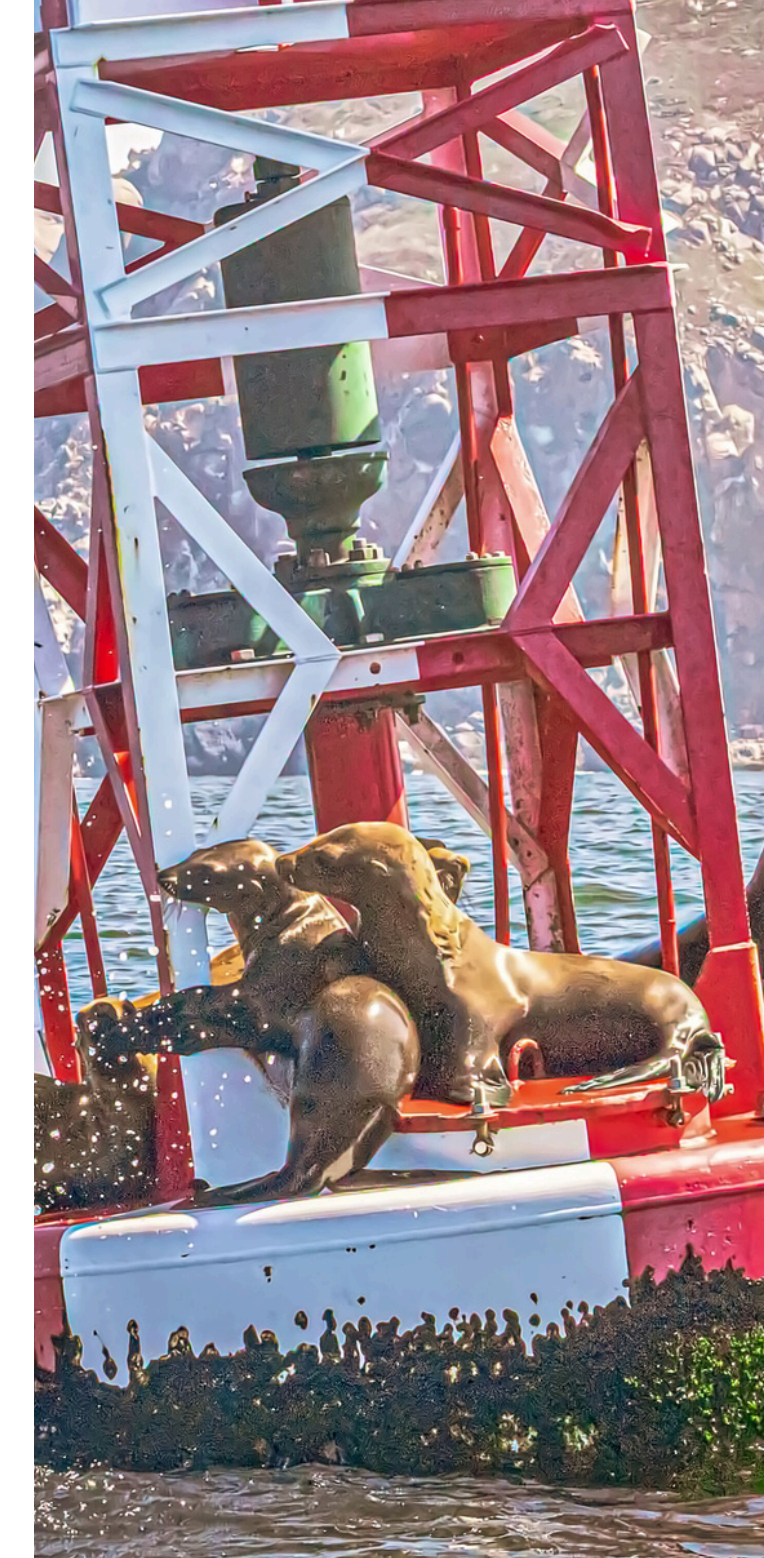


visit
Morro Bay

ANNUAL REPORT 2025-26

**MORRO BAY TOURISM
BUSINESS IMPROVEMENT DISTRICT**





A WORD FROM THE DIRECTOR

On behalf of Visit Morro Bay, I'm pleased to present our 2025-26 Annual Report.

This past year's work reflects our continued commitment to positioning Morro Bay as a premier coastal tourism destination.

Stepping into the Executive Director role in May 2026, I'm grateful for our Board of Directors' thoughtful leadership and the foundation built by my predecessor.

We promise to keep the positive momentum going through strategic, right-size tourism strategies. A truly thriving local economy honors the values of the community and fuels the municipal services, amenities, and infrastructure that both residents and visitors enjoy.

To our incredible Morro Bay tourism community and network of community partners: thank you for your dedication and support.

KRISTA RUPP

EXECUTIVE DIRECTOR/CEO

ANNUAL REPORT

This report serves as the Annual Report from Visit Morro Bay (VMB), the designated Owner's Association of the Morro Bay Tourism Business Improvement District (MBTBID), to the Morro Bay City Council. The reporting period is Fiscal Year 2025-26, or July 1, 2025 through June 30, 2026.

DISTRICT BACKGROUND

The MBTBID was initially formed in 2009 pursuant to the Parking and Business Improvement Area Law of 1989. In 2021, the original MBTBID was disestablished and a new MBTBID was formed under the Property and Business Improvement District Law of 1994. This initial term was for five (5) years beginning July 1, 2021 and ending June 30, 2026. As of March 2026, the MBTBID was renewed for an additional ten (10) year term. The current MBTBID term began July 1, 2026 and will end June 30, 2036.



TBIDs utilize the efficiencies of private sector operation in the market-based promotion of tourism districts. Business owners within the TBID pay an assessment and those funds are used to provide specific benefit to the payees through services, activities, and improvements that increase commerce within the district. Efforts are organized and overseen by the owners within the district, AKA the Owners Association.



**MBTBID
MEMBERS**

**44
HOTELS**

**107
SHORT TERM
RENTALS**

ASSESSMENT BOUNDARY & METHOD

The MBTBID assessment rate is 3% of gross short-term room rental revenue at hotels, inns, and vacation rental homes located within the city of Morro Bay jurisdiction.

Campgrounds and RV parks are excluded from the MBTBID.

Assessments are not collected on stays of more than thirty (30) consecutive days or under specific international exemptions.

The City of Morro Bay is responsible for collecting the assessment on a monthly basis (including any delinquencies and penalties) from each lodging business located within the MBTBID boundaries.

The City of Morro Bay retains a 3% administrative fee from the MBTBID assessment funds.

No changes to the boundaries are currently proposed.





VISIT MORRO BAY

The designated Owners' Association of the MBTBID is Visit Morro Bay, a 501c6 nonprofit organization governed by a Board of Directors within the district boundaries. Per the Streets and Highways Code, Property and Business Improvement District Law of 1994, an owners' association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose.

The VMB Board of Directors is made up of four (4) hotel representatives, one (1) assessed vacation rental business, one (1) tourism business owner, and one (1) designated City of Morro Bay representative.

BOARD OF DIRECTORS

Chair: **Amish Patel**, Avalon Inn

Vice Chair: **Chris Kostecka**, Anderson Inn

Treasurer: **Mark Roemer**, Hampton Inn

Secretary: **Rovert Elzer**, Beach N Bay Getaways

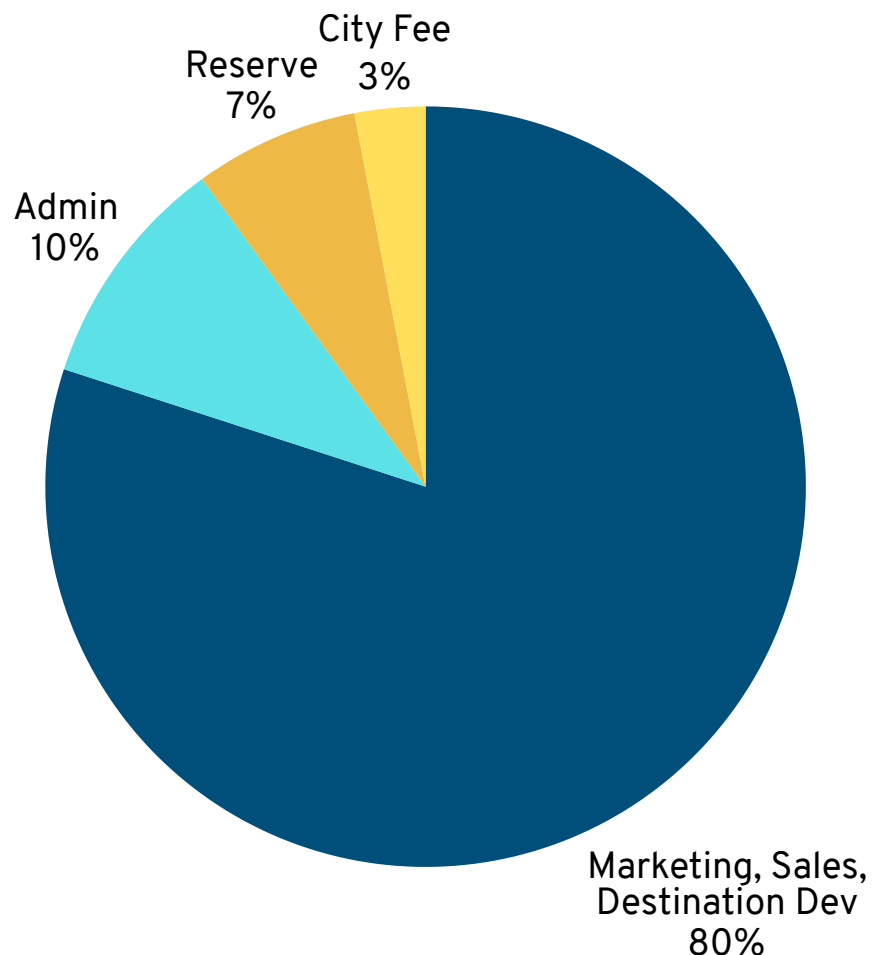
Director: **Morgan Howard**, 456 Embarcadero Inn

Director: **Dane Jacobs**, Lost Isle Adventures

Director: **John Craig**, City of Morro Bay

SERVICE PLAN

Visit Morro Bay operates in accordance with the **MBTBID District Management Plan** to implement Activities & Improvements on behalf of the assessed members within the district.



FINANCIALS

INCOME & CONTRIBUTIONS

VMB's assessment income within the reporting period was \$1,276,578. There is a 45-day processing period before VMB receives monthly fund deposits. Funds *received within* the reporting period do not reflect collection totals for the reporting period.

A net of \$156 interest was earned within the period. No other financial contributions were made to Visit Morro Bay within the reporting period.

COST OF ACTIVITIES

VMB's operating expenses totaled \$1,400,810 for the reporting period.

ESTIMATED AMOUNT OF SURPLUS OR DEFICIT REVENUES

The District intentionally utilized \$124,231 from accumulated reserve/prior year rollover funds to support off-season advertising campaigns. This resulted in spending exceeding the period's assessment revenue while maintaining an operating reserve accrued over prior years.

TAXES PREPARED WITHOUT AUDIT

VMB's 2025 Federal and State Returns of Organization Exempt from Income Tax were filed and accepted. No audit conducted.



REVENUE**MBTBID Income** **\$1,276,578****EXPENDITURES****Marketing Communications** **\$946,952**

Advertising & Promotions, Marketing Services, Media Purchases, Digital & Other Promotions, Website & Digital Infrastructure, Hosting, Licenses, Visitor Guide

Partnership & Destination Development **\$157,802**

Events Sponsorships, Strategic Partnerships, District Services, Member Org Dues

Sales & Business Development **\$118,833**

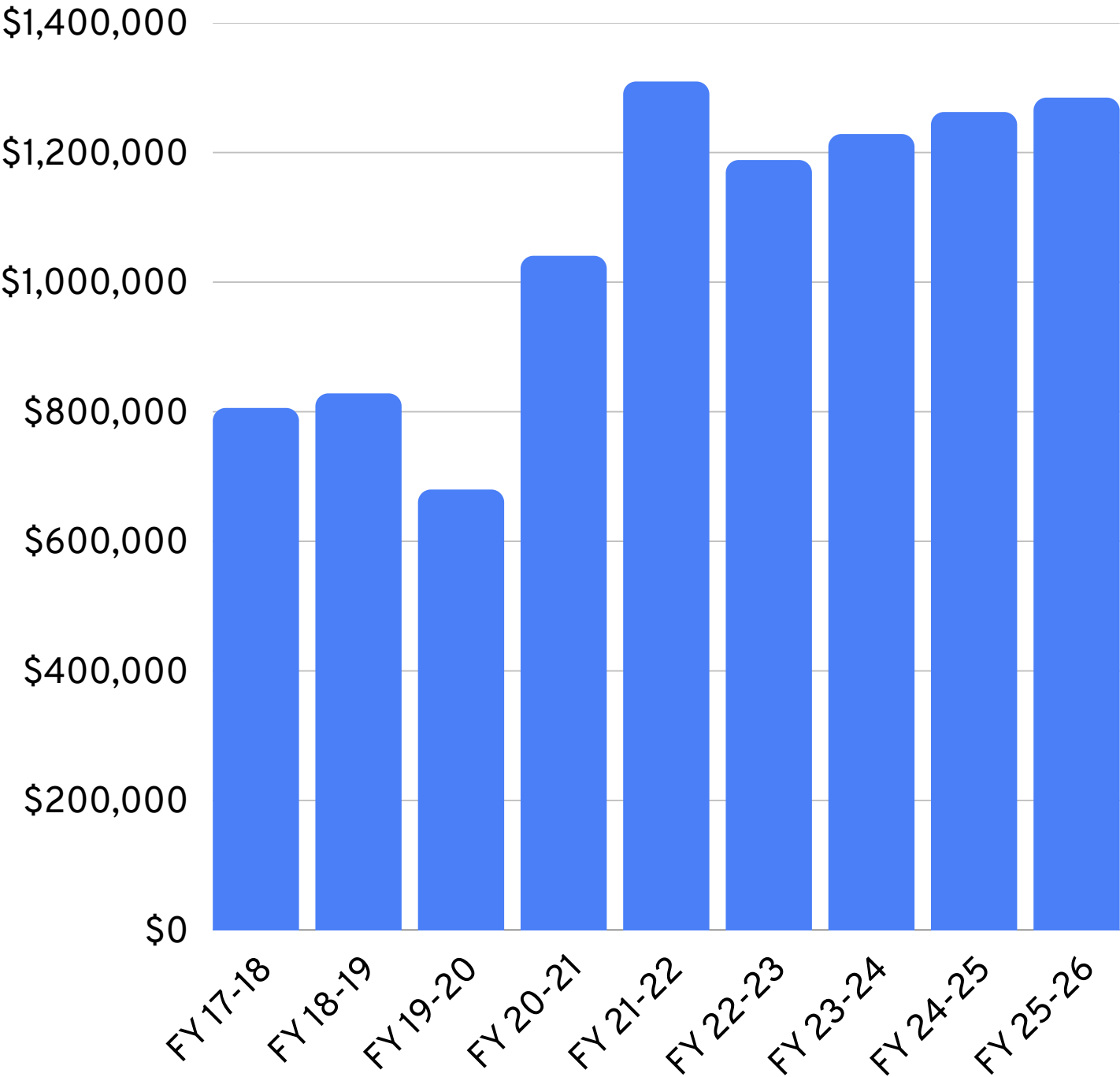
Travel Trade and Media Representation, Tour Hosting, Trade Shows

Administrative & Operations **\$177,223**

Personnel & Staffing, Insurance, Office & Overhead, Professional and Tech Services

TOTAL EXPENDITURES **\$1,400,810****Net Operating Revenue** **-\$124,232****Other Revenue (Interest Income)** **\$156****Net Revenue** **-\$124,075**

MORRO BAY TBID INCOME HISTORY



FY 2025-26

ACTIVITIES & IMPROVEMENTS

The MBTBID is designed to provide specific benefits directly to the assessed lodging businesses by increasing awareness and demand for room night sales. Sales, Marketing, Communications and Destination Development programs are developed to increase demand for overnight tourism and market/promote the MBTBID payors as tourist, meeting, and event destinations, thereby increasing demand for room night sales.

- Funds must be spent on services and improvements that provide a specific benefit only to those who pay.
 - Funds cannot be diverted to general government programs.
 - They are customized to fit the needs of payors in each destination.
 - They allow for a wide range of services.
- They are designed, created and governed by those who will pay the assessment.
- They provide a stable, long-term funding source for tourism promotion.



MARKETING COMMUNICATIONS

VMB implements an always-on comprehensive suite of tourism marketing communication channels including a consumer facing website, business listings, email marketing, original blog content, an event calendar, social media, digital advertising campaigns, event sponsorship marketing, printed traveler brochures, and public relations.

DESTINATION DEVELOPMENT

VMB strategically researches and engages in varying levels of support of projects that increase demand for tourism visitation such as events, activities, wayfinding, beautification, arts & cultural features, infrastructure, and facilities. Partnerships and projects that provide notable awareness, alignment, and enhancement of the profile of Morro Bay as a travel destination are prioritized.

SALES & BUSINESS DEVELOPMENT

VMB engages in both consumer and B2B business development efforts to drive strategic, group market tourism and international visitation. Efforts include travel trade representation, travel agent and tour operator promotions, destination pitching, trade show attendance, FAM tours, and targeted RFP generation for group sales.

ADMINISTRATIVE & INDUSTRY RELATIONS

VMB is a 501c6 nonprofit organization, with three (3) full time positions ensuring operational requirements and the MBTBID District Management Plan are met. Staff also provide visitor services, stakeholder communications, local organization engagement, collaborations with regional destination marketing organizations like Visit California and Visit SLO CAL, and managing regular data, metrics, and reporting.

OPERATIONS & ADMINISTRATIVE

ORGANIZATIONAL MANAGEMENT

- Bi-Monthly Board Meeting Management
- Organizational Operations, Accounting & Communications
- MBTBID Renewal 2026-36 & Ongoing District Plan Adherence
- Strategic Planning

LOCAL SERVICE, REPORTING & INSIGHTS

- Visitor Inquiry & Tourism Information Response
- Community Business Intelligence Reports
- Lodging Performance Reports
- Countywide TOT Reports
- Bi-Weekly Stakeholder Newsletter
- Bi-Annual Economic Impact Study
- Bi-Monthly Marketing Activity Reports



MARKETING, BRANDING & ADVERTISING

BRAND & CONTENT MARKETING

- Brand Identity & Assets: Brand Platform & Audience Targeting Redevelopment, Brand Design Refresh, Photo/Video Content Creation, Digital Asset Management.
- Always-On Digital Channels: Website CRM/CMS Platform and Listing Management, Ongoing Blog & Event Calendar Content, Bi-Monthly Consumer Email Newsletter, Social Media Content Creation & Management: Instagram, Facebook, TikTok, Threads, Pinterest, .

PAID MEDIA & COOPERATIVE ADVERTISING

- Digital Media & Campaigns: Ongoing Meta, Google & DOOH Campaigns, Burst Ad Flights, Expedia, Hotelbeds, Sojern Campaigns.
- Print & Regional Out-of-Home: Highway 1 Billboard, Morro Bay Brochure Production & Distribution, SLO CAL Visitor Guide, Cal Poly Mustang Media, and Central Coast Tourism Council Visitor Map Placements.



COMMUNICATIONS, SALES & BUSINESS DEVELOPMENT

PR, EARNED MEDIA & INDUSTRY RELATIONS

- Media Relations & PR: Quarterly Press Releases, Monthly Pitching to News Outlets & Publications, Journalist & Influencer FAM Tour Hosting, and Visit SLO CAL SF Media Mission.
- Industry & Regional Alignment: Visit SLO CAL Summit, Visit California Outlook Forum, CCTC Pitching & Planning Retreat.

TRAVEL TRADE & BUSINESS DEVELOPMENT

- International Trade Sales: Tour Operator/Travel Agent FAM Tours, International Representation in UK & Germany, IPW Trade Show, Sales Missions & Travel Agent Trainings.
- Trade Communication: Quarterly Trade Email Newsletters & Social.
- Strategic Group Markets: Identify Niche Group Sales Markets & Strategy, and Develop Collateral & Lead Generation Funnel.
- Lead Distribution: Refine RFP Collection Forms, Lead Distribution, & Booking Tracking Processes.



DESTINATION DEVELOPMENT

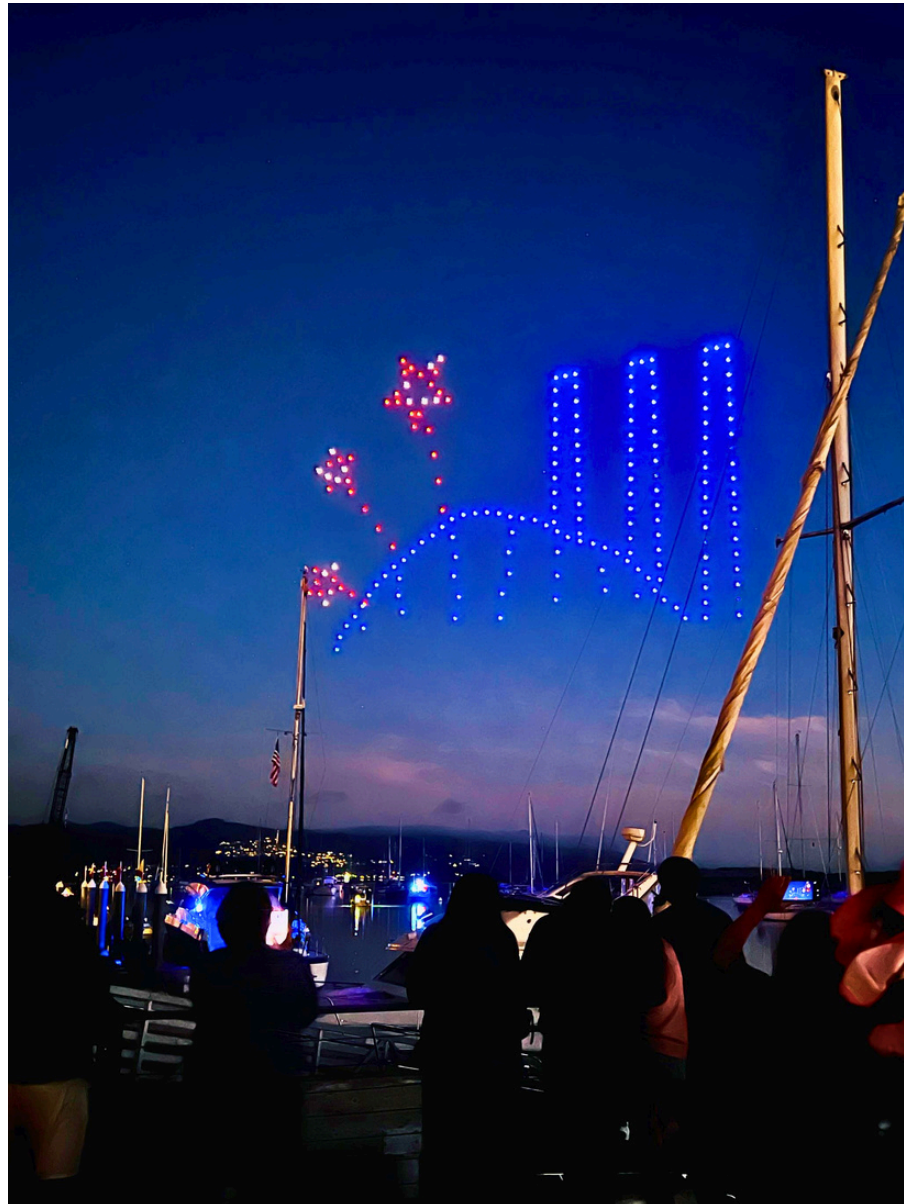
PLACEMAKING & LOCAL ENGAGEMENT

- Morro Bay In Bloom Partnership
- Holiday Decorations & Entertainment Contribution
- City-Wide Yard Sale Production & Promotion
- Chamber of Commerce Membership & Collaboration
- Chamber Business Advocacy Committee Participation
- City Collaboration on Large Event Messaging

SIGNATURE EVENT SPONSORSHIP PROGRAM

Provided sponsorship
funding to:

4th Of July Drone Show
Tunes At Tideland
Avocado & Margarita Fest
Morro Bay Triathlon
Shop, Sip & Strolls
Lighted Boat Parade
SLO CAL Open
MB Bird Festival
City Wide Yard Sale
MB Kite Festival
Cruisin' MB Car Show





MORRO BAY LODGING PERFORMANCE

JULY 2025 - JUNE 2026

64% OCC

+2% YOY

\$151 ADR

+1% YOY

\$97 REVPAR

+3% YOY

The opening of HWY 1, warm weather in March, and successful spring festivals were potential contributing factors to YOY lodging performance improvement.

Aggregated average hotel performance metrics. OCC - Occupancy; ADR - Average Daily Rate; REVPAR - Revenue Per Available Room

LOOKING AHEAD: FY 2026-27 STRATEGY

Visit Morro Bay will continue a similar program of work with no changes to the Annual Service Plan or allocations, with strategic focus on:

EVERGREEN OWNED, EARNED & PAID MARKETING

- Increase Year-Round Lodging Demand
- Increase Average Length of Stay & Sun-Thu stays

TARGETED CAMPAIGN FLIGHTS & CO-OPS

- Extend Stays Beyond Peak Event Weekends
- Increase Sep-Apr Occupancy

STRATEGIC GROUP MARKETING

- Increase Group Leads & Bookings Year-Round
- Extend Stays Pre and Post Private Event

DESTINATION DEVELOPMENT PARTNERSHIP

- Convert First Time to Repeat Visitors
- Increase Passive Awareness & Demand





Visit Morro Bay is the city's official destination marketing organization, leading efforts to create awareness and demand for Morro Bay as a travel destination since 2009.

We elevate Morro Bay as a timeless coastal destination through world-class marketing and promotion, innovative strategies to strengthen our local economy, and a commitment to preservation and authenticity.

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