

# Agenda Report

SEPTEMBER 13, 1999

THROUGH: CITY COUNCIL FINANCE COMMITTEE

TO: CITY COUNCIL

FROM: CITY MANAGER

SUBJECT: APPROVAL OF A COMMITMENT TO FINANCE AGREEMENT  
IN THE AMOUNT OF \$1.4 MILLION BETWEEN THE CITY OF  
PASADENA AND THE PASADENA CENTER OPERATING  
COMPANY

## **RECOMMENDATION**

It is recommended that the City Council:

1. Approve a loan from the City to the Pasadena Center Operating Company (PCOC) in the amount of \$1.4 million and a corresponding Commitment to Finance Agreement by the parties;
2. Amend the City's budget to recognize an additional \$110,000 in revenue Account No. 6013 – Transient Occupancy Tax Increment and to appropriate \$110,000 to Account No. 952300 – Pasadena Center Operating Company; and
3. Amend the PCOC fiscal year 2000 operating budget to both recognize \$110,000 in additional unanticipated Transient Occupancy Tax revenue and to appropriate \$110,000, a portion of which will be used to pay this fiscal year's the debt service on the loan.

## **BACKGROUND**

The Pasadena Center Operating Company (PCOC) has approached the City for a loan in the amount of \$1.4 million to perform necessary maintenance to the Conference Center. Based upon this request, on July 19, 1999, the City Council approved a staff recommendation to utilize \$1.4 million of unspent 1996 Rose Bowl Improvement Bonds and have PCOC assume the debt service on those bonds. The funds will be used to replace carpet and wall coverings, repair damaged areas, paint, improve interior and exterior signage, etc.

MEETING OF 09/13/99

AGENDA ITEM NO. 5.C.(3)

## **DISCUSSION**

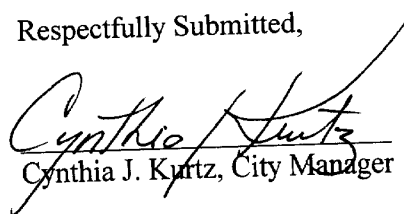
Following the July 19<sup>th</sup> City Council action, staff contacted Bond Counsel to determine the steps necessary to transfer the \$1.4 million to PCOC. Based upon Bond Counsel's initial reaction to the proposal, staff has developed an alternative approach to the direct transfer of funds from the unspent bond proceeds to the PCOC. Staff is recommending that the unspent bond proceeds be made available to the City to be used to fund a portion of the cost to construct Fire Station 34. Currently \$3.0 million in Charter Capital Reserve funds has been appropriated to the Fire Station 34 project.

In a separate Council action, which is before you, staff is recommending that the City Council use \$1.4 million of the funds originally appropriated for Fire Station 34 and loan it PCOC. The loan to PCOC by the City will have an interest rate of 5% and an annual debt service expense of \$111,540.

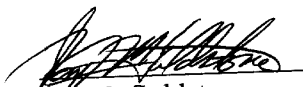
## **FISCAL IMPACT**

This transaction will have no fiscal impact on the City's General Fund. PCOC will use its share of Transient Occupancy Tax (TOT) to cover the debt service. TOT is projected to be higher due to the recent increase in the rate approved by the City Council and the additional TOT expected when the new Marriott opens in the spring.

Respectfully Submitted,

  
Cynthia J. Kurtz, City Manager

Approved:

  
Jay M. Goldstone  
Director of Finance