



**City of Santa Ana**  
**20 Civic Center Plaza, Santa Ana, CA 92701**  
**Staff Report**  
**June 3, 2025**

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**TOPIC:** Public Meeting Regarding Renewing the Santa Ana Tourism Marketing District (SATMD)

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**AGENDA TITLE**

Public Meeting Regarding Renewing the Santa Ana Tourism Marketing District (SATMD)

Legal notice published in the OC Reporter on May 16, 2025.

**RECOMMENDED ACTION**

Hear public testimony regarding the proposed renewal of the SATMD, pursuant to the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq. No Council Action required.

**GOVERNMENT CODE §84308 APPLIES:** No

**DISCUSSION**

On November 17, 2020, the City Council of the City of Santa Ana (Council) adopted a resolution to establish the SATMD for a five year term. Travel Santa Ana (TSA) and Santa Ana lodging businesses now wish to renew the SATMD for an additional ten (10) year term. Extending the SATMD term to 10 years allows TSA more time to implement long-term marketing strategies and infrastructure improvements that will require sustained efforts in order to yield measurable results. With a strong five-year track record, SATMD has built trust among hotel partners and is well-positioned for continued growth. The 10-year term reduces the administrative burden of renewals for shorter terms and allows more focus on sales and marketing. The proposal for a 10-year term is backed by TMD hoteliers and aligns with the industry norm, as about 90% of TMD renewals in California—including those in major Southern California cities—opt for a 10-year term. Further details are included in Exhibit 2.

The SATMD is a participant-driven benefit assessment district proposed to create a revenue source to help fund marketing and sales promotion efforts for Santa Ana lodging businesses. The City's role in the SATMD is limited to acting as a fiscal agent. It facilitates the collection and distribution of funds, but does not influence how those funds are used. All decisions regarding spending priorities and marketing activities are made by the Travel Santa Ana Board of Directors. Additionally, the City does not contribute or allocate any public funding to support SATMD, which is entirely self-

imposed and funded by the participating hotels themselves. This approach has been used successfully in other destination areas throughout the state to improve tourism and drive additional room nights to assessed lodging businesses. The established SATMD includes all lodging businesses with seventy (70) rooms or more located within the boundaries of the City, which is 17 of those lodging businesses in SATMD.

The City has received signed petitions from 12 of the 17 lodging businesses which represent 74% of the total Hotel Visitor Tax assessment indicating that they wish to initiate proceedings to renew the Santa Ana Tourism Marketing District for an additional 10-year term. The Property and Business Improvement District Law of 1994 requires more than 50% of assessed hotels to sign a petition in support to renew the Tourism Marketing District.

Lodging business owners decided to pursue renewal of the SATMD in order to continue with a dedicated revenue source devoted to marketing Santa Ana as a tourist, meeting, and event destination. These funds have been managed by the TSA Board of Directors, a non-profit tourism and marketing destination organization that was created.

#### **FIVE-YEAR TSA ACCOMPLISHMENTS**

Established with the formation of the SATMD in 2020, TSA has positioned itself as the city's official destination marketing organization, effectively shaping a distinct brand identity and enhancing Santa Ana's visibility as a dynamic visitor destination. Through strategic leadership, data-driven decision-making, and targeted marketing initiatives, TSA has strengthened tourism's economic impact while fostering robust community engagement.

To establish a cohesive and authentic brand identity, TSA implemented an innovative branding strategy, replacing a traditional logo with signature designs created in collaboration with five local artists. This community-driven approach reflects Santa Ana's cultural and artistic vibrancy. The organization also developed two comprehensive three-year strategic plans, outlining a framework for sustained destination marketing efforts. A critical component of this strategy was the launch of [www.travelsantaana.com](http://www.travelsantaana.com), serving as the primary digital platform for promoting Santa Ana's attractions, businesses, and events.

TSA has also focused on enhancing visitor engagement through curated content and outreach initiatives. The publication of an annual Visitors Guide and a Public Art Guide, highlighting over 200 murals citywide, has provided valuable resources for tourists and residents alike. The "Santa Ana Enthusiast" ambassador program further strengthened community involvement by engaging local stakeholders in promoting the city's unique experiences.

Strategic sales and marketing efforts have targeted key market segments, driving tourism-related economic activity. A comprehensive digital marketing strategy, incorporating official social media channels and a professionally produced destination video, has amplified Santa Ana's presence across multiple platforms. Notable collaborations, such as partnerships with the Orange County Restaurant Association for

OC Restaurant Week and the "Proud Santanero" campaign series, have spotlighted local businesses and cultural assets.

Recognizing the importance of data in decision-making, TSA commissioned the city's first tourism economic impact study, providing critical insights into visitor trends and spending patterns. International outreach has been a key priority, with initiatives such as a culinary passport program showcasing Santa Ana's diverse dining scene and a pioneering cannabis tourism program designed to attract niche travel markets. These efforts have positioned Santa Ana as a compelling destination for both domestic and international visitors, particularly from Mexico and Canada.

Further expanding its global reach, TSA has developed an international marketing plan and secured a partnership with acclaimed travel journalist Peter Greenberg for a segment on Santa Ana's "Hidden Gems", set to air on PBS and Apple TV. These initiatives collectively contribute to Santa Ana's long-term tourism growth, reinforcing the city's status as a premier destination within the region.

It was reported that in January 2025, the hotel occupancy for the SATMD was up 11.9% from January 2024. In addition, the Average Daily Rate for hotels were up 1.6% which resulted in a 13.7% increase in hotel revenue.

### **TOURISM MARKETING DISTRICT BACKGROUND**

Tourism Marketing Districts (TMDs) utilize the efficiencies of private sector operation in the market-based promotion of tourism. These special assessment districts allow lodging business owners to organize their efforts to increase tourism. Lodging business owners within the TMD fund the TMD, and those funds are used to provide services that are desired by and benefit the lodging businesses within the TMD.

TMD benefits:

- Funds cannot be diverted for other City government programs
- They are customized to fit the needs of each destination
- They allow for a wide range of services, including: destination marketing, tourism promotion, and sales lead generation
- They are designed, created, and governed by those who will pay the assessment
- They provide a stable funding source for tourism promotion

In California, TMDs are primarily formed pursuant to the Property and Business Improvement District Law of 1994 (94 Law). This law allows for the creation of a special benefit assessment districts to raise funds within a specific geographic area. The key difference between TMDs and other special benefit assessment districts is that funds raised are returned to the private non-profit corporation governing the TMD.

### **MANAGEMENT DISTRICT PLAN**

The Management District Plan (Exhibit 1) includes the proposed boundary of the SATMD, a service plan and budget, and a proposed means of governance. The SATMD will include all lodging businesses with seventy (70) rooms or more, existing and in the future, available for public occupancy within the boundaries of the City.

The renewed SATMD will have a ten (10) year life, beginning January 1, 2026, or as soon as possible thereafter, and ending ten (10) years from its start date. After ten (10) years, the SATMD may be renewed pursuant to the 94 Law if assessed business owners support continuing the SATMD programs. The annual assessment rate is two percent (2%) of gross short-term sleeping room rental revenue. Every two (2) years during the operation of the SATMD, the assessment rate may be increased by the TSA Board to a maximum rate of four percent (4%) of gross short-term sleeping room rental revenue. If the assessment rate is increased, it may subsequently be decreased but shall not be decreased below a minimum of two percent (2%) of gross short-term sleeping room rental revenue. The maximum increase or decrease in any two-year period shall be one-half of one percent (0.5%). Once per year beginning on the anniversary of SATMD establishment, there is a thirty (30) day period in which business owners paying fifty percent (50%) or more of the assessment may protest and begin proceedings to terminate the SATMD. Any increase must address specific needs, such as tourism recovery or expanding marketing efforts, and can later be reduced, though not below 2%. This flexible funding structure allows Santa Ana hoteliers to respond strategically to changing market conditions. Decisions on rate changes are guided by the Travel Santa Ana Board, considering factors like occupancy and economic impact. Regular monthly reporting ensures transparency, and the TMD hoteliers support the structured increase approach, which aligns with practices in about 43% of California Tourism Marketing Districts.

#### **Transient Occupancy Tax Rate in Comparison (highest to lowest)**

<b>City</b>	<b>TOT</b>	<b>Additional Assessments</b>	<b>Total Assessment</b>
Anaheim	15%	2%	17%
Garden Grove	14.5%	2.5%	17%
Long Beach	12%	3%	15%
Buena Park	12%	2%	14%
Laguna Beach	12%	2%	14%
Huntington Beach	10%	4%	14%
Newport Beach	10%	3%	13%
Santa Ana	11%	2%	13%
Costa Mesa	8%	3%	11%

The City of Santa Ana has been and will continue to be responsible for collecting the assessment on a monthly basis (including any delinquencies, overdue charges, and interest) from each assessed lodging business located in the boundaries of the SATMD. The City then disburses the assessment amounts, minus the two percent (2%)

administrative fee, to TSA. Since inception of the first SATMD, the City has collected \$114,114 in administration fees. This 2% fee supports the administrative costs incurred by the Finance and Community Development staff in administering the program.

At the April 15 City Council meeting, the Council requested additional information regarding the proposed 10-year term and the potential for assessment increases. This information is provided by Travel Santa Ana in Exhibit 2.

### **SATMD RENEWAL SCHEDULE**

April 15, 2025

#### **RESOLUTION OF INTENTION HEARING (COMPLETED)**

Upon the submission of a written petition, signed by the business owners in the established district who will pay more than fifty percent (50%) of the assessments proposed to be levied, the Council may initiate proceedings to establish a district by the adoption of a resolution expressing its intention to renew a district.

*Petition Status:* Petitions in favor of SATMD renewal were submitted by 12 lodging businesses, which represent 74% of the total SATMD assessment. This majority petition allowed the Council to initiate proceedings for SATMD renewal at the April 15, 2025 meeting.

April 16, 2025

#### **NOTICE (COMPLETED)**

The 94 Law requires the City to mail written notice to the owners of all businesses proposed to be within the SATMD. Mailing the notice begins a mandatory forty-five (45) day period in which owners may protest SATMD renewal.

June 3, 2025

#### **PUBLIC MEETING**

Allow public testimony on the renewal of the SATMD and levy of assessments. No Council action required.

July 1, 2025

#### **FINAL PUBLIC HEARING**

If written protests are received from the owners of businesses in the established SATMD which will pay fifty percent (50%) or more of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than fifty percent (50%), no further proceedings to levy the proposed assessment against such businesses shall be taken for a period of one (1) year from the date of the finding of a majority protest by the Council.

At the conclusion of the public hearing to renew the SATMD, the Council may adopt, revise, change, reduce, or modify the proposed assessment or the type or types of improvements and

activities to be funded with the revenues from the assessments. Proposed assessments may only be revised by reducing any or all of them.

If the Council, following the public hearing, decides to renew the SATMD, the Council shall adopt a resolution of formation.

**FISCAL IMPACT**

The City will receive a fee of two percent (2%) of the amount collected to cover its costs of administration. Funds are received from Community Development Agency (CDA) account 09601001-24054 and deposited in Finance Management Services Agency (FMSA) account 01110002-57000.

**EXHIBIT(S)**

1. SATMD Management District Plan
2. City Council Request for Information Summary

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Approved By: Alvaro Nuñez, City Manager