

COMMUNICATION

TO: LOS ANGELES CITY COUNCIL

File No. 11-0378

**FROM: COUNCILMEMBER RICHARD ALARCÓN, CHAIR
JOBS AND BUSINESS DEVELOPMENT COMMITTEE**

COMMUNICATION FROM CHAIR, JOBS AND BUSINESS DEVELOPMENT COMMITTEE and ORDINANCE to establish a Business Improvement District to be known as the "Los Angeles Tourism Marketing District" (District) pursuant to the provisions of the Property and Business Improvement District Law of 1994 (Division 18, Part 7, Streets and Highways Code, State of California) and to levy assessments.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. PRESENT and ADOPT the accompanying ORDINANCE OF INTENTION to establish the Los Angeles Tourism Marketing District.
2. DIRECT the City Clerk to comply with the notice, protest, and hearing procedures prescribed in the California Government Code, Section 54954.6.
3. REQUEST the City Attorney, with the assistance of the City Clerk, to prepare an enabling Ordinance establishing the Los Angeles Tourism Marketing District for City Council consideration at the conclusion of the required public hearing.
4. FIND that the proposed District is eligible for establishment pursuant to Section 36600 et seq. of the California Streets and Highways Code.
5. FIND that the assessments for the proposed business based District are not taxes and that the District qualifies for exemption from Proposition 26 under exemption 1 of Article XIII C §1(e).
6. FIND that the petitions submitted on behalf of the proponents of the proposed Los Angeles Tourism Marketing District are signed by lodging business owners who will pay more than fifty percent of the assessments proposed to be levied.
7. FIND that the marketing of this District is a special benefit for the lodging businesses with fifty rooms or more and exceeds the level of services provided by the City.
8. FIND that the assessment dollars are used in a manner that creates a clear and direct link between the marketing service provided and the benefit to the assessed lodging business.
9. FIND that no business other than the assessed lodging business will benefit from the assessment and attendant marketing services.
10. FIND that the assessment imposed does not exceed the reasonable cost to the local government of conferring the benefit.
11. FIND that in accordance with State Law and based on the facts and conclusions contained in the attached Management District Plan, the assessment levied on each lodging business shall not be used to provide improvements or activities outside the District or for any other purpose other than those described in the Management District Plan and does not exceed the reasonable cost of the proportional special benefit conferred on that lodging business.

12. FIND that all lodging business with fifty rooms or more that will have a special benefit conferred upon them by the improvements and activities provided and upon which an assessment would be imposed are those as identified in the Management District Plan and Engineer's Report.
13. FIND that in accordance with State Law, the benefits and services provided by the District to lodging businesses with fifty rooms or more within established business improvement districts in the City of Los Angeles are separate and distinct from the benefits provided by other business improvement districts.
14. FIND that the City Clerk, or its designee, will collect the assessments.
15. FIND that the City Clerk, or its designee, shall be allowed to review or audit the financial records of the owners' association and all lodging businesses as necessary to ensure accurate collection and expenditure of the assessments.
16. ADOPT the Preliminary Report of the City Clerk.
17. ADOPT the attached Management District Plan and the Engineer's Report.
18. AUTHORIZE the City Clerk, upon establishment of the District, to prepare, execute and administer a contract between the City of Los Angeles and Los Angeles Tourism Marketing District Inc. for the administration of the District's programs.
19. AUTHORIZE the City Clerk, upon establishment of the District, to prepare and execute a third supplemental agreement to contract C-110276 for an amount not to exceed \$100,000 with M.R. Grant, CPA, for auditing purposes.
20. AUTHORIZE the Controller, upon establishment of the District, to establish and assign a new revenue source code special trust fund within FMIS to be known as the Los Angeles Tourism Marketing District Fund (Fund) "XXX". The revenue from the assessment shall be collected and placed in the Fund XXX to be established and all interest and other earnings attributable to assessments, contributions and other revenue deposited shall be credited to the Fund XXX.
21. AUTHORIZE the City Clerk to receive \$35,000 from the Los Angeles Tourism Marketing District, and upon receipt transfer the funds to the Office of Finance for reimbursement of accounting billing software upgrades.
22. AUTHORIZE the City Clerk and/or Controller to make any technical corrections or clarifications to the above fund transfer and recommendation in order to effectuate the intent of this report.

Fiscal Impact Statement: The City Clerk reports that administrative expenses will be charged to the proposed District and will be recovered from assessments collected. The amount of recoverable costs for the first year of the proposed District's operations is estimated to be \$115,000 or one percent of the proposed District's estimated first-year assessment revenue. Additionally, in the initial year of operation, the City of Los Angeles will be reimbursed by the District for costs incurred to set up collection procedures in an amount not to exceed \$35,000.

Community Impact Statement: None submitted

SUMMARY

On March 22, 2011, your Committee considered a February 24, 2011 Communication from the City Clerk and an Ordinance of intention relative to the establishment of a Business Improvement District to be known as the "Los Angeles Tourism Marketing District" pursuant to the provisions of the Property and Business Improvement District Law of 1994 (Division 18, Part 7, Streets and Highways Code, State of California) and to levy assessments.

According to the City Clerk, the District is being established in accordance with the provisions of the Property and Business Improvement District Law of 1994 (Section 36600 et seq., Streets and Highways Code, State of California)("State Law"), which allows for the establishment of a business improvement district in which operations would be supported by revenue collected from lodging businesses (as defined in the attached Management District Plan) with fifty rooms or more within the boundaries of the proposed District. The City Clerk further states that the proposed District's programs include, but are not limited to the following: marketing, sales, administration, contingency and renewal to be funded by an annual assessment of 1.5% of Gross Room Rental Revenue (as defined in the attached Management District Plan).

After consideration and having provided an opportunity for public comment, the Committee Chair moved to recommend approval of the recommendations as contained in the February 24, 2011 City Clerk report as detailed in the above recommendations, along with the accompanying Ordinance of Intention and the amendment to have the City Clerk, prepare, execute and administer a contract between the City of Los Angeles and the Los Angeles Tourism Marketing District Inc., instead of LA Inc., for the administration of the District's programs. This matter is now submitted to Council for its consideration.

Respectfully submitted,

COUNCILMEMBER RICHARD ALARCÓN, CHAIR
JOBS AND BUSINESS DEVELOPMENT COMMITTEE