

Agenda Report

DATE: SEPTEMBER 28, 1998

TO: CITY COUNCIL

FROM: CYNTHIA J. KURTZ, ACTING CITY MANAGER

SUBJECT: APPROVAL OF ANNUAL REPORT OF OLD PASADENA BUSINESS IMPROVEMENT DISTRICT ("DISTRICT") AND ADOPTION OF RESOLUTION OF INTENTION TO HOLD A PUBLIC HEARING TO LEVY ASSESSMENTS FOR FISCAL YEAR 1998-99

RECOMMENDATIONS:

It is recommended that the City Council of the city of Pasadena ("City Council") take the following actions:

1. Approve the annual report of the Old Pasadena Business and Professional Association ("Association") for the Old Pasadena Business Improvement District ("District") for its Fiscal Year 1998-99 in the form submitted by the Association and attached as Attachment No. 1 to this Agenda Report;
2. Adopt a resolution evidencing the intention of the City Council to hold a public hearing on **October 19, 1998 at 8:00 p.m.** on the proposed levy of the proposed assessments for the District for its Fiscal Year 1998-99; and
3. Direct the City Clerk to give notice of the public hearing by causing the resolution to be published once in the Pasadena Star-News not less than seven days before the public hearing.

EXECUTIVE SUMMARY:

The Association's Annual Report for the Fiscal Year 1998-99 (commencing September 15, 1998) describes improvements and activities which will be focused primarily on promotional and advertising programs. Also described are the implementation and augmentation of the streetscapes and alley walkways program; implementation of programs and special projects; activities and events; advocacy; marketing and public relations; and the continued funding of an executive director to carry

out the 1998-99 program. The Association's 1998-99 proposed budget reflects these priorities and is projected to cost approximately \$107,800. Assessments to be collected are expected to be in the range of \$100,000 to \$105,000.

The recommended resolution of intention (attached as Attachment No. 2 hereto), if adopted, will set a public hearing date of **October 19, 1998 at 8:00 p.m.** for the City Council to consider levying assessments for the Association's Fiscal Year 1998-99.

BACKGROUND:

A. General - Proposed Levy of District Assessments

On July 25, 1989, pursuant to the Parking and Business Improvement Area Law of 1979 (the "prior law") and in response to a request of certain Old Pasadena business owners, the then-City Board of Directors (the "Board") adopted Ordinance No 6341 (effective September 15, 1989), establishing the Old Pasadena Business Improvement District (the "District"), for the primary purpose of promoting public events and business activities in the District. The ordinance established three classifications of business (retail, professional, and service) and two separate benefit zones, and authorized the City to collect assessments on business within the District. The boundaries of the District and the two benefit zones are depicted in Exhibit "A" in Attachment No. 1 hereto. Thereafter, the City and the Association entered into a Collection and Remittance Agreement, dated December 28, 1989, whereby the then-Board designated the Association as its advisory body for the purpose of (a) recommending expenditures of the assessments collected by the City, and (b) remitting to the Association said funds for expenditures for those activities and programs, and in accordance with a budget, approved annually by the City.

1. Prior Fiscal Years

Effective January 1, 1990, the law under which the District was formed was repealed and in its place was enacted the Parking and Business Improvement Area Law of 1989 (the "new law"), which declared every business improvement district established prior to January 1, 1990, valid and effective and unaffected by the repeal of the prior law, but, nevertheless, made the District subject to certain new procedures, including the requirement that the City Council annually approve a report of the District accomplishments and authorize the level of assessments for the next succeeding fiscal year.

On November 6, 1990, the then-Board adopted Resolution No. 6457 levying assessments within the District for Fiscal Year 1990-91. By doing so, the City conformed the existing District to the new law and applicable procedures, regulations and requirements. Based upon the research and analysis of Th City Attorney's Office, Proposition 218 does not appear to affect business-based BIDs because it is not an assessment on real property. Case law has not been established on this matter, however. On May 26, 1992, the City Council adopted Resolution No. 6732 levying assessments for Fiscal Year 1991-92; on October 13, 1992,

adopted Resolution No. 6811 levying assessments for Fiscal Year 1992-93; on November 23, 1993, adopted Resolution No. 7034 levying assessments for Fiscal Year 1993-94; on November 21, 1995, adopted Resolution No. 7194 levying assessments for Fiscal Year 1994-95; on January 22, 1996, adopted Resolution No. 7333 levying assessments for Fiscal Year 1995-96; on October 28, 1996, adopted Resolution No. 7426 levying assessments for Fiscal Year 1996-97, and on November 17, 1997, adopted Resolution No. 7562 levying assessments, for Fiscal Year 1997-98.

2. **Proposed Annual Programs, Assessment Levy and Budget for Fiscal Year 1998-99**

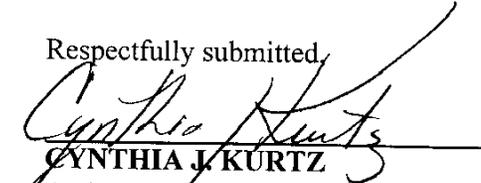
Pursuant to the new law, the Association has submitted its annual report for program year 1997-98 which includes (a) a proposed list of improvements, activities and programs for that year; (b) a budget therefore; and (c) the basis and method for levying the assessments. The city estimates that the assessment to be levied will be in the range of \$100,000 to \$105,000. The proposed list of improvements, activities, and programs for 1998-99 and the budget are shown in Attachment No. 1 to this Report. The District boundaries and basis and method of levying assessments that were adopted for Fiscal Year 1997-98 are not proposed to be modified for the proposed fiscal year commencing September 15, 1998. Also, the Association is preparing its annual audit for its 1997-98 Fiscal Year; the City's Finance Department audit section will conduct a review of the audit when submitted by the Association.

The new law requires that the City Council either approve the Association's annual report as filed or modify any particular provisions contained therein and approve it as modified. Concurrently, and after approval of the annual report, the City Council is required to adopt a resolution of intention fixing a time for public hearing to be held by the City Council on the proposed levy of the assessment for the next fiscal year. Staff does not recommend that the City Council modify any of the provisions of the annual report and recommends that the City Council approve the report as filed, and adopt a resolution evidencing its intention to hold a public hearing on **October 19, 1998 at 8:00 p.m.** on the levy of the proposed assessment for Fiscal Year 1998-99.

FISCAL IMPACT:

Implementation of the proposed assessment formula for 1998-99 will have no fiscal impact on the City, other than the administrative costs of administering the collection of the assessments. Administrative costs of \$11,000 have been budgeted in Finance Budget Account 280271. It should be noted that in accordance with Loan Advance and Reimbursement Agreement No. CDC-83 (as amended by CDC-83-1) between the Association and the Pasadena Community Development Commission, once the District's assessments exceed \$100,000 in a fiscal year, the loan is to be repaid to the Commission from one-half of all annual assessment collected in excess of \$100,000 until the unpaid amount is fully repaid. The outstanding loan amount is \$123,342.

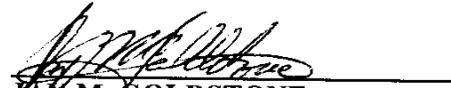
Respectfully submitted,

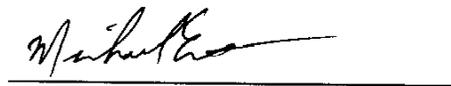

CYNTHIA J. KURTZ
Acting City Manager

Prepared by:


MARSHA V. ROOD
Development Administrator

Concurrence:


JAY M. GOLDSTONE
Director of Finance


MICHAEL J. ESTRADA
Assistant City Attorney