



## **City Council Request for Information Summary Travel Santa Ana – TMD Renewal & Term Extension Request**

### **Overview**

Travel Santa Ana, the City's designated destination marketing organization (DMO), is seeking City Council support to renew the Santa Ana Tourism Marketing District (TMD) and extend its term from five years to ten. Having completed its initial five-year term, the district is now in a strong position to build on its progress and expand Santa Ana's presence in the tourism and hospitality market.

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### **What's Been Accomplished So Far**

Over the past five years, Travel Santa Ana has:

- Helped boost hotel occupancy and brought more visibility to Santa Ana as a destination.
  - Operated strategically despite having the smallest budget among the nine Orange County DMOs—roughly \$500,000 less than Travel Costa Mesa.
  - Built strong relationships with local hotel partners, and with hotel operators making up the majority of the Travel Santa Ana Board.
  - Established a Marketing Advisory Group with the objective of creating synergy among Santa Ana marketers, including The Frida Cinema, Bowers Museum, Santa Ana Zoo, John Wayne Airport, Discovery Cube, MainPlace Mall, and Mater Dei High School.
  - Supported Santa Ana restaurants by partnering with the Orange County Restaurant Association to allow complimentary participation in the annual OC Restaurant Week.
  - Developed marketing campaigns to promote Santa Ana's arts and culture, public art, small businesses, and events.
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## **Why Extend to 10 Years?**

### **1. More Time to Execute Long-Term Plans**

The 1994 Law only allows for TMDs initially to be formed for a maximum of five years, and upon renewal they can have up to a ten-year term.

A 10-year term gives Travel Santa Ana the runway to plan and execute marketing campaigns and improvements that require time to produce measurable results.

### **2. Confidence from a Solid Track Record**

With five successful years under its belt, Travel Santa Ana has earned the trust of its hotel partners and is ready for the next phase of growth.

### **3. Less Time Spent on Renewals**

Going to Council or gathering petitions every few years takes time and resources. A 10-year term keeps things efficient and focused on results.

The TMD hoteliers are in support of a 10-year term which would allow Travel Santa Ana to focus on sales and marketing efforts and revenue to be directed towards those efforts.

### **4. We're in Good Company**

About 90% of all TMD renewals in California opt for a 10-year term. In Southern California alone, 21 cities—including Los Angeles, Torrance, Ontario, Pasadena, Huntington Beach, Lancaster, Murrieta, Burbank, and Santa Barbara—have a 10-year term.

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## **Assessment Rate and Oversight**

- **Current rate: 2%**
- **Every 2 years, the TSA Board may increase the rate by 0.5% up to a maximum of 4%.**
- **If increased, the rate may later be decreased, but not below 2%.**
- **The maximum increase or decrease allowed in any 2-year period is 0.5%.**

A proposed increase would be used to address a specific issue, such as recovering from a downturn in tourism, or expanding marketing efforts into new or underserved markets and adapting strategies to enhance destination competitiveness.

The ability to potentially increase the assessment would allow the Santa Ana hoteliers flexibility with the funding source to further boost tourism and the local economy.

The five Santa Ana hoteliers who serve on the Travel Santa Ana Board of Directors would make a recommendation to increase the assessment based on variables like the impact to occupancy, and the potential overall economic impact.

Travel Santa Ana also reports to TMD hoteliers monthly, keeping lines of communication open and ensuring performance is transparent.

The TMD hoteliers are in support of the increase ladder.

Approximately 43% of California Tourism Marketing Districts have an increase ladder.

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### **Other TMDs with Built-In Rate Flexibility**

<b>City/County</b>	<b>Initial Rate</b>	<b>Max Rate</b>
Burbank	1%	3%
Los Angeles	2%	3%
Santa Barbara South Coast	2%	3%
West Hollywood	3%	4%
Pasadena	3.89%	4.89%
Lancaster	3%	5%
Rancho Cordova	4.5%	12%

These examples show that flexible rate structures are common, allowing districts to adapt over time.

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Travel Santa Ana is not just renewing a program—it's positioning Santa Ana for sustained growth in the tourism economy. The proposed 10-year term reflects what's working in other cities and gives the organization the tools and time it needs to drive results for local hotels, small businesses, and the broader economy.

The renewal of the Santa Ana Tourism Marketing District — including the proposed 10-year term and the assessment increase ladder — is supported by the 17 hoteliers who fund the district.