

Agenda Report

TO: City Council January 6, 2003

FROM: Pasadena Center Operating Company

SUBJECT: APPROVAL OF A RESOLUTION CONFIRMING THE REPORT OF THE ADVISORY BOARD IN CONNECTION WITH THE ESTABLISHMENT OF THE PROPOSED PASADENA TOURISM BUSINESS IMPROVEMENT DISTRICT, DECLARING ITS INTENTION TO ESTABLISH SAID DISTRICT, DECLARING ITS INTENTION TO LEVY AN ASSESSMENT ON BUSINESSES WITHIN SAID DISTRICT FOR FISCAL YEAR 2003, AND SETTING A TIME AND PLACE FOR A PUBLIC HEARING ON THE ESTABLISHMENT OF THE DISTRICT AND THE LEVY OF THE ASSESSMENT

RECOMMENDATION

It is recommended that the City Council hold a public meeting and approve a Resolution confirming the Report of the Advisory Board in connection with the establishment of the proposed Pasadena Tourism Business Improvement District, declaring its intention to establish said District, declaring its intention to levy an assessment on businesses within said District for fiscal year 2003, and setting a time and place for a public hearing on the establishment of the District and the levy of the assessment.

BACKGROUND

On December 2, 2002, the City Council approved a series of recommendations and resolutions regarding the expansion of the Pasadena Conference Center. A key financial component of the expansion plan calls for the establishment of a Tourism Business Improvement District (TBID) 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 actual TBID is established and the rate set. Following tonight's action, the City Council will hold a public hearing and be asked to adopt an ordinance establishing the District on January 27, 2003 and will be asked to adopt a resolution levying the assessment for the current fiscal year on February 3, 2003.

DISCUSSION

As discussed with the City Council on December 2, 2002, the 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. The debt service on the Certificates would be repaid from operating and transient occupancy tax revenues. In order to ensure adequate net revenues, the PCOC Board is recommending the formation of the TBID. Proceeds from the TBID would be used to pay for marketing and promotional efforts of the Convention and Visitors Bureau, thus freeing up other revenues to be used to cover the debt service on the Certificates.

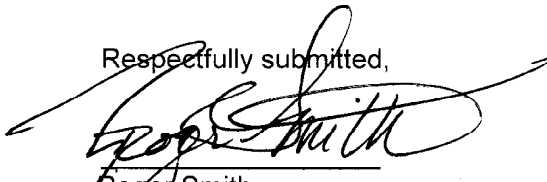
The PCOC Board recommends a TBID assessment of up to 2.89% on hotel/motel room revenue. Annually, the City Council will set the TBID rate by annually adopting a resolution of intention to levy an assessment and then at a subsequent meeting, will hold a public hearing and adopt a resolution levying the assessment.

At a special December 19, 2002 meeting, the PCOC Board, serving as the Advisory Board with regard to the TBID, approved the attached annual TBID 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 TBID 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 Board will be back before the City Council requesting the establishment of the fiscal year 2004 rate.

FISCAL IMPACT

There is no fiscal impact associated with tonight's specific action. If the City Council ultimately approves the formation of the TBID and the levying of the assessment, revenues will increase by approximately \$578,000 for the balance of fiscal year 2003.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Roger Smith", is written over a horizontal line.

Roger Smith
Chief Executive Officer