



CITY OF PACIFIC GROVE
300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council
FROM: Lori Frati, Finance Management Analyst
MEETING DATE: April 6, 2016
SUBJECT: Resolution of Intention to Levy the Annual Assessment for the Hospitality Improvement District (HID)
CEQA: Does not constitute a "Project" under California Environmental Quality Act (CEQA) Guidelines

RECOMMENDATION

1. Approve a resolution of intention to levy an assessment for the Hospitality Improvement District for Fiscal Year 2016-17.
2. Direct staff to notice a public hearing to be held on April 20, 2016 for the purpose of hearing any protests and determining whether to levy the assessment.

DISCUSSION

In 2007, the City established the Hospitality Improvement District (HID), appointed an advisory board, and established an assessment for the District. The assessment is currently set at \$4.00 per room night for full-service lodging establishments and \$2.00 per room night for all others. Pacific Grove has no full-service hotels or bed and breakfast establishments that collect the \$4.00 per room night fee. (Resolution 12-014 defines full service accommodations as "...generally mid-price, upscale or luxury hotels with a restaurant, lounge facilities and meeting space as well as minimum service levels, often including bell service and room service. These hotels report food and beverage revenue"). HID assessment revenues are exclusively used for the support and benefit of the hospitality economy of Pacific Grove. Half of the \$2.00 per room night assessment is remitted as dues to the Monterey County Convention and Visitors Bureau (MCCVB) and the other half is retained by the HID.

Pursuant to State law and City Council Resolution 07-044, which formed the HID, an Annual Report is required that reports on District revenues and expenditures, proposes a budget for Fiscal Year (YR) 2016-17, and requests the levy of an assessment for FY 2016-17. The annual report prepared by the HID will be included in the April 20, 2016 agenda report. No changes to HID boundaries are recommended for FY 2016-17.

At the public hearing on April 20, 2016, the Council will have the opportunity to hear and evaluate any protests received and determine whether to levy the assessment. The Council will also have the opportunity to appoint an advisory board.

OPTIONS

1. Decline to adopt the Resolution.
2. Provide alternate direction.

FISCAL IMPACT

The City acts as the administrative pass-through to the MCCVB and HID. Assessment revenues may only be used for HID purposes.

ATTACHMENTS

1. Resolution of Intention to establish the Hospitality Improvement District for FY 2016-17

RESPECTFULLY SUBMITTED:

Lori Frati

Lori Frati
Finance Management Analyst

REVIEWED BY:

Ben Harvey

Ben Harvey
Interim City Manager

RESOLUTION NO. 16-xxx

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE
STATING THE CITY'S INTENTION TO LEVY AN ASSESSMENT FOR THE PACIFIC
GROVE HOSPITALITY IMPROVEMENT DISTRICT FOR FISCAL YEAR 2016-17**

FACTS

1. In 2007 the City of Pacific Grove established the Pacific Grove Hospitality Improvement District (HID); and
2. The HID has been approved for continuation each year since it was first established, and has proved to be of benefit to the Community in terms of promoting tourism and the hospitality economy; and
3. The Pacific Grove Chamber of Commerce has requested continuation of the HID for the 2016-17 fiscal year; and
4. The Action proposed by this Resolution does not constitute a "Project" as that term is defined under California Environmental Quality Act (CEQA), CEQA Guideline section 15378.

**NOW THEREFORE, THE COUNCIL OF THE CITY OF PACIFIC GROVE DOES
RESOLVE AS FOLLOWS:**

1. The City Council finds each recital set forth above to be true and correct, and by this reference incorporates each as an integral part of this Resolution.
2. It is the intention of the City to levy and collect assessments for the Fiscal Year 2016-17 within the Pacific Grove Hospitality Improvement District (HID), as described in Section 6.54 of the Pacific Grove Municipal Code. The proposed assessment, equal to \$4.00 per room night for full-service establishments and \$2.00 per room night for other establishments will be collected by the City from lodging establishment owners when Transient Occupancy Taxes are paid.
3. On April 20, 2016, the City Council will receive an annual report prepared by the HID's Advisory Board, which contains detail of expenditures in 2015-16 and a description of the anticipated costs and activities to be provided in Fiscal Year 2016-17. Copies of the report will be on file with the City Clerk and available at the offices of the Pacific Grove Chamber of Commerce.
4. There is no change to the boundaries of the district as established and set forth in Section 6.50.020 of the Pacific Grove Municipal Code.

5. The Council hereby sets the public hearing to consider the levy of the proposed Fiscal Year 2016-17 assessment for the HID for April, 20, 2016 at 6:00 pm, or as soon thereafter as the item may be called, at the Pacific Grove City Hall, 300 Forest Avenue, Pacific Grove, California.

6. At the public hearing, the City Council shall hear and consider any and all protests against the Fiscal Year 2016-17 levy of assessments for the HID. The rules and procedures used in receiving and considering protests will comply with those set forth in Streets and Highways Code sections 36524, 36525 and 36534. Following the hearing, the Council may adopt a resolution approving the levy.

7. The City Clerk is hereby directed to give a summary notice of the public hearing by causing this resolution of intention to be published once in a newspaper of general circulation not less than seven days before the public hearing.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE this 6th day of April, 2016, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

BILL KAMPE, Mayor

ATTEST:

SANDRA KANDELL, Deputy City Clerk

APPROVED AS TO FORM:

DAVID C. LAREDO, City Attorney