

# Agenda Report

**TO:** City Council June 14, 2004  
**FROM:** Pasadena Center Operating Company  
**SUBJECT:** Levy of Assessment Against Hotel and Motel Businesses for Fiscal Year 2004-05 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 2004-05 in connection with the Pasadena Tourism Business Improvement District (the "District") and (ii) at the conclusion of the Public Hearing in the absence of a majority protest, adopt a resolution confirming the Annual Report of the Advisory Board as originally filed and levying the assessment for Fiscal Year 2004-05 in connection with the District.

## **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.

The District was successfully established by the City Council in March of 2003 for the remainder of Fiscal Year 2002-03. In June 2003 the City Council renewed the District for Fiscal Year 2003-04 and the current levy of assessment is in place until June 30, 2004. In order to continue the assessment, there are a series of actions required on an annual basis.

On May 17, 2004, the City Council completed the first step which was to approve the Annual Report of the Advisory Board of the District, which is the PCOC, declare its intention to levy and collect assessments within the District for Fiscal Year 2004-05 and schedule a public hearing on the levy of assessment in the District for June 14, 2004.

Tonight, the City Council must conduct a public hearing on the levying of the assessment and confirm the Annual Report of the Advisory Board. At the conclusion of the public hearing, in the absence of a majority protest against the levy of the assessment, the City Council may enact the assessment.

## **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. 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 recommended that the City Council approve the formation of the District. Assessments from the District are being 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.

By ordinance, the City Council can levy an assessment of up to 2.89% on hotel/motel room revenue on an annual basis. For each year that the assessment is levied, the City Council must 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.

For Fiscal Year 2002-03, in the Annual Report, the PCOC Board, serving as the Advisory Board with regard to the District, recommended that the first year assessment rate be set at 2.39%. The first year rate was in affect from March 5, 2003 through June 30, 2003 and generated approximately \$478,539.

For Fiscal Year 2003-04, in the Annual Report, the PCOC Board, serving as the Advisory Board with regard to the District, recommended that the assessment rate be set at 2.39%. The rate is in affect from July 1, 2003 through June 30, 2004 and is estimated to generate approximately \$1,560,000

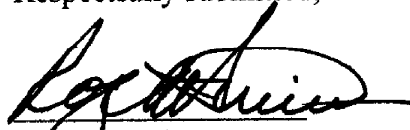
At the April 28, 2004 regular meeting, the PCOC Board, serving as the Advisory Board with regard to the District approved the annual report for Fiscal Year 2004-05. The report recommends a continuation of the 2.39% assessment for Fiscal Year 2004-05, which would be in effect from July 1, 2004 through June 30, 2005. The assessment is estimated to generate approximately \$1,600,000.

The PCOC has discussed the District with hotel and motel operators within the City of Pasadena and has received broad based support. Hoteliers representing approximately 80% of the assessment signed a letter of intent in support of the establishment of the District and the expansion of the Pasadena Conference Center.

**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 \$1,600,000 for Fiscal Year 2004-05.

Respectfully submitted,

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

Roger Smith  
Chief Executive Officer