

# Agenda Report

MARCH 20, 2017

**TO:** Honorable Mayor and City Council

**FROM:** Office of the City Manager, Economic Development Division

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

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that adopting a resolution renewing the South Lake Avenue Property and Business Improvement District is exempt from the California Environmental Quality Act (CEQA) per Section 15061(b)(3); and
2. Adopt a Resolution of Intention to renew the South Lake Avenue Property and Business Improvement District (Attachment 1), and setting a Public Hearing for May 15, 2017 at 7:00 pm.

## **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. 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 clean and safe programs, 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 Association has been instrumental in bringing physical improvements to the District, has established a single voice of advocacy and provided much needed attention to the district through enhanced services.

The SLA Property and Business Improvement District was initially established by an act of the Council on July 30, 2007 and was renewed for a five year period in 2012. The current term is set to expire on December 31, 2017. The proposed new term is five years and if successful, will commence on January 1, 2018 and run until December 31, 2022. It is noted that the range of property tax years for levying the proposed PBID assessments is 2017-18 through 2021-22. At the conclusion of this term the PBID may be renewed again for a maximum of ten years. If the proposed SLA PBID is not renewed at the end of the proposed five year term, PBID services will end on December 31, 2022.

## **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 out to each property owner in the proposed renewed District.

As required by State PBID Law, prior to initiating the petition phase, SLA developed a Management District Plan (Attachment 2) which sets the PBID boundaries and benefit zones and guide the next proposed five year PBID work plan, budget and assessment rates and methodology. As of March 15, 2017 the SLA has collected petitions exceeding the 50% minimum threshold.

In order for the SLA PBID renewal to proceed, it is necessary for the City Council to adopt a resolution of intention to renew the PBID. The resolution authorizes the City Clerk to mail a ballot for the renewal of the PBID to the property owners within the District, and set a date for a public hearing to tabulate 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 establish the assessment district by adopting a resolution of renewal.

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

### **Change in State Law – New General Benefit- Public At Large and Spillover**

The Assessment Engineer's Report (Report), required by State Law when forming or renewing a PBID, computed the General Benefit of PBID funded programs and services on the public at large and spillover benefits to parcels outside of the SLA PBID. The Report determined that the General Benefit would equate to \$29,483 or 4.3% of the total PBID program costs, which cannot be assessed to property owners within the

PBID. It is recommended that the City pay the General Benefit amount as is the case as it relates to the Playhouse PBID.

### **PBID PROPOSAL**

The proposed renewal of the SLA 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:

<b>ACTIVITY</b>	<b>Allocation</b>	<b>%</b>
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	<u>\$150,336</u>	<u>23%</u>
<b>TOTAL</b>	<b>\$662,636</b>	<b>100%</b>

### **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 is \$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 achieve the minimum threshold vote necessary to form 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 SLA to receive the PBID assessment funds and fulfill the goals and objectives of the Management Plan for the District. The SLA is required to abide by the Brown Act and must submit an annual report 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 South Lake Avenue Association has created the South Lake Avenue PBID Management District Plan (Attachment 2) 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:**

Approval of the renewal 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 taxes 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 South Lake Avenue 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:**

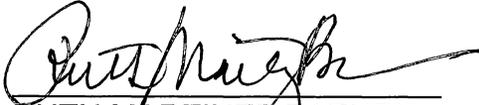
Costs for the City's portions of this action will be addressed through the use of revenues in Parking Funds 217 and 232. As with prior years, the City's assessment for the PBID for the parcels in Shoppers Lane of \$48,668 would be paid and will continue to be paid from the South Lake Parking Place Parking 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.

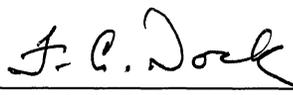
Respectfully submitted,

  
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Attachments:

- Attachment 1 – Resolution of Intention
- Attachment 2 – Management Plan
- Attachment 3 – Baseline Services Agreement
- Appendix 1 – District Map