

# Agenda Report

**TO:** City Council May 16, 2016

**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 2016 AND SETTING A PUBLIC HEARING ON THE LEVY OF THE ASSESSMENTS FOR June 13, 2016 AT 7:00 P.M.

**RECOMMENDATION:**

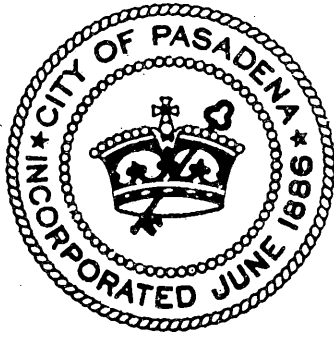
It is recommended that the City Council adopt a Resolution approving the annual report of the Advisory Board of the Pasadena Tourism Business Improvement District (the "District") for Fiscal Year 2016, declaring its intention to levy assessments against hotel and motel businesses within the District for Fiscal Year 2017 and setting a Public Hearing on the levy of the assessments on June 13, 2016 at 7:00 pm.

**BACKGROUND:**

On July 18, 2006, the City Council approved the Convention Center Expansion Project and financing plan. The project has been funded through Certificates of Participation (COP) issued by the City of Pasadena. The debt service on the COP is 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 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, 2016. 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



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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 2016, the assessment rate was set at 2.89%.

At the April 27, 2016 meeting, the PCOC Board, serving as the Advisory Board with regard to the District, approved the annual report for Fiscal Year 2016. The report recommends the assessment rate to continue at 2.89% for Fiscal Year 2017, which would be in effect from July 1, 2016 through June 30, 2017. The assessment is estimated to generate approximately \$3,575,000.

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 2017 assessment.

## **FISCAL IMPACT:**

The fiscal impact of continuing the assessment rate of 2.89% for fiscal year 2017 will generate \$3,575,000 in revenues to be used for the promotion of tourism.

Respectfully submitted,

Michael Ross  
Chief Executive Officer

## Introduction

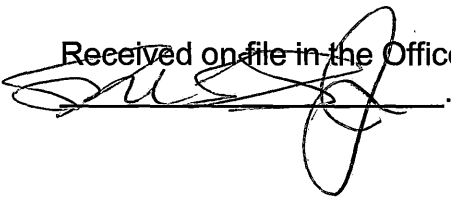
The Board of Directors of the Pasadena Center Operating Company, acting as advisory board to the Pasadena Tourism Business Improvement District (the "TBID"), has caused this report to be prepared pursuant to Section 36533 of the Parking and Business Improvement Law of 1989 (Section 36500 and following of the California Streets and Highways Code) (the "Law"). This report is for the fiscal year commencing July 1, 2016 and ending June 30, 2017. ("Fiscal Year 2016-17")

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 2016-17;
- (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 2016-17;
- (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: Gene E. Gregg, Jr., on behalf of the Board of Directors of the Pasadena Center Operating Company on April 27, 2016.

Received on file in the Office of the City Clerk of the City of Pasadena on 4/27/16 by

A handwritten signature in black ink, appearing to be "S. J. ...", written over a horizontal line.

**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 2016-17.

No improvements are proposed to be provided for Fiscal Year 2016-17. 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 2016-17.

The total cost of providing the activities is estimated to be \$3,575,000. 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 2016-17.

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 2016-17 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 \$3,575,000 for Fiscal Year 2016-17. 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.