

Anaheim Tourism Improvement District of 2010
Management Plan

Established Under Anaheim City Ordinance 6174
Section 2.14.050

Presented to:

The Anaheim/Orange County Visitor & Convention Bureau
Honorable Mayor Curt Pringle and City Council
City Manager Thomas J. Wood

September 2, 2010

Anaheim Tourism Improvement District of 2010 (ATID)
Management Plan
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SECTION 011
THE NAME OF THE PROPOSED DISTRICT

The name of the proposed District will be the “Anaheim
Tourism Improvement District of 2010” ("ATID").

SECTION 012
A MAP OF THE DISTRICT

The map of the ATID and the following streets and address series are included in the following pages.

SECTION 013

A DESCRIPTION OF THE BOUNDARIES OF THE DISTRICT

The boundaries of the ATID are set forth in the maps in Section 012 and shall include all current and future visitor accommodation facilities, hotels, and motels (but not including Vacation Ownership Resorts, as such term is defined in Anaheim Municipal Code Section 18.114.030.150, to the extent they are being used as Vacation Ownership Resorts) located within the ATID boundaries engaged in the renting of rooms for a period of less than thirty (30) days ("Assessed Facilities") which are, or will be, located within such boundaries. In general, a narrative of the Assessed Facilities to be included in the ATID is as follows:

Any and all current and future Assessed Facilities falling within the area designated on the map set forth in Section 012 hereof, including, without limitation, those Assessed Facilities on the following streets:

- On Harbor Drive from north Anaheim Resort boundaries near Vermont Avenue on the north, southward to the Garden Grove City border/and Chapman Avenue on the south;
- On Disneyland Drive from north Anaheim Resort boundaries near Locust Avenue on the north, southward to West Street/Garden Grove City border on the south;
- On the east side of Walnut Street from Ball Road on the north and Stella Street on the south;
- On Manchester and Clementine Street with the intersection of Harbor Boulevard and Manchester Avenue on the north to the intersection of Katella Avenue and Clementine Street on the south end;
- On Anaheim Boulevard with Interstate 5 on the north, southward to the Anaheim Resort boundaries along Anaheim Boulevard on the south;
- On Katella Avenue from Walnut Street on the west to the Santa Ana River on the east;
- On Disney Way from Harbor Blvd on the west, to Interstate 5 on the east;
- On Ball Road from West Place on the west to the eastern Anaheim Resort boundaries of Ball Road on the east;
- On Orangewood Avenue within the Anaheim Resort boundaries west of Interstate 5 continuing eastward and commencing again from Anaheim Way running eastward to the Santa Ana River on the east;
- On Chapman Avenue within the Anaheim Resort boundaries;
- On Gene Autry Way from Interstate 5 on the west to State College Blvd on the east;
- On Lewis Street within the Platinum Triangle boundaries;
- On State College Blvd within the boundaries of the Platinum Triangle boundaries;
- On Howell Avenue within the Platinum Triangle boundaries;
- On Sunkist Street within the Platinum Triangle boundaries;
- On Douglas Road within the Platinum Triangle boundaries;
- On the east and west side of the Orange Freeway/State Route 57 within the boundaries of the Platinum Triangle;
- On Anaheim Way within the Platinum Triangle boundaries;

- Any existing and future private and public roads, streets, avenues or boulevards with the current and future boundaries of the Anaheim Resort Area and the Platinum Triangle as currently designated by the City Council of Anaheim;

SECTION 014

THE IMPROVEMENT AND ACTIVITIES PROPOSED FOR THE FIRST 5 YEARS DESCRIPTION OF THE POTENTIAL TRANSPORTATION ITEMS

The purpose of forming the ATID as a Tourism Improvement District is to provide revenues to cover the costs of activities, improvements, services and programs that will benefit the Assessed Facilities and the tourism and convention industry in the City of Anaheim ("City"). The activities, improvements, services and programs to be provided and paid for by the ATID shall confer a special benefit to all Assessed Facilities. Those activities, improvements, services and programs are listed below.

The owners of the Assessed Facilities anticipate that the City Council will approve a resolution authorizing bonds to be paid from the City General Funds or other special funds, other than ATID assessments, for improvements to or expansion of the Convention Center (including the Plaza).

Services and Programs, Improvements and Activities of the ATID:

The ATID will serve as a funding mechanism for some or all of the following types of special improvements or activities to market, promote, and support the City's tourism and convention industry:

1. Marketing and Promotion Activities:

- Advertising and marketing programs;
- Special events produced by resort properties - demand generators;
- Underwriting of related special events that benefit the Assessed Facilities;
- Public art related to the promotion of Anaheim Convention Center or Assessed Facilities;
- Private additional security within the Anaheim Resort Area for Assessed Facilities; and
- Funding of satellite offices and facilities for the promotion of the City as a desirable destination location.

2. Transportation Improvements and Activities:

- Planning, design, construction and operation of transit improvements, including the "ARC," the inter-city dedicated mass transit system linking the regional rail station to the various Assessed Facilities and collector points throughout the City, as further set forth in Section 016 hereof;
- Transportation expenses such as Anaheim Transportation Network for Assessed Facilities;
- Alternative transportation methods for Assessed Facilities;
- Pedestrian walkways and related improvements;

- Other programs or activities which facilitate transportation to and within the Anaheim Resort Area and thus benefit the Assessed Facilities; and
- Debt service on and costs related to bonds, notes or certificates of participation issued by the City for any of the improvements set forth above.

3. Support Costs:

- Staff and organizational operating costs related to the administration of the ATID;
- Repayment of formation costs including the use of attorneys, consultants and related professional services; and
- Any incidental collection fees levied by the City based upon agreement of the Assessed Facilities.

Funds remaining at the end of any ATID fiscal year shall be used in subsequent years in which the ATID assessments are levied so long as they are used consistent with the requirements of the adopted resolution of formation and this Management Plan.

SECTION 015

THE TOTAL ANNUAL AMOUNT PROPOSED TO BE EXPENDED FOR THE FIRST FIVE (5) YEARS OF OPERATION OF THE ATID

In an effort to plan conservatively, the following table assumes that there will not be any growth of new hotels or assessed facilities within the ATID boundaries of the Anaheim Resort Area or the Platinum Triangle within the next five (5) years. It also assumes that the room rates and occupancy rates will grow at a rate of only three percent (3%) per year. Any adjustments in revenue from the addition or subtraction of rooms and/or fluctuations in room and occupancy rates will be reported to the Contracting Entity (defined below) and the Transportation Committee (defined below), which in turn will recommend any budgetary changes to the City Manager and City Council annually. A sample annual budget for the Marketing Component Funds (defined below) is attached hereto as Exhibit A.

The following figures are net of the City's administrative costs of up to a maximum of one percent (1%) of ATID revenues. The twenty-five percent (25%) and seventy-five percent (75%) allocation may be reallocated at a later date pursuant to the reallocation provisions in Section 016 hereof.

YEAR (FY)	CATEGORY	PERCENTAGE OF THE ATID BUDGET	TOTAL AMOUNT AVAILABLE FOR ATID EXPENDITURE
2010-11 (Partial Year*)	Formation Costs of the City	n/a	\$350,000.00
	Marketing Component Funds	75% of remaining amount	\$4,360,811.00
	Transportation Component Funds	25% of remaining amount	\$1,453,604.00
	<i>Total</i>	<i>100%</i>	<i>\$6,164,415.00</i>
2011-12	Marketing Component Funds	75%	\$7,140,024.00
	Transportation Component Funds	25%	\$2,380,008.00
	<i>Total</i>	<i>100%</i>	<i>\$9,520,032.00</i>
2012-13	Marketing Component Funds	75%	\$7,354,225.00
	Transportation Component Funds	25%	\$2,451,408.00
	<i>Total</i>	<i>100%</i>	<i>\$9,805,633.00</i>
2013-14	Marketing Component Funds	75%	\$7,574,851.00
	Transportation Component Funds	25%	\$2,524,950.00

YEAR (FY)	CATEGORY	PERCENTAGE OF THE ATID BUDGET	TOTAL AMOUNT AVAILABLE FOR ATID EXPENDITURE
	<i>Total</i>	<i>100%</i>	<i>\$10,099,801.00</i>
2014-15	Marketing Component Funds	75%	\$7,802,097.00
	Transportation Component Funds	25%	\$2,600,699.00
	<i>Total</i>	<i>100%</i>	<i>\$10,402,796.00</i>
Total for 1 st 5 Years of ATID	Marketing Component Fund	75%	\$34,232,008.00
	Transportation Component Funds	25%	\$11,410,669.00
	<i>Total</i>	<i>100%</i>	<i>\$45,642,677.00¹</i>

*It is currently estimated that ATID Assessments will be collected for eight (8) months of the 2010-11 fiscal year. Therefore, the ATID expenditure for the 2010-11 fiscal year is estimated based on eight (8) months of collections.

¹ Total does not include 2010-11 (Partial Year) City Formation Costs of \$350,000.

SECTION 016
THE PROPOSED SOURCE OR SOURCES OF FINANCING INCLUDING THE
PROPOSED METHOD AND BASIS OF LEVYING THE ASSESSMENT IN
SUFFICIENT DETAIL

Assessment Formula.

Each Assessed Facility shall pay an assessment in the amount equal to two percent (2%) of the hotel room "rent" (as defined in Anaheim Municipal Code Section 2.12.005.080) charged by the operator of such Assessed Facility (the "ATID Assessment").

Allocation.

The City shall recover its actual costs of administering the ATID, from the ATID Assessment revenues collected monthly before any funds are distributed for other purposes; provided, however, the City's administrative costs on an annual basis shall not exceed one percent (1%) of the amount of the ATID Assessments collected in such fiscal year. Of the remaining net ATID Assessment revenues following the City's recovery of its costs, seventy-five percent (75%) shall be dedicated to marketing, promotion and related matters as outlined in Section 014 hereof (the "Marketing Component Funds") and twenty-five percent (25%) shall be dedicated to transit and transportation improvements and related matters as outlined in Section 014 hereof ("Transportation Component Funds"). The twenty-five percent (25%) and seventy-five percent (75%) allocation may be adjusted to thirty percent (30%) and seventy percent (70%), respectively, at a later date pursuant to the reallocation provision below. The specific uses of the Transportation Component Funds and the priority of such uses shall be governed by a Transportation Committee (defined in Section 021 below).

All ATID Assessment Funds collected, and any earnings thereon, are irrevocably dedicated to the purposes described in this Management Plan. Any amount of either the Marketing Component Funds or the Transportation Component Funds that is not spent in any one (1) fiscal year shall remain dedicated to such purposes.

The City shall enter into a contract with an entity ("Contracting Entity") that will be responsible for handling the day-to-day management of the Marketing Component Funds, under which the City's sole and limited financial obligation shall be to distribute funds from the ATID Assessments pursuant to the terms of this Management Plan and its contract with the Contracting Entity. Details regarding the management of all these funds, decision-making regarding priorities and other related matters are provided in Section 021 of this Management Plan.

Reallocation of Percentages between the Marketing Component and the Transportation Component:

The initial amount of the ATID Assessments dedicated annually to the Transportation Component Fund shall be twenty-five percent (25%) of the collected ATID Assessments (net of the City's administration costs). Notwithstanding anything herein to the contrary, if and when at least 800 new rooms within current or future Assessed Facilities are completed and occupied and further provided that the 800-plus additional rooms are owned and/or managed by the largest single payer of ATID Assessments by brand at the time of the formation of the ATID, the allocation to the Transportation Component Funds shall, effective at the start of the next fiscal year of the City, be automatically increased from twenty-five percent (25%) to thirty percent (30%) of the collected ATID Assessments and the allocation to the Marketing Component Funds shall automatically be decreased from seventy-five percent (75%) to seventy percent (70%) (net of the City's administration costs). If and when such reallocation occurs, all percentages and figures in this Management Agreement based on the twenty-five percent (25%) and seventy-five percent (75%) allocation shall be automatically adjusted to reflect the thirty percent (30%) and seventy percent (70%) allocation.

Annual Report.

The Contracting Entity, which is responsible for managing the day-to-day affairs with respect to the Marketing Component Funds, and the Transportation Committee, which is responsible for overseeing the Transportation Component Funds, shall each file an annual report with the City in accordance with Section 2.14.150 of the TID Enabling Ordinance. If, and to the extent that the City elects to issue bonds pursuant to Section 2.14.140 of the TID Enabling Ordinance for the purpose of financing authorized transit improvements, the sole source of payment of debt services and other costs of such bonds shall be from the Transportation Component Funds and no portion of the Marketing Component Funds shall be pledged to or otherwise be available to pay such costs for the term of the ATID.

SECTION 017 THE TIME AND MANNER OF COLLECTING ASSESSMENTS

The City Council found and determined that the public convenience and necessity required the establishment of the ATID and that all Assessed Facilities within the ATID shall be specifically benefitted from the expenditure of the funds raised by the ATID Assessments to be levied. Any future Assessed Facilities opened within the boundaries of the ATID shall be automatically included in the ATID Assessment collection system as they will be specifically benefitted by the expenditure of funds raised by the ATID Assessments levied.

Assessment.

All Assessed Facilities shall pay an assessment in the amount equal to two percent (2%) of the hotel room "rent" (as defined in Anaheim Municipal Code Section 2.12.005.080) charged by the operator of such facility. The Assessed Facility shall be solely responsible for payment of such assessment.

Collection by City.

Each Assessed Facility shall, on or before the close of City business on the last City business day of each month, file a return with the City-designated collector on forms provided by such collector stating the total rents charged during the immediately preceding calendar month. The full amount of the ATID Assessments shall be remitted to the City collector along with the return.

Penalty for Non-Payment.

Any Assessed Facility that fails to remit any ATID Assessments within the time required shall: (i) pay interest equal to one and one-half percent (1.5%) per month on the outstanding amount due from the first (1st) day immediately following the due date until the date of payment; (ii) pay a penalty of ten percent (10%) for each month, or portion thereof, said payment is overdue, from the first (1st) day immediately following the due date provided, that the amount of such penalty shall not exceed fifty percent (50%) of such delinquent ATID Assessment; and (iii) pay any collection costs incurred by the City. Any and all interest and penalties collected shall be deposited into the same accounts that hold ATID Assessment revenues and shall be used solely for the same authorized purposes of such revenues.

SECTION 018

THE SPECIFIC NUMBER OF YEARS IN WHICH THE ASSESSMENT WILL BE LEVIED

Concurrently with the establishment of the ATID, the City Council is being asked to approve a resolution authorizing bonds to be paid from the City General Funds for improvements to or expansion of the Convention Center (including the Plaza). In light of this proposed commitment by the City, the assessment period for the ATID is for a minimum of thirty (30) years commencing October 31, 2010.

However, if within the first three (3) years of the ATID, no bonds have been issued pursuant to Section 2.14.140 of the Enabling Ordinance and no debt or other long-term contract has been issued by or entered into by the City for improvements or expansion of the Convention Center (including the Plaza), then the disestablishment provisions set forth in Section 2.14.170 of the Enabling Ordinance shall become operative. If, as a result, the ATID is disestablished, the City shall work with the owners and operators of the Assessed Facilities to create an alternative plan and funding mechanism for convention and tourism promotion.

2.14.170 DISESTABLISHMENT.

.010 Any district established or extended pursuant to the provisions of this chapter, where there is no indebtedness, outstanding and unpaid or outstanding contract, 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:

.011 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.

.012 During the operation of the district, there shall be a 30-day period each year in which assessees may request disestablishment of the district. The first such period shall begin five (5) years after the date of establishment of the district or such other time as set forth in the management plan and shall continue for thirty (30) days. The next such 30-day period shall begin six (6) years after the date of the establishment of the district or such other time as set forth in the management plan. Each successive year of operation of the district shall have such a 30-day period. Upon the written petition of the owners of businesses in the ATID who pay 50 percent (50%) 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.

.020 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 each affected ATID business subject to assessment in the district, as appropriate. The City shall conduct the public hearing not less than thirty (30) days after mailing the notice to the property or business owners. The public hearing shall be held not more than sixty (60) days after the adoption of the resolution of intention.

.030 Upon the disestablishment 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 pro rata to the owners of ATID 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.

.040 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 immediately prior fiscal year shall be used to calculate the amount of any refund.

.050 Notwithstanding the above, if there is indebtedness or outstanding contracts, the assessment may not be terminated for such indebtedness or contract but may be permanently or temporarily terminated or otherwise reduced with respect to all other improvements and activities if the above steps are taken upon the written petition of the owners of businesses in the ATID who paid 50 percent (50%) or more of the assessments in the preceding fiscal year.

SECTION 019

THE PROPOSED TIME FOR IMPLEMENTATION AND COMPLETION OF THE ANAHEIM TOURISM IMPROVEMENT DISTRICT

ACTION TAKEN BY THE CITY COUNCIL	EXPLANATION	DATE/STATUS
Adoption of TID Enabling Ordinance by the City Council	This is the local legislation that allows for the creation of the new ATID	July 20, 2010, Adopted unanimously by the City Council
Resolution of Intent to Establish the ATID	Signifies the City's intention to hold a public hearing to consider establishment of the new ATID	July 27, 2010, Adopted unanimously by the City Council
Finalization of the ATID Management Plan	Week of August 30, 2010	Pending
Circulation of petitions of by ATID Members informing the City Council of their support of the ATID	Though not required, the VCB will circulate petitions among ATID hotel owners and operators to demonstrate support of the ATID at the September 14, 2010 public hearing	Pending, petitions should begin circulation around August 30, 2010
Public Meeting/City Council Chambers	Input sought by City Council for the proposed ATID	August 31, 2010
Public Hearing, Resolution of Formation/City Chambers	Public Hearing to hear all positions of support and opposition to the proposed levying of the assessment on affected businesses to fund the special benefits proposed in the ATID	September 14, 2010. ATID is formed if the City Council adopts the Resolution of Formation by majority vote
First bills sent out by the City to inform ATID assessed facilities of their obligation to pay the 2% ATID assessments for each occupied room rent	Notices informing all Assessed Facilities that ATID fees will be required to be collected, or paid commencing November 1, 2010	Notices sent out mid October
First ATID payments made to the City	Covering November ATID assessments	Early December
First transfer of ATID funds from the City to the Contracting Entity	Collections by the City, placed in a segregated account. 75% of the collections sent to the Contracting Entity	Late December
ATID funds allocated on behalf of all ATID Assessed Facilities	Managed by the Contracting Entity and Transportation Committee	January 2011

SECTION 020

A LIST OF THE KNOWN BUSINESSES TO BE ASSESSED (AS OF SEPTEMBER 2010)

Abby's Anaheimer Inn	1201 W Katella Ave
Alamo Inn and Suite	1140 W Katella Ave
Alpine Motel	715 W Katella Ave
America's Best Inns and Suites	414 W Ball Rd
America's Best Inns and Suites	425 W Katella Ave
Anabella Hotel	1030 W Katella Ave
Anaheim Camelot Inn and Suites	1520 S Harbor Blvd
Anaheim Carriage Inn	2125 S Harbor Blvd
Anaheim Courtyard by Marriott	2045 S. Harbor Boulevard
Anaheim Del Sol	1604 S Harbor Blvd
Anaheim Desert Inn and Suites-Disneyland	1600 S Harbor Blvd
Anaheim Desert Palms Hotel and Suites	631 W Katella Ave
Anaheim Inn	1630 S Harbor Blvd
Anaheim Luxury Suites	620 W Orangewood Ave
Anaheim Marriott	700 W Convention Way
Anaheim Plaza Hotel and Suites	1700 S Harbor Blvd
Anaheim Rodeway Inn Maingate	1211 S West Place
Arena Inn & Suites	130 W Katella Ave
Best Western Courtesy Inn	1070 W Ball Rd
Best Western Park Place Inn and Mini Suites	1544 S Harbor Blvd
Best Western Raffles Inn & Suites	2040 S Harbor Blvd
Best Western Stovall's Inn	1110 W Katella Ave
Best Western-Pavillions	1176 W Katella Ave
Budget Inn	1042 W Ball Rd
Candy Cane Inn	1747 S Harbor Blvd
Carousel Inn and Suites	1530 S Harbor Blvd
Castle Inn	1734 S Harbor Blvd
Clarion Hotel Anaheim Resort	616 W Convention Way
Comfort Inn Maingate	2171 S Harbor Blvd
Comfort Suites-Anaheim	300 E Katella Way
Cortona Inn and Suites	2029 S Harbor Blvd
Days Inn & Suites Anaheim at Disneyland	1111 S Harbor Blvd
Days Inn Anaheim West	1030 W Ball Rd
Doubletree Guest Suites Anaheim Resort/Con Ctr	2085 S Harbor Blvd
Econo Lodge-The Park	1126 W Katella Ave
Eden Roc Inn & Suites	1830 S West St
Extended Stay America Anaheim Convention Center	1742 S Clementine St
Fairfield Inn Anaheim Disneyland Resort	1460 S Harbor Blvd
Greenwood Suites	1733 S Anaheim Blvd
Hacienda Inn & Suites	2176 S Harbor Blvd
Hilton Anaheim	777 W Convention Way

Holiday Inn Anaheim Resort	1915 S Manchester Ave
Holiday Inn Express-Maingate	435 W Katella Ave
Holiday Inn Hotel and Suites	1240 S Walnut St
Hotel Menage	1221 S Harbor Blvd
Howard Johnson Plaza Hotel	1380 S Harbor Blvd
Islander Inn and Suites	424 W Katella Ave
Jolly Roger Inn	640 W Katella Ave
La Quinta Inn & Suites	1752 S Clementine St
Little Boy Blue Motel	416 W Katella Ave
Motel 6	100 W Disney Way
Park Vue Inn	1570 S Harbor Blvd
Peacock Suites Hotel	1745 S Anaheim Blvd
Portofino Inn and Suites	1831 S Harbor Blvd
Quality Inn & Suites Anaheim	1166 W Katella Ave
Quality Inn and Suites Anaheim Resort	1441 S Manchester Ave
Quality Inn Maingate	2200 S Harbor Blvd
Ramada at the Anaheim Convention Center	2141 S Harbor Blvd
Ramada Inn	515 W Katella Ave
Ramada Inn Maingate	1650 S Harbor Blvd
Ramada Limited Anaheim	921 S Harbor Blvd
Red Lion Hotel Anaheim Maingate	1850 S Harbor Blvd
Residence Inn Anaheim Maingate	1700 S Clementine St
Riviera Motel	410 W Katella Ave
Rodeway Inn & Suites	2145 S Harbor Blvd
Sheraton Anaheim Hotel	900 S Disneyland Dr
Sheraton Park Hotel at the Anaheim Resort	1855 S Harbor Blvd
Staybridge Suites	1855 S. Manchester Ave.
Super 8 Motel Anaheim Near Disneyland	415 W Katella Ave
Super 8-ANAHEIM Park	915 S Disneyland Dr
Travelodge-Anaheim	1057 W Ball Rd
Travelodge-International Inn	2060 S Harbor Blvd
Tropicana Inn and Suites	1540 S Harbor Blvd
Zaby's Motor Lodge	444 W Katella Ave
Disneyland Hotel	1150 W Magic Way
Disney's Grand California Hotel and Spa	1600 S Disneyland Dr
Disney's Paradise Pier Hotel	1717 S Disneyland Dr
Ayres Hotel	2550 E Katella Ave
Towne Place Suites by Marriott	1730 S State College Blvd

SECTION 021

THE STRUCTURE GOVERNING IMPLEMENTATION OF THE MANAGEMENT PLAN AND THE ALLOCATION OF ATID REVENUES INCLUDING THE MARKETING COMPONENT FUNDS AND THE TRANSPORTATION COMPONENT FUNDS

The structure governing the implementation of the ATID and the use and management of the Marketing Component Funds and the Transportation Component Funds and related activities is set forth below.

1. MARKETING COMPONENT

Section 2.14.150 of the TID Enabling Ordinance sets forth the requirements of the "Advisory Board" as well as the "Contracting Entity" as follows:

The City Council "may designate an Advisory Board that shall make recommendations to the City Council regarding the expenditures of revenues derived from the levy of the assessments pursuant to this chapter, the classification of businesses, as applicable, and the method and basis of levying the assessments." "The City shall enter into a contract with an organization ("Contracting Entity") to provide for day-to-day management of any activities, services and advertising (not improvements) authorized to be funded with the assessments."

The City intends that the uses of the Marketing Component Funds shall reflect the needs of the Assessed Facilities. Therefore, one of the criteria the City shall use in selecting the Contracting Entity is that it is, or will be, structured in a manner that provides adequate representation of the needs of the Assessed Facilities. Alternatively, while the City does not, at the time of the adoption of this Management Plan, intend to appoint an Advisory Board with respect to the Marketing Component Funds, it may elect to do so in the future in order to provide such representation and oversight by the Assessed Facilities. Subject to execution of a mutually agreeable contract with the City and continuing for the term of the contract, the Anaheim/Orange County Visitor & Convention Bureau ("VCB") shall serve in the capacity of the Contracting Entity. The Contracting Entity will have the authority to administer the Marketing Component Funds on a day-to-day basis consistent with the Enabling Ordinance, the Resolution of Intention, the Management Plan, and its contract with the City. The Contracting Entity shall have full authority to present, review, and approve an annual Marketing Component Funds budget. The Marketing Component Funds budget will be presented at least one (1) time per year, to all owners and operators of Assessed Facilities in an open public forum. At such public forum, the Contracting Entity shall solicit feedback on existing ATID marketing programs and solicit new concepts to maximize the beneficial impact to Assessed Facilities. The Contracting Entity shall take all the information gathered from the forum and present their findings in the form of an annual report each City fiscal year for which assessments are to be levied and collected to pay the costs of the improvements and activities described in the report. The report may propose changes, including, but not limited to, the boundaries of the ATID, the basis

and method of levying the assessments, any changes in the classifications of property, changes in the Management Plan, and the activities and improvements to be funded by Marketing Component Funds. The annual report shall follow the guidelines and requirements for the Annual Report as articulated in Section 2.14.150.030 of the Enabling Ordinance. This will be implemented under the corporate authority of the Contracting Entity as articulated in Section 022 of this Management Plan.

The City's financial obligations under the contract with the Contracting Entity shall be solely limited to distributing ATID Assessments, and other Funds as may be specified in the contract, per the terms of the contract and this Management Plan and under no circumstances shall the City have any financial liability to the Contracting Entity from its own funds, except such Funds specified in the contract.

2. TRANSPORTATION COMPONENT

The Transportation Committee shall oversee the use of the Transportation Component Funds and have full authority to present, review, and approve an annual Transportation Component Funds budget. The Transportation Committee shall advise and recommend the use of such funds to the City Manager of Anaheim consistent with such budget. The City Manager shall administer the Transportation Component Funds on a day-to-day basis consistent with the Enabling Ordinance, the Resolution of Intent and the Management Plan, as overseen by the Transportation Committee. The three (3) member Transportation Committee shall be annually appointed as follows:

- a. One (1) representative appointed by the Anaheim City Manager;
- b. One (1) representative appointed from the largest single contributor in the aggregate by brand to the ATID;² and
- c. One (1) representative recommended by the VCB Board, who shall also be an owner or operator of an Assessed Facility and a member of the board of directors of the Anaheim Transportation Network, and approved by the other two representatives on the committee.

The Transportation Committee shall take all the information gathered from its regular meetings and present their findings in the form of a report each City fiscal year for which assessments are to be levied and collected to pay the costs of the improvements and activities described in the report. The report may propose changes, including, but not limited to, the allocation of transportation-related projects, capital improvements related to transportation-related projects, activities and programs that promote transportation to the rail station to the Assessed Facilities, master plan related expenditures, and the activities and improvements to be funded by the Transportation Component Funds. The annual report shall follow the guidelines and

² In the first (1st) year following the establishment of the ATID, the determination of the largest single contributor shall be based on projected ATID assessment payments. In each subsequent year, the determination shall be based on actual ATID assessment payments in the preceding year.

requirements for the Annual Report as articulated in Section 2.14.150.030 of the Enabling Ordinance.

SECTION 022
ALL REQUIRED COST RECOVERY INFORMATION SPECIFIED IN SECTION
2.14.130.010

Funds allocated for the investigation, formation and implementation of the ATID from the City may be reimbursed from the first (1st) year proceeds of the assessments generated by the ATID above and beyond, and in addition to, the one percent (1%) limitation set forth above. The Enabling Ordinance allows the following:

2.14.130 COST RECOVERY.

.010 The city council may authorize a district formed pursuant to this ordinance to recover through the assessments, the cost incurred in formation of the district, including:

.011 The cost of preparation of the management plan.

.012 The cost of printing, advertising and the giving of published, posted, or mailed notices.

.013 Compensation of any attorneys or other consultants employed to render services related to the formation of any district including proceedings under this ordinance.

.014 Any other costs associated with the formation of the district.

The costs of the City for investigation, formation and implementation of the ATID in 2010 are estimated not to exceed: three hundred and fifty thousand dollars (\$350,000).

Ongoing Administrative Cost Recovery by the City of Anaheim:

The annual reimbursed costs of the City for administering, collecting, sending penalty notices and auditing all Assessed Facilities shall not exceed one percent (1%) of the gross amount collected annually by the City for the ATID. The actual cost recovery costs, not to exceed the one percent (1%) cap, shall be deducted from the total amount collected prior to any distributions of the Marketing Component Funds or the Transportation Component Funds.

EXHIBIT A

SAMPLE BUDGET FOR THE MARKETING COMPONENT FUNDS

Statement of Expense Summary - Marketing

Statement of Expense Summary - Convention Sales

Budget Highlights Marketing

Budget Highlights- Convention Sales

Brand Advertising	350,000	Solicitation, Travel, Promotions	900,000
Interactive Agency & Media Buys		Travel & Entertainment	
Cooperative Promotions	175,000	Client Events	700,000
Industry Sponsorships, Attendee Marketing, Account Campaigns		Client events, site tours, sales blitzes, Meeting Industry Council	
Research	150,000	Salaries and Related Costs	2,200,000
Attendee Satisfaction Survey & Web site Conversion Study			
Collateral (Sales Tools)	125,000	Convention Sales Directors	XX
Videos, Virtual Tours, & Presentations		Market responsibilities to include	
Exhibiting	65,000	In Market Sales Director-Northern California	X
Booth Rental, Graphics & Design		Markets include corporate and association based in the western region	
Web Development - Technology	125,000	In Market Sales Director-Washington DC	
Interactive mapping, Social Media, Content Management System, Mobile Applications, License Fees & Third Party Integrations		Market responsibilities to include corporate and association based in the mid-Atlantic region.	
Promotion & Travel	75,000	Convention Sales Coordinators	XX
Year Out Travel, Staffing, Attendee Marketing Sales Calls		Develop and prospect new business, ACC and self contained all markets	
Salaries & Related Costs	317,000	Convention Services Manager	X
Web Content Specialist	X		
Marketing Research Analyst	X		
Marketing Coordinator			
Revenue Management	250,000	Restricted Reserves to host Industry Conventions PCMA, MPI, ASAE	100,000

Statement of Expense Summary - Marketing

Statement of Expense Summary - Convention Sales

Budget Highlights Marketing

Budget Highlights- Convention Sales

Public Relations Campaign	250,000		
Social Media Campaign	150,000	Subsidy to offset costs for groups	1,000,000
Total Marketing Expense	\$2,032,000	Total Convention Sales Expense	\$4,900,000
Sub-total Convention Sales & Marketing			\$6,932,000
Transportation Component-- 25% Anaheim only			\$2,310,000
Total Proposed Budget			\$9,242,000