

# Agenda Report

**DATE: SEPTEMBER 27, 1999**

**TO: CITY COUNCIL**

**FROM: CYNTHIA J. KURTZ, CITY MANAGER**

**SUBJECT: APPROVAL OF ANNUAL REPORT OF OLD PASADENA BUSINESS IMPROVEMENT DISTRICT ("DISTRICT") AND ADOPTION OF RESOLUTION OF INTENTION TO HOLD A PUBLIC HEARING TO LEVY ASSESSMENTS FOR FISCAL YEAR 1999-2000**

## **RECOMMENDATIONS:**

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 Old Pasadena Business and Professional Association ("Association") for the Old Pasadena Business Improvement District ("District") for its Fiscal Year 1999-2000 in the form submitted by the Association and attached as Attachment No. 1 to this Agenda Report;
2. Adopt a resolution evidencing the intention of the City Council to hold a public hearing on **October 18, 1999 at 8:00 p.m.** on the proposed levy of the proposed assessments for the District for its Fiscal Year 1999-2000; and
3. Direct the City Clerk to give notice of the public hearing by causing the resolution to be published once in the Pasadena Star-News not less than seven days before the public hearing.

## **EXECUTIVE SUMMARY:**

The Association's Annual Report for the Fiscal Year 1999-2000 (commencing September 15, 1999) describes improvements and activities which will be focused primarily on promotional and advertising programs. Also described are the implementation and augmentation of the streetscapes and alley walkways program; implementation of programs and special projects; activities and events; advocacy; marketing and public relations; and the continued funding of an executive director to carry out the 1998-99 program. The Association's 1999-2000 proposed budget reflects these priorities and is projected to cost approximately \$123,000. Assessments to be collected are expected to be in the range of \$115,000 to \$120,000.

The recommended resolution of intention (attached as Attachment No. 2 hereto), if adopted, will set a public hearing date of **October 18, 1999 at 8:00 p.m.** for the City Council to consider levying assessments for the Association's Fiscal Year 1999-2000.

## **BACKGROUND:**

### **A. General - Proposed Levy of District Assessments**

On July 25, 1989, pursuant to the Parking and Business Improvement Area Law of 1979 (the "prior law") and in response to a request of certain Old Pasadena business owners, the then-City Board of Directors (the "Board") adopted Ordinance No 6341 (effective September 15, 1989), establishing the Old Pasadena Business Improvement District (the "District"), for the primary purpose of promoting public events and business activities in the District. The ordinance established three classifications of business (retail, professional, and service) and two separate benefit zones, and authorized the City to collect assessments on business within the District. The boundaries of the District and the two benefit zones are depicted in Exhibit "A" in Attachment No. 1 hereto. Thereafter, the City and the Association entered into a Collection and Remittance Agreement, dated December 28, 1989, whereby the then-Board designated the Association as its advisory body for the purpose of (a) recommending expenditures of the assessments collected by the City, and (b) remitting to the Association said funds for expenditures for those activities and programs, and in accordance with a budget, approved annually by the City.

#### **1. Prior Fiscal Years**

Effective January 1, 1990, the law under which the District was formed was repealed and in its place was enacted the Parking and Business Improvement Area Law of 1989 which made the District subject to certain new procedures including the requirement that the City Council annually approve a report of the District accomplishments and authorize the level of assessments for the next succeeding fiscal year.

On November 6, 1990, the then-Board adopted Resolution No. 6457 levying assessments within the District for Fiscal Year 1990-91. By doing so, the City conformed the existing District to the new law and applicable procedures, regulations and requirements. Based upon the research and analysis of Th City Attorney's Office, Proposition 218 does not appear to affect business-based BIDs because it is not an assessment on real property. Case law has not been established on this matter, however. The City Council adopted resolutions levying assessments for the District from 1992 through 1998, at which time the City Council adopted Resolution No. 7683 levying assessments for Fiscal Year 1998-99.

2. **Proposed Annual Programs, Assessment Levy and Budget for Fiscal Year 1999-2000**

In accordance with the law, the Association submitted its annual report on September 7, 1999, as approved by its Board of Directors on August 23, 1999, for program year 1999-2000 which includes (a) a proposed list of improvements, activities and programs for that year; (b) a budget therefore; and (c) the basis and method for levying the assessments. The city estimates that the assessment to be levied will be in the range of \$115,000 to \$120,000. The proposed list of improvements, activities, and programs for 1999-2000 and the budget are shown in Attachment No. 1 to this Report. In summary, these programs include the continuation of street improvements, programs and special projects, programs for members, activities and events, marketing and public relations, and advocacy. The District boundaries and basis and method of levying assessments that were adopted for Fiscal Year 1998-99 are not proposed to be modified for the proposed fiscal year commencing September 15, 1999. Also, the Association is preparing its annual audit for its 1998-99 Fiscal Year; the City's Finance Department audit section will conduct a review of the audit when submitted by the Association.

The law requires that the City Council either approve the Association's annual report as filed or modify any particular provisions and approve it as modified. Concurrently, and after approval of the annual report, the City Council is required to adopt a resolution of intention fixing a time for public hearing to be held by the City Council on the proposed levy of the assessment for the next fiscal year. Staff recommends that the City Council adopt the annual report and recommends that the City Council approve the annual report as filed by the Association, and adopt a resolution evidencing its intention to hold a public hearing on **October 18, 1999 at 8:00 p.m.** on the levy of the proposed assessment for Fiscal Year 1999-2000.

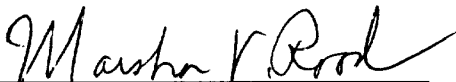
**FISCAL IMPACT:**

Implementation of the proposed assessment formula for 1999-2000 will have no fiscal impact on the City, other than the administrative costs of administering the collection of the assessments. Administrative costs of \$11,000 have been budgeted in Finance Budget Account No. 327210. It should be noted that 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 in a fiscal year, the loan is to be repaid to the Commission from one-half of all annual assessment collected in excess of \$100,000 until the unpaid amount is fully repaid. The outstanding loan amount is \$123,342.


Respectfully submitted,

  
for **CYNTHIA J. KURTZ**  
City Manager

Prepared by:

  
**MARSHA V. ROOD**  
Development Administrator

Approved by:

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