

Agenda Report

DATE: April 26, 2004

TO: CITY COUNCIL

THROUGH: ECONOMIC DEVELOPMENT & TECHNOLOGY COMMITTEE

FROM: CITY MANAGER

SUBJECT: APPROVAL OF ANNUAL REPORT OF THE SOUTH LAKE BUSINESS ASSOCIATION FOR THE SOUTH LAKE BUSINESS IMPROVEMENT DISTRICT AND ADOPTION OF A RESOLUTION OF INTENTION TO HOLD A PUBLIC HEARING TO LEVY ASSESSMENTS WITHIN SAID DISTRICT FOR PROGRAM YEAR 2004.

RECOMMENDATION:

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 South Lake Business Association ("Association") for the South Lake Business Improvement District (the "District") for Program Year 2004 in the form submitted by the Association (Attachment No. 1) in order to allow the public an opportunity to comment.
2. Adopt a resolution (Attachment No. 2) evidencing the intention of the City Council to hold a Public Hearing on May 10th, 2004 at 8:00 p.m. on the continuation of the City Council to levy and collect assessments within the District for Program Year 2004 commencing January 1, 2004.
3. Direct the City Clerk to give notice of the public hearing by causing the resolution to be published not less than seven days before the Public Hearing.

EXECUTIVE SUMMARY:

This item is for the South Lake Business Association Annual Proceedings, required by Business Improvement District Law. These procedures take place over two meetings, the first of which Council will adopt a Resolution of Intention to hold a public hearing to consider the method for levying funds and adopt the Annual Report; the second, a public

hearing, Council will take comments from the public, consider approval of the method for levying funds, and confirm the approval of the Annual Plan. The purpose for approving the Annual Plan twice is to allow the public the opportunity to review and make comment at the public hearing. It is at the public hearing, that Council can make changes to the Annual Plan.

BACKGROUND:

A. General

Pursuant to the Parking and Business Improvement Area Law of 1979 (the "prior law") and in response to a request of the South Lake Business Association, a nonprofit corporation (the "Association"), the then City Board of Directors (the "Board") adopted Ordinance No. 6320 (effective February 5, 1988) establishing the South Lake Business Improvement District (the "District") for the primary purpose of the promoting public events and business activities in the District. The ordinance established three classifications of businesses (retail, professional and service) and two separate benefit zones and authorized the City to collect assessments on businesses within the District and the two benefit zones depicted in "Exhibit A" of the Annual Report attached hereto.

The City and the Association entered into a Collection and Remittance Agreement, dated March 14, 1988, whereby the Board designated the Association as its advisory body for the purpose of recommending expenditures for those activities and programs, and in accordance with budget, approved annually by the City.

The 1989 the Law was amended to declare that every business improvement district (BID)(based upon the 1979 law) be subject to an annual approval. Since May 4, 1990, the City Council has confirmed the annual reports and the levying of assessments for the District on an annual basis. By doing so, the City conformed the existing District to the new law and applicable procedures, regulations and requirements.

B. Proposed Annual Program, Assessment Levy and Budget

On December 30, 2003, and pursuant to the law, the South Lake Association submitted its Annual Report for Program Year 2004, commencing January 1, 2004, which includes:

- a. A proposed list of the improvements, activities and programs for that year;
- b. A budget; and
- c. The basis and method for levying the assessments.

Thus far, inline with the Goals and Objectives, the Association has made strides in improving the environment, physical and organizational on South Lake. The Association has taken on actions that are typically outside of the purview of similar

BID organizations. As evidenced in "Exhibit B and C" of the Annual Report, the Association has made enhancements to the streetscape and physical condition of South Lake Avenue as well as increase involvement amongst Association members, property owners and neighboring stakeholders. In doing so, the Association seeks to reposition South Lake Avenue as a destination for local residents and visitors alike by offering a unique, clean and safe experience within the City.

The City's Finance Department estimates that the aggregate amount of assessments to be levied will be approximately \$165,000 for Association's Program Year 2004, which commences January 1, 2004. The basis and method for levying the assessments are not proposed to be modified for the proposed Program Year 2004. The Association has prepared its annual audit for its Program Year 2004, which is included as Attachment No. 3.

The law requires the City Council to approve the Association's Annual Report as filed or to modify the Report then approve the report as modified. Concurrently, City Council is required to adopt a resolution of intention fixing a time for a public hearing to be held by the City Council on the proposed levy of the assessment for Program Year 2004. 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 intent to hold a public hearing on May 10th, 2004 at 8:00 p.m. on the levy of the proposed assessment for Program Year 2004.

PBID FORMATION:

The Association, a Business Improvement District (BID), has recently completed a feasibility analysis of converting from a BID to a Property and Business Improvement District (PBID), similar to the Playhouse and Old Pasadena districts. The PBID form of business improvement districts differs from the BID form in that property owners are responsible for the assessment through the property tax rather than business tenants through business license.


There are many factors motivating the Association to consider the change. In the PBID form, the organization can deliver greater services, providing for expanded clean and safe services, physical improvements, and more developed marketing and advocacy roles. As the BID has become more and more effective in its role on South Lake, it has determined that the next step in growth is to convert to PBID to deliver increased services. Through the PBID, the Association can take actions that would attribute to increased property values, sales and provide a cleaner and safer environment.

The Association intends to submit a proposal requesting the City of Pasadena fund a portion of the costs to form the PBID in an amount of \$43,000, the total amount of the contract being \$50,500.

FISCAL IMPACT:

Implementation of the proposed assessment formula for the Association's Program Year 2004 will have no fiscal impact upon the City, other than the cost of administering the collection of the assessments. Administration costs have been budgeted in Finance - Municipal Services Budget Account 327200.

Respectfully submitted,


CYNTHIA J. KURTZ
City Manager

Prepared by:


ROBERT MONTANO
Business District Coordinator

Approved by:


RICHARD J. BRUCKNER
Director of Planning and Development