



OFFICE OF THE CITY MANAGER

April 19, 2005

To the Honorable City Council
of the City of Pasadena

Mayor and Councilmembers:

Clarifications from the April 18, 2005 Economic Development and Technology
Committee (EDTech) meeting

During the April 18, 2005, City Council's Economic Development and Technology Committee's voted to support the staff recommendation regarding the Old Pasadena PBID renewal. As part of that discussion, the committee requested additional information on two items.

Item 1: Is there legal support to discontinue the residential exemption for only new residents?

Item 2: Is the City's contribution to the PBID equal to the amount normally paid by the City for base services?

ITEM 1 – RESIDENTIAL EXEMPTION

On July 24, 2000, Council adopted Resolution 7888, which defined the term "Residential" as it refers to exemptions from the OPMD PBID assessment for the Initial Term. OPMD has proposed that Council does not adopt a new Resolution, grand-fathering previously exempted residential owners, but requiring all new owners be subject to the Assessment. The basis for the exemption was that residential property owners did not receive the same benefits as businesses. The concept to grandfather existing exempt property owners is based on the fact that the argument by residents has not changed, that residents do not receive the same benefits. Therefore, existing exempt residents would continue to be exempt, but new owners, entering the district on the new standards, would be subject to the assessment.

In 1999 for the first PBID action and current year, legal counsel has reviewed this

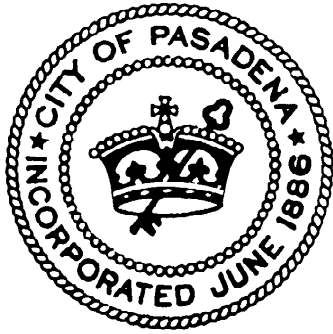
strategy and although the sunset approach is not the ideal mechanism, similar exemption or reduction have been successfully used in other PBIDs.

ITEM 2 – CITY CONTRIBUTION

Annual City funding support of the Old Pasadena district prior to the formation of the Old Pasadena Management District was \$1,083,317 and included Baseline Services (\$42,658), Enhanced Services (\$130,445), contributions to the OPB&PA (\$320,000) and Police Services (\$587,214). With the formation of the PBID, the City committed to a dollar-for-dollar match rather than a sum of various purposes such as the baseline services, enhanced services, City PBID assessment and OPB&PA contributions, which exceeded \$600,000 per year. It was not contemplated that the assessments would increase, however, with CPI increases and new development coming on-line, the Old Pasadena Management District's private assessments now exceed that of the City's fixed \$545,000 annual contribution.

Respectfully Submitted:


CYNTHIA J. KURTZ



Agenda Report

DATE:

APRIL 25, 2005

TO: CITY COUNCIL

THROUGH: ECONOMIC DEVELOPMENT AND TECHNOLOGY (EDTECH)

FROM: CITY MANAGER

SUBJECT: ESTABLISHMENT OF THE OLD PASADENA MANAGEMENT DISTRICT
PROPERTY-BASED BUSINESS IMPROVEMENT DISTRICT

RECOMMENDATION

It is recommended that the City Council:

1. Adopt a Resolution of Intention to establish the Old Pasadena Management District Property-based Business Improvement District (Attachment 1), setting a Public Hearing for June 6th, 2005 at 8 pm, and
2. Adopt a funding plan as described in the text of this document to provide annual funding of \$545,000.00 to the Old Pasadena Management District Property-based Business Improvement District ("PBID"), and

BACKGROUND

The Old Pasadena Management District Business Improvement District (OPMD) was initially established by Council on June 26, 2000. California Property-based Business Improvement District (PBID) Law limits the initial term to five years maximum, but allows subsequent terms up to ten years. The OPMD will pursue a new five-year term.

Should the OPMD PBID renewal be successful, the OPMD will continue to operate seamlessly from December 31, 2005, to January 1, 2009.

PBID PROPOSAL

The proposed renewal of the OPMD would have a five-year life span and assess an estimated \$1,212,046 in the first year. Subsequent year assessments could be increased up to five percent per year, in accordance with increases in the Los Angeles-

Long Beach Consumer Price Index (CPI), All Urban Consumers. The assessment would be derived from a 21-block area bound by Pasadena Avenue, Walnut Street, Arroyo Parkway and Del Mar Blvd. The map of the proposed PBID is included in Attachment 2. The proposed budget of \$1,212,046 is to be spent as follows:

Ambassador & Public Safety: estimated 36.6% of yearly budget

The security program provided by the District increases awareness of security efforts, coordinates existing property owner security programs, and acts as "eyes and ears" for the Pasadena Police Department. The program is designed to reduce street disorder and serve as a lead role in crime prevention. The mission of this program is to support the police department, property owners and tenants in overall crime prevention efforts and reduce street disorder, while offering a customer service orientation to pedestrians by providing highly visible neighborhood security that is to supplement individual property security and the Pasadena Police Department. The security program includes, but is not limited to:

- Integration with the Pasadena Police Department
- Bicycle Patrol
- Foot Patrol

Maintenance & Physical Enhancement: estimated 31.8% of yearly budget

In order to consistently deal with numerous maintenance concerns within the District a maintenance program has been established. This program includes, but is not limited to:

- Sidewalk Cleaning
- Alley Cleaning
- Graffiti Removal
- Sidewalk Pressure Washing
- Trash Collection
- Landscape Maintenance
- Paper Sign and Handbill Removal
- Special Collections
- Maintenance Problems Requiring Third Party Intervention

Marketing & Promotions: estimated 15.6% of yearly budget

This program has been developed to market Old Pasadena to both consumers and business and property owners. This program is designed to improve communication, marketing, advocacy, and relationship-building within the District. The program includes several tools to support the efforts of individual property owners and brokers to attract and retain tenants. Several types of communication elements can be used including:

- Old Pasadena Web Site
- Shopping, dining and Business Directory
- Tours
- Public and Media Relations
- Development of Old Pasadena Image Pieces
- Parking maps and guides
- Investor and tenant recruitment & visitor support packets
- Broker support packets
- One stop, available space resource center for Old Pasadena

Administration & Project Management: estimated 15% of yearly budget to:

In order to manage the day-to-day activities of the District, a professional administrative staff and office is necessary to ensure the delivery of quality services. This team coordinates and administers the functions, services and activities of the District seven days a week and is also responsible for the preparation of the Management District Plan and the annual levy of assessments.

Process

The California State Law allowing the formation of PBID's requires a process which begins with a petition phase, signed by property owners in the proposed district who will pay more than 50% of the proposed assessments. The second step is for the City Council to adopt a resolution of intention to establish the PBID, which authorizes the City Clerk to mail a ballot for the establishment of the PBID to the property owners within the proposed district, and set a date for a public hearing to count the ballots with no less than 45-day public notice. In order for the district to be established, the Clerk must receive ballots of support, which "outweigh" those returned in opposition to the PBID based on the amount of assessments to be levied. The City Council may then establish the assessment district by adopting a final resolution. The assessments are billed with the property tax billing and collected by the County Tax Assessor. The County returns the assessment funds to the City, and it is anticipated that the City will contract with the OPMD to provide services to the District in accordance with the Management Plan. The OPMD is required to abide by the Brown Act rules and regulations. The production of an annual report and an annual audit are required from the OPMD.

Per the requirements of the PBID law, OPMD has created the "OPMD PBID – A Management Plan" (Attachment 3) and has collected petitions representing over the legal minimum of 50% of assessed value plus \$1, in the 21-block district as of April 25, 2005. The OPMD has hosted a series of meetings and is continuing community outreach regarding the PBID to gather support and acquire signed petitions.

USE OF FUNDS AND BASELINE SERVICES AGREEMENT

The City contribution to the PBID is \$545,000 annually and is fixed, not subject to CPI increases and represents the identical financial commitment to the PBID in the initial term.

The City's Contribution of \$545,000 reflects the sum of the City's PBID assessment as well as the valuation of enhanced services the City was providing prior to the formation of the PBID. At the formation of the PBID, the City reduced City Services to the current Baseline Services, and the OPMD assumed the enhanced services.

The OPMD will only utilize City funding of \$545,000 as follows:

Enhanced Sidewalk and Street Services	\$ 410,796
Marketing & Promotions	\$ 134,204
Total City Contribution	\$ 545,000

The parking structures and parks will continue to receive the benefit of perimeter-enhanced maintenance and security beyond the levels provided by the City prior to 2000. OPMD agrees not to use any of the City's \$545,000 for the renewal of the District.

There are no recommended changes to the Baseline Services Agreement. The baseline services are provided as Attachment 4. Authorization to execute the Baseline Services Agreement will occur at the Public Hearing, should the OPMD achieve the minimum threshold vote necessary to form the PBID. The Baseline Services Agreement executed in 2000 was written to terminate with the Initial Term.

RESIDENTIAL PROPERTY OWNER EXEMPTION

On July 24, 2000, Council adopted Resolution 7888, which defined the term "Residential" as it refers to exemptions from the OPMD PBID assessment for the Initial Term. OPMD has proposed that Council does not adopt a new Resolution. The proposal is to grandfather current owner occupants as exempt, but require future owner occupants be subject to the assessment as residents also benefit from the services such as enhanced maintenance and safety.

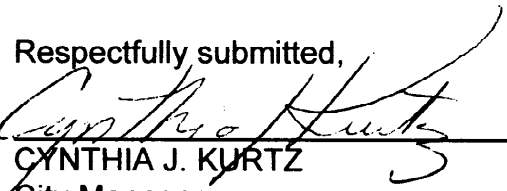
FISCAL IMPACT

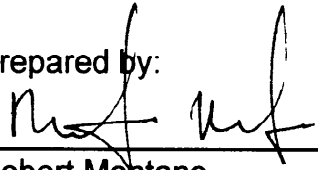
The fiscal impact is continued funding of \$545,000 per year. The funding sources are as follows:

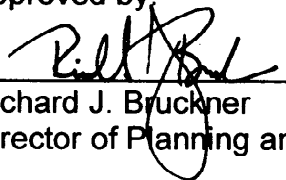
A. Parking Meter Fund	
Enhanced Sidewalk and Street Services	\$ 320,000

B. Public Works Operating Budget	
Enhanced Sidewalk and Street Services	\$ 90,796
C. Parking Meters	
Marketing & Promotions	\$ 15,000
D. Parking Structure	
Marketing & Promotions	\$ 30,000
E. Commission Tax Increment	
Marketing & Promotions	\$ 89,204
Total City Contribution to the Management District	\$ 545,000

The financial support to OPMD will be reflected in the fiscal year 2006 operating budget.

Respectfully submitted,

 CYNTHIA J. KURTZ
 City Manager

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Approved by:

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