

Council/Agency Meeting Held: _____	City Clerk's Signature
Deferred/Continued to: _____	
<input type="checkbox"/> Approved <input type="checkbox"/> Conditionally Approved <input type="checkbox"/> Denied	
Council Meeting Date: 2/22/2005	Department ID Number: ED 05-03

CITY OF HUNTINGTON BEACH

REQUEST FOR CITY COUNCIL/REDEVELOPMENT AGENCY ACTION

SUBMITTED TO: HONORABLE MAYOR/CHAIR AND CITY COUNCIL/REDEVELOPMENT MEMBERS

SUBMITTED BY: *Penelope Culbreth Graft*
PENELOPE CULBRETH-GRAFT, DPA, CITY ADMINISTRATOR/
EXECUTIVE DIRECTOR

PREPARED BY: DAVID C. BIGGS, DIRECTOR OF ECONOMIC DEVELOPMENT
DEPUTY EXECUTIVE DIRECTOR

DAN VILLELLA, FINANCE OFFICER *[Signature]*

SUBJECT: RESOLUTION ELECTING TO REMIT HYATT REGENCY *Res. No. 355*
TRANSIENT OCCUPANCY TAXES TO CITY GENERAL FUND

RECEIVED
CITY CLERK
CITY OF
HUNTINGTON BEACH
2005 FEB - 8 11:27 AM

Statement of Issue, Funding Source, Recommended Action, Alternative Action(s), Analysis, Environmental Status, Attachment(s)

Statement of Issue: Should the Redevelopment Agency's share of transient occupancy taxes from the Hyatt Regency be remitted to the City's General Fund commencing as of the current fiscal year with the Redevelopment Agency's debt repayment to the General Fund reduced by the same amount?

Funding Source: The recommended actions will not result in any reduction in Redevelopment Agency or City resources, but will reduce the amount of funds categorized as debt repayment which is part of the Agency's debt management strategy.

Recommended Action: Motion To:

City Council

- Approve the following modifications to the City's 2004-05 Budget:
 - ▶ Increase the amount of Transient Occupancy Tax revenue budgeted by \$1,800,000;
 - ▶ Decrease the Debt Payment Transfer In by \$1,800,000.

Redevelopment Agency

- Adopt Resolution No. *355*, electing to remit to the City of Huntington Beach Transient Occupancy Tax Revenue for the Hyatt Regency Huntington Beach allocated to the Redevelopment Agency pursuant to Redevelopment Agency Ordinance No. 1 and 2;

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2. Approve the following modifications to the Redevelopment Agency 2004-05 Budget:

- ▶ Eliminate Transient Occupancy Tax revenue in the amount of \$1,800,000;
Decrease the debt repayment to the General Fund by \$1,800,000 from \$4,295,000 to \$2,495,000.

Alternative Action(s): Do not adopt the resolution remitting transient occupancy tax to the City and continue to the current level of debt repayment thereby accelerating debt repayment and reducing the ability of the Redevelopment Agency and City to maximize the benefit from the tax increment revenues permitted under the Redevelopment Plan.

Analysis: On February 2, 2004, the City Council and Redevelopment Agency took a number of actions which made a series of recommended financial modifications. One of these items included the Redevelopment Agency adopting a resolution remitting the Agency's share of transient occupancy taxes from the Waterfront Hilton back to the City with a corresponding reduction in the annual debt repayment from the Redevelopment Agency to the City. These actions had arisen out of two study sessions conducted by the City Council and Redevelopment Agency on September 2, 2003, and December 15, 2003.

The materials provided for the December 15, 2003, study session also identified that staff would be evaluating the option of returning the Redevelopment Agency's share of the Hyatt transient occupancy taxes back to the City as well. Since the Agency's share of the Hyatt's transient occupancy taxes are pledged to repayment of the Waterfront Developer Advance, it was also necessary for staff to consult with the developer of the Hyatt regarding the proposed TOT shift. The developer understands that the annual Developer Advance Payment will still be calculated using the amount of TOT generated, however, the Redevelopment Agency will make this payment in the future out of Agency tax increment and other general revenues.

The developer is agreeable to the shift, and one additional provision has been added to the subject resolution to address any future concerns about the Agency's ability to make its payments to the developer being impaired by the shift. This provision is set forth in Section 3 and provides that the subject resolution can be rescinded at any time by the Agency, but such rescission shall not become effective until the first day of the fiscal year commencing after any such rescission.

Environmental Status: N/A

E - 8.2

REQUEST FOR ACTION

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Attachment(s):

City Clerk's Page Number	No.	Description
4	1.	Resolution No. <u>355</u>
7	2.	Fiscal Impact Statement.

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Resolution

ATTACHMENT 1

E-84

RESOLUTION NO. 355

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF HUNTINGTON BEACH ELECTING TO REMIT TO THE CITY OF HUNTINGTON BEACH TRANSIENT OCCUPANCY TAX REVENUES FOR THE HYATT REGENCY HUNTINGTON BEACH ALLOCATED TO THE REDEVELOPMENT AGENCY PURSUANT TO REDEVELOPMENT AGENCY ORDINANCE NOS. 1 AND 2

WHEREAS, California *Revenue and Taxation Code* Section 7280.5 permits the redevelopment agency of any city that has levied a transient occupancy tax pursuant to Section 7280 to adopt an ordinance levying a transient occupancy tax if the city's ordinance entitles any person subject to the tax under the city's ordinance to credit the amount of taxes due to the agency against the payment of taxes due under the city's ordinance; and

The City Council of the City of Huntington Beach ("City") has adopted a transient occupancy tax ordinance consistent with the provisions of *Revenue and Taxation Code* Sections 7280 and 2780.5; and

The Redevelopment Agency of the City of Huntington Beach (the "Agency") adopted Ordinance Nos. 1 and 2 levying a transient occupancy tax pursuant to Revenue and Taxation Code Section 7280 applicable to the privilege of occupying a room or rooms in a hotel, inn, tourist home or house, motel, or other lodging located within the entire Main-Pier subarea of the Huntington Beach Redevelopment Project area; and

The Agency has now determined that the transient occupancy taxes for the Hyatt Regency Huntington Beach, which is located within the Main-Pier Redevelopment subarea, are not required to enable the Agency to timely make payments to any developer pursuant to any outstanding Disposition and Development Agreements and/or Owner Participation Agreements by and between the Agency relating to redevelopment projects within the Main-Pier Redevelopment subarea, as the same may be amended from time to time;

Commencing fiscal year 2004/2005, the Agency desires to remit to the City the transient occupancy tax revenues collected on the occupancy of a room or rooms at the Hyatt Regency Huntington Beach allocated to the Agency pursuant to Agency Ordinance Nos. 1 and 2.

NOW, THEREFORE, the Redevelopment Agency of the City of Huntington Beach does resolve as follows:

SECTION 1. That the transient occupancy taxes applicable to the privilege of occupying a room or rooms at the Hyatt Regency Huntington Beach are not required to enable the Agency to timely make payments to any developer pursuant to any outstanding Disposition and Development Agreements and/or Owner Participation Agreements by and between the Agency relating to redevelopment projects within the Main-Pier Redevelopment subarea, as the same may be amended from time to time.

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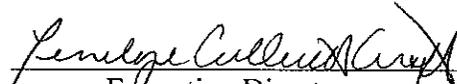
SECTION 2. That the transient occupancy tax revenues collected on the occupancy of a room or rooms at the Hyatt Regency Huntington Beach and allocated to the Agency pursuant to Agency Ordinance Nos. 1 and 2 shall be remitted to the City of Huntington Beach commencing in fiscal year 2004/2005 and shall continue to be remitted to the City of Huntington Beach until this Resolution is rescinded.

SECTION 3. This Resolution may be rescinded at any time by the Agency but such rescission shall not become effective until the first day of the fiscal year commencing after any such rescission.

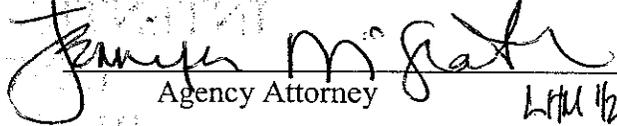
PASSED AND ADOPTED by the Redevelopment Agency of the City of Huntington Beach at a regular meeting thereof held on the _____ day of _____ 2005.

Chairperson

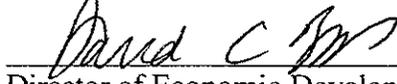
REVIEWED AND APPROVED:


Executive Director

APPROVED AS TO FORM:


Agency Attorney *LHM 1/24/05*

INITIATED AND APPROVED:


Director of Economic Development

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Fiscal Impact Statement

ATTACHMENT 2

E-8.7



CITY OF HUNTINGTON BEACH

INTERDEPARTMENTAL COMMUNICATION

To: Penelope Culbreth-Graft, City Administrator

From: Dan Vilella, Finance Officer

Subject: FIS 2005 – 6 Resolution Electing to Remit Hyatt TOT to City General Fund

Date: January 25, 2005

As required by Resolution 4832, this Fiscal Impact Statement has been prepared for "Resolution Electing to Remit Hyatt TOT to City General Fund".

The intent of this council action is financially neutral to both the Redevelopment Agency and the General Fund.

If transient occupancy tax from the Hyatt Hotel exceeds \$1.8 million, the General Fund Balance will increase by the amount that the TOT exceeds \$1.8 million and the Redevelopment Agency Fund Balance will be reduced by a like amount. If the transient occupancy tax is less than \$1.8 million, the General Fund Balance will be reduced by the amount that the TOT is less than \$1.8 million and the Redevelopment Agency Fund Balance will be increased by a like amount.

Dan Vilella,
Finance Officer

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