



# City of Oceanside

300 North Coast Highway,  
Oceanside, California 92054

## Staff Report

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**File #:** 25-773

**Agenda Date:** 6/4/2025

**Agenda #:** 15.

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**DATE:** June 4, 2025

**TO:** Honorable Mayor and City Councilmembers

**FROM:** City Manager's Office

**TITLE: AGREEMENT WITH VISIT OCEANSIDE TO MANAGE THE OCEANSIDE TOURISM MARKETING DISTRICT**

### **RECOMMENDATION**

Staff recommends that the City Council approve a ten-year Professional Services Agreement with Visit Oceanside to manage the Oceanside Tourism Marketing District (OTMD) until July 30, 2034, in alignment with the most recent OTMD renewal.

### **BACKGROUND AND ANALYSIS**

On February 28, 2024, the City Council adopted an ordinance to renew the OTMD beginning on April 1, 2025, and ending nine years and three months from its start date.

The OTMD is a benefit assessment district that funds marketing and sales promotion activities for Oceanside lodging and vacation rental businesses. This approach has been used successfully in other destination areas throughout the State to improve tourism and drive additional room nights to assessed businesses. The OTMD includes all lodging businesses and vacation rental businesses available for public occupancy located within the City.

Visit Oceanside (VO) has served as the OTMD's "Owner's Association" since the district was established in 2010. VO is the sales and marketing engine for Oceanside's tourism industry. Its program of work is designed to provide incremental business by stimulating demand for travel to Oceanside. Its goal is to manage and implement the Oceanside brand as a preferred visitor destination for group and leisure business.

Historically, the agreement between VO and the City of Oceanside had been established through City Council approval of the OTMD and its accompanying Management District Plan. The attached Professional Services Agreement (PSA) further formalizes the partnership in accordance with Streets and Highways Code §36623.

As detailed in the PSA, VO will:

- Provide the programs and activities that benefit businesses within the OTMD in accordance with the Management District Plan.

- Submit annual reports to the City.
- Award and administer all contracts necessary for providing the activities.
- Comply with all federal, state and local laws.
- Comply with Brown Act and Public Records policies.

As detailed in the PSA, the City of Oceanside will:

- Administer annual OTMD proceedings, including preparation of City Council reports and notices to business owners.
- Collect the OTMD assessment in accordance with the Management District Plan and forward VO the collected funds less an administrative fee described below.

Visit Oceanside's revenue projection for the renewed OTMD raises approximately \$3,600,000 annually. The lodging business owners that are subject to the City's Transient Occupancy Tax (TOT), currently set at 10 percent, pay an additional assessment rate of 2.5 percent of gross short-term sleeping room rental revenue and short-term vacation rental businesses pay an assessment rate of 1.5 percent of gross short-term sleeping room rental revenue at the same time and in the same manner as the TOT is paid. The City receives a fee of 1.6 percent of the amount collected to cover its costs of administration.

The OTMD annual assessment projection excludes revenue from domestic or international government employees on government business, stays of longer than 30 days, and stays by owners of vacation rental businesses in their own vacation rental.

Because the OTMD programs are intended to increase visitation to the City, there may be an increase in transient occupancy tax and sales tax collections.

### **FISCAL IMPACT**

This agreement formalizes the role of Visit Oceanside as the manager of the OTMD. Fiscal impact of the renewed district is described in the background section of this report; however, there is no additional fiscal impact from the agreement.

### **CITY ATTORNEY'S ANALYSIS**

The City Attorney's Office has reviewed the agreement and approved it as to form.

Prepared by: Michelle Geller, Economic Development Manager  
Reviewed by: Michael Gossman, Assistant City Manager  
Submitted by: Jonathan Borrego, City Manager

ATTACHMENTS:

1. Staff Report
2. VO PSA
3. OTMD Management District Plan