOMMENDATION:

Staff recommends that the City Council:

1. Approve and file the annual reports for the Business Improvement Area (BIA) for Fiscal Year 2011-2012 (see attachment 1 and attachment 2), and
2. Adopt a Resolution of Intention (see attachment 2) including: reauthorization of the BIA Assessment District boundaries; approval of the BIA budget; and the setting of a Public Hearing for June 5, 2012.

BACKGROUND:

In 1995, the City Council adopted Ordinance No. 95-9 to establish a Business Improvement Area (BIA) for the purpose of assisting the Hotel and Motel Industry in their promotion of tourism within the City. The BIA imposed a one percent (1%) assessment on the sale of hotel and motel overnight guest room stays. This money was to be used for the establishment and maintenance of a local tourism and promotion council. The Costa Mesa City Council authorized the City Manager to contract with the Costa Mesa Tourism and Promotion Council to develop and administer the BIA. The Council later became the Costa Mesa Conference and Visitor Bureau (CMCVB). The Bureau's Board of Directors is comprised of the ten (10) general managers of the participating hotels, a member of the City Council and the CEO of the City of Costa Mesa or his designee.

In January of 2000, the participating hotels requested, and the City Council approved an increase in the assessment from one percent (1%) to two percent (2%).

In October 2010, the participating hotels requested Council to increase the assessment from two percent (2%) to three percent (3%). This increase was approved and became effective on January 1, 2011.

ANALYSIS:

The authority to develop a Business Improvement Area is detailed in the Streets and Highways Code, Section 36500. This State law enables Costa Mesa to impose an assessment fee on businesses within an area designated by the City. All of Costa Mesa has been designated as the BIA benefit zone. Currently the number of properties included in the BIA assessment levy is limited to the ten hotels that have expressed an interest in participating in the program as detailed in the attached Resolution of Intention (see Attachment 3).

As a function of the renewal process, all ten affected property owners will be legally noticed of the assessment renewal and provided an opportunity to "protest" the annual assessment through the public hearing process. Staff will also notice all the hotels and motels in the City not currently included in the BIA to allow them the opportunity to be included in the BIA. The notice will indicate that hotels/motels wishing to be included may attend the Public Hearing on June 5, 2012 to address that issue. The City Council makes the ultimate decision as to the size of, and the properties to be included in the BIA.

Once the annual assessment is approved, the assessment is then collected along with the City's Transient Occupancy Tax (TOT). The hotels/motels included in the BIA are required to itemize the BIA levy as a separate assessment. The Bureau Board and CVB staff manages the day to day activities.

In addition, the Bureau has prepared the attached Annual Report, as required by Section 36533 of the Streets and Highways Code. The Annual Report summarizes the Bureau's activities and accomplishments over the past year. (See Attachment 1). The Annual Report also details the projected budget for the coming fiscal year. The City Council may approve the report or modify any particular item(s), and approve as amended.

Lastly, Geller, Eperthener and McConnell, LLP., has completed the annual audit of the Bureau for the fiscal year ending on June 30, 2011, as required by the Professional Services Contract in effect between the City and the Costa Mesa Conference and Visitor Bureau. The existing agreement with the Bureau provides for the preparation of an annual audit paid for from the BIA assessment. The audit is intended to insure that the assessment revenue is expended for public purposes as specified within the resolution and that no expenditures are made in a manner contrary to the agreement. The audit is included in the Annual Report.

Highlights of the 2011 – 2012 Fiscal Year

The Tourism Economics California Travel and Tourism Outlook 2012 states visitor growth for California is expected to rebound and surpass pre-recession results. For 2011, revenue per available room (REVPAR) in the state of California was up 11 % in 2011 compared to 2010. Our Costa Mesa hotels (9 of the 10 who report to Smith Travel Research) experienced an increase of +9.2% in REVPAR for the calendar year of 2011. Average room rate grew +3.5% and occupancy grew +5.5%.

The CVB accomplished many goals in the 2011-2012 fiscal year including expanding the relationship with the City and developing continue relationships that promotes Costa

Mesa as a destination location. A new website was launched, an new promotional video capturing the "City of the Arts", creation of the first ever Restaurant Week with over 28 hotels and more than 28,000 consumers, developing weekend packages that increased weekend occupancy and sponsoring grass roots events that increased overnight travelers. The OC Marathon is a great example. Hotel rooms were up 126% in 2012 verses 2011.

Marketing expenses the year ending June 30, 2012 will be \$640,000 up from \$319,848 from 2011. In 2012-2013, the Bureau will continue their focus to online marketing, social marketing and email marketing campaigns which will be more cost effective. Estimated marketing expense for 2012-2013 fiscal year is estimated at \$1,045,719.

In 2011, the City of Costa Mesa and the Bureau have formed a "Strategic Alliance" for the upcoming year. The Bureau increased their financial support to \$164,000 to provide funding for activities which are mutually beneficial to both organizations and to provide marketing support to assist with branding the City. Those funds were used to sponsor 6 community events, the Sister City Program, website redesign and promotional items.

The Bureau has verbally committed to allocate similar funds for the 2012-2013 budget. City staff is working with the CVB on securing more special events that will increase room nights for out-of-town guests seeking hotel accommodations. This joint effort has already secured the **Costa Mesa Classic Soccer Tournament** for December 2012. The tournament will consist of sixteen high school soccer teams with the majority of teams coming from Northern California and out of state. The tournament is estimated to generate 75 additional room nights.

ALTERNATIVES CONSIDERED:

Do not adopt the Resolution of Intention.

FISCAL REVIEW:

The recently completed audit shows the Bureau's cash equity as of June 30, 2011 to be \$985,314. According to the 2011/12 Annual Report, the CMCVB has a total of \$1,596.54 in BIA actual revenues through April and is estimating to generate an additional \$300,000 for the months of May and June for an estimated fiscal year total of \$1.8 million. The CMCVB has also estimated that their expenditures for the 2011-2012 fiscal year will be approximately \$1.5 million, leaving approximately \$300,000 in unexpended funds available for 2012-2013. Total projected revenue and expenditures for 2012-2013 is \$1,964,301.

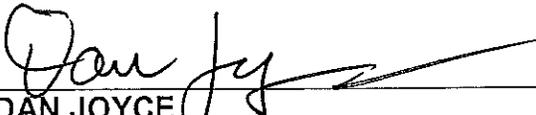
The City receives one percent (1%) of the BIA revenue/assessment as partial reimbursement for its collection and administrative costs. The one percent (1%) allocated to the City for reimbursement is estimated at \$19,643 for the 2012-2013 fiscal year. This fee will sufficiently cover the costs incurred by the City in assisting the Bureau. Examples of CMCVB expenditures include: an advertising campaign; media relations, brochures/promotional items; video production, administration; special promotions; and hotel niche marketing.

LEGAL REVIEW:

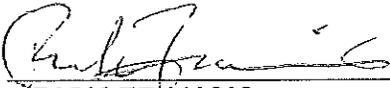
The City Attorney's Office has prepared the attached Resolution of Intention pursuant to the Parking and Business Improvement Area Law of 1989. No further legal review is required at this time.

CONCLUSION:

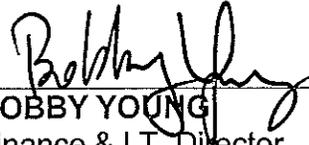
This is the initial step in the re-authorization of the BIA assessment. As with other assessment districts, State law sets up a specific procedure to be followed in the establishment of such an area. Staff will be making a presentation to the City Council on the implementation of the BIA assessment at the Public Hearing on June 05, 2012.



DAN JOYCE
Public Affairs Manager



RICK FRANCIS
Assistant Chief Executive Officer



BOBBY YOUNG
Finance & I.T. Director
(fiscal review only)

THOMAS P. DUARTE
City Attorney
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DISTRIBUTION: CMCVB
Chamber of Commerce
Finance

ATTACHMENTS: 1 2011-2012 Annual Report
2 CMCVB Audit Fiscal Year Ending 6/2011
3 Resolution of Intent 12-

File Name

Date

Time

**Costa Mesa Conference and Visitor Bureau
Annual Report
Fiscal Year Ending June 2012**



Mission Statement

The Costa Mesa Conference and Visitor Bureau enhances and promotes the destination brand experience, further increasing visitor spending for industry and community economic viability, sustainability and quality of life.

Vision Statement

The Costa Mesa Conference and Visitor Bureau is the engaged destination marketing leader, supporting and selling the city's distinct visitor brand experiences and advocating community tourism benefits.

Dear Costa Mesa Councilmembers,

It has been an exciting and fruitful year as we look back at the accomplishments that have been made promoting the city of Costa Mesa. The Costa Mesa Conference and Visitor Bureau (Bureau) has worked diligently to create a new website, an exciting new video capturing the essence of *The City of the Arts™* the first-ever Costa Mesa Restaurant Week, a mobile site, two weekend packages for our participating hoteliers, a dramatic increase of overnight travelers for the OC Marathon and notable gains in our social media presence.

The goal of the Bureau is to market Costa Mesa's location and amenities, making our city a desirable tourism destination. With the strides we have made in the past year, we will continue to market *The City of the Arts™* through the strength of our retail offerings, Segerstrom Center for the Arts, culinary diversity and OC location. The Bureau will continue to draw new visitors to our hoteliers during need times, the Barrett-Jackson Car Collector Auction in June, OC Marathon in May and Costa Mesa Restaurant Week in August. The Bureau looks forward to marketing these events and branding ourselves as *The City of the Arts™* with Myriad Marketing Inc. as we head into our new fiscal year.

Our hotels continue to enhance their products including room renovations at the Hilton and the Ramada and a lobby and restaurant reinvention at the Wyndham. The Ayres Hotel and Suites refreshed their main pool area with lush landscaping and luxury cabanas.

California continues to draw millions of visitors to our beautiful state both domestically and internationally. Visit California forecasts total visits to grow by +6% in 2012. The Tourism Economics California Travel and Tourism Outlook 2012 states visitor growth for California is expected to rebound and surpass pre-recession results. For 2011, revenue per available room (REVPAR) in the state of California was up 11% in 2011 compared to 2010. Our Costa Mesa hotels (9 of the 10 who report to Smith Travel Research) experienced an increase of +9.2% in REVPAR for the calendar year of 2011. Average room rate grew +3.5% and occupancy grew +5.5%.

For the Bureau, it was a year to rebuild, and define what makes our city great. The talented and driven staff will ensure the success of future years to come. Costa Mesa is an exciting overnight destination and we look forward to creating a recognizable, dynamic brand- *The City of the Arts.™*

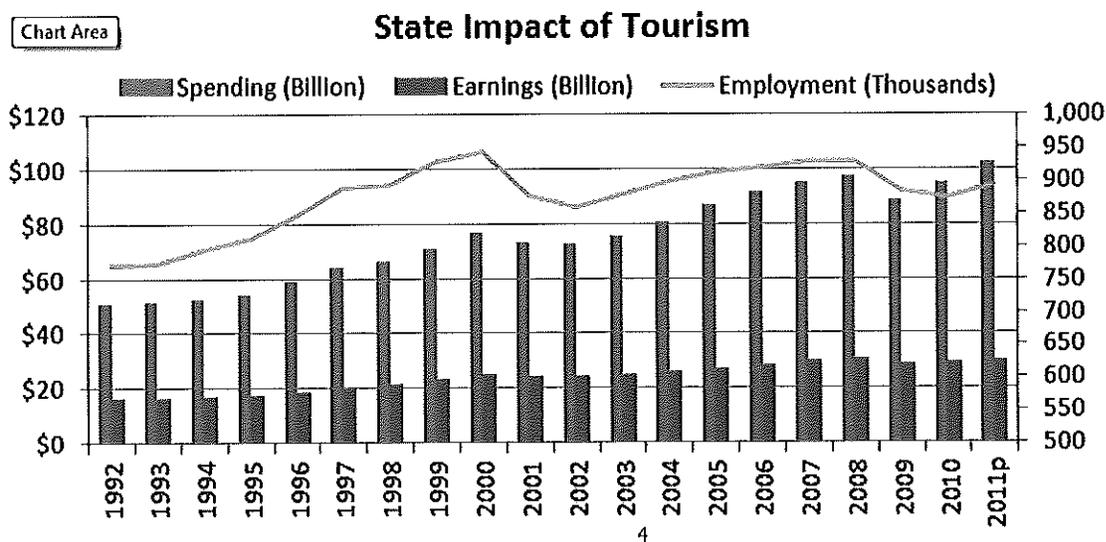
Sincerely,

Paulette Lombardi-Fries
President, Costa Mesa Conference and Visitor Bureau

2011 California Tourism Summary

According to Dean Runyan and Associates April 2012 California Travel Impact studies, domestic and international visitors spent **\$102 billion** in California in 2011 which is a **7.6% increase** YOY.

- Every 1% increase in visitor spending = 8,730 new jobs
- Travel spending generated \$2.3 billion in local taxes and \$4 billion in state taxes
- Travel spending generated 523,000 jobs in the state



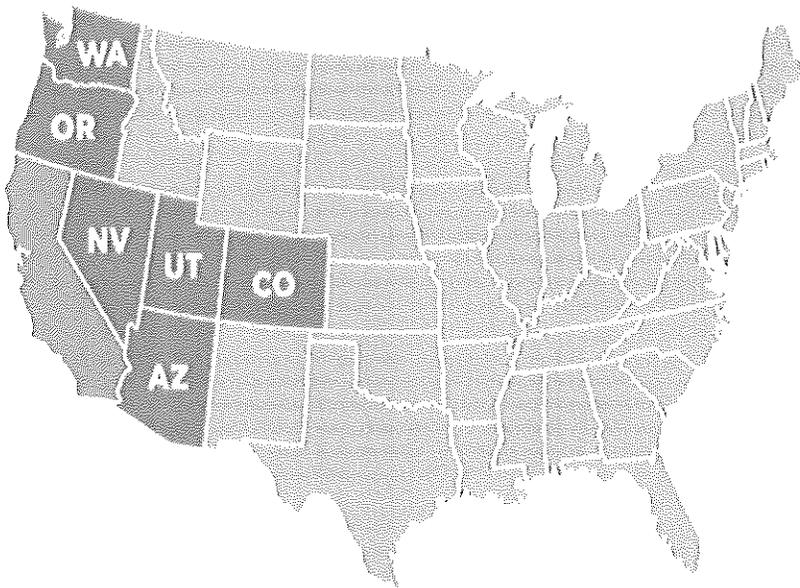
2011 California Travel Impact

Information Gathered from Visit California

2011 Actuals	Percent Change
Hotel revenue per available room (REVPAR)	+11.1%
Occupancy	+5.3%
Average Daily Rate	+5.5%
Domestic Air Traffic	+1.9%
International Air Traffic	+5.0%

Domestic Leisure Traveler Overview

75% of visits and 60% of tourism spending in California from California residents.
Six primary states account for nearly 1/2 of non-resident visits and 1/3 of non-resident spending in California.



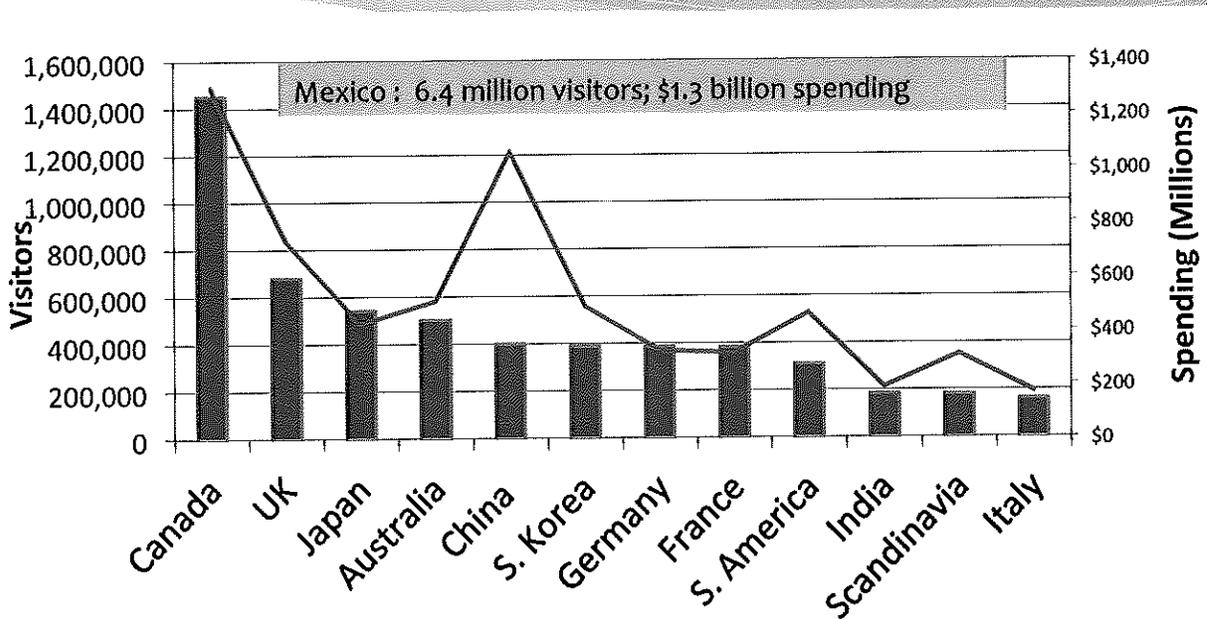
27.1 MILLION TOTAL NON-RESIDENT TRIPS
\$14.0 BILLION TOTAL NON-RESIDENT SPENDING

- PRIMARY WESTERN MARKETS**
13.3 MILLION ANNUAL TRIPS (49%)
\$4.5 BILLION ANNUAL SPENDING (32%)
- LONGHAUL US**
13.8 MILLION ANNUAL TRIPS (51%)
\$9.5 BILLION ANNUAL SPENDING (68%)

Sources: DK Shifflet & Assoc.; TNS TravelsAmerica

International Market Overview

Information and chart provided by Visit California
2011-2012 California Tourism Outlook



Sources: US Dept. of Commerce; CIC Research; Stats Canada; CTTC

2012 California Travel Forecast

Information Gathered from Visit California

Domestic Visits	Percent Change
Total Visits	+1.6%
Leisure	+1.5%
Business	+2.1%
Spend	\$88.3 Billion
International Visits	Percent Change
Total Visits	+4.7%
Mexico	+4.2%
Canada	+3.9%
Spend	\$21.7 Billion

2011 and 2012 Actuals and Calendar Year End Forecasts

Information Provided by PKF Consulting

2011 Actuals	Occupancy	ADR
Orange County	72.8% +3.6% YOY	\$144.31 +5.7% YOY
All of Costa Mesa	74.35% +1.6% YOY	\$112.13 +4.1% YOY

2012 Forecast	Occupancy	ADR
Orange County	73.4% +2.6% YOY	\$126.63 +4.4% YOY
Orange County YTD thru Feb. 2012	67.49% +7.8% YOY	143.53% +4.2% YOY
All of Costa Mesa	75 % +2.5% YOY	\$119.39 +4.5% YOY
All of Costa Mesa YTD thru Feb. 2012	70.37% no change	\$114.57 -.5% YOY

Hotel Ownership Information

Hotel Name	Property Address	Business Owner	Property Owner
Ayres Hotel & Suites	325 & 345 Bristol Street, Costa Mesa	Newport Country Inn & Suites, Inc. 355 Bristol Street, Suite A Costa Mesa, CA 92626	Newport Country Inn & Suites, Inc. 355 Bristol Street, Suite A Costa Mesa, CA 92626
Best Western Plus Newport Mesa Inn	2642 Newport Blvd., Costa Mesa	James Hsuen & Shang-Pu Lee 2642 Newport Blvd. Costa Mesa, CA 92627	James Hsuen & Shang-Pu Lee 2642 Newport Blvd. Costa Mesa, CA 92627
Hilton Costa Mesa	3050 Bristol Street, Costa Mesa	Ashford TRS CM LLC 14185 Dallas Parkway Suite 1100 Dallas, Texas 75254	Remington Lodging & Hospitality LP 14185 Dallas Parkway Suite 1100 Dallas, Texas 75254
Hotel Hanford	3131 Bristol Street, Costa Mesa	Hanford Hotels 4 Corporate Drive Suite 102 Newport Beach, CA 92660	Hanford Hotels 4 Corporate Drive Suite 102 Newport Beach, CA 92660
Holiday Inn Express Hotel & Suites	2070 Newport Blvd., Costa Mesa	Narendra B. Patel 2070 Newport Blvd. Costa Mesa, CA 92667	Narendra B. Patel 2070 Newport Blvd. Costa Mesa, CA 92667
Costa Mesa Marriott	500 Anton Blvd., Costa Mesa	Marriott International 10400 Fernwood Rd. Bethesda, MD 20817	Host Hotels & Resorts 6903 Rockledge Dr. Suite 1500 Bethesda, MD 20817
Ramada Inn & Suites Costa Mesa	1680 Superior Ave., Costa Mesa	B.D. Inns Inc./Ramada Ltd. 1680 Superior Ave. Costa Mesa, CA 92627	B.D. Inns Inc./Ramada Ltd. 1680 Superior Ave. Costa Mesa, CA 92627
Residence Inn by Marriott	881 Baker Street, Costa Mesa	Marriott International 10400 Fernwood Rd. Bethesda, MD 20817	ING Clarion Partners 2650 Cedar Springs Road Suite 850 Dallas, TX 75201-1491
The Westin South Coast Plaza	686 Anton Blvd., Costa Mesa	Host Hotels & Resorts 6903 Rockledge Dr. Suite 1500 Bethesda, MD 20817	CJ Segerstrom & Sons c/o South Coast Plaza 686 Anton Blvd. Costa Mesa, CA 92626
Wyndham Orange County	3350 Avenue of the Arts, Costa Mesa	10 Rosanna Inc. 3350 Avenue of the Arts, Costa Mesa	Rosanna Inc. 3350 Avenue of the Arts, Costa Mesa

BIA Advisory Board

Executive Committee

Mike Hall - Chairman of the Board, General Manager, The Westin South Coast Plaza
Susan O'Brien Moore - Vice President, General Manager, Ayres Hotel & Suites
Sue Cooke - Treasurer, General Manager, Residence Inn by Marriott Costa Mesa Newport Beach
Open Position as of April 2012 - Secretary

Directors

Kandee Anderson, General Manager, Costa Mesa Marriott
Phil Campanelli, General Manager, Hilton Orange County/Costa Mesa
Naj Ekhlas, General Manager, Best Western Plus, Newport Mesa Inn
Abdul El-Makhgange, General Manager, Ramada Inn and Suites
Eric Grimm, General Manager, The Hotel Hanford
Dan Joyce, Public Affairs Manager, City of Costa Mesa
Peter Naghavi, Deputy CEO and Director of Economic Development, City of Costa Mesa
Shetal Petal, General Manager and Owner, Holiday Inn Express
Paul Sanford, General Manager, Wyndham Orange County

Advisors

Terry Dwyer, President, Segerstrom Center for the Arts
Werner Escher, Executive Director of Domestic and International Markets
Peter Papagelis, General Manager, Mastro's Steakhouse

Financial Summary Current Fiscal Year

Financial Summary July 2010 to June 2011

Revenues	Actual 2011/2012	Projected 2012/2013
July	\$156,288.05	\$160,977.00
August	\$159,400.19	\$164,182.00
September	\$216,789.70	\$223,294.00
October	\$179,997.95	\$185,397.00
November	\$152,119.46	\$156,683.00
December	\$117,092.95	\$120,605.00
January	\$168,521.25	\$173,577.00
February	\$147,246.48	\$151,663.00
March	\$139,660.42	\$143,850.00
April	\$158,938.44	\$163,706.00
May	*not received	\$162,740.00
June	*not received	\$157,627.00
TOTAL:	\$1,596,054.89	\$1,964,301.00

Expense Projections Fiscal Year 2012/2013

Total Marketing Expense	\$1,045,719.00
Online Marketing/Display Ads/Email Familiarization Tours/Promotions/Print Advertising Sponsorships/Community/Video Production Tradeshows/Brochures	
Employee Expenses	\$412,803.00
Salaries/Payroll Taxes/Workers' Comp Employee Benefits (cost of service FSA, health insurance for new associate only, 401K 3% bureau contribution) Payroll Services/Incentives/Meetings & Conferences	
Hotel Marketing Fund	\$348,000.00
\$150 per hotel room for the ten participating hotels	
Total Administrative Expenses	\$157,779.00
City Collection/Accounting Audit/Mileage/Bank Charges/Dues & Subscriptions/Insurance/Office Supplies/Rent/Parking/Postage/Telephone/Travel	
TOTAL EXPENSES:	\$1,964,301.00

Contingency Fund: \$500,000.00

This fund is set aside for economic downturn, unforeseen emergencies or natural disasters. This reserve would enable the Bureau to operate and cover rent and payroll for 12 months while the Board of Directors reassess the budget and create contingency plans.

Costa Mesa 2011-2012 Marketing Recap

The Bureau worked on a major revamp of its marketing materials in FY 2011-2012, particularly as it related to web presence.

Website

The website TravelCostaMesa.com had not been updated since 2005. The Bureau needed to build a new site that was modern, functional and user friendly. The site of the website is twofold. Its first goal is to be a lead generation tool for its participant hotels. To this end, the site will continually provide special offers at Costa Mesa hotels during local events and promotional packages to encourage new visitors from feeder markets to visit Costa Mesa. In addition to being a valued source of offers for the potential hotel guest, the website's other goal is to engage the user and turn TravelCostaMesa.com into a source of trusted information for the Orange County visitor. The Bureau continues to develop TravelCostaMesa.com into a content leader for the Orange County area.

With the move to a new interactive marketing agency and new server, the build of the new site was a significant effort. The Bureau's web marketing contractor built a fully customized content management system (CMS) and built the site in PHP, an open-source scripting language that is especially suited for web development and can be embedded into HTML. It provides a large suite of customizable products and it also can be maintained easily by any web development company. A WordPress blog was added, along with a photo and video gallery. The Bureau owns the domain, all web assets and the CMS. In addition to the back-end build of the website, new content and photography was needed. The Bureau's marketing team wrote new content for the website and expanded its sections of interest, including local attractions and recreation to the site. The Bureau also conducted a photo shoot of local areas of interest.

Old Site

Costa Mesa
 RESERVATIONS | GIFTING IDEAS | HOTELS & SUITES | RESTAURANTS & BARS | MORE

NEWS, EVENTS & SPECIAL OFFERS

OC Marathon Races Into Costa Mesa May 1, 2011
 The Costa Mesa Conference & Visitor Bureau is delighted to be a Crystal Sponsor of the OC Marathon 2011! Hotels will offer special rates for participants and spectators - with rates starting from just \$89! With a beautiful course running through 26.2 miles of OC landmarks, runners will view the pristine beaches of Corona del Mar, the scenic Back Bay Estuary, Segerstrom Center for the Arts, South Coast Plaza and the OC Fair & Event Center. In the last six years, the OC Marathon events collectively have helped generate more than \$2 million for Orange County charities.

Renowned Collector Car Auction Set to Return to Costa Mesa June 24-26, 2011
 The Barrett-Jackson Auction Company LLC, host of "The World's Greatest Collector Car Auctions™", will return to the OC Fair & Event Center in Costa Mesa on June 24-26, 2011. According to Barrett-Jackson officials, the inaugural edition of the auction drew more than 58,000 visitors and sold 395 cars for a total more than \$15 million when it debuted in Costa Mesa this past June.

OC Classic Jazz Fest In Costa Mesa August 4-7
 We're excited to welcome the OC Classic Jazz Festival back to Costa Mesa! The festival's line-up includes 18 jazz bands, from zydeco to dance to classic swing. Join us at the 2011 Festival, located at the Hilton Orange County/Costa Mesa - [click here](#) for more details and booking.

Wicked at Segerstrom Center for the Arts - from March 9 to April 3, 2011
 The New York Times calls Wicked "Broadway's biggest blockbuster" and when it first played the Center in 2005, it broke box office records and sold out in record time. Winner of 35 major awards, including a Grammy® and three Tony Awards®, Wicked tells the story of the two young girls who

New Site

Costa Mesa
 RESERVATIONS | GIFTING IDEAS | HOTELS & SUITES | RESTAURANTS & BARS | MORE

WELCOME TO COSTA MESA!

STAY & SAVE
 at our Hotels

Costa Mesa Perks
 100+ Orange County Costa Mesa
 100+ Orange County Costa Mesa
 The West Coast Coast Plaza
 Arroyo Viejo and E. Lee
 Best Western Signature Hotel
 Residence Inn by Marriott
 The Hotel Harbor
 Holiday Inn Express Hotel & Suites
 Ramada Costa Mesa

Costa Mesa is a truly a Southern California resort destination merging style and substance. Experience world-class shopping at South Coast Plaza, indulge in scrumptious dining at top restaurants, enjoy award-winning beaches & pavilions at Segerstrom Center for the Arts, and some of the top hotels in Orange County. Just minutes from the beach.

Costa Mesa, CA - we're the City of the Arts™

Featured Events

New York Philharmonic
 On the eighth day of American classical music, the New York Philharmonic brings its lush program of music to Costa Mesa. Enjoy the world's greatest orchestra in a beautiful setting.

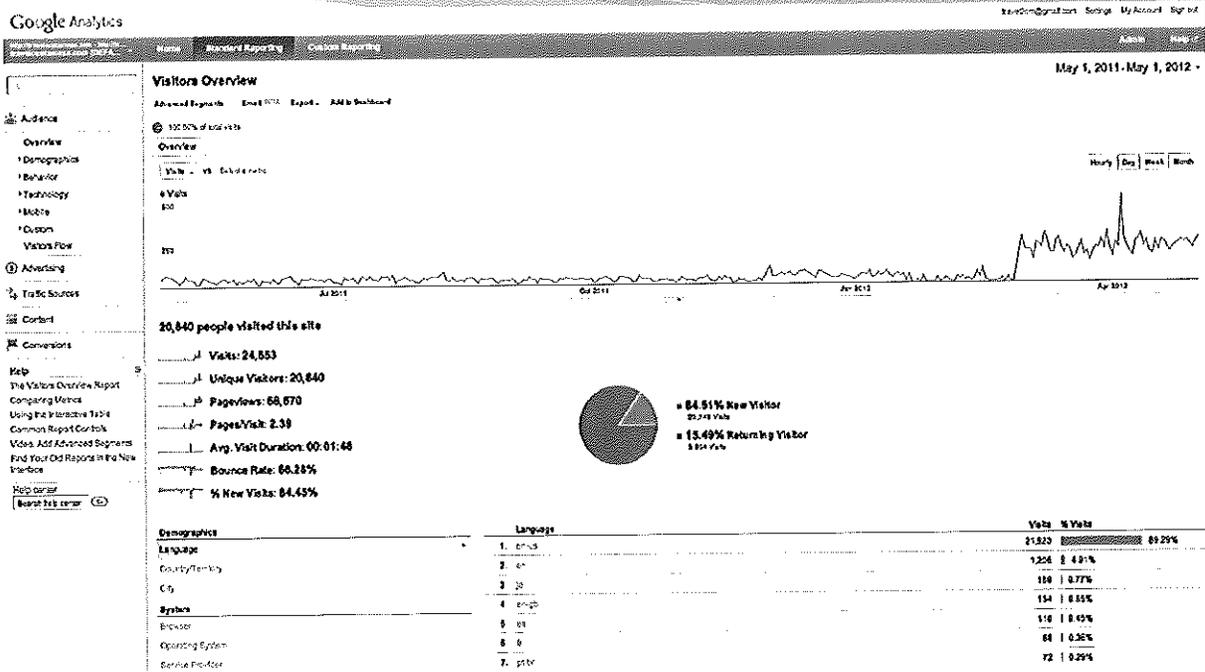
Itineraries We Created for You
 Experience Costa Mesa through the suggested itineraries we have created for you.

Families | Couples | Singles

Costa Mesa News

Website Continued

The website offers an array of easily accessible information on the city of Costa Mesa and surrounding Orange County areas. The site also has sample itineraries, an interactive map and a variety of ways to share the site's content across users' social networks. The new TravelCostaMesa.com website is making large increases in visitor time spent on site and new unique visitors.



Social Media

The Bureau continued to develop its social media presence in FY 2011-2012, using it for brand development as well as a site referral tool. Along with its Facebook, Twitter and YouTube accounts, the Bureau also created FourSquare, Google Plus and Pinterest accounts this year.

Facebook: 1,850 likes (in top 10 site referrers) +54% increase	Twitter: 4,785 followers +65% increase
FourSquare: 165 friends	Google Plus: 675 friends
YouTube: 9,894 views added 2K views in FY 11-12	Pinterest: 55 followers (in top 15 site referrers)

Email Marketing

The Bureau is sending a monthly email newsletter to subscribers via ExactTarget, a top email service provider. The email database has increased 57% to 15,740 year over year. New email templates were created this year to mirror the new website design.

The screenshot shows the website layout with the following elements:

- Costa Mesa Conference and Visitor Bureau** logo at the top left.
- A banner for the **OC Marathon Special Rates!** featuring a couple and a runner, with text: "Enjoy special hotel rates for OC Marathon, plus free shuttle to and from the race's start and finish line!" and a "Learn More" button.
- A banner for the **Prince of Atlantis Package** featuring a hand holding a package, with text: "The Wyndham Orange County package includes tickets to South Coast Repertory's Prince of Atlantis, deluxe hotel room and 4-course meal at Silver Trumpet Restaurant." and a "Learn More" button.
- A banner for **South Coast Plaza** featuring a woman in a shopping cart, with text: "California's largest and most luxurious mall is right here in Costa Mesa. Discover why South Coast Plaza is where the world goes to shop." and a "Learn More" button.

HOME | ABOUT US | PRESS ROOM | CONTACT US | SITE MAP | GROUPS & MEETINGS

COSTA MESA CONFERENCE AND VISITOR BUREAU • 575 ANTON BOULEVARD, SUITE 800 • COSTA MESA, CA 92626 • TEL: 659 559 5117 OR 714 765 8555

FOLLOW COSTA MESA:   

Costa Mesa Video

A new video on the city of Costa Mesa entitled "Costa Mesa Is... California!" was created by Orange County Films. The video highlights the top attractions in Costa Mesa: the arts, shopping, dining and proximity to the beach. The video also features member hotels and other Southern California attractions such as Disneyland and Angel Stadium. The video can be viewed on TravelCostaMesa.com video gallery and also the Bureau's YouTube channel (youtube.com/travelcostamesa). This footage will be available as part of individual pieces created for each member hotel in FY 12-13, highlighting Costa Mesa for current hotel guests.

Advertising/PR/Print

The Bureau made great strides in getting regional and national media coverage in FY 11-12, the biggest of those being the Rand McNally/USA TODAY "Best of the Road" Competition in summer 2011. The Bureau began the campaign to nominate Costa Mesa and was able to get them considered as a finalist for the "Best in Food" category. Judges came to the city and received a food tour, along with a City Council Proclamation making it "Best of the Road Day" in Costa Mesa. While Costa Mesa was not the winner in its category, the city received significant national media coverage in a variety of articles and social media posts from Rand McNally and USA TODAY. Costa Mesa is featured in the Rand McNally GPS system as a finalist city, and also featured in an eBook produced by Rand McNally.



Other features and spotlights on the city include:

- GoCalifornia.com Travel Spotlight – Costa Mesa/Newport Beach (<http://www.go-california.com/costa-mesa-newport-beach/>)
- Trip Advisor home page destination spotlight
- Alaska Airlines – October 2011 featured OC hot spot
- Sunset Magazine – February 2012 spotlight
- May 2012 issue of SWA Spirit mag (Costa Mesa as 1 of 5 top OC adventures)

Costa Mesa Restaurant Week

The Bureau created the first-ever Costa Mesa Restaurant Week in 2011. The event was created to highlight Costa Mesa as a culinary destination, with 28 top restaurants participating in the event. The kickoff party was thrown by celebrity chef Charlie Palmer at his restaurant in South Coast Plaza. CMRW 2011 participating restaurants reported sales growth of 5-10% for the week. Over 28,000 visitors came to CostaMesaRestaurantWeek.org website in a 2-month period. The Bureau is planning this to be an annual city event.

COSTA MESA



RESTAURANT WEEK

August 19-26, 2011



Sponsored by



Enjoy special prix fixe lunch and dinner menu offers at Costa Mesa's top restaurants!

For more information, visit
www.CostaMesaRestaurantWeek.org



SCAN HERE with your smartphone app



 @travelcostamesa

DESIGN BY ASSOCIATE CLIPARTS INCORPORATED

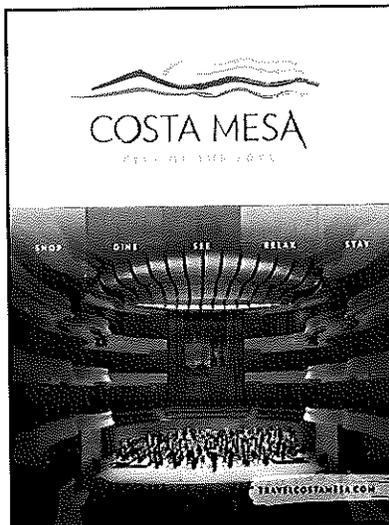
FY 2012-2013 Marketing Plan

Myriad Marketing

In an effort to further increase visibility for the city as a destination, Costa Mesa has selected Myriad Marketing as the agency to represent the city's marketing and advertising efforts. Myriad specializes in the travel and tourism industry with over 20 years of experience providing marketing, publishing and public relations services to both domestic and international clients. In conjunction with the Bureau's marketing team, Myriad will develop an integrated approach to brand and market Costa Mesa to its feeder markets.

Brand Development

Costa Mesa will expand and promote the brand of Costa Mesa, the *City of the Arts™*. Targeting a niche market of business and leisure overnight visitors in feeder markets, this campaign will focus on the city as a fashion, culinary and arts destination, integrating the "Art of OC Culture." This branding is aimed at positioning Costa Mesa as THE arts and leisure destination in Orange County. As part of the comprehensive marketing and brand campaign, Costa Mesa will introduce a new logo, refreshed graphics and new imagery to match with the city's improved marketing and promotional agenda.



Marketing Campaign

Costa Mesa's lack of presence and identity in the tourism industry has been one of its major challenges. To effectively communicate the city's new brand and introduce Costa Mesa, City of the Arts™ to travelers interested in visiting Southern California, Costa Mesa and Myriad Marketing will implement an extensive yet targeted regional campaign promoting the city as an overnight destination to the following feeder markets:

- Los Angeles
- San Diego
- Phoenix/Tucson
- San Jose
- Palm Springs
- Portland/Seattle

Costa Mesa had identified the following target markets for potential overnight leisure:

- High Disposable Income (HH income of 100k+)
- 30-55+ years of age
- LGBT
- Short Flight and Drive Markets
- Trendsetter

This initial marketing and advertising campaign will include print publications, online media, SEO, outreach as well as necessary supporting research, PR and collateral directed toward Costa Mesa's target markets.

Print Publications:

- C Magazine
- Sunset Magazine
- Los Angeles Magazine
- Travel and Leisure
- Arizona Foothills Magazine

Geo-targeted Online Media:

- Saveur
- Departures
- Ticketmaster
- Gay.com, TheAdvocate.com & Outtraveler.com
- Expedia & Other OTAs Including Kayak
- Google Adwords
- Newspaper Outreach/Emails- Arizona Republic, Desert Sun, etc.
- Facebook Ads
- Launch Sweepstakes

Outreach

- Local NPR Radio
- Billboards – Palm Springs, San Jose, Phoenix/Scottsdale
- Captivate Network – Video screen promotion
- Direct Mail Brochure with Hotel Offers

- Assets
- Photo shoot
- Research
- Collateral

Expected Outcome

The Bureau plans to assess the campaign's effectiveness by measuring the increase in overnight weekend travel throughout the duration of the campaign and by continuously monitoring the brand awareness of Costa Mesa online and through research.

Advertising/PR Samples




Costa Mesa
www.TravelCostaMesa.com

Experience world-class shopping
at South Coast Plaza

Indulge in sumptuous
dining at top restaurants

Enjoy award-winning
Broadway productions
at Segerstrom Center
for the Arts

10 great hotels, all within
10 minutes of the beach.



for more information visit
TravelCostaMesa.com

DayTrip

Costa Mesa

BY BEIH HANER • PHOTOGRAPHS BY LORI ANDERSON

The small agricultural tract at Fairview Road's intersection with Interstate 405 hearkens back to Costa Mesa's past as a semirural farming community. Lima beans once grew on nearby acreage that belonged to the family of the farm's owner, Henry Segerstrom. He used that land to develop South Coast Plaza, an upscale shopping destination, and the newly renamed Segerstrom Center for the Arts. Closer to the coast, several castleside establishments are worth discovering and merit visits on their own.

To Do

• **Orange County Fair**
The fair runs Wednesday through Sunday, July 15–August 14. Adult admission is \$11. ocfair.com.

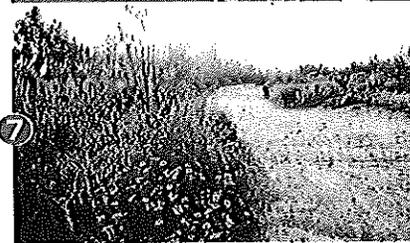
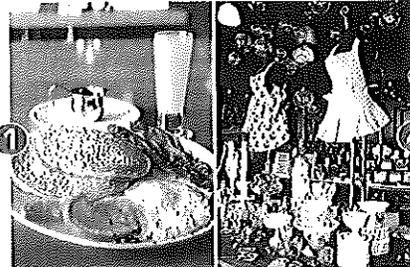
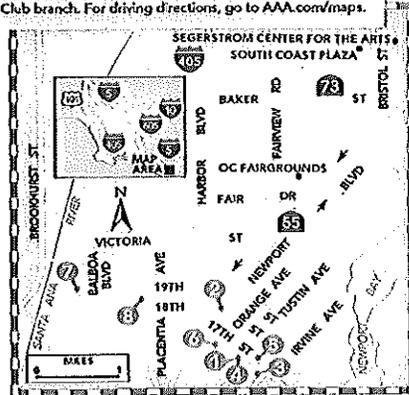
EAT Start your morning at **Plums Café** for Pacific Northwest-inspired fare such as the Oregon Trail breakfast of pancakes, eggs, and bacon. 369 E.

17th Street. (949) 722-FLUM [7586]; plumscfe.com. Grab lunch at **Eat Chow**, a lily, hip eatery that's connected to The Closet fashion boutique and features delicious New American cuisine at decent prices. 1802 Newport Boulevard (enter on 18th Street). (949) 650-CHOW [2469]; eatchowoc.com. Dine underground at **La Cave**, a dimly lit, retro-cool steakhouse that's been a neighborhood tradition since 1962. 1695 Irvine Avenue. (949) 616-7914; lacaverestaurant.com.

SHOP Browse **Fleur De Lys** for a diverse selection of jewelry, cards, candles, and home furnishings. 369 E. 17th Street, Suite 14. (949) 548-0810; fleurdeleys.com. Visit **LU LU Boutique + Gallery**, a cute cottage-like store with a backyard of vintage patio furniture and a shed of discounted merchandise. 1724 Tustin Avenue. (949) 650-5858; luluboutiqueandgallery.com. Outfit your dream patio at the **Molly Wood Garden Design Showroom**, where you'll find plants, pottery, and furniture. 1660 Orange Avenue. (949) 548-1611; mollywoodgardendesign.com.

PLAY Experience a variety of plant and animal life at the **Talbert Nature Preserve**, which includes hiking trails through six separate plant groups (called zones). Limited parking along Balboa Boulevard. (949) 923-2290 or (949) 923-2295; ocparks.com/talbert. Dance to live music at the **Detroit Bar**, which showcases buzz-worthy local and national indie bands, as well as a stellar lineup of DJs. 843 W. 19th Street. (949) 642-0600; detroitbar.com. W

State Route 55 intersects Interstates 5 and 405, and State Routes 22, 73, and 91 before ending as a freeway in Costa Mesa. For a free *Orange County Central* map, visit your local Auto Club branch. For driving directions, go to AAA.com/maps.



Please call to check hours and availability of businesses, attractions, and events before you visit. Costa Mesa Conference & Visitor Bureau: (888) 588-9417; travelcostamesa.com.

COSTA MESA
style and substance.

EXPERIENCE WORLD-CLASS SHOPPING AT SOUTH COAST PLAZA
INDULGE IN SUMPTUOUS DINING AT TOP RESTAURANTS
ENOY AWARD-WINNING BROADWAY PRODUCTIONS
 AT SEGERSTROM CENTER FOR THE ARTS

10 GREAT HOTELS, ALL WITHIN **10** MINUTES OF THE BEACH.

WE LOOK FORWARD TO WELCOMING MORE VISITORS TO COSTA MESA WITH
 THE EXPANSION OF JOHN WAYNE AIRPORT.

FOR MORE INFORMATION, VISIT OUR WEBSITE:
WWW.TRAVELCOSTAMESA.COM

Costa Mesa
CREATING THE NEW MESA EXPERIENCE



Join us in Costa Mesa,
 California for the
BARRETT-JACKSON
COLLECTOR CAR
AUCTION!
 June 24-26, 2011
 at the OC Fair &
 Event Center

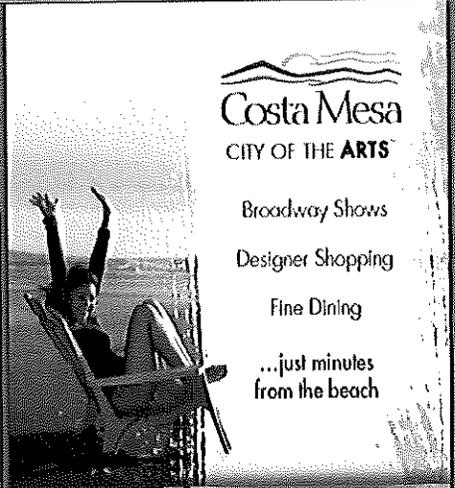
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FOR MORE DETAILS &
EXCLUSIVE OFFERS!

The World's Greatest
 Collector Car Auction,
 plus a week of great events!



1973 Ferrari 365GTB4 Berlinetta
 Serial# 16389 Chassis
 Tipo: 805 Engine: 251 No. Int.

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Costa Mesa
CITY OF THE ARTS

Broadway Shows

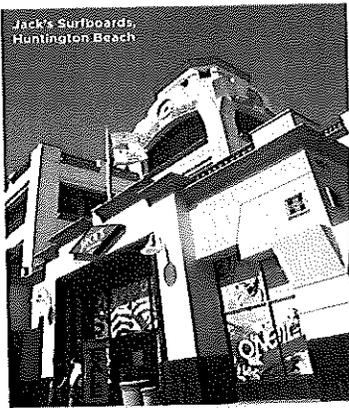
Designer Shopping

Fine Dining

...just minutes
from the beach



5 PERFECT WAYS TO SPEND THE DAY



Jack's Surfboards, Huntington Beach

"I eat some double doubles from In-N-Out and get my Disney fix at Disneyland® Resort with my boys." —CORY W., Facebook fan
In Anaheim, get ready for the 2012 unveiling of Cars Land at Disney California Adventure™ Park.

"Shop at South Coast Plaza." —KATHARINA J., Facebook fan
This gigantic luxury mall in Costa Mesa features 250 boutiques, 30 restaurants, and 4 performing arts venues.

Swim, snorkel, or explore tidepools at the Glenn E. Vedder Ecological Reserve at always-appealing Laguna Beach. Clean up for cocktails at the Cliff Restaurant.

4 In Huntington Beach, aka "Surf City, USA," get the look at Jack's Surfboards and Rip Curl. Tuesday nights, Main Street becomes a pedestrian-only party with music, a farmers' market, and sidewalk sales.

Take a stand-up paddle-surfing lesson at the SUP Spot in Newport Beach, or try kitesurfing (lessons at Kitesurfari in Long Beach.)

Got a favorite way to spend the day in Orange County? "Like" us and post ideas at facebook.com/visitca

BEACH TOWNS DISTRICT
See map, p. 94

CORONA DEL MAR (C3)
Corona del Mar State Beach, 949/644-3151
Perfect family beach, south of Newport Jetty. **Be!!!**
Goldenrod Footbridge, 949/673-4050.
Goldenrod Ave. Walk across 1928 bridge to Newport Channel.

Sherman Library & Gardens, 949/673-2261, 2647 E. Pacific Coast Hwy. Botanical collections span the globe; library covers Pacific Southwest history.

COSTA MESA (B3)
Costa Mesa Conference & Visitor Bureau, 714/435-8530; 866/918-4749, 575 Anton Blvd.
Visit Costa Mesa, Orange County. Enjoy premier theater, performing arts, incredible dining, and shopping at South Coast Plaza. www.travelcostamesa.com. See ad, p. 96
Neguchi Garden, South Coast Plaza. Integrated sculptures and plantings represent California's natural elements.

OC Super Fair, 714/708-FAIR, 88 Fair Dr. Think midway, livestock, and old-fashioned fun; Jul 9 to Aug 8.

Orange County Performing Arts Center, 714/556-2787, 600 Town Center Dr. Be captivated by stunning architecture, impeccable acoustics.

South Coast Plaza, 714/435-2000; 800/782-8888, 3333 Bristol St. The art of shopping.

South Coast Repertory Theatre, 714/708-5555, 655 Town Center Dr. Settle in for award-winning performances, including ones specifically for young audiences.

The LAB Anti-Mall, 714/966-6660, 2930 Bristol St. Cool commerce, community, and culture.

DANA POINT (D5)
City of Dana Point, 949/248-3500, 33282 Golden Lantern. Scenic beaches and resorts, Dana Point Harbor restaurants and shops, fishing, golf, walking paths, tidepools, Ocean Institute, water sports, Catalina launch boats. www.danapoint.org. See ad, p. 96

Dana Harbor Drive, 800/290-DANA. Sailboats and seafood restaurants.

Doheny State Beach, 949/496-6172, Dana Point Harbor Dr. **Be!!!**

Salt Creek Beach Park, 949/923-2280. Take in some body surfing or explore the tidepools. **Be!!!**

The Pilgrim at the Ocean Institute, 949/496-2274, 24200 Dana Point Harbor Dr. Learn from innovative marine programs, 130-foot-tall ship.

FOUNTAIN VALLEY (B2)
Hile Square Regional Park, 714/973-6600, 16801 Euclid St. Stay awhile on 640 acres including golf, two lakes, and urban nature area. **Be!!!**

Orange County Regional Resources

ON THE WEB
For more information on these listings—plus trip-planning ideas—go to visitcalifornia.com/orangecounty

CALIFORNIA WELCOME CENTER™
BUENA PARK 6801 Beach Blvd; 714/523-3441

ORANGE COUNTY TOURISM COUNCIL
Known globally as The OC, Orange County is the heart of Southern California, surrounding you with 42 miles of beaches, legendary theme parks, shops, and a feeling that is forever summer. www.VisitTheOC.com

HUNTINGTON BEACH (B2)
Huntington Beach Marketing and Visitors Bureau, 714/969-3492; 800/729-6232, 301 Main St., Ste. 208. The perfect family-friendly base for fun in Southern California, with 8 miles of beaches, a historic pier, and vibrant downtown. www.surfcityusa.com. See ad, p. 93

vast enclosures. Safari Park visitors get interesting perspectives on the animals and terrain via open-air photo-caravan tours or zip line rides.

San Diego also offers some autumn-themed activities. For example, families can enjoy safe scares at SeaWorld San Diego's Halloween Spooktacular event, held every weekend in October, with trick-or-treating and a Halloween-themed sea lion show. No, the sea lions don't don ghost costumes, but they do perform in orchestrated shows devised as parodies of *Jaws*, Michael Jackson's *Thriller* and *Scooby-Do*.

For more fright-seeing, check out the "Ghostly Tours in History" walks through San Diego's oldest precincts, including Old Town and the revitalized Gaslamp Quarter. Local historians in Victorian costume lead the walking tours—at night, of course. The tours operate year-round but feel eerily appropriate around Halloween.

Orange County

To me, Orange County epitomizes that Southern California ideal, with its charming coastal towns, inland canyons and hills, fantastical theme parks and excellent shopping.

"The OC," located about 90 miles north of San Diego and just southeast of Los Angeles, is suited for all kinds of outdoor recreation in autumn, from bicycling to surfing to swimming. Orange County is also a land of enchantment, featuring the iconic Disneyland Resort in Anaheim—with classic Disneyland and



its sister theme park, Disney California Adventure—as well as Knott's Berry Farm in Buena Park, which is popular for its nine roller coasters.

Fall and winter fashions are the focus at the enormous—and enormously popular—South Coast Plaza in Costa Mesa, with

around 280 shops. The seaside community of Costa Mesa has evolved into the cultural heart of the OC, with a designated arts district that includes the Segerstrom Center for the Arts as well as the Tony Award-winning South Coast Repertory's Folio Theatre Center.

Seasonal offerings in the OC include the Sugar Plum Festival, November 10–12 at the OC Fair & Event Center, which will feature arts, crafts, antiques and collectibles. The fairgrounds are conveniently located in Costa Mesa, within five miles of Orange County's John Wayne Airport.

Los Angeles and Santa Barbara

Like San Diego, Los Angeles is a land of endless summer in the popular imagination. In reality, temperatures cool a bit in the fall, with highs in the 70s, and locals and visitors enjoy seasonal events.

Perhaps the most surprising autumnal occurrence among Angelenos is their departure from the famous beaches. This makes the beaches all the more appealing for visitors, many of whom consider 70-degree weather to be perfectly warm for swimming and sunbathing.

"In the fall it is great; the beaches are beautiful and empty," says a friend of mine who lives in Los Angeles. Hidden gems include 1.75-mile-long Will Rogers State Beach, off the Pacific Coast Highway near the intersection with Temescal Canyon Road.

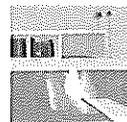
Marina Beach, located in a lagoon in Marina del Rey and nicknamed "Mother's Beach," is a favorite of Los Angeles writer Thea Klapwald's, who enjoys taking her 3-year-old son to play there. "It has no waves or undertow, but has a playground on the beach, and parking is plentiful and easy," she says.

Aside from seeking out the best beaches,



Above: The state-of-the-art Renée and Henry Segerstrom Concert Hall in Orange County features a silver-leaf pipe organ.
Below left: Costa Mesa's upscale South Coast Plaza is the largest shopping mall in California.

savvy autumn visitors to Los Angeles can enjoy seasonal events ranging from the boisterous—one of America's biggest Oktoberfest celebrations—to the reverent, during the traditional Mexican observance of



A Bigger Splash, a 1967 painting by David Hockney, is on view at the J. Paul Getty Museum as part of the "Pacific Standard Time" exhibition.

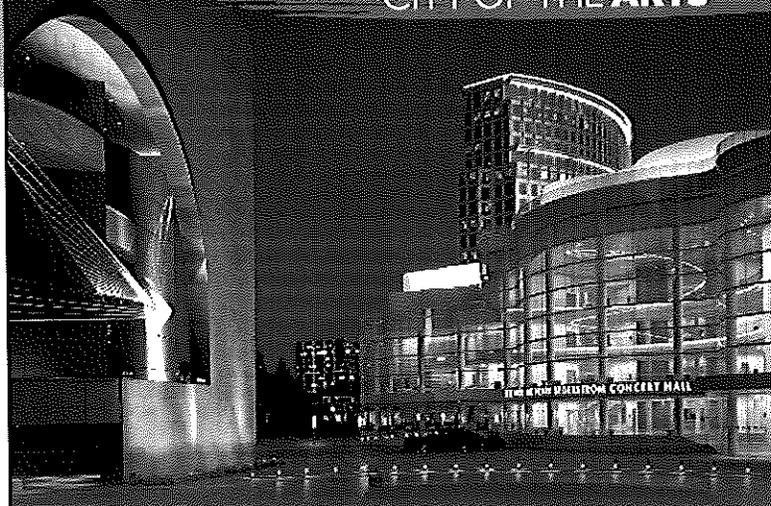
Día de los Muertos (Day of the Dead). In which families and friends honor the memory of loved ones.

The seven-week Oktoberfest, with bratwurst, beer, stein-holding contests and oompah bands blown in from Germany, is held on weekends through October 23 at Alpine Village Center, which is located in Torrance, 20 miles southwest of downtown Los Angeles. Inside Oktoberfest's 32,000 square-foot tent, the revels have an authentic and enjoyable Old Country air, complete with costumed staffers pouring superb imported German beers.

Día de los Muertos observances are of course more serious, but creativity and flair play roles, too. Traditions include

COSTA MESA

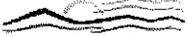
CITY OF THE ARTS™



Costa Mesa offers a palette of award-winning performances at Segerstrom Center for the Arts, world-class fashion at South Coast Plaza, exquisite dining and endless relaxation at an exceptional selection of hotels. The City of the Arts™ sets the stage for the ultimate Southern California retreat—centrally located just minutes from beaches, Disneyland® and Orange County's John Wayne Airport.



For more information,
VISIT TRAVELCOSTAMESA.COM


Costa Mesa
Conference and Meeting Bureau

COSTA MESA CONFERENCE
AND VISITOR BUREAU
FINANCIAL STATEMENTS
For the years ended June 30, 2011
and June 30, 2010

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Statements of assets, liabilities and net assets – cash basis	2
Statements of support, revenues and expenses – cash basis	3
Notes to financial statements – cash basis	4 – 7



Mitchell R. Geller, C.P.A.
Steven D. Eperthener, C.P.A.
William L. McConnell, C.P.A.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Costa Mesa Conference and
Visitor Bureau

We have audited the accompanying statement of assets, liabilities, and net assets – cash basis of Costa Mesa Conference and Visitor Bureau (a nonprofit organization) as of June 30, 2011, and the related statements of support, revenue, and expenses – cash basis for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Costa Mesa Conference and Visitor Bureau as of June 30, 2010 were audited by other auditors whose opinion dated May 4, 2011, on those statements was qualified because of a departure from generally accepted account principles described in the third paragraph.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Costa Mesa Conference and Visitor Bureau as of June 30, 2011, and its support, revenue and expenses for the year then ended, on the basis of accounting described in note 1.

Geller Eperthener & McConnell, LLP
Certified Public Accountants

Long Beach, CA
April 25, 2012

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COSTA MESA CONFERENCE AND VISITOR BUREAU
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
June 30, 2011 and June 30, 2010

	<u>6/30/2011</u>	<u>6/30/2010</u>
ASSETS		
Cash	<u>\$ 985,314</u>	<u>\$ 333,373</u>
Total assets	<u>\$ 985,314</u>	<u>\$ 333,373</u>
NET ASSETS		
Unrestricted	<u>\$ 985,314</u>	<u>\$ 333,373</u>
Net Assets	<u>\$ 985,314</u>	<u>\$ 333,373</u>

See accompanying notes to financial statements

COSTA MESA CONFERENCE AND VISITOR BUREAU
STATEMENTS OF SUPPORT, REVENUES AND EXPENSES - CASH BASIS
For the years ended June 30, 2011 and 2010

	<u>6/30/2011</u>	<u>6/30/2010</u>
UNRESTRICTED NET ASSETS		
Unrestricted revenues		
Business improvement area assessment	\$ 1,496,540	\$ 1,149,347
Special promotion income	-	3,335
Interest income	2,879	2,611
Other income	<u>551</u>	<u>-</u>
Total unrestricted revenues	1,499,970	1,155,293
Expenses		
Hotel and special promotions	102,175	225,942
Marketing	319,848	<u>459,718</u>
Salaries and Benefits	260,696	230,600
General and administrative	<u>165,310</u>	<u>141,044</u>
Total expenses	<u>848,029</u>	<u>1,057,299</u>
Increase in unrestricted net assets	651,941	97,994
NET ASSETS AT BEGINNING OF THE YEAR	<u>333,373</u>	<u>235,379</u>
Net assets at end of year	<u>\$ 985,314</u>	<u>\$ 333,373</u>

See accompanying notes to financial statements

**COSTA MESA CONFERENCE AND VISITOR BUREAU
NOTES TO FINANCIAL STATEMENTS - CASH BASIS
June 30, 2011 and June 30, 2010**

1. Nature of activities and Significant Accounting Policies

Nature of activities

The Costa Mesa Conference and Visitor Bureau (the Bureau) is a California non-profit corporation formed in 1995 to market the city of Costa Mesa as a leisure and group / meeting travel destination.

The vision of the Bureau is to be the engaged destination-marketing leader by supporting and selling the city of Costa Mesa's distinct visitor brand experiences and advocating community tourism benefits. The Bureau's mission is to enhance and promote the city of Costa Mesa's brand, experience, further increasing visitor spending for industry and community economic viability, sustainability and quality of life.

The Bureau is comprised of the ten member hotels within the Business Improvement Area (BIA) of Costa Mesa. The member hotels are Costa Mesa Marriott, Hilton Costa Mesa, Holiday Inn Express Hotel & Suites, The Hotel Hanford, Residence Inn by Marriott, Wyndham Orange County, Ayres Hotel & Suites, The Westin South Coast Plaza, Ramada Inn and Suites Costa Mesa / Newport Beach, and Best Western Plus Newport Mesa Inn.

Basis of accounting

The Bureau's policy is to prepare its financial statements on the basis of cash receipts and disbursements which is a comprehensive basis of accounting other than generally accepted accounting principles. Consequently, revenues are recognized when received rather than when earned, and expenses are recognized when disbursed rather than when the obligation is incurred.

Tax status

The Bureau is exempt from taxation under Internal Revenue Code Section 501(c)(6) on income related to its tax exempt purpose. The Bureau had no unrelated business income, as defined by the Internal Revenue Code, for the fiscal years ended June 30, 2011 and June 30, 2010. Accordingly, no tax provision has been provided for in the accompanying financial statements.

**COSTA MESA CONFERENCE AND VISITOR BUREAU
NOTES TO FINANCIAL STATEMENTS - CASH BASIS (continued)
June 30, 2011 and June 30, 2010**

1. Nature of activities and Significant Accounting Policies (continued)

Revenue

On behalf of the City of Costa Mesa the Bureau's ten member hotels collect a Business Improvement Area (BIA) levy on the sale of overnight guest room stays. For the fiscal year ended June 30, 2011 the levy was two percent (2%) through October 31, 2010; effective November 1, 2010 the levy was increased to three percent (3%). The levy was two percent (2%) for the entire fiscal year ended June 30, 2010. The levy is transmitted by the hotels to the City and is remitted to the Bureau, net of a one percent handling fee, pursuant to a Professional Services Agreement entered into by and between the City and the Bureau.

The above mentioned levy is 99.8% and 98.5% of the total revenue of the Bureau for fiscal years ended June 30, 2011 and June 30, 2010, respectively. The professional services agreement (PSA) with the City of Costa Mesa is renewed annually. The Bureau and the City of Costa Mesa have a good working relationship; consequently there is no concern that the PSA will not be renewed each year, indefinitely.

Use of BIA Revenue

California state law provides that BIA assessments are to be used for the purposes specified in the authorizing resolution that established the assessment. The City's resolution that established the assessment references the uses specified in the Bureau's annual report.

2. Cash

Cash consists of demand deposits as of June 30, 2011 and June 30, 2010 at the following institutions:

	<u>6/30/11</u>	<u>6/30/10</u>
American Securities Bank	\$759,528	\$108,984
Beach Business Bank	215,690	214,345
National Bank	10,096	10,044
Total	<u>\$985,314</u>	<u>\$333,373</u>

The Bureau maintains its cash in bank deposit accounts, which at various times during the fiscal years ended June 30, 2011 and June 30, 2010 exceeded federally insured limits.

3. Hotel promotions expense

The Bureau allocates \$50 per room to each member hotel for hotel specific marketing purposes. The allocation subsidizes hotel specific advertising and marketing efforts that also include the Bureau logo. Vendor invoices are either paid by the hotel or paid directly by the Bureau. Samples of the advertising / marketing material must be submitted showing the

COSTA MESA CONFERENCE AND VISITOR BUREAU
NOTES TO FINANCIAL STATEMENTS - CASH BASIS (continued)
June 30, 2011 and June 30, 2010

3. Hotel promotions expense (continued)

Bureau logo for reimbursement. Hotel promotions expense amounted to \$102,175 and \$225,942 for fiscal years ended June 30, 2011 and June 30, 2010, respectively. If the hotels do not use all of their allocated funds the funds revert back to the Bureau. Beginning in fiscal year 2012 the amount allocated per room will be increased to \$150 per room.

It is the opinion of the Bureau that reimbursing the hotels for advertising costs provides a public benefit to the City of Costa Mesa by promoting tourism, increasing retail sales, etc.

4. Marketing expenses

The Bureau incurs marketing expenses related to its mission of promoting the City of Costa Mesa as a tourist destination. For the fiscal years ended June 30, 2011 and June 30, 2010, marketing expenses totaled \$319,848 and \$471,831, respectively.

Marketing expenses include a new website for the Bureau which went live in January 2012, community sponsorships, brochures, print advertising and various promotions. All of these endeavors promote tourism in the City of Costa Mesa.

5. Commitments and Contingencies

The Bureau entered into a lease for office space effective July 15, 2010. The lease is for five (5) years ending July 31, 2015. There is an option to renew the lease for an additional five (5) years at the end of the lease period. Total rent expense for fiscal years ending June 30, 2011 and June 30, 2010 amounted to \$32,145 and \$ 0, respectively.

Future minimum lease obligations as of June 30, 2011 consist of the following:

Fiscal year ended June 30, 2012	\$32,076
June 30, 2013	\$33,036
June 30, 2014	\$34,047
June 30, 2015	\$35,068
June 30, 2016	\$ 2,969

6. Employee Benefit Plan

The Bureau sponsors a defined contribution salary deferral plan (401(k) plan) covering all employees. During the fiscal years ended June 30, 2011 and June 30, 2010 no Bureau contributions were made. Plan expenses paid by the Bureau during fiscal years ended June 30, 2011 and June 30, 2010 amounted to \$600 for each year.

COSTA MESA CONFERENCE AND VISITOR BUREAU
NOTES TO FINANCIAL STATEMENTS - CASH BASIS (continued)
June 30, 2011 and June 30, 2010

7. Subsequent Events

Management has evaluated subsequent events through April 25, 2012, the date that the financial statements were available to be issued. The following subsequent events have been identified for disclosure in these financial statements.

As mentioned in note 3, effective July 1, 2011 the amount allocated to the member hotels will be increased from \$50 per room to \$150 per room, for marketing / advertising expenses.

The Bureau has agreed to reimburse the city a total of \$164,000 during the year ended June 30, 2012 for expenses paid for swag, website, etc.

Beginning in April 2012 the board of directors has agreed to match 401(k) contributions dollar for dollar up to 3% of the eligible employee's salary.

ATTACHMENT 3

RESOLUTION NO 12. -xx

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, DECLARING ITS INTENTION TO LEVY AN ANNUAL ASSESSMENT FOR FISCAL YEAR 2012-2013 FOR A BUSINESS IMPROVEMENT AREA COVERING CERTAIN COSTA MESA HOTELS AND MOTELS AND SETTING THE TIME AND PLACE FOR A PUBLIC HEARING ON PROPOSAL.

THE CITY COUNCIL OF THE CITY OF COSTA MESA DOES HEREBY RESOLVE AS FOLLOWS:

WHEREAS, the California Legislature in adopting the Parking and Business Improvement Area Law of 1989 (Streets & Highways Code § 36500 *et. seq.*) authorized cities to levy assessments on businesses in order to promote economic revitalization and tourism, to create jobs, attract new businesses, and prevent erosion of business districts; and

WHEREAS, on July 5, 1995, by Ordinance No. 95-9, the City Council adopted a business improvement area, commonly known as the Costa Mesa Tourism & Promotion Business Improvement Area, the purpose of which is to promote tourism to the City and to fund programs and activities that benefit the hotel and motel businesses within the City of Costa Mesa; and

WHEREAS, the City Council appointed the general managers of the ten hotels subject to the assessment area, to serve as the advisory board as required by California Streets and Highways Code Section 36530; and

WHEREAS, said advisory board is known as the Costa Mesa Conference and Visitor Bureau (the "CMCVB"); and

WHEREAS, the City Council has voted to continue the special assessment for the BIA each year since its inception, and it has been levied upon the ten hotel and motel

businesses listed on Exhibit A, attached hereto and incorporated herein by this reference;
and

WHEREAS, in January 2000, the City Council approved an increase in the assessment, raising the assessment from one percent (1%) to two percent (2%). The two percent (2%) assessment is based on the sale of overnight room stays; and

WHEREAS, in November 2010, the City Council approved an increase in the assessment, raising the assessment from two percent (2%) to three percent (3%). The three percent (3%) assessment is based on the sale of overnight room stays; and

WHEREAS, this Resolution of Intention will commence proceedings under the Parking and Business Improvement Area Law of 1989 (Streets & Highways Code § 36500 *et seq.*) to levy the annual assessment of the Costa Mesa Tourism & Promotion Council Business Improvement Area for the 2012-2013 fiscal year;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Costa Mesa as follows:

Section 1. Assessment. An annual assessment for the Costa Mesa Tourism & Promotion Council Business Improvement Area is proposed to be levied pursuant to Streets & Highways Code § 36500 *et seq.* The proposed boundaries of the territory are the ten motels and hotels listed in Exhibit A, attached hereto and incorporated herein by this reference. The proposed amount of the annual assessment is three percent (3%). The three percent (3%) assessment is based on the sale of overnight room stays. New hotel and motel businesses commenced after the effective date of the ordinance levying the assessment will be exempt from the levy of assessment, pursuant to Streets & Highways Code § 36531 and § 36535.

Section 2. Annual Report. An annual report on the Business Improvement Area has been prepared by the Costa Mesa Conference & Visitor Bureau, acting as the advisory board as required by Streets & Highways Code § 36533 and § 36534. Said report is on file in the City Clerk's Office.

Section 3. Types of Activities To Be Funded. The proposed type or types of activities to be funded by and through the annual levy of assessments on businesses within the Costa Mesa Tourism & Promotion Council Business Improvement Area are specified in the referenced annual report.

Section 4. Method and Basis of Levy. The proposed method and basis of levying the assessment to allow each business owner to estimate the amount of the assessment to be levied against his or her business is set forth in the Costa Mesa Conference & Visitor Bureau's annual report relative to the Business Improvement Area.

Section 5. Time and Place of Public Hearing. The time and place of the public hearing on the business improvement area and the annual levy of assessments shall be at 7:00 p.m., June 5, 2012, at the Costa Mesa City Hall, City Council Chambers, 77 Fair Drive, Costa Mesa, California. At the public hearing set forth above, the testimony of all interested persons for or against the annual levy of assessment for the business improvement area, the extent of the area, or the furnishing of specific types of improvements or activities will be heard by the City Council.

Section 6. Protests. The following rules shall apply to all protests:

- (a) A protest may be made orally or in writing by any interested person. Any protest pertaining to the regularity or sufficiency of the proceedings shall be in writing and shall clearly set forth the irregularity or defect to which the objection is made.

- (b) Every written protest shall be filed with the City Clerk's office, Costa Mesa City Hall, Room 101, 77 Fair Drive, Post Office Box 1200, Costa Mesa, California 92626-1200, at or before the time fixed for the public hearing as set forth above.
- (c) The City Council may waive any irregularity in the form or content of any written protest, and at the public hearing, may correct minor defects in the proceedings.
- (d) If written protests are received from the owners of businesses in the proposed business improvement area which will pay fifty percent (50%) or more of the assessments to be levied and protests are not withdrawn so as to reduce the protests to less than the fifty percent (50%), no further proceedings on the proposal to continue the business improvement area assessment, as specified by this resolution of intention, shall be taken by the City Council for a period of one year from the date of the filing of a majority protest.

BE IT FURTHER RESOLVED THAT the City Council of the City of Costa Mesa, California, does hereby adopt the annual report by the Costa Mesa Conference & Visitor Bureau acting as the advisory board on the business improvement area (referenced report on file in the City Clerk's Office), and this Resolution of Intention as set forth herein, and Exhibit "A" which is attached hereto and incorporated by this reference.

PASSED, APPROVED, AND ADOPTED this 15th day of May, 2011.

Eric Bever, Mayor

ATTEST:

APPROVED AS TO FORM:

Christine Cordon, Acting Deputy
City Clerk

Tom Duarte, City Attorney

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF COSTA MESA)

I, CHRISTINE CORDON, Acting Deputy City Clerk of the City of Costa Mesa, DO HEREBY CERTIFY that the above and foregoing is the original of Resolution No. 12-XX____ and was duly passed and adopted by the City Council of the City of Costa Mesa at a regular meeting held on the 15thth day of May, 2012, by the following roll call vote, to wit:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

IN WITNESS WHEREOF, I have hereby set my hand and affixed the seal of the City of Costa Mesa this ____ day of , 2011.

CHRISTINE CORDON,
ACTING DEPUTY CITY CLERK

(SEAL)

EXHIBIT A

The Business Improvement Area ("BIA") benefit zone encompasses the entire City of Costa Mesa boundaries. It is anticipated that the entire City, including businesses and residents, will benefit from increased revenues generated by the activities financed by the BIA assessment.

The following businesses will be included in the BIA that is established pursuant to Streets & Highways Code § 36500 *et seq.*, the businesses commonly known as:

Ayres Country Inn & Suites

Property Address: 325 and 345 Bristol Street, Costa Mesa

Business Owner: Newport Country Inn & Suites, Inc.
355 Bristol Street, Suite A
Costa Mesa, CA 92626

Property Owner: Newport Country Inn & Suites, Inc.
355 Bristol Street, Suite A
Costa Mesa, CA 92626

Best Western Newport Mesa Inn

Property Address: 2642 Newport Boulevard, Costa Mesa

Business Owner: James Hsuen
Shang-Pu Lee
2642 Newport Boulevard,
Costa Mesa, CA 92627

Property Owner: James Hsuen
Shang-Pu Lee
2642 Newport Boulevard,
Costa Mesa, CA 92627

Hilton Orange County/Costa Mesa

Property Address: 3050 Bristol Street, Costa Mesa

Business Owner: Ashford Hospitality Trust
14185 Dallas Parkway, Suite 1100
Dallas, TX 75254

Property Owner: Remington Lodging & Hospitality LP
14185 Dallas Parkway
Suite 1100
Dallas, Texas 75254

Hotel Hanford

Property Address: 3131 Bristol Street, Costa Mesa

Business Owner: Hanford Hotels
4 Corporate Drive, Suite 102
Newport Beach, CA 92660

Property Owner: Hanford Hotels
4 Corporate Drive, Suite 102
Newport Beach, CA 92660

Holiday Inn Express Hotel and Suites, Costa Mesa

Property Address: 2070 Newport Blvd., Costa Mesa

Business Owner: Narendra B. Patel
2070 Newport Blvd.
Costa Mesa, CA 92667

Property Owner: Narendra B. Patel
2070 Newport Blvd.
Costa Mesa, CA 92667

Costa Mesa Marriott

Property Address: 500 Anton Boulevard, Costa Mesa

Business Owner: Marriott International
10400 Fernwood Rd.
Bethesda, MD 20817

Property Owner: Host Hotels & Resorts
6903 Rockledge Dr.
Suite 1500
Bethesda, MD 20817

Ramada Inn

Property Address: 1680 Superior Ave., Costa Mesa

Business Owner: B.D. Inns Inc./Ramada Ltd.
1680 Superior Ave.
Costa Mesa, CA 92627

Property Owner: B.D. Inns Inc./Ramada Ltd.
1680 Superior Ave.
Costa Mesa, CA 92627

Residence Inn, Costa Mesa

Property Address: 881 Baker Street, Costa Mesa

Business Owner: Marriott International
10400 Fernwood Rd.
Bethesda, MD 20817

Property Owner: ING Clarion Partners
2650 Cedar Springs Road
Suite 850
Dallas, TX 75201-1491

The Westin South Coast Plaza Hotel

Property Address: 686 Anton Boulevard, Costa Mesa

Business Owner: Host Hotels & Resorts
6903 Rockledge Dr., Suite 1500
Bethesda, MD 20817

Property Owner: CJ Segerstrom & Sons
c/o South Coast Plaza
686 Anton Boulevard
Costa Mesa, CA 92626

Wyndham Hotel

Property Address: 3350 Avenue of the Arts, Costa Mesa

Business Owner: Rosanna Inc.
3350 Avenue of the Arts
Costa Mesa, CA 92627

Property Owner: Rosanna Inc.
3350 Avenue of the Arts
Costa Mesa, CA 92627

EXHIBIT B

The BIA assessment will be used to fund the Costa Mesa Conference & Visitor Bureau (CMCVB). The CMCVB will fund activities to promote tourism in Costa Mesa and will sponsor related tourist events that benefit the hotel and motel businesses within the City.

The specific improvements and activities to be funded by this assessment are outlined in the CMCVB's 2011-2012 Annual Report.

Revenue

A three percent (3%) levy will be assessed against each of the ten hotels listed in Exhibit A, based on the net revenue from the sale of overnight room stays.

Business owners shall pay the assessment to the Costa Mesa City Finance Department on a monthly basis. A penalty and interest shall be assessed on late payments.

Note: New hotel and motel businesses commenced after the effective date of this Resolution will be exempt from the levy of assessment.