



**CITY OF**

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# **NEWPORT BEACH**

## **City Council Staff Report**

July 28, 2020  
Agenda Item No. 11

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

**FROM:** Grace K. Leung, City Manager - 949-644-3001,  
gleung@newportbeachca.gov

**PREPARED BY:** Melanie Franceschini, Administrative Analyst  
mfranceschini@newportbeachca.gov

**PHONE:** 949-644-3028

**TITLE:** Visit Newport Beach, Inc. FY 2021 & FY 2022 Destination Business Plan and Budgets, and FY 2020 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 (City) 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) 2021 & FY 2022 Destination Business Plan and Budget for the Council's review and VNB's FY 2020 Performance Standards Report for the Council's review and approval.

**RECOMMENDATION:**

- 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 2021 & FY 2022 Newport Beach & Company Destination Business Plan;
- c) Receive and file the Visit Newport Beach FY 2020 Performance Standards Report; and
- d) Review and approve the Visit Newport Beach, Inc. Leisure Marketing (TOT) FY 2021 and FY 2022 Budget.

**FUNDING REQUIREMENTS:**

The current adopted budget includes sufficient funding for these services. 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 \$1,374,884 in TOT funding in FY 2020-21 and approximately \$2,199,814 in TOT funding in FY 2021-22 (Attachment B). Their FY 2020-21 estimate is conservative and lower than the City's estimate of \$1,717,294 included in its FY 2020-21 General Fund budget.

## **DISCUSSION:**

### **Visit Newport Beach, Inc. (VNB)**

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 first amended in January 2014 to extend the term to December 31, 2024, switch from an annual to biennial budget, update contact 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 (Attachment C), Marketing Goals and Marketing Plan (Attachment A) from annual to biennial to correspond with the biennial reporting timeline.

The VNB Board of Directors met on May 21, 2020 to approve the Destination Business Plan and Budgets for FY 2021 and FY 2022. They are attached for the Council's review as is VNB's 2020 Performance Standards Report.

## **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 – FYs 2021 & 2022 Newport Beach & Company Destination Business Plan  
Attachment B – VNB Leisure Marketing (TOT) FY 2021 & FY 2022 Budgets  
Attachment C – VNB FY 2020 Performance Standards Report