

Agenda Report

DATE: 12 MARCH, 2001

**TO: CITY COUNCIL
THROUGH: BUSINESS ENTERPRISE COMMITTEE**

FROM: CITY MANAGER

**SUBJECT: ESTABLISHMENT OF THE PLAYHOUSE DISTRICT ASSOCIATION
PROPERTY AND BUSINESS IMPROVEMENT DISTRICT (P.B.I.D.)**

RECOMMENDATION:

It is recommended that the City Council adopt a resolution of intention to establish the Pasadena Playhouse District Property and Business Improvement District.
(Attachment No. 1)

BACKGROUND:

The Playhouse District Association (PDA) property owners have been meeting to develop a Property and Business Improvement District (PBID) to be used primarily to provide enhanced security and maintenance, and to expand marketing efforts in the Playhouse District. PBIDs have been used successfully in many other commercial districts throughout the Country to increase sales, attract new businesses and customers, increase occupancy, and increase property values. On June 26, 2000, the City Council approved the formation of the Old Pasadena PBID pursuant to the statute under which the PDA PBID will be established.

The proposed PBID will have a 5 year life span and an annual budget estimated at \$453,660, based on the anticipated assessment revenue. Subsequent year's assessments could be increased up to 3% per year, in accordance with increases in the Los Angeles-Long Beach Consumer Price Index, All Urban Consumers. This assessment will be derived from a 34 block area from Los Robles Avenue to Lake Avenue and Corson Street to Cordova Street, excluding the southwest block of Lake and Green Street. (A map of the proposed district is included as Attachment No. 2)

Since 1997, the Playhouse District Association has received approximately \$50,000 per year financial support from the City to support their programs. Other than some minor miscellaneous funds, the PDA budget was largely comprised of the City contribution. It was, however, because of significantly greater aspirations and needs in the District that the association began the PBID process with the express intent to build on their initial budget. While the budget for the PBID assessments is \$453,660, the PDA has a projected need of \$504,000 to carry out all of the programs/activities they consider crucial. Hence, they have requested that the annual \$50,000 contribution from the City be continued for this year, and throughout the five-year term of the District. (A letter from Joel Sheldon, Treasurer of the PDA is attached as Attachment No. 5)

The Community Development Committee, at their meeting of February 8th, looked favorably on the PBID proposal, and has recommended approval of the request for supplemental funds. The Committee, acknowledging the growing popularity of PBIDs as an economic development tool, and consequently a likely increase in requests for start-up and/or supplemental funds, requested that the PDA strive for financial autonomy by the end of the five year life of the District. PDA representatives indicated that that has been their intention all along. In essence, it is an agreed upon goal that public funds will not be requested if and when the PDA PBID is renewed for its second five-year term.

Additionally, the CDC requested that special consideration be given to employing Pasadena residents, especially youth, when implementing their various programs and activities. It was suggested that such a provision be included in any agreements between the City and the PDA with respect to the PBID. The PDA representatives agreed that this is a worthy goal, and should be included as a part of their overall operating practices.

The proposed budget of \$453,660 reflects the following expenditures:

Maintenance: (31%)

- Daily, or as needed, litter collection from sidewalks, gutters, alleys and public parking lots
- Daily inspection/emptying of sidewalk trash receptacles
- Monthly mechanical sidewalk sweeping
- Quarterly mechanical scrubbing/steam cleaning of all sidewalks

Public Safety/Image Enhancement: (22%)

- Employ Downtown "Ambassadors"/"Service Representatives" to:
 - Patrol day/night and weekends to report crime, graffiti, code violations, and accumulation of debris
 - Assist customers/shoppers; answer questions, offer directions, distribute maps, promotional materials, flyers, calendars of events and the like
 - Assist business owners, property owners, and employees; answer questions, report problems, referral services, and the like

Streetscape Improvements: (5%)

- Expand streetscape elements such as banners, trash receptacles, planters/trees, district signage
- Grant writing to obtain, encourage, promote public/private amenities such as murals and public art

Marketing and Promotions: (17%)

- Several major events to attract people to the Playhouse District
- Regular District advertising; sales and promotional activities
- Expanded media coverage/public relations with regard to events and opportunities in the Playhouse District

Management and Operations: (25%)

- Engage a full-time professional staff to:
 - Manage and coordinate District programs, events, and promotions
 - Assist property owners and business owners in District matters
 - Represent the District membership and Board of Directors to other groups and agencies; provide representative voice for the District
 - Provide information to membership; advise and alert membership of projects/activities/hearings/etc that can have an impact on the District

The requested CDC funds will supplement the PBID budget in the following activities:

Business Promotions	\$ 2,500
Cultural & Heritage Events	\$ 2,500
District Advertising	\$10,000
Business Development/Assistance	\$10,000
<u>Physical Amenities</u>	<u>\$25,000</u>
TOTAL	\$50,000

This amount is not an increase over past City contributions. The continued contribution will be the public part of the public/private effort. When the City formed the Old Pasadena PBID in June of 2000, the City agreed to contribute supplemental funds to that district. For the PDA PBID, this request for supplemental funding is being considered concurrently with the PBID enactment process.

The California Statute authorizing the creation of a PBID requires that the formation of the PBID must be initiated by the presentation, to the City Council, of a petition signed by property owners within the district who will pay more than 50% of the assessments. Upon receipt of a valid petition, the City Council adopts a Resolution Of Intent to establish a PBID, sets a public hearing on the matter, and authorizes the mailing of ballots to the property owners within the district (per Prop 218). In order for the district to be established, ballots returned "*in favor*" of establishing the district must not be outweighed by ballots returned "*opposed*" to establishing the district. Ballots are proportionally weighted based upon the assessment amounts to be levied. If the "*in favor*" ballots prevail, the City Council may establish the PBID by adopting a final

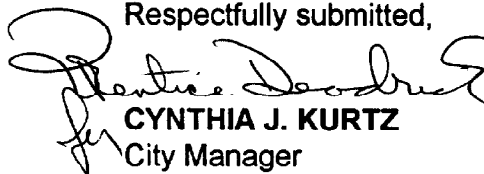
resolution. The final assessment amounts are then certified with the County for collection along with property taxes and other property related assessments. The County forwards the collected assessments to the City which remits them to the district management organization.

It is intended that the City will contract with the Playhouse District Association to provide services to the PBID in accordance with the District Management Plan to be adopted by the City Council. The PDA has been the lead organization and chief advocate of this effort having initiated the process back in 1998. The PDA represents a broad cross-section of District property and business owners and service providers. They have an elected Board of Directors which includes property owners, retail merchants (both as property owners and as lease tenants), service providers, and non-profit representatives. To date, the PDA has prepared the "Management Plan" for the Playhouse District (Attachment No. 3), and has collected weighted petitions from 132 parcels (out of 412) representing slightly over 52% of the total assessed dollars in the 34 block district as of November 1, 2000. Among the petitioners are Dayton-Hudson, Fuller Theological Seminary, Kaiser Foundation, a number of churches, Pacific Asia Museum, Pasadena Playhouse, and a number of residents. (A summary of the PDA's preparation and outreach efforts is attached as Attachment No. 4)

FISCAL IMPACT:

The fiscal impact associated with creating the management district (PBID) will be to authorize the levy of an assessment against properties located within the PBID. The City is the owner of three parcels in the district which are used as surface parking lots. The combined total of the City's three assessments will be \$3,158 annually for the five-year term of the district. Additionally, the PDA has requested \$50,000 annually from the Community Development Commission. These supplemental funds requested from the CDC cover the current operating year (the usual \$50,000 granted for the period July 1 to January 1, prior to the collection assessments), plus \$50,000 per year for each of the five years of the district's life, for a six year commitment of \$300,000. Prior funding agreements with the PDA have been for two-year periods.


Respectfully submitted,


CYNTHIA J. KURTZ
City Manager

Approved by:


RICHARD J. BRUCKNER
Director of Housing and Development

Concurrence by:


JAY M. GOLDSTONE
Director of Finance