

# Agenda Report

**TO:** City Council June 1, 2009

**FROM:** Pasadena Center Operating Company

**SUBJECT:** RESOLUTION APPROVING ANNUAL REPORT OF THE ADVISORY BOARD OF THE PASADENA TOURISM BUSINESS IMPROVEMENT DISTRICT ("DISTRICT"), DECLARING ITS INTENTION TO LEVY ASSESSMENTS AGAINST HOTEL AND MOTEL BUSINESSES WITHIN THE DISTRICT FOR FISCAL YEAR 2010 AND SETTING A PUBLIC HEARING ON THE LEVY OF THE ASSESSMENTS FOR JUNE 15, 2009 AT 7:30 P.M.

## **RECOMMENDATION:**

It is recommended that the City Council adopt a Resolution approving the annual report of the Advisory Board of the Pasadena Tourism Business Improvement District (the "District") for Fiscal Year 2010, declaring its intention to levy assessments against hotel and motel businesses within the District for Fiscal Year 2010 and setting a Public Hearing on the levy of the assessments on June 15, 2009 at 7:30 pm.

## **BACKGROUND:**

On July 18, 2006, the City Council approved the Conference Center Expansion Project and financing plan. The project has been funded through Certificates of Participation (COP's) issued by the City of Pasadena. The debt service on the COP's will be repaid from operating and transient occupancy tax revenues. In order to maximize available revenues, the City Council established the Tourism Business Improvement District (TBID), which allows for an assessment of up to 2.89% on hotel/motel room revenue pursuant to the Parking and Business Improvement Area Law of 1989. Assessments from the District are being used to pay for marketing and promotional efforts of the Convention and Visitors Bureau and Convention Center as discussed in the Annual Report, thus freeing up other revenues to be used to cover the debt service on the Certificates.

The Tourism Business Improvement District was initially established by the City Council in March of 2003. The City Council has renewed the District annually since 2003. The current levy of assessment is in place until June 30, 2009. In order to continue the assessment, there are a series of actions required on an annual basis. The required actions are as follows:

At a public meeting, the City Council, must approve the Annual Report of the Advisory Board of the District, which is the Pasadena Center Operating Company (PCOC), and declare its

intention to levy and collect assessments within the District for the following fiscal year. The City Council must also schedule a public hearing on the levying of the assessment. 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.

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 Years 2003 through 2006, the assessment rate was set at 2.39%. For Fiscal Years 2007 through 2009 the assessment rate was set at 2.89%.

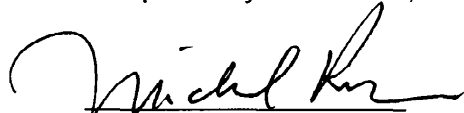
At the April 22, 2009 regular meeting, the PCOC Board, serving as the Advisory Board with regard to the District, approved the annual report for Fiscal Year 2010. The report recommends the assessment rate to continue at 2.89% for Fiscal Year 2010, which would be in effect from July 1, 2009 through June 30, 2010. The assessment is estimated to generate approximately \$2,258,868.

The PCOC has discussed the assessment rate with hotel and motel operators within the City of Pasadena and has received broad based support. No letters have been received in protest of the 2010 assessment.

**FISCAL IMPACT:**

The fiscal impact of continuing the assessment rate of 2.89% for fiscal year 2010 will generate \$2,258,868 in revenues to be used for the promotion of tourism.

Respectfully submitted,

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

Michael Ross  
Chief Executive Officer

## Introduction

The Board of Directors of the Pasadena Center Operating Company, acting as advisory board to the Pasadena Tourism Business Improvement District (the "TBID"), has caused this report to be prepared pursuant to Section 36533 of the Parking and Business Improvement Law of 1989 (Section 36500 and following of the California Streets and Highways Code) (the "Law"). This report is for the fiscal year commencing July 1, 2009 and ending June 30, 2010. ("Fiscal Year 2009-10")

As required by the Law, this report contains the following information:

- (1) Any proposed changes in the boundaries of the TBID or in any benefit zones within the TBID;
- (2) The improvements and activities to be provided for Fiscal Year 2009-10;
- (3) An estimate of the costs of providing the improvements and the activities for that Fiscal Year;
- (4) The method and basis of levying the assessment in sufficient detail to allow each business owner to estimate the amount of the assessment to be levied against his or her business for Fiscal Year 2009-10;
- (5) The amount of any surplus or deficit revenues to be carried over from a previous fiscal year; and
- (6) The amount of any contributions to be made from sources other than assessments levied pursuant to the Law.

Submitted by: Tom Seifert on behalf of the Board of Directors of the Pasadena Center Operating Company on April 22, 2009.

Received on file in the Office of the City Clerk of the City of Pasadena on \_\_\_\_\_ by

\_\_\_\_\_.

Section 1: Proposed changes in the boundaries of the TBID or in any benefit zones within the TBID.

There are no changes to the TBID boundaries. The boundaries of the TBID are the City Limits of the City of Pasadena. There are no benefit zones within the TBID.

Section 2: The improvements and activities to be provided for Fiscal Year 2009-10.

No improvements are proposed to be provided for Fiscal Year 2009-10. The activities listed in Exhibit 'A' to this Report are proposed to be provided annually.

Section 3: An estimate of the cost of providing the improvements and the activities for Fiscal Year 2009-10.

The total cost of providing the activities is estimated to be \$ 2,568,242. The budget for providing the activities is set forth in Exhibit 'B-1' to this Report.

Section 4: The method and basis of levying the assessment in sufficient detail to allow each business owner to estimate the amount of the assessment to be levied against his or her business for Fiscal Year 2009-10.

Except where otherwise defined in Resolution No. 8215, adopted on February 24, 2003, all capitalized terms shall have the meanings set forth in Section 4.44.020 of the Pasadena Municipal Code. Additionally, the following terms shall have the following meanings:

1. "Gross Occupancy Revenue" means the total Rent received from Transients by a Hotel and Motel Business.
2. "Hotel and Motel Business" means and Operator of a Hotel other than the operator of a Hotel that is owned by a non profit corporation and operated as an adjunct to a charitable or educational activity.
3. "Transient Occupancy Tax" means the tax imposed by the City pursuant to Section 4.44.030 of the Pasadena Municipal Code.

The Assessment will be levied against each Hotel and Motel Business in the City. No other business shall be subject to the Assessment.

The Assessment will be calculated as a percentage of each day's Gross Occupancy Revenue. The rate of the Assessment will be set annually by resolution of the City Council adopted pursuant to Section 36535 of the Law, and will not exceed 2.89%. For Fiscal Year 2009-10 the rate is recommended to be 2.89%.

The Assessment calculated based on each day's Gross Occupancy Revenues shall be paid to the City no later than the date on which the Hotel and Motel Business is required, pursuant to Section 4.44.070 of the Pasadena Municipal Code, to remit to the

City the Transient Occupancy Tax collected by the Hotel and Motel Business on that day.

New Hotel and Motel Businesses established in the District after the beginning of any fiscal year shall not be exempt from the levy of the assessment for that fiscal year but shall instead be subject to the assessment.

Section 5: The amount of any surplus or deficit revenues to be carried over from a previous fiscal year

There is no surplus or deficit.

Section 6: The amount of any contributions to be made from sources other than assessments levied pursuant to the Law.

Assessment proceeds will be approximately \$2,258,868 for Fiscal Year 2009-10. In addition to this amount, the City of Pasadena and the Pasadena Center Operating Company may make contributions to the marketing and promotion programs set forth in this report pursuant to the Agreement between the City and the Pasadena Center Operating Company. Assessment proceeds will be spent only on activities authorized in the Annual Report and Pasadena Municipal Code Chapter 4.101.

## ATTACHMENT B - 1

### THE PASADENA CVB & CENTER MARKETING BUDGET ADOPTED BUDGET FOR PERIOD: JULY 2009 THROUGH JUNE 2010

	FY2010	FY2009	FY2008	FY2007
ADMINISTRATIVE EXPENSE:				
Marketing Salaries - CVB	\$ 889,439	\$ 951,262	\$ 908,597	\$ 813,025
Marketing Salaries - Center	286,808	308,763	284,676	265,780
Benefits / Taxes	<u>294,062</u>	<u>315,006</u>	<u>276,753</u>	<u>237,337</u>
NET SALARY EXPENSE	1,470,309	1,575,031	1,470,026	1,316,142
PROMOTIONAL EXPENSE:				
Advertising / Media & Agency- CVB	284,409	394,774	303,500	280,000
Events	43,300	145,600	51,500	-
Trade Show Exp	88,700	118,765	122,760	-
Networking / Industry	14,000	33,300	-	-
Sponsorship	56,400	50,300	69,815	-
FAM	63,800	129,500	122,000	-
Sales Calls	25,200	28,300	-	-
Advertising - Center	198,800	45,000	-	12,000
Other Promotional	<u>258,285</u>	<u>175,700</u>	<u>273,740</u>	<u>571,000</u>
TOTAL PROMOTIONAL EXPENSE	1,032,894	1,121,239	943,315	863,000
OTHER OPERATING EXPENSE:				
Insurance	-	-	2,500	-
Miscellaneous Operating Expense	1,000	3,400	2,000	5,700
Office Rent	-	43,200	78,600	78,600
Office Supplies	9,600	9,780	10,320	10,000
Postage	17,180	17,000	17,000	32,000
Printing	12,000	12,000	7,500	22,000
Employee Training	6,000	6,000	9,950	5,000
Equipment Purchase	6,000	9,000	2,000	3,500
Equipment Rental	8,419	6,019	19,681	15,000
Equipment Repair	1,940	-	1,000	1,000
Service Agreements	-	1,940	2,040	1,000
Telephone	2,900	3,492	17,800	15,000
Temporary Staffing	-	-	2,200	-
Utilities	<u>-</u>	<u>6,945</u>	<u>14,586</u>	<u>7,800</u>
TOTAL OTHER OPERATING	65,039	118,776	187,177	196,600
TOTAL CVB & CENTER MARKETING EXPENSES	\$ 2,568,242	\$ 2,815,046	\$ 2,600,518	\$ 2,375,742
Approved Budget TBID Collections @ 2.89%	2,258,868	2,647,087	2,388,395	2,160,011
	2.89%	2.89%	2.89%	2.39%
Projected Excess / (Deficit) of TBID Collections over Expenses	<u>\$ (309,374)</u>	<u>\$ (167,959)</u>	<u>\$ (212,123)</u>	<u>\$ (215,731)</u>

**ATTACHMENT B - 2****TOURISM BUSINESS IMPROVEMENT DISTRICT TAX  
INCOME STATEMENT**

FOR THE PERIOD: JULY 2008 THROUGH MARCH 2009

	FY2009	FY2008	FY2007
TBID COLLECTIONS	\$ 1,665,507	\$ 2,126,282	\$ 1,771,007
ADMINISTRATIVE EXPENSE:			
Marketing Salaries - CVB	678,271	\$ 659,926	\$ 556,070
Marketing Salaries - Center	210,486	221,919	213,794
Benefits / Taxes	<u>222,189</u>	<u>220,461</u>	<u>184,767</u>
NET SALARY EXPENSE	1,110,946	1,102,306	954,631
PROMOTIONAL EXPENSE:			
Advertising / Media & Agency- CVB	271,387	364,760	178,086
Events	29,080	141,482	4,481
Trade Show Exp	50,536	154,711	69,971
Networking/Educational	14,533	-	-
Sponsorship	19,449	28,426	24,831
FAM	31,838	75,680	75,690
Sales Calls	1,694	-	-
Other Promotional	<u>175,271</u>	<u>320,656</u>	<u>320,656</u>
TOTAL PROMOTIONAL EXPENSE	593,789	1,085,715	673,715
OTHER OPERATING EXPENSE:			
Insurance		-	-
Miscellaneous Operating Expense	1,519	3,677	-
Office Rent	36,000	68,750	72,050
Office Supplies	5,497	10,262	8,434
Postage	9,858	15,476	22,278
Printing	5,473	38,583	13,197
Employee Recruiting	629	749	8,880
Employee Training	1,351	5,117	393
Equipment Purchase	1,167	4,939	8,708
Equipment Rental	8,928	14,378	12,395
Equipment Repair	-	120	-
Professional Fees	-	28,601	14,300
Service Agreements	2,701	2,721	2,352
Telephone	12,589	12,947	15,171
Temporary Staffing	-	411	6,807
Utilities	<u>12,068</u>	<u>10,505</u>	<u>9,753</u>
TOTAL OTHER OPERATING	97,780	217,236	194,718
TOTAL CVB & CENTER MARKETING EXPENSES	\$ 1,802,515	\$ 2,405,257	\$ 1,823,064
Projected Excess / (Deficit) of TBID Collections over Expenses	<u>\$ (137,008)</u>	<u>\$ (278,975)</u>	<u>\$ (52,057)</u>

RESOLUTION NO.

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA APPROVING THE REPORT OF THE ADVISORY BOARD FOR FISCAL YEAR 2009-2010 AND DECLARING ITS INTENTION TO LEVY ASSESSMENTS WITHIN THE PASADENA TOURISM BUSINESS IMPROVEMENT DISTRICT FOR FISCAL YEAR 2009-2010 AND SETTING A TIME AND PLACE FOR HEARING OBJECTIONS THERETO

R E C I T A L S:

WHEREAS, the City of Pasadena is a charter city organized and existing under the laws of the State of California; and

WHEREAS, Ordinance No. 6929 of the City of Pasadena, adopted February 3, 2003, established the Pasadena Tourism Business Improvement District (the "District") pursuant to the Parking and Business Improvement Area Law of 1989 (California Streets and Highways Code Sections 36500 et seq.) (the "Law"); and

WHEREAS, in accordance with Section 36533 of the Law, the Pasadena Center Operating Company, serving as advisory board with respect to the District, prepared and filed with the City Clerk a report entitled "Report of the Advisory Board with Regard to the Pasadena Tourism Business Improvement District for Fiscal Year 2009-2010" (the "Report"); and

WHEREAS, in accordance with the Law, the City Council is required to approve a report for each Fiscal Year for which assessments are to be levied and collected to pay the costs of the activities described in the Report; and



WHEREAS, the Pasadena Center Operating Company has heretofore presented to the City Clerk its Annual Report and the City Council desires to approve the report and to adopt this resolution evidencing its intention to levy an annual assessment for the one-year period commencing July 1, 2009 and ending June 30, 2010.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Pasadena as follows:

1. The above recitals are true and correct.
2. The Report filed with the City Clerk by the Pasadena Center Operating Company contains all of the component parts required to be included by Section 36533 of the Streets and Highways Code.
3. Accordingly, the City Council hereby approves the Report as filed by the Pasadena Center Operating Company.
4. The City Council hereby declares its intention, except where funds are otherwise available, to levy and collect assessments within the Pasadena Tourism Business Improvement District for the Fiscal Year commencing July 1, 2009 and ending June 30, 2010. Such assessment shall be in addition to any assessments, fees, charges or taxes imposed by the City. The assessment will be levied against each Hotel and Motel business in the City (as defined in Ordinance 6929). No other business will be subject to the assessment. New Hotel and Motel Businesses established in the District after July 1, 2009 will not be exempt from the levy of the assessment.

5. The proposed activities authorized by the ordinance (Ordinance No. 6929) which established the Pasadena Tourism Business Improvement District, have not changed substantially since the ordinance was enacted on February 3, 2003. The activities include the promotion of tourism in the District, the promotion of public events which benefit the Hotel and Motel businesses operating in the District, the furnishing of music in any public place in the District and activities which benefit the Hotel and Motel businesses operating in the District.

6. The location of the Pasadena Tourism Business Improvement District is the City boundaries of the City of Pasadena.

7. A public hearing concerning the intention of the City Council to levy an annual assessment for Fiscal Year 2009-2010 will be held on June 15, 2009 at 7:30 p.m, or as soon thereafter as the matter can be heard, in the Council Chamber of the City of Pasadena located at 100 North Garfield Avenue, Pasadena, California.

8. The Report of the Pasadena Tourism Business Improvement District is on file with the City Clerk, 100 North Garfield Avenue, Room S228, Pasadena, California. A full and detailed description of the boundaries of the Pasadena Tourism Business Improvement District and activities to be provided for Fiscal Year 2009-2010 and the proposed assessments to be levied upon the businesses within the Pasadena Tourism Business Improvement District for Fiscal Year 2009-2010 are contained therein.

9. Written and oral protests may be made at the public hearing. The City Council shall hear and consider all protests against the levy of the proposed annual assessment or the furnishing of specified types of activities within the Pasadena Tourism Business Improvement District. A protest may be made orally or in writing by any interested person. Any protest pertaining to the regularity or sufficiency of the proceedings shall be in writing and shall clearly set forth the irregularity or defect to which the objection is made. Every written protest shall be filed with the City Clerk at 100 North Garfield Avenue, Room S228, Pasadena, California, at or before the time fixed for the public hearing. The City Council may waive any irregularity in the form or content of any written protest and at the public hearing may correct minor defects in the proceedings. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing. Each written protest shall contain a description of the business in which the person subscribing the protest is interested sufficient to identify the business and, if a person subscribing is not shown on the official records of the City as the owner of the business, the protest shall contain or be accompanied by written evidence that the person subscribing is the owner of the business. The written protest which does not comply with these requirements shall not be counted in determining a majority protest.

If, at the conclusion of the public hearing, written protests are received from the owners of businesses in the District which will pay 50 percent or more of the Assessment proposed to be levied and protests are not withdrawn so as to reduce the protests to less than that 50 percent (i.e., there is a majority protest), no further proceedings to levy the Assessment, as described in this resolution, shall be taken for a period of one year from the date of the finding of a majority protest by the City Council.

If the majority protest is only against the furnishing of a specified type or types of activities within the District, those types of activities must be eliminated.

10. The City Clerk shall give notice of the public hearing by causing this resolution to be published once in a newspaper of general circulation in the City in the manner prescribed by Section 36534(b) of the Streets and Highway Code.

Adopted at the regular meeting of the City Council on the \_\_\_\_\_ of \_\_\_\_\_, 2009, by the following vote:

AYES:

NOES:

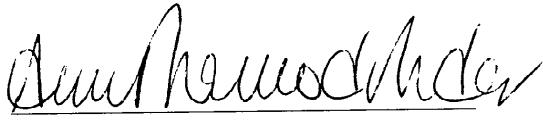
ABSENT:

ABSTAIN

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Mark Jomsky  
City Clerk

APPROVED AS TO FORM:

A handwritten signature in cursive script, reading "Ann Sherwood Rider". The signature is written in black ink and is positioned above a horizontal line.

Ann Sherwood Rider  
Assistant City Attorney