

Agenda Report

November 1, 1999 (Revised)

TO: CITY COUNCIL

FROM: CYNTHIA J. KURTZ, CITY MANAGER

SUBJECT: PUBLIC HEARING ON THE PROPOSED BASIS AND METHOD OF LEVYING ASSESSMENTS AND THE LEVY OF THE ANNUAL ASSESSMENT FOR FISCAL YEAR 1999-2000 FOR THE OLD PASADENA BUSINESS IMPROVEMENT DISTRICT

RECOMMENDATIONS:

It is recommended that the City Council of the City of Pasadena take the following actions:

1. Hold a public hearing to consider the proposed basis and method of levying assessments and the levy of the annual assessment for Fiscal Year 1999-2000 for the Old Pasadena Business Improvement District ("District").
2. At the conclusion of the public hearing, adopt a resolution confirming the Annual Report of the Old Pasadena Business and Professional Association (the "Association") for the District for Fiscal Year 1999-2000, the effect of which resolution will be to constitute the levy of the annual assessment for the fiscal year commencing on September 16, 1999.

BACKGROUND:

At its meeting of September 27, 1999, the City Council approved the Fiscal Year 1999-2000 Annual Report for the District and adopted Resolution No. 7805 declaring its intention to (1) establish the basis and method of levying assessments, and (2) levy assessments for businesses within the District for the Fiscal Year commencing September 16, 1999. The resolution fixed **October 18, 1999, at 8:00 p.m.** for a public hearing to consider the proposed annual assessments for Fiscal Year 1999-2000 (commencing September 16, 1999). Notice of the public hearing was given by publishing the resolution of intention in The Pasadena Star News on October 8, 1999. On October 18, 1999, the City Council continued this hearing until November 1, 1999.

This Agenda Report is revised to contain the proposed assessment schedule adjusted by the applicable Consumer Price Index factors for FY 1999 - 2000. In addition, this Report represents a revision to the Agenda Report dated October 18, 1999, to reflect discussions between City staff and the Association in response to a letter dated October 11, 1999 from the Association to the City Manager. In this letter, the Association stated that the City has failed to sufficiently collect assessments due the Old Pasadena Business Improvement District and questioned collection procedures of the City. A historical perspective was provided at this meeting. It was pointed out that at the time of the original agreement between the City and the Association verbal commitments were made whereby the City was to bill and collect the BID assessments at no cost to the Association and the Association was to provide current, updated membership rosters to the City. After the first few years, the Association stopped providing the City with this information.

Over the past couple of years, the Department of Finance and the Association have met several times to discuss ways of improving collections. During this time, the City has implemented billing and collection improvements, including the merger of the BID assessment with the business license fee on the same bill. Recently, the Department of Finance has engaged the services of MBIA-Municipal Resource Consultants, to supplement the field enforcement program by electronically and physically canvassing both the Old Pasadena and South Lake BID areas. In addition, the Department of Finance will more aggressively pursue delinquent accounts through the City Prosecutors Office, consistent with efforts currently in place to collect delinquent business licenses.

Because of the above, staff does not concur with the Association's request that the City defer or forgive the loan repayment.

Attached hereto as Attachment No. 1 is a copy of the Annual Report for 1999-2000 which was submitted by the Old Pasadena Business and Professional Association for the District. Among other things, the Annual Report includes: (1) a proposed list of the Association improvements, activities and programs proposed to be accomplished during 1999-2000; (2) a budget therefor, and (3) the basis and method of levying assessments. The proposed assessment formula is set forth on Attachment No. 2 to this Agenda Report. This formula is identical to that in effect for the previous fiscal year. As stated in the assessment formula, this assessment calculation will include the appropriate Consumer Price Index adjustment because fiscal year 1999/2000 represents the second five-year period as set forth in the assessment formula. The proposed improvements and activities to be conducted by the Association during 1999-2000 and the budget therefor are attached as Exhibit "C" and "D" respectively to the Annual Report. These programs include the continuation of street improvements, programs and special projects, programs for members, activities and events, marketing and public relations, and advocacy. In response to the City Council's request, the 1997-1998 audited financial statement for the Association is attached as Attachment No. 3. Attachment No. 4 to this Agenda Report contains the appropriate Consumer Price Index adjustment due in the second five-year period which will commence in Fiscal Year 1999-2000. The publicly noticed assessment schedule included a statement that the "...assessment calculation will include the appropriate Consumer Price Index adjustment as described..." in the body of the legal notice. Attachment No. 4 contains the assessments as adjusted, prepared by the City's

notice. Attachment No. 4 contains the assessments as adjusted, prepared by the City's Finance Department, which would be applied if the levy of assessment is approved by the City Council for Fiscal Year 1999-2000.

The Parking and Business Improvement Area Law allows the City Council, during the course or upon conclusion of the public hearing, to order changes in any of the matters provided in the Annual Report, including changes in the proposed assessments, the proposed improvements and activities to be funded with the revenues derived from the levy of the assessments, and the boundaries of the District and any benefit zones within the District. However, no such changes have been proposed by the Association. In addition, at the conclusion of the public hearing, the City Council may adopt a resolution confirming the Annual Report as originally filed or as changed by it. The adoption of the resolution shall constitute the basis and method of levying the assessments and the levy of an assessment for the Fiscal Year commencing September 16, 1999.

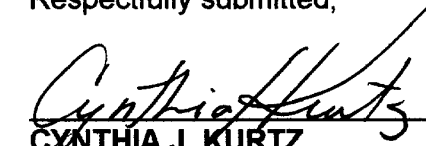
It is recommended that the City Council hear and consider all protests (if any) against the proposed action. Thereafter, and provided that written protests are not received from the owners of businesses in the District which will pay 50% or more of the assessments proposed to be levied, it is recommended that the City Council adopt the resolution presented to it at this public hearing, and attached to this recommendation.

Staff is not recommending the deferral or forgiveness of the outstanding Commission loan. Instead, any moneys collected from prior years will not be included when calculating the excess funds over \$100,000 which would be used to repay the outstanding loan.

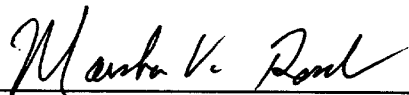
FISCAL IMPACT

Implementation of the proposed assessment formula for Association's Fiscal Year 1999-2000 will have no fiscal impact on the City, other than the administrative cost of administering the collection of the assessments. The assessments to be collected and remitted to the Association for the District are expected to be in the range of \$115,000 to \$120,000. Administrative costs of \$11,000 have been budgeted in Finance Budget Account 327210. By assuming these costs, the City is recognizing the commitment of the Association to update its membership roster and to forward the information to the City on a regular basis. In accordance with Loan Advance and Reimbursement Agreement No. CDC-83 (as amended by CDC-83-1) between the Association and the Pasadena Community Development Commission, once the District's assessments exceed \$100,000, the Association is responsible to reimburse the City one-half of the assessments over \$100,000 until the unpaid amount is fully repaid. The repayment of these loans is budgeted in the Association's 1999-2000 budget. The outstanding loan amount is \$123,342.


Respectfully submitted,


CYNTHIA J. KURTZ
City Manager

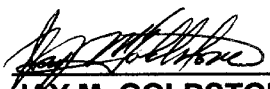
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