



# CITY COUNCIL AGENDA REPORT

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MEETING DATE: NOVEMBER 18, 2014

ITEM NUMBER: CC-11

**SUBJECT: MODIFICATION OF BUSINESS IMPROVEMENT AREA (BIA) TO ADD A NEW HOTEL THAT WILL BE SUBJECT TO THE BIA ASSESSMENT**

**DATE: OCTOBER 29, 2014**

**FROM: CITY CEO'S OFFICE**

**PRESENTATION BY: DANIEL K. BAKER, MANAGEMENT ANALYST**

**FOR FURTHER INFORMATION CONTACT: Dan Baker (714) 754-5156**

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## **RECOMMENDATION:**

It is recommended that the City Council:

APPROVE RESOLUTION NO. 14-XX: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, DECLARING ITS INTENTION TO MODIFY THE BUSINESS IMPROVEMENT AREA COVERING CERTAIN COSTA MESA HOTELS AND MOTELS AND SETTING THE TIME AND PLACE FOR A PUBLIC MEETING AND A PUBLIC HEARING ON THE PROPOSAL. (Attachment 1)

## **BACKGROUND:**

The California Legislature adopted the Parking in Business Improvement Area Law of 1989 (Streets and Highways Code, §36500), which enables cities to impose an assessment fee on businesses within an area designated by the city.

On July 5, 1995, the City Council adopted Ordinance No. 95-9 to establish a Business Improvement Area (BIA) for the purpose of assisting the hotel and motel industry in its promotion of tourism within the city. The BIA imposed an assessment on the sale of hotel and motel overnight guest room stays. This money is used for the establishment and maintenance of a local tourism and promotion council. The Costa Mesa City Council authorized the city manager to enter into an agreement with the Costa Mesa Tourism and Promotion Council to develop and administer the BIA. In 2001, the Costa Mesa Conference & Visitor Bureau (CVB) became the administrator of the BIA.

In accordance with the CVB's bylaws (Attachment 2), the CVB's Board of Directors is currently comprised of 10 general managers from the 10 participating hotels, one member of the City Council, and the City Chief Executive Officer's designee. The CVB's Board of Directors is also appointed as the Advisory Board to the City Council concerning certain matters related to the BIA pursuant to Streets & Highways Code section 36530.

In June, the participating hotels requested and recommended that the BIA be modified such that the BLVD Hotel, located at 2430 Newport Blvd, be included and be subject to the BIA assessment in the manner described above (Attachment 3). The BLVD Hotel has also expressed a desire in being included in the BIA and being subject to the assessment (Attachment 4).

## **ANALYSIS:**

Currently, the number of properties included in the BIA assessment levy is limited to the 10 hotels that have expressed an interest in participating in the program as detailed in the resolution of intention (Attachment 1). State law requires a very specific procedure in modifying the BIA to include an additional hotel. Within 7 days of the adoption of the resolution of intention, potentially affected hotel and motel businesses will be notified in writing of the proposed modification, public meeting, and public hearing. The resolution will also be published in the Daily Pilot prior to the public meeting of January 6, 2015, at 7 p.m., and public hearing of January 20, 2015, at 7 p.m. At the public meeting, an ordinance concerning the proposed modification will be presented to the City Council and, if the City Council is amenable, the ordinance will have its first reading at the public hearing.

Affected businesses will be provided an opportunity to protest the annual assessment or address any concerns regarding the BIA at the public meeting and public hearing. The City Council will vote to adopt or deny the ordinance concerning the proposed modification, and makes the ultimate decision as to the size of and the businesses to be included in the BIA. Once the proposed modification is approved, the assessment is collected along with the city's Transient Occupancy Tax (TOT). The hotels and motels included in the BIA are required to itemize the BIA levy as a separate assessment. The CVB staff manages the day-to-day activities and provides all services to administer the BIA.

## **ALTERNATIVES CONSIDERED:**

The Council may vote to deny the resolution of intention, which will prevent a public meeting and public hearing from taking place to consider the ordinance concerning the proposed modification to include the BLVD Hotel in the BIA area.

## **FISCAL REVIEW:**

The annual fiscal year 2013-14 revenue for the CVB totaled approximately 2.2 million dollars. The addition of an eleventh hotel will increase revenues and allow for additional funding to promote the tourism industry in Costa Mesa.

## **LEGAL REVIEW:**

Legal counsel has prepared the resolution of intention and reviewed the documents and approved as to form.

## **CONCLUSION:**

Adoption of the resolution of intent is the initial step to modifying the BIA. State law mandates the specific procedure to be followed in modifying the BIA. Staff will make a presentation to the City Council on the implementation of the proposed modification at the public hearing on January 6, 2015, but the City Council must approve the proposed resolution of intention before the hearing can be scheduled to consider the proposed modification.

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DANIEL K. BAKER  
Management Analyst

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THOMAS R. HATCH  
City CEO

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THOMAS DUARTE  
City Attorney

DISTRIBUTION: Costa Mesa Conference & Visitor Bureau

- ATTACHMENTS:
1. [Proposed Resolution of Intention](#)
  2. [Bylaws of Costa Mesa Conference & Visitor Bureau](#)
  3. [Letter from CVB concerning proposed modification](#)
  4. [Letter from BLVD Hotel concerning proposed modification](#)