



CITY COUNCIL AGENDA REPORT

MEETING DATE: June 7, 2004

ITEM NUMBER:

SUBJECT: BUSINESS IMPROVEMENT AREA (BIA) REAUTHORIZATION

DATE: 05/05/04

FROM: CITY MANAGER/ADMINISTRATION

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

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

RECOMMENDATION:

That the City Council adopt the attached Resolution to levy an annual assessment for Fiscal Year 2004-2005 for the Business Improvement Area (BIA) for the City of Costa Mesa hotels and motels.

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 2004-2005. This process will impose a two percent (2%) assessment on the City's largest 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.

At the meeting of May 3, 2004, the City Council approved and filed the annual report for the BIA for Fiscal Year 2004-2005, and adopted a Resolution of Intention that included approval of the BIA budget and the setting of a public hearing for June 7, 2004 (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 seven major hotels that originally participated in the program.

As a function of the renewal process all seven 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 of Intention.

FISCAL REVIEW:

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 \$9,200 for the coming fiscal year. This fee will sufficiently cover the costs incurred by the City in assisting the Bureau.

LEGAL REVIEW:

The City Attorney's Office has prepared the Resolution of Intention as required by the Parking and Business Improvement Area Law of 1989.

CONCLUSION:

The adoption of the attached Resolution is the final step required to authorize the BIA assessment for the 2004-2005 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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Acting City Attorney

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ATTACHMENTS: [Attachment 1 – Resolution 04-31](#)
[Attachment 2 – Draft Resolution](#)