



CITY COUNCIL AGENDA REPORT

MEETING DATE: June 16, 2009

ITEM NUMBER:

SUBJECT: BUSINESS IMPROVEMENT AREA (BIA) REAUTHORIZATION

DATE: MAY 27, 2009

FROM: CITY MANAGER/ADMINISTRATION

**PRESENTATION BY: THOMAS R. HATCH, ASSISTANT CITY MANAGER
ANN C. SHULTZ, LEGISLATIVE AND PUBLIC AFFAIRS MANAGER**

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

RECOMMENDATION:

It is recommended that the City Council hold the requisite Public Hearing and adopt the attached Resolution to levy an annual assessment for Fiscal Year 2009-2010 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 BIA for Fiscal Year 2009-2010. This assessment is imposed as a "bed tax" against overnight stays at the ten hotels that participate as members in the Costa Mesa Conference and Visitor Bureau (CMCVB). The CMCVB Board is comprised of the managers of the member hotels, a City Council Member and the City Manager.

Authorization of the BIA will impose a two percent (2%) assessment on the cost of each night's lodging at the member hotels. The resulting levy will be used for the continuing operation of the CMCVB.

At the meeting of May 5, 2009, the City Council approved and filed the Annual Report for the BIA for Fiscal Year 2009-2010, and adopted Resolution 09-33, a Resolution of Intention that included approval of the BIA budget and the setting of a Public Hearing for June 16, 2009 (see Attachment 1). The adoption of a second Resolution levying the assessment is the final step in the re-authorization of the BIA assessment.

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 ten hotels identified in both Resolution 09-33 and the second Resolution levying the assessment to be adopted at this meeting (see Attachment 2).

As a function of the renewal process all ten 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 second Resolution is adopted, the boundaries of the BIA cannot be altered during the current fiscal year.

Mayer, Hoffman, McCann P.C. has completed the annual audit of the CMCVB for the fiscal year ending on June 30, 2008 as required by the Professional Services Contract in effect between the City and the CMCVB. This is included in the Annual Report submitted on May 5, 2009.

ALTERNATIVES CONSIDERED:

Refrain from adopting the Resolution levying the assessment (Attachment 2).

FISCAL REVIEW:

According to the 2009/10 Annual Report, the CMCVB has estimated that a total of \$1,359,561 in BIA revenues will be generated for the entire fiscal year ending on June 30, 2009. The CMCVB has estimated that their expenditures for that same period will amount to approximately \$1,100,000 leaving \$259,561 in unexpended funds. In addition, the recently completed audit shows the Bureau’s cash equity to be \$278,474 as of June 30, 2008. Examples of CMCVB expenditures include: an 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 CMCVB returns \$150 per room to each of the ten participating hotels to offset each member hotels’ advertising costs.

The City receives one percent (1%) of the BIA assessment as partial reimbursement for its collection and administrative costs. The one percent (1%) allocated to the City for reimbursement is estimated at \$13,140 for the coming fiscal year. This fee will sufficiently cover the costs incurred by the City in assisting the Bureau.

LEGAL REVIEW:

The Parking and Business Improvement Area Law of 1989 requires the adoption of the attached second Resolution reviewed and approved by the City Attorney’s Office.

CONCLUSION:

The adoption of the attached Resolution is the final step required to authorize the BIA assessment for the 2009-2010 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 the CMCVB's operations.

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City Attorney

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Chamber of Commerce

ATTACHMENTS: 1 [Resolution of Intention 09-33](#)
2 [Resolution levying assessment 09-](#)