



**CITY OF BEVERLY HILLS
STAFF REPORT**

Meeting Date: January 22, 2009
To: Honorable Mayor & City Council
From: Scott Miller, Director of Administrative Services/CFO
Subject: Montage Hotel Transient Occupancy Tax

INTRODUCTION

This report is presented to provide information that has been requested on the Transient Occupancy Tax (TOT) of the new Montage Hotel.

DISCUSSION

The Montage Hotel opened mid November and the City has less than a month's data at this time. As such there is not enough data to provide a basis for making any projections or drawing any conclusions about the ultimate performance of the Hotel or its total contribution to the City's fiscal year 2008/2009 operation. Presently we must rely on the original projections presented by the developers during the original public discussion of the project. Following are updated projections based on the original data provided by the developer. In these projections the fiscal year 2008/2009 projections are based on seven full months of operation (December through June). The room rates and occupancy factors are those used in the original analysis adjusted to match the delayed opening date of the hotel.

	Fiscal Year 08/09	Fiscal Year 09/10	Fiscal Year 10/11	Fiscal Year 11/12	Fiscal Year 12/13
Number of Rooms	228	228	228	228	228
Room Rate (daily)	\$ 375.00	\$ 403.00	\$ 424.00	\$ 432.00	\$ 432.00
Occupancy	58.00%	68.00%	70.00%	72.00%	73.00%
Months of operation	7	12	12	12	12
Gross Revenue	10,558,538	22,805,609	24,699,696	25,884,749	26,244,259
Hotel Occupancy TOT Tax Revenues					
TOT Rate	14.00%	14.00%	14.00%	14.00%	14.00%
TOT to City	1,478,195	3,192,785	3,457,957	3,623,865	3,674,196

These numbers are consistent with the original fiscal year 2008/2009 budget assumptions. Even with the current economic downturn staff believes that the original budget assumptions are reasonable.

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Staff would like to note that the City's Municipal Codes, as well as State and Federal statutes prohibit the disclosure of information relating to the gross receipts of a person or business. As such staff is precluded from disclosing Business Tax or Transient Occupancy Tax information about a single business. In this instance staff is presenting information that has been disclosed by the developer as a part of the projects public discussions. In future presentations where actual TOT data is available to such an extent that projections are possible, staff will present only consolidated information for all Beverly Hills hotel TOT revenues.

FISCAL IMPACT

There is not fiscal impact to the City at this time.

RECOMMENDATION

Staff will continue to present TOT information for all Beverly Hills hotels as part of the quarterly budget updates.


Scott Miller PhD.

Approved By