



# ***CITY COUNCIL AGENDA REPORT***

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**MEETING DATE: JUNE 19, 2007**

**ITEM NUMBER:**

**SUBJECT: BUSINESS IMPROVEMENT AREA (BIA) REAUTHORIZATION**

**DATE: JUNE 4, 2007**

**FROM: CITY MANAGER/ADMINISTRATION**

**PRESENTATION BY: ANN C. SHULTZ, LEGISLATIVE AND PUBLIC AFFAIRS  
MANAGER**

**FOR FURTHER INFORMATION CONTACT: ANN C. SHULTZ, 754-5667**

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## **RECOMMENDATION:**

That the City Council hold the requisite Public Hearing and adopt the attached Resolution to levy an annual assessment for Fiscal Year 2007-2008 for the Business Improvement Area (BIA) for hotels and motels located within the City of Costa Mesa.

## **BACKGROUND:**

As directed by the City Council, staff has proceeded with the process to re-authorize the annual assessment of the Business Improvement Area (BIA) for Fiscal Year 2007-2008. This process will impose a two percent (2%) assessment on the City's hotels based on the sale of hotel overnight guest room stays. The assessment is "self imposed". The resulting levy will be used for the continuing operation of the Costa Mesa Conference and Visitor Bureau (CMCVB).

At the meeting of May 15, 2007, the City Council approved and filed the annual report for the BIA for Fiscal Year 2007-2008, and adopted a Resolution of Intention that included approval of the BIA budget and the setting of a Public Hearing for June 19, 2007 (see Attachment 1). The adoption of a second resolution is the final step in the re-authorization of the BIA assessment (see Attachment 2).

## **ANALYSIS:**

The authority to develop a Business Improvement Area is detailed in the Streets and Highways Code, Section 36500. This State law enables Costa Mesa to impose an assessment fee on businesses within an area designated by the City. All of Costa Mesa has been designated as the BIA benefit zone. Currently, the number of properties included in the BIA assessment levy is limited to the nine hotels identified in the Resolution.

As a function of the renewal process all nine affected property owners have been legally noticed of the assessment, and of the public hearing that is required to provide an opportunity to “protest” the establishment of the area, the extent of the area, or the types of improvements within the area. Staff has also noticed all the hotels and motels in the City not included in the BIA to allow them the opportunity to be included as well. The City Council makes the ultimate decision as to the size of, and the properties to be included in the BIA. Once the Resolution is adopted, the boundaries of the Business Improvement Area cannot be altered during the current fiscal year.

**ALTERNATIVES CONSIDERED:**

Refrain from adopting the Resolution Levying the BIA Assessment.

**FISCAL REVIEW:**

For the Fiscal Year ending on June 30, 2007, it is projected that the BIA will generate \$1.5 million in revenues with expenditures of \$1.4 million. Expenditures include: the advertising campaign, media relations, industry Fam tours (tours for industry professionals, such as travel writers and conference planners, sponsored by the CMCVB), brochures/promotional items, trade shows, administration, special promotions and hotel niche marketing.

The City continues to provide a moderate level of assistance to CMCVB and receives one percent (1%) of the BIA assessment as reimbursement for collection and administrative costs. The one percent (1%) allocated to the City for reimbursement is estimated at \$15,000 for the coming fiscal year. This fee will sufficiently cover the costs incurred by the City in assisting the Bureau.

In addition, the Bureau annually allocates funds for the City to spend on promotional activities; \$10,000 was budgeted for this purpose in the 2006-07 budget. That money was used to purchase a brochure rack for the City Hall lobby, and various gift and promotional items.

**LEGAL REVIEW:**

The City Attorney’s Office has prepared the Resolution of Levying the Annual Assessment. The Parking and Business Improvement Area Law of 1989 requires the adoption of a Resolution.

**CONCLUSION:**

The adoption of the attached Resolution is the final step required to authorize the BIA assessment for the 2007-2008 Fiscal Year. The BIA assessment and CMCVB annual report must be reviewed and approved each fiscal year by the City Council in order to continue operations.

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Director of Finance

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KIMBERLY HALL BARLOW  
City Attorney

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Chamber of Commerce

ATTACHMENTS: [Attachment 1 – Resolution 07- 48](#)  
[Attachment 2 – Draft Resolution](#)