File #: 05-2726, **Version:** 1

Recommendation to adopt Resolution of Intention to form the Long Beach Tourism Business Improvement Area, set the date for a public hearing of June 21, 2005, designate the Advisory Board, authorize City Manager to initiate majority protest proceedings and authorize City Clerk to receive written protests. (Districts 1,2,4,5)

Several of the City's hoteliers have requested the City's assistance in establishing a Long Beach Tourism Business Improvement Area (LBTBIA) to assess a levy on their hotels within certain proposed boundaries. The Long Beach Area Convention and Visitors Bureau (CVB) coordinated the request. The Parking and Business Improvement Area Law of 1989 of the California Streets and Highways Code allows the creation of a Business Improvement Area (BIA) allowing property owners to voluntarily levy an assessment upon themselves to provide for improvements and/or activities.

Use of Funds

LBTBIA funds are to be used to administer marketing programs to promote the City of Long Beach as a tourism destination and to fund projects, programs and activities that benefit hotels within the boundaries of the LBTBIA. Annually, the CVB will submit a management plan, budget and status report. The LBTBIA is expected to generate approximately $3,130,000 in its first year.

Adoption Process
The attached Resolution of Intention (ROI) and Engineer's Report are necessary to establish LBTBIA boundaries, specify its mission and per State Code, describe its allowable improvements and activities. The ROI and Engineer's Report also establish the LBTBIA's Advisory Board, propose that the CVB administer tourist marketing programs and provide the method and basis of levying the assessment.

The adoption of the attached ROI would declare the City Council's intention to begin the LBTBIA proceedings and set a public hearing for June 21, 2005 at 5:00 p.m. The City Council shall receive written or oral protests at the public hearing. Protests must be filed in writing with the City Clerk and must contain sufficient detail to identify the business and evidence allowing the City to substantiate ownership, so as to count in determining a majority protest. If the owner is a corporation, limited partnership or other legal entity, the authorized representative for the entity shall be authorized to sign the protest. Prior to the close of the scheduled hearing, the City Clerk must receive all written protests.

If valid written protests are received from hotel property owners comprising 50 percent or more of the proposed LBTBIA assessment payments, and none are withdrawn, no further proceedings to create the district or issue the levy shall be undertaken for one year.

LBTBIA Boundaries and Levy

All hotels within LBTBIA boundaries would be assessed a levy, as would new hotels within these boundaries. The LBTBIA's proposed boundaries are: 1) Downtown area: bounded by 3rd Street, Alamitos Avenue, Queensway Bay (including the Queen Mary, excluding Queensway Harbor and the Long Beach Marina) and Freeway 710; and, 2) Airport area: bounded by Redondo Avenue, Carson Street, Bellflower Boulevard, and East Stearns Street. See attached maps in Section 6 of the Engineer's Report.

Hotels currently in the proposed LBTBIA boundaries include:

Downtown Area	Airport Area
Best Western	Extended Stay America
Courtyard by Marriott	Holiday Inn Long Beach Airport
Guest House Hotel	Long Beach Marriott
Hilton Long Beach	Residence Inn by Marriott
Holiday Inn Express/Downtown	
Hyatt	
Inn of Long Beach	
Queen Mary	
Renaissance Hotel	
Rodeway Inn	
The West Coast Long Beach Hotel	
Travelodge	
Westin	

It is proposed that the assessment be collected monthly based on 3 percent of the gross short-term hotel room rental revenues for the previous month. Short-term room rental shall mean occupancies that last less than 15 consecutive days, and shall not include occupancies related to government employees on government business and stays paid by Los Angeles County Social Service vouchers. Exemptions shall be allowed for airline crew room occupancies; these are hotel rooms occupied for extended time periods by airline crews.

It should be noted that the aggregate total percentage of Transient Occupancy Tax (TOT) and assessment to be paid by hotel operators in the LBTBIA would be 15 percent of gross revenues, 12 percent from TOT and 3 percent from the LBTBIA levy. Some comparable cities' TOT rates include: City of Anaheim at 15 percent and City of Los Angeles at 14 percent. The LBTBIA assessment shall not be included in the gross room rental revenue to determine the amount to be paid for TOT.

The CVB has contacted hotels located within the proposed district and has endeavored to incorporate and address concerns of hotel owners, owner representatives and/or local manager.

Advisory Board

The ROI and Engineer's Report also request the City Council to appoint members of the CVB Board to the LBTBIA's Advisory Board. The LBTBIA Advisory Board would be responsible for submitting to the City Council for review and approval its management plans, budgets and status reports. These submissions shall account for operations, and identify proposed activities for the next year. The LBTBIA Advisory Board shall specify any amounts carried over from a previous fiscal year, list contributions from other non-assessment sources and any proposed changes to the district.

If the district is established, the LBTBIA shall begin August 1, 2005. Officially, the LBTBIA's fiscal year shall be from October 1 through September 30. The first year of the district will be for 14 months, from August 1, 2005 through September 30, 2006. It should be noted that the LBTBIA is being formed without a sunset date. As previously noted, the City Council will annually review and consider approval of budgets and reports as submitted by the LBTBIA.

This letter was reviewed by Chief Assistant City Attorney Heather Mahood and Budget Management Officer David Wodynski on May 16, 2005.

Approve recommendation.