

Agenda Report

DATE: April 4, 2005

TO: CITY COUNCIL

FROM: CITY MANAGER

SUBJECT: PUBLIC HEARING: PROPOSED BASIS AND METHOD OF LEVYING ASSESSMENTS AND THE LEVY OF THE ANNUAL ASSESSMENT FOR PROGRAM YEAR 2005 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 (District) for Program Year 2005 (Attachment 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 2005 for the South Lake Business Improvement District.
3. At the conclusion of the public hearing, adopt a resolution (Attachment 1) establishing the basis and method of levying assessments within the South Lake Business Improvement District for Program Year 2005.

BACKGROUND

At its meeting of March 21, 2005, the City Council adopted Resolution No. 8451 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 2005. The resolution fixed April 4, 2005 at 8:00 p.m. for a public hearing to consider the proposed annual assessments for Program Year 2005. Notice of the public hearing was given by publishing the resolution of intention in The Pasadena Star News on March 28, 2005.

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 1, shall constitute the basis and method of levying the assessments and the levy of an assessment for Program Year 2005.

After the City Council hears and consider all protests, if any, the City Council can adopt the resolution presented to it at this public hearing.

Attached hereto as Attachment 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 2005; (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 2005 and the budget are attached as "Exhibit B" and "Exhibit C" to the Annual Report. Assessments from the District are estimated to be approximately \$165,000 in Program Year 2005.

The South Lake Business Association's audited financial statement for FY 2003 and 2004 are attached as Attachment 3.

PBID FORMATION:

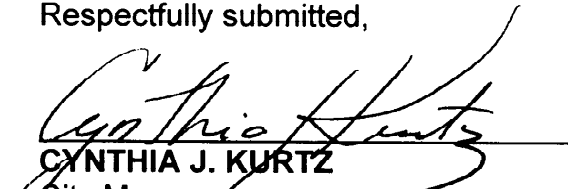
In 2004 the Association, a Business Improvement District (BID) completed a feasibility analysis of converting to a Property and Business Improvement District (PBID), similar to the Playhouse and Old Pasadena districts. The PBID form of business improvement districts differs from the BID form in that property owners are responsible for the assessment through the property tax rather than business tenants through business license and can be approved for up to five years rather than the one-year the BID is limited to.

The Association is preparing the Management Plan and completing their Petition Drive to request that the City administer the public notice and formation balloting. The Association anticipates bringing the item to Council this spring. Should the PBID formation pass, the Association will seek to disestablish the current BID for next year, Program Year 2006 and operate as a PBID starting January 1, 2006.

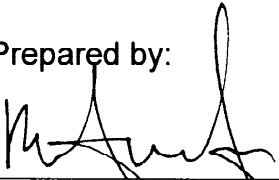
FISCAL IMPACT

Implementation of the proposed assessment formula for calendar year 2005 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:



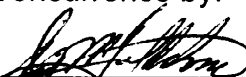
ROBERT MONTANO
Business District Coordinator

Approved by:



RICHARD J. BRUCKNER
Director of Planning and Development

Concurrence by:



JAY GOLDSTONE
Director of Finance

ATTACHMENT NO. 1
RESOLUTION FOR LEVY OF ASSESSMENTS

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA
ESTABLISHING THE BASIS AND METHOD OF LEVYING ASSESSMENTS
AND LEVYING ASSESSMENTS WITHIN THE SOUTH LAKE BUSINESS
IMPROVEMENT DISTRICT FOR PROGRAM YEAR 2005.**

WHEREAS, the City of Pasadena is a municipal corporation which exercises its governmental functions and power, is a chartered city organized and existing under the laws of the State of California; and

WHEREAS, pursuant to the Parking and Business Improvement Area Law of 1979 (former Streets and Highways Code Sections 36500 et seq.) and in response to a request of the South Lake Business Association, a non-profit corporation ("Association"), the then-Board of Directors of the City of Pasadena adopted Ordinance No. 6230 on January 4, 1988, establishing a business improvement area within a geographically defined area in the City of Pasadena designated as the "South Lake Business Improvement District of the City" (the "District"); and

WHEREAS, effective January 1, 1990, the law under which the South Lake Business Improvement District was formed was repealed and in its place was enacted the Parking and Business Improvement Area Law of 1989 (commencing with Section 36500 of the Streets and Highways Code), which provided that every business improvement district established prior to January 1, 1990, was declared valid and effective and unaffected by the repeal of that prior law, but was, however, made subject to certain requirements of the new law; and

WHEREAS, the City Council adopted its Resolution No. 0000 declaring its intention to establish the basis and method of levying assessments and to levy assessments within the District for Program Year 2005, commencing January 1, 2005, and ending December 31, 2005, and caused said resolution to be duly published; and

WHEREAS, in accordance with the law, the City Council on April 4, 2005 approved the Annual Report for the District for Program Year 2005 (the "Annual Report"); and

WHEREAS, a public hearing concerning the matters set forth in Resolution No. 0000 was held by this City Council on April 4, 2005, at the time and place specified in said resolution; and

WHEREAS, at said public hearing all written and oral protests made or filed were duly heard, evidence for and against the proposed action was received, and a full, fair and complete hearing was granted and held; and

WHEREAS, all protests, both written and oral, are hereby overruled and it was determined by City Council that there was no majority protest within the meaning of Sections 36524 and 36525(a) of the Streets and Highways Code.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Pasadena as follows:

1. The Annual Report filed with the City Clerk by the Association with respect to Program Year 2005 contains all of the component parts required to be included by Section 36533 of the Streets and Highways Code.

2. Accordingly, the City Council hereby confirms the Annual Report to reflect a levy of assessments commensurate with the Association's fiscal year commencing January 1, 2005.

3. By its adoption of this resolution, the City Council hereby establishes the basis and method of levying the assessments and the adoption of this resolution shall constitute the levy of assessments within the South Lake Business Improvement District for Program Year 2005.

4. The City Council hereby finds, determines and declares that the assessments levied on businesses within the District pursuant to this resolution are levied on the basis of the estimated benefit to the businesses and property within the boundaries of the District.

Adopted at the regular meeting of the City Council on the 4th day of April,
2005, by the following vote:

Ayes:

Noes:


Absent:

Abstain:

JANE RODRIGUEZ

City Clerk

APPROVED AS TO FORM:



Robin Harris

Special Counsel

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JANE RODRIGUEZ

City Clerk

APPROVED AS TO FORM:



Robin Harris

Special Counsel

February 23, 2005

RICHARD RICHARDS
(1916-1988)

GLENN R. WATSON
(RETIRED)

HARRY L. GERSHON
(RETIRED)

ERWIN E. ADLER
DAROLD D. PIEPER
STEVEN L. DORSEY
WILLIAM L. STRAUSS
MITCHELL E. ABBOTT
GREGORY W. STEPANICHICH
ROCHELLE BROWNE
WILLIAM B. RUDELL
QUINN M. BARROW
CAROL W. LYNCH
GREGORY M. KUNERT
THOMAS M. JIMBO
ROBERT C. CECCON
STEVEN H. KAUFMANN
GARY E. GANS

JOHN J. HARRIS
KEVIN G. ENNIS
ROBIN D. HARRIS
MICHAEL ESTRADA
LAURENCE S. WIENER
STEVEN R. ORR
B. TILDEN KIM

SASKIA T. ASAMURA
KAYSER O. SUME
PETER M. THORSON
JAMES L. MARKMAN
CRAIG A. STEELE
T. PETER PIERCE
TERENCE R. BOGA
LISA BOND
JANET E. COLESON
ROXANNE M. DIAZ
JIM G. GRAYSON
ROY A. CLARKE
WILLIAM P. CURELY III
MICHAEL F. YOSHIBA
REGINA N. DANNER
MARGUERITE P. BATTERSBY
AMY GREYSON
DEBORAH R. HAKMAN

D. CRAIG FOX
ROBERT H. PITTMAN
PAULA GUTIERREZ BAEZA
TERESA HO-URANO
OWEN P. GROSS
JIM R. KARPIAK
EVAN J. MCGINLEY
ALEXANDER ABBE
CARRIE A. LEE
MICHAEL P. COVNE
DIANA K. CHUANG
PATRICK K. BOBKO
DANIEL R. GARCIA
MIGUEL S. RAMIREZ
EZRA J. REINSTEIN
JULIET E. COX

SONALI SARKAR JANDIAL
DAVID M. SNOW
G. INDER KHALSA
BRUCE G. MCCARTHY
MATTHEW B. FINNIGAN
GINETTA L. GIOVINCO
TRISHA ORTIZ
CANDICE K. LEE
MARICELA E. MARROQUIN

OF COUNSEL
MARK L. LAMKEN
SAYRE WEAVER
WILLIAM K. KRAMER
BRUCE W. GALLOWAY

SAN FRANCISCO OFFICE
TELEPHONE 415.421.8484

ORANGE COUNTY OFFICE
TELEPHONE 714.990.0901

TO: Robert Montano
Business District Coordinator
Economic Development Division
City of Pasadena
117 E. Colorado Blvd., 2nd Floor
Pasadena, CA 91109

FROM: Robin D. Harris

SUBJECT: City of Pasadena

ENCLOSED PLEASE FIND: 1) Resolution of the City Council of the City of Pasadena Establishing the Basis and Method of Levying Assessments and Levying Assessments within the South Lake Business Improvement District for Program Year 2005, and 2) Resolution of the City Council of the City of Pasadena Declaring its Intention to Levy Assessments within the South Lake Business Improvement District for Program Year 2005

- FOR YOUR FILES
- FOR YOUR INFORMATION
- FOR YOUR USE
- FOR REVIEW AND/OR COMMENTS
- IN ACCORDANCE WITH YOUR REQUEST
- PLEASE SIGN AND RETURN
- PLEASE TELEPHONE ME
- PLEASE ADVISE ME HOW TO REPLY
- PLEASE ADVISE ME HOW YOU WISH TO PROCEED
- PLEASE SIGN, DATE AND RETURN COPY TO ACKNOWLEDGE RECEIPT

REMARKS:

ATTACHMENT NO. 2
ANNUAL REPORT FOR ASSOCIATION
January 1, 2005 to December 31, 2005

Included herein:

2005 Annual Report
Exhibit A – District Boundaries
Exhibit A-1 – Assessment Formula
Exhibit B – Accomplished Activities in 2004
Exhibit C – Proposed Activities for 2005
Exhibit D – 2005 Budget

SOUTH
LAKE
AVENUE

ANNUAL REPORT
2004

2004

**The South Lake Business
Improvement District**

Annual Report

Summary:

Pursuant to Senate Bill 1424, this report will address the following items regarding the activities and financial status of the South Lake Business Improvement District:

- A. Boundaries of the Improvement District, with any current changes that are being considered and an explanation of the current assessment formula
- B. Changes to the existing assessment formula with supporting documentation
- C. The Annual Program Outline
- D. The Annual Budget and Financial Report indicating any surplus or deficit
- E. A report on any voluntary contributions received

2004
**The South Lake Business
Improvement District**

Annual Report

A. Boundaries of the District and current assessment formula

There are no changes to the District boundaries, see **Exhibit A**. See also **Exhibit A-1** for explanation of assessment formula.

B. Changes to the existing assessment formula

There are no changes to the assessment formula.

C. Annual program outline

Please see attached outline of accomplished improvements and activities for 2004 **Exhibit B**, and the proposed improvements and activities for 2005 **Exhibit C**.

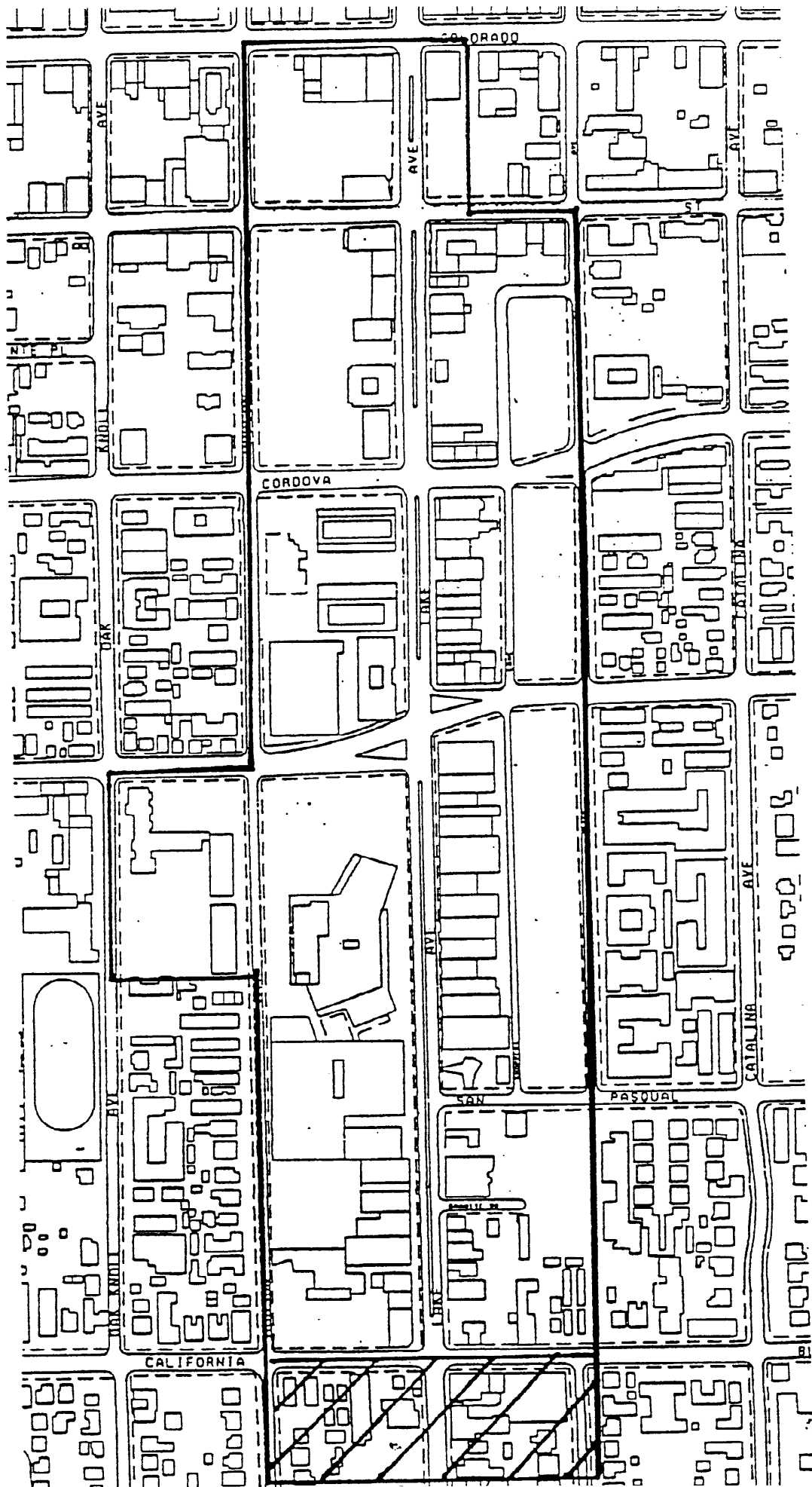
D. Annual budget and financial report

Please refer to **Exhibit D**.

E. Report on any contributions received

No voluntary contributions were received in 2004.

Exhibit A



ZONE 1

ZONE 2

Exhibit A-1

**Assessment Formula
for the
South Lake Avenue Business Improvement District**

Each retail business shall pay an annual basic assessment fee of One Hundred Fifty Dollars (\$150.00), and each Service and Professional Business shall pay an annual basic assessment of Fifty Dollars (\$50.00), plus the amount determined from the following schedule, except owner-operated businesses not having employees who shall pay only the Basic annual assessment set forth herein below.

Schedule 1

Number of Employees	Assessment	Number of Employees	Assessment
1*	\$10	14	\$70
2	\$15	15	\$74
3	\$20	16	\$78
4	\$25	17	\$82
5	\$30	18	\$86
6	\$35	19	\$90
7	\$40	20	\$93
8	\$45	21	\$96
9	\$50	22	\$99
10	\$54	23	\$102
11	\$58	24	\$105
12	\$62	25	\$108
13	\$66	over 25	\$108+
			\$2 per each additional emp

*Excluding owner-operated businesses without employees

Schedule 2

Classification	Benefit Factor Zone 1*	Benefit Factor Zone 2*
Retail	8	6
Professional	3	2
Service	4	3

*Zone 1 – North of California Blvd. *Zone 2 – South of California Blvd.

The annual assessment for the owner-operated Retail businesses without employees is \$150.00 and \$50.00 for owner-operated Professional and Service businesses without employees.

— To determine the total assessment, multiply the employee assessment, Schedule 1, by the appropriate benefit factor, Schedule 2 and add \$150 for retail businesses or \$50 for Service and Professional businesses.

Financial Institutions are assessed at an annual rate of One Thousand Dollars (\$1,000) per location.

Assessments are collected by the City of Pasadena, with funds being remitted to the South Lake Business Association for expenditure in accordance with the adopted annual budget.

Assessment examples using the formula:

		<u>Zone 1</u>		<u>Zone 2</u>	
Retail:	20 Employees	$\$93 \times 8 =$	\$744	$\$93 \times 6 =$	\$558
	Basic Assessment		\$150		\$150
	Total Assessment		\$894		\$708
Professional:	5 Employees	$\$30 \times 3 =$	\$90	$\$30 \times 2 =$	\$60
	Basic Assessment		\$50		\$50
	Total Assessment		\$140		\$110
Service:	35 Employees	$\$128 \times 4 =$	\$512	$\$128 \times 3 =$	\$384
	Basic Assessment		\$50		\$50
	Total Assessment		\$562		\$434

Exhibit B

Accomplished Improvements and Activities in 2004

- I. Street Improvements
 - A. Continued pressure washing sidewalks of entire district two times per year and expanded sweep cleaning of South Lake Avenue's gutters and sidewalks (three times per week) to include Shopper's Lane (also three times per week)
 - B. Expanded cleaning program during the holiday season for six weeks to include one additional pressure washing of South Lake Avenue and Shopper's Lane and two weekly additional sweep cleanings of gutters and sidewalks on South Lake Avenue and Shopper's Lane
 - C. Scheduled semimonthly trash receptacle cleanings
 - D. Installed holiday decorations including poinsettias, banners, wreaths and LED colored lights
 - E. Planted seasonal flowers in planters on South Lake Avenue and in the areas in front of South Lake median monuments
 - F. Collaborated with the City on the implementation of the City News Rack Ordinance
 - G. Designed and manufactured new District signage to be installed in January 2005
 - H. Continued pursuit of CIP Center Median Project (electrical and landscaping renovations)
 - I. Continued pursuit of CIP Pedestrian Lighting

- II. Programs and Special Projects
 - A. With the Assistance of the City, hired consultants to collaborate with the South Lake PBID Steering Committee to move toward a PBID conversion by the year 2006
 - B. Continued collaborative relations with Rose City High School

- III. Programs for Members
 - A. Continued website updating of member information, community and District events and resources

- B. Continued fostering relations with Caltech Public Events and community organizations
- C. Continued to explore parking alternatives through cooperative work with the South Lake Parking Commission
- D. Initiated retail/restaurants committee meetings to keep members informed and involved in marketing ideas and outreach
- E. Hosted Annual Meeting for Members

IV. Activities and Events

- A. Hosted Rosebud Parade
- B. Hosted Spring Mixer

V. Marketing and Public Relations

- A. Utilized City marketing platforms
- B. Served as a resource to the membership and the community
- C. Promoted the District with advertisements in local newspapers during the months of November and December
- D. Created Welcome Packet for new members
- E. Published quarterly District Newsletter
- F. Continued work to recruit and retain tenants
- G. Maintained community outreach and goodwill program

VI. Advocacy

- A. Continued work with The Planning and Development department on proposed changes to the Central District Specific Plan
- B. Continued to monitor public safety issues; continued to be a partner and resource to the Pasadena Police Department, the HOPE Team and the 10-Year Strategy to End Homelessness Campaign Team
- C. Continued to maintain and build professional relationships with City officials and staff

Exhibit C

Proposed Improvements and Activities for 2005

- I. Street Improvements
 - A. Implement existing cleaning program in the South Lake Business District, including pressure washing, sweeping and cleaning of trash receptacles
 - B. Implement the enhanced cleaning program during the winter holiday season
 - C. Install holiday decorations, including poinsettias, banners, wreaths and lights
 - D. Plant seasonal flowers in planters and in the areas in front of the South Lake median monuments
 - E. Continue to work with the City to maintain guidelines outlined in the City News Rack Ordinance which began in 2004
 - F. Install new South Lake District Signage
 - G. Continue to explore funding for CIP Center Median Project
 - H. Continue to explore funding for CIP Pedestrian Lighting
 - I. Identify additional areas in need of repair and maintenance which will improve the aesthetic quality of the District

- II. Programs and Special Projects
 - A. Continue pursuit of Urban Plan for South Lake
 - B. Continue consultation with appropriate parties regarding restructuring to a PBID by the year 2006
 - C. Maintain collaborative relations with Rose City High School

- III. Programs for Members
 - A. Maintain website updating of member information, community and District events and resources
 - B. Continue to initiate beneficial partnerships and opportunities for members
 - C. Host Annual Meeting

IV. Activities and Events

- A. Host Rosebud parade
- B. Host Spring Mixer

V. Marketing and Public Relations

- A. Utilize City marketing platforms
- B. Serve as a resource to the membership and the community
- C. Promote the District during the holiday season
- D. Distribute welcome packets
- E. Publish quarterly District Newsletter
- F. Continue to recruit and retain tenants
- G. Maintain community outreach and goodwill program

VI. Advocacy

- A. Continue to work with the Planning Department on items in the Central District Specific Plan which impact South Lake Avenue
- B. Continue to monitor public safety issues, continue to be a partner and resource to the Pasadena Police Department, the HOPE Team and the 10-Year Strategy to End Homelessness Campaign Team
- C. Continue to maintain and build professional relationships with City officials and staff

Exhibit D

**South Lake Business Association
2005 Budget**

INCOME:

Unrestricted Support and Revenue

Member Assessments	155000
Miscellaneous Income	9000
Interest Income	<u>1000</u>

TOTAL INCOME

165,000

EXPENSE:

Beautification and Maintenance

Streetscape	6,000
Sidewalk Cleaning	33,000

Programs for Members

Membership Meetings and Programs	7,000
Newsletter, Bulletins, Internet	10,000

Activities & Events

Holiday Season	32,000
Regional Marketing & Promotion	10,000

General & Administrative

Staff Salaries	28,000
Payroll Taxes	3,100
Bank Charges	1,100
Board Strategy Session	1,000
Office Supplies, Postage & Equipment	3,000
Insurance	3,000
Printing	1,800
Professional Fees	15,500
Legal Services	3,000

Audit Fees	4,000
Dues & Subscriptions	500
Rent & Storage	500
Outside Services	500
Telephone	<u>2,000</u>

TOTAL EXPENSE **165,000**

ATTACHMENT NO. 3
SOUTH LAKE BUSINESS ASSOCIATION
AUDITED 2003 & 2004 FINANCIAL STATEMENT

**SOUTH LAKE BUSINESS
ASSOCIATION OF PASADENA**

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2004

JOHN M. HORNICK
CERTIFIED PUBLIC ACCOUNTANT

SOUTH LAKE BUSINESS ASSOCIATION OF PASADENA

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JOHN M. HORNICK
CERTIFIED PUBLIC ACCOUNTANT

JOHN M. HORNICK

CERTIFIED PUBLIC ACCOUNTANT

48 N. El Molino Avenue, Suite 101C
Pasadena, CA 91101
Telephone (626) 449-6861
Facsimile (626) 449-8648

INDEPENDENT AUDITOR'S REPORT


To the Board of Directors of the
South Lake Business Association

We have audited the accompanying statement of financial position of the South Lake Business Association (a nonprofit organization) as of December 31, 2004, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the South Lake Business Association as of December 31, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

The information included on Page 9 is presented only for supplementary analysis purposes. Such information has not been subjected to the procedures applied in the audit of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.



John M. Hornick
Certified Public Accountant

Pasadena, California
February 17, 2005

SOUTH LAKE BUSINESS ASSOCIATION OF PASADENA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2004

ASSETS	
<u>CURRENT ASSETS</u>	
CASH AND CASH EQUIVALENTS-note # 4	213,805
PREPAID EXPENSES	1,037
ASSESSMENTS RECEIVABLE	<u>1,164</u>
TOTAL CURRENT ASSETS	216,007
 <u>PROPERTY AND EQUIPMENT</u>	
FURNITURE AND EQUIPMENT	22,932
DECORATIONS	80,536
STREETSCAPE, PLANTERS, ETC.	16,729
STREETSCAPE MONUMENTS	25,337
LESS: ACCUMULATED DEPRECIATION	<u>(65,348)</u>
TOTAL PROPERTY AND EQUIPMENT, NET	80,186
TOTAL ASSETS	<u><u>296,193</u></u>
 LIABILITIES & NET ASSETS	
<u>CURRENT LIABILITIES</u>	
ACCOUNTS PAYABLE	9,830
DEFERRED PBID REVENUE-note # 3	<u>15,035</u>
TOTAL CURRENT LIABILITIES	24,866
 <u>NET ASSETS</u>	
UNRESTRICTED	256,292
TEMPORARILY RESTRICTED-note # 3	15,035
TOTAL LIABILITIES AND NET ASSETS	<u><u>296,193</u></u>

SEE ACCOUNTANT'S REPORT. THE ACCOMPANYING NOTES ARE
AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

JOHN M. HORNICK
CERTIFIED PUBLIC ACCOUNTANT
Page 2

SOUTH LAKE BUSINESS ASSOCIATION OF PASADENA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING DECEMBER 31, 2004

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
<u>SUPPORT AND REVENUE</u>			
MEMBER ASSESSMENTS	153,637	-	153,637
P.B.I.D. INCOME-note # 3	-	30,000	30,000
less: RESERVED TO 2005		(15,035)	(15,035)
SPECIAL EVENT INCOME	-	-	0
MISCELLANEOUS INCOME	-	-	0
	<hr/>		
TOTAL SUPPORT AND REVENUE	153,637	14,965	168,602
 <u>DIRECT EXPENDITURES</u>			
BEAUTIFICATION & MAINTENANCE			
STREETSCAPE	7,621	-	7,621
SIDEWALK CLEANING	27,530	-	27,530
DEPRECIATION	7,304		7,304
TOTAL BEAUTIFICATION & MAINTENANCE	42,455	-	42,455
	<hr/>		
PROGRAMS FOR MEMBERS			
MEMBERSHIP MEETINGS & PROGRAMS	964	-	964
NEWSLETTERS AND SPECIAL BULLETINS	1,984	-	1,984
TOTAL PROGRAMS FOR MEMBERS	2,947	-	2,947
	<hr/>		
ACTIVITIES AND EVENTS			
HOLIDAY OPEN HOUSE	5,297	-	5,297
SPRING OPEN HOUSE	915	-	915
REGIONAL MARKETING & PROMOTION	1,343	-	1,343
TOTAL ACTIVITIES & EVENTS	7,555	-	7,555
	<hr/>		
P.B.I.D. EXPENSES			
CONSULTANT FEES	-	14,965	14,965
TOTAL PBID EXPENSES	-	14,965	14,965
	<hr/>		
TOTAL DIRECT EXPENDITURES	52,957	14,965	67,922
	<hr/>		
<u>GENERAL & ADMINISTRATIVE EXPENSES-note #2</u>	44,088	-	44,088
	<hr/>		
<u>OTHER INCOME AND (EXPENSES)</u>			
INTEREST INCOME	642	-	642
	<hr/>		
TOTAL OTHER INCOME & EXPENSE	642	-	642
	<hr/>		
CHANGE IN NET ASSETS	57,235	-	57,235
	<hr/> <hr/>		

SEE ACCOUNTANT'S REPORT. THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

JOHN M. HORNICK

CERTIFIED PUBLIC ACCOUNTANT

SOUTH LAKE BUSINESS ASSOCIATION OF PASADENA
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDING DECEMBER 31, 2004

	UNRESTRICTED NET ASSETS	TEMPORARILY RESTRICTED NET ASSETS	TOTAL NET ASSETS
BALANCE AT DECEMBER 31, 2003	214,092	0	214,092
INCREASE (DECREASE) IN NET ASSETS	42,199	15,035	57,235
BALANCE AT DECEMBER 31, 2004	256,292	15,035	271,327

SEE ACCOUNTANT'S REPORT. THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

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SOUTH LAKE BUSINESS ASSOCIATION OF PASADENA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING DECEMBER 31, 2004

NET CASH PROVIDED BY OPERATING ACTIVITIES:	
CHANGE IN NET ASSETS	57,235
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH USED FOR OPERATING ACTIVITIES:	
DEPRECIATION	10,853
LOSS ON DISPOSITION OF ASSETS	0
DECREASE (INCREASE) IN ASSESSMENTS RECEIVABLE	(1,164)
DECREASE (INCREASE) IN PREPAID EXPENSES	36
(DECREASE) INCREASE IN ACCOUNTS PAYABLE	(1,003)
(DECREASE) INCREASE IN ACCRUED PAYROLL AND RELATED TAXES	(10)
(DECREASE) INCREASE IN DEFERRED PBID INCOME	15,035
(DECREASE) INCREASE IN ASSESSMENT ADVANCES	<u>0</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES:	80,982
NET CASH USED BY INVESTING ACTIVITIES:	
PAYMENTS FOR CAPITAL EXPENDITURES	<u>(8,757)</u>
NET CASH USED BY INVESTING ACTIVITIES:	<u>(8,757)</u>
NET INCREASE(DECREASE) IN CASH	72,225
CASH AT DECEMBER 31, 2003	<u>141,580</u>
CASH AT DECEMBER 31, 2004	<u>213,805</u>

SEE ACCOUNTANT'S REPORT THE ACCOMPANYING NOTES ARE
AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

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SOUTH LAKE BUSINESS ASSOCIATION OF PASADENA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

NOTE # 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Association is a nonprofit corporation incorporated to promote business activities in the South Lake area of Pasadena, including the increase in the sales volume of the business establishments in the area and stimulating the resurgence of private investment and employment opportunities.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Revenue

The Association receives substantially all of its revenue from fees, assessed and collected by the City of Pasadena, from local business establishments.

Property & Equipment

Property, Plant, and Equipment is stated at cost. Depreciation is computed principally on the straight line method over the estimated useful lives of the assets generally as follows:

Furniture and equipment	5 - 7 years
Flag Poles	10 years
Decorations	10 years
Streetscape, planters, etc.	10 years

Income Taxes

The Association is exempt from income taxes under Section 501 (c) (6) of the Internal Revenue Code and therefore has made no provision for Federal income taxes.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities.

Cash, Cash Equivalents, and Concentration of Credit Risk

For purposes of reporting cash flow information, the Association considers all unrestricted, highly liquid investments available for current use, with a maturity of three months or less to be cash equivalents. The Organization maintains its cash balances in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2004, the Organization's uninsured cash balances were \$113,805.

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SOUTH LAKE BUSINESS ASSOCIATION OF PASADENA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE # 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue and Contributions

The Organization recognizes revenue in accordance with SFAS No. 116; funds received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence or nature of any restrictions.

NOTE # 2 GENERAL & ADMINISTRATIVE EXPENSES

STAFF SALARIES	23,768
PAYROLL TAXES	2,279
BANK CHARGES	911
BOARD STRATEGY SESSION	455
OFFICE SUPPLIES & EQUIPMENT	3,069
INSURANCE	2,745
PRINTING	821
PROFESSIONAL FEES	1,500
LEGAL SERVICES	0
AUDIT FEES	3,110
DUES AND SUBSCRIPTIONS	409
RENT	0
OUTSIDE SERVICES	0
TELEPHONE	1,473
DEPRECIATION EXPENSE	3,549
LOSS ON DISPOSITION OF ASSETS	0
TAXES AND TAX PENALTIES	0
	0
TOTAL GENERAL AND ADMINISTRATIVE	44,088

NOTE # 3 CONVERSION TO PROPERTY BASED BUSINESS IMPROVEMENT DISTRICT

The Association is exploring the benefits of changing from a fee based assessment district to a Property-based Business Improvement District (PBID). The purpose of the Association will remain, and it will continue to provide and manage supplemental services and improvements in the district.

The City of Pasadena has provided \$30,000 to the Association for this purpose, and the Association has expended \$14,964.74 to date. The balance of funds, \$15,035.26 is reflected on the Balance Sheet as Deferred PBID Income, until the funds are expended.

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SOUTH LAKE BUSINESS ASSOCIATION OF PASADENA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE # 4 DESIGNATION OF UNRESTRICTED ASSETS

It is the policy of the Board of Directors of the Association to review its plans for future capital improvements from time to time, and to designate appropriate sums of unrestricted assets to assure adequate financing of such improvements.

As of December 31, 2004, \$180,000 of the amount in cash has been designated for future capital improvements, in the right of ways within the Associations' boundaries.

In addition, as a result of revenues of the Association being received periodically, rather than monthly, the Association has designated \$30,000 as operating capital, subject to receipt of those future revenues.

SUPPLEMENTARY INFORMATION

SOUTH LAKE BUSINESS ASSOCIATION OF PASADENA

BUDGET COMPARISON (UNAUDITED)
FOR THE YEAR ENDING DECEMBER 31, 2004

	2004 BUDGET	2004 ACTUAL	2004 VARIANCE fav/(unfav)	2005 BUDGET
RECEIPTS:				
RESTRICTED AND UNRESTRICTED REVENUE				
MEMBER ASSESSMENTS	145,000	152,473	7,473	155,000
P.B.I.D. INCOME	-	30,000	30,000	8,000
P.B.I.D. INCOME-CARRYOVER	-	-	-	15,035
STREETSCAPE - CAPITAL EXP. CARRYOVER				10,000
SPECIAL EVENT INCOME	-	-	-	-
MISCELLANEOUS INCOME	1,000	-	(1,000)	1,000
INTEREST INCOME	500	642	142	1,000
TOTAL RECEIPTS:	146,500	183,116	36,616	190,035
DISBURSEMENTS:				
BEAUTIFICATION & MAINTENANCE				
STREETSCAPE	5,000	7,429	(2,429)	6,000
STREETSCAPE - CAPITAL EXPENDITURES	-	-	-	10,000
SIDEWALK CLEANING	12,000	19,590	(7,590)	33,000
TOTAL BEAUTIFICATION & MAINTENANCE	17,000	27,019	(10,019)	49,000
PROGRAMS FOR MEMBERS				
MEMBERSHIP MEETINGS & PROGRAMS	5,000	964	4,036	7,000
NEWSLETTERS AND SPECIAL BULLETINS	5,000	1,984	3,016	10,000
TOTAL PROGRAMS FOR MEMBERS	10,000	2,947	7,053	17,000
ACTIVITIES AND EVENTS				
HOLIDAY OPEN HOUSE	29,000	13,363	15,637	32,000
HOLIDAY LIGHTS & BANNERS- CAPITAL EXPEND.	-	8,757	(8,757)	-
SPRING OPEN HOUSE	5,000	915	4,085	-
REGIONAL MARKETING & PROMOTION	25,000	1,901	23,099	10,000
TOTAL ACTIVITIES & EVENTS	59,000	24,936	34,064	42,000
GENERAL & ADMINISTRATIVE				
STAFF SALARIES	21,000	23,768	(2,768)	28,000
PAYROLL TAXES	2,100	2,279	(179)	3,100
BANK CHARGES	1,100	911	189	1,100
BOARD STRATEGY SESSION	1,000	455	545	1,000
OFFICE SUPPLIES & EQUIPMENT	1,800	3,569	(1,769)	3,000
INSURANCE	7,500	2,709	4,792	3,000
PRINTING	700	821	(121)	1,800
PROFESSIONAL FEES	11,000	1,500	9,500	15,500
P.B.I.D. CONSULTING FEES	-	14,965	(14,965)	15,035
LEGAL SERVICES	5,000	-	5,000	3,000
AUDIT & TAX FEES	2,800	3,110	(310)	4,000
DUES AND SUBSCRIPTIONS	1,000	409	591	500
RENT	2,000	-	2,000	500
OUTSIDE SERVICES	500	-	500	500
TELEPHONE	3,000	1,494	1,506	2,000
TOTAL GENERAL & ADMINISTRATIVE	60,500	55,988	4,512	82,035
TOTAL DISBURSEMENTS:	146,500	110,890	35,610	190,035
NET INCREASE(DECREASE)	-	72,225	72,225	-

SEE ACCOUNTANT'S REPORT.

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CERTIFIED PUBLIC ACCOUNTANT
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