



# NEWPORT BEACH

## City Council Staff Report

July 23, 2024  
Agenda Item No. 22

**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

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**TITLE:** Visit Newport Beach, Inc. FY 2025 Destination Business Plan and  
Budget, and FY 2024 Performance Standards Report

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### **ABSTRACT:**

Visit Newport Beach, Inc. (VNB), a business unit of Newport Beach & Company, provides destination marketing services to the City of Newport Beach under an agreement for Tourism Promotion, Branding and Marketing Services. Under the terms of the agreement, VNB is required to submit certain records to the City Council for its review and/or approval. Newport Beach & Company has submitted the Fiscal Year (FY) 2025 Destination Business Plan and VNB's FY 2024 Performance Standards Report for the City Council's review, and VNB's FY 2025 Budget for the Council's review and approval.

### **RECOMMENDATIONS:**

- a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly;
- b) Review, receive and file the FY 2025 Newport Beach & Company Destination Business Plan;
- c) Review, receive and file the Visit Newport Beach, Inc. Leisure Marketing (TOT) FY 2024 Performance Standards Report; and
- d) Review and approve the Visit Newport Beach, Inc. Leisure Marketing (TOT) FY 2025 Budget.

### **DISCUSSION:**

VNB, a nonprofit organization (under IRS code §501(c)(6)), is the destination marketing organization for Newport Beach. Under an agreement with the City, VNB provides marketing services to the City and community using transient occupancy tax revenues.

The agreement was entered into on September 27, 2011. It was amended in January 2014 to extend the term to December 31, 2024, switch from an annual to biennial budget, update contract information and add public benefit funding. The City Council approved a second amendment to the agreement in August 2014 to change the reporting timeline for the Performance Standards, Marketing Goals and Marketing Plan from annual to biennial to correspond with the biennial reporting timeline.

The VNB Board of Directors met on May 23, 2024, to approve the Destination Business Plan and Budget (Attachments A and B) for FY 2025. The FY 2025 Destination Business Plan, Budget and FY 2024 Performance Standards Report (Attachment C) were received by the City earlier in July, along with Newport Beach & Company's FY 2025 and FY 2026 budgets.

The Newport Beach & Company budgets were provided for informational purposes, showing how the \$2,648,090 expenditure from VNB to Newport Beach & Company is utilized.

Given the agreement is only through December 31, 2024, and the City has yet to negotiate a new agreement, staff is requesting Council to only review, receive and file the FY 2025 components of the Newport Beach & Company Destination Business Plan and only review and approve the FY 2025 portion of the Visit Newport Beach, Inc. Leisure Marketing (TOT) Budget.

**FISCAL IMPACT:**

Under its Agreement with the City, VNB receives 18% of all Transient Occupancy Tax collected by the City to fund destination marketing services and activities. VNB projects it will receive approximately \$6,841,939 in TOT funding in FY 2025 (Attachment B). The FY 2024-25 estimate is approximately 4.67% lower than the City's estimate of \$7,161,777 as included in the FY 2024-25 General Fund budget.

**ENVIRONMENTAL REVIEW:**

Staff recommends the City Council find this action is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

**NOTICING:**

The agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

**ATTACHMENTS:**

- Attachment A – FY 2025 Newport Beach & Co. Destination Business Plan
- Attachment B – Visit Newport Beach, Inc. Leisure Marketing (TOT) FY 2025 Budget
- Attachment C – Visit Newport Beach, Inc. FY 2024 Performance Standards Report
- Attachment D – Newport Beach & Company Budget