



Resolution No. 8215

Agenda Report

TO: City Council February 24, 2003

FROM: Pasadena Center Operating Company

SUBJECT: Levy of Assessment Against Hotel and Motel Businesses for Fiscal Year 2002-03 in connection with the Pasadena Tourism Business Improvement District

RECOMMENDATION

It is recommended that the City Council (i) conduct a Public Hearing on the levy of an assessment against Hotel and Motel Businesses for Fiscal Year 2002-03 in connection with the Pasadena Tourism Business Improvement District (the "District") and (ii) adopt a Resolution confirming the annual report with respect to the District as modified by the City Council on January 27, 2003 and levying the assessment for Fiscal Year 2002-03.

BACKGROUND

On December 2, 2002, the City Council approved a series of recommendations regarding the expansion of the Pasadena Conference Center. A key financial component of the expansion plan calls for the establishment of the Pasadena Tourism Business Improvement District pursuant to the Parking and Business Improvement Area Law of 1989. Under this Law, the City Council is required to hold a series of public meetings and hearings before the District is established and an assessment levied.

On January 6, 2003, at a public meeting, the City Council approved a Resolution that, in addition to declaring the City Council's intention to establish the District (i) confirmed a report of the Pasadena Center Operating Company, as advisory board to the District, with respect to the assessment for Fiscal Year 2002-03 (the "Report"), (ii) declared the City Council's intention to levy an assessment on Hotels and Motels within the District for Fiscal Year 2002-03, and (iii) set January 27, 2003 for a public hearing on the levy of the assessment.

On January 27, 2003, at a public hearing, based on testimony that hotel and motel businesses do not benefit from the authorized activities of the District where such businesses are owned by a non-profit entity and operated as an adjunct to a charitable or educational activity, the City Council modified the report to eliminate assessments against those entities. This modification made necessary tonight's public hearing.

At tonight's public hearing, in the absence of a majority protest against the levy of the assessment, the City Council will be asked to adopt the annual report as modified and adopt a resolution levying the assessment for Fiscal Year 2002-03.

DISCUSSION

As discussed with the City Council on December 2, 2002, the Pasadena Center Operating Company ("PCOC") Board has recommended the Conference Center Expansion Project at a projected cost of \$71 million. The project would be funded through the issuance of Certificates of Participation. It is intended that the debt service on the Certificates will be repaid from operating and transient occupancy tax revenues. In connection with this project, the PCOC Board has recommended the formation of the District. Assessments from the District would be used to pay for marketing and promotional efforts of the Convention and Visitors Bureau as discussed in the Annual Report, thus freeing up other revenues to be used to cover the debt service on the Certificates.

The PCOC Board has recommended an assessment of up to 2.89% on hotel/motel room revenue. For each year that the assessment is levied, the City Council will adopt a resolution of intention to levy an assessment. Then, at a subsequent meeting, the Council will hold a public hearing and, in the absence of a majority protest by owners of Hotel and Motel Businesses, may adopt a resolution levying the assessment.

At a special December 19, 2002 meeting, the PCOC Board, serving as the Advisory Board with regard to the District, approved the Annual Report. Similar reports will be prepared and submitted to the City Council each year. Please note that in the report the Advisory Board is recommending that the first year assessment rate be set at 2.39%. The first year rate will be in affect from March 5, 2003 through June 30, 2003 and is estimated to generate approximately \$578,000. In April of 2003, the PCOC Board will be back before the City Council requesting the levy of the Fiscal Year 2003-04 assessment.

The PCOC has discussed the establishment of the proposed District with hotel and motel operators within the City of Pasadena and has received broad based support. Hoteliers representing approximately 80% of the assessment have signed a letter of intent in support of the District and the expansion of the Pasadena Conference Center. There have been two letters received in protest of the establishment of the District; these properties represent approximately 3% of the assessment.

FISCAL IMPACT

If the City Council ultimately approves the levying of the assessment, revenues to be used for the promotion of tourism will increase by approximately \$578,000 for the balance of fiscal year 2002-03.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Roger Smith", written in a cursive style.

Roger Smith
Chief Executive Officer