



CITY OF

NEWPORT BEACH

City Council Staff Report

June 24, 2025
Agenda Item No. 22

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

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TITLE: Visit Newport Beach, Inc. FY 2026 Destination Business Plan
Budget, Leisure Marketing (TOT) FY 2026 Budget, and Performance
Standards Report

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, approval, denial or modification.

VNB has submitted its Fiscal Year 2026 Destination Business Plan, Performance Standards Report, and Leisure Marketing (TOT) FY 2026 Budget for the City 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) Waive the requirement in the agreement for a Biennial Performance Standards Report, Biennial Marketing Plan and Biennial Budget and accept the Fiscal Year 2026 report, plan and budget as submitted;
- c) Review and approve and/or modify the FY 2026 Newport Beach & Company Destination Business Plan and Performance Standards Report; and
- d) Review and approve the Visit Newport, Inc. Leisure Marketing (TOT) FY 2026 Budget.

DISCUSSION:

VNB, a nonprofit organization under IRS Code § 501(c)(6), serves as the destination marketing organization for the City of Newport Beach. Under the new agreement with the City, which became effective January 1, 2025, VNB agreed to restructure its organization by consolidating Visit Newport Beach, Inc. and Newport Beach & Company into one company and changing the composition of its voting Board of Directors to a seven-member committee that includes two City representatives — the city manager and the finance director. The changes were completed by June 30, 2025, meeting the timeline specified in the agreement.

Given the significant organizational and governance changes VNB is undergoing, staff recommends that the Council waive the requirement that calls for VNB to submit biennial reports and a biennial budget during this transitional period and review the one-year plans as provided. VNB submitted its Fiscal Year 2026 Destination Business Plan (a supplement to the Fiscal Year 2025 report approved by the Council on July 23, 2024), Performance Standards Report, and Leisure Marketing (TOT) FY 2026 Budget for the City Council's review and approval.

The VNB Board of Directors approved the FY 2026 Destination Business Plan and Budget (Attachments A and B) on May 29, 2025.

FISCAL IMPACT:

Under the new agreement, VNB will receive 23% of the City's annual commercial TOT revenue. For FY 2026, VNB estimates this amount to be approximately \$7.3 million, based on projected TOT receipts from commercial hotel operators.

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 – Visit Newport Beach, Inc. FY 2026 Destination Business Plan
Attachment B – Visit Newport Beach, Inc. Leisure Marketing (TOT) FY 2026 Budget
Attachment C – Visit Newport beach, Inc. Performance Standards Report