

Agenda Report

May 15, 2017

TO: Honorable Mayor and City Council

FROM: Office of the City Manager, Economic Development Division

**SUBJECT: RENEWAL OF THE SOUTH LAKE AVENUE ASSOCIATION
PROPERTY AND BUSINESS IMPROVEMENT DISTRICT (SLA PBID)**

RECOMMENDATION:

It is recommended that the City Council:

1. Conduct a Public Hearing on the proposed renewal of the South Lake Avenue District Association Property and Business Improvement District (PBID); and
2. Find that adopting a resolution renewing the South Lake Avenue Association District Property and Business Improvement District is exempt from the California Environmental Quality Act (CEQA) per Section 15061(b)(3);

It is further recommended that upon closing of the Public Comment portion of the Public Hearing, that the City Council:

3. Order the tabulation of all ballots received and not withdrawn, and request a report on the tabulation results as soon as possible.

Upon receipt of the report on the tabulation of ballots, if the results of said tabulation show that a majority protest does not exist, it is recommended that the City Council:

4. Authorize the City Manager to enter into a Baseline Services Contract and the Agreement for Services with SLA PBID.
5. Appoint the South Lake Business Association (acting by and through its Board of Directors) as the owners association for the purpose of making recommendations to the City Council on expenditures derived from the assessment, property classifications, as applicable, and on the method and basis of levying assessments.

6. Adopt a final resolution “Renewing the South Lake Avenue Property and Business Improvement District.”

BACKGROUND:

The SLA PBID encompasses properties generally bounded by Colorado Boulevard on the north, Mentor Avenue on the east, an east-west line approximately 260 feet south of California Boulevard on the south, and Hudson Avenue on the west. The PBID is generally surrounded by residential neighborhoods on the south, east, and west and the Playhouse PBID on the north (Attachment 1). Based on information provided by the Los Angeles County Assessor’s Office, there are 444 parcels within the PBID.

The programs and activities to be funded by the SLA PBID include maintenance, ambassadors, marketing/promotions and administration/operations. The property uses within the boundaries of the PBID that will receive special benefits from PBID funded programs, services and improvements are currently a mix of commercial, public parking, and residential.

The purpose of a PBID is to provide enhanced services to its stakeholders within the District. Those services range from providing cleaning and security services beyond what the City provides, to advocacy and marketing to bring greater public awareness to the District. Since formation, the South Lake Avenue PBID has been instrumental in bringing physical improvements to the District, has established a single voice of advocacy, and provided additional attention to the district through enhanced services.

RENEWAL PROCESS

The California State Law governing the formation of PBIDs requires a process, which begins with a petition phase, signed by property owners in the proposed district who will pay more than 50% of the proposed assessments. The second step of the approval process is a ballot phase whereby PBID renewal ballots are sent to each property owner in the proposed renewed district.

As required by State PBID Law, prior to initiating the petition phase, the South Lake Business Association (SLBA) developed a Management District Plan (Attachment 2) that was provided at the March 20, 2017 City Council meeting, which sets the PBID boundaries and guides the next proposed five-year PBID work plan, budget and assessment rates, and methodology. As of March 20, 2017, the SLBA has collected petitions exceeding the 50% minimum threshold.

On March 20, 2017, the City Council adopted Resolution No. 9554. The Resolution stated its intent to renew the PBID and authorized the City Clerk to mail a ballot to the property owners within the district for the renewal of the PBID, and set a date for the public hearing to count the ballots with no less than a 45-day public notice. In order for the District to be renewed, the Clerk must receive ballots in support, which “outweigh” those returned in opposition to the PBID based on the amount of assessment to be

levied on parcels represented by returned ballots. The City Council may then renew the assessment district by adopting a resolution of renewal

It should be noted that changes in the enabling legislation have altered the means by which PBIDs assess property relative to the City's obligation. These changes were addressed in the Playhouse and Old Pasadena PBID, which were recently renewed. Information on the new legislation is provided in further detail below.

Change in State Law – New General Benefit- Public At Large

The Assessment Engineer's Report, required by State Law when renewing a PBID, computed the General Benefit of the PBID on the public at large as well as parcels outside of the SLA PBID. The Report determined that the General Benefit would equate to \$29,483 or about 5% of the total PBID Assessment Revenues, which cannot be paid for with assessments levied on parcels within the PBID. It is recommended that the City pay the General Benefit amount as is the case as it relates to the Playhouse and Old Pasadena PBID.

PBID PROPOSAL

The proposed renewal of the SLA PBID would have a five-year term with a proposed Year 1 assessment of \$662,636. Subsequent annual increases on the assessment rates are capped at a maximum of 5% per year, subject to approval by PBID Property Owner Association Board of Directors. The assessment would be derived from a 14-block area generally bounded by Colorado Boulevard on the north, Mentor Avenue on the east, an east-west line approximately 260 feet south of California Boulevard on the south, and Hudson Avenue on the west. The proposed budget of \$662,636 is to be spent as follows:

ACTIVITY	Allocation	%
1.0 Maintenance Services (includes amenities)	\$161,000	24%
2.0 Ambassador Program	\$177,700	27%
3.0 Marketing/Promotions	\$173,600	26%
4.0 Administration/Operations	\$150,336	23%
TOTAL	\$662,636	100%

CITY CONTRIBUTION

The City assessment for the PBID is \$48,668 in the first year and is applied to the properties that constitute a portion of Shoppers Lane as follows:

- 1 The assessment on the City-owned parcels is \$13,628 in the first year; and
2. The assessments on the privately owned parcels bound by a surface easement requiring that the City pay all property taxes and assessments if \$35,040

None of the City contributions may be spent on renewal efforts.

Additionally, as recommended above, the City would contribute an additional \$29,483 in the first year to offset the General Benefit cost.

BASELINE SERVICES AGREEMENT

There are no recommended changes to the Baseline Services Agreement (Attachment 3). Authorization to execute a new Baseline Services Agreement will be requested at the Public Hearing should the SLA PBID achieve the minimum threshold vote necessary to renew the PBID.

The assessments are billed through property tax billing collected by the County Tax Assessor, which are then transferred to the City. It is anticipated that the City will contract with the SLBA to receive the PBID assessment funds and fulfill the goals and objectives of the Management Plan for the District. The SLBA is required to abide by the Brown Act and must submit annual reports and will be audited in accordance with the City's policy and funding guidelines. The map of the proposed district is included as Appendix A of the Management District Plan.

Per the requirements of the PBID law, the SLBA has created the South Lake Avenue PBID Management District Plan and has collected petitions representing over the legal minimum of 50% of value of assessments to be levied in the 14-block district.

COUNCIL POLICY CONSIDERATION:

Adoption of the South Lake Avenue Property and Business Improvement District (PBID) is a means to enable property owners the ability to voluntarily self-levy through property assessments thereby creating a source of funds to reinvest within the District for a variety of coordinated programs. Such an investment furthers the principles of some of the General Plan's Guiding Principles including:

1. Supporting economic vitality to provide for employment opportunities
2. Enhancing revenues
3. Supporting a healthy family community by contributing to a safe and clean commercial core
4. Supporting the notion of Pasadena as a cultural, scientific, corporate, entertainment and educational center for the region

This action also furthers the City Council Strategic Plan Goal to promote the quality of life and local economy.

ENVIRONMENTAL ANALYSIS:

The action proposed herein is exempt from the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines Section 15061(b)(3). The activity is covered by the general rule that CEQA applies only to projects which have the potential

for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

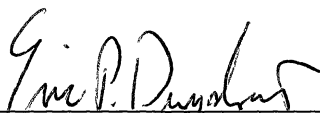
The proposed action is the renewal of the South Lake Avenue Property and Business Improvement District for an additional five-year term. The PBID will allow an assessment to collect funds that are used in the Playhouse District to promote economic vitality in the area. No specific projects are being analyzed at this time. Any future project that results from the use of the funds shall be reviewed under its own merits at the time of project submittal for purposes of CEQA.

FISCAL IMPACT:

Costs for the City's portions of this action will be addressed through the use of revenues in Parking Funds 217 and 232. As with prior years, the City's assessments for the PBID for the parcels in Shoppers Lane of \$48,668 would be paid and will continue to be paid from the South Lake Parking Place Parking District Fund 217. Funds are currently appropriated for this purpose in the FY 2017 approved budget in 21724011-814500.

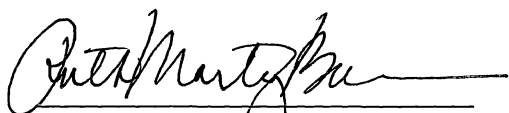
The additional City's contribution for the General Benefit offset is \$29,483 per year, beginning FY 2018, and will be paid from the South Lake Parking Meter Operations Fund 232. Additional fund appropriation for this PBID renewal will be requested in the FY 2018 Recommended Budget in account 23224016-814500.

Respectfully submitted,



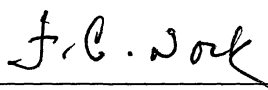
ERIC P. DUYSHART
Economic Development Manager
Department of the City Manager

Prepared by:



RUTH MARTINEZ-BAENEN
Project Manager

Concurred by:



FREDERICK C. DOCK
Director
Department of Transportation

Approved by:



STEVE MERMELL
City Manager