

Agenda Report

DATE: MAY 10, 2004

TO: CITY COUNCIL

FROM: CYNTHIA J. KURTZ, CITY MANAGER

SUBJECT: PUBLIC HEARING: PROPOSED BASIS AND METHOD OF LEVYING ASSESSMENTS AND THE LEVY OF THE ANNUAL ASSESSMENT FOR PROGRAM YEAR 2004 FOR THE SOUTH LAKE BUSINESS IMPROVEMENT DISTRICT

RECOMMENDATION

It is recommended that the City Council ("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 2004 (Attachment No. 2).
2. Hold a public hearing to consider the proposed basis and method of levying assessments and the levy of the annual assessments for Program Year 2004 for the South Lake Business Improvement District.
3. At the conclusion of the public hearing, adopt a resolution (Attachment No. 1) establishing the basis and method of levying assessments within the South Lake Business Improvement District for Program Year 2004.

BACKGROUND

At its meeting of April 26, 2004, the City Council adopted Resolution No. 8346 declaring its intention to (1) establish the basis and method of levying assessments, and (2) levy assessments for businesses within the District for Program Year 2004. The resolution fixed May 10, 2004 at 8:00 p.m. for a public hearing to consider the proposed annual assessments for Program Year 2004. Notice of the public hearing was given by publishing the resolution of intention in The Pasadena Star News on May 3, 2004.

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. 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, attached hereto as Attachment No. 1, shall constitute the basis and method of levying the assessments and the levy of an assessment for Program Year 2004.

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 more than 50% of the assessments proposed to be levied, it is recommended that the City Council adopt the resolution presented to it at this public hearing.

Attached hereto as Attachment No. 2 is a copy of the Annual Report, which was submitted by the South Lake Business Association. Among other things, the Annual Report includes: (1) a proposed list of the improvements, activities and programs proposed to be accomplished during 2004; (2) a budget therefore, and (3) the basis and method of levying assessments. The District boundaries are shown on "Exhibit A" to the Annual Report and the proposed assessment formula is set forth in "Exhibit A-1" to the Annual Report. This formula is identical to that in effect for the previous fiscal year. The proposed improvements and activities to be conducted by the Association during 2004 and the budget are attached as Exhibit "B" and "C" to the Annual Report. Assessments from the District are estimated to be approximately \$165,000 in Program Year 2004.

The South Lake Business Association's audited financial statement for FY 2002 and 2003 are attached as Attachment No. 3.

PBID FORMATION:

The Association, a Business Improvement District (BID), has recently completed a feasibility analysis of converting from a BID to a Property and Business Improvement District (PBID), similar to the Playhouse and Old Pasadena districts. The PBID form of business improvement districts differs from the BID form in that property owners are responsible for the assessment through the property tax rather than business tenants through business license.

There are many factors motivating the Association to consider the change. In the PBID form, the organization can deliver greater services, providing for expanded clean and safe services, physical improvements, and more developed marketing and advocacy roles. As the BID has become more and more effective in its role on South Lake, it has determined that the next step in growth is to convert to PBID to deliver increased services. Through the PBID, the Association can take actions that would attribute to

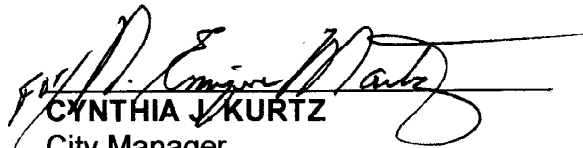
increased property values, sales and provide a cleaner and safer environment.

Staff is currently analyzing potential budget sources and will forward a recommendation in coming weeks. The total contract for converting is \$56,000.00, of which the Association has already paid \$10,500. The Association has proposed the City to fund \$38,000, and the Association to fund the remaining \$7,500.

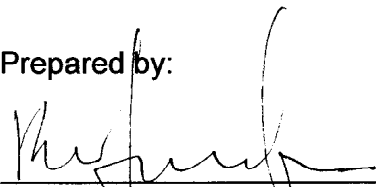
FISCAL IMPACT

Implementation of the proposed assessment formula for calendar year 2004 will have no fiscal impact upon the City, other than the administrative cost of administering the collection of the assessments. Administrative costs have been budgeted in Finance Budget Account 327200, Financial Services.

Respectfully submitted,


CYNTHIA J. KURTZ
City Manager

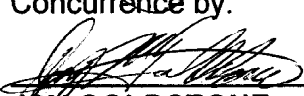
Prepared by:


ROBERT MONTANO
Business District Coordinator

Approved by:


RICHARD J. BRUCKNER
Director of Planning and Development

Concurrence by:


JAY GOLDSTONE
Director of Finance