

Agenda Report

TO: City Council June 22, 2015

FROM: Pasadena Center Operating Company

SUBJECT: Levy of Assessment against Hotel and Motel Businesses for Fiscal Year 2016 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 2016 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 2016 in connection with the District.

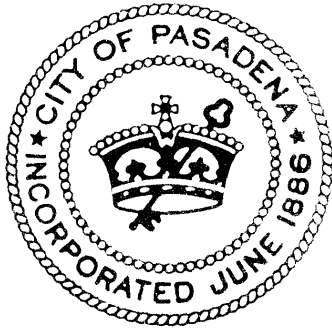
BACKGROUND

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 issued by The City of Pasadena. The debt service on the Certificates 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 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, 2015. 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 by adopting a resolution of intention to levy an assessment. The City Council must also hold a public hearing



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on the levying of the assessment at a subsequent meeting. At the conclusion of the public hearing and, in the absence of a majority protest by owners of Hotel and Motel Businesses, the City Council 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 2015, the assessment rate was set at 2.89%.

At the May 27, 2015 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 2016, which would be in effect from July 1, 2015 through June 30, 2016. The assessment is estimated to generate approximately \$3,121,000.

On June 8, 2015, 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 2016 and scheduled a public hearing on the levy of assessment in the District for June 22, 2015.

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. No letters have been received in protest of the 2016 assessment.

FISCAL IMPACT

The fiscal impact of continuing the assessment rate of 2.89% for Fiscal Year 2016 will generate \$3,121,000 in revenues to be used for the promotion of tourism.

Respectfully submitted,

Michael Ross
Chief Executive Officer