



CITY COUNCIL AGENDA REPORT

MEETING DATE: OCTOBER 19, 2010

ITEM NUMBER:

SUBJECT: BUSINESS IMPROVEMENT AREA (BIA) REAUTHORIZATION

DATE: OCTOBER 12, 2010

FROM: CITY MANAGER/ADMINISTRATION

PRESENTATION BY: THOMAS R. HATCH, ASSISTANT CITY MANAGER

FOR FURTHER INFORMATION CONTACT: THOMAS R. HATCH @ (714) 754-5288

RECOMMENDATION:

It is recommended that the City Council conduct a Public Hearing and consider the adoption of the attached Resolution to levy an increased annual assessment for Fiscal Year 2010-2011 for the Business Improvement Area (BIA) for participating hotels effective November, 1, 2010.

BACKGROUND:

As directed by the City Council on September 7, 2010, staff has proceeded with the process to reauthorize the annual assessment of the BIA for Fiscal Year 2010-2011. 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 (Bureau). The resulting levy is used for the continuing operation of the CMCVB. The Bureau Board is comprised of the General Manager of each member hotel, President of the Bureau, a City Council Member and the Assistant City Manager representing the City Manager.

At the meeting of September 7, 2010, the City Council approved and filed an updated Annual Report for the BIA for Fiscal Year 2010-2011, and adopted Resolution 10-65, a Resolution of Intention that included approval of the BIA budget and the setting of a Public Hearing for October 19, 2010 (see Attachment 1 for entire report from Sept. 7). The adoption of a second Resolution levying the assessment is the final step in the reauthorization 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

10-65 and the second Resolution levying the assessment to be adopted at this meeting (see Attachment 2).

The annual renewal process for the BIA occurred in May and June of this year. On August 30, 2010 the City received a letter from Mr. Shaun Robinson, Chairman of the Board of the Bureau requesting that the assessment amount be increased from 2% to 3% effective November 1, 2010. The process to consider this request began on September 7, 2010 with the City Council authorizing the setting of this Public Hearing.

As a function of the renewal process, all ten affected property owners have been legally noticed of the assessment and of the Public Hearing as 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.

Attachment 1 of this report is the complete staff report from the City Council meeting on September 7, 2010. This report includes significant information/justification relative to this request including a copy of the letter from Mr. Robinson, a budget comparison between last fiscal year and the current fiscal year, a summary packet of Barrett-Jackson highlights, a competitive assessment report, and a 2010 destination brand marketing and business plan. The required annual audit for the fiscal year ending on June 30, 2009 has been previously reviewed and filed by the City Council on May 4, 2010.

ALTERNATIVES CONSIDERED:

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

FISCAL REVIEW:

The City’s Finance Department reported that the Bureau received \$1,137,854 in BIA revenue for fiscal year ending June 30, 2009. The Bureau’s revised budget for fiscal year 2010-2011 includes \$1,600,000 in revenue (includes anticipated new revenue from the increased assessment). The revised expenditures for this fiscal year are \$1,335,000 and include the planned expenditures for office rent of \$25,000, office furniture, fixtures and equipment of \$75,000, employee costs of \$360,000, administrative expenses of \$125,000, and marketing expenses of \$750,000. This budget also includes \$265,000 for the reserve fund.

LEGAL REVIEW:

The Parking and Business Improvement Area Law of 1989 requires the adoption of the attached second Resolution which has been reviewed and approved by the City Attorney’s Office. The City Attorney’s Office has also provided legal guidance relative to this revised BIA reauthorization process.

CONCLUSION:

The adoption of the attached Resolution is the final step required to reauthorize the BIA assessment with an increased assessment from 2% to 3% effective November 1, 2010 for the 2010-2011 Fiscal Year.

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COLLEEN O'DONOGHUE
Acting Finance Director

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Chamber of Commerce

ATTACHMENTS: 1 [September 7, 2010 Staff Report](#)
2 [Resolution Levying Assessment 10-](#)