

Agenda Report

TO: City Council June 23, 2003
FROM: Pasadena Center Operating Company
SUBJECT: Levy of Assessment Against Hotel and Motel Businesses for Fiscal Year 2003-04 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 2003-04 in connection with the Pasadena Tourism Business Improvement District (the "District") and (ii) adopt a Resolution confirming the Annual Report of the Advisory Board as originally filed and, in the absence of a majority protest against the levy of the assessment, levy an assessment for Fiscal Year 2003-04 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 and the current levy of assessment is in place until June 30, 2003. In order to continue the assessment, there are a series of actions required on an annual basis.

On June 9, 2003, at a public meeting, 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 2003-04 and schedule a public hearing on the levy of assessment in the District for June 23, 2003.

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 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 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 is in affect from March 5, 2003 through June 30, 2003 and is estimated to generate approximately \$578,000.

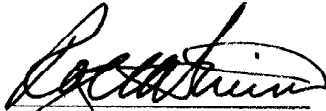
At the April 30, 2003 regular meeting, the PCOC Board, serving as the Advisory Board with regard to the District approved the Annual Report for Fiscal Year 2003-04. The Report recommends a continuation of the 2.39% assessment for Fiscal Year 2003-04, which would be in effect from July 1, 2003 through June 30, 2004. The assessment is estimated to generate approximately \$1,650,000.

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. For Fiscal Year 2002 - 03 two letters were received in protest of the establishment of the District; these properties represented approximately 3% of the assessment. No letters have been received in protest of the Fiscal Year 2003 - 04 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 \$1,650,000 for Fiscal Year 2003-04.

Respectfully submitted,

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

Roger Smith
Chief Executive Officer