Council Meeting of
December 8, 2009

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the Council:

SUBJECT: Proposed Establishment of a Torrance Tourism Business Improvement District and Proposed Levy of Assessments on Lodging Businesses Therein

RECOMMENDATION

Recommendation of the City Manager that the City Council allow public testimony regarding the proposed establishment of a tourism business improvement district and proposed levy of assessments therein

Funding
N/A

BACKGROUND/ANALYSIS

On November 17, 2009 after receipt of the requisite number of petitions from lodging businesses in the City of Torrance, the City Council adopted a Resolution of Intention to form a Tourism Business Improvement District (TBID). At that time the Council also gave notice of tonight's public meeting as well as notice of the public hearing on this matter which is set for January 12, 2010.

The Torrance TBID will be a special benefit assessment area made up of lodging businesses that contribute to a fund to market the area, including conducting promotional activities, special events and programs in order to increase business. The funds raised by the assessments are returned to the private non-profit corporation that will be formed to govern the district. The TBID will be set for five years with an option each year for reconsideration for renewal.

According to the Management District Plan, lodging businesses with more than fifty rooms located within the boundaries of the City of Torrance will be assessed annual fees of 1% of gross short term (stays less than 60 days) room rental revenue. The anticipated revenue generated by the assessments is anticipated to be approximately $500,000 per year.

The formation of the TBID will allow for a funding source to be created that will specifically focus on tourism promotion and community marketing. Transient occupancy tax will continue to contribute to general fund revenues which provide core city services. Some of the specific items that the TBID plans to utilize funds for are: branding, advertising, marketing programs, website operations that will include a room-booking engine, creation of a visitors' center, and transportation.

Pursuant to California Government Code Section 54954.6 the City must conduct a public meeting to allow public testimony regarding the proposed assessment. Now is the time and place for members of the public to comment regarding the proposed establishment of the tourism business improvement district and the proposed levy of assessments therein.

Respectfully submitted,

LeROY J. JACKSON
CITY MANAGER

By _____
Fran Fulton
Management Associate

CONCUR:

_____
LeRoy J. Jackson
City Manager

Attachments: A) Management District Plan
B) Resolution of Intention

TORRANCE TOURISM BUSINESS IMPROVEMENT DISTRICT

MANAGEMENT DISTRICT PLAN

Formed pursuant to the Property and Business Improvement District Act of 1994
(Streets and Highways Code §36600 et seq.)

Submitted to the

City of Torrance

October 8, 2009

by

CIVITAS

TORRANCE TOURISM BUSINESS IMPROVEMENT DISTRICT MANAGEMENT DISTRICT PLAN

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I. INTRODUCTION AND OVERVIEW

Developed by the City of Torrance (City) and the Torrance Area Chamber of Commerce, the Torrance Tourism Business Improvement District (TTBID) is a benefit assessment district proposed to help fund marketing and sales promotion efforts for Torrance lodging businesses. This approach has been used successfully in other destination areas throughout the country to improve tourism and drive additional room nights.

Location: The proposed TTBID includes all lodging businesses with more than fifty (50) rooms located within the boundaries of the City of Torrance.

Services: Marketing and sales promotions to increase tourism and to market Torrance as a tourist, meeting and event destination.

Budget: The total TTBID budget for each year of its five (5) year operation is anticipated to be approximately $500,000.

Cost: Annual assessment rates are 1% of gross short term (stays less than 31 days) room rental revenue on lodging businesses. Based on the benefit received, assessments will not be collected on stays of more than thirty (30) consecutive days, nor on stays by airline crews. Assessments pursuant to the TTBID shall not include room rental revenue resulting from stays pursuant to contracts executed prior to January 1, 2010.

Formation: TTBID formation requires submittal of petitions from lodging businesses representing more than 50% of the total annual assessment followed by a City Council hearing and an opportunity for a written protest. The assessed lodging business owners will receive notice of the public hearing by mail. If there is a majority written protest, the TTBID will not be formed.

Duration: The proposed TTBID will have a five (5) year life. The TTBID assessment will be implemented beginning January 1, 2010. Once per year there is a thirty (30) day period in which owners paying more than 50% of the assessment may protest and terminate the district.

II. WHY A TOURISM BUSINESS IMPROVEMENT DISTRICT FOR TORRANCE?

There are several reasons why now is the right time to form a TBID in Torrance; the most compelling reasons are as follows:

1. The Need to Increase Occupancy

The formation of the TTBID is a proactive effort to provide supplemental funding beyond that provided by the City of Torrance. The funding will ensure that adequate financing exists for the investment required to increase occupancy in the lodging industry and be competitive in the conference segment of the tourism market. The investment will cover an expanded marketing and promotional budget needed to reach this market segment.

2. An Opportunity for Increasing City Tax Revenues

As occupancy rates increase, so too will the City's TOT revenue. With stable public/private funding for tourism marketing efforts, annual occupancy rates should increase significantly as new marketing and sales promotion programs are implemented. Greater occupancy will also produce an increase in sales tax revenues from tourist spending. This represents a substantial return to the City. The formation of the TTBID in partnership with the City creates a stable funding source tied directly to tourism promotion.

3. The Ability to Grow the Economy without Substantial Development

The City of Torrance expects to achieve the above levels of revenue growth without a proportionate increase in the "footprint" of the tourism industry infrastructure. Little or no development should be required to raise average occupancy rates. Any development required to raise occupancy rates even more should be relatively minor in scope compared to the existing facilities.

4. An Opportunity to Increase Available Services and Offer New Services

Currently available services such as the Torrance Visitor's Center are in need of additional funding to effectively serve Torrance lodging businesses. As part of its marketing program, the TTBID can chose to sponsor Visitor's Center programs which directly benefit the lodging industry. Additionally, establishment of the TTBID can allow for provision of new services in Torrance, such as shuttle busses and people mover transit systems, which will help to attract visitors and increase occupancy rates.

III. WHAT IS A TOURISM BUSINESS IMPROVEMENT DISTRICT?

Tourism Business Improvement Districts (TBIDs) utilize the efficiencies of private sector operation in the market-based promotion of tourism districts. Tourism Business Improvement Districts allow lodging and tourism-related business owners to organize their efforts to increase tourism. Tourism-related business owners within the district fund a TBID, and those funds are used to provide services that the businesses desire and that benefit the lodging businesses within the District.

Tourism Business Improvement District services may include, but are not limited to:

- Marketing of the Area
- Special Events and Promotion Activities
- Sales Lead Generation
- Infrastructure Financing

In California, Tourism Business Improvement Districts are formed pursuant to the Property and Business Improvement District Law of 1994 (PBID Law). This law allows for the creation of a special benefit assessment district to raise funds within a specific geographic area. *The key difference between TBIDs and other special benefit assessment districts is that funds raised are returned to the private non-profit corporation governing the district.*

There are many benefits to Tourism Business Improvement Districts:

- Funds cannot be diverted for other government programs;
- Tourism Business Improvement Districts are customized to fit the needs of each tourism district;
- They allow for a wide range of services, including those listed above;
- Tourism Business Improvement Districts are ***designed, created and governed by those who will pay*** the assessment;
- The statute requires petition support from lodging businesses paying over 50% of the annual proposed assessments;
- They provide a stable funding source for tourism promotion.

The Property and Business Improvement District Law of 1994 (AB 3754), as amended January 1, 2009, is provided in Appendix 1 of this document.

IV. TORRANCE TBID BOUNDARY

The TTBID will include all lodging businesses, existing and in the future, having fifty (50) or more rooms available for public occupancy within the boundaries of the City of Torrance.

The boundary currently includes 14 lodging business. Please see the map below.

V. SERVICE PLAN AND BUDGET

A. Assessment

The Tourism Business Improvement District annual assessment rates are based upon 1% of gross short term (stays less than 31 days) room rental revenue per night for assessed lodging businesses. Based on the benefit received, assessments will not be collected on stays of more than thirty (30) consecutive days, nor on stays by airline crews. Assessments pursuant to the TTBID shall not include room rental revenue resulting from stays pursuant to contracts executed prior to January 1, 2010. Lodging businesses with fewer than fifty (50) rooms shall not be assessed.

Bonds will not be issued.

The amount of assessment, if passed on to each transient, shall be separately stated from the amount of rent charged and any other applicable taxes, and each transient shall receive a receipt for payment from the business.

B. Determination of Special Benefit

State law provides that the expenses of the district shall be apportioned in proportion to the benefit received by assessed businesses.

A special benefit is defined as a particular and distinct benefit over and above general benefits conferred on the public at large. Conversely, a general benefit is a benefit to businesses in the surrounding community or a benefit to the public in general resulting from the improvement, activity or service to be provided by the assessment levied. Many general benefits to the public at large are conveyed by municipal services, such as fire protection, police services and public transit services. These services are targeted to serve the public at large and do not confer special benefits on particular businesses.

The services in this Management District Plan are designed to provide targeted services to lodging businesses. These services are tailored not to serve the general public, but rather to serve the specific lodging businesses within the District, e.g., the proposed activities are specifically targeted to increase room nights for assessed lodging businesses within the boundaries of the District, and are narrowly tailored. TBID funds will be used exclusively to benefit the assessees.

The activities paid for from assessment revenues are lodging business services creating special benefit to those businesses. In addition, these activities are not for the benefit of the general public and do not provide general benefit as defined above. All general benefits (if any) to the surrounding community and general public are intangible and unquantifiable. It is appropriate that these special business-related benefits be funded through business assessments.

C. Time and Manner for Collecting Assessments

The TTBID assessment will be implemented beginning January 1, 2010 and will continue for five years. The City of Torrance will be responsible for collecting the assessment on a quarterly basis (including any delinquencies, penalties and interest) from each lodging business located in the boundaries of the TTBID. Assessments shall be collected quarterly and the City shall take all

reasonable efforts to collect the assessments from each lodging business. The City of Torrance shall forward the assessments to Discover Torrance ("DT") which will have the responsibility to manage the TBID programs as provided in this Management District Plan.

The TTBID shall reimburse the City for any costs associated with collecting unpaid assessments. Assessees who are delinquent in paying their assessments shall be responsible for paying (1) the original amount of the assessment, (2) one and one-half percent (1.5 %) per month interest on the unpaid amount, (3) ten percent (10%) penalty on the unpaid amount, and (4) all costs incurred by the City and/or the TTBID for collecting the unpaid assessment. If sums in excess of the delinquent TTBID assessment are sought to be recovered in the same collection action by the City, the TTBID shall bear its prorata share of such collection costs.

D. Service Plan Budget and Programs to be Provided

Service Plan Budget Summary - Calendar Years 2010 - 2015

The summary of the annual service plan budget for the TTBID is provided on the following pages. The total five year improvement and service plan budget is projected at approximately $500,000 annually, or $2,500,000 through 2015.

E. Annual Service Plan

A service plan budget has been developed to deliver services throughout the District. An annual service plan and budget will be developed and approved by the DT Board. Please see the budget exhibit below. The budget also includes a portion for contingencies and renewal of the District. Should the DT Board approve, funds may be appropriated for the renewal effort. If there are funds remaining at the end of the District term and lodging businesses choose to renew, these remaining funds could be transferred to the renewed District. If there are funds remaining at the end of the District and lodging businesses choose not to renew, the DT board shall be responsible for distributing such funds. Remaining funds will be spent consistent with this Plan or returned to assessed lodging business owners in shares proportional to the amount of assessment paid by each lodging business, at the discretion of the DT Board.

F. Adjustments

The DT Board has full authority to manage expenditures consistent with this Plan. Although actual revenues will fluctuate due to market conditions, the proportional allocations of the budget below shall remain the same, unless reapportioned by the DT board. The DT board shall have the authority to adjust budget allocations between the categories below up to fifteen percent (15%) annually.

Torrance Tourism Business Improvement District
Draft Annual Budget, Years One through Five

Services Provided	Descriptions	Total
SALES and MARKETING – 60%	Sales and Marketing programs and activities will be designed to attract overnight groups. These activities may include: • Lead Generation • Trade Shows • Sales Blitzes • Familiarization Tours • Advertising • Collateral • Marketing Programs • Local Property Visits • Director of Sales Meetings • General Manager Meetings • Professional Industry Conferences / Affiliation Events • Staffing Costs • Visitors Center programs • Transportation services • Website operations • Room booking engine • Branding efforts	$300,000
ADMINISTRATIVE/OPERATIONS – 30%	• Office Administrative/Operational Expenses • Legal/Accounting	$150,000
CONTINGENCY/RENEWAL – 10%		$50,000
Total Tourism District Annual Budget		**$500,000**

VI. BID GOVERNANCE

A. Torrance Tourism Business Improvement District Corporation Governance

Discover Torrance will serve as the Owners' Association for the TTBID.

The Board of Directors of DT shall be composed of one representative from each assessed hotel, one representative of the City of Torrance, and the President/CEO, or his or her designee, of the Torrance Area Chamber of Commerce. The Torrance Area Chamber of Commerce representative shall be an ex-officio member and have no voting power.

B. Brown Act Compliance

The governing corporation of a TBID is considered a legislative body under the Ralph M. Brown Act (Government Code §54950 et seq.). Thus, meetings of the DT board must be held in compliance with the public notice and other requirements of the Brown Act.

C. Annual Report

The DT board shall present an annual report at the end of each year of operation to the City Council pursuant to Streets and Highways Code §36650 (see Appendix 1).

APPENDIX 1 – THE PROPERTY AND BUSINESS IMPROVEMENT DISTRICT LAW OF 1994

STREETS AND HIGHWAYS CODE
SECTION 36600 et seq.

As Amended January 1, 2009

Declarations

36600. This part shall be known and may be cited as the "Property and Business Improvement District Law of 1994."

36601. The Legislature finds and declares all of the following:
(a) Businesses located and operating within the business districts of this state's communities are economically disadvantaged, are underutilized, and are unable to attract customers due to inadequate facilities, services, and activities in the business districts.
(b) It is in the public interest to promote the economic revitalization and physical maintenance of the business districts of its cities in order to create jobs, attract new businesses, and prevent the erosion of the business districts.
(c) It is of particular local benefit to allow cities to fund business related improvements, maintenance, and activities through the levy of assessments upon the businesses or real property that benefits from those improvements.
(d) Assessments levied for the purpose of providing improvements and promoting activities that benefit real property or businesses are not taxes for the general benefit of a city, but are assessments for the improvements and activities which confer special benefits upon the real property or businesses for which the improvements and activities are provided.

36602. The purpose of this part is to supplement previously enacted provisions of law that authorize cities to levy assessments within a business improvement area. This part does not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes.

36603. Nothing in this part is intended to preempt the authority of a charter city to adopt ordinances providing for a different method of levying assessments for similar or additional purposes from those set forth in this part. A property and business improvement district created pursuant to this part is expressly exempt from the provisions of the Special Assessment Investigation, Limitation and Majority Protest Act of 1931 (Division 4 (commencing with Section 2800)).

36603.5. Any provision in this part that conflicts with any other provision of law shall prevail over the other provision of law.

36604. This part is intended to be construed liberally and, if any provision is held invalid, the remaining provisions shall remain in full force and effect. Assessments levied under this part are not special taxes.

Definitions

36606. "Assessment" means a levy for the purpose of acquiring, constructing, installing, or maintaining improvements and promoting activities which will benefit the properties or businesses located within a property and business improvement district.

36607. "Business" means all types of businesses and includes financial institutions and professions.

36608. "City" means a city, county, city and county, or an agency or entity created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code, the public member agencies of which includes only cities, counties, or a city and county.

36609. "City council" means the city council of a city or the board of supervisors of a county, or the agency, commission, or board created pursuant to a joint powers agreement and which is a city within the meaning of this part.

36610. "Improvement" means the acquisition, construction, installation, or maintenance of any tangible property with an estimated useful life of five years or more including, but not limited to, the following:
(a) Parking facilities.
(b) Benches, booths, kiosks, display cases, pedestrian shelters and signs.
(c) Trash receptacles and public restrooms.
(d) Lighting and heating facilities.
(e) Decorations.
(f) Parks.
(g) Fountains.
(h) Planting areas.
(i) Closing, opening, widening, or narrowing of existing streets.
(j) Facilities or equipment, or both, to enhance security of persons and property within thearea.
(k) Ramps, sidewalks, plazas, and pedestrian malls.
(l) Rehabilitation or removal of existing structures.

36611. "Property and business improvement district," or "district," means a property and business improvement district established pursuant to this part.

36612. "Property" means real property situated within a district.

36613. "Activities" means, but is not limited to, all of the following:
(a) Promotion of public events which benefit businesses or real property in the district.
(b) Furnishing of music in any public place within the district.
(c) Promotion of tourism within the district.
(d) Marketing and economic development, including retail retention and recruitment.
(e) Providing security, sanitation, graffiti removal, street and sidewalk cleaning, and other municipal services supplemental to those normally provided by the municipality.
(f) Activities which benefit businesses and real property located in the district.

36614. "Management district plan" or "plan" means a proposal as defined in Section 36622.

36614.5. "Owners' association" means a private nonprofit entity that is under contract with a city to administer or implement activities and improvements specified in the management district plan. An owners' association may be an existing nonprofit entity or a newly formed nonprofit entity. An owners' association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. Notwithstanding this section, an owners' association shall comply with the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code), at all times when matters within the subject matter of the district are heard, discussed, or deliberated, and with the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code), for all documents relating to activities of the district.

36615. "Property owner" or "owner" means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of land by the city council. The city council has no obligation to obtain other information as to the ownership of land, and its determination of ownership shall be final and conclusive for the purposes of this part. Wherever this subdivision requires the signature of the property owner, the signature of the authorized agent of the property owner shall be sufficient.

36616. "Tenant" means an occupant pursuant to a lease of commercial space or a dwelling unit, other than an owner.

Prior Law

36617. This part provides an alternative method of financing certain improvements and activities. The provisions of this part shall not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes. Every improvement area established pursuant to the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500) of this division) is valid and effective and is unaffected by this part.

Establishment

36620. A property and business improvement district may be established as provided in this chapter.

36620.5. A county may not form a district within the territorial jurisdiction of a city without the consent of the city council of that city. A city may not form a district within the unincorporated territory of a county without the consent of the board of supervisors of that county. A city may not form a district within the territorial jurisdiction of another city without the consent of the city council of the other city.

36621. (a) Upon the submission of a written petition, signed by the property or business owners in the proposed district who will pay more than 50 percent of the assessments proposed to be levied, the city council may initiate proceedings to form a district by the adoption of a resolution expressing its intention to form a district. The amount of assessment attributable to property or a business owned by the same property or business owner that is in excess of 40 percent of the amount of all

assessments proposed to be levied, shall not be included in determining whether the petition is signed by property or business owners who will pay more than 50 percent of the total amount of assessments proposed to be levied. (b) The petition of property or business owners required under subdivision (a) shall include a summary of the management district plan. That summary shall include all of the following:
(1) A map showing the boundaries of the district.
(2) Information specifying where the complete management district plan can be obtained.
(3) Information specifying that the complete management district plan shall be furnished upon request. (c) The resolution of intention described in subdivision (a) shall contain all of the following:
(1) A brief description of the proposed activities and improvements, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property or businesses within the district, a statement as to whether bonds will be issued, and a description of the exterior boundaries of the proposed district. The descriptions and statements do not need to be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements and activities and the location and extent of the proposed district.
(2) A time and place for a public hearing on the establishment of the property and business improvement district and the levy of assessments, which shall be consistent with the requirements of Section 36623.

36622. The management district plan shall contain all of the following:
(a) A map of the district in sufficient detail to locate each parcel of property and, if businesses are to be assessed, each business within the district.
(b) The name of the proposed district.
(c) A description of the boundaries of the district, including the boundaries of benefit zones, proposed for establishment or extension in a manner sufficient to identify the affected lands and businesses included. The boundaries of a proposed property assessment district shall not overlap with the boundaries of another existing property assessment district created pursuant to this part. This part does not prohibit the boundaries of a district created pursuant to this part to overlap with other assessment districts established pursuant to other provisions of law, including, but not limited to, the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500)). This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with another business assessment district created pursuant to this part. This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with a property assessment district created pursuant to this part.
(d) The improvements and activities proposed for each year of operation of the district and the maximum cost thereof.
(e) The total annual amount proposed to be expended for improvements, maintenance and operations, and debt service in each year of operation of the district.
(f) The proposed source or sources of financing, including the proposed method and basis of levying the assessment in sufficient detail to allow each property or business owner to calculate the amount of the assessment to be levied against his or her property or business. The plan also shall state whether bonds will be issued to finance improvements.
(g) The time and manner of collecting the assessments.
(h) The specific number of years in which assessments will be levied. In a new district, the maximum number of years shall be five. Upon renewal, a district shall have a term not to exceed 10 years. Notwithstanding these limitations, a district created pursuant to this part to finance capital improvements with bonds may levy assessments until the maximum maturity of the bonds. The management district plan may set forth specific increases in assessments for each year of operation of the district.

(i) The proposed time for implementation and completion of the management district plan.
(j) Any proposed rules and regulations to be applicable to the district.
(k) A list of the properties or businesses to be assessed, including the assessor's parcel numbers for properties to be assessed, and a statement of the method or methods by which the expenses of a district will be imposed upon benefited real property or businesses, in proportion to the benefit received by the property or business, to defray the cost thereof, including operation and maintenance. The plan may provide that all or any class or category of real property which is exempt by law from real property taxation may nevertheless be included within the boundaries of the district but shall not be subject to assessment on real property.
(l) Any other item or matter required to be incorporated therein by the city council.

36623.(a) If a city council proposes to levy a new or increased property assessment, the notice and protest and hearing procedure shall comply with Section 53753 of the Government Code.
(b) If a city council proposes to levy a new or increased business assessment, the notice and protest and hearing procedure shall comply with Section 54954.6 of the Government Code, except that notice shall be mailed to the owners of the businesses proposed to be assessed. A protest may be made orally or in writing by any interested person. Every written protest shall be filed with the clerk at or before the time fixed for the public hearing. The city council may waive any irregularity in the form or content of any written protest. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing. Each written protest shall contain a description of the business in which the person subscribing the protest is interested sufficient to identify the business and, if a person subscribing is not shown on the official records of the city as the owner of the business, the protest shall contain or be accompanied by written evidence that the person subscribing is the owner of the business. A written protest which does not comply with this section shall not be counted in determining a majority protest. If written protests are received from the owners of businesses in the proposed district which will pay 50 percent or more of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than 50 percent, no further proceedings to levy the proposed assessment against such businesses, as contained in the resolution of intention, shall be taken for a period of one year from the date of the finding of a majority protest by the city council.

36624. At the conclusion of the public hearing to establish the district, the city council may adopt, revise, change, reduce, or modify the proposed assessment or the type or types of improvements and activities to be funded with the revenues from the assessments.
Proposed assessments may only be revised by reducing any or all of them. At the public hearing, the city council may only make changes in, to, or from the boundaries of the proposed property and business improvement district that will exclude territory that will not benefit from the proposed improvements or activities. Any modifications, revisions, reductions, or changes to the proposed assessment district shall be reflected in the notice and map recorded pursuant to Section 36627.

36625. (a) If the city council, following the public hearing, decides to establish the proposed property and business improvement district, the city council shall adopt a resolution of formation that shall contain all of the following:
(1) A brief description of the proposed activities and improvements, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property or businesses within the district, a statement about whether bonds will be issued, and a description of the exterior boundaries of the proposed district. The descriptions and statements do not need to be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements and activities and the location and extent of the proposed district.

(2) The number, date of adoption, and title of the resolution of intention.
(3) The time and place where the public hearing was held concerning the establishment of the district.
(4) A determination regarding any protests received. The city shall not establish the district or levy assessments if a majority protest was received.
(5) A statement that the properties or businesses in the district established by the resolution shall be subject to any amendments to this part.
(6) A statement that the improvements and activities to be provided in the district will be funded by the levy of the assessments. The revenue from the levy of assessments within a district shall not be used to provide improvements or activities outside the district or for any purpose other than the purposes specified in the resolution of intention, as modified by the city council at the hearing concerning establishment of the district.
(7) A finding that the property or businesses within the area of the property and business improvement district will be benefited by the improvements and activities funded by the assessments proposed to be levied. (b) The adoption of the resolution of formation and recordation of the notice and map pursuant to Section 36627 shall constitute the levy of an assessment in each of the fiscal years referred to in the management district plan.

36626. If the city council, following the public hearing, desires to establish the proposed property and business improvement district, and the city council has not made changes pursuant to Section 36624, or has made changes that do not substantially change the proposed assessment, the city council shall adopt a resolution establishing the district. The resolution shall contain all of the information specified in paragraphs (1) to (8), inclusive, of subdivision (b) of
Section 36625, but need not contain information about the preliminary resolution if none has been adopted.

36627. Following adoption of the resolution establishing the district pursuant to Section 36625 or 36626, the clerk of the city shall record a notice and an assessment diagram pursuant to Section 3114. If the assessment is levied on businesses, the text of the recorded notice shall be modified to reflect that the assessment will be levied on businesses, or specified categories of businesses, within the area of the district. No other provision of Division 4.5 (commencing with Section 3100) applies to an assessment district created pursuant to this part.

36628. The city council may establish one or more separate benefit zones within the district based upon the degree of benefit derived from the improvements or activities to be provided within the benefit zone and may impose a different assessment within each benefit zone.
If the assessment is to be levied on businesses, the city council may also define categories of businesses based upon the degree of benefit that each will derive from the improvements or activities to be provided within the district and may impose a different assessment or rate of assessment on each category of business, or on each category of business within each zone.

36628.5. The city council may levy assessments on businesses or on property owners, or a combination of the two, pursuant to this part. The city council shall structure the assessments in whatever manner it determines corresponds with the distribution of benefits from the proposed improvements and activities.

36629. All provisions of this part applicable to the establishment, modification, or disestablishment of a property and business improvement district apply to the establishment, modification, or disestablishment of benefit zones or categories of business. The city council shall, to establish,

modify, or disestablish a benefit zone or category of business, follow the procedure to establish, modify, or disestablish a parking and business improvement area.

36630. If a property and business improvement district expires due to the time limit set pursuant to subdivision (h) of Section 36622, a new management district plan may be created and a new district established pursuant to this part.

Assessments

36631. The collection of the assessments levied pursuant to this part shall be made at the time and in the manner set forth by the city council in the resolution establishing the management district plan described in Section 36622. Assessments levied on real property may be collected at the same time and in the same manner as for the ad valorem property tax, and may provide for the same lien priority and penalties for delinquent payment. All delinquent payments for assessments levied pursuant to this part shall be charged interest and penalties.

36632. (a) The assessments levied on real property pursuant to this part shall be levied on the basis of the estimated benefit to the real property within the property and business improvement district. The city council may classify properties for purposes of determining the benefit to property of the improvements and activities provided pursuant to this part. (b) Assessments levied on businesses pursuant to this part shall be levied on the basis of the estimated benefit to the businesses within the property and business improvement district. The city council may classify businesses for purposes of determining the benefit to the businesses of the improvements and activities provided pursuant to this part. (c) Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and service funded through these assessments, and shall not be subject to any assessment pursuant to this part.

36633. The validity of an assessment levied under this part shall not be contested in any action or proceeding unless the action or proceeding is commenced within 30 days after the resolution levying the assessment is adopted pursuant to Section 36626. Any appeal from a final judgment in an action or proceeding shall be perfected within 30 days after the entry of judgment.
36634. The city council may execute baseline service contracts that would establish levels of city services that would continue after a property and business improvement district has been formed.

36635. The owners' association may, at any time, request that the city council modify the management district plan. Any modification of the management district plan shall be made pursuant to this chapter.

36636. (a) Upon the written request of the owners' association, the city council may modify the management district plan after conducting one public hearing on the proposed modifications. The city council may modify the improvements and activities to be funded with the revenue derived from the levy of the assessments by adopting a resolution determining to make the modifications after holding a public hearing on the proposed modifications. If the modification includes the levy of a new or increased assessment, the city council shall comply with Section 36623. Notice of all other public meetings and public hearings pursuant to this section shall comply with both of the following:
(1) The resolution of intention shall be published in a newspaper of general circulation in the city once at least seven days before the public meeting.

(2) A complete copy of the resolution of intention shall be mailed by first class mail, at least 10 days before the public meeting, to each business owner or property owner affected by the proposed modification. (b) The city council shall adopt a resolution of intention which states the proposed modification prior to the public hearing required by this section. The public hearing shall be held not more than 90 days after the adoption of the resolution of intention.

36637. Any subsequent modification of the resolution shall be reflected in subsequent notices and maps recorded pursuant to Division 4.5 (commencing with Section 3100), in a manner consistent with the provisions of Section 36627.

Financing

36640. (a) The city council may, by resolution, determine and declare that bonds shall be issued to finance the estimated cost of some or all of the proposed improvements described in the resolution of formation adopted pursuant to Section 36625, if the resolution of formation adopted pursuant to that section provides for the issuance of bonds, under the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500)) or in conjunction with Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code). Either act, as the case may be, shall govern the proceedings relating to the issuance of bonds, although proceedings under the Bond Act of 1915 may be modified by the city council as necessary to accommodate assessments levied upon business pursuant to this part. (b) The resolution adopted pursuant to subdivision (a) shall generally describe the proposed improvements specified in the resolution of formation adopted pursuant to Section 36625, set forth the estimated cost of those improvements, specify the number of annual installments and the fiscal years during which they are to be collected. The amount of debt service to retire the bonds shall not exceed the amount of revenue estimated to be raised from assessments over 30 years. (c) Notwithstanding any other provision of this part, assessments levied to pay the principal and interest on any bond issued pursuant to this section shall not be reduced or terminated if doing so would interfere with the timely retirement of the debt.

Governance

36650. (a) The owners' association shall cause to be prepared a report for each fiscal year, except the first year, for which assessments are to be levied and collected to pay the costs of the improvements and activities described in the report. The owners' association's first report shall be due after the first year of operation of the district. The report may propose changes, including, but not limited to, the boundaries of the property and business improvement district or any benefit zones within the district, the basis and method of levying the assessments, and any changes in the classification of property, including any categories of business, if a classification is used. (b) The report shall be filed with the clerk and shall refer to the property and business improvement district by name, specify the fiscal year to which the report applies, and, with respect to that fiscal year, shall contain all of the following information:
(1) Any proposed changes in the boundaries of the property and business improvement district or in any benefit zones or classification of property or businesses within the district.
(2) The improvements and activities to be provided for that fiscal year.
(3) An estimate of the cost of providing the improvements and the activities for that fiscal year.

(4) The method and basis of levying the assessment in sufficient detail to allow each real property or business owner, as appropriate, to estimate the amount of the assessment to be levied against his or her property or business for that fiscal year.
(5) The amount of any surplus or deficit revenues to be carried over from a previous fiscal year.
(6) The amount of any contributions to be made from sources other than assessments levied pursuant to this part. (c) The city council may approve the report as filed by the owners' association or may modify any particular contained in the report and approve it as modified. Any modification shall be made pursuant to Sections 36635 and 36636. The city council shall not approve a change in the basis and method of levying assessments that would impair an authorized or executed contract to be paid from the revenues derived from the levy of assessments, including any commitment to pay principal and interest on any bonds issued on behalf of the district.

36651. The management district plan may, but is not required to, state that an owners' association will provide the improvements or activities described in the management district plan. If the management district plan designates an owners' association, the city shall contract with the designated nonprofit corporation to provide services.

Renewal

36660. (a) Any district previously established whose term has expired, may be renewed by following the procedures for establishment as provided in this chapter. (b) Upon renewal, any remaining revenues derived from the levy of assessments, or any revenues derived from the sale of assets acquired with the revenues, shall be transferred to the renewed district. If the renewed district includes additional parcels or businesses not included in the prior district, the remaining revenues shall be spent to benefit only the parcels or businesses in the prior district. If the renewed district does not include parcels or businesses included in the prior district, the remaining revenues attributable to these parcels shall be refunded to the owners of these parcels or businesses. (c) Upon renewal, a district shall have a term not to exceed 10 years, or, if the district is authorized to issue bonds, until the maximum maturity of those bonds. There is no requirement that the boundaries, assessments, improvements, or activities of a renewed district be the same as the original or prior district.

Disestablishment

36670. (a) Any district established or extended pursuant to the provisions of this part, where there is no indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the district, may be disestablished by resolution by the city council in either of the following circumstances:
(1) If the city council finds there has been misappropriation of funds, malfeasance, or a violation of law in connection with the management of the district, it shall notice a hearing on disestablishment.
(2) During the operation of the district, there shall be a 30-day period each year in which assesses may request disestablishment of the district. The first such period shall begin one year after the date of establishment of the district and shall continue for 30 days. The next such 30-day period shall begin two years after the date of the establishment of the district. Each successive year of operation of the district shall have such a 30-day period. Upon the written petition of the owners of real property or of businesses in the area who pay 50 percent or more of the assessments levied, the city council shall pass a resolution of intention to disestablish the district. The city council shall notice a hearing on disestablishment. (b) The city council shall adopt a resolution of intention to disestablish the district prior to the public hearing required by this section. The resolution shall state the reason for the disestablishment, shall state the time and place of the public hearing, and shall contain a

proposal to dispose of any assets acquired with the revenues of the assessments levied within the property and business improvement district. The notice of the hearing on disestablishment required by this section shall be given by mail to the property owner of each parcel or to the owner of each business subject to assessment in the district, as appropriate. The city shall conduct the public hearing not less than 30 days after mailing the notice to the property or business owners. The public hearing shall be held not more than 60 days after the adoption of the resolution of intention.

36671. (a) Upon the disestablishment of a district, any remaining revenues, after all outstanding debts are paid, derived from the levy of assessments, or derived from the sale of assets acquired with the revenues, or from bond reserve or construction funds, shall be refunded to the owners of the property or businesses then located and operating within the district in which assessments were levied by applying the same method and basis that was used to calculate the assessments levied in the fiscal year in which the district is disestablished. All outstanding assessment revenue collected after disestablishment shall be spent on improvements and activities specified in the management district plan. (b) If the disestablishment occurs before an assessment is levied for the fiscal year, the method and basis that was used to calculate the assessments levied in the immediate prior fiscal year shall be used to calculate the amount of any refund.

APPENDIX 2 – LODGING BUSINESSES TO BE ASSESSED WITHIN THE TTBID

Torrance Marriott South Bay
3635 Fashion Way
Torrance, CA 90503

Courtyard by Marriott
1925 W. 190th Street
Torrance, CA 90504

Homestead Studio Suites
3955 W. Carson Street
Torrance, CA 90503

Days Inn
4111 Pacific Coast Highway
Torrance, CA 90505

Torrance Travelodge
2448 Sepulveda Blvd.
Torrance, CA 90501

DoubleTree
21333 Hawthorne Blvd.
Torrance, CA 90503

Courtyard by Marriott
2633 Sepulveda Blvd.
Torrance, CA 90505

Extended Stay America
3525 Torrance Blvd.
Torrance, CA 90503

Ramada Inn
2880 Pacific Coast Highway
Torrance, CA 90505

Howard Johnson
3673 Torrance Blvd.
Torrance, CA 90503

Residence Inn by Marriott
3701 Torrance Blvd.
Torrance, CA 90503

Staybridge Suites
19901 Prairie Avenue
Torrance, CA 90503

Torrance Plaza Hotel
20801 S. Western Avenue
Torrance, CA 90501

Best Western Avita Suites
3531 Torrance Blvd.
Torrance, CA 90503

Attachment B

RESOLUTION NO. 2009-108

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TORRANCE DECLARING ITS INTENTION TO ESTABLISH THE TORRANCE TOURISM BUSINESS IMPROVEMENT DISTRICT (TTBID) AND FIXING THE TIME AND PLACE OF A PUBLIC MEETING AND A PUBLIC HEARING THEREON AND GIVING NOTICE THEREOF

WHEREAS, the Property and Business Improvement Law of 1994, Streets and Highways Code §36600 et seq., authorizes cities and counties to establish property and business improvement districts for the purposes of promoting tourism.

WHEREAS, the City of Torrance, lodging business owners, members of the business community and representatives from the City of Torrance have met to consider the formation of the Torrance Tourism Business Improvement District (TTBID).

WHEREAS, the City of Torrance has drafted a Management District Plan which sets forth the proposed boundary of the TTBID, a service plan and budget, and a proposed means of governance.

WHEREAS, a majority of the lodging business owners subject to assessment under the TTBID have petitioned the City Council to establish the TTBID.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL THAT:

1. The recitals set forth herein are true and correct.
2. The City Council finds that the lodging businesses that will pay more than fifty percent (50%) of the assessment proposed in the Management District Plan have signed and submitted petitions in support of the formation of the TTBID. The City Council accepts the petitions and adopts this resolution of intention to establish the TTBID and to levy an assessment on certain lodging businesses within the TTBID boundaries in accordance with the Property and Business Improvement District Law of 1994.
3. The City Council finds that the Management District Plan satisfies all requirements of Streets and Highways Code § 36622.
4. The City Council declares its intention to establish the TTBID and to levy and collect assessments on lodging businesses within the TTBID boundaries pursuant to the Property and Business Improvement District Law of 1994.
5. The boundaries of the TTBID shall be the boundaries of the City of Torrance. Please see the attached map, incorporated herein as Exhibit A.
6. The name of the district shall be the Torrance Tourism Business Improvement District (TTBID).
7. The Tourism Business Improvement District annual assessment rates are based upon 1% of gross short term (stays less than 31 days) room rental revenue per night for assessed lodging businesses. Based on the benefit received, assessments will not be collected on stays of more than thirty (30) consecutive days, nor on stays by airline crews. Assessments pursuant to the TTBID shall not include room rental revenue resulting from stays pursuant to contracts executed prior to January 1, 2010. Lodging businesses with fewer than fifty (50) rooms shall not be assessed.
8. The assessments levied for the TTBID shall be applied toward sales promotion and marketing programs to market Torrance as a tourist, meeting and event destination, and for other capital improvements as set forth in Streets and Highways Code §36610. Funds remaining at the end of any year may be used in subsequent years in which TTBID assessments are levied as long as they are used consistent with the requirements of this resolution.
9. The TTBID will have a five (5) year term unless renewed pursuant to Streets and Highways Code § 36660.

10. Bonds will not be issued.
11. The time and place for the public meeting to establish the TTBID and the levy of assessments are set for December 8, 2009, at 7:00 p.m., or as soon thereafter as the matter may be heard, at the Council Chambers located at 3031 Torrance Blvd., Torrance, CA 90503.
12. The time and place for the public hearing to establish the TTBID and the levy of assessments are set for January 12, 2010, at 7:00 p.m., or as soon thereafter as the matter may be heard, at the Council Chambers located at 3031 Torrance Blvd., Torrance, CA 90503. The City Clerk is directed to provide written notice to the lodging businesses subject to assessment of the date and time of the hearing and to provide that notice as required by Streets and Highways Code § 36623.
13. At the public hearing the testimony of all interested persons for or against the establishment of the TTBID may be received. If at the conclusion of the public hearing, there are of record written protests by the owners of the lodging businesses within the proposed TTBID that will pay fifty percent (50%) or more of the estimated total assessment of the entire TTBID, no further proceedings to establish the TTBID shall occur.
14. The complete Management District Plan is on file with the City Clerk and may be reviewed upon request.
15. This resolution shall take effect immediately upon its adoption by the City Council.

INTRODUCED, APPROVED AND ADOPTED this 17th day of November 2009.

/s/ Frank Scotto
Mayor Frank Scotto

APPROVED AS TO FORM:
JOHN FELLOWS III, City Attorney

by /s/ Patrick Q. Sullivan
Patrick Q. Sullivan, Assistant City Attorney

ATTEST:

/s/ Sue Herbers
Sue Herbers, City Clerk

TORRANCE CITY COUNCIL RESOLUTION NO. 2009-108

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF TORRANCE)

I, Sue Herbers, City Clerk of the City of Torrance, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Torrance at a regular meeting of said Council held on the 17th day of November, 2009 by the following roll call vote:

AYES:	COUNCILMEMBERS	Barnett, Brewer, Furey, Numark, Rhilinger, Sutherland, and Mayor Scotto.
NOES:	COUNCILMEMBERS	None.
ABSTAIN:	COUNCILMEMBERS	None.
ABSENT:	COUNCILMEMBERS	None.

/s/ Sue Herbers
Sue Herbers
City Clerk of the City of Torrance

Date: December 1, 2009

EXHIBIT A

District Boundaries