

# Agenda Report

**TO:** City Council June 26, 2006  
**FROM:** Pasadena Center Operating Company  
**SUBJECT:** Levy of Assessment Against Hotel and Motel Businesses for Fiscal Year 2006-07 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 2006-07 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 2006-07 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 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 has 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.

The District was successfully established by the City Council in March of 2003. The City Council has renewed The District annually for Fiscal Year 2003-04, Fiscal Year 2004-05 and Fiscal Year 2005-06. The current levy of assessment is in place until June 30, 2006.

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 was in affect from July 1, 2003 through June 30, 2004 and generated approximately \$1,612,947.

For Fiscal Year 2004-05, 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 was in affect from July 1, 2004 through June 30, 2005 and generated approximately \$1,731,507.

For Fiscal Year 2005-06, 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, 2005 through June 30, 2006 and is expected to generate approximately \$1,903,000.

In order to continue the assessment, there are a series of actions required on an annual basis.

At the May 24, 2006 regular meeting, the PCOC Board, serving as the Advisory Board with regard to the District approved the annual report for Fiscal Year 2006-07. The report recommends an increase in the assessment to 2.89% for Fiscal Year 2006-07, which would be in effect from July 1, 2006 through June 30, 2007. The assessment is estimated to generate approximately \$2,160,011.

On June 12, 2006, the City Council approved the Annual Report of the Advisory Board of the District, which is the PCOC, declared its intention to levy and collect assessments within the District for Fiscal Year 2006-07 and scheduled a public hearing on the levy of assessment in the District for June 26, 2006.


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.

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 85% of the assessment signed a letter of intent in support of the establishment of the District and the expansion of the Pasadena Conference Center. No letters have been received in protest of the 2006-07 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 \$2,160,011 for Fiscal Year 2006-07.

Respectfully submitted,

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

Michael Ross  
Chief Executive Officer

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA  
CONFIRMING THE ANNUAL REPORT OF THE ADVISORY BOARD  
AND LEVYING AN ASSESSMENT FOR FISCAL YEAR 2006-2007 IN  
CONNECTION WITH THE PASADENA TOURISM BUSINESS  
IMPROVEMENT DISTRICT

RECITALS:

WHEREAS, Ordinance No. 6929 of the City of Pasadena 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 2006-2007" (the "Report"); and

WHEREAS, on June 12, 2006, the City Council adopted a resolution approving the Report, declaring the City Council's intention to levy an assessment against businesses located in the District for Fiscal Year 2006-2007 (the "Assessment"), and setting a time and place for a public hearing on the levy of the Assessment (the "Resolution of Intention"); and

WHEREAS, on June 26, 2006, the City Council held a noticed public hearing at which the testimony of all interested persons regarding the levy of the Assessment for

Fiscal Year 2006-2007 was heard and considered, and a full, fair and complete hearing was held.

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

Section 1. The above recitals are true and correct.

Section 2. Following notice duly given pursuant to law, the City Council has held a full and fair public hearing regarding the levy and collection of an Assessment within the District for Fiscal Year 2006-2007. All interested persons were afforded the opportunity to hear and to be heard regarding protests and objections to the levy and collection of the Assessment for Fiscal Year 2006-2007. The City Council finds that there was no majority protest within the meaning of the Law. All protests and objections to the levy and collection of the Assessment and any and all other protests and objections are hereby overruled by the City Council.

Section 3. The City Council hereby finally confirms the Annual Report as originally filed.

Section 4. The adoption of this Resolution constitutes the levy of the Assessment for Fiscal Year 2006-2007. The rate of the assessment for fiscal year 2006-2007 is 2.89% of each day's Gross Occupancy Revenue (as defined in Ordinance No. 6929).

Adopted at the \_\_\_\_\_ meeting of the City Council on the \_\_\_\_ day  
of \_\_\_\_\_, 2006, by the following vote:

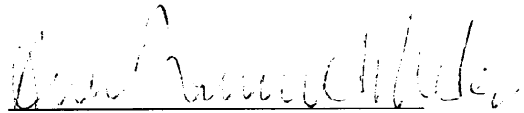
AYES:

NOES:

ABSENT:

ABSTAIN:

Approved as to Form:



Ann Sherwood Rider  
Assistant City Attorney

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Jane L. Rodriguez, CMC  
City Clerk