

Agenda Report

DATE: JUNE 3, 2002

TO: CITY COUNCIL

THROUGH: ECONOMIC DEVELOPMENT & TECHNOLOGY COMMITTEE

FROM: CITY MANAGER

SUBJECT: APPROVAL OF ANNUAL REPORT OF THE SOUTH LAKE BUSINESS ASSOCIATION FOR THE SOUTH LAKE BUSINESS IMPROVEMENT DISTRICT AND ADOPTION OF A RESOLUTION OF INTENTION TO HOLD A PUBLIC HEARING TO LEVY ASSESSMENTS WITHIN SAID DISTRICT FOR PROGRAM YEAR 2002

RECOMMENDATION:

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 South Lake Business Association ("Association") for the South Lake Business Improvement District (the "District") for Program Year 2002 in the form submitted by the Association (Attachment No. 1) while in keeping with the Approval Conditions detailed in this report.
2. Adopt a resolution (Attachment No. 2) evidencing the intention of the City Council to hold a Public Hearing on June 17, 2002 at 8:00 p.m. on the continuation of the City Council to levy and collect assessments within the District for Program Year 2002 commencing January 1, 2002.
3. Direct the City Clerk to give notice of the public hearing by causing the resolution to be published not less than seven days before the Public Hearing.

EXECUTIVE SUMMARY:

This item is for the District Annual Proceedings that are required by Business Improvement District Law. These procedures take place over two meetings. The first of which Council will adopt a Resolution of Intention to hold a public hearing to consider the method for levying funds and adopt the Annual Report. At the second meeting, a public

hearing, Council will take comments from the public and approve the method for levying funds, as well as confirm that approval of the Annual Plan. The purpose for approving the Annual Plan twice is to allow the public the opportunity to review and make comment at the public hearing. It is at the public hearing, following comment, that Council can make changes to the Annual Plan.

BACKGROUND:

A. General

Twelve years ago, pursuant to the Parking and Business Improvement Area Law of 1979 (the "prior law") and in response to a request of the South Lake Business Association, a nonprofit corporation (the "Association"), the then City Board of Directors (the "Board") adopted Ordinance No. 6320 (effective February 5, 1988) establishing the South Lake Business Improvement District (the "District") for the primary purpose of the promoting public events and business activities in the District. The ordinance established three classifications of businesses (retail, professional and service) and two separate benefit zones and authorized the City to collect assessments on businesses within the District and the two benefit zones depicted in "Exhibit A" to the Annual Report attached hereto.

The City and the Association entered into a Collection and Remittance Agreement, dated March 14, 1988, whereby the Board designated the Association as its advisory body for the purpose of recommending expenditures for those activities and programs, and in accordance with budget, approved annually by the City.

The 1989 the Law was amended to declare that every business improvement district (BID)(based upon the 1979 law) be subject to an annual approval. Since May 4, 1990, the City Council has confirmed the annual reports and the levying of assessments for the District on an annual basis. By doing so, the City conformed the existing District to the new law and applicable procedures, regulations and requirements.

B. Proposed Annual Program, Assessment Levy and Budget

On December 28, 2001, and pursuant to the law, the South Lake Association submitted its Annual Report for Program Year 2002, commencing January 1, 2002, which includes:

- a. A proposed list of the improvements, activities and programs for that year;
- b. A budget; and
- c. The basis and method for levying the assessments.

However, since that time, the Association has submitted a supplement changing their initially proposed annual program. That supplemental information is attached as Exhibits "E", "F" and "G" to the Annual Report. This said, the Association intends to operate from the program as detailed in "Exhibit F". Additionally, "Exhibit G" is the

corresponding proposed budget for the 2002 program year. "Exhibit E" is a list of the current board composition and respective Board Member Committee involvement. Thus far, inline with the new Goals and Objectives, the Association has been in the process of refining operations so as to have a more direct affect on South Lake. The Association has opted to take on action items that are typically outside of the purview of similar organizations. As evidenced in "Exhibit F", the Association is taking an aggressive role as compared to previous years, to address physical enhancements and the physical condition of South Lake Avenue. The Association has also taken steps to increase involvement and ownership amongst Association members as well as neighboring stakeholders. In doing so, the Association seeks to reposition South Lake Avenue as truly a location and destination for local resident and visitors alike by offering an experience not had anywhere else within the City.

The City's Finance Department estimates that the aggregate amount of assessments to be levied will be approximately \$156,500 for Association's Program Year 2002, which commences January 1, 2002. The basis and method for levying the assessments are not proposed to be modified for the proposed Program Year 2002. Also, the Association has prepared its annual audit for its Program Year 2001, which is included as Attachment No. 3.

The law requires the City Council to approve the Association's Annual Report as filed or to modify the Report then approve the report as modified. Concurrently, and after the approval of the annual report, the City Council is required to adopt a resolution of intention fixing a time for a public hearing to be held by the City Council on the proposed levy of the assessment for Program Year 2002. Staff does not recommend that the City Council modify any of the provisions of the Annual Report and recommends that the City Council approve the report, as filed, and adopt a resolution evidencing its intent to hold a public hearing on June 17, 2002 at 8:00 p.m. on the levy of the proposed assessment for Program Year 2002.

2001 APPROVAL CONDITION:

Within the approval procedures for 2001 Program Year, Council required that the Association undergo a strategic planning session for the District for the 2002 Program Year. This effort was to involve stakeholders within the district including property owners, businesses, and adjacent residents. The intent was to cause the Association to reexamine its direction and consider action in order to play a positive role in ensuring future success for South Lake Avenues. The requirement was to help the Association consider not only economic health of the Avenue, but also that the organization was truly operating on behalf of, and in partnership with the surrounding community.

The Association undertook a Visioning Session with Fred Burkhart and Associates, which resulted in an assessment on the condition of the Association, the Avenue and public perceptions of the Association. The next step was to consider the future Association direction. The Association undertook a Strategic Planning session with Tom Eidom Associates in order to devise a program for the 2002 fiscal year thereby modifying the original submission.

The letter dated April 22, 2002 (within Exhibit A as cover to "E", "F" and "G") covers actions taken since January 2, 2002 to address the changes as presented in the Supplement.

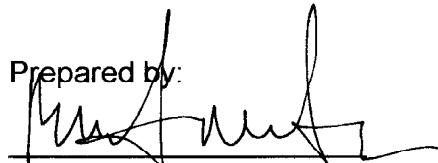
FISCAL IMPACT:

Implementation of the proposed assessment formula for the Association's Program Year 2002 will have no fiscal impact upon the City, other than the cost of administering the collection of the assessments. Administration costs have been budgeted in Finance - Municipal Services Budget Account 327200.

Respectfully submitted,


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Prepared by:


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Approved by:

FOR 
RICHARD J. BRUCKNER
Director of Planning and Development