



OFFICE OF THE CITY MANAGER

MEMORANDUM

June 26, 2000

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

**FROM:** CITY MANAGER

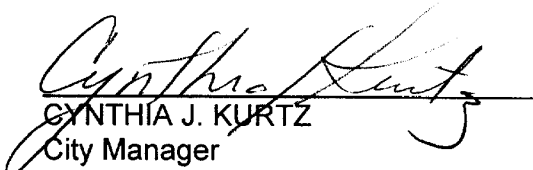
**RE:** AGENDA REPORT TO ESTABLISH THE OLD PASADENA MANAGEMENT DISTRICT (OPMD)

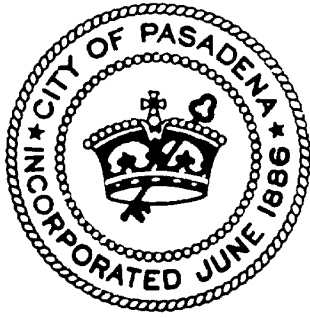
Due to a lack of a quorum, no action was taken at the Business Enterprise Committee of June 21, 2000. However, the following items were discussed and are attached to the Agenda Report to City Council for information purposes:

- The Key Terms (Attachment No. 2) and Resolution Establishing the Old Pasadena Management District (Attachment No. 4) refer to an annual independent audit. This language is to be changed to specify an annual independent audit review. The City will retain the right to review the financial records and request an audit of financial statements. A revised resolution which includes the revised audit language is attached to this memorandum.
- The cost for the re-establishment of the District could be derived from a variety of sources which are not determined at this time and could be in the 6<sup>th</sup> year of District establishment. However, the cost for re-establishment will not be utilizing the City's annual contribution of \$545,000. The agenda report currently specifies that these costs are to be budgeted from non City funds in the 6<sup>th</sup> year of the District.
- The assessment rate may increase in year 2 - 5 by an amount up to 5% in accordance with increases in the Consumer Price Index. This will not be automatic, as stated in the agenda report and will be proposed to the City Council with the OPMD's annual report.

- The correct number of OPMD Board of Directors is 23 members not the 25 stated in the report.
- The Key Terms # 2 (Attachment No. 2) should be revised to specify a \$2 million per incident general liability policy and add a double indemnity clause.
- Item # 9 of the Key Terms (Attachment No. 2) should be modified to state - The City agrees to bill and process any assessment receipts from other public agencies such as the Blue Line Authority. The City will not be obligated to collect assessments from public agencies.
- The Baseline services should reflect that the Security Guides program will be modeled as a guide program rather than an enforcement program, and that the guides will be trained in customer service, diversity training, and for interaction with the police department.

Respectfully submitted,

  
CYNTHIA J. KURTZ  
City Manager



# Agenda Report

Date: June 26, 2000  
To: City Council  
Through: Business Enterprise Committee  
From: City Manager  
Subject: Establishment of the Old Pasadena Management District

## **RECOMMENDATION:**

It is recommended that in the event the City receives 50% or more weighted support for the establishment of the Old Pasadena property-based business improvement district (PBID) that the City Council:

1. Conduct a Public Hearing on the proposed establishment and tabulate the ballots for and against the establishment of the Old Pasadena Management District PBID.
2. Adopt the financial key terms and conditions of the \$545,000 for the proposed Old Pasadena Management District (OPMD) PBID as described in "Old Pasadena Management District Key Terms for the Contract Between the City of Pasadena and the Old Pasadena Management District, Inc.", Attachment No. 1.
3. Adopt the baseline service terms and conditions as described in this report in "Old Pasadena Baseline Services", Attachment No. 2.
4. Authorize the City Manager to enter into a financial agreement and baseline services contract with the OPMD based upon items 1 and 2 above and any other required agents.
5. Adopt the Advisory Board for the OPMD as submitted by OPMD and listed in this document.
6. At the conclusion of the public hearing, adopt a resolution confirming the Old Pasadena Management Plan (Attachment No. 3), and establishing the property-based assessment District. (Attachment No. 4)

## **BACKGROUND:**

On May 3, 2000 the BEC and on May 8, 2000 the City Council approved a resolution of intention to establish the OPMD, adopted a funding plan for the OPMD, and authorized the City Manager to sign the City's ballots in support of the establishment of the OPMD PBID. A public hearing date of June 26, 2000 at 8:00 p.m. was set in the resolution of intention.

In accordance with state law establishing a property-based business improvement district, a ballot has been sent to all property owners within the boundaries of the proposed assessment district along with the proposed assessment amount. A total of 126 ballots were sent out on May 11, 2000, representing 241 assessment parcels, meeting the required noticing and minimum balloting time of 45 days prior to the June 26, 2000 public hearing.

**PROCESS:**

If the City Council approves the PBID, the assessments will be paid with the property tax collected by the Los Angeles County Tax Assessor, and passed through to the City. The City will remit the assessments to the Old Pasadena Management District within 10 days of receipt of the funds.

The OPMD proposed Fiscal year is to begin on January 1, 2001. The OPMD is prepared to provide an annual audit beginning in 2002 and will also provide quarterly expense reports to the City's Finance Director. The OPMD has worked with City staff on the key financial terms and conditions. The City will make quarterly payments to the OPMD of \$136,250 with exception of first payment after the establishment of the District which will be paid out beginning August 1, 2000. The complete outline of the OMPD Key Terms for the Contract between the City of Pasadena is included in Attachment No. 1. The proposed payment plan for the first year is as follows:

- \$50,000 due August 1, 2000,
- \$50,000 due October 1, 2000,
- \$36,250 due January 10, 2001,
- \$136,250 due April 1, 2001,
- \$136,250 due July 10, 2001, and
- \$136,250 due October 1, 2001

In subsequent years, the City will make quarterly payments to the OPMD of \$136,250 with exception of first months of establishing the District. The complete outline of the OMPD Key Terms for the Contract Between the City of Pasadena is included in Attachment No. 1.

**OMPMD BUDGET:**

The anticipated budget for the OPMD for the first year is \$1,071,454. The assessment budget will increase automatically in years 2 – 5 by an amount up to 5% each year in accordance with increases in the Consumer Price Index, All Urban Consumers, for the Los Angeles-Riverside-Orange Count metropolitan area. The budget income is as follows:

\$526,454	Assessments
\$545,000	City Contribution

The anticipated \$1,071,454 budget and expenses for the first year are as follows:

\$335,000	Maintenance Program (Contract Services)
\$395,000	Public Safety Program (Contract Services)
\$130,000	Marketing, Promotion & Special Projects
\$141,453	Management, Advocacy & Administration
\$ 60,000	Formation Expenses
\$ 10,000	Financial Reserve

**USE OF FUNDING:**

The OPMD will only utilize City funding of \$545,000 as follows:

A.	<u>City fund</u> Old Pasadena Parking Meter Funds currently transferred to the Old Pasadena Business & Professional Association for sidewalk and street maintenance	\$ 320,000
	<u>OPMD allocation</u> These funds would continue to be utilized for sidewalk and street maintenance.	
B.	<u>City fund</u> Old Pasadena Parking Meter Fund currently in Public Works and Transportation operating budget for enhanced street maintenance	\$ 90,796
	<u>OPMD allocation</u> These funds would be utilized for enhanced street maintenance.	
C.	<u>City fund</u> Old Pasadena Parking Meter Fund marketing monies	\$ 15,000
	<u>OPMD allocation</u> These funds would be directed towards the OPMD marketing effort.	
D.	<u>Commission fund</u> Old Pasadena Redevelopment Project area funds	\$ 89,204
	<u>OPMD allocation</u> These funds would be directed towards marketing.	
E.	<u>City fund</u> Old Pasadena Parking Structure Fund marketing monies	\$ 30,000
	<u>OPMD allocation</u> These funds would be utilized for marketing.	
	<b>Total City Contribution to the Management District</b>	<b>\$ 545,000</b>

The financial key terms and conditions includes a statement which stipulates that the OPMD agrees not to use any of the City's \$545,000 for the renewal of the District. The costs of the district renewal shall be budgeted in the 6<sup>th</sup> year of the renewed district as formation expenses paid for by future assessments.

The final 5 year contract with the OPMD shall include a clause to revise the contract in case of a significant change in the City's financial position.

**BASELINE SERVICES:**

The OPMD and various City departments have refined the baseline services. The revisions describe current policing level of services and negotiated maintenance services, which

include giving the OPMD responsibility to replace the decomposed granite in the tree wells displaced by sidewalk cleaning, in addition to providing trash collection for the sidewalk trash receptacles. In turn, the City will provide a location to dump the trash and shall pay the dumping fees. The baseline services matrix is a portion of the Old Pasadena Management District Plan originally published in February 1999. The revised Baseline Services matrix is included in Attachment No. 2.

The final 5 year contract with the OPMD shall include a clause to revise the baseline services contract in case of a significant change in the City's financial position.

**ADVISORY BOARD:**

The proposed 5-member Advisory Board will be a subset of the 25-member OPMD Board of Directors. The Advisory Board will meet at least once per year to formulate the OPMD annual report to be submitted to the City. The Advisory Board is mandated to comply with the Brown Act for all meetings. The City Council will be able to appoint/reappoint members to the Advisory Board on an annual basis. The Advisory Board is a state requirement for established PBIDs. The proposed Advisory Board is as follows:

James Plotkin	Property owner
Daniel Mellinkoff	Property owner
Ernie Cruz	Property owner
Russell Hanlin	Property owner
Barron Wellman	Business owner

Alternate: Hanna Wood, Property owner

**MANAGEMENT PLAN:**

A revised Old Pasadena Management District Plan is attached in Attachment No. 3 and includes budget revisions showing the first year budget as \$1,071,454 verses the \$1,161,000 budget described in the 1999 Plan, clarification of exemptions for the non-profits, baseline services revisions, and other minor corrections.

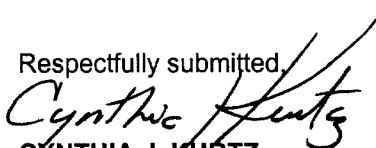
**CITY PROPERTY ASSESSMENT:**

The parking structure and the parks will be receiving the benefit of perimeter-enhanced maintenance and security beyond the current levels of enhanced services.

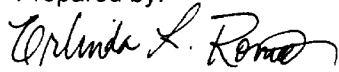
**FISCAL IMPACT:**

The fiscal impact, upon the creation of the assessment district, it to transfer \$545,000 in City funds to the District. This transfer of funds will be reflected in the fiscal year 2001 operating budget.

Respectfully submitted,

  
**CYNTHIA J. KURTZ**  
City Manager

Prepared by:



**ERLINDA L. ROMO**  
Business District Coordinator

Approved by:



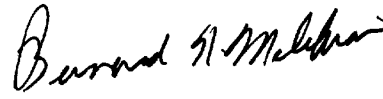
**RICHARD J. BRUCKNER**  
Director of Housing and Development



**JAY M. GOLDSTONE**  
Director of Finance



**ORA LAMPMAN**  
Interim Director of Public Works and Transportation



**BERNARD MELEKIAN**  
Director of Public Safety